PEEL HUNT

MIFIDPRU 8 DISCLOSURES

31 March 2024

1. Introduction

1.1. Background

Peel Hunt LLP ("the Firm" or "the LLP") is a full scope 750k non-SNI MIFIDPRU investment firm. The principal activity of the Firm is to provide investment banking services in UK mid-cap and growth companies. Peel Hunt is authorised and regulated in the UK by the Financial Conduct Authority (FCA).

Peel Hunt Partnership Group Limited, is the parent of the UK Regulatory Group ("the UKRG"). The Firm is the only regulated trading entity within the UK Regulatory Group, which comprises substantially all the UKRG's risks and exposures.

This document sets out the Investment Firm Prudential Regime ("IFPR") disclosures for the Firm in accordance with Chapter 8 of the FCA Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU").

1.2. Scope of Application

In accordance with MIFIDPRU 8.1.7 Peel Hunt LLP has prepared these disclosures on an individual basis.

1.3. Disclosure Policy

These disclosures are made as at 31 March 2024 (the "Reference Date") in alignment with the Firm's latest available financial statements.

Frequency and means of disclosure

These disclosures are published annually, via the Firm's external website (www.peelhunt.com). The frequency of disclosure will be assessed, should there be a material change in either the nature or scale of either the individual entity or UK Group's activities.

Verification

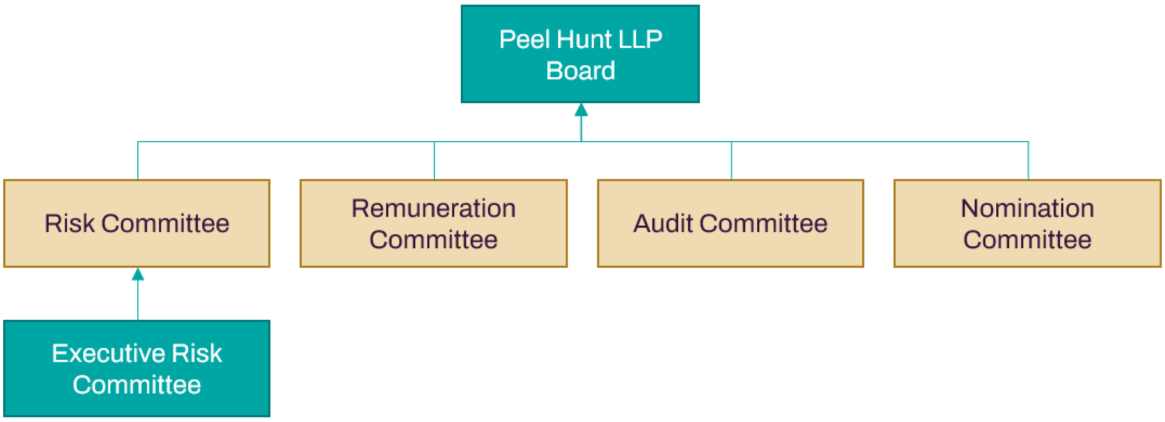
These IFPR disclosures have been approved by the governing body of the Firm and are not subject to audit, except where they are prepared under accounting requirements for publication in the financial statements.

2. Governance

2.1. Peel Hunt LLP Board

The Peel Hunt LLP Board ("the Board") is the governing body of the Firm and is responsible for providing oversight and management of the profitable development of the Firm, in accordance with current strategic plans and objectives. The Board is also responsible for managing the Firm's risks and setting the tone and influence of culture and conduct within the Firm. The Board meets at least four times per year, chaired by the Chief Executive Officer ("CEO").

The Firm also operates an Executive Risk Committee with delegated authority from the Board for specific matters.



Executive Risk Committee

The Executive Risk Committee has delegated authority from the Board to oversee the first line management of risks, monitor risk profile against risk appetite and to escalate matters to the Board and the UKRG Risk Committee. The Committee meets at least four times per year with membership comprising the Chief Risk Officer, Chief Executive Officer, Chief Financial & Operating Officer Finance Director, Head of Group Compliance and Chief Corporate Officer & General Counsel. The Chief of Internal Audit is a standing invitee to the Committee.

2.2. UKRG Committees

The Firm has established risk, remuneration, nomination and audit committees. The Firm has sought and received a MIFIRDPRU 7.3.7 modification from the FCA to permit the Firm to operate the Risk and Nomination Committees at the UKRG level instead of operating these committees at the legal entity level. The Firm also operates the Audit Committee and Remuneration Committee at the UKRG level.

