JUPITER
PILLAR III DISCLOSURES

As at 31st December 2021

JUPITER ASSET MANAGEMENT

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1 Overview

1.1 Introduction

This document sets out the Pillar III disclosures on risk management, capital adequacy and remuneration for Jupiter Fund Management plc (JFM) (Jupiter and, together with its direct and indirect subsidiaries, the Group) as at 31 December 2021.These disclosures were prepared in accordance with the Capital Requirements Directive (CRD III) which comprises three pillars:

- **Pillar I** sets out rule-based minimum capital requirements.
- **Pillar II** defines the process for assessing capital adequacy in relation to actual risk profile and for determining whether additional capital is required to cover these risks. This is achieved through the firm's Internal Capital Adequacy Assessment Process (ICAAP) and the Financial Conduct Authority (FCA) Supervisory Review and Evaluation Process (SREP). The introduction of the Investment Firm Prudential Regime (IFPR) as at 1 January 2022, the ICAAP is being replaced by the Internal Capital Adequacy & Risk Assessment (ICARA).
- **Pillar III** requires public disclosure of a firm's risk profile, risk management, capital, and remuneration.

1.2 Regulatory framework

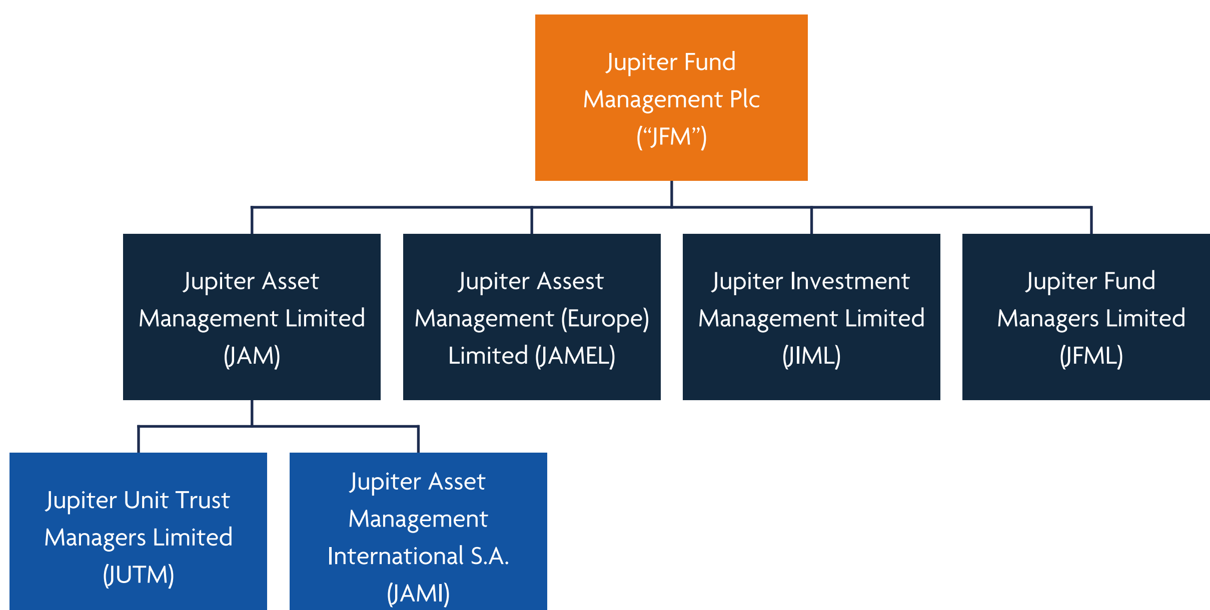
The Group is a specialist high-conviction truly active asset manager, principally in mutual funds domiciled in the UK and continental Europe. As well as mutual funds, individuals and institutions can also access the Group's asset management offering through segregated mandates and investment trusts.

The Group is a UK consolidation group and is subject to consolidated supervision by the FCA.

Four UK subsidiaries are authorised and regulated by the FCA: Jupiter Asset Management Limited (JAM), Jupiter Unit Trust Managers Limited (JUTM), Jupiter Investment Management Limited (JIML) and Jupiter Fund Managers Limited (JFML).

Jupiter has also established two regulated group entities, one in Luxembourg, Jupiter Asset Management International S.A. Limited (JAMI) which is regulated by CSSF and one in Ireland, Jupiter Asset Management (Europe) Limited (JAMEL), which is regulated by the CBI.

The Group benefits from the FCA Capital Requirements Regulation derogation allowing it to carry forward the CRD III rules as at 31 December 2013. As such, the following disclosures have been prepared in accordance with the requirements of Chapter 11 of the FCA's Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU).



1.3 Summary of Capital and Capital Requirements

The Group's total regulatory capital comprises total tier 1 capital and tier 2 subordinated debt. As of 31 December 2021, the Group's Pillar I capital requirement was £53.8m and the Pillar I capital surplus was £231.6m.

	2021 £m	2020 £m
Capital after deductions	285.4	237.2
Pillar 1 capital requirements	53.8	57.9
Pillar 1 surplus	231.6	179.3

There are no current or unforeseen material practical or legal impediments to the prompt transfer of capital resources or repayments of liabilities within the Group.

