

PANTHEON

Remuneration disclosure in respect of the period from 1 January to 31 December 2016

Pantheon Ventures (UK) LLP is a limited liability partnership, authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom as a full-scope UK authorised alternative investment fund manager (AIFM). Pantheon Ventures (UK) LLP and its affiliates, including Pantheon Ventures (US) LP and Pantheon Ventures (HK) LLP (together, “Pantheon”), have adopted a remuneration policy which implements the requirements of the FCA’s AIFM Remuneration Code. This remuneration disclosure statement is made to satisfy applicable guidelines relating to the disclosure of information concerning Pantheon’s remuneration policy and practices.

Meaning of Remuneration

Remuneration at Pantheon is made up of fixed (‘salary’) and variable (‘bonus’) components together with potential participation in carried interest pools, and a Phantom Equity Award scheme, both managed by Pantheon. Pantheon also offers opportunities for certain eligible senior executives to acquire equity in Pantheon and/or to invest in Pantheon managed Funds. Carried interest allocations, and investment into Funds managed or advised by Pantheon are by their nature long-term investments and any payments in respect of such investments (including dividend distributions) are considered to be returns on investments and not remuneration for purposes of Pantheon’s remuneration policy.

Governance

The Pantheon Partnership Board, comprising five senior executives of Pantheon and one representative from Pantheon’s majority owner, is responsible for approving and reviewing Pantheon’s remuneration policy and overseeing its implementation. The Partnership Board takes advice from Pantheon’s legal and compliance function in relation to the design of the remuneration policy. The Partnership Board has delegated the power to determine remuneration awards to two compensation sub-committees, one of which is responsible for the remuneration of Pantheon’s Operating Partners, and another which determines remuneration awards for Principal Members and employees. To manage conflicts of interest, awards of remuneration to members of the compensation sub-committees are subject to review by Pantheon’s majority owner.

Description of elements of compensation

As described above remuneration at Pantheon is made up of a fixed (“salary”) and variable (“bonus”) components as well as potential participation in a carried interest or Phantom Equity Award scheme. Descriptions of each of these elements is described below.

Salary (“Minimum draw” for Operating Partners) - is set in line with the market at a level to retain, and when necessary attract, skilled staff.

Bonus - Each financial year, provided there are sufficient profits available, a portion of all revenues of the Pantheon Group are distributable to owners of equity in the business (“Owners’ Allocation”). The remaining revenues of the business (the “Operating Allocation”) are used to satisfy all liabilities of the business and, assuming there are sufficient funds, to pay the Minimum Draws of Operating Partners. The bonus pool is then determined by reference to the surplus Operating Allocation. So if the firm incurs subdued or negative financial performance then the bonus pool will be impacted. For the purposes of its remuneration policy, Pantheon treats distributions referable to equity in the business as dividends (and therefore not remuneration), payment of minimum draws as fixed remuneration and payment of surplus profits at the end of the financial year, carried interest payments and Phantom Equity payments as variable remuneration.

Carried Interest - In order to incentivise senior executives to maximise the performance of Pantheon managed investment programs, Pantheon shares carried interest arising in relation to Pantheon managed funds with senior executives. Each year carried interest points are assigned to Pantheon executives who meet minimum performance criteria, with an initial focus on the investment team and non-investment team Partners. Among Pantheon executives, carried interest points are allocated based on role, contribution and performance. Carried interest points vest over a four-year period, with 20% remaining unvested until realization. Carried interest acts as a long-term incentive to ensure aligned interests on investment performance and retention of key staff.

Payment of carried interest is typically only made once the investors in the relevant fund have received back all contributed capital plus a preferred return. In accordance with guidance on remuneration issued in connection with the AIFMD, Pantheon treats carried interest as remuneration and regards the basis upon which carried interest is structured and payable as meeting the risk alignment, award process and pay-out process requirements of the AIFMD Remuneration Code without the need for further deferral or performance adjustment beyond the date on which such carried interest payments are actually made.