Risk Committee

The Risk Committee meets at least four times per year and is chaired by an independent non-executive director. The Risk Committee has delegated authority from the Board to oversee the management of risks throughout the Firm via a suitable risk management framework and adequately empowered and resourced Risk and Compliance functions. It is also responsible for advising the Board on risk appetite and strategy, assisting the Board in overseeing the implementation of that strategy, considering current and emerging risks, embedding and maintaining a positive risk management culture and assisting the Remuneration Committee with the evaluation of risk-based performance measures. During the period, the Risk

Committee comprised a minimum of two independent non-executive directors who did not perform any executive function within the Firm. The Chief Risk Officer, Head of Group Compliance, Chief Technology Officer, Chief Executive Officer, Chief Financial & Operating Officer, Chief Corporate Officer & General Counsel, Chief of Internal Audit, and another non-executive director are regular invitees.

Remuneration Committee

The Remuneration Committee meets at least four times per year and is chaired by an independent non-executive director. The Remuneration Committee has delegated authority from the Board to oversee the remuneration strategy for the Firm and the remuneration policy for directors to ensure alignment with the Firm's purpose and business objectives, values, risk appetite, regulatory compliance and long-term sustainability. During the period, the Remuneration Committee comprised a minimum of two independent non-executive directors who did not perform any executive function within the Firm. The Chief Executive Officer, HR Director and Chief Financial & Operating Officer are regular invitees.

The Remuneration Committee is described further in Section 6, "Remuneration".

Nomination Committee

The Nomination Committee meets at least twice per year and is chaired by an independent non-executive director. The Nomination Committee has delegated authority from the Board to oversee nominations and appointments of potential Directors to the Board and other board appointments within the Firm. It also oversees succession planning, board composition and diversity, board effectiveness and directors' training and development. During the period, the Nomination Committee comprised a minimum of two independent non-executive directors who did not perform any executive function within the Firm. The Chief Executive Officer and Chief Financial & Operating Officer are regular invitees.

Audit Committee

The Audit Committee meets at least four times per year and is chaired by an independent non-executive director. The Audit Committee has delegated authority from the Board to provide independent oversight of the integrity of the Firm's reporting processes and disclosures, the performance of internal and external audit processes, and the effectiveness of the internal control environment. It also oversees the whistleblowing process. During the period, the Audit Committee comprised a minimum of two independent non-executive directors who did not perform any executive function within the Firm. The Chief Executive Officer, Chief Financial & Operating Officer, Chief Risk Officer, Head of Group Compliance and Chief Corporate Officer & General Counsel, External Audit Partner and Chief of Internal Audit are regular invitees to the Committee.

Directorships Held

The 11 Board members held a total of 11 directorships between them, none of which were external directorships.

Directorships held within the same group are counted as a single directorship and those held in organisations that do not pursue predominantly commercial objectives are excluded.

2.3. Adequacy of Risk Management Arrangements

As at the reporting date, the Board considered that it had in place adequate and appropriate systems and controls regarding the Firm's strategy and that the Firm is properly resourced and skilled, to avoid or minimise loss.

2.4. Diversity

The Firm recognises the benefits of a diverse workforce and management team in terms of innovation, creativity and decision making. Diversity is promoted via a range of firm-wide activities, including hiring practices, senior management objectives, training and awareness sessions and Board level oversight. The Firm is a member of the Heart of the City network, a Charity programme established by the Corporation of London promoting responsible business and is a corporate partner with Women on Boards. The Nomination Committee considers diversity in its assessment of potential appointments to the Board and the UKRG has also established a Diversity, Equity & Inclusion Forum to advise on diversity matters.

The Firm recognises this as an area of ongoing development for the Firm and for the financial services industry generally and will report annually on progress.

3. Risk Management

3.1. Risk Management Overview

Risk management, including ensuring compliance with regulatory requirements, is critical to the success of the Firm. Understanding and managing risk is essential for making fully informed business decisions and to meet our objectives, whilst meeting the needs of our different stakeholders, customers, and the market.

