PANTHEON

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Pantheon Ventures (UK) LLP

Pillar 3 Disclosures

Based on Financial data as at 31 December 2021

Contents

Overview

1.1 Introduction to Pantheon Ventures (UK) LLP

This document sets out the Pillar 3 disclosures of Pantheon Ventures (UK) LLP ("PVUK"), a UK incorporated Limited Liability Partnership.

PVUK is part of the wider Pantheon Group, which currently has operations in London, New York, San Francisco, Chicago, Hong Kong, Seoul, Bogota, Tokyo, Dublin, Berlin and operates in a number of other regions. The Pantheon Group is owned by a number of Pantheon Partners and Affiliated Managers Group Inc., a NYSE listed asset management group. References to Pantheon or the Pantheon Group mean Pantheon Ventures (UK) LLP, Pantheon Ventures Inc., Pantheon Holdings Limited, Pantheon Ventures (US) LP, Pantheon Ventures (HK) LLP and Pantheon Ventures (Ireland) DAC together with their subsidiaries and subsidiary undertakings.

Being authorised and regulated by the UK Financial Conduct Authority ("FCA"), PVUK is subject to minimum regulatory capital requirements. It is an investment management firm which provides investment management services in relation to private equity and alternative investments.

The capital and risk disclosures required under Pillar 3 are produced annually. These disclosures are made as at 31 December 2021, at which time PV UK was classified as a BIPRU limited licence firm that is a Collective Portfolio Management Investment Firm (CPMI) and a full scope UK Alternative Investment Fund Manager (AIFM). The Pillar 3 disclosures are not subject to audit and are provided solely in satisfaction of PVUK's regulatory requirements. Additional relevant information can be found in the PVUK Annual Report and Accounts, which is available from Companies House.

1.2 Pillar 3 requirements

The FCA's current prudential regime can be split to three pillars:

- ▶ Pillar 1 – prescribes rule based minimum capital requirements
- ▶ Pillar 2 – contains event-driven capital requirements capital arising from actual or potential risks
- ▶ Pillar 3 – sets out disclosure requirements

This document addresses PVUK's Pillar 3 disclosure requirements.

BIPRU 11.3.1 requires the firm to publicly disclose the information laid down in BIPRU 11.5 (subject to certain provisions in BIPRU 11.3).

The disclosable information contained in BIPRU 11.5 includes, but is not limited to, a firm's risk management objectives and policies for each separate category of risk and information relating to its capital resources.

Reference should be made to BIPRU 11.5 for a comprehensive listing of the requirements. In addition, disclosure of Pantheon's remuneration policy and practices is covered in BIPRU 11.5.18.

It is a requirement of BIPRU 11.3.3(2) that the firm must satisfy itself that the disclosure adequately conveys the firm's risk profile comprehensively to market participants. Where it is felt that this is not the case then the firm must publicly disclose the information necessary in addition to that required in BIPRU 11.3.3(1).

Under BIPRU 11.3 a firm may omit one or more items requiring to be disclosed in BIPRU 11.5 if the information is not regarded as material (BIPRU 11.3.5R) or if those items are regarded as proprietary or confidential (BIPRU 11.3.6R & BIPRU 11.3.7R).

PVUK may omit information it deems as immaterial, in accordance with the rules. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Accordingly, where PVUK has considered an item to be immaterial it has not been disclosed.

In addition, if the required information is deemed to be proprietary or confidential then PVUK may take the decision to exclude it from the disclosure. In PVUK's view, proprietary information is that which, if it were shared, would undermine its competitive position. Information is considered to be confidential where there are obligations binding PVUK to confidentiality with our customers, suppliers or counterparties. Where information is omitted for either of these reasons this is stated in the relevant section of this Pillar 3 disclosure.

Risk Management Framework and Governance

2.1 Governance

The Partnership Board is responsible for the risk management framework of the Pantheon Group. Pantheon's Risk function acts as a central control for the identification and monitoring of the risks faced both internally and externally by the Pantheon Group and PVUK.