1.4 Basis and Means of Disclosure

The Group has an accounting reference date of 31 December, and the disclosures are made for the Group as at 31 December 2021. The method of consolidation used for prudential purposes is the same as that used for the Group's consolidated financial statements, except for investments in mutual funds which are consolidated for accounting purposes, but which are not included in the regulatory consolidation group as they do not meet the definition of financial institutions within the FCA Handbook. These disclosures, which are not subject to audit, are based on the Group's regulatory return for the period ended and as at 31 December 2021, and have been produced solely for the Pillar III disclosure.

The rules provide that a firm is not required to disclose information which is not material, or which is proprietary or confidential. Where a disclosure is immaterial, this has been stated.

The Pillar III disclosures are published on the Group's website: https://www.jupiteram.com/corporate/Governance/Risk-management

1.5 Regulatory and Accounting Developments

1.5.1. Investment Firms Regulation (IFR)

The Investment Firm Prudential Regime (IFPR) is the new prudential regime for UK MiFID investment firms. The regime came into force on 1 January 2022.

IFPR is introducing new remuneration rules applicable to all UK MiFID investment firms. These new remuneration rules are referred to as the "MIFIDPRU Remuneration Code" and are applicable to remuneration linked to performance periods starting on or after 1 January 2022.

We have performed an assessment on how the new rules introduced by IFPR will affect our capital resources and regulatory capital requirement. We estimate a reduction in capital resources of £47m as a result of the inadmissibility of deferred tax assets and the limit on the extent that tier 2 capital may be included as a capital resource. The Group's regulatory capital requirement will increase by £4m as a result of the implementation of the transitional requirement for groups formerly operating with Individual Capital Guidance (ICG) immediately before 1 January 2022.

2 Risk Management

2.1 Three Lines of Defence and Governance

The Group operates a three-tier risk governance framework, generally known as the Lines of Defence model, which distinguishes between risk management and risk oversight. This approach provides clear and concise separation of duties, roles, and responsibilities.

The JFM Board has ultimate responsibility for oversight of the risks of the Group and for determining the risk appetite limits within which the Group must operate. It delegates day-to-day responsibility of risk management and control activities to the Chief Executive Officer assisted by the Executive Committee and the Risk and Finance Committee, with oversight from the Audit and Risk Committee.

The Enterprise Risk Management Framework (ERMF) clearly defines the roles and responsibilities for risk management and provides a process for escalation through our governance structure, which enables ongoing and robust oversight.

THREE LINES OF DEFENCE

FIRST LINE

RISK AND CONTROL MANAGEMENT

The business functions and line managers across the Group are responsible and accountable for the identification, assessment and management of the individual risks and associated controls within their respective areas of responsibility.

SECOND LINE

RISK AND CONTROL OVERSIGHT

Risk and Compliance, supported by additional control and oversight functions, provides independent oversight and challenge with respect to the first line's management of their risks, and provides assurance that the Group's regulated activities are undertaken in accordance with regulatory requirements.

THIRD LINE

INTERNAL AUDIT

Internal Audit is an independent provider of assurance over the effectiveness of the Group's processes and governance with regards to risk and internal control, assessing whether they are adequately controlled and challenging management to improve their effectiveness.

RISK AND FINANCE COMMITTEE

The Risk and Finance Committee is responsible for the oversight of the Group's risk profile relative to its agreed risk appetite. It is accountable for overseeing the design and operating effectiveness of the Group's risk management and capital management frameworks and policies, including compliance with relevant regulations. The Committee reports material findings, recommendations and escalations to the Executive Committee and, for certain matters, to the Audit and Risk Committee.

EXECUTIVE COMMITTEE

The Executive Committee is responsible for implementing the strategy and objectives set by the Board and communicated by the Chief Executive Officer, and ensuring the implementation of a sound system of internal governance, control and risk management. This includes monitoring compliance with the regulatory framework of the markets in which it operates. It is also responsible for implementing the Group's culture, values and standards.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for reviewing and monitoring the integrity of the Group's financial statements. It is also accountable for reviewing the effectiveness of the Group's risk management and its internal control systems, oversight of the Internal Audit function and the Group's relationship with external auditors.

The RFC is supported by two sub-committees with the following responsibilities:

2.1.1. Seeding Committee
The Committee has responsibility for reviewing, approving and monitoring seed capital for all Unit Trusts, OEIC, ICAV, SICAVs, Investment Trusts or any other investment products or structures managed by a member of the Jupiter Group.

2.1.2. Counterparty Review Committee
The Committee has responsibility for assessing new and potential financial counterparties and monitoring the ongoing creditworthiness of counterparties, to which the Group's funds/clients have exposures.

The following committees are part of Jupiter's broader governance structure:

2.1.3. Valuations and Pricing Committee ("VPC")
The VPC has been created to undertake responsibility for reviewing the adequacy of the Jupiter Group's fund accounting arrangements; and providing effective oversight and governance of the valuation and pricing processes and procedures for all Unit Trust, SICAV, OEIC, ICAV, Investment Trust, Segregated Account Mandate business or any other investment product managed by a member of the Group. This oversight covers all Jupiter's products and all elements of the valuation including derivatives and share class hedging.

2.1.4. Product Lifecyle Committee ("PLC")
The PLC has responsibility for, and ownership of, delivering good customer outcomes during all stages of the product lifecycle for all Unit Trust, SICAV, OEIC, ICAV, Investment Trust and any new investment strategy that may be distributed in Segregated Account Mandate form, or any other investment product or structure promoted or managed by a member of the Jupiter Group, ensuring a client focussed approach is central to its framework.

