

# IFPR Disclosures

Investec Wealth & Investment Limited  
For the year ended 31 March 2023

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## 1. Overview

The Investment Firms Prudential Regime (“IFPR”) is the FCA’s prudential regime for MiFID investment firms and came into effect on 1st January 2022. IFPR sets out the requirements in terms of governance, risk management, remuneration, capital and liquidity. These requirements are presented in the FCA’s prudential sourcebook for MiFID investment Firms “MIFIDPRU”.

The purpose of this document is to set out the public disclosures relating to Investec Wealth and Investment Limited (“the Firm” or “IW&I”) as required in chapter 8 of the FCA’s MIFIDPRU rulebook. These disclosures are:

- Risk management objectives and policies (MIFIDPRU 8.2);
- Governance arrangements (MIFIDPRU 8.3);
- Own funds (MIFIDPRU 8.4);
- Own funds requirements (MIFIDPRU 8.5);
- Remuneration policies and practices (MIFIDPRU 8.6);
- Investment policy (MIFIDPRU 8.7).

## 2. Firm Overview

Investec Wealth & Investment Limited is a Markets in Financial Instruments Directive (“MiFID”) investment firm authorised and regulated by the Financial Conduct Authority (“FCA”).

Under IFPR, IW&I is categorised as a non-small and interconnected (“non-SNI”) MIFIDPRU investment firm and reports on a solo basis.

The principal activity of the Firm is the provision of investment management services to private clients, pension funds, charities and companies, and financial planning services to private clients.

As at the reporting date of 31 March 2023, the Firm was a wholly owned subsidiary of Investec Bank plc. However, as of 21 September 2023 the Firm became a wholly owned subsidiary of Rathbones Group plc.

## 3. Scope and application

The reference date of these disclosures is 31 March 2023 in line with the Firm’s financial year end.

None of the disclosures are subject to audit and are therefore produced to satisfy the requirements under MIFIDPRU 8. As per MIFIDPRU 8.1.7R, the Firm makes these disclosures on an individual basis.

The disclosures made in this document are commensurate to IW&I’s size, internal organisation and to the nature, scope and complexity of its activities. These disclosures are made annually on the date that IW&I’s financial statements are made public.

## 4. Governance Arrangements (MIFIDPRU 8.3)

MIFIDPRU 8.3.1 (1) How the firm complies with the requirement in SYSC 4.3A.1R to ensure the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

### 4.1. Board Leadership

IW&I is led by a Board of directors, which maintains overall responsibility for the firm. The Board is comprised of an independent Chair, two independent non-executive directors, and two executive directors. The Board collectively has the knowledge, skills, and experience necessary for it to operate effectively, including providing oversight of governance arrangements and the effective and prudent management of the firm. To help ensure the composition of the Board remains optimal, the Board has adopted the Investec Group’s Policy for the assessment of Suitability of Board members, and it conducts a suitability assessment of directors on their initial appointment, and of individual directors and the Board collectively on an at least annual basis. The suitability review process includes a formal assessment including confirmation that the directors are:

- Of sufficiently good repute;
- Possess sufficient knowledge, skills, and experience to perform their duties;
- Possess adequate collective knowledge, skills, and experience to understand the firm's activities, including the main risks;
- Reflect an adequately broad range of experiences;
- Able to commit sufficient time to perform their functions in the firm; and
- Act with honesty, integrity, and independence of mind to effectively assess and challenge the decisions of senior management where necessary and to effectively oversee and monitor management decision-making.

The Nomination Committee, a committee comprised of non-executive directors of the Board, conducts this exercise on behalf of the Board and reports to the Board on any actions it considers necessary or appropriate to address any gaps or to enhance the overall effectiveness of the Board.

#### 4.2. Matters reserved for the Board and Delegation of Authority

In accordance with IW&I's Articles of Association (Articles), subject to the provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company is managed by the Board of directors (the Board) who may exercise all the powers of the Company. As a matter of good governance, the Board has agreed a list of matters reserved for its own decision. This expressly includes, amongst other things:

- Approval of the Company's strategic plan and objectives, risk strategy and internal governance;
- Oversight of the Company's operation to ensure competent and prudent management, sound planning and maintenance of sound management and internal control system.

Subject to the Matters Reserved for the Board, and those matters that the Board has delegated to Board Committees as documented in their terms of reference, the Board has delegated the overall responsibility for the management of operational activities to the Chief Executive and to other Senior Managers who conduct their roles in accordance with the responsibilities that have been assigned and their allocated Senior Management Function (SMF). Segregation of duties to Senior Managers is documented and recorded in accordance with the requirements of the Senior Managers and Certification Regime. The Board has approved and regularly reviews a Management Responsibilities Map (MRM) which describes the Company's management and governance arrangements and clearly defines how responsibilities are shared or divided amongst different persons.

#### 4.3. Board Reporting and Management Information

The Board meets on a quarterly basis, and on such other occasions as may be required to enable it to carry out its function. Before each meeting the Board receives a detailed information pack which usually includes, amongst other reports:

- A report from the Chief Executive Officer;
- A report from the Finance Director including financial performance and Key Performance Indicators (KPIs);
- A report from the Chief Operating Officer;
- A report from the Chief Technology Officer;
- Report from the Chair of the Board Risk Committee;
- Report from the Chair of the Audit Committee;
- Report from the Chair of the Nomination Committee;
- Report from the Chair of the Remuneration Committee.

The Chief Executive Officer's report has both a strategic and client outcome focus and may include information about the Company's strategic objectives in the provision of

investments services in order for the Board to be able to monitor and assess the adequacy and implementation of these objectives.

The Board also receives at each meeting more detailed 'deep-dive' reports on specific strategic matters, regulatory topics, client outcomes, or key risk areas from several committees and business areas.

The Board also has access to the Board Committee packs and to view any other information and documents necessary for their responsibility to oversee and monitor management decision-making.

