China International Capital Corporation (UK) Limited
MIFIDPRU 8 Disclosure
In respect of Financial Year Ended 31 December 2023

1. Overview

The Financial Conduct Authority ("FCA" or "Regulator") in its Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU") sets out the detailed prudential requirements that apply to China International Capital Corporation (UK) Limited ("CICCUK" or the "Firm").

In particular, Chapter 8 of MIFIDPRU ("MIFIDPRU 8" or the "public disclosures requirements") sets out public disclosure obligations with which CICCUK must comply.

CICCUK is classified under MIFIDPRU as a Non-Small and Non-Interconnected Investment Firm ("Non-SNI MIFIDPRU Investment Firm"). As such, MIFIDPRU 8 requires CICCUK to disclose information on the following areas:

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

The purpose of these disclosures is to give stakeholders and market participants an insight into CICCUK's business. Data on the own funds and own funds requirements allows stakeholders to assess the Firm's financial strength.

This document has been prepared by CICCUK in accordance with the requirements of MIFIDPRU 8. Unless otherwise stated, disclosures are given with respect to the review period constituted by the financial year ended 31 December 2023 and all figures are as at 31 December 2023.

2. Scope, Basis and Frequency of Disclosures

CICCUK is authorised and regulated by the FCA to carry on financial services business in the UK. CICCUK is a wholly owned subsidiary of China International Capital Corporation (International) Limited ("CICCI"), which is itself a wholly owned subsidiary of China International Capital Corporation Limited ("CICC").

During the review period, the three business lines of CICCUK were the Equities ("EQ") business, which is an agency brokerage business dealing with securities; the Investment Banking ("IB") business, which involves corporate finance advisory services predominantly in the field of mergers and acquisitions where Greater China knowledge and experience is required and underwriting services in public offerings / listings by Chinese issuers; and the Fixed Income ("FI") business (which forms part of CICC's broader Fixed Income, Currencies and Commodities ("FICC") business segment), where CICCUK will introduce UK-based financial institutions to CICC's group affiliates in mainland China and Hong Kong for the purposes of account opening and/or establishment of a counterparty trading relationship to access FI products and services via those affiliates. For this FI *Introduction Activity*, accounts are not opened, and counterparty trading relationships are not established, with CICCUK.

The Firm has not sought and does not have the applicable regulatory permissions to hold client money or client assets and accordingly when conducting the EQ, IB and FI business activity described above CICCUK does not hold client money or client assets. Furthermore, CICCUK is not authorised to undertake Regulated Activities for Retail Clients and accordingly deals only with Professional Clients and/or Eligible Counterparties. The Firm does not fall within the definition of a Prudential Consolidation Group, thus is not required to undertake its *Internal Capital Adequacy and Risk Assessment* (ICARA) or prepare disclosures on a consolidated basis. CICCUK is not a Global Systemically Important Institution.

The Firm outsources settlement functions to external service providers, CICC group affiliate China International Capital Corporation Hong Kong Securities Limited ("CICCHKS") and non-affiliated third party BNP Paribas Securities Services ("BNP").

CICCUK operates a Delivery vs. Payment ("DVP") model for all equity brokerage trades to minimise its credit and market risk exposures. The Firm mitigates credit risks through credit limit controls and the management of counterparty credit risk. CICCUK does not take proprietary trading positions / operate a trading book, but does underwrite on a *Firm Commitment* basis public offerings / listings of Global Depositary Receipts on European exchanges by Chinese issuers where CICCUK also performs the role of global coordinator or bookrunner. Accordingly, market risk is predominantly limited to foreign exchange risk, primarily as a consequence of transaction-related fee income denominated in foreign currencies (primarily RMB, HKD and USD). This risk is deemed low and has been further mitigated by an agreement between CICCUK and its principal execution broker and settlement agent, CICC group affiliate CICCHKS, to settle the inter-company balance on a monthly basis.

This document has not been and is not required to be audited by the Firm's external auditors. The numbers disclosed are taken from the Firm's Statutory Accounts as at 31 December 2023 but this document does not constitute a financial statement and must not be relied on as such.

The disclosures in this document must be issued on an at least annual basis.

3. Risk Framework

The Firm maintains a prudent approach to risk to ensure that it can operate safely and to support sustainable business development in keeping with the Board of Directors (“Board”)'s strategy.

The Risk Management Framework:

- Identifies, measures, manages, monitors, and reports on the harms to the Firm, its clients and the market.
- Manages the risk that the Firm’s conduct may pose harm to the fair outcomes for clients, or to the sound, stable, resilient, and transparent operation of financial markets.