2.1.5. Product Governance Committee ("PGC")
The PGC has responsibility for the review and challenge of the legal, regulatory and operational aspects of the product development and management framework owned by the PLC, to ensure that the product lifecycle for all Unit Trust, SICAV, Investment Trust and any new investment strategy that may be distributed in Segregated Account Mandate form, or any other investment product or structure managed by a member of the Jupiter Group, is conducted within an appropriate governance and control framework to meet the needs of the underlying clients.

In addition to the Group's Board, the following entities have their own Board:

2.1.6. Jupiter Asset Management Limited ("JAM" Board)
JAM is a direct subsidiary of JFM plc. The Company acts as investment manager to Mutual Funds, Segregated Mandates and Investment Trusts and is authorised and regulated by the FCA. The membership of the JAM Board comprises three executive directors.

2.1.7. Jupiter Unit Trust managers ("JUTM") Board
JUTM is the Authorised Fund Manager for the Jupiter Group's UK Unit Trust range and the Alternative Investment Fund Manager for various Investment Trusts. The membership of the JUTM Board comprises four executive directors and two non-executive directors.

2.1.8. Jupiter Asset Management International ("JAMI") Board
JAMI is the appointed Management Company for Jupiter's two UCITS funds; The Jupiter Global Fund and The Jupiter Investment Fund and is regulated by the CSSF. The membership of the JAMI Board comprises three executive directors and two independent non-executive directors.

2.1.9. Jupiter Asset Management Europe Limited ("JAMEL") Board
JAMEL is authorised as a UCITS management company and Alternative Investment Fund Manager in Ireland to various mutual funds and is regulated by the CBI. The membership of the JAMEL Board comprises three executive directors and one independent non-executive director.

2.1.10. Jupiter Investment Management Limited ("JIML") Board
JIML acts as investment manager to Mutual Funds, Segregated Mandates and Investment Trusts and is authorised and regulated by the FCA. The membership of the JIML Board comprises three executive directors.

2.1.11. Jupiter Fund Management Limited ("JFML") Board

JFML's acts as the Authorised Corporate Director for the Group's UK OEICs, which are all UK UCITS ("Undertakings for Collective Investments in Transferable Securities") JFML is regulated by the FCA and has regulatory permissions from the FCA to hold client money. The membership of the JFML Board comprises four executive directors and two non-executive directors.

2.2. Enterprise Risk Management Framework

The Group has implemented and embedded an Enterprise Risk Management Framework (ERMF), which sets out how risk is managed across all risk categories and all areas of the Group. The Board has ultimate responsibility for risk oversight of the Group and for determining the risk appetite limits within which the business must operate. It reviews and approves the ERMF at least annually.

During 2021, a number of initiatives were undertaken to enhance the way we monitor, assess and manage risk.

These include:

- Enhancement of our Enterprise Risk taxonomy to ensure a consistent methodology and approach for the assessment and reporting of risks.
- Further development of the qualitative components of our Risk Appetite Statement (RAS).
- Redevelopment of our Top-down Risk Assessment (TDRA) process.
- Further enhancement of our framework for the management of liquidity risk.
- Building our framework to support the assessment of ESG risks.
- Development of our processes to support operational resilience.

The JFM Board and ExCo take the lead in promoting a risk aware culture. All organisational units are responsible and accountable for the identification, assessment, management, monitoring and reporting of the individual risks, associated controls, and incidents within their areas of responsibility. These risks are managed within risk appetite limits and in accordance with the ERMF and its supporting risk policies and procedures. The Group monitors its capital and liquidity adequacy against its risk profile and business strategy. This is documented at least annually in the ICAAP report and reported on a quarterly basis.

The Group's risk policies (covered in section 2.3.) underpin the overarching ERMF of the Group.

All risk types are managed through a well-defined governance, risk, and control framework to ensure the Group manages risks in a proactive manner. Each risk type has an appropriate risk monitoring and reporting structure with responsibility to a designated committee.

2.2.1. Risk Appetite

The Group's risk appetite defines the level and type of risk that the Group is prepared to accept in pursuit of its strategic objectives and business strategy, taking into account the interests of its clients, shareholders and other stakeholders, as well as capital and other regulatory requirements. As a business, we have a relatively low appetite for risk, particularly for those risks that could lead to negative conduct or reputational outcomes.

An important part of the Board's remit is to determine the Group's risk appetite, taking into account its strategic plans, the business environment and the current and likely future condition of our business and operations.

2.2.2. Top-down Risk Assessment

The Top-Down Risk Assessment (TDRA) identifies the Group's material risks and monitors the profile of these risks. It is informed by relevant data and information pertinent to the specific risk category, which is used to assess the residual risk impact and the likelihood of the residual risk crystalising.

The individual residual ratings applied to each risk, and the qualitative rationale are utilised to create a consolidated view of the Group's risk profile which is presented to the RFC for their oversight and approval, before being presented to the ARC.

2.2.3. Risk and Control Self-Assessment

The detailed, bottom-up identification and assessment of operational risk is performed by individual organisational units via a Risk & Control Self-Assessment (RCSA). The assessment identifies and monitors material risks and associated key controls by considering the operating environment, processes, roles and responsibilities, as well as risk incidents. Risks are assessed on both an inherent and a residual basis with ratings determined for potential impact and likelihood. Where processes or controls

are seen to be insufficiently robust, line management is required to take appropriate action and define improvements to the operating environment to ensure they pose a minimal (or acceptable) level of risk to the Group.

