

# WH IRELAND

## MiFIDPRU 8 Disclosure

March 2024

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Helping you see  
the bigger picture.



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## 1. Introduction and Purpose

This disclosure statement has been prepared by WH Ireland Limited (WHI) in order to meet the regulatory disclosure requirements set out by the Financial Conduct Authority ("FCA") in the Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU") Chapter 8.

In January 2022, the FCA introduced the Investment Firms Prudential Regime ("IFPR"), a new regime for UK firms authorised under the Markets in Financial Instruments Directive ("MiFID"). The regulation that formalises this regime is called MIFIDPRU.

The MIFIDPRU 8 disclosure is designed to enforce market discipline on investment firms subject to IFPR, like WHI, by necessitating the disclosure of information to vital stakeholders and counterparties. This disclosure endeavours to outline the firm's own funds (financial strength), as well as its behaviour and culture (risk management, governance, and remuneration).

WHI is required to make this disclosure annually, with all information contained reflecting October 2023, which corresponds to the latest audited annual accounts.

### WHI Limited

WHI is a MIFIDPRU 750K firm, authorised and regulated by the FCA, which provides services via two core business units:

- The Wealth Management division provides investment and wealth planning services to private clients, pension funds, charities and professional intermediaries; and
- The Capital Markets division provides corporate advisory, NOMAD, broker, market making and research services for both established and entrepreneurial listed and private companies seeking quality corporate advice and investment capital.

WHI is a 100% subsidiary of WH Ireland Group plc (WHIG), an AIM-listed parent company. Until November 2022 there was a second subsidiary FCA regulated company, Harpsden Wealth Management Limited (HWML), which had its regulatory permissions cancelled at that date.

## 2. Governance

### Governance

The Board of Directors of WHIG (the “Board”) is the Governing Body, which meets at least once every two months. The Board is chaired by a Non-Executive Director and additional members are a non-Executive Director, the Chief Executive Officer and the Chief Finance Officer.

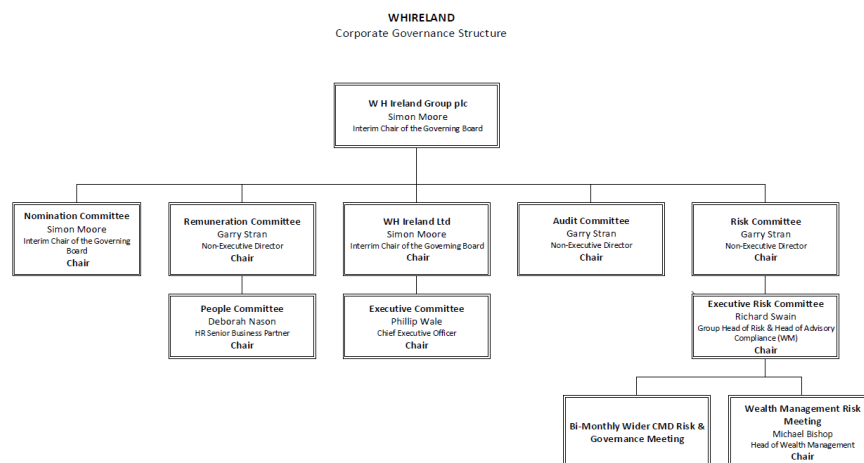
The role of the Board is to provide strategic leadership within a framework of good corporate governance and a prudent and effective control environment, which enables risk to be identified, assessed and managed. The Board sets the strategic aims, ensures that the necessary financial and human resources are in place to meet its objectives and review management performance in meeting those objectives. The Board sets the values and standards and ensures that its obligations to its shareholders and other key stakeholders are clearly understood.

The Board regards risk management as a dynamic and evolving process. The Executive and Senior Management continuously undertakes a programme of challenging and improving the Risk Management Framework. The Board is ultimately responsible for the overall risk management process and for forming an opinion as to the effectiveness of the process.

The Executive members of the Board have the daily management and oversight responsibility, supported by other key members of the Senior Management team within the business, including the Executive Committee.

The Governance Framework is supported by an increased focus on Risk Management which, in recent years, has resulted in the development and implementation of the Group’s Risk Management Framework (RMF). This has been implemented to identify, monitor and manage exposures to Market, Credit, Liquidity, Operational Risk and other risks to ensure that the operating activities are managed within the risk appetite agreed by the Board.

Risk exposures are controlled and monitored by a number of structured committees, which consist of Senior Management and staff members providing representation across all revenue generating areas, support and control functions.



## **Governance Structure**

The Governance structure is designed to provide efficiency of oversight of the business. This structure comprises Board and Management Committees as illustrated in the above chart and described below.

### **Audit Committee**

The committee is made up of the Non-Executive Directors. It is responsible for reviewing the Group's arrangements with its external and internal auditors, including the cost effectiveness of the audit and the independence and objectivity of the auditors. It also reviews the application and appropriateness of the Company's accounting policies, including any changes to financial reporting requirements brought about by both external and internal requirements and it gives consideration to all major financial announcements made by the Company, including its interim and annual report and accounts.

