MIFIDPRU 8 Disclosure

Tavistock Private Client Ltd

(Based on audited financial statements for the year ending March 2023)

1. Scope and Purpose

This disclosure relates to Tavistock Private Client Limited (TPC), "the Firm", which is classified as a non "small and non-interconnected" (Non-SNI) MIFIDPRU investment firm and is therefore required under MIFIDPRU 8 of the Prudential sourcebook for MiFID Investment Firms to disclose information relating to governance arrangements, risk management, own funds, and remuneration policies and practices.

In accordance with the rules, the disclosures herein are appropriate to the size and internal organisation, and to the nature, scope, and complexity of the Firm's activities.

The Firm will update these disclosures on at least an annual basis in line with the annual publication of the Firm's audited financial statements.

The MIFIDPRU 8 disclosure report is available on the Firm's website at:

https://tavistockinvestments.com/legal-information/

2. Governance and Decision-making Procedures

The governing body is ultimately responsible for the definition, oversight, and implementation of the strategic objectives, risk strategy, and internal governance arrangements.

The Firm has robust governance arrangements which include:

- A clear organisational structure with well defined, transparent and consistent lines of responsibility;
- Effective processes to identify, manage, monitor and report the risks it is or might be exposed to;
- Internal control mechanisms, including sound administrative and accounting procedures; and
- Effective control and safeguard arrangements for information processing systems.

The governing body has established a Risk Committee and a Remuneration Committee. The members of these committees have all been assessed to have appropriate skill, knowledge, expertise and integrity, to understand and manage the associated risks; and advise and challenge the governing body appropriately. This approach is intended to ensure effective and prudent management of the Firm and prevent conflicts of interest in a manner which promotes integrity of the market, and best interests of clients. To support the governing body achieve these objectives, management information is frequently provided to enable controls to be assessed and deficiencies addressed. All arrangements, including policies, are reviewed at least on an annual basis. The Firm is not required to establish a Risk Committee under MIFIDPRU 7.3 as it does not meet the thresholds in MIFIDPRU 7.1.4.

2.1 Governance Structure

Risk Management at the Firm operates within a three lines of defence structure. This helps to clearly structure roles, responsibilities and accountabilities. Below is a high-level overview of this:

Overall Responsibility & Oversight	**Plc Board** • Sets tone from the top; the Board has ultimate responsibility for risk management within Tavistock • Sets culture & values • Establishes business strategy and risk appetite • Establishes a Risk Committee to monitor risk and set policy

Risk Oversight 3rd Line of Defence	**Executive Risk Committee** • Approves the Risk Framework, methodologies and roles & responsibilities on behalf of the Board • Monitors effectiveness of Risk Framework, including managing risk to stated risk appetite • Escalates to the Plc Board where appropriate • Engages 3rd line audit to provide assurance (where appropriate)	
2nd Line of Defence *Oversight & Monitoring by the Group Operation Function*	**Compliance team** • Interpret regulations & ensure business understanding • Monitor compliance with regulations • Carry out compliance testing and monitoring • Advise on regulatory issues & provide training	**Risk team** • Design & operation of risk management framework • Monitor adherence to framework & methodology • Provide risk training • Provide risk reporting to senior management & Risk Committee
1st Line of Defence *Day to day risk management*	**Business Operations** • Day to day management of risks and controls • Identifying and managing the issues, escalation & reducing risk • Tracking losses and providing MI • Evidencing compliance	

Whilst the Board retains ultimate responsibility for risk management, an Executive Risk Committee (ERC) has been established to oversee the Group's risk governance framework and to provide an entity-wide perspective on all risk matters. It is chaired by the Group Compliance Director and is comprised of a non-executive director and senior executives. Meetings take place annually. The Committee's primary responsibilities include:

- To ensure that risk appetite and tolerances are appropriate for a retail financial services group in a highly regulated environment, commensurate with strategic objectives;
- Oversee the development and maintenance of an appropriate risk strategy, policy and procedures;
- Ensure systems and processes are effective in identifying and assessing risks and controls, with corresponding escalation in line with tolerances;
- Ensure adequate internal and external risk resource (including assurance) to support effective risk management;
- Ensure all significant change initiatives and programmes (e.g. new product / IT launches, M&A) are assessed in line with risk appetite and tolerances prior to implementation;
- Review the ongoing enterprise wide key group risks; and
- Review the ERC terms of reference and risk framework annually.

