

TILNEY SMITH & WILLIAMSON LIMITED
CORPORATE GOVERNANCE REPORT, SECTION
172 STATEMENT AND OTHER GOVERNANCE
DISCLOSURES

for the year ended 31 December 2021



Section 172 Statement

Section 172 of the UK Companies Act 2006 requires our Directors to act in a way they consider, in good faith, would most likely promote the success of the Company for the benefit of our members as a whole. In doing this our Directors are required to have regard to the interests of our employees and other stakeholders, including the impact of our activities on the community, environment and the Company’s reputation, when making decisions.

Set out below and elsewhere in this report are details on how our Board operates, the way our Directors reach decisions including matters discussed during the year, key stakeholder considerations central to those discussions as well as the impact of the Company’s operations on the community and environment.

Key decisions taken by the Board in 2021 include:

- Agreeing our new purpose: ‘to place the power of good advice into more hands’, and values: Personal, Partnership and Performance
- Approval of the rebranding of the firm
- Approval of the consolidation of custody arrangements
- Consideration of the Financial Services pricing and proposition
- Approval of the acquisition of HFS Milbourne
- Approval of the digital hybrid proposition relaunch for Bestinvest
- Approval of the 2022 budget and five-year financial plan.

How the Company has engaged with Stakeholders throughout the year is outlined below:

Stakeholders	How we engage	Outcomes	Further detail
<p>Clients</p> <p>Supporting our clients with the management of financial affairs is core to what we do.</p>	<p>Through a variety of channels including face to face meetings, seminars and webinars and digital portals.</p> <p>By seeking to build valued, long-term partnerships with financial advisers, accountants, lawyers and professional bodies to help achieve positive outcomes for clients.</p> <p>By running an ongoing client care programme which obtains feedback from clients.</p> <p>Reviewing the Financial Services pricing and proposition.</p> <p>Responding to market trends.</p>	<p>We have expanded our business development team to nurture our professional relationships and augment direct client contact with conferences, seminars and the provision of expert content.</p> <p>Workshops are held with colleagues to discuss the feedback from the Client Care programme and how to improve services to clients.</p> <p>The review of our proposition will ensure services are aligned across the group and clients have access to the right proposition and are treated fairly in line with our values.</p> <p>Developed the client portal and mobile app.</p>	<p>Strategic Report – market trends</p> <p>The Corporate Governance report contains further detail on client outcomes, see Board activities, pages 12 to 15</p>
<p>Colleagues</p> <p>The Board believes that our people and culture are central to the Company’s unique client proposition and are our greatest asset. We aspire to be the employer of choice in our sector and are committed to developing a culture which is personal, where everyone is treated as an individual, and is</p>	<p>Investing in training and skills development and having an active staff engagement and communication programme including Pulse surveys to assess engagement with colleagues.</p> <p>Promoting remuneration policies to attract and retain high performing colleagues.</p> <p>Overseeing the communication with clients and colleagues during the pandemic.</p> <p>Forming a Diversity and Inclusion Committee and encouraging the set-up of the Race, Religion and Ethnicity</p>	<p>The results of the Pulse surveys are discussed with departmental heads on how to put the feedback into positive actions. They are also tracked against previous results.</p> <p>Regular communications from the Group Chief Executive Officer to keep staff informed.</p> <p>Raised awareness of a range of diversity and inclusion topics and initiatives. Bi-monthly updates are sent out to colleagues on the work of the Committee, including a series of videos from colleagues marking</p>	<p>Corporate Responsibility Report, People, available on our website</p>