This framework provides the Board with assurance that the Firm’s risks, including the risks relating to the achievement of the Firm’s strategic objectives, are understood and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the Firm Management’s ongoing assessment, control, monitoring, and reporting to the Board of risk and risk management activities.

3.1 Risk Culture

CICCUK believes that a strong risk management culture is essential to achieve its business objectives. With ultimate responsibility for risk governance in the Firm, the Board establishes and embeds a strong risk management culture. The Board ensures that the Firm’s business lines take ownership and are accountable for the risk arising in their business. The Risk Management function, which is independent of the Firm’s business lines but works closely with them, has considerable authority to direct how business line risk is managed and in practice treats risk management as a shared responsibility with the business line.

3.2 Risk Appetite

The Board has responsibility for the determination of the Risk Appetite of the Firm and the implementation of the Firm’s risk policy. The Board maintains a cautious approach to risk and is conservative. Risks are identified, measured, controlled and limited through clearly segregated and independent functions across the Firm, whose work methodology is supported by written policies and procedures to ensure that risk management actions are consistent and thorough.

3.3 Risk Governance and Management

CICCUK is governed by the Board, one of whom is also appointed as the Chief Executive Officer (“CEO”). The role of the Board is to provide oversight and take responsibility for the strategic leadership of the Firm within a framework of good corporate governance, for engendering proper behaviour and culture, and for ensuring prudent and effective controls which enable risk to be assessed and managed. The Board sets the Firm’s strategic aims, ensures that the necessary financial and human resources are in place for the Firm to meet its objectives and reviews the Firm Management’s performance. The Board sets and oversees the Firm’s values and standards and ensures that the Firm’s obligations to its stakeholders, its clients and others are understood and followed.

The CEO is responsible for the control and governance of CICCUK from day to day, implementing the Board's business strategy to ensure profitable and sustainable growth, overseeing the implementation of business line, risk management and other support department priorities and activities, ensuring that appropriate and adequate financial and human resources are available and productively deployed, monitoring that risk is kept within the Firm's Risk Appetite and ensuring that a regulatory compliance framework and programme are in place for achieving compliance with all regulatory requirements.

In keeping with the Firm's risk culture, responsibilities for risk management are assigned to discrete independently operating functions under the *three lines of defence* model, to ensure that the risk management framework is robust and effective.

- First line of defence: The business lines (which are client-facing and as such are commonly described as the "front office") are primarily responsible for identifying and managing risks in their respective business areas. The business lines' interactions with clients and counterparties, and exposure to market best practices and latest developments, equip them to identify unusual behaviour and implement administrative controls to mitigate risks identified.

- Second line of defence: This is made up of control and support departments such as Risk Management, Compliance, Financial Control, Legal, Operations and IT. These control and support functions identify potential risks resulting from front office activities, ensure that front office has also identified these risks, and then act either cooperatively with the front office, or independently of the front office, to resolve or mitigate them. These support functions have segregated reporting lines from the front office and provide independent monitoring and reporting over the Firm's activities.
- Third line of defence: This is the Firm's Internal Audit function, which is undertaken through the Group's parent company CICC; its activities provide independent assurance as regards the soundness and effectiveness of the controls that underpin all activities of CICCUK.

3.4 Principal Risks

To adequately assess the potential harm to the Firm, its clients or the market, the Firm has adopted a common risk taxonomy that breaks the principal risks faced by the Firm into a number of broad risk categories.

The major risks identified for the Firm within the risk taxonomy and the actions taken to resolve or mitigate these risks are summarised in the table below.

REGULATORY ENVIRONMENT RISK		
Taxonomy	**Risk**	**Mitigating Actions**
REGULATORY RISK	The risk that the Firm faces enhanced regulatory scrutiny, such as investigation, enforcement, or sanctions by financial services regulators.	The Firm's management seeks to mitigate regulatory risk by implementing robust controls. The Firm's Compliance function manages such risks by providing both a business support role and an independent monitoring and testing role. If a material negative issue arises or is identified, the issue is escalated to the Board and notified to the FCA. This work is also overseen by both the Internal Audit function and the Firm's external auditors.
REGULATORY CHANGE	The risk of government bodies introducing legislation or new regulation requirements in any of the jurisdictions in which the Firm currently operates.	The Firm operates to the highest regulatory standards and monitors new and evolving regulatory and market developments through several information gathering channels, including law firms and compliance advisers. It maintains constructive relationships with its regulators and actively seeks to converse with them to clarify the Firm's obligations when regulatory developments are implemented.

