

Investment Firms Prudential Regime

2024 MIFIDPRU 8 Disclosure

1. Introduction

The Investment Firms Prudential Regime ("IFPR") is the Financial Conduct Authority's ("FCA") new prudential regime for MiFID investment firms, which seeks to streamline and simplify the prudential requirements for UK investment firms. The requirements of IFPR apply to Neuberger Berman Europe Limited ("NBEL") as an FCA-authorized and regulated MIFIDPRU firm. Neuberger Berman Europe Limited together with its subsidiaries forms a MIFIDPRU investment firm group ("NBEL Group"). Subsequently this disclosure has been completed for NBEL Group.

IFPR has been implemented by the FCA through the rules and guidelines documented within the MIFIDPRU Sourcebook. As set out in MIFIDPRU 8, NBEL Group must make an annual public disclosure regarding objectives and policies in relation to certain key risks: own funds, concentration, and liquidity, as well as agreements pertaining to NBEL Group's governance arrangements and remuneration practices.

The NBEL Group disclosures are produced and published at least once a year which takes place following the completion of the Internal Capital Adequacy and Risk Assessment ("ICARA") process and the submission of the MIF007 ICARA reporting to the FCA. The disclosure may be updated more frequently in the event of a material business change.

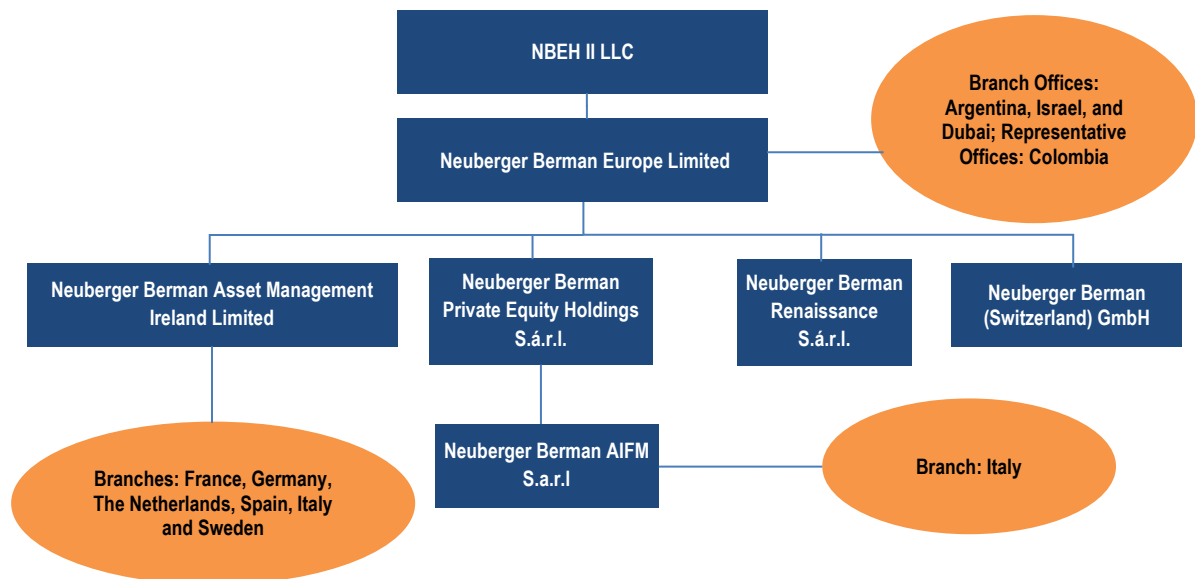
The disclosure document is reviewed and challenged by appropriate members of the Neuberger Berman Europe Limited Board ("the Board") to ensure that the information contained within is appropriate. The approved disclosure is then published on the Neuberger Berman website (www.nb.com).

The FCA does not expect disclosures to be made that are regarded as immaterial, proprietary, or confidential. Information that is regarded as material is if on its omission or misstatement, could change or influence the assessment or decision of an individual relying on it to make economic decisions.

