

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

JANUARY 2024

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INTRODUCTION

The board (**Board**) of Brooks Macdonald Group plc (the **Company** or the **Group**) applies and reported against the UK Corporate Governance Code (the **Code**). This statement, together with the Report of the Directors and the Strategic report, describes how the Group has applied the principles and complied with the provisions of the new 2018 Code, or sets out explanations of where the Group is not complying with the Code.

Further information is available in:

- the Company's annual report, including the Report of the Directors and the Strategic report, which can be accessed [here](#); and
- the 'Investor Relations' section of the Company's website, which can be accessed [here](#).

A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

Philip Naylor

Company Secretary
January 2024

Brooks Macdonald is a trading name of Brooks Macdonald Group plc used by various companies in the Brooks Macdonald group of companies. Brooks Macdonald Group plc is registered in England No 4402058. Registered office: 21 Lombard Street London EC3V 9AH.

1 BOARD LEADERSHIP AND COMPANY PURPOSE

- 1. The board should assess the basis on which the company generates and preserves value over the long-term. It should describe in the annual report how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the company's business model and how its governance contributes to the delivery of its strategy.*

The Board assesses the Company's viability on an annual basis. The Board carries out a robust assessment of the principal risks facing the Company along with the stress tests and scenarios that would threaten the sustainability of its business model, future performance, solvency or liquidity. In assessing the future viability of the overall business, the Board considers the current and future strategy as well as any significant business restructuring and legacy issues.

The Board considers the business environment of the Company and the potential threats to its business model arising from regulatory, demographic, political and technological changes.

More details on the Company's viability can be found in the Annual Report.

The Annual Report also details the opportunities and principal risks that the Company faces.

- 2. The board should assess and monitor culture. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken. In addition, it should include an explanation of the company's approach to investing in and rewarding its workforce.*

The Board monitors the Group's culture through regular reports from the CEO and the Chief People Officer to ensure this is aligned with the Group's purpose and strategy. The CEO and other members of senior management frequently engage with staff in forums ranging from formal communications, including all staff "town hall" video conferences, to more informal small group discussions.

In accordance with the Code, John Linwood was appointed as the designated Non-Executive Director with responsibility for engagement with the workforce. He and other Non-Executive Directors make office visits and hold meetings with groups of staff in order to obtain feedback directly from the Company's employees. In addition, regular employee engagement surveys are

undertaken, the results of which are closely monitored by the Executive Committee and who consider any actions which may need to be taken in response to the survey results.

Further information on the Company's approach to investing in and rewarding the workforce is also outlined in the Annual Report.

3. *In addition to formal general meetings, the chair should seek regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Committee chairs should seek engagement with shareholders on significant matters related to their areas of responsibility. The chair should ensure that the board as a whole has a clear understanding of the views of shareholders*

The Board values our shareholders' support and, as an AIM-listed company, provides information to our shareholders through face-to-face or virtual meetings and provision of detailed financial reports and presentations on the business at the half-year and full-year points.

The Board engages with shareholders to discuss delivery of the Company's strategy, current performance and our plans for the business through our Executive Directors, Chair and Committee Chairs.

The Chief Executive and the Chief Financial Officer engage in a programme of shareholder roadshows over the course of the financial year and the Chair and other Non-Executive Directors engage with major shareholders proactively to understand their views, which are communicated to the Board as a whole.

4. *When 20 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result.*

Over 80% of shareholders voted in favour of all resolutions proposed at the 2023 Annual General Meeting. If a resolution saw 20% or more votes cast against, the Company would explain its proposed actions to consult with shareholders in order to ascertain the reasons for such a result.

5. *The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the*

When considering their decisions and in setting the policies and strategy for Brooks Macdonald, the Directors are aware there are a number of other stakeholders, in addition to shareholders, who will be affected by the actions of the Group. These

Companies Act 2006 have been considered in board discussions and decision-making.

include, for example, our clients and advisers along with our employees.

More information on how we consider these stakeholders can be found in the Annual Report.

6. *There should be a means for the workforce to raise concerns in confidence and - if they wish - anonymously. The board should routinely review this and the reports arising from its operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.*

The Company has established a “Whistleblowing Policy” which is reviewed and agreed annually by the Group Audit Committee. Responsibility for whistleblowing rests with the Chair of the Group Audit Committee, who has the role of the Group’s overall “Whistleblowing champion”. There are also dedicated “Whistleblowing champions” for the UK and Channel Island businesses. The Group also provides an independent external reporting portal provider, Safecall, which staff can contact anonymously. Ultimate responsibility for whistleblowing rests with the Board.

