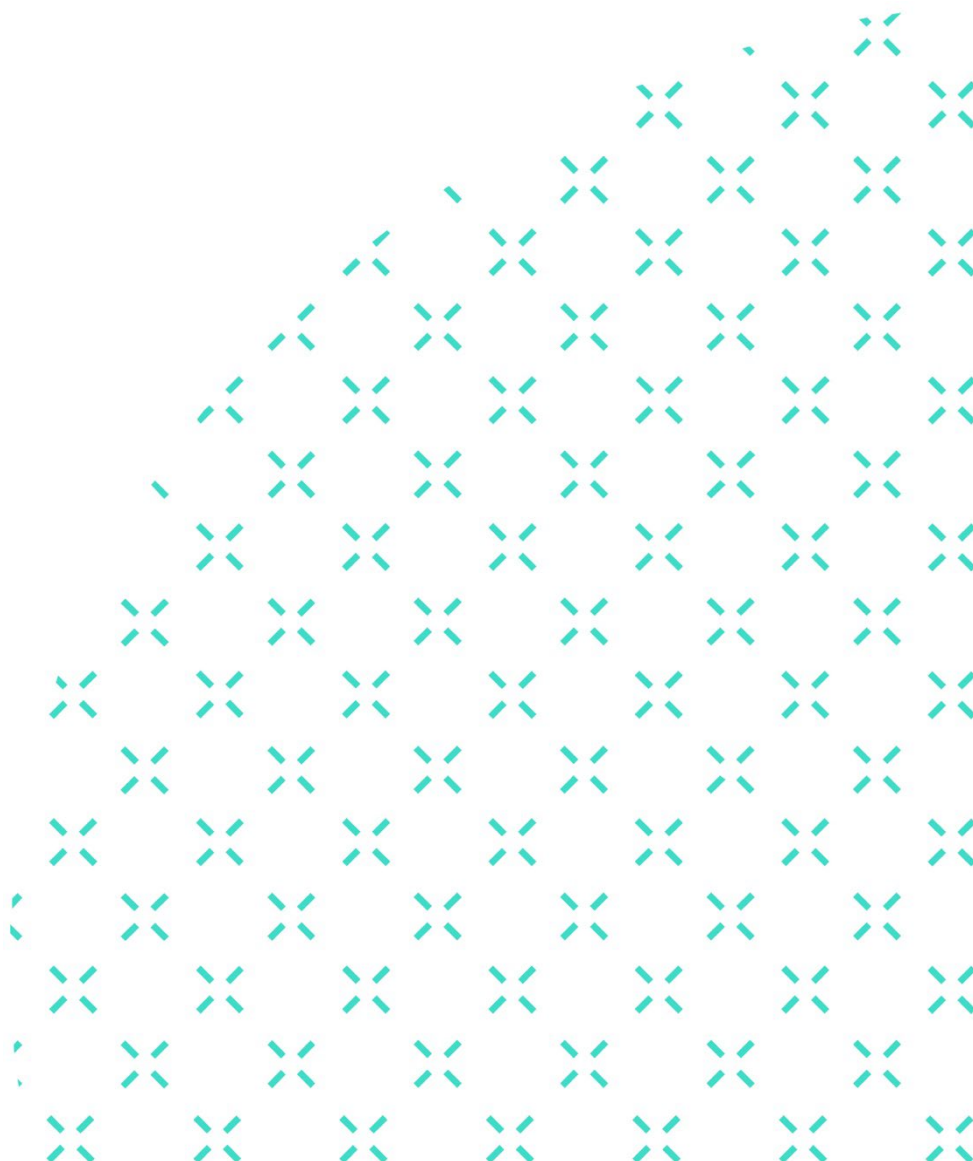




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**St. James's Place  
Investment Administration  
Limited**

**Investment Firms Prudential Regime  
Regulatory Disclosures 2024**



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# 1 Introduction

This regulatory disclosure report for St. James's Place Investment Administration Limited ("SJPIA" or the "Company") has been prepared in line with the requirements of the Investment Firms Prudential Regime (IFPR), which came into force on 1 January 2022. These requirements are set out in chapter 8 of the MIFIDPRU section of the Financial Conduct Authority's handbook, and require us to report annually on our:

- risk management objectives and policies
- governance arrangements
- own funds and capital requirements
- remuneration policy and practices

This report has been prepared on a solo-entity basis for SJPIA, based on information as at 31 December 2024, and supplements information provided in the Company's Annual Report and Accounts for the year (the "Company Report & Accounts"), a copy of which can be found at <https://find-and-update.company-information.service.gov.uk/company/08764231/filing-history>

SJPIA is part of the wider St. James's Place group of companies, headed up by St. James's Place plc (the "Group"), and relevant information about the Company's business is also provided in the St. James's Place Plc Annual Report and Accounts for the year ended 31 December 2024 (the "Group Report & Accounts"), a copy of which can be found at <https://www.sjp.co.uk/shareholders/reports-presentation-and-webcasts>.

Where appropriate we will refer readers to these additional documents.

This disclosure report has been reviewed internally and approved by the Board of SJPIA. It has not been externally audited, except to the extent that it reproduces information also included within the Company Report & Accounts or the Group Annual Report & Accounts.