Proprietary or confidential information could include information which, if shared with competitors, would render a firm's investments less valuable or if the information comprises obligations to customers or other counterparty relationships binding a firm to confidentiality. Where such omissions have been made, details of the information not disclosed will be included.

2. NBEL Structure and Governance

NBEL is a UK entity authorized and regulated by the FCA for investment management services and is a subsidiary 100%-owned by Neuberger Berman Europe Holdings II LLC ("NBEH II LLC").



NBEL is focused on two main activities: first, the distribution of Neuberger Berman investment products in the UK, Continental Europe, Latin America and the Middle East (collectively, "EMEALA") and, second, the provision of investment management services to clients in those regions. NBEL is supported in those activities by professionals in legal, compliance, finance, operations, information technology, human resources and portfolio analytics functions.

NBEL is regulated by the FCA (FRN 442488) and, as of 31 December 2024, has four controlled subsidiary companies:

- Neuberger Berman Private Equity Holdings S.á.r.l. ("PEH"), a company incorporated and domiciled in Luxembourg in 2021. Its subsidiary is Neuberger Berman AIFM S.á.r.l. ("NBAS"), a Luxembourg company formed in 2018 and authorised by the CSSF to provide investment management and risk management services to Neuberger Berman's European Alternative Investment Funds in accordance with the European Union's AIFM Directive ("AIFMD").
- Neuberger Berman Renaissance S.á.r.l. ("NBR") is a company incorporated and domiciled in Luxembourg in 2021.
- Neuberger Berman Asset Management Ireland Limited ("NBAMIL"), an Irish company formed in 2018 and authorised by the Central Bank of Ireland to provide investment management and risk management services under AIFMD, with additional "MIFID style" permissions for individual portfolio management.
- Neuberger Berman (Switzerland) GmbH ("NB Switzerland"), a Zurich-based distributor of Neuberger Berman investment funds in Switzerland.

2.1. NBEL Board (“The Board”)

The Board is the governing body of NBEL. It sets NBEL’s strategic direction and is responsible for the overall management of its operations including NBEL’s capital, corporate structure and material contract arrangements. The Board ensures the soundness of the NBEL’s internal risk management framework by reviewing NBEL’s risk and control process as well as approving NBEL’s risk appetite. The Board is responsible for communicating documentation to shareholders where necessary as well as any other corporate governance matters including but not limited to the authorization of conflicts of interest of its directors, approval of litigation matters and approval of NBEL’s Anti-Bribery & Corruption, Privacy and Whistleblowing policies.

2.2. EMEA Risk and Compliance Committee

The EMEA Risk and Compliance Committee has been established to address the enterprise risk framework and ensure the appropriate management and further escalation of EMEA risk or compliance matters. All business-related activities within EMEA are in scope, including the adoption of Neuberger Berman policies and procedures, and any upcoming group wide initiatives impacting NBEL and its subsidiaries.

2.3. EMEA Product Governance Committee

The EMEA Product Governance Committee governs NBEL’s and NBAMIL’s processes and controls in relation to product governance. It assesses product compliance with the FCA’s TCF outcomes and reports to the boards of NBEL and NBAMIL on the discharge of its objectives. The Product Governance Committee is also part of Neuberger Berman’s Global New Product Development Process.

2.4. Conflicts of Interest Committee

The purpose of the Conflicts of Interest Committee is to define the policy for and to oversee the management of actual and potential conflicts of interest arising within NBEL, ensuring that NBEL’s policy with regard to conflicts of interest is incorporated within its overall strategy and in line with its risk tolerance.

2.5. Senior Management & Certification Regime (“SMCR”) Certification Committee

The role of the NBEL SMCR Certification Committee is to oversee the certification process and ensure that NBEL complies with the Certification Regime. This includes ensuring that fitness and propriety assessments are satisfactorily completed and appropriately calibrated, that matters relating to the SMCR are considered as part of the annual performance appraisal process where relevant, the reallocation of activities and prescribed responsibilities upon the departure of a Senior Manager, the completion of the annual certification process and the suitable consideration of other ad hoc issues such as disciplinary matters.

