

MIFIDPRU Public Disclosure

CVC Secondary Partners, LLP

For the year ended 31 December 2024

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1 Introduction

This disclosure report (“report”) has been prepared by CVC Secondary Partners, LLP to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority (“FCA”) in the Prudential sourcebook for MiFID Investment Firms (“MIFIDPRU”).

This report is prepared on an individual basis and is applicable to the following entity:

- CVC Secondary Partners, LLP (FRN: 791926)

This report has been prepared using the audited financial statements as at 31 December 2024, covering the financial period 1 January 2024 to 31 December 2024.

For the purposes of MIFIDPRU, the Firm has been classified as a “non-SNI” firm and is subject to the standard disclosure requirements of MIFIDPRU 8.

2 Governance and Risk Management

Governing Body Responsibility and Composition

The governing body of the Firm (the “Board”)¹ maintains management and oversight responsibility and meets regularly.

The table below shows the composition of the Board and number of directorships (as defined in MIFIDPRU 8.3) held by each member of the Board as at 31 December 2024:

Name	External directorships
Carlo Pirzio Biroli	0
Charles Smith	0
Chi Cheung	0
Louise Gillian Boothby	0
Emilio Angel Olmos Soto	0
Deirdre Davies	0

The Board, acting through the Firm's Executive Committee where appropriate, is responsible for setting the Firm's business objectives, strategy and annual budgets. The Executive Committee is responsible for oversight of the day-to-day operations of the business. Accordingly, it receives regular reporting and management information on the Firm's operations, enabling the Firm's prudent management.

2.1 Risk Management Objectives and Policies

Risk Governance

The Board, acting through the Executive Committee where appropriate, has overall responsibility for risk management, including establishing the Firm's risk appetite, and for evaluating its risk management policies and practices against its objectives, including ensuring that potential conflicts of interest are identified, assessed and managed, and that appropriate controls have been established, including segregation of duties.

The Firm is not required to establish a risk committee in accordance with MIFIDPRU 7.3.1R.

Investment-related risk management in relation to funds/mandates is delegated to the relevant Investment Committee. The Firm employs risk management policies and procedures that seek to accurately measure, monitor and manage the various risks associated with the investment program, including initial and ongoing due diligence and risk analysis.

The Executive Committee oversees and maintains an operational risk and control framework that is appropriate for the business. Day-to-day operational risk management activities are also delegated to this Committee. This ensures that the Firm has implemented an effective, ongoing process to identify operational risks, measure their potential impact and ensure that such risks are actively managed and mitigated, including by implementing appropriate controls. Defined Terms of Reference have been established, which include a clear purpose and authority, duties and availability of management information.

A specialist independent risk management team (“Group Risk”) operates across the CVC group of companies. Group Risk assists the Board and Executive Committee by developing and deploying a risk management framework (the “Group Risk Framework”), which comprises a risk management strategy and objectives; risk management policy; and various tools designed to identify, evaluate, manage, and monitor risks to the business.

Risk Appetite & Risk Management Framework

Risk Appetite sets the ‘tone from the top’ and outlines parameters within which the Board determine that the business can operate; equally, it describes levels of risk that are not acceptable. This empowers the business to make decisions in an agreed framework, in keeping with CVC's entrepreneurial culture.

¹ Board: The Partners or Members of CVC Secondary Partners, LLP

At a group level, the above parameters are conveyed through the group Risk Appetite Policy, which is a central pillar of the Group Risk Framework.

The Group Risk Framework is ultimately designed to ensure the business is sufficiently financially and operationally resilient to carry out its business through normal and stressed conditions, and to deliver its strategic objectives. Group Risk are responsible for developing the Group Risk Framework, assist the Board in setting their risk appetite, and help identify and manage risks to the Firm's operating model and strategic objectives.

The Group Risk Framework uses a number of tools and techniques to identify, evaluate, manage and monitor and escalate risks, as no one monitoring tool can provide a comprehensive view of the risk profile in isolation.

Combined Assurance

Combined Assurance is the effective coordination of the Firm's lines of defence to develop a holistic view of the risk universe and to manage risk in the most efficient and effective way.

The 'Three Lines' model is set out in the group Risk Appetite Policy to manage risk. This ensures that there is responsibility for risk management embedded within the specialist teams overseeing day-to-day processes and demonstrable independence within the functions employed to challenge them.