In addition, the committee is responsible for ensuring that the Group has effective internal control and risk management systems. The Internal Audit function, is outsourced to BDO LLP from 1 April 2024 in succession to Deloitte LLP, who report their findings to the Audit Committee with the audits aligned to the annual Internal Audit plan that is agreed between BDO and management.

The external auditors, internal auditors, Executive Directors and others may be invited to attend the meetings.

### **Risk Committee**

The committee is made up of the Non-Executive Directors. It is responsible for advising the Board on risk appetite in addition to overseeing the current risk exposures of the company with reference to adherence to such appetite. The committee is also responsible for reviewing the Group's internal controls and risk management systems, which includes receiving reports on any material breaches of limits, policies or regulations and the adequacy of proposed action.

### **Remuneration Committee**

The Remuneration Committee consists of the Non-Executive Directors. The principal function of the Remuneration Committee is to determine the overall remuneration policy and ensure that it is applied. The aim of the Remuneration Committee is to attract, retain and motivate high calibre individuals with competitive and proportionate remuneration packages that are managed to ensure that the risks taken by individuals are appropriate, proportionate and managed with a focus on ensuring that clients' and other stakeholders' interests are met at all times.

### **Nominations Committee**

The Nominations Committee consists of the Non-Executive Directors. It is the aim of the committee to identify and nominate potential candidates to fill Board vacancies; to consider succession planning and to consider training for the Board.

### **Executive Committee ("ExCo")**

The ExCo, which typically meets monthly, is responsible for the daily management and oversight of the business. The committee is made up of the Executive directors accompanied by the Head of Research and COO Capital Markets, Head of Strategy & Change for Wealth Management, Head of Wealth Management, Chief Risk and Compliance Officer, Chief Finance Officer, HR Senior Business Partner and is chaired by the CEO. In addition, the committee is responsible for oversight of all delegated functions by the Board and the day-to-day operational business. In addition, it is responsible for ensuring that the strategy of the Board is implemented and that any issues that need

to be communicated to the Board are recorded as such. The committee is also responsible for ensuring timely identification and resolution of regulatory compliance issues and to act as a communication forum for all attendees.

### Executive Risk Committee (“ERC”)

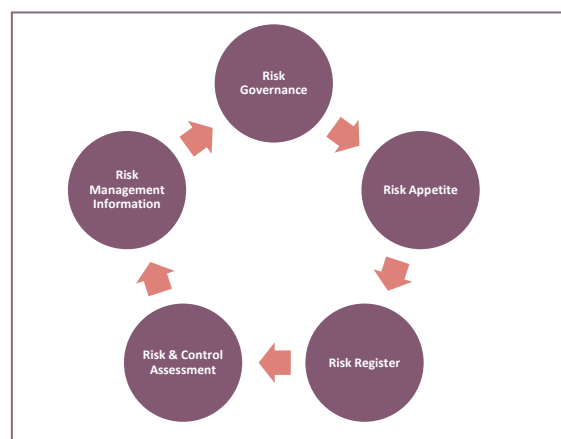
ERC reports to the board risk committee with a dotted reporting line through to ExCo. The committee is chaired by the Chief Risk and Compliance officer and its membership comprises the CEO, CFO, Heads of wealth management and capital markets, Group head of risk and the head of HR. The committee meets six to eight times a year and is focused on the operation of the risk management framework of the group, the identification, measurement and actions arising from Key Risk Indicators and the highlighting of new and emerging risks.

### Risk Management Framework (“RMF”)

The RMF describes the overarching approach for managing risk in WHI. The framework defines several key objectives to:

- Maintain a common universe, comprising all key risks. These risks are documented within the Groups risk register which forms a central basis for risk management, monitoring by Compliance and independent testing of controls by Internal Audit;
- Define common standards for risk identification, assessment, management and measurement and application of these consistently across the different business lines, support and control functions;
- Assist management in achieving the Group’s strategic business objectives at the same time as meeting all applicable external requirements;
- Reduce the frequency and size of avoidable losses;
- Allocate specific responsibility and accountability for all the Group’s key risks;
- Raise awareness and understanding of risk and improve the risk and control culture;
- Protect and enhance the Group’s reputation; and,
- Improve the efficiency and effectiveness of internal controls.

There are five components that make up the RMF, shown in the adjacent diagram. Each of these components is described in greater detail in the subsequent sections of this document. It is important that the Group not only uses the RMF within its day to day practices and strategic and operational decision-making process but that this is clearly demonstrated through appropriate risk behaviours and the review of timely and relevant management information.



### Risk Oversight

The Board is responsible for the oversight of risk which includes setting the tone in terms of governance of risk and risk culture which is adopted throughout the Group. The Board delegates the daily activities of risk management to the Executive Committee and monitors risk activity through the Audit Committee and the Risk Committee.

