



# MiFIDPRU 8 Disclosure

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December 2022



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## 1. Overview

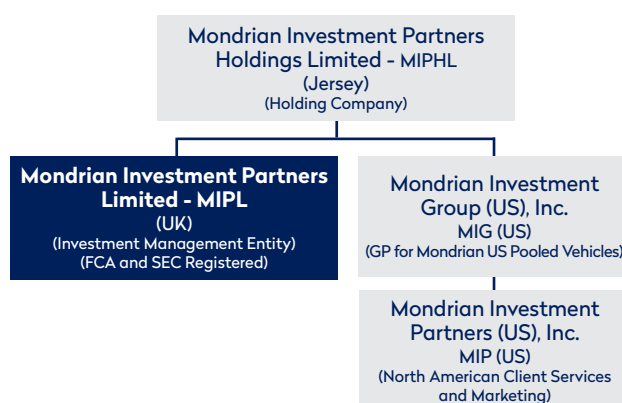
From January 2022, Mondrian is subject to the Financial Conduct Authority's ("FCA") Investment Firms Prudential Regime ("IFPR"). The IFPR is the UK variant of the EU's Investment Firms Regulation and Directive that was implemented on 26 June 2021.

One of the key objectives of the IFPR is to reflect the risk profiles of investment firms and when compared with previous requirements has resulted in changes in the rules that impact capital and liquidity requirements, risk management frameworks and remuneration. The IFPR introduces a requirement for firms to produce an IFPR Disclosure (Disclosure), replacing the former Pillar III document. The aim of the Disclosure is to increase transparency and confidence in the market and provide investors and stakeholders with an insight into how the firm operates. This document forms the Disclosure for Mondrian Investment Partners Limited (Mondrian). This document has been prepared as at 31 December 2022, the firm's financial year end unless otherwise stated.

This Disclosure has been published on a website at the same time the Statutory Accounts have been made available.

## 2. Mondrian Group Structure Chart

Mondrian Investment Partners Limited is the FCA regulated entity within the Group. Mondrian Investment Partners Holdings Limited is the top holding entity in the group. Mondrian Investment Partners (U.S.), Inc. was established to service clients in North America. Mondrian is 100% owned by its employee partnership.



## 3. Risk Oversight and Ownership

Mondrian has devised an integrated risk management process ('framework'), which aims to bring together the monitoring, identification, mitigation and/or management of risks faced by the business under a single umbrella and attempts to align the framework to corporate strategy and vice versa. In designing this framework, Mondrian has taken consideration of the rules, guidance and recommendations outlined in the FCA's Handbook.

Mondrian considers all employees to be contributors to the framework process, with varying degrees of input and responsibility.

### Executive Directors:

Mondrian's Directors are responsible for setting the business' appetite for risk (also referred to as risk tolerance). The accepted risk tolerance determines whether risks identified pose a significant enough threat to be mitigated or transferred (i.e. insured against), or whether they are a low enough threat as to be accepted as a cost of business. Furthermore, they view risk on a holistic basis, so that it can be considered when determining the business' strategy.

Where appropriate, the Board of Directors may delegate their responsibilities to an appointed Committee or function, which will operate under specific Terms of Reference. However they retain the right to challenge the risk process, the profile of specific risks and risk capital allocations at all times.

**Non-Executive Directors:** Mondrian has two non-executive directors on the Board, one of whom is independent. The main role of the non-executive directors is to provide independent challenge to the Board.

**Internal Audit:** The principal purpose of Internal Audit is to provide independent, objective assurance to the Chairman and the Board as to the adequacy and effectiveness of the internal control environment within Mondrian. The Internal Audit function has a reporting line to the Chairman as well as the Non-Executive Directors and is independent of all functional areas of the business. The objectives and responsibilities of Internal Audit have been enshrined in the Mondrian Audit Charter. The key activities of Internal Audit are the execution of a risk-based programme of audit work, examining the adequacy and effectiveness of systems of control, reporting and following up audit findings, bringing added value to the business by undertaking designated advisory projects for management and providing assurance to the Chairman and Board that risks are being identified and managed in an appropriate manner.

