EVELYN PARTNERS GROUP LIMITED

MIFIDPRU PUBLIC DISCLOSURE

for the year ended 31 December 2023

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MIFIDPRU Public Disclosure

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Executive summary

This document presents the MIFIDPRU public disclosure of the Evelyn Partners Prudential Consolidated Group (PCG) for the year ended 31 December 2023. The MIFIDPRU public disclosure is designed to promote market discipline through the disclosure of key information around risk management objectives and policies, own funds and the own funds requirement, remuneration policies and practices and investment policies.

Figure 1: Key information relating to the PCG.

	2023 £'000
Own funds	222,544
Own funds requirement	78,371
Surplus own funds	144,173
Total capital ratio (>100%)	284%
Core liquid assets	167,604
Basic liquid asset requirement	26,124
Surplus liquid assets	141,480

This document should be read in conjunction with Evelyn Partners Group Limited (EPGL) Annual Report and Financial Statements for the year ended 31 December 2023.

Introduction

Introduction

Investment Firm Prudential Regime

This document presents the MIFIDPRU Chapter 8 disclosures of the Evelyn Partners Prudential Consolidated Group (PCG) for the year ended 31 December 2023. It has been prepared in accordance with MIFIDPRU 8 and MIFIDPRU TP12 under the Investment Firm Prudential Regime.

The PCG is classified as a Non-Small and Non-Interconnected (non-SNI) MIFIDPRU investment firm in accordance with the basic conditions set out in MIFIDPRU 1.2.1.

Group overview

Evelyn Partners is a leading wealth management and professional services group, created from the merger of Tilney and Smith & Williamson in 2020, with a rich heritage of supporting individuals, families and businesses with their financial affairs for over 186 years.

With a depth of expertise in financial planning, investment management, tax advice and professional services provided from offices across the UK, Ireland and the Channel Islands, we offer an unrivalled range of services to support our clients with the management of both their personal wealth and their business interests.

Our strength is rooted in the depth of our expertise across multiple disciplines and our ability to assemble a team of experts to support our clients, including financial planning, investment management, tax advice and a wide range of business services.

The breadth of our service proposition means that we support a broad client base in terms of age groups, levels of wealth and location. We offer them a range of services at each stage of their lives and adapt as their needs evolve. Our clients include young people investing online as they build their financial wealth at the start of their financial lives to entrepreneurs, established businesses, and wealthy families who may require bespoke advice. Many have been clients across multiple generations.

Evelyn Partners manages £59.1bn assets under management and has a diverse client base comprising over 180,373 private clients, family-owned businesses, entrepreneurs, corporates, trusts and charities, supported by over 4,000 people, including 331 investment managers, 291 financial planners and 768 qualified professional staff, operating from 29 towns and cities, across the UK, Ireland and Channel Islands.

Disclosure

This section explains the level of application, the location of the publication and the scope of the regulatory consolidation.

Disclosure policy

Basis of preparation

This disclosure has been prepared in accordance with MIFIDPRU and the requirements laid out in Chapter 8: Disclosure. The disclosures in this document differ from similar information presented in the Evelyn Partners Group Limited (EPGL) Annual Report and Financial Statements 2023 as the regulatory consolidation differs from the statutory consolidation as some Group entities are engaged in the business activities which are not required to be consolidated under MIFIDPRU. This relates mainly to the offerings in the Professional Services segment of the Group.

Frequency, media and location

The PCG publishes its MIFIDPRU public disclosure annually, as soon as practicable after the publication of the Annual Report and Financial Statements. The PCG will reassess the need to publish some or all the disclosures more frequently than annually if there are significant changes in relevant characteristics of the PCG's business such as a major change to the business model or where a merger has taken place.

The MIFIDPRU public disclosure is published and located on the company website www.evelyn.com/legal-compliance-regulatory/legal-and-regulatory

Verification and risk profile

This MIFIDPRU public disclosure document has been reviewed by the Group Executive Committee (GEC), Group Risk and Audit Committee (RAC) and the Group Board to ensure that it is consistent with formal policies adopted regarding its production and validation.

Information in this report has been prepared solely to:

- meet the disclosure requirements under MIFIDPRU;
- disclose specified information in relation to risk management;
- disclose specified information in relation own funds and own funds requirements; and
- disclose specified information in relation to remuneration policies and practices.

The MIFIDPRU public disclosure is not subject to audit except where they are equivalent to those prepared under financial reporting requirements and disclosed in the Annual Report and Financial Statements. Wherever possible and relevant, the Board will ensure consistency between the MIFIDPRU public disclosure and the Internal Capital Adequacy and Risk Assessment (ICARA) content, such as the disclosure about risk management practices and own funds at the year end. Where appropriate, cross references have been made to supporting disclosures that are included within the EPGL Annual Report and Financial Statements 2023. As such, these disclosures should be read in conjunction with that report.

