RBC Global Asset Management (UK) Limited

MIFIDPRU 8 Annual Disclosure

31 October 2022

Contents

Overview

Business Profile

This is the annual disclosure for RBC Global Asset Management (UK) Limited's ("GAM (UK)" or "the Company") in accordance with MIFIDPRU 8. GAM (UK)'s principal activity is to provide investment management services to institutional clients and financial intermediaries including affiliated companies. The Company is a wholly owned subsidiary of Royal Bank of Canada Holdings (U.K.) Limited ("RBC HUK") which in turn is a wholly owned subsidiary of Royal Bank of Canada. Prior to the UK implementation of the Investment Firms Prudential Regime (IFPR), GAM (UK) has been included in RBC HUK's consolidated Pillar 3 disclosure. RBC HUK is no longer required to make public disclosures.

Basis and Frequency of Disclosure

Since 1st January 2022, GAM (UK) is regulated by the FCA under the Investment Firms Prudential Regime. Prior to 1st January GAM (UK) was regulated as a BIPRU 50k firm.

The information disclosed is prepared in accordance with the disclosure requirements of MIFIDPRU 8 for non-SNI investment firms. The disclosures may differ from similar information in the Company's financial statements for the year ended 31 October 2022, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). Therefore, the information in these disclosures may not be directly comparable with that information.

GAM (UK) will updates these disclosures on an annually basis as at its financial year end of 31 October. The Company will assess the need to publish some or all disclosures more frequently in the light of the relevant market and business conditions.

Location and Verification

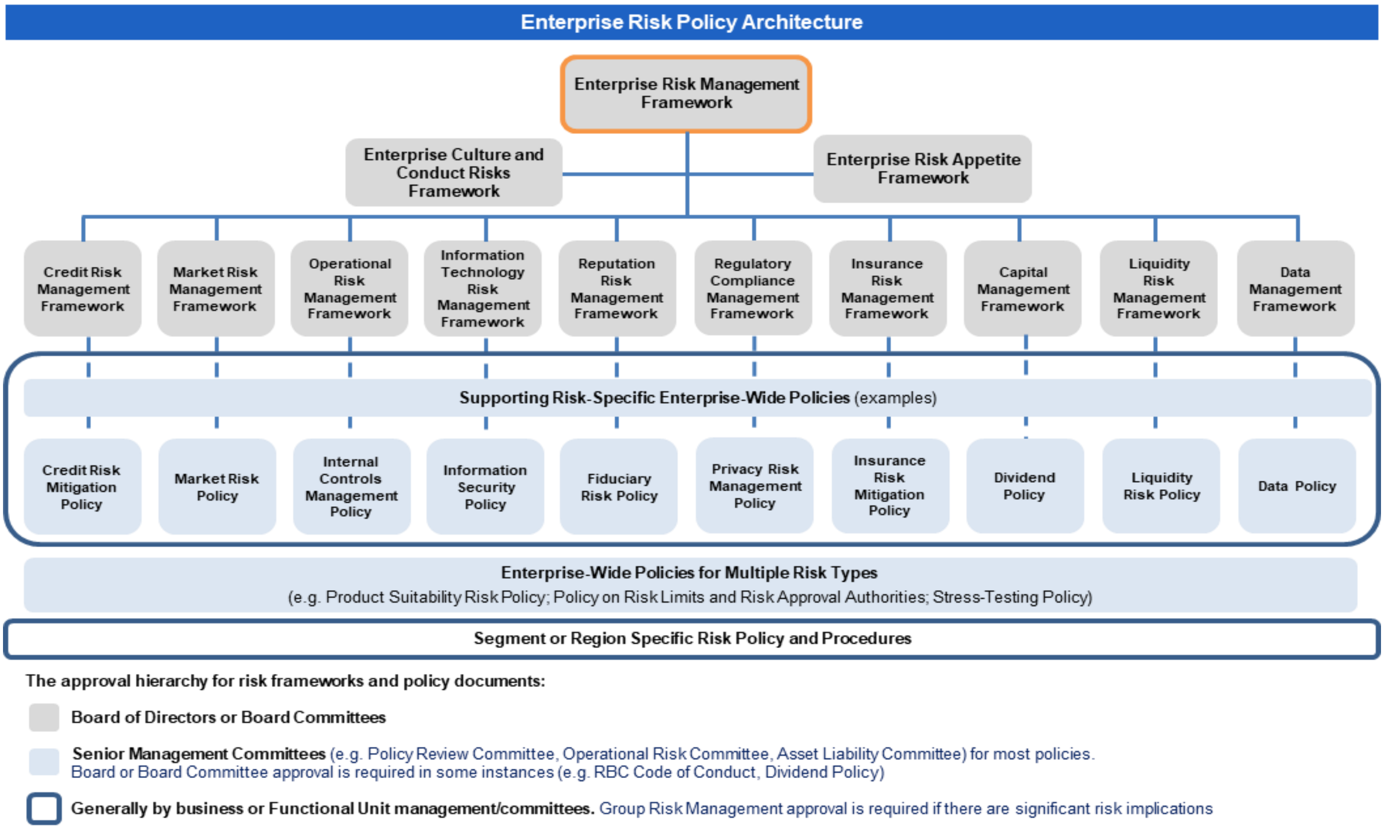
These disclosures have been reviewed and approved by the Company's Board of Directors. These disclosures will be published on the Company's public website: https://global.rbcgam.com/europe/advisor/document-library/default.fs

Risk Management Objectives and Policies

Risk Governance, Assessment and Management

The RBC Enterprise Risk Management Framework sets out the overarching arrangements for risk management, control and assurance within GAM (UK). The Framework is designed to provide a consistent and structured approach to identify, assess, measure, control, monitor and report on significant risks. This helps to ensure that risk is managed and controlled on behalf of internal and external stakeholders, including shareholders, customers, employees and regulators. Effective and efficient risk governance and oversight provide Management with assurance that GAM (UK)'s business activities will not be excessively impacted by risks that could have been reasonably foreseen.

The organisation structure for risk management is depicted below:



Risk Identification

GAM (UK) has implemented processes to identify, assess and manage risks that could affect its ability to manage the assets that have been entrusted to the business. Responsibility for risk assessment lies with management, requiring the identification of significant risks inherent in the processes relating to institutional investment management and establishment of appropriate controls. Consequently, management has implemented appropriate measures to monitor and manage the risks identified.