7. *The board should take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, and ensure that the influence of third parties does not compromise or override independent judgement.*

All Board members are required to disclose any external positions or interests which might conflict with their directorship of Brooks Macdonald prior to their appointment and thereafter on a continuous basis so that any potential conflict can be properly assessed. Conflicts of interest can generally be managed by due process.

8. *Where directors have concerns about the operation of the board or the management of the company that cannot be resolved, their concerns should be recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the chair, for circulation to the board, if they have any such concerns.*

All Board and Committee meetings are minuted by the Company Secretarial team and reflect any concerns raised by Directors regarding the operation of the board or the management of the company. On resignation, Non-Executive Directors are invited to provide a written statement to the chair, for circulation to the board, of any such concerns.

2 DIVISION OF RESPONSIBILITIES

9. The chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of this appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.

The roles of the Chair and of the Chief Executive are separate. The Chair was deemed to be independent on appointment.

The Group Board, led by the Chair, sits at the top of the Company's governance framework. The Board and its Committees have clearly defined roles, with the list of matters reserved for the Board and the Committees' terms of reference being available on the Company's website.

10. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence.

The Board, on the recommendation of the Nominations Committee, considers that all of the Non-Executive Directors are independent.

Up to date biographies for the Directors, which detail any external roles they may hold, can be found on the Company Website here:

[Group Board – Brooks Macdonald](#)

11. At least half of the board, excluding the chair, should be non-executive directors who the board considers to be independent.

A majority of the Board are independent Non-Executive Directors.

12. The board should appoint one of the independent non-executive directors to be the senior independent director

Robert Burgess holds the role of Senior Independent Director. He also is the appointed Chair of the Risk and Compliance Committee and a

to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders.

Led by the senior independent director, the non-executive directors should meet without the chairman present at least annually to appraise the chair's performance, and on other occasions as necessary.

13. Non-executive directors have a prime role in appointing and removing executive directors. Non-executive directors should scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives. The chair should hold meetings with the non-executive directors without the executive directors present.

14. The responsibilities of the chair, chief executive, senior independent director, board and committees should be clear, set out in writing, agreed by the board and made publicly available. The annual report should set out the number of meetings of the board and its committees, and the individual attendance by directors.

15. When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an

member of the Audit, Remuneration, Disclosure and Nominations Committees.

The members of the Board, including the Chair, are subject to an annual evaluation and performance review which takes account of the views of all Directors.

The Nominations Committee is responsible for reviewing the composition of the Board and the Board Committees to ensure they are suitably constituted, with an appropriate balance of skills, experience, knowledge and diversity. This includes conducting the annual Board effectiveness review and scrutiny of the executive directors' performance.

The responsibilities of the Chair, Chief Executive, Senior Independent Director, Board and Committees as agreed by the Board are made publicly available in the Annual Report.

Non-Executive Directors must comply with minimum attendance requirements under the terms of their appointment letters. Details of their attendance at Board and Committee meetings are set out in the Annual Report.

On appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings. A Board candidate is required to disclose any business

indication of the time involved. Additional external appointments should not be undertaken without prior approval of the board, with the reasons for permitting significant appointments explained in the annual report. Full-time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

16. All directors should have access to the advice of the company secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the company secretary should be a matter for the whole board.

interests that might result in a conflict of interest arising and that, following appointment, such appointee is required to report any new business interests arising that could result in a conflict of interest.

None of the Executive Directors are Non-Executive Directors or a Chair of a FTSE 100 company.

All Directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter reserved for decision by the Board as a whole.

3 COMPOSITION, SUCCESSION AND EVALUATION

17. The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline of succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.

The Board has established a Nominations Committee, the terms of reference of which can be found on the Company's website, which can be accessed [here](#).

The Committee comprises all five independent Non-Executive Directors plus the Chair of the Board.

This Committee monitors the balance of skills, knowledge, experience and diversity on the Board, recommends Board and Board Committee appointments based on merit and objective criteria and, within this context looks to promote diversity of gender, social and ethnic background, cognitive and personal strengths and monitors succession planning at the senior management level.