Stakeholders	How we engage	Outcomes	Further detail
both welcoming and inclusive.	<p>(RRaE) Network and the LGBTQ+ Network, PROUD TS&W.</p> <p>Colleagues have been asked to provide Equality and Diversity information which will enable Key Performance Indicators to be produced and regularly reviewed by the Board.</p> <p>Increasing the visibility of the Board with site visits being conducted by the Chair, Chris Grigg.</p>	religious and cultural celebrations important to them.	
<p>Shareholders</p> <p>Whilst we are a private business, we have many current and former employees as beneficial shareholders.</p>	<p>Our largest institutional shareholders are represented on our Board.</p> <p>Individual beneficial shareholders are kept up-to-date with the progress of the business through written communications and briefing meetings from the leadership team.</p>	<p>The institutional shareholders are involved in key Board decisions.</p> <p>We currently hold an annual shareholder presentation where the senior leadership team provide a presentation on the results and are available to answer any questions from individual beneficial shareholders.</p>	Corporate Governance report, Board activities, see pages 12 to 15
<p>Suppliers and counterparties</p> <p>Across our breadth of services and locations we work with multiple counterparties and suppliers, both large and small.</p>	We recognise the importance of these relationships in delivering a high quality service for our clients and staff and so regularly engage with our suppliers and counterparties to build good relationships, address any challenges and mitigate potential risks. This is reflected through our purpose and supporting values, particularly Partnership.	The modern slavery statement is reviewed and approved each year and due diligence is undertaken on suppliers.	Corporate Responsibility Report, available on our website
<p>Society and community</p> <p>Our purpose is <i>'to place the power of good advice into more hands'</i>: we believe that society as a whole benefits, when more people are supported with making sound financial decisions</p>	<p>As an investment manager, we recognise that our decisions can have a wider impact and therefore we seek to invest responsibly, taking into account environmental, social and governance factors when selecting funds and stocks. We are an active shareholder, committed to the good stewardship of our clients' wealth.</p> <p>With an extensive office network, we are part of the communities in which we work and live and contribute through community activities, volunteering and charity initiatives.</p> <p>Oversees policies for continued commitment to ensure our business and supply chains are free from any slavery and human trafficking.</p>	<p>We committed to a three-year partnership with Impetus, an organisation that is transforming the lives of young people from disadvantaged backgrounds and pledged to donate £100,000 to Impetus.</p> <p>For our colleague charitable giving, we focused on three key areas:</p> <ul style="list-style-type: none"> Employee volunteering Give-as-you-earn Matched fundraising. <p>The Community Investment Programme funded by Tilney Charitable Trust donated £99,000 during year.</p>	Corporate Responsibility Report, Charities and Communities, available on our website

Stakeholders	How we engage	Outcomes	Further detail
	<p>The Group reviews its approach to responsible investing and through training and awareness initiatives ensures that our investment professionals and clients have a better understanding of ESG. As an active member of the Investor Forum and Climate Action 100+, we have been able to combine our active engagement voice with many other leading asset management groups to great effect.</p> <p>Board and Committees receive reports on the Company's community investment programme.</p> <p>The Board ensures an effective governance structure to protect the Company's reputation, brand and relationship with regulators as well as partners.</p> <p>Board and committees receive ESG reports and there has been consistent emphasis on the required focus on this topic. The Corporate Responsibility Committee (CRC) reports directly into the Board on ESG, and the progress being made.</p>	<p>Signatories to UN Principle of Responsible Investment.</p>	
<p>Regulators</p> <p>We proactively engage with our regulators as we seek to foster a transparent and cooperative relationship and help them to understand our culture, business model and strategy.</p>	<p>The Board and the Risk and Audit Committee receive updates on the Company's engagement with the regulators alongside regular reports on compliance with regulatory requirements, consideration of forthcoming regulatory developments and the Company's participation in consultations.</p>	<p>Submission of regulatory returns to the regulators including the ICAAP, Tax Strategy, CASS reports and periodic submissions of Group entity structure changes (close links reporting).</p> <p>Membership of industry bodies including the Personal Investment Management & Financial Advice Association (PIMFA).</p> <p>Periodic meetings between individuals, directors and the supervisory team from the FCA.</p> <p>Contributions to regulatory policy through public consultations, industry discussions and also bilaterally with regulators.</p>	<p>Corporate Governance report, Board activities, see pages 12 to 15</p>

Board of Directors



Chris Grigg

Chair

Chris joined the Board as a Non-Executive Director on 2 August 2021 and became Chair of the Board with effect from 18 February 2022. He became Chair of the Nominations Committee at the same time. Chris is also Chair

of the newly formed UK Infrastructure Bank and is Senior Independent Director at BAE Systems plc, where he has served on the Board for the last 8 years. From 2009 until November 2020, he was Chief Executive Officer of British Land plc, the FTSE 100 real estate company. Prior to that, he was Chief Executive Officer of Barclays' Commercial Bank and previously Group Treasurer. He also spent almost 20 years at Goldman Sachs, latterly as a Partner.



Chris Woodhouse

Group Chief Executive Officer

Chris Woodhouse joined Tilney in 2017 and is the Group's Chief Executive Officer. He joined Tilney from the UK motoring and Financial Services Group RAC, where he was Chief Executive Officer for five years.

Chris has previously held senior management roles at a number of national retail brands. He is a Fellow of the Institute of Chartered Accountants and an Associate of the Association of Corporate Treasurers.



Andrew Baddeley

Group Chief Financial Officer

Andrew Baddeley is the Group Chief Financial Officer of the Tilney Smith & Williamson group. He joined Tilney in 2018 from TP ICAP plc, an inter-dealer broker listed on the London Stock Exchange, where he was Group Chief Financial Officer.

Prior to this he spent 18 years in the insurance industry, with positions including Group Chief Financial Officer of Brit Insurance. He has also spent 10 years with leading firms PwC and Ernst & Young. Andrew is a Fellow of the Institute of Chartered Accountants and is a Chartered Tax Adviser.



