

# Investment Firm Prudential Regime (IFPR) Public Disclosures

Based on financial data at 31st December 2022

## Overview

This public disclosure report for Rowan Dartington & Co. Ltd (“RDC” or the “Company”) has been prepared in line with the requirements of the Investment Firms Prudential Regime (“IFPR”) regulations which came into effect on 1 January 2022. This report has been prepared as at 31 December 2022, to assist clients of RDC and other stakeholders in understanding the nature of the RDC business, how it is managed, and its capital position.

This document has been prepared in accordance to the rules set out in MIFIDPRU 8. The disclosure report is published annually alongside the Statutory Accounts.

RDC is part of the wider St. James’s Place group of companies, headed up by St. James’s Place plc (the “Group”). Relevant information about the Company’s business is also provided in:

- The Company’s Annual Report and Financial Statements for the year ended 31 December 2022, a copy of which can be found [here](#).
- The Group’s Annual Report and Accounts for the year ended 31 December 2022 (the “Group Annual Report & Accounts”), a copy of which can be found at <https://www.sjp.co.uk/shareholders/reports-presentation-and-webcasts>.

Where appropriate we will refer readers to these documents.

These disclosures have been reviewed internally and approved by the Board of RDC. They have not been externally audited, except to the extent that they reproduce information also included within the Company Report and Financial Statements or the Group Annual Report and Accounts.

These disclosures do not constitute financial statements and should not be relied upon in making judgements about RDC, or for any other purpose other than that for which they are intended.

## Company Background

RDC is a non-SNI MIFIDPRU investment firm, offering Discretionary Fund Management and Stockbroking services, serving the investment needs of private investors and professional intermediaries, predominantly in the UK. RDC is a wholly owned subsidiary of St. James’s Place plc (“SJP”), having been acquired in 2016.

RDC is domiciled in England and Wales (Company Registration No. 08764231) and its registered address is St. James’s Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP.

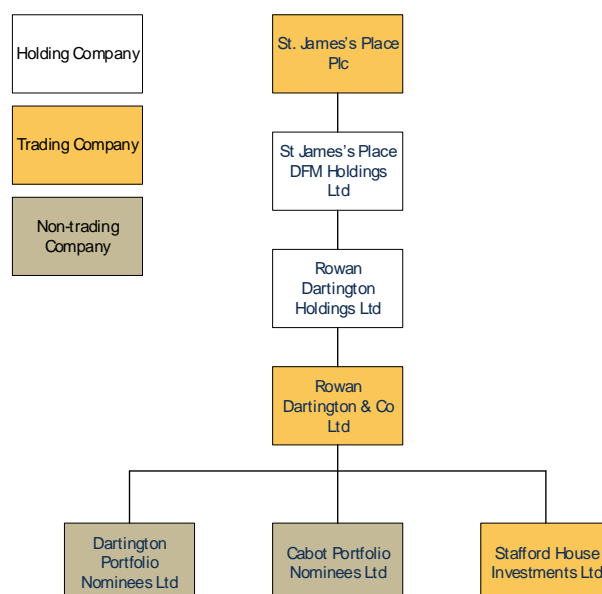
RDC is authorised in the UK by the Financial Conduct Authority.

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## Governance

The ownership structure of RDC is summarised below:



RDC is a private limited company incorporated in 1992 (companies house number 02752304). RDC has three subsidiaries, two of which are non-trading nominee shareholder companies. RDC was acquired by St. James's Place in 2016. RDC is 100% owned by Rowan Dartington Holdings Ltd, which is itself 100% owned by St. James's Place DFM Holdings Ltd. The overall owner is St. James's Place plc, a public limited company (incorporated in 1996, companies house number 03183415) and constituent of the FTSE100.

This document describes the capital resources, risks and risk management for RDC.

The Firm's Committee Structure is detailed below.

The RDC Board of Directors has overall responsibility for the firm. The Board has quarterly scheduled meetings, with additional meetings convened as required. The Board has delegated certain responsibilities to three Board Sub-Committees – the Investment Management Committee, the Remuneration Committee, and the Risk Committee. The Board has delegated responsibility for the day-to-day management of RDC to the Chief Executive Officer ("CEO"). An Executive Committee ("ExCo") has been appointed to assist the CEO in the discharge of those responsibilities. The members of ExCo are supported in their duties by a number of advisory Management Forums.

The members of the RDC Board and details relating to the number of other directorships they held as at 31 December 2022, not covered by the exceptions afforded by MIFIDPRU 8.3.2 (relating to 'organisations which do not pursue predominantly commercial objectives' or organisations 'within the same group'), are:



| Director    | Role                               | Other Directorships |
|-------------|------------------------------------|---------------------|
| D Hobbs     | CEO                                | -                   |
| G Cockerill | Finance Director                   | -                   |
| T Beal      | Chief Investment Officer           | -                   |
| S Jones     | Managing Director, Distribution    | -                   |
| M Leather   | Chief Risk Officer                 | -                   |
| R Gardner   | Non-Executive Chairman (SJP Group) | 1                   |

At 31st December 2022, RDC's CEO reported to the St. James's Place plc Director of Investments, who joined the RDC Board as Chairman on 1 April 2021.

