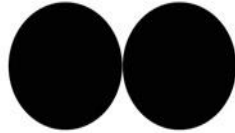
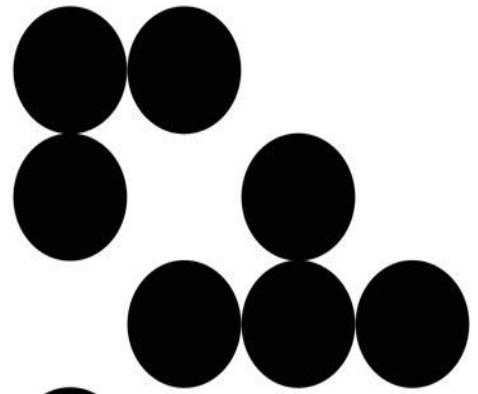


 abrdn



**IFPR Disclosures**  
**as at 31 December 2023**

**abrdn Investments Limited**



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## 1. Overview

### 1.1 Background

From 1 January 2022, the UK financial services regulator, the Financial Conduct Authority (FCA) introduced the Investment Firms Prudential Regime (IFPR), which is the regulatory framework for governing the amount and nature of capital that investment firms must hold. The new prudential requirements for investment firms are now set out in the FCA Prudential sourcebook for MIFID investment firms (MIFIDPRU). Under MIFIDPRU, a new framework for regulatory disclosures was introduced. These disclosures cover:

- Risk management objectives and policies (MIFIDPRU 8.2);
- Governance arrangements (MIFIDPRU 8.3);
- Own Funds (MIFIDPRU 8.4);
- Own Funds Requirements (MIFIDPRU 8.5);
- Remuneration policy and practices (MIFIDPRU 8.6); and
- Investment Policy (MIFIDPRU 8.7).

This disclosure is in relation to abrdn Investments Limited (the Firm), a private limited company, incorporated in the United Kingdom, authorised and regulated by the FCA. Under the IFPR's firm categorisation, the firm is categorised as a non-small non-interconnected (non-SNI) MIFIDPRU investment firm. The Firm's reference number is 121891.

The Firm is a wholly owned subsidiary of abrdn plc. abrdn plc and its subsidiaries are defined as the abrdn group. The abrdn group's business is structured around three types of businesses (Investments, Adviser and interactive investor) which are focused on the changing needs of clients. The Firm sits in the Investments business.

### 1.2 Frequency and location of disclosure

The Firm's disclosure under MIFIDPRU is made annually at the same time as the publication of its financial statements. Additional disclosure may be made where appropriate, for example, in the event of a major change in business model.

All areas of disclosure are covered in this document with the exception of MIFIDPRU 8.2 Risk management objectives and policies and the qualitative disclosures relating to MIFIDPRU 8.6 Remuneration policy and practices. These are covered in separate documents titled Risk Management Disclosures for MIFIDPRU Investment Firms and 2023 Group Remuneration Disclosure, respectively.

These disclosures can be found on the abrdn plc website:

<https://www.abrdn.com/en-gb/corporate/investors/investor-information/regulatory-disclosures>

### 1.3 Verification and sign-off

The Firm's regulatory disclosure has been subject to external verification to the extent that financial information is equivalent to content taken from the audited annual financial statements and the remaining content has been subject to an additional internal verification exercise.

## 2. Governance arrangements

### 2.1 Board and committees

The Board of Directors of the Firm (the "Board") recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, employees, society and shareholders) while complying with their obligations to promote the success of the Firm in line with section 172 of the Companies Act. The Board has discussed these obligations throughout the year, including how stakeholder engagement is incorporated into long-term decision-making and how the Firm operates as a subsidiary within the wider abrdn group.

The Board has overall responsibility for the Firm's business including overseeing the implementation of the strategy. The Board oversees the operation of the Firm's business by senior management, as well as its adherence to risk appetite, compliance with abrdn group policies, including those relating to the provision of services to clients, and the maintenance of adequate accounting and other internal control systems to ensure compliance with regulatory obligations; and regulatory rules mandating the operation of specific policies and procedures (for example, regarding conflicts of interest, outsourcing, remuneration etc.).

