

# MIFIDPRU8 Annual Disclosure Report as at 31<sup>st</sup> December 2023

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Nutmeg Saving and Investment Limited

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## 1. Introduction

### Overview

On the 1st of January 2022, the Investment Firms Prudential Regime ("IFPR") came into force in the United Kingdom and became binding for Financial Conduct Authority ("FCA") regulated investment firms. The IFPR, like its European equivalent has been introduced to provide non-bank Investment Firms with a more appropriate prudential regime than the previous Capital Requirements Directive & Regulations ("CRD/CRR") framework which was tailored more to Credit Institutions.

The requirements for disclosure under IFPR are contained in MIFIDPRU chapter 8 and, in order to introduce proportionality to the requirements, which are split between requirements for small and non-interconnected ("SNI") investment firms and those for "non-SNI" investment firms. All of J.P. Morgan's UK investment firms fall into the "non-SNI" category.

The Disclosure document is prepared in accordance with the FCA MIFIDPRU8 standards.

Public disclosure is an essential element of facilitating market discipline and encouraging the stability of financial markets by allowing market participants to assess key information on capital adequacy and risk and control processes. Quantitative disclosures are made as at 31 December 2023.

**Nutmeg Saving and Investment Limited ("Nutmeg" or "legal entity")** does not have a UK Parent entity and is wholly owned by J.P. Morgan Chase Holdings LLC.

Nutmeg is an online discretionary investment management company. It invests in listed securities, debt, cash, commodities and other investment asset classes via exchange-traded funds.

This document refers to JPMorgan Chase & Company ("JPMC" or "Firm") when referring to frameworks, methodologies, systems and controls that are adopted throughout JPMC and its subsidiaries.

### Means of Disclosure (MIFIDPRU8.1.13)

The disclosure report for UK regulated entities is made available according to MIFIDPRU 8.1.13 on the website of JPMC at: <http://investor.shareholder.com/jpmorganchase/basel.cfm>

The ultimate parent of the entities in scope of the disclosure is JPMC, a financial holding company incorporated under Delaware law in 1968. Firmwide disclosure is made under Basel III requirement and is available using the same link as the UK regulated entities disclosure. The report should be read in conjunction with the Annual Report on Form 10-K and the Quarterly Report on Form 10-Q which have been filed with the U.S. Securities and Exchange Commission and available at the following link: <http://investor.shareholder.com/jpmorganchase/sec.cfm>

## Regulatory Developments

### Consumer Duty

The FCA's new Consumer Duty (the "Duty") came into force in 2023. The Duty applies to the regulated and ancillary activities of all firms regulated under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and E-money Regulations 2011 in respect of products and services for prospective and actual retail customers. For new and existing products or services that are open to sale or renewal the rules came into force on 31 July 2023. For closed products or services, the rules will come into force on 31 July 2024.

The Duty requires firms to act to deliver good outcomes for their retail customers. Firms are expected to provide customers with products and services that meet their needs and offer fair value. Retail customers should receive communications they can understand and get the customer support they need, and when they need it. The Duty also requires firms to demonstrate that their products consistently deliver good outcomes.

Consumer Duty governance and implementation programmes were established to coordinate and oversee the required changes. The Company implemented the necessary regulatory obligations pursuant to the Consumer Duty before the compliance date of 31 July 2023. Work is now being undertaken to further embed and operationalise the Duty.

### Geopolitical tensions

The Firm and the legal entity continue to monitor potential secondary impacts of geopolitical conflicts, including the war in Ukraine and Middle East instability. This includes increased market volatility, inflationary pressures and the effects of financial and economic sanctions imposed by various Governments on its businesses. The Firm and the legal entity also continue to monitor and manage the operational risks associated with geopolitical conflicts, including compliance with sanctions and the increased risk of cyber-attacks.

## 2. Risk management objectives and policies (MIFIDPRU 8.2)

The requirement is to disclose risk management objectives and policies for the categories of risk addressed by MIFIDPRU 4, 5 and 6. In doing so Nutmeg performs an internal assessment of the applicable risks and potential harms that may arise to clients, markets and the firm. This section address the overall risk managements activities.

### MIFIDPRU 4 (Own funds requirements)

Capital (own funds) risk is the risk that Nutmeg has an insufficient level or composition of capital to support Nutmeg's business activities and associated risks during both normal economic environments and under stressed conditions.

A strong capital position is essential to the Nutmeg's business strategy and competitive position. Maintaining a strong balance sheet to manage through economic volatility is considered a strategic imperative of the firm's Board of Directors (the "Board"), Chief Executive Officer ("CEO") and Operating Committee. The firm's capital management strategy focuses on maintaining long-term stability to enable the firm to build and invest in market-leading businesses, even in highly stressed environments. Senior management considers the implications on Nutmeg's capital prior to making significant decisions that could impact future business activities. In addition to considering Nutmeg's earnings outlook, senior management evaluates all sources and uses of capital with a view to ensuring Nutmeg's capital strength.

Key capital risks include the risk of not meeting capital requirements. Accordingly, the capital management framework is designed to ensure that Nutmeg is adequately capitalised at all times primarily in relation to:

- Meeting minimum regulatory capital requirements (own funds threshold requirement under IFPR), plus any individual capital guidance requirement if set by the FCA;
- Covering the risks faced by Nutmeg through regular comparisons of regulatory and internal capital requirements; and
- Operating within senior management's expressed risk appetite, for example, through the application of an internal capital buffer and preferred minimum capital requirements above those prescribed by regulation.

The framework used to manage capital is based around a regular cycle of point-in-time capital calculations and reporting, supplemented by forward-looking projections and stress-testing, with corrective action taken as and when required to maintain an appropriate level of capitalisation. Each part of the process is subject to rigorous controls. Escalation of issues is driven by a business as usual ("BAU") framework of specific triggers, set in terms of capital requirements, movements in capital requirements and resources, and other measures. In addition to the BAU capital monitoring framework, Nutmeg uses the Internal Capital Adequacy and Risk Assessment ("ICARA") process to ensure that it is adequately capitalised in relation to its risk profile and appetite, not only as at the ICARA date, but through the economic cycle and under a range of severe but plausible stress scenarios.

The annual ICARA results are reviewed and approved by the Nutmeg Board of Directors ("Nutmeg Board").

### MIFIDPRU 5 (Concentration risk)

Concentration Risk refers to any significant concentration of factors (e.g. single name, positions, industry) that may lead to financial losses for the firm. This risk is inherently measured, monitored and controlled as part of the risk management framework and related controls.

In the context of Nutmeg, concentration risk may arise from time to time as a result of large inter-affiliate positions and industry concentration to third party financial institutions used for cash management activities.

### MIFIDPRU 6 (Liquidity)

Liquidity risk is the risk that the Firm will be unable to meet its contractual and contingent obligations or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

The primary objectives of the Firm's liquidity management are to ensure the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events. Liquidity and funding is managed using a centralised, global approach and is designed, amongst other objectives, to identify constraints on the transfer of liquidity between legal entities and ensure an appropriate amount of surplus liquidity is maintained at a Firmwide and the legal entity level.

Liquidity and funding management is integrated into the Firm's liquidity management framework and is governed by the legal entity liquidity framework operating within established constraints set by firmwide liquidity management. The Nutmeg Board is responsible for liquidity and funding risk and for establishing an appropriate liquidity risk appetite that reflects the nature and complexity of the business undertaken in the entity. The Nutmeg Board has approved a liquidity risk appetite along with a supporting limits and indicators framework. Oversight is through the EMEA Asset-Liability Committee ("ALCO") which operates across Lines of Business ("LOBs") and is chaired by the International Treasurer.

