

# **POLLEN STREET CAPITAL LIMITED**

## MIFIDPRU 8 DISCLOSURE

For the year ended 31 December 2024

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# 1. INTRODUCTION

This document provides the public disclosure required under the Investment Firms Prudential Regime (“IFPR”) relating to Pollen Street Capital Limited (“PSCL” or the “Firm”). This document, among other things, establishes a record by which the Firm has assessed its capital requirements relative to the risks to which it is or is likely to be exposed, pursuant to its Internal Capital Adequacy and Risk Assessment (“ICARA”) process.

PSCL is categorised as a Non-Small and Non-Interconnected Firm (“Non-SNI”) and is subject to the FCA’s ICARA process, requiring institutions to perform internal capital and liquidity assessments on an annual basis or upon a material change. This document sets out PSCL’s disclosures in accordance with Chapter 8 of the MiFID Investment Firms (“MIFIDPRU”) sourcebook in the FCA Handbook of Rules and Guidance. MIFIDPRU 8 has been applied to PSCL on an individual basis.

## 1.1 Basis of Disclosure

Unless otherwise stated, the disclosures and figures in this document are as at 31 December 2024. The disclosed information is proportionate to the Firm’s size and organisation, and to the nature, scope and complexity of its activities.

In accordance with the provisions of the Prudential sourcebook for MIFIDPRU, PSCL is currently required to provide disclosure on its:

- Risk management objectives and policies (MIFIDPRU 8.2);
- Governance Arrangements (MIFIDPRU 8.3);
- Own Funds and Own Funds Requirements (MIFIDPRU 8.4 and 8.5); and
- Remuneration Policies and Practices (MIFIDPRU 8.6).

The Firm has disclosed all the information that it deems material. There have been no material changes in relation to the firm’s business in the last financial year. These Disclosures are reviewed and updated on an annual basis and published on Pollen Street’s website following publication of its annual report and accounts, or more frequently if there are significant changes to the Firm.

The minimum capital requirements for PSCL as at 31 December 2024 have been prepared in accordance with the MIFIDPRU rules and applicable Transitional Provisions contained within the FCA’s Handbook, as well as the three policy statements (“PS”) published by the FCA to implement IFPR.

**PSCL has sufficient capital and liquidity resources in relation to its regulatory capital and liquidity requirements.**

## 1.2 Business Profile, Structure and Strategy

Pollen Street Group Limited, (“PSGL” the “Company” and together with its subsidiaries the “Group” or “Pollen Street”) is the ultimate parent company of a 100% owned subsidiary PSCL (the “Regulated Entity” or the “Asset Manager”). PSCL is a differentiated asset management company focused on managing third-party AUM, investing within the financial and business services sectors across both Private Equity and Private Credit strategies. PSGL through its 100% owned subsidiary Pollen Street Limited (the “Investment Company”) carries out on-balance sheet investments. PSCL is a regulated entity and holds the regulatory permission of managing an unauthorised AIF, along with a number of other permissions.

PSCL adheres to the MIFIDPRU prudential requirements for its MiFID activities.

## 2. RISK MANAGEMENT OBJECTIVES AND POLICIES

Effective risk management underpins the successful delivery of strategy and longer-term sustainability of the business. The firm adopts an integrated approach to the evaluation, control, and monitoring of the risks it faces, with relevant operational support and resources provided by the Group (where applicable). A clear organisational structure with well defined, transparent, and consistent lines of responsibility exists, and effective processes to identify, manage, monitor, and report the risks the firm is or might be exposed to, or might pose to others, have been implemented. Risks arising from the pursuit of the business strategy, as well as the risks to achieving the firm's strategy have been analysed carefully. Arrangements are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the Firm.

The business model has low inherent risk of harm to our clients, the markets, and the Regulated Entity because it is stable, simple, with fixed revenue streams, comparatively low transactions volumes, mature controls, and appropriate governance structures. A comprehensive risk management framework has been developed ensuring that risks are identified, monitored, mitigated, and managed, with oversight from the risk committees and the boards. Under this framework there are a wide range of risk mitigants that are targeted at the risks to which the business is exposed. Consequently, PSCL has a smaller capital requirement than would otherwise be the case.

The Board has established a risk management framework to manage the Firm's risk exposure and to ensure that all risks are managed within the approved Risk Appetite Statement and that it has adequate capital and liquidity resources to meet its liabilities as they fall due. All areas of the business are engaged in the risk management work and a strong risk culture exists. Staff actively manage risk and build mitigants into their processes and risk issues are escalated promptly and dealt with transparently.