**Chief Investment Officers:** Chief Investment Officers are responsible for monitoring investment risk on an ongoing basis and these potential risks are formally reviewed and reported to the Board at quarterly Board meetings. Chief Investment Officers report on risks as they relate to their areas on a rotational basis at each meeting.

**Compliance and Risk Team:** Mondrian has a dedicated Compliance and Risk team headed by the Chief Compliance Officer ("CCO"), reporting to the Chief Executive Officer ("CEO") and also with a 'dotted' line to the Chairman.

The team uses the Risk Framework and business managers' input to make recommendations to the Board of Directors (or their appointed Committees and functions) in respect of setting risk appetite/tolerance.

In addition to its regulatory activities, the Compliance and Risk team perform an annual rolling Compliance Monitoring Programme ("CMP"). The CMP aims to review key areas of the business and, using information produced by the Risk Framework, aims to have added focus on areas deemed to be of 'high risk'. Findings from the CMP are escalated to the CCO to determine the appropriate course of action.

The team is responsible for day to day oversight of Mondrian's risk management arrangements, including the design, implementation and maintenance of Mondrian's Risk Framework. Responsibilities also include the production of management information and monitoring of KRIs against agreed tolerances and escalation of breaches thereof. The team is further responsible for facilitating the errors process and undertaking risk assessments (either as analysis of errors, or targeted reviews).

**Managers:** Business Managers' knowledge of their departments and processes add granularity to the risk appetite set by the Board of Directors.

Business Managers assist Risk Management in devising stress tests to determine the impact of risks within the processes they oversee. Furthermore, they own and are responsible for devising and implementing controls to reduce the probability that a failure will occur within those processes and for providing regular KRIs to allow monitoring of the probability of a failure. Finally, they assist Risk Management (and other control functions) in determining the suitability and effectiveness of their controls and identification of enhancements required to mitigate control or process weaknesses.

**All Employees:** All employees are responsible for managing risk through adherence to procedures and controls. All employees are responsible for reporting anything that may be considered to be either a breach of control, or a weakness thereof.

**Mondrian's Committees**

As described above, Mondrian's Board of Directors has ultimate responsibility for risk oversight and relevant business areas as set out in their Statements of Responsibility under the FCA's Senior Managers and Certification Regime ("SMCR"). Day to day responsibility is delegated to appropriate committees appointed by the Board and to the senior management of each business area with oversight by the relevant Senior Manager. Mondrian's Board meets on a quarterly basis, during which they review the overall risk profile of the business. Each of the Board's appointed Committees and functions that have specific responsibility for risk assessment (Compliance and Risk Committee, Internal Audit and Chief Investment Officers) provide reports to the Board to allow them to assess the overall risk profile of the Business.

The Mondrian Committee structure is shown below:



**Compliance and Risk Committee:**

The Compliance and Risk Committee meets quarterly and acts on behalf of the Board in monitoring the adequacy of the firm's regulatory compliance arrangements and ensures that all investors receive the appropriate level of protection in accordance with relevant regulations, laws and contractual obligations.

The Committee also reviews the updated Mondrian Risk Framework discussed below. The Risk Framework is used to plot the risk profile of all of the key functions performed at Mondrian and takes account of regulatory risks and other risks including, but not limited to, operational risk and counterparty (credit) risk.

The Compliance and Risk Committee is chaired by Mondrian's Chairman and includes the Chief Executive Officer and the Chief Operating Officer. Meetings are also attended by the Chief Compliance Officer, Internal Audit Manager and General Counsel.