A sub committee meets once a quarter to review any changes to the group thematic risk assessments and quarterly MI pack, reporting any material issues to the Risk Committee as appropriate. The sub committee comprises of CEO, Group Compliance Director, a Non-Executive Director and our Head of Risk.

2.2 Directorships

In compliance with MIFIDPRU 8.3.1(2) the table below discloses the number of directorships held by the TPC governing body.

Directorships held by each member of the TPC management (governing) body *MIFIDPRU 8.3.2 states that directorships held within the same group or holding, and those held in organisations which do not pursue predominantly commercial objectives are not within scope.*	
Member of the management body	**Number of directorships held** (executive and non-executive) (details of modifications/waivers if applicable)
Brian Raven	1
Ben Raven	2
Gregor Preston	3
Johanna Rager	1
Mark Evans	1

2.3 Diversity Statement

The Firm is committed to promoting equality and diversity as part of its culture, which values different experiences and insights, as well as the business benefits these bring. Investment in the professional development of our staff and adviser communities, at every stage of their journey, is a key Firm strategic priority to help our people develop their full potential and achieve their career aspirations.

As a result, the Firm's Diversity and Inclusion policy aims to promote diversity on the management body.

Appointments to the management body consider the collective competence of the management body to ensure that there is sufficient experience and technical expertise and a balance of executives and non-executives to ensure that the management body is, at all times, adequately staffed and compliant with applicable legal and/or regulatory requirements.

Appointments to the management body also consider if the individual:

- is competent to fill and is fit and proper to carry out that role;
- possesses sufficient knowledge, skills and experience to understand our business, the market in which we operate, and undertake a senior position;
- performs their duties with honesty, integrity, judgement and independence of mind; and
- is willing and able to commit sufficient time to discharge his or her responsibilities to the Firm.

Debate, challenge and acceptance of collective responsibility across the management body are fundamental to the overall stewardship of the Firm.

Whilst committed to a balanced and diverse management body, due to the size of the Firm there are no set diversity targets with regards to management representation. The make-up of the Plc Board and the Leadership teams combined as at September 2023 is 75% Male and 25% Female.

The relevant background and professional experience of the Plc Board and the Leadership Team are provided on the Firm's website: https://tavistockinvestments.com/about-us/plc-board/ and https://tavistockinvestments.com/about-us/leadership-team/

3. Risk Management Objectives and Policies

The core objective of the Firm is the effective management of risk to protect investors and stakeholders and to ensure that the Firm has adequate capital and liquid resources in place.

The Directors of the Firm determine its business strategy and risk appetite. The Firm has in place a comprehensive risk management framework that recognises the risks that the Firm faces.

The Firm's risk management framework operates under the three lines of defence model.

The first line of defence requires the Firm to identify and mitigate risks and to implement an adequate control environment to manage those risks effectively. The risks facing the Firm are identified and considered both from the perspective of the likelihood of their occurring and from the perspective of their potential impact on the Firm should they occur.

The second line of defence is that of control oversight managed by the Compliance Officer who oversees compliance within regulatory and legal requirements as well as monitoring risk.

The third line of defence is designed to provide independent assurance through external audit by way of reviewing the overall effectiveness of the risk management framework and control environment.

MIFIDPRU 8.2.1 requires the Firm to disclose its risk management objectives and policies for the categories of risk addressed by own funds requirements, concentration risk and liquidity. This must include a concise statement approved by the Firm's governing body describing the potential for harm associated with the business strategy; and a summary of the strategies and processes used to manage each of the categories of risk and how this helps to reduce the potential for harm.

3.1 Own Funds Requirements

The Firm is required to maintain own funds in the amount of £793,000 (please see the 5. Own Funds Requirements section below).

The Firm operates an ICARA process which aims to ensure that the Firm is adequately capitalised to cover the underlying risks that it faces, and to wind down in an orderly fashion if required. The ICARA also aims to ensure that there is sufficient availability of capital in order that the Firm can meet its future growth and strategic plans with due consideration to the business environment in which it operates.

The Firm conducts ongoing monitoring of its financial performance and considers at its Board meetings whether its overall financial resources and internal capital are adequate both as to their amount and quality to ensure that there is no significant risk that its liabilities could not be met as they fall due.

The Firm will keep this plan under review, and where it becomes necessary, will adjust the capital requirement figures to reflect any additional risks identified.