#### **4.4. Integrity of the firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system.**

The Board has established an Audit Committee, consisting of non-executive members of the Board, and the Chair of the Investec Group Audit Committee. The Chair of the Investec Group Audit Committee, who is a non-executive member of the Investec Group Board, is a member of the Audit Committee to ensure alignment and connectivity between the work of the Audit Committee and the Investec Group Audit Committee. The Board has approved Terms of Reference for the Audit Committee and amongst other things the Audit Committee is responsible for monitoring the integrity of the financial statements of the Company.

Regarding the Company's financial reporting, the Committee also reviews, considers, and challenges, where appropriate, the clarity and adequacy of presentation and disclosure in the Company's financial reports and the context in which statements are made.

The Audit Committee is also responsible for the effectiveness of the Company's internal controls and regulatory compliance monitoring procedures. The Audit Committee also monitors the effectiveness and objectivity of the Company's internal audit and compliance function and of the external auditors. The Audit Committee meets on a quarterly basis and receives reports and assurance from the Management, Internal Audit, and the External Auditor to be able to fulfil these responsibilities.

#### **4.5. Conflicts of Interest**

The Company has in place a Conflicts of Interest policy which applies to all employees and is designed to prevent conflicts of interest arising. All employees receive training on the requirements of the policy. The Board has also adopted a Board Conflicts of Interest policy, which, reflects the requirements of the Companies Act 2006, and requires directors to avoid a situation where they can have a direct or indirect interest that conflicts or may possibly conflict with the interests of the Company. This policy also contains initial disclosure requirements around business interests held by proposed appointees to the Board and ongoing disclosure requirements to ensure that interests that may potentially conflict with those of the Company are properly disclosed and considered.

#### **4.6. MiFIDPRU 8.3.1 (5): Risk Committees**

The Board has mandated a Board Risk Committee, which consists of non-executive directors, and the Chair of the Investec Group Board Risk and Capital Committee. The Chair of the Investec Group Board Risk and Capital Committee, who is a non-executive member of the Investec Group Board, is a member of the Board Risk Committee to ensure alignment and connectivity between the work of the Board Risk Committee and the Investec Group Board Risk and Capital Committee. The Board Risk Committee meets on a quarterly basis and is responsible for, amongst other things, providing oversight and advice to the Board in relation to the Company's risk strategy, including oversight of current and future risk exposures of the Company and its subsidiaries, including determining and recommending to the Board for its approval the Company's risk appetite and tolerance. The Board Risk Committee is also responsible for providing advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the Company.

IW&I has also established a Risk Management Committee (RMC) that reports to the IW&I Management Committee. The RMC meets six times per year and is chaired by IW&I's Head of Compliance & Risk. IW&I has not applied for any waiver or modification of the rule from the FCA that requires a risk committee to be set up.

**4.7. MIFIDPRU 8.3.1 (2) The number of executive and non-executive directorships held by each member of the management body.**

The following table discloses executive and non-executive directorships in organisations that pursue predominantly commercial objectives. It does not include directorships of companies in the same group as IW&I:

Director	Executive / Non-Executive	Executive Directorships Held
Henrietta Baldock	Non-Executive	Three non-executive directorships (two are held within the same group)
Elizabeth Catchpole	Non-Executive	Three non-executive directorships
Iain Hooley	Executive	None
Catherine Thorpe	Non-Executive	None
Ciaran Whelan	Executive	None

MIFIDPRU 8.3.1 (4) Summary of the Company's policy promoting diversity on the management body, including explanations of: (i) the objectives of the policy and any target(s) set out in the policy; (ii) the extent to which the objectives and any target(s) have been achieved; and (iii) where the objectives or target(s) have not been achieved the reasons for the shortfall, the firm's proposed actions to address the shortfall including a timeline for proposed remedial actions

IW&I has adopted a policy promoting diversity on the Board (the Board Diversity and Inclusion Policy). This sets out the approach to diversity of the Board in regard to the executive and non-executive members of the Board and provides a high level indication of the Board's approach to diversity for senior management roles, which is governed in greater detail, through the Company's policies. The Policy recognises the benefits of having a diverse Board, senior leadership and executive management. Diversity of thought is necessary to provide the range of perspectives, insight and challenge to support good decision making therefore consideration is given whereby the collective hold an appropriate balance of skills, knowledge, experience and independence as well as, race, ethnicity, gender, age, disability, sexual orientation, geographical provenance, educational professional and socio-economic backgrounds and other relevant attributes. The policy includes a target for female representation on the Board, aligned with the FTSE Women Leaders target, of 40% by the end of December 2025, which as at 31st March 2023 it has met, and a target for the representation of ethnic minorities on the Board in line with the target set out for FTSE 250 Boards of having at least one director from an ethnic minority background by 2024.

## 5. Own Funds (MIFIDPRU 8.4)

### 5.1. Composition of Regulatory Own Funds

IW&I's Own Funds comprise exclusively of Common Equity Tier 1 capital ("CET1") the highest-ranking form of capital which for IW&I is fully issued ordinary shares, share premium and audited retained earnings in accordance with the criteria for Tier 1 capital instruments laid out in MIFIDPRU 3.3.6 R.

Deductions from CET1 are in the form of intangible assets and investments in subsidiaries.

**Table 1: OF1 – Composition of Regulatory Own Funds:**

No.	Item	Amount (GBP 000's)	Source based on reference numbers/letter of the balance sheet in the audited financial statements
1	Own Funds	106,889	
2	TIER 1 capital	106,889	
3	Common equity TIER 1 capital	106,889	
4	Fully paid up capital instruments	10,455	Note 21
5	Share premium	125,428	Statement of Changes in Equity
6	Retained earnings*	60,130	Statement of Changes in Equity
7	Accumulated other comprehensive income	-	
8	Other reserves	-	106
9	Adjustments to CET1 due to prudential filters		
10	Other Funds	-	
11	(-) Total deduction from common equity TIER 1	(89,124)	Note 11 and 13
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 deduction 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	-	

\* The difference in retained earnings per the balance sheet of the audited financial statements and those included within own funds are the retained profits for the financial year ended 31 March 2023. The current year retained profits cannot be included as part of own funds until audited which occurs within 4 months of the year end.