Elizabeth Chambers

Independent Non-Executive Director

Elizabeth Chambers is a Non-Executive Director at Provident Financial Group plc and TSB Bank plc and has previous board experience in the UK and globally including Western Union International Bank,

Hastings Group plc, Dollar Financial Group, Hibu plc and The Home and Savings Bank.

She is an Operating Partner at global PE firm Searchlight Capital Partners and serves on the non-profit board of the University of Colorado Anschutz Medical Campus. Her executive experience included Chief Marketing Officer roles at Barclays, Barclaycard and Freshfields Bruckhaus Deringer LLP. Her last executive role was with Western Union, serving as Chief Strategy, Product and Marketing Officer. Earlier in her career she was a partner in the financial services practice of McKinsey & Company. She is an Economics and Political Science graduate of Stanford University and holds an MBA from the Harvard Business School.



Keith Jones

Independent Non-Executive Director

Keith Jones was appointed as the Independent Non-Executive Director at Smith & Williamson in January 2017. Keith has extensive experience in the financial services sector. He was Chief Executive Officer of

Aviva Global Investors, an Executive Director and Partner of James Capel & Co and Lazards. He was also a Board director of NPI and Chief Executive Officer of NPI Asset Management and, more recently, an adviser to Lloyds Bank plc.

Keith is an experienced Non-Executive Director, having acted as chairman for Execution Noble and as a Non-Executive Director of F&C Asset Management PLC, Just Retirement Holdings, Chairman of Haitong Securities and a senior adviser to Permira. Presently he is Chairman of Pemberton Asset Management Holdings and a Non-Executive Director within Aon. He has an MA in PPE from the University of Oxford and an MSc (Econ) in Econometrics and Economics from London University.



Carla Stent

Independent Non-Executive Director

Carla Stent joined the Board of Smith & Williamson Holdings Limited in October 2019 and is now the Chair of the Tilney Smith & Williamson Risk and Audit Committee.

Carla has extensive experience as an Executive and Non-Executive Director, both in the financial services sector and in other industries. She is currently chair of Marex Group, one of the world's leading commodities brokers, a Non-Executive Director of Post Office Limited, where she also chairs the Audit and Risk Committee and is on the Boards of JP Morgan Elect plc. She is also the Chair of several early stage businesses and has served on the Boards of several charities. Her executive career has included Chief Financial Officer, Chief Operating Officer or Managing Director roles at Virgin Group and Barclays Bank. She is a Chartered Accountant registered with the ICAEW.



Bill McNabb

Independent Non-Executive Director

Bill McNabb joined as a Non-Executive Director in January 2021. He is the former Chairman and Chief Executive Officer of The Vanguard Group, Inc., the world's largest mutual fund manager. He served as

Chief Executive Officer for nine years, retiring in 2017 and continued as Chairman of Vanguard until 2018. Bill is also a board member of IBM, UnitedHealth Group and Axiom. He is a board member of CECP: The Chief Executive Officer of Force for Good, a US corporate sustainability initiative, and the Philadelphia School Partnership, a non-profit organisation focused on creating educational opportunities for students from low-income families. He is also Chairman of the board of the Zoological Society of Philadelphia.

Bill is a graduate of Dartmouth College and has an MBA from the Wharton School of the University of Pennsylvania.



David Cobb

Non-Executive Director

David Cobb was previously Co-Chief Executive Officer of Smith & Williamson Group and Chief Executive Officer of its regulated entities – Smith & Williamson Investment Management LLP, Smith & Williamson Investment

Services Limited and Smith & Williamson Financial Services Limited.

David joined Smith & Williamson in 1985 and rose to become Head of the Investment Management and Banking division in 2007 before becoming Co-Chief Executive Officer in 2013. He is a Chartered Fellow of the Chartered Institute for Securities & Investments (Chartered FCSI).



Peter Deming

Non-Executive Director

Peter Deming joined as a Non-Executive Director in September 2020 when Warburg Pincus invested in the merger of Tilney Smith & Williamson. Peter is a Managing Director at Warburg Pincus and heads the Financial

Services team in Europe. Peter joined the firm in 2007 and has led a number of flagship transactions in financial services and fintech companies. Peter is currently a Board member of Aion, Singular Bank and Personetics.

Prior to joining Warburg Pincus, Peter worked at Goldman Sachs in the Fixed Income Currency and Commodities Advisory Group. Peter has a B.S. in Management Science and Engineering from Stanford University.



Chris Pell

Non-Executive Director

Chris Pell has been a Non-Executive Director of the Group since the merger with Smith & Williamson in September 2020. Chris is a Principal at Permira which he joined in 2010 and focuses on investment opportunities in the Services

sector. He has worked on a number of transactions including Saga and The AA (Acromas), Alter Domus, Lowell and Tilney.