The Chair of the Board may not chair any meeting of the Committee when the Committee is dealing with the appointment of a successor to the chairmanship of the Company.

18. All directors should be subject to annual re-election. The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.

All Directors are submitted for re-election annually at the Annual General Meeting.

Detailed biographical information on the Directors is included in the Company's Annual Report and in the notice of the Annual General Meeting to enable shareholders to take an informed decision on their re-election.

19. *The chair should not remain in post beyond nine years from the date of their first appointment to the board.*

To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.

Maarten Slendebroek was appointed as Chair, subject to regulatory approval, in November 2023. Until this approval is received, Richard Price will continue as Acting Chair despite having served on the Board beyond nine years. Mr Price will step down from the Board when Mr Slendebroek's appointment receives regulatory approval.

20. *Open advertising and/or an external search consultancy should generally be used for the appointment of the chair and non-executive directors. If an external search consultancy is engaged it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.*

The Company uses external consulting firms to assist with recruitment for Board and senior management roles. Further details of these and particulars regarding the identification, vetting and appointment of Non-Executive Directors are set out in the Annual Report.

21. *There should be a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors. The chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. The external evaluator should be identified in the annual report and a statement made about any other connection it has with the company or individual directors.*

The Group has established a performance evaluation process for its Board, its Committees, the Chair and individual Directors. The Board is open to an externally facilitated evaluation of its performance and effectiveness. At this time, however, the Board does not feel bringing in an external evaluator would provide significant incremental value over our internal evaluation process. The Board will periodically reassess the merits of an independent evaluation. Appropriate reporting of these reviews and any main conclusions is included in the Annual Report.

22. *The chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the board. Each director should engage with the process and take appropriate action when development needs have been identified*

As part of the annual evaluation process, the Chair considers the contributions and strengths of each Director.

The Nominations Committee assists the Board in leading the development of and monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the Board.

23. *The annual report should describe the work of the nomination committee, including: the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline; how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition; the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and the gender balance of those in the senior management and their direct reports*

The Annual Report describes the work of the Nomination Committee.

The Annual Report details the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline.

The Group has established a performance evaluation process for its Board, Committees, and individual Directors. This is detailed in the Annual Report.

The gender balance of senior management and their direct reports is disclosed in the Annual Report.

The Annual Report also details the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives.

4 AUDIT, RISK AND INTERNAL CONTROL

24. The board should establish an audit committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. The chair of the board should not be a member. The board should satisfy itself that at least one member has recent and relevant financial experience. The committee as a whole shall have competence relevant to the sector in which the company operates.

The Board has established an Audit Committee, the terms of reference of which can be found on the Company’s website, which can be accessed [here](#).

The Committee comprises of all five Non-Executive Directors, all of whom are considered to be independent of management. The chair of the board is not a member of the Committee.

The Board is satisfied that the Chair of the Committee, James Rawlingson, has recent and relevant financial experience. Details of Mr Rawlingson’s experience are set out in the Annual Report.

The Board is also satisfied that all members of the Committee have appropriate knowledge and understanding of financial risk and accounting matters to contribute effectively to the Committee.

25. The main roles and responsibilities of the audit committee should include the specified items set out in the Code

The Audit Committee complies with this Code provision. The main roles and responsibilities of the Committee are set out in the terms of reference.

26. The annual report should describe the work of the audit committee

The Annual Report complies with this Code provision. The Annual Report describes the composition, activities, focus areas, and achievements of the Audit Committee over the past year.

27. The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken

The Annual Report complies with this Code provision. The Board considers that the Annual Report is fair, balanced and understandable, and provides the information necessary for

as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

shareholders to assess the Company's position and performance, business model and strategy.

28. The board should carry out a robust assessment of the company's emerging and principal risks. The board should confirm in the annual report that it has completed this assessment, including a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated

There is an ongoing process of identifying, evaluating and managing the significant risks faced by the Group which is regularly reviewed in detail by both the Audit Committee and the Risk and Compliance Committee, and reported to the Board for its review.

The Directors comply with this Code provision and such statements are included in the Annual Report.

29. The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.

The review and monitoring of risk management and internal control systems is an integral part of the activities and functions of the Board. A report on the review is, and will continue to be, included in the Annual Report.