Risk Identification is embedded within a wide range of activities, including but not limited to:

The approval of new products, transactions, client relationships, projects or initiatives;

- Business strategy development;
- Risk Appetite Statement;
- Risk and Control Self-Assessment;
- Harm Assessment Identification process;
- Monitoring and Reporting;

- Ongoing assessment of Industry and Regulatory Developments

GAM (UK)'s risk assessment, identification, monitoring and escalation processes are continuously advancing in response to the environment in which it operates and the consequent risks to which it is exposed.

Three Lines of Defence

RBC values its reputation for safety among global financial services providers and promotes risk awareness and the proactive management of risk. There is a strong culture of risk management throughout the organisation. At the first level, employees at all levels of the organisation are responsible for managing the day-to-day risks that arise in the context of their mandate. The second level comprises areas with independent oversight accountabilities within Control and Group Functions and establishes the Enterprise level risk management frameworks. The third level is covered by Internal and External Audit functions.

GAM (UK) utilises a Three Lines of Defence Risk Management Model as a framework for the general control environment. The three lines of defence are highlighted below:

Concentration Risk

Concentration risk is the risk arising from the strength or extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients.

GAM (UK) limits its concentration risk by having a large number of clients which is diversified across regions, industry sectors and other client characteristics.

Liquidity Risk

The Board of GAM (UK) determines the liquidity risk appetite for the business, determines the type of assets that can be held by the business, and reviews liquidity ratios on a regular basis to ensure that the company's liquidity risk is managed within the defined appetite.

In line with a prudent approach to risk mitigation, the Board's liquidity risk appetite only allows liquid balances to be held as cash at bank and UK Government Treasury Bills.

The Board has implemented the Liquidity Management Policy which includes the following controls:

- Liquidity calculations are updated on a monthly basis by the London Finance team and reviewed quarterly by the GAM (UK) Senior Finance Manager.
- If the internal limit of 40% in relation to the cash to capital ratio is breached, the Board is notified at its quarterly meeting. If the internal limit of 20% is breached, the Board is notified immediately for action and for onward escalation to the HUK Board

Governance Arrangements

Accountability Structure

Risk management at RBC is carried out at the subsidiary company level as part of a group-wide approach. Within this structure, each subsidiary company Board is responsible for managing the risk management framework for its business and is ultimately responsible for the following key activities:

- Ensuring that policies and procedures for risk management are created and maintained by the business;
- Embedding a strong risk culture in the business by setting the right tone at the top, from the Board of Directors to senior management, and across to all employees;
- Developing and maintaining the risk appetite for the business;
- Implementing an effective risk management framework to manage the risks of the business within the defined risk appetite;
- Monitoring all material risk exposures, reviewing and approving any risk exceptions and ensuring that any breaches of risk appetite are remediated and/or escalated;
- Reviewing and challenging the findings from the annual Internal Capital Adequacy and Risk Assessment ("ICARA") and approving the ICARA report; and
- Reviewing, on an ongoing basis, emerging risks and changes in legal, regulatory, and accounting requirements and their implications for risk management within the business lines.

The entity Board reviews appropriate Risk reporting which provides an overview of the profile and trends for each material risk facing the entity. The risk profile of the entity is reviewed in greater detail by regional and/or platform-wide risk committees.

The Board of GAM (UK) has primary responsibility for the overall governance of GAM (UK) and has put in place experienced and capable individuals in senior management positions who are responsible for the key business functions and who report to the Board on issues of concern and make recommendations for improvement in relation to their functions.

GAM (UK) is one of the subsidiaries overseen by the Global Asset Management Leadership Committee that provides group level oversight of asset management business and risk management activities. GAM (UK) is also overseen locally by a Management Committee comprised of the CEO, senior management and functional heads.

The objectives of the Management Committee are to constructively challenge, assist and advise the Chief Executive Officer of GAM (UK) regarding his responsibility to manage the business of GAM (UK) and will provide assistance and advice inter alia in relation to:

- Developing and implementing business initiatives to accelerate the growth of the business and to monitor the effectiveness of such initiatives as well as resolving any issues that are holding back business development initiatives and plans;
- Ensuring GAM (UK) successfully acquires and services institutional clients in its target markets;
- Organizing and developing the support and business practices necessary to ensure that UK managed products are properly operated, supported and made available for sale in relevant markets in which RBC operates;
- Ensuring assets sourced from Canadian and US clients are appropriately managed and serviced to best in class standards;
- Approving any product development initiatives based on recommendations from the Product Development and Oversight Committee;
- Ensuring that the financial results of GAM (UK), including annual budgets and multi-year projection, are properly compiled on a timely basis and are sufficient to enable GAM (UK) to be properly monitored and reported; and
- Ensuring that the appropriate level of Compliance, Legal and Risk resources are directed to the business so that all regulatory and legal issues relevant to GAM (UK) are appropriately dealt with.
- The Management Committee is supported by Product Development and Oversight Committee, GAM (UK) Operations Committee, Risk Oversight Committee and the Trade Management Oversight Committee.

Board of Directors

Under the Board Mandate (which sets out the role, duties, collective responsibilities and operation of the Board), the Directors are responsible for the overall stewardship of the Company. In this capacity, the Directors are fundamentally responsible for the oversight of the entity's management and are required to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its ultimate Shareholder, RBC, as a whole, by applying skill, judgement and expertise to issues while upholding corporate governance best practices.

Through its governance framework, the Board has a line-of-sight on key risks and operational controls impacting the Company through receipt of management information on all strategic and functional matters. Under the FCA's Investment Firms Prudential Regime, the Company is not required to establish a Board Risk Committee and the relevant reporting on the risk profile of the entity against risk appetite and emerging risks is addressed by the Board.

The Board is responsible for overseeing the strategic direction for the Company. This includes:

- Supervising, monitoring, approving and monitoring the implementation of the Company's strategy;
- Monitoring the Company's performance and effectiveness of any approved objectives, action plans and operating plans including reviewing and approving its annual plan;
- Overseeing and monitoring emerging risks applicable to the Company's business environment including areas of regulatory change;
- Approving risk disclosures, including regulatory and public disclosures;
- Ensuring that it complies with any applicable regulatory capital requirements and operates via an effective systems and controls framework as appropriate; and
- Ensuring that the financial objectives are aligned with the overall strategic objectives of the Global Asset Management platform within RBC.