The Liquidity Risk Management function ("LRM"), within Chief Investment Office, Treasury and Corporate ("CTC") Risk is the second line of defence responsible for independent assessment, measuring, monitoring, and control of liquidity risk. Responsibilities of LRM include (but are not limited to) monitoring and reporting internal firmwide and legal entity stress tests, regulatory defined metrics, as well as liquidity positions, balance sheet variances, and funding activities; independently establishing and monitoring limits and indicators including Liquidity Risk Appetite; and performing an independent review of liquidity risk management processes to evaluate their adequacy and effectiveness based on the LRM Independent Review Framework.

The limited size and nature of the activity undertaken in Nutmeg, a self-funding entity with cash immediately on hand, gives rise to minimal levels of liquidity and funding risk. Nutmeg holds sufficient liquid assets which are readily available to cover any cash flow mismatches, including in times of stress, and to execute an orderly wind-down without material disruption to the firm, markets or clients if required.

## Risk Management Activities

Risk is an inherent part of the Firm's business activities. When the Firm extends a consumer or wholesale-loan, advises customers and clients on their investment decisions, makes markets in securities, or offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors, and protecting the safety and soundness of the Firm.

The Firm believes that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Firm;
- Ownership of risk identification, assessment, data and management within each of the ("LOBs") and Corporate Functions ("CFs"); and
- A Firmwide risk governance and oversight structure.

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent oversight by the Board. The impact of risk and control issues is carefully considered in the Firm's performance evaluation and incentive compensation processes.

## Risk Organisation

The Firm's risk governance framework is managed on a Firmwide basis. The Firm has an Independent Risk Management ("IRM") function, which is comprised of Risk Management and Compliance. The Firm's CEO appoints, subject to approval by the Risk Committee of the Board of Directors (the "Board Risk Committee"), the Firm's Chief Risk Officer ("CRO") to lead the IRM function and maintain the risk governance framework of the Firm. The framework is subject to approval by the Board Risk Committee through its review and approval of the Risk Governance and Oversight Policy.

The Firm's CRO oversees and delegates authority to the Firmwide Risk Executives ("FREs"), the Chief Risk Officers of the LOBs and Corporate ("LOB CROs"), and the Firm's Chief Compliance Officer ("CCO"), who, in turn, establish Risk Management and Compliance organizations, develop the Firm's risk governance policies and standards, and define and oversee the implementation of the Firm's risk governance framework. The LOB CROs oversee risks that arise in their LOBs and Corporate, while FREs oversee risks that span across the LOBs, as well as functions and regions. Each area of the Firm giving rise to risk is expected to operate within the parameters identified by the IRM function, and within the risk and control standards established by its own management.

The Firm's "three lines of defense" are as follows:

The first line of defense consists of each LOB, Treasury and Chief Investment Office ("CIO"), and certain other Corporate initiatives, including their aligned Operations, Technology and Control Management. The first line of defense own the identification of risks within their respective organizations and the design and execution of controls to manage those risks. Responsibilities also include adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM, which may include policies, standards, limits, thresholds and controls.

The second line of defense is the IRM function, which is separate from the first line of defense and is responsible for independently measuring risk, as well as assessing and challenging the risk management practices of the first line of defense. IRM is also responsible for the identification of risks within its respective organization, adherence to applicable laws, rules and regulations and for the development and implementation of policies and standards with respect to its own processes.

The third line of defense is Internal Audit, an independent function that provides objective assessment of the adequacy and effectiveness of Firmwide processes, controls, governance and risk management. The Internal Audit function is headed by the General Auditor, who reports to the Audit Committee and administratively to the CEO.

In addition, there are other functions that contribute to the Firmwide control environment but are not considered part of a particular line of defense, including Finance, Human Resources and Legal. These other functions are responsible for the identification of risks within their respective organizations, adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM.

## Regional Risk Governance

Whilst the Firm has established a comprehensive Firmwide risk policy framework, this is supplemented as required by legal entity-specific risk policies, which are approved by the relevant entity Boards.

To complement the global line of business structure, there is a regional risk governance construct as below:

- The EMEA Risk Committee ("ERC") provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms. ERC is supported by the following sub-committees:
  - EMEA Legal Entity Risk Committee ("ELERC"), for the oversight of smaller legal entities such as Nutmeg.
  - The International Consumer Banking Business Risk Committee (ICBRC) for oversight of the risks inherent in the International Consumer Banking ("ICB") business.
- The ERC is accountable to the EMEA Management Committee ("EMC") and the Boards, Risk Committees and Oversight Committees of the relevant legal entities. It reports to the Firmwide Risk Committee ("FRC"), the HR Control Forum, in addition to the EMC and the relevant legal entity Boards.

## EMEA Risk Management Organisation

EMEA Risk Management Chief Risk Officer, EMEA						
Risk Functions						Partners
<i>CIB Underwriting and Reputation Risk</i>	<i>Wholesale Credit Risk</i>	<i>CIO and Treasury Risk</i>	<i>Country Risk</i>	<i>Asset Management Risk</i>	<i>CIB Ex-Trading MRGR</i>	<i>Human Resources</i>
<i>CIB Market Risk</i>	<i>CB Credit Risk</i>	<i>Counterparty Risk</i>	<i>Climate, Nature &amp; Social Risk</i>	<i>International Private Bank Risk</i>	<i>CIB Trading MRGR</i>	<i>EMEA Control Office</i>
<i>Operational Risk Management</i>	<i>International Consumer Banking</i>	<i>Asset Liability Management Risk Oversight</i>	<i>Risk Reporting and Middle Office</i>	<i>Merchant Services Risk</i>	<i>EMEA Risk Governance and Strategy</i>	<i>Risk Technology</i>

## Risk Appetite Framework

Risk Appetite is a high-level statement of the Firm's tolerance for risk. The Firm's Risk Appetite frameworks govern the firm's overall appetite for risk, as outlined in the Quantitative and Qualitative Risk Appetite policies. The Risk Appetite frameworks integrate risk and controls, earnings, capital management, liquidity management and return targets to set the Firm's Risk Appetite in the context of its objectives for key stakeholders, including, but not limited to shareholders, depositors, regulators and clients.

The Firm's quantitative risk appetite is set and approved by JPMC's CEO, Chief Financial Officer ("CFO") and CRO, prior to approval by the Board Risk Committee. JPMC's Firm level Qualitative Risk Appetite statement must be reviewed and approved by the Board Risk Committee at least annually. The Qualitative Risk Appetite statement will require JPMC CRO and CEO approval prior to the approval by the Board Risk Committee. Risk Appetite results for quantitative and qualitative risks are reviewed with the FRC and Board Risk Committee, at least quarterly.

Nutmeg has a legal entity Risk Appetite framework which integrates risk and controls, capital management and liquidity management to support legal entity Risk Appetite in the context of its objectives for key stakeholders, including but not limited to shareholders, regulators and clients. The risk appetite framework includes quantitative parameters leveraging the firm's best practices. Nutmeg's Board reviews and approves quantitative parameters and risk appetite tolerance(s) within Nutmeg's Risk Appetite Framework at least annually. The ELERC and the Board review Nutmeg's Risk Appetite results for quantitative parameters at least quarterly.

## Identification and Assessment of Key Risks

Each LOB and CF owns the ongoing identification of risks, as well as the design and execution of controls, inclusive of IRM-specified controls, to manage those risks. To support this activity, the Firm has a Risk Identification process designed to facilitate identification of material risks inherent to the firm, catalogue these in a central repository and review the most material risks on a regular basis. The IRM function reviews and challenges the LOB and CF identification of risks, maintains the central repository, and provides the consolidated Firmwide results to the FRC and Board RC.

In addition, Nutmeg's ICARA process informs the Board and is used to identify and assess the key risks to which the entity is exposed; how these risks are measured, managed, monitored and mitigated; and how much capital the entity should hold to reflect these risks now, in the future and under stressed conditions (including recovery situations) as well as during an orderly wind-down of Nutmeg's business activities.

## Material Potential Harms

Nutmeg assesses the potential harms that may arise to clients, markets and to the Firm for all of the risks identified to align to the IFPR requirement. The approach is to assign the risks to the primary source of harm while acknowledging that second and third order impact are possible. The following risks were assessed as part of the ICARA process over and above the the minimum requirement as per MIFIDPRU 4, 5 and 6.