**Remuneration Committee:**

This Committee consists of Mondrian's Directors. This Committee meets regularly to review remuneration levels on an absolute and relative basis and to ensure that Mondrian's remuneration policy adheres to the FCA Remuneration Code. Its goal is to fairly allocate remuneration across the Company; ensuring staff are correctly incentivised without encouraging extensive risk-taking, and also to maintain high retention rates.

<b>Technology Strategy Committee:</b>	The Technology Strategy Committee meets quarterly to approve, monitor and supervise the development and implementation of solutions to enable Mondrian to minimise the risks associated with its infrastructure investments and ensures that new investments contribute towards the attainment of Mondrian's corporate objectives. The Technology Strategy Committee is made up of the Chief Operating Officer and the Chief Executive Officer, and is attended by the Head of Technology, Senior Operations Managers and the Chief Compliance Officer.
<b>Best Execution and Trade Oversight Committee:</b>	The Best Execution and Trade Oversight Committee meets to oversee Mondrian's trading operations for client funds, focusing on counterparty relationships, best execution and trading costs. The Committee is chaired by a Chief Investment Officer and members include the Chief Operating Officer, Trading Desk, Senior Investment representatives and the Chief Compliance Officer.
<b>Global Fixed Income and Currency Committee:</b>	The Global Fixed Income and Currency Committee meets every month or ad hoc as required and is responsible for all investment decisions for Fixed Income portfolios and currency management for all products. The Global Fixed Income and Currency Committee is chaired by the Global Fixed Income Chief Investment Officer or a person appointed by the Chief Investment Officer in the Chief Investment Officer's absence and normally comprises all Fixed Income investment professionals.
<b>Equity Investment Strategy Committees:</b>	Each Equity Investment Strategy Committee meets approximately every two weeks or ad hoc as required. All final equity investment decisions at Mondrian are made by the Equity Strategy Committee for the relevant products. These are attended by specified members of each committee which will include the Chief Investment Officer of the respective products and the Group Chief Investment Officer as required.
<b>Proxy Voting Committee:</b>	The purpose of the Proxy Voting Committee is to review and approve the Mondrian Proxy Voting Procedures on an annual basis, to ensure that they allow Mondrian to vote proxies in a manner consistent with the best interests of clients, to maximise the value of the underlying shares being voted on by Mondrian and to comply with any new rules promulgated by the relevant bodies. The Committee is also responsible for overseeing proxy voting activities for Mondrian's clients, and will attempt to ensure that Institutional Shareholder Services, the independent company that Mondrian has contracted with to facilitate the actual voting process, is voting proxies pursuant to the Procedures.
<b>Errors Committee:</b>	The Errors Committee was created to ensure significant operational errors or 'near misses' were prioritised and mitigating actions addressed swiftly. The Committee is chaired by the Chief Executive Officer and includes the Chief Operating Officer and the Chief Compliance Officer. Staff involved in each incident present the facts and the mitigating actions, which are then reviewed and actioned by the Committee.
<b>Fair Value Committee:</b>	The Fair Value Committee meets on an ad hoc basis and is established to consider the value of securities for which normal market prices are not readily available. The Committee is chaired by the Chief Operating Officer and includes the Chief Compliance Officer, Head of Investment Operations and the relevant Investment Professional for the particular security in question.
<b>Investment Risk Oversight Committee:</b>	Mondrian's Investment Risk Oversight Committee provides independent investment risk oversight and challenge. The Committee meets quarterly and is supported by reports from Mondrian's Compliance and Risk team, Performance team, and Product CIOs to ensure adherence with stated objectives and risk guidelines. The Investment Risk Oversight Committee is chaired by Mondrian's CEO and Global CIO and includes the Chief Compliance Officer and Head of Performance. The Board meets quarterly to review Investment Risk Reports.