The Group organises its RMF through a standard three lines of defence model.

In WHI's business model, multiple employees work together and manage risk daily to help the Firm achieve its goals and objectives; including the Board, Board and Executive Committees, risk owners, and Risk and Compliance functions.

Given that risk management and controls are split between these stakeholders, it is necessary to define clear roles that enable each group of stakeholders to understand the boundaries of their responsibilities and how their positions fit into WHI's overall risk and control structure.

WHI's structure as an Investment Firm lends itself quite easily to a traditional three lines of defence model. Accordingly, WHI is committed to the three lines of defence model to manage risk and provide assurance to management and the Board with regards to the effectiveness of the Firm's control environment.

Each line of defence provides an opportunity to ensure that risk management systems, processes and controls operate effective in line with procedures, rules and decision making governance, so guarding against the materialisation of unwanted risks.

## **Risk Register**

The risk register records all of the key risks facing the firm. It details how each risk is identified, assessed, measured, monitored, managed and mitigated, and by whom.

The Business, Support and Control functions are responsible for registers specific to their function. The risk and compliance department is responsible for the upkeep of the centralised risk register and to challenge and monitor its accuracy on a periodic basis, to ensure that all risks are captured and assessed appropriately, that all relevant mitigating controls activities have been mapped against each risk, and that every risk and control has been assigned a dedicated owner.

The aim of the register is to be a fundamental component of the RMF, enabling proper oversight and management of risks by the Board, embedding ownership of risks and controls in the different business, support and control areas and directing appropriate monitoring and independent assessment of risks and related controls by Risk Management. The data is maintained by Compliance who provide oversight to ensure consistency across the business although the risks and controls are owned by the business areas.

## **Risk Identification**

Risk owners and control owners in the business are responsible, for ensuring that all key risks and controls are identified and captured in the risk register. A risk and control self-assessment process ("RCSA") is the method used for assessing the effectiveness of the controls that are included in the risk register. The risk and controls owners in the business, through a workshop approach and discussion with Compliance complete the identification and assessment of risks and mitigating control activities. However, the business must update their own risk register as and when there is a change significant enough for the business area to reassess their own risks and mitigating controls. The output from the risk register is reported to the Executive Committee and Board on at least an annual basis.

To assist ongoing monitoring of risks management have developed a suite of key risk indicators which are monitored on a quarterly basis by the Executive Risk Committee and Risk Committee.

## Risk and control scoring methodology

All risks to the Group are:

- Scored using a consistent methodology based on the likelihood of occurrence and potential impact;
- Assessed on an inherent (i.e. in the absence of controls) and residual (post control) basis;
- Assessed on quantitative and qualitative impact measures; and,
- Measured on a 1-25 scale as shown in appendix III below.

All of the controls in the Group are assessed on design and performance effectiveness. The design score considers how the control would work if it is correctly applied. By understanding the design of the control we understand how effective the control framework is in mitigating the risks. The performance score provides information on the effectiveness of the control. This approach allows for management information to be collated which identifies areas of weakness that may need enhancement with improved controls, resourcing and/or system solutions.

## Risk Reporting

It is fundamental to the Group's RMF that complete and timely risk information is provided informing management that risk exposures are maintained within acceptable boundaries and identifying any exceptions. Management information and reporting should be both retrospective and forward looking, including the results of credit, market risk stress testing and more comprehensive scenario analysis produced for the Board and currently completed through the ICARA process. This risk reporting includes input from the business to include KRIs for the top risks and a summarised dashboard setting out the Group's top inherent risks, mitigating controls and residual levels of risk, compared with Risk Appetite together with any management actions required.

Examples of management information that is presented to the Board and Committees include:-

- Summary dashboard of "Top Risks" as defined by management, reviewed on a forward looking basis, stating required mitigating actions, where applicable;
- Outputs from the Risk and Control Self Assessments;
- Operating events analysis, including number and size of gains, losses and near-misses, root cause analysis and related control issues;
- KRI reporting compared with monitoring thresholds for all material risks;
- Status of outstanding management actions and target dates; and,
- Control weaknesses and mitigating actions.

Reporting on the above items has been conducted and submitted periodically to Executive Committee and the Board. Following the recent changes in Risk Management the reporting cycles have become more frequent with regular updates to the Executive Committee.

## Interaction with Internal Audit (IA) Planning

The firm's risk register forms an initial consideration for the risk based Internal Audit plan. This is a relevant source of information for the IA function, to obtain in the annual audit plan process, with risks assessed by Internal Audit primarily at the inherent level. However, IA will also form an independent view of the population of risks faced by the firm, based on the functions knowledge and experience of the risks faced by similar firms. IA will also make an assessment of the specific activities, processes and systems operated by the firm and the risks arising, together with



discussions with management, attendance at both formal and ad-hoc meetings and review of management information. IA applies risk-scoring principles similar to the RMF to measure the relative size of individual risks.