2.2.4. Risk Incidents

A risk incident is a failure of process, people or systems which results in an actual or potential impact. Incidents are reported, recorded and investigated to determine root causes, impacts (e.g., financial losses, regulatory/legal breaches, etc.), themes and to ensure appropriate remediation work is completed to enhance the process, improve the control environment, and make good any negative outcomes that have resulted from the failure. Incidents are monitored and captured across the business and independently reviewed to ensure completeness and accuracy. Analysis of incidents is used to support our TDRA, RCSA and Operational Risk Scenario Analysis processes.

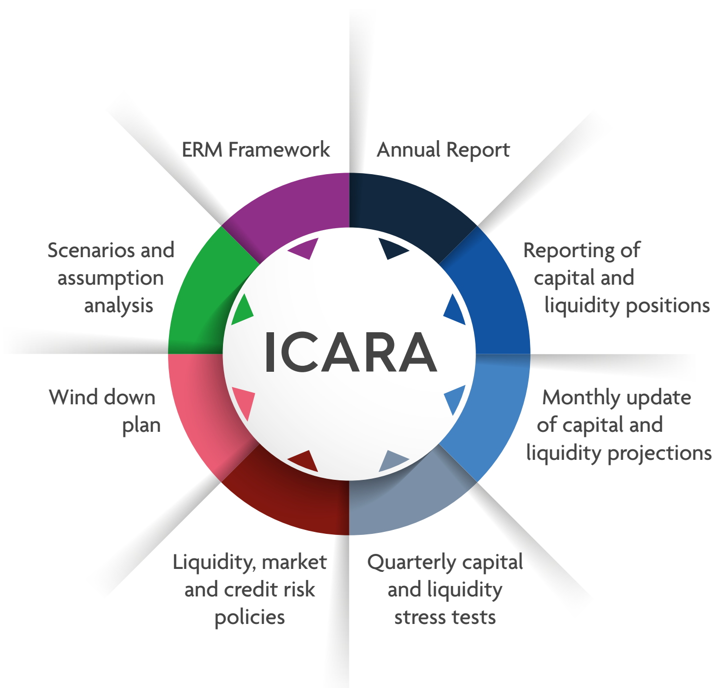
2.2.5. Operational Risk Scenario Analysis

Operational risk scenario analysis (ORSA) is a forward-looking assessment of exposures to severe but plausible operational risk events. It is used by the Group to identify and quantify the material risks that have the potential to impact Jupiter, based on the experience and opinions of internal subject matter experts. These are collated via a series of workshops and are further supported by internal and external event histories. A variety of scenarios (differing in nature, severity and duration) are used to estimate the impact of events on capital requirements. The Group also uses scenario analysis to ensure that we understand our exposure to high-severity events and implement mitigating actions, in line with our risk appetite.

2.2.6. Internal Capital Adequacy Assessment Process

The ICAAP informs the Board in its ongoing assessment of the risks to the business and is used to support the Board in determining whether the Group has sufficient capital in the context of those risks, along with the ability to maintain sufficient capital (including liquidity) in certain scenarios.

The ICAAP is an ongoing process that is executed through a number of separate but inter-linked internal processes performed throughout the year, as depicted in the diagram below:



Stress testing is performed by SMEs through articulation of the potential stress events and assessment of the potential liquidity and funding strains which could arise. The assessment takes account of internal and external data, and historical trends and experiences. Planned or potential changes to business strategy or regulations are considered as part of the assessment of liquidity and funding requirements.

Once a year, the ICAAP document, including operational risk scenarios, stress tests, assumptions and results, is subject to at least an annual review, challenge and revision by members of the ExCo, the RFC, the ARC and the Board.

The Group's capital resources are regularly reviewed to ensure that they are in line with the current risk profile of the Group.

2.3. Risk Profile

The Group is exposed to various risk types in pursuing its business objectives which can be driven by internal and external factors. Understanding and managing these risks is both a business imperative and a regulatory requirement.

Some risks are deliberately assumed to support the business plan, such as market risk relating to seed investment in funds. Other risks are inherent in routine business activities, such as the risk of fraud. The differing risks faced by the Group are managed through the Group's control framework in line with risk appetite.

The type and severity of the risks we face can change quickly in a complex and competitive environment, therefore the framework for managing these risks is dynamic and forward looking to ensure it considers both current and emerging risks which could potentially impact the Group.

As an asset management firm, Jupiter's most material risk exposures are in the strategic and operational (including regulatory risk) categories. However, the Group's exposure to capital adequacy, liquidity, market, and credit/counterparty risks are also monitored to ensure they are managed on a prudent basis and remain within regulatory requirements and Group risk appetite.

In addition, the Group is exposed to transversal risks, including ESG, Operational Resilience, Reputational and Conduct. These risks, and associated harm, can crystalise across multiple areas within our taxonomy. We assess these risks as part of the TDRA, RCSAs and risk incidents.