BUSINESS MODEL RISK		
Taxonomy	**Risk**	**Mitigating Actions**
CREDIT AND SETTLEMENT RISK	The risk of unexpected losses that may arise as a result of the Firm's counterparties or clients failing to meet their payment obligations.	The Firm frequently reviews its appointed banks', custodians' and other service providers' credit ratings and performs ongoing monitoring of its treasury policy and suitability of counterparties. Credit due diligence is carried out during the opening of client accounts. Once a client relationship is established, the applicable credit ratings and settlement limits for that client are subject to regular reviews. The Firm has also defined clear procedures in case of settlement

BUSINESS MODEL RISK		
Taxonomy	**Risk**	**Mitigating Actions**
		failure or client bankruptcy to ensure that any open position can be disposed of in a timely manner.
MARKET RISK	Market risk is the risk that the value of assets or liabilities will fluctuate as a result of movements in factors such as interest rates and foreign exchange rates.	By promptly settling transaction-related commission and other fee income denominated in foreign currencies, the Firm effectively minimizes foreign exchange risk in non-GBP currencies.
OPERATIONAL RISK	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	The Firm has well-defined controls and oversight of processes and key systems, including those outsourced to third party service providers. It regularly monitors and evaluates the adequacy and effectiveness of its systems, internal control mechanisms and governance arrangements and resolves and remediates deficiencies and weaknesses when necessary.
LIQUIDITY RISK	The risk that the Firm, although solvent, either does not have available sufficient financial resources to meet its obligations as they fall due or can secure such resources only at excessive cost.	The Firm manages liquidity and carries out liquidity assessments regularly to ascertain sufficiency of liquidity. It can rapidly address any liquidity gap by accessing funds from its parent company in the form of loans and/or subscription of additional capital.
CAPITAL ADEQUACY RISK	The risk that the Firm holds insufficient capital to cover its risk exposures and must curtail or cease operations.	The Firm undertakes an annual capital assessment called 'Internal Capital and Risk Assessment' (ICARA) and applies a series of stress-testing scenarios approved by the Board to its base financial projections.

4. Own Funds

Composition of regulatory own funds as at 31 December 2023			
	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1.	OWN FUNDS	24,368	
2.	TIER 1 CAPITAL	24,368	
3.	COMMON EQUITY TIER 1 CAPITAL	24,368	
4.	Fully paid up capital instruments	33,000	Page 13, financial statements – share capital
5.	Share premium	n/a	
6.	Retained earnings	(8,470)	Page 13, financial statements – retained earnings
7.	Accumulated other comprehensive income	n/a	
8.	Other reserves	n/a	
9.	Adjustments to CET1 due to prudential filters	n/a	
10.	Other funds	n/a	
11.	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	n/a	
19.	CET1: Other capital elements, deductions and adjustments	n/a	
20.	ADDITIONAL TIER 1 CAPITAL	n/a	
21.	Fully paid up, directly issued capital instruments	n/a	
22.	Share premium	n/a	
23.	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	n/a	

24.	Additional Tier 1: Other capital elements, deductions and adjustments	n/a	
25.	TIER 2 CAPITAL	n/a	
26.	Fully paid up, directly issued capital instruments	n/a	
27.	Share premium	n/a	
28.	(-) TOTAL DEDUCTIONS FROM TIER 2	n/a	
29.	Tier 2: Other capital elements, deductions and adjustments	n/a	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements			
	a	b	c
	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to Own Funds table - section 4
	As at period end 31 December 2023	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1.	Property, Plant and equipment	378	Note 6
2.	Right-of-use assets	5,193	Note 7
3.	Intangible assets	5	Note 8
4.	Deferred tax assets	157	Note 3
	Non-current assets	**5,733**	
5.	Prepayments	252	
6.	Tax receivables	168	Note 9.1
7.	Trade and other receivables	12,194	Note 9.2
8.	Cash and cash equivalents	17,724	Note 9.3
	Current assets	**30,338**	

	Total Assets	**36,071**	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1.	Lease liabilities	4,938	Note 12
	Non - current Liabilities	**4,938**	
2.	Employee expenses payables	5,041	Note 1.11
3.	Trade and other payables	872	Note 10
4.	Lease liabilities	689	Note 12
	Current Liabilities	**6,602**	
	Total Liabilities	**11,541**	
Shareholders' Equity			
1.	Share capital	33,000	Note 11
2.	Retained earnings	(8,470)	
	Total Shareholders' Equity	**24,530**	