Prior to joining Permira, Chris worked for Barclays in the Group COO office and then Corporate Strategy and prior to that, he was with LEK Consulting in London and Shanghai. Chris has a degree in Philosophy, Politics and Economics (PPE) from Oxford University, England, and an MBA from INSEAD, France.



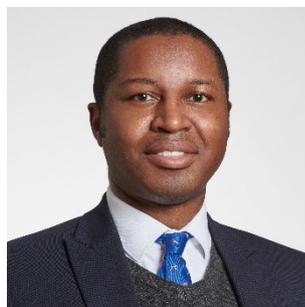
Philip Muelder

Non-Executive Director

Philip Muelder serves on the board of Tilney Smith & Williamson and has been a Tilney Non-Executive Director since the original acquisition of Bestinvest by the Permira Funds in 2014. Philip is Global Head of Permira's Services

Sector and besides Tilney Smith & Williamson currently serves on the boards of Alter Domus, Lowell and Clearwater Analytics (as observer). Prior transactions include JUST, Provimi, Saga, The AA, Acromas, Lowell, Tricor, Alter Domus, Duff & Phelps, Clearwater Analytics and Carta.

Prior to joining Permira in 2004, Philip was a strategy consultant at Bain & Company in London and Hong Kong. He has a Master's degree in Accounting and Finance from the London School of Economics and an MBA from Harvard Business School.



Gavin White

Group Company Secretary

Gavin joined Tilney Smith & Williamson as Group Company Secretary in August 2021. He is a Fellow of the Chartered Governance Institute (previously the Institute of Chartered Secretaries and Administrators) and has over

20 years' corporate governance experience. Former appointments include senior governance roles at Centrica plc, Santander UK plc, HSBC Holdings plc, Lloyds Banking Group plc and Royal Dutch Shell plc.

Corporate Governance Report

Governance framework

A considerable amount of work was undertaken following the merger in September 2020 to shape the Group’s governance framework. Board effectiveness is regularly reviewed and is subject to robust evaluation process. Improvements to strengthen the governance framework were embedded in 2021 and continue to develop.

The Board recognises the importance of good corporate governance and works to ensure that the Group’s governance arrangements deliver a well-run business which has at its heart its clients and which recognises its responsibilities not only towards shareholders but also other stakeholders such as employees, the wider market and society.

Our approach to governance

As an unquoted company, we are not required to comply with the Financial Reporting Council’s (FRC) 2018 UK Corporate Governance Code.

We therefore follow the Wates Corporate Governance Principles (published by the FRC in December 2018) (the ‘Wates Principles’), which provide a framework to help large unlisted private companies meet legal requirements while promoting long term success. In 2021, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Principles as the standard against which we measure ourselves.

The Board believes that the Company already complies with best practice and with the spirit of the Wates Principles and has applied them throughout the year. The table in the next section sets out how this has been achieved with an explanation where any principle has not been adopted and why.

The Group’s website contains further supporting information on the Wates Principles and Section 172.

Reporting on the application of Wates Principles:

Principles and meaning	How do we engage
<p>1. Purpose and leadership</p> <p>An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.</p>	<p>The Board has a commitment to develop and promote the purpose of the Company and ensure that its values, strategy and culture align with that purpose. Risk management arrangements form part of a strong governance culture. The Board has developed a strategy and business model to generate long-term sustainable value.</p> <p>In our Strategic Report, Our Purpose and Value, and People, Culture and Values</p> <ul style="list-style-type: none"> The Board also believes that a strong culture, based on shared values and sense of purpose, is vital to the success of a business and underpins the way in which we work, connecting both our colleagues and our clients to our higher purpose <p>Section 172 Statement, pages 1 to 3</p> <ul style="list-style-type: none"> Various decisions have been made by the Board demonstrating its commitment to generating long-term sustainable value for the Company including the merger, enhancing the governance framework and digital transformation The strategy is clearly articulated and approved by the Board and implemented by management <p>Corporate Responsibility Report, People, pages, available on our website</p> <ul style="list-style-type: none"> Following the merger of Tilney and Smith & Williamson, we wish to develop a culture which is the ‘best of both’ businesses. We have already started this process through engagement with our colleagues <p>Corporate Governance Report, Board activities, pages 12 and 15</p> <ul style="list-style-type: none"> The Board has oversight of the Group’s conflicts of interest policy and considers changes to it The Board approves and monitors performance against the Group’s whistleblowing policy