30. In annual and half-yearly financial statements, the board should state whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of

The Board complies with this Code provision and going concern statements are included in the annual and interim reports.

approval of the financial statements.

31. Taking account of the company's current position and principal risks, the board should explain in the annual report how it has assessed the prospects of the company, over what period it has done so and why it considers that period to be appropriate. The board should state whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

The Board complies with this Code provision and such statements have been included in the Annual Report.

5 REMUNERATION

32. The board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three, or in the case of smaller companies, two. In addition, the chair of the board can only be a member if they were independent on appointment and cannot chair the committee. Before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months.

33. The remuneration committee should have delegated responsibility for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management. It should review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.

34. The remuneration of non-executive directors should be determined in accordance with the Articles of Association or, alternatively, by the board. Levels of remuneration for

The Board has established a Remuneration Committee, the terms of reference of which can be found on the Company's website, which can be accessed [here](#).

The Committee comprises of all five Non-Executive Directors, all of whom are considered to be independent of management. The chair of the board is not a member of the Committee.

John Linwood is the appointed Chair of the Committee. Mr Linwood has served on the Committee since 2018, becoming Chair in 2019.

The Remuneration Committee is responsible for approving remuneration proposals for the Chair, Executive Directors, Executive Committee members and other senior staff members. The Committee also reviews and recommends to the Board, the over-arching principles, parameters and governance framework of the Group's Remuneration Policy and the on-going appropriateness and relevance of the Remuneration policy.

The Chair and the Executive Directors are responsible for reviewing and approving recommendations in respect of the amount of fees payable to Non-Executive Directors, such

the chair and all non-executive directors should reflect the time commitment and responsibilities of the role. Remuneration for all non-executive directors should not include share options or other performance-related elements.

recommendations being proposed on the basis of independent, market-based advice.

The Non-Executive Directors' fees reflect their responsibilities and the time commitment required during a period of significant change for the Group.

35. Where a remuneration consultant is appointed, this should be the responsibility of the remuneration committee. The consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors. Independent judgement should be exercised when evaluating the advice of external third parties and when receiving views from executive directors and senior management.

The Committee may use the services of external advisers in whatever capacity the Chair deems appropriate in order to assist the Committee in its duties. Details of the advisors used are provided in the Annual Report.

36. Remuneration schemes should promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests. Share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The remuneration committee should develop a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares.

Long Term Incentive Plan Share Options are subject to a 3-year vesting and 2-year holding period.

The Remuneration Committee considered whether the Company should adopt a formal policy regarding post-employment shareholding requirements but decided that such a policy was not appropriate at the current time and that the Company's existing leaver provisions were sufficient.

37. Remuneration schemes and policies should enable the

The Remuneration Committee may exercise its independent discretion when authorising

use of discretion to override formulaic outcomes. They should also include provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.

remuneration outcomes, taking account of company and individual performance, and wider circumstances, and recovering and/or withholding sums or share awards under appropriate specified circumstances.

38. Only basic salary should be pensionable. The pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. The pension consequences and associated costs of basic salary increases and any other changes in pensionable remuneration, or contribution rates, particularly for directors close to retirement, should be carefully considered when compared with workforce arrangements.

The Committee supports the idea that pension alignment promotes fairness across the workforce. The Executive Directors' pensions were reduced from 15% to 10% in 2018, 8% in 2020, and further reduced to 6% in 2022 as part of the Company's objective of aligning this with the wider workforce rate.

39. Notice or contract periods should be one year or less. If it is necessary to offer longer periods to new directors recruited from outside the company, such periods should reduce to one year or less after the initial period. The remuneration committee should ensure compensation commitments in directors' terms of appointment do not reward poor performance. They should be robust in reducing compensation to reflect departing directors' obligations to mitigate loss.

The Group has service contracts with its Executive Directors with a notice period of 12 months and it is Group policy that such contracts should not normally contain notice periods of more than 12 months.

40. When determining executive director remuneration policy and practices, the remuneration committee should address the following: clarity, simplicity, risk, predictability, proportionality and alignment to culture

The Remuneration Committee considers these factors when determining executive director remuneration.

41. There should be a description of the work of the remuneration committee in the annual report

The work of the Remuneration Committee is described in the Directors Remuneration Report section of the Annual Report. This detail complies with the above requirements.

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