The abrdn group Conflicts of Interest ("COI") Policy sets the standards the Firm must adhere to and is attested to through the broader policy attestation framework in order to prevent and manage any potential and actual COI. The Directors review and authorise Board members' actual and potential conflicts of interest on a regular and ad hoc basis in line with the authority granted to them in the Firm's Articles of Association. As part of the process to approve the appointment of a new Director, the Board considers and, where appropriate, authorises their potential or actual conflicts. The Board also considers whether any new outside appointment of any current Director creates a potential or actual conflict before, where appropriate, authorising it. At the start of every Board and Committee meeting, Directors are requested to declare any actual or potential conflicts of interests and in the event a declaration is made, conflicted Directors can be excluded from receiving information, taking part in discussions and making decisions that relate to the potential or actual conflict. The abrdn group, of which the Firm is a part, has an Enterprise Risk Management ("ERM") framework comprising three lines of defence; the first being day-to-day risk management, including identification and mitigation of risks and maintaining appropriate controls; the second being oversight from the abrdn Group Risk and Compliance function, which reports to the Chief Risk Officer; and the third being the abrdn Internal Audit function, reporting to the Chief Internal Auditor, which independently verifies systems of control.

The governance framework comprises the management body of the Firm, the Board, and the Board committees which collectively manage and oversee the business. The Board governs the Firm in accordance with its Articles of Association, the Board Charter / Matters Reserved and the business plan, which considers the long term success of the Firm and ensures that the likely long term consequences of any decisions by the Firm are taken into account. Matters which are material to the abrdn group must be referred by the Firm to the abrdn plc Board for non-objection. The Board receives reports from the abrdn plc Board and its Committees where matters have been discussed or decisions made on abrdn group matters which have direct relevance to the Firm. The Board regularly reviews reports from the Chief Executive Officer and from the Chief Financial Officer on progress against approved strategies and the business plan, as well as updates on financial market and global economic conditions. Specific Board and Committee awareness and deep-dive strategic sessions take place during the year.

The Board provides clear leadership, line of sight and accountability throughout the business. The Board is responsible for the development and delivery of strategy and for leading the Firm through challenges and opportunities. The Firm ensures that the members of the Board meet the requirements of SYSC 4.3A.3R. The Firm is subject to the Senior Managers Regime ("SMR") and all members of the Board and the management body hold SMF status, and are registered and listed on the FCA Register. The Firm has undertaken the necessary fitness and propriety tests associated with the SMR to ensure each Director:

- Is of sufficiently good repute;
- Possesses sufficient knowledge, skills, and experience to perform their duties;

- Possesses adequate collective knowledge, skills, and experience to understand the Firm's activities, including the main risks;
- Reflects an adequately broad range of experiences;
- Commits sufficient time to perform their functions in the Firm; and
- Acts with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

The Board oversees and is accountable for the Firm's governance arrangements.

The Board reviews public disclosures specific to the Firm's business and has approved this Regulatory Disclosure.

The Board meets quarterly, with ad hoc meetings scheduled, as needed. As at 31 December 2023, the Board comprised of three directors.

The Board oversees and is accountable for the Firm's governance arrangements. In accordance with MIFIDPRU 7.3R a non-SNI MIFIDPRU Firm's Board is required to establish its own risk, nomination and remuneration committees comprised of independent non-executive directors. The FCA has granted the Firm waiver to this requirement enabling it to rely on the Risk, Nomination and Remuneration Committees operated by the abrdn plc on the basis that they consider the Firm's matters.

A summary of the role of each of the abrdn plc committees is set out below. Where the activities and recommendations of these committees, in so far as they relate to the Firm, are reported to the Firm's Board for its review and approval, as needed.

<b>Nomination and Governance Committee (N&amp;G)</b>	<b>Remuneration Committee (RC)</b>	<b>Risk and Capital Committee (RCC)</b>
<ul style="list-style-type: none"> <li>- Board and Committee composition and appointments</li> <li>- Succession planning</li> <li>- Governance framework</li> <li>- Culture, Diversity, Equity &amp; Inclusion (DEI)</li> </ul>	<ul style="list-style-type: none"> <li>- Development and implementation of remuneration philosophy and policy.</li> <li>- Incentive design and setting of executive Director targets.</li> <li>- Employee benefit structures.</li> </ul>	<ul style="list-style-type: none"> <li>- Risk management framework.</li> <li>- Compliance reporting.</li> <li>- Risk appetites and tolerances.</li> <li>- Transactional risk assessments.</li> <li>- Capital adequacy.</li> <li>- Anti-financial crime.</li> </ul>

## 2.2 Directorships

The Board comprises of executive Directors who are appointed by the Board. The number of executive and non-executive directorships held by the Directors at the year ended 31 December 2023 were:

<b>Directorships</b>		
<b>Director</b>	<b>Number of non-executive directorships</b>	<b>Number of executive directorships</b>
<b>Executive Directors</b>		
Xavier Bernard Maurice Meyer	0	2
Peter Branner	0	2
Mark Hardiman (resigned 27 February 2024)	0	1

Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives and other executive and non-executive directorships held within the abrdn group are not in scope for the number of directorships to be included hence an adjusted number of directorships has been provided.