**Monitoring** IA undertakes a regular programme of independent risk based reviews of the controls in place to mitigate all material risks and provide formal assurance. IA also undertakes independent reviews of the operation of the risk management framework, and the firm's Risk Management and Compliance functions.

**Reporting** The results of IA testing also provide a means of validation for mitigating control activities identified in the risk register, being reported to the Executive Committee.

The Board considered the future of the internal audit function as part of a wider review and enhancement of the control framework and initially appointed Deloitte in February 2021 for a four year engagement. Following a strategic review of the group in August 2023 and a change in the board membership, in agreement with Deloitte, it was decided to terminate the appointment of Deloitte in March 2024 and to engage in a retendering process. As a result of the tendering process BDO LLP were appointed to take over from Deloitte with effect from 1 April 2024 on an initial two year engagement of rolling audit assignments.

### **Risk identification and assessment**

The key risks as identified in the six-monthly Group level top down risk map and which are relevant to the ICARA group entities are assessed in respect of the ICARA scenarios, stress tests and Pillar II Operational Risk assessment:

- Scenarios and stress testing: the top down risk map discussions with senior management informs the scenarios. A base case model is created using the Board approved business plan. This is stressed using a combination idiosyncratic and market wide event with and without management actions.
- Additional capital assessment for operational Risk: Each of the top down risk that are categorized as operational risks are quantified to determine the amount of capital that may be required, after taking account of actions taken to mitigate that risk. A best case, median case and worst case is determined.
- The ICARA risk quantification exercises inform the Group's risk appetite statements and vice versa.

### 3. Risk Management

The Board approve the Risk Appetite at least annually and delegate the day-to-day management of risk monitoring to the Executive. The Executive Committee manage and control tolerances using quantitative and qualitative measurements. The Board has a principally prudent appetite to all categories of risk to which it is exposed.

Linkages with Risk Taxonomy	Risk Appetite Statement	Quantitative rating
Strategic Risk	The Board has a moderate appetite for Strategic Risk. This means that it will retain a focus on the core capabilities of Wealth Management and Capital Markets supported by an efficient operating platform. Any strategic shift from the existing business model, through merger and acquisition activity or material change to the operating platform, will be considered by management but the risks associated with such plans must be carefully considered and presented to the Board for approval of any deal or change proposed.	3
Credit Risk	The Firm is not a lending institution but in the course of normal business activities will incur exposure to a range of counterparties. The principal exposure will relate to cash and WHIG and WHI will only place cash with UK Clearing Banks, subject to a minimum credit rating of BBB. For market counterparties WHI will only deal with authorised UK firms or those appropriately registered with overseas regulators. Exposure is limited as all deals are conducted in accordance with market practice with is to settle on a "Delivery vs Payment" basis, typically with settlement on T+2/T+3. For all other creditors we would expect credit losses not to exceed 5% of exposure.	1
Market Exposure Risk	<p>The Firm does not operate a proprietary trading book but the Board acknowledges that it will incur exposure through market making activities. The limits applying to this business are:</p> <ul style="list-style-type: none"> <li>▪ Aggregate book positions must be within the range of £1M short and £1.5M long.</li> <li>▪ Individual stock positions on an intra-day basis subject to a maximum of £500k long or short.</li> <li>▪ Overnight exposure on individual stock positions limited to £250k with any exceptions requiring approval from the CEO or, in his absence, the Deputy Head of Capital Markets.</li> </ul>	3
Compliance Risk	The Firm has no tolerance for material regulatory breaches. In the event that a reportable breach does occur a full investigation will be conducted and the findings submitted to the Executive Risk Committee for consideration and to assess the recommended corrective actions of business functions to mitigate the likelihood of recurrence, prior to advising the Risk Committee of the final outcome.	1

Operational Risk	<p>The Firm has a low appetite for operational losses but acknowledges it is exposed to such risk. Overall the Firm will accept that some events (e.g. terrorism or economic downturn) are outside of our control, but also not accept specific behaviours such as knowingly breaking the law or knowingly breaching regulatory requirements.</p> <p>The Firm's Operational Risk appetite is expanded to support the general operational risk appetite by incorporating a range of sub-categories based on the industry standard Basel event type categories.</p>	2
Liquidity Risk	<p>The Firm has a low risk appetite for liquidity risk and expects to meet all liabilities as they fall due. In particular, the business will seek to maintain cash balances:</p> <ul style="list-style-type: none"> <li>▪ That at all times exceed two thirds of the fixed overhead requirement.</li> <li>▪ That will meet forecast net liabilities for a six month period.</li> </ul>	2
Conduct Risk	<p>The Firm has no appetite for poor conduct by its employees. The Firm expects staff to act responsibly, fairly and in the interests of its stakeholders in everything they do. The Firm has a customer-centric culture which is embedded across the business. This is driven by the following key steps:</p> <ul style="list-style-type: none"> <li>▪ Executive behaviour: By setting the tone from the top with the Board strategy which is managed through a clear and defined governance structure</li> <li>▪ Judgement and decisions: By operating within an environment that encourages openness and challenge the business continues to evolve leading to continuous improvements of systems and controls</li> <li>▪ Employee behaviour: The Firm, through induction, training and appraisal processes encourages its staff to maintain an open, honest culture which places customers at the heart of its decision making.</li> <li>▪ Customer outcomes: By providing high levels of service across the client lifecycle, the Firm maintains its client focus and will continue to meet, if not exceed, client expectations.</li> <li>▪ The Firm is fully compliant with the Financial Conduct Authority 11 principles of business.</li> </ul>	1
External Risk	<p>The Firm has a low appetite for losses from external risk, but acknowledges it is exposed to such risk. Overall the Firm will accept that some events (e.g. terrorism or economic downturn) are outside of our control.</p>	2