## 5.2. 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 March 2023, where assets and liabilities have been identified by their respective classes. The information in the table reflects the balance sheet in the audited financial statements.

**Table 2: OF2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements**

		A Balance sheet as in published/audited financial statements As at period end	B Under regulatory scope of consolidation As at period end	C Cross-reference to template OF1
<b>Assets – Breakdown by asset classes to the balance sheet in the audited financial statements</b>				
1	Intangible assets	70,371		11
2	Property, plant and equipment	38,488		
3	Investment in Subsidiaries	18,753		11
4	Fair value through profit or loss investment securities	461		
4	Trade and other Receivables	247,620		
5	Cash and cash equivalents	207,083		
	<b>Total Assets</b>	<b>582,776</b>		
<b>Liabilities – Breakdown by liability classes to the balance sheet in the audited financial statements</b>				
1	Creditors – Amount falling due within one year	(300,599)		
2	Creditors – Amounts falling due after one year	(42,878)		
3	Provisions for Liabilities and Charges	(8,324)		
	<b>Total Liabilities</b>	<b>(351,801)</b>		
<b>Shareholders' Equity</b>				
1	Share capital	10,455		4
2	Share premium	125,428		5
3	Retained Earnings*	95,092		6
	<b>Total Shareholders' equity</b>	<b>230,975</b>		

\* The difference in retained earnings per the balance sheet of the audited financial statements and those included within own funds are the retained profits for the financial year ended 31 March 2023. The current year retained profits cannot be included as part of own funds until audited which occurs within 4 months of the year end.

## 5.3. Key features of Own instruments issued by the Firm

The table below provides information on the CET1, AT1 and Tier 2 instruments issued by the Firm. There were no changes during the financial year.

**Table 3: OF3 – Main features of Own Instruments issued by IW&I**

Issuer	Investec Wealth & Investment Limited
Governing Law(s) of the instrument	UK
Regulatory Classification	Common Equity Tier 1
Instrument type	Ordinary shares
Amount recognised in Annual Financial Statements	GBP 10,455,370
Aggregate nominal amount of instrument	GBP 10,455,370
Aggregate amount paid (incl share premium)	GBP 135,883,370
Redemption price	Non-redeemable
Accounting classification	Called up share capital
Original date of issuance	13 April 1987 to 23 August 2012
Perpetual or dated	Perpetual
Fixed or floating dividend/coupon	Floating
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary

## 6. Own Funds Requirement (MIFIDPRU 8.5)

### 6.1. K-Factor Requirement and Fixed Overheads Requirement

The table below shows the K-Factor Requirement (“KFR”), broken down into three groupings and the amount of Fixed Overheads Requirement (“FOR”) that are applicable to the Firm.

**Table 4: OF4 – KFR and FOR**

Item	Amount (GBP thousands)	
K-Factors	K-AUM, K-CMH, and K-ASA	32,228
	K-DTF and K-COH	85
	K-NPR, K-CMG, K-TCD and K-CON	209
Fixed Overheads Requirement (“FOR”)	42,075	

The Fixed Overhead Requirement would form the Own Funds Requirement for IW&I, being the highest of PMR, K-Factors and FOR, were it not for the application of transitional provisions. As prescribed by the rules in MIFIDPRU TP10, the Firm is required to hold a higher amount under the transitional provisions until the earliest of six months after submission of MIF007 or the completion of a SREP review by the FCA.

### 6.2. Approach to assessing the adequacy of Own Funds

IFPR requires IW&I to disclose its approach to assessing the adequacy of its Own Funds in accordance with the Overall Financial Adequacy Rule (“OFAR”) in MIFIDPRU 7.4.7R.

The OFAR requires IW&I at all times, to hold adequate Own Funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- It is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm from its ongoing activities;
- Its business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

Due to IW&I having an individual capital guidance (“ICG”) in place as at 1 January 2022, the Firm is required to adhere by MIFIDPRU TP 10 and hold Own Funds not less than the transitional requirement described below.

The transitional requirement is calculated by:

Determining the absolute amount of Own Funds that the Firm was required to hold to comply with the pre-MIFIDPRU ICG on 31 December 2020, 31 March 2021, 30 June 2021, 30 September 2021; and calculate the arithmetic mean of those absolute values.

For IW&I this results in an Own Funds Requirement of £83,270,915 which is more than the Own Funds Requirement calculated under MIFIDPRU 4.5. Therefore IW&I holds the higher of the two until the earliest of six months after the submission of its MIF007 return (submitted December 2022) or the FCA notifies the Firm otherwise.

### 6.3. Internal Capital Adequacy and Risk Assessment (“ICARA”) Process

The ICARA process (formerly the ICAAP) serves as the centrepiece of the Firms’ risk management process and is a continuous process through which it:

- Identifies, monitors and mitigates harms to the consumer, market participants and the Firm itself;
- Undertakes business model assessment, planning and forecasting under expected and stressed scenarios;
- Undertakes recovery action planning and wind-down planning; and
- Assesses the adequacy of Own Funds and liquidity requirements.

The ICARA will be reviewed, challenged and approved by the Board of IW&I at least annually or more frequently should there be a material change in business structure, strategy, risk profile or activities carried on by IW&I.

#### 6.4. Own Funds adequacy and monitoring

IW&I has embedded monitoring processes within its control framework to ensure that the Firm is at all times compliant with the Own Funds requirement and able to assess its Own Funds resources from a quantitative and qualitative perspective against the risks to which the Firm is exposed.

Monitoring is undertaken on a forward-looking basis to identify any potential deficiencies under both expected and stressed conditions to ensure the Firm maintains and is expected to continue to maintain an adequate surplus of resources in compliance with the rules.

#### 6.5. Liquid Assets Adequacy and monitoring

As part of the Overall Financial Adequacy Requirement the firm determines within its ICARA the liquid asset requirements for Basic liquid assets requirement ("BLAR") and Liquid asset threshold requirement ("LATR").