Scope of consolidation

Regulatory consolidation

EPGL is the parent undertaking for all solo authorised regulated entities within the PCG. These solo regulated entities are collectively referred to as the PCG throughout this document. There are additional entities included within the PCG which are not regulated on a solo basis but are providing ancillary services or are an intermediate holding company. The reconciliation between figures reported in this disclosure and the EPGL Annual Report and Financial Statements 2023 are shown in on page 12 of this document.

MIFIDPRU investment firms

The PCG is subject to MIFIDPRU, which is supplemented by the Financial Conduct Authority (FCA) rules and guidance. Some of PCG entities are also subject to the Interim Prudential Sourcebook for Investment Business (IPRU (INV)), as they do not meet the MIFIDPRU investment firm definition. The PCG also includes entities subject to regulations by other governing bodies, including the Central Bank of Ireland (CBI) and the Jersey Financial Services Commission (JFSC).

The PCG and its solo regulated entities subject to MIFIDPRU are shown in Figure 2 on page 5 and are classified as non-SNI MIFIDPRU investment firms in accordance with the basic conditions set out in MIFIDPRU 1.2.1.

Figure 2: The MIFIDPRU solo investment firms included within the PCG.

Company	Prudential classification	Activities
Evelyn Partners Asset Management Limited	MIFIDPRU investment firm - £75k	Investment management services
Evelyn Partners Corporate Finance Limited	MIFIDPRU investment firm - £75k	Corporate finance services
Evelyn Partners Discretionary Investment Management Limited	MIFIDPRU investment firm - £75k	Investment management services
Evelyn Partners Financial Planning Limited	MIFIDPRU investment firm - £75k	Financial planning services
Evelyn Partners Financial Services Limited	MIFIDPRU investment firm - £75k	Pensions and insurance services
Evelyn Partners Investment Management (Europe) Limited	MIFIDPRU investment firm - €75k, regulated by the CBI	Investment management services
Evelyn Partners Investment Management LLP	MIFIDPRU investment firm - £75k	Investment management services
Evelyn Partners Investment Management Services Limited	MIFIDPRU investment firm - £75k	Investment management services
Evelyn Partners Investment Services Limited	MIFIDPRU investment firm - £150k*	Dealing and custody services
Evelyn Partners Securities	MIFIDPRU investment firm - £75k	Investment management services
Tilney Discretionary Portfolio Management Limited	MIFIDPRU investment firm - £150k*	Investment management services
Dart Capital Limited	MIFIDPRU investment firm - £75k	Investment management services

*Companies that have the permissions to hold client money or client assets in the course of MIFID business.

Risk Management Objectives and Policies

This section outlines the oversight (governance), insight (management information) and risk management methodology of the Group.

Managing risk to support our strategy

The purpose of risk management is to design and develop processes and tools that provide the ability for the Group to identify, assess, monitor and manage risks that are inherent in the Group's business activities, helping the Group to operate within the Board's strategic objectives and risk appetite. The risk management arrangements at Evelyn Partners form part of a strong governance culture. The Three Lines of Defence governance model is central to this culture. Primary responsibility for identifying and controlling risks rests with the Group's businesses (the first line of defence). Ultimate responsibility for ensuring the adequacy and effectiveness of risk management rests with the Group's Board, with oversight provided by the Board's RAC.

The Group has a Risk and Compliance function providing the second line of defence. It is led by the Group Chief Risk Officer who has an independent reporting line to the Chair of the Board RAC and a right of access to the Chair of the Board. The Group Chief Risk Officer is a member of the Group Executive Committee and attends the RAC meetings.

The third line of defence consists of the internal audit function, which provides assurance to senior management that business processes and controls are operating effectively. The internal audit function identifies any processes and control deficiencies and monitors remediation plans.

The risk management framework is underpinned by policies, procedures, and reporting. The requirement to produce accurate and timely management information to meet the needs of the Group continues to increase, as it seeks to deliver its strategic objectives. Over the last year, the Group has focused on enhancing reporting at Group and divisional level. It has also developed reporting of material events with the production of a number of deep dives. Strategically there has been a focus on global events and changes to regulation. This has required risk management and compliance to conduct in-depth reviews of the business through these lenses and understand how they will impact the Group. This has tested the awareness, implementation and effectiveness of the risk management framework.

Where risks fall outside of the Group's risk appetites, which are defined at both the operational resilience and business-as-usual threshold levels, 'path to green' actions are required to be documented. Actions are also required where remedial action is recognised in respect of any weaknesses identified in relation to mitigating controls.

The objectives of the risk management framework are to:

- facilitate risk-awareness across the Group
- facilitate the effective identification, assessment, monitoring and management of risks
- assist in preventing harm to clients, the business, and the markets in which we operate.

The risk management framework assists the organisation in the resilient provision of high-quality service to our clients and encourages the continuous improvement of the Group's processes and controls.

The risk management framework includes components that:

- establish methods for identifying and assessing risk
- provide an approach for the capture, reporting and monitoring of risk
- provide appropriate mechanisms for managing risk.