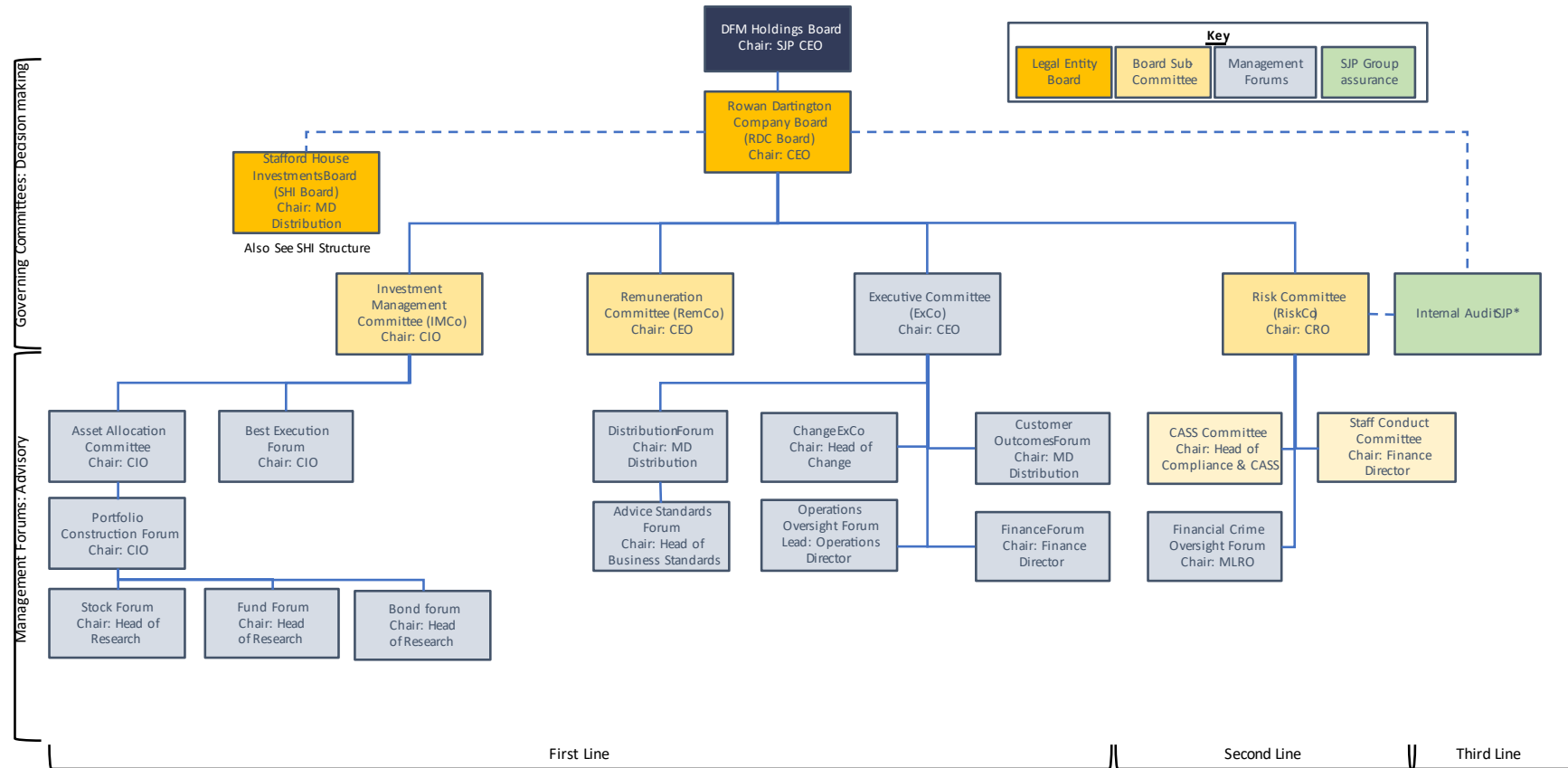
RDC has an appointed representative, which is also a subsidiary of the firm, Stafford House Investments Ltd ("SHI").

## Diversity Policy

As set out in the Group's Inclusion and Diversity Policy, the SJP Group believes in the value of difference and as such, it views inclusion and diversity as central to its approach and the future success of the business. Diversity is considered in its widest sense and is not limited to targeting specific areas. There is also a Diversity Policy, for which the scope is specific to the Group Board. Its approach is consistent with that of the Group Inclusion and Diversity Policy and recognises the implications more widely for material subsidiary entities such as RDC. SJP acknowledge that subsidiary Board diversity will largely be reflective of overall diversity across the group, but that where Boards, such as RDC, both have smaller memberships and require specific skills and experience which are vested in a smaller subset of existing directors and managers.