The Firm considers that a positive risk culture is an essential element of effective risk management and promotes it through:

- Consistent tone from the Board and senior managers on the importance of risk management, including clear guidance on what levels of risk are deemed to be acceptable within approved risk appetite
- Good conduct and the values underpinning decision making, in particular, the expectation that staff do the right thing for the Group, its clients, the market, or wider stakeholder groups
- Risk management, compliance and good conduct are assessed within remuneration awards, with risk-adjustments where standards are not met
- Open, honest and diverse discussion on risk matters, such as risk events, is encouraged to allow the continuous improvements in its understanding and treatment of risks and harms
- Risk management is embedded in the day-to-day activities, with sufficient resource and experience employed to undertake this effectively, while assessing impact on strategic objectives
- Group and local entity policies, supplemented with regular training and risk inductions for new staff; and
- Clear ownership and accountability for risk management through role descriptions and statements of responsibility under the Senior Managers and Certification Regime (“SMCR”) where applicable

The Firm operates a group risk framework (“GRF”)”) facilitating robust risk management across the Firm in view of achieving its strategic objectives

The fundamental risk management requirements included in the GRF are:

- A positive attitude to risk management in line with the values
- Clear roles and responsibilities
- A clear statement of risk appetite, linked to the firm’s strategic objectives
- Robust policies and procedures to manage material risks
- An effective control environment to manage material risks within appetite

- Processes to identify, assess, act, monitor and report on risk exposures in line with the appetite requirements
- Oversight from the board on management of risk and issues, which in turn facilitate good governance

Collectively, this provides an environment where staff understand that everyone has a responsibility for managing risks throughout the group and working collaboratively and constructively to stay within group risk appetite.

The Firm operates a standard Three Lines Model promoting clear roles and responsibilities, collaboration and multiple layers of assurance:

- The first line ("1L"), comprises the functional business and support functions, who own and manage the risks to the Firm, its clients and the market. The 1L is accountable and responsible for identifying, assessing and monitoring the risks arising in the business.
- The second line ("2L"), comprises the Risk and Compliance departments. The 2L provides independent advice to the first line on its management of risks, oversees and operates the risk management framework, provides challenge to first line management of risk and provides independent assurance to the Board that the firm is operating within risk appetite
- The third line ("3L"), comprises the Internal Audit department. The 3L provides independent assurance on the risk management framework and the systems and controls operated by the Firm to manage risks to within acceptable levels across 1L and 2L.

The expertise across all three lines, in conjunction with the independence of second and third lines, provide a high level of assurance on risk management activities and the control environment within the Firm.

The Internal Capital Adequacy and Risk Assessment ("ICARA") is integrated within the Firm's risk management approach. This ongoing process, which includes assessment of severe but plausible events and stress tests, enables the Firm to set out its capital and liquidity requirements and ensure that the Firm is able to meet the Overall Financial Adequacy Requirement ("OFAR").

4. Capital Adequacy

The Firm is required to maintain sufficient capital resources at all times. Own Funds describes the available capital resources of the Firm, and Own Funds Requirement describes the capital resources required because of the business activities of the Firm.

A fuller breakdown of regulatory own funds, a reconciliation of own funds to the balance sheet in the audited financial statements of the Firm and a description of the main features of the capital instruments held by the Firm are presented within Section 7, "Appendices".

4.1. Own Funds

The table below shows the Tier 1 capital, specifically Common Equity Tier 1 (CET1) capital and Tier 2 capital held by the Firm as at 31st March 2024. The Firm does not hold any Additional Tier 1 capital.

Peel Hunt LLP Own Funds	**£'000s**	**£'000s**
Members Capital	88,840	
Deductions*	(1,957)	
CET 1 Capital		**86,884**

Subordinated Loan	15,000	
Tier 2 Capital		**15,000**
Total		**101.884**

* Deductions comprise £808k of intangible assets and prudential valuation adjustments, plus £1,148k of current and prior year losses.

5. Own Funds Requirement

The Firm's Own Funds Requirement is calculated in accordance with MIFIDPRU 4.3, which states that the Firm's Own Funds Requirement is the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4;
- its fixed overheads requirement under MIFIDPRU 4.5;
- its K-factor requirement under MIFIDPRU 4.6

A summary of these requirements is shown within the table below.

As at 31 March 2024	£'000s	£'000s
Permanent minimum requirement (PMR)		750
Fixed overhead requirement (FOR)		20,342
Sum of K-factor requirement		
K-AUM, K-CMH and K-ASA	290	
K-COH and K-DTF	421	
K-NPR, K-CMG, K-TCD and K-CON	16,524	17,235
Own Funds Requirement (maximum of PMR, FOR and K-Factor requirement)		**20,342**

5.1. Assessing the Adequacy of Own Funds

The Firm assesses the adequacy of its Own Funds in accordance with the prescribed permanent minimum capital, fixed overheads and applicable K-factor requirements. In addition, the Firm undertakes an assessment of its Own Funds Requirement via the ICARA to identify additional requirements from (i) the material risks associated with ongoing business operations and (ii) the ability to facilitate an orderly wind-down of the business. The Own Funds Requirement is formally reviewed, challenged and approved by the Board.