Risk management methodology

The risk management methodology within the framework consists of the following eight complementary tools:

Principal risk assessment — central to the risk management framework are the principal risks, which are challenged using scenario analysis and verified by the bottom-up risk assessment. Assessing each principal risk and its potential impact to the business is a fundamental part of the risk management framework and is continually reviewed and developed. The business contributes to the assessment through:

- top-down risk assessments
- risk and control self-assessments
- risk event reporting
- monitoring of the external environment.

Materiality matrix – reviewed every 12 months and derived from the Group's risk tolerances, it is central to the Group's ability to assess risk and the understanding of the impacts. The Materiality Matrix provides the ability for the Group to consistently assess and manage risks at both the business-as-usual and operational resilience threshold levels. Materiality is assessed across five impact dimensions: financial, operational, regulatory and legal, client and reputational..

Scenario analysis — undertaken at different levels of probability. Generally, multiple scenarios will be assessed for each principal risk. The assessment presents an impact analysis on the business, including the financial impact. .

Risk appetite — a top-down process that is verified by each division of the business and also by reference to internal and external experience of risk events.

Control appetite — developed from the risk and control self-assessment, it is the level of control that is in place relevant to each risk. Where the control is outside tolerance, the business will put in place an action plan to bring it within appetite.

Risk reporting (dashboard) — a mechanism used by the Group to manage risk. The dashboard presents each principal risk, its current RAG (Red, Amber or Green) rating, principal risk indicator scores, risk events and outstanding remediation actions, where required.

Risk and control self-assessment (RCSA) — undertaken by all business units and then independently reviewed and challenged by the Risk function. The RCSA is a process and control focused assessment linked to the principal risks.

The purpose of the RCSA is to identify and understand risks at the business unit level, assess the strength of the firm's processes and control environment processes and develop actions to address risks outside of appetite.

The second objective of the RCSA process is to identify operational KRI's, if required. Operational KRI's may be used alongside KPI's to assess how the firm's key processes are running and to identify signs of increasing process risks.

Risk event process (REV) — designed to capture, report, monitor and remediate process, control and system failures. The REV process also ensures that material REVs are escalated and managed promptly.

An Operational Risk Report presents these risk events in detail and outstanding remediation actions, where required, at a business unit level. This report acts to reinforce the Principal Risk Dashboard and to facilitate particular focus on operational risk, which is a principal risk for the firm, as well as operational resilience.

Risks, controls, incidents (including errors, breaches, near misses and complaints) and key indicators are categorised in order to produce consistent aggregate and meaningful management information.

Top and emerging risks

Top risks

The top risk report is fundamental to the Group's risk management framework. Top risks are the most significant risks that the Group is assessed to currently face and are typically being mitigated outside of business-as-usual activity. If any were to materialise, it could have a significant impact on the Group. These risks are typically rated as High or Very High on the materiality matrix.

The top risk report provides an overall risk commentary of the risk, considers similar internal and external events as well as any mitigating actions being proactively taken. Top risks are reviewed at the Group level and have been implemented at a business unit level where required. It is challenged by the Financial Services Executive Committee (FS Exco) and the Risk and Audit Committee.

Emerging risk radar

The emerging risk radar is a forward-looking view to enable the Group to identify where future risk may arise and then take steps to mitigate and decrease the impact to the Group. The emerging risk radar is currently reviewed at the Group level and is also used at business unit level where required.

The top risk report and emerging risk radar facilitate discussion and provide a mechanism to monitor potential risks at executive and Board risk committees. The process to identify developing risks at Group and business unit levels has been further refined to bring greater clarity on why risks are being proposed or removed from the report or radar.

Principal risks

The Group monitors risks at three levels; principal risks, top risks and emerging risks. Principal risks are individual risks, or a combination of risks, that can seriously affect the performance, prospects, or reputation of the Group. These include those risks that would threaten the Group's business model, future performance, solvency, or liquidity. Top and emerging risks are detailed in the previous section.

The Group reviews and refreshes its principal risks on an annual basis. The Group identifies 11 principal risks at Group and business level to help ensure that risks are assessed and managed in a consistent way with oversight from the relevant Committees and Boards. Through the scenario analysis process, the principal risks are categorised into two risk groups: business risks and operational risks.

Information about our principal risks is set out in the risk assessment below. The risks are mapped out by their impact and likelihood. Factors which reduce these risks are provided on pages 32 to 37 of the EPGL Annual Report and Financial Statements 2023.

Governance Arrangements

This section outlines the corporate governance of the Group including the Board and Board Committees.

Governance structure

The role of the Board is to ensure that our strong governance crucially underpins a healthy culture. The Board demonstrates good practice in the boardroom and promotes good governance throughout the business. This demonstrates openness and accountability, which are extended to constructive engagement on culture with shareholders and wider stakeholders.

The Board also sets the strategy for the Group, determines the risk appetite to support that strategy, and oversees an effective risk control framework and the delivery of strategy and performance.

