IFPR Disclosures

2022

CONTENTS

1. EXECUTIVE SUMMARY

The FCA introduced the Investment Firm Prudential Regime ("IFPR") on 1 January 2022 replacing the previous regulatory rules under CRR. Under the new framework, the regulations take a more proportionate, rounded approach for investment firms to publicly disclose key information and metrics. The following disclosures demonstrate RBC Brewin Dolphin Limited's ("BDL") approach to risk management, governance, remuneration policies as well as its own funds position.

Royal Bank of Canada completed the acquisition of Brewin Dolphin on 27 September 2022. As a result, Brewin Dolphin Holdings ("BDH") is a wholly owned subsidiary of RBC Wealth Management (Jersey) Holdings Limited. BDH itself consists principally of two wholly owned regulated trading subsidiaries:

- BDL regulated by the Financial Conduct Authority ("FCA"); and
- Brewin Dolphin Wealth Management Limited ("BDWM") (comprising of the entities formerly known as Tilman Brewin Dolphin Limited and Investec Capital & Investments (Ireland) Limited), regulated by the Central Bank of Ireland (CBI).

BDH applied for a Group Capital Test ("GCT") waiver which was approved by the FCA in October 2022 and is valid for two years. The waiver allows for BDL to report as an investment firm group on an FCA solo basis instead of via a prudential consolidation. BDL does not satisfy all the basic conditions for classification as an SNI MIFIDPRU investment firm therefore, BDL is a non-SNI (small and non-interconnected) MIFIDPRU investment firm and is subject to the full IFPR requirements.

BDWM was required by the CBI to comply with IFR from 26 June 2021 and is a Class 2 firm and is exempt from FCA reporting.

These disclosures will be updated on an annual basis following the completion of BDL annual accounts.

2. RISK MANAGEMENT OBJECTIVES AND POLICIES

Effective risk management is key to the success of delivering BDL's strategic objectives of remaining relevant, becoming more efficient and driving growth, through being an advice focused wealth manager, supported by a broad range of propositions and investment solutions for clients. The primary objectives of the Risk Management Framework at BDL is to ensure that there is:

- A strong risk culture so that employees are able to identify, assess, manage and report against the risks the business is faced with;
- A swift and effective response to risk events and potential issues in order to minimise impact;
- A defined risk appetite within which risks are managed; and
- An appropriate balance between risk and the cost of control.

The Board has ultimate responsibility for the effectiveness of risk management at BDL. BDL's governance model uses a hierarchy of Board level and Executive level committees within a three lines of defence model as part of a robust governance framework. The Board has established a Risk Committee with the purpose of overseeing the Risk Management Framework and assisting the Board in its responsibilities for the integrity of the internal control and risk management systems. An

Executive level Risk Management Committee is also in place which has an indirect reporting line into the Risk Committee.

The Risk Management Framework, Operational Risk and Financial Risk Policies are all owned by the Chief Risk Officer.

To provide a structured approach to risk identification and classification and to enable the effective monitoring and reporting of risks, the risk framework considers risks under the three risk groupings, defined below:

Risk Category	Description
Business Risks	The risk that we do not set the right strategy, a material business decision fails or external market factors impact the businesses viability.
Financial Risks	The risk of inadequate or failed management of finances and the risk introduced by external factors that could have a detrimental impact on our cash flow, own funds and liquidity.
Operational Risks	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Our approach is to identify and assess specific risks within these groups, mitigate and manage these risks, and monitor and report against these risks, which provides the foundation to enable us to deliver against our strategic objectives.

Key Risks have been identified and approved by the Risk Committee within these categories. Each risk has been reviewed as to whether it potentially poses a risk to clients, the firm and markets:

- **Risks to Client (RtC):** focused on the business model and the harms that may arise to clients when providing investment services.
- **Risks to Firm (RtF):** generally arising through the exposures that may incur and any claims as a result of a breakdown in operations.
- **Risks to Market (RtM):** the impact BDL could have on the markets in which it operates and on those counterparties it trades with.

Risk appetite is defined as the willingness to take risk to achieve BDL's strategic objectives. All BDL Key Risks have a risk appetite statement with associated Key Risk Indicators which enables risk profile vs risk appetite to be monitored on an ongoing basis.

The risk appetite statements are owned, updated, reviewed and re-approved at least annually by the BDL Board, with oversight and monitoring of the risk profile provided by the Risk Management Committee and Risk Committee.

