CVC

MIFIDPRU Public Disclosure

CVC Advisers Limited
For year ended 31 December 2022

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1. Introduction

This disclosure report (“report”) has been prepared by CVC Advisers Limited (the “Firm”) in order to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority (“FCA”) in Chapter 8 of the Prudential sourcebook for MiFID Investment Firms (“MIFIDPRU 8”).

This report is prepared on an individual basis and is applicable to the following entity:

- CVC Advisers Limited (FRN: 229350).

This report has been prepared using the audited financials as at 31 December 2022, covering the financial period 1 January 2022 to 31 December 2022.

For the purposes of MIFIDPRU, the Firm has been classified as a non-large, “non-SNI” firm and is subject to the standard disclosure requirements of MIFIDPRU 8.

2. Governance

Board Purpose and Composition

The governing body of the Firm (the “Board”) maintains management and oversight responsibility and meets regularly to discharge its duties in accordance with SYSC 4.3A01R.

The table below shows the composition of the Board and number of directorships held by each member of the Board in accordance with MIFIDPRU 8.3.1 R (2); exemptions permitted under MIFIDPRU 8.3.2R are applied:

Board Member	External roles	
	Executive	Non-executive
Tim Cundy	0	0
Rob Lucas	1	0
Lorne Somerville	4	0
Soren Vestergaard-Poulsen	4	0
Fred Watt	0	0
Ken Young	1	0
Robin Hooper*	5	0
Raj Hussain*	0	0
Lauren Livingston*	0	0
Dominic Murphy*	3	0
Helene Thomas*	0	0

**Board members approved by the FCA in 2022 and appointed in March 2023.*

2.1. Risk Management

The Board have overall responsibility for risk management, including establishing the Firm's risk appetite, and for evaluating its risk management policies and practices against its objectives, including ensuring that potential conflicts of interest are identified, assessed and managed, and that appropriate controls have been established, including segregation of duties.

The Board has considered whether it is necessary to establish a separate Risk Committee. As a non-large non-SNI firm, the Firm is exempted from the need to do so under MIFIDPRU 7.1.4R and has determined that the Board is adequately skilled and sufficiently informed to carry out the key functions of a Risk Committee, as described in MIFIDPRU 7.3.2 G (3).

The Board are supported by a specialist independent risk management team ("Group Risk") that operate across the CVC Group of companies ("CVC"). Group Risk assist the Board by developing and deploying a risk management framework (the "Group Risk Framework"), which comprises a risk management strategy and objectives; risk management policy, and; various tools designed to identify, evaluate, manage, and monitor risks to the business.

CVC's approach to risk management and governance, and CVC's risk management principles, are set out in CVC's Risk Management Policy.

The Firm has also implemented a conflict management framework, which is owned and overseen by the Compliance Function. The Compliance Function maintains comprehensive conflicts of interest policies and procedures. Any identified conflicts of interests are monitored and managed by the Compliance Function as an independent control function. Any material concerns are escalated to the Ethics Committee.

The Board, in conjunction with senior management, are satisfied that all key risks in the business have been identified, assessed, and that the governance and oversight model is appropriate and proportionate to the scale and complexity of the business.

Material Risk Categories

The Firm's risk management activities have established that the Firm is exposed to two material forms of risk:

- **Business risk**, and;
- **Operational risk**

In addition, the firm considers its liquidity profile under a range of scenarios to ensure that resources remain sufficiently liquid to meet obligations as they fall due.

Business Risk (including Liquidity Risk)

Business risk encompasses both internal and external factors that could jeopardise the Firm's business model or ability to fulfil its strategic objectives. Business Risk is assessed through stress testing, which involves analysing the impact of hypothetical scenarios on the Firm's revenue and profitability. This helps the Firm identify potential harm, evaluate its impact on the Firm's liquidity, and ensure the Firm is sufficiently and resiliently capitalised. The details and results of these stress tests are contained in the Firm's Internal Capital and Risk Assessment ("ICARA process"), which is reviewed, challenged, and approved the Board on an annual basis.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational risks inherent in the Firm's business model are identified through a risk assessment process and documented in a risk assessment/risk register. Within the risk register, impact and probability are assessed in both a pre-control ("inherent risk") and post-control ("residual risk") environment. The impact and probability assessments are combined using a matrix to provide an overall risk rating.

Material operational risks are escalated to the Board where remediation plans are challenged and monitored to completion.