The Board Committees

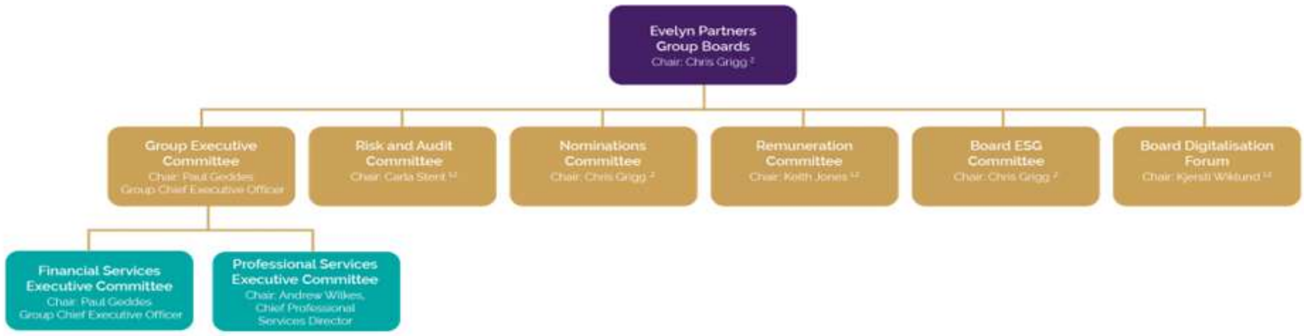
The Board delegates certain responsibilities to Board Committees to help discharge its duties. The Board Committees play an essential role in supporting the Board, giving focused oversight of key areas and aspects of the business. The Board Committees are in turn supported by various executive and management Committees as set out in the diagram below. While the Board retains overall responsibility, a sub-Committee structure allows more time for closer scrutiny by Board Committees prior to any consideration required by the Board.

The role and responsibilities of the Board and Board Committees are set out in formal Terms of Reference to ensure there are clear lines of accountability and responsibility to support effective decision-making across the organisation. These are reviewed at least annually as part of the review of the corporate governance framework.

Except for the GEC and its sub-Committees, all Committees comprise Non-Executive Directors only. The Board Chair is also the Chair of the Nomination Committee and the Board ESG Committee; all other principal Board Committees, except the GEC, are chaired by Non-Executive Directors who have particular skills or interests in the activities of those Committees. The Chairs of each of the Board Committees provide a report to the Board on their activities.

The principal governance structure is set out in the diagram below.

Figure 3 The governance structure encompassing the Board, its principal Board Committees and sub-Committees.



1. Independent Non-Executive Director (INED).
2. Represents Non-Executive Directors' (NED) participation on the Board and respective Board Committees

Risk and Audit Committee

The Committee has responsibility for oversight of a number of audit and risk matters, which are set out in its terms of reference and include:

- Review the enterprise-wide risk profile through the Three Lines of Defence governance model
- Provide advice, oversight and challenge to embed and maintain a supportive risk culture
- Review the risk framework and recommend it to the Board for approval
- Review and approve the key risk type and risk activity frameworks identified in the risk framework
- Review and approve the Internal Capital Adequacy and Risk Assessment (ICARA) and Wind Down Plan (WDP) processes
- Review and approve the MIFIDPRU Public Disclosures
- Review the capability to identify and manage new risks and risk types
- Receive biannual updates, and ad-hoc updates as appropriate, from the Client Assets Sourcebook (CASS) team
- Oversee and challenge the day-to-day risk management actions and oversight arrangements and adherence to risk frameworks and policies
- Review the integrity of the financial statements of the Company and any formal announcements relating to its financial performance, including significant financial reporting judgements
- Ensure the effectiveness of internal financial controls
- Evaluate the external auditors including their independence and objectivity, as well as agreeing the audit scope and effectiveness of the audit process in respect of the statutory audit of the annual financial statements
- Ensure the effectiveness of the Internal Audit function
- Review the whistleblowing arrangements
- Receive regular updates from the Risk and Audit Committees of key subsidiaries.

More details can be found in the 'Governance - Risk and Audit Committee Report' on pages 89 to 92 of the EPGL Annual Report and Financial Statements 2023.

Nomination Committee

The primary responsibilities of the Committee include to:

- Review the Board's structure, size and composition, including independence, diversity, knowledge, skills and experience of its members
- Consider succession planning for Directors and senior executives of the Company and its subsidiaries
- Identify and nominate candidates to fill Board vacancies as they arise
- Assess its performance and oversee the performance evaluation process for the Board and its Committees
- Consider the annual reappointment of Directors having regard to their performance and ability to contribute to the Board
- Oversee the induction of new Directors and ongoing training needs for the Board and individual Directors
- Oversee the adequacy of the governance arrangements in place.

More details can be found in the 'Governance - Nominations Committee Report' on pages 93 to 94 of the EPGL Annual Report and Financial Statements 2023.