Principles and meaning	How do we engage
<p>2. Board composition</p> <p>Effective board composition requires an effective chair and a balance of backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.</p>	<p>The Board reviews its composition, structure and effectiveness on a regular basis.</p> <p>Corporate Governance Report, Board role and Board activities, pages 12 to 15, Nominations Committee Report, pages 22 and 23.</p> <ul style="list-style-type: none"> • Board composition, succession planning, induction, training and effectiveness are reviewed by the Board and recommendations are considered by it from the Nominations Committee. The roles of the Chair and the Chief Executive Officer are clearly articulated and held by separate individuals • The Nominations Committee, which has oversight of the Board appointment process, reviews the size of the Board and the balance of expertise, diversity and objectivity in recommending appointments to the Board. It also considers succession planning and makes recommendations to the Board • The Board effectiveness evaluation is considered annually <p>Corporate Responsibility Report: diversity and inclusion on page, available on our website</p> <ul style="list-style-type: none"> • In the formation of the Board and Executive Committee, the Board has sought to improve gender diversity. The Board will consider a Board diversity policy for approval setting out the aspirational targets for gender and ethnic diversity on the Board as well as in senior management. The Diversity and Inclusion Committee is responsible for ensuring the development and delivery of the Group's diversity and inclusion agenda
<p>3. Director responsibilities</p> <p>The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.</p>	<p>The Company has a well-established governance framework which supports decision making and independent challenge.</p> <p>Corporate Governance Report</p> <ul style="list-style-type: none"> • The Board has a list of matters reserved for its consideration and its Committees' terms of reference clarify their roles within the governance framework. Approval of key risk policies for the Group is considered by the Board and/or its Committees as per their own terms of reference • The governance framework has been refreshed following the merger and its appropriateness is kept under review. Non-Executive Directors provide independent challenge in the decision making process of the Board and its Committees • Decisions on strategy, risk and control, regulatory and tax, finance and audit, governance, people and operations are considered by the Board and its Committees based on forward agenda planners which have been developed by the Chair, Company Secretary and management to fulfil the requirements within the matters reserved for the Board and the terms of references of its Committees • Internal controls and processes are regularly reviewed and monitored with gaps reported to the Risk and Audit Committee through the second and third lines of defence
<p>4. Opportunity and risk</p> <p>A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight to identify and mitigate risks.</p>	<p>Strategic opportunities are assessed by the Board against the Company's risk appetite and its long-term strategy and prospects.</p> <p>Strategic Report, Risk Management section</p> <ul style="list-style-type: none"> • A risk management framework was adopted for the combined business following the merger and efforts are underway to enhance its risk management and compliance capabilities to facilitate risk awareness and further enhance the implementation and effectiveness of the framework • The Board approves the risk appetite and has oversight over the performance of the business against the appetite and agreed controls • Assessment of risk appetite is a key consideration when a new opportunity is being reviewed and forms part of the approval process. New products pass through the Product and Services Oversight Committee for review

Principles and meaning	How do we engage
	<p>Corporate Governance: The Board's role is on page 11, risk management and internal controls on pages 19 to 21.</p> <ul style="list-style-type: none"> The Group operates under the Three Lines of Defence model with reports produced for consideration by the Risk and Audit Committee The Board has overall responsibility for the Group's system of internal control with oversight of controls delegated to the Risk and Audit Committee The Board considers the merits of each acquisition to determine if it would be within the Group's risk appetite, enhances the business prospects and is in the interest of all stakeholders
<p>5. Remuneration</p> <p>A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.</p>	<p>The Company has a Board approved remuneration policy and structure which is aligned to its long-term sustainable success.</p> <p>Corporate Responsibility Report, Remuneration section, available on our website</p> <ul style="list-style-type: none"> The remuneration strategy is reviewed by the Remuneration Committee and is aimed at ensuring that it delivers against our remuneration principles and business objectives <p>Corporate Governance Report, Remuneration Committee</p> <ul style="list-style-type: none"> The Remuneration Committee is a Board committee comprising Non-Executive Directors only and is responsible for oversight of remuneration and incentive packages for senior staff within the Group and the overall remuneration framework for employees including fixed and variable pay reviews
<p>6. Stakeholder relationships and engagement</p> <p>Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</p>	<p>The Company is committed to creating and sustaining long-term value for its shareholders and other stakeholders.</p> <p>Section 172 Statement, pages 1 to 3, sets out the interaction and engagement with stakeholders.</p> <p>Strategic Report. The Board:</p> <ul style="list-style-type: none"> believes in a strong culture, based on shared values and sense of purpose has oversight of the Group's response to COVID-19 oversees client requirements, market practice and trends and the Company's response to it <p>Corporate Responsibility Report, available on our website. The Board:</p> <ul style="list-style-type: none"> considers how we engage with colleagues in developing culture has oversight of communication with clients and staff during the pandemic considers talent management and development promotes remuneration policies to attract and retain high performing colleagues ensures commitment towards promoting diversity and inclusion receives reports on the client care programme, seeking ethical and sustainable portfolios for clients has oversight of the anti-bribery policy has commitment towards ensuring that our business and supply chain are free from any slavery or human trafficking oversees the Company's investment in local communities receives ESG reports and ensures that there has been consistent emphasis on the required focus on the topic

The Board

The Group has structured its governance arrangements such that the members of the Board of Tilney Smith & Williamson Limited are also directors of the majority of the main UK trading or regulated subsidiaries listed below (which together forms the 'Group Boards'). The Group Boards are supported by a number of Board Committees as explained in the following sections of the report.