These disclosures do not constitute financial statements and should not be relied upon in making judgements about SJPIA, or for any other purpose other than that for which they are intended.

## **2 Background**

### **St. James's Place plc**

St. James's Place plc is a financial advice business. We provide holistic financial planning and wealth management services, working in partnership to plan, grow and protect clients' financial futures. Our services are delivered exclusively by a team of highly skilled advisers within the St. James's Place Partnership. We want our clients to feel confident about their finances, so we provide a broad range of products and services to meet their needs, both for today and for the future.

To complement the provision of sound, long-term financial advice we have a distinctive investment management approach, where we design and build our own range of investment funds and portfolios, but contract some of the world's best external managers to manage them.

We aim to give all of our stakeholders the confidence to create the future they want.

### **St. James's Place Investment Administration Limited**

SJPIA is an investment firm which administers investments in the Group's range of unit trusts, both UK UCITS funds and NURS funds, and acts as an ISA manager.

SJPIA is a wholly owned subsidiary of St. James's Place Wealth Management Group Limited, which in turn is a wholly owned subsidiary of St. James's Place plc (SJP), the ultimate parent company of the Group. An overview of the Group structure, and SJPIA's role within this, is included in the Strategic Report within the Company Report & Accounts.

SJPIA is domiciled in England and Wales (Company Registration No. 08764231) and its registered address is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP.

SJPIA is authorised in the UK by the Financial Conduct Authority (FCA). Under the rules set out in the MIFIDPRU section of the FCA rulebook, SJPIA is classed as a "non-SNI MIFIDPRU investment firm" (i.e. it is not considered to be small and non-interconnected).

## **3 Governance arrangements**

### **3.1 Group governance**

The business performance of each of the regulated entities within the Group, including SJPIA, is ultimately linked with that of the Group as a whole and the majority of risks impact more than one of the regulated entities. The governance structure is designed to reflect this high level of integration and interconnectedness, with the business of the Group being governed by a unified Group board committee structure at holding company level (SJP plc).

The Board of Directors of SJP plc (the Group Board) sets the strategic direction for, and the risk appetite of, the Group. The Board reserves a number of matters to itself but delegates certain responsibilities to board committees, whose members are non-executive directors. The Board delegates the day-to-day running of the Group, and the development of strategy for the Board's approval, to the Chief Executive Officer (CEO). Whilst the CEO remains accountable for those matters delegated to him, he has appointed a Group executive committee (the GEC) to support him in fulfilling his responsibilities. The GEC comprises the Executive Directors of the Group Board and other members of senior management. The CEO has delegated to the members of the GEC individual responsibility for the principal divisions and functions within the Group, providing clear and effective delegations of authority and reporting structures.

In line with the centralised governance structure, the key functions are organised as Group functions, ensuring consistent implementation of systems and procedures across the Group.

Further information on the Group Board and the Group's System of Governance is provided in the Corporate Governance Report within the Group Report & Accounts.

### **3.2 SJPIA entity-level governance**

SJP's key governance, strategy, planning and risk management processes, and, to a large extent, senior operational management, operate at a Group level rather than at the level of the individual subsidiaries. However, the Group Board is cognisant of the fact that the subsidiary entities are subject to differing regulatory requirements reflecting the nature of their activities and domiciles, and due care and attention is also given to governance of the separate legal entities.

In particular, certain decisions and key matters must be considered directly by the Board of SJPIA. Such matters include:

- those required by law (e.g. matters under the Companies Act 2006 (such as dividend payments) and accounting and auditing legislation (such as approving annual accounts));
- those required by regulators (e.g. approval of relevant internal capital assessments and regulatory disclosures); and
- other commercial matters the directors of SJPIA deem, in view of their fiduciary duties, they should consider directly (e.g. entering into key agreements).

SJPIA is not required to maintain its own entity level Audit, Nomination, Risk and Remuneration Committees; these committees operate at a Group level.

The members of the SJPIA Board are shown in the following table, which also contains details relating to the number of directorships they hold outside of the SJP group:

Table 1: Number of external directorships held			
	Executive Directorships	Non-Executive Directorships	Total
Anthony O'Riordan	0	4	4
Ian MacKenzie	0	4	4
Charles Woodd	0	4	4

The SJPIA Board has in place procedures for the management of conflicts of interest. In the event a Director becomes aware of an actual or potential conflict of interest, they must disclose this to the SJPIA Board immediately. The SJPIA Board then considers the potential conflict of interest based on its particular facts and decides whether to authorise the existence of the potential conflict and/or impose conditions on such authorisation if it believes this to be in the best interests of the Company. Internal controls also exist to conduct regular checks to ensure that the SJPIA Directors have disclosed material interests appropriately. Additionally, the SJPIA Board receives its conflict of interest register at each of its meetings for review and approval.

SJPIA is subject to the UK's Senior Managers and Certification Regime and has allocated Senior Management Functions and Prescribed Responsibilities to its senior managers. The segregation of their duties and responsibilities are reflected in the Management Responsibilities Map for relevant staff (as well as in Statements of Responsibility and job descriptions).