2.6. EMEA Outsourcing Risk and Oversight Committee

The EMEA Outsourcing Risk and Oversight Committee is a sub-committee of the EMEA Risk and Compliance Committee. The purpose of the EMEA Outsourcing Risk and Oversight Committee is to ensure the appropriate oversight and escalation of key third-party and outsourcing risks. All business-related activities within EMEA which involve the deployment of third-party and outsourcing arrangements are in scope, including the adoption of NBEL Outsourcing policies and procedures.

2.7. EMEALA European Valuation & Pricing Committee

The Committee oversees the valuation and pricing activities for the investment funds and entities for which NBEL acts as investment manager. The role of the Committee is to independently assess valuation and pricing activities across each of the fund ranges and to review the facts, circumstances and methodologies used to fair value any investment position held in any such Fund.

2.8. Audit, Capital & Liquidity Committee

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the performance of the NBEL Group with respect to its financial, liquidity and capital; the integrity of NBEL's financial statements and other financial information provided to shareholders and external stakeholders; the effectiveness of NBEL's internal financial controls; and the effectiveness and objectivity of NBEL's internal and external audit processes and auditors.

2.9. EMEA Compensation Committee

The primary responsibilities of the Committee are to ensure the preparation of the NB Remuneration Policies, ensuring they meet regulatory expectations; to correctly code employees who have been categorised as "Material Risk Takers" or "Identified Staff"; to assess reports on risk, compliance, and conduct issues relating to staff; and, to administer bonus pools including any deductions or clawbacks.

2.10. EMEA ESG Product Committee

The EMEA ESG Product Committee is a sub-committee of the EMEA Product Governance Committee. The Committee is responsible for approval of SFDR classification for all new products launched in EMEA; approval of SFDR classification for products launched ex-EMEA being marketed in EMEA; review and consideration of all climate risks and opportunities; and UK Stewardship related matters.

2.11. European Private Loans Valuation Committee

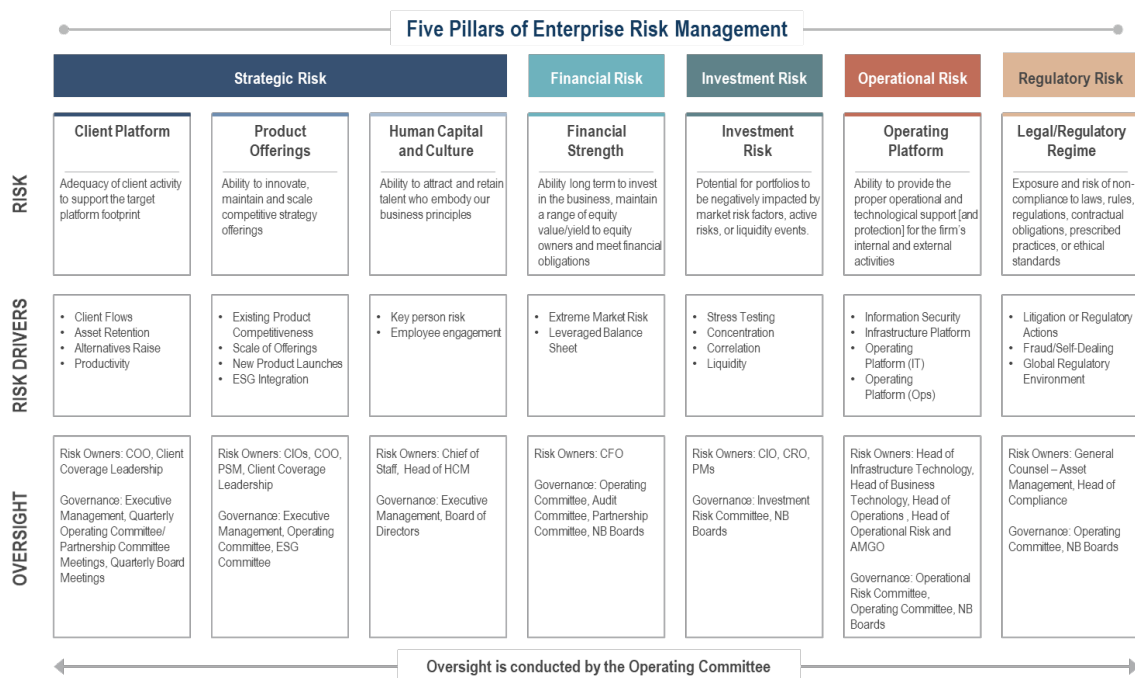
The European Private Loans Valuation Committee is a sub-committee of the EMEALA European Valuation & Pricing Committee. The Committee monitors and oversees the valuation of the investments in European Private Loans portfolios pursuant to the approved pricing procedure and serves as an escalation point. The Committee reviews and approves the fair valuation of any holding; any policy, procedure, methodology, model, model input, or system used to fair value the holdings; the appointment or removal of any third-party pricing vendor or valuation agent; and any pricing consideration with respect to new types of holdings.