The Group Boards and their Board Committees conduct their respective meetings on a concurrent basis.

Due to the size, complexity and scale of our business, some subsidiaries have their own Boards and Committees comprising Executive Directors and in the case of some, Non-Executive Directors as appropriate.

Group Boards

Each Director of Tilney Smith & Williamson Limited is also a Director of:

- Bestinvest (Consultants) Limited
- HFS Milbourne Financial Services Limited
- HW Financial Services Limited
- Index Fund Advisors Limited
- Smith & Williamson Corporate Finance Limited
- Smith & Williamson Financial Services Limited
- Smith & Williamson Investment Services Limited
- Tilney Asset Management Limited
- Tilney Asset Management Services Limited
- Tilney Discretionary Investment Management Limited
- Tilney Discretionary Portfolio Management Limited
- Tilney Financial Planning Limited
- Tilney Investment Management
- Tilney Investment Management Services Limited

The Directors are also members of the management Boards of:

- Smith & Williamson Investment Management LLP
- Smith & Williamson LLP

Board Composition

As at the balance sheet date, the Board of the Company consisted of five Independent Non-Executive Directors including the Board Chair, four Group appointed Non-Executive Directors and two Executive Directors.

During the year, Will Samuel led the Board effectively as the Chair and has succeeded in delivering his responsibilities as the Chair. He stepped down from the Board on 18 February 2022 having served as Chair since 27 January 2017.

Chris Grigg joined the Board on 2 August 2021 and succeeded Will Samuel as Chair on 18 February 2022.

The roles of the Chair and the Chief Executive Officer are clearly articulated and held by separate individuals. Will Samuel, when Chair, and Chris Woodhouse, Group Chief Executive Officer, demonstrated a successful partnership in striking the right balance of power and effective decision-making. A good working relationship has already been established between the Group Chief Executive Officer and Chris Grigg since he joined the Board. The Board firmly believes that this relationship will continue to strengthen.

Through the Nominations Committee, we ensure that we have the right composition of individuals on the Board, giving an appropriate balance of knowledge, skills, experience and perspectives. Our aim of ensuring orderly succession for Board positions is supported by continuous and proactive processes. We take into account our strategic priorities and the main trends and factors affecting the sustainability and success of the business. We oversee and regularly review the development of a diverse pipeline for succession.

Changes to Board membership are set out in the Directors' report on page 18.

Board's role and responsibilities

The role of the Board is to establish a clear strategy for the Group, to determine a risk appetite to support that strategy and to oversee an effective risk control framework. The Board manages the affairs of the Company for the benefit of all stakeholders. We understand our stakeholders to be:

- Our clients
- Our regulators and the governments of the countries in which it operates
- Our shareholders and investors
- Our colleagues
- Our suppliers and counterparties
- The society and communities in which we operate.

This is best achieved by:

- Developing a business model and practices that are designed to maintain and enhance market integrity
- Encouraging a culture whereby long-term relationships are fostered with clients, suppliers and staff, who are treated fairly and are content with the service that they receive/provide
- Developing services and products designed for positive client outcomes that are attractive and provide fair treatment for both existing and new clients
- Establishing relevant and supportive relationships with our local communities (see Corporate Responsibility Report available on our website)
- Developing practices which promote the interests of clients and mitigate the risk of reputational damage or financial loss in respect of the Group's assets or the assets that it manages or controls on behalf of clients
- Maintaining policies such as those relating to conflicts of interest and tax avoidance
- Developing policies in relation to its employees and staff, including diversity and inclusion matters, remuneration and modern slavery that demonstrate that the Group deals fairly with its stakeholders.

The Board has a list of matters that are reserved for its decision, which cover the following areas:

- Strategy and business development
- Risk and control
- Regulatory and tax

- Finance and audit
- Legal and governance
- People
- Operations and IT.

Board activities

The Chair, together with the Group Chief Executive Officer and Company Secretary, ensures that the Board has an appropriate schedule of matters for consideration, focused on the core areas listed above. This ensures the future success of the business and that the Company's culture is aligned with its purpose, values and strategy. In 2021, the Board received in-depth presentations on areas of focus and undertook a review of the overall strategy, including developing thoughts about the business priorities and new areas of growth. Meeting papers were distributed in a timely fashion ahead of meetings, allowing Board members sufficient time to read and constructively participate in meetings.

