

Novia Financial Plc

Regulatory Disclosure 1 January to 31 December 2022

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1. Public Disclosure Policy

1.1 Introduction

The Investment Firms Prudential Regime ('IFPR'), implemented in January 2022, requires all MiFID investment firms to make certain public disclosures according to Financial Conduct Authority (FCA) rules, increasing transparency and giving an insight into how the business is run.

Under the IFPR, Novia Financial Plc (NFP) is categorised as a non-small and non- interconnected ('Non-SNI') MIFIDPRU investment firm.

1.2 Overview and governance

The directors of NFP have approved this disclosure document to comply with relevant regulatory requirements and standards.

1.3 Regulatory background

The public disclosure requirements applicable to NFP as an entity authorised to undertake MIFID regulated activities, are contained in MIFIDPRU 8 of the FCA Handbook, which came into force from 1 January 2022. The disclosure containing both qualitative and quantitative data are made annually, on a solo entity basis or more frequently in the event of a material change.

Based on the Firm's IFPR prudential classification as being a Non-SNI firm, the public disclosure document will be prepared to contain information in relation to remuneration policy and practices, own funds, own funds requirements, governance, risk management objectives and policies.

1.4 Disclosure timing requirements

The Firm is required to publicly disclose the information specified in this Policy on an annual basis on the date it publishes its annual financial statements.

The information under MIFIDPRU 8.1 that is required to be disclosed by the Firm, will be published on the Firm's website: <https://www.wealthtime.com/investors/mifid-disclosures/>

2. Public Disclosure

2.1 Introduction

The Investment Firm Prudential Regime ('IFPR') is the FCA's prudential regime for MiFID investment firms which aims to streamline and simplify the prudential requirements for UK investment firms. The IFPR came into effect on 1 January 2022 and its provisions apply to Novia Financial Plc ("the Firm" or "NFP") as an FCA authorised and regulated firm.

The Firm is NFP is a United Kingdom ("UK") incorporated private limited company. The firm was incorporated on 9 January 2008 (registration number 06467886) and received its FCA authorisation on 16 September 2008.

The firm's accounting reference date is 31 December 2022. The firm is only able to deal with Retail Clients, Eligible Counterparties and Professional Client types.

The firm's main activity is to provide financial advisers with a comprehensive platform service which allows them to provide their customers with an online investment platform, supported by a level of offline service that achieves good customer outcomes and helps meet their personal financial objectives. The firm also provides access to a range of tax wrappers, which can be used to facilitate the purchase of a range of financial instruments.

A business unit within NFP (trading as 'Copia Capital Management' or 'Copia') operates as a discretionary fund manager ('DFM') and manufactures model portfolios comprising of a weighted selection of different financial instruments. The model asset allocations are designed to achieve different investment objectives and are not designed for any specific customer. The models are made available for Financial Advisers to recommend to their clients, either through the Novia platform or third-party platforms. Financial Advisers must agree terms with the Copia service before they link their clients to any of the Copia model portfolios. Copia also offers market analysis research services. Copia income arises from a percentage fee applied to the value of the assets under management ('AUM') within its model portfolio or through a directly chargeable fee for research services.

Novia forms part of the Novia Financial prudential consolidated situation. Novia Financial Holdings Ltd (NFH) is the UK parent entity of the consolidation group (the 'Group'). NFH is treated as an IFPR Investment Firm and forms an Investment Firm Group as it has regulated Investment Firms within its control. NFH has a regulatory capital own funds requirement which must be met by its consolidated own funds. NFH represents the shareholders and only engages in intercompany transactions with Novia.

Novia along with Wealthtime Ltd (Wealthtime), which is a Connected Undertaking, are the only parts of the Group that are regulated and undertake operational and transactional activity. The ICARA for both entities is performed on a solo basis.

Within the Group Novia Financial Services is the legal entity acting as Trustee for the Novia SIPP and is a dormant company holding float investments on Novia (same as any other corporate customer). The three nominee companies are dormant subsidiaries companies of Novia required to hold legal title to the assets in accordance with FCA client money requirements and any risk is borne by Novia.

The Firm (Novia Financial Holding (NFH)) is a member of a UK Consolidation Group. The disclosures have been prepared on an individual basis.

The Firm believes that its qualitative disclosures are proportionate to its size and internal organisation, and to the nature, scope and complexity of its activities.

This disclosure has been ratified and approved for disclosure by the Board of NFP.

The annual audited accounts of NFP set out further information which complements the information in this disclosure. The audited accounts are freely available from UK Companies House.