Information on the Group's Inclusion and Diversity Policy and Group Board's Diversity Policy, including objectives and targets, are available at <https://www.sjp.co.uk/about-us/inclusion-diversity>.

# Committee Structure



\*SJP Audit attend RiskCo once a quarter for oversight  
 Unless specified, the decision maker at a management forum is the chair. The Board committees are managed by quorum.  
 The Executive Board is the CEO's management forum.



## Business Model and Strategy

The strategy of the firm is one of growth. Since acquisition by St. James's Place ("SJP"), the firm has seen significant growth from distribution of its services through the SJP Partnership. This is set to continue and accelerate, as the firm strengthens and broadens its relationships with SJP Partners.

The firm continues to focus on improving its service to clients and developing its investment proposition to ensure clients receive first class investment returns and service.

The firm has recruited Investment Managers in all key SJP locations and so focus has shifted towards maximising the operating effectiveness of those employees, which will in turn enhance profitability.

## Risk Management Framework

### Approach to risk management and risk policies

The Risk Policy and Risk Management Framework applies consistently across the Group including to RDC as an individual entity. Overarching information about this is included within the Group Annual Report & Accounts.

RDC implements the risk framework which outlines how the first line of defence (business areas) are to identify, assess, manage and monitor their operational risks. The strategies and processes used to manage the risks and reduce the potential for harm include the recording of risks on operational risk registers with an impact and likelihood assessment, the implementation of controls and regular assessment of the effectiveness of these controls, and ongoing monitoring through Key Risk Indicators and issue management system. Examples of high-level controls which aim to mitigate these risks are included in the table within the 'Principal Risks and Uncertainties' section of the Company Report and Financial Statements.

The Internal Capital Adequacy and Risk Assessment ("ICARA") process is a key part of the Risk Management Framework for RDC specifically; it comprises an ongoing assessment of RDC's risk exposures and corresponding financial resource requirements, and supports risk mitigation, strategic planning and capital and liquidity management activities. The annually produced summary document brings together outputs from risk management activity to inform and agree financial resource requirements (covering both capital and liquidity). In summary, the ICARA framework consists of the following risk management objectives:

- Identifying the **risk profile** of RDC in the context of its business model and strategy, and its ability to cause harm to its clients, the wider market, and the firm itself;
  - **Assessing risks of harm** in accordance with the Risk Management Framework covering risks to market, the firm and clients including consideration of Consumer Duty, and incorporating consideration of the firm's risk appetite;
  - **Reviewing the efficacy of mitigations** in place to prevent foreseeable harm, and assessing if further controls are required or if additional financial resources are necessary to mitigate residual risk;
  - Assessing the **adequacy of RDC's financial resources** to ensure they enable the firm to minimise the risk of harm and remain solvent and liquid under severe but plausible conditions;
  - Undertaking **recovery and resolution planning**, including assessment of financial resources required to conduct an orderly wind-down of the firm if required;
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- **Projecting the resulting financial resource requirements** alongside expected resources based on strategic business plans and risk profile;
- **Monitoring compliance** with the financial resource requirements; and
- **Reporting conclusions and findings** from ICARA processes to the Board (and on request to the regulator).

Information gained through this process about the risk profile of the business, and the principal risks and uncertainties that are inherent within both RDC's business model and the market in which it operates, is summarised within RDC's Report and Financial Statements. These are the risks which could have a material impact on the key strategic outcomes and therefore have the potential to cause harm to the firm's clients, the wider market, or the firm itself.

## Own Funds Requirements

Due to RDC's primary risk exposure resulting from strategic outsourcing to a material third party supplier, we assess the ongoing identification and mitigation of this risk, for Regulatory (Client Money) and Third Parties (Outsourcing and Administration), for which RDC has corresponding own funds requirements for its ongoing operations. This is as required under the regulatory-prescribed K-Factor assessment (MIFIDPRU 4) and enhanced by our internal risk assessment (MIFIDPRU 7).

We assess the significant operational risks via the development of scenarios in consultation with subject matter experts from across the business. The output of the scenario workshops / discussions is used to inform our internal assessment of own funds requirements and any necessary control improvements. In addition, given that some key aspects of RDC's operations are outsourced, our robust governance framework for oversight of material outsourcing arrangements (implemented in accordance with relevant Group-wide policies) is key to reducing the potential for harm.

When considering RDC's own funds requirement for wind down, we focus on the risk of harm to clients and the wider market during and as a result of the resolution process. To ensure an orderly wind down, we identify a need under MIFIDPRU 7 to hold additional own funds on top of those required under the basic regulatory methodology (the Fixed Overheads Requirement under MIFIDPRU 4); this is to help to mitigate operational risk and in particular human resource risk. More broadly we manage the risk of needing to wind down the Company through ongoing monitoring of RDC's financial position, outputs of stress and scenario testing of key financial drivers and reverse stress testing to understand and manage any business model weaknesses.