3.2 Concentration Risk

The Firm has considered its concentration exposure with regards to the factors in MIFIDPRU 5.2:

Source of concentration risk	Firm statement
Trading book exposures	The Firm does not deal on its own account, so this risk is not relevant.
Assets (for example, trade debts) not recorded in a trading book	The Firm's trade debt is represented by accrued income. This is business written and contracted that has not yet been received in cash. These outstanding

	amounts are owed by many providers who themselves are regulated institutions.
Off-balance sheet items	The Firm does not have a significant amount of off-balance sheet assets. There is limited exposure to the Firm.
The location of client money	The Firm does not hold client money.
The location of custody assets	The Firm does not hold client assets.
A firm's own cash deposits	The Firm holds its cash deposits in 2 well-known banks which is one way in which it diversifies its liquidity risk. To further reduce the risk of loss of cash, or being unable to access liquidity, the Firm holds cash deposits in 2 accounts across these 2 institutions. The Firm also has a relationship with another bank which it relies on for funding for acquisitions.
Earnings	The Firm's main revenue stream is advisory business. The Firm has circa 18 advisers and is not heavily reliant on one provider or one client. 80% of the firm's revenue is recurring in nature and therefore contractually guaranteed. It is received annually, quarterly or monthly in arrears.

3.3 <u>Liquidity</u>

The Firm has in place a detailed Liquidity Planning process which details the systems and controls, oversight and management of the Firm's liquid resources.

The Firm's assets are deemed to be readily realisable with the vast majority being held either in cash or by way of recoverable intercompany loans. The Directors are committed to growing capital rather than taking dividends.

4. <u>Own Funds</u>

According to MIFIDPRU 8.4, the Firm must disclose the information below regarding its own funds:

1. a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the Firm;
2. a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the Firm; and
3. a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the Firm.

MIFIDPRU 8 Annex

Composition of regulatory own funds			
	Item	**Amount (GDP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**

1	**OWN FUNDS**	**2,965**	**Total Net Assets minus deductions of number 11 below**
2	**TIER 1 CAPITAL**		
3	**COMON EQUITY TIER 1 CAPITAL**		
4	Fully paid-up capital instruments	600	Share Capital, 18
5	Share premium		Share Premium
6	Retained earnings	2,365	Retained Earnings
7	Accumulated other comprehensive income		
D8	Other reserves		Capital Redemption Reserve
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	Based on calculation of Goodwill and Intangible assets.
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
25	**TIER 2 CAPITAL**		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		a	b	c
	£000	**Balance sheet as in published/audited financial statements**	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
		As at period end	**As at period end**	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	186	Non-current Assets		
2	2,118	Trade and other receivables		
3	1,629	Cash and Cash Equivalents		
TOTAL	**3,933**	**Total Assets**		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial Statements				
1	928	Current liabilities		

2	40	Non-current liabilities		
TOTAL	**968**	**Total Liabilities**		
Shareholders' Equity				
1	600	Share Capital		**18**
2		Share Premium		
3		CAPITAL Redemption Reserve		
4	2,365	Retained Earnings		**6**
TOTAL	**2,965**	**Total Shareholder's equity**		

5. Own Funds Requirements

To comply with its 'own funds requirement', the Firm is required to hold, as a minimum, the highest figure from the table below. The figures adhere to the overall financial adequacy rule in MIFIDPRU 7.4.7, which states the own funds and liquid assets must be adequate in amount and quality to ensure the Firm is able to address potential material harm from ongoing activities and can wind down in an orderly manner if necessary.

Own Funds Requirement	
Category of requirement	**Amount**
Permanent minimum capital requirement	£75,000
Fixed overhead requirement	£793,077
K-Factor requirement	£164,903

5.1 Overall K-factor Requirement

As required by MIFIDPRU 8.5, the K-factor requirement has been broken down into three categories.

Assets for which the Firm is responsible		
K-Factor	**Requirement**	**The sum of (if applicable)**
K-AUM (assets under management)	0.02% of the AUM	£164,903
K-CMH (client money held)	0.4% and 0.5% of the average CMH held in segregated and non-segregated account respectively	
K-ASA (assets safeguarded and administered)	0.04% of the average ASA	
Execution activity undertaken by the Firm		
K-Factor	**Requirement**	**The sum of (if applicable)**
K-COH (client orders handled)	0.1% and 0.01% of the average COH to cash trades and derivatives trades respectively	£-
K-DTF (daily trade flow)	0.1% and 0.01% of the average COH to cash trades	

	and derivatives trades respectively	
Exposure-based risks		
K-Factor	**Requirement**	**The sum of (if applicable)**
K-NPR (net position risk)	Every position which does not form part of a portfolio for which K-CMG permission has been granted	£-
K-CMG (clearing margin given)	Include positions within portfolios for which the Firm has been granted a K-CMG permission	
K-TCD (trading counterparty default risk)	The sum of the TCD own funds requirement, where dealing on own account (for the client or the Firm)	
K-CON (concentration risk)	Calculate an exposure value (EV) for each client or group of connected clients by adding together the positive excess of the Firm's long positions over its short positions in all the trading book financial instruments issued and the exposure value of contracts and transactions	