During the year, the majority of Board meetings were held virtually due to COVID-19. From August 2021 onwards, following the ease of COVID-19 restrictions, hybrid meetings started with flexibility for members to attend in person or virtually.

To ensure the most effective use of the time during Board meetings, Board Committees consider certain matters in more detail and make recommendations to the Board. Furthermore, the Chair holds informal preparatory discussions with Board members prior to each Board meeting. During the course of the year, separate sessions are also held with the Independent Non-Executive Directors.

Specialist insight from external advisers is sought when the Board considers certain important topics. The Board ensures regular contact with management and colleagues through several means. These include inviting relevant business and function heads to present to the Board or its Committees, permitting observers as part of individual senior managers' development plans and scheduling regular meetings for Committee Chairs to meet with relevant senior managers. During the year, an induction plan for Chris Grigg was produced which included extensive site visits across the network of office to meet with front line and back office colleagues. Senior leaders were also available to the NEDs throughout the year.

Throughout the year, Board members continued to have the opportunity to participate in training and development initiatives.

Further details of the Board activities in 2021 are set out in the next section.

Summary of Board activities in 2021

The Board, as part of its decision-making process, considered the views of any impacted stakeholders, whilst acting in the best interests of the Company and its members as a whole. More detail is set out in the Section 172 Statement in the Strategic Report section of this Annual Report. The Board's activities in 2021 included the following themes:

Theme	Action taken by the Board
Client outcomes	<ul style="list-style-type: none"> • Reviewed, challenged and remained apprised of the performance of the business divisions and functions, strategic business opportunities, developments with client experience and the Company's integration programme • Considered independent external reviews carried out to determine client journeys and approved any remediation plans • Approved client care programmes to obtain their valuable insights for us to continue to deliver exceptional client experience • Approved new fund propositions to promote sustainable and responsible investing by clients as part of our ESG initiative • Considered propositions to provide tailored services and bespoke portfolios to clients to best suit their needs • Ongoing consideration to transforming Bestinvest, our online business, into a market-leading digital hybrid platform to support self-directed investors and serve them better
Strategy and business development	<p>Overall strategy review:</p> <ul style="list-style-type: none"> • Received regular updates from Group Chief Executive Officer including overall strategy update • As part of consideration of the overall strategy, considered the UK economic outlook, including financial impacts of COVID-19, possible interest rate and inflation increases and possible future operating models, together with an in-depth review of Financial Crime • Received regular marketing updates, client segmentation reports and performance of each of the Group's operating divisions • Held the Board Strategy Day on 2 November 2021 at which both management and external advisers supported the review of the existing business strategy by providing market insights complemented by strengths, weaknesses, opportunities and threats (SWOT) analysis undertaken by the Group Executive Committee. Inputs from the review are embedded in management's strategy plans and actions for 2022 <p>Commercial strategies:</p> <ul style="list-style-type: none"> • Considered the launch of the digital hybrid strategy in early 2022 • Considered developing leading digital transformation propositions and differentiated services in line with our organic growth <p>Merger and acquisition activity:</p> <ul style="list-style-type: none"> • Received regular updates on various initiatives related to the Group's strategic growth plans and supporting initiatives • Considered opportunities to acquire businesses within professional services, investment management and financial planning, notably HFS Milbourne. Each acquisition was considered carefully on its merits, to determine whether it would enhance the Group's business and thus benefit its investors and staff and whether it would maintain or enhance the service provided to clients while being within the Group's risk appetite <p>Brexit:</p> <ul style="list-style-type: none"> • Reviewed and challenged the progress of implementation of Brexit strategy and international custody transfer programmes. The Board discussed the impact of Brexit on clients at several of