Appointment of Board Members

Appointments to the Board of the Company follow a formal procedure. As the Company is a wholly-owned subsidiary within the RBC Group, proposals for appointments to the Board, following consultation with the Chair, are made to the RBC Subsidiary Governance Office, in accordance with the relevant procedures set out in the RBC Group policy pertaining to the governance of subsidiary companies (SGO Policy). As part of the selection process prior to proposals being considered by the Board, potential candidates are assessed in accordance with applicable corporate governance practices. In accordance with the SGO Policy, all proposals submitted to the Board consider the collective competence of the Board to ensure that there is sufficient experience and technical expertise and a balance of executives and non-executives to ensure that the Board are, at all times, adequately staffed and compliant with applicable legal and/or regulatory requirements.

Proposals to the Board also reflect if the individual:

- Is competent to fill and is fit and proper to carry out that role;
- Possesses sufficient knowledge, skills and experience to perform the duties of a Director;
- Is willing and able to commit sufficient time to discharge his or her responsibilities to the Company.

Aligned with RBC's core values, including "Diversity and Inclusion", the Board recognises the benefits of promoting diversity, both within the Company and at Board level. Pursuant to the SGO Policy, a balanced and diverse board is critical to successful board oversight and to drive better performance, stronger growth and greater innovation. Towards that end and in line with RBC's diversity and inclusion goals the Board has an objective for gender diversity of 35% and above. At present, the gender diversity for the under-represented is 33% with further Board appointments due to be effected during the 2023 fiscal year. The relevant background and professional experience of the Directors of the Board are provided in the **Appendix**.

Governance Framework

RBC Global Asset Management (UK) Limited ‘GAM (UK)’, as the key operating entity of the RBC HUK Group falls within the broad governance framework of RBC. The Global Asset Management Executive Committee oversees the business and risk management activities of GAM (UK). In addition, the local Management Committee comprised of the CEO, senior management and functional heads provides oversight of the ongoing business activities and strategic direction of GAM (UK). The management committee ensures the connectivity and information flow between the GAM (UK) Board of Directors and management through regular reporting in relation to key matters including financial performance, investments and client services, new business initiatives, risk and compliance.

The GAM (UK) risk and control framework is managed by the management of GAM (UK) and ensures that it continues to be appropriate for the effective management of its exposure to risks. Any amendments to the risk and control framework are subject to review and approval by the Board of GAM (UK) and the Board also monitors the ongoing relevance and effectiveness of the framework in light of changes in market conditions and business strategies. Ultimately, the GAM (UK) Board is responsible for overseeing the strategy and objectives for the business and monitoring ongoing business performance against that strategy.

Own Funds

OF 1 – Composition of Regulatory Own Funds

As at 31 October 2022, the Company had total own funds of £218.2 million, which comprises of solely Common Equity Tier 1 Capital

	£000's	Amount	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**218,174**	
2	**TIER 1 CAPITAL**	**218,174**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**218,174**	
4	Fully paid up capital instruments	300	(a)
5	Share premium		
6	Retained earnings	217,874	(b)
7	Accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	**ADDITIONAL TIER 1 CAPITAL**	0	
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**	0	
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		

OF 2 – Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

	£000's	Balance sheet as in published/audited financial statements	Cross reference to template OF1
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Cash and cash equivalents	250,506	
2	Trade and other receivables	22,675	
3	Current tax asset	563	
4	Deferred tax	4,017	
5	**Total Assets**	**277,761**	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Trade and other payables	43,260	
2	Other payables	16,327	
3	**Total Liabilities**	**59,587**	
Shareholders' Equity			
1	Share Capital	300	(a)
2	Retained Earnings	217,874	(b)
3	**Total Shareholders' equity**	**218,174**	

OF 3 – Main Features of Own Instruments Issued by the Firm

Capital instruments' main features template [1]	Common shares
Issuer	RBC GLOBAL ASSET MANAGEMENT (UK) LIMITED
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	N/A
Governing law(s) of the instrument	English
Regulatory treatment	
Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo
Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1 as published in MIFIDPRU Article 3.3.1
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	GBP 300,000
Nominal amount of instrument	GBP 300,000
Issue price	100 per cent
Redemption price	100 per cent of Nominal amount
Accounting classification	Equity
Original date of issuance	18 January 1999
Perpetual or dated	Perpetual
Original maturity date	No maturity
Issuer call subject to prior supervisory approval	No
Optional call date, contingent call dates, and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons / dividends	
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Non cumulative
Convertible or non-convertible	Non-convertible
If convertible, conversion trigger (s)	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional conversion	N/A
If convertible, specify instrument type convertible into	N/A
If convertible, specify issuer of instrument it converts into	N/A
Write-down features	No
If write-down, write-down trigger (s)	N/A
If write-down, full or partial	N/A
If write-down, permanent or temporary	N/A
If temporary write-down, description of write-up mechanism	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
Non-compliant transitioned features	No
If yes, specify non-compliant features	N/A
[1] 'N/A' inserted if the question is not applicable	

Own Funds Requirements

Own Funds Requirement by Fixed Overhead Requirement, K-Factor and Permanent Minimum Requirement

The Company's minimum own funds requirements, as at 31 October 2022, are illustrated below.

The Company has complied with its own funds requirement throughout the financial year.

£000's	**Amount**
Fixed overhead requirement	**12,032**
K-AUM, K-CMH, K-ASA	10,037
K-NPR, K-CMG, K-TCD, K-CON	550
K-COH, K-DTF	61
Total K-Factor requirement	**10,649**
Permanent minimum capital requirement	**75**
Own Funds Requirements	**12,032**

Overall Financial Adequacy Rule

In accordance with MIFIDPRU 7.4.7, GAM (UK) must at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

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

This is known as the overall financial adequacy rule ("OFAR").

GAM (UK) meets this requirement through regular monitoring of its own funds in comparison with its own funds requirements and of its core liquid assets held in comparison with its liquid asset threshold requirement.

The Company performs an Internal Capital Adequacy and Risk Assessment ("ICARA"). The ICARA consider risks, capital and liquidity across a three-year forward looking time horizon. The ICARA and is used to inform the Board of the on-going evaluation of the company's risks, the current risk management framework in place to manage and mitigate those risks, and current and future levels of capital and liquidity required after consideration of the mitigating controls.