#### 6.6. Wind-down plan

IW&I maintains a wind-down plan in compliance with the rules. The plan sets out the time line and the resources (financial and non-financial) that are required to ensure the business can be wound down in an orderly manner.

### 7. Remuneration – MIFIDPRU Remuneration Disclosure – qualitative & quantitative disclosure

#### 7.1. Introduction

Investec Wealth & Investment Limited (IW&I) is subject to the MIFIDPRU Remuneration Code for non-SNI firms, as set out in SYSC 19G of the FCA Handbook.

Under the MIFIDPRU Remuneration Code, certain rules apply to the remuneration policies and practices of staff whose professional activities have a material impact on the risk profile of the Firm or of the assets that the firm manages. These employees are referred to as Material Risk Takers (MRTs).

The qualitative and quantitative information contained within this disclosure relates to the financial year 1 April 2022 to 31 March 2023. Due to the combination of IW&I and Rathbones Group Plc from September 2023, it is anticipated that the qualitative information contained within this disclosure will be updated in the next annual disclosure to reflect any changes to the remuneration policy of IW&I post legal completion of the deal for the financial year 1 April 2023 to 31 March 2024, in addition to updated quantitative information for the same period.

#### 7.2. Remuneration philosophy

IW&I's remuneration philosophy is consistent with that of the wider Investec group.

IW&I seeks to employ the highest calibre individuals, characterised by integrity, intellect and innovation who adhere and subscribe to our culture, values and philosophies. We strive to provide a working environment that stimulates extraordinary performance, one that inspires our employees to: deliver high quality services to clients; contribute positively to their communities; and build a sustainably profitable business.

Our overall remuneration structure is designed to attract, retain and incentivise our employees, and to reinforce the behaviours needed to support our culture and values, over the short, medium and longer term in a risk conscious manner. We have a strong client-focused, entrepreneurial, team culture based on merit and values, characterised by passion, energy and stamina. The commitment to our values, culture and philosophies in the pursuit of excellence for our clients within an effective risk management environment is integral to the determination of reward levels.

Our reward plans are clear and transparent, designed and implemented to align employees' interests with those of all stakeholders and to support the short and long-term success of the business.

### 7.3. Remuneration governance

The Remuneration Committee of IW&I (“RemCo”, established in the UK) is mandated by the IW&I Board by way of written terms of reference. These are designed to ensure robust oversight of remuneration, effective management of any potential conflicts of interest and to link remuneration policy and decisions with the risk appetite of IW&I and the organisation. The terms of reference are reviewed by the RemCo regularly and approved by the IW&I Board. The RemCo is comprised of three Non-Executive Directors of IW&I. In order to identify any conflict between the terms of reference of the RemCo and those of the Investec Dual Listed Company (DLC) RemCo, the terms of reference of the RemCo are also tabled at the DLC RemCo.

The RemCo is responsible for the remuneration policy of IW&I and for its implementation. In discharging these responsibilities, the RemCo is supported by a Reward Committee. In addition, to ensure consistency of approach and visibility for the DLC RemCo, the Chair of Investec Group and the Chair of the DLC RemCo are invited to attend meetings of the RemCo. IW&I’s remuneration policy will be subject to approval by the RemCo and is tabled at the DLC RemCo for the reasons set out above.

Whilst IW&I operates largely independently from the Investec Group, as a member of the Investec Group it recognises the group’s obligation to ensure that all businesses within the group satisfy their obligations under the relevant regulations, including the PRA Remuneration rules in respect of Investec Bank Plc. In addition, IW&I recognises that the policy adopted by IW&I should not conflict with the group’s regulatory obligations.

In order to satisfy these considerations, the RemCo submits reports periodically to the DLC RemCo. These reports cover matters relating to the remuneration of IW&I’s MRTs and senior management and the activities of the RemCo, as the DLC RemCo may require in order to satisfy its regulatory obligations. The Chair of the RemCo, and/or another representative appointed by the Chair, will, upon invitation, attend the DLC RemCo to present the report of the RemCo and discuss matters relating to the remuneration of IW&I’s employees, or the activities of the RemCo which may be of relevance to the DLC RemCo pursuant to the group’s compliance with its’ regulatory obligations. In addition, the Chair of the Investec Group and the Chair of the DLC RemCo are invited to attend meetings of the RemCo.

The Chair of the RemCo reports to each meeting of the IW&I Board on matters relating to the activities of the RemCo or remuneration generally.

IW&I receives independent advice in respect of remuneration from external advisors, as appropriate. Compliance and Risk, as well as the IW&I RemCo and Reward Committee input to the Remuneration Policy and remuneration decisions as appropriate.

### 7.4. Remuneration – general principles

IW&I’s remuneration policy for all staff is underpinned by the following general principles.

- Remuneration policies, plans, procedures and practices (collectively referred to as the “remuneration policy”) are consistent with, and promote, sound and effective risk management, and do not encourage risk-taking that exceeds the level of tolerated risk of the business.
- Our remuneration policy is in line with the strategic objectives, values and long-term interests of the business.
- The payment of variable remuneration is at the firm’s discretion (unless there is a commercial justification to enter into a commitment – e.g. first year guarantees for new hires on an exceptional basis) and does not limit the business’s ability to maintain or strengthen its capital base.
- The balance of fixed and variable reward is appropriate in light of an individual’s role and contribution.
- Both financial and non-financial factors form an integral part of the determination of reward levels at a team and individual level.

### 7.5. Determination of remuneration levels

Both qualitative and quantitative factors form part of the determination of remuneration levels. Specific factors considered include, but are not limited to, the following.

- Financial measures of performance:
  - The performance of the overall firm and the specific business unit
  - Scope of responsibility and individual contribution to the performance of the business
- Non-financial measures of performance
  - Overall performance of the individual employee
  - Behaviour and conduct consistent with the culture and values of the firm
  - Work done to ensure the interests of our clients are paramount
  - The attitude and behaviour of the employee towards risk consciousness, internal controls, risk management and regulatory compliance
  - Specific input from compliance and risk functions regarding concerns about the behaviour of individual employees
  - Market sector norms and peer group comparisons
  - Embracing belonging, inclusion and diversity
  - The quality and level of leadership and collaboration, the ability to grow and develop business and client relationships, and the development of self and others

### 7.6. Approach to risk adjustment

Risk consciousness and management is embedded in the organisational culture of IW&I.