The potential impact of material operational risks are assessed through a series of severe but plausible scenarios, which form part of the Group Risk Framework and are formally presented to the Board annually through the ICARA process.

Concentration Risk

The Firm does not conduct any trading on its own account and does not have regulatory permissions for dealing as principal. The Firm neither holds client money nor client assets.

Concentration risks in respect of the firm's revenues, assets, clients, counterparties and suppliers are assessed within the relevant risk categories above, rather than as a separate category.

2.2. Promoting Diversity and Inclusion

The CVC Group (in this section, “CVC”, “we”, “us”), of which the Firm is a part, strives to foster a supportive and inclusive working environment, where we leverage the unique contributions, abilities, voices and talents of our employees. We want to provide employees with the opportunity to achieve their full potential while working at CVC.

Promoting Diversity and MIFIDPRU 8

MIFIDPRU 8 requires a summary of the Firm’s policy promoting diversity on its ‘management body’. Due to the purpose, structure, governance arrangements and employment practices of regulated entities established within CVC, diversity targets are not set at individual entity level (either for the specific entity’s employees as a whole or for its management body). However, each entity contributes to and adopts CVC’s overall objectives. Further information on CVC’s approach to Diversity, Equity and Inclusion can be found in our Sustainability Report[1] and on the DEI page of CVC’s website[2].

CVC's commitment

CVC's Diversity, Equity & Inclusion Committee, comprising senior leaders and colleagues from across our global network, was founded in 2016. The Committee is a catalyst for change at CVC, improving the way that CVC attracts, develops and retains its diverse and talented workforce. CVC has a dedicated Global Head of DEI who focuses on accelerating CVC’s efforts to create a more diverse, equitable and inclusive work environment.

CVC’s commitment to diversity, equality of opportunity and inclusion extends to our portfolio companies and the industry. CVC has a global network of 25 offices, and we want our teams to reflect the societies in which they are based.

CVC focuses on four key areas:

1. Attracting

CVC works with recruitment partners and organisations including Sponsors for Educational Opportunity, 10,000 Black Interns and OutInvestors to find the very best candidates from wide-ranging backgrounds and industries. Our selection process focuses on capability, not connections. We believe that successful investment candidates have the potential to become partners at CVC.

2. Developing

We invest time and provide tailored training to develop all our employees, supporting their careers and improving their performance in their chosen fields. Whether it is cultivating technical abilities, training for industry qualifications or coaching and mentoring, we offer our employees everything they need to succeed in all aspects of their lives. Our Women’s Network supports initiatives such as networking events, mentoring programmes, dedicated recruitment events and external partnerships.

3. Monitoring

As signatories to Institutional Limited Partners Association (ILPA), we regularly benchmark our firm against industry metrics and other organizations to monitor and assess representation across various diversity dimensions, such as race and gender. These evaluations help us stay on track and ensure that we are making progress towards our targets. Our DEI programme is regularly reviewed by CVC’s Board,

1 https://www.cvc.com/sustainability/esg-reporting/
2 https://www.cvc.com/sustainability/diversity-equity-inclusion/

evaluating a comprehensive set of KPIs related to mobility, progression, and our hiring pipeline. These evaluations help us stay on track and ensure that we are making progress towards our targets.

4. Retaining

We pride ourselves on offering employees a wide range of attractive employment benefits to complement an exciting career. We provide industry competitive retention tools around family care, family planning and parental leave, including six months paid leave for primary care givers; full year bonus eligibility for employees on parental leave; parental coaching pre- and post-leave, as well as access to emergency care support for children, adults, and elders. We are very proud that CVC has one of the highest employee retention rates in our industry.

3. Own Funds Requirements

As a non-SNI firm, the Firm is required under MIFIDPRU 4.3 to maintain an amount of Own Funds that is the higher of the:

- Permanent Minimum Capital Requirement (“PMR”)
- K-factor requirement (“KFR”)
- Fixed overheads requirement (“FOR”)

The Firm’s Own Funds Requirements according to MIFIDPRU 4.3 are as follows:

Requirement	Total (£)
Permanent Minimum Capital Requirement (PMR)	**55,000**
K-Factor Requirement:	
i. Sum of K-AUM, K-CMH and K-ASA	0
ii. Sum of K-COH and K-DTF	0
iii. Sum of K-NPR, K-CMG, K-TCD and K-CON	0
Total K-factor requirement (KFR)	**0**
Fixed Overhead Requirement (FOR)	**15,628,590**
Own Funds Requirement (OFR) (higher of PMR, KFR and FOR)	**15,628,590**

The Firm has further assessed risks within its Internal Capital and Risk Assessment (“ICARA”) process under MIFIDPRU 7 and quantified additional own funds requirements in respect of ongoing operations and wind-down where applicable.

