

IFM Investors (UK) Ltd

**Investment Firm Prudential
Regime (IFPR) Disclosure**

For the year ended 30 June 2024



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1 Overview

1.1 Purpose

This document sets out the IFPR disclosures for IFM Investors (UK) Ltd (“IFM UK”) as a MiFIDPRU investment firm in the UK as at 30 June 2024.

The 2024 disclosure covers a summary of the following:

- IFM UK’s management body, governance structures and governance policies and practices;
- IFM UK’s own funds, including information that describes the main features of the own fund instruments;
- IFM UK’s basic own funds requirement, showing its Fixed Overhead Requirement, and a breakdown of its K-factor requirement;
- IFM UK remuneration disclosure made in accordance with the MiFIDPRU 8.6 requirements.

For MiFIDPRU purposes, IFM UK is classed as a non-small non-interconnected (non-SNI) firm in line with MIFIDPRU 1.2. These disclosures have been prepared in accordance with MiFIDPRU 8.

IFM UK’s 4 year average on and off balance sheet assets are under £300m and IFM UK does not have a trading book or derivatives business. The risk profile of the business, the existing risk, and owner and investor alignment features in the remuneration plans, IFM UK applies proportionality in line with the MIFIDPRU Remuneration Code. On this basis, IFM UK complies with the Basic and Standard Requirements under the MIFIDPRU Remuneration Code and disapplies the Extended Requirements for deferral, payment in instruments, and the establishment of an independent Remuneration Committee. Notwithstanding this, IFM UK has voluntarily implemented some features of the Extended Requirements as a matter of good practice. The remuneration disclosure has been prepared on this basis.

2 Governance

2.1 Overview

IFM UK’s governance consists of risk accountabilities and delegations, Board, and committee governance, three lines of defence model, policy governance, as well as integrated assurance planning.

This serves to manage risks and associated harms within IFM UK and provides appropriate assurance to senior management.

Risk accountabilities and delegations are one of many executive accountabilities and delegations that are defined by the IFM Investors Pty Ltd (“IFMPL”)Board (the “IFM Group Board”) and cascaded from the Chief Executive Officer (CEO). Accountabilities and delegations are managed by the centralised Governance team.

The IFM UK Board has delegated responsibility for monitoring and reporting of risks and issues in compliance with SYSC 4.3A.1R to the IFM UK Executive Committee (“IFM UK ExCo”).

The membership of the IFM UK Board consist of the following Directors:

- Chief Risk Officer
- Head of Commercial (Europe, Middle East and Africa)
- Regional Head of Europe, Middle East and Africa – Debt Investments



The IFM UK Board has delegated responsibility for identifying, assessing, monitoring and reporting of risks and issues in compliance with the UK regulatory system to the IFM UK ExCo. This is defined in the IFM UK Board Charter.

The role and responsibilities of the IFM UK ExCo for identifying, assessing, monitoring and reporting on risks and issues for IFM UK is defined in the IFM UK ExCo Charter.

The appointment of the IFM UK Board and IFM UK hiring practices follows IFM Group standards in the promotion of inclusion and diversity.

In addition, governance oversight and implementation of the IFM Group Risk Management Framework & Strategy is provided by the IFM Group Board's Audit & Risk Committee and IFM Risk Management Committee. Oversight for remuneration is provided by the IFM Group Board People & Remuneration Committee ("PREMCO"). IFM UK, due to its prudential categorisation under MIFIDPRU (7.3.1R and MIFIDPRU 7.3.3) is under no obligation to create and operate UK based Risk and Remuneration Committees.

2.2 Risk management

The IFM UK Risk Management Framework ("RMF") policy sets out management of risks and associated harms within the business conducted by IFM UK. The purpose of this policy is to provide a comprehensive risk management framework by which IFM UK can identify, assess, manage, report and mitigate risk, through which IFM UK will be able to minimise harm to clients, the market and IFM UK.