6. Remuneration Policy and Practices

6.1 Qualitative Disclosures

Approach to Remuneration

The Firm's reward philosophy is designed to appropriately award performance and align remuneration with prudent risk management. The Firm's Remuneration Policy is aligned to the business strategy, objectives, values and cultural ethos and long-term success of the Firm.

In applying its compensation policy, the Firm is mindful of its duties to shareholders, the interests of clients and other stakeholders. The Board seeks to preserve shareholder value by ensuring alignment of variable compensation pay-outs with risk and economic performance, as well as the successful recruitment, retention and engagement of employees.

The Remuneration Committee

The Firm has appointed two Remuneration Committees:

1. The Executive Remuneration Committee (Exec RemCo), which reviews the performance of the Executive Directors and approves any changes to their remuneration packages, the terms of their service agreements and the extent of their participation in share option schemes and other incentive schemes. For reasons of independence, the Exec RemCo is comprised of the two Non-Executive Directors.
2. The Group Remuneration Committee (Group RemCo), which reviews remuneration for the wider Group inclusive of the approval of any staff incentive schemes. The Group RemCo is

comprised of the Chief Executive, the Group Finance and Operations Director, and the Director of HR.

The collective responsibility of the Remuneration Committees is the governance and oversight of the implementation of the Firm's Remuneration Policy. The Remuneration Committees will ensure that the Firm's Remuneration Policy – and all Group incentive schemes – are subject to a central and independent annual review.

Compensation of Control Functions

Performance measures for senior employees responsible for financial and risk control activities will be based on the achievements and objectives of the functions, and their compensation will be determined independently from the performance of the specific business areas they support, therefore avoiding any potential conflicts of interest. Employees who fall under this arrangement include senior employees in Compliance and Risk, Finance and Human Resources. The Group RemCo will review and approve the individual performance of these employees against established objectives, which are independent of the performance of the business areas they oversee. Compensation for employees engaged in control functions is reviewed regularly with market alignment to ensure that compensation levels are competitive.

Material Risk Takers

The table below is to disclose the types of staff identified as Material Risk Takers (MRTs). These roles are defined as a staff member whose professional activities have a material impact on the risk profile of the Firm, or the assets the Firm manages.

	Material Risk Takers *Please see MIFIDPRU 8.6 and SYSC 19G.5.3 for further information on Material Risk Takers.*		
Type of staff identified as Material Risk Takers	**Number of Material Risk Takers identified (Individual Basis)**	**Number of Material Risk Takers identified (Consolidated Group Basis)**	**Criteria other than in SYSC 19.5.3 used to identify Material Risk Takers**
Directors	5	3	N/A
Investment Managers	0	0	N/A

The Firm ensures that it applies all of the necessary remuneration requirements to these staff, taking into consideration the size and complexity of the business.

Governance and Decision-making Procedures

The Firm is required to implement and maintain remuneration policies, procedures and practices for all directors, employees and staff that are consistent with and promote sound effective risk management.

The policy is intended to cover all aspects of remuneration and has been created in accordance with the MIFIDPRU Remuneration Code (SYSC 19G).

The remuneration practices and policies are intended to:

- promote sound risk management practices in alignment with the Firm's risk management principles;
- discourage risk taking that is inconsistent with the Firm's risk appetite or risk management policies and principles;

- control fixed costs by ensuring that remuneration expense varies according to profitability and does not place undue constraints on the Firm's ability to maintain its capital base;

- link remuneration to the Firm's financial and operational performance as well as individual performance;

- provide competitive, but not excessive, levels of remuneration compared to peer Firms of appropriate size, scope, and complexity; and

- promote a positive culture towards risk management and compliance.

The remuneration practices and policies are intended to support the Firm's business strategy, long term interests and values, and to ensure that risk taking does not exceed the Firm's tolerated level of risk.

Periodic benchmarking ensures that remuneration at individual level is not unreasonable or disproportionate to the amount, nature, quality, and scope of the work performed.

The remuneration policy outlines the criteria used to assess the performance of the Firm and of individual staff members. The Firm's performance is assessed against its overall financial performance, as well as other measures such as strategic objectives and initiatives, business growth, client satisfaction, risk management and employee retention rates.