3. GOVERNANCE ARRANGEMENTS

The Board has ultimate responsibility for the effectiveness of risk management at BDL. BDL's governance model uses a hierarchy of Board level and Executive level committees within a three lines of defence model as part of a robust governance framework.

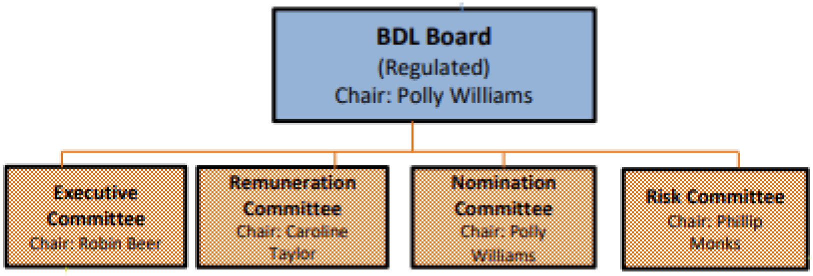
The three lines of defence:

1. The First Line of defence is the business, comprising of client facing, operational and administration departments. It is responsible for managing the day-to-day risk management.
2. The Second line of defence is Risk and Compliance which monitors and facilitates the implementation of effective risk management practices.
3. The third line of defence is Internal and External Audit. Internal Audit is an independent, objective assurance function which helps BDL accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control process.

3.1. Committee Structure

The BDL Board reports into the BDH Board and has put in place the following committees: Executive Committee, Remuneration Committee, Nomination Committee and Risk Committee.

- The Executive Committee is responsible for the day to day running of BDL.
- The Remuneration Committee is responsible for ensuring that remuneration arrangements support the strategic aims of the business and enables the recruitment, motivation and retention of senior executives whilst complying with the requirements of the regulatory and governance bodies.
- The Nomination Committee is responsible for reviewing the composition of the Board and Board Committees to ensure they are properly constituted and balanced in terms of skill, experience and diversity.
- The Risk Committee was formed in recognition of the increasing importance and complexity of Risk. The Risk Committee has oversight of the risk management framework and the effectiveness of risk management, governance and regulation.



4. OWN FUNDS

In accordance with MIFIDPRU 8.4, below is a reconciliation of CET1 and deductions to present BDL own funds as at 30 September 2022:

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**	297,705	
2	**TIER 1 CAPITAL**	297,705	
3	**COMMON EQUITY TIER 1 CAPITAL**	297,705	
4	Fully paid up capital instruments	20,893	
5	Share premium	112,471	
6	Retained earnings	164,341	
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	(188,104)	
19	CET1: Other capital elements, deductions and adjustments	(188,104)	
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		

Additionally, per MIFIDPRU 8.4 1.(c) is the following explanation:

Own funds: main features of own instruments issued by the firm
Free text. A non-exhaustive list of example features is included below.
Brewin Dolphin is privately owned by RBC Brewin Dolphin and its regulatory own funds consists of all Tier 1 capital comprised of share capital, share premium and retained earnings. Share capital comprises of 20,892,855 ordinary shares of £1 each.

5. OWN FUNDS REQUIREMENTS

In accordance with MIFIDPRU 8.5, the tables below set out BDL's K-Factor and Fixed Overhead Requirement ("FOR") in comparison to its Permanent Minimum Requirement ("PMR").

K Factor	£000's
Sum of K-AUM, K-CMH, K-ASA	33,070
Sum of K-COH and K-DTF	100
Total K-Factor	**33,170**

Fixed Overhead Requirement	£000's
Based on audited accounts as at 30 September 2021	52,942
Total Fixed Overhead Requirement	**52,942**

Permanent Minimum Requirement	£000's
Per MIFIDPRU 4.4	150
Total Permanent Minimum Requirement	**150**

Since 1 January 2022, BDL has been monitoring the Overall Financial Adequacy Rule ("OFAR") and has remained in excess at all times. This comprises the Own Funds Threshold Requirement ("OFTR") as demonstrated under Chapters 4 and 5. The OFAR is also measured against the most recent Internal Capital Adequacy Assessment Process ("ICAAP") being the ICAAP completed in 2021. In addition, BDL has monitored and remained above the Liquid Assets Threshold Requirement ("LATR"), set as the Basic Liquid Asset Requirement (BLAR) plus the assessment of BDL's minimum overnight liquidity requirements.

