



Corporate Governance

Introduction / Purpose

This section of the webpage contains information about the measures taken by Omega Funds Investment Limited (hereinafter "the Company") to comply with several Corporate Governance matters.

The information is provided pursuant and in compliance with requirements of the Directive DI 144-2014-14 of the Cyprus Securities and Exchange Commission for the Prudential Supervision of Investment Firms (the "Directive"), as amended and ratified from time to time.

Country-by-Country Reporting

From 1 January 2015 Cypriot Investment Firms (hereinafter "CIFs") are required to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

- a) name(s), nature of activities and geographical location;
- b) turnover;
- c) number of employees on a full time equivalent basis;
- d) profit or loss before tax;
- e) tax on profit or loss;
- f) public subsidies received.

The information referred to here above shall be audited in accordance with the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and shall be published, where possible, as an annex to the annual financial statements or, where applicable, to the consolidated financial statements of the CIF concerned.

The Company does not have any branch established in a Member State and/or a third country and as such, this requirement does not apply to it.

Public Disclosure of Return on Assets

CIFs must disclose in their annual report among the key indicators their return on assets, calculated as their net profit divided by their total balance sheet.

The Company discloses the above stated information in the notes to the Financial Statements. The Company's Report and Financial Statements can be obtained upon request at accountopening@omegainvest.com.cy.

The Company's Return on Assets, as at 31 December 2019, calculated in line with paragraph 19 of the Directive is 8.4%.

Remuneration Policies

In line with the requirements of the Directive, the Company has prepared and implemented a *Remuneration Policy* (the "**Policy**").

The Policy of the Company forms an integral part of its corporate governance and is developed taking into consideration the Company's objectives, business and risk strategy, the corporate culture and the values and the long-term interests of the Company.

It applies to those categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company.

In establishing the Policy, the Company complies with the following principles, in a manner appropriate to its size, internal organisation and the nature, scope and complexity of its activities:

- a) the Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company;
- b) the Policy is in line with the business strategy, objectives, values and long-term interests of the Company, and incorporates measures to avoid conflicts of interest;
- c) the Company's Remuneration Committee is responsible for ensuring the implementation of the Policy, to periodically review it and to suggest changes that are deemed necessary for ensuring that the Company's talent is retained while excess risk taking is avoided;
- d) the implementation of the Policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the board of directors;
- e) staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;
- f) the remuneration of the Senior Officers in the Risk Management and Compliance functions is directly overseen by the Remuneration Committee;
- g) the Policy, taking into account national criteria on wage setting, makes a clear distinction between criteria for setting:
 - basic fixed remuneration, which should primarily reflect relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment; and
 - variable remuneration which should reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment.

The management and staff of the Company receive a fixed and variable remuneration. Total remuneration consists of the fixed salary, benefits such as health insurance and, in certain cases variable remuneration in the form of a cash bonus which is not guaranteed;

- The remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role. Staff engaged in control functions is independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. The remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors.

- As per the provisions of Directive DI144-2014-14&14(A), the principles adopted by the Company relating to variable remuneration, when provided, are as follows:
 - Where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned, as well as the overall results of the Company as a whole. Upon assessing individual performance, both financial and non-financial criteria are taken into consideration;
 - Assessment of performance is set in a multi-year framework in order to ensure that the assessment process is based on long-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the Company and the business risks it encounters;
 - The total variable remuneration does not limit the ability of the Company to maintain its capital base;
 - Variable remuneration is not guaranteed and shall not be part of prospective remuneration plans;
 - Guaranteed variable remuneration is limited only to the cases in which the Company wants to offer it in the first year of employment of a new staff member, and only if the Company has a strong capital base;
 - The fixed and variable components of total remuneration are appropriately balanced;
 - Variable remuneration can be reduced to zero, and shall not exceed 100% of the fixed component of the remuneration for each individual unless other conditions apply.

Remuneration Committee

CIFs which are significant in terms of their size, internal organisation and the nature, the scope and the complexity of their activities, must establish a Remuneration Committee.