2.2 Risk Management Policy

This section sets out the Pantheon Group's risk management policy, which is equally applicable to PVUK. It sets out what the key risks are, how those risks are managed, and how the Pantheon Group is satisfied that each of its operating entities, including PVUK, has sufficient capital in respect of the risks faced both now and or over the next three to five years. Stress and scenario tests have been conducted on a Group and PVUK standalone basis to ensure that the processes, strategies and systems are comprehensive and robust.

2.3 Risk Management Framework

The Risk Committee oversees all aspects of risk within the Pantheon Group. The Risk Committee operates through five sub-committees: The Investment Risk Committee, the Operational Risk Committee, the Valuation Committee, Conflict Committee, and the Data Governance Committee. The roles and responsibilities of the various committees do not include powers reserved to other group companies.

Structure

Pantheon Group Risk Committee

Paul Ward

Managing Partner

Graeme Keenan (Chair)

Partner,
Chief Risk Officer

Robin Bailey

Partner,
Chief Operating Officer

John Morgan

Partner,
Global Head of Legal and Compliance

Investment Risk Committee	Operational Risk Committee	Valuation Committee	Conflict Committee	Data Governance Committee

Investment Risk Committee

The Investment Risk Committee focuses on the oversight of Portfolio Investment Risk relating to Pantheon portfolios, including Pantheon managed funds.

Operational Risk Committee

The Operational Risk Committee oversees how Pantheon controls and documents its operational risks and processes.

Valuation Committee

The Valuation Committee oversees the valuations of investments in the underlying funds and structures in which clients invest.

Conflict Committee

The Conflict Committee is established to (i) review the procedures for management of conflicts of interest, (ii) review specific matters escalated to it involving conflicts of interest, (iii) advise on actions to be taken, and (iv) carry out any other duties delegated to the Committee by the Board.

Data Governance Committee

The Data Governance Committee (or Council) has delegated authority to oversee, monitor and challenge the data governance practices and risks in respect to data domains and their associated controls and activities within the firm.

Risk Identification

Responsibility for risk identification is shared amongst the Partnership Board and the broader partner and principal Group, with each individual being responsible for control of risk in their business area. There are open reporting lines to the Partnership Board, and by adopting this organisational structure, where communication and early discussion of issues is strongly encouraged, change can be quickly affected if needed. The key internal controls are supported by a detailed risk matrix with key control weakness indicators designed to identify major operational, regulatory, reputational and financial exposures within Pantheon. The risk matrix is subject to periodic review by the Operational Risk Committee, which then reports into the Risk Committee. The risk elements assessed are comprehensive and include operational, credit, strategic, liquidity, market, business and reputational risk.

2.4 Role of the Risk Management function

The Risk Management function in Pantheon is the second line of defence in the three lines of defence model. A key responsibility of the second line is oversight, challenge and testing of the first line (the business identification assessment and management of risk s and controls).

The responsibilities of the Risk Management function are to:

- Develop and maintain a risk management strategy applicable to Pantheon.
- Maintain the Risk Policy.
- Produce risk profiles for business and support functions in conjunction with the management teams responsible for those business units.
- Help management of business units to embed risk management into the culture and processes of the business, whilst reinforcing management accountability.
- Provide proactive risk management advice to operations, projects and key business change activities.
- Support the Finance function in the production of the internal capital adequacy assessment process ("ICAAP") and Internal capital adequacy and risk assessment (ICARA).
- Review events relating to potential operational control failures and provide analysis and regular reports to the Partnership Board.
- Support the ISAE 3402 and Sarbanes Oxley annual audits.
- Monitor Key Risk Indicators.
- Oversight of vendor owners monitoring third party administrators and other critical or important suppliers

Pantheon employs a third line of defence which is the annual assurance review programme of internal controls, ISAE 3402 and Sarbanes Oxley audits, and oversight by AMG.