In the coming years, the OFAR will also be separately assessed via the Internal Capital and Risk Assessment ("ICARA") process which replaces the ICAAP process.

6. REMUNERATION POLICIES AND PRACTICES

As BDL's performance year began prior to 1 January 2022, Transitional Provision 12 "Disclosure Requirements" is being utilised therefore the following section of the disclosure is based on the former regulations and prior to BDH, the Group, obtaining its GCT waiver and next year will be based on BDL under MIFIDPRU 8.6.

6.1. Remuneration Governance Structure

BDH had the following policies and practices for those staff whose professional activities had a material impact on the Group's risk profile and Material Risk Takers ('MRTs'). The BDL entity was categorised as a Level 3 firm under the FCA Proportionality guidelines.

The Group had a Remuneration Committee (the "Committee"). The Remuneration Committee was a committee of the BDH Board and had formal terms of reference which were published on the Group's website. The Committee was chaired by an independent Non-Executive Director, and comprised of two other independent Non-Executive Directors and the Board Chairman, who was determined to be independent upon his appointment. None of the Committee members had any personal financial interests in the Group (other than as shareholders), conflicts of interest arising from cross directorships or day-to-day involvement in running the business.

The Committee reported on its activities annually in the Directors' Remuneration Report in the Group's Annual Report and Accounts.

One of the Committee's responsibilities was to review the Remuneration Policy and ensure that it, and its implementation, was consistent and continued to comply with the FCA Remuneration Code (SYSC 19a).

Advice was sought from external consultants Alvarez & Marsal ("consultants"). The consultants selected were independent and had no other connection with the Group.

6.2. Employees designation as 'MRT' for the purposes of the FCA Remuneration Code

As at 30 September 2022, MRTs were defined as all Directors of BDH/BDL, members of the Executive Committee, employees designated as holding Senior Management Functions and all employees earning over €750,000 (total of fixed and variable remuneration). As at 30 September 2022, the number of MRTs was 29, of which three were Executive Directors (Executive MRTs).

6.3. Policy on Remuneration of Executive MRTs

The policy on variable remuneration differed for Executive MRTs and other MRTs. The annual bonus structure for Executive MRTs was designed to incentivise them to achieve objectives aligned with the Group's strategy, in a way which is in the long-term interests of the Group's clients, shareholders and employees.

For the 2021/22 performance year, bonus awards were made based on performance against a balanced scorecard comprising four Key Performance Areas: Total income (20%), adjusted profit before tax (20%), net discretionary funds inflows (20%) and personal performance/non- financial targets (40%). For the performance year 2021/22, the non-financial targets included the successful delivery of strategic projects, the quality and consistency of client outcomes and experience, engagement and relationships with the Regulators, prudent risk management within risk appetite, employee engagement metrics and talent initiatives.

The maximum amount of annual bonus that could be awarded to each individual Executive MRT was 150% of fixed remuneration for the performance year.

The Committee set the performance criteria for the Executive MRTs and assessed performance at the end of the year against the pre-agreed criteria to determine the bonus awards. There was also a general underpin that the Committee will assess the overall health of the business and whether prudent risk management has been applied. It may scale-back the award to zero if it is considered appropriate. The Committee sought input from the Chief Risk Officer on any conduct events or concerns about risk or compliance issues in the business during the year that should be taken into account when determining bonus awards, or in determining whether there are any circumstances that require malus and/or clawback to be considered in respect of earlier awards.

Legacy plans applied up to the change of control. On change of control part of the legacy awards were replaced and part were chased out.

Mandatory deferral rates of the legacy annual bonus are set out in Figure 9 below. The deferred bonus was satisfied by the grant of a share award under the Deferred Profit Share Plan ("DPSP"). DPSP awards were ordinarily structured as nil cost options over BDH shares, although they may have also been granted as a conditional right over shares or (exceptionally) as a deferred cash award. In each case, DPSP awards (including deferred cash awards) ordinarily vested three years after grant and were subject to forfeiture on a 'bad leaver' basis as defined in the plan rules.

Figure 9 – Recoupment Provision (legacy plans)

Proportion of Variable Pay	Fraction Deferred
Up to £50,000	None
Between £50,000 and 1 x fixed remuneration	One third
Above 1 x fixed remuneration	Two- thirds

The awards were also subject to recoupment provisions (see below for more details).