## Credit Risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer.

### Risk governance and policy framework

Credit Risk Management, monitors, measures and manages credit risk throughout the J.P. Morgan group and defines credit risk policies and procedures. The Firm's credit risk management governance includes maintaining a credit risk policy framework; monitoring, measuring and managing credit risk across all portfolio segments; as well as estimating credit losses and ensuring appropriate credit risk-based capital management.

### Approach to Risk management

To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default. Methodologies for measuring credit risk vary depending on several factors, including type of asset, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the Probability of Default ("PD") of an obligor or counterparty, the loss severity given a default event and the exposure at default ("EAD").

The Firm also regularly monitors various segments of its credit portfolios to assess potential credit risk concentrations aggregate portfolio level and on an individual client or counterparty basis.

Nutmeg's credit risk profile is limited due to the nature of the business conducted within the legal entity. As at 31 December 2023 credit risk arises from cash held with other banks and / or internal counterparties.

This type of risk may cause harm to the Firm.

## Market Risk

Market risk is the risk associated with the effect of changes in market factors such as interest and FX rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the long and short term. The firm, through its LOBs, may be exposed to market risk as a result of various financial activities, including trading, funding, underwriting and investing.

### Risk governance and policy framework

Market Risk Management monitors market risks throughout the Firm and defines market risk policies, procedures and frameworks. The Market Risk Management function reports to the Firm's CRO, and seeks to manage risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the firm's market risk profile for senior management, the Board of Directors and regulators.

The Market Risk FRE and LOB CRO are responsible for establishing an effective market risk organisation. The FRE Market Risk and LOB Heads of Market Risk oversee the implementation of the framework to measure, monitor and control market risk.

Nutmeg's market risk profile is limited to the legal entity holding fractional units of Exchange Traded Funds ("ETFs") on its own account to support customer access to investments. The activity is subject to specific notional limit.

This type of risk may cause harm to the Firm.

## Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors or external events impacting the Firm's processes or systems. Operational Risk includes compliance, conduct, legal, and estimations and model risk.

Operational risk is inherent in Nutmeg's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond Nutmeg's control), cyber attacks, technology process failure, inappropriate employee behaviour, failure to comply with applicable laws, rules and regulations or failure of vendors or other third party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Nutmeg's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

### Operational Risk Management Framework

Nutmeg leverages the Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework which is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk.

### Approach to Risk Management

The components of the CCOR Management Framework are:

#### Operational Risk Governance

The regional governance framework incorporates the firmwide strategy, and the Firm's policies, procedures and LOB / Corporate Function structure. The regional framework is supplemental and complementary to the global framework and also provides the requisite link between the EMEA legal entities (LEs) and the LOBs/ Corporate Functions. The LOBs and CFs have primary ownership, responsibility and accountability for the management of compliance, conduct and operational risk. Control Managers, who are members of the LOBs and CFs and part of the Control Management Organization partner with LOB/CF executives and first line of defence process owners in control design, control evaluation and issue management of operational risks. They are responsible for the day-to-day execution of the CCOR Framework and will determine where targeted remediation efforts may be required based on the effectiveness of their control environments.

The Firm's Global CCO and FRE for Operational Risk Management and Qualitative Risk Appetite, a direct report to the firm's CRO is responsible for establishing and defining the CCOR Management Framework and establishing minimum standards for its execution. The LOB, Regional and CF CCOR Officers report to the Global CCO and FRE for Operational Risk Management and Qualitative Risk Appetite and are independent of the respective LOBs or CFs they oversee. The CCOR Management Framework is included in the Risk Governance and Oversight Policy that is reviewed and approved by the Board Risk Committee periodically.

#### Operational Risk Identification

The LOBs and CFs have primary responsibility for the identification of operational risks inherent within their day-to-day business activities in line with the firm's Compliance and Operational Risk taxonomy. This includes identification of risks for existing and new/ expanded business conducted by the firm. CCOR provides oversight and challenge to the identification of risks on activities conducted by LOBs and CFs.

- Each LOB and CF is responsible for identifying material operational risks and maintaining its respective Material Risk Inventory in accordance with the Risk Identification Governance Policy. CCOR is responsible for performing periodic independent reviews of the material operational risks identified by LOBs and CFs and challenges the results where required;
- CCOR participates in the review of the firm's New Business Initiative Approval ("NBIA") process by reviewing the assessment of operational risks for the firm's new business initiatives;
- CCOR supports the Firmwide Third Party Oversight ("TPO") Program by reviewing suppliers to the firm to identify heightened operational risks applicable to the engagement; and
- CCOR also participates alongside the Corporate Mergers and Acquisitions ("M&A") team and the applicable LOBs in the review, due diligence and integration processes of potential mergers or acquisitions. CCOR raise any potential issues and/or mitigation measures required if there are heightened areas of operational risk.

#### Operational Risk Measurement

The firm assesses its operational risks as well as the effectiveness of its controls through the Compliance and Operational Risk Evaluation ("CORE") framework. LOBs and CFs own and manage the operational risk inherent within the processes they execute and therefore are responsible for the identification, assessment and ongoing management of those risks, and the design, execution, and evaluation of associated controls. CCOR sets the CORE Standards and the LOB and CF Compliance Officers and Operational Risk

officers provide oversight and challenge to the risks identified and to the assessment results, and then utilise these results to drive CCOR's activities and priorities on a risk based approach. CCOR may also perform independent assessments of significant operational risk events and/or areas of concentrated or emerging risk.

In addition, CCOR assesses operational risks through quantitative means, including operational risk-based capital and estimation of operational risk losses under both baseline and stressed conditions.

### CCOR Assurance

The results of risk assessments performed by CCOR are used in connection with their independent monitoring and testing compliance of the LOBs and CFs with laws, rules and regulations. Through monitoring and testing, CCOR independently identify areas of heightened operational risk and tests the effectiveness of controls within the LOBs and CFs.

### Management of Operational Risk

CCOR raises issues for the LOBs and CFs to remediate through action plans on a need basis to mitigate and reduce compliance, conduct and operational risk. These are captured in the CORE system of record. The status of these issues is reported through the appropriate LOB or CF Control Committees. CCOR also provides challenge to the issues identified and action plans developed by the LOBs and CFs and provides objection or non-objection for certain items as outlined in the Compliance and Operational Risk Issue Management Standard.

### Operational Risk Reporting

Escalation of risks is a fundamental expectation for employees at JPMC. CCOR identified risks, as part of regular day to day activities or management routines, may be escalated to the appropriate LOB and CF Control Committees, then to the Firmwide Control Committee ("FCC"), which may, in turn, escalate to the FRC, and Risk Committee as appropriate and necessary.

CCOR produces various Board-level and senior management reports to facilitate firmwide compliance, conduct and operational risk management activities. These reports are an important means of escalating risk events and CCOR tracked metrics to the firm's risk governing bodies. These may be on a BAU or non BAU basis. CCOR also participates in Control Committee reporting.

Operational Risk Events may result in financial losses, litigation and regulatory fines as well as other damages to the firm.

Internal operational risk events are those that occur within the firm or vendors of the firm. Data on internal operational risk events is leveraged for a variety of reporting uses, including the development of projected losses in the Stress Loss Projection framework as well as reporting to senior management.

External operational risk events are those incurred outside the firm. Data on external operational risk events provides valuable insight when managing and measuring compliance, conduct and operational risk in the context of our peers and the general industry.

Operational Risk for Nutmeg is applicable and manifests through harm to clients driven by the nature of business conducted within the entity.

### Cybersecurity Risk

Cybersecurity risk is the risk of the Firm's and legal entity's exposure to harm or loss resulting from misuse or abuse of technology by malicious actors. Cybersecurity risk is an important and continuously evolving focus for the Firm. Significant resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices and other technology assets. The Firm's security efforts are designed to protect against, among other things, cybersecurity attacks by unauthorised parties attempting to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage.

