

BCWM Remuneration Policy

Introduction

BCWM (“the Firm”) has established this Remuneration Policy to ensure it has in place remuneration arrangements which are in compliance with regulatory requirements 2

2 Regulations considered as part of this Policy:

- ESMA Final report Guidelines on remuneration policies and practices (MiFID) 11 June 2013
- S.I. No 158 of 2014 European Union (Capital Requirements) Regulations 2014 (“CRD IV”)
- European Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 (criteria to identify staff whose professional activities have a material impact on an institution’s risk profile)
- Directive 2014/65/EU of 15 May 2014 (“MiFID II”)
- EBA Guidelines on Sound Remuneration Policies of 27 June 2016

It is BCWM’s policy to have remuneration arrangements that:

- are in line with the business strategy, objectives, values and long-term interests of the Firm;
- ensure the fair treatment of clients and incorporate measures to avoid conflicts of interest;
- are consistent with, and promote, sound and effective risk management and which do not encourage risk taking.

Governance

The Board of Directors (“the Board”) is responsible for adopting and maintaining the Remuneration Policy. Due to the size and the nature of activities of BCWM, the Board does not consider it necessary for BCWM to establish a separate Remuneration Committee. The Board is responsible for the decisions on remuneration of Identified Staff (see Section 3 for definition of Identified Staff).

The Policy and the implementation of the Policy shall be subject to independent internal review at least annually and the outputs shall be reported to the Board or a subcommittee of the Board. This independent review shall normally be carried out by Internal Audit.

The Compliance & Risk function provides to input into this Policy.

Persons subject to this Policy

BCWM shall apply the provisions of the Remuneration Policy to its Identified Staff. Identified Staff are staff whose professional activities have a material impact on the Firm’s risk profile, taking into account BCWM’s internal organisation and the nature, scope and complexity of its activities.

The qualitative factors which BCWM has considered include:

- If the staff member is a member of senior management
- If the staff member is responsible for a control function

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- If the staff member heads a material regulated business unit
- If the staff member has a material impact on BCWM's risk profile

BCWM has also considered the following quantitative factors (as outlined in European Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014):

- Any staff member who is awarded a remuneration that is equal to the lowest total remuneration awarded to a member of senior management
- The highest remunerated individuals (top 0.3%)
- Staff members whose total remuneration exceeds EUR500,000 BCWM Manual Section 4 – Board of Directors (v1.7) 27

Accordingly, BCWM has determined that the following staff members fall within the definition of Identified Staff: Members of Board of Directors; the Managing Director; the Head of Advisory; the Head of Operations; the Head of Property and the Head of Compliance & Risk

Remuneration of Identified Staff

BCWM does not receive or charge commissions for selling financial products or organising financial investment transactions. Accordingly, no staff in the Firm, Identified Staff or other, are incentivised to engage in transactions or 'churn' investments. The firm's remuneration to staff is not based on sales targets, commissions or other fixed target figures (such as number of client wins) that may provide an incentive for recommending a particular product when another product might meet a client's need better. In taking this approach, the firm is endeavouring to avoid conflicts of interest in relation to performance of duties.

Fixed Remuneration

BCWM sets fixed remuneration for Identified Staff members at a level which reflects relevant professional experience, level of education, level of expertise and organisation responsibility as set out in an employee's job description. Fixed remuneration is non-discretionary, maintained over a period, non-revocable and does not depend on performance.

The amount of fixed remuneration shall be sufficiently high in order to ensure that the reduction of the variable remuneration down to zero would be possible.

Variable Remuneration

Variable remuneration is any other remuneration that is not fixed remuneration. Any variable remuneration paid to Identified Staff shall follow the conditions in Appendix A.

Remuneration of Non-executive Board members

Non-executive Board members shall normally be compensated only with fixed remuneration. Where the non-executive board members are in exceptional cases awarded variable remuneration, the variable remuneration shall i) comply with the principles of this Policy and the conditions in Appendix A and ii) be approved by the Board.

Remuneration of Identified Staff engaged in Control Functions

Staff engaged in control functions in the Firm are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

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BCWM defines control functions as Compliance & Risk and Internal Audit:

- BCWM's Internal Audit function is carried out by an external firm, which is paid a flat fee not related to the performance of the Firm. BCWM's Audit Committee sets and agrees the fees for the Internal Auditors
- Remuneration of the Identified Staff in the Compliance and Risk function of BCWM is directly overseen by Board who shall ensure that no conflicts of interest arise. BCWM Manual Section 4 – Board of Directors (v1.7) 28

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Any variable remuneration awarded to Identified Staff will meet the following requirements:

- It will be based on a combination of the performance of the individual, performance of the business unit concerned and overall results of the Firm.
- It will reflect a sustainable and risk adjusted performance as well as performance in excess of what is required to fulfil the employee's job description as part of the terms of employment.
- Performance will be assessed over a multi-year framework
- The payment of the variable remuneration will not limit the ability of the Firm to strengthen its capital base
- Guaranteed variable remuneration shall only be allowed in exceptional cases and shall only occur when hiring new staff and in the first year of employment
- Variable remuneration shall not exceed 100% of the fixed component of the total remuneration. BCWM does not intend to exceed this ratio, but should it ever wish to do so, it will seek approval of the shareholders and will notify the Central Bank of Ireland as per the requirements of S.I. No.158 of 2014
- Any payments relating to the early termination of a contract shall reflect performance achieved over time and will not reward failure or misconduct
- Staff members may not use personal hedging strategies, remuneration related insurance or liability related insurance to undermine risk alignment effects embedded in their remuneration arrangements
- If a retention bonus is offered, it must comply with the requirements on variable remuneration
- Should severance payments be paid, they shall not be disproportionate and shall comply with the EBA remuneration guidelines
- Should contributions to pensions be made, they shall be in line with the business strategy, objectives, values and long-term interests

Due to the factors outlined below, BCWM has applied the principle of proportionality to the regulatory requirements. The factors BCWM has considered are as follows:

- BCWM's balance sheet assets are significantly less than EUR5billion
- BCWM's is regulated by the Central Bank of Ireland and is authorised to provide the following investment services: the provision of investment advice, receipt and transmission of orders, portfolio management and investment research. The Firm is also regulated in the provision of pension services by the Pensions Authority. The Firm does not consider these activities as complex or as potentially high impact as other investment activities such as taking deposits, investment banking or trading on its own account
- The number of employees in the Firm was 23 as of 31 December 2016
- The value of the total client assets held by the Firm was less than EUR200m as of 31 December 2016
- The potential impact of the failure of the Firm being designated 'Medium Low' by the Central Bank of Ireland

This means that by way of derogation, BCWM Remuneration Policy does not include the following aspects of S.I. No 158 of 2014:

- The requirement that 50% of the variable remuneration be shares in the company
- That 40% of the variable remuneration be deferred over three to five years and that part of the deferred remuneration be subject to malus provisions and clawback

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- Should an employee leave, discretionary pension benefits shall be held for five years in the form of shares in the company

The Central Bank acknowledged in July 2017 that BCWM has applied the principle of proportionality in respect of variable remuneration. Should BCWM undergo a significant change in its structure, business model or balance sheet size, it shall resubmit an application to the Central Bank to apply this principle.

On 26 June 2021, the European regulatory authorities introduced new legislation, referred to as the Investment Firms Regulation EU 2019/2033 ('IFR') and Investment Firms Directive EU 2019/2034 ('IFD'), which aims to establish a tailored prudential framework for investment firms. The largest Systemic investment firms (Class 1 Firms) will continue to apply the current Capital Requirements Regulation (CRR) regime. The new prudential framework applies to investment firms that are not considered systemic by virtue of their size and/ or interconnectedness within the wider financial system, i.e. primarily Class 2 Firms, BCWM is classified for IFD/IFR purposes as a Class 2 Firm.

The new prudential regime introduces revised remuneration requirements. All firms that are subject to IFR and IFD should establish and apply remuneration policies for their 'Identified Staff' i.e. categories of staff whose professional activities have a material impact on the risk profile of the investment firm or of the assets that it manages. The details to be included in these policies are broadly in line with the requirements of the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD), for example, alignment with business strategy and independence of control staff. Firms should set appropriate ratios between the variable and fixed component of the total remuneration in their policies, taking into account the business activities of the investment firm and associated risks, as well as the impact that different categories of staff have on the risk profile of the investment firm. Gender-neutral policies is a new requirement under IFR/IFD. The other applicable remuneration requirements are contained within Articles 30, 32 and 33 of the IFD. Firms should also ensure that they disclose information regarding their remuneration policy and practices, including aspects related to gender neutrality and the gender pay gap, in line with Articles 46 and 51 of IFR.

The remuneration requirements in line with Articles 30, 32 and 33 of the IFD, and EBA Guidelines on sound remuneration policies under Directive (EU) 2019/2034, Draft Regulatory Technical Standards on criteria for Identified Staff under Directive (EU) 2019/2034 and Draft Regulatory Technical Standards on variable remuneration instruments for investment firms have recently been produced and are due to be implemented by member states by 30 April 2022.

BCWM will no longer fall within the exemption under CRD IV whereby the Rem Policy. It is now categorised as a Class 2 firm under IFR/IFR. Based on its AUM/revenue and its pay structure for identified staff based substantially on Fixed Remuneration, it will not be affected, however we may need to disclose the Policy by 30 April 2022.