**ESG Investment Steering Committee:**

At the firm level, Mondrian's ESG Investment Steering Committee sets and reviews firm-wide objectives and establishes initiatives to ensure that our resources and investment staff are capable of meeting ongoing developments associated with ESG-related issues. The ESG Steering Committee is comprised of senior representatives from each of the investment and client services teams as well as an ESG Manager who coordinates Mondrian's firm-wide ESG strategy and initiatives, working closely with the Investment, Client Service, Compliance, and Legal Teams.

**Risk Definitions**

At the highest level, Mondrian categorises all risks into one of the following categories:

**Product Risk:**

Product Risk is defined as a combination of market risk (externally influenced), investment strategy (internally influenced) and concentration risks. Investment strategy risks would include deviation from expected characteristics, product liquidity or a sustained period of poor performance (either relative or absolute) in respect of client portfolios. Mondrian also considers compliance with client guidelines to be an important investment risk to actively manage.

Mondrian's Investment Risk Oversight Committee provides independent investment risk oversight and challenge. The Committee meets quarterly and is supported by reports from Mondrian's external risk reporting provider Barra and is assisted by reports from our Compliance and Risk Team, Performance Team, and Product CIOs as required to ensure adherence with stated objectives and risk guidelines. The Investment Risk Oversight Committee is chaired by Mondrian's CEO and Group CIO and includes the Chief Compliance Officer and Head of Performance. The Board meets quarterly to review Investment Risk Reports.

Mondrian's Compliance and Risk team monitors daily exception reporting and conducts ongoing comprehensive reviews as part of the Compliance Monitoring Programme. The Compliance Monitoring Programme also has comprehensive coverage of other investment risks including monitoring of portfolio turnover, tracking error targets, investment guideline adherence, performance dispersion, counterparty oversight (initial approval and ongoing monitoring). Any material findings from the monitoring are reported quarterly to the Compliance and Risk Committee.

**Strategic and Commercial Risk:**

Strategic and Commercial Risk (also referred to as Business Risk) is defined as factors affecting the sustainability of the business and, as such, incorporates functions and processes such as succession planning, key staff retention, and corporate governance.

Mondrian has historically accepted the concentration risk of deriving the majority of its income from the US. This has started to turn around with new clients in Europe, Australia and Canada funding in the recent years.

**Credit Risk:**

Credit risk is defined as the risk of loss caused by the failure of a Mondrian counterparty to perform its contractual obligations. A factor which may contribute to increased credit risk is concentration of assets held with a single counterparty.

Mondrian is primarily exposed to credit risk through in its own cash deposits, trade debtors and any seed investments for new products. As a cash generative business, Mondrian is conscious of the effects of the failure of a banking institution with which Mondrian's own funds are deposited. Any loss of capital could result in Mondrian being unable to meet its own obligation to third parties. Mondrian has set stringent counterparty limits and credit rating requirements for institutions with which cash is deposited.

**Liquidity Risk:**

Liquidity risk is the risk that Mondrian does not hold sufficient resources to meet its regulatory liquid asset obligations.

Mondrian has a simple liquidity model in that it generates revenue from fees and pays overheads, expenses and payments to staff and suppliers through the normal course of its business activities.

**Legal, Regulatory and ESG Risk:**

Legal, Regulatory and ESG risk is defined as the risk of loss to reputational and/or financial value due to Mondrian failing to comply with regulatory requirements, including ESG, or codes and, as such, comprises of regulatory capital, the regulatory environment and litigation risks.

Mondrian recognises the potential effect on its business of any litigation or enforcement for failing to comply with both internal policies and regulatory obligations, including those that relate to ESG. This would damage the reputation of the firm, potentially leading to a number of client terminations.

**Operational Risk:**

The FCA defines Operational Risk under SYSC 13.2 as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk is business-wide and can result from poor controls and/or procedures, ineffective or flawed systems, inadequately trained staff, or simply the complexity of procedures.

Historically Mondrian's operational risk loss experience has been low. The company continues to improve systems and controls to ensure this remains the status quo.