Remuneration Committee

The Committee is governed by terms of reference which are annually reviewed by the Board. The Committee is responsible for:

- Determining and agreeing the over-arching principles and parameters of remuneration policy across the Group, ensuring these are aligned to the company's purpose and values, and clearly linked to the successful delivery of long-term strategy, whilst ensuring effective risk management, good client outcomes and compliance with relevant regulatory requirements
- Approving the remuneration for the Executive Directors including the Group Chief Executive Officer, other GEC members, any other person holding a key position in the Group and Material Risk Takers as defined by the FCA.

More details can be found in the 'Governance – Corporate Governance Report' on page 95 to 96 of the EPGL Annual Report and Financial Statements 2023.

Group Executive Committee and its sub-Committees

The Group Executive Committee, the membership of which is drawn from senior colleagues across the Group, is responsible for managing the business and delivering the execution of our strategy. This Committee is chaired by the Group Chief Executive Officer. It meets weekly to consider ad hoc matters and monthly on a scheduled range of topics.

The Group Executive Committee, in its oversight of the businesses within the Group, has the following executive and management sub-Committees which report into it. These sub-Committees comprise of key senior managers and colleagues from various business functions who are responsible for the day-to-day running of the business and other operational and compliance matters and implementing the strategies that the Board has set. During the year, there was a restructure of the executive governance structure to promote simplification and more effective decision making.

- Financial Services Executive Committee: provides a unified focus to the Financial Services business. It is responsible for overseeing the overall functioning and governance of the core Financial Services business in order to enhance client outcomes and ongoing business development. This Committee is further supported by several other sub-Committees such as the Investment Process Committee and its sub-groups, the Investment Oversight Committee, and the Fair Value Pricing Committee.
- Professional Services Executive Committee: oversees the overall functioning and governance of the core Professional Services business to enhance client outcomes and ongoing business development.
- ESG Governing Bodies: The following three ESG pillars: (environment, people, charities and communities), are overseen by the Environment Steering Committee; Inclusivity & Diversity Committee; and Charities & Community Committee respectively; all of which report to the GEC.

More details, including profiles of the Board and GEC members can be found in the 'Governance – Corporate Governance Report' on pages 72-88 of the EPGL Annual Report and Financial Statements 2023.

Own Funds

This section provides a reconciliation between the audited EPGL Annual Report and Financial Statements 2023 to the regulatory own funds of the PCG, and descriptions of the main features.

Own funds

Template OF1 is the composition of regulatory own funds which has been disclosed using the template from MIFIDPRU 8 Annex 1R.

Template OF 1: Composition of regulatory own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**222,544**	
2	**TIER 1 CAPITAL**	**222,544**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**222,544**	
4	Fully paid-up capital instruments	1,050,894	35
5	Share premium	51,660	35
6	Retained earnings	262,876	
7	Accumulated other comprehensive income		
8	Other reserves	(680)	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	**(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1**	**(1,142,206)**	
19	CET1: Other capital elements, deductions and adjustments	(1,142,206)	
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	-	

Description of main features

The PCG's regulatory own funds consists entirely of Common Equity Tier 1 (CET1) capital. This consists of permanent ordinary share capital, share premium, retained earnings and other reserves. Deductions from CET1 capital for regulatory purposes include intangible assets, defined benefit pension scheme assets, direct, indirect and synthetic holdings in CET1 instruments of financial sector entities (FSEs) and qualifying holdings outside the financial sectors (QHOFS).

Goodwill, intangible assets and the defined benefit pension fund assets are deducted in accordance with MIFIDPRU and are net of the associated deferred tax liabilities. The holdings in FSEs relates to the PCG's investments and the QHOFS deduction relates to the investment in subsidiaries that is not eliminated on prudential consolidation. This relates to the Professional Services segment and the deduction is set at a threshold of 15% of eligible capital.

CET1 represents capital with the highest degree of loss absorbency, the PCG has not issued any Additional Tier 1 or Tier 2 capital instruments.

See Appendix I for Template OF 3: Own funds: main features of own instruments issued by the firm.

Template OF1 is the reconciliation between the EPGL Annual Report and Financial Statements 2023 and the PCG which has been disclosed using the template from MIFIDPRU 8 Annex 1R.