This document does not constitute any form of financial statement on behalf of NFP. The information contained herein has been subject to internal review but has not been audited by the Firm's external auditors.

2.2 Objectives

This document sets out the public disclosure under MIFIDPRU 8 for the Firm as of 31 December 2022, which is the Firm's accounting reference date.

As a MIFIDPRU investment firm, we must establish and implement disclosure requirements to provide investors, stakeholders and wider market participants an insight into how the Firm is run.

2.3 Disclosure timing requirements

The Firm is required to publicly disclose the information specified in this Policy on an annual basis on the date it publishes its annual financial statements.

The information under MIFIDPRU 8.1 that is required to be disclosed by the Firm, will be published on the Firm's website: www.wealthtime.com

The Firm will consider making more frequent public disclosure where particular circumstances demand it, for example, in the event of a major change to its business model or where a merger has taken place.

2.4 Policy and Disclosure Validation

NFP is committed to having robust internal controls to ensure the completeness, accuracy, and compliance with the relevant public disclosure regulatory requirements.

This document has been subject to internal governance and verification process, and approval by the Board to ensure compliance with the regulatory requirements contained in MIFIDPRU 8.

As a Non-SNI firm, the public disclosure document will be prepared to contain the following key areas:

- Governance arrangements.
- Risk management objectives and policies.
- Own funds.
- Own funds requirements.
- Remuneration policy and practices.

3. Remuneration Disclosure

MIFIDPRU 8.6.8(7) requires a Non-SNI firm to aggregate and disclose the information in MIFIDPRU 8.6.8(4)(5a)(5b)(6) for senior management and other MRTs, where splitting the information between those two categories would lead to the disclosure of information about one or two people. Where aggregation would still lead to the disclosure of information about one or two people, a firm is not required to comply with the obligation in MIFIDPRU 8.6.8(4)(5a)(5b)(6).

As a MIFIDPRU investment firm, we establish, implement, and maintain gender neutral remuneration policies and practices that are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the Firm.

3.1 Performance period

The Firm's performance period is from 1st January 2022 to 31st December 2022.

3.2 Approach to remuneration for employees

The Firm's remuneration approach is governed by the Remuneration Policy which applies to all staff. The policy has been designed to ensure risk is discouraged outside of the Groups risk appetite and to support the firm's business objectives, strategy and values and to align to the interests of its customers and employees.

The policy has been developed based on the following principles:

- Remuneration must reinforce people management practices and only reward results that support the culture and values of the organisation
- Total remuneration must be justifiable and affordable in relation to the performance attained.
- Remuneration must align to the business drivers, vision, strategy, objectives and values of the organisation
- There must be a robust quantitative and qualitative approach to reflecting risk metrics and risk management in any outcome of remuneration plans.
- The determination, design, implementation and communication of all remuneration policies and practices must be simple, clear and transparent for all employees
- The design and implementation of remuneration practices must be gender neutral, consistent with and encourage the principles of diversity, equity and inclusion.
- Remuneration plans and policies must align the interests of executives with the long-term goals of the organisation in mind.

3.3 Financial incentives objectives

The objectives of the Firm's remuneration practices are as follows:

- The Firm undertakes to reward all employees fairly, regardless of job function, race, religion, colour, national origin, sex, sexual orientation, marital status, pregnancy, disability, neurodiversity or age;
- It is the policy of the Firm to operate competitive remuneration policies to attract, retain and motivate an appropriate workforce for the Firm;
- The Firm is also committed to ensuring that its remuneration practices encourage high standards of personal and professional conduct, support sound risk management and do not encourage risk taking that exceeds the level of tolerated risk of the Firm, and are aligned with the Firm's regulatory requirements;
- Rewards for all staff will be aligned to financial and non-financial performance criteria and risk profile, and in all cases will be in line with the business strategy, objectives, values, culture, and long-term interests of the Firm;
- The Firm will not allow any unfair or unjust practices that impact on pay;
- The Firm undertakes that it will not award remuneration using vehicles or methods the aim of which is to attempt to avoid application of the relevant FCA's Remuneration Code.

The Firm uses the following financial incentives:

- Short Term Incentives (STIP)
- Long-term Incentive Plans (LTIP);
- In the moment recognition awards

Our financial incentives are designed to:

- Recognise individual and team performance.
- Recognise and encourage behaviours linked to the firms' values and desired culture.
- Remain competitive and attract and retain talent.
- Motivate staff to achieve Firm-wide objectives.

