TAM UK International Holdings Limited

Pillar 3 Disclosure

31 December 2021

Report date: 23 September 2022

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1. Introduction

Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc., a leading US-based financial services provider. The EMEA business of Columbia Threadneedle Investments includes TAM UK International Holdings Limited ("**TAMUKIHL**") and its subsidiaries.

On 08 November 2021 Ameriprise acquired Bank of Montreal ("**BMO**") Global Asset Management business in EMEA becoming part of Columbia Threadneedle Investments. It should be noted that these disclosures have been prepared at TAMUKIHL level.

As at 31 December 2021, TAMUKIHL managed £121.3bn of assets on behalf of individuals, pension funds, insurers, and corporations. We manage a range of products investing in a variety of asset classes, including equities, fixed income, infrastructure, and property. These capabilities are marketed to investors through a range of product structures (e.g., UK OEICs, Luxembourg SICAVs, UK life structures, closed ended funds, unit trusts and segregated accounts).

Columbia Threadneedle Investments is a people business focused on delivering excellence for our clients. The Board of TAMUKIHL ("**Board**") is responsible for setting the tone from the top and communicating Columbia Threadneedle Investments' four values — Client Focus, Excellence, Integrity and Respect — which are core to the firm's culture, strategy and approach. All staff share responsibility for delivering these values across the business.

2. Purpose of disclosure

This document sets out the Pillar 3 disclosures for TAMUKIHL (the "**Group**") excluding Threadneedle Pensions Limited ("**TPEN**") which has its own capital requirements under Solvency II.

The Group is subject to rules set out in the FCA's General Prudential Sourcebook ("**GENPRU**") and Prudential Sourcebook for Banks, Building Societies and Investment Firms ("**BIPRU**"). This disclosure is prepared in accordance with the Capital Requirements Directive III ("**CRD III**"), which is the common framework for implementing Basel II in the European Union.

These rules are built on three 'Pillars':

- **Pillar 1** comprises the minimum base capital resources requirements, including credit risk and market risk capital requirements and the fixed overheads requirement;
- **Pillar 2** is management's own independent assessment of its capital adequacy. This assessment takes into account all risks that are not covered adequately or at all by Pillar 1 requirements. We assess these capital requirements through our Internal Capital Adequacy and Risk Assessment ("**ICARA**") process under FCA's new Investment Firm Prudential Regime ("**IFPR**") which replaced the Internal Capital Adequacy Assessment Process ("**ICAAP**") with effect from 01 January 2022; and
- **Pillar 3** is an external disclosure of risk and capital management, including capital adequacy. The purpose of Pillar 3 is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on a firm's capital, risk exposures and risk assessment process.

The disclosures in this document have been prepared in accordance with BIPRU 11. Information deemed immaterial has been omitted. The disclosures do not constitute formal audited financial statements and have been produced solely for the purpose of Pillar 3.

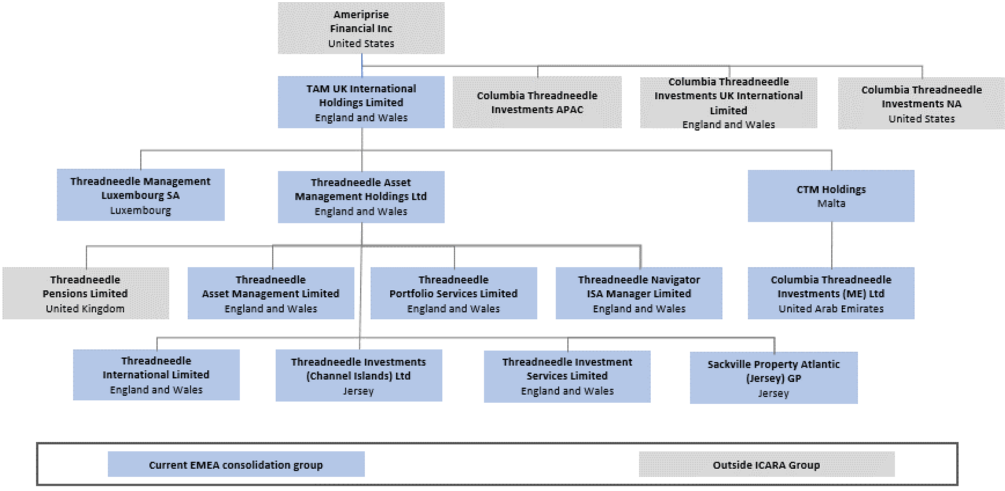
The continued impact of Russia-Ukraine war on the risk profile of TAMUKIHL is monitored and managed through the risk management framework. No additional financial resources at the TAMUKIHL level are deemed necessary.

