Walter Scott & Partners Limited

MIFIDPRU 8 Disclosure

2025

Contents

1 Introduction

Purpose of MIFIDPRU Disclosure

The Public Disclosure requirements of the Investment Firm Prudential Regulation ("IFPR") are set out in MIFIDPRU 8. The objective is to inject market discipline on firms, including Walter Scott & Partners Limited ("Walter Scott"), by requiring them to disclose information to key stakeholders and counterparties regarding Walter Scott's culture (risk management, governance, and remuneration), own funds (financial strength) and behaviour (investment policy).

This document refers specifically to Walter Scott and has been prepared and approved as a Non-SNI (Non-small and non-interconnected investment firm) UK firm.

This document sets out the framework of the Firm's approach to the Disclosure requirements containing the key qualitative and quantitative information required as part of the Disclosure.

The disclosures are appropriate to the Firm's size and internal organisation, and to the nature, scope, and complexity of its activities.

Disclosure Approach

The Internal Capital Adequacy and Risk Assessment ("ICARA") process is the collective term for the internal systems and controls that a firm must operate to identify and manage potential material harms (to the firm's clients, the market in which the firm operates, and to the firm itself) that may arise from the operation of its business, and to ensure its operations can be wound down in an orderly manner. The regulatory requirement to conduct an ICARA sits with the Firm, and the outcomes of the assessment are subject to Board Risk Committee approval on behalf of the Walter Scott Board of Directors ("the Board") and governance processes.

Compilation of the Walter Scott ICARA document and this Disclosure has been undertaken by the BNY Treasury team and the Walter Scott Risk, Business and Finance teams.

The information contained within this Disclosure supersedes the 2024 MIFIDPRU 8 Disclosure.

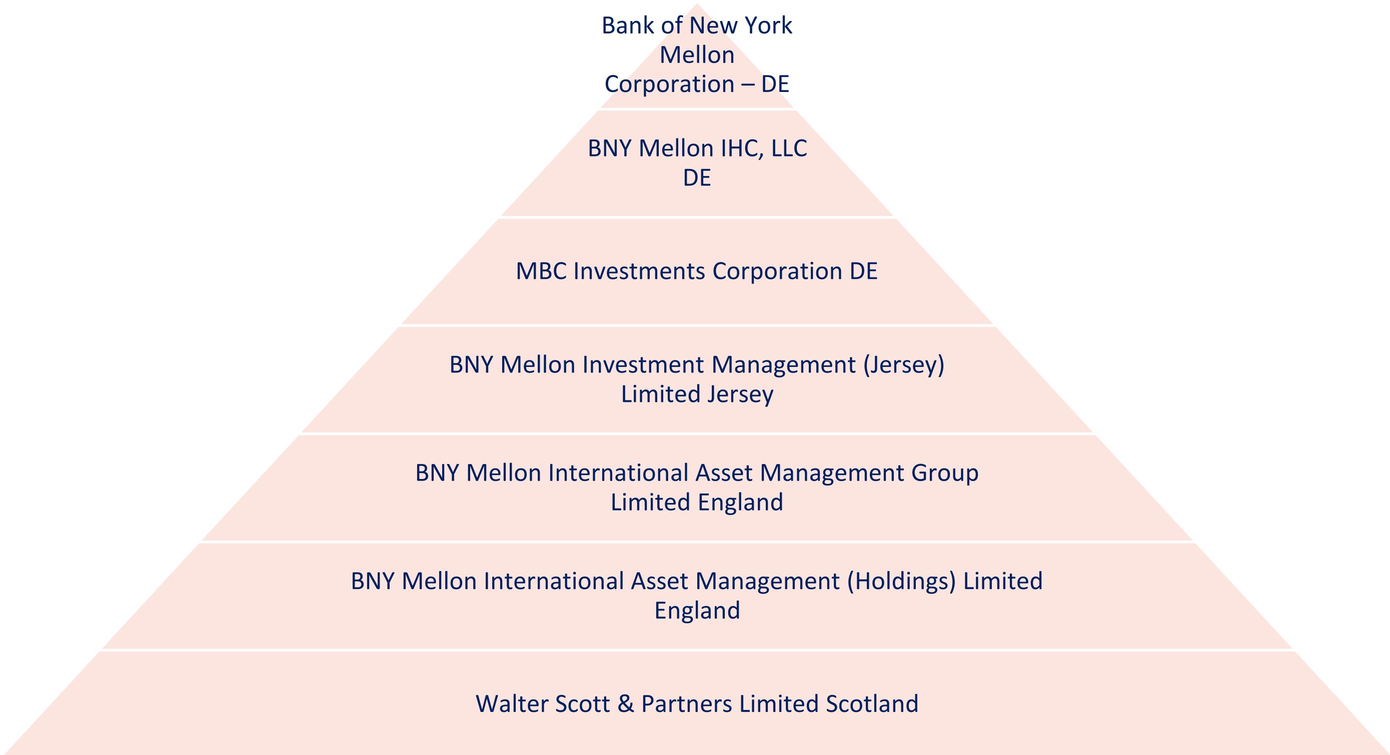
2 Scope of Application

Background and Firm Description

Walter Scott is a long-only global equities investment manager based in Edinburgh. The ultimate holding company of Walter Scott is The Bank of New York Mellon Corporation ("BNY"). The Firm's investment strategy focuses on a single asset class; listed global equities. The business has consistently applied the same investment philosophy and process throughout its history since founded in 1983.