This framework incorporates:

- Guidance set out by the FCA in IFPR;
- Regulatory standards, requirements and laws in the UK applicable to IFM UK as a FCA regulated Investment Firm; and
- Risk management arrangements, in line with best market practices, and the Risk Appetite of IFM Group

One of the most critical elements of the IFM UK RMF is the management of risk across the risk lifecycle. This includes defining the approach that IFM UK will take to identify and assess risks and manage the impact of its harm to clients, the market and itself. Each aspect of the lifecycle is covered within this framework document alongside additional guidance on topics such as taxonomies, risk and control assessments, issues and incident management, monitoring and reporting and integrated assurance.

The IFM UK RMF together with the UK Risk Register is reviewed annually.

IFM UK has integrated risk appetite with IFM Group's strategy and applies a continuous improvement approach. This approach includes:

- IFM Group Board defined Risk Appetite statements for each of IFM Group's strategic imperatives
- Identification of key risks that relate to each Risk Appetite statement and strategic imperative
- Identification of business metrics that are relevant to each material risk
- Identification of tolerances per business metric to inform whether the material risk is effectively being managed within appetite

IFM UK through IFMPL has in place corporate insurance cover for various aspects of the business in order to partially transfer specific risks, including:

- Business disruption / cyber
- Directors and Officers liability; and
- Financial Crime



3 Own funds

3.1 Own funds composition

IFM UK's Own Funds comprise exclusively Tier 1 capital which consists of fully issued ordinary shares and retained earnings. As at 30 June 2024, IFM UK complied with the relevant capital regulatory obligations as outlined in the Investment Firms Prudential Regime.

Table 1 – Composition of regulatory own funds

Item	Amount GBP'000	Source based on ref numbers of the balance sheet in the audited financial statements
1 OWN FUNDS	98,884	
2 TIER 1 CAPITAL	98,884	
3 COMMON EQUITY TIER 1 CAPITAL	n/a	
4 Fully paid-up capital instruments	5	Called-up share capital [Capital & Reserves] 30 June 2024 audited financial statements
5 Share premium	n/a	
6 Retained earnings	98,879	Profit & Loss account [Capital & Reserves] 30 June 2024 audited financial statements
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	-	
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	



3.2 Reconciliation of Own Funds to Balance Sheet in the Audited Financial Statements

The table below describes the reconciliation of Regulatory Own Funds to the audited balance sheet as at 30 June 2024.

Table 2 – 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 1
	As at period end GBP '000	As at period end GBP '000	
Assets			
1	Cash at bank	20,364	
2	Debtors	158,688	
3	Tangible Fixed Assets	1,435	
4	Right of Use Assets	5,011	
5	Deferred tax asset	16,496	
	Total Assets	201,994	
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Creditors – Current	(11,932)	
2	Provisions – Current	(78,201)	
3	Lease Liability – Current	(1,383)	
4	Provisions – Non-current	(6,496)	
5	Lease Liability – Non-current	(5,098)	
	Total Liabilities	(103,110)	
Shareholders' equity			
1	Called up share capital	5	4
2	Profit & loss account	98,879	6
	Total Shareholders' Equity	98,884	



3.3 Main features of Own Instruments

The table below provides information on the Common Equity Tier 1 instruments issued by IFM UK.

Table 3 – Main Features of Own Instruments issued

Issuer	IFM Investors (UK) Ltd
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	5
Issue price (GBP whole number)	1
Redemption price	n/a
Accounting classification	Called up shared capital
Original date of issuance	17 January 2008
Perpetual or dated	Perpetual
Maturity date	n/a
Issuer call subject to prior supervisory approval	n/a
Optional call date, contingent call dates and redemption amount	n/a
Subsequent call dates, if applicable Coupons/dividends	n/a
Fixed or floating dividend/coupon rate and any related index Existence of a dividend stopper	n/a
Convertible or non-convertible	n/a
Write-down features	n/a
Link to the terms and conditions of the instrument	IFM Investors (UK) Ltd



3.4 Own Funds Basic Requirements

The following table provides an illustration of IFM UK's Basic Requirements as at 30 June 2024.