3.4 Remuneration governance

The Remuneration Policy is overseen by the Group's Remuneration Committee. The Committee consists of independent Non-Executive directors enabling the committee to apply independent judgement in remuneration matters in the context of managing risk, value and capital in line with customers' expectations as well as ensuring compliance with the relevant regulatory remuneration requirements.

The role of the committee is to set the overarching principles of the remuneration policy and to exercise oversight of the implementation of the policy and to consider and approve remuneration arrangements for the Chair, the Executive Directors of the Company and other senior executives including MRTs.

The Group's Remuneration Committee's main responsibilities are to:

- Review and approve the Group's remuneration strategy and policy.
- Review and approve the general and specific principles of the remuneration policy, the compliance of the Group's remuneration policy with applicable laws and regulations, the terms of application and the summary figures of the remuneration policy, including details of Material Risk Takers and those with the highest remuneration.
- Review and approve the remuneration of the Group's Senior Management, including the Chief Executive Officer.
- Review and approve the Group's Risk and Compliance senior executives.
- Ensure general and specific principles of the remuneration policy are communicated clearly to all

- employees; ensure the Group complies with all its obligations concerning external disclosure.
- Review and consider the findings of the annual audit of the Group's Remuneration Policy.

The Remuneration Committee is supported by the Board Risk Committee in order to help meet its obligations and consider the risk in remuneration.

The Committee met 3 times in 2022.

3.5 Components of remuneration

The Firm makes a clear distinction between the fixed and variable remuneration.

Fixed remuneration primarily reflects a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment; and is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is based on company and individual performance, reflecting the long-term performance (including behaviours) of the staff member as well as performance in excess of the staff member's job description and terms of employment. The Firm ensures that the fixed and variable components of an individual's total remuneration are appropriately balanced.

In determining this balance, the Firm considers the following factors:

- The Firm's business activities and associated prudential and conduct risks;
- The role of the individual in the Firm;
- The impact that different categories of staff have on the risk profile of the Firm or of the assets it manages;
- No individual must be dependent on variable remuneration to an extent likely to encourage them to take risks outside the risk appetite of the Firm;
- It may be appropriate for an individual to receive only fixed remuneration, but not only variable remuneration; and
- Variable remuneration must not affect the Firm's ability to ensure a sound capital base.

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm considers financial as well as non-financial criteria.

Non-financial criteria:

- form a significant part of the performance assessment process;
- override financial criteria, where appropriate;
- include metrics on conduct, which should make up a substantial portion of the non-financial criteria; and
- include how far the individual adheres to effective risk management and complies with relevant regulatory requirements.

3.6 Financial and non-financial performance criteria

The Firm uses the following financial performance criteria:

- EBITDA
- AUA

The Firm uses the following non-financial performance criteria:

- measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback;
- performance in line with firm strategy or behaviours, for example by displaying leadership, collaboration, teamwork or creativity;
- staff engagement levels
- adherence to the firm's risk management and compliance approach and policies;
- Progress is being made on its diversity, equality and inclusion strategy.

3.7 Awarded remuneration

The Firm has awarded the below amounts of remuneration to its Material Risk Takers (MRT) and other staff.

Table [1]

Staff category	Remuneration type	£,'000
MRTs	Fixed remuneration	1,792
	Variable remuneration	529
	Total amount	2,321
Senior Management	Fixed remuneration	1,575
	Variable remuneration	185
	Total amount	1760
Other staff	Fixed remuneration	9336
	Variable remuneration	736
	Total amount	10,072

To prevent individual identification of an MRT, severance pay, and guaranteed variable pay has not been disclosed.

3.8 Material risk takers (MRTs)

The Firm has identified MRTs in accordance with SYSC 19G.5 and the qualitative criteria set out in SYSC 19G.5.3R, 19G.5.4RG and SYSC 19G.5.5G. In addition, as part of this Disclosure Policy, the Firm also draws from the Remuneration Policy which requires us to identify our MRTs on an annual basis. A MRT is defined as a staff member who has overall responsibility and material impact on the risk profile of the Firm.