Walter Scott services clients globally and, as at the end of December 2024, had £72bn in assets under management ("AUM"). The firm has a broad range of institutional clients including governments, pension plan sponsors, corporations, foundations and charities.

The following simplified legal entity chart illustrates the ownership structure as of 30th June 2025.

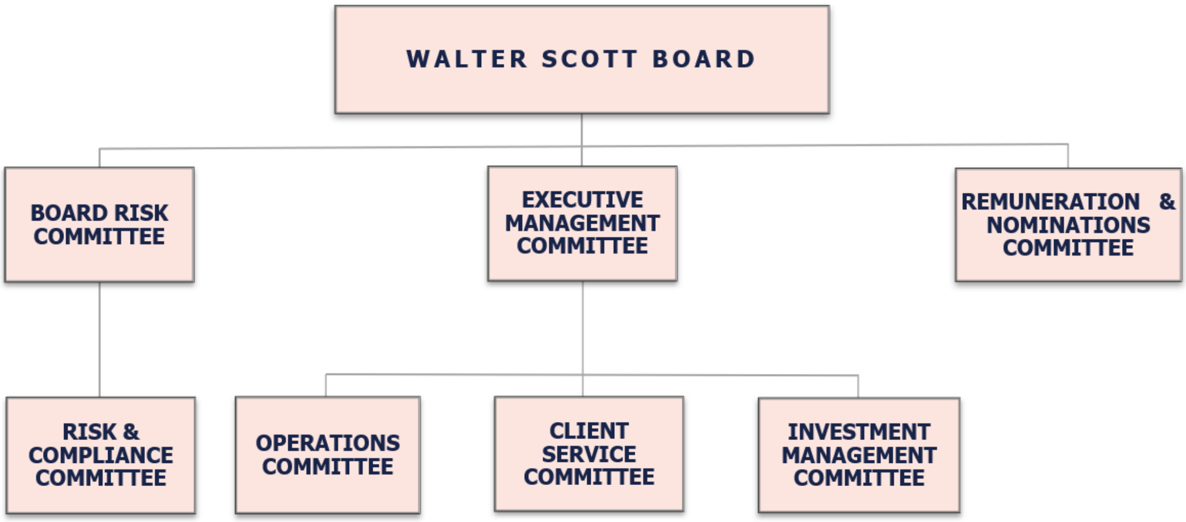


Note – the above chart has been streamlined to only show the Walter Scott corporate relationship.

3 Governance Arrangements

Governance and Oversight Structure

The Board has ultimate responsibility for corporate governance. Walter Scott discharges its responsibilities through regular board meetings and by delegating aspects of that responsibility through a formal committee structure (see below as of 30th June 2025). Policies and procedures have also been established to ensure effective and appropriate governance of the business.



Committee	Description
Board Risk Committee ("BRC")	The purpose of the BRC, under delegation of the Board, is to support the Board in its consideration of the business activities that expose Walter Scott to material risks, as assessed by Walter Scott's Risk Management Framework, Risk Appetite Statement and Internal Audit Programme, to the successful attainment of the Walter Scott strategy, with focus on current and forward-looking aspects of risk exposure.
Executive Management Committee ("EMC")	The purpose of the EMC, under delegation from the Board, is to run the business day-to-day ensuring that the Firm deploys the right Strategy, Resources and Governance, and to deliver on all other matters delegated to it by the Board. It is important that the EMC manages the business in such a way that Walter Scott complies with regulatory expectations and requirements, primarily from the Financial Conduct Authority ("FCA") but also from other regulators around the world including federal regulators in the US which supervise BNY.
Remuneration & Nominations Committees ("RNC")	The purpose of the RNC is to approve salaries, incentives, and any other compensation payments to Walter Scott employees; to make nominations for board appointments; to approve compensation structures and have oversight of relevant administrative matters. The RNC is comprised such that it is able to exercise competent and independent judgement on the Firm's remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
Committee	**Description**
Risk & Compliance Committee ("RCC")	The purpose of the RCC, under delegation from the BRC, is to oversee the monitoring of the Firm with regard to operational risk, adherence to corporate policies and compliance with the regulatory requirements in all jurisdictions within which the Firm operates. Furthermore, the RCC monitors the Firm's Risk & Compliance awareness and coordinates any internal/external visits of a regulatory nature.
Operations Committee ("OC")	The purpose of the OC, under delegation from the EMC is to oversee all support provided to the Firm's Investment, Client Service and Risk & Compliance activities.
Client Service Committee ("CSC")	The purpose of the CSC, under delegation from the EMC is to oversee the Firm's ongoing service to its clients and its business development efforts.
Investment Management Committee ("IMC")	The purpose of the IMC, under delegation from the EMC is to provide oversight of the Firm's investment process.

Each committee that reports to the Board generally meet on a monthly or quarterly basis, with the exception of the RNC which meets no less than 3 times per year. The Chair of the Board, an Independent Non-Executive Director, also chairs the Firm's BRC. The shareholder representative who is a member of the Board is Deputy General Counsel and Chief Legal Officer, BNY Investments. The Managing Director of Walter Scott is a member of the Firm's Board and a member of all committees.