5. Own Funds Requirement ("OFR")

CICCUK's own funds requirement is the higher of the Firm's:

- Permanent minimum capital requirement ("PMR"): The PMR is the minimum level of own funds required to operate at all times and, having regard to the MiFID investment services and activities that the Firm currently has permission to undertake, is set at £750,000;
- Fixed overhead requirement ("FOR"): The FOR is intended to calculate a minimum amount of capital that CICCUK would need available to absorb losses if it has cause to wind-down or exit the market, and is equal to one quarter of the Firm's relevant expenditure; and
- K-Factor requirement ("KFR"): The KFR is intended to calculate a minimum amount of capital that CICCUK would need available for the ongoing operations of its business. The K-factors that apply to the Firm's business are K-DTF and K-NPR.

The potential harm associated with CICCUK's business strategy, based on the Firm's own funds requirement, is low. This is due to the relatively stable and consistent growth in the Firm's revenues and asset base.

The own funds requirement at 31 December 2023 was:

Requirement	£'000
(A) Permanent Minimum Capital Requirement ("PMR")	750
(B) Fixed Overhead Requirement ("FOR")	3,786*
(C) K-factor Requirement ("KFR")	436
(D) Own Funds Requirement (Max [A; B; C])	3,786
Own Funds Requirement ("OFR")	3,786

*FOR in calendar year 2023 is based on audited annual financial statements for the year ended 31 December 2023.

6. Adequacy of Own Funds

Under MIFIDPRU 7, CICCUK is also required to comply with the Overall Financial Adequacy Rule ("OFR"). This is an obligation on CICCUK to hold at all times own funds and liquid assets which are adequate, both as to their amount and quality, such that:

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

Where CICCUK determines that the FOR is insufficient to mitigate the risk of a disorderly wind down, the Firm must maintain an '*additional own funds required for winding down*' balance, above the FOR, that is deemed necessary to mitigate the risks of a disorderly wind down.

Similarly, where the Firm determines that the KFR is insufficient to mitigate the risk of harm from ongoing operations, the Firm must maintain an '*own funds required for ongoing operations*' balance, above the KFR, that is deemed sufficient to ensure the viability of the Firm throughout economic cycles.

The Firm's *Own Funds Threshold Requirement* is the higher of:

- the Firm's PMR;
- the sum of the Firm's FOR and its additional Own Funds required for winding down; and
- the sum of the Firm's KFR and its additional Own Funds required for ongoing operations.

This is the amount of Own Funds that CICCUK is required to maintain at any given time to comply with the OFR.

To determine the Firm's Own Funds Threshold Requirement, CICCUK identifies and measures the risk of harm faced by the Firm and considers these risks in light of its ongoing operations and also from a wind-down planning perspective as part of the ICARA. The ICARA is performed annually, or more frequently if there has been a material change to the business model. The ICARA once approved is monitored regularly as an integral part of the Risk Management Framework.

One of the strategies adopted by the Firm to manage the risk of breach of the Firm's Own Funds requirement is to maintain a healthy Own Funds surplus above the Own Funds requirement. In the event that Own Funds drops to an amount equal to 110% of the Firm's *Own Funds Threshold Requirement*, the Firm's Financial Control and Treasury functions will immediately notify the Firm's CEO, Board and other CICC group stakeholders (the "Members"). The Members will consider the necessary steps required to be taken in order to increase the Own Funds surplus; this may include injecting more Own Funds into the Firm by way of loan and/or subscription of additional capital.

CICCUK had a significant surplus of Own Funds over Own Funds Requirement throughout the review year with a surplus of £20.22m at the year-end of 31 December 2023.

7. Remuneration Code Disclosure

CICCUK, as a MIFIDPRU investment firm, is subject to the remuneration codes and guidance issued by the FCA. From 1 January 2022 CICCUK has been subject to the MIFIDPRU Remuneration Code (the ***Code***) that is contained in SYSC 19G of the FCA Handbook. In accordance with SYSC 19G.2.4, CICCUK's remuneration policies and practices must be appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.

The objective of CICCUK's remuneration policy and practice is to support delivery of CICCUK business objectives and corporate values, including prudent risk management, by attracting, retaining and motivating key talent. It takes into consideration the level of firm revenue, the anticipated future contribution of the relevant employee and identifies employees who demonstrate high potential.