3. Scope and application of directive requirements

The Group includes six UK regulated companies, Threadneedle Asset Management Limited ("**TAML**"), Threadneedle International Limited ("**TINTL**"), Threadneedle Investment Services Limited ("**TISL**"), Threadneedle Navigator ISA Manager Limited ("**TNIML**"), Threadneedle Portfolio Services Limited ("**TPSL**"), and TPEN.

A simplified organisational diagram is set out below. The entities that are in-scope for this disclosure are shown in light blue colour:

Figure 1: Columbia Threadneedle Organisational Structure



Note: The above diagram excludes some intermediate holding companies and other unregulated entities in the ICARA Group.

The Group also includes four legal entities that are regulated by foreign regulatory authorities. Threadneedle Management Luxembourg S.A. ("**TML**") is regulated by the Commission de Surveillance du Secteur Financier ("**CSSF**"); Columbia Threadneedle Investments (ME) Limited is regulated by the Dubai Financial Services Authority ("**DFSA**"); and Threadneedle Investments (Channel Islands) Limited and Sackville Property Atlantic (Jersey) GP are regulated by the Jersey Financial Services Commission ("**JFSC**"). These entities are included in the ICARA and Pillar 3 disclosure. TINTL is also regulated by the Securities and Exchange Commission ("**SEC**"), Commodity Futures Trading Commission ("**CTFC**") and National Futures Association ("**NFA**") in the United States and the Australian Securities and Investments Commission ("**ASIC**").

TPEN is also regulated by the Prudential Regulatory Authority ("**PRA**"). It has its own capital requirements and is excluded from the ICAAP/ICARA and the Pillar 3 disclosure. TPEN is required to publish a Solvency and Financial Condition Report which is available on the Columbia Threadneedle Investments website (see **Section 5**).

4. Frequency of disclosure

This document is updated and published at least annually (or more frequently if there are significant changes to the business).

5. Media and location of disclosure

This document is published on the Columbia Threadneedle Investments EMEA website:

https://www.columbiathreadneedle.com/en/disclosures/

6. Enterprise Risk Management Framework

6.1 Introduction

Ameriprise Financial, Inc. has implemented a comprehensive Enterprise Risk Management ("**ERM**") programme for all its subsidiaries and operations, including the Group. The ERM program provides a framework for the identification, monitoring and management of risk, including compliance with applicable local regulatory requirements and expectations. The ERM framework is designed to enable the Group and its subsidiaries to protect the interests of its clients by managing all elements of risk on a forward-looking basis.

The Group is regulated in different jurisdictions as noted under Section 7.3 and must ensure it establishes and maintains systems and controls appropriate to its business. It must establish, implement and maintain adequate risk management policies and procedures. This includes effective procedures for risk assessment, which identify the risks relating to its activities, processes and systems, and where appropriate, set the level of risk tolerated by the Group and its subsidiaries.

The Group's policy is that risk management is the primary responsibility of business line management and should be embedded in its various business units and departments. All members of staff have an obligation to be aware of the risks within their processes, understand the controls in place to manage those risks, and report any additional risks or control failures of which they become aware. To this end, a risk management goal is incorporated as part of the performance objectives for all members of staff.

The Group follows these guiding principles:

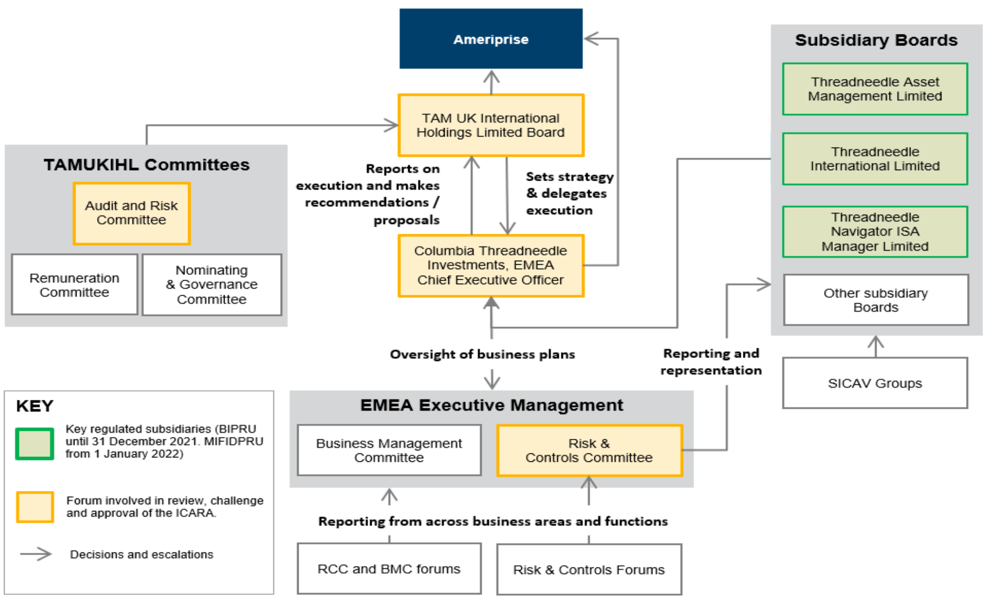
- think strategically and creatively to drive innovation in order to best serve our clients and other stakeholders;
- the ERM Framework must provide a forward-looking assessment of risk exposure;
- the Group must maintain ERM policies that are consistent with sound practices for the industry in which it operates, including all applicable regulatory expectations;
- the Group's ERM policies derive from, and are aligned with, those of the Ameriprise Group; and
- failure to act in accordance with the Group's ERM policies is unacceptable.

6.2 Governance

6.2.1 EMEA Corporate Governance

The figure below sets out Columbia Threadneedle Investments EMEA's governance framework as at 30 June 2022.

Figure 2: Governance Framework of Columbia Threadneedle Investments EMEA



The Board of Directors of TAM UK International Holdings Limited (the "**Board**") is responsible for the management and oversight of the Group's Risk Management Framework, policies and processes which in total constitute the Group's ICAAP/ICARA.

The EMEA Chief Executive Officer has full authority for running the Group's day-to-day operations and exercises certain delegated authorities through two separate executive governance bodies, the EMEA Business Management Committee ("**BMC**") and the EMEA Risk and Controls Committee ("**RCC**").

These committees consist of the Group's executive management team and meet to ensure that all affairs of the business are cohesively managed and that client interests and potential ICARA implications are considered from both a business management and risk and controls perspective by the most senior members of the Group.

The objectives of these committees:

- **BMC:** to manage and monitor delivery against the Group's strategic and financial plans, including delivery against client needs and interests; and
- **RCC:** to manage and mitigate current and prospective risks (including risks to client interests), monitor the effectiveness of controls, and consider the Group's capital position and risk appetite.

This structure is not intended to limit or narrow the scope of either committee, i.e., the RCC will consider business implications in its decision making and vice versa.

6.2.2 Functional areas

The following sets out the responsibilities of the key functional areas of the Group:

- **Business units** have primary responsibility for identifying and managing risks in their area and for developing and implementing controls, policies and procedures necessary to manage those risks in order to protect the best interests of the Group's clients;
- **Operational and Enterprise Risk** teams establish the ERM framework that facilitates a common approach to the identification, assessment and management of risk across the Group. The teams are also responsible for capturing, analysing and communicating the Group's risk and control profile to the RCC and other governance bodies, including leading the operational risk scenario workshops;
- **Compliance and Internal Audit** teams partner with the risk functions in order to implement a combined assurance approach to managing and mitigating risks across the Group. Compliance is also responsible for overseeing the Group's regulatory risks, and for Mandate Compliance and Trade Surveillance;
- **Investment Risk** team is primarily concerned with market, liquidity and counterparty risks borne by the Group's clients. The objectives of investment risk management are to fulfil the Group's fiduciary responsibilities as to the amount and type of market risk taken within the client portfolios which the Group manages;
- **Regulatory Capital Management** team (within Finance) coordinates the ICARA (formerly "ICAAP") across the Group, including production of the ICARA report; and
- **Corporate Treasury** team ensures that the Group, and all individual legal entities within it, have sufficient liquid assets to meet their liabilities as and when they fall due.