Directorships

As at 31st December 2024, the Walter Scott Board comprised of four Executive Directors, one Shareholder Representative and four Independent Non-Executive Directors. Walter Scott Independent Non-Executive Directors have been selected for their broad range of skills and experiences and their ability to provide an independent view on Walter Scott's strategy, governance, technology, external threats, and opportunities. The number of reportable external Directorships held by the Walter Scott Board members as at 31st December 2024 were:

Voting Member	Role	External Directorships
A. Hammond-Chambers	Independent Non-Executive Director - Chair	1
S. Potter	Independent Non-Executive Director	4
R. Watt	Independent Non-Executive Director	-
J.P. O'Meara	Independent Non-Executive Director	2
J. Ivinson	Deputy General Counsel and Chief Legal Officer, BNY Investments	1
J. Henderson	Executive Director – Managing Director	-
R. Leckie	Executive Director	-
C. Macquaker	Executive Director	-
T. Sneddon	Executive Director	-

Strategy

The Board sets the strategic direction for Walter Scott, approves the strategic and business plans, and oversees their delivery by the EMC. The Board maintains the strategic relationship with BNY, the sole shareholder, and delegates day-to-day operations to the CEO and EMC. The Board monitors alignment with strategy, risk appetite, policies, budgets, and performance objectives, and oversees climate-related risks and opportunities for both client assets and internal operations. Any changes to the strategic product offering require Board approval.

Resources

The Board ensures adequate financial and non-financial resources, including capital and liquidity, are in place to support strategic and business objectives. It oversees major projects, programmes, and corporate development activities. The Board is responsible for ensuring the Firm has a qualified and skilled executive and investment team to manage business performance and deliver client returns.

Governance

The Board defines, oversees, and is accountable for governance arrangements that ensure effective and prudent management, in line with SYSC 4.3A.1R. It monitors corporate governance effectiveness, culture, and conduct to align with values and regulatory obligations. The BRC sets and reviews risk appetite and escalates relevant matters to the Board. The Board also reviews and approves financial statements, committee reports, committee terms of reference, and monitors conflicts of interest.

Diversity Policy

From a gender perspective, women account for 49% of all employees, 40% of the EMC, and 25% of the Board. Female employees are in significant leadership positions across the Firm, including Managing Director, Head of Finance, Chief Compliance Officer and Head of Risk and Head of Investment Operations and Sustainability.

Walter Scott is a relatively small organisation with high staff longevity, low turnover and low headcount growth, and believes that diversity targets will not positively contribute to its commitments. Walter Scott has explicit commitments in its DEI Policy and measures its success against fulfilment of these commitments.

Walter Scott is committed to:

- Promoting a culture and environment that encourages employees to feel they belong and are given the equal opportunity to contribute and progress.
- Providing ongoing training to reaffirm personal accountability.
- Implementing and reviewing policies and practices to promote fairness and impartiality so all have the same chance to succeed.
- Seeking a diverse group of applicants through recruitment activities and external partnerships to ensure as broad a talent pool as possible.
- Assessing progress and reporting outcomes to the EMC on a bi-annual basis.

4 Risk Management Objectives and Policies

Risk Management Framework

As a wholly owned subsidiary of BNY, the firm operates under the BNY Enterprise Risk Management Framework ("ERMF"). The ERMF is the foundation of the Walter Scott Risk Management approach that establishes risk management practices which are transparent, comprehensible and consistent.

The ERMF promotes Walter Scott's goals of long-term resiliency, safety and soundness to withstand the impact of financial markets and other stresses and to maintain compliance with laws and regulations.

The four key elements of the ERMF are:

- **Holistic Risk Management Principles** — promoting a strong risk culture, with oversight, governance and accountability.
- **Risk Management Framework** — which drives effective management of risks corresponding to the execution of the business strategy and the Firm's day-to-day operations.
- **Risk Reporting Standards** — delivers a consistent and aggregated measurement and monitoring of risk that supports decision making.
- **Continuous Improvement** — for monitoring the effectiveness of ERMF.

The Risk Management processes include actively identifying and assessing the risks and potential harms to the business through a number of assessments, including the ICARA, the Firm's Risk Control Self-Assessment ("RCSA") process, Operational Risk Event ("ORE") capture, Root Cause Analysis and Operational Risk Limits ("ORLs").

The Risk Framework is embedded throughout Walter Scott via the Three Lines of Defence model. Business areas that own and manage risk form the first line of defence. The second line is Risk Management, which provides oversight, and the third line is Internal Audit, which offers independent assurance. Walter Scott Risk Managers work in collaboration with the central BNY Risk function.

Risk Management Structure and Operations

The Board has ultimate responsibility for corporate governance, including the management of risk. It discharges its responsibilities through regular board meetings and by delegating aspects of that responsibility through a formal committee structure (see page 5). Risk matters are delegated to the Firm's BRC.

Notwithstanding the autonomy of the Board, Walter Scott adopts a common overall risk framework in line with global BNY policy standards. This helps to ensure thoroughness of risk management activities, consistency of approach and commonality in escalation to the BNY Investment Risk Committee.