## Concentration Risk

We note that RDC is not exposed to concentration risk as defined in the regulation, hence no additional financial resources nor mitigation activity are required for this area of risk.

## Liquidity Requirements

Liquidity risk is the risk that a firm does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.

In accordance with MIFIDPRU 6 & 7, liquidity requirements are intended to ensure the adequacy of liquidity to support ongoing operations and at the point of initiating wind down. Our risk management objective is to manage liquidity risk to be within appetite and in line with the Liquidity Risk Policy.

RDC has a conservative approach to the management of its liquid asset resources with all liquidity held in instant access accounts with large highly rated UK banks.

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The firm is not exposed to risk associated with renewal of funding, because the firm is entirely funded through permanent capital.

The firm complies with the overall SJP Group Liquidity Risk Policy, and monitors the movement in cash on a daily basis.

## Risk management structure and operations

RDC has organised itself so as to have 'three lines of defence'. This allows responsibilities to be divided between areas for risk management as follows:

- Own and take risk, and implement controls ('1st line');
- Monitor and facilitate implementation of effective risk management activities and assist risk owners in reporting risk related information up and down the organisation ('2nd line'); and
- Provide assurance to the company's board of directors and senior management of the effectiveness of the company's assessment and management of risk exposure ('3rd line').

Organising the business in this way allows for independence and challenge whilst still promoting a collaborative approach to risk management.

Specific roles and responsibilities are apportioned as follows:

### 1st Line of Defence ('Risk Takers')

The 1st line of defence is the areas of the business with direct ownership of major operations and processes fundamental to the operation of the company. As such, these areas must take risks in order to 'do business' and meet business objectives.

### 2nd Line of Defence ('Risk Oversight')

The 2nd line of defence is a central support function and is independent from the 1st line of defence. The 2nd line of defence governs the overall risk management framework and oversees its application.

### 3rd Line of Defence ('Independent Assurance')

The 3rd line of defence is the internal audit function which provides independent assurance over both the 1st and 2nd lines of defence. RDC uses the SJP group internal audit function. In addition we are subject to external audits, including an annual CASS audit opinion from our external auditors.

The RDC Board has responsibility for assessing their main risks and these are monitored on a regular basis by RDC's Risk Committee.

## Risk Appetite

RDC has adopted and aligned to the Group's Risk Appetite Statement, with additional wording included to be appropriate and aligned to RDC's business model and strategy. RDC's risk appetite is within that of the Group's and is monitored through the quarterly reporting of Key Risk Indicators (KRIs) to the RDC Risk Committee.

RDC considers appetite against each principal risk area, which incorporates relevant individual operational risks, as outlined in the 'key risks' section within RDC's Company Report and Financial





Statements. Generally speaking, RDC seeks to minimise operational risks through implementation of a robust control framework, and where necessary, through holding additional own funds or liquid assets to mitigate residual risk.

RDC has defined and documented a risk appetite statement to consider RDC’s strategic objectives and the risks which might materially impact on the ability to meet those objectives. The RDC Risk Appetite is aligned to the Group’s risk categorisation model and to the taxonomy of the SJP Group. Whilst the Group’s statements have been adapted to ensure they are relevant to RDC, they remain within the Group’s Risk Appetite.

For each material Risk type to which we are exposed, the Risk Appetite Statement (RAS) is expressed using the following risk appetite scale:

| Risk Tolerance  | Nil   | Minimise   | Low  | Neutral                                    | Receptive   | Accept   |
|---|---|--|--|--|---|--|
| <b>Risk taking philosophy</b>   | No appetite for taking any risk at all          | Highly averse to taking risk. Minimise exposure.         | Low appetite for risk. Take prudent steps to manage    | Balanced approach to risk taking           | Receptive to taking risk if well rewarded.              | Accept risk, with minimal mitigation activities. |
| <b>Tolerance for uncertainty</b><br><i>How willing are you to accept uncertain outcomes?</i>  | No uncertainty is tolerated, unless immaterial. | Extremely low  | Limited  | Expect some                                | Fully anticipated                                       | Fully tolerant of uncertainty                    |
| <b>Choice</b><br><i>When faced with multiple options, how willing are you to select an option that puts this objective at risk?</i> | Will avoid taking risk at all costs.            | Will take risk but aim to select the lowest risk option. | Will allow more risk where there is significant upside | Will allow more risk where there is upside | Will choose to put at risk, but will manage the impact. | Will accept the possibility of failure.          |
| <b>Trade-off</b><br><i>How willing are you to trade-off this objective against achievement of other objectives?</i>                 | Never   | With extreme reluctance                                  | Prefer to avoid  | Willing under certain conditions           | Willing   | Open to trade-offs                               |

RDC’s current risk appetite was updated and approved by the Board in March 2023.