The remuneration policy of IW&I considers risks that have crystallised and, where appropriate, considers the role of individual employees in these. The result of individual employees' compliance reviews is formally recorded, reported to office and/or departmental heads and reviewed (where appropriate) by the Reward Committee in order that risk events are reflected appropriately in the consideration of remuneration.

In addition to the current in-year remuneration performance adjustment process, IW&I is required to have in place malus and clawback provisions for MRTs under the MIFIDPRU Remuneration Code.

The malus and clawback events are as follows:

- There is reasonable evidence that the relevant staff member participated in or was responsible for conduct that resulted in significant losses to the firm and/or the Investec Group; or
- There is reasonable evidence that the relevant staff member failed to meet appropriate standards of fitness and propriety; or
- There is reasonable evidence of misconduct, misbehaviour or material error by the relevant staff member; or
- Where the firm or the relevant business unit suffers a material downturn in financial performance; or
- Where the firm or relevant business unit suffers a material failure of risk management.

### 7.7. Approach to remuneration for all staff

The remuneration for all employees of IW&I (including MRTs) may comprise:

- Fixed pay (salary and other fixed allowances in certain cases), pension contribution and employee benefits; and
- Performance-related awards (variable pay); and
- Staff shares (variable pay).

IW&I does not reward any employees through vehicles which intend to facilitate the avoidance of applicable laws and regulations. IW&I employees are shareholders of the Investec Group (if awards have been or are made to them) and thus also derive longer term benefits from the organisation through the returns on their shareholdings.

For all employees who are not MRTs, variable remuneration awards are made in cash and are not subject to deferral. Some employees may receive a discretionary award of shares.

Discretionary bonuses for MRTs who are not exempted by the de minimis concession are subject to 40% deferral (60% if total variable remuneration exceeds £500,000) in line with regulatory requirements, after taking into account the value of any Long Term Share Awards (LTSAs) granted to each staff member in respect of the applicable financial year, and which are included in deferred variable remuneration. MRTs receive 100% of the deferred amount in the form of Short Term Share Awards (STSAs) vesting over 3 years and which are subject to a retention period after vesting. Given the risk profile of the firm and regulatory expectations around retention periods, IW&I has set its retention period at 6 months. The risk profile of IW&I is generally short, with risks generally crystallising within the same financial period (1 year). For MRTs subject to 40% deferral, 10% of the discretionary bonus will be delivered via STSAs which vest immediately but are subject to a retention period of 6 months.

In cases where the Code requirements for MRTs are not applicable e.g. due to de minimis thresholds, the policy applicable to non-MRTs is applied.

#### **7.8. Guaranteed variable remuneration**

For the purposes of IW&I's remuneration policy, guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to award. This includes, but is not limited to, sign-on, buy-out and guaranteed bonus or incentive awards.

Guaranteed variable awards will not be awarded, paid or provided to any individual within IW&I unless they are:

- exceptional; and
- in the context of hiring new staff; and
- limited to the first year of service; or
- essential for the retention of staff.

Guaranteed variable remuneration payments made to buy-out forfeited awards at a previous employer shall not be more generous in terms or amount than the awards that are being bought out. To satisfy this principle, reasonable evidence must be obtained of the current value of awards that are to be bought out. Approval for such arrangements is required by a member of the IW&I Executive Committee, P&O Lead for IW&I and Global Head of Reward before they are communicated. The RemCo will review (at least annually) guaranteed variable remuneration amounts to ensure that they have been made in accordance with the remuneration policy.

#### **7.9. Retention awards**

IW&I will only pay retention awards to serving employees in exceptional circumstances. These circumstances may include corporate events such as mergers, acquisitions and disposals, or significant projects. For MRTs, the RemCo shall review proposed payments to ensure that they are in line with this policy and any other relevant regulations. A valid business case for the retention of the individual must be presented to a member of the Executive Committee, P&O Lead for IW&I, Global Head of Reward and the IW&I CEO (or for MRTs, RemCo) in order for a retention award to be approved and the award will be reported to the Investec Group RemCo for information and in case the Group has any obligation to report the award to a regulatory body.

#### **7.10. Severance awards**

Severance payments by IW&I for the early termination of a contract are at executive management's absolute discretion and must reflect performance achieved over time and be designed in a way that does not reward failure. Severance payments for individuals

designated as MRTs shall be made in compliance with the rules under MIFIDPRU and are subject to prior approval by the RemCo or alternatively by the Chair of the RemCo, who has delegated authority on behalf of the RemCo.

#### 7.11. Identification of MRTs

The criteria set out in SYSC 19G form the basis for the criteria against which to identify MRTs, however other (additional) employees of IW&I may be deemed to be MRTs at the discretion of either the IW&I Board or the RemCo if it is felt that the individual's role results in activities that may have a material impact on the risk profile of IW&I. Categories of staff categorised as MRTs include Senior Management, employees in key control function roles and other employees who could create material risks.

#### 7.12. Quantitative disclosures

All remuneration data is presented in Pounds Sterling (GBP) and in thousands of pounds (£'000) as highlighted in each table, and relates to the financial year 1 April 2022 to 31 March 2023.