6.3 Risk Appetite Framework

The Board has established a risk appetite for the Group which expresses the Group's tolerance for risks that it faces. It defines the risks that the Group is prepared to accept in order to deliver its strategic objectives. These allow management and the Board to monitor the Group's exposure to risk and ensure that it stays within the Group's tolerance. Should a risk exceed its tolerance thresholds, the Group considers if and/or how it should:

- mitigate the risk where possible;

- explicitly accept the risk, and consider increasing the risk appetite; or
- scale down or terminate the activity.

The Group employs a range of approaches to monitor and report risks throughout the organisation in the context of its risk appetite. These include a Risk and Control Self-Assessment ("**RCSA**") process, which includes, dashboards to report the status and direction of key risks, a rigorous process to identify, record and resolve operational risk events, and policies and procedures covering the Group's risks and processes.

The Group's risk appetite may change as its business evolves. The Board therefore reviews and formally approves the risk appetite annually, as well as when the Group's risks, or the markets in which it operates, are materially altered.

The framework is embedded within the Group's core business processes and is used as a tool for decision-making and strategic analysis. All the elements of the risk framework inform one another, leading to a cycle of continuous improvement. This enables the Group's overall solvency needs to be assessed in a continuous and prospective way in relation to its risk profile.

6.4 Three lines of defence

The Board is responsible for establishing the Group's risk appetite and strategy, which includes approving the Group's risk management framework, policies, methodologies, and roles and responsibilities. The Board is also responsible for setting the tone from the top and communicating Columbia Threadneedle Investments' four values — Client Focus, Excellence, Integrity and Respect — which are core to the Group's culture, strategy and processes. All staff share responsibility for delivering these values across the business.

Columbia Threadneedle Investments has adopted a "three lines of defence" model to further embed the Group's four key values and to ensure clear ownership of its Risk Management Framework, which can be summarised as follows:

Figure 3: Three Lines of Defence Model

Line of defence	Roles and responsibilities
First Line Business units	Undertake day-to-day risk management
	Comply with the ERM Framework, Policies and Procedures
	Apply internal management controls and improvement actions
Second Line Risk and Compliance	Oversee and challenge risk management in the First Line of Defence
	Provide guidance and direction to the First Line of Defence
	Develop and communicate the ERM Framework
Third Line Internal audit	Independent perspective and challenge process
	Reviews and oversees both First and Second line of Defence

6.5 Policies and procedures

The Group has adopted comprehensive policies and procedures which govern management of risk. These policies and procedures have been adopted by the RCC and BMC for management of risk in all EMEA business units. At the top-down level, the policies establish the corporate parameters for risk appetite and management of all risks to accurately reflect the Group's risk profile.

The Ameriprise Enterprise Risk Policy Framework links to the Group's Key Risk categories (operational risk, financial risk, legal and compliance risk, and strategic risk). The policy framework seeks to ensure that risk management is embedded into the day-today business operations of the Group, within agreed tolerances. All policy and procedure documents are recorded in a central repository and must be reviewed by their owners at least annually.

6.6 Internal Capital Adequacy Assessment Process ("ICAAP")

The Group is required to undertake an ICAAP by the FCA. The ICAAP is the responsibility of the Board of Directors of TAML, TINTL and TNIML, and forms an integral part of the Group's management and decision-making processes.

The requirements are outlined in GENPRU sourcebook Section 2 and in BIPRU Section 2. In summary, the regulations require the Group to:

- regularly assess whether the amounts, types and distribution of financial resources, capital resources and internal capital are considered adequate to cover the nature and level of risks to which it is or might be exposed;
- identify the major sources of risk to its ability to meet its liabilities as they fall due;
- conduct stress tests and scenario analysis;
- conduct reverse stress testing and wind-down analysis; and
- ensure that the strategies, processes and systems used in its ICAAP are both comprehensive and proportionate to the nature, scale and complexity of that firm's activities.