To further quantify the risk appetite, the board has developed an interpretation of the appetite: that is, how the risk appetite translates into a practical application. This results in each source of risk being separated into risk drivers, thresholds and escalation points:

- **Threshold points** represent the tolerance for risk taking. Any risk taking in excess of this limit would be in breach of the board’s stated appetite. Therefore, any such risk taking must be escalated to the board and should be addressed as soon as possible, so as to bring risk taking back within appetite.
- **Escalation points** represent situations where risk taking is still within the board’s appetite, but that the level of risk taking has becoming concerning. In these circumstances, such risk taking requires closer oversight and escalation to the risk committee is required.

It should be noted that any risk taking below the threshold points is considered to be within the board’s risk appetite.

Full details of the drivers, thresholds and escalation points for each source of risk is within the Risk Appetite Statement, and the Key Risk Indicator dashboard which is monitored and reported quarterly to the RD Risk Committee.



## Assessing the effectiveness of the risk management process

RDC assesses the effectiveness of its risk management processes on an ongoing basis through a number of different lenses, including:

- Risk Appetite and top risk profile, which is aligned and updated in conjunction with Group;
- Operational risk assessments through the Risk and Compliance Self Assessments (RCSA's);
- Strategic and emerging risk assessments;
- ICARA risk assessments to include extreme but plausible scenarios, which are aligned to SJP;
- Material project risks;
- Issue management; and
- Additional ad-hoc risk assessments undertaken as and when required.

This will include consideration by the Risk team of:

- The level of business engagement with risk management activities and systems;
- The timeliness of risk identification, assessment and risk-based decision-making;
- The output of risk and control self-assessments (RCSAs, providing a view on the control environment); and
- Any trends depicted by KRIs and other risk-based reporting which considers performance against risk appetite.

The on-going monitoring of the level of risk in the organisation is performed by all three lines of defence. In the first line, RCSAs (Risk Control Self Assessments) are maintained and are used to track and respond to risks. RDC also operates a risk event management process, which is overseen by the 2nd line of defence. The 2nd line risk function provides feedback to the rest of the business through regular management information, allowing departments to identify and respond to risk and control themes identified.

The 2nd line of defence provides management information to the governance fora so as to provide assurance, or otherwise, that the level of risk within RDC is below the board's stated risk appetite. The 2nd line function provides an assurance report to the risk committee. This provides an overview of all elements of the risk management framework, alongside a professional opinion upon the effectiveness of risk management in the firm.

The 3rd line of defence is provided by the SJP Group Internal Audit function. Findings from audits are reported to management, with Group Internal Audit attending the firm's risk committee on a quarterly basis.

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## Own Funds

RDC holds only Common Equity Tier 1 capital ('CET 1'); this is the highest quality form of capital, comprising accumulated reserves and qualifying instruments. None of the Company's assets are encumbered and there are no restrictions on the availability or fungibility of the own funds to meet liabilities.

### Composition of regulatory own funds:

|    | Item  | Amount (£m) | Source based on reference numbers / letters of the balance sheet in the audited financial statements |
|----|---|-------------|--|
| 1  | <b>OWN FUNDS</b>  | 15.8        |  |
| 2  | <b>TIER 1 CAPITAL</b>   | 15.8        |  |
| 3  | <b>COMMON EQUITY TIER 1 CAPITAL</b>                                   | 15.8        |  |
| 4  | Fully paid up capital instruments                                     | 62.6        | Balance sheet (page 15)  |
| 5  | Share premium   | 0.7         | Balance sheet (page 15)  |
| 6  | Retained earnings*  | (52.3)      | Balance sheet (page 15)  |
| 7  | Accumulated other comprehensive income                                | -           |  |
| 8  | Other reserves  | 5.2         | Balance sheet (page 15)  |
| 9  | Adjustments to CET1 due to prudential filters                         | -           |  |
| 10 | Other funds   | -           |  |
| 11 | (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1                        | (0.4)       | Intangible assets (Note 10)  |
| 19 | CET1: Other capital elements, deductions and adjustments              | -           |  |
| 20 | <b>ADDITIONAL TIER 1 CAPITAL</b>                                      | -           |  |
| 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 | <b>TIER 2 CAPITAL</b>   | -           |  |
| 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            | -           |  |

\*Retained earnings are inclusive of audited profits for the period



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

The table below reconciles own funds to the balance sheet in the audited financial statements.