Remuneration

Overview

This remuneration disclosure is in respect of GAM (UK), and its application of the qualitative and quantitative remuneration disclosure requirements for the 2022 fiscal year under the Pillar 3 framework and the requirements of the BIPRU Remuneration Code of SYSC 19C of the FCA Handbook. From the 2023 fiscal year onwards, GAM (UK) will be in scope of the MIFIDPRU remuneration rules under SYSC 19G of the FCA Handbook, and will apply the disclosure requirements under MIFIDPRU 8.

For enhanced disclosure on RBC's enterprise-wide compensation practices, please refer to RBC's proxy circular[1].

Governance

The Board of GAM (UK) ("Board") is responsible for GAM (UK)'s application of RBC's compensation principles and its compensation practices and processes. The Board reviews and approves the compensation policies which support GAM (UK)'s business objectives and take into appropriate account sound risk management practices, including long-term and short-term risk.

The Board is responsible for approving compensation policy and, in doing so, takes into account the pay and benefits across the company. This includes the terms of bonus plans and other incentive arrangements.

List of Members of the Board

Members (Fiscal Year)	Meeting Attendance
Daniel Chornous	7 out of 7 meetings
Jayne Fieldhouse	4 out of 7 meetings
David Thomas	7 out of 7 meetings
Christopher Wiksyk	7 out of 7 meetings
Janet Wilkinson	7 out of 7 meetings
Erich Gerth	7 out of 7 meetings

During the year, the Board received advice from the Human Resources, Compliance, Finance and Risk Functions, who provided advice on the implications of the compensation policy on risk and risk management, and on the adjustments that should be made to levels of variable compensation payable to staff, at both a pool and individual level, to take into account all relevant current and future risks.

External Consultants

The Board did not engage consultants independent of GAM (UK)'s external advisers.

1 https://www.rbc.com/investor-relations/_assets-custom/pdf/2022englishproxy.pdf

Role of the Relevant Stakeholders

The Board takes full account of GAM (UK)'s strategic goals in applying its compensation policy and is mindful of its duties to shareholders and other stakeholders. The Board seeks to preserve shareholder value by ensuring alignment of variable compensation payouts with risk and economic performance, as well as the successful retention, recruitment and motivation of employees

Criteria for the Identification of Material Risk Takers

The following criteria were applied to identify Material Risk Takers:

- Senior Managers – GAM (UK) Board members, SMFs or equivalent;
- Risk Takers – heads of significant UK business lines, head of risk and employees with delegated risk approvals from the head of risk; and
- Staff responsible for control functions.

Design and Structure of Compensation

Guided by our vision of being among the world's most trusted and successful financial institutions and our purpose of helping clients thrive and communities prosper, our approach to compensation, including executive compensation, is based on the five guiding principles set out below. The Board continually evaluates the policies and procedures applicable to GAM (UK) with a view to upholding these principles:

1. **Compensation aligns with long-term shareholder interests**
   - Awards vary based on absolute and relative performance of RBC
   - Mid and long terms incentives vest and pay out over time, encouraging a longer term view of increasing shareholder value

2. **Compensation aligns with sound risk management principles**
   - Our risk management culture is reflected in our approach to compensation. Our compensation practices appropriately balance risk and reward, and align with shareholder interests
   - Performance of individuals, business segments and RBC overall is assessed on a number of measures, including adherence to risk management policies and guidelines.

3. **Compensation rewards performance**
   - Our pay-for-performance approach rewards employees for their contributions to individual, business segment and enterprise results relative to objectives that support our business strategies for sustainable growth over short, medium and long-term horizons, which are aligned with RBC's risk appetite.

4. **Compensation enables the company to attract, engage and retain talent**
   - Talented and motivated employees are essential to building a sustainable future for RBC. We offer compensation that is competitive within the markets where we operate and compete for talent.
   - Compensation programs reward employees for high performance and their potential for future contribution.

5. **Compensation rewards behaviours that align with RBC values and drive exceptional client experiences.**
   - RBC values, embedded in our Code of Conduct, form the foundation of our culture and underpin our ongoing commitment to putting the needs of our clients first and delivering value to all of our stakeholders.
   - Risk conduct and compliance with policies and procedures are considered in determining RBC's performance-based compensation.

All of GAM (UK)'s compensation policies and plans align with these principles.

Elements of Compensation

The employee package is made up of fixed compensation and benefits (reward for fulfilling the job requirements) and incentive compensation designed to incentivize employees to demonstrate achievement in terms of results and behaviours, reward them for that achievement, and encourage them to remain with RBC.

For more highly paid employees, a proportion of an employee's total compensation is deferred over a minimum of 3 years with at least 30% reflecting the value of RBC shares over that period.

Incentive compensation awards are adjusted downwards or clawback may be sought in cases where disciplinary action is taken for breaches of the RBC Code of Conduct.

a) Fixed Compensation

All Material Risk Takers receive fixed compensation, which is most commonly paid in the form of base salary, but which may include Role Based Pay meeting the conditions of (EBA/GL/2015/22 for certain roles and which reflects the individual's market value, skills, qualifications, relevant experience, responsibility and contribution to GAM (UK).

Fixed pay is typically changed to reflect a change to the role or responsibilities of the recipient or market conditions.

b) Variable Compensation

All Material Risk Takers, other than the Independent Non-Executive Directors and overseas Board Directors, are eligible to participate in discretionary performance-based incentive schemes in respect of their role with RBC.

Performance-based annual discretionary incentives may be awarded based on the performance of RBC, the business, and the individual as detailed below. Annual incentives may consist of a mix of cash and share-linked instruments. Annual incentives are subject to review by the Risk function to ensure they adequately reflect risk and performance, and are subject to review by the Board.

As part of the year-end risk adjustment process, the Finance function reports to the Board on UK-specific financial performance by reference to a range of financial metrics. If business platform and or unit economic profit is negative or trend year over year is misaligned to the UK bonus funding, additional strategic, financial and risk related factors are also considered.