2.5 Risk Appetite

Pantheon acknowledges that all activity has associated with it an element of risk and the fact that not all risks can be transferred to third parties through insurance policies, contracts or waivers, the management of residual risk at all levels of the organisation is imperative.

Risk appetite is defined as Pantheon's willingness to accept residual risk in pursuit of its objectives. Risk appetite is assessed against Pantheon's expected economic outcome from taking on certain risk or pursuing certain activities. Risk appetite underpins the entire framework for managing risk (i.e. it establishes requirements for monitoring and reporting on risk).

As risks are identified within the Pantheon Group, appropriate controls are put in place to mitigate these and compliance with them is monitored on a regular basis. The frequency of monitoring in respect of each area is determined by the significance of the risk. The Pantheon Group carefully manages risks taken with its own capital and ensures that risk taken within the client and investor portfolios it advises or manages is closely monitored and in line with its mandates. There has been no incidence of material operational failures or losses across the Pantheon Group in its entire operating history.

Approach to Risk

Pantheon is committed to building increased awareness and a shared responsibility for risk management at all levels of the organisation. A clearly defined risk management framework includes:

- an established governance framework;
- a consistent methodology;
- a visible and disciplined procedure for escalation and communication of risks;
- a focus on pro-active identification, assessment and management of risks.

This policy is intended to assist management in decision making processes that will minimize potential losses, improve the management of existing uncertainty and the approach to new opportunities, thereby helping to maximise Pantheon's available resources and potential to successfully meet their corporate objectives.

Setting the risk appetite

Overall risk appetite is decided upon by the Partnership Board as proposed by the Risk Committee, as part of setting and implementing strategic and operational objectives. For business as usual, the relevant Partner will be responsible and accountable for operating within the risk appetite, having regard to policy and levels of delegated authority. However, under no circumstances should a contract be entered into which exposes the Firms to a risk of unlimited liability.

Unlike market and credit risk, some forms of business risk do not lend themselves to credible quantification i.e. the degree of risk cannot be expressed effectively in purely financial terms and then aggregated. A more qualitative approach to assessing and prioritising risks is often more meaningful in relation to strategic uncertainties, one off risk events or risks around brand equity or credibility. This is particularly applicable when referring to reputational risk as this will be a key factor for Pantheon in assessing risk appetite.

Pantheon has a low risk appetite in respect to investing and to managing business and operational activities as demonstrated by historic performance. This is reflected in the Firms' governance, controls and activities. There is an experienced management team of proven ability to ensure that the business remains tightly controlled within the standards that the Firms aspire to.

The Partnership Board considers this risk appetite to be consistent with the nature, scale and type of the business.

2.6 Key Risks

The key risks that the Pantheon Group faces are:

Business risk relates to being able to generate fee income and control costs on an on-going basis in line with business plans. The key income drivers are the funds and clients for which Pantheon serves as investment manager/advisor, which in turn can be materially impacted by investment performance. The key risk here relates to significant reputational damage that could limit the ability to raise further future funds or, in a worst case, lead to the investors collectively agreeing to appoint an alternative manager/advisor, an event that has not occurred in Pantheon's history. Staff retention is also considered, as are legal and regulatory compliance, when assessing business risk.

Strategic risk relates to the risk of loss arising from being unable to deliver against Pantheon's business plan, making poor business decisions, resource allocation being insufficient to achieve objectives or failures to adapt the business plan to changes in external factors.

Operational risk relates to risks to the Firms when running the business, and include impact of loss of key personnel, errors, fraud including cybersecurity incidents and ineffective business continuity plans, all of which could restrict the ability to re-establish operations in the event of an emergency or significant business disruption.

Market Risk relates to impact on the business of severe long-term market downturn or fluctuations in market factors including foreign currency exchange rates. Market downturn is not considered a significant risk to Pantheon as a result of the fixed nature of income which does not fluctuate with performance and the long lock in periods that many investors are subject to. Risks relating to the ongoing uncertainty created by the COVID pandemic and the risk of the UK failing to agree a trade deal with the EU are included within market risk.