The risk framework is augmented by a Risk Management Function which consists of the risk and compliance teams, headed by the group's Chief Risk and Compliance Officer.

Appropriate systems and controls are in place to identify, monitor and, where proportionate, reduce all material risks and harms that may result from the operation of business. Mechanisms and methodologies to review, discuss and communicate risks are in place together with risk policies and standards to enable risks to be identified, measured and assessed, managed and controlled, monitored and reported.

### 2.1 Risk appetite

Risk appetite is defined as both the amount and type of risk a firm is prepared to take or retain in the pursuit of its strategy. At least annually the Risk Committee reviews and approves the risk appetite statements and assesses whether PSCL has operated in accordance with its stated risk appetite measures during the year.

### 2.2 Identification and assessment of material harms and risks

The Firm's assessment of material harm and risks is proportionate to the nature, scale, and complexity of its activities. The overall risk profile of the Firm is low, and therefore a proportionate approach to risk assessment has been adopted, ensuring all material risks and harms are appropriately identified and managed.

Risks and harms related to the activities of the Firm, inherent within the business model, have been assessed and recorded on the risk registers allowing the risks to be managed, monitored and the risk of harm mitigated where possible ensuring that the systems and controls, governance and culture enable effective steps to be taken to prevent, minimise or mitigate the occurrence of harm. It is acknowledged that identifying and assessing the potential harms to consumers and markets is a fundamental part of assessing adequate financial resources.

The level of detail of information in this Disclosure is consistent with the Firm's proportionality assessment. .

### 2.3 Key risks and the associated risk management approach

The following section covers the risk management objectives and policies for risks relevant to PSCL as set out in MIFIDPRU 4, 5 and 6.

### 2.3.1 Liquidity Risk

Liquidity risk is the risk that PSCL does not have adequate liquid assets to meet its obligations as they fall due. PSCL operates a simple business model with minimal debt and relatively few counterparties:

- PSCL does not directly undertake credit activities and hence its assets are either tangible fixed assets, trade assets such as fees receivable from funds or purchase prepayments or cash;
- PSCL has a small and predictable fixed cost base; and
- The Group maintains adequate insurance policies to mitigate unforeseen liabilities that may arise.

As a result, the liquidity risks PSCL face are reasonably straightforward to identify and quantify, and in most cases have a modest impact. Notwithstanding, a robust risk management framework exists based upon the three lines of defence. As a result of this framework, a comprehensive review of the liquidity risks faced has been undertaken.

### 2.3.2 Concentration risk

MIFIDPRU 8 defines concentration risk as the risk arising from a firm's exposure to individual or highly connected counterparties, which can lead to harm if the exposure to any single entity or group becomes significant relative to the firm's overall business.

PSCL has minimal concentration risk. The revenue streams are long-term and contractual with no exposure to redemptions in the underlying funds because the funds are closed ended. The fund management fee income is diversified by a broad range of limited partners ("LPs") providing capital commitments into the funds. The performance fee and carried interest income is diversified by the funds on which the fees are based.

## 2.4 Risk reporting and measurement

The Risk, Compliance, and Finance teams are responsible for producing reports for ExCo, the Risk and Operations Committee, and Boards, which provide oversight of the risks. The Risk team identifies, measures, monitors, and reports on risk within the activities of the business and support functions, including:

- Scenario analysis and stress tests covering matters such as outputs based on the most significant risks identified within the Firm. This informs PSCL's Board how risks are likely to behave and what, if any, impact there is likely to be; and
- Identification of the most material risks to the Firm's business. The scenario analyses and stress tests assist in the Firm's risk management and capital planning.

## 2.5 Adequacy of risk management arrangements

The Board is confident that sufficient processes are in place to mitigate risk of harms, and in the event that the risks cannot be sufficiently mitigated, capital has been allocated where relevant. Further, the Board has concluded that PSCL has sufficient capital to conduct an orderly wind-down while minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system.

A robust risk management framework based upon the three lines of defence model is in place, and significant or systemic errors such as those relating to the funds' financial reporting, valuation, the various calculations undertaken, or payments to investor accounts are therefore mitigated. The Board believes that the risk function is adequately resourced and sufficiently independent to perform its duties.