3.1. Liquid Assets Requirement

The Firm maintains core liquid assets in compliance with the Basic Liquid Asset Requirement (“BLAR”) under MIFIDPRU 6.

The Firm has assessed liquid assets required to fund ongoing operations and additional liquid assets required to fund wind-down as part of the ICARA process and maintains liquid assets in compliance with the Liquid Assets Threshold Requirement (“LATR”).

4. Own Funds

In accordance with MIFIDPRU 8.4, the table below shows a reconciliation of own funds to the balance sheet of the Firm as of 31 December 2022. The balance sheet below is as per the audited financial statements.

4.1. Own Funds

	Composition of regulatory own funds	Amount (£ '000s)	Source (see 4.2)
1	**OWN FUNDS**	**20,279**	
2	**TIER 1 CAPITAL**	**24,151**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**24,151**	
4	Fully paid-up capital instruments	31	*10*
5	Share premium	2,969	*11*
6	Retained earnings	21,151	*14*
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	**(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1**	**(3,872)**	
19	CET1: Other capital elements, deductions and adjustments	(3,872)	
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 DEDUCTION FROM TIER 2**	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

4.2. Balance Sheet

	Item	Balance sheet as in audited financial statement (£'000s)	Under regulatory scope of consolidation	Cross reference to own funds table (see 4.1)
	Assets – *Breakdown by asset classes according to the balance sheet in the audited financial statements*			
	NON-CURRENT ASSETS			
1	Tangible assets	11,374		
2	Deferred costs			
3	Investments			
4	Debtors: amounts falling due after one year	1,000		
	CURRENT ASSETS			
5	Deferred Costs			
6	Debtors: amounts falling due within one year	14,184		
7	Cash and cash equivalents	33,330		
	Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial statements*			
8	Creditors: amounts falling due within one year	(34,552)		
9	Creditors: amounts falling due after one year	(1,185)		
	Shareholders' Equity			
10	Called up share capital	31		*4*
11	Share premium account	2,969		*5*
12	Accumulated other comprehensive income			
13	Translation adjustment			
14	Retained Earnings	21,151		*6*
	TOTAL SHAREHOLDERS' FUNDS	**24,151**		

5. Remuneration Policy and Practices

The Firm follows the prescribed FCA guidelines found within Chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC").

The Board is responsible for the overall Remuneration Policy which is reviewed annually. The Board has considered whether it is necessary to establish a separate Remuneration Committee, as it is exempted from the need to do so under MIFIDPRU 7.1.4R and has determined that the it is adequately skilled and sufficiently informed to carry out the key functions of a Remuneration Committee, as described in MIFIDPRU 7.3.3 R.

Remuneration is designed to ensure that the Firm does not encourage excessive risk taking and staff interests are aligned with those of the Firm's clients. Variable remuneration is considered in line with capital and liquidity requirements as well as the Firm's performance. The Board will review the remuneration strategy on an annual basis together with the remuneration of particular staff to ensure that the requirements in Chapter 19G of SYSC are adhered to.

The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all staff. Total remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's business unit. The Firm will monitor the fixed to variable compensation to ensure SYSC 19C is adhered to with respect to total compensation where applicable.

Senior management and members of staff whose actions have a material impact on the risk profile of the Firm are classified as Material Risk Takers. In accordance with MIFIDPRU 8.6.8, the Firm makes the following disclosures:

	Total
Number of Material Risk Takers ("MRT"), including Senior Manager Functions ("SMF")	15

Remuneration for financial year 2022 **Employee category**	**Total fixed remuneration (£'000s)**	**Total variable remuneration (£'000s)**	**Total remuneration (£'000s)**
Senior Management Function holders and Material Risk Takers	5,733	982	6,714
All other employees	21,005	25,257	46,261

Please note that remuneration information relating to Senior Management Function Holders and Material Risk Takers have been aggregated so as to prevent the identification of any individual/s, in accordance with MIFIDPRU 8.6.8 (7).

The total amount of guaranteed variable remuneration awarded to Material Risk Takers during the last financial year was £0 (0 individuals).

The total amount of severance payments awarded to Material Risk Takers during the last financial year was £0.