Risk Appetite Statement

The BRC sets the Firm's Risk Appetite, including identification of material ORLs (KRI thresholds). The Risk Appetite articulates the Firm's appetite and tolerance for risk across all risk categories. ORLs which have been identified are used as part of the Firm's risk monitoring, escalation and reporting processes including the RCC, BRC, Board, senior management, parent organisation and regulatory reporting. The Firm's Risk Appetite is reflected in its ICARA process and related decision making.

Effectiveness of the Risk Management Processes

During the period under review, all aspects of the Walter Scott Risk Management process functioned as required with no changes to the Firm's framework and supporting processes. All risk reviews and assessments were completed on schedule with no material findings; there was no material increase in inherent or residual risk identified.

In addition, Walter Scott's risk management processes are subject to BNY internal audits and external audits. Walter Scott engages KPMG annually to examine certain aspects of the Firm's internal controls environment and processes.

ICARA Risk Assessment Summary

Walter Scott does not undertake any principal activity which puts its capital at risk, or risks the capital of its immediate parent, or higher-level corporate controllers except to the extent of any seed capital that may be invested in strategies it manages. Investment activity undertaken by Walter Scott is in the capacity as an agent for its clients.

Risk	Description & Mitigation of Risk
Operational Risk	Operational Risk may arise from errors in transaction processing, breaches of internal control systems and compliance requirements, internal or external fraud, damage to physical assets, and/or business disruption due to systems failures, execution, delivery and process management or other events. Operational Risk represents one of the most material harms facing Walter Scott and as such a BNY developed Operational Risk Management Framework ("ORMF") is in place across the firm to manage, monitor and mitigate operational risks. Operational Risk is monitored through the regular review of ORLs, the RCSA process, and the reporting/management of OREs.

Credit and Counterparty Risk	The nature of the Firm's activities does not materially expose it to credit risk beyond that associated with its balance sheet assets. Based on the current business model, strategy, and market environment, Walter Scott is exposed to credit and counterparty credit risk primarily through its cash placements with credit institutions and accounts receivables**:** **Cash held at credit institutions** - this exposure arises from deposits held with banks or BNY banking subsidiaries, which Walter Scott uses to fund its ongoing operations. **Receivables and Prepayments** - this exposure may arise from the failure of clients to settle fee receivables. Walter Scott assessed its total credit risk exposures in line with methodology agreed at BNY Stress Testing Oversight Group ("STOG") to quantify additional financial resources suitable for that exposure taking in to account probability and severity of a credit risk event as well as the impact of a loss on their ability to continue ongoing operations or conduct an orderly wind-down. To calculate the Firm's credit risk capital, Walter Scott used an internal rating-based approach and methodology applied for quantification of similar risks across all Firms.
Market Risk	The Firm is not authorised to trade on its own account, underwrite issues of financial instruments on a firm commitment basis, or run proprietary trading positions. As a result, direct exposure of proprietary capital to market risk is minimised. A market risk scenario could arise within Walter Scott if adverse market movements affect non-trading exposures such as fee payments in non-functional currencies. As Walter Scott does not take proprietary positions, this risk component is limited to foreign currency risk from currency exposure on settled balances, receivables and payables due in non-sterling currencies. In 2024 this exposure was primarily made up of USD, CAD and EUR balances. These exposures are actively managed through the Firm's FX Hedging Strategy. Walter Scott outsources the management of USD and CAD foreign currency exposure across its BNY currency accounts to a central BNY Treasury function. All other currency exposures are subject to transfers from the multicurrency accounts to the functional GBP accounts.
Concentration Risk	Walter Scott has a diverse client base across various client types and jurisdictions, with no material concentration risk associated with any single client. The Firm has adopted a policy whereby no individual client may exceed 10% of AUM at the time of funding. The Firm's business model inherently focuses on specific geographies, client types, and asset classes. This is a strategic decision, and the Firm acknowledges and accepts the associated risks. The most significant source of concentration risk for Walter Scott stems from its credit exposure to its parent company, BNY, due to the concentration of deposits held with BNY. A substantial proportion of this liquid capital is held with external third-party banks, thus creating natural diversification (of at least the higher of the Firm's Own Funds Threshold Requirement ("OFTR") or Liquid Asset Threshold Requirements ("LATR")) to mitigate credit concentration risk.

