

EUROPA CAPITAL LLP ("EUROPA")

MIFIDPRU 8 Disclosure

29 MARCH 2023

INTRODUCTION

The Financial Conduct Authority ("FCA") in its Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU") sets out the detailed prudential requirements that apply to Europa. Chapter 8 of MIFIDPRU ("MIFIDPRU 8") sets out public disclosure obligations with which Europa must comply, further to those prudential obligations.

Europa is classified under MIFIDPRU as a small and non-interconnected investment firm ("SNI MIFIDPRU investment firm"). As such, MIFIDPRU 8 requires Europa to disclose information regarding the Firm's remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into Europa's culture, and to assist stakeholders in making more informed decisions about their relationship with Europa.

This document has been prepared in accordance with the requirements of MIFPRU 8.

REMUNERATION POLICY AND PRACTICES

Overview

As an SNI MIFIDPRU investment firm, Europa is subject to the basic requirements of the MIFIDPRU Remuneration Code. Europa Capital LLP, as an alternative investment fund manager, is also classified as a collective portfolio management investment firm, and as such, is also subject to the AIFM Remuneration Code. The purpose of the requirements and Europa's remuneration policies and practices on remuneration are to:

- Promote effective risk management in the long-term interests of Europa and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

In addition, Europa recognises that remuneration is a key component in how the firm attracts, motivates and retains quality staff and sustains consistently high levels of performance, productivity and results. As such, Europa's remuneration philosophy is also grounded in the belief that its people are the most important asset and greatest competitive advantage.

Europa is committed to excellence, teamwork, ethical behaviour and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude and results.

Characteristics of the remuneration policy and practices

Remuneration at Europa is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and take into consideration Europa's financial performance and the financial and non-financial performance of the individual in contributing to Europa's success. Variable remuneration is benchmarked against market levels for comparable roles (as determined in consultation with recruiting agencies and comparable industry peer firms).

All staff members are eligible to receive variable remuneration. Individual performance is assessed annually in performance reviews which includes their adherence to Europa's culture and ethical conduct, adherence to the legal and statutory guidelines, teamwork, cooperation, quality, accuracy, sound judgement and respect for individuals, investors, and external parties.

The fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which Europa would do in certain situations, such as where profitability is constrained, or where there is a risk that Europa may not be able to meet its capital or liquidity regulatory requirements.

The Internal Capital Adequacy and Risk Assessment is undertaken on at least an annual basis and represents a comprehensive assessment of the most significant risks to which the Firm is exposed and the management of these risks.

Governance and Oversight

The Management Subcommittee is responsible for setting and overseeing the implementation of Europa's remuneration policy and practices. The Management Subcommittee exercises judgement on remuneration policies and practices with the following components under consideration:

- Robust risk, capital and liquidity management;
- Consideration of public interest and long-term interests of Europa's staff, clients and other stakeholders; and
- Consistency with the business strategy, objectives, values and interests of Europa and of its clients.

Europa's remuneration policy and practices are reviewed annually by the Remuneration Committee.

Quantitative Remuneration Disclosures

For the financial year ending 31 December 2022 the total amount of remuneration awarded to all staff, including Partners, was £10.58 million of which £7.18 million comprised the fixed component of remuneration, and £ 3.40 million comprised the variable component.