

**Natixis Investment Management UK Limited  
(‘the Firm’)**

**APPROVED BY The Board on [10<sup>th</sup> May] 2024**

**MIFIDPRU 8 disclosure**

**1 January to 31 December 2023**

**Applicable with effect from:  
30 April 2024**

# TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b>	<b>2</b>
<b>1 PUBLIC DISCLOSURE POLICY</b>	<b>4</b>
1.1 Introduction	4
1.2 Overview and governance	4
1.3 Regulatory background	4
1.4 Disclosure timing requirements	4
<b>2 ANNEX I: PUBLIC DISCLOSURE TEMPLATE</b>	<b>5</b>
2.1 Introduction	5
2.2 Objectives	6
2.3 Disclosure timing requirements	6
2.4 Policy and Disclosure Validation	6
<b>3 REMUNERATION DISCLOSURE</b>	<b>7</b>
3.1 Performance period	7
3.2 Approach to remuneration for employees	7
3.3 Financial incentives objectives	8
3.4 Governance	8
3.5 Components of remuneration	9
3.6 Financial and non-financial performance criteria	10
3.7 Awarded remuneration	10
3.8 Material risk takers	11
3.9 Risk adjustment	12
3.10 Policies and criteria for awarding guaranteed variable remuneration and severance payments	13
<b>4 RISK MANAGEMENT OBJECTIVES AND POLICIES</b>	<b>14</b>
4.1 Own funds requirements – MIFIDPRU 4	14
4.2 Concentration risk- MIFIDPRU 5	14Error! Bookmark not defined.
4.3 Liquidity risk - MIFIDPRU 6	14
4.4 Harms associated with business strategy	14
4.5 Approach to risk management	16
4.6 Statement of risk appetite	17
<b>5 GOVERNANCE ARRANGEMENTS DISCLOSURE</b>	<b>18</b>
5.1 Governance Framework	18
5.2 Overview of the Board Committees	19
5.3 Directorships	20
5.4 Diversity	20
<b>6 OWN FUNDS DISCLOSURE</b>	<b>23</b>

6.1	Composition of Regulatory Own Funds	23
6.2	Reconciliation of regulatory own funds to balance sheet in the audited financial statements	24
6.3	Main features of own instruments issued by the Firm	24
<b>7</b>	<b>OWN FUNDS REQUIREMENTS DISCLOSURE</b>	<b>26</b>
7.1	Own funds requirement	26
7.2	Compliance with Overall Financial Adequacy Rule	26

# 1 Public Disclosure Policy

## 1.1 Introduction

The Investment Firms Prudential Regime ('IFPR'), implemented in January 2022, requires all MiFID investment firms to make certain public disclosures according to Financial Conduct Authority (FCA) rules, increasing transparency and giving an insight into how the business is run.

Under the IFPR, Natixis Investment Managers UK (NIM UK) is categorised as a non-small and non-interconnected ('Non-SNI') MIFIDPRU investment firm.

## 1.2 Overview and governance

The directors of NIM UK have approved this disclosure document to comply with relevant regulatory requirements and standards.

## 1.3 Regulatory background

The public disclosure requirements applicable to NIM UK as an entity authorised to undertake MIFID regulated activities, are contained in MIFIDPRU 8 of the FCA Handbook, which came into force from 1 January 2022. The disclosure containing both qualitative and quantitative data are made annually, on a solo entity basis or more frequently in the event of a material change.

Based on the Firm's IFPR prudential classification as being a Non-SNI firm, the public disclosure document will be prepared to contain information in relation to remuneration policy and practices, own funds, own funds requirements, governance, risk management objectives and policies.

## 1.4 Disclosure timing requirements

The Firm is required to publicly disclose the information specified in this Policy on an annual basis on the date it publishes its annual financial statements.

The information under MIFIDPRU 8.1 that is required to be disclosed by the Firm, will be published on the Firm's website: <https://www.im.natixis.com/uk/home>

## 2 Public Disclosure

### 2.1 Introduction

The Investment Firm Prudential Regime ('IFPR') is the FCA's prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. The IFPR came into effect on 1 January 2022 and its provisions apply to Natixis Investment Managers UK ("the Firm" or "NIM UK") as an FCA authorised and regulated firm.

The Firm is NIM UK is a United Kingdom ("UK") incorporated private limited company, registered under the number 03680538. The Firm is part of a French Group, BPCE, which is jointly and equally owned by Banques Populaire and Caisses d'Epargne.