The amount of variable compensation to be awarded to employees is appropriately adjusted for risk in accordance with the Compensation Risk and Performance Adjustment Process. Key considerations that are taken into account in the risk adjustment process include financial measures such as revenue, Net Income After Tax (NIAT), Economic Profit and regulatory capital and non-financial risk factors such as conduct and credit, market and operational risk exposure against risk appetite. Upon completion of the review, adjustments for risk may be recommended for consideration in the approval of final variable compensation.

Deferral requirements vary by plan and arrangements are typically based on the quantum of variable compensation, type of compensation plan and the individual's role. Deferral requirements are summarised in the table below.

MRT Deferral Requirements

RBC Wealth Management Incentive Compensation Plan (British Isles)	For Executives and Senior Leaders, the Plan contains a grid of deferral requirements starting at 25% (for Global Grade 5) to 50% (for the EVP level
RBC GAM Incentive Compensation Plan (British Isles)	For Executives and Senior Leaders, the Plan's deferral requirements are in line with overall deferral requirements for Bank Executives (ranging from 40% at the VP level to 50% at the EVP level). For all other employees, the Plan outlines a grid of deferral requirements based on variable compensation threshold ranging from 25% (Total Variable Compensation "TVC" of £150,000) to 35% (TVC above £450,000)

RBC Discretionary Plans	These Plans award short-term incentives (STI) and mid-term incentives (MTI) which are equity-linked. The ratio of STI and MTI varies from individual to individual and is typically based on position level.

Variable compensation is awarded through the following plans which each provide an annual cash bonus and a deferred component if deferral requirements are met:

- ***RBC Wealth Management Incentive Compensation Plan (British Isles):*** This Plan provides incentive awards comprised of two parts (annual cash component and a deferred component). For employees in GAM (UK), the deferral component consists partly of share-linked instruments and partly of deferred cash awards linked to the three-year performance of GAM (UK).

- ***RBC GAM Incentive Compensation Plan (British Isles)***: This Plan provides incentive awards which are comprised of a cash component and a deferred component depending on the thresholds outlined above. The deferral component consists partly of share-linked instruments and partly of deferred cash awards linked to the three-year performance of GAM (UK) or a Money Market Fund.

- ***RBC Discretionary Plans:*** These plans provide incentive awards which are comprised of either one or two parts (an annual short-term incentive in cash (STI) and a mid-term incentive (MTI) which is equity-linked).

Compensation of Control Functions

RBC's enterprise Policy on Compensation Risk Management states that performance measures for senior employees responsible for financial and risk control activities will be based on the achievements and objectives of the functions, and their compensation will be determined independently from the performance of the specific business areas they support, therefore avoiding any potential conflicts of interest. Employees who fall under this arrangement include senior employees in Compliance, CFO Group, Group Risk Management, Internal Audit and Human Resources. Global Function Heads and/or the Function Operating Committee Members will continue to review and approve the individual performance of these employees against established objectives, which are independent of the performance of the business areas that they oversee. Compensation for employees engaged in control functions is reviewed regularly for market alignment to ensure that compensation levels are competitive.

The Link Between Pay and Performance for Material Risk Takers

Variable compensation plans reward employees on the basis of a number of factors, including individual, business and enterprise results relative to established performance objectives that are aligned with the risk appetite of RBC. A significant portion of performance-based pay is deferred in the form of equity incentive awards (linked to RBC's share price) in order to align compensation with the risk time horizon and motivate employees to generate longer-term value for shareholders and remain accountable for decisions with long tail risk. To create a clear relationship between pay and performance, employees have an opportunity to earn higher compensation for exceeding their agreed goals, and conversely, earn less compensation when RBC, a business segment and/or individual performance falls below expectations.

Incentive awards take into account firm-wide, business unit and individual financial and non-financial factors. Financial factors include the performance of RBC, its global business segments and regional operating subsidiaries. Individual performance is assessed based on the employee's contribution to the overall performance of their business or function, the achievement of individual performance objectives and performance against the company's Leadership Model and Code of Conduct. Where appropriate (e.g., where firm-wide or entity performance is weak or in a net loss position or in the case of a significant failure of risk management) bonus pool funding may be reduced to zero.

When determining the size of the bonus pool, financial measures such as revenues, NIAT, the compensation ratio (total compensation as a percentage of revenues), regulatory and economic capital, and economic profit are considered depending on the plan and business area.

Non-financial measures considered in the discretionary bonus evaluation process include the following:

- Adherence to our Code of Conduct. RBC's Code of Conduct ("Code") promotes standards of ethical behaviour that applies to all employees globally. Our Code fosters an open environment in which questions and concerns may be brought forward. It creates a frame of reference for dealing with sensitive and complex issues, and provides for accountability if standards of conduct are not upheld. All employees are expected to adhere to our Code, and failure to do so through unethical or non-compliant behaviours may result in a disciplinary sanction up to and including termination of employment. All employees receive Code of Conduct training and testing on joining RBC and every year thereafter.

- Compliance with a full range of risk management policies specific to individual job requirements as outlined in employee Performance Management Documents.
- Assessment of key behaviours, which are part of the RBC Global Performance Management process, and typically include the obligation to:
  - Abide by the letter and spirit of rules and procedures established by regulators
  - Follow all relevant internal policies and procedures including, but not limited to, trading and position limits and standing orders
  - At all times, act in the best interests of RBC and its clients
  - Escalate, on a timely basis, any areas of material concern related to any of the above
  - Lead by example so that direct reports adopt similar high standards
- Reports from control functions, including those from Internal Audit, Compliance (regulatory gaps, trades beyond excess limits), and Group Risk Management regarding operational, market and credit risks, among others
- Assessment of accountabilities and detailed action plans to implement and monitor changes required to close the gaps identified during risk management or internal audit reviews
  Employees who are not meeting non-financial performance standards for their role are subject to a corrective action process, which can include either a significant reduction in bonus amounts or termination of employment.

Furthermore, prior to vesting, deferred compensation is subject to review under RBC's risk and performance adjustment process whereby actual risk and performance outcomes are reviewed and if materially different from assessments made when deferred compensation was granted, or if misconduct has occurred, then deferred compensation may be reduced or forfeited in full.

All bonus awards made to Material Risk Takers under the GAM (UK)'s variable compensation schemes are subject to RBC's Forfeiture & Clawback Policy – Enterprise. A reduction or recovery may be applied, in summary, in cases of misconduct or financial restatement. Guaranteed variable compensation is only awarded in exceptional circumstances, such as senior control functions roles, business critical roles and strategic hires and then only for the first 12 months of employment. GAM (UK) provides severance payments to fulfil its statutory obligations and to support the transition of employees away from their employment with RBC, in circumstances where there is an early termination of their employment.