Credit Risk relates to risk of our counterparties defaulting on their obligations. As at 31 Dec 2020 our credit risk exposure is limited to cash held at banks, and key clients failing to pay our fees derived from the funds (clients) which PVUK manages or clients defaulting on capital calls to a fund. Credit Risk in cash balances is minimised using major UK highly rated banks and rigorous monitoring of their creditworthiness using 5year CDS spreads and credit ratings. Whilst we recognise the potential risk of clients defaulting on paying relevant fees for our services, this risk is minimised through relationships with clients and appropriate credit control arrangements.

In addition, high proportion of our management fees are payable directly or indirectly from commingled funds managed by the Pantheon Group. Significant proportion of investors in commingled funds are institutional grade clients with low default risk. Default provisions in the organisational documents of the relevant commingled funds mean that the risk of a default is very low. Separate account clients are all institutional grade clients with low default risk.

PVUK does not have a trading book and does not have any derivatives in its non-trading book at present excluding foreign exchange forward contracts held to hedge foreign exchange exposure.

Liquidity risk is not considered a key risk for Pantheon because majority of income from Pantheon's funds is billed quarterly in advance and there is a high degree of predictability in relation to costs and income and is not sensitive to short term fluctuations.

In each case it has been determined that the risks that these factors present are acceptable and that there are sufficient mitigating factors in place such that no further action is required with respect to the controls in place or to the capital held by PVUK.

Financial Position and Capital Planning

3.1 Capital Resources

The adequacy of PVUK's capital is assessed at least annually through an internal assessment process in accordance with regulatory requirements. This process is summarized in a document the purpose of which is to inform the Partnership Board of the ongoing assessment of PVUK's risks, how PVUK intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

The document also provides information about how PVUK explains to the FCA its internal capital adequacy assessment process. As part of the exercise, PVUK LLP identifies the Pillar 1 Requirements to which it is subject, including the market risks and credit risks to which it is exposed, and the Pillar 2 Requirements, including business and operational risks. Based on this, PVUK is then able to determine the requisite amount of regulatory capital and to ensure its capital resources are always more than sufficient to meet the firm's Capital Resource Requirement (CRR). The requisite amount of any additional own funds (or other capital resources) required from time to time are provided by additional contributions of eligible PVUK members' capital. Further, PVUK has the ability to retain, for the purpose of meeting regulatory capital requirements, profits which would otherwise be distributed to members. The adequacy of coverage through additional own funds is reviewed at least once a year.

PVUK is a Limited Liability Partnership and its capital arrangements are established in its Partnership Deed. Its capital is summarised as follows:

	31 December 2021	31 December 2020
	USD 000s	USD 000s
Members' capital	14,268	14,268
Revenue reserves	8,421	8,750
Members' capital and other reserves	22,689	23,018
Pillar 1 capital requirement	(13,257)	(12,612)
Surplus capital resources	9,431	10,406

	31 December 2021 USD 000s	31 December 2020 USD 000s
Tier 1 capital less innovative tier 1 capital	22,689	23,018
Total Tier 2, innovative Tier 1 and Tier 3 capital	-	-
Deductions from Tier 1 and Tier 2 capital	-	-
Total capital resources, net of deductions	22,689	23,018

PVUK has no capital which is classified as hybrid or innovative, nor does it hold any capital instruments which provide PVUK with an incentive to redeem them.

3.2 Pillar 2 requirement

PVUK has assessed material risks and foreseeable capital requirements arising over the next five years. The main drivers of Pillar 2 capital are wind down costs and operational risk. The effects of external stresses on PVUK's capital were also considered. The results of PVUK's analysis indicate no additional capital is currently required.