In assessing the performance of individual staff members, the Firm takes into account financial and non-financial criteria. Non-financial criteria includes:

a) performance in line with the Firm's or business unit's strategy;
b) achievement of individual performance objectives;
c) delivery of exceptional client service;
d) behaviours in line with the Firm's values, for example by displaying leadership, teamwork, integrity, vigilance and at all times acting in the best interests of the Firm and its clients;
e) measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback; and
f) adherence to the Firm's risk management and compliance policies.

Design and Structure of Compensation

Guided by our vision of improving everyone's prosperity and quality of life and our purpose of delivering leading wealth management solutions to everyone, our approach to compensation, including executive compensation, is based on the five guiding principles set out below. The Board continually evaluates the policies and procedures applicable to the Firm with a view to upholding these principles:

1. **Compensation aligns with long-term shareholder interests**
    - Awards vary based on absolute and relative performance of the Firm.
    - Mid and long term incentives vest and pay out over time, encouraging a longer term view of increasing shareholder value.

2. **Compensation aligns with sound risk management principles**
    - Our risk management culture is reflected in our approach to compensation. Our compensation practices appropriately balance risk and reward, and align with shareholder interests.
    - Performance of individuals, business units and the Firm overall is assessed on a number of measures, including adherence to risk management policies and guidelines.

3. **Compensation rewards performance**
    - Our performance-related pay (PRP) approach rewards employees for their contributions to individual, business unit and Firm results relative to objectives that support our business strategies for sustainable growth over short, medium and long-term horizons, which are aligned with the Firm's risk appetite.

4. **Compensation enables the Firm to attract, engage and retain talent**
    - Talented and motivated employees are essential to building a sustainable future for the Firm. We offer compensation that is competitive within the markets where we operate and compete for talent.
    - Compensation schemes reward employees for high performance and their potential for future contribution, and enables the Firm to retain talent.

5. **Compensation rewards behaviours that align with the Firm's values and drive exceptional client experiences**
    - The Firm's values, embedded in our Vision Statement, form the foundation of our culture and underpin our ongoing commitment to putting the needs of our clients first and delivering value to all of our stakeholders.
    - Risk conduct and compliance with policies and procedures are considered in determining the Firm's performance-based compensation.

All of the Firm's compensation policies and plans align with these principles.

Elements of Compensation

The Firm aims to recognise the market value of each position in a competitive market, reward individual's capabilities and experience, recognise individual performance and contribution potential, and where they are positioned against comparable market rates.

Remuneration can be made up of two broad components:

- Basic fixed remuneration (eg salary, benefits and any allowances) in line with the employee's professional experience and role in the Firm. This is the reward for fulfilling the job requirements.

- Variable remuneration (eg bonus, share options, commission and fees) that reflects performance – which may be subject to performance adjustment. Variable compensation is designed to incentivise achievement in terms of results and behaviours, reward them for that achievement, and encourage them to remain with the Firm.

Fixed Remuneration

Base salaries provide pre-determined, non-revocable compensation paid to individuals throughout the year, irrespective of Firm performance. This fixed element reflects the individual's market value, skills, qualifications, relevant experience, responsibility and contribution to the Firm. All Material Risk Takers receive fixed compensation.

Fixed pay is typically varied to reflect a change to the role or responsibilities of the recipient, or economic and market conditions.

To not incentivise unacceptable risk taking, fixed remuneration constitutes the significant proportion of the Firm's total remuneration for employed staff.

Variable Remuneration

In determining performance-based annual variable components of remuneration, the overall total remuneration of the individual is taken into account and an appropriate balance of fixed and variable pay is determined and maintained by taking into account the financial results of the Firm and the

Tavistock Group, the performance of the business unit, the individual's performance and adherence to compliance and regulatory obligations alongside retention risks (and associated business risks) of not paying comparable to market.

Bonus payments and share option awards are at the discretion of the RemCo and depend on the individual, business unit and Firm / Group performance amongst other factors. When considering individual performance, the Firm considers both financial and non-financial metrics.

All Material Risk Takers are eligible to participate in discretionary performance-based incentive schemes in respect of their role with the Firm. Annual incentives may consist of a mix of cash and share option awards linked to the Firm's results and the achievement of strategic objectives.

Any variable remuneration, including any deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Firm / Group, and is based on the performance of the Firm, the business unit and the individual concerned. Incentive compensation awards are adjusted downwards, forfeited in full or clawback may be sought in cases where disciplinary and/or regulatory action is taken for breaches of the Firm's policies and procedures.