Risk Category	Definition	Governance/ Policy
Strategic risk	The Group defines Strategic risk as the risk to our Business as a result of matters inherent in the nature of our business model or the financial and competitive markets in which we operate.	The Board approves the strategic plan and reviews progress against it on a regular basis.
Operational risk	The Group defines Operational risk as the risk of actual or potential loss and or client harm emanating from weaknesses or failures in our systems and controls, related to people, systems, processes or from external events. These include risks arising from failing to properly manage key outsourced relationships and cyber security. Regulatory (failure to comply with regulatory obligations) and legal risk is included in this definition (section 5).	Enterprise Risk Management Policy, supported by standards and procedure documents
Capital adequacy	The Group defines Capital Adequacy risk as the risk that we have insufficient capital in relation to our risk profile to comply with regulatory requirements (section 4).	Capital Policy
Liquidity risk	The Group defines Liquidity risk as the risk that we have insufficient financial resources to meet our obligations as they fall due or can only secure such resources at excessive cost.	Corporate Liquidity Risk Policy
Credit/counterparty risk	The Group defines Credit / Counterparty risk as the risk of a default on a financial or contractual obligation (section 7).	Corporate Credit Risk Policy
Market risk	The Group defines Market risk as the risk of loss arising from market movements. This includes the risk that any market risk mitigation techniques used by the Group prove less effective than expected (section 6).	Corporate Market Risk Policy

2.3.1. Conduct Risk

The Group defines Conduct risks as those which can arise from action, or inaction, which results in customer detriment, negative impact to market stability or restricts effective competition.

The Group takes steps to mitigate the occurrence of Conduct risks that could have a detrimental impact on the Firm, our clients or markets.

2.3.2. Reputational Risk

The Group defines Reputational risk as the risk of loss or other adverse impact arising from the unfavourable perception of the firm on the part of customers, counterparties, employees, regulators, shareholders, other stakeholders, the media or the general public. For example, reputational risk can arise as a result of operational risk incidents, strategic decisions, or generally as a result of inappropriate behaviour of the Group, as perceived by various stakeholder groups.

2.3.3. Operational Resilience

The Group defines Operational resilience as the Group's ability to prevent, adapt, respond to, recover, and learn from operational disruption.

This forward-looking approach allows the Group to assess and understand its vulnerabilities with the intention of investing in protecting these, the Group, its clients and the market to prevent harm.

2.3.4. Environment, Social & Governance

ESG risk is defined as the risk that we do not meet our environmental, social and governance obligations.

The Group is committed to managing the direct impacts of its activities on the environment and has sought to embed ESG considerations into the broader governance ethos and culture of the Group.

2.3.5. Risks Not Applicable, or Not Significant, to the Group

The additional risk categories listed below are referenced in the FCA Handbook (BIPRU 2.2.30-40) as risks which should be considered. The reasons for exclusion of each risk type are provided below:

Risks not applicable to the group	
Securitisation risk	The Group does not sponsor or participate in securitisation issues.
Residual risk	The Group does not apply credit risk mitigation techniques to its credit risk exposures and therefore is not exposed to residual risk. Any risk arising from the partial performance or failure of market risk mitigation is considered as a component of market risk. The FCA Handbook defines residual risk as the risk that credit risk mitigation techniques used by the firm prove less effective than expected.
Concentration risk	Concentration risk in the Group's corporate cash reserves is managed by splitting core deposits between four rated financial institutions, with counterparty limits in place for each. If we adopted the methodology mandated by the Prudential Regulation Authority (PRA) to calculate concentration risk, the potential capital requirement for the Group is less than £0.1m, which is not deemed to be material.
Risk of excessive leverage	The Group currently has £50.0m Fixed Rate Reset Callable Subordinated Notes due 2030 of tier 2 subordinated debt. In addition, the Group has access to a currently undrawn RCF of up to £80.0m. The Group's actual and potential leverage is not deemed to be at risk of being excessive.
Pension obligation risk	The Group does not operate a defined benefit pension scheme.
Group risk	The Group is not part of a larger Group and all elements of the business are considered within the Group.
Insurance Risk	The Group does not issue insurance policies or have any insurance liabilities. In addition, the Group does not rely on insurance policies to assure its capital and liquidity adequacy.

3 Capital and Own Funds

The tables below show the composition of the total available regulatory capital for the Group, based on the numbers submitted in the Group's regulatory return for the period ending 31 December 2021. This has been further reconciled to the capital shown in the 31 December financial statements.

Tier 1 capital is the total of share capital, retained earnings and reserves. Share capital is made up of 553.1m ordinary shares of 2p each. Tier 2 capital comprises issued subordinated debt of £49.5m less costs of issue. As at 31 December 2021, the Group did not have Tier 3 capital or any related deductions.

Own funds - capital resources

Capital resources: instruments and reserves	2021 £m
Capital instruments and the related share premium accounts	11.1
Retained earnings (beginning of year)	622.5
Accumulated other comprehensive income (and other reserves)	227.9
Independently reviewed interim losses net of any foreseeable charge or dividend	(11.0)
Core Tier 1 capital resources before regulatory adjustments	**850.5**
Deductions from Tier 1	(614.4)
Total Tier 1 capital after deductions	**236.1**
Lower Tier 2 capital	49.3
Illiquid assets	-
Total capital resources after deductions	**285.4**
Capital requirement	53.8
Regulatory capital surplus	**231.6**

Reconciliation of balance sheet to own funds

Reconciliation of balance sheet to own funds	2021 £m
Per financial statements	
Share capital	11.1
Retained earnings	639.7
Other reserves	250.0
Capital and reserves per financial statements	**900.8**
Add back: Own shares reserve	0.4
Less: Foreseeable dividends	(50.7)
Core Tier 1 capital resources before regulatory adjustments	**850.5**

4 Capital Adequacy

The Group ensures that it has sufficient capital to meet prudential and regulatory requirements under normal and stressed conditions. Capital adequacy under stressed conditions is monitored through the ICAAP.