In summary, as at 30 June 2024, IFM UK held Own Funds of £98.9m against its Basic Requirement of £26.3m [surplus £72.6m].

Table 4 – Own Funds Basic Requirements

	GBP '000
Permanent Minimum Requirement [PMR]	75
Fixed Overhead Requirement [FOR]	26,272
<i>Based on audited results for financial year ended 30 June 2024</i>	
K Factor Requirement*	2,558
Own Funds requirement (highest = FOR)	26,272
*K Factor Requirement	
K-AUM	2,555
K-CMH	0
K-ASA	0
K-DTF	0
K-COH	3
Total K Factor Requirement	2,558



4 Remuneration Policy and Practices

4.1 Remuneration Philosophy

At IFM, our purpose is to invest, protect and grow the long-term retirement savings of working people, like nurses, teachers, hospitality, transport, logistics, retail and construction workers.

To deliver on our purpose, and to benefit millions of working people, we need to attract highly talented, motivated professionals. IFM's performance and the continued success of our firm is a reflection of the depth and capability of our team.

To deliver high performance we need to pay globally competitive remuneration, structured to align with our purpose. This is managed through our performance and reward framework.

Our remuneration practices are based on market benchmarking and are designed to attract and retain talent taking into consideration our strategy and purpose; external market conditions; the individual's skills and experience; and performance outcomes delivered for our investors.

Our remuneration structures are designed to:

- link individual outcomes to IFM's goals, purpose, and values;
- emphasise the importance of upholding IFM's Risk Management frameworks, which includes the consideration of sustainability risks;
- ensure the independence of key risk and financial control employees in carrying out their roles and functions; and
- comply with legal and regulatory obligations.

4.2 Remuneration Governance

IFM Group Board approves and oversees the IFM Group Remuneration Policy ("Policy") on the recommendation of the IFM Group Board People & Remuneration Committee. This includes oversight of the identification of Material Risk Takers ("MRTs") and the level and structure of their remuneration. To avoid conflicts of interest, no Director or employee participates in decisions determining their own remuneration. Keeping remuneration governance at the forefront, IFM Group consults with external providers to make informed decisions on remuneration.

The Policy is reviewed annually for its effectiveness and compliance with various legal and regulatory requirements.

4.3 Remuneration Structure

IFM UK aims to align the interests of its employees with those of its owners, investors and their ultimate beneficiaries by remunerating employees through a combination of fixed remuneration and variable remuneration arrangements.

When determining remuneration outcomes, the PREMCO and the IFM Group Board take into account the need to set an appropriate ratio between fixed and variable pay to ensure that IFM UK can appropriately reward employees. This includes the ability to award no variable pay should the performance of IFM UK, any of its business units and/or individuals warrant this.



The IFM Group Board, on the recommendation of the PREMCO, will determine at the start of each year an appropriate maximum ratio of fixed to variable remuneration that may be awarded to individuals or MRTs.

IFM UK does not operate guaranteed variable remuneration with the exception of Sign-on Bonuses, Completion Bonuses and Buyouts. All such payments are subject to them being aligned with the long-term interests of IFM Group and not effecting the sound capital base of IFM UK.

Severance payments may be made where appropriate but will not reward failure or misconduct. Any annual incentive outcome included will not exceed the amount an individual might expect for a full year's service.

4.3.1 Fixed remuneration

Fixed remuneration (including salaries, pensions and other benefits) is determined with reference to a range of internal factors (including internal role relativities, complexity of role, and individual performance factors) and external factors (including external remuneration market benchmarking).

4.3.2 Variable remuneration

IFM UK designs its variable remuneration plans with risk management in mind and involves IFM UK's Risk & Control functions in the design, oversight and award of variable remuneration under the plans. This is to ensure that risks are adequately managed within IFM UK's risk appetite.