In respect of our advisory business units which are comprised of self-employed Registered Individuals (RIs), in return for the services provided by the adviser to the applicable business unit those individuals receive commission and fees calculated based on levels of ongoing client production and new business subject to sophisticated real-time adviser oversight and risk management. Due to the nature of the relationship and services provided, the Firm does not deem this to be genuine variable income but it has been recorded accordingly for the purposes of this disclosure.

Guaranteed Variable Remuneration

Practices on guaranteed variable remuneration, sometimes referred to as a 'sign-on bonus', are defined in the remuneration policy. Although the Firm recognises that guaranteed variable remuneration can be used to compensate new members of staff who have lost the opportunity to receive variable remuneration from their previous employer, the Firm would only offer it in exceptional circumstances (such as senior control functions roles, business critical roles and strategic hires), taking into consideration the merits on a case-by-case basis and then only for the first 12 months of employment.

Retention Payments

Where the Firm regards an employee as critical to the Firm, both currently and in the foreseeable future, a retention payment may be offered. This will be conditional upon the employee meeting agreed performance targets. The retention payment is subject to a retention period and where the condition of continued employment is not met the payment is repayable in full. Retention payments are also subject to malus and clawback provisions.

Severance Pay

The Firm provides severance payments to fulfil its statutory obligations and to support the transition of employees away from their employment with the Firm, in circumstances where there is an early termination of their employment. Procedures for the payment of severance are outlined in the Firm's remuneration policy. The amount of any severance will be assessed on a case-by-case basis, but will include consideration of the length of service, base salary and reasons for dismissal. Whenever severance relates to the early termination of an employment contract, the payment will reflect the individual's performance, to ensure failure, or misconduct, are not rewarded.

Remuneration Components

All components of remuneration are categorised as either fixed or variable.	
Fixed	**Variable**
Salary	Discretionary bonus
Contractual pension benefits / SIPP benefits	Discretionary pension benefits

Cost of living awards	Commission and fees
Share option schemes (length of service awards)	Share option schemes (performance awards)
Car allowance	Sign-on bonus
Fixed drawings (LLP partners)	Buy-out award
Long service awards	Retention award
	Severance pay
	Profit shares (LLP partners)

Risk Adjustment and Variable Remuneration

Where defined trigger events take place provision is made for redress against variable remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture).

These performance adjustments or recovery may result in compensation awards being reduced or forfeited in full, and are to mitigate appropriately against risk. Key considerations that are taken into account in the risk adjustment process include financial measures – such as revenue, EBITDA, profit and regulatory capital – and non-financial risk factors such as misconduct, market and operational risk exposure against risk appetite.

Malus and clawback applies to all variable pay.

In determining whether to apply malus or clawback provisions or adjustments, the Firm will consider the following circumstances:

- Where the employee participated in or was responsible for conduct which resulted in significant losses to the Firm;
- Where the employee materially violated any risk limits established or revised by senior management and/or risk management;
- Where the employee engaged in gross misconduct;
- Where an employee failed to comply with their obligations, or has engaged in behaviour or misconduct that breaches their obligations;
- Where the employee engaged in behaviour constituting misconduct or exercised materially imprudent judgement that caused harm to any of the Firm's business operations, or that resulted or could result in regulatory sanctions;
- Where the employee failed to supervise or monitor individuals engaging in, or failed properly to escalate behaviour constituting, misconduct (whether or not gross misconduct) in accordance with the Firm's policies regarding the reporting of misconduct;
- Where the employee failed to supervise or monitor individuals engaging in, or failed properly to escalate, behaviour that resulted or could result in regulatory sanctions;
- Where the employee failed to meet appropriate standards of fitness and propriety.

6.2 Quantitative Disclosures

Total Remuneration				
Remuneration Type	**Senior management**	**Other Material Risk Takers**	**Other Staff**	**Total**
Fixed remuneration	£0	£0	£2,020,022 *(Employed)* £0 *(Self-employed)*	£2,020,022

Variable remuneration	£0	£0	£130,870 (*Employed*) £202,465 (*Self-employed*)	£333,335
				£2,353,357

Guaranteed Variable Remuneration	
Total amount during the financial year	Number of Material Risk Takers receiving awards;
£0	0

Severance Payments	
Total amount made during the financial year	Number of Material Risk Takers receiving awards
£0	0

The highest severance payment awarded to an individual Material Risk Taker was £0.