The Pillar 3 disclosures detailed in this document for the year ended 31 December 2021 have been prepared in conjunction with the most recent ICAAP. With effect from 01 January 2022, under the FCA's new IFPR rules, the ICAAP has been replaced with ICARA including harms-based assessment. In accordance with FCA's transitional provisions (TP) in implementing the Prudential Sourcebook for 'Markets in Financial Instruments Directive' Investment Firms (MIFIDPRU TP12), the required disclosures under new IFPR rules will be made from next year for the year ended 31 December 2022 and onwards.

7. Risk exposure overview

The most material risks to which the Group is exposed are set out below.

7.1 Operational risk

Operational risk is the risk of loss resulting from internal processes which are inadequate or have failed due to human errors, system failures, or external events. The Group is exposed to operational risk as a consequence of its core businesses. Operational risk is one of the Group's largest risk categories and therefore receives a high degree of attention and focus from senior management and the Board. The Group seeks to manage and mitigate operational risk, in order to achieve its corporate objectives and fully comply with all regulatory requirements.

The Group has an operational risk management strategy whose objectives are to:

- reduce operational errors through continuously improving processes and controls;
- increase the effectiveness and robustness of processes and controls;
- provide effective reporting for management to understand and manage operational risk; and
- encourage a positive and proactive operational risk culture.

Operational risk is managed in accordance with the Group's ERM framework described in **Section 6.**

The Group assesses its capital requirement for operational risk using scenario analysis. The aim is to estimate extreme levels of operational losses that the Group could incur. As the Group does not have experience of such levels of losses, the assessment relies on developing representative severe loss scenarios based on the Group's risk library and extrapolating them to an extreme level using a statistical model.

The scenarios are developed through workshops attended by the risk owners and other subject matter experts, informed by the output of the ERM framework (e.g., internal loss experience, RCSAs, and key risk indicators) as well as external loss information.

The statistical model extrapolates the scenarios and then aggregates them, factoring in the correlation between risks. The results are reviewed and challenged, including by the RCC and the Board's Audit and Risk Committee, to ensure reasonableness.

7.2 Financial risk

Financial risk is the risk of loss due to stresses impacting the Group's balance sheet and profit and loss account. The Group is committed to maintaining the financial strength of the Group to support its business objectives, meet its regulatory capital requirements and provide shareholders with an acceptable return on their investment.

7.2.1 Market risk

Market risk is defined as the risk of loss arising from movements in market prices, including movements due to changes in interest rates, equity markets, foreign exchange markets, and derivative markets in respect of the Group's assets and liabilities. This excludes market risks borne by clients in respect of funds and portfolios managed by the Group.

The Group's market risk arises from:

- **foreign currency exposures** which the Group holds, e.g., as a result of its operations outside the UK and/or non-sterling client/fund revenue;
- **box holdings** which arise out of small holdings which the Group maintains in the funds it manages; and
- **compensation arrangements** e.g., deferred cash compensation arrangements tied to the value of funds managed by the Group.

The Group's market risk exposures are monitored and managed in accordance with its Market Risk Management Policy. The Group does not have a trading book. Seed money exposures and corporate bond investments are subject to earnings at risk while market risks relating to the Threadneedle Pension Plan are managed by the scheme's actuary. The Group uses derivative financial instruments such as forward currency and futures contracts to hedge its risks associated with foreign currency fluctuations or market risk on seed money investments.

The market risk component mainly relates to the Group's foreign currency positions and is calculated as 8% of the net open currency position by currency in accordance with BIPRU 7.5.

The following table summarises Group's market risk capital requirement as at 31 December 2021:

Table 1: Pillar 1 market risk capital requirement as at 31 December 2021

Market risk capital requirement	£'m
Foreign currency	2.0
Others[1]	0.2
Pillar 1 market risk capital requirement	**2.1**[2]

[1] Others includes small holdings maintained by the Group in the funds it manages.
[2] There is a difference of £0.1m in the total due to rounding

7.2.2 Interest rate risk in the non-trading book

Interest rate risk in the non-trading book is the potential impact on the Group's earnings and net asset values (market values) from changes in interest rates. The Group has no debt and is not directly exposed to interest rate risk from an interest expense perspective. There is a significant amount of cash and cash equivalents and corporate bonds (with an average maturity of less than one year) held by the Group as part of the normal cash management process. No capital is currently held for interest rate risk in the non-trading book as it is not considered material.