CICC UK's remuneration is developed with the following specific incentives in mind: 1) to ensure the overall compensation level is directly linked with CICCUK's actual business performance and the shareholder return of the year, and thus achieve the alignment of shareholder and employee interest; 2) to consider compensation levels of the industry and competitors, to ensure the market competitiveness of CICCUK's overall compensation level; 3) to identify employees' respective contributions through factors including key performance and core capabilities, and allow for a differentiated distribution of compensation; 4) to take appropriate account of employees' respective historical compensation and CICCUK's likely future development, to ensure the sustainability of employees' overall compensation, and achieve CICCUK's long-term strategic development; and 5) to ensure that employee actions and accountability in risk & compliance incidents impact upon their compensation, including by taking account of the severity of those incidents.

Any remuneration decision is linked with CICC UK's risk management. The major risks faced by CICC UK as listed in the earlier part of this document are considered by relevant management body in the remuneration process. A staff member whose professional activities have a material impact on the risk profile of CICCUK is considered a material risk taker. CICC UK follows the identification criteria and process set out in the policy titled Material Risk Taker Criteria and Identification and is accordance with SYSC 19G.5 of the FCA Handbook.

CICC UK operates a discretionary bonus scheme which is applicable to all permanent staff firm-wide (including material risk takers and otherwise) Its remuneration policy is gender neutral and commits to comply with the Equality Act 2010.

The decision-making process for determining remuneration policy and governance

As a small company, CICCUK does not have its own remuneration committee. Instead, CICCUK's remuneration policy is formulated and applied by the CICC Compensation Management Group (the "Management Group"), which comprises the CEO, COO and CFO of CICC group and Human Resources ("HR") Head, who are nominated by CICC and responsible for overseeing CICC's remuneration policies across the CICC group, and whenever the Management Group is concerned with CICCUK remuneration policy and practice it includes the Chief Executive of CICCUK who represents the interests of CICCUK within the Management Group. The Chief Executive of CICCUK has particular experience of matters related to remuneration policies and remuneration decisions in respect of CICCUK. Together they ensure that any decisions in respect of the identification and determination of material risk takers and remuneration of material risk takers are compliant with the Code and are consistent with and promote effective risk management at the level of CICCUK.

The Management Group, which meets to deal with remuneration related to CICCUK at the same time as it deals with remuneration matters for the overall CICC group, has the following responsibilities in relation to CICCUK:

1. overseeing the implementation and operation of remuneration policies of CICCUK to ensure these are implemented and operated in a way that is consistent with the risk appetite and strategy of and the culture and value of CICCUK and promotes responsible business conduct and prudent risk taking. In particular, the Management Group has regard to the FSB Principles for Sound Compensation Practices, the Code, the EBA Final Guidelines on Sound Remuneration Policies and applicable local laws and regulations.

2. developing and reviewing the remuneration policy for CICCUK with the support of the control functions and the business units of CICCUK at least annually and approve it as appropriate.

3. reviewing and approving the implementation of new departmental or local remuneration plans within CICCUK.

4. approving the population of individuals considered to be material risk takers as defined in the Code and review this population at least annually to ensure ongoing appropriateness.

5. reviewing and approving the remuneration proposals for senior executives, material risk takers, and other employees and directors of CICC UK. For these purposes remuneration proposals shall include:
    a. any increases in salary and benefits;
    b. any bonus awards allocated from the CICC UK annual bonus pool as approved by relevant CICC group senior management;
    c. any wards made under a bonus deferral or long term incentive plan; and
    d. any other awards, as applicable.

6. reviewing and approving any guaranteed bonuses, retention or severance payments made by CICCUK to ensure that they are in line with the CICC UK Remuneration Policy.

7. reviewing and approving the remuneration structures and performance management for senior officers working in risk and compliance functions to ensure that individuals in these roles are appropriately remunerated in line with functional objectives.

8. whilst any bonus pool calculation is conducted at CICC group level and ultimate responsibility for the approval and sign off of bonus pools rests with applicable CICC group senior management, reviewing decisions and recommendations made at the CICC group level before adopting them, and seeking to resolve any issues they may have in relation to those decisions and recommendations.

9. where appropriate, liaising with the CICC UK Board and other applicable management bodies within the CICC group. In particular, agreeing with the CICC UK Board the individual bonus allocations from the CICC UK bonus pool (as agreed by the Management Group and relevant CICC group senior management) for all staff within CICC UK.

10. in conjunction with CICC group functional heads, reviewing and approving proposed awards of guaranteed variable remuneration to ensure that they align with CICC UK’s remuneration policy.