### **2.3 Diversity**

The abrdn group's Diversity and Inclusion Policy applies to the abrdn plc board and the boards of the other regulated entities within the abrdn group, including the Firm. Its key objective is to provide an inclusive workplace where all forms of difference are valued and which is free from any form of unfair or unlawful treatment. As part of its commitment to diversity and inclusion, the abrdn group has a current focus on gender and ethnicity as priorities. Targets have been set to improve the underrepresentation of women in the abrdn group management body and the abrdn plc Board, and to improve the underrepresentation of ethnic minority Board members. The abrdn group's 2023 Diversity, Equity and Inclusion report at [www.abrdn.com/en-gb/corporate/about-us/diversity-equity-and-inclusion](http://www.abrdn.com/en-gb/corporate/about-us/diversity-equity-and-inclusion) describes how the objectives of the abrdn group's Diversity & Inclusion policy are implemented and details the extent that objectives/targets have been met. Progress against the abrdn group's diversity, equity and inclusion framework is reviewed twice a year by the abrdn plc Nomination and Governance Committee.

For more information on the abrdn group's Diversity & Inclusion Policy see the Diversity, Equity and Inclusion section of the Directors' report from page 52 of the abrdn plc Annual Report and Accounts 2023.

### 3. Own Funds

#### 3.1 Composition of regulatory Own Funds

The table below summarises the composition of regulatory Own Funds for the Firm as at 31 December 2023, including the audited profit for the year to 31 December 2023. Under the IFPR, Own Funds are made up of a firm's common equity tier 1 capital (CET1), additional tier 1 capital and tier 2 capital. The Firm's regulatory capital fully consists of CET1.

Composition of Regulatory Own Funds (OF1)			
	Item	Amount (GBP thousands)	Balance Sheet reference
1	<b>Own Funds</b>	98,078	
2	<b>Tier 1 Capital</b>	98,078	
3	<b>Common Equity Tier 1 Capital</b>	98,078	
4	Fully paid-up share capital	33,778	Page 20 financial statements – share capital
5	Share premium	27,779	Page 20 financial statements – share premium reserve
6	Retained Earnings	72,768	Page 20 financial statements – retained earnings
7	Accumulated other comprehensive income	n/a	
8	Other reserves	(238)	Page 20 financial statements – foreign currency translation reserve and merger reserve
9	Adjustments to CET1 due to prudential filters	n/a	
10	Other funds	n/a	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(36,009)	Page 20 financial statements – intangible assets and deferred tax asset.
19	CET1: Other Capital elements, deductions and adjustments	n/a	
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	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	<b>TIER 2 CAPITAL</b>	n/a	
26	Fully paid up, directly issued capital instruments	n/a	
27	Share premium	n/a	
28	(-) TOTAL DEDUCTINS FROM TIER 2	n/a	
29	Tier 2: Other capital elements	n/a	

### 3.2 Own Funds: reconciliation of regulatory Own Funds to balance sheet in the audited financial statements

The table below shows the breakdown of the total available regulatory capital reconciled to the capital shown on the balance sheet in the Firm's audited financial statements:

Own Funds: reconciliation of regulatory Own Funds to balance sheet in the audited financial statements (OF2)			
		Balance Sheet as in published/audited financial statements (£000s)	Cross reference to template OF1
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements.</b>			
1	Property, plant and equipment	1,490	
2	Intangible assets	25,154	Item 11 – total deductions from CET 1
3	Deferred tax assets	10,855	Item 11 – total deductions from CET 1
4	Trade and other receivables	138,874	
5	Cash and cash equivalents	60,808	
	<b>Total Assets</b>	<b>237,181</b>	
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
1	Leases	1,436	
2	Trade and other payables	99,072	
3	Provisions	2,586	
	<b>Total Liabilities</b>	<b>103,094</b>	
Shareholders' Equity			
1	Called up share capital	33,778	Item 4 – fully paid-up share capital
2	Share premium reserve	27,779	Item 5 – share premium
3	Foreign currency translation reserve	(161)	Item 8 – other reserves
4	Merger reserve	(77)	Item 8 – other reserves
5	Retained earnings	72,768	Item 6 – retained earnings
	<b>Total Shareholders' Equity</b>	<b>134,087</b>	

#### Own Funds: main features of own instruments

The Firm's Own Funds is comprised of issued share capital, share premium, other reserves and retained earnings, adjusted for intangible assets and deferred tax assets.