|                             | Amount (£m)                       | a   | b  | c                                |
|-----------------------------|-----------------------------------|---|--|----------------------------------|
|                             |                                   | Balance sheet as in published / audited financial statements (as at period end) | Under regulatory scope of consolidation (as at period end) | Cross reference for template OF1 |
| <b>Assets</b>               |                                   |   |  |                                  |
| 1                           | Fixed assets                      | 5.1   |  |                                  |
| 2                           | Current receivables               | 16.3  |  |                                  |
| 3                           | Cash at bank and in hand          | 17.6  |  |                                  |
| 4                           | <b>Total Assets</b>               | <b>39.0</b>   |  |                                  |
| <b>Liabilities</b>          |                                   |   |  |                                  |
| 1                           | Creditors                         | 20.8  |  |                                  |
| 2                           | Provisions                        | 2.0   |  |                                  |
| 3                           | <b>Total Liabilities</b>          | <b>22.8</b>   |  |                                  |
| <b>Shareholder's Equity</b> |                                   |   |  |                                  |
| 1                           | Share capital                     | 62.6  |  | Item 4                           |
| 2                           | Share premium                     | 0.7   |  | Item 5                           |
| 3                           | Capital redemption reserve        | 0.1   |  | Item 8                           |
| 4                           | Share option reserve              | 5.1   |  | Item 8                           |
| 5                           | Retained earnings                 | (52.3)  |  | Item 6                           |
| 6                           | <b>Total Shareholders' equity</b> | <b>16.2</b>   |  |                                  |



## Main features of the components of own funds:

The table below provides information on the CET 1 instruments used by the Company.

| Issuer  | Rowan Dartington & Co. Ltd  |
|---|---|
| Public or private placement   | Private   |
| Instrument type   | Ordinary Shares / Common Equity Shares  |
| Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date) | £62,614k<br>125,228,666 ordinary shares of £0.50 each   |
| Nominal amount of instrument  | £0.50 per share   |
| Issue price   | £0.50 per share   |
| Redemption price  | £0.50 per share   |
| Accounting classification   | Shareholder's equity  |
| Original date of issuance   | Pre-2016 - £2,114,333<br>16/06/16 - £1,500,000<br>22/03/17 - £1,500,000<br>25/05/17 - £1,500,000<br>06/07/17 - £2,000,000<br>25/10/17 - £2,000,000<br>14/12/17 - £5,000,000<br>29/03/18 - £5,000,000<br>21/08/18 - £4,000,000<br>08/01/19 - £5,000,000<br>09/04/19 - £6,000,000<br>22/01/20 - £5,000,000<br>24/07/20 - £5,000,000<br>23/02/21 - £4,000,000<br>27/07/21 - £4,000,000<br>24/02/22 - £5,000,000<br>27/07/22 - £4,000,000 |
| Perpetual or dated  | Perpetual   |
| Maturity date   | Not applicable  |
| Issuer call subject to prior supervisory approval   | No  |
| Optional call date, contingent call dates and redemption amount                           | No  |
| Subsequent call dates, if applicable  | Not applicable  |
| Coupons/dividends:  |   |
| Fixed or floating dividend/coupon   | Floating dividend   |
| Coupon rate and any related index   | Not applicable  |
| Existence of a dividend stopper   | No  |
| Convertible or non-convertible  | Non-convertible   |
| Write-down features   | No  |
| Link to the terms and conditions of the instrument  | Not applicable  |



## Own Funds Requirements:

The Own Funds Threshold Requirement is calculated in accordance with the rules set out in the IFPR, based on the higher of:

- Permanent Minimum Capital Requirement (PMR);
- Fixed Overhead Requirement (FOR);
- K-Factor Requirement

### Permanent Minimum Capital Requirement

RDC meet the requirements of MIFIDPRU 4.4.2(1) to hold a Permanent Minimum Capital Requirement of £150,000 by virtue of meeting condition MIFIDPRU 4.4.3.2(a)(iii) holding client money and/or client assets in the course of MiFID business.

### Fixed Overhead Requirement

The Fixed Overhead Requirement is assessed as 25% of fixed overheads relating to the previous year. The FOR calculation is in line with the previous requirements of article 97(1) of the CRR. Based on the 2022 Annual Report and Financial Statements, the Fixed Overhead Requirement is £6.1m.

### K-Factor Requirement

The new IFPR regime introduced a new approach to calculating capital requirements which looks to assess the risks that arise from an investment's firm activities. Each K-Factor is multiplied by a respective coefficient and aggregated to reach the K-Factor Requirement.

In accordance with MIFIDPRU 8.5.1, the table below shows the K-Factor requirements for the Company broken down into three groupings and the amount of fixed overheads requirement ("FOR").

| Item – Amount (£m) |                                      |            |
|--------------------|--------------------------------------|------------|
| K-Factor           | $\sum$ K-AUM, K-CMH and K-ASA        | 2.7        |
|                    | $\sum$ K-DTF and K-COH               | 0.0        |
|                    | $\sum$ K-NPR, K-CMG, K-TCD and K-CON | -          |
|                    | <b>Total K Factor Requirement</b>    | <b>2.7</b> |

### Approach to assessing the adequacy of own funds

To meet the Overall Financial Adequacy Rule (OFAR) from the perspective of RDC as a going concern, RDC must hold adequate, quality, own funds and liquid assets to ensure it can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities. To meet the OFAR and to ensure RDC can be managed effectively if it becomes a gone concern, RDC must hold adequate own funds and liquid assets to allow its business to wind-down in an orderly way.