There are a number of factors that are considered in assessing operational risks, including:

- The degree of process automation;
- The complexity and volume of transactions;
- The size of the client portfolios;
- The employment of third parties or hosted software platforms.

Mondrian appoints an independent service provider on an annual basis for the ISAE 3402/ AT-C 320 Controls Reporting engagement with respect to its discretionary investment management services. The testing for the period 1 April 2022 to 31 March 2023 was completed by PwC during May 2023. PwC did not identify any significant deficiencies nor identify any reportable exceptions in relation to the design or operating effectiveness of the controls. Therefore, they expect to issue an unqualified opinion.



## Culture and Conduct Risk:

Mondrian views Culture Risk as comprising two elements; conduct and behaviour, as influenced by values and ethics. It can be defined as the risks of negative outcomes for the client, employee or the industry, arising from inappropriate conduct, conflicts, management practice or behaviour, or failing to meet expected needs, interests or outcomes.

Although the FCA does not define Conduct Risk it is widely accepted that the following definition most accurately describes this risk in an investment management context:

“Any action or inaction by the firm that could lead to financial detriment or non-financial disadvantage to customers, clients and counterparties or undermine market integrity.”

Mondrian has further defined Conduct Risk as the risk that our clients could suffer a disadvantage through Mondrian’s failure to ensure that the inherent conflicts of interest in its business are not properly managed and client’s interests are subordinated to those of the firm.

Mondrian recognises the risks posed by the conduct of its employees across the organisation. If Mondrian were to fail in managing its conduct risks, this could lead to poor outcomes for both clients and employees. Additionally, in the event of a conduct breach Mondrian could potentially be subject to regulatory censure. This may cause reputational risk and a loss of client confidence resulting in mandate terminations.

Mondrian believes that client satisfaction is central to the success of its business – if clients are satisfied then Mondrian will retain them as clients and there is an increased likelihood of further fundings. Therefore, Mondrian has ensured that a client- focused culture is woven into the fabric of the business. Mondrian will continue to place a primary focus on achieving positive outcomes for clients whilst, at that same time, ensuring compliance with the relevant regulations which govern its activities i.e. Mondrian will aim to comply with the spirit of the rules as well as the technical detail.

Clearly investment performance is critical to retaining clients and although that is a fundamental focus of the business, the results are not under our certain control. Mondrian can control the way that it conducts its business activities so, by ensuring that the inherent conflicts that exist within any asset management business are properly managed, it is better able to control Conduct Risk. Mondrian has identified the following key areas where arrangements are in place to ensure that Conduct Risk conflicts are properly managed:

### Corporate culture

- The right tone is set by the Board and is inculcated throughout the organisation promoting a strong culture of compliance.

### Remuneration policy

- Staff’s interests are aligned with clients, remuneration arrangements do not encourage excessive risk-taking and variable remuneration is subject to clawback for material risk takers.

### Error policy

- Staff’s interests are aligned with clients, remuneration arrangements do not encourage excessive risk-taking and variable remuneration is subject to clawback for material risk takers.

### Product design

- All new products are designed to meet client requirements, are well researched and all risks are properly understood and minimised where possible.

### Sales and marketing practices

- The activities of all staff engaged in promoting Mondrian’s services are monitored by Compliance to ensure they are appropriate.

### Conflict monitoring

- Monitoring arrangements are in place to test that all conflicts of interest have been properly identified and managed and clients have been treated fairly.

Key functions and processes, along with a description of their associated risks, key mitigating controls and most recent assessment score are detailed in a central risk register. The risk register is owned and maintained by the Compliance and Risk team and is updated on an ongoing basis to reflect changes to either the key risks, or to their assessment score. It is the responsibility of Managers who, as detailed under 'Risk Ownership', own key controls, to inform the Compliance and Risk team of any changes.