#### Aggregate remuneration information

£'000	Senior Management	Other Material Risk Takers	All other staff
Number of staff	14	6	1,317
<b>Total Remuneration</b>	<b>7,759</b>	<b>987</b>	<b>147,937</b>
of which, fixed remuneration	3,357	640	98,192
of which, variable remuneration	4,402	347	49,745

*Figures subject to rounding*

#### Guaranteed variable remuneration and severance payments awarded to Material Risk Takers during the financial year

£'000	Senior Management	Other Material Risk Takers
<b>Guaranteed bonuses</b>		
Number of Identified Staff	0	0
Total Amount	0	0
<b>Severance payments awarded during the financial year</b>		
Number of identified staff	4	0
Total Amount	1,074	0
<b>Highest severance payment that has been awarded to a single person</b>	382	0

*Figures subject to rounding*

#### Aggregate variable remuneration awarded to Material Risk Takers (for the 2022/23 financial year)

£'000	Senior Management	Other Material Risk Takers
<b>Variable remuneration awarded in the financial year</b>		
• upfront cash	2,624	292
• deferred cash	0	0
• upfront shares	245	11
• deferred shares	1,533	44
<b>Total variable remuneration</b>	<b>4,402</b>	<b>347</b>

*Figures subject to rounding*

Deferred Remuneration for Material Risk Takers (awarded for previous performance periods):

£'000	Total amount awarded for previous performance periods	Of which due to vest in the financial year for which the disclosure is made	Awards due to vest in financial year for which the disclosure is made but have been withheld as a result of performance adjustment	Awards to be paid out in financial year for which the disclosure is made	Awards which will vest in subsequent financial years
Senior Management	1,487	309	0	309	1,177
Other Material Risk Takers	3	2	0	2	2
<b>Total Amount</b>	<b>1,490</b>	<b>311</b>	<b>0</b>	<b>311</b>	<b>1,179</b>

Figures subject to rounding

Exemptions for Material Risk Takers

Number of individual exemptions for Material Risk Takers	3
Provisions in SYSC 19G.5.9R(2) in respect of which the firm relies on the exemption*	<ul style="list-style-type: none"> <li>• Shares, instruments and alternative arrangements</li> <li>• Retention policy</li> <li>• Deferral</li> </ul>
Total Fixed Remuneration for Material Risk Takers with an exemption (£'000)	547
Total Variable Remuneration for Material Risk Takers with an exemption (£'000)	147

\*IW&I does not operate any discretionary pension benefits, so the provisions of SYSC 19G.35R do not apply

Figures subject to rounding

## 8. Risk management objectives and policies (MIFIDPRU 8.2)

### IFPR Applicability

Investec Wealth & Investment Limited ("IW&I") is categorised as a non-SNI firm and is subject to the full IFPR rules.

#### 8.1. Own Fund Requirements, Liquid Asset Adequacy and Risk Management Governance

The firm is required to continuously hold Own Funds greater than the Total Own Funds Requirement ("TOFR"). The firm sets out its approach and governance to the assessment, adequacy and monitoring of both Own Funds Requirements and Liquid Assets Adequacy in its ICARA document which is reviewed and approved by the IW&I Board. Delegated authority is provided by the Board to the Head of Compliance and Risk (SMF4 & SMF16), and to the Finance Director (SMF2 & SMF3) for the coordination and production of the ICARA. The ICARA attests to the fact that,

1. IW&I has analysed the amount of own funds and liquid assets that should be held and confirmed that IW&I has adequate capital and liquidity for its size and the complexity of its business.
2. The firm's assessment of own funds and liquid assets over a 24-month horizon are significantly in excess of requirements.
3. The firm assesses concentration risk in the ICARA document and can evidence a well-diversified liquid asset holding, with 77% held across 10 high quality UK credit institutions and a broad source of funds from client revenues with no single client contributing to greater than 0.5%.

#### 8.2. Risk management objectives and policies

The Board of Investec Wealth & Investment Limited (IW&I Board) considers that Risk Management is central to all strategy and the firm's wider objectives. The Board delegates authority to the Head of Compliance and Risk Management for designing the framework that the First Line must operate within. The firm has an established Enterprise Risk Management Framework (ERMF), and this document outlines the firm's approach to



identifying and methodically addressing the potential events and harms that would otherwise impact clients, markets, or the achievement of IW&I's strategic objectives. The ERMF document sets out the firm's objectives with respect to:

1. Risk Identification.
2. Risk Analysis.
3. Risk Response and mitigation.
4. Risk Controls and Monitoring.
5. Risk Governance.

The ERMF is reviewed by IW&I's Head of Compliance and Risk, the CEO, Internal Audit, and the IW&I Board Risk Committee (BRC). The document brings together many of the existing policies within IW&I into a holistic framework and, in detail, outlines the 5 core risk objectives approach to the following risks:

- Business and Strategic Risk (incl. Integration Risk);
- Market, Business and General Economic Conditions;
- Capital Adequacy Risk;
- Conduct Risk;
- Liquidity Risk;
- Counterparty Settlement Risk;
- Counterparty Credit Risk;
- Market Risk;
- Group Risk;
- Country Risk;
- Reputational Risk;
- Environmental, social and governance (ESG) Risk;
- Climate Risk;
- Pension Risk;
- Operational Risk (including People Risk).

### 8.3. Material Harm Analysis

IW&I maintains an ICARA document which contains a risk register which identifies potential Harms to Client, Harms to Market and Harms to Firm. The ICARA sets out the business model and Strategic Risk is the responsibility of the Board, with delegated authority to the CEO. Good client outcomes are at the heart of the firm's strategy and the firm strives to deliver the best possible client outcomes while avoiding potential harm. This is ensured and can be evidenced through a number of approaches, including the policies, controls, relevant committees, and establishment of a dedicated second line team with an independent Board reporting line to ensure that, in the unlikely event of any cases of financial loss or disadvantage, clients are compensated fairly and, more pertinently, enhancements to policies and controls identified during this process are implemented to avoid future recurrence.

### 8.4. Client-centred approach

IW&I's client-focused approach means that clients are at the core of its business and IW&I continues to put customers first. IW&I strives to build business depth by deepening existing client relationships, nurturing new ones, and offering a high level of service by being nimble, flexible and innovative. All activity is expected to be client-centric and client driven, ensuring good client outcomes. The firm has gone through an exercise in 2023 of mapping expected Consumer Duty outcomes to the following committees to ensure a focus on avoiding potential harm to clients.

- I. Client Outcome Committee.