In line with the centralised governance structure, key policies are set at Group level ensuring a consistent approach across the Group.

### 3.3 Inclusion and diversity policies

SJP believes in the value of difference and as such it views inclusion and diversity as central to its approach and to the future success of the business. The benefit of diversity of thought is not achieved simply by meeting targets, however, and the Group Board and Group Nomination and Governance Committee are cognisant that the underlying committees and subsidiary boards will broadly be reflective of the overall diversity across the Group. Each of those committees and boards such as SJPIA, will have smaller memberships (where individual changes could have material impacts on diversity ratios) and could require specific skills or experience which are vested in a smaller subset of existing Directors and managers.

The Group's approach to inclusion and diversity, including objectives and targets is set out in the Group's Inclusion and Diversity Policy which is available to view at <https://www.sjp.co.uk/about-us/inclusion-diversity>.

## 4 Risk management

### 4.1 Overview

The Risk Management Framework, which is supported by a Risk Management Policy, applies consistently across the Group including to SJPIA as an individual entity. Overarching information about this is included within the *Risk and Risk Management* section of the Group Report & Accounts. The ultimate objective is to ensure that all potentially material risks of harm – to clients, the wider market, and the Company itself – are identified, assessed, managed, and monitored. Where action (such as the implementation of operational controls) may be insufficient to manage a particular risk, the Company holds appropriate financial resources to mitigate the risk which remains.

### 4.2 Risk management structure and operations

SJPIA's risk management structure is set up as a 'three lines of defence' model. Business units forming the 'first line' are responsible and accountable for risk management. Risk and compliance functions make up the 'second line' to provide oversight and challenge, with independent assurance from the 'third line' internal audit function.

The Group Board and the boards of the subsidiary entities, including the SJPIA Board, have responsibility for the risks relating to their respective entities. These risks are monitored on a regular basis by the Group Board's Risk Committee, which also serves as the Risk Committee for SJPIA. Additional information on the activity of the Group Risk Committee can be found within the *Report of the Group Risk Committee* section of the Group Report & Accounts.

The Risk Management function operates at Group level, led by the Group Chief Risk Officer. The Chief Risk Officer is assisted by the Risk Oversight Group which comprises senior management from across the organisation, to assist the Chief Risk Officer in oversight of the effectiveness of the Group's Risk Management Framework. Across this risk management structure explicit consideration is given to individual entities, including SJPIA, and risk reporting is provided on both a Group and entity-level basis. This includes the completion of the ICARA for SJPIA, which is discussed later in this section.

### 4.3 Risk appetite

Risk appetite is an expression of how much risk the Board is willing to take in pursuit of its strategic objectives. Detail on how risk appetite is set is provided in the *Risk and Risk Management* section of the Group Report & Accounts under 'Our risk appetite'. The Group statement is adapted for the various subsidiaries, including SJPIA, based on their individual risk profile and responsibilities in the context of the wider Group.

SJPIA considers its risk appetite for each principal risk area, including operational risks such as cyber risk as outlined within the 'Principal Risks and Uncertainties' table in the *Risk and Risk Management* section of the Company Report & Accounts. In general, SJPIA seeks to minimise risks through the implementation of a robust control framework and, where necessary, through holding additional own funds or liquid assets to mitigate residual risk to an appropriate level.

### 4.4 Individual Capital and Risk Assessment (ICARA)

The ICARA process is directed by the SJPIA Board and is a key part of the Risk Management Framework for SJPIA. It comprises an ongoing assessment of SJPIA's risk exposures and corresponding financial resource requirements, and supports risk mitigation, strategic planning, and capital and liquidity management activities. The annual summary ICARA document brings together outputs from risk management activity to inform and agree financial resource requirements (covering both capital and liquidity).

In summary, the ICARA framework consists of the following risk management objectives:

- Identifying the **risk profile** of SJPIA in the context of its business model and strategy, and its ability to cause harm to its clients, the wider market, and the firm itself;
- **Assessing risks of harm** in accordance with the Risk Management Framework, incorporating consideration of the firm's risk appetite;
- **Reviewing the efficacy of mitigations** in place to prevent potential harm, and assessing if further controls are required or if additional financial resources are necessary to mitigate residual risk;
- Assessing the **adequacy of SJPIA's financial resources** to ensure they enable the firm to minimise the risk of harm and remain solvent and liquid under severe but plausible conditions;
- Undertaking **recovery and resolution planning**, including assessment of financial resources required to conduct an orderly wind-down of the firm if required;
- **Projecting the resulting financial resource requirements** alongside expected resources based on strategic business plans and risk profile;
- **Monitoring compliance** with the financial resource requirements; and
- **Reporting conclusions and findings** from ICARA processes to the Board (and on request to the regulator).

SJPIA holds sufficient capital and liquidity to ensure that it can continue to provide services to clients and mitigate risk of harm even under severe but plausible conditions. SJPIA's financial position is monitored against the regulatory financial resource requirements on an ongoing basis. Stress and scenario testing of key financial drivers and reverse stress testing is carried out to understand and manage any business model weaknesses.