### Risk Appetite Statement

Mondrian recognises the risks posed by the conduct of its employees across the organisation. If Mondrian were to fail in managing its conduct risks, this could lead to poor outcomes for both clients and employees. Additionally, in the event of a conduct breach Mondrian could potentially be subject to regulatory censure. This may cause a loss of client confidence resulting in mandate terminations.

Mondrian's Board consider that they have successfully established a low risk investment and operational environment. Empirical evidence to support this includes good client retention, low performance dispersion and defensive performance characteristics, no insurance claims since Mondrian's inception in 1990, no material client complaints, zero exposure to high risk investment instruments and a relatively low operational error experience. In addition Mondrian holds no client monies, cannot take proprietary trading positions and has very clear segregation of duties between investment, trading, settlement and portfolio administration.

Mondrian understands that to run a business efficiently and cost effectively, risk cannot be entirely eliminated. However, it must be managed in full knowledge of the risks being run. Mondrian's 'Risk Appetite' defines the level and nature of risks to which senior management considers it is acceptable to expose Mondrian. It therefore defines the boundaries of activity that the Board intends for Mondrian and is an essential component of its risk framework.

## 4. Directorships

Members of Mondrian's management body are expected to disclose any external executive and non-executive directorships in both commercial and non-commercial endeavours to the Compliance and Risk team.

Those individuals that hold external executive and/or non-executive directorships in organisations which either pursue predominantly commercial objectives or are not part of the wider Mondrian group are listed below:

Name	Position	Number of external directorships
John Emberson	Non-Executive Director	1
Susan Douse	Non-Executive Director	1

## 5. Diversity Policy

Mondrian actively encourages diversity within its workforce and is an Equal Opportunities Employer. Diversity is important to us as we employ individuals from over 25 nationalities in our London and Radnor offices and have a global client base.

To assist us in achieving diversity, including on the Management body, we have a formal Equality Policy that incorporates diversity and inclusion, and a clear Behaviour at Work Policy to address issues such as harassment and discrimination.

The aims of Mondrian's Equality policy are:

- to provide equality and fairness for all in our employment. No job applicant, employee or member of staff should receive less favourable treatment on the grounds of sex, race, colour, nationality, ethnic or national origin, disability, sexual orientation, religion or belief, age, gender reassignment, marital or civil partnership status and pregnancy and maternity (referred to as 'Protected Characteristics');
- to create a positive atmosphere in which individual differences and the contributions of all our staff are recognised and valued;
- to provide a working environment that promotes dignity and respect to all; and
- to ensure that selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability.

Diversity is regularly measured and recorded across both the London and Radnor offices. While recruitment is merit based, the encouragement of diversity is a consideration in our process. Mondrian looks at alternative avenues for recruitment, utilising organisations such as 100 Women in Finance, the Bright Network and SEO London; an organisation that delivers education, training, and mentoring support to young people from underrepresented backgrounds such as ethnic minorities and people from lower socioeconomic backgrounds. Mondrian are also Platinum Sponsors of Girls and Investors (GAIN), whose goal is to increase gender diversity within the investment management community and raise the female application rate for entry-level investment jobs to 50% in ten years.

To help facilitate our vision and ensure our workplace practices evolve accordingly, we established a Diversity Equity and Inclusion Consultation Group ('the Group'), which liaises with the CEO on an ongoing basis and reports annually to the Board of the company.

The Group's purpose is to advise senior management and in particular the CEO on the company's strategy relating to internal diversity and inclusion matters. It monitors and reviews Mondrian's diversity and inclusion characteristics and initiatives as well as those of relevant industry peers and evaluates leading thought papers on this topic across different jurisdictions.

Mondrian believes that a well-managed policy of diversity can support and enhance decisive, accountable decision-making. This is crucial both in the overall management and operation of the firm, but particularly in our investment decision-making process. Diversity is considered in a range of ways when building teams; the aim is to promote diversity of thought and avoid group think. We have an open culture where we actively encourage all team members to participate in and contribute to all team discussions. We believe that within the investment teams, differing the ways of looking at businesses and their potential value is strengthened through diversity.