To help safeguard the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm maintains an Information Security Program designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Program, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events. In addition, the Firm has a cybersecurity incident response plan ("IRP") designed to enable the Firm to respond to attempted cybersecurity incidents, coordinate such responses with law enforcement and other government agencies, and notify clients and customers, as applicable.

Nutmeg is in the process of fully integrating into the Firm's infrastructure and security controls.

### Business Strategy Risk

Business strategy risk is the risk associated with business decisions that may impact revenue, business growth or viability associated with poorly designed or failed business plans or inadequate response to changes in the operating environment.

### Risk Management

Business strategy risk as it impacts capital is managed through the entity's strategic and business planning as part of the Capital Management Framework. Business strategy risk is also considered and managed in a wider context. For example, for new products and services, failure to identify new or changed risks may expose the Firm and Nutmeg to financial loss or harm its reputation. Accordingly, the NBIA policy provides a framework that governs the review and approval of new or materially changed products and services, while making sure that risks are identified, measured, monitored and controlled. LOBs are authorised to introduce new products, services and processes and are responsible for the new products and services they introduce.

Under the NBIA policy, the business is required to undertake an analysis of the economic, regulatory or legal entity capital impact of the new business, as appropriate. Sign-offs for NBIA's impacting the in scope legal entities include Compliance, Legal, Risk Management, Operational Risk, Finance, Corporate Tax, Treasury, Technology and Operations.

### Risk Reporting and Measurement

The Firm's stress testing programme is an important component in managing, measuring and reporting business strategy risk and testing the Firm's financial resilience in a range of severe economic and market conditions. For example, periodic baseline and

stressed capital plans are prepared under the Capital Management framework, which include P&L projections (as well as the overall capital position) over the three-year time horizon modelled.

### Risk Mitigation

The business monitors performance against plan and adapts strategy as required. There are examples of modifications being made to plan based on actual data evidencing the businesses commitment to deploy management levers to steer the business strategy back on track where necessary. In addition, a Profitability Risk Appetite is in place for Nutmeg, with a formal escalation process for material deviations from the financial plan.

Capital projections are used as a tool to help mitigate business strategy risk. If the baseline capital projections, which include P&L projections from the LOB, show an unexpected reduction in the earnings, this could be an indicator that the strategy is not implemented as expected and in certain cases extra capital could be set aside. Similarly, where the stressed capital projections show risks to capital beyond the entity's risk appetite, remedial action is taken.

Additionally, where disproportionate risks are identified through the NBIA process, changes are made to the new business initiative prior to their implementation or the initiative is withdrawn.

## Climate-related financial risk

### Risk definition and overview

Climate risk is the risk associated with the impacts of climate change on the Firm's clients, customers, operations and business strategy. Climate change is viewed as a driver of risk that may impact each of the existing types of risks (credit and investment, market, operational and strategic) managed by the Firm. Climate risk is categorised into physical risk and transition risk.

Physical risk refers to economic costs and financial loss associated with a changing climate. Acute physical risk drivers include the increased frequency or severity of climate and weather events, such as floods, wildfires and tropical cyclones. Chronic physical risk drivers include more gradual shifts in the climate, such as sea level rise, persistent changes in precipitation levels and increases in average ambient temperatures.

Transition risk refers to the financial and economic implications associated with a societal adjustment to a low-carbon economy. Transition risk drivers include possible changes in public policy, adoption of new technologies and shifts in consumer preferences. Transition risks may also be influenced by changes in the physical climate.

### Approach to managing climate risk

Nutmeg's approach to climate risk management is aligned with the Firmwide climate risk framework which sets forth the Firm's capabilities to identify, assess, and manage the impacts of physical and transition risk drivers on each of the risk type. This framework is comprised of six core Firmwide risk capabilities: Risk Governance, Risk Identification, Scenario Analysis, Risk Measurement, Data Management, and Reporting and Disclosures. The details of this framework are available in the 2023 Climate Report.

### Risk governance and oversight

The Firm's approach to managing climate risk is consistent with the Firm's risk governance structure. The LOBs and Corporate are responsible for integrating climate risk management into existing governance frameworks, or creating new governance frameworks, as appropriate. The LOBs, Corporate and Climate Risk Management are responsible for providing the Board Risk Committee with information on significant climate risks and climate-related initiatives, as appropriate.

The Firm has a Climate Risk Management function that is responsible for establishing the firmwide framework and strategy for managing climate risks that may impact the Firm. The Climate Risk Management function engages across the Firm to help integrate climate considerations into existing risk management frameworks, as appropriate.

An EMEA Legal Entity Climate Risk team has been established within the EMEA Chief Risk Office team to coordinate climate risk related deliverables for EMEA legal entities. The EMEA Legal Entity Climate Risk team partners with the Climate Risk Management function and other functions across the Firm and entities to respond to regulatory requests and embed climate risk in the legal entities' risk management frameworks, as appropriate, and to align with the firmwide climate risk framework.

As referenced in the Risk Governance section, the ERC provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities. Oversight of Nutmeg is delegated to the ELERC, a sub-committee of the ERC. The ERC is chaired by the EMEA CRO, who is also a member of the ELERC and meets with local regulators on a regular basis.

### Disclosures

The Firm has published its 2023 Climate Report which is informed by the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The report outlines the measures the Firm is taking to help its clients navigate the challenges and realise the economic opportunities of the transition to a low-carbon economy. It explains how the Firm is applying its capital, data and expertise, guided by our three key pillars of environmental sustainability strategy, and includes updates around the Firm's new and existing portfolio-level emissions intensity reduction targets and new absolute financed emissions disclosures. For more information, refer to: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf>

The Firm also published its 2023 Environmental, Social and Governance ("ESG") Report that outlines the Firm's work to foster sustainable, inclusive economic growth. The report explains how the Firm harnesses business opportunities, mitigates risks and supports our employees. Also highlighted are the Firm's efforts to support the energy transition and sustainable development, while providing updates on the Firm's \$2.5 trillion Sustainable Development Target and our \$30 billion Racial Equity Commitment.

For more information, refer to: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2023.pdf>

## Reputation Risk

Reputation risk is the risk that an action or inaction may negatively impact perception of the firm's integrity and reduce confidence in the firm's competence by various stakeholders, including clients, counterparties, customers, communities, investors, regulators or employees. Reputation risk is assessed and defined at the Firmwide level and is applicable to Nutmeg.

The types of events that may result in reputation risk are wide-ranging and can be introduced by the Firm's employees, business strategies and activities, clients, customers and counterparties with which the Firm does business. These events could contribute to financial losses, litigation, regulatory enforcement actions, fines, penalties or other sanctions, as well as other harm to the Firm.

### Organisation and management

Reputation Risk Management is an independent risk management function that establishes the governance framework for managing reputation risk across the Firm's LOBs and CFs. Reputation risk is inherently challenging to identify, manage, and quantify.

The Firm's reputation risk management function includes the following activities:

- Maintaining a Firmwide Reputation Risk Governance policy and a standard consistent with the reputation risk framework.
- Providing oversight of the governance framework through processes and infrastructure to support consistent identification, escalation, and monitoring of reputation risk issues Firmwide.

### Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of each LOB, CF and employees to consider the reputation of the Firm when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity.

Environmental impacts and social concerns are increasingly important considerations in assessing the Firm's reputation risk, and are a component of the Firm's reputation risk governance.

Reputation risk issues that are deemed to be material are escalated as appropriate.

### 3. Governance arrangements (MIFIDPRU 8.3)

#### Governance Summary

The legal entity governance framework is owned by the legal entity Board and is supplemented by the firmwide and regional governance frameworks.