Template OF 2: Own funds reconciliation of regulatory owns funds to balance sheet in the audited financial statements

		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to template OF1
		As at 31 December 2023	As at 31 December 2023	
	Assets – Breakdown by asset classes according to the balance in the audited financial statement			
1	Intangible assets	1,240,510	1,150,195	Item 11
2	Property, plant and equipment	43,033	42,550	
3	Right-of-use assets	76,365	73,896	
4	Interests in associates	8,944	1,624	
5	Investment in subsidiaries	-	134,010	Item 11
6	Retirement benefit assets	6,321	6,735	Item 11
7	Cash and cash equivalents	180,867	167,604	
8	Settlement balances – assets	19,569	19,569	
9	Trade and other receivables	210,884	157,363	
10	Equity investment securities designated at FVOCI	2,655	2,655	Item 11
11	Current tax assets	2,778	3,459	
	Total Assets	**1,791,926**	**1,759,660**	
	Liabilities – Breakdown by liability classes according to the balance in the audited financial statement			
1	Borrowings	7	85	
2	Settlement balances – liabilities	19,550	19,550	
3	Trade and other payables	178,935	148,916	
4	Provisions	11,901	-	
5	Lease liabilities	8,755	8,308	
6	Current tax liabilities	1,732	-	
7	Long-term provisions	23,330	31,672	
8	Long-term lease liabilities	80,080	78,290	
9	Net deferred tax liabilities	111,440	108,089	Item 11
	Total Liabilities	**435,730**	**394,910**	
	Shareholders' Equity			
1	Share capital	1,050,894	1,050,894	Item 4
2	Share premium	51,660	51,660	Item 5
3	Capital reorganisation reserve	(1,000)	(1,000)	Item 8
4	Fair value through other comprehensive income (FVOCI) reserve	320	320	Item 8
5	Retained earnings	254,322	262,876	Item 6
	Total Shareholders' equity	**1,356,196**	**1,364,750**	

Own Funds Requirements

This section demonstrates compliance with the own funds requirements and approach to the assessing the overall financial adequacy rule.

Own funds requirements

The own funds requirements (OFR) outlines the minimum own funds for a firm and are calculated as set out in the MIFIDRU. The PCG must at all times maintain own funds that are at least equal to its OFR. The OFR is determined as the higher of the:

- Permanent minimum capital requirement (PMCR) - £1,650k
- K-factor requirement (KFR) - £28,925k
- Fixed overhead requirement (FOR) - £78,371k

Permanent minimum capital requirement (PMCR)

The PMCR is based on investment services and activities an investment firm undertakes. It is fixed amount of £75k, £150k, £750k or £4m. The consolidated PMCR is the sum of the individual entities PMCR that are fully consolidated within the PCG.

The PCG PMCR was £1,650k.

K-factor requirement (KFR)

The KFR represent the risks that a firm can pose to clients, markets and the firm itself. These KFRs are referred to as Risk-to-Client, Risk-to-Market and Risk-to-Firm. Each KFR is based on specific activity/metric and coefficients are applied to the different base values under MIFIDPRU 4.6. The total KFR is the sum of Risk-to-Client, Risk-to-Market and Risk-to-Firm and is a variable requirement calculated monthly.

Risk-to-Client

The Risk-to-Client component is the sum of the K-AUM, K-ASA, K-CMH and K-COH (see table below)

31 December 2023	Average values (£000)	Coefficient (%)	K-Factor requirement (£000)
K-Factor			
K-AUM	48,128,107	0.02	9,626
K-CMH	1,478,452	0.40	5,914
K-ASA	33,145,013	0.04	13,258
K-COH	127,458	0.10	127
Total Risk-to-Client			**28,925**

Risk-to-Market

The Risk-to-Market relates to K-NPR requirement being the value of the trading book for the net position risk and the K-CMG requirement is the total margin required by clearing members against the trading book positions. Both requirements are not applicable to the PCG, as these requirements are relevant to trading book positions of firms dealing on own account.

Risk-to-Firm

The Risk-to-Firm relates to K-TCD requirement being the risk of default of trading counterparties when dealing on account, the K-DTF requirement is operational risk of the daily trading flow when dealing on own account and the K-CON requirement relates to the concentration risk in the trading book. These requirements are not applicable to the PCG, as these requirements are relevant to trading book positions of firms dealing on own account.

The PCG KFR was £28,925k.

Fixed overhead requirement (FOR)

The FOR is calculated as one quarter of the relevant expenditure. The calculation under MIFIDPRU 4.5 is subject to deductions and the calculation is based on audited expenditure of the preceding year which is updated on an annual basis, following the completion of the audit of the financial statements.

The FOR was £78,371k, calculated as the operating expenses, less discretionary bonuses, shares in profits, non-recurring expenses from non-ordinary activities and other expenses to the extent that their value has already been reflected in a deduction from own funds.

for the year ended 31 December 2023

	2023 £'000
Total audited expenditure	560,367
Total deductible items	(246,885)
Total relevant audited expenditure	313,482
One quarter of the relevant audited expenditure	78,371

Overall financial adequacy rule

The overall financial adequacy rule (OFAR) is the obligation for the PCG to hold own funds and liquid assets which are adequate, both as to their amount and quality to ensure that:

1. The PCG is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
2. The PCG can be wound down in an orderly manner, minimising harm to consumers or to other market participants

Internal Capital Adequacy and Risk Assessment (ICARA)

The ICARA sets out the business model and summarises the strategy together with a 5-year base case projection. The ICARA includes an assessment of the risks facing the business and whether own funds and liquid assets are sufficient to cover the risks identified. The ICARA also includes stress tests conducted under the stress testing framework to determine if the PCG can meet the OFAR under severe and plausible scenarios. The stresses undertaken include a macroeconomic downturn and idiosyncratic stress events. Idiosyncratic stress events are derived from the risk management framework and risk assessments for scenario analysis.