From a representation perspective, Mondrian is an employee-owned company, and approximately 30% of our partners are minorities and/or females. Our Deputy CEO is female, and of our five CIO's covering different product areas, three are female and were born abroad in different cultures.

Mondrian has taken steps to ensure that managers recognize and understand the importance of promoting equality. While not formally required, leaders at Mondrian have undergone training on promoting equality and recognizing and avoiding discrimination and harassment at all stages in the employment process, from recruitment, to appraisals and promotions and decisions to terminate employment. In addition, all staff are required to take unconscious bias training, this is overseen by HR and conducted annually.

## 6. Own Funds

The information below is as at 31st December 2022, Mondrian's financial year-end:

### Composition of regulatory own funds

Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in audited financial statements
<b>Own Funds</b>	<b>56,784</b>	Calculated
<b>Tier 1 Capital</b>	<b>56,784</b>	Calculated
<b>Common Equity Tier 1 Capital</b>	<b>57,176</b>	Statement of changes in Equity - Total equity
Fully paid up capital instruments	2,570	Statement of changes in Equity - Called-Up Share Capital
Share premium	1,617	Statement of changes in Equity - Capital contributions
Retained earnings	52,990	Statement of changes in Equity - Profit and loss account
Accumulated other comprehensive income	–	
Other reserves	–	
Adjustments to CET1 due to prudential filters	–	
Other funds	–	
(-)Total Deductions from Common Equity Tier 1	(392)	Statement of Financial Position - Intangible fixed assets & Note 6 Intangible fixed assets
CET1: Other capital elements, deductions and adjustments	–	
<b>Additional Tier 1 Capital</b>	<b>–</b>	
Fully paid up, directly issued capital instruments	–	
Share premium	–	
(-) Total Deductions from Additional Tier 1	–	
Additional Tier 1: Other capital elements, deductions and adjustments	–	
<b>Tier 2 Capital</b>	<b>–</b>	
Fully paid up, directly issued capital instruments	–	
Share premium	–	
(-) Total Deductions from Tier 2	–	
Tier 2: Other capital elements, deductions and adjustments	–	

Tier 1 Capital	a	b	c
	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Crossreference to template OF1
	As at period end	As at period end	
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
Intangible assets	392		Item 11 in OF1
Tangible assets	9,978		
Investments	–		
Debtors	50,166		
Deferred tax	(1,112)		
Cash at bank and in hand	42,879		
<b>Total Assets</b>	<b>102,303</b>		
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
Creditors falling due within one year	45,126		
<b>Total Liabilities</b>	<b>45,126</b>		
<b>Shareholders' Equity</b>			
Called-up share capital	2,570		Item 4 in OF1
Capital contributions	1,617		Item 5 in OF1
Profit and loss account	52,990		Item 6 in OF1
<b>Total Shareholders' Equity</b>	<b>57,176</b>		Item 3 in OF1

## 7. Own Funds Requirements

The information below is as at 31st March 2023, the data of Mondrian's ICARA.

The basic Own Funds Requirement is determined to be GBP 12.6m, calculated in accordance with MiFIDPRU 4 as the higher of its Permanent Minimum Capital Requirement of GBP 75k; the K-Factor Requirement of GBP 8.4m and the Fixed Overhead Requirement of GBP 12.6m.

Basic Own Funds Requirement	Amount (GBP thousands)
Permanent Minimum Capital Requirement (PMR)	75
K-Factor Requirement (KFR)	8,372
Fixed Overhead Requirement (FOR)	12,557
<b>Mondrian Basic Own Funds Requirement (Higher of PMR; KFR and FOR)</b>	<b>12,557</b>

## 8. Adequacy of Own Funds Assessment

In addition to the Own Funds Requirement, the Overall Financial Adequacy Rule requires Mondrian to assess the adequacy of its capital and liquid assets to ensure that it is able to remain financially viable during the economic cycle, mitigate potential material harms from its ongoing business and be able to wind down in an orderly manner.