Group Risk	The harm from the materialisation of a group risk scenario could impact Walter Scott as the Firm interrelates with affiliated group entities in several areas: - Share Ownership - Risk & Compliance - Systems and IT Security - Business Development - Finance The main contributor to the mitigation of Group Risk is the structure of the Firm, which is autonomous, reasonably self-contained, strongly capitalised with no financial reliance on the parent company, separately branded and has a client base which is well diversified and, for the most part, has not been obtained through BNY or via banking relationships.
Reputational Risk	The Firm is potentially exposed to reputational risks through BNY, its affiliates, and other investment firms within the BNY group. Additionally, reputational risk may arise from a loss of client confidence. This could result from consistently poor performance over time, operational events that are not appropriately remedied and perceived by clients as systemic control weaknesses, or the departure of key investment managers. The financial impacts and potential harm caused by reputational risk scenarios within the Firm are constrained due to the below mitigating factors: • Investment performance is actively and effectively monitored by senior personnel and regularly reviewed at the IMC. • The Firm has a centralised compensation and retention policy designed to discourage short-termism and poor conduct. This includes contractual clawback provisions in discretionary awards. • A strong, management-led, risk-focused culture is supported by policies and training aimed at controlling conduct risk, with a zero-tolerance approach to poor behaviour. The Firm continues to focus on maintaining its reputation through sound risk management practices and controls, supported by an appropriate code of conduct and governance framework.
Liquidity Risk	The exposure to liquidity risk within the firm is limited by the fact that Walter Scott does not hold client cash on its balance sheet, has no retail deposits, and does not make loans to clients. The Firm does not have any off-balance sheet or material own account derivatives exposures. It is not necessary for Walter Scott to actively manage liquidity across legal entities, business lines or currencies. Within the Firm, management fees provide the majority source of funds, and payment of staff and administrative expenses represent the majority use of funds. As part of the 2024 Risk Assessment Process, Walter Scott applied a severe but plausible liquidity stress scenario to its financial projections to analyse the impact on its balance sheet and projected cash flows. It was concluded that the Firm would need to hold liquid assets equal to one third of the Fixed Overhead Requirement ("FOR") plus the higher of any additional liquid assets to fund ongoing business or liquid assets required to wind-down the business.

Strategic Risk	The Firm's business model exposes it to capital market performance. Strategic risk is determined by the alignment between the Firm's strategic goals, the business strategies designed to achieve them, the resources allocated to those goals, and the effectiveness of implementation. Senior management of Walter Scott are placed strategically to manage the business within the wider framework of BNY and BNY Investments. Walter Scott articulates and approves its strategy annually and measures performance against completion of its objectives. Material misalignment or failure resulting in poor strategic direction, objectives or consistent underperformance would be identified and escalated through internal governance procedures and eventually to BNY senior management.
Business Risk	Business risk could arise from exposure to a wide range of macro-economic, geopolitical, industry, regulatory, client behaviour, inappropriate management actions, and other external risks that might deflect from desired strategy and business plans. Stress scenarios were developed and considered by the Firm as part of the 2025 ICARA process to assess the potential impact of certain specific high-risk factors on business profitability or viability. These stress tests encompassed various themes specific to Walter Scott and were used to determine whether there is a need for additional capital to support business in case of adverse circumstances.

5 Own Funds

This disclosure has been completed 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 December 2024.

Composition of regulatory own funds			
	Item	**Amount (GBP 000s)**	**Source based on reference numbers/ letters of the balance sheet in the audited financial statements**
1	**OWN FUNDS**	**187,978**	
2	**TIER CAPITAL**	**187,978**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**203,960**	
4	Fully paid-up capital instruments	25	Statement of Changes in Equity
5	Share premium:		
6	Retained earnings	203,935	Statement of Changes in Equity
7	Accumulated other comprehensive income:		
8	Other reserves	20,117	Statement of Changes in Equity
9	Adjustments to CET1 due to prudential filters	(20,117)	Statement of Changes in Equity
10	Other funds:		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(15,982)	Note 10 (Intangibles) and Note 12 (Deferred Tax Assets)
19	CET 1: Other capital elements, deductions, and adjustments	-	
20	**ADDITIONAL TIER 1 CAPITAL**		
21	Fully paid up, directly issued capital instruments	-	

22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions, and adjustments	-	
25	**TIER 2 CAPITAL**		
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(1) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions, and adjustments	-	

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
Figures are in GBP thousands (£000s) unless noted otherwise				
-	-	**a**	**b**	**c**
-	-	**Balance sheet as in published/ audited financial statements**	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
-	-	**As at period end 31 December 2024**	**As at period end**	**-**
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Tangible assets	11,112	-	-
2	Intangible fixed assets	1,152	-	-
3	Debtors	92,965	-	-
4	Investments	60,551	-	-
5	Cash at bank and in hand	176,120	-	-
	Total Assets	**341,900**	-	-
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	82,850	-	
2	Creditors: amounts falling due after more than one year	34,973	-	
	Total Liabilities	**117,823**	-	
Shareholders' Equity				
1	Called up share capital	25	-	
2	Other reserves	20,117	-	
3	Profit and loss account	203,935	-	
	Total Shareholders' equity	**224,077**	-	
Own funds: main features of own instruments issued by the firm				
Own funds are comprised of share premium, fully paid-up capital instruments and retained earnings which are accounted for within shareholders equity. Called up share capital constitutes 25,126 of ordinary shares of £1 each.				

6 Own Funds Requirement

This disclosure has been made in accordance with the MIFIDPRU 8.5 requirements. The following information is as at 31 December 2024.

Walter Scott has complied with its Own Funds requirement throughout the period.