The Remuneration Committee must be constituted in such a way as to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity.

The Remuneration Committee must be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the CIF concerned and which are to be taken by the board of directors.

The Chair and the members of the Remuneration Committee must be members of the board of directors who do not perform any executive function in the CIF concerned. If employee representation on the board of directors is provided for by Cyprus law, the Remuneration Committee shall include one or more employee representatives. When preparing such decisions, the remuneration committee shall take into account the long-term interests of shareholders, investors and other stakeholders in the CIF and the public interest.

The Company has been adjudged by the Cyprus Securities and Exchange Commission to be a "significant CIF" and as such, it has established a Remuneration Committee, comprised by the Company's two Non-Executive Directors, both of them which are independent.

The Remuneration Committee is responsible for setting the general principles of the Remuneration Policy and making proposals to the Board of Directors as to the actual remuneration of the persons that are subject to the Remuneration Policy. It is also directly overseeing the remuneration of the senior officers in the risk management and compliance functions.

Governance Arrangements

The Board of Directors defines, oversees and is accountable for the implementation of the governance arrangements that ensure effective and prudent management of the Company, including the segregation of duties in the organisation and the prevention of conflicts of interest.

In identifying the Board of Directors, the Company has taken into consideration the matters outlined in section 9 of the L. 87(I)/2017 (the Law). As such the members of the Board of Directors:

- Have sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties;
- Commit sufficient time to perform their functions in the Company;
- The number of directorships held by each member of the Board does not compromise the time devoted to the Company. In all cases, the Company's Board members do not hold more than one of the following combinations of directorships at the same time, unless special permissions have been granted:
 - one executive directorship with two non-executive directorships;
 - four non-executive directorships.
- Act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor the decision-making of management.

Overall, the Company's governance arrangements comply with the below requirements, as these are set out in the Law:

- The overall responsibility for the Company lies with the Board of Directors, which approves and oversees the implementation of the Company's strategic objectives, risk prevention strategy and internal governance;
- The Board of Directors ensures the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the Law and relevant standards;
- The Board of Directors oversees the process of disclosure and announcements;
- The Board of Directors is responsible for providing effective supervision of senior management;
- The Chairman of the Board of Directors does not exercise simultaneously the functions of a chief executive officer in the Company;
- The Company's Board of Directors monitors and periodically assesses the effectiveness of the Company's governance arrangements and takes all appropriate steps to address any deficiencies.

The Company's Board of Directors, consists of three Executive Directors and two Non-Executive Directors with specialised knowledge and experience in the investment services, risk management, accounting and legal sphere.

The Board of Directors of the Company complies in full with the duties and responsibilities assigned to it pursuant to paragraphs above. In this respect, the Executive Directors of the Company, who follow the "four eyes" principle, are the responsible persons for the smooth and proper operations of the Company.

Due to their position, the Executive Directors are capable of monitoring all regulatory developments in the field of corporate governance, and in this way, it is ensured that the Board is fully apprised of all recent developments and the need to introduce new processes or amend existing processes, if such a need arises.

When it comes to the effective supervision of senior management the Board of Directors meets at frequent intervals and the agenda of the meetings is structured in such a way so that the Board of Directors, and especially the Non-Executive Directors, are fully apprised of and are given the opportunity to approve or reject all important matters related to the operations and the strategy of the Company.

Diversity Policy

The Company is committed to fostering, cultivating and preserving a culture of diversity and inclusion.

The Company recognises the benefits and necessity of having an adequately diverse Board which will include and make good use of differences in the skills, regional and industry experience, background, race, age, gender and other distinctions between Directors.

The Company's Diversity Policy aims to promote a balanced working environment with this overall equality principle in place, enable each of them to contribute individually for an effective Board composition.

The Company aims to achieve the desired gender diversity by encouraging it not only in Board appointments but also in appointments of other key positions.

The views of men and women in our Company are equally taken into account since key functions within the Company are performed by both men and women. The Diversity policy is reviewed annually in order to comply with all amended and/or updated legislative and regulatory frameworks and all decisions made by the Company's Board of Directors.