The Quantitative ratings are derived from the metrics detailed under 7.2.1 of the RMF, assessing them against financial and non-financial key impacts and are described across the following scale:

- 5) **Very High Risk Appetite:** WHI believes aggressive risk taking is justified and is willing to accept a large negative impact in order to pursue strategic goals and objectives (i.e. risk seeking)
- 4) **Considerable Risk Appetite:** WHI is willing to take greater than normal risks and to accept some negative impact in order to pursue strategic goals and objectives (i.e. risk tolerant)
- 3) **Moderate Risk Appetite:** WHI takes a balanced approach towards taking risk. Potential negative impacts and completion of strategic goals and objectives are given equal consideration (i.e. risk neutral)
- 2) **Low Risk Appetite:** WHI takes a cautious approach towards taking risk and is only willing to accept a small negative impact to pursue strategic goals and objectives (i.e. moderately risk averse)
- 1) **Very Low Risk Appetite:** WHI takes caution and accepts as little risk as possible. WHI is seeking to take as little negative impact as possible to pursue strategic goals and objectives (i.e. risk averse)

A range of key indicators are provided on a monthly basis to the board. The indicators have been included in appendix 5 are draft and are subject to Board approval.

## 4. Own Funds

This disclosure has been made in accordance with the MiFIDPRU 8.4 requirements using the MiFIDPRU 8 Annex 1R template as required. The information contained within this section is as of 31 March 2023.

<b>Composition of regulatory own funds</b>			
	<b>Item</b>	<b>Amount (GBP '000)</b>	<b>Source based on reference numbers/letters of the balance sheet in the audited financial statements</b>
<b>1</b>	<b>OWN FUNDS</b>	8,419	
<b>2</b>	<b>TIER 1 CAPITAL</b>	8,419	
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	8,419	
4	Fully paid up capital instruments	1,020	Note 19 on financial statements
5	Share premium	18,748	Statement of changes in equity
6	Retained earnings	(8,983)	Statement of changes in equity
7	Accumulated other comprehensive income	(1,619)	Statement of changes in equity
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(747)	Note 10 and 18 on financial statements
19	CET1: Other capital elements, deductions and adjustments		
<b>20</b>	<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		
<b>25</b>	<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		

<b>Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements</b>				
		a	b	c
		<b>Balance sheet as in published/audited financial statements</b>	<b>Under regulatory scope of consolidation</b>	<b>Cross-reference to template OF1</b>
<b>As at period end</b>		<b>31 March 2023 (GBP'000)</b>	<b>31 March 2023 (GBP'000)</b>	
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>				
1	Intangible Assets	367		Item 11
2	Property, plant and equipment	560		
3	Investments	820		
4	Right of use asset	635		
5	Trade and other receivables	7,247		
6	Current asset investments	2,050		
7	Cash and cash equivalents	1,550		
	<b>Total Assets</b>	<b>13,228</b>		
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>				
1	Trade and other payables	3,640		
2	Lease liability	612		
	<b>Total Liabilities</b>	<b>4,252</b>		
<b>Shareholders' Equity</b>				
1	Share Capital	1,020		Item 4
2	Share Premium	18,748		Item 5
3	Other reserves	54		
4	Retained Earnings	(10,846)		Item 6 and 7
	<b>Total Shareholders' equity</b>	<b>8,976</b>		

## 5. Own Funds Requirements

### Summary

Under MIFIDPRU, the firm's capital requirement is calculated as the higher of:

- i. The firm's permanent minimum capital requirement;
- ii. Ongoing operations assessment – K-factors + additional own funds from harm assessment; and
- iii. Higher of fixed overheads requirement and wind down.