	Walter Scott Own Funds Requirement	Input £	Capital Assessment £
Ref	**Own Funds Requirement**		
A	PMR (Permanent Minimum Requirement)	75,000	-
B	FOR (Fixed Overheads Requirement)	19,740,000	-
C	K-AUM (Assets Under Management)	13,951,000	-
D	K-COH (Client Orders Handled)	7,000	-
E	KFR ***(C+D)*** (K-Factor Requirement)	13,958,000	-
F	Own Funds Requirement ***Higher of (A, B or E)***		**19,740,000**

Adequacy of Own Funds Assessment

The Firm's Own Funds Assessment was derived after completion of the 2025 ICARA process which considered all relevant material harms. As part of this process, the Own Funds Assessment was subject to challenge by Firm specific, severe but plausible hypothetical scenarios designed to stress the Firm's capital. Based on these activities it is believed the Firm's Own Funds Assessment figure is adequate.

7 Remuneration Disclosure

Walter Scott is required to disclose information on its remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile. This disclosure is made in accordance with the MIFIDPRU 8.6 requirements. The information disclosed in the quantitative disclosure is as at 31 December 2024. Where appropriate this disclosure exercises the confidentiality provisions of MIFIDPRU 8.6.8 (7).

Remuneration Policy and Governance

Walter Scott's Remuneration Policy is designed to align with the long-term interests of the Firm's clients.

Walter Scott's Remuneration Policy has been designed to provide a remuneration approach that is consistent and appropriate to all its staff (excludes Non-Executive Directors). It ensures that pay practices are appropriate and proportionate to the nature, scale and complexity of the current and future risks that are inherent in the business model and activities carried out.

In addition to being regulatory compliant and gender neutral, as well as supporting equal pay and diversity, the Remuneration Policy also promotes sound and effective risk management, aligns with the Firm's business strategy and rewards long-term sustainable investment outcomes for its clients.

The approach to remuneration is governed by the Walter Scott RNC which has delegated responsibility for remuneration matters from the Board which, in consultation with the BNY Investment Management Compensation Oversight Committee ("IM COC"), is responsible for remuneration policy decisions and the approval of year-end compensation awards for its respective regulated staff members. All new material incentive plans, material changes to existing incentive/sales plans and funding accrual decisions are subject to review and approval by the IM COC.

The RNC meets no less than three times per year. Compensation proposals are made to the RNC on an annual basis which includes a review of proposals for EMC members, Material Risk Takers ("MRTs") and other high earners. This review includes formal input from the Risk and Compliance and Human Resources functions. The RNC may, from time to time consider additional input from external consultants as deemed appropriate.

To manage any potential conflicts of interest, remuneration decisions for employees in control functions are determined in conjunction with the BNY corporate function. Variable compensation deferrals for the aforementioned employees are aligned with BNY corporate deferral rates, subject to any additional regulatory requirements which may apply.

The RNC is accountable for ensuring remuneration practices are implemented appropriately in line with the Firm's business strategy, all relevant legal and regulatory requirements, policies, and practices reflecting the risk profile, long term objectives and the overall philosophy of the Firm.

Remuneration Philosophy

Walter Scott's overarching compensation philosophy is designed to align with the long-term interests of the Firm's clients and to attract and retain the highest calibre of staff with a compensation and benefits package that is market competitive and is designed to reward:

- Growth and development for its clients, its shareholder, its people, its business, and the communities within which it operates to be consistent with and promote sound and effective risk management.
- Performance (of the Firm, team, and individuals against established goals).
- The creation and maintenance of an inclusive and positive culture focused on doing what is right and supporting sustainable long-term value.
- Being in line with the Firm's business strategy, objectives, and long-term interests.

Linking Strategy to our Reward Philosophy

Walter Scott offers a total compensation opportunity that supports its values; passion for excellence, long term client relationships, integrity, strength in diversity and courage to lead. The business values individual and team contributions with rewards based on how both contribute to client and overall business outcomes. In support of this philosophy, variable compensation is regularly used as a means of recognising performance.

Material Risk Takers

As required by the MIFIDPRU Remuneration Code, relevant investment firms are required to identify employees whose professional activities have a material impact on the risk profile of the firm or the assets that are managed by the firm. The Remuneration Code includes published criteria to assist in identifying those employees.

Each year, the Walter Scott Remuneration Committee formally approves the Firm's interpretation of the Remuneration Code identification criteria. Based on this interpretation, a list of MRTs is submitted for approval, specifically identifying individuals with responsibility for risk control or significant risk exposure.

Employees identified as MRTs include, but are not limited to, those who meet the following criteria:

- Members of a management body in its management or supervisory function, or a member of senior management.
- Those with managerial responsibility for a regulated activity.
- Those with managerial responsibility for a control function, including Risk and Money Laundering.
- Those whose professional activities are otherwise determined to have an impact on the risk profile of the firm, or the assets managed.

All identified MRTs are informed of their status as MRTs and the implications of being regarded as such via a notification letter. The approved list of MRTs is maintained through the year and updated as necessary by the Firm. For the 2024 performance year, 12 employees were identified as MRTs.

Structure of Compensation

The level of individual compensation is based on multiple factors, including:

- Job function – type of work being done, financial responsibility, decision-making authority and number of employees supervised.
- Knowledge requirements – skill, education and training required to successfully perform the job.
- Competence – breadth and depth and competence of prior work experience.
- Local labour market – local pay rate for similar jobs at other companies in the same global location.
- Talent availability – number of qualified workers who fulfil the job requirements.
- Individual performance – level of performance of the person doing the job.