- II. Product Approval Committee.
- III. Vulnerable Clients Forum.
- IV. Suitability Oversight Forum.
- V. Safeguarded Rights Pension Advice Committee.
- VI. Conduct Rule Breach Forum.
- VII. Conduct Risk Forum.
- VII. Document Review Group

### 8.5. Risk Management Effectiveness

In keeping with sound risk governance practice, IW&I employs a Three Lines of Defence model overseen by the board and board committees, comprising the First Line (business area management and First Line support functions), an independent Second Line Compliance and Risk Management function. To provide assure over risk management efficacy the firm a Third Line function (Internal/External Audit) with an independent Board reporting line.

## 9. Investment policy

As a non-SNI Firm, IW&I is required to disclose information with regards to voting rights, behaviour and use of proxy adviser firms as outlined in MIFIDPRU 8.7.1.

### 9.1. Proportion of Voting Rights

The below table sets out investments where IW&I held more than 5% of the voting rights, as at the relevant company meeting date.

**Table 1: IP1 – Proportion of Voting Rights**

Country or Territory	Company Name	LEI	Proportion of voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.7.4R
United Kingdom	Aberforth Smaller Companies Trust Plc	213800GZ9WC73A92Q326	14.3%
United Kingdom	Anpario Plc	213800BZHUIUCH3MCC06	9.8%
United Kingdom	Aquila Energy Efficiency Trust Plc	213800AJ3TY3OJQCQC53	23.1%
Guernsey	Balanced Commerical Property Trust Ltd	213800A2B1H4ULF3K397	5.4%
Luxembourg	BBGI Global Infrastructure SA	529900CV0RWCOP5YHK95	6.1%
Guernsey	BH Macro Ltd	549300ZOFF0Z2CM87C29	18.1%
United Kingdom	BlackRock Frontiers Investment Trust Plc	5493003K5E043LHLO706	8.3%
United Kingdom	BlackRock Smaller Companies Trust Plc	549300MS535KC2WH4082	5.7%
United Kingdom	Celebrus Technologies Plc	984500DJF88E9FFCA882	8.0%
United Kingdom	Cerillion Plc	213800ISIZMUC3P46850	6.3%
United Kingdom	Civitas Social Housing Plc	213800PGBG84J8GM6F95	6.2%
Jersey (Channel Islands)	CVC Income & Growth Ltd	213800Z42Y242CIWJ785	5.3%
United Kingdom	Diverse Income Trust Plc	2138005QFXYHJM551U45	6.1%
United Kingdom	Ediston Property Investment Company Plc	213800JRL87EGX9TUI28	7.0%
United Kingdom	Empiric Student Property Plc	213800FPF38IBPRFPU87	7.9%
United Kingdom	Finsbury Food Group Plc	213800NP5Y3DYJM1MF44	8.5%
United Kingdom	Gooch & Housego Plc	213800DO3DOOKYOPA952	5.9%
United Kingdom	Henderson European Focus Trust Plc	213800GS89AL1DK3IN50	7.2%
United Kingdom	HICL Infrastructure Plc	213800BVXR1E5L7PEV94	5.7%

Country or Territory	Company Name	LEI	Proportion of voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.7.4R
Guernsey	Hipgnosis Songs Fund Ltd	213800XJIPNDVKXMOC11	9.7%
United Kingdom	Idox Plc	213800Z3FE6PWVSUGE70	5.1%
Guernsey	International Public Partnership Ltd	2138002AJT55TI5M4W30	13.4%
United Kingdom	JPMorgan Emerging Markets Trust Plc	549300OPJXU72JMCYU09	7.0%
United Kingdom	Lok'nStore Group Plc	213800MXVAMG3CA42A19	7.1%
United Kingdom	Mattioli Woods Plc	2138003LAM79SNI63R97	5.8%
United Kingdom	Netcall Plc	213800GZHEAA98QBJY98	10.4%
United Kingdom	Pantheon Infrastructure Plc	213800CKJXQX64XMRK69	18.0%
United Kingdom	Personal Group Holdings Plc	213800TN8BH2YYWAH345	8.6%
Guernsey	Picton Property Income Ltd	213800RYE59K9CKR4497	15.6%
United Kingdom	Polar Capital Global Financials Trust Plc	549300G5SWN8EP2P4U41	13.3%
United Kingdom	Polar Capital Global Healthcare Trust Plc	549300YV7J2TWLE7PV84	6.5%
United Kingdom	Portmeirion Group Plc	2138003QC9J6TLZJHO70	6.5%
United Kingdom	Renew Holdings Plc	213800O3DC3V4WYA2E09	6.8%
Guernsey	River and Mecantile UK Micro Cap Investment Company Ltd	21380061WNNSD9RGUH84	8.5%
United Kingdom	Schroder Asia Pacific Fund Plc	549300A71N7LE35KWU14	7.7%
United Kingdom	Schroder European Real Estate Investment Trust Plc	549300BHT1Z8NI4RLD52	6.0%
Guernsey	Schroder Oriental Income Fund Ltd	5493001U9X6P8SS0PK40	7.5%
Guernsey	Schroder Real Estate Investment Trust Ltd	549300ZIJJTMIIQJP67	16.7%
United Kingdom	SDCL Energy Efficiency Income Trust Plc	213800ZPSC7XUVD3NL94	11.5%
United Kingdom	Secure Income REIT Plc	213800M1VI451RU17H40	6.2%
Guernsey	Sequoia Economic Infrastructure Income Fund Ltd	2138006OW12FQJH6PX91	8.0%
United Kingdom	Target Healthcare REIT Ltd	213800RXPY9WULUSBC04	5.4%
United Kingdom	Templeton Emerging Markets Investment Trust Plc	5493002NMTB70RZBXO96	5.8%
United Kingdom	Tracsis Plc	2138005I15G3HBN2WD92	8.1%
United Kingdom	Triple Point Social Housing REIT Plc	213800BERVBS2HFTBC58	7.7%
Guernsey	TwentyFour Income Fund Ltd	549300CCEV00IH2SU369	8.6%
Guernsey	UK Commercial Property REIT Ltd	213800JN4FQ1A9G8EU25	11.1%
United Kingdom	Volex Plc	213800HBLQNH5FXXGE63	5.1%
United Kingdom	Warehouse REIT Plc	213800BQU83TYQCWN28	15.9%
United Kingdom	Worldwide Healthcare Trust Plc	5493003YBCY4W1IMJU04	7.4%

## 9.2. Description of voting behaviour

The below table describes voting behaviour at general meetings of the companies laid out in Table IP1.