		£'000
i.	Permanent minimum capital requirement	<b>750</b>
ii.	K-Factors	494
	Plus additional own funds from harm assessment	4,097
		<b>4,591</b>
iii.	Higher of:	
	Fixed overheads	5,640
	Wind down	5,690
		<b>5,690</b>
<b>Firm capital requirement</b>		<b>5,690</b>

### K-Factors calculation

K-factors are a new calculation, brought in under IFPR to calculate risks associated with investment management companies. The K-Factors, as at 30 September 2023, are calculated as follow:

Risk category	K-factor	Applicable to WH Ireland	Value (£k)	Capital requirement
<b>Risk to Client (RtC)</b>	K-AUM (Asset under management)	Yes	423	<p><b>AUM</b> = The rolling average of the value of the total monthly AUM measured on the last business day of each of the previous 15 months converted into the entities' functional currency at that time, excluding the 3 most recent monthly values</p> <p>AUM shall be the arithmetic mean of the remaining 12 monthly values.</p> <p>Capital = AUM * 0.02%</p>
	K-CMH (Client money segregated)	Yes	1	<p><b>CMH</b> = The rolling average of the daily value of total client money held, measured at the end of each business day for the previous 9 months, excluding the 3 most recent months</p>

				CMH shall be the arithmetic mean of the daily values from the remaining 6 months Capital = CMH * 0.4%
	K-CMH (Client money non-segregated)	No	-	N/A
	K-ASA (Assets under safeguarding and administration)	No	-	N/A
	K-COH (Client orders handled - cash)	Yes	12	<b>COH (cash trades)</b> = the rolling average of the value of the total daily client orders handled, measured throughout each business day over the previous 6 months, excluding the 3 most recent months. COH shall be the arithmetic mean of the daily values from the remaining 3 months Capital = COH * 0.1%
	K-COH (Client orders handled - derivatives)	No	-	N/A
<b>Risk to Market (RtM)</b>	K-NPR	Yes	57	Net position risk calculated as per CRR. Risk = (8% * Gross position) + (8% * Net position)
	K-CMG	No	-	N/A

Risk category	K-factor	Applicable to WH Ireland	Value (£k)	Capital requirement
<b>Risk to Firm (RtF)</b>	K-TCD (Trading counterparty default)	No	-	N/A (WHI operates a model B and therefore not subject to counterparty risk)
	K-DTF (Daily trading flow)	Yes	1	<b>DTF</b> = the rolling average of the value of the total daily trading flow, measured throughout each business day over the previous 9 months, excluding the 3 most recent months (using absolute value of buys and sells)  DTF shall be the arithmetic mean of the daily values from the remaining 6 months



				Capital = DTF * 0.1% (cash) Capital = DTF * 0.01% (derivatives - N/A to WHI)
	K-CON (Concentration risk)	No	-	N/A
	<b>Total K-Factors</b>		<b>494</b>	

K-factors are submitted to the FCA on a quarterly basis. For reference, the value of the most recent K-factor requirement submitted as at 30 September 2023 was £494k (versus £505k as at 30 June 2023).

### Fixed overhead requirement

MIFIDPRU requires the firm to cover at least one-quarter of its fixed overheads. The rules state which expenses can be deducted from total expenditure in order to arrive at the fixed overheads amount. The calculation for WHI, as per the March 2023 audited annual accounts is as follows:

Total expenses (excluding revenue deductions)		28,785,000
Less: Allowable deductions as per MIFIDPRU 4.5.3		
(A) Bonuses		(2,844,000)
(E) Settlement costs		(2,298,000)
(D) Non-recurring expenses		(464,000)
(L) Amortisation		(496,000)
(H) Taxes		(125,000)
<b>Relevant expenditure</b>		<b>22,558,000</b>
Fixed overhead requirement	25%	<b>5,640,000</b>

### Limits

Whilst the firm calculates its capital requirement to be £5,690k, through consultation with FCA, the firm have signed a VREQ concerning early warning indicator, which will be set at 120% of the firm's own funds threshold requirement. We have a requirement to inform the FCA if we breach this threshold.

## 6. Remuneration

WHI falls under the scope of the Remuneration Code set out in SYSC 19G of the FCA Handbook, the aim of which is to ensure that WHI has risk-focused remuneration policies, which are consistent with and promote effective risk management and do not expose WHI to excessive risk.

This policy details how WHI (The Firm) will manage remuneration in line with its business strategy and ensure a consistency of approach within the Firm to attract, retain and motivate employees for contributing to the Firm's success. To maximise the effectiveness of the remuneration policy, careful consideration will be given to aligning the remuneration package with all stakeholder interests and best practice taking into account relevant comparators from competitor firms, whilst maintaining financial stability and robust and effective risk management.

The Firm is authorised by the Financial Conduct Authority (FCA) and, as such, will act in accordance with the remuneration rules as defined in the FCA Handbook, which will take precedence over the requirements of this policy.

The Firm's objectives under this policy are to:

- Implement the Remuneration Code principles set by the FCA in SYSC 19G of the FCA Handbook.
- Define the rules on fixed and variable remuneration in accordance with the FCA Handbook and SYSC 19G.
- Ensure the Firm's remuneration policy is risk focused and promotes sound and effective risk management.
- Address all aspects of remuneration including salaries, bonuses, incentive plans, options, severance packages and pension arrangements.
- Take into consideration that a company may, under the principle of proportionality, as set out in SYSC 19G, comply in a manner that is appropriate to its size and internal organisation and to the nature, scope and complexity of its activities.