Theme	Action taken by the Board
	<p>its meetings. The Group’s strategy for clients based in Europe has been agreed and is being implemented</p> <p>Rebranding:</p> <ul style="list-style-type: none"> • Considered and approved the proposal including investment spend to rebrand the Company • Received regular updates on the rebranding exercise in the lead up to its announcement <p>Integration:</p> <ul style="list-style-type: none"> • Following on from 2021, the Board has oversight of the rollout of the integration plan and how risks arising from the integration are being managed • The programme includes plans to obtain synergies from the merger, technology integration, and develop the purpose, values and culture for the combined business. Progress achieved is set out in the Chief Executive Officer’s Review • Regular updates are provided to the Board on progress being made against each initiative
COVID-19	<ul style="list-style-type: none"> • Received regular reports on COVID-19 throughout the pandemic • Received regular reports on the well-being of staff during the pandemic and introduced new ways of working across the business, ensuring we are optimising our organisational effectiveness, whilst still meeting our clients’ needs • Reviewed, challenged and remained apprised of the support being given to clients and their changing needs
Risk and compliance	<ul style="list-style-type: none"> • Regularly considered Financial and Cyber Crime, suitability and integration risks including approval of risk appetite and oversight of programmes to accelerate controls enhancement and regulatory engagement • Over the last year, the Group has focused on consolidating and enhancing its risk management and compliance capabilities to facilitate risk awareness and further enhance the implementation and effectiveness of the risk management framework. The risk management framework is underpinned by policies, procedures, and reporting, all of which have been enhanced over the course of the year and will continue to evolve to produce accurate and timely management information to meet the needs of the Group, as it seeks to deliver its strategic objectives • Action was taken where needed if risks fell outside of the Group’s risk appetites, which are defined at both the operational resilience and business-as-usual threshold levels, or where the need for remedial action was recognised in respect of any weaknesses identified in relation to mitigating controls
Regulatory and tax	<ul style="list-style-type: none"> • Approved the Group Tax Strategy • Received reports on the Group’s compliance with Client Assets Sourcebook (CASS) regulations from the CASS officer, together with his annual attestation
Finance and audit	<ul style="list-style-type: none"> • Received regular updates from Group Chief Financial Officer on financial performance, management accounts, segmental performance, internal controls and regulatory capital requirements • Reviewed the Group’s regulatory capital resources and requirements, and approved increase in the capital of the Company • Received regular updates in respect of CASS audits and related matters • Received regular updates on performance against the 2021 budget and five-year business plan • Approved the budget for 2022, Taxation Policy and auditor appointment and fees

Theme	Action taken by the Board
	<ul style="list-style-type: none"> • Approved the Annual Report and Financial Statements 2020 and other year-end related matters. The Board also agreed the going concern and viability statements included within the Annual Report and Financial Statements 2020 • Reviewed, challenged and approved ICAAP, adequacy and effectiveness of stress-testing and capital management • Reviewed and approved the distribution of an interim dividend of £32.9 million to shareholders. The payment was made from the Company's distributable reserves based on the unaudited balance sheet of the Company as at 31 October 2021. The Company has not declared a final dividend
Corporate social responsibility	<ul style="list-style-type: none"> • Received regular updates from the Corporate Responsibility Committee on the corporate social responsibility activities undertaken by the Group, including its stance on environmental social governance, which continues to be an area of increasing importance not only to the Board but society as a whole, see the Corporate Responsibility Report, available on our website • Approved the statement on slavery and human trafficking for the financial year ended 31 December 2020 in compliance with the Modern Slavery Act 2015. It is available on the Group's website
Legal and Governance	<ul style="list-style-type: none"> • Received regular updates from the Group General Counsel on legal matters as well as developments in law and from the Company Secretary regarding corporate governance that affect the business and recommended best practices as appropriate. Directors are periodically reminded of their responsibilities both in law and from a regulatory perspective • Received regular updates on revisions to senior management function (SMF) responsibilities, including relevant training and approved new SMF appointments as appropriate • Approved restructuring and liquidation of several group entities as part of the legal entity rationalisation programme • Received regular updates on the Chair's succession, subsequently approving the appointment of the new Chair • Approved the appointment of two new Independent Non-Executive Directors and the Company Secretary • Approved the roll out of a tailored Board induction programme to new incoming directors including site visits as appropriate. Induction sessions were arranged for Chris Grigg and Bill McNabb providing opportunities to familiarise themselves with the Tilney and Smith & Williamson businesses and governance structure • Approved the revised governance model for financial services business, resulting in the restructuring of various sub-Committees under the Group Executive Committee and of financial services senior management under John Bunch, the Chief Financial Services Director • The Board has an oversight of the Group policies framework and approved policies which are not delegated elsewhere • Approved any changes to directors' conflicts of interest • In December 2021, the Board approved an internal board evaluation exercise facilitated by Lintstock. The Board was apprised of the launch of the exercise at the end of January 2022 and findings will be delivered to the Board in March 2022
People and culture	<ul style="list-style-type: none"> • Received regular updates from the Group's Chief People Officer on human resources matters • Approved a new recruitment operating model to transform the Group's recruitment process. Resource Solutions, an outsourcing provider has been engaged to support Board efforts to promote the Company's aspirations for diversity and inclusiveness as well as ESG • Considered Succession Planning across all key control and support functions • Kept apprised of employee well-being during COVID-19 and integration post-merger

Theme	Action taken by the Board
	<ul style="list-style-type: none"> • Supported management in its engagement with employees through colleague pulse surveys and establishing Smart Working framework during the pandemic • Considered the adequacy of Gender Pay Gap policy and other remuneration policies with