7.2.3 Credit risk

Credit risk is defined as the risk of loss resulting from counterparty default. This definition excludes the risk of rating transition (i.e., a reduction in credit rating) and its impact on the mark-to-market value in a position, which is covered under market risk. It also excludes credit risks within funds and client portfolios, which are borne by clients.

The Group's credit risk mainly arises from exposure to:

- **cash and near cash instruments** held, corporate bonds, government bonds, over the counter derivatives including foreign exchange, exchange traded derivatives, and exposures to these instruments on the Group's balance sheet;
- **debtors** as quantified on the Group's balance sheet, including inter alia retail fund debtors, fees receivable, intra-group debtors. Debtors consist mainly of outstanding management fees invoiced to clients (including retail funds);
- **seed money** and co-investments held in the Group's products (primarily pooled funds); and
- **other assets** including finance leases for 'right to use' assets and fixed assets.

The Group's credit exposures are monitored and managed in accordance with internal policies including its Counterparty Credit Risk Management Policy. The Group's Counterparty Credit Risk Committee approves all new counterparties and ensures that exposures to counterparties are well diversified. The External Credit Assessment Institutions ("**ECAI**") used by TAMUKIHL are Standard & Poor's, Moody's, and Fitch. These are all recognised as eligible ECAIs and are used to assess the credit quality of all exposure classes, where applicable, using the credit quality assessment scale set out in the FCA Handbook.

The credit risk capital component is calculated, in accordance with the standardised approach as set out in BIRPU 3. Risk weights are assigned to each exposure class based on the underlying external credit ratings and the capital requirement is calculated as 8% of the risk weighted exposures in the Group's non-trading book. These exposures mainly include cash and cash equivalents, debtors, corporate bonds, government bonds, seed holdings and fixed assets.

The following table summarises Group's credit risk exposures and capital requirements (i.e., 8% of the risk weighted exposure amount) by exposure category:

Table 2: Standardised credit exposures & capital requirement by exposure category as at 31 December 2021

Exposure class (£'m)	Exposure amount	Capital requirement
Institutions	440.2	18.8
Retail	97.6	1.0
Corporates	38.1	1.4
Collective Investment Undertakings	45.0	4.4
Other assets[1]	56.0	3.8
Total	**676.8**[2]	**29.4**

[1] Includes exposures such as finance leases and fixed assets.
[2] There is a difference of £0.1m in the total due to rounding.

The following table sets out Group's credit risk exposures by Credit Quality Step ("**CQS**").

Table 3: Standardised credit exposures by CQS as at 31 December 2021

Credit Quality Step / credit rating (£'m)		Exposure amount
1	AAA to AA-	62.1
2	A+ to A-	216.7
3	BBB+ to BBB-	1.6
4	BB+ to BB-	0.0
5	B+ to B-	0.0
6	CCC+ and below	0.0
Unrated[1]		396.4
Total		**676.8**

[1] Includes retail and trustee debtors, seed money in Threadneedle funds and fixed assets.

No credit risk mitigation techniques are applied by the Group.

The following table sets out Group's credit risk exposures by geography:

Table 4: Standardised credit risk exposures by geography as at 31 December 2021

Exposure class (£'m)	European Union / EEA	Other	Total
Institutions	278.8	161.4	440.2
Retail	97.6	0.0	97.6
Corporates	31.0	7.1	38.1
Collective Investment Undertakings	45.0	0.0	45.0
Other	56.0	0.0	56.0
Total	**508.3[1]**	**168.5**	**676.8[1]**

[1] There is a difference of £0.1m in the total due to rounding.

The following table sets out Group's credit risk exposures by residual maturity:

Table 5: Standardised credit exposures by residual maturity as at 31 December 2021

Exposure class (£'m)	< 1 year	> 1 year / undefined	Total
Institutions	387.7	52.5	440.2
Retail	97.6	0.0	97.6
Corporates	11.6	26.5	38.1
Collective Investment Undertakings	0.5	44.4	45.0
Other	23.8	32.2	56.0
Total[1]	**521.1**	**155.7**	**676.8**

[1] There is a difference of £0.1m in the total due to rounding.

Financial assets are considered to be past due if a counterparty has not made payment by the contractual due date. An asset is considered to be impaired when the carrying value of the asset is greater than the recoverable amount through sale or use. The Group reviews its financial assets on a regular basis for indicators of past due and impairment. Historically, default levels have been insignificant.