### Remuneration Structure

The Firm operates on a total remuneration basis. Total remuneration comprises base salary, variable remuneration, benefits and pension.

### Base Salaries – Fixed Remuneration

Base salaries for each employee are predominantly based upon the employee's professional experience (responsibility as set out by their job description and terms of employment).

Base salaries are permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. Base salaries are usually reviewed annually. However, the Firm is under no obligation to award an increase following a salary review.

### Bonus Arrangements - Variable Remuneration

Variable remuneration is paid where this follows established market practice and is necessary in order to achieve the goals of a particular function of WH Ireland. Variable remuneration shall be applied with caution, so as not to affect WH Ireland's risk profile or limit the firm's ability to strengthen its capital base.

When considering variable remuneration, the Finance team will review the financial performance of the Firm on profits, adjusted for current and future risks. Where there is negative financial performance of the Firm, then total variable remuneration will be considerably smaller. Where this methodology does not currently apply to a specific business function for contractual reasons, we are moving toward realignment with the Remuneration Code.

The Finance team will ensure that any measurement of performance used to calculate variable remuneration takes into account all types of current and future risks as well as the cost and quantity of the capital and liquidity required. The Firm will also take into account the need for consistency with the timing and likelihood of future potential revenues incorporated into current earnings.

The Finance team will keep a record of risk adjustments techniques and measures it uses and will include risks such as conduct, client outcomes, and behaviours.

The Firm reserves the right to vary, replace or withdraw any variable remuneration arrangements at any time, including where bonus pools or awards have been communicated to employees, where the Firm or its Group subsequently suffers a significant downturn in its financial performance prior to the relevant payment or award (or instalment thereof) being made. If a bonus is deemed to be contractual, changes to it will be recommended through relevant consultation.

All bonus payments are non-pensionable.

### **Fixed to Variable Remuneration**

Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The FCA rule (SYSC 19G.4.6R) requires firms to set an appropriate ratio between the variable component and the fixed component of the total remuneration. For our Remuneration Code population, overall this can be no higher than 250% of the basic salary.

### **Benefits**

The Company offers all employees the opportunities to participate in its benefits programme. This package and the providers will vary from time to time but primarily comprises: Private Health Insurance, Life Assurance, Cycle to Work scheme, Gym Membership subsidy, season ticket loan, Income Protection and a Contributory Pension Scheme under the auto-enrolment legislation, unless they choose to opt out.

### **Equity Participation**

To further assist the alignment of the interests of employees and senior management with those of the shareholders and wider stakeholders, the Company may, for time to time, offer the opportunity to participate in a Firm wide share schemes such as Save As You Earn ("SAYE") or other specific long term incentive plans i.e. Enterprise Management Incentive ("EMI"). Details of any such awards or plans will be included in the Remuneration section of the Company's Annual Report and Accounts.

## Performance Assessment

Performance related variable compensation is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the Firm.

In order to encourage behaviours in line with the business strategy, objectives, values, culture and long-term interests of the Firm, the Firm will consider a number of financial and non-financial performance indicators as indicated below. Bonus compensation terms will differ depending on the role and seniority of the employee.

## Financial Factors

### Wealth Management

- Revenues/fee income.
- Net new assets.
- The overall profitability of the firm
- The profitability of the WM
- Achievement against business plans and strategy e.g. growth target, service type and product migration (e.g. execution only to fee paying, utilisation of smaller clients solution)
- New Business Generation
- Errors and compensation payments attributable to an individual

### Capital Markets

- Corporate Retainers
- Success Fees
- Trading Income
- New Business Generation
- The overall profitability of the firm
- The profitability of the CM division
- Errors and compensation payments attributable to an individual.

## Non-Financial Factors

### Entire Organisation

- Performance appraisal.
- Conduct and adherence to corporate values and behaviours.
- Acting in interests of all stakeholders.
- Contribution to Divisional/Group projects & strategy/initiatives.
- Completion of all mandated training and CPD as necessary under the Company's Training and Competence policy.
- Quality of service provided to customers
- Adherence to all group policies and procedures, including but not limited to those covering regulatory matters, conflicts of interest, risk and risk management, Compliance and client complaints, and conduct.

## Malus, Clawback and other withholdings

To mitigate risks, any variable remuneration relating to previous financial years, including any deferred portion (where applicable) that has not been paid already shall not be due where:

- Fines or penalties are incurred in respect of specific clients or transactions.
- There are significant regulatory breaches, which include a principle, a statement of principle or a COCON rule.
- Complaints are upheld and result in financial detriment or reputational damage.
- Other similar circumstances as deemed appropriate by the relevant management/executive committee.
- There is reasonable evidence of staff member misbehaviour or material error.
- The Firm or its Group subsequently suffers a significant downturn in its financial performance.