6.4. Policy on Remuneration of all other MRTs excluding Business Development Managers

The Discretionary Annual Profit Share award ("Profit Share") for other employees excluding Business Development Managers (including MRTs) was designed to reward employees for their performance over the year and to incentivise certain behaviours and outcomes in line with the Group's strategy and aligned to the Group's culture and values.

The intended participants of the Profit Share were all employees excluding the Executive MRTs, Non-Executive Directors and Business Development Managers (BDMs). For the financial year ended 30 September 2022 there were 2,057 participants, including 19 MRT's. Non-Executive Directors were not eligible for any performance linked awards.

Profit share awards were discretionary, linked to performance and took into account consideration of conduct risk. For client facing Wealth Management employees, any profit share pool was primarily calculated with reference to the team's profitability during the year. For other employees, the available pool was primarily linked to affordability. The allocation of all awards was subject to a line management assessment of performance and demonstrated behaviours and values during the relevant performance year.

Any individual awards were subject to additional calibration and adjustment, by senior management as appropriate. Final profit share awards for MRTs were reviewed and approved by the Remuneration Committee, taking into consideration any conduct events during the year.

Legacy plans applied up to the change of control. On change of control part of the legacy awards were replaced and part were chased out.

The mandatory deferral rate of the legacy profit share is set out in Figure 10 below. The deferred profit share was satisfied by the grant of an award under the DPSP. DPSP awards were ordinarily structured as nil cost options over BDH shares, although they may have also be granted as conditional rights over shares or (exceptionally) as a deferred cash award. In each case DPSP awards (including deferred cash awards) ordinarily vested three years after grant and were subject to forfeiture on a 'bad leaver' basis, as defined in the Plan Rules. These awards were subject to recoupment provisions (see below for more details).

Figure 10 – Mandatory Deferral of Profit Share (legacy plans)

Portion of variable pay	Fraction deferred
Up to £50,000	None
Above £50,000	One third

6.5. Policy on Remuneration of Business Development Managers (BDMs) Who Are MRTs

The BDM Discretionary Annual Profit Share award ("BDM Profit Share") was designed to provide a discretionary award to Business Development Managers which incentivised them to achieve objectives and behaviours aligned to the Group's strategy.

The intended participants were Business Development Managers employed by BDL. The number of participants for the 2021/22 performance year was 16, of which 0 were MRTs.

BDM Profit Share was calculated by reference to new funds under management (FUM) introduced by them to the Group and line manager assessment of performance and demonstrated behaviours during the performance period.

Legacy plans applied up to the change of control. On change of control part of the legacy awards were replaced and part were chased out.

The BDM Profit Share was payable every 6 months (H1 and H2), with mandatory deferral applied to the payments as set out in Figure 11 below. The H1 deferred BDM Profit Share was satisfied by way of the grant of a deferred cash award, which is not linked to BDH shares. The H2 deferred BDM Profit Share was satisfied by the grant of an award under the DPSP. DPSP awards were ordinarily structured as nil cost options over BDH shares, although they may have also be granted as conditional rights over shares or (exceptionally) deferred cash awards. In each case, DPSP award (including deferred cash awards) ordinarily vested three years after grant and were subject to forfeiture on a 'bad leaver' basis, as defined in the DPSP plan rules. These awards were subject to recoupment provisions.

Figure 11 – Mandatory Deferral of Profit Share (legacy plans)

Portion of variable pay	Fraction deferred
Up to £25,000	None
Above £25,000	One third

6.6. Policy on Non-Executive Director MRTs Remuneration

All Non–Executive Directors, including the Chairman, served under formal letters of appointment and either party could terminate on one month's written notice or in accordance with the Articles of Association. Their remuneration was determined by the Board within the limits set by the Articles of Association and was based on benchmarking information and the skills and expected time commitment of the individual concerned. No Director was involved in the decision regarding their own remuneration. The Non-Executive Directors did not have any right to compensation on the early termination of their appointment. In addition to basic fees, fees for additional committee chairmanship duties, (with the exception of the Chairman who is paid an all-inclusive fee) and to the Senior Independent Director, were paid, to reflect the extra responsibilities attached to these roles. The Non–Executive Directors did not participate in any of the Group's incentive plans or share plans and did not receive any other benefits. The fees are reviewed annually. Non-Executive Directors are encouraged to build an interest in the shares of the Company.