The ageing analysis of amounts past due within trade receivables are as follows:

- **retail trade receivables** include subscription amounts due from investors in the Group's range of OEIC's and unit trusts, together with the amounts due from these funds in respect of the cancellation of surplus units. At 31 December 2021, £9.6m of retail trade receivables were between 5 and 30 days past due and £0.1m were greater than 30 days past due; and

- **fee trade receivables** include all amounts due from clients in respect of invoiced and accrued investment management and performance fees and other related services. At 31 December 2021, £10.1m of fee trade receivables were less than 90 days past due and £19.7m were greater than 90 days past due.

Provision for specific doubtful debts is made when there is evidence that the Group will not be able to recover balances in full. Balances are written off when the receivable amount is deemed irrecoverable. As at 31 December 2021, there were no impairment provisions related to trade receivables nor were any balances written off during the financial year.

7.2.4 Corporate liquidity risk

Corporate liquidity risk is defined as where the Group, though solvent, either does not have sufficient financial resources available to meet its obligations when they fall due or can secure them only at an excessive cost. This risk is managed in line with the requirements of BIPRU 12. The policy, responsibilities, process and contingency arrangements are documented in the Group's Liquidity Risk Policy and Management Framework.

7.3 Legal and compliance risk

Legal and compliance risk is the risk of loss due to a failure to comply with laws, legal agreements or regulations. The Group includes subsidiaries which are regulated by the FCA/PRA in the UK, CSSF in Luxembourg, DFSA in the United Arab Emirates and JFSC in Jersey and other regulators in the European Economic Area (EEA), Canada and

Switzerland. TINTL is also regulated by the SEC, CTFC and NFA in the United States by ASIC in Australia and by the SFC in Colombia.

The Group's management team monitors developments in regulation, assesses the impact on the business and implements any changes that will be required to meet those requirements and ensure that the capital levels meet or exceed the regulatory requirements.

For the Group, compliance with both the practice and spirit of Principle 11 of the FCA's Principles for Businesses is core to the approach to managing its relationships with regulatory bodies. Accordingly, the senior management team and Boards of Directors are actively involved in fostering a close and continuous relationship with the FCA, CSSF and other regulators. Any risk event, incident, fine or sanction that could lead to the deterioration of the Group's relationships with regulators (i.e., Principle 11) must be escalated to senior management and where relevant, the relevant Board(s) and/or subsidiaries.

The Group is exposed to conduct risk which is the risk that the firm's or an employee's action or inaction causes, or has the potential to cause, harm to our clients, damages market integrity, threatens the firm's reputation, or negatively impacts our internal culture. The Group has established a Talent and Culture and Conduct Advisory Group and mandatory training is provided to all employees which covers the Group's four values, the Global Code of Conduct, conflicts of interest, anti-money laundering, FCA Conduct Rules and key drivers of culture and conduct failure.

7.4 Strategic risk

Strategic risk is the risk of loss resulting from adverse changes in business factors, including changes in the competitive environment, changes in operational economics of the Group's business activities and the effect of reputation risks. Strategic risk can also be expressed as unexpected losses that are not covered by financial, legal and compliance or operational risk.

8. Capital adequacy

8.1 Capital resources

As at 31 December 2021, the Group's consolidated capital resources (as calculated under GENPRU 2 Annex 4 – Capital Resources for a BIPRU Investment Group deducting material holdings) amounted to £339.8m (including audited profits for the year ended 31 December 2021).

Table 6: Composition of Tier 1 capital resources as at 31 December 2021

Capital Resources	£'m
Permanent ordinary share capital	10.0
Share premium account	547.2
Legal and other reserves	21.6
Merger Reserve	(235.9)
Profit and loss account	414.9
Total Tier 1 Capital before deductions	**757.8**
Less: Goodwill and intangible assets	(181.7)
Less: Defined Benefit Pension Surplus	(8.5)
Less: Deferred tax Asset	(12.3)
Less: Insurance company excluded from Group (TPEN)	(23.5)
Total Tier 1 Capital after deductions (Gross)	**531.8**
Less: Dividend paid	(192.0)
Total Tier 1 Capital after deductions	**339.8**

The Group does not have any hybrid capital, Tier 2 capital, Tier 3 capital, or any capital which provides the Group with incentives to redeem that capital.