Mondrian undertakes an ICARA process to determine the amount of capital and liquidity needed to mitigate harms where these may not be adequately captured through the Own Funds Requirement.

Through the ICARA process and identification of extreme but plausible scenarios, no additional Own Funds are required to be held as the Basic Own Fund Requirement exceeds the aggregate capital requirement from all material harm scenarios.

The ICARA process concluded that no additional Liquid Assets are required to be held in addition to the Basic Liquid Asset Requirement as a result of the Orderly Wind-Down assessment.

## 9. Remuneration

### 9.1 Qualitative Remuneration Disclosure

Mondrian's Board of Directors has established a Remuneration Committee ("Committee") which is a sub-committee of Mondrian's Board. Accordingly, the Board has delegated responsibility for the oversight of Mondrian's Policy and for remuneration arrangements to the Committee. The Committee reviews the Policy and is responsible for its implementation.

The Policy and procedures are subject to independent challenge by Mondrian's Compliance and/or Internal Audit and/or Human Resources staff at any time. A key part of this review will be to ensure that the Committee decisions are consistent with an assessment of Mondrian's financial condition and future prospects, where relevant, and do not encourage inappropriate risk taking. The Policy allows the Compliance and Risk team to have significant input into the setting of individual remuneration awards where there are concerns about the behaviour of the individuals concerned or the riskiness of the business undertaken.

To achieve this, Mondrian is committed to ensuring that the Compliance and Risk team:

1. is independent from the business units they oversee
2. has appropriate authority
3. are remunerated:
  - a. adequately to attract qualified and experienced staff, and
  - b. in line with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

#### Fixed Remuneration

All Mondrian employees receive fixed remuneration which is permanent, pre-determined, and not dependent on performance and reflects their professional experience and organizational responsibility.

#### Variable Remuneration

Variable remuneration is based on a fixed proportion of the firm's profits and is specifically calculated and audited for this purpose.

Variable remuneration awards are determined by the Committee with consideration given to each department's contribution to the business' success and an individual's long-term performance as well as performance in excess of the staff member's job description and terms of employment over the year.

In order to assist with determining variable remuneration awards, all employees participate in an appraisal process, which line managers and senior managers provide input into. This is also supported through performance reviews (as applicable) throughout the year.

#### Deferral Policy & Vesting Criteria

Mondrian does not meet the requirements of the extended remuneration requirements due to the rolling average of its balance sheet being less than £100m over the preceding 4-year period. As such, the firm is not subject to the deferral remuneration requirements.

### 9.2 Quantitative Remuneration Disclosure

Mondrian is required to disclose quantitative remuneration information for its Code Staff population in a manner that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities. The tables below include aggregate remuneration awarded for the 2022 performance year for Mondrian's Code Staff population as of 31 December 2022.

As at 31 December 2022, Mondrian identified 23 Material Risk Takers in accordance with SYSC 19G.5 for the purposes of the remuneration rules.

	Amount (GBP thousands)			
	Senior Management <sup>2</sup>	MRTs	Other Staff <sup>4</sup>	Total (All Staff)
Fixed Remuneration <sup>1</sup>	964	2,230	11,099	14,293
Variable Remuneration	18,632	8,113	10,650	37,395
Total Remuneration	19,596	10,343	21,749	51,688
Guaranteed Variable Remuneration	–	–	–	–
Severance Payments	–	–	–	–

<sup>1</sup>Includes pension contribution and other cash allowances awarded for full year 2022

<sup>2</sup>Senior Management category is comprised of Mondrian's Directors performing an FCA Senior Management Function

<sup>3</sup>Material Risk Takers that head significant departments but are not defined as Senior Management

<sup>4</sup>Other Staff category includes the rest of employees receiving total remuneration, including Non-Executive Directors