- The first line of defence is formed by managers and staff who own and manage risks, as part of their accountability for the processes and controls they operate.
- The second line of defence comprises risk and compliance functions who are responsible for building frameworks within which risk can be identified, assessed, managed and monitored, and for providing advice to the first line of defence.
- The third line of defence is Internal Assurance, who provide independent assurance on the effectiveness of governance, risk management and internal controls established by the first and second lines to manage risk.

Conflicts of Interest

The Firm generally seeks to avoid conflicts of interest. The Executive Committee and Compliance function maintain comprehensive Conflicts of Interest Policies and procedures. Any identified conflicts of interests are monitored, mitigated and prevented by the Compliance department as an independent control function, and disclosed to clients where appropriate.

Material Risk Categories

As outlined above, CVC has established processes to identify, evaluate, manage, and monitor and escalate risks. The Firm's risk assessment has identified five main categories of risk: business/strategic risk, credit risk, market risk, liquidity risk, and operational risk. These risks have been described in the table below and are considered for further analysis in the Firm's annual Internal Capital Adequacy and Risk Assessment ('ICARA'), overseen by the Board.

Concentration risks in respect of the Firm's revenues, assets, clients, counterparties and suppliers are assessed within the relevant risk categories below, rather than as a separate category. The Firm also does not conduct any trading on its own account and does not have regulatory permissions for dealing as principal. The Firm neither holds client money nor client assets.

The Board, in conjunction with the Executive Committee, is satisfied that all key risks in the business have been identified, assessed, and that the governance and oversight model is appropriate and proportionate to the scale and complexity of the business.

Material risks should be escalated and dealt with as a matter of priority and, if they cannot be adequately mitigated through controls or through changes in the activity giving rise to the risk, may increase the capital and liquid assets requirements in relation to ongoing operations. No such unmitigated material risks have been identified for this period.

Risk Category	Description	Mitigation
Business and Strategic Risk	<p>Business and Strategic Risk Relates to the failure to deliver and execute strategy and strategic objectives, or uncertainty surrounding the Firm's business and operating model.</p> <p>It encompasses factors such as financial prudence, ineffective protection of the Firm's brand and reputation which could impact the Firm's ability to attract and retain talent, competitive pressures, and regulatory changes that may impact the Firm's ability to achieve its business objectives.</p>	<p>The Firm has assessed business risks within its risk register including fund raising, deployment of assets, fund performance and the retention of investors, and implemented appropriate controls to mitigate these risks.</p> <p>On an ongoing basis, business risk is reviewed primarily against quantitative criteria including budgets and targets.</p> <p>Business risks are considered in the stress tests in the Firm's ICARA process, which involve analysing the impact of hypothetical scenarios on the Firm's revenue and profitability.</p>
Credit Risk	<p>Credit risk relates to financial loss resulting from a borrower's failure to repay a loan. The lender (in this case, the Firm) may not receive the owed principal and interest, which results in an interruption of cash flows, increased costs for collection and potential losses.</p> <p>The Firm's credit risk exposures are in respect of its revenue receivables and its cash deposits.</p>	<p>Regarding revenue from related entities, the Firm has an understanding of those entities' financial positions throughout the year.</p> <p>In respect of external fee debtors, the Firm assesses entities before contracting, bills fees and monitors receipt on a regular schedule.</p> <p>The Firm holds its cash with banks assigned high credit ratings. The Firm neither holds client money nor client assets.</p>
Market Risk	<p>Market risk is the risk of losses caused by adverse price movements.</p> <p>The firm does not trade on its own account or maintain a Trading Book and as such the only potential Market Risk exposures are Non-Trading Book Exposures, i.e. foreign currency held on deposit, and other assets or liabilities denominated in foreign currency.</p>	<p>The Firm's income is primarily denominated in USD and EUR and its expenses are primarily denominated in USD and GBP and the firm's cash is also primarily held in GBP or USD.</p> <p>The Firm's financial statements are presented in GBP and consolidated into financial statements presented in EUR.</p>
Liquidity Risk	<p>Liquidity risk refers to the potential for a firm to encounter difficulties in meeting its short term financial obligations due to an inability to convert assets into cash quickly.</p> <p>The Firm's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Firm's reputation.</p>	<p>The timing and amounts of the Firm's management fee receipts and operating expenditure are generally highly predictable in the short term, and the liquidity outlook is monitored regularly and reviewed by the Finance team and by key management personnel.</p> <p>The Firm is required to maintain surpluses over its Basic Liquid Assets Requirement ("BLAR") and Liquid Assets Threshold Requirement ("LATR") at all times. Liquidity risks are considered within the stress testing in the Firm's ICARA process.</p>
Operational Risk	<p>Operational risk refers to the potential for financial losses resulting from internal processes, systems, or human error within the firm. This risk encompasses a wide range of factors including inadequate internal controls, technology failures, fraud, or external threats, such as attacks on technology defences or failings at key third parties.</p>	<p>The Firm has assessed operational risks within its risk register and implemented appropriate controls to mitigate these risks.</p>