For the performance year 2022, the Firm identified 12 MRTs, broken down as follows:

MRT Type
The staff member is a member of the management body in its management function
The staff member is a member of the management body in respect of the management body in its supervisory function
The staff member is a member of the senior management
The staff member is a member who has managerial responsibility for business units that are carrying on at least one of the following activities: <ul style="list-style-type: none"> • arranging (bringing about) deals in investments; • Arranging, safeguarding and administration of assets dealing in investments as agent; • dealing in investments as principal; • Establishing/operating/winding up a personal pension scheme managing investments; • making investments with a view to transaction in investments • Safeguarding and administration of assets (without arranging) • Sending dematerialised instructions • Agreeing to carry on a regulated activity •
The staff member is a member who has managerial responsibilities for the activities of a control function
The staff member is a member who has managerial responsibilities for the prevention of money laundering and terrorist financing

The staff member is responsible for managing a material risk within the firm
In a firm that has permission for carrying on at least one of the regulated activities mentioned above, the staff member is responsible for managing one of the following activities: <ul style="list-style-type: none"> • information technology; • information security; and/or • outsourcing arrangements of critical or important functions as referred to in article 30(1) of the MiFID Org Regulation.
The staff member has authority to take decision approving or vetoing the introduction of new products

3.9 Risk adjustment

The Firm takes risk, including conduct risk, into account both on an ex-ante and ex-post basis when setting the amount and form of variable remuneration for employees. Different lines of business have different risk profiles, and these are taken into account when determining (future) remuneration. Guidelines are provided to assist compensation managers when applying discretion during the remuneration process to promote consistent consideration of the different risks presented by the firm’s businesses. Further, to ensure the independence of control function employees, remuneration for those employees is not determined by individuals in revenue-producing positions but rather by the management of the relevant control function.

The Firm has implemented a set of procedures which ensures that all variable remuneration payable is subject to (i) in-year adjustments (all staff); (ii) malus, if appropriate (applicable to MRTs); (iii) and/or clawback (applicable to MRTs). To ensure effective risk adjustment, the Firm requires employees who receive variable remuneration awards to agree to forfeiture and clawback in the event of fraud, misconduct or actions contributing to the detriment of business interests. Ex-ante risk adjustment of variable remuneration can occur through the considerable reduction in total variable performance where subdued or negative financial performance of the Firm occurs, taking into consideration the Firm’s regulatory capital, liquidity requirements and the current and future risks it has identified. Furthermore, an individual’s variable remuneration may be reduced, or if malus or clawback is available, utilised, where employment issues have been identified as part of the ongoing performance review process in place at the Firm.

Performance adjustment events may occur as a result of a deliberate or malicious act, error, accident or negligence. There may also be grounds for a performance adjustment due to an individual’s failure to act either to prevent a risk event or where timely action would have mitigated the effects of a risk event. Performance adjustment seeks to take account of matters that were not apparent at the time of the original variable award. Adjustments or application of malus or clawback will depend upon the severity of the event and will be subject to Remuneration Committee approval.

3.10 Policies and criteria for awarding guaranteed variable remuneration and severance payments

The Firm awards guaranteed variable to an MRT only when:

1. it occurs in the context of hiring a new MRT;
2. it is limited to the first year of service;
3. it is designed as a retention tool; and
4. the firm has a strong capital base.

The Firm follows all local statutory severance requirements. Severance payments made will not be disproportionate but will appropriately compensate the employee in cases of early termination of the contract. Severance payments do not reward failure and will not be awarded where there is a failure in risk management or conduct.

4. Risk management objectives and policies

4.1 Own funds requirements – MIFIDPRU 4

When assessing the adequacy of the Own Funds Requirement, the Firm has considered the key risks to the Firm’s operating model. Due to our prudential classification as a Non-SNI, the Firm’s own funds requirement is based on the

higher of the Permanent Minimum Requirement ('PMR'), the Fixed Overheads Requirement ('FOR') or the K-Factor Requirement ('KFR'). On this basis, the Firm retained the FOR which at year-end 31 December 2022 is £6,327,562

4.2 Concentration Risk MIFIDPRU 5

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off-balance sheet and does not operate a trading book.

4.3 Liquidity risk - MIFIDPRU 6

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement, being at least one third of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the Internal Capital Adequacy and Risk Assessment ('ICARA'), the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

4.4 Harms associated with business strategy.

The Firm has conducted a comprehensive risk identification exercise of potential harms in line with MIFIDPRU 7 Annex 1 across all business lines to ensure that all significant risks are identified. The Firm has developed a comprehensive Risk Register containing all relevant details for each risk that has been identified. All business areas of the Firm have input into the development of the risk register to ensure all areas of potential harm are identified. All risks recorded in the register are categorised in terms of potential harms to clients, the firm itself or markets. The following outlines the firms categories of risk mapped to potential harms.