In line with regulatory requirements, SJPIA's own funds requirement is also considered in the unlikely event that the Company had to be wound down. This assessment focusses on the potential risk of harm to clients and the wider market during, and as a result of, the resolution process. To ensure that the Company could be wound down in an orderly fashion, additional own funds and liquid assets are held on top of those required under the basic regulatory methodology.

#### 4.5 Risk profile

Information gained through the ICARA process about the risk profile of the business, and the principal risks and uncertainties that are inherent within both the Company's business model and the market in which it operates, is summarised within the 'Principal Risks and Uncertainties' table in the *Risk and Risk Management* section of the Company Report & Accounts. These are the risks which could have a material impact on the key strategic outcomes and therefore have the potential to cause harm to the Company's clients, the wider market, or the Company itself.

In summary, the most important risks of harm arising from the business strategy are those which could impact client outcomes. However, SJPIA performs a relatively limited range of activities, which limits the potential for risk of harm. Its core business model is to make available and administer unit trusts and ISAs for retail clients. Therefore, principal risks relate to the potential for any operational failure by SJPIA or one of its material third parties causing financial loss, service disruption, or distress to clients.

##### Operational risk

Operational risk considers the failure of people, processes, systems, or losses due to external events. Given that the principal risks for the Company are operational in nature, this is the only category of risk for which SJPIA has material own funds requirements for its ongoing operations. This is as required under the regulatory-prescribed K-Factor assessment and enhanced by an internal risk assessment, to meet the objective of ensuring key stakeholders are sufficiently protected from potential risks of this nature.



Operational risk is also considered in the assessment of own funds needed for an orderly wind down, should that ever be required.

SJPIA implements the Group's operational risk policy, which outlines how the first line of defence (business areas) are to identify, assess, manage and monitor their operational risks. The strategies and processes used to manage the risks and reduce the potential for harm include the recording of risks on divisional risk registers with an impact and likelihood assessment, the implementation of controls and regular assessment of the effectiveness of these controls, and ongoing monitoring through Key Risk Indicators. Examples of high-level controls which aim to mitigate these risks are included in the table within the 'Principal Risks and Uncertainties' section of the Company Report & Accounts.

Significant operational risks are also assessed via the development of scenarios in workshops involving subject matter specialists from across the business. The output of the scenario workshops is used to inform the internal assessment of own funds and liquid assets requirements and any necessary control improvements. In addition, given that some key aspects of SJPIA's operations are outsourced, a robust governance framework for oversight of material outsourcing arrangements (implemented in accordance with relevant Group-wide policies) is key to reducing the potential for harm.

### **Liquidity risk**

Liquidity risk arises when a firm is unable to realise investments and other assets in order to settle its financial obligations when they fall due, including incurring unacceptable losses in order to realise these investments.

In accordance with regulation, liquidity requirements are assessed to ensure the adequacy of liquidity to support ongoing operations and at the point of initiating wind down. The risk management objective is to manage liquidity risk to be within SJPIA's risk appetite, in line with the Liquidity Risk Policy and to minimise potential risk of harm from failing to meet liabilities as they fall due).

The key risk areas for consideration of liquidity requirements are:

- counterparty risk,
- operational risk, and
- cashflow timing mismatches.

Shareholder funds (including working capital) are held in line with the Group Credit Policy. SJPIA's cash current account is held entirely with a highly rated UK bank and excess balances are in AAA-rated money market funds (MMFs) across 3 providers. The total of four counterparties is designed to reduce counterparty risk, and the nature of the MMFs means the risk of loss on the assets is very low.

Residual operational risk in respect of liquidity is managed under the same operational risk policy as noted above, and with a management liquidity buffer held on top of the regulatory requirement to further reduce the risk of harm.

Client unit sale and repurchase processes have been designed to ensure that SJPIA receives cleared funds before having to settle with fund managers and before making payments to clients. Any residual cashflow timing mis-match risk is considered when determining the liquidity requirements.

When considering these liquidity requirements, a forward-looking assessment is undertaken and haircuts to key inflows incorporated, as well as stresses to significant outflows, for prudence. To gain further comfort stress and scenario testing is performed on both the capital and cash positions which demonstrates that the Company is expected to be able to maintain adequate financial resources under severe but plausible scenarios. Since all the capital is highly liquid it is not considered that there would be any liquidity constraints under severe but plausible scenarios.

## **Market risk**

Market risk arises from fluctuations in values of, or income from, assets, interest rates, exchange rates or market prices of commodities.

The investment policy substantially mitigates market risk, by requiring us to invest shareholder assets in highly rated and highly liquid cash-type investments to minimise risk. Investments are typically made in secure sterling denominated cash-type investment assets, such as money market funds and bank deposits. The Company does not therefore have any significant exposure to changes in interest rates.

The Company has no exposure to market risk through a trading book or foreign currency exposure.

Whilst SJPIA's balance sheet is not impacted in the short term through market risks, the profits emerging over time depend on the value of the net assets on the Bluedoor administration platform upon which service charges are applied. This business risk is considered via stress and scenario testing, for example through modelling the impact of a severe market downturn on SJPIA profit.