To ensure RDC meets the OFAR, we begin with assessment of the own funds and liquid assets as prescribed under MIFIDPRU 4.3.2R and 6.2.1R respectively. However, we then utilise the framework provided by the ICARA to understand whether these basic financial resource requirements are adequate. In practice we identify additional own funds and liquid assets are required to mitigate certain residual risks which remains after consideration of the control environment.



## Remuneration Disclosure

RDC employees, including Material Risk Takers, are subject to the group employee and director remuneration policies and practices, which are appropriate and proportionate to the nature, scale and complexity of the risks and activities of the Group. The reward strategy is gender neutral and meets the requirements of the Equality Act 2010.

SJP ensures its remuneration policies and practices are consistent with, and promote sound and effective, risk management (SYSC 19G.2.8R). Policies and practices are also in line with the business strategy, objectives and long-term interests of the firm, considering the firm's risk appetite and strategy, culture and values and long-term effects of investment decisions taken.

The Group Employee Reward Policy outlines the following reward principles:

- **Base pay at market competitive levels**
    - We aim to offer fixed pay at or around the market median level, but with flexibility to adjust pay levels according to requirements.
    - We ensure that the right roles are aligned to the correct grade and pay levels.
  - **Variable pay that drives performance and alignment to business strategy and goals**
    - According to the role, we provide opportunities for bonus and incentives to reward and recognise individual performance.
    - All employees have a link in variable pay to the overall performance of the Group, and to personal performance, including behaviours.
    - All bonus and incentive arrangements are designed to promote the right behaviours and activities to support a healthy firm culture, including sound and effective risk management, that encourages responsible business conduct and promotes risk awareness and prudent risk taking.
  - **Meaningful benefits that are generous and attractive**
    - All employees are offered and have access to comprehensive, generous and meaningful lifestyle, healthcare, protection and retirement benefits.
  - **Equity opportunities**
    - Where feasible, we provide employees with equity opportunities, allowing employees to share in the success of the business.
    - We use equity also as reward and to align employees to shareholder experience. Reward equity opportunities are dependent on role and proportionate to the contribution of that role and are fully discretionary.
  - **All our Reward practices are fair and non-discriminatory**
    - We actively monitor for equal pay for work of equal value
    - We take action to ensure our practices are fair and consistent to all employees.
  - **Reward communications should be clear, straightforward, and timely.**
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## Eligibility

Employees identified as remuneration code staff (also known as Material Risk Takers) may be eligible to participate in a discretionary bonus scheme, subject to performance and eligibility criteria. Non-Executive Directors are not eligible for the scheme.

## Governance and oversight

RDC has a Remuneration Committee (the 'Committee'). Authority is delegated by the Board to the Committee to review and approve remuneration, and to ensure remuneration is consistent with the promotion of effective risk management and aligned with the long-term interests of the company. The remuneration policies are reviewed annually by the SJP Executive Board and then submitted to the Remuneration Committee.

## Material Risk Takers ('MRTs')

RDC undertakes analysis to identify employees whose professional activities may have a material impact on the Company and/or risk profile. The Remuneration Committee reviews and approves the MRT identification methodology and list of MRTs at least annually or where significant changes are made. The identification analysis is carried out by RDC's People Division in collaboration with the RDC Chief Risk Officer and other key functions. All impacted individuals are notified regarding their identification as an MRT and the implications on their remuneration.

In addition to the Criteria outlined in SYSC 19G.5.3 R, the firm has also reviewed all employees whose professional activities could have a material impact on the firm's risk profile. This considered their level of decision making responsibility, reporting lines, seniority and grade. The firm also considered the RDC risk appetite statement to identify other individuals who may be responsible for the day-to-day management of key risks, including where this responsibility was deemed significant.

## Key characteristics of remuneration policies and practices

SJP and RDC rewards employees with fixed and variable remuneration. Fixed remuneration provides the reward for the role and reflects the employee's professional experience, organisational responsibility as outlined in their job description and terms of employment. Fixed pay is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. It is set at a market competitive level sufficient to recruit and retain people of the necessary calibre, taking into account required skills, experience, demands and complexity of the role. Fixed pay will represent a sufficiently high proportion of the total remuneration to ensure that employees are not dependent on payment of a variable element.

Variable remuneration rewards the achievement of annual financial and business plan objectives, as well as personal performance in excess of the employee's job description and terms of employment. It also rewards delivery of key personal, role delivery or team objectives in a way that supports and strengthens SJP's and RDC's culture. Schemes for MRTs include a deferred element to encourage retention of employees, discourage excessive risk taking and ensure activity is closely aligned with shareholder interests for this core group of employees. Variable pay is also subject to malus and clawback. Clawback covers deferral and retention periods (a minimum of 3 years).

The bonus year runs from 1 January to 31 December each year and MRTs must be employed for the full year to be entitled to the full allocation of variable remuneration under their scheme. For 2022, the Group's main performance objectives were delivery of controllable expense outcome, with a target of no more than 5% growth; target of Net Inflow of £9.25Bn and Underlying Cash Result of £505M to achieve maximum payment.