NIM UK is a UK investment firm within a group of Natixis Investment Managers entities ("Natixis Group, "NIM"), with a holding company registered in France. NIMI International Distribution ("NIMID") represents the distribution platform of Natixis Investment Managers, which includes NIM UK.

NIM UK key activity is business development for products offered by Natixis Investment Managers. NIM UK is part of the Natixis worldwide distribution platform. The company has a strong footprint in the United Kingdom, which serves as a hub. The company includes:

- Business development teams dedicated to the UK market place and the following channels:
  - UK Institutional
  - UK Wholesale Distribution
  - UK Solutions business
- Global Core Support Functions servicing the local market as well as other European and Asian clients.

The Firm is not a member of a UK Consolidation Group. The disclosures have been prepared on an individual basis.

The Firm believes that its qualitative disclosures are proportionate to its size and internal organisation, and to the nature, scope and complexity of its activities.

This disclosure has been ratified and approved for disclosure by the Board of NIM UK.

The annual audited accounts of NIM UK set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

This document does not constitute any form of financial statement on behalf of NIM UK. The information contained herein has been subject to internal review but has not been audited by the Firm's external auditors.

## 2.2 Objectives

This document sets out the public disclosure under MIFIDPRU 8 for the Firm as of December 2023, which is the Firm's accounting reference date.

As a MIFIDPRU investment firm, we must establish and implement disclosure requirements to provide investors, stakeholders and wider market participants an insight into how the Firm is run.

## 2.3 Disclosure timing requirements

The Firm is required to publicly disclose the information specified in this Policy on an annual basis on the date it publishes its annual financial statements.

The information under MIFIDPRU 8.1 that is required to be disclosed by the Firm, will be published on the Firm's website: <https://www.im.natixis.com/uk/home>.

The Firm will consider making more frequent public disclosure where particular circumstances demand it, for example, in the event of a major change to its business model or where a merger has taken place.

## 2.4 Policy and Disclosure Validation

NIM UK is committed to having robust internal controls to ensure the completeness, accuracy, and compliance with the relevant public disclosure regulatory requirements.

This document has been subject to internal governance and verification process, and approval by the Board in line with the Public Disclosure Policy that the Firm has adopted to ensure compliance with the regulatory requirements contained in MIFIDPRU 8.

As a Non-SNI firm, the public disclosure document will be prepared to contain the following key areas:

- Governance arrangements;
- Risk management objectives and policies;
- Own funds;
- Own funds requirements;
- Remuneration policy and practices.

## 3 Remuneration disclosure

MIFIDPRU 8.6.8(7) requires a Non-SNI firm to aggregate and disclose the information in MIFIDPRU 8.6.8(4)(5a)(5b)(6) for senior management and other MRTs, where splitting the information between those two categories would lead to the disclosure of information about one or two people. Where aggregation would still lead to the disclosure of information about one or two people, a firm is not required to comply with the obligation in MIFIDPRU 8.6.8(4)(5a)(5b)(6).

The Firm has concluded that it is not required to disclose this information as it would result in the identification of one or two people.

As a MIFIDPRU investment firm, we must establish, implement and maintain gender neutral remuneration policies and practices that are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the Firm. Relevant details of the Firm's Remuneration Policy can be found on the company's website.

The Firm has adopted a Remuneration Policy that complies with the requirements of Chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook.

### 3.1 Performance period

The Firm's performance period is from 1st January 2023 to 31<sup>st</sup> December 2023.

### 3.2 Approach to remuneration for employees

The Firm's remuneration approach is designed to support individual and corporate performance, encourage the sustainable long-term financial health of the business and promote sound risk management for the success of the Firm and to the benefit of its customers, counterparties and the wider market. Our remuneration approach promotes long-term value creation through transparent alignment with the corporate strategy.

The Board believes the Firm's remuneration structure is appropriate for the business and the industry it operates in and is efficient and cost-effective in delivering its long-term strategy.

Our remuneration structure includes provisions that in specific circumstances, allow the Firm to:

- forfeit or withhold all or part of a bonus or long-term incentive award before it has vested and been awarded ('performance adjustment' or 'malus'); and/or
- recover sums already paid ('clawback').

Undeserved and excessive remuneration sends a negative message to all stakeholders, including the Firm's workforce, and causes long term damage to the Firm and its reputation.

### 3.3 Financial incentives objectives

The objectives of the Firm's remuneration practices are as follows:

- The Firm undertakes to reward all employees fairly, regardless of job function, race, religion, colour, national origin, sex, sexual orientation, marital status, pregnancy, disability or age;
- It is the policy of the Firm to operate competitive remuneration policies to attract, retain and motivate an appropriate workforce for the Firm;
- The Firm is also committed to ensuring that its remuneration practices encourage high standards of personal and professional conduct, support sound risk management and do not encourage risk taking that exceeds the level of tolerated risk of the Firm, and are aligned with the Firm's regulatory requirements;
- Rewards for all staff will be aligned to financial and non-financial performance criteria and risk profile, and in all cases will be in line with the business strategy, objectives, values, culture and long-term interests of the Firm;
- The Firm will not allow any unfair or unjust practices that impact on pay;
- The Firm undertakes that it will not award remuneration using vehicles or methods the aim of which is to attempt to avoid application of the relevant FCA's Remuneration Code.

The Firm uses the following financial incentives:

- Bonuses;
- Long-term Incentive Plans (LTIPs);
- salary increases;
- professional development opportunities.

Our financial incentives are designed to:

- provide employee satisfaction;
- recognise individual performance;
- attract and retain talent;
- encourage collaborative teamwork;
- motivate staff to achieve Firm-wide objectives.

### 3.4 Governance

The NIM UK Remuneration Committee's main responsibilities are:

- Review and approve NIM UK's remuneration policy.
- Review and approve the general and specific principles of the remuneration policy, the compliance of NIM UK's remuneration policy with applicable laws and regulations, the terms of



application and the summary figures of the remuneration policy, including details of Material Risk Takers and those with the highest remuneration.

- Review and approve the remuneration of NIM UK's Chief Executive.
- Review and approve NIM UK's Risk and Compliance senior executives.
- Ensure general and specific principles of the remuneration policy are communicated internally to all employees; ensure NIM UK complies with all its obligations concerning external disclosure.
- Review and consider the findings of the annual audit of the NIM UK Remuneration Policy.

The Remuneration Committee meets regularly.

## 3.5 Components of remuneration

The Firm makes a clear distinction between the fixed and variable remuneration.

Fixed remuneration primarily reflects a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment; and is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is based on performance and reflects the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment. In exceptional cases, variable remuneration is based on other conditions. Variable remuneration includes discretionary pension benefits.

The Firm ensures that the fixed and variable components of an individual's total remuneration are appropriately balanced. In determining this balance, the Firm considers the following factors:

- The Firm's business activities and associated prudential and conduct risks;
- The role of the individual in the Firm;
- The impact that different categories of staff have on the risk profile of the Firm or of the assets it manages;
- No individual must be dependent on variable remuneration to an extent likely to encourage them to take risks outside the risk appetite of the Firm;
- It may be appropriate for an individual to receive only fixed remuneration, but not only variable remuneration; and
- Variable remuneration must not affect the Firm's ability to ensure a sound capital base.

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm takes into account financial as well as non-financial criteria. Non-financial criteria does:

- form a significant part of the performance assessment process;

- override financial criteria, where appropriate;
- include metrics on conduct, which should make up a substantial portion of the non-financial criteria; and
- include how far the individual adheres to effective risk management and complies with relevant regulatory requirements.

## 3.6 Financial and non-financial performance criteria

The Firm uses the following financial performance criteria:

- Gross Sales
- Net Sales
- Ending AUM
- Gross Revenues
- Combined Profit
- Combined Margin
- Expenses (vs. Budget)

The Firm uses the following non-financial performance criteria:

- measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback;
- performance in line with firm strategy or values, for example by displaying leadership, teamwork or creativity;
- adherence to the firm's risk management and compliance policies;
- achieving targets relating to environmental, social and governance factors; and
- diversity and inclusion.

## 3.7 Awarded remuneration

The Firm has awarded the below amounts of remuneration to its Material Risk Takers (MRT) and other staff.

Table [1]

Staff category	Remuneration type	£,'000
MRTs	Fixed remuneration	£1,370,407
	Variable remuneration	£3,011,559
	<b>Total amount</b>	<b>£4,381,966</b>
Other staff	Fixed remuneration	£8,230,030
	Variable remuneration	£3,354,124
	<b>Total amount</b>	<b>£11,584,154</b>

Table [2]

Staff category	Remuneration type	£,'000	Total recipients
MRTs	Guaranteed variable remuneration	N/A	
	Severance payments	N/A	
	Highest severance awarded to an individual MRT		N/A

### 3.8 Material risk takers

The Firm has identified MRTs in accordance with SYSC 19G.5 and the qualitative criteria set out in SYSC 19G.5.3R, 19G.5.4RG and SYSC 19G.5.5G. In addition, as part of this Disclosure Policy, the Firm also draws from the Remuneration Policy which requires us to identify our MRTs on an annual basis. A MRT is defined as a staff member who has overall responsibility and material impact on the risk profile of the Firm.

For the performance year 2023, the Firm identified 9 MRTs, broken down as follows:

MRT Type	Number
The staff member is a member of the management body in its management function	7
The staff member is a member of the management body in respect of the management body in its supervisory function	
The staff member is a member of the senior management	2
The staff member is a member who has managerial responsibility for business units that are carrying on at least one of the following activities: <ul style="list-style-type: none"> <li>• arranging (bringing about) deals in investments;</li> <li>• dealing in investments as agent;</li> <li>• dealing in investments as principal;</li> <li>• managing investments;</li> <li>• making investments with a view to transaction in investments;</li> <li>• advising on investments (except P2P agreements; and/or</li> <li>• operating an organised trading facility.</li> </ul>	3
The staff member is a member who has managerial responsibilities for the activities of a control function	2
The staff member is a member who has managerial responsibilities for the prevention of money laundering and terrorist financing	1

The staff member is responsible for managing a material risk within the firm	4
In a firm that has permission for carrying on at least one of the regulated activities mentioned above, the staff member is responsible for managing one of the following activities: <ul style="list-style-type: none"> <li>• information technology;</li> <li>• information security; and/or</li> <li>• outsourcing arrangements of critical or important functions as referred to in article 30(1) of the MiFID Org Regulation.</li> </ul>	
The staff member has authority to take decision approving or vetoing the introduction of new products	

### 3.9 Risk adjustment

The Firm takes risk, including conduct risk, into account both on an ex-ante and ex-post basis when setting the amount and form of variable remuneration for employees. Different lines of business have different risk profiles, and these are taken into account when determining (future) remuneration. Guidelines are provided to assist compensation managers when applying discretion during the remuneration process to promote consistent consideration of the different risks presented by the firm's businesses. Further, to ensure the independence of control function employees, remuneration for those employees is not determined by individuals in revenue-producing positions but rather by the management of the relevant control function.

The Firm has implemented a set of procedures which ensures that all variable remuneration payable is subject to (i) in-year adjustments (all staff); (ii) malus, if appropriate (applicable to MRTs); (iii) and/or clawback (applicable to MRTs). To ensure effective risk adjustment, the Firm requires employees who receive variable remuneration awards to agree to forfeiture and clawback in the event of fraud, misconduct or actions contributing to the detriment of business interests. Ex-ante risk adjustment of variable remuneration can occur through the considerable reduction in total variable performance where subdued or negative financial performance of the Firm occurs, taking into consideration the Firm's regulatory capital, liquidity requirements and the current and future risks it has identified. Furthermore, an individual's variable remuneration may be reduced, or if malus or clawback is available, utilised, where employment issues have been identified as part of the ongoing performance review process in place at the Firm.

Performance adjustment events may occur as a result of a deliberate or malicious act, error, accident or negligence. There may also be grounds for a performance adjustment due to an individual's failure to act either to prevent a risk event or where timely action would have mitigated the effects of a risk event. Performance adjustment seeks to take account of matters that were not apparent at the time of the original variable award. Adjustments or application of malus or clawback will depend upon the severity of the event and will be subject to Remuneration Committee approval.

### 3.10 Policies and criteria for awarding guaranteed variable remuneration and severance payments

The Firm awards guaranteed variable to an MRT only when:

1. it occurs in the context of hiring a new MRT;
2. it is limited to the first year of service;
3. it is designed as a retention tool; and
4. the firm has a strong capital base.

The Firm follows all local statutory severance requirements. Severance payments made will not be disproportionate but will appropriately compensate the employee in cases of early termination of the contract. Severance payments do not reward failure and will not be awarded where there is a failure in risk management or conduct.

## 4 Risk management objectives and policies

### 4.1 Own funds requirements – MIFIDPRU 4

When assessing the adequacy of the Own Funds Requirement, the Firm has considered the key risks to the Firm's operating model. Due to our prudential classification as a Non-SNI, the Firm's own funds requirement is based on the higher of the Permanent Minimum Requirement ('PMR'), the Fixed Overheads Requirement ('FOR') or the K-Factor Requirement ('KFR'). On this basis, the Firm retained the FOR which at year-end 31 December 2023 is £7.9m.

### 4.2 Liquidity risk - MIFIDPRU 6

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement, being at least one third of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA'), the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

### 4.3 Harms associated with business strategy

The Firm has conducted a comprehensive risk identification exercise of potential harms in line with MIFIDPRU 7 Annex 1 across all business lines to ensure that all significant risks are identified. The Firm has developed a comprehensive Risk Register containing all relevant details for each risk that has been identified. All business areas of the Firm have input into the development of the risk register to ensure all areas of potential harm are identified. All risks recorded in the register are categorised in terms of potential harms to clients, the firm itself or markets. Credit, Market, Operational, Business and Liquidity are categories of risk mapped to potential harms.

#### **Credit Risk**

The Firm's exposure to credit risk is the risk that the Firm will suffer financial loss should any of the Firm's clients or counterparties fail to fulfil their contractual obligations. NIM UK exposure to this risk arises predominantly because of deposits with banks and receivables from clients and the group.

This risk is managed through limiting bank deposits to high quality credit institutions and through conducting regular monitoring of receivables from clients.

Our appetite for credit risk is low. Credit risk can be a harm to the firm itself.

## **Market Risk**

Market risk arises where fluctuation in value of assets, interest or exchange rates cause a divergence in the value of the assets and liabilities. NIM UK is not directly exposed to this risk as it does not hold marketable assets on its balance sheet and the majority of its revenue and cost streams are in sterling.

Our appetite for market risk is low. Market risk can be a harm to clients and the firm itself.

## **Operational Risk**

Operational risk is the loss resulting from inadequate or failed processes, people, and systems or from external events.

The Firm has undertaken a robust risk identification and scoring exercise across the Firm. This Risk Appetite statement translates into the acceptance of risks that fall within our calibrated Operational Risk Appetite. Any risk rated above our Operational Risk Appetite is deemed to be unacceptable to the Firm and will be addressed as a priority to ensure that it is, through mitigation, able to fall within our Operational Risk Appetite or that additional Capital is assigned.

Operational risk can be a harm to clients and the firm itself.

## **Business Risk**

Business risk arises from: changes in the Firm's business that could impact earnings due to volatile income; or from factors that could risk a firm's business model, or to carry out its business plan and desired strategy.

We have assessed our business risks and set out appropriate actions to manage them.

Our appetite for business risk is low. Business risk can be a harm to clients and the firm itself.

## **Group Risk**

Group risk represents 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 risk which may affect the financial position of the whole group.

NIM UK is exposed to group risk because of shared services with other firms in the group and interdependencies with the parent. This risk is managed through service-legal agreements between NIM UK and all Natixis entities that provide services to the entity.

Group risk can be a harm to clients and the firm itself.

## Liquidity Risk

The Firm seeks to ensure that it has constant access to an appropriate level of cash to enable it to finance its on-going operations and reasonable unexpected events on cost-effective terms. Liquidity risk can be a harm to clients and the firm itself.

### 4.4 Approach to risk management

The management of risk within NIM UK is formalised and set out in the Firm's risk management and risk appetite framework, and in associated policies. The risk management framework comprises the following components:

- Risk governance including policies and procedure
- Board-defined overall risk appetite, risk statements
- Risk taxonomy
- Risk and control self-assessment
- Capital and liquidity adequacy
- Stress testing
- Monitoring, reporting and management information
- ICARA process review document

The Firm assigns clear roles and responsibilities for managing its identified risks. The Board of the Firm is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process. The Board sets the Firm's risk strategy policies. The Board is the Governing Body of the Firm. It meets regularly and is composed of:

- James Beaumont
- Sam Nash
- Florian De Pontcharra
- Andrew Benton
- Darren Pilbeam

The Board decides the Firm's appetite – those risks it will accept and those it will not take in the pursuit of its goals and objectives. In addition, the Board ensures that the Firm has implemented an effective, ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed.

Monitoring of risks, reporting to senior management and the Board, and the overall oversight of risk management to ensure effective operation of the Firm are subject to formalised processes and procedures.



## 4.5 Statement of risk appetite

The Board regards managing risk as a process of continuous improvement. The Firm continuously undertakes a programme of enhancing its existing Risk Management Framework. The Board has adopted a conservative approach to the Firm's risk appetite to maintain a strong capital position, liquidity and balance sheet throughout market cycles. Risk is a fundamental characteristic of the Firm's business. NIM UK is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, treating its clients fairly, and to meet the expectations of major stakeholders, including clients, employees, and regulators.

In line with the Firm's business strategy, risk appetite and risk management framework, the Firm identified and further assesses key risks within the Firm's ICARA process. NIM UK maintains a Risk Register, which includes risk assessment and rating methodologies in accordance with its risk appetite. Key risks are reported to the Board at each meeting.

# 5 Governance arrangements disclosure

## 5.1 Governance Framework

The Board is the Governing Body of the Firm ('the Board'). It meets regularly and is composed of:

- James Beaumont
- Sam Nash
- Florian De Pontcharra
- Andrew Benton
- Darren Pilbeam

The role of the Board is to provide oversight and take responsibility for the strategic leadership of the Firm within a framework of good corporate governance and prudent and effective controls which enables risk to be assessed and managed, including appropriate segregation of duties of the Senior Management Functions in accordance with the Senior Management and Certification Regime ('SMCR') and management of conflicts of interest. The Board sets the structure in place for the Firm to meet its objectives and reviews management performance. The Board sets and oversees the Firm's values and standards and ensures that its obligations to its shareholders, its clients and others are understood.

The Firm seeks regulatory approval prior to appointments to the Board under the SMCR. All Board members are registered and listed on the FCA Register. Responsibilities are allocated to Senior Managers under the SMCR regime, and these are reviewed annually to ensure consistency with the business of the Firm including responsibility for client assets. As detailed in the Statement of Responsibilities Senior Managers have been allocated the following responsibilities:

<b>Responsibility</b>	<b>Assignee(s)</b>
A Responsibility for the firm's performance of its obligations under the senior managers regime	Andrew Benton
B Responsibility for the firm's performance of its obligations under the employee certification regime	Andrew Benton
B-1 Responsibility for the firm's obligations in relation to individual conduct rules for: (a) training; and (b) reporting	Charles Hutchinson
D Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	Andrew Benton & Charles Hutchinson

## 5.2 Overview of the Board Committees

All members of the Board are executive directors of NIM UK. The purpose of the Committees with their respective scopes of duties and responsibilities are formalised in the Committee's Terms of References.

### **UK Investment Risk Oversight Committee**

The role of the UK Investment Risk Oversight Committee ("UK IROC") is to provide an investment risk oversight of the delegated investment management activities for the Firm's portfolio management services.

The UK IROC meets at least bi-monthly or more often as necessary. The permanent members include the Chief Risk Officer (CRO), Head of Risk Solutions, Chief Compliance Officer (CCO) and Head of Investment Risk.

### **UK Investment Committee**

The purpose of the UK Investment Committee ("IC") is to oversee NIM UK's investment advisory services, including report to clients, risk and compliance around investment advisory services, challenge new investment advice where applicable, always with the best interests of clients first.

The membership of the IC comprises twelve permanent members which includes Chief Executive Officer (CEO), Head of Multi Asset Portfolio Management, Portfolio Construction, Fund Research and Solutions.

### **UK Outsourcing Oversight Committee**

The UK OOC was established to have the overall responsibility for oversight and management of all critical outsourced functions and arrangements delegated to the Firm's third-party outsourcing providers.

The UK OOC's primary objective is to ensure that inherent related third-party related risks resulting from outsourcing activities are adequately managed. Although, the day-to-date oversight activities are run by the NIMI Third Party Risk Team.

The membership comprises seven members including: Head of Third-Party Oversight, compliance, risk and legal.

### **Compliance, Risk and Internal Control Committee ("CRICC")**

Members of CRICC comprise both Firm and Group representatives whose role is to oversee the following areas of the Firm: financial and regulatory reporting, compliance, internal control, operational risk management and core business risks.

NIM UK attendees comprises CEO, Executive Directors and the CCO.

## 5.3 Directorships

The following information relates to the appointments of NIM UK Limited Directors as at 31st December 2023, including any Directorships held at external, commercial organisations:

SMF Function/Role	Name	Number of other external directorships
SMF1	Andrew Benton	
SMF3	James Beaumont	
SMF3	Sam Nash	
SMF3	Florian de Pontcharra	3
SMF3	Darren Pilbeam	

## 5.4 Diversity

The Firm values the innovation and creativity that diversity of thought brings to the organisation and understands that diversity, equality and inclusion play a critical role in establishing strong governance and maintaining a healthy culture from the top as part of delivering higher standards of conduct and success of the Firm. The Firm is committed to building a workforce that reflects all aspects of diversity and intersectionality to bring a range of perspectives, ideas and insights to everything the Firm does.

One of the company's objectives is to ensure that the composition of the Board is always suitable for it to be an effective decision-making body and to provide successful oversight and stewardship. Suitability of members of the Board is reassessed periodically, in line with the requirements of the SM&CR. The Directors are appointed in accordance with the following suitability criteria:

- Being of good repute;
- Being able to act with honesty, integrity and independence of mind;
- Overseeing, monitoring and challenging management decision-making effectively;
- Disclosing any financial or non-financial interests that could create potential conflicts of interest;
- Possessing sufficient knowledge, skills and experience to perform their duties;
- Being able to commit sufficient time to perform management body functions in a supervisory context;
- Not being restricted from taking up the position by any regulatory requirement.

The assessment of an individual's adequate knowledge, skills and experience will consider:

- The role and duties of the position and the required capabilities;
- The knowledge and skills attained through education, training and practice;
- The practical and professional experience gained in previous positions;
- The knowledge and skills acquired and demonstrated by the professional conduct of the member of the Board.

The Board's approach to Diversity, Equity & Inclusion and the approach to social responsibility to the community is of high importance.

At Natixis Investment Managers, we strive to create sustainable value and help investors seek more meaningful returns. Corporate social responsibility principles are part of our culture and decision-making process. We take a consultative approach focused on building long-term relationships and solving business problems.

We believe that it's our civic responsibility to help improve the quality of life in the communities where we live and work. In the UK office we support our charity partners Inspire! (which works to improve education about and access to the world of work for young people) and Providence Row (which supports people affected by homelessness in East London) through employee volunteering opportunities and fundraising efforts.

Fostering a diverse and inclusive workplace is central to our commitment to social impact, and to creating a culture built on innovation and diversity of thought. This is underpinned by our 5 pillars of Governance, Data & Measurement, Cultural Diversity, Gender Balance and Education & Training. One key DE&I initiative is our Scholarship Programme, which aims to assist first-generation students from low-income backgrounds in the London borough of Haringey in their pursuit of higher education studies and career development in business and related fields. Other initiatives for 2023 included our continued involvement with the 10,000 Black Interns programme for a third year, the work of our Employee Resource Groups (ERGs) on events and initiatives throughout the year, as well as the introduction of new corporate partnership with organisations such as Investment 20/20.

## 6 Own funds disclosure

### 6.1 Composition of Regulatory Own Funds

The Firm's own funds consist of CET1 capital. As at the Firm's financial year end on 31 December 2023, the Firm complied with all capital requirements.

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (GBP thousands)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
<b>1</b>	<b>OWN FUNDS</b>	<b>11,384</b>	
<b>2</b>	<b>TIER 1 CAPITAL</b>	<b>12,228</b>	Statement of Changes in Equity (Page 17)
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>12,228</b>	Statement of Changes in Equity (Page 17)
4	Fully paid-up capital instruments	451	Note 17
5	Share premium		
6	Retained earnings	11,777	Statement of Changes in Equity (Page 17)
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	-843	Note 11
19	CET1: Other capital elements, deductions and adjustments		
<b>20</b>	<b>ADDITIONAL TIER 1 CAPITAL</b>		
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		
<b>25</b>	<b>TIER 2 CAPITAL</b>		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		

29	Tier 2: Other capital elements, deductions and adjustments		
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## 6.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below describes the reconciliation with own funds in the balance sheet as at 31 December 2023, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
		<b>a</b>	<b>b</b>	<b>c</b>
		<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
As at period end		<b>31 December 2023</b>		
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
Fixed Assets		2,701		
Investment		844		
Receivables		12,614		
Cash and cash equivalents		20,077		
<b>Total Assets</b>		<b>36,236</b>		
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
Creditors: falling due within one year		(20,078)		
Creditors: amounts falling due after one year		(3,851)		
Provision for liabilities		(79)		
<b>Total Liabilities</b>		<b>-24,008</b>		
<b>Shareholders' Equity</b>				
Called up share capital		451		4
Retained earnings		11,777		6
<b>Total Shareholders' Equity</b>		<b>12,228</b>		

## 6.3 Main features of own instruments issued by the Firm

The table below provides information on the CET1 instruments issued by the Firm.

<b>Own funds: main features of own instruments issued by the Firm (template OF1)</b>
<ul style="list-style-type: none"> <li>Share capital consists of fully paid ordinary shares of £1 each, with 451,000 shares in issuance as at 31 December 2023 (2021: 451,000).</li> <li>100% of the called-up share capital is owned by the immediate parent company, Natixis Investment Managers Participations 1</li> </ul>



- 100% of total shareholder's equity is recognised as regulatory own funds capital.
- Share capital and retained earnings have no specific terms and conditions attributed to them.

# 7 Own funds requirements disclosure

## 7.1 Own funds requirement

The Firm is required to disclose the K-factor requirement ('KFR') and the fixed overheads requirement ('FOR') amounts in relation to its compliance with the own funds requirements set out in MIFIDPRU 4.3, based on the audited financial statements for the year ended 31 December 2023.

Based on NIM UK's regulatory permissions, the single K-factor that applies to the Firm relates to the 'Risk to client' type of the K-factor methodology, the K- AUM.

	£, '000
K-AUM	1, 317
FOR	67,917

## 7.2 Compliance with Overall Financial Adequacy Rule

In line with the provisions relating to the Overall Financial Adequacy Rule ('OFAR') set out in MIFIDPRU 7.4.7R, NIM UK is also required to disclose its approach to assessing the adequacy of the Firm's own funds.

### ICARA process

Within the annual ICARA process, the Firm is required to identify and assess the following:

- any material/key risks that arise from its activities;
- any material harms that may be caused to the clients, the market or the Firm itself as a result of its activities; and
- whether, at all times, the Firm has sufficient own funds and liquid resources to meet the Overall Financial OFAR.

The OFAR requires that the Firm holds own funds and liquid assets which are adequate (both in amount and quality) to ensure that:

- the Firm can remain financially viable throughout the economic cycle and be able to address any material potential harm; and
- the Firm's business can be wound down in an orderly manner with minimal impact on consumers and other market participants.

The process of embedding the ICARA process within the Firm has been completed and the adequacy of the ICARA process will be reviewed on an annual basis thereafter, or more frequently, should there be any material change to the business risk profile or business model.

The ICARA process encompasses various aspects of internal governance with a particular focus on:

- identification, monitoring and mitigation of harms;
- business model planning and forecasting;
- recovery and wind-down planning;
- assessing the adequacy of financial resources; and
- assessing the overall effectiveness of the risk management of the Firm.

As part of the ICARA process, the Firm establishes its own funds threshold requirement and its liquid assets threshold requirement to comply with the OFAR and to ensure the Firm can remain viable, addressing any potential harm from ongoing activities, and can wind-down in an orderly way. For harms not adequately mitigated through existing systems and controls, the Firm assesses whether additional own funds and/or liquid assets are required.

The recovery action planning contains appropriate recovery actions to restore own funds and/or liquid resources to avoid breaching threshold requirements and early-warning-indicators ('EWIs') to assist the Firm when approaching trigger levels and set out credible actions to help reverse or repair any adverse trends.

The wind-down planning includes triggers (own funds and liquid assets) and timelines. The Firm considers different scenarios that could cause a need to wind-down the business. These underlying drivers could result in the need for different resources (financial and non-financial) during the wind-down period. The Firm sets resources aside so that sufficient own funds and liquid assets are available at all times to enable an orderly wind-down.

## **Risk management**

NIM UK maintains a Risk Register which contains the main risks of the Firm, based on its activities, but also based on the type of events that are recorded in incident data-bases. The risk register also contains information about the mitigations and controls, in order to assess net impacts and probabilities of relevant material risks.

Each risk within the Risk Register is cross-references to possible ICARA harms (client, market, firm) and assessed to determine its materiality to the Firm. It also includes a description of the controls put in place to mitigate the risk.

NIM UK's risk appetite defines the risk types, the Firm's material risks and the tolerances that the Firm is prepared to accept in pursuit of its strategic objectives and business strategy, taking into account the interests of its clients and shareholders, as well as own funds and other regulatory requirements.

The Firm's overall risk appetite must be such that its own fund and liquidity requirements, as captured in the ICARA process, are maintained within its risk bearing capacity or capital resources. The most material risks identified in the Risk Register are assessed to determine appropriate own funds and

liquidity reserves. Regular stress testing and scenario analysis is undertaken to ensure these reserves are sufficient to meet current and future obligations under a variety of stressed conditions.

### **Own funds adequacy**

NIM UK assesses the adequacy of its own funds on a regular basis against a variety of own funds requirement assessments. In maintaining the Firm's own funds requirements within the risk appetite, EWIs have been established. These are agreed as part of the annual own funds planning process and reviewed annually.

### **Liquid assets adequacy**

The Firm has an established liquidity risk management framework based on the Firm's approved liquidity risk appetite in order to ensure that:

- the basic liquid asset requirement ('BLAR') is met; and
- the liquid assets threshold requirement is determined.

The Firm further assesses its compliance with liquid asset threshold requirement which is based on the sum of BLAR and an additional liquid asset requirement determined during the ICARA process, to ensure liquidity adequacy in stressed conditions and during an orderly wind-down as part of its OFAR compliance from a liquidity perspective.

Liquidity risks are identified through ongoing liquidity management and monitoring, which contribute to the development of the Firm's liquidity risk management framework, and formulating stress testing scenario design and key assumptions.

The Firm's monitoring and reporting of its liquidity position is undertaken through established reporting against the key liquidity metrics. Any triggers or breaches would be escalated in line with the escalation framework.