## 4. Own Funds Requirements

The Firm is required to hold capital resources to cover the higher of the Own Funds Requirement and the Own Funds Threshold Requirement (OFTR) in complying with the Overall Financial Adequacy Rule (OFAR). The OFAR states that a firm must, at all times, hold Own Funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- the firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

### 4.1 Own Funds Requirement

The Own Funds requirement is based on the higher of the Permanent Minimum Requirement, the Fixed Overheads Requirement and the K- Factor requirement as shown in the table below:

<b>Own Fund Requirements<sup>1</sup></b>		
	<b>£'000</b>	<b>£'000</b>
Permanent Minimum Requirement		150
Fixed Overhead Requirement		63,448
K-AUM	17,199	
K-CMH	40	
K-ASA	242	
K-AUM, K-CMH + K-ASA		17,481
K-COH		826
K-Factor Requirement		18,307
<b>Own Funds Requirement</b>		<b>63,448</b>

1 As per latest MIFIDPRU Reporting as at 31 December 2023.

The K-Factor definitions are as follows:

- K-AUM: K-factor requirement based on assets under management.
- K-CMH: K-factor requirement based on client money held.
- K-ASA: K-factor requirement based on assets safeguarded and administered.
- K-COH: K-factor requirement based on client orders handled.

### 4.2 Own Funds Threshold Requirement

The OFTR supplements the Own Funds Requirement via the Internal Capital Adequacy and Risk Assessment (ICARA), which is the means by which the Group assesses the level of capital that adequately supports all of the relevant current and future risks in its business, taking into account potential periods of financial stress during the economic cycle as well as a potential wind-down scenario. The OFTR is the higher of the two, as per the OFAR. The ICARA is performed at a Group level with the resulting Own Funds and liquid asset requirements allocated to subsidiaries as appropriate. The results of the Group's ICARA process will be subject to periodic review by the FCA under the Supervisory Review and Evaluation Process (SREP).

## 5. Remuneration policy and practices

### 5.1 Quantitative remuneration disclosure

The tables below provide an overview of the following:

- Aggregate total remuneration paid by abrdn Investments Limited to staff identified as Material Risk Takers (MRTs);
- Aggregate total remuneration paid by abrdn Investments Limited to its entire staff; and
- Additional disclosures relating to the breakdown of variable remuneration for MRTs.

#### Aggregate total remuneration

	Senior Management <sup>1,2</sup>	Other MRTs <sup>2</sup>	Other Staff <sup>3</sup>
Total MRTs identified	39	10	N/A
Fixed remuneration	£11,356,842	£1,788,177	£57,167,197
Variable remuneration	£10,560,022	£906,141	£4,229,897
<b>Total</b>	<b>£21,916,864</b>	<b>£2,694,318</b>	<b>£61,397,094</b>

#### Additional disclosures

		Senior Management <sup>1,2</sup>	Other MRTs <sup>2</sup>
Number of employees who benefit from disapplying requirements (Shares, instruments and alternative arrangements; Retention policy; Deferral; and Discretionary pension benefits) under SYSC 19G.5.9R		26	8
Total remuneration of those employees who benefit from disapplying requirements under SYSC 19G.5.9R	Fixed remuneration	£6,100,117	£1,362,337
	Variable remuneration	£657,517	£206,141
MRT Variable Remuneration	Cash	£1,720,469	£381,141
	> Deferred	-	-
	> Non-deferred	£1,720,469	£381,141
	Shares	£8,839,553	£525,000
	> Deferred	£8,839,553	£525,000
	> Non-deferred	-	-
	Share-linked instruments	-	-
	> Deferred	-	-
> Non-deferred	-	-	
Other forms	-	-	
> Deferred	-	-	
> Non-deferred	-	-	

		Senior Management <sup>1,2</sup>	Other MRTs <sup>2</sup>
The amount of deferred remuneration awarded to MRTs for previous performance periods, split into:	The amount due to vest in the financial year in which the disclosure is made	£10,957,104	£448,280
	The amount due to vest in subsequent years	£15,268,254	£325,891
The amount of deferred remuneration awarded to MRTs that is due to vest in the financial year in respect of the disclosure, split into:	The amount that is or will be paid out	£3,998,949	£537,702
	The amount that was due to vest but has been withheld as a result of performance adjustment	-	-

- 1 Senior Management are defined in this table as those holding Senior Management Functions for the entity.
- 2 The Other MRTs disclosure relates to individuals identified as MRTs, who are not defined as Senior Management, and represents total compensation of those staff of the entity who are fully or partly involved in the activities of the entity.
- 3 As there are a number of individuals indirectly and directly employed by the entity, these figures represent an apportioned amount of abrdn's total remuneration fixed and variable pay, apportioned to the entity on a revenue basis.

