CVC

MIFIDPRU Public Disclosure

CVC Advisers Limited
For year ended 31 December 2023

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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 financial statements as at 31 December 2023, covering the financial period 1 January 2023 to 31 December 2023.

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 and Risk Management

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 as at 31 December 2023 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
Lorne Somerville	4	2
Ken Young	0	0
Robin Hooper	4	0
Raj Hussain	0	0
Dominic Murphy	2	2

2.1. Risk Management Objectives and Policies

Risk Governance

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 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.

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).

Risk Appetite & Risk Management Framework

The Board has adopted the CVC Group Risk Framework and key risk management policies that include Group Risk Appetite Policy ('RAP').

The Risk Appetite sets the 'tone from the top' and outlines parameters within which the Board determine that the business can operate; equally, it describes levels of risk that are not acceptable. This empowers the business to make decisions in an agreed framework, in keeping with CVC's entrepreneurial culture. The above parameters will be conveyed through the RAP, which is a central pillar of the Group Risk Framework.

The Group Risk Framework is ultimately designed to ensure the business is sufficiently financially and operationally resilient to carry out its business through normal and stressed conditions, and to deliver its strategic objectives. Group Risk are responsible for developing the Group Risk Framework, assist the Board in setting their risk appetite, and help identify and manage risks to the Firm's operating model and strategic objectives.

The Group Risk Framework uses a number of tools and techniques to identify, evaluate, manage and monitor and escalate risks; however, no one monitoring tool can provide a comprehensive view of a risk profile in isolation, as such CVC takes a combined view of monitoring tool results before formulating a risk profile assessment.

Combined Assurance

Combined assurance is the effective coordination of the Firm's lines of defence to develop a holistic view of the risk universe and to manage risk in the most efficient and effective way.

The 'Three Lines' model is set out in the Group RAP to manage risk. This ensures that there is responsibility for risk management embedded within the specialist teams overseeing day-to-day processes and demonstratable independence within the functions employed to challenge them.

- **The first line of defence** is formed by managers and staff who own and manage risks, as part of their accountability for the processes and controls they operate. Where required by regulation, management may also have additional responsibilities for risk, managed with support from Group Risk.

- **The second line of defence** comprises Group Risk and compliance functions who are responsible for building frameworks within which risk can be identified, assessed, managed and monitored, and for providing counsel to the first line of defence.

- **The third line of defence** is internal assurance who provide independent assurance on the effectiveness of governance, risk management and internal controls established by the 1st and 2nd lines to manage risk.

Conflicts of Interest

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.

Material Risk Categories

As outlined above, CVC has established processes to identify, evaluate, manage, and monitor and escalate risks. The Firm's risk assessment identified four main categories of risk: business risk, credit risk, liquidity risk, and operational risk. These risks have been described in the table below and are considered for further analysis in the Firm's annual Internal Capital Adequacy and Risk Assessment ('ICARA'), overseen by the Board.

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

Risk Type	Risk Description	Risk Mitigation
Business & Strategic Risk	Relates to the failure to deliver and execute strategy and strategic objectives, uncertainty surrounding the firms business and operating model. It encompasses factors such as financial prudence, ineffective protection of the Firm's brand and reputation which could impact the firm's ability to attract and retain talent, competitive pressures, and regulatory changes that may impact the firm's ability to achieve its business 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 ICARA process, which is reviewed, challenged, and approved the Board on an annual basis.

		On an ongoing basis, business risk is reviewed primarily against quantitative criteria, including budgets and targets.
Credit Risk	Credit risk is the probability of a financial loss resulting from a borrower's failure to repay a loan. The lender (in this case, the Firm) may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection.	The Firm holds its cash with banks assigned high credit ratings. The Firm neither holds client money nor client assets. The Firm's credit risk is also assessed through stress and scenario testing using hypothetical scenarios. This enables the Firm to identify any potential harm, evaluate impact on liquidity, and ensure sufficient capital resilience. The details and results of credit risk scenario and stress tests are documented in the firms ICARA process, which is reviewed, challenge, and approved by the Board on an annual basis.
Liquidity Risk	Liquidity risk refers to the potential for a firm to encounter difficulties in meeting its short term financial obligations due to an inability to convert assets into cash quickly this risk arises from funding mismatches, inadequate access to funding resources, such as revenue for services.	The Firm's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Firm's reputation. The timing and amounts of the Firm's revenue and operating expenditure are generally highly predictable in the short term, and the liquidity outlook is monitored regularly and reviewed by the Finance team and by key management personnel. The Firm's liquidity risk is assessed through stress testing using hypothetical scenarios of revenue unprofitability. These tests enable the Firm to identify potential harm, evaluate its impact on liquidity, and ensure adequate and resilient capitalisation. Details and results of these stress tests, related to liquidity risks, are documented within the Firm's ICARA process, which is reviewed, challenged, and approved by the Board on an annual basis.
Operational Risk	Operational risk refers to the potential for financial losses resulting from internal processes, systems, or human error within the firm. This risk encompasses a wide range of factors including inadequate internal controls, technology failures, fraud, oh external threats, such as attacks on technology defenses or failings at key third parties. Operational risk can inconvenience clients and damage the firm's reputation. Operational risks can also expose both the firm and clients to financial losses.	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.