Wind Down Plan (WDP)

The WDP identifies the scenarios and wind down triggers, through interaction and reference with the ICARA. The plan identifies the financial and non-financial resources required to perform an orderly wind down and minimise the harm caused to the identified stakeholders.

Monitoring

The PCG's own funds and core liquid assets are actively managed and monitoring. Monthly monitoring of the own funds and liquidity positions for the PCG and its solo regulated entities are presented to the GEC, RAC and Board. This includes the surplus own funds and liquid assets against the internal buffers set as part of the risk appetite by the Board. The Board have set internal buffers more than the minimum requirements set by the FCA and is a Key Risk Indicator (KRI), to ensure own funds and liquid asset levels are maintained.

As part of the ICARA the PCG identifies the level of current and future own funds and liquid assets necessary for the PCG, to ensure the OFAR is always complied with, these requirements are outside the scope of this disclosure. The PCG and its solo regulated entities have all complied with the OFAR throughout the financial year, Figure 4 shows the PCG own funds and liquid positions at the year-end based on the audited financial statements.

Figure 4: Own funds and core liquid assets position of the PCG

	2023 £'000
Own funds	222,544
Own funds requirement	78,371
Surplus own funds	144,173
Total capital ratio (>100%)	284%
Core liquid assets	167,604
Basic liquid asset requirement	26,124
Surplus liquid assets	141,480

Remuneration Policy and Practices

This section outlines the remuneration policies and practices of EPGL.

Introduction

This disclosure has been made in accordance with the MIFIDPRU 8.6 requirements, and the information contained within this section is as 31 December 2023.

EPGL is subject to the MIFIDPRU Remuneration Code (the Code) and SYSC19G which came into effect for performance periods starting on or after 1 January 2022 as part of the IFPR.

The disclosure has been made on a Group basis and is applicable to all Group entities under the MIFIDPRU regime.

In line with confidentiality provisions, the disclosure does not publish data where information for fewer than 3 colleagues would be disclosed.

Oversight and Governance

Oversight and governance of the Evelyn Partners remuneration policy is through the Remuneration Committee.

The EPGL Remuneration Committee reports directly to the Board and is comprised of the Chairman, 3 independent Non-Executive Directors and a further 3 NEDs (representing the Evelyn Partners investors).

The Remuneration Committee annually reviews and approves the Evelyn Partners remuneration policy taking into account relevant regulatory guidance and best practice, as well as the risk and risk management implications of remuneration decisions.

Remuneration Policy Principles

In determining the Evelyn Partners remuneration policy, the Remuneration Committee takes into account all factors it deems necessary, including business plans/longer term strategy and budgets, relevant legal and regulatory requirements and associated guidance, as well as the risk and risk management implications of its decisions, including environmental, social and governance risk factors.

The overall objective of the Evelyn Partners remuneration policy is to ensure that the Executive Management of the Company and its colleagues are provided with appropriate incentives to encourage enhanced performance and are rewarded for individual contributions to the success of the Evelyn Partners Group, in a fair and responsible manner and in line with market practice and business plans/longer term strategy at the relevant time.

The main remuneration components are fixed pay, variable pay and benefits.

Material Risk Taker Roles

Under IFPR, as implemented in the MIFIDPRU Remuneration Code, each regulated entity is required to identify colleagues whose role has a material impact on the risk profile of the entity (known as Material Risk Takers or MRTs). The Code provides criteria to assist in identifying MRTs.

In line with this criteria, Evelyn Partners annually reviews the MRT list and this is approved by the Remuneration Committee (or relevant entity Board). In 2023, 57 roles were identified as Material Risk Takers across the Evelyn Partners Group. The roles identified include, but are not limited to:

- Executive and Non-Executive Board Members;
- Members of the Executive Committee;
- Members of the Risk Committee;
- Heads of key business areas;
- Heads of Risk and Compliance and Internal Audit;
- Other colleagues whose professional activities are deemed to have a material impact of on the risk profile of the particular entity.

Fixed Pay

Fixed pay includes base salary and company funded/provided benefits (including pension contributions, income protection and life assurance). Fixed pay is determined by considering internal factors (the role a colleague carries out, affordability, etc.) and the external market. Fixed pay is reviewed annually to determine if an increase is appropriate.

Variable Pay

Variable pay is an important part of total compensation at Evelyn Partners. Variable pay takes into account the performance of the business and an individual's performance against their annual Key Performance Indicators (KPIs) and other performance related factors. The KPIs and other performance factors will consider financial and non-financial KPIs, behaviours (including adherence to the Evelyn Partners company values), and appropriate performance against a range of risk and compliance measures.