## **Credit risk**

Credit risk is defined as the risk of financial loss resulting from default or movements in the credit rating assignment of issuers of securities, debtors, or counterparties and intermediaries, to whom a firm has an exposure. Credit risk includes default risk, downgrade or migration risk, indirect credit or spread risk, concentration risk and correlation risk.

As noted above, the investment policy requires us to invest shareholder assets in highly rated and highly liquid cash-type investments – typically secure sterling denominated assets, such as money market funds and bank deposits. Minimum credit ratings and diversification requirements are managed through the Group Credit Risk Policy. SJPIA determines capital to cover residual counterparty credit risk equivalent to expected risk exposure based on the counterparty's external credit rating. This is considered a proportionate approach given the low likelihood of a risk event materialising and the strength of existing controls.

## **Group risk**

Group risk is the risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risks which may affect the financial position of the whole group (e.g. reputational damage or contagion). Therefore, group risk is considered in the context of the risk of harm to SJPIA, noting there is the knock-on risk of harm to clients if the firm falls into financial difficulty or is unable to provide services due to failure of/by another entity.

The Group's governance structure is designed to manage and mitigate risks at a group level and is supported by second line risk oversight at the entity level. SJPIA's resilience to financial impacts which could arise through its membership of the Group is assessed annually via stress & scenario testing and in an extreme group-wide event the wind down capital is considered adequate to mitigate risk of harm to clients.

## **Concentration risk**

Concentration risk is the risk arising from the strength of a firm's relationships with, or direct exposure to, a single client or group of connected clients. SJPIA has limited exposure to concentration risk, and mitigations in place (including the use of multiple bank accounts for diversification) hence no additional financial resources are considered necessary for this area of risk.

## **Other risks**

SJPIA's ICARA process also assesses other risks as part of its risk profile which could arise due to: greater than expected client withdrawals resulting in loss of income (persistency risk); a significant increase in expenses over a short time, or gradually over a longer period (expense risk); or due to a material decline in new business. SJPIA's stress and scenario testing considers the sensitivity of the company's financial position due to these risks to provide assurance over SJPIA's financial resilience.

#### **4.6 Assessing the effectiveness of the risk management process**

The Group Audit Committee takes responsibility for assessing the effectiveness of the Group's risk management and internal control systems. It does this via an annual review of risk and control self-assessments and monitoring of the effectiveness of the internal control model throughout the year. Further detail on the role of the Group Audit Committee is provided in the *Report of the Group Audit Committee* section of the Group Report & Accounts.

In addition, the Group Risk function assesses the effectiveness of its risk management processes. In this assessment, the following is considered:

- The level of business engagement with risk management activities and systems;
- The timeliness of risk identification, assessment and risk-based decision-making;
- The output of risk and control self-assessments (providing a view on the control environment); and
- Any trends depicted by Key Risk Indicators and other risk-based reporting which considers performance against risk appetite.

## 5 Own Funds

SJPIA holds only Common Equity Tier 1 capital ('CET 1'); this is the highest quality form of capital, comprising accumulated reserves and qualifying instruments. None of the Company's assets are encumbered and there are no restrictions on the availability or fungibility of the own funds to meet liabilities.

Table 2: Composition of regulatory own funds

	Item	Amount (£ thousands)	Source (references to Company Report & Accounts)
1	OWN FUNDS	42,554	Statement of Changes in Equity
2	TIER 1 CAPITAL	42,554	
3	COMMON EQUITY TIER 1 CAPITAL	42,554	
4	Fully paid up capital instruments	12,000	Note 11
5	Share premium	n/a	
6	Retained earnings*	33,780	Statement of Changes in Equity
7	Accumulated other comprehensive income	n/a	
8	Other reserves	n/a	
9	Adjustments to CET1 due to prudential filters	n/a	
10	Other funds	n/a	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	n/a	
19	CET1: Other capital elements, deductions and adjustments	n/a	
20	ADDITIONAL TIER 1 CAPITAL	n/a	
21	Fully paid up, directly issued capital instruments	n/a	
22	Share premium	n/a	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	n/a	
24	Additional Tier 1: Other capital elements, deductions and adjustments	n/a	
25	TIER 2 CAPITAL	n/a	
26	Fully paid up, directly issued capital instruments	n/a	
27	Share premium	n/a	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	n/a	
29	Tier 2: Other capital elements, deductions and adjustments	n/a	

\* Retained earnings are inclusive of audited profits for the period

SJPIA has no financial reliance on related undertakings.

The Total Own Funds of £42.6 million at 31 December 2024 (2023: £35.8 million) are in line with the Total Shareholder Funds shown in the Statement of Financial Position on page 19 of the Company Report & Accounts. The following table reconciles own funds to the balance sheet in the audited financial statements at 31 December 2024:

Table 3: Reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Amount (£ thousands)		Balance sheet (audited financial statements)	Under regulatory scope of consolidation	Cross reference to Table 2
<b>Assets</b>				
1	Debtors	15,283		
2	Other investments	40,293		
3	Cash at bank and in hand	15,915		
4	<b>Total Assets</b>	<b>71,491</b>		
<b>Liabilities</b>				
1	Creditors	(25,711)		
2	<b>Total Liabilities</b>	<b>(25,711)</b>		
<b>Shareholder's Equity</b>				
1	Share capital	12,000		Item 4
2	Retained earnings	33,780		Item 6
3	<b>Total Shareholders' equity</b>	<b>45,780</b>		

The following table below provides information on the CET 1 instruments used by the Company.