Staff will also be required to repay all or part of the bonus granted for proven performance on the basis of data which subsequently proves to be fraudulent. The minimum clawback period will be 3 years.

Unless agreed by the Remuneration Committee, an employee shall have no right to a bonus or a time-apportioned bonus if their employment terminates for any reason or they are under notice of termination (whether given by the employee or the Firm) at or before the date when a bonus might otherwise have been payable. If an employee is subject to disciplinary proceedings at the time a bonus or award is due, the Firm may withhold such bonus or award until the outcome of the disciplinary process, and if the employee receives a disciplinary sanction the Firm may decline to pay the bonus or award or may pay a lesser bonus or award.

### **Guaranteed Variable Pay**

Guaranteed remuneration must only be given in exceptional circumstances to new hires for the first year of service only. Guarantees for the purpose of retention should not be given except under exceptional circumstances.

### **Risk Management and Risk Tolerance**

In order to promote effective risk management and discourage risk taking that exceeds tolerated levels, the Firm will consider the following when awarding variable compensation:

Key Risk Indicators, assigned to teams and individuals.

- Performance against risk objectives set.
- Compliance by employees to regulations and best practice.
- Chief Risk Officer's annual report

The Firm's risk management strategy and tolerance is stated in its Risk Management Framework. Operating within the scope of the Firm's risk framework is a pre-requisite to the award of any variable compensation.

### **Avoiding Conflicts of Interest**

To avoid conflicts of interest, variable compensation is not linked solely to sales or volumes but determined by the employee's performance against set objectives which will take into account a number of different factors including a good standard of compliance, treating customers fairly and quality of services to clients. This will ensure that an employee does not have an incentive to favour their own interests, or that of the Firm to the detriment of a client.

The Firm recognises that conflicts can arise where employees are responsible for determining the remuneration of their own business areas. The Remuneration Committee will be responsible for determining all remuneration packages across the company with approval for their own remuneration sought from others on the Board.

## **Governance**

The Remuneration Committee is responsible for decisions regarding remuneration, taking into account the long-term interests of the Firm, its shareholders and other stakeholders, and the public interest.

The Remuneration Committee members are Non-Executive Directors appointed by the Board and the Remuneration Committee meets up to four times a year.

The Remuneration Committee will review annually, at least, the remuneration policy and is responsible for overseeing its implementation.

The Board governs the identification of Material Risk Takers and the Remuneration Committee has delegated advisory capacity to make decisions on the remuneration of identified staff.

On an annual basis, the Firm undertakes a self-assessment in order to identify staff whose professional activities have a material impact on its risk profile. This self-assessment is based on the qualitative and quantitative criteria as well as other Firm-specific criteria to reflect the levels of risk of different activities and the impact of particular staff on the risk profile.

As a final step in this assessment, the Firm considers other criteria deemed relevant by the FCA, including whether the employee:

- Has significant seniority, oversight or decision-making ability.
- Has oversight of or responsibility for significant Firm revenue.

The Firm will also operate further internal governance through Management/Executive Remuneration Committees, People Committee and the Conduct Fitness & Propriety Forum for each business unit to ensure compliance with this policy.

Risk and Compliance are involved in monitoring remuneration compliance with the Firm's risk management and other regulatory practices. On an annual basis an independent internal review of compliance with remuneration policies will be carried out by the Compliance Officer. The Remuneration Committee also considers advice from the Firm's Chief Executive Officer on aspects of remuneration.

Failure to adhere to the principles set under this policy may lead to:

- Internal disciplinary action, in accordance with the Firm's staff manual.
- Notification to the FCA for breach of the Conduct Rules where disciplinary action is taken by the Firm in relation to the Conduct Rules.

## **Equal Opportunities and Diversity**

Our leadership team is mindful of the provisions within the Equality Act 2010 and are committed to supporting the principle of equal pay for equal work. Therefore, remuneration decisions will not discriminate on grounds of gender, sexual orientation, marital status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy, trade

union membership, or part-time or fixed-term status. Regular checks are carried out in order to ensure equal pay principles are applied.

### **Non-compliance with the FCA Remuneration Code**

The Firm will adhere at all times to the principles set under this policy and ensure that any variable compensation is not paid through any means that facilitate non-compliance with, or avoidance of, the Remuneration Code. There are no waivers or dispensations granted under this policy.

### **Personal Investment Strategies**

The Firm shall ensure that material risk takers do not use personal hedging strategies or remuneration- and liability-related contracts of insurance to undermine the remuneration rules in the MIFIDPRU Remuneration Code.

### **Disclosures and Record keeping**

The Firm will keep records of its remuneration policy and procedures which will include performance appraisal processes and decisions.

The Firm will ensure that each employee will be regularly informed of the level of remuneration, the criteria used to evaluate its performance as well as the link between performance and pay.

## **7. Investment Policy**

As WHI satisfies the requirements of MiFIDPRU 7.1.4R, it is exempt from disclosing its investment policy within its MiFIDPRU 8 Disclosure.



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