The Board is confident that potential harms and the effects that such harms would have on the market, its clients, and the firm have been reviewed. It is believed that the capital and liquidity positions are all within tolerance and strategy, and that PSCL has adequate financial resources, including in a stressed scenario.

### 3. GOVERNANCE ARRANGEMENTS

The monitoring and control of risk is a fundamental part of the management process. The Board oversees the management of the key risks across the organisation, along with capital and liquidity adequacy. PSCL's Board convenes formally on a scheduled and ad hoc basis. The risk management and governance objectives of PSCL fit into the Group's wider risk management and governance framework

The governance structure is by way of committees, designed to ensure that the Board has adequate oversight and control of the Firm's activities (in accordance with SYSC4.3A). The effectiveness of the governance framework is considered by senior management on an ongoing basis such that in the event that a material deficiency in control environment or risk management framework is identified, it shall be addressed without undue delay. The Board, or any of the other committees within the structure, can be convened on an ad-hoc basis in order to address any issue identified.

#### 3.1 Committee Structure

The committees that are most relevant for prudential risk management are detailed below; they meet at least quarterly. The Management level committees detailed below also report into the PSCL Board which is responsible for oversight of the firm.

- **Executive Committee ("ExCo"):** Responsible for management of the Group's affairs, its capital adequacy and overall conduct. Members are empowered to make all relevant decisions regarding the conduct of the Firm's affairs including:
  - Setting the culture and values;
  - Developing the business and delivering against the approved strategy;
  - Oversight of the day-to-day management of the firm and its business activities; and
  - Any other decisions of a strategic nature
- **Risk and Operations Committee ("ROC"):** Responsible for oversight of risks and operations within the Group. Maintains the risk appetite and risk management framework and promotes a risk awareness culture for all employees. The Risk and Operations Committee meets at least quarterly and may also be convened should any material issue or breach of policy be identified, by any member of the Committee, which requires the immediate action by the committee and/or escalation to the relevant Board.

The Firm has satisfied its requirement to establish a risk committee under MIFIDPRU 8.3.1 through the above committee structure.

As at 31 December 2024, the following individuals held office as directors of the Firm:

PSCL	Number of directorships ( <i>excluding excepted appointments</i> )
Lindsey McMurray	18
Matthew Potter	8
Michael England	10
Ian Gascoigne	12
Chris Palmer	-

## 3.2

### 3.2 Diversity

Pollen Street recognises the value of fostering an inclusive workplace and is committed to advancing equal opportunities across all levels, including board and senior management appointments. The firm's approach aims to enhance decision-making and overall governance by supporting diversity of background, skills, and experience throughout the firm.

Recruitment, progression, and appointment processes are merit-based and take into account the knowledge, skills, and experience of each candidate, while also considering the broader composition and diversity of the governing body as a whole. This commitment underpins the firm's people strategy and informs ongoing initiatives in talent management, governance, and organisational development

Further details on the group's diversity targets and achievements are detailed in the annual report and accounts for Pollen Street Group Limited, which is publicly available.

A description of the main features of the CET1 instruments issued by the Firm is set out in the appendix. The following table shows the composition of the Firm's own funds.

**Figure 1 Composition of regulatory own funds (31 December 2024)**

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (£'000)</b>	<b>Page ref. in audited financial statements</b>
1	OWN FUNDS	7,419	13
2	TIER 1 CAPITAL	7,419	13
3	COMMON EQUITY TIER 1 CAPITAL	7,419	13
4	Fully paid-up capital instruments		
5	Share premium		
6	Retained earnings	7,419	13
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET: 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 as at 31 December 2024**

		A	b	c
		Balance sheet as in published / audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1 (figure 1.)
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Contract costs	939		
2	Deferred tax asset	8		
3	Other financial assets	14,144		
4	Trade and other receivables	18,156		
5	Cash and cash equivalent	5,642		
	<b>Total Assets</b>	<b>38,888</b>		
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Other financial liabilities	29,731		
2	Trade and other payables	1,738		
	<b>Total Liabilities</b>	<b>31,469</b>		
<b>Shareholders' Equity</b>				
1	Share capital	-		
2	Retained earnings	7,419		Item 1
	<b>Total Shareholders' equity</b>	<b>7,419</b>		<b>Item 1</b>

## 4. OWN FUNDS REQUIREMENTS

A MIFIDPRU investment firm is required to maintain a minimum level of own funds as specified in MIFIDPRU 4.3 of the FCA's Handbook. As a non-small and non-interconnected ("non-SNI") firm, PSCL is required to hold own funds to cover the highest of:

- Permanent minimum capital requirement ("PMR") under MIFIDPRU 4.4;
- Fixed overhead requirement ("FOR") under MIFIDPRU 4.5;
- K-factor requirement under MIFIDPRU 4.6; or
- Any transitional requirement (or share there-of) on introduction of IFPR under MIFIDPRU TP 10, or other specific requirement as prescribed or notified by the FCA.