£m

Remuneration Amount		Material Risk Takers*
Fixed Remuneration	**Number of Employees**	**8**
	Total Fixed Remuneration	**1.19**
	of which: cash-based	1.19
	of which: deferred	0.00
	of which: shares or other share-linked instruments	0.00
	of which: deferred	0.00
	of which: other forms	0.00
	of which: deferred	0.00
Variable Remuneration	**Number of Employees**	**8**
	Total Variable Remuneration	**10.50**
	of which: cash-based	9.45
	of which: deferred	2.45
	of which: shares or other share-linked instruments	1.05
	of which: deferred	1.05
	of which: other forms	0.00
	of which: deferred	0.00
Total Remuneration		**11.69**

*Material Risk Takers with responsibility for GAM as part of a group role are excluded from this analysis and included in the Pillar 3 applicable to their employing entity.

Appendix

Board Membership – GAM (UK) Directors

Director	Role	Biography	Number of Directorships (excluding GAM UK)
David Thomas (Residency: UK)	Chief Executive Officer, Europe, GAM (UK) Board Chair	Mr Thomas is the CEO of RBC Europe Limited, responsible for leading all aspects of the business in the region, including strategy execution and effective governance. He is a member of the RBC Capital Markets Global Operating Committee and chairs the European Capital Markets Executive Committee. Since joining RBC, Mr Thomas has held a number of both global and regional mandates in Technology, Operations, Risk Management and Compliance. He is a member of the Corporate Partnerships Board for Great Ormond Street Hospital.	1 RBC Subsidiary Executive Directorship 3 RBC Subsidiary Non-Executive Directorships 1 External Non-Executive Directorship
Christopher Wiksyk (Residency: UK)	Interim Chief Executive Officer – GAM (UK)	Mr Wiksyk is a CFA charterholder and holds a Masters Degree in Finance. Prior to joining RBC GAM (UK), he trained with Phillips Hager & North Investment Management (PH&N) as a strategist for five years. During this time he was responsible for driving organisational strategy and project delivery. Prior to his time at PH&N, Mr Wiksyk worked as a corporate strategist for ING Australia for one year and as a Product Manager for the Royal Bank of Scotland for four years. Currently, Mr Wiksyk is the interim Chief Executive Officer of RBC GAM (UK) and is responsible for supporting the development and execution of the business and operations strategy.	3 RBC Subsidiary Directorships
Erich Gerth (Residency: UK)	CEO, RBC BlueBay	Chief Executive Officer, executive member of the Board of BlueBay Asset Management, member of the RBC GAM and European Executive Committees. Prior to BlueBay, Mr Gerth was Chief Executive of APAC, Head of Global Business Development and member of the Executive Committee of London based Aviva Investors. He has over 30 years' experience in financial services and over 15 years managing global businesses, working across institutional and wholesale markets in both traditional and alternative asset classes. Mr Gerth has an MBA from the University of California, Los Angeles, and an MBA (Asia Focus) from the National University of Singapore.	1 RBC Subsidiary Directorship

Janet Wilkinson (Residency: UK)	Managing Director, Head of Global Markets Flow Sales, EMEA	Janet Wilkinson is Managing Director, Head of Fixed Income & Currencies Flow Sales, EMEA Co-Head, at RBC Capital Markets in London, where she joined in February 2013. While at RBC, Janet has been involved in developing the European Credit business within Fixed Income, and most recently co-heading Fixed Income Sales in Europe, before taking on the new role as Head of FICC Flow Sales Ms Wilkinson has enjoyed a career in Fixed Income sales for the past 17 years, previously at Lloyds Banking Group, Dresdner Kleinwort Benson, and Citigroup. Prior to that, she was a management consultant with PWC, focused on financial services strategy. Ms Wilkinson is a Board Member of the International Capital Markets Association, and a member of various women in business / banking groups, and is especially focused on emerging talent development and management. She holds a Bachelor of Commerce (Accounting and Business Systems) from Rhodes University, South Africa.	1 External Directorship
Jayne Fieldhouse (Residency: UK)	Head of Communications and Marketing, BlueBay Asset Management	Ms Fieldhouse holds a degree in Business and Management. Prior to joining BlueBay Asset Management, she was at J.P. Morgan Asset Management for seven years where she latterly lead corporate communications for their institutional client business in EMEA, having also worked on their retail business, specifically covering UK investment trusts. Ms Fieldhouse joined BlueBay Asset Management to set up their corporate communications focus, covering internal and external communications. Her role expanded in 2017 to including marketing and she now leads BlueBay's marketing and communications function.	3 RBC Subsidiary Directorships 1 External Directorship
Dan Chornous (Residency: Canada)	Chief Investment Officer, RBC Global Asset Management	Mr Chornous is the Chief Investment Officer for RBC Global Asset Management. Since joining the firm in November 2002, Mr Chornous has been responsible for the overall direction of investment policy and asset management across the firm's global investment platform. Prior to that, he was Managing Director, Capital Markets Research and Chief Strategist at RBC Capital Markets.	2 RBC Subsidiary Directorships 1 External Directorship