The current capital position, including surplus capital, plus internal metrics in the form of Board risk appetite, are reviewed by the RFC on a quarterly basis to ensure capital adequacy against both internal and external requirements. This data also forms part of the ICAAP, which is approved at least annually by the Board after review by the RFC, the ExCo and the ARC, and is updated whenever a material change to the business occurs. In addition, forward-looking capital projections are an essential tool for management in assessing the viability of future activities and form part of the data pack produced for the RFC as well as forming part of the ICAAP document.

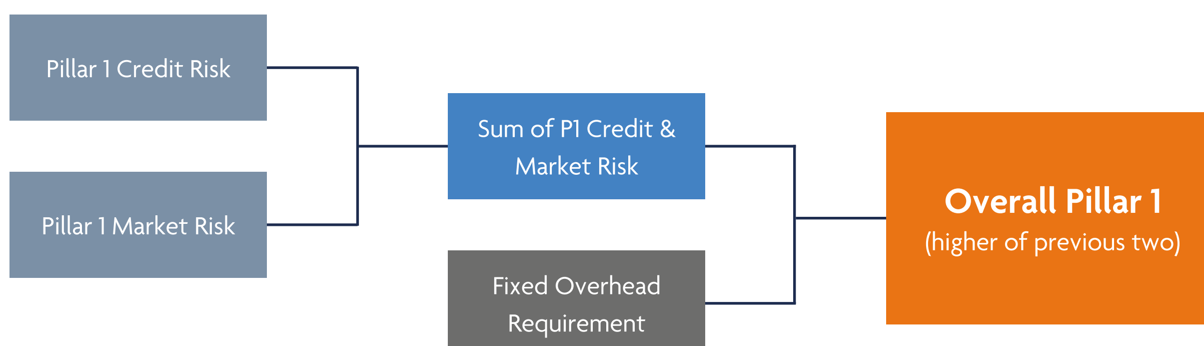
The Group's minimum regulatory capital requirement is assessed as the highest of the Pillar I capital requirement (set out above), the Pillar II capital requirement and the wind-down cost. The wind-down cost is the estimated cost of an orderly wind-down of the business following failure of its business model.

Pillar 1

The Pillar 1 capital requirement is calculated as the higher of:

- The Fixed Overhead Requirement (FOR) and
- The sum of the market and credit risk requirements.

The FOR is calculated as one quarter of the fixed overhead costs of the preceding year.



Pillar 1 Capital requirement	2021 £m
(A) Market risk	3.2
(B) Credit risk	44.3
(C) Sum of (A) & (B)	47.5
(D) FOR	53.8
Pillar 1 capital requirement – higher of (C) & (D)	**53.8**

5 Operational Risk

The Group is necessarily exposed to operational risk in the execution of its business and seeks to manage this exposure in a cost-effective manner within the risk appetite limits set by the Board. The Board and senior management take the lead in establishing and maintaining a strong culture which supports and mandates effective management of operational risk.

The Corporate Risk and Compliance Function has developed and maintains the EMRF which sets out the requirements to identify, measure, manage, monitor, control and report operational risk across the Group at all levels. This is supported by standards and procedure documents and specific subject matter policies for subcategories of operational risk.

The Group is exposed to various operational risks, which are listed out below:

Risk Description	Description
People Risk	The risk of failures or poor practices relating to people management.
Physical Security and Safety Risk	The risk to safety or security of people, premises or equipment
Client & Fiduciary duty Risk	The risk of inadequate client management including sales misrepresentation, suitability assessments, onboarding, client service obligations and TCF.
Execution, Processing and Reporting Risk	The risk of failures related to transaction capture, execution, maintenance and reporting.
Product Risk	Product flaws or defects, failure to adhere to specification.
Model Risk	The risk of poor design or implementation of models.
Data Management Risk	A data risk is a potential for the business loss related to the governance, management and security of data.
Technology and Information Security	The risk of deliberate attacks or accidental events that have a disruptive effect on interconnected technologies (excluding third-party failures, which are covered under Outsourcing and Supplier Risk).
Business Continuity	The risk of inadequate business continuity arrangements.
Outsourcing and Supplier Risk	The risk of incidents or failure of providers of services to deliver on their obligations, or inadequate selection or oversight of providers.
Regulatory Risk	The risk that the Group may fail to comply with its regulatory obligations. This includes failures to implement changes required to meet new regulatory requirements.
Legal Risk	The risk that the Group may fail to comply with its legal obligations.
Financial Crime Risk	The risk of financial crime such as money laundering and terrorist financing, bribery and corruption, fraud, market abuse or tax evasion.

The RFC is responsible for overseeing systems and controls for managing operational risk and reviewing material risks identified through our risk profile, incident reports and other relevant risk reporting.

Senior managers from each functional business area are responsible for the management of risk and formally review their key risks and controls through quarterly Business Control Forums (BCF).

The Group is a Limited Licence firm and therefore not required to calculate a Pillar I capital requirement for Operational Risk under the BIPRU rules, instead it uses the FOR approach.

6 Market Risk

The Group does not have any trading book exposures on its balance sheet and does not hold commodities. Its market risk exposure limited to:

- foreign exchange risk on balance sheet exposures denominated in foreign currencies
- market risk from its investment in seeding Jupiter Products (Seed Investments)
- ownership of units and shares in certain Jupiter Products which have been purchased in order to hedge fund-based awards

The Group's Market Risk Policy sets an internal limit for the extent of Seed Investments and also requires the equity exposure to be hedged in order to mitigate the risk of equity price movements.