The exemption set out in MIFIDPRU 8.6.8R(7)(b) was relied upon for obligations 8.6.8R(5)(a, b and c) to prevent individual identification of an MRT.

Qualitative remuneration disclosures have been made on a consolidated Group basis, and can be found on our website, under [Regulatory disclosures](#).

## 6. Investment policy

### 6.1 Proportion of voting rights

All voting statistics where the Firm held over 5% in the company at the time of the general meeting are as follows:

Company name	LEI	Proportion of voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.7.4R*
Catco Reinsurance Opportunities Fund Ltd	213800ZPHADR7G1FB21	9.024%
Chesnara PLC	213800VFRMBRTSZ3SJ06	7.127%
Close Brothers Group PLC	213800W73SYHR14I3X91	5.808%
Moonpig Group PLC	213800VAYO5KCAXZHK83	5.625%
Industrials REIT Ltd	5493004JYL71EMLTB211	Below 5%
Marshalls PLC	213800S21IFC367J5V62	Below 5%
abrdn Smaller Companies Income Trust plc	213800J6D2TVHRGKBG24	Below 5%

\*The above list refers to those companies where more than 5% was held during the financial year and shows the percentage as at 31 December 2023. Those noted as 'Below 5%' were below the 5% threshold and/or were delisted as at year end

### 6.2 Voting behaviour

IP2.01 – Description of voting behaviour	
Item	Value
Number of relevant companies in the scope of disclosure	34
Number of general meetings in the scope of disclosure during the past year	36
Number of general meetings in the scope of disclosure in which the firm has voted during the past year	36
Does the investment firm inform the company of negative votes prior to the general meeting? (Yes/No/Other – please explain)	Other – To enhance our analysis we will often engage with companies held in our active portfolios prior to voting to understand additional context and explanations, particularly where there are concerns related to an agenda. We endeavour to communicate voting intentions and rationale for votes against or abstention to encourage change and maintain a dialogue on matters of concern. Given the concentration of AGMs, we may not always be able to communicate intentions and rationale ahead of a vote.
On a consolidated basis, does the investment firm group possess a policy regarding conflicts of interests between relevant entities of the group? (Yes/No)	Yes
If yes, summary of this policy	Our full conflict of interest policy can be found on our website. The policy sets the standards that the business must adhere to in relation to conflicts of interest. The policy includes details on application,

	risk appetite, defined reporting, policy standards and roles & responsibilities. The full policy can be found on our website:- <a href="https://www.abrdn.com/corporate/about-us/governance/our-policies-and-governance">https://www.abrdn.com/corporate/about-us/governance/our-policies-and-governance</a>
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IP2.02 – Voting Behaviour		
Item	Number	Percentage (of all resolutions)
General meetings resolutions:	561	100.0%
the firm has approved managements recommendation	560	99.8%
the firm has opposed managements recommendation	0	0.0%
in which the firm has abstained	1	0.2%
General meetings in which the firm has opposed at least one resolution	0	0.0%

IP2.02 – Voting Behaviour in resolutions by theme (number unless specified)				
Item	Voted for	Voted against	Abstained	Total
Voted resolutions by theme during the past year:				
Board structure	223	0	0	223
Executive remuneration	57	0	0	57
Auditors	65	0	0	65
Environment, social, governance not covered by rows 2-4	70	0	1	71
Capital transactions	144	0	0	144
External resolutions (eg shareholder proposals)	0	0	0	0
Other	1	0	0	1
Percentage of all resolutions put forward by the administrative or management body that are approved by the firm	99.8%	0	0.20%	100%

### 6.3 Use of proxy advisor firms

We employ Institutional Shareholder Services (ISS) as our voting service provider to deliver our voting decisions efficiently to companies. ISS is a reputable provider of proxy voting platform Proxy Exchange, which is used to monitor upcoming meetings, instruct vote decisions and provide reporting on our voting activities. ISS provides general meeting research, analysis and voting recommendations based on its own policies. We have also implemented our own customised regional voting policies which reflect abrdn's guidelines and expectations.

When reviewing general meeting proposals, we make use of the ISS research and recommendations alongside our custom recommendations and own analysis.

## **6.4 Voting guidelines**

We have published our Listed Company ESG Principles & Voting Policies document which is publicly available. The document includes our process and overarching policy guidelines which we apply when voting at general meetings. The document includes details on our views and policies on numerous Governance, Environmental and Social topics.

The full document can be found here:

[abrdn Listed Company ESG Principles & Voting Policies](#)