The table below sets out PSCL's own funds requirement as at 31 December 2024.

**Figure 2**

PSCL	Capital Requirement (£'000)
Permanent Minimum Capital Requirement ("PMR")	75
Fixed Overhead Requirement ("FOR")	430
K-factor Requirement ("KFR")	679
<b>Own Funds Requirement ("OFR")</b>	<b>679</b>
<b>Max (PMR, FOR, KFR)</b>	<b>679</b>
<i>Additional own funds to meet OFAR</i>	-
<b>Total OFTR</b>	<b>679</b>

### 4.1 Permanent minimum capital requirement

The firm's PMR is £75k, which is based upon the regulatory permissions criteria detailed in MIFIDPRU 4.4.

### 4.2 Fixed overheads requirement

The FOR of a MIFIDPRU investment firm is an amount equal to 25% of relevant expenditure during the preceding year, after the distribution of profits.

The figure detailed in Figure 2 has been calculated in accordance with MIFIDPRU 4.5 using the figures contained in the most recent audited financial statements.

### 4.3 K-factor requirement

Under the MIFIDPRU rules, capital required is calculated using a K-factor approach. The K-factor requirement is the sum of: Risk-to-Client ("RtC"), Risk-to-Market ("RtM"), and Risk-to-Firm ("RtF").

Only K-AUM (Client assets under management and ongoing advice) applies to PSCL, calculated as 0.02% of AUM.

## 4.4 Internal capital

In addition to the requirements disclosed above, the Firm has established internal capital requirements based on a detailed assessment of the risk exposure of the Firm and the risk mitigants that are in place. This calculation uses the Group's risk management framework described throughout this document. The assessment ensure compliance with the overall financial adequacy rule in MIFIDPRU 7.4.7R. This rule states that the Firm must, at all times, hold Own Funds and liquid assets which are adequate, both in their amount and quality, to make sure AIM 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. In addition, the Firm must ensure that it has adequate own funds and liquid assets that its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

## 5. REMUNERATION POLICY AND PRACTICES

### 5.1 Background

The AIFM Remuneration Code and MIFIDPRU Remuneration Code (together, "the Codes") applies to Pollen Street by virtue of the Group containing an AIFM, PSCL. PSCL is currently a Partially Exempt Firm and is not required to comply with the MIFIDPRU Pay-out Process Rules and is also considered exempt from the requirement to comply with the AIFM Pay-out Process Rules however the Group has chosen to apply elements of the Codes have been applied to all staff across the business regardless of their role or where they are employed, as documented below and in the Group's Remuneration policy. This allows for a consistent approach for all staff and reinforces governance and a culture in line with the aims of the Codes.

PSCL does not have any employees and relevant oversight/disclosure is at Group level through the Group Remuneration Committee.

### 5.2 Remuneration Committee

Whilst PSCL does not meet the criteria of an Enhanced Remuneration Code firm (MIFIDPRU 7.1.4R(1)), the Group has established a Remuneration Committee ("RemCo") to ensure that the remuneration policy is consistent with the business strategy, objectives, values and interests of the business.

The Board has delegated certain responsibilities to the Remuneration Committee who has overall responsibility for the remuneration policies and procedures of the Group, which have been adopted by the Board of PSCL. As at 31 December 2024 the Remuneration Committee comprises of Joanne Lake, Robert Sharpe, Jim Coyle, and Richard Rowney as four independent Non-Executive Directors of the Group, all of whom have remuneration committee experience due to the senior positions they hold or have held in other listed or publicly traded companies and/or similar large organisations. The Committee is chaired by Joanne Lake.

The purpose of the Remuneration Committee is to establish and oversee the framework for setting remuneration of Directors and other employees of the group that it is asked to consider, as specified by the Board.