MIFIDPRU 8 Compliance

Handbook Reference	Text	Section
8.1.1	(1) Subject to (2) and (3), the requirements in this chapter apply to a non-SNI MIFIDPRU investment firm. (2) MIFIDPRU 8.2 (Risk management objectives and policies), MIFIDPRU 8.4 (Own funds) and MIFIDPRU 8.5 (Own funds requirements) also apply to an SNI MIFIDPRU investment firm that has additional tier 1 instruments in issue. (3) MIFIDPRU 8.6 (Remuneration policies and practices) applies to every MIFIDPRU investment firm. (4) MIFIDPRU 8.7 (Investment policy) applies only to a non-SNI MIFIDPRU investment firm that does not fall within MIFIDPRU 7.1.4R(1).	N/A
8.1.4	Where a non-SNI MIFIDPRU investment firm is reclassified as an SNI MIFIDPRU investment firm, it must comply with the disclosure obligations that apply to a non-SNI MIFIDPRU investment firm in relation to the financial year in which it is reclassified.	N/A
8.1.5	Where an SNI MIFIDPRU investment firm is reclassified as a non-SNI MIFIDPRU investment firm, it must comply with the disclosure obligations that apply to an SNI MIFIDPRU investment firm in relation to the financial year in which it ceased to be an SNI MIFIDPRU investment firm.	N/A
8.1.7	A MIFIDPRU investment firm must comply with the rules in this chapter on an individual basis, unless the firm is exempt in accordance with MIFIDPRU 2.3.1R.	N/A
8.1.8	In complying with the rules in this chapter, a MIFIDPRU investment firm must provide a level of detail in its qualitative disclosures that is appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities.	All
8.1.10	As a minimum, a firm must publicly disclose the information specified in this chapter annually on: (1) the date it publishes its annual financial statements; or (2) where it does not publish annual financial statements, the date on which its annual solvency statement is submitted to the FCA in accordance with requirements in SUP 16.12.	N/A
8.1.13	A firm must publish the information required by this chapter in a manner that: (1) is easily accessible and free to obtain; (2) is clearly presented and easy to understand; (3) is consistent with the presentation used for previous disclosure periods or otherwise allows a reader of the information to make comparisons easily; and (4) highlights in a summary any significant changes to the information disclosed, when compared with previous disclosure periods.	Overview
8.1.15	A firm is not required to comply with MIFIDPRU 8.1.13R to the extent that compliance would breach the law of another jurisdiction.	N/A
8.1.16	Making the disclosures required by this chapter available on a website will tend to establish compliance with the rule in MIFIDPRU 8.1.13R.	Overview
8.2.1	A firm must disclose its risk management objectives and policies for the categories of risk addressed by: (1) MIFIDPRU 4 (Own funds requirements); (2) MIFIDPRU 5 (Concentration risk); and (3) MIFIDPRU 6 (Liquidity).	Risk Management Objective and Policies
8.2.2	The risk management objectives and policies for each of the items listed in MIFIDPRU 8.2.1R must include: (1) a concise statement approved by the firm's governing body describing the potential for harm associated with the business strategy; and (2) a summary of the strategies and processes used to manage each of the categories of risk listed in MIFIDPRU 8.2.1R and how this helps to reduce the potential for harm.	Risk Management Objective and Policies

8.3.1	A non-SNI MIFIDPRU investment firm must disclose the following information regarding internal governance arrangements: (1) an overview of how the firm complies with the requirement in SYSC 4.3A.1R to ensure the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients; (2) subject to MIFIDPRU 8.3.2R, the number of directorships (executive and non-executive) held by each member of the management body; (3) where relevant, whether the FCA has granted a modification or waiver of SYSC 4.3A.6R(1)(a) or (b) in order to allow a member of the management body to hold additional directorships; (4) a summary of the policy promoting diversity on the management body, including explanations of: (a) the objectives of the policy and any target(s) set out in the policy; and (b) the extent to which the objectives and any target(s) have been achieved; and (c) where the objectives or target(s) have not been achieved: (i) the reasons for the shortfall; and (ii) the firm's proposed actions to address the shortfall; and (iii) the proposed timeline for taking those actions; (5) whether the firm has a risk committee; and (6) whether the firm: (a) is required by MIFIDPRU 7.3.1R to establish a risk committee; or (b) would have been required by MIFIDPRU 7.3.1R to establish a risk committee, but that obligation has been removed as a result of a waiver or modification granted by the FCA	(1) Governance (2) Appendix (3) N/A (4) Governance (5) Governance (6) Governance
8.3.2	The following directorships are not within the scope of MIFIDPRU 8.3.1R(2): (1) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and (2) executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.	N/A
8.4.1	(1) Subject to (2), a firm must disclose the following information regarding its own funds: (a) a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the firm; (b) a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the firm; and (c) a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm. (2) A firm that is not required to publish annual financial statements is only required to disclose the information specified at (1)(a) and (c).	Own Funds
8.4.2	A firm must use the template available at MIFIDPRU 8 Annex 1R in order to disclose the information requested at MIFIDPRU 8.4.1R.	Own Funds
8.5.1	A firm must disclose the following information regarding its compliance with the requirements set out in MIFIDPRU 4.3 (Own funds requirement): (1) the K-factor requirement, broken down as follows: (a) the sum of the K-AUM requirement, the K-CMH requirement and the K-ASA requirement; (b) the sum of the K-COH requirement and the K-DTF requirement; and (c) the sum of the K-NPR requirement, the K-CMG requirement, the K-TCD requirement and the K-CON requirement; and (2) the fixed overheads requirement.	Own Funds Requirement
8.5.2	A firm must disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule in MIFIDPRU 7.4.7R.	Own Funds Requirement

8.6.1	The rules in this section apply to all MIFIDPRU investment firms, unless otherwise specified.	N/A
8.6.2	A MIFIDPRU investment firm must disclose a summary of: (1) its approach to remuneration for all staff ("staff" interpreted according to SYSC 19G.1.24G); (2) the objectives of its financial incentives; (3) the decision-making procedures and governance surrounding the development of the remuneration policies and practices the firm is required to adopt in accordance with the MIFIDPRU Remuneration Code, to include, where applicable: (a) the composition of and mandate given to the remuneration committee; and (b) details of any external consultants used in the development of the remuneration policies and practices.	Remuneration
8.6.4	A non-SNI MIFIDPRU investment firm must disclose the types of staff it has identified as material risk takers under SYSC 19G.5, including any criteria in addition to those in SYSC 19G.5.3R that the firm has used to identify material risk takers	Remuneration
8.6.5	A MIFIDPRU investment firm must disclose the key characteristics of its remuneration policies and practices in sufficient detail to provide the reader with: (1) an understanding of the risk profile of the firm and/or the assets it manages; and (2) an overview of the incentives created by the remuneration policies and practices.	Remuneration
8.6.6	For the purpose of MIFIDPRU 8.6.5R, a firm must disclose at least the following information: (1) the different components of remuneration, together with the categorisation of those remuneration components as fixed or variable; (2) a summary of the financial and non-financial performance criteria used across the firm, broken down into the criteria for the assessment of the performance of: (a) the firm; (b) business units; and (c) individuals. (3) for a non-SNI MIFIDRU investment firm: (a) the framework and criteria used for ex-ante and ex-post risk adjustment of remuneration, including a summary of: (i) current and future risks identified by the firm; (ii) how the firm takes into account current and future risks when adjusting remuneration; and (iii) how malus (where relevant) and clawback are applied; (b) the policies and criteria applied for the award of guaranteed variable remuneration; and (c) the policies and criteria applied for the award of severance pay. (4) for a non-SNI MIFIDPRU investment firm not falling within SYSC 19G.1.1R(2): (a) details of the firm's deferral and vesting policy, including as a minimum: (i) the proportion of variable remuneration that is deferred; (ii) the deferral period; (iii) the retention period; (iv) the vesting schedule; and (v) an explanation of the rationale behind each of the policies referred to in (i) to (iv). Where the firm's deferral and vesting policy differs for different categories of material risk takers, the information should be presented and sub-divided accordingly. (b) a description of the different forms in which fixed and variable remuneration are paid, for example, whether paid in: (i) cash; (ii) share-linked instruments; (iii) equivalent non-cash instruments; (iv) options; or (v) short or long-term incentive plans.	Remuneration