Variable remuneration will not be awarded or vest if this would jeopardise the financial position, industry standing or reputation of IFM UK or limit their ability to replenish required capital. All variable remuneration at IFM UK will be subject to Malus and Clawback provisions as required.

As part of the annual remuneration review process, awards are determined using metrics including sustainability and other elements that form a non-financial portion of the variable component of remuneration plans.

Sustainability risk is also inherently captured in investment performance both indirectly, through risk of investor withdrawal due to sustainability risks and considerations, and directly through impact on financial performance due to material physical and transition risks of underlying assets.

4.3.3 Annual Incentive Plan

The Annual Incentive Plan ("AIP") is the common variable incentive remuneration component for permanent IFM employees. The AIP is designed to align remuneration outcomes with the contribution they have made to the success of the firm.

This is facilitated by rewarding individual contribution focused on the delivery of business goals and IFM strategy whilst balancing reward for demonstrating the behaviours that underpin the IFM Cultural Foundations and Behaviours.

The AIP is designed to align employees' activities and conduct to the time horizon of risk and performance management with the life cycle of the IFM business and, where applicable, the funds the employees manage and their investment risks and/or the Alternative Investment Funds ("AIF") managed by the IFM Group and their investment risks.

Employees participating in the AIP receive an annual award based on a mix of individual and corporate performance measures. Employees whose AIP Target Opportunity for the year is above a certain level will have their Awards subject to deferral. The structure of the AIP Award and vesting schedule varies based on employee level. For the Global Strategy Team (GST) for example, the first of three instalments is paid at grant, and the second and third instalments deferred for 24 and 36 months respectively. Notional interest based on the Transaction Cash Fund return is paid to eligible employees upon vesting.



4.3.4 Special Incentive Schemes

There are a number of Special Incentive Schemes (“SIS”) in operation which seek to further align employee remuneration with long term investor and/or business outcomes. SIS arrangements play an important role in aligning the activities and performance of our teams with the interests of our investors. They provide a strong retention mechanism to attract and retain talent in relevant local markets in which the teams operate. These type of incentive arrangements are a market requirement or expectation for investors globally as they motivate and align team outcomes with the performance they deliver. SIS arrangements are predominantly funded by a defined percentage of performance fees which ensures financial rewards are tied directly to positive investor returns above target.

4.4 Performance Framework

IFM Group’s performance framework balances what our people deliver with how they deliver it and supports performance goals focused on long-term sustainable outcomes for our clients.

Under the Performance Framework our employees’ performance is assessed on an annual basis considering:

- How they undertake the core requirements of their role in alignment with our Cultural Foundations and Behaviours; and
- Their contribution to the achievement of key goals in the context of the overall business unit performance and contribution to the IFM strategy.

This assessment of performance is then linked to the calculation of employees AIP outcome. This allows us to ensure that our approach to performance and reward is linked to promoting the IFM culture as well as supporting the delivery of our strategy by ensuring that our employees are held accountable for their decisions, behaviours and associated risk management.

A portion of IFM employees’ AIP outcome is dependent on our Corporate Scorecard result, except for individuals in control roles¹. This ensures reward at IFM is aligned to key strategic drivers and corporate performance as well as individual contribution.

¹ For Control Function employees, any variable remuneration will have performance measures based on achievement of objectives linked to their functions, independent of the performance of the business areas they control.



4.5 Risk adjustment

All variable remuneration at IFM UK is subject to risk adjustment. The IFM Group Board may adjust any variable remuneration awards downwards, including to zero if appropriate, for any employee or group of employees (“Malus”), if it considers that such adjustments are appropriate in accordance with the Policy. The IFM Group Board may look to recover any vested awards for any employee or group of employees, (“Clawback”) if it considers that such recovery of awards are appropriate in accordance with the Policy.

Individual outcomes and pools, where appropriate, can also be adjusted for current and future risks as well as risk events which have crystallised during the year.