6.7. Types of Variable Remuneration

Annual profit share was paid in cash, subject to the deferral limits shown above. Additionally, the Group operated three legacy share based incentive plans up to the change of control, as follows:

Figure 12 – Share Based Incentive Schemes

Description	**<u>Equity Award Plan ("EAP")</u>**	**<u>Long Term Performance Plan ("LTPP")</u>**	**<u>Deferred Profit Share Plan ("DPSP")</u>**
Scheme purpose	The Equity Award Plan was a discretionary arrangement under which contingent share awards could be made to selected employees within the Group below Board level, for example to reward exceptional performance on behalf of the Group, introducing new funds or in certain circumstances to aid retention of key employees.	Provided a compensation component which was linked to the longer term delivery of the Company's strategic and financial objectives.	Allowed the mandatory deferral of annual profit share into shares, over certain limits.
Eligibility	Employees excluding Executive and Non-Executive Directors	Executive Directors and selected senior employees	All employees with profit share awards over the mandatory deferral limit
Structure of awards	Conditional Share Awards.	Conditional Share Awards.	Nil cost options, conditional rights over shares or (exceptionally) deferred cash awards.
Length of vesting period, and performance period, where applicable	Shares normally vested 3 years after award. However, awards made in respect of introducing new funds had phased vesting in thirds over three years commencing on the first anniversary of grant. Subject to service conditions but no further performance conditions.	Vesting period was 3 years from grant. A further 2-year post vesting holding period applied to Executive Directors. Performance period of 3 financial years. The performance period began again with each grant.	Awards vested after 3 years. Subject to service conditions but no further performance conditions.

Description	Equity Award Plan ("EAP")	Long Term Performance Plan ("LTPP")	Deferred Profit Share Plan ("DPSP")
Performance measure	n/a	33.3% adjusted diluted EPS CAGR, 33.3% average annual discretionary FUM growth, and 33.3% average annual total income growth. Subject to annual review by the RemCo.	n/a
Approved by shareholders	No – not required as Directors are excluded from participation and the plan is non-dilutive.	Yes – February 2014.	Yes – February 2019.
Scheme expiry	2024	2024	2029
Recoupment provisions	Subject to malus and clawback provision.	Subject to malus and clawback provision.	Subject to malus and clawback provision.

6.8. Recoupment Provision (Legacy Plans)

The Group's legacy share-based incentive plans contained recoupment provisions, as set out below.

Equity Award Plan & Long Term Performance Plan (legacy plans)

The Committee may have decided at any time prior to the vesting of an Award (and/or at any time prior to the third anniversary of the date on which an Award vested (or was due to vest) in the case of Awards subject to performance based additional conditions) that the individual to whom the Award was granted (the "relevant individual") shall have been subject to recoupment if:

- the Committee formed the view that the performance on which any variable pay awards, including but not limited to Awards granted under the Plan, had been made or had vested, was materially misstated or should have been assessed materially differently, for whatever reason and that this had resulted either directly or indirectly in higher remuneration than would have otherwise have been the case;
- the Committee formed the view that in assessing any additional conditions and/or any other condition imposed on the Award such assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that Award vesting to a greater degree than would have been the case had that error not been made;

- the Committee formed the view that there has been (i) a material failure of risk management and/or (ii) regulatory non-compliance and/or (iii) negligence, resulting in damage to the business
- or reputation of the Company; the Committee formed the view that the relevant individual had committed serious misconduct; or
- in respect of Awards granted on or after 22 July 2019, the Company had suffered an instance of corporate failure resulting in the appointment of a liquidator or an administrator or the Company entering into a compromise agreement with its creditors.