3. Risk Management Framework

NB Group employs a risk management framework that features dedicated investment and operational risk teams. These teams are independent of the NB Group's portfolio managers. Together, they provide for consistency in, and frequency of, investment and operational risk reviews. They collaborate with other control units, including compliance, internal audit, legal and business control. This structure is enhanced by an ability to escalate to executive management and our boards certain issues, including unusual market, credit, operational or reputational risk matters that may have a potential effect on either client portfolios or the investment management business.

Enterprise Risk Management

NB Group has developed a robust enterprise-wide risk management framework underpinned but the investment and operational risk committees.



Our control groups hold meetings with portfolio management and business units to help ensure that risks are identified and proactively mitigated to the extent possible and that a strong internal control environment exists, with overlapping and reinforcing elements.

The investment and operational risk groups support the mandates of the Investment Risk Committee ("IRC") and the Operational Risk Committee ("ORC"). The role of these committees is to sustain a culture of risk awareness propagated through broad divisional senior management participation, with a goal of protecting the NB Group's clients, reputation and financial well-being. Members of the committees have proper incentives, which for many include equity ownership in NB Group, participation in our deferred compensation program and non-competition agreements.

The IRC and ORC review investment and operational risks associated with new and existing products. The ORC also oversees the process of identification and mitigation of risks associated with the NB Group's operational processes and systems.

Investment Risk Oversight

The Investment Risk group is engaged in the independent identification and measurement of risk exposures within and across portfolios to assist portfolio managers in seeking portfolio returns through intended risk strategies and not by unintentional assumptions of risk.

Investment Risk Oversight Responsibilities:

- Establish independent risk oversight of the investment processes,
- Generate investment risk metrics and reports on investment strategies for the portfolio management teams, boards, management, and the IRC. Those metrics include but are not limited to risk and performance attribution/analysis, scenario analysis, scenarios and factors stress testing, limit setting, and liquidity analysis.
- Responsible for the valuation oversight process.

Operational Risk Oversight

The Operational Risk Management group facilitates the identification, assessment and monitoring of uncompensated risks which expose NB Group to the possibility of unexpected loss resulting from inadequate or failed internal processes, people, systems, or from external events. In furtherance of these responsibilities, the Operational Risk Management group operates an operational risk management framework which provides for, but is not limited to, a risk and control self-assessment program; event and error loss analysis; issues and actions management; and ongoing partnership with the business and support and control functions in process improvement initiatives and the establishment of key risk indicators. Periodic reports are provided to management, boards, and the Operational Risk Committee (ORC).