The seed investment balances and the effectiveness of the hedges are monitored regularly by the RFC. Holdings in Jupiter Products which have been purchased to hedge fund-based awards are matched by liabilities to deliver these holdings to awardees; the residual net exposure is limited.

Our Pillar I market risk capital requirement is calculated in accordance with CRD III. Under the FCA rules the market risk from seed investments and fund-based award hedges is not included in our Pillar I market risk calculation.

Pillar 1 market risk capital requirement	2021 £m	
	Risk weighted exposures	8% own funds requirement
Foreign currency position risk requirement	40.3	3.2
Total	**40.3**	**3.2**

7 Credit/Counterparty Risk

The Group is exposed to credit risk from its trade receivables, deposits with banks, seed investments and derivatives used to hedge market risk. Trade receivables arise principally within the Group's investment management business and amounts are monitored regularly. Historically default levels have been insignificant and the Group does not currently use credit derivative hedges to mitigate credit risk on the balance sheet.

Credit risk requirements are calculated using the standardised approach to credit risk. Under this approach, risk-weighted exposures are calculated by assigning exposures to an exposure class and risk weighting these dependent on the credit weighting of the counterparty.

The Group has in place a Corporate Credit Risk policy and framework. The RFC, chaired by the CFO, meets quarterly and reviews the level of counterparty credit risk the Group is exposed to.

The breakdown of credit risk by exposure type is shown in the table below, along with detail on exposure by geographic region and residual maturity. The total Pillar I credit risk capital requirement submitted in the Group's regulatory return for the year ended 31 December 2021 was £42.5m.

Pillar 1 Credit Risk Capital Requirement, and Credit Risk Exposure by Exposure Class and Geographic Region

Exposure class	2021 £m				
	UK	Rest of Europe	Rest of the World	Total risk weighted exposures	8% own funds requirement
Institutions	56.4	9.0	1.5	**66.9**	5.3
Corporates	59.4	73.8	0.8	**134.0**	10.7
Claims on institutions and corporates with a short-term credit assessment	1.1	-	-	**1.1**	0.1
Collective Investment Undertakings	59.9	193.6	4.9	**258.4**	20.6
Other items	69.9	1.4	0.9	**72.2**	5.8
Total	**246.7**	**277.8**	**8.1**	**532.6**	**42.5**
Additional counterparty risk for financial derivatives					1.8
Total credit risk capital requirement					**44.3**

Pillar 1 credit exposure by exposure class and residual maturity, with prior year comparative

Exposure class	2021 £m					2020 £m
	<3 months	3 months – 1 year	1-5 years	>5 years	Total risk weighted exposures	Total risk weighted exposures
Institutions	66.9	-	-	-	66.9	59.3
Corporates	129.9	3.5	0.4	0.2	134.0	173.5
Claims on institutions and corporates with a short-term credit assessment	1.1	-	-	-	1.1	1.6
Collective Investment Undertakings	258.4	-	-	-	258.4	183.4
Other items	0.4	12.5	19.3	40.0	72.2	68.5
Total	**456.7**	**16.0**	**19.7**	**40.2**	**532.6**	**486.3**

7.1.1. Credit Risk Adjustments

Financial assets and current receivables are considered past due when the counterparty has failed to make a payment when contractually due. An exposure is classified as impaired when the carrying value exceeds the amount expected to be recovered through use or sale.

As at 31 December 2021, no receivables past due were impaired. The Group has not made any credit risk adjustments to capital as a result of impairments, value adjustments or provisions.

7.1.2. Collateral

To minimise credit/ counterparty risk, the Group requires collateral for all derivative contracts. Collateral is held in the form of cash, the amount of which is adjusted daily based on the mark to market movement of the derivatives' fair value. Any change to the credit rating of a counterparty will result in a reassessment of the use of that particular counterparty by the RFC, rather than a change in the collateral amount.

The Group's 'net derivatives credit exposure' after considering both netting agreements and collateral arrangements has not been disclosed on the basis of materiality. There are no legally enforceable netting agreements to the Group's derivative contracts. The Group's use of derivatives is limited to the hedging of market risk arising on its seed investments, and the collateral value is limited to the derivatives' mark to market movement. Collateral has not been used to reduce the Group's calculation of the credit risk exposure.

8 Interest Rate Risk in the Non-Trading Book

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has limited exposure to interest rate risk as it does not have any borrowings on which interest is paid, although it has access to a revolving credit facility which is currently undrawn. The Group has cash balances which earn interest.

9 Non-Trading Book Exposure to Equities

The Group holds equity investments in its seed capital portfolio and is exposed to the risk of changes in the equity markets that will reduce the value of the investments.

At 31 December 2021, these investments were accounted for at fair value.

Objective	2021 £m				
	Balance sheet value	Fair value	Exchange traded	Cumulative realised gain/ loss in the period	Total cumulative unrealised gain/ loss since purchase
Seeding of funds	142.3	142.3	Y	7.1	9.9
Hedging of fund-linked	60.4	60.4	Y	3.9	7.5
Total	**202.7**	**202.7**		**11.0**	**17.4**

10 Remuneration

This section sets out remuneration related disclosures for JFM plc and all of its subsidiary companies.

This disclosure captures the Pillar 3 requirements as set out under BIPRU 11.5 for UK regulated entities in relation to the remuneration of Code Staff for the year ended 31 December 2021.