Table 4: Main features of the components of own funds	
Issuer	St. James's Place Investment Administration Limited
Public or private placement	Private
Instrument type	Ordinary Shares / Common Equity Shares
Amount recognised in regulatory capital (as of most recent reporting date)	£12 million 12,000,100 ordinary shares of £1.00 each
Nominal amount of instrument	£1.00 per share
Issue price	£1.00 per share
Redemption price	£1.00 per share
Accounting classification	Shareholder's equity
Original date of issuance	06/11/2013 - £100 06/10/2014- £12,000,000
Perpetual or dated	Perpetual
Maturity date	Not applicable
Issuer call subject to prior supervisory approval	No
Optional call date, contingent call dates and redemption amount	No
Subsequent call dates, if applicable	Not applicable
Coupons/dividends:	
Fixed or floating dividend/coupon	Floating dividend
Coupon rate and any related index	Not applicable
Existence of a dividend stopper	No
Convertible or non-convertible	Non-convertible
Write-down features	No
Link to the terms and conditions of the instrument	Not applicable

## 6 Own Funds Requirements

The Own Funds Threshold Requirement is the amount of regulatory capital required by the Company, calculated in accordance with the rules set out in the IFPR as the highest of:

- **Fixed Overhead Requirement (FOR):** defined as 25% of fixed overheads relating to the previous year.
- **K-Factor Requirement (KFR):** The KFR introduced by the IFPR regime is intended to be a more risk-based capital assessment, based on consideration of the types of activity being performed by a company. For each type of activity an amount of capital is determined using the relevant “K-Factor” set out in the regulations.
- **Permanent minimum capital requirement:** £0.15 million

The following table below shows the FOR and KFR for SJPIA as at 31 December 2024:

Table 5: Own funds requirements at 31 December 2024		
Item	Basis of assessment	Amount (£ thousands)
Fixed Overheads Requirement	25% of fixed overheads relating to the previous year	13,886
K-Factor Requirement	Sum of: <ul style="list-style-type: none"> <li>• K-AUM (K factor based on assets under management)</li> <li>• K-CMH (K factor based on client money held)</li> <li>• K-ASA (K factor based on assets held and safeguarded)</li> </ul>	17,626
	Sum of: <ul style="list-style-type: none"> <li>• K-DTF (K factor based on daily trading flow)</li> <li>• K-COH (K factor based on client orders handled)</li> </ul>	89,
	Sum of: <ul style="list-style-type: none"> <li>• K-CMG (K factor based on clearing margin given)</li> <li>• K-TCD (K factor based on trading counterparty default)</li> <li>• K-CON (K factor based on concentration risk)</li> </ul>	-
	Total K Factor Requirement	17,715
<b>Own Funds threshold</b>		<b>17,715</b>

The IFPR also sets out an Overall Financial Adequacy Rule (OFAR), which requires firms to ensure that they hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that the business can:

- remain viable throughout the economic cycle, with the ability to address any material potential harm from its ongoing activities; and
- be wound down in an orderly manner, minimising harm to consumers and other market participants

The overall adequacy of SJPIA’s regulatory own funds and liquid asset requirements is considered as part of the ICARA process. The Company has concluded that additional own funds and liquid assets are required to mitigate certain residual risks which remain after consideration of the control environment.

## 7 Remuneration

SJPIA is a group subsidiary company with no direct employees. However, the interpretation of ‘employee’ under the MIFIDPRU Remuneration Code is broad, capturing employees of St. James’s Place Management Services (“SJPMs”) and those other entities in the Group who provide services to SJPIA. The following information therefore outlines those group arrangements, with financial data based on the subset of group employees who either support the activity of SJPIA directly, or provide a shared service to the firm, such as HR, Finance or other similar functions.

As SJPIA is classified as a non-SNI firm, it is subject to the ‘standard’ remuneration rules set out in the MIFIDPRU Remuneration Code. This means that SJPIA is not subject to the rules on shares, instruments and alternative arrangements, retention policy, deferral and discretionary pension benefits<sup>1</sup>.

### 7.1 Approach to remuneration

SJPIA employees, including Material Risk Takers (‘MRT’) (see section 7.4 for definition), are subject to the group employee and director remuneration policies and practices, which are appropriate and proportionate to the nature, scale and complexity of the risks and activities of the group. The reward strategy is gender neutral and meets the requirements of the Equality Act 2010.

SJP ensures its remuneration policies and practices are consistent with, and promote, sound and effective risk management. Policies and practices are also in line with the business strategy, objectives and long-term interests of the Group, considering the Group’s risk appetite, culture and values and long-term effects of investment decisions taken.

The Group Employee Reward Policy outlines the following reward principles:

- **Base pay at market competitive levels**

We aim to offer fixed pay at or around the market median level, but with flexibility to adjust pay levels according to requirements.

We ensure that the right roles are aligned to the correct grade and pay levels.

