
MIFIDPRU 8 DISCLOSURE

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Quaero Capital LLP is registered in England as a limited liability partnership (No. OC314014)
A list of members' names is available for inspection at the registered office address shown above
Authorised and regulated by the Financial Conduct Authority

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Quaero Capital LLP (“Quaero” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

Quaero is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

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

This document has been prepared by Quaero in accordance with the requirements of MIFIDPRU 8 and is verified by the Executive Committee. Unless otherwise stated, all figures are as at 31st March 2025, the Firm’s financial year end.

Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU Investment Firm, Quaero is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook (“SYSC”)). Quaero, as an alternative investment fund manager, is also classified as a collective portfolio management investment firm (“CPMI firm”), and as such, is also subject to the AIFM Remuneration Code (SYSC 19B). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Discourage risk taking inconsistent with the risk profile of the funds under management;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor client outcomes.

The objective of Quaero’s remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

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

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

Quaero has complied with MIFIDPRU 8 in a manner which is appropriate to its size, internal organisation and to the nature, scope and complexity of activities undertaken. To note the applicable remuneration codes to the Firm do permit a proportionate application of the rules and accordingly the Firm has opted to not disclose all details due to confidentiality matters.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at Quaero is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff, which typically include fixed salary or drawings, medical cover, leave and various other allowances where applicable.

Variable remuneration has two components:

1. Bonuses

Bonus is paid on a discretionary basis at a varying percentage of fixed remuneration and takes into consideration the Firm's financial performance and the financial and non-financial performance of the individual in contributing to the Firm's success.

All staff are subject to annual performance review before a bonus is awarded. The review covers a variety of areas, as applicable to each individual's roles and responsibilities, including but not limited to contribution to investment or asset management success, team development, risk management, ESG, etc.

2. Performance fees

This involves the performance fee program (otherwise known as incentive fees or carried interest). Performance fees are typically subject to performance hurdles being met and payment over a period of time, and act as a long-term incentive to ensure aligned interests on investment performance and the retention of key staff.

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

Governance and Oversight

The Executive Committee is responsible for setting and overseeing the implementation of Quaero's remuneration policy and practices. In order to fulfil its responsibilities, the Executive Committee:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of partners, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

Quaero's remuneration policy and practices are reviewed annually by the Executive Committee.

Quantitative Remuneration Disclosure

For the financial year 1 April 2024 to 31 March 2025, the total amount of fixed remuneration awarded to all staff was £1.3m. A variable component (bonus and performance fee) of £386k was also awarded to some staff members during the financial year. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, partners or members and employees of other entities in the group.