8.6.8	(1) Subject to (7), a MIFIDPRU investment firm must disclose the quantitative information required by (2) to (6) for the financial year to which the disclosure relates. (2) An SNI-MIFIDPRU investment firm must disclose the total amount of remuneration awarded to all staff, split into: (a) fixed remuneration; and (b) variable remuneration. (3) A non-SNI MIFIDPRU investment firm must disclose the total number of material risk takers identified by the firm under SYSC 19G.5. (4) A non-SNI MIFIDPRU investment firm must disclose the following information, split into categories for senior management, other material risk takers, and other staff: (a) the total amount of remuneration awarded; (b) the fixed remuneration awarded; and (c) the variable remuneration awarded. (5) A non-SNI MIFIDPRU investment firm must disclose the following information, split into categories for senior management and other material risk takers: (a) the total amount of guaranteed variable remuneration awards made during the financial year and the number of material risk takers receiving those awards; (b) the total amount of the severance payments awarded during the financial year and the number of material risk takers receiving those payments; and (c) the amount of the highest severance payment awarded to an individual material risk taker. (6) A non-SNI MIFIDPRU investment firm not meeting the conditions in SYSC 19G.1.1R(2) must disclose the following information, split into categories for senior management, and other material risk takers: (a) the amount and form of awarded variable remuneration, split into cash, shares, share-linked instruments and other forms of remuneration, with each form of remuneration also split into deferred and non-deferred; (b) the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year in which the disclosure is made, and the amount due to vest in subsequent years; (c) the amount of deferred remuneration due to vest in the financial year in respect of which the disclosure is made, split into that which is or will be paid out, and any amounts that were due to vest but have been withheld as a result of performance adjustment; (d) information on whether the firm uses the exemption for individual material risk takers set out in SYSC 19G.5.9R, together with details of: (i) the provisions in SYSC 19G.5.9R(2) in respect of which the firm relies on the exemption; (ii) the total number of material risk takers who benefit from an exemption from each provision referred to in (i); and (iii) the total remuneration of those material risk takers who benefit from an exemption, split into fixed and variable remuneration. (7) (a) For the purposes of (4), (5)(a), (5)(b) and (6), a non-SNI MIFIDPRU investment firm must aggregate the information to be disclosed for senior management and other material risk takers, where splitting the information between those two categories would lead to the disclosure of information about one or two people. (b) Where aggregation in accordance with (a) would still lead to the disclosure of information about one or two people, a non-SNI MIFIDPRU investment firm is not required to comply with the obligation in (4), (5)(a), (5)(b) or (6).	Remuneration
8.6.9	A non-SNI MIFIDPRU investment firm that relies on MIFIDPRU 8.6.8R(7) must include a statement in the main body of its remuneration disclosure that: (1) explains the obligations in relation to which it has relied on the exemption; and (2) confirms that the exemption is relied on to prevent individual identification of a material risk taker.	N/A

8.7.1	A non-SNI MIFIDPRU investment firm not meeting the conditions in MIFIDPRU 7.1.4R must disclose: (1) the proportion of voting rights attached to the shares held directly or indirectly by the firm, broken down by country or territory; and (2) a complete description of voting behaviour in the general meetings of companies the shares of which are held in accordance with MIFIDPRU 8.7.4R, including: (a) an explanation of the votes; and (b) the ratio of proposals put forward by the administrative or governing body of the company that the firm has approved; and (3) an explanation of the use of proxy adviser firms; and (4) a summary of the voting guidelines regarding the companies in which the shares referred to in (1) are held with links to supporting non-confidential documents where available.	N/A
8.7.2	A firm must use the template available at MIFIDPRU 8 Annex 2R in order to disclose the information requested at MIFIDPRU 8.7.1R.	N/A
8.7.3	The disclosure requirements in MIFIDPRU 8.7.1R(2) do not apply if the contractual arrangements of all shareholders represented by the firm at the shareholders' meeting only authorise the firm to vote on their behalf when express voting orders are given by the shareholders after receiving the meeting's agenda.	N/A
8.7.4	(1) To the extent that any data item required by MIFIDPRU 8.7 is treated as proprietary information in accordance with (2), or confidential information in accordance with (3), a firm may refuse to disclose it, noting on the template available at MIFIDPRU 8 Annex 2R which item has not been disclosed and why. (2) A firm may only treat information as proprietary information if sharing that information with the public would have a material adverse effect upon its business. (3) A firm may only treat information as confidential information if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.	N/A
8.7.5	Where a firm refuses to disclose information in reliance on MIFIDPRU 8.7.4 R(2), the firm should record why the information is considered proprietary and make that information available to the FCA if requested.	N/A
8.7.6	A firm referred to in MIFIDPRU 8.7.1R must comply with that rule: (1) only in respect of a company whose shares are admitted to trading on a regulated market; (2) only where the proportion of voting rights that the MIFIDPRU investment firm directly or indirectly holds in that company is greater than 5% of all voting rights attached to the shares issued by the company; and (3) only in respect of shares in that company to which voting rights are attached.	N/A
8.7.7	The voting rights referred to in MIFIDPRU 8.7.6R(2) must be calculated on the basis of all shares to which voting rights are attached, even if the exercise of any of those voting rights is suspended.	N/A