- **Variable pay that drives performance and alignment to business strategy and goals**

According to the role, we provide opportunities for bonus and incentives to reward and recognise individual performance.

All employees have a link in variable pay to the overall performance of the Group, and to personal performance (including behaviours).

All bonus and incentive arrangements are designed to promote the right behaviours and activities to support a healthy firm culture, including sound and effective risk management, that encourages responsible business conduct and promotes risk awareness and prudent risk taking, while having regard to the Group’s obligations under the FCA’s Consumer Duty.

- **Meaningful benefits that are generous and attractive**

All employees are offered and have access to comprehensive, lifestyle, healthcare, protection and retirement benefits.

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<sup>1</sup> SYSC 19G.1.1R (4)

<sup>[1]</sup> SYSC 19G.1.1R (4)

- **Equity opportunities**

Where feasible, we provide employees with equity opportunities, allowing employees to share in the success of the business.

We use equity also as reward and to align employees to shareholder experience. Reward equity opportunities are dependent on role and proportionate to the contribution of that role and are fully discretionary.

- **All our Reward practices are fair and non-discriminatory**

We actively monitor for equal pay for equal work.

We take action to ensure our practices are fair and consistent to all employees.

- **Reward communications should be clear, straightforward, and timely.**

## 7.2 Eligibility

The interpretation of 'employee' under the MIFIDPRU remuneration code is broad, capturing employees of SJPMs or those other entities in the group who provide services to SJPIA. Where employees are caught under multiple remuneration codes, the most stringent will be applied.

Employees identified as MRTs may be eligible to participate in a discretionary bonus scheme, subject to performance and eligibility criteria. Non-Executive Directors are not eligible for the scheme.

## 7.3 Governance and oversight

SJP has a Group Remuneration Committee ('RemCo') which oversees remuneration arrangements for firms within the Group, including SJPIA. Authority is delegated by the Group Board to RemCo to review and approve remuneration, and to ensure remuneration is consistent with the promotion of effective risk management and aligned with the long-term interests of the company. RemCo is also responsible for ensuring that remuneration policies and practices are designed in a way so as not to create a conflict of interest or incentive that may lead employees to favour their own interests or those of SJP over the achievement of good outcomes for SJP clients. The remuneration policies are reviewed annually and then submitted to RemCo for approval.

RemCo's membership as at 31 December 2024 comprised four NEDs and held five scheduled and nine ad-hoc meetings during the year. Other senior staff may attend from time to time to report on specific topics or areas of concern.

SJP continues to engage external consultants, Alvarez and Marsal to provide expert and technical advice on executive remuneration and other RemCo matters.

SJP's Internal Audit function also conducts an annual review of the implementation of the remuneration policies and practices to ensure they meet the requirements of the relevant remuneration codes.



Staff within Control Functions are independent from the business units they oversee, with the Group CRO reporting directly to the Group CEO. Senior Control Function employees are identified as MRTs and therefore their remuneration is directly overseen by RemCo.

#### **7.4 Material Risk Takers ('MRTs')**

SJP undertakes analysis to identify employees whose professional activities may have a material impact on the Group and/or its risk profile, using the criteria included within relevant guidance from the FCA. RemCo reviews and approves the MRT identification methodology and list of MRTs at least annually (or where significant changes are made). All impacted individuals are notified regarding their identification as an MRT and the implications on their remuneration. RemCo reviews each MRT's performance objectives annually to ensure alignment with the promotion of effective risk management and corporate strategy.

#### **7.5 Key characteristics of SJP remuneration policies and practices**

SJP rewards employees with fixed and variable remuneration. Fixed remuneration provides the core reward for the role and reflects the employee's professional experience, organisational responsibility as outlined in their job description and terms of employment. Fixed pay will represent a sufficiently high proportion of total remuneration to ensure that employees are not dependent on payment of a variable element.

Variable remuneration rewards the achievement of annual financial and business plan objectives, as well as personal performance<sup>2</sup>. It also rewards delivery of key personal, role delivery or team objectives in a way that supports and strengthens SJP's culture through application of a behavioural framework. Schemes for MRTs include a deferred element to encourage retention of employees, discourage excessive risk taking and ensure activity is closely aligned with shareholder interests for this core group of employees. Variable pay is also subject to malus and clawback. Clawback covers deferral and retention periods (a minimum of 3 years).

Where specific financial objectives are met, MRTs may also be eligible for the award of discretionary stock grants through the following plans:

##### **Company Share Option Plan ('CSOP') and linked Performance Share Plan ('PSP')**

All senior employees (including MRTs), depending on level, are eligible to participate in (i) a PSP only by receiving an annual award, (ii) a PSP and a RSP by receiving an annual award, or (iii) a RSP only by receiving an annual award. Awards are granted annually with vesting on the third anniversary of the date of grant, dependent on the achievement of (i) a minimum performance level of a range of performance conditions including financial, reputational and other relevant conditions (for RSP) or a more limited number of stretching performance conditions. Both are measured over a period of three financial years. At or about the same time as the PSP awards, a CSOP option can be granted subject to the same performance conditions and exercise period. If a CSOP option is granted, then the linked PSP Award will automatically lapse in respect of a number of Vested Award Shares equal in value to the gain realised upon exercise of the CSOP share option. The balance of the PSP will continue to be exercisable. If the PSP award should be exercised first, before exercising the CSOP, the CSOP must be surrendered.