3.3 Capital Planning

The FCA requires firms to consider the impact of an economic recession or downturn in the market relevant to the firm's activities. Surplus capital is held:

- To meet any liabilities arising from the crystallisation of identified risks;
- To ensure that an appropriate buffer is maintained to take advantage of strategic opportunities such that the firm will not suffer a regulatory capital breach;
- To ensure that there is an appropriate amount of capital retained for reinvestment in the business, for example, to enhance systems and processes and to recruit additional talent and skills; and
- To demonstrate exceeding the FCA's minimum regulatory requirements.

Financial forecasts – Pantheon produces a Five-year forecast which allows management to assess the opportunities and competition that the business may expect during the next five years. These forecasts are revisited on a semi-annual basis and adjusted to reflect any significant variances from plan.

PVUK has established a policy of maintaining capital resources in excess of its capital resources requirement. The Firm anticipates controlled growth over the next 3-5 years, with any uplift in expenditure being at least matched by an increase in income.

- Expenses (other than bonuses) are incurred evenly over the year and the Firm receives fees quarterly. Staff bonuses are dependent on performance and are awarded annually.
- Bonus amounts payable are non-contractual and are determined taking into account the financial position of PVUK. As such, PVUK is not exposed to a significant increase in costs that would threaten its capital adequacy.
- PVUK has a substantial, stable and reliable institutional client and investor base from which consistent revenues are generated.

The Partnership Board is therefore satisfied that the present capital and liquidity management arrangements of PVUK are adequate and proportionate to the nature and scale of the business. In the worst-case scenario, if all the above failed, the Partnership Board would consider an orderly winding down of the business over a period of three years.

3.4 Capital management and monitoring

Drawings are paid to the Members on a periodic basis. This is dependent on the levels of profitability. Although Partners are entitled to a 'minimum draw' from profits of the partnership, this amount too can be reduced to nil if events dictate that capital is needed to be retained in PVUK to ensure it held adequate regulatory capital and is able to meet its obligations.

PVUK maintains an adequate level of capital resources to meet its obligations. Should additional resources become necessary due to unforeseen business risks, the Members are able to contribute additional capital or proceed with an orderly winding down of PVUK's operations.

PVUK regularly reviews its performance and financial position against internal forecasts and regularly reports such results and variances to senior management. These are compared to business plans and forecasts and variance analysis is undertaken where material deviations are noted. On a monthly basis, the capital adequacy of PVUK is calculated and assessed by Finance.

3.5 Stress testing

The Operational Risk Committee has evaluated a number of scenarios, both individually and in aggregate. Stress testing is an important part of the Group's planning and risk management processes. Capital planning and stress testing forms part of the assessment process, under which a variety of stress scenarios are modelled to test the potential impact on capital resources and regulatory capital. The scenarios used are severe, and include combinations of loss of existing mandates, material adverse investment performance, an inability to attract new business, currency market collapse, material legal action leading to a wind down, loss of entire investment teams to a competitor, legal or regulatory enforcement action plus reputational damage arising from GDPR breaches and a cybersecurity incident.

Remuneration Disclosure Statement in Respect of the Period from 1 January to 31 December 2021

Pantheon Ventures (UK) LLP ("PVUK" or the "Firm") 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"). As a collective portfolio management investment ("CPMI") firm, PVUK is subject to FCA Rules on remuneration contained in the FCA's Remuneration Codes located in the Senior Management Arrangements, Systems and Controls ("SYSC") Sourcebook of the FCA's Handbook. PVUK complies with SYSC 19B of the FCA Handbook (the "AIFM Remuneration Code"), as well as SYSC 19C (the "BIPRU Remuneration Code") (collectively, the "Remuneration Code").

PVUK is required to disclose certain information on at least an annual basis regarding its Remuneration Policy and practices for those staff whose professional activities have a material impact on the risk profile of the Firm or the funds managed by it. This remuneration disclosure statement is made to satisfy applicable regulatory requirements and guidelines relating to the disclosure of information concerning PVUK's remuneration policy and practices and is made in accordance with its size, internal organisation and the nature, scope and complexity of its activities.