Deferred Profit Share Plan (legacy plan)

The Committee may have decided at any time within the 3 year period following the grant of an Award, that the individual to whom the Award was made (the "Relevant Individual") shall have been subject to the withholding or recovery of the award ("Recoupment") if:

- the Committee formed the view that the performance on which any variable pay awards, including but not limited to Awards granted under this Plan, had been made or have vested, was materially misstated or should have been assessed materially differently, for whatever reason and that this had resulted either directly or indirectly in higher remuneration than would otherwise have been the case; and/or
- the Committee formed the view that in assessing any condition imposed on the Award such assessment was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumption resulted in either directly or indirectly in that Award vesting to a greater degree than would have been the case had that error not been made;
- the Committee formed the view that there had been (i) a material failure of risk management and/or (ii) regulatory non-compliance and/or (iii) negligence, resulting in damage to the business or reputation of the Group; and/or the Relevant Individual commits serious misconduct; and/or
- the Committee formed the view that the relevant individual has committed serious misconduct; and/or
- in respect of Awards granted on or after 22 July 2019, the Company had suffered an instance of corporate failure resulting in the appointment of a liquidator or an administrator or the Company entering into a compromise agreement with its creditors.

6.9. Review Of Remuneration Policy During the Year

The Committee reviewed the Group's Remuneration Policy during the year and received reports from the Chief People and Sustainability Officer on progress against plans to strengthen the alignment of reward and performance throughout the Group. This included enhancements to the performance management process and year-end remuneration processes for the 2021/22 performance year.

6.10. Independence of Risk and Compliance Employees

Control functions within Risk and Compliance reported directly to the Chief Risk Officer, who is a member of the Group's Executive Committee. This gave them the appropriate authority to conduct their role. The department was independent from the business that it oversaw.

Variable remuneration for non-client facing employees, including those within the Risk and Compliance department, was set according to the profitability of the firm and the performance of the relevant department. The allocation of awards was subject to line management's assessment of performance and demonstrated behaviours during the relevant performance year. Any individual awards were subject to additional calibration and adjustment by senior management as appropriate. Where an employee was both a member of the Risk and Compliance department and deemed an MRT, their remuneration was also reviewed and approved by the Committee.

The remuneration of Code Staff was reviewed by the Committee, which has the authority to adjust individual profit share and bonus awards. Code staff within the Risk and Compliance function attend Board meetings from time to time to present reports and had direct access to the Executive Directors and independent Non-Executive Directors. The remuneration of those employees was reviewed by the Committee who had the authority to adjust the individual profit share payments.

6.11. Quantitative Disclosures

The Committee met 5 times during the year to 30 September 2022. The members of the Committee were paid as part of their standard Non-Executive Fees, in accordance with Figure 13 below:

Figure 13 – Non-Executive Fees

	Annual Fee (£)
Board Chairman	£210,000
Base fee for Non-Executive Directors	£65,000
Committee Chairman	£15,000
Senior Independent Director fee	£10,000

There were 19 MRTs who received a variable remuneration award during the financial year.
No guaranteed cash payments or severance payments were made to MRTs during the financial year.

Deferred remuneration outstanding at the end of the financial year consisted of share awards issued to MRTs under the legacy schemes which were replaced with RBC Share Units.

Figure 14 – Outstanding deferred remuneration (replacement awards)

Outstanding shares	Gross value based on the 5 day proceeding average share price at 30 September 2022 (CAD 124.084)
146,620	£12,273,130*

*Exchange rate 0.6746

The remuneration awarded to MRTs respect of the 2021/22 financial year was:

Remuneration	Amount (£m)
Variable remuneration paid in cash	£3.9m
Variable remuneration deferred	£3.3m
Total Variable Remuneration	**£7.2m**
Fixed Remuneration	£5.5m

The variable remuneration paid in the 2021/22 financial year to be deferred in share units and will become exercisable in December 2025.

7. DIVERSITY AND INCLUSION

7.1 Selection of the Members of the Management Body

The Nomination Committee considers the succession planning for the Board as well as receiving the executive succession plan for review and challenge. As part of this process, diversity is considered in respect of gender, ethnicity, ability, social background and cognitive diversity. These considerations form part of our rigorous and transparent process to ensure we appoint directors with the skills, experience and knowledge that will ensure the continued effectiveness of our board.

Prior to the RBC acquisition, our Board had 30% female representation and post-acquisition this is now stands at 50%. Our Women in Finance Charter target for our Executive Committee and direct reports is 45% women by the end of 2023. At the time of our annual update for HM Treasury in September 2022 we were at 39%.