As a business we are committed to managing the impact of our activities on the environment and key stakeholders including clients, colleagues, investors, and the communities we serve. This includes reducing our environmental footprint and building a workplace culture where colleagues from all backgrounds can thrive and deliver the best possible service to our clients. All our GEC members have ESG objectives built into their annual KPIs. Progress and achievement against these KPIs directly impact their variable remuneration.

Variable pay awards are made from a bonus pool which is determined annually based on company performance. All variable pay awards are discretionary.

Guaranteed variable remuneration is only awarded in exceptional circumstances (usually when compensating a new joiner for forfeiting remuneration from a previous employer), and within the first year of employment. In 2023, no MRTs received guaranteed variable remuneration.

Retention payments are only made in cases where there is a major restructure in place and there is strong evidence for the requirement to retain particular key staff members. There were no retention payments in place for MRTs in 2023.

Severance pay is designed so as not to award for underperformance. Severance pay for MRTs is reviewed and approved by the Remuneration Committee.

Risk and Conduct in Remuneration

Risk management is at the heart of how all colleagues are remunerated at Evelyn Partners, particularly when considering variable pay structures.

All key remuneration decisions are subject to approval by the Remuneration Committee. In discharging its responsibilities under its terms of reference, the Remuneration Committee and the Group Chief People Officer work with the Chief Risk Officer & Group Head of Compliance (CRO) to ensure that risk factors are properly considered in setting the overall remuneration for the Evelyn Partners Group, and in particular the incentive structures for the Executive Directors, Senior Management and other key professionals, as appropriate.

The CRO provides an annual report on bonus risk adjustment considerations and makes recommendations to the Remuneration Committee on whether adjustments to bonus pools should be made.

Bonus plans have non-financial KPIs within them, which consider the behaviours and client focus (amongst other criteria) of a colleague in determining a bonus payment. All colleagues are also subject to a risk, compliance and conduct review as part of their annual appraisal, which determines the percentage of any bonus payments made. This review considers amongst other things, the completion of all mandatory training, compliance with all policies and procedures, and in the case of practitioners, client specific metrics. Management reserves the right to add other metrics to the scheme throughout the year if new risks/conduct issues are identified.

Any bonus award may be deferred or reduced by up to 100% where a satisfactory outcome of the Risk and Compliance review is not achieved, where a disciplinary or capability process is underway, or where an employee is suspended in a case that leads to (or is expected to lead to) a gross misconduct dismissal.

Variable remuneration for Material Risk Takers is subject to malus and clawback both before determining the award and for a period of up to 3 years after. Malus is the ability to reduce unvested variable remuneration that has not yet been paid or awarded. Clawback is the ability for the Remuneration Committee to recover variable remuneration after it has been paid or awarded. Malus and/or clawback may be triggered where it is deemed a colleague participated in, or was responsible for, conduct which resulted in significant losses to the Company, or where they failed to meet appropriate standards of risk and control as outlined above

Quantitative Remuneration Information

The quantitative information below is in respect of the 2023 financial year and has been provided in accordance with the requirements of MIFIDPRU. The headcount and remuneration only relate to those whom were certified for each of the legal entities considered under the MIFIDPRU Investment Firm criteria.

Total Remuneration Awarded for the 2023 Financial Year

Staff grouping	Headcount	Fixed remuneration	Variable remuneration	Total remuneration[1]
(£'000s unless stated)	Numbers	£'000	£'000	£'000
All staff	877	87,429	45,783	133,212
Of which:				
Senior management	30	8,001	7,149	15,150
Other MRTs	27	3,377	1,989	5,366

[1] No guaranteed payments were made to MRTs during the 2023 financial year.

[2] No severance payments were made to MRTs during the 2023 financial year.

[3] In line with confidentiality provisions, the disclosure does not publish data where information for fewer than 3 colleagues would be disclosed.

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Appendix 1 – Template 1 OF3

Appendix I – Template OF 3

Template OF 3: Own funds: main features of own instruments issued by the firm.

	Issuer	Evelyn Partners Group Limited
1	Public or private placement	Private
2	Instrument type	Ordinary shares
3	Amount recognised in regulatory capital (GBP thousands, as of most reporting date)	1,050,894
4	Notional amount of instrument	1,050,894
5	Issue price	0.10 pence
6	Redemption price	n/a
7	Accounting classification	Shareholders' equity
8	Original date of issuance	04 August 2020
9	Perpetual or dated	Perpetual
10	Maturity date	No maturity
11	Issuer call subject to prior supervisory approval	No
19	Optional call date, contingent call dates and redemption amount	n/a
20	Subsequent call dates, if applicable	n/a
21	**Coupons/dividends**	
22	Fixed of floating dividend/coupon	Floating
23	Coupon rate and any related index	n/a
24	Existence of a dividend stopper	No
25	Convertible or non-convertible	Non-convertible
26	**Write-down features**	
27	Link to the terms and conditions of the instrument	n/a