The Nutmeg Board has overall responsibility for oversight of the entity and is responsible for seeking to ensure that Nutmeg acts within the framework and overall strategy and control of the Firm and that the entity complies with all applicable laws and regulations:

- The Board of Directors is informed of any significant internal control issues and receives information on events or developments that could expose the entity to material loss;
- The responsibilities of the Nutmeg Board of Directors with respect to capital, liquidity and risk management include approving the risk appetite of the entity and reviewing entity-level risks as appropriate and subject to firmwide control. Other responsibilities of the Nutmeg Board include the review of the Recovery Plan and wind-down plan through the review and approval of the ICARA;
- Capital management is ultimately owned by the Nutmeg Board. Responsibility for ongoing oversight of the entity's capital positions is delegated by it to the EMEA Capital Committee; and
- The Board of Directors relies on the activities of individual directors and senior managers to maintain the legal entity's control environment. Nutmeg is subject to Senior Managers Regime and responsibilities are formalised in (a) the Senior Management Functions ("SMF") roles within the FCA Senior Managers Regime and (b) certifications under the FCA Certification Regime.

#### Diversity Policy

At JPMorgan Chase, we believe that having an inclusive workforce that is reflective of diverse backgrounds and perspectives, and creating more equitable access to opportunities in our business pursuits, makes our company stronger and more profitable, as well as a better global corporate citizen. This starts, first and foremost, with taking a broad lens when sourcing talent and building and fostering an inclusive work environment where our employees are respected, trusted and encouraged to bring their authentic and most productive selves to work. It also means actively working to implement an inclusive approach in how we help the communities in which we operate.

We have made progress over the past few years in creating a more diverse and inclusive business. We have also taken a number of steps to build the infrastructure for our firm to deliver on our commitment to Diversity, Equity & Inclusion strategy ("DEI"). This includes developing and implementing a global DEI strategic framework with clear objectives, controls and accountabilities.

We are managing and executing on our priorities because we believe that DEI is an important part of our firm's ability to be successful in the long term. We know there is more work to do, and we aim to both continue that work and be transparent with our stakeholders about our progress. For more information on the firm's DEI, refer to: <https://www.jpmorganchase.com/about/people-culture/diversity-and-inclusion>

The board of Nutmeg places great emphasis on having a diverse membership. Appointments to the board are made on merit, taking into account (among other things) skills, expertise and qualifications for the role, educational and professional background, gender, age and geographical provenance of individual board members and the board collectively.

The board aims at an appropriate representation of all genders within their management body and that the principle of equal opportunities is respected when selecting members of the board. The board has a specific objective to aim for 30% female representation by December 2025, taking opportunities to increase the number of female board members over time where that is consistent with other skills and diversity requirements.

As at 31st December 2023, the representation of female directors on the board was as follows:

Nutmeg (Nutmeg Saving and Investment Limited): 25%

30% female gender diversity on the board by December 2025. The UK wide position for our Women in Finance Charter ("WIFC") progress as of June 2023 can be found here: <https://www.jpmorgan.com/disclosures/gender-pay-gap-uk/2022-gender-pay-gap-uk>

#### Members of the Board of Directors

##### Nutmeg Saving and Investment Limited

The Nutmeg Board is comprised of four directors. The directors are:

##### Clive Adamson

C. Adamson is an Independent Non-Executive Director (since April 2020) and the Chair (since June 2020) of J.P. Morgan Europe Limited and Nutmeg Saving and Investment Limited.

C. Adamson is also an Independent Non-Executive Director of J.P. Morgan Securities plc (since January 2019). He was a Non-Executive Director of Virgin Money UK plc (formerly CYBG plc) until his resignation in November 2019. Prior to this, C. Adamson was an Executive Member of the Board, Head of Supervision, and Member of the Executive Committee at the Financial Conduct Authority (FCA). He was with the FCA (formerly the Financial Services Authority) from 2000, where he was a Senior Advisor from 2000 to 2008, Director of the Major Retail Groups division from 2008 to 2013, and a Member of the Executive Committee from 2012 to 2013.

Prior to his regulatory roles, he held executive positions at Bank of America. C. Adamson is also an Independent Non- Executive Director of M&G plc (and the Chair of its Risk Committee) and a Senior Independent Director and the Chair of the Audit and Risk Committee of Ashmore Group plc.

C. Adamson is also an Independent Non-Executive Director of Prudential Assurance Company Limited. Up to Mar 2022, he was a Senior Advisor at McKinsey & Co. C. Adamson holds a Master’s in economics from Cambridge University.

#### Matthew Melling

Matthew Melling is serving as an Executive Director of Nutmeg Saving and Investment Limited since March 2022.

M. Melling is currently the CFO of International Consumer Banking and serves as an Executive Director of J.P. Morgan Europe Limited. M. Melling joined JPMorgan in 1996 and previously served as the EMEA Regional Controller for JPMorgan’s legal entities in EMEA (excluding Asset Management). M. Melling has held a number of prior roles, including EMEA and Global Product Controller for Emerging Markets, and Credit and Emerging Markets Middle Office. M. Melling holds a Bachelor of Science in Chemistry from King’s College London.

#### Alice Wang

Alice Wang is serving as a Non-Executive Director of Nutmeg Saving and Investment Limited since September 2021.

A. Wang also serves as a director on the board of one of JPMorgan’s US subsidiaries. A. Wang joined JPMorgan in 1984 and has previously worked across the Corporate and Investment Bank in a variety of sales, trading, operational, strategy and risk roles and served as a member of the ICB management team during the development of the UK bank.

With the announcement of the formation of the Strategy and Growth function in the Firm, A. Wang moved from the ICB management team to the management team of the newly formed technology focused function and is leading the development of a firmwide Business Accelerator function. A. Wang also continues to serve on the global management team of the CIB Strategy function. A. Wang holds an undergraduate degree in Accounting, having served as a certified public accountant prior to joining JPMorgan, and holds Series 7, 24, and 63 securities licenses.

#### Sanoke Viswanathan

S. Viswanathan joined the board of JPMEL in June 2020.

He has been with J.P. Morgan Chase for fourteen years and is a member of the firm’s Operating Committee. He is the Chief Strategy and Growth Officer of the firm, and also the CEO of International Consumer Banking.

Prior to joining J.P. Morgan, S. Viswanathan was a partner at McKinsey & Co, where he served financial institutions in Asia, Europe and North America.

#### Directorship details<sup>1</sup>

Name	Senior Management	Other Directorships pursuant to MIFIDPRU8.3.1R(2)
Clive Adamson	SMF9 (Chair)	4
Matthew Melling	SMF3 (Executive Director)	0
Alice Wang	Notified Non-Executive	0
Sanoke Viswanathan	SMF3 (Executive Director), SMF1 (Chief Executive)	0

<sup>1</sup> Directorships held within the same group are counted as a single directorship and are excluded from the table. Directorships in organisations with non-commercial objectives are disregarded.

#### 4. Own Funds (MIFIDPRU 8.4)

Nutmeg only holds Common Equity Tier 1 ("CET") Capital which is comprised of share capital, other audited reserves and retained earnings. Deductions are made from Common Equity Tier 1 capital in respect to current year losses.

According to MIFIDPRU 8.4 the requirement is for the legal entity to provide information regarding its Own Funds instruments in addition to how these reconcile to the balance sheet. The composition of own funds is illustrated in more detail in Table 1 below, with Table 2 demonstrating how this aligns to the balance sheet in the financial statements.

Table 3 discloses the main features of the Own Fund Instruments issued by Nutmeg. CET1 is the highest quality of capital and typically represents share capital, reserves and audited profit.