The Firm has assessed its additional Own Funds Requirement and holds sufficient capital resources to meet the OFAR.

6. Remuneration

The Firm is required to make the following regulatory remuneration disclosures pursuant to MIFIDPRU 8.6. The Firm is classified under MIFIDPRU as a large and non-SNI (Small Non-Interconnected) MIFIDPRU investment firm. These disclosures are reviewed and updated on an annual basis and published on Peel Hunt's website following publication of its annual report and accounts. These disclosures will be updated more frequently, if required, following significant changes to the business of Peel Hunt. For the year ended 31 March 2024 these disclosures represent an annual update.

6.1. Peel Hunt Remuneration Policy

The Firm's Remuneration Policy ("Policy") outlines the approach to remunerating its employees and is designed to ensure alignment with the business strategy, objectives and long-term interests of the Firm. The Policy considers:

- the firm's risk appetite and strategy, including environmental, social and governance risk factors;
- and the firm's culture and values; and
- the long-term effects of the investment decisions taken

The Firm's compensation processes are aligned with our core values; encourage greatness, empower each other, only accept excellence and do the right thing. This alignment is a key element considered as part of the performance measurement process.

The Policy is designed to align with Chapter 19G of the MIFIDPRU Remuneration Code as set out in the Senior Management Arrangements, Systems and Controls ("SYSC"), ("SYSC 19G", or the "Code"), and any associated regulations and guidance. The Policy is applicable (where relevant) to current and former employees, executive and non-executive directors, permanent or temporary employees as well as interns and secondees.

Peel Hunt operates a gender-neutral remuneration policy, based upon principles of equal remuneration of all employees for equal or equivalent work.

6.2. Remuneration Governance

The Firm has established a Remuneration Committee ("Committee") whose purpose is to oversee, the Firm's remuneration (all employees including executive directors and senior executives), and the review and recommendation of the remuneration-related policies to the Board. The Committee ensures remuneration for all employees is consistent with the Firm's culture and risk appetite and in alignment to Peel Hunt's business objectives, values, risk appetite, regulatory compliance and the long-term, sustainable success of the business, recognising the interest of all relevant stakeholders.

The Committee comprises independent non-executive directors. The duties of the Committee are delegated and agreed by the Board and governed by its Terms of Reference, which are reviewed annually. The Committee's main purpose is to consider and agree the principles, parameters and governance framework of an appropriate Remuneration Policy for all employees. In so doing, the Committee reviews all remuneration related policies at least annually. The Committee has specific responsibility for the identification and remuneration of Material Risk Takers, compliance with applicable remuneration regulations, determining remuneration for senior executives, setting workforce remuneration policies, and the approval and oversight of remuneration risk adjustments to ensure the alignment of variable remuneration outcomes with Peel Hunt's culture and values.

During the period, the Committee reported to the Board and received external advice on remuneration related matters from Deloitte, in their capacity as remuneration advisor to Peel Hunt.

The Committee meets at least four times a year and more frequently, if necessary. For the year ended 31 March 2024 the Committee met eight times. During the period, the Committee membership and attendance was as follows:

Name	Role	Meetings attended/possible	Attendance %
Maria Bentley	Independent Non-Executive Director	8/8	100%
Liz Blythe	Independent Non-Executive Director	7/8	88%
Richard Brearley	Independent Non-Executive Director	8/8	100%

6.3. Identification of Material Risk Takers

The Firm has established a formal Material Risk Taker ("MRT") identification framework, consistent with the Code to identify employees whose professional activities have a material impact on the Firm's risk profile, to whom specific remuneration arrangements must apply.