- Strategic
- Regulatory & Risk
- Financial
- Operational

Group Risk

Group risk represents the risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risk which may affect the financial position of the whole group.

NFP is exposed to group risk because of shared services with other firms in the group and interdependencies with the parent. This risk is managed through service-legal agreements between NFP and all entities that provide services to the entity.

Group risk can be a harm to clients and the firm itself.

4.5 Approach to risk management

The management of risk within NFP is formalised and set out in the Firm's risk management and risk appetite framework, and in associated policies.

The NFP assigns clear roles and responsibilities for managing its identified risks. The Board of the Firm is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process. The Board sets the Firm's risk strategy policies.

The Board decides the Firm's appetite – those risks it will accept and those it will not take in the pursuit of its goals and objectives. In addition, the Board ensures that the Firm has implemented an effective, ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to ensure that such risks are actively managed.

Novia has implemented a 'three lines of defence' model to identify, manage and mitigate actual or potential harms.

Line 1: Business line management is responsible for identifying and mitigating the harms arising within their areas of functional activity.

Line 2: Functions such as Risk, Compliance, Financial Crime, Legal and Finance provide regulatory and technical guidance to business line managers and the Board. The Compliance function provides regulatory advice and assurance monitoring within the compliance risk universe and provides assurance reports to the Board along with thought leadership on the impact of any new regulation and manages the FCA relationship. The Risk Function undertakes assurance testing of local controls, policies and procedures and provides reports to management and indicates actions necessary to mitigate risks of harm. The Risk Function also provides advice to the Board as necessary.

Line 3: The Firm's Internal Audit provide independent assurance to both the Board and Risk Function by undertaking regular compliance audits, providing compliance advice, and reviewing policies and procedures.

The risk management framework comprises the following components

- Risk governance including policies and procedure,
- Board-defined overall risk appetite, risk statements,
- Risk taxonomy,
- Risk and control self-assessment,
- Capital and liquidity adequacy,
- Stress testing,
- Monitoring, reporting, and management information,
- ICARA process review document.

4.6 Statement of risk appetite

The Board regards managing risk as a process of continuous improvement. The Firm continuously undertakes a program of enhancing its existing Risk Management Framework. The Board has adopted a conservative approach to the Firm's risk appetite to maintain a strong capital position, liquidity and balance sheet throughout market cycles. Risk is a fundamental characteristic of the Firm's business. NFP is committed to ensuring all business activities are conducted with a clear understanding of the risks, to maintaining a robust risk management framework, ensuring transparent disclosure, treating its clients fairly, and to meet the expectations of major stakeholders, including clients, employees, and regulators.

In line with the Firm's business strategy, risk appetite and risk management framework, the Firm identified and further assesses key risks within the Firm's ICARA process. NFP maintains a Risk Register, which includes risk assessment and rating methodologies in accordance with its risk appetite. Key risks are reported to the Board at each meeting.

5. Governance arrangements disclosure

5.1 Governance Framework

The Board is the Governing Body of the Firm ('the Board'). It meets regularly and is composed of:

- Mark Winlow (Chair)
- Patrick Mill (CEO)
- James Slade (CFO)
- Robert Massey (NED)
- Jane Dale (NED)
- Ken Fry (NED)
- Peter Cartwright (NED)

The role of the Board is to provide oversight and take responsibility for the strategic leadership of the Firm within a framework of good corporate governance and prudent and effective controls which enables risk to be assessed and managed, including appropriate segregation of duties of the Senior Management Functions in accordance with the Senior Management and Certification Regime ('SM&CR') and management of conflicts of interest. The Board sets the structure in place for the Firm to meet its objectives and reviews management performance. The Board sets and oversees the Firm's values and standards and ensures that its obligations to its shareholders, its clients and others are understood.

The Firm seeks regulatory approval prior to appointments to the Board under the SMCR. All Board members are registered and listed on the FCA Register.

Responsibilities are allocated to Senior Managers under the SMCR regime, and these are reviewed annually to ensure consistency with the business of the Firm including responsibility for client assets. As detailed in the Statement of Responsibilities Senior Managers have been allocated the following responsibilities:

Prescribed Responsibility	Assignee(s)
A - Responsibility for the firm's performance of its obligations under the senior managers regime	Patrick Mill
B- Responsibility for the firm's performance of its obligations under the employee certification regime	Patrick Mill
B-1 Responsibility for the firm's obligations in relation to individual conduct rules for: (a) training; and (b) reporting	Patrick Mill
D - Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	Chris Blakeley
C Compliance with the rules relating to the firm's responsibility map	Patrick Mill
E - Responsibility and maintenance of the firm's business model by the governing body.	Patrick Mill
Z – Responsibility for the firm's compliance with CASS	Tom Dudley
Safeguarding and overseeing the independence and performance of the compliance function (in accordance with SYSC 6.1)	Jane Dale
L Safeguarding and overseeing the independence and performance of the risk function (in accordance with SYSC 7.1.21R and SYSC 7.1.22R)	Jane Dale
J-3 If the firm outsources its internal audit function, taking reasonable steps to ensure that every person involved in the performance of the service is independent from the persons who perform external audit, including: • supervision and management of the work of outsourced internal auditors • management of potential conflicts of interest between the provision of external audit and internal audit services	Jane Dale

5.2 Overview of the Board Committees

All members of the NFP Board (the “Board”) are directors of NFP. The purpose of the Committees with their respective scopes of duties and responsibilities are formalised in the Committee’s Terms of Reference.

The Board

The Board comprises of seven individuals all of whom have a great deal of experience in their own specialties and in business in general. The Board provides practical leadership and has responsibility for the overseeing of all day-to-day matters of the Firm . The Board is committed to achieving the right outcomes for customers and also leads the strategic direction of the Firm, monitors the operational performance of the Firm and ensures appropriate controls are in place.

Board Audit & Risk Committee

The Committee assists the Board in discharging its responsibilities for the integrity of the Group’s Financial Statements and the effectiveness of the systems of risk management and internal controls. The Committee also monitors the effectiveness, performance and objectivity of the internal and external auditors.

Remuneration & Nominations Committee

The Committees responsibilities include, setting and monitoring the remuneration strategy for the Group, agreeing the framework for the remuneration of the executive directors and other senior executives, whilst also ensuring that remuneration practices operate in line with FCA requirements.

Executive Committee

The Executive Committee is responsible for ensuring that all business-related matters have appropriate visibility within the Firm and for defining how it will deliver against the strategic plan set by the Board. The Executive Committee develops and implements business plans, policies, procedures and budgets that have been recommended and approved by the Board. The Executive Committee also determines the necessary prioritisation and resourcing which is required to ensure that the Firm is able to meet its business targets and objectives, whilst also ensuring the Firm operates in compliance with all applicable rules and laws and with due consideration of any operational and conduct risks.

5.3 Directorships

The following information relates to the appointments of NFP Directors as at 31st December 2022, including any external directorships.:

SMF Function/Role	Name	Number of other external directorships
NED	Peter Cartwright	6
SMF10 Chair of the Risk Committee SMF11 Chair of the Audit Committee	Jane Dale	6
NED	Ken Fry	6
NED	Robert Massey	9
SMF1 Chief Executive SMF3 Executive Director	Patrick Mill	0
SMF2 Chief Finance SMF3 Executive Director	James Slade	0
SMF9 Chair of the Governing Board SMF12 Chair of the Remuneration Committee SMF13 Chair of the Nominations Committee	Mark Winlow	5

5.4 Promoting Diversity

The Firm values the innovation and creativity that diversity of thought brings to the organisation and understands that diversity, equality and inclusion play a critical role in establishing strong governance and maintaining a healthy culture from the top as part of delivering good customer outcomes, high standards of conduct and overall long term success of the Firm. The Firm is committed to building a workforce that reflects all aspects of diversity and intersectionality to bring a range of perspectives, ideas and insights to everything the Firm does.

It is important that across the Group there is an open and transparent environment where employees are able to raise issues openly. The People and Culture function work with our leaders to develop and implement action plans from our regular employee pulse engagement surveys.

The Firm has set clear principles in our inclusion and diversity plan, these are to:

- Grow our culture as an inclusive employer that attracts, develops, retains and engages all diverse talent across the business, reduce homogeneity in the senior management population and in the composition of our teams across the business, We consider a homogeneous population to be anything over 70%. Take an equity-based approach to bridge the gap between minority and majority groups by focusing on the differing needs of under representative groups. Creating professional opportunities for our people to succeed and realise their full potential regardless of age, gender, ethnicity, identity, disability, neurodiversity or background.