4.1 Remuneration Policy

PVUK has adopted a remuneration policy which is also applied to operating entities within the Pantheon Group (together, "Pantheon") which implements the requirements of the Remuneration Code.

Pantheon's Remuneration Policy is designed to ensure that it complies with the Remuneration Code and its compensation arrangements:

- Are consistent with and promote sound and effective risk management;
- Do not encourage excessive risk taking;
- Include measures to avoid conflicts of interest;
  - Pantheon's remuneration policies and practices are aligned with Pantheon's general duty to ensure effective conflicts of interest management;
  - Pantheon will consider conflicts of interest risks when reviewing or revising its remuneration policies and practices;
- Are in line with the Firm's business strategy, objectives, values and long-term interests.

4.2 Proportionality

The FCA has sought to apply proportionality in the first instance by instituting two tests: firstly, a firm that is significant in terms of its size must disclose the quantitative information referred to in BIPRU 11.5.18R at the level of senior personnel; secondly, a firm must make a disclosure that is appropriate to the size, internal organisation and the nature, scope and complexity of its activities. Pantheon is not 'significant' (that is to say, has relevant total assets of less than £50 billion*) and so makes this disclosure in accordance with the second test (BIPRU 11.5.20R(2)).

The ESMA Guidelines on Sound Remuneration Policies under the AIFMD also allow for the application of the principle of proportionality to the type and amount of information disclosed * average total assets on the last three accounting dates.

4.3 Meaning of Remuneration

Remuneration at Pantheon is made up of a fixed component (i.e. salary or equivalent) and a variable component, including potential participation in an annual discretionary bonus scheme, together with potential participation in a carried interest scheme.

Pantheon also offers opportunities for certain eligible senior executives to acquire equity in Pantheon and/or to invest in funds managed or advised by Pantheon ("Pantheon Funds") alongside third party investors in Pantheon Funds. Such investments are by their nature long-term investments and any payments in respect of such investments (including dividend distributions) are not considered to be remuneration for purposes of Pantheon's remuneration policy.

Governance

The Pantheon Partnership Board, comprising senior executives of Pantheon and one (non-voting) representative from Pantheon's majority owner, is responsible for reviewing and approving Pantheon's remuneration policy at least annually or following a significant change in its business, as well as overseeing its implementation. The Remuneration Policy has been agreed by the Partnership Board in line with the remuneration principles laid down by the FCA.

Description of elements of compensation

As described above, remuneration at Pantheon is made up of fixed and variable components as described below.

Fixed Component – The fixed component comprises a base salary, or for members of Pantheon Ventures (UK) LLP, a "minimum draw" payable to members of Pantheon Ventures (UK) LLP in priority to any bonus distribution. The fixed component is set in line with the market at a level to retain, and when necessary attract, skilled staff. Market Data is collated from the taking part in and purchasing of external and relevant surveys and other data points. Fixed components are set at a rate to allow full flexibility to award no bonus in circumstances where an individual has underperformed or where Pantheon's financial performance has been severely and negatively impacted.

Variable Component – The variable component comprises a number of different elements, including an annual discretionary bonus scheme and a carried interest scheme. These are noted below.

- Bonus - The bonus pool for each financial year is determined by reference to the surplus profits of the business after accounting for all liabilities of the business in accordance with generally accepted accounting practices, including the fixed components described above and preferential dividend distributions to owners of equity in the business. Bonus payments are awarded at the discretion of Pantheon and may be subject to conditions, deferral or retention (in whole or in part), vesting, cancellation or clawback, as determined by Pantheon, in accordance with applicable regulatory requirements and industry practice. Where awards are subject to vesting over a multi-year period, payment may be 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. In some cases, awards may be made in the form of phantom equity, where payment of the award is deferred until a future date and the value of the award is linked to performance of the business at such future date, as compared to the performance of the business on the date of the award.