2.2 Promoting Diversity and Inclusion

The CVC group (in this section, “CVC”, “we”, “us”), of which the Firm is a part, strives to foster a supportive and inclusive working environment, where everyone feels valued and respected. We are committed to providing an open and inclusive work environment for all, and we value the richness of diverse perspectives and experiences. We believe that a diverse workforce leads to better decision making, stronger innovation and ultimately, improved performance. To do this, we leverage the talents of all of our employees, regardless of their background, identity or experience.

Promoting Diversity and MIFIDPRU 8

MIFIDPRU 8 requires a summary of the Firm’s policy promoting diversity on its ‘management body’. Due to the purpose, structure, governance arrangements and employment practices of regulated entities established within CVC, ambitions are not set at individual entity level (either for the specific entity’s employees as a whole or for its management body). However, each entity contributes to and adopts CVC’s overall objectives. Further information on CVC’s approach to Diversity, Equity and Inclusion can be found in our Sustainability Report² and on the Talent page of CVC’s website³.

CVC’s commitment

CVC’s Diversity, Equity & Inclusion Committee, comprising senior leaders and colleagues from across our global network, was founded in 2016. The Committee acts a catalyst for change at CVC – enhancing the way that we attract, develop and retain a diverse and talented workforce.

We continue to strengthen our inclusive culture through employee-led networks, inclusive leadership training, and dedicated events.

Our commitment to diversity, equality of opportunity and inclusion extends to our portfolio companies and the industry. CVC has a global network of 30 offices, and we strive for our teams to reflect the societies in which they operate.

We focus on three key areas:

1. Attracting

CVC works with various recruitment partners and organisations including Sponsors for Educational Opportunity, 10,000 Black Interns and Out Investors to find the very best candidates from wide-ranging backgrounds and industries. We believe in hiring the best talent regardless of backgrounds. CVC recognises that a workplace that embraces a range of perspectives leads to innovation and superior investment performance.

2. Developing

We invest time and resources into developing our people. From technical training and industry qualifications to coaching and mentoring, we offer a range of initiatives to help our employees perform at their best. Our Women’s and Pride Networks support these efforts through events, mentoring programmes, recruitment initiatives, and partnerships with external organisations.

3. Retaining

We take pride in offering a wide range of attractive benefits that support both professional growth and personal well-being. Our competitive retention offering includes:

- Six months of fully paid leave for primary caregivers
- Full-year bonus eligibility for employees on parental leave
- Coaching support before and after parental leave
- Access to emergency care services for children, adults, and elders.

² <https://www.cvc.com/sustainable-value/sustainability/>

³ <https://www.cvc.com/sustainable-value/sustainability/talent/>

3 Own Funds Requirements

As a non-SNI firm, the Firm is required under MIFIDPRU 4.3 to maintain an amount of Own Funds that is the higher of the:

- Permanent Minimum Capital Requirement (“PMR”)
- K-factor requirement (“KFR”)
- Fixed overheads requirement (“FOR”)

The Firm’s Own Funds Requirements according to MIFIDPRU 4.3 are as follows:

Requirement	£
Permanent Minimum Capital Requirement (PMR)	75,000
K-Factor Requirement:	
i. Sum of K-AUM, K-CMH and K-ASA	94,122
ii. Sum of K-COH and K-DTF	0
iii. Sum of K-NPR, K-CMG, K-TCD and K-CON	0
Total K-Factor Requirement (KFR)	94,122
Fixed Overhead Requirement (FOR)	6,938,053
Own Funds Requirement (OFR) (higher of PMR, KFR and FOR)	6,938,053

The Firm further assesses risks within its Internal Capital and Risk Assessment (“ICARA”) process under MIFIDPRU 7, and quantifies additional own funds requirements in respect of ongoing operations and wind-down where applicable.