Our action plan is focused on the following key priority areas:

- Improving data transparency and disclosure
- Encouraging a culture of collaboration and contribution
- Embedding inclusive leadership and awareness
- Continuing to transform our recruitment practices and processes
- Continuing to review our reward and benefit offerings

One of the company's objectives is to ensure that the composition of the Board is always suitable for it to be an effective decision-making body and to provide successful oversight and stewardship. Suitability of members of the Board is reassessed periodically, in line with the requirements of the SM&CR. The Directors are appointed in accordance with the following suitability criteria:

- Being of good repute;
- Being able to act with honesty, integrity and independence of mind;
- Overseeing, monitoring and challenging management decision-making effectively;
- Disclosing any financial or non-financial interests that could create potential conflicts of interest;
- Possessing sufficient knowledge, skills and experience to perform their duties;
- Being able to commit sufficient time to perform management body functions in a supervisory context;
- Not being restricted from taking up the position by any regulatory requirement.

The assessment of an individual's adequate knowledge, skills and experience will consider:

- The role and duties of the position and the required capabilities;
- The knowledge and skills attained through education, training and practice;
- The practical and professional experience gained in previous positions;
- The knowledge and skills acquired and demonstrated by the professional conduct of the member of the Board.

The Board's approach to Environmental, Social and Governance is of high importance.

The Group committed to minimizing its environmental impact in all areas and many steps have already been taken to minimise the impact of the Group's business activities by applying effective environmental management initiatives which include:

- Minimising water and maximising recycling where possible.

- Paperless documentation where we can, to reduce the environmental burden of paper.
- Utilising 100% renewable energy in our building, including 10% from solar panels solar panels on our building.
- We created the Novia Foundation to help maintain the development and welfare of our staff, but also to do what we can to help those in the wider community.
- Mentoring program - Through the Foundation two of the charities we have supported are West of England Mentoring and Mentoring Plus.
- Employee well-being program available automatically to all staff.

6. Own Funds Requirements

6.1 Composition of Regulatory Own Funds

The Firm's own funds consist of CET1 capital. As at the Firm's financial year end on 31st December 2022, the Firm complied with all capital requirements.

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	7,934	
2	TIER 1 CAPITAL	21,992	Statement of Changes in Equity (Page 22)
3	COMMON EQUITY TIER 1 CAPITAL	21,992	Statement of Changes in Equity (Page 22)
4	Fully paid-up capital instruments	7,392	Note 18
5	Share premium		Note 15
6	Retained earnings	14,600	Statement of Changes in Equity (Page 22)
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(14,058)	Intangibles assets (note 11) and deferred tax asset (note 22)
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		

6.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below describes the reconciliation with own funds in the balance sheet as at 31 December 2022, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited financial statements.

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 template OF1
As at period end		31 December 2022		
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements				
Intangible assets		9,776		
Property, plant and equipment		1,773		
Deferred tax asset		4,282		
Cash and cash equivalents		11,857		
Trade and other receivables		14,778		
Total Assets		42,466		
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements				
Trade and other payables		(8,134)		
Provisions		(11,653)		
Deferred tax liabilities		(73)		
Lease liability		(614)		
Total Liabilities		(20,474)		
Shareholders' Equity				
Called up share capital		14,600		
Retained earnings		7,392		
Total Shareholders' Equity		21,992		

6.3 Main features of own instruments issued by the Firm

The table below provides information on the CET1 instruments issued by the Firm.

Own funds: main features of own instruments issued by the Firm (template OF1)
Share capital consists of fully paid ordinary shares of £1 each, with 14,600,000 shares in issuance as at 31 December 2022 (2021: 14,600,000)

Own funds requirements

7.1 Own funds requirement

The Firm is required to disclose the K-factor requirement ('KFR') and the fixed overheads requirement ('FOR') amounts in relation to its compliance with the own funds requirements set out in MIFIDPRU 4.3, based on the audited financial statements for the year ended 31 December 2022.

The firm's total own funds requirement is comprised of (1) its total combined K Factor requirements; (2) an assessment of any additional outside of K Factor harms; and (3) any additional capital the firm is required to hold as

an "ICARA Add-On".

Disclosure of the K-Factors, based on NFP's regulatory permissions, along with any additional capital requirements and the FOR for the period are detailed below:

K-Factor Breakdown	£,'000
PMR (A)	150
FOR (B)	6,328
Total K-Factors (C)	7,211
K-AUM, K-CMH and K-ASA	5,767
K-DTF and K-COH	34
K-NPR, K-CMG, K-TCD and K-CON	-
Outside of K-Factor Harm	1,410
Own Funds Requirements (MAX A, B and C)	7,211
ICARA Add-On	2,700
Overall Total OFTR	9,911

7.2 Compliance with Overall Financial Adequacy Rule

In line with the provisions relating to the Overall Financial Adequacy Rule ('OFAR') set out in MIFIDPRU 7.4.7R, NFP is also required to disclose its approach to assessing the adequacy of the Firm's own funds.