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<sup>2</sup> Note that senior Control Function employees are subject to a different weighting to ensure independence from collective corporate outcomes.

A maximum value of £60,000 can be allocated in the form of an Approved Option, as governed by HMRC, therefore should this limit be reached the award is granted as a standalone PSP.

The PSP awards for members of the Group Executive Committee are subject to a two-year post-vesting holding period during which shares cannot be sold except to meet any income tax and National Insurance contributions liability arising from the exercise of options.

Dividend equivalents accrue on PSP awards and are paid to MRTs following the exercise of vested PSP options. Dividend equivalents are awarded as shares to Executive Directors of St. James's Place plc and paid in cash to award holders who are not Executive Directors.

### **Deferred Bonus Scheme ('DBS')**

After annual bonuses are announced, and in addition to the amount of cash bonus paid, shares in St. James's Place plc may be awarded. The shares are held in Trust for the duration of the three-year restricted period and will then vest at the end in one tranche, subject to the employee remaining employed within the Group. There is a right of recoupment (malus) in the event of a material misstatement, error, or misconduct.

Dividends accrue on the deferred shares and are paid in cash to MRTs (including Executive Directors) during the three-year deferral period.

#### Risk adjustment

Each year, RemCo will consider and agree the bonus scheme for MRTs, including control function roles (including level of potential award for each grade of employee). Bonus payments are at the discretion of the committee, including the discretion to:

- scale back payments, including to zero, under the strategic part of the annual bonus if it deems them to be inappropriate in the context of the overall financial results and financial strength of the Group
- adjust the bonus outcome up or down, including to zero, (subject to the maximum bonus payable under the terms of the scheme) to take account of factors such as an exceptional positive or negative event
- override formulaic bonus outcome, where necessary, under both financial and non-financial performance metrics, to take account of overall performance.

The Group Executive Committee will consider and agree any risk adjustment required for bonus schemes for all non-MRT employees. This, along with the ability to recoup payments (through clawback or malus) ensures the bonus schemes only vest where company and individual performance allows.

All variable awards are subject to recoupment (malus or clawback) in the event of a material misstatement, error or misconduct, and in relation to the annual bonuses and PSP awards granted from March 2019, material failure of risk management, failure to meet fitness and propriety standards or material breach of contract or such other triggers outlined in the Malus and Clawback policy and updated from time to time. RemCo determines whether malus and/or clawback of an award will be made for all MRTs, acting fairly and reasonably, and will determine the amount of cash, shares or other non-cash instruments applicable.

SJP does not normally award, pay or provide guaranteed variable remuneration to MRTs or any other employees. Where agreed, it will be limited to the first year of service and will only be payable if SJP assesses it has a sufficiently sound and strong capital base in order to grant the award.

SJP has a set formula for determining an employee's severance payment based on their salary, length of service and age.

Termination payments are only paid in exceptional circumstances.

Where a termination payment is due to redundancy, the People Division will calculate the appropriate payment by reference to our terms and conditions and redundancy terms, as appropriate. SJP's redundancy terms are aligned to the statutory terms, but at an enhanced rate. People Division are responsible for reviewing and agreeing the redundancy approach, including the termination payment methodology and will set this at the start of any redundancy exercise. Any enhanced termination payment is subject to a settlement agreement and subject to the agreement terms.

Non-redundancy termination payments are made via settlement agreements and subject to the agreement terms.

In both cases, any payment will reflect the employee's performance over time and adhere to our principles of not rewarding failure, inappropriate behaviours or risk taking. Any termination payments made to MRTs are subject to the approval of RemCo.

## 7.6 Quantitative information

Total number of material risk takers for 2024 performance year:

Number of individuals
26

Total remuneration awarded by employee category for 2024 performance year <sup>3</sup>:

Category of employee	Fixed (£ million)	Variable (£ million)	Total remuneration awarded (£ million)
Senior management	5.2	17.6	22.8
Other material risk takers	2.4	2.7	5
Other staff	51.4	18.8	70.2

Total guaranteed variable remuneration and severance payments for 2024 performance year:

Category of employee	Senior Management	Other Material Risk Takers	Total MRTs who received award
Guaranteed variable remuneration awards	Nil	Nil	Nil
Severance pay	Nil	Nil	Nil

<sup>3</sup> As a standard remuneration firm, a proportionate approach was taken to the assessment of employees disclosed under this calculation to exclude those individuals who moved between teams during the period. All employees are employed by St James's Place Management Services ("SJPMs") and will provide services for other St. James's Place entities.

Please note that a guaranteed variable remuneration award in the form of a lost opportunity bonus was paid to an MRT in the 2024 performance year. This award has not been disclosed in the above table as this would lead to the disclosure of information about one or two people<sup>4</sup>.

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<sup>4</sup> See MIFIDPRU 8.6.8 R (7a) and (7b) for exclusion from the obligation to disclose information