The identification framework complies with the criteria set out in the Code and takes into consideration any additional internal criteria that may be required. The identification criteria cover groups of individuals such as:

- Members of the management body in its management function (executive)
- Members of the management body in its supervisory function (non-executive)
- Members of executive senior management
- Staff members who have managerial responsibility for business units that provide regulated activities (arranging and dealing in investments)
- Staff members who have managerial responsibility for the activities of Risk and Compliance and Internal Audit ("Control Functions")
- Staff members who have managerial responsibility for the prevention of money laundering and terrorist financing
- Staff members with managerial responsibility for a specific risk category
- Staff members with managerial responsibility for information technology, information security and outsourcing arrangement of critical or important functions
- Staff members with authority to take decisions approving or vetoing the introduction of new products

The Firm applies the FCA guidance to also identify heads of Investment Research and heads of trading or broking desks. The firm-specific criterion captures individuals who have total remuneration equal to or greater than the lowest total remuneration of the individual(s) with managerial responsibility for the relevant business area.

The identification framework is reviewed on an annual basis in line with the IFPR Remuneration Rules and following a consultation between the Chief Executive Officer, Chief Financial & Operating Officer, HR, Risk and Compliance and any other relevant parties, with the outcome of the review subject to the approval by the Remuneration Committee. All newly identified MRTs are then notified of their status and the implications in writing.

6.4. Link Between Pay and Performance

The annual performance appraisal process helps to ensure that variable remuneration awarded to employees is based on a combination of the assessment of the performance of the individual and the LLP's performance. Both financial and non-financial criteria are considered, including but not limited to managing risk, control effectiveness, and environmental, social and governance (ESG) factors. Importantly consideration of an individual's conduct is also considered (conduct risks are logged into a system) to ensure individuals demonstrate prudence, sound judgement, and appropriate and timely escalations in the management of all types of risk applicable to their role.

Performance is assessed against individual objectives and against firm-wide criteria, resulting in one of four rating outcomes for both an individual's performance and conduct:

- Exceptional;
- Meets Role Requirements;
- Improvement Required; or
- Unsatisfactory

The ratings assessments are calibrated across the Firm to ensure consistency and fairness and as part of the compensation review process, awards are reviewed against ratings to ensure parity. Performance objectives are role specific and differ from individual to individual. Performance objectives are set by the individual and their manager annually as part of the appraisal process.

6.5. Risk Adjustment

The Firm's Risk Adjustment Policy is designed to promote sound and effective risk management and behaviour, ensuring that remuneration outcomes take into account current and future risks, consistent both with Peel Hunt's risk-based remuneration policy, and with wider business strategy and risk appetite. The Policy outlines the framework by which risk adjustments are made to variable remuneration awarded to all employees.

6.6. Remuneration Structures

There are several forms of remuneration offered by the Firm to its employees. The remuneration structure comprises a base salary and benefits and may also include a variable payment in the form of an annual bonus award dependent on the individual and the Firm's performance. In addition, Peel Hunt may, from time to time, award Shares or grant Share Option Awards to employees

6.7. Fixed Remuneration

Employees of Peel Hunt receive a base salary paid monthly, net of any applicable taxation (including national insurance contributions). The base salary primarily reflects an employee's professional experience and organisational responsibility as set out in the employee's job description and terms of employment. The fixed component for all employees is set based on internal ranges, external market data and overall financial affordability of the Firm. Base salaries are reviewed as part of the annual appraisal process.

6.8. Benefits and Allowances

The firm offers various benefits to all employees on the same basis. These include, but are not limited to, permanent health insurance, season ticket loans and medical insurance. The Firm does not currently offer any additional fixed allowances or role-based allowance to employees. The HR function is responsible for the ongoing monitoring and assessment of the Firm's benefits offering to ensure it remains aligned to market expectations, provides value for money for the Firm and remains appropriate to attract and retain high performing talent.

6.9. Pension Contributions

The firm provides a Self-Invested Personal Pension (SIPP) which is a defined contribution scheme open to all employees. Employees are automatically enrolled in the scheme per Peel Hunt's auto-enrolment obligations but may opt out. Those who are impacted by annual or lifetime pension allowance limits may opt to receive a cash allowance in lieu of pension, which is paid in monthly instalments. No discretionary pension benefits shall be paid to any employee.

6.10. Variable Remuneration

Annual Bonus Award

Annual bonus awards can be delivered in two main forms: a cash bonus delivered up-front subject to clawback, and/or a deferred bonus delivered in shares subject to vesting conditions.

The amount available for annual bonus in any year is determined with reference to the Firm's profit before taxation and is available for distribution across all areas of the Firm. The Committee will, at its sole discretion, adjust annual bonus amounts to ensure that remuneration is appropriate and reflective of performance-related and risk-adjustment factors following input from the Firm's Risk and Compliance, Internal Audit and HR departments.