ICARA process

Within the annual ICARA process, the Firm is required to identify and assess the following:

- any material/key risks that arise from its activities;
- any material harms that may be caused to the clients, the market or the Firm itself as a result of its activities; and
- whether, at all times, the Firm has sufficient own funds and liquid resources to meet the Overall Financial OFAR.

The OFAR requires that the Firm holds own funds and liquid assets which are adequate (both in amount and quality) to ensure that:

- the Firm can remain financially viable throughout the economic cycle and be able to address any material potential harm; and
- the Firm's business can be wound down in an orderly manner with minimal impact on consumers and other market participants.

The process of embedding the ICARA process within the Firm has been completed and the adequacy of the ICARA process will be reviewed on an annual basis thereafter, or more frequently, should there be any material change to the business risk profile or business model.

The ICARA process encompasses various aspects of internal governance with a particular focus on:

- identification, monitoring and mitigation of harms;
- business model planning and forecasting;
- recovery and wind-down planning; and
- assessing the adequacy of financial resources; and
- assessing the overall effectiveness of the risk management of the Firm.

As part of the ICARA process, the Firm establishes its own funds threshold requirement and its liquid assets threshold requirement to comply with the OFAR and to ensure the Firm can remain viable, addressing any potential harm from ongoing activities, and can wind-down in an orderly way. For harms not adequately mitigated through existing systems and controls, the Firm assesses whether additional own funds and/or liquid assets are required.

The recovery action planning contains appropriate recovery actions to restore own funds and/or liquid resources to avoid breaching threshold requirements and early-warning-indicators ('EWIs') to assist the Firm when approaching trigger levels and set out credible actions to help reverse or repair any adverse trends.

The wind-down planning includes triggers (own funds and liquid assets) and timelines. The Firm considers different scenarios that could cause a need to wind-down the business. These underlying drivers could result in the need for

different resources (financial and non-financial) during the wind-down period. The Firm sets resources aside so that sufficient own funds and liquid assets are available at all times to enable an orderly wind-down.

Risk management

NFP maintains a Risk Register which contains the main risks of the Firm, based on its activities, but also based on the type of events that are recorded in incident databases. The risk register also contains information about mitigations and controls, in order to assess net impacts and probabilities of relevant material risks.

Each risk within the Risk Register is cross-referenced to possible ICARA harms (client, market, firm) and assessed to determine its materiality to the Firm. It also includes a description of the controls put in place to mitigate the risk.

NFP's risk appetite defines the risk types, the Firm's material risks and the tolerances that the Firm is prepared to accept in pursuit of its strategic objectives and business strategy, considering the interests of its clients and shareholders, as well as own funds and other regulatory requirements.

The Firm's overall risk appetite must be such that its own fund and liquidity requirements, as captured in the ICARA process, are maintained within its risk bearing capacity or capital resources. The most material risks identified in the Risk Register are assessed to determine appropriate own funds and

liquidity reserves. Regular stress testing and scenario analysis is undertaken to ensure these reserves are sufficient to meet current and future obligations under a variety of stressed conditions.

Own funds adequacy

NFP assesses the adequacy of its own funds on a regular basis against a variety of own funds requirement assessments. In maintaining the Firm's own funds requirements within the risk appetite, early warning indicators (EWIs) have been established. These are agreed as part of the annual own funds planning process and reviewed annually.

As a result of the provision of £11.7m and additional capital of £2.7m booked at the end of 2022 the business is working to restore its capital position with agreed actions that will be complete by the end of 2023.

Liquid assets adequacy

The Firm has an established liquidity risk management framework based on the Firm's approved liquidity risk appetite in order to ensure that:

- the basic liquid asset requirement ('BLAR') is met; and
- the liquid assets threshold requirement is determined.

The Firm further assesses its compliance with liquid asset threshold requirement which is based on the sum of BLAR and an additional liquid asset requirement determined during the ICARA process, to ensure liquidity adequacy in stressed conditions and during an orderly wind-down as part of its OFAR compliance from a liquidity perspective.

Liquidity risks are identified through ongoing liquidity management and monitoring, which contribute to the development of the Firm's liquidity risk management framework and formulating stress testing scenario design and key assumptions.

The Firm's monitoring and reporting of its liquidity position is undertaken through established reporting against the key liquidity metrics. Any triggers or breaches would be escalated in line with the escalation framework.