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.

2.2. Promoting Diversity and Inclusion

The CVC Group (in this section, "CVC", "we", "us"), of which the Firm is a part, where everyone feels valued, respected and encouraged to be their authentic selves. We believe that a diverse workforce leads to better decision making, stronger innovation and ultimately, improved performance. To do this, we leverage the talents of all of our employees, regardless of their background, identity or experience.

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's commitment to diversity, equity of opportunity and inclusion extends to our portfolio companies and the industry. CVC has a global network of 29 offices, and we want our teams to reflect the communities in which we operate.

We hold ourselves accountable for achieving our DEI ambitions and integrating DEI principles into all aspects of our business, adapting our initiatives to be culturally sensitive and relevant to the specific needs and contexts of our global offices.

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

The CVC Women's Network was founded in 2022 and the CVC Pride Network in 2023, and these are comprised of active and passionate members across all levels of firm focused on high impact inclusion and development events for our people. Networks are open to all employees, encouraging strong and visible allyship, and offer a forum for open dialogue and inclusion.

CVC focuses on three key areas:

1. Attracting

We actively seek out and recruit diverse talent through various channels, partnering with organisations including Sponsors for Educational Opportunity (SEO), 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 all successful investment candidates have the potential to become partners at CVC.

2. Developing

We invest time and provide tailored training and development opportunities to all of our employees, supporting their careers (for example: new hire orientation, promotion orientation and inclusive leadership training). Whether it's 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 Networks support initiatives such as networking events, senior leadership sessions and fostering external partnerships to engage with the broader community.

3. 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; four weeks for secondary 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.

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)	**60,000**
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)	**18,497,954**
Own Funds Requirement (OFR) (higher of PMR, KFR and FOR)	**18,497,954**

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 2023. 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**	**32,854**	
2	**TIER 1 CAPITAL**	**36,636**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**36,636**	
4	Fully paid-up capital instruments	31	*11*
5	Share premium	2,969	*12*
6	Retained earnings	33,636	*15*
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**	**(3,782)**	
19	CET1: Other capital elements, deductions and adjustments	(3,782)	
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**	9,477		
2	**Deferred costs**			
3	**Investments**			
4	**Debtors: amounts falling due after one year**			
	CURRENT ASSETS			
5	**Deferred Costs**			
6	**Debtors: amounts falling due within one year**	32,754		
7	**Cash and cash equivalents**	35,663		
Liabilities – *Breakdown by liability classes according to the balance sheet in the audited financial statements*				
8	**Creditors: amounts falling due within one year**	(40,249)		
9	**Creditors: amounts falling due after one year**			
10	**Provisions**	(1,009)		
Shareholders' Equity				
11	**Called up share capital**	31		*4*
12	**Share premium account**	2,969		*5*
13	**Accumulated other comprehensive income**			
14	**Translation adjustment**			
15	**Retained Earnings**	33,636		*6*
	TOTAL SHAREHOLDERS' FUNDS	**36,636**		

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 directly 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 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. The Board reviews 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.

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. The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all staff. Variable remuneration is considered in line with capital and liquidity requirements as well as the Firm's performance. The Firm monitors the fixed to variable compensation to ensure SYSC 19C is adhered to with respect to total compensation where applicable. 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.

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 2023 **Employee category**	**Total fixed remuneration (£'000s)**	**Total variable remuneration (£'000s)**	**Total remuneration (£'000s)**
Senior Management Function holders and Material Risk Takers	7,679	551	8,230
All other employees	31,281	27,313	58,593

Please note that remuneration information relating to Senior Management Function Holders and Material Risk Takers has 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.