Walter Scott's employee compensation structure is comprised of an appropriate mix of salary and variable compensation (incentives) that vests over time.

Fixed Component

The fixed component of an employee's compensation is determined by market practices and is designed to provide financial security and a stable foundation appropriate to the employee's location. It also reflects the size, scope, and value of the role within the Firm, as well as the individual's capability and competence.

Fixed compensation is set at a level high enough to ensure that there is no requirement or obligation to pay variable compensation when the performance of the individual, team or Firm does not justify it.

Variable Component

The variable incentive pool is determined by the profitability of the business and is calculated as a set percentage of the Firm's annual pre-tax operating profits.

All Walter Scott employees are eligible to be considered for variable compensation however, such awards are discretionary and not guaranteed. Variable compensation is considered an important element of total compensation and is the Firm's way of paying for performance. The proportion of variable compensation as a component of total compensation typically increases with the seniority of the role and often constitutes the majority of total compensation.

Variable compensation may consist of both upfront cash and deferred components. The deferred component is intended to align a portion of the variable compensation award with the management of longer-term business risk. It is generally awarded in the form of deferred cash which is invested in Walter Scott Long Term Incentive Plan ("LTIP").

Guaranteed variable compensation is only awarded in exceptional circumstances and, in line with the regulatory requirements, limited to the first year of service and in the context of hiring new staff i.e. golden handshake, sign-on bonus or lost opportunity bonus. Buyout awards which compensate a new joiner for forfeited deferred remuneration from a previous employer will take into consideration the value and terms including any deferral period, nature of award (e.g. cash, shares etc.) and retention period of the variable compensation to be forfeited.

In addition, any retention or severance payments (in addition to any local statutory requirements) are made at the discretion of the Walter Scott RNC and are made in line with the regulatory requirements of the Remuneration Code. Where a severance award relates to the dismissal of a Director, additional consideration and approval is required by the Board.

To ensure effective risk adjustment, Walter Scott requires employees who receive variable remuneration awards (both upfront and deferred) to agree to forfeiture and clawback of such awards in the event of fraud, misconduct or actions contributing to the detriment of business interests, including competing with the business, and soliciting employees or clients. As a result of relevant regulation, awards to MRTs are subject to more stringent risk adjustment including forfeiture and clawback in the event of employee misbehaviour, material error, material downturn in business performance or a material failure of risk management.

Performance criteria

Variable compensation is determined based on individual, team, and business performance, and is assessed against a range of criteria. It is designed to reward leadership and technical contributions equitably, recognising both performance and delivery.

Performance is measured against a set criterion including Risk and Compliance standards/policies/procedures and requirements, achievement of goals, including diversity, equity and inclusion and ESG. The balance of each individual criteria ensures that variable remuneration does not encourage excessive risk taking nor affect the sound capital base of the Firm. It also reflects the long-term performance of employees.

Long Term Incentive Plans (“LTIP”)

Walter Scott operates a LTIP for certain employees based on their level of total remuneration. Awards of this kind comprise of a deferred cash investment into funds where Walter Scott is the sub-advisor. These investments vest over a three-year period on a pro-rata basis (one third on each anniversary). Having a three-year deferral period is considered appropriate given the long-hold nature of the Firm’s investment approach and the low employee turnover.

Variable Remuneration of Control Function Staff

The variable compensation awarded to control function staff (for example, Finance, Risk, and Compliance) is dependent on performance that is assessed according to the achievement of objectives specific to their functional role and is independent of the activities they oversee.

Performance Adjustment

The Walter Scott RNC is responsible for ensuring any variable remuneration, including any amounts deferred, is paid or vests only if it is sustainable according to the financial position of the Firm as a whole and justified by the performance of the individual, the individual’s team and the Firm.

All employees have three non-financial objectives on which they are assessed. These being Diversity, Equity & Inclusion, ESG, and Risk and Compliance.

The Walter Scott RNC takes into consideration input from the Firm’s People Team and Risk and Compliance functions when determining remuneration outcomes and may, in its sole discretion, cancel or reduce all or any portion of an unvested award of variable remuneration (“Malus”) based on criteria included in Walter Scott’s Remuneration Policy, including but not limited to, employee misconduct, material error, material downturn in business unit performance, material failure of risk management and failure to meet fitness and proprietary standards. In addition, Clawback may be applied for up to seven years from the date the variable remuneration was awarded.

Walter Scott does not have universal criteria for awarding severance payments. Any severance awards made would be based on the facts and circumstances of each individual case and be based on the guidance of FCA’s SYSC 19G. Any decisions made by the Firm would not set a precedence for any future cases. Tools used to assist the firm in determining an appropriate award would include the use of a severance calculation formula as provided by the parent company. Any case of a dismissal that has been initiated by the employer which incurs the requirement to make a severance award is referred to the RNC for consideration and approval. Where the severance award relates to the dismissal of a Director, additional consideration and approval is required by the Board. Unless required by law, severance payments will not be awarded to any staff member who voluntarily resigns. Early termination of the employment contract of a MRT would be reflective of the individual's performance over time and would not reward failure or misconduct. Walter Scott acknowledges that it may become legally obliged to pay a higher amount of severance pay, for example as a result of legal proceedings.