### 5.3 Summary of the Group's approach to remuneration for all Staff

All staff receive a fixed regular salary-based remuneration and are eligible for an annual, variable, discretionary bonus award. Receipt of an award under the scheme is based upon the performance of the Group's activities as a whole and in combination with the relevant individuals' contribution to that performance, as assessed by the Remuneration Committee. Bonus awards are subject to malus and clawback terms as described in the Remuneration Policy. Further, bonus awards are subject to deferral for awards over a designated threshold. The deferral percentage and thresholds are set by the Remuneration Committee.

Annual performance reviews are undertaken with the objective of appraising staff performance but also to identify any training needs and whether staff are performing in line with the objectives set for them. In addition to the reviews, each member of staff's conduct is reviewed during the performance year. The review process and information collected around staff conduct is taken into consideration when determining fixed and variable remuneration rewards and all performance reviews specifically assess each individual's approach and contribution to risk, risk management and governance.

## 5.4 Summary of the Objectives of the Firm's Financial Incentives

Reward and retention schemes have been established to ensure competitive and equitable compensation strategies designed to attract and retain talented individuals, and reward employee's performance, aligning individual, team, and organisational goals. The remuneration policies are in line with business strategy, objectives, values, and long-term interests of the business.

## 5.5 Summary of the Decision-Making Procedures and Governance Surrounding the Development of the Remuneration Policies and Practices

Prior to the commencement of a bonus award year, RemCo considers the appropriate bonus criteria that should be adopted for the period. In general the criteria include both financial metrics (such as firm profitability, AUM and underlying fund performance); firm-wide non-financial criteria (such as conduct, risk management, and governance); and personal objectives.

## 5.6 Approach to determining Material Risk Takers ("MRTs")

In line with AIFM Remuneration Code and MIFIDPRU Remuneration Code guidance, the Group has designated certain individuals whose professional activities have a material impact on, or can exert material influence on, the firm's risk profile as Remuneration Code Staff. These include:

- "Senior Management" – Executive Directors, members of ExCo, and designated FCA SMFs
- "Risk Takers" – members of the Investment Committees
- "Control Functions" – including the General Counsel and Chief Risk and Compliance Officer
- Employees receiving total remuneration that takes them into the same remuneration bracket as ExCo.

## 5.7 Remuneration awards for Material Risk Takers

### 5.7.1 Guaranteed Variable Remuneration

The Remuneration policy outlines that guaranteed variable remuneration is only paid or provided where it is:

1. exceptional;
2. occurs only in the context of hiring new staff; and
3. limited to the first year of service.

### 5.7.2 Fixed and Variable Components of Total Remuneration

Remuneration Code Staff are paid competitive fixed levels of remuneration which allowing a fully flexible policy on variable remuneration, including the possibility to pay no variable remuneration.

### 5.7.3 Payments Related to Early Termination

No early termination payments to identified Remuneration Code Staff were made during the performance year.

## 5.8 Risk adjustment

RemCo is empowered to consider ex-ante and ex-post adjustment to remuneration for risk matters. This disclosure, together with the report and accounts for the Firm and the group describe the current and future risk exposure. Considerations of these exposures forms part of the decision-making process for RemCo. Bonus awards include malus and clawback provisions where appropriate. The application of these is overseen by RemCo.

## 5.9 Quantitative remuneration disclosure

The table below details remuneration for MRTs defined under the code and all other staff for the Group for the year ended 31 December 2024.

**Figure 3**

	Senior Management	Other MRTs	Other Staff	Total
Number of Staff	8	3	83	<b>94</b>
Fixed Remuneration (£'m)	4.7	1.0	11.2	<b>16.9</b>
Variable Remuneration (£'m)	4.2	1.6	8.7	<b>14.5</b>
<b>Total Remuneration (£'m)</b>	<b>8.8</b>	<b>2.6</b>	<b>19.9</b>	<b>31.3</b>
Total Guaranteed variable remuneration awarded in the year (£'m)	-	-	-	-
Number of MRTs receiving guaranteed variable remuneration	-	-	-	-
Total severance payments awarded in the year (£'m)	-	-	-	-
Number of MRTs receiving severance payments	-	-	-	-
Highest severance payment awarded to an MRT during the year	-	-	-	-

## **6. APPENDIX**

### **6.1 Publication Media & Location**

This disclosure is published on the Pollen Street website, which in conjunction with the annual report and accounts, addresses the disclosure requirements.

<https://www.pollenstreetgroup.com/>

### **6.2 Verification**

This disclosure has been prepared diligently, however the information contained in this document has not been audited by the PSCL's external auditors.