There is no current or foreseen material, practical or legal impediment to the prompt transfer of capital resources from TAMUKIHL, the Group's parent undertaking, to its subsidiary undertakings.

8.2 Capital adequacy

The Group maintains sufficient capital to meet its regulatory requirements, which are based on the higher of Pillar 1 and Pillar 2 capital requirements. The adequacy of the capital held by the Group is assessed as part of the ICAAP and is subject to formal approval by the Group's board of directors.

Table 7: Summary of Pillar 1 capital requirements as at 31 December 2021

Description		£'m
Sum of Market and Credit Risk Requirements	[a]	31.5
Fixed Overheads Requirement	[b]	63.2
Pillar 1 Capital Requirement	Greater of [a] and [b]	**63.2**
Consolidated Capital Resources		339.8

9. FCA Remuneration Code

The FCA implemented its Remuneration Code (the "**Code**") as required by the Capital Requirements Directive and the Financial Services Act 2010. Under the Code, the Group must report annually on its Remuneration Governance Process and certain details on its Remuneration Policies and Practices.

9.1 Decision-making process for remuneration policy

The Group has a Remuneration Committee (the "**Committee**") which meets regularly to establish the Group's remuneration principles and oversee the governance of the remuneration programmes, policies and procedures. The Committee carries out its responsibilities within the authority delegated by the Board and documented in its Terms of Reference. The responsibilities include approving the terms of the incentive pool, long term incentive plan, and any other incentive arrangements and the remuneration for senior level employees, specifically reviewing all positions identified as Code Staff including heads of Control Functions.

The Committee comprises three members who are either executives from Ameriprise Financial, Inc. (the Group's parent company), or non-executives, all of whom held non-executive positions with the UK based holding company TAMUKIHL for the year ending 31 December 2021.

9.2 Role of the relevant stakeholders

The Committee takes full account of the Group's business and strategic objectives in setting remuneration policy and is mindful of its duties to shareholders and other stakeholders. The Committee seeks to preserve shareholder value by ensuring the successful engagement, motivation, and retention of employees, while ensuring that reward programmes and awards support and are consistent with sound risk management and control, including direct oversight of the firm's Risk Adjustment processes.

9.3 Link between pay and performance for Code Staff

Remuneration is made up of fixed pay (i.e., salary, allowances, and benefits) and variable pay that is performance related.

Variable pay includes:

- **short-term incentives** tied to the Group's profitability, business results, and individual performance including delivery against the Group's values and its risk and control requirements; and
- **long-term incentives** linked also to the delivery of value to the customer and the shareholder. Long-term incentive awards represent the deferred element of variable pay and are conditional on vesting requirements.

The incentive award decision for individuals on both short-term and long-term incentives is dependent on the individual's overall performance assessment which includes performance against the Group's values, expectations around risk management and the Group's standards of performance and conduct.

9.4 Code staff identification and quantitative disclosure

The FCA classifies Code Staff as those staff whose activities could have a material impact on the Group's Risk Profile. The Code Staff for Columbia Threadneedle Investments EMEA have been identified through an exercise that involved the mapping of risks and responsibilities, and consideration of other factors.

For the calendar year 2021, there was a total of 24 Code Staff who were employees of the Group for all or a portion of the year. They were all senior managers who were in significant management, control, or risk functions or the Group.

The aggregate total remuneration for Code Staff for the period ending 31 December 2021 was £14.7m (of which £10.9m relates to Senior Management and £3.8m relates to Other Code staff whose actions have a material impact on the risk profile of the firm).

Table 8: Remuneration as at 31 December 2021

Remuneration (£'m)	Senior Management	Other Code Staff	Total remuneration
Fixed remuneration	3.5	1.4	4.9
Variable remuneration	7.4	2.3	9.8
Total remuneration	**10.9**	**3.8[1]**	**14.7**
Number of beneficiaries	17	7	24

[1] There is a difference of £0.1m in the total due to roundings.

A significant portion of this total remuneration was deferred in the form of long-term incentive awards. Total remuneration represented salary, cash incentive awards, long term incentive awards, and the estimated employer value of pension accruals or contributions on their behalf.