As an AIFM, the Firm is additionally subject to the IPRU-INV regulatory capital requirements, as a result of which its Own Funds requirement under the combined regulations was £7,258,692.

3.1 Liquid Assets Requirement

The Firm maintains core liquid assets in compliance with the Basic Liquid Asset Requirement (“BLAR”) under MIFIDPRU 6.

The Firm further assesses liquid assets required to fund ongoing operations and additional liquid assets required to fund wind-down as part of the ICARA process and maintains liquid assets in compliance with the Liquid Assets Threshold Requirement (“LATR”).

4 Own Funds

In accordance with MIFIDPRU 8.4, the table below shows a reconciliation of own funds to the balance sheet of the Firm as of 31 December 2024. The balance sheet below is as per the audited financial statements.

4.1 Own Funds

	Composition of regulatory own funds	Amount (£ '000s) ⁴	Source (see 4.2)
1	OWN FUNDS	7,524	
2	TIER 1 CAPITAL	7,524	
3	COMMON EQUITY TIER 1 CAPITAL	7,524	
4	Members' capital classified as equity	3,148	10
5	Members' other interests-other reserves classified as equity	15,443	11
6	Members' current accounts within the above	(11,607)	
7	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
8	CET1: Other capital elements, deductions and adjustments	-	
9	ADDITIONAL TIER 1 CAPITAL	-	
10	Fully paid up, directly issued capital instruments	-	
11	Share premium	-	
12	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
13	Additional Tier 1: Other capital elements, deductions and adjustments	-	
14	TIER 2 CAPITAL	-	
15	Fully paid up, directly issued capital instruments	-	
16	Share premium	-	
17	(-) TOTAL DEDUCTION FROM TIER 2	-	
18	Tier 2: Other capital elements, deductions and adjustments	-	

⁴ Due to rounding, numbers presented in this document may not always add up precisely.

4.2 Balance Sheet

Item		Balance sheet as in audited financial statement (£ '000s)	Cross reference to own funds table (see 4.1)
FIXED ASSETS			
1	Tangible assets	1,392	
2	Intangible assets	-	
3	Investments	-	
CURRENT ASSETS			
4	Deferred costs	-	
5	Debtors: amounts falling due within one year	4,093	
6	Debtors: amounts falling due after one year	-	
7	Cash and cash equivalents	22,356	
LIABILITIES			
8	Creditors: amounts falling due within one year	(9,250)	
9	Creditors: amounts falling due after one year	-	
NET ASSETS ATTRIBUTABLE TO MEMBERS		18,591	
10	Members' capital classified as equity	3,148	4
11	Members' other interests - other reserves classified as equity	15,443	5
TOTAL MEMBERS' INTERESTS		18,591	

5 Remuneration Policy and Practices

The Firm follows the prescribed FCA guidelines found within Chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC").

The Board is directly responsible for the overall Remuneration Policy which is reviewed annually. The Firm is not required to establish a remuneration committee in accordance with MIFIDPRU 7.3.3R. The Executive Committee reviews the remuneration strategy on an annual basis together with the remuneration of particular staff to ensure that the requirements in Chapter 19G of SYSC are adhered to.

Remuneration is designed to ensure that the Firm does not encourage excessive risk taking and staff interests are aligned with those of the Firm's clients. The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all staff. Variable remuneration is considered in line with capital and liquidity requirements as well as the Firm's performance. The Firm monitors the fixed to variable compensation to ensure SYSC 19C is adhered to with respect to Total Compensation where applicable. Total Remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's business unit.

Senior management and members of staff whose actions have a material impact on the risk profile of the Firm are classified as Material Risk Takers.

In accordance with MIFIDPRU 8.6.8, the Firm makes the following disclosures:

	Total
Number of Material Risk Takers ("MRT"), including Senior Manager Function Holders ("SMF")	8

Remuneration for financial year 2024

Employee category	Total fixed remuneration (£ '000s)	Total variable remuneration (£ '000s)	Total remuneration (£ '000s)
SMFs and MRTs	3,482	1,331	4,813
All other employees	5,928	3,963	9,891

Please note that remuneration information relating to SMFs and MRTs has been aggregated so as to prevent the identification of any individual/s, in accordance with MIFIDPRU 8.6.8 (7).

The total amount of guaranteed variable remuneration awarded to MRTs during the last financial year was £0 (0 individuals).

The total amount of severance payments awarded to MRTs during the last financial year was £0 (highest: £0).