Annual bonus awards relating to MRTs are proposed by senior management to the Remuneration Committee for approval. Both financial and non-financial aspects of an individual's performance are considered when determining awards.

Employees may be considered for the receipt of discretionary annual bonus awards, to share in the success of achieving Peel Hunt's business targets and rewarding individual discretionary effort and high performance in the aim of linking pay for performance.

In addition to the aggregate amount available for annual bonus awards, determined with reference to the Firm's profit, employee awards are further based upon individual and/or business area performance assessments. The aggregate amount available for annual bonus awards will reduce for any year where business performance is weak, potentially to nil given its formulaic nature. To support the Remuneration Committee's approval of variable remuneration awards, the Control Functions present their assessment of the performance year to the Committee to ensure that remuneration outcomes are aligned with the Firm's risk appetite, and both actual and potential future risks. Similarly, Finance presents their assessment of the Firm's financial position to ensure that proposed payments are sustainable given regulatory capital and liquidity requirements.

Equity Incentives

The Firm may award Shares or grant Share Option awards to employees under the Firm's Long Term Incentive Plan or the Deferred Bonus Plan in the form of Performance Shares, Restricted Shares or Deferred Bonus awards. The Remuneration Committee retains ultimate oversight and discretion over all equity incentives awarded. The nature of such awards including the granted quantum, the vesting period, performance conditions and expiry date (if any) shall be determined at the Committee's discretion, taking into account the appropriate tax and valuation aspects of such awards.

Risk Adjustment of Variable Remuneration

The Remuneration Committee retains ultimate oversight and discretion of all variable remuneration awarded. Peel Hunt's Risk Adjustment Policy outlines the framework by which risk adjustments are made to variable remuneration awarded to all staff. Risk adjustments can either by 'ex-ante' ('before the event'), to take account of future exposures, or 'ex-post' ('after the event') in response to a crystallised risk event.

The Firm may apply ex-post risk adjustment if it becomes aware of information that would either impact an 'in-year' variable remuneration decision or has affected a past decision about an individual's variable remuneration in the prior three years. Events which may trigger an ex-post adjustment include, but are not limited to, material risk failings, audit findings, risk appetite breaches and employee misbehaviour or misconduct cases. In addition to the application of ex-post risk adjustment following the crystallisation of specific risk events, the Firm also takes account of intrinsic risks inherent in its business activities and the potential for future unexpected losses through several ex-ante risk adjustment measures. These include:

- a risk-based approach to aggregate decisions regarding variable remuneration, ensuring that such awards do not negatively impact the Firm's liquidity position, nor limit the Firm's ability to maintain its capital base. Consideration of current and future risks throughout the remuneration cycle evidenced by Control Function input into Remuneration Committee discussions; and
- the use of performance criteria (not limited to but including FCA requirements, the Firm's values and staff objectives) in the performance assessment process to align risk and performance with individual reward, including information and outcomes from ongoing Risk and Compliance and HR processes.

All variable remuneration awards are subject to the firm's malus and clawback provisions regardless of MRT status.

The structure of annual variable remuneration for MRTs complies with the Code and may be comprised of upfront cash and deferred equity awards. The Firm expects deferred incentive awards to constitute a significant proportion of MRT's variable compensation and to be designed to align to the business strategy, objectives and long-term interests of the Firm. The following structure applies to MRTs:

- At least 50% of variable remuneration is paid out in equity awards
- At least 40% of variable remuneration is deferred for three years where the variable remuneration is less than £500,000 or at least 60% is deferred where the variable remuneration is equal to or greater than £500,000
- The vesting of this variable remuneration is no earlier than annual proration over 3 years with the awards subject to a 6-month holding period during which the awards are retained and cannot be sold.

Peel Hunt will not pay guaranteed variable remuneration to MRTs unless:

- awards are exceptional in nature and occur only in the context of hiring or retaining staff;
- are limited to the first year of service; and
- Peel Hunt has sufficient surplus capital resources.

Guaranteed variable remuneration awarded to MRTs is subject to the same requirements applicable to variable remuneration awarded by Peel Hunt to MRTs, including, but not limited to, the deferral requirements, malus and clawback.

The Firm's intention is to align with the regulatory expectation that guaranteed variable awards should not be common practice for MRTs, and should be limited to rare, infrequent occurrences.

Retention awards are only paid to MRTs in the following circumstances in alignment with the Code:

- after a defined event; or
- at a specified point in time.