Operational Risk Oversight Responsibilities:

- Operational risks pertaining to new and existing investment strategies and products.
- Credit risk associated with NB Group's counterparties, including trading counterparties, critical third-party service providers and key vendors.
- Model risk management policy and its implementing framework.
- Cyber security-related risks, threats, incidents, testing results, program effectiveness and strategic planning.
- Third party risk management framework.
- Business Continuity Planning.
- Operational Resilience framework.

4. Own Funds

4.1. Composition of Regulatory Own Funds

As of 31st December 2023, and throughout the year, NBEL Group has complied with the capital requirements in accordance with the rules set out in IFPR. NBEL Group's capital is comprised solely of Common Equity Tier 1 capital, and we do not hold additional Tier 1 or Tier 2 capital.

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	85,712	Group statement of Changes in Equity
2	TIER 1 CAPITAL	85,712	Group statement of Changes in Equity
3	COMMON EQUITY TIER 1 CAPITAL	85,712	Note 15 - Share premium +17 - Capital contribution reserve
4	Fully paid-up capital instruments	16,867	Group Statement of Financial Position
5	Share premium	-	
6	Retained earnings	67,601	Group Statement of Financial Position
7	Accumulated other comprehensive income	257	Group Statement of Financial Position
8	Other reserves	987	Note 17 - capital contribution reserve
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FORM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions, and adjustments		
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions, and adjustments		

4.2. Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		Balance sheet as in published / audited financial statements (GBP thousands)	Under regulatory scope of consolidation	Cross reference to template OF1
Assets				
1	Fixed Assets	8,607	-	
2	Cash and Cash Equivalent	131,019	-	
3	Investments	-	-	
4	Debtors	55,824	-	
	Total Assets	195,450	-	
Liabilities				
1	Current Creditors	-101,821	-	
2	Creditors	-7,918	-	
	Total Liabilities	-109,739	-	
Capital and Reserves / Shareholders' Equity				
1	Share Capital	16,867	-	4 Fully paid up capital instruments
2	Share Premium Account	0	-	
3	Capital Contribution Reserve	987	-	8 Other reserves
4	Profit and loss accounts	67,858	-	6 Retained earnings & 7 Accumulated other comprehensive income
	Total Shareholders' Equity	85,712	-	

5. Own Funds Requirements

5.1. Own Funds Requirements Summary

Under MIFIDPRU 4.3, NBEL must **always** maintain own funds that are at least equal to its own fund's requirement. This is the minimum capital requirement to cover the harms a firm poses to its clients, the firm and the market.

As outlined in MIFIDPRU 4.3, the own funds requirement is considered the higher of:

- **Permanent Capital Requirement** – replaces the Initial Capital Requirement and will be either £75k or £150k depending on the specific firm.
- **Fixed Overhead Requirement** – The costs associated with operating the business. Under IFPR, the calculation approach is much unchanged but allows certain deductibles from audited expenses.
- **K-Factors** – Manner of quantifying our business activities and model to mitigation the impact of harm (to clients, firm, the market)

NBEL's own funds requirement is equal to its Fixed Overhead Requirement ("FOR") as this is greater than its K-factor requirement and Permanent Capital Requirement has been determined as shown below:

Own Funds Requirement Category	Value £'000
The Higher of:	
Permanent Capital Requirement	75
Fixed Overhead Requirements	24,006
K-factors	9,514
(i) K-AUM	9,353
(ii) K-COH	162
Own Funds Requirement	24,006

5.2. Internal Capital Adequacy and Risk Assessment ("ICARA") Process

The objective of the ICARA process is to allow firms to understand from its own business model what sources of harm (impacts and outcomes) are arising to clients, the firm and the market and what systems and controls are in place to mitigate these risks. NBEL is therefore required to assess its own funds and liquidity requirements and ensure sufficient own funds and liquid assets are held to meet the Overall Financial Adequacy Rule ("OFAR").