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The maximum total individual bonus award is 150% of salary for the Executive Directors on the Board of the Group's ultimate parent, reducing to 56% for level 2 grade. Where specific financial objectives are met, MRTs may also be eligible for the award of discretionary stock grants through the following plans;

### **1 - Company Share Option Plan ('CSOP') and linked Performance Share Plan ('PSP')**

All employees at Divisional Director level and above (including MRTs) are eligible to participate in the PSP by receiving an annual award. Awards are granted annually in the form of a nil cost option with vesting on the third anniversary of the date of grant, dependent on the achievement of stretching performance conditions measured over a period of three financial years. At or about the same time as the PSP awards a CSOP option can be granted subject to the same performance conditions and exercise period. If a CSOP option is granted then the linked PSP Award will automatically lapse in respect of a number of Vested Award Shares equal in value to the gain realised upon exercise of the CSOP share option. The balance of the PSP will continue to be exercisable. If the PSP award should be exercised first, before exercising the CSOP, the CSOP must be surrendered.

A maximum value of £30,000 (£60,000 from 6 April 2023) can be allocated in the form of an Approved Option, as governed by HMRC, therefore should this limit be reached the award is granted as a standalone PSP.

### **2 - Deferred Bonus Scheme ('DBS')**

After annual bonuses are announced, and in addition to the amount of cash bonus paid, a number of shares in St. James's Place plc (30% of any bonus payable for Divisional Director level, 40% of any bonus payable for MRT's (below Director 5) and 50% of any bonus payable for Director 5 and above) may be awarded. The shares are held in Trust for the duration of the three year restricted period and will then vest at the end in one tranche, subject to the employee remaining employed within the Group. There is a right of recoupment (clawback or malus) in the event of a material misstatement, error, or misconduct.

Dividends accrue on the deferred shares and are paid to MRTs during the three-year deferral period.

## **Risk adjustment**

Bonus payments are at the discretion of the Remuneration Committee, including the discretion to:

- scale back payments, including to zero, under the strategic part of the annual bonus if it deems them to be inappropriate in the context of the overall financial results and financial strength of the Group.
- to adjust the bonus outcome up or down, including to zero, (subject to the maximum bonus payable under the terms of the scheme) to take account of factors such as an exceptional positive or negative event.
- to override formulaic bonus outcome, where necessary, under both financial and non-financial performance metrics, to take account of overall performance.

This, along with the ability to recoup payments (through clawback or malus) ensures the bonus schemes only vest where Group, company and individual performance allows.

Variable awards are subject to recoupment (malus or clawback) in the event of a material misstatement, error or misconduct and in relation to the annual bonuses and PSP awards granted from March 2019, material failure to risk management, failure to meet fitness and propriety standards or material breach of contract. The Remuneration Committee determines whether malus and/or

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clawback of an award will be made, acting fairly and reasonably, and will determine the amount of cash, shares or other non-cash instruments applicable.

SJP and RDC do not normally award, pay or provide guaranteed variable remuneration to MRTs or any other employees. Where agreed, it will be limited to the first year of service and will only be payable if SJP and RDC assesses it has a sufficiently sound and strong capital base in order to grant the award.

SJP and RDC have a set formula for determining an employee's severance payment based on their salary, length of service and age.

Termination payments are only paid in exceptional circumstances. Where the termination payment is due to redundancy, the People Division will calculate the appropriate payment by reference to our terms and conditions and redundancy terms, as appropriate. Redundancy terms are aligned to the statutory terms, but at an enhanced rate. People Division are responsible for reviewing and agreeing the redundancy approach, including the termination payment methodology and will set this at the start of any redundancy exercise.

Non-redundancy termination payments are made via settlement agreements and subject to the agreement terms.

In both cases, any payment will reflect the employee's performance over time and adhere to our principles of not rewarding failure, inappropriate behaviours or risk taking. Any termination payments made to MRTs are subject to the approval of the Group Remuneration Committee.

## Quantitative information

RDC rely on MIFIDPRU 8.6.8R(7) in taking the exemption not to disclose Senior Management and Other Material Risk Takers as separate categories.

Total number of material risk takers for 2022 performance year:

|                              |           |
|------------------------------|-----------|
| <b>Number of individuals</b> | <b>12</b> |
|------------------------------|-----------|

Total fixed and cash remuneration awarded by employee category for 2022 performance year:

| <b>Category of employee</b>                    | <b>Fixed</b> | <b>Variance</b> | <b>Total remuneration awards</b> |
|--|--------------|-----------------|----------------------------------|
| Senior Management / Other material risk takers | £1,555,348   | £381,885        | <b>£1,937,232</b>                |

Total guaranteed variable remuneration and severance payments for 2022 performance year:

| <b>Category of payment</b>              | <b>Total payments to MRTs</b> |
|---|-------------------------------|
| Guaranteed variable remuneration awards | £871,833                      |
| Severance pay                           | £118,172                      |

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