Peel Hunt ensures that severance payments to MRTs relating to the early termination of an employee contract reflect the individual's performance over time and do not reward failure or misconduct.

For buy-out awards, the firm ensures that remuneration packages relating to compensation for, or buy-out from, a MRT's contracts in previous employment:

- align with the long-term interests of the firm; and
- contain provisions on periods of retention, deferral, vesting and ex post risk adjustment that are no shorter than any corresponding periods that applied to unvested variable remuneration under the previous contract of employment, and which remained outstanding

The Firm's Risk Adjustment Policy outlines the framework by which risk adjustments are made to variable remuneration awarded to all employees. The Policy is designed to align with all relevant regulatory remuneration provisions of the Code. Risk adjustments may either be 'ex-ante' to take account of future exposures, or 'ex-post' in response to a crystallised risk event.

The Firm may apply ex-post risk adjustment if it becomes aware of information that would either impact an 'in-year' variable remuneration decision or have affected a past decision about an individual's variable remuneration in the prior three years.

A comprehensive list of events which may trigger a risk adjustment are contained within the Risk Adjustment Policy. This list includes misconduct, risk failings or poor performance which lead to the crystallisation of a risk event.

All variable remuneration awarded to MRTs contain provisions that allow for clawback of any variable remuneration that is either paid or delivered. Cancellations and clawbacks of previously awarded variable remuneration are reviewed in the risk adjustment meeting (a meeting of senior management currently composed of the Firm's Chief Executive Officer, Chief Financial & Operating Officer, Chief Risk Officer, HR Director, Chief of Internal Audit, Head of Group Compliance and the Principal, Reward) and reported to the Remuneration Committee annually. The Remuneration Committee have ultimate oversight and discretion to review and approve the risk adjustment meeting's variable remuneration proposals. The Committee may make further adjustments on an individual and or collective basis if it sees fit to do so.

6.11. Ratio Between Fixed and Variable Remuneration

The Company's policy on the ratio between fixed and variable compensation is to allow for flexibility, whilst recognising the need to ensure that compensation is appropriately balanced between the fixed and variable elements. An appropriate ratio of fixed compensation to variable compensation was determined and approved by the Committee and applied to all MRT employees according to the Code.

6.12. Control Functions

Fixed remuneration is set to ensure that Control Function staff are remunerated adequately to attract qualified and experienced staff, including employees carrying out Control Function roles.

To ensure Control Function independence and mitigate conflicts of interest, the variable remuneration outcomes for Control Function staff of Peel Hunt LLP are assessed considering their performance against the objectives and success of the Control Function, and the overall profitability of Peel Hunt LLP.

All Control Function staff have appropriate authority and are independent from the business lines they oversee.

To strengthen the independence of the Control Functions from the business lines they oversee, the Committee review and approve the performance objectives and remuneration (as recommended by the Chair of either the Risk or Audit Committees where relevant). This is in respect of the Chief Risk Officer, Head of Group Compliance and the Chief of Internal Audit roles.

6.13. Aggregate Quantitative Remuneration Disclosure

The following tables set out aggregate quantitative information on remuneration of all staff as at 31 March 2024, among which 30 are Material Risk Takers. Fixed compensation includes base salary and in the case of non-executive directors, any base fee paid in respect of services provided during the year. Variable compensation includes cash bonuses in respect of performance during the year and the grant date fair value of any other discretionary awards granted in respect of the financial year.

For the year ended 31 March 2024 – Aggregate fixed and variable remuneration GBP £ 000s	Senior management	Other MRTs	Other Staff	Total
Fixed Remuneration	3,515	2,888	31,138	40,541
Total Variable Remuneration	1,019	252	3,827	5,099
Of which: Cash-based	-	-	787	787
Of which: non-deferred	-	-	787	787
Of which: deferred	-	-	-	-
Of which: Shares or equivalent ownership interests	1,019	252	3,040	4,312
Of which: non-deferred	-	-	-	-
Of which: deferred	1,019	252	3,040	4,312
Of which: other instruments	-	-	-	-
Of which: non-deferred	-	-	-	-
Of which: deferred	-	-	-	-
Total Remuneration	4,535	3,140	37,965	45,640
Number of MRTs	16	14		
Number of Staff[1]			316	346

[1] The total number of staff includes any active employees for the period of 1 April 2023 to 31 March 2024 that received fixed and/or variable remuneration.

6.14. Deferred Remuneration

The following table sets out the movement in the fair value of outstanding deferred remuneration during the year ended 31 March 2024 in respect of MRT staff. If applicable, grant date fair values have been used throughout the table.