- 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 Funds with certain senior executives. Each year carried interest points are assigned, at the discretion of Pantheon, to Pantheon executives, based on role, contribution and performance. Carried interest points are typically subject to vesting over a period of time and act 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.

4.4 Determination of remuneration awards

The Partnership Board has delegated authority to make decisions with respect to individual awards (including discretionary bonus awards and carried interest awards) to a partner compensation sub-committee and a staff compensation sub-committee, for partners and non-partners respectively (together, the "Compensation Committee). The members of the Compensation Committee are executives of Pantheon. Due to the size, nature and complexity of the Firm, Pantheon has concluded that it is not required to appoint an independent remuneration committee. However, to manage conflicts of interest with respect to awards to members of the Compensation Committee, a non-executive representative from Pantheon's majority shareholder is responsible for review and approval of proposed awards to any such member of the Compensation Committee.

In making decisions concerning the award of variable remuneration to any individual, the Compensation 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. Covered Staff (as described below) are also assessed on a multi-year framework. The process for determining bonus awards 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 severely and negatively 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, the Risk Management function 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 and the Human Resources function provides input in relation to any notable conduct issues in relation to having met Pantheon's cultural expectations as well as those expectations set out under SMCR for all staff. In addition to this Pantheon has a strong culture of Inclusion and Diversity and Pantheon's remuneration policy incorporates considerations in this regard. Where individual behaviours do not align with the standards and expectations which the Firm sets out (through its various policies) in regard to Inclusion and Diversity, (despite otherwise strong performance against objectives) this will factor into award determinations. 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.

4.5 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.

4.6 Sustainability Risk Considerations

Pantheon is a signatory of the UN Principles for Responsible Investment (PRI) and ESG whose considerations are strongly embedded into the Firm's culture at all levels and specifically incorporated into its investment due diligence policies and its investment decision making policies and procedures. Pantheon views its remuneration policy as consistent with the integration of sustainability risks for the following reasons: i) Private equity investing is characterised by the long-term nature of the asset class, its well diversified underlying portfolio and increased level of oversight and monitoring as compared with the public equity model. Pantheon's view is that sustainability risk is embedded by the nature of the investment model and further supplemented through the Firm's wider ESG commitments. ii) Pantheon's remuneration policy, especially (for applicable funds) the carried interest component of it, rewards long term performance for which good management of ESG and sustainability risk is key. This is supplemented by Pantheon's multi-multi-year performance assessment approach for Code/Relevant/Identified Staff iii) Pantheon's Remuneration Policy promotes and provides for sound and effective risk management at all levels such that excessive risk taking is not encouraged beyond the level tolerated by Pantheon. Remuneration decisions are as a result made in line with the long-term interests of both the Firm, it's underlying Funds (and therefore it's clients), values, risk tolerance and objectives.

4.7 Aggregate Remuneration for Covered Staff

Covered staff comprises members of staff of Pantheon whose professional activities have a material impact on the risk profile of PVUK, or the risk profiles of the funds which are managed by PVUK 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 PVUK. This includes members of the Partnership Board, the heads of the compliance and risk management functions of PVUK and other members of staff who have the authority to commit PVUK or funds managed by it within the scope of the AIFMD to obligations, liabilities and / or exposures or to take decisions having a direct impact on obligations, liabilities and / or exposures entered into, or to be entered into, by PVUK or such funds.

	Covered Staff		2021 Total	2020 Total
	Senior Management	Others	2021 Covered Staff	2020 Covered Staff
Number	9	12	21	23
Fixed Remuneration	USD 3,850,248	USD 4,575,665	USD 8,425,913	USD 8,606,204
Variable Remuneration	USD 5,909,695	USD 5,487,220	USD 11,396,915	USD 12,381,589
Total Remuneration	USD 9,759,943	USD 10,062,885	USD 19,822,828	USD 20,987,793