11. arranging a central and independent internal review to assess whether the implementation of the remuneration policies and practices of CICC UK (1) results in remuneration awareness that are in line with CICC UK’s business

strategy and (2) reflects the risk profile, long-term objectives and other relevant goals of CICC UK and documenting the results of the review and the actions taken to remedy any findings.

12. ensuring that all provisions regarding disclosure of remuneration, as set out in the relevant legislation and regulations, are fulfilled.

The Management Group takes full account of CICCUK's strategic objectives in setting remuneration policy and is mindful of its duties to CICCUK as shareholder, and other stakeholders. It seeks to preserve shareholder value by ensuring the successful retention, recruitment and motivation of employees.

Link between pay and performance

Subject to individual employee contracts and applicable remuneration policy, CICCUK's compensation may comprise one or more of the following elements:

- base salary
- annual discretionary bonus
- overtime pay and other benefits, and
- other long-term incentives, as deemed appropriate by the Management Group.

To ensure that CICCUK attracts talent despite its current modest balance sheet, the Management Group may also agree to allowances or one-off adjustments to base salary for new hires to reflect base salary they formerly received from their previous employer. This is not related to performance.

The determination of the CICC group's bonus pool is an iterative process conducted at group level. The Management Group determines a bonus pool based on factors including risk-adjusted firm performance, business unit performance and individual performance award recommendations. It reviews information and recommendations received from the directors of CICCUK and business line and other department heads at the CICC group level before finalising its own recommendations to the senior management of the CICC group. Ultimate responsibility for the approval and sign-off of the overall available bonus pool rests with the senior management of the CICC group.

The Management Group considers the finances of CICCUK when determining discretionary bonuses to CICCUK staff. Financial performance measures are set on an annual or semi-annual basis by the business heads in conjunction with HR and the Management Group. The key financial performance indicators that were used in the year ended 31 December 2023 to determine the total pay-out include company revenue, profit margin before tax, profit margin before bonus pay, risk weighted profit and market share.

Remuneration is also based upon the individual's contribution to the development and management of CICCUK's business. This is assessed by the persons responsible for that business at CICC group level, who work together with the management of the corresponding business in CICCUK and the Management Group to reach a determination.

Individual performance is evaluated at business level by departmental heads based on an assessment of performance against financial and non-financial metrics. Non-financial criteria used in the performance evaluation process include company oriented behaviour, inter-departmental teamwork, performance, attitude and relations with colleagues, long-term client relationship development, business creation and development and compliance with risk management processes. The likely longer term performance of an employee and that employee's value to the business are taken into consideration, but at present future earning streams are not recognised upfront.

CICC UK has also implemented a clawback mechanism of variable remuneration and it should be considered in circumstances where a material risk taker has:

- participated in or was responsible for conduct which resulted in significant losses to the firm; and/or
- failed to meet appropriate standards of fitness and propriety.

For deciding cases that may result in clawback following performance management or disciplinary proceedings or other determinations made by CICCUK. All relevant criteria will be considered, including:

- the impact on the firm's customers, counterparties and the wider market.
- the impact of the failure on the firm's relationships with its other stakeholders including shareholders, employees, creditors, the taxpayer and regulators.
- the cost of fines and other regulatory actions.
- direct and indirect financial losses attributable to the relevant failure.
- reputational damage.

In light of the material risk taker's activities, the impact on risk profile and the length of the relevant business cycles, the Management Group has determined that clawback of variable remuneration should be considered for a minimum of 3 years after the date of the relevant awards.

Quantitative information

For the financial year ended 31 December 2023, CICCUK have paid to all its staff:

- a total aggregate remuneration of £5,811,688.48 , comprising the items in the next three bullets:
- fixed pay of £4,328,183.23
- bonus (including the deferred bonus to be paid in January 2025, January 2026 and January 2027) of £926,223.92; and
- pension and other benefits of £557,281.33.

For the same period, CICCUK has identified 10 individuals who were material risk takers for all or part of the financial year ended 31 December 2023.

In respect of the financial year ended 31 December 2023, such material risk takers have been paid:

- a total aggregate remuneration of £1,405,863.80, comprising the items in the next three bullets:
- fixed pay of £957,567.95;
- bonus (including the deferred bonus to be paid in January 2025, January 2026 and January 2027) of £321,078.00; and
- pension and other benefits of £127,217.85.

In respect of the financial year ended 31 December 2023, there has been no guaranteed variable remuneration, no severance payment awarded to any material risk taker.