For the year ended 31 March 2024– Aggregate deferred remuneration GBP £ 000s	Senior management	Other MRTs
Deferred compensation awarded during the year	1,019	252
Paid out during the year	-	-
Outstanding deferred compensation	400	2,885
• Of which the amounts that have been withheld as a result of performance	0	0

6.15. Exemption Provision to Material Risk Takers

The following table sets out those MRTs for whom the exemption in SYSC 19G.5.9R(2) applied in relation to a material risk taker where the individual's annual variable remuneration (i) does not exceed £167,000; and (ii) does not represent more than one-third of the individual's total annual remuneration. For these MRTs the following provisions do not apply:

a) SYSC 19G.6.19R to SYSC 19G.6.21G (shares, instruments and alternative arrangements);
b) SYSC 19G.6.22R and SYC 19G.6.23G (retention policy); and
c) SYSC 19G.6.24R to SYSC 19G.6.29R (deferral).

The Firm has not made use of these exemptions for the year ended 31 March 2024.

6.16. Sign-on and Severance Payments

During the year ended 31 March 2024, there were no sign-on, guaranteed or severance payments made to MRTs. There were no other special payments made to MRTs.

7. Appendices

7.1. Own Funds Templates

		31/03/2024 £'000	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**101,844**	
2	**TIER 1 CAPITAL**	**86,844**	
3	COMMON EQUITY TIER 1 CAPITAL	86,844	
4	Fully paid up capital instruments	88,840	1E
5	Share premium		
6	Retained earnings	(1,188)	2E
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**	**(808)**	
19	CET1: Other capital elements, deductions and adjustments	(808)	2A, 5A, 1L
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**	**15,000**	
26	Fully paid up, directly issued capital instruments	15,000	5L
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

7.2. Balance Sheet Reconciliation

Peel Hunt LLP		Balance sheet as in published / audited financial statements 31/03/2024 £'000	Under regulatory scope of consolidation 31/03/2024 £'000	Cross reference to template OF1
	Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*			
1A	Property, plant and equipment	6,513		
2A	Intangible assets	714	714	19
3A	Right-of-use assets	13,499		
4A	Deferred tax asset	-		
5A	Securities held for trading	58,851	59	19
6A	Market and client debtors	547,343		
7A	Trade and other debtors	26,617		
8A	Cash and cash equivalents	32,414		
	Total Assets	**685,951**		
	Liabilities - *Breakdown by liability classes according to the balance sheet in the audited financial statements*			
1L	Securities held for trading	35,305	35	19
2L	Market and client creditors	504,392		
3L	Amounts due to members	-		
4L	Trade and other creditors	6,427		
5L	Loans and Borrowings	18,000	15,000	26
6L	Lease Liability	18,467		
7L	Provisions	708		
	Total Liabilities	**598,299**		
	Shareholders' Equity			
1E	Members' share capital	88,840	88,840	4
2E	Distributable Reserves	(1,188)	(1,188)	6
	Total Shareholders' equity	**87,652**		

7.3. Description of Common Equity Tier 1 and Tier 2 Instruments Issued

Tier 1 Instruments

1	Issuer	Peel Hunt LLP
2	Unique identifier	N/A
3	Governing law(s) of the instrument	English law
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Limited Liability Partnership Capital
8	Amount recognised in regulatory capital	£88.84m
9	Par value of instrument	£88.84m
10	Accounting classification	Shareholders' equity
11	Original date of issuance	10/12/2010
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating dividend
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down feature	N/A
31	If write-down, write-down trigger(s)	-
32	If write-down, full or partial	-
33	If write-down, permanent or temporary	-
34	If temporary write-down, description of write-up mechanism	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	

Tier 2 Instruments

1	Issuer	Peel Hunt Partnership Group Limited
2	Unique identifier	N/A
3	Governing law(s) of the instrument	English law
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Dated Fixed Rate Subordinated Loan
8	Amount recognised in regulatory capital	£15.00m
9	Par value of instrument	£15.00m
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	16/12/2021
12	Perpetual or dated	Dated
13	Original maturity date	30/09/2030
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	7%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-
30	Write-down feature	No
31	If write-down, write-down trigger(s)	-
32	If write-down, full or partial	-
33	If write-down, permanent or temporary	-
34	If temporary write-down, description of write-up mechanism	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	All liabilities except subordinated liabilities
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	