A firm is required, always, to hold adequate own funds and liquid assets to:

- Ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities; and,
- Allow its business to wind-down in an orderly manner, minimizing harm to consumers or other market participants.

This is monitored through introduction of the two key components of the OFAR:

- **Own funds threshold requirement ("OFTR")** – This is the sum of the Own Funds Requirement and any additional capital determined as appropriate to cover key risks / harms. This is the key risk assessment associated with ongoing operations.
- **Liquid assets threshold requirement ("LATR")** – This is the amount of liquid assets that a firm needs to hold at any given time to support ongoing operations and a wind down of the firm.

NBEL undertakes its ICARA process at least once a year (or more frequently in response to material changes in the business / strategy). NBEL's most recent ICARA was approved by the Board on 23 October 2024.

As part of the ICARA process, NBEL established its OFTR and LATR. This assessment was undertaken by assessing any potential harm from ongoing operations and the scenario of an orderly wind down. The ICARA is undertaken via a risk / harm identification workshop with key stakeholders and scenario analysis / modelling process for the ongoing business activities - this allows us to ensure we have sufficient capital and liquidity to address potential harms in the day-to-day operations for NBEL. This is compared to the costs associated with an orderly wind down of NBEL and the firm seeks to ensure that we have adequately capital and liquidity to wind down in an orderly manner. The ICARA process also includes business model assessments, downside scenario stress testing and reverse stress testing.

6. Remuneration Policy and Practices

NBEL is required to disclose certain quantitative and qualitative remuneration items. Due to its size of operations in the UK, the structure of the NB Group and its permissions as a non-small and non-interconnected firms ("non-SNI"), NBEL has recently established an EMEA Compensation Committee in the UK where certain decisions about the remuneration arrangements applicable to the employees in the UK are reviewed in line with individual conduct and NBEL's performance. The Compensation Committee can make recommendations that may impact compensation decisions.

Decisions regarding: (i) the group-wide incentive plans that are applicable to the firm; and (ii) the overall bonus pools: are made by the Neuberger Berman LLC Global Remuneration Committee. Any material decisions regarding remuneration applicable to (NBEL) are ratified by the Board.

Decisions regarding individual bonus awards applicable to each division within NBEL are made by the Senior Manager of that business line. Input is received from the Senior Manager and the Head of Human Capital for the region.

Implementation of NBEL's remuneration policy is reviewed annually by the EMEA Compensation Committee.

Information on the link between pay and performance

The long-term interests of shareholders, investors and other stakeholders are taken into account by ensuring that the remuneration structures in place are designed to (i) reward the successful financial performance of the Company and the NB Group; and (ii) by ensuring that remuneration is also linked to compliance with appropriate risk-taking behaviours; and (iii) by the deferral mechanisms described in NB Group's Contingent Compensation Plan.

Remuneration is benchmarked annually to ensure that remuneration is competitive, using industry standard salary surveys supplemented with anecdotal evidence, taking account of the size of the organisation and its activities. This means that the Company can both attract and retain talent. This is in line with long-term interests of shareholders, investors and other stakeholders.

MIFIDIPRU's Material Risk Takers ("MRTs") include members of senior management and persons with managerial responsibility for managing investments, control functions, information technology and money laundering. The remuneration of the control function staff is linked to their success in relation to their control functions (amongst other things). In addition, remuneration is benchmarked to ensure that employees in control functions are remunerated adequately. Finally, the Company did not offer any exceptional or non-standard termination payments to employees in the last year. Guaranteed bonuses are paid only in line with FCA Guidance.

Total Remuneration

The total remuneration for staff* is broken down in the table below by material risk takers and non-material risk takers:

	MRTs	Non-MRTs	Total
Total Remuneration (\$m)	3.6	85.5	89.2
Fixed Remuneration (\$m)	1.2	39.5	40.7
Variable Remuneration (\$m)	2.4	46.1	48.5

*The table above is estimated based on the published MRT and non-MRT remuneration numbers as of 15 January 2025.