Phantom Equity Award Scheme - Pantheon may make deferred bonus awards to high performing individuals who are not eligible to receive carried interest, and who remain with Pantheon on the date of payment (three years from the date of the award). The value of each award is directly linked to the performance of the business with a value linked to the Profit Available to Operating Partners for the Financial Year most recently ended before the vesting date of such award, as compared to the Profit Available to Operating Partners for the Financial Year in respect of which the Award was made. Such payments are considered to be "variable remuneration". The rules of the Pantheon Phantom Equity Bonus Plan permit a reduction in or cancellation of awards in certain circumstances, including misconduct, material downturn in financial performance, or material failure of compliance with risk management policies or procedures.

Determination of remuneration awards

In making decisions concerning the award of variable remuneration to any individual, the Partnership Board, or its delegated Committee, takes into account Pantheon's performance, the performance of the business unit concerned and the performance of the individual against agreed objectives during the period under review as well as the individual's risk management and compliance behaviour. Pantheon also considers these aspects over a multi-year framework.

Objectives are set at the beginning of the financial year for Pantheon, each business unit and individual members of each business unit, and include a balance of quantitative criteria, including assessment of investment performance, investment strategy and fund raising success, and qualitative criteria such as technical competencies, skills and behaviours. Performance is assessed through a formal Performance Review process includes assessment against set individual specific objectives. The bonus that an individual receives is directly linked to their performance in the annual Performance Review process as well as the performance of their associated business line, and Pantheon's financial performance and obtainment of the annual objectives. Covered Staff are also assessed on a multi-year framework. The process for determining bonus is sufficiently flexible to allow for no bonus to be awarded either where an individual has underperformed or where Pantheon's financial performance has been impacted.

As part of the process, input is sought from the compliance function on the extent to which individuals have met Pantheon's compliance standards, and the Risk committee provides input on whether there have been any failures of risk management or any actions which have had a material impact on the risks or financial stability of the business.

Staff responsible for Compliance and Risk Management will be assessed on the objectives of their functions rather than the performance of the business unit they oversee.

Bonuses for non-Covered Staff are paid in cash at the date of award, and bonuses awarded to Covered Staff are subject to deferral and ex-post performance adjustment. A proportion of each bonus awarded to a Covered Staff individual that is attributable, under an appropriate methodology approved by the Partnership Board, to work undertaken in relation to funds within the scope of the Alternative Investment Fund Managers Directive (AIFMD) is deferred for a period of 3 years or such longer period as the Partnership Board (or relevant committee thereof) may determine to be appropriately

aligned with the nature of the risks of such funds. Such awards vest and are paid out on straight line basis over the duration of the vesting period, subject to downwards adjustment at the end of each year during the vesting period based on a retrospective assessment of performance during the performance period in relation to which the bonus was awarded and subsequent events.

Conflicts Management

Pantheon considers that its remuneration policy and practices, in particular the process of setting objectives for individual staff members reflecting appropriate quantitative and qualitative criteria and the performance assessment process described above, alongside the alignment with client interests which the long-term incentive schemes for senior executives described above are designed to achieve, serve to ensure that the potential for conflicts to arise between the interests of Pantheon and its individual staff members and those of Pantheon clients or between the interests of different Pantheon clients are avoided and that, accordingly, Pantheon's remuneration policies and practices are aligned with Pantheon's general duty to ensure effective conflicts of interest management.

Aggregate Remuneration for Covered Staff

Covered staff comprises members of staff whose professional activities have a material impact on the risk profile of Pantheon, or the risk profiles of the funds which are managed by Pantheon and include senior management, risk takers, staff responsible for certain control functions, employees receiving total remuneration in the same bracket as senior management and risk takers and staff of any delegate whose professional activities have a material impact on the risk profile of funds which are managed by Pantheon. This includes members of the Partnership Board, the heads of the compliance and risk management functions of Pantheon Ventures (UK) LLP and other members of staff who have the authority to commit Pantheon Ventures (UK) LLP or funds managed by it within the scope of the AIFMD to obligations and liabilities or to take decisions having a direct impact on obligations and liabilities entered into, or to be entered into, by Pantheon Ventures (UK) LLP or such funds.

Covered Staff 2016 ¹	
Total Fixed Remuneration	USD 6,430,759
Total Variable Remuneration	USD 7,335,828
Total Remuneration	USD 13,766,587
Total number of Covered Staff	17

¹ In respect of the period from 1 January 2016 to 31 December 2016.