Quantitative Disclosures
Walter Scott is required to disclose information on the aggregate remuneration for its employees and MRTs for the 2024 performance year.

The remuneration figures below are presented on a gross basis.

	Senior Management	Other MRTs[1]	Other Staff
Total Number	10		169
Total Remuneration	£30,427,283		£36,655,944
Fixed Remuneration	£2,047,283		£10,154,444
Variable Remuneration	£28,380,000		£26,501,500
Cash	£11,366,000		
Upfront Shares	-		
Deferred Shares	-		
Share-linked	-		
Other	£17,014,000		
Deferred Remuneration awarded for prior year	£36,465,769		
2025 Vesting [2]	£17,060,842		
Subsequent Years vesting [3]	£19,404,928		
Due to vest but withheld due to performance adjustment	-		
Total Guaranteed Variable	None		
Total Severance Payments	None		
Highest Severance Payment	n/a		

Exemptions under SYSC 19G.5.9R	n/a		

[1] Under MIFIDPRU 8.6.9 no information is provided to prevent identification of two material risk takers.
[2] Based on unit price at date of distribution.
[3] Based on unit price at date of 31 December 2024.

8 Investment Policy

This disclosure has been made in accordance with the MIFIDPRU 8.7 requirements. The information contained within this section is at 31 December 2024.

- Walter Scott did not hold any shares directly during the period.
- Walter Scott did not hold shares indirectly on behalf of clients in excess of 5% of any issuance with voting rights attached.

IP1 – Proportion of Voting Rights

Company name	LEI	Proportion voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.7.4R
N/A	N/A	N/A

IP2 – Voting Behaviour

IP2.01 – DESCRIPTION OF VOTING BEHAVIOUR		
Row	**Item**	**Value**
1	Number of relevant companies in the scope of disclosure	0
2	Number of general meetings in the scope of disclosure during the past year	N/A
3	Number of general meetings in the scope of disclosure in which the firm has voted during the past year	N/A
4	Does the investment firm inform the company of negative votes prior to the general meeting? (Yes/No/Other – please explain)	No - As per Walter Scott's Proxy Voting Policy, in the event of a vote against management, we notify the company in question after the general meeting outlining our rationale for the decision.
5	On a consolidation basis, does the investment firm group possess a policy regarding conflicts of interest between relevant entities of the group? (Yes/No)	Yes
6	If yes, summary of this policy	Potential conflicts of interest are dealt with in Walter Scott's Proxy Voting Policy - https://www.walterscott.com/wp-content/uploads/2025/04/Proxy-Voting-Policy-April-2025.pdf

IP2.02 – VOTING BEHAVIOUR			
Row	**Item**	**Number**	**Percentage (of all resolutions)**
1	General meeting resolutions:	N/A	N/A
2	The firm has approved management's recommendation	N/A	N/A
3	The firm has opposed management's recommendations	N/A	N/A
4	In which the firm has abstained	N/A	N/A
5	General meetings in which the firm has opposed at least one resolution	N/A	N/A

IP2.03 – VOTING BEHAVIOUR IN RESOLUTION BY THEME (number unless specified)					
Row	**Item**	**Voted For**	**Voted Against**	**Abstained**	**Total**
1	Voted resolutions by theme during the past year	N/A	N/A	N/A	N/A
2	Board structure	N/A	N/A	N/A	N/A
3	Executive remuneration	N/A	N/A	N/A	N/A
4	Auditors	N/A	N/A	N/A	N/A
5	Environmental, social, governance not covered by rows 2-4	N/A	N/A	N/A	N/A
6	Capital transactions	N/A	N/A	N/A	N/A
7	External resolutions (e.g., shareholder proposals)	N/A	N/A	N/A	N/A
8	Other	N/A	N/A	N/A	N/A
9	Percentage of all resolutions put forward by the administrative or management body that are approved by the firm	N/A	N/A	N/A	N/A

IP3 – Use of Proxy Advisor Firms

IP3 – USE OF PROXY ADVISOR FIRMS
Explanation on the use of proxy advisor firms
Walter Scott receives third party research from Institutional Shareholder Services (ISS) for information purposes. However, the recommendations from any intermediary have no bearing on how Walter Scott votes.

IP4 – Voting Guidelines

IP4 – VOTING GUIDELINES
Voting guidelines regarding the companies the shares of which are held in accordance with MIFIDPRU 8.7.4R: short summary and, if available, links to non-confidential documents
Where authorised to do so, Walter Scott votes at shareholder meetings in a manner consistent with our clients' best interests. While Walter Scott considers all votes on a case-by-case basis, we have guidelines in place for specific issues, which are all detailed in Walter Scott's 2025 Proxy Voting Policy - https://www.walterscott.com/wp-content/uploads/2025/04/Proxy-Voting-Policy-April-2025.pdf

9 Contact Information

Telephone	+44131 225 1357
Email	compliance@walterscott.com
Address	1 Charlotte Square, Edinburgh EH2 4DR

Walter Scott & Partners Limited, One Charlotte Square, Edinburgh EH2 4DR
Tel: +44 (0)131 225 1357 · Fax: +44 (0)131 225 7997 · www.walterscott.com

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