The FCA requires firms to comply with remuneration disclosure rules in a manner that is proportionate to their size, internal organisation and the nature, scope and complexity of their activities ("the Proportionality Principle"). The FCA's guidance for BIPRU entities (General Guidance on Proportionality: The BIPRU Remuneration Code (SYSC 19C) and Pillar 3 disclosures on Remuneration (BIPRU 11)) confirms that Jupiter's UK regulated entities should fall within Proportionality Level 3 and thus be able to avail itself fully of the Proportionality Principle.

10.1.1. Decision-making process to determine remuneration policies

Under the Group's framework, ultimate responsibility in remuneration matters is held by the Board of Directors of JFM plc. The Board is supported in remuneration-related issues by the Remuneration Committee (RemCo). It operates under formal terms of reference, which are reviewed annually and are available on the Jupiter website.

The RemCo is responsible for the determination, regular review of, and implementation of the overarching policy for remuneration that applies to the Group. The RemCo is also responsible for determining and reviewing annually individuals who have a material impact on the risk profile of Jupiter and/or its funds (Code Staff) and determining total remuneration packages for these individuals. In considering the remuneration policy, the RemCo seeks to ensure that remuneration is structured in a way that attracts, motivates and retains high calibre staff, rewards individual and corporate performance and is aligned with appropriate risk and compliance standards and the long-term interests of shareholders, investors, clients and other stakeholders.

The RemCo takes full account of Jupiter's strategic objectives and stakeholder views in considering remuneration policy decisions. This includes careful consideration of any feedback from shareholders, investors, employees, the regulator and our clients, as well as specific input from subject matter experts, where requested (for example, the Chief Risk Officer, HR Director and Head of Reward). To avoid any conflicts of interest, the RemCo comprises independent Non-Executive Directors and the Company Chairman, and no individual is involved in any decisions regarding their own remuneration.

The RemCo gives careful consideration to the linkage between risk and reward to ensure that desired behaviours and culture are rewarded. This includes ensuring the reward structures are consistent with and promote sound and effective risk management and ensuring that the remuneration out-turns appropriately reflect the risk profile and behaviours of the Company and individual. This is demonstrated through a variety of reward features and processes in place which ensure alignment to risk considerations throughout the organisation.

The RemCo has appointed Deloitte LLP as independent advisers.

10.1.1. Link between pay and performance

The Group has a pay for performance culture and flexible individual incentives are an important part of our performance culture. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success.

The composition of the elements within an individual's overall remuneration is the result of the function and performance of the individual, including alignment with the Group's risk tolerances, market competitiveness and overall profitability. The Group's total compensation approach comprises fixed and variable compensation.

Fixed compensation includes base salary, which reflects the individual's skills, the size and scope of their role, and the market rate for the role at comparator companies and benefits. The same range and level of benefits is available to all UK employees regardless of seniority.

Variable compensation is awarded annually and is dependent on individual and corporate performance based on achievement of strategic and personal objectives. The variable compensation pool (from which annual bonuses are paid) is based on Jupiter's profits, ensuring that any bonuses are affordable and aligned to Jupiter's success. The variable compensation pool may be adjusted based on the RemCo's assessment of a range of financial and non-financial considerations, including risk and compliance. Employees of the Group with bonuses in excess of £50,000 have a portion of their variable compensation deferred to provide alignment with long term interest of clients and shareholders.

In addition, senior employees of the Group are granted Long-Term Incentive Plan (LTIP) awards to incentivise and reward the long-term performance of the Company and aid retention of these employees. With the exception of Executive Directors of JFM who are granted an LTIP based on a percentage of their base salary, the grant of LTIP awards is based on an assessment of individual and corporate performance, including the consideration of risk and compliance.

10.1.3. Code Staff identification

In accordance with the BIPRU Remuneration Code, Jupiter has identified individuals who may have a material impact on the risk profile of the Group ("Code Staff").

Under the BIPRU Remuneration Code, the Code Staff have been identified as those who fall into the following categories:

- Senior management and risk takers;
- Staff engaged in control functions;

Employees receiving total remuneration that takes them into the same remuneration bracket as the lowest paid senior manager or risk taker and whose professional activities are also deemed to have a material impact on the risk profile of the regulated entity.

For the performance year 2021, 23 individuals fell within the Code Staff identification criteria under the BIPRU Remuneration Code. Code Staff were approved as such by the RemCo and were notified of their identification and the implications of this status.

The list of Code Staff are subject to regular review, including input from HR and Risk and Compliance, to ensure the lists remain up to date throughout the year.

10.1.4. Quantitative remuneration disclosures

As set out above, 23 individuals were identified as Code Staff for the performance year 2021, of which 4 are classified as Senior Management. As a single line asset manager, Jupiter is considered to be a single business unit.

	Senior Management £m	Other Code Staff £m	Total£m
Total remuneration	4,280,371	8,786,398	13,066,768

These disclosures have been prepared solely for the purpose of fulfilling Jupiter's Pillar 3 disclosure requirements. It has been prepared for information purposes only and should not be interpreted as promotional material, investment advice or an offer/solicitation for the purchase or sale of any financial instrument. Effort is made to ensure the accuracy of any information provided but no assurances or warranties are given as to its accuracy or completeness. Jupiter does not accept any responsibility for errors of fact or opinion. Jupiter has expressed its own views in these disclosures and they may change. This disclosure is not intended to provide and should not be relied upon for, tax, legal or accounting advice. Past performance is not a reliable indicator of future results. Market and exchange rate movements can cause the value of an investment to fall as well as rise, and you may get back less than originally invested. For your security we may record or randomly monitor telephone calls.

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