4.5.1 Malus

The circumstances in which Malus may be triggered include:

- a material non-compliance with any financial, performance or fund reporting requirement (resulting in a material misstatement of financial, performance or sustainability-related results) on which variable remuneration determination is based upon; or
- any act or omission of an Employee which constitutes fraud, misrepresentation, dishonesty or gross misconduct in relation to the affairs of the Group or a Group entity which brings the Group or any Group entity into disrepute; or
- any material breach of an Employee’s obligations (including under IFM policies) to the Group or a Group entity, including failure to perform any act if reasonably and lawfully requested by the Group or a Group entity; or
- material failure of an Employee to adhere to the IFM Investors Code of Conduct; or
- an Employee, in relation to the affairs of the Group or Group entity, being convicted of a criminal offence or having a final criminal judgement entered against them; or
- an act or omission of any Employee that has the effect of delivering an outcome in a manner that is unsustainable, inaccurate or involves an unacceptably high risk, and results in a detrimental impact on the Group’s financial performance or any Group product performance (including sustainability-related performance); or
- the Group or any Group entity suffering a material failure of risk management; or
- the Group or any Group entity suffering a material downturn in financial performance.

4.5.2 Clawback

Clawback is applicable to all MRTs of IFM UK. Clawback mechanisms can be activated up to a period of 3 years after the payment of each Award (unless remuneration regulation requires a longer clawback period). The activation of Clawback is decided by the IFM Group Board and may apply to MRTs where an employee:

- contributed with fraudulent behaviour, material error or gross negligence to IFM incurring significant financial losses; or
- engaged in misconduct and/or fails to take expected actions which contributed to significant reputational harm to IFM; or
- failed to meet appropriate standards of fitness and propriety; or
- is subject to disciplinary measures envisaged in respect of fraudulent behaviour or gross negligence.



4.6 Identification of Material Risk Takers (“MRTs”)

The MiFIDPRU Remuneration Code sets out which roles must be identified as MRTs. MRTs are staff whose professional activities are deemed to have a material impact on the risk profile of the firm. The following roles are identified by IFM UK as MRTs under the MiFIDPRU Remuneration Code:

- Employees on the IFM UK Board;
- Employees who are members of the Executive Committee;
- Employees in designated Senior Management Functions;
- Heads of key business areas;
- Any other employees whose professional activities are deemed to have a material impact on the risk profile of IFM UK.

The IFM Group Board, at the recommendation of the PREMCO, will review the list of Identified Staff, at least on an annual basis. MRTs are notified of their status.

4.6.1 FY24 Quantitative Remuneration Disclosure

The below quantitative information in respect of FY24 has been provided in accordance with the requirements of MiFIDPRU 8.

Table 5 - MiFIDPRU 8 quantitative disclosure

	Number of employees			
Total number of Senior management members	10			
Total number of Other Material Risk Takers (“MRTs”)	10			
Total number of Other staff	163			

GBP’000	Senior management	Other MRTs	Other staff	Total (all staff)
Total remuneration	29,253	24,109	67,838	121,199
Of which: Fixed remuneration	3,745	2,682	21,581	28,008
Of which: Variable remuneration	25,507	21,427	46,257	93,192

Notes:

- **Senior management:** This cohort is the IFM Global Strategy Team (“GST”), i.e. the top leadership team. They are *also identified as MRTs of IFM UK, however their responsibilities extend outside of the UK entity due to the global nature of their roles. The remuneration figures shown in the table reflect the full remuneration awarded for FY24 for these individuals, even though only a portion of their remuneration is related to their IFM UK responsibilities. Where an individual was an MRT of IFM UK for a part year for FY24, their remuneration has been pro-rated.*
- **Other MRTs:** *MRTs who were not members of IFM’s GST in FY24 are defined as Other MRTs.*
- **Other staff:** *Other staff includes employees of IFM UK from 1st July 2023 - 30th June 2024 who are not Other MRTs or Senior Management.*
- **Severance payments:** *During FY24, no severance payments were made to MRTs.*
- **Buyouts:** *No buyout was awarded to any member of ‘Senior management’ in FY24.*