**Table 1: OF1 – Composition of regulatory own funds**

Own Fund Disclosure template	Amount (£'000)	Source for reference
<b>OWN FUNDS</b>	<b>77,721</b>	—
<b>TIER 1 CAPITAL</b>	<b>77,721</b>	—
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>77,721</b>	—
Fully paid up capital instruments	20	<b>a</b>
Share premium	259,311	<b>b</b>
Retained earnings	(176,592)	<b>c</b>
Other reserves	909	<b>d</b>
<b>(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1</b>	<b>(5,926)</b>	

**Table 2: OF2 – Reconciliation of regulatory Own funds to balance sheet in the audited financial statements**

Regulatory Own funds reconciliation to Balance sheet	Balance sheet as in published/audited financial statements	Cross-reference to template OF1
	31-Dec-2023	
Items	Amount (£ 000)	
<b>Non-current assets</b>		
Intangible assets	5,926	
Property and equipment	329	
<b>Total non current assets</b>	<b>6,255</b>	
<b>Current Assets</b>		
Right of use of Asset	236	
Financial assets held at fair value through profit or loss	3	
Debtors	7,710	
Cash and cash equivalents	88,361	
<b>Total current assets</b>	<b>96,310</b>	
<b>Total Assets</b>	<b>102,565</b>	
<b>Current liabilities</b>		
Lease liabilities	229	
Creditors and other payables	18,689	
Provisions for Liabilities	—	
<b>Total current liabilities</b>	<b>18,918</b>	
<b>Total Liabilities</b>	<b>18,918</b>	
<b>Equity</b>		
Called-up share capital	20	<b>a</b>
Share premium account	259,311	<b>b</b>
Other reserves	909	<b>d</b>
Retained earnings	(176,592)	<b>c</b>
<b>Total Common equity</b>	<b>83,647</b>	

The table below provides information on CET1 instruments issued by the firm. Additional share capital of £70mm was issued in October 2023.

**Table 3: OF3 – Main features of own instruments issued by Nutmeg**

Capital Instruments Main Features	Nutmeg	
	£0.0010 Ordinary shares	£0.0010 Non -voting shares
Public or private placement	Private Placement	Private Placement
Instrument type	Ordinary shares	Non-voting shares
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	£259,311k includes nominal and premium	£0.263
Nominal amount of instrument	£0.001	£0.001
Issue price	average price £13.36	£0.01
Redemption price	N/A	N/A
Accounting classification	Shareholders' equity	Shareholders' equity
Original date of issuance	Jan 26 2011	Jan 26 2011
Perpetual or dated	Perpetual	Perpetual
Maturity date	No maturity	No maturity
Issuer call subject to prior supervisory approval	No	No
Optional call date, contingent call dates and redemption amount	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends	N/A	N/A
Fixed or floating dividend/coupon	N/A	N/A
Coupon rate and any related index	N/A	N/A
Existence of a dividend stopper	No	No
Convertible or non-convertible	Non-convertible	Non-convertible
Write-down features	N/A	N/A

## 5. Own funds requirement (MIFIDPRU 8.5)

In accordance with MIFIDPRU 4.3.2, the requirement is to hold own funds in excess of the greater of:

- Permanent minimum capital requirement,
- Fixed Overheads Requirement (“FOR”) or
- K-Factor Requirement (“KFR”).

In accordance with MIFIDPRU 8.5 a firm must disclose its K-factor requirements and FOR as detailed below:

### Fixed Overheads Requirement

The FOR is a proxy for the amount of own funds which must be held to allow the firm to wind-down in an orderly way. The FOR is equal to 25% of the firm’s annual relevant expenditure.

### K-Factor requirement

The KFR is the amount of own funds required to cover the risk of harm from the ongoing operation of the firm’s business falling within the following risk categories:

- Assets for which the firm is responsible captures the value of assets an investment firm manages for its clients (“K-AUM”), amount of client money it holds (“K-CMH”) and the value of assets it safeguards and administers for clients (“K-ASA”).
- Execution activity undertaken by the firm captures the value of orders that an investment firm handles for clients (“K-COH”) and the daily value of transactions it enters through dealing on own account or the execution of orders on behalf of clients (“K-DTF”).
- Exposure-based risks capture standardised market risk provisions (“K-NPR”), margin required by a clearing member or qualifying central counterparty (“K-CMG”), trading activity giving rise to risk of trading counterparty default (“K-TCD”) and concentration risk to a client or group of connected clients in the trading book (“K-CON”).

The KFR provides for risk sensitive capital requirements based on the activities of the firm.

## 5.1 K- Factor

Table 4: K - Factor and Fixed Overheads requirement

Risk of Harm	K-factor	Description	31-Dec-2023	31-Dec-2022
			£'000	£'000
Risk to Clients	K-AUM	Assets Under Management	1,029	903
	K-CMH	Client Money Held	632	981
	K-ASA	Assets Safeguarded and Administered	2,095	1,784
	K-COH	Client Orders Handled	—	—
Risk to Firm	K-DTF	Daily Trading Flow	—	—
<b>Total of K-Factor requirement</b>			<b>3,756</b>	<b>3,669</b>
<b>Fixed Overhead Requirement</b>			<b>13,113</b>	<b>9,993</b>

## 5.2 Adequacy of own funds

In addition to the BAU capital monitoring framework, the legal entity uses the ICARA process to ensure that it is adequately capitalised in relation to its risk profile and appetite, not only as at the ICARA date, but through the economic cycle and under a range of severe but plausible stress scenarios.

The ICARA is a regulatory requirement of the FCA and an important tool for the entity’s Board and Senior Management. The ICARA consists of a number of interlinked components that form part of management and decision-making processes such as the firm’s risk appetite, strategy, capital and risk management frameworks, stress testing, recovery planning and wind-down planning.

The ICARA results are reviewed by management and reviewed and approved by the Board of Directors. The ICARA informs the Board of Directors of the ongoing assessment of the entity’s processes for managing the sources and uses of capital and liquidity as well as compliance with supervisory expectations for capital planning and adequacy of own funds. This forward-looking assessment of own funds requirements given the business strategy, risk profile, risk appetite and capital plan result in potential impacts to entity’s earnings, capital resources, own funds requirements and balance sheet.

Stress testing assesses the potential impact of alternative economic and business scenarios on the legal entity's earnings and capital. Economic scenarios, and the parameters underlying those scenarios, are defined centrally and applied uniformly across the businesses. These scenarios are articulated in terms of global market shocks, which generate short-term but severe trading losses; and idiosyncratic operational risk events. The scenarios are intended to capture and stress key vulnerabilities and idiosyncratic risks facing the legal entity.

## 6. Remuneration policy and practices (MIFIDPRU 8.6)

### Background

This section sets out the remuneration disclosures required under the IFPR, in accordance with the provisions outlined in MIFIDPRU 8 of the IFPR, in relation to Nutmeg Saving and Investment Limited (“Nutmeg” or the “legal entity”), and in respect of the remuneration period (“Performance Year”) ending 31 December 2023. In compliance with the MIFIDPRU 8 requirements, the legal entity has provided a level of detail that is appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities.

The legal entity is part of the J.P. Morgan Chase & Co group of companies. In this section, the terms “J.P. Morgan” or “Firm” refer to the J.P. Morgan Chase & Co. group of companies, and each of the entities in that group globally, unless otherwise specified.

This section sets out general principles. Details of specific remuneration programmes are set forth in the relevant plan terms and conditions as in force from time to time.

### Qualitative Disclosures

As part of the Firm, the legal entity applies J.P. Morgan’s global compensation philosophy and pay practices. The qualitative remuneration disclosures required under IFPR and the CRR for all employees of the Firm’s subsidiaries and branches located in EMEA, including staff of the legal entity, is available in the most recent EMEA Remuneration Policy Disclosure at:

<https://jpmorganchaseco.gcs-web.com/ir/sec-other-filings/basel-pillar-and-lcr-disclosures/pillar-eu>

#### Additional qualitative disclosures specific to the legal entity

The legal entity complied with the applicable remuneration requirements of the IFPR, as implemented in the Financial Conduct Authority Handbook SYSC 19G (the “Remuneration Rules”). The following additional disclosures should therefore be read in conjunction with the EMEA Remuneration Policy Disclosure.