**Table 1: IP2.01 – Description of voting behaviour**

Row	Item	Value
1	Number of relevant companies in the scope of disclosure	50
2	Number of general meetings in the scope of disclosure during the past year	63
3	Number of general meetings in the scope of disclosure in which the firm has voted during the past year	60
4	Does the investment firm inform the company of negative votes prior to the general meeting?	Investment firms are notified of negative votes prior to the general meeting, on occasion. For example, where we have engaged in a dialogue with management or the Board, to inform our decision.
5	Proportion of in-person vote used by the firm	0%
6	Proportion of vote by mail or electronic vote used by the firm	100%
7	On a consolidated basis, does the investment firm group possess a policy regarding conflicts of interests between relevant entities of the group?	Yes, as at 31st March 2023
8	If yes, summary of this policy	<p>Investec Wealth &amp; Investment (IW&amp;I) UK employees shall never have undisclosed, unapproved financial or other business relationships with suppliers, customers or competitors that could impair the independence of any judgement they need to make on behalf of IW&amp;I or its clients.</p> <p>This policy details IW&amp;I's approach to Conflicts of Interest (COI). All employees are required to attest that they have read and understood this policy on an annual basis.</p> <p>The principles of this Policy align to Investec's values and are:</p> <ul style="list-style-type: none"> <li>• Always act with honesty and integrity;</li> <li>• Be open about the relationships and personal interests that could be seen as influencing your independent judgement;</li> <li>• Always alert your manager to any potential conflict of interest and agree with them how it should be managed;</li> <li>• Do not seek to make a profit (or avoid a loss) for yourself, others or IW&amp;I by making improper use of information acquired as part of your duties;</li> <li>• Ensure you do not leave yourself open to (or perceived to be open to) improper influence through the acceptance of gifts and hospitality;</li> <li>• Exercise caution in managing your finances and do not undertake transactions that, by their nature or purpose, would be improper.</li> </ul>

## 9.3. Voting behaviour

The below table sets out voting behaviour at general meetings of the companies laid out in Table IP1.

**Table 2: IP2.02 – Voting behaviour**

Row	Item	Number	Percentage
1	General meetings resolutions:		
2	The firm has approved	692	98.72%
3	The firm has opposed	2	0.29%
4	In which the firm has abstained	7	1.00%
5	General meetings in which the firm has opposed at least one resolution	2	3.33%

#### 9.4. Voting behaviour of resolutions by theme

**Table 3: IP2.03 – Voting behaviour in resolutions by theme**

Row	Item	Voted for	Voted against	Abstained	Total
1	Voted resolutions by theme during the past year:				
2	Board structure	230	1	2	233
3	Executive remuneration	65	0	2	67
4	Auditors	98	0	0	98
5	Environment, social, governance	0	0	0	0
6	Capital transactions	157	1	2	160
7	External resolutions	0	0	0	0
8	Other	142	0	1	143
9	Percentage of resolutions put forward by the administrative or management body that are approved by the firm				98.71%

#### 9.5. Use of proxy Advisor Firms

**Table 4: IP3 – Use of proxy Advisor Firms**

Explanation of the use of proxy advisor firms
<p>Our voting activity is informed by the work of ISS, which is combined with our analyst research. ISS provides analysis of proposed AGM and EGM resolutions for listed investments (including Equities and Investment Trusts), and highlights where proposals are not aligned with best practice. We review recommendations to vote against management in our researched coverage when highlighted by ISS, regardless of the size of our aggregate position. The relevant analyst uses the information to form their own voting recommendation to the respective asset-class specific Committee. The Committee then uses the information supplied by both the analyst and ISS to inform their final voting decision.</p> <p>Our voting policy outlines the circumstances where we will actively vote on company matters. As an external assurance, we have partnered with ISS which provides us with governance and voting analysis as an input into our decision making. The added assurance provided by ISS contributes towards us taking a fair and balanced approach to governance and voting analysis, with an outside and unbiased perspective considered in any decisions made. The input of ISS is always considered but not necessarily acted upon. It is down to the relevant analyst, Stewardship team and Committee to consider the report provided and then ultimately come to a decision on a particular issue.</p>

#### 9.6. Voting guidelines

**Table 5: IP4 – Voting guidelines**

Voting guidelines regarding the companies the shares of which are held in accordance with MIFIDPRU 8.7.4R: short summary and, if available, links to non-confidential documents
<p>Our Voting Policy is encompassed within our Stewardship Policy and can be found here: <a href="https://downloads.investec.com/InvestecWINAzcopyProd/Stewardship%20Policy.PDF">https://downloads.investec.com/InvestecWINAzcopyProd/Stewardship%20Policy.PDF</a></p> <p><b>Equities</b></p> <p>We will vote on behalf of discretionary holdings of centrally researched stocks (including those listed overseas) when:</p> <ul style="list-style-type: none"> <li>We hold more than £10m worth – we will vote on all ballot items, if necessary, registering a vote against management where we identify any contentious items;</li> <li>We hold less than £10m worth but more than 1% of the shares – we will vote on all ballot items, if necessary, registering a vote against management where we identify any contentious items;</li> <li>Positions of less than £10m when the analyst identifies a recommendation against management – we will vote on the contentious issue as appropriate;</li> <li>On behalf of holdings within our AIM inheritance tax plan, we vote on all discretionary holdings.</li> </ul> <p><b>Investment Trusts</b></p> <p>We will vote on behalf of discretionary holdings of the following:</p> <ul style="list-style-type: none"> <li>All centrally researched investment trusts;</li> <li>Investment trusts which are not centrally researched but we hold over £10mn and/or over 2% of the share capital.</li> </ul>

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IWI1701 v1