7.2 Management Body Objectives

The Remuneration Committee sets annual objectives against which each of the Executive Directors are assessed. The objectives span financial and non-financial criteria, including continuing to build and deliver the Group Diversity and Inclusion initiatives. Recent achievements against this objective include:

- The Chief Executive Officer is members of 'The 30% Club'. The Group have already reached this initiative's initial target for both our Board and senior management team and have committed to the 30% Club's updated objectives to include increasing ethnic diversity at Board and senior levels.
- Signatory of the 'Women in Finance Charter', increasing gender diversity at senior management and leadership levels.
- Signatory of the Government's 'Disability Confident Scheme'.

- Partnership with social mobility charity 'The Brokerage' providing learning opportunities and paid internships.
- Membership of other organisations promoting diversity in several forms, including the 'Business Disability Forum', 'Business in the Community' and the LGBTQ+ business network 'myGwork'.
- Signatory of the 'Race At Work Charter', ensuring organisations address barriers to recruitment and progression.
- We collect diversity data from our employees to enable us to measure progress and inform strategic priorities.
- Our COO is executive sponsor of our new employee network 'EmbRACE'.
- Founding partner of the 'WealthiHer' network, committed to championing, empowering and supporting female clients.
- The Group Diversity and Inclusion Committee ("GDIC") has a programme of work to ensure that we are focused on diversity and inclusion in all aspects. The GDIC's activities underpin several organisation-wide initiatives, including workshops on topics such as Allyship and Disability Awareness.
- The Group also run Diversity & Discrimination training for all managers to create awareness of challenges they may encounter in the workplace and to foster an inclusive work environment.

8. INVESTMENT POLICY

For clients for whom we act as discretionary investment manager, we have the right and responsibility to vote on their behalf. These responsibilities form a key part of our stewardship approach.

We are only eligible to vote on companies over which we have a discretionary mandate. Therefore, we also offer our clients to vote on their own shares via our Vote Your Shares facility or via their dedicated investment manager. In practice, we find that most of our clients allow our expert analysts to decide how to vote on their behalf.

We actively vote on the companies that we define as being core holdings; those which make up 75% of our listed equity holdings. This equates to around 100 companies and is re-assessed quarterly. When we vote for a core holding, we use the following procedure:

- Our Research team will be alerted of a forthcoming meeting by our third-party proxy research service provider, ISS.
- They combine their expert knowledge of the company and sector with voting recommendations from ISS, using the ISS sustainability voting policy.
- Our Research team's decision is final, subject to internal escalation, and we do not necessarily follow ISS's recommendation or automatically follow the investee company's Board.
- From time to time the Head of Research may escalate, or seek additional guidance, from the Stewardship Committee, the Head of Sustainability or the Wealth Governance Committee on a particular vote.

While we do not have set policies that require our analysts to vote in a certain way, there are guidelines and norms that we follow for certain resolution types.

Diversity of board members: we vote for or against each director based on the experience and knowledge they bring to the board. Sometimes this may be contrary to the recommendations of ISS, who will recommend a vote against an incoming director or the chair of the selection committee if diversity amongst board members is poor. While we may sometimes follow this recommendation, in most case we would prefer to engage with the company about their plans to address diversity issues.

Climate change disclosures: we are supportive of listed companies doing more to disclose their Climate-related risks and opportunities, and their approach to transitioning to a low carbon economy.

Pre-emption rights: in the case of investment companies, sacrificing pre-emption rights may enhance investor outcomes rather than diluting them as would often be the case for operating companies. For an investment company they can increase liquidity and allow growth in a cost-effective manner. As such, we will generally vote in favour of this resolution.

Over-boarding: we may vote against a director if we are concerned that their external appointments and commitments are too great, and risk impacting their ability to perform their role effectively.

Sustainability metrics in remuneration: we are supportive of the inclusion of sustainability or ESG metrics in remuneration policies.

If our voting decision is contrary to both the proxy recommendation and the investee company recommendation, then the relevant Research team analyst will engage with the company in advance of the vote to explain our assessment.

For those assets defined as non-core, we will automatically vote as recommended by the Board. This applies to all companies in which we hold more than £1m of equity or own more than 1% of the share capital. On occasion we may decide to actively vote on a non-core holding. This may be for example, prompted by our monitoring or engagement with the company, or by a particular client or investment manager. In such cases our Research team will follow the process laid out for our core holdings.

A record of how we have voted is publicly available to view on our website at https://mybrewin.brewin.co.uk/vys/

We do not engage in stock lending, and this is made clear to our clients at the outset of our relationship with them via our terms and conditions.