#### Remuneration governance and decision making

- The Firm has established a UK Remuneration Committee (“UK RemCo”) formed of non-executive directors, including from the Board of directors of Nutmeg (the “Board”).
- The UK RemCo reviews the Nutmeg’s remuneration policy (the “Remuneration Policy”) on an annual basis, recommends it to the Board for adoption, and oversees its implementation. The Board last reviewed and adopted the Remuneration Policy that applied for the 2023 Performance Year in June 2023, with no material changes noted.
- The Nutmeg’s Risk and Compliance functions are involved in the review of the Remuneration Policy, including reviewing the Nutmeg’s approach to the designation of those roles which could potentially have a material impact on the risk profile of the legal entity (“IFPR Identified Staff”). The Internal Audit function performs a central and independent review of the implementation of the Remuneration Policy on an annual basis, and relevant findings are reported to the Board.
- The UK RemCo did not engage the services of a remuneration consultant during the Performance Year.
- More details on the decision-making procedures and governance surrounding the development of the Remuneration Policy and practices adopted by the Firm can be found in section 1 (*Governance and Oversight*) of the EMEA Remuneration Policy Disclosure.

#### Remuneration policies, principles and practices

- Section 1 (*Governance and Oversight*) of the EMEA Remuneration Policy Disclosure also sets out:
  - the Firm’s approach to the remuneration of all staff, including staff of the legal entity;
  - the Firm’s “compensation philosophy” that guides its remuneration policies and practices; and
  - the objectives underlying the Firm’s financial incentives.
- Details of the different components of remuneration, as categorised into fixed and variable components, and a summary of incentives created by the remuneration policies and practices applicable to staff in the Firm (including staff of the legal entity) and Identified Staff (including IFPR Identified Staff) are described in section 2 (*Compensation Structure*) of the EMEA Remuneration Policy Disclosure.

#### Link between pay and performance

- As described in the Firm’s compensation philosophy, as set out in the EMEA Remuneration Policy Disclosure, the Firm focuses on risk adjusted performance and rewards behaviours that generate sustained value for the Firm, when making remuneration related decisions. It uses a disciplined pay-for-performance framework to make decisions about remuneration so that remuneration is commensurate with the overall performance of the Firm, the respective businesses (such as the legal entity) and individual performance.
- More information on the link between Incentive Compensation (“IC”) and performance is set out in section 3 (*Link between Pay and Performance*) of the EMEA Remuneration Policy Disclosure, including:
  - the Firm’s key financial and non-financial performance drivers in determining performance at a Firm, Company and individual level; and
  - a description of how the key performance drivers are used to set discretionary bonus pools, including financial and non-financial metrics, and adjustments for current and future risks.

### Identification and remuneration of IFPR Identified Staff

- The Company undertakes an annual review of its staff against the qualitative criteria set out in SYSC 19G.5 to identify its IFPR Identified Staff. This IFPR Identified Staff group is reviewed on an ongoing basis and IFPR Identified Staff are notified of their status and the impact on their remuneration structure. Individuals classified as IFPR Identified Staff for the legal entity under SYSC 19G.5 may include (but are not limited to):
  - the management body in its management and/or supervisory function;
  - senior management;
  - staff members with managerial responsibility for business units carrying on certain regulated activities;
  - staff members with managerial responsibility for the activities of a Control Function;
  - staff members with managerial responsibility for the prevention of money laundering and terrorist financing;
  - staff members responsible for managing a material risk;
  - staff members responsible for managing IT, information security, and/or outsourcing arrangements of certain critical or important functions; and
  - staff members who have authority to take decisions approving or vetoing the introduction of new products
- As well as the criteria set out in SYSC 19G.5, consideration has also been given to internal criteria, including roles responsible for one of the key risk types identified in the legal entity's ICARA.

### Structure of remuneration for IFPR Identified Staff

- All members of IFPR Identified Staff's compensation is structured with reference to an appropriate fixed to variable pay ratio.
- On account of the Company falling within SYSC 19G1.1R(2), the following provisions do not apply:
  - SYSC 19G.6.19R to SYSC 19G.6.21G (Shares, instruments and alternative arrangements);
  - SYSC 19G.6.22R and SYSC 19G.6.23G (Retention policy);
  - SYSC 19G.6.24R to SYSC 19G.6.29R (Deferral); and
  - SYSC 19G.6.35R(2) (Discretionary pension benefits).

### Malus and Clawback

- All IC for members of IFPR Identified Staff is subject to malus and clawback provisions which reflects the requirements of the Remuneration Rules, in addition to the firmwide recovery provisions and the Firm's Bonus Recoupment Policy.

### Other payments

- The Firm's policy (including that applied to IFPR Identified Staff) on guaranteed variable compensation and severance pay is set out in section 2 of the EMEA Remuneration Policy Disclosure under "Awards to new hires and leavers".

### Other applicable remuneration requirements

- For members of Identified Staff who are identified for more than one of the applicable regulatory regimes in EMEA, their remuneration is structured in accordance with the 'most stringent' regime, as determined on a provision by provision basis.

## Quantitative Disclosures

Table 5: Total remuneration awarded for performance period

£ 000'	Senior Management	Other IFPR Identified Staff	Other Staff
<b>Total remuneration</b>	<b>10,417</b>	<b>2,133</b>	<b>32,588</b>
Of which: fixed remuneration	4,628	1,091	28,530
Of which: variable remuneration	5,789	1,042	4,058

The legal entity identified 10 members of IFPR Identified Staff.

No members of IFPR Identified Staff received guaranteed variable remuneration or a severance award.

## 7. Investment policy (MIFIDPRU 8.7)

In accordance with MIFIDPRU 8.7.6, the requirement is to make disclosures regarding its investment policy in the following circumstances:

- Where its holdings relate to a legal entity whose shares have been admitted to trading on a regulated market;
- Where the proportion of voting rights that the Firm directly or indirectly holds in that entity is greater than 5% of all voting rights attached to the shares issued by the legal entity; and
- Only in respect of shares in that legal entity to which voting rights are attached.

Note: Nutmeg does not hold, directly or indirectly, any voting rights in any company, hence, investment policy disclosures do not apply.

## 8. Appendix: IFPR Mapping Reference

Articles	Prerequisites	Reference
<b>8.1 Disclosure</b>		
8.1.1	All disclosure requirements apply to a Non-SNI firm, with the exception of:	Nutmeg is a Non-SNI firm
8.1.2	(4) Investment policy only applies if the firm does not fall within MIFIDPRU 7.1.4R(1).	
8.1.3	SNI MIFIDPRU Investment Firms	Not applicable
8.1.4	1. A Non-SNI investment firm may be reclassified as an SNI MIFIDPRU Investment firm in certain circumstances and be subject to reduced disclosure requirements. When reclassified to a SNI investment firm, full disclosure requirements apply the year of reclassification.	
8.1.5	2. When an SNI investment firm is reclassified as a non-SNI investment firm, reduced disclosure requirements apply the year of reclassification, but it can choose to fully disclose in line with Non-SNI investment firms requirements.	
8.1.6		
8.1.7	Disclosure required on an individual basis, unless exempt.	Disclosure prepared on an individual basis.
8.1.8	Qualitative disclosure detail must be appropriate to the size and complexity of the investment firm. E.g., Non-SNI investment firms should disclose more detailed remuneration detail than an SNI investment firm.	Requirements are met.
8.1.9		
8.1.10	Disclosure is required annually on the date the investment firm publishes its annual financial statements. More frequent disclosure should be considered in particular circumstances, such as a major change in business model or merger.	
8.1.11		
8.1.12	MIFIDPRU TP12 details transitional provisions for disclosure requirements.	Not applicable
8.1.13	Disclosure must be easy to easily accessible, free to obtain, clearly presented and easy to understand. For future disclosures, the format should be consistent with previous disclosure periods, and any significant changes should be highlighted. A firm is not required to disclose items which in doing so would breach the law of another jurisdiction. Disclosures should be published on a website.	Requirements are met.
8.1.14		
8.1.15		
8.1.16		
8.1.17		
<b>8.2 Risk management objectives and policies</b>		
8.2.1	An investment firm must disclose its risk management objectives and policies relating to Own funds requirements, concentration risk and liquidity. This must include a concise statement approved by the investment firm's governing body describing the potential for hard associated with the business strategy and a summary of the strategies and processes used to manage each risk category, highlighting how this helps reduce the potential for harm. An investment firm may draw information from the ICARA process to comply with disclosing it's approach to risk management referencing its risk management policies, details of risk management structure and operations, how risk appetite is set and summary of how it assesses the effectiveness of its risk management processes.	Section 2: Risk Management Management Objectives
8.2.2		
8.2.3		
<b>8.3 Governance arrangements</b>		
8.3.1	Information relating to internal governance arrangements: 1. an overview of how it complies with governance arrangements; 2. number of directorships (executive and non-executive) held by each board member; 3. a summary of the policy promoting diversity in the board; 4. if the firm has a risk committee and whether the firm is required to establish a risk committee.	Section 3: Governance Arrangements Table 1: Group Directorship
<b>8.4 Own Funds</b>		
8.4.1	Information on own funds: 1. a reconciliation of CET1, AT1 and T2 to calculate own funds; 2. a reconciliation of own funds to its audited financial statements; and 3. a description of the main features of CET1, AT1 and T2 instruments issued by the firm. A firm that is not required to publish annual financial statements is not required to disclose (2)	Section 4. Own Funds Table 2: OF1 – Composition of regulatory own funds Table 3: Reconciliation of regulatory Own funds to balance sheet in the audited financial statements
8.4.2	A firm must use the template available at MIFIDPRU 8 Annex 1R in order to disclose the information requested at MIFIDPRU 8.4.1R.	Table 4: OF3 – Main features of own instruments issued
<b>8.5 Own Funds Requirements</b>		

8.5.1	An investment firm must disclose: 1. The K-Factor requirement broken down into a. Sum of K-SUM, K-CMH and K-ASA; b. Sum of K-COH and K-DTF; c. Sum of K-NOR, K-CMG, K-TCD and K-CON. 2. Fixed overheads requirement.	Section 5. Own Funds Requirement. Table 5: K - Factor and Fixed Overhead requirement
8.5.2	An investment first must disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule.	
<b>8.6 Remuneration policy and practices</b>		
8.6.1	The rules in this section apply to investment firm, unless otherwise specified.	
8.6.2	A MIFIDPRU investment firm must disclose a summary of: (1) its approach to remuneration for all staff ("staff" interpreted according to SYSC 19G.1.24G); (2) the objectives of its financial incentives; (3) the decision-making procedures and governance surrounding the development of the remuneration policies and practices the firm is required to adopt in accordance with the MIFIDPRU Remuneration Code, to include, where applicable: (a) the composition of and mandate given to the remuneration committee; and (b) details of any external consultants used in the development of the remuneration policies and practices.	
8.6.3	An investment firm may consider it appropriate to disclose: (1) the principles or philosophy guiding the firm's remuneration policies and practices; (2) how the firm links variable remuneration and performance; (3) the firm's main performance objectives; and (4) the categories of staff eligible to receive variable remuneration.	Section 6: Remuneration Policy Qualitative Disclosure
8.6.4	An investment firm must disclose the types of staff it has identified as material risk takers under SYSC 19G.5, including any criteria in addition to those in SYSC 19G.5.3R that the firm has used to identify material risk takers	
8.6.5	An investment firm must disclose the key characteristics of its remuneration policies and practices in sufficient detail to provide the reader with: (1) an understanding of the risk profile of the firm and/or the assets it manages; and (2) an overview of the incentives created by the remuneration policies and practices.	
8.6.6	a firm must disclose at least the different components of remuneration, together with the categorisation of those remuneration components as fixed or variable	
8.6.7	An investment firm is reminded of the rules and guidance in SYSC 19G.4 on categorising fixed and variable remuneration.	
8.6.8	The investment firm must disclose the following information, split into categories for senior management, other material risk takers, and other staff: (a) the total amount of remuneration awarded; (b) the fixed remuneration awarded; and (c) the variable remuneration awarded.	
8.6.9	The firm that relies on MIFIDPRU 8.6.8R(7) must include a statement in the main body of its remuneration disclosure that: (1) explains the obligations in relation to which it has relied on the exemption; and (2) confirms that the exemption is relied on to prevent individual identification of a material risk taker.	
8.6.10	The purpose of the exemption referred to in MIFIDPRU 8.6.8R(7) is to avoid firms having to disclose information: (1) that would enable a material risk taker to be identified; or (2) that could be associated with a particular material risk taker.	Quantitative Disclosure Table 6: Total remuneration awarded for performance period
8.6.11	When considering the exemptions in MIFIDPRU 8.6.8R(7), the non-SNI MIFIDPRU investment firm should apply the conditions to each information item separately. Where the information contained in at least one of the categories of senior management and other material risk takers relates to one or two material risk takers, the non-SNI MIFIDPRU investment firm is exempt from the requirement to split the information into these categories, and should aggregate the information. Where the aggregated information still relates to only one or two individuals, the non-SNI MIFIDPRU investment firm is exempt from the requirement to disclose that information.	
<b>8.7 Investment policy</b>		Not Applicable

## 9. Glossary of Acronyms

ALCO	Asset-Liability Committee	K-CMG	Clearing Margin Given
AMA	Advanced Measurement Approach	K-CMH	Client Money Held
AT1	Additional Tier 1	K-COH	Client Orders Handled
BAU	Business as Usual	K-CON	Concentration Risk
Board	Firm's Board of Directors	K-DTF	Daily Trading Flow
Board Risk Committee	Risk Committee of the Board of Directors	KFR	K-Factor Requirement
CCAR	Comprehensive Capital Analysis and Review	K-NPR	Net Position Risk
CCO	Chief Compliance Officer	K-TCD	Trading Counterparty Default
CCOR	Compliance, Conduct and Operational Risk	LCR	Liquidity Coverage Ratio
CEO	Chief Executive Officer	LDA	Loss Distribution Approach
CET1	Common Equity Tier 1	Legal entity	Nutmeg Saving and Investment Limited
CFO	Chief Financial Officer	LRM	Liquidity Risk Management
CFs	Corporate Functions	LOB	Line of Business
CORE	Control and Operational Risk Evaluation	LOB CRO	LOBs and Corporate
CRD	Capital Requirements Directive & Regulations	M&A	Mergers and Acquisitions
CRO	Chief Risk Officer	NBIA	New Business Initiative Approval
CRR	Capital Requirements Regulation	Nutmeg	Nutmeg Saving and Investment Limited
CTC	Chief Investment Office, Treasury and Corporate	Nutmeg Board	Nutmeg Board of Directors
DEI	Diversity, Equity & Inclusion	PD	Probability of Default
EAD	Exposure At Default	SNI	Small and Non-Interconnected
ELERC	EMEA Legal Entity Risk Committee	TCFD	Task Force on Climate-related Financial Disclosures
EMC	EMEA Management Committee	TPO	Third Party Oversight
ERC	EMEA Risk Committee	UK RemCo	UK Remuneration Committee
ETF	Exchange Traded Fund	WIFC	Women in Finance Charter
FCA	Financial Conduct Authority		
FCC	Firmwide Control Committee		
Firm	JPMorgan Chase & Company		
FRC	Firmwide Risk Committee		
FRE	Firmwide Risk Executive		
IC	Incentive Compensation		
ICARA	Internal Capital Adequacy and Risk Assessment		
ICB	International Consumer Banking		
ICBRC	International Consumer Banking Business Risk Committee		
IFPR	Investment Firms Prudential Regime		
IRM	Independent Risk Management		
JPMC	JPMorgan Chase & Co		
K-ASA	Assets Safeguarded and Administered		
K-AUM	Assets Under Management		