

# Meridiem Investment Management Ltd

## MIFIDPRU Disclosures

### Regulatory Requirement

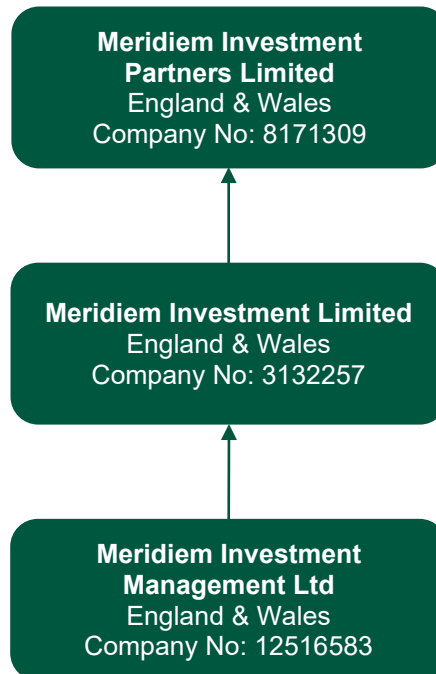
The Investment Firms Prudential Regulations (“IFPR”), implemented in January 2022, requires investment firms to make a public disclosure concerning their adherence to the regulations. This disclosure fulfils Meridiem Investment Management Ltd (“MIM Ltd”) obligations to market participants key pieces of information on the firm’s governance, own funds, own funds requirements, remuneration and diversity and inclusion.

### Company structure and MIFIDPRU consolidation

MIFIDPRU requirements (including the ICARA) have been produced at the Meridiem Investment Management Ltd (“MIP Ltd”) level. Meridiem Investment Management Ltd (“MIM Ltd”) is the FCA regulated entity which is subject to the MIFIDPRU handbook. We have decided to produce MIFIDPRU documentation at the MIP Ltd level for the following reasons:

- We are required to have appropriate capital on a consolidated basis.
- A group level assessment captures the financial position of all companies in the structure.

### Group Structure Chart

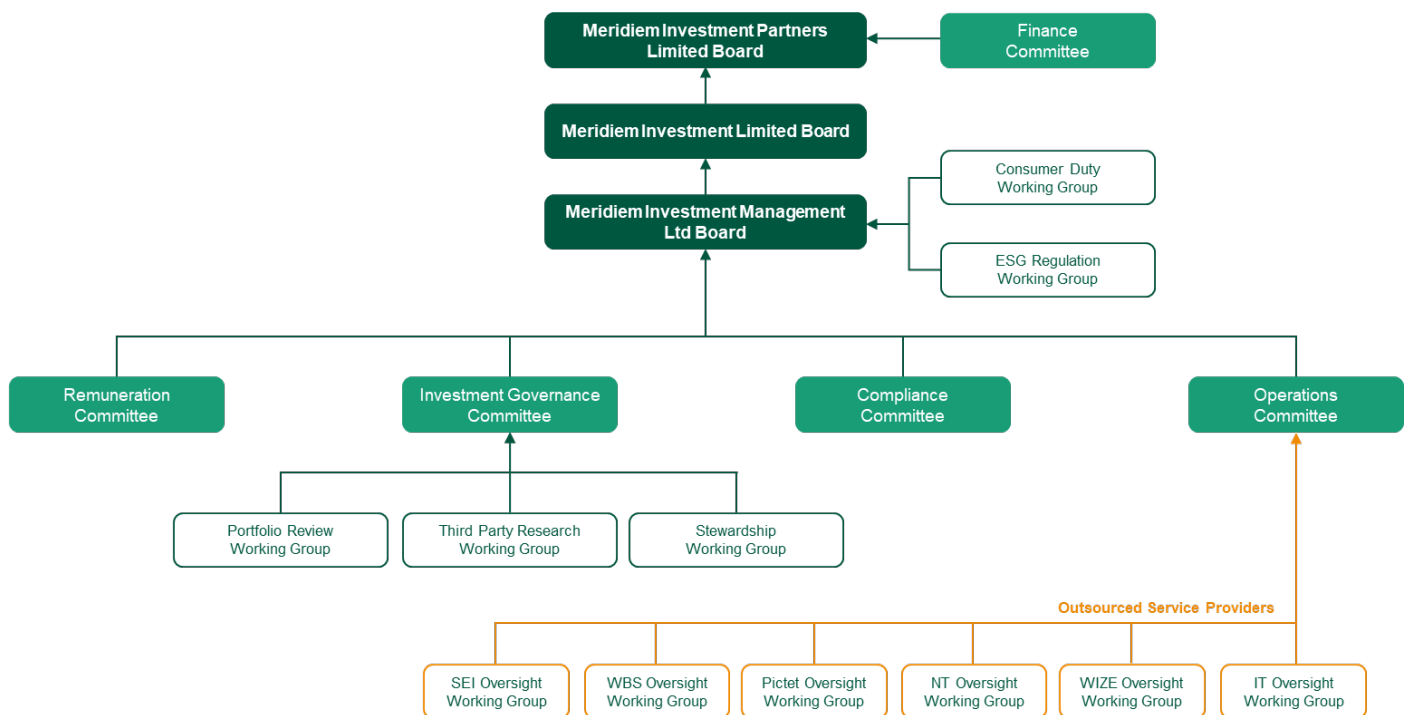


The Group is categorised as a MIFIDPRU non-SNI firm, and all requirements have been considered in line with the appropriate regulations.

## Governance

Each regulated entity is governed by a respective Board. The MIM Ltd Board (the regulated entity) oversees the strategy, operations, compliance, risk management and other functions. The Board is responsible for ensuring that the regulated activities are carried out in accordance with the relevant legislation, regulation, and industry guidance.

The MIM Ltd Board is comprised of the Executive Chair, Chief Executive Officer, Chief Investment Officer, and the Chief Operations & Technology Officer. The Compliance Officer and MLRO is an attendee at the Board. The Board is chaired by the Executive Chair who provides both challenge and support. The Board meets quarterly to formally provide oversight and governance to the firm. Day to day management of the firm has been delegated to the Chief Executive Officer, who is supported by the Board. All Board members and the attendee are active in the day-to-day management of the firm’s activities through the governance framework of committees and working groups as follows:



## Risk Management

The Board has overall responsibility for risk management. We adopt a process of continuous identification and review of business risks. This includes monitoring of key risks, identification of emerging risks and consideration of risk mitigations after considering risk appetite. Three primary sub-committees report up to the Board, thereby allowing the Board to receive timely and detailed information from each of the sub-committee chairs.

Practically, we maintain a Risk Register which is overseen by the Board. The Board is responsible for ensuring that it maintains sufficient exposure of knowledge levels in emerging and rising risk areas. Key examples include cyber and outsourcing risk. We have operating processes whereby we capture operational risk events and review them with a view to mitigating future risk crystallisation. These risks are further codified in the ICARA.

## External Directorships and conflicts of interest

In the table below we list any external directorships held by each of the directors of the MIM Ltd, broken down into executive and non-executive directorships.

No external directorships held externally represent a conflict of interest.

| Members Name     | Number of other directorships held |
|------------------|------------------------------------|
| Mark Rayward     | None                               |
| Caroline Stokell | None                               |
| Archana Mohan    | 1 NED position                     |
| Ross Ciesla      | None                               |

## Diversity and Inclusion

There is an internal company-wide employment policy laid out in our employee handbook. This policy lays out our commitment to equality, fairness, and respect for all our colleagues, and extends to the management body. There are no formal set targets in relation to this policy for the management body because of its current diverse make-up. The company is committed to a diverse approach in the makeup of the management body and the broader organisation.

## Remuneration

The Remuneration Committee comprises of The Executive Chair, the Chief Executive Officer, the Chief Investment Officer, and an independent HR Director. All MIM Ltd employees on the committee are experienced investment professionals and shareholders with extensive management experience and are fully engaged in the governance and oversight of the business.

All employees are paid base salaries which are set with reference to industry standards and reviewed by the Remuneration Committee. All employees on a permanent contract are eligible to be considered to receive an annual discretionary bonus designed to provide an appropriate annual reward that reflects the overall performance of the firm and the contribution of the individual in serving our clients.

There is no direct link between individual revenues and discretionary bonuses. The discretionary bonus pool is set according to the firm's annual profitability such that the payment of bonuses would not result in a loss for the firm. The

percentage profit paid out to the bonus pool is an agreed percentage range of pre-bonus gross profit. This is varied each year and based on business, capital, and retention requirements. The bonus pool is agreed by the Remuneration Committee and validated by the MIM Ltd Board. Bonuses are not guaranteed but are linked to profitability. Therefore, in the event of poor business performance impacting profitability, variable remuneration would be impacted so clawback arrangements have not been used.

Material Risk Takers are defined as those with a Senior Manager Function (SMF) and any employee who manages client assets. On 30th September 2022 there were 19 Material Risk Takers.

No guaranteed variable remuneration is paid to Material Risk Takers, other than in exceptional circumstances for a new joiner. No deferral payments are made and therefore vesting is not applicable. Neither guaranteed remuneration nor severance payments were awarded to Material Risk Takers during this period.

The data below is for the financial year September 30, 2022, to which this disclosure relates.

| <b>Total amount of remuneration awarded to staff</b> |  |                 |
|--|--|-----------------|
|  | Material Risk Takers (including senior management) | Other employees |
| <b>Fixed Income</b>                                  | £3.4m  | £3.0m           |
| <b>Variable Income</b>                               | £9.2m  | £2.2m           |
| <b>Total Remuneration</b>                            | £12.6m   | £5.2m           |

## Financial Accounts

| Composition of Own Funds  |                        |  |
|---|------------------------|--|
| OF1 Item  | Amount (GBP thousands) | Source based on reference numbers/letters of the balance sheet in the audited financial statements |
| <b>OWN FUNDS</b>  | 17,839                 |  |
| <b>TIER 1 CAPITAL</b>   | 17,839                 |  |
| <b>COMMON EQUITY TIER 1 CAPITAL</b>                             | 17,839                 |  |
| Fully paid-up capital instruments                               | 1                      | Note 16  |
| Share premium   | 6,080                  |  |
| Retained earnings   | 12,712                 |  |
| Accumulated other comprehensive income                          |                        |  |
| Other reserves  | -954                   |  |
| Adjustments to CET1 due to prudential filters                   |                        |  |
| Other funds   |                        |  |
| <b>(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1</b>           | 17,839                 |  |
| <b>CET1: Other capital elements, deductions and adjustments</b> |                        |  |
| <b>ADDITIONAL TIER 1 CAPITAL</b>                                | 0                      |  |
| Fully paid up, directly issued capital instruments              |                        |  |
| Share premium   |                        |  |
| <b>(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1</b>              | 0                      |  |

|   |   |  |
|---|---|--|
| <b>Additional Tier 1: Other capital elements, deductions, and adjustments</b> |   |  |
| <b>TIER 2 CAPITAL</b>   | 0 |  |
| <b>Fully paid up, directly issued capital instruments</b>                     |   |  |
| <b>Share premium</b>  |   |  |
| <b>(-) TOTAL DEDUCTIONS FROM TIER 2</b>                                       | 0 |  |
| <b>Tier 2: Other capital elements, deductions and adjustments</b>             |   |  |

**Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

|  | Balance sheet as in published/audited financial statements | Under regulatory scope of consolidation | Cross reference to template OF1 |
|--|--|---|---------------------------------|
|--|--|---|---------------------------------|

**Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements**

|            |                             |        |        |  |
|------------|-----------------------------|--------|--------|--|
| <b>1</b>   | <i>Total Fixed Assets</i>   | 862    | 862    |  |
| <b>2</b>   | <i>Total Current Assets</i> | 34,825 | 34,825 |  |
| <b>xxx</b> | <i>Total Assets</i>         | 35,687 | 35,687 |  |

**Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements**

|            |  |        |        |         |
|------------|--|--------|--------|---------|
| <b>1</b>   | Creditors: amounts falling due within one year | 17,848 | 17,848 | Note 13 |
| <b>xxx</b> | Total Liabilities                              | 17,848 | 17,848 |         |

**Shareholders' Equity**

|            |                            |        |        |         |
|------------|----------------------------|--------|--------|---------|
| <b>1</b>   | Share Capital              | 1      | 1      | Note 16 |
| <b>2</b>   | Share Premium              | 6,080  | 6,080  |         |
| <b>3</b>   | Retained Earnings          | 12,712 | 12,712 |         |
| <b>4</b>   | EBT Reserve                | -1,102 | -1,102 | Note 17 |
| <b>5</b>   | Other Reserves             | 148    | 148    |         |
| <b>xxx</b> | Total Shareholders' equity | 17,839 | 17,839 |         |

## The ICARA

The ICARA considers all relevant risks that could affect capital and liquidity. This is done by:

- Reviewing enterprise risks from the Risk Register ordered by highest risk to lowest risk. We have considered the financial impact of several scenarios.
- Monitoring, as part of our ICARA and regulatory reporting concentration risk of where our cash is held and concentration of revenue.
- Conducting two stress tests, where there are severe but plausible scenarios extreme scenarios.
- Preparing a reverse stress test and considering the net costs and cashflow of orderly winddown for MIM Ltd and MIP Ltd.

## ICARA Summary

The table below shows that the OFAR is substantially covered.

| <b>Own Funds Requirement (OFR)</b>                  |             |
|---|-------------|
| Permanent Minimum Requirement (PMR)                 | £75,000     |
| K-Factors (KF)                                      | £1,899,291  |
| K-AUM   | £403,252    |
| K-ASA   | £1,495,870  |
| Fixed Overhead Requirements (FOR)                   | £3,316,938  |
| Highest of PMR, KF or FOR                           | £3,316,938  |
| <b>Additional Own Funds Required (AOFR)</b>         |             |
| Enterprise Risks (ER)                               | £0          |
| Stress Tests (ST)                                   | £0          |
| Net Orderly Wind Down costs (OWD)                   | £0          |
| If ER, ST or OWD is above OFAR                      | £0          |
| <b>Capital Conclusion</b>                           |             |
| Own Funds Threshold Requirement (OFTR) = OFR + AOFR | £3,316,938  |
| Total Available Regulatory Capital                  | £17,838,647 |



| <b>Basic Liquid Asset Requirement (BLAR)</b>                   |                   |
|--|-------------------|
| 33.33% of FOR  | £1,105,646        |
| 1.6% of the total amount of any guarantees provided to clients | £0                |
| <b>Sum of the above</b>  | <b>£1,105,646</b> |
| <b>Liquidity Self-Assessment (LSA)</b>                         |                   |
| Enterprise Risks (ER)  | £0                |
| Liquidity Stress Test (LST)                                    | £0                |
| Net Orderly Wind Down liquidity requirements (OWD)             | £0                |
| <b>If ER, LST or OWD is above BLAR</b>                         | <b>£0</b>         |
| <b>Liquidity Conclusion</b>                                    |                   |
| Liquidity Asset Threshold Requirement (LATR) = BLAR + LSA      | £1,105,646        |
| (Ringfenced) core liquid assets held                           | £17,838,647       |
| <b>Overall Financial Adequacy Rule (OFAR)</b>                  |                   |
| (OFTR) Capital requirements met                                | ✓                 |
| (LATR) Liquidity requirements met                              | ✓                 |

## Concluding Remarks

The ICARA calculation is for the firm's accounting period ending September 30, 2022. The Group is profitable and maintains healthy cash balances with a predominately liquid balance sheet and low fixed cost base relative to revenues. The Group's management continue to look for operational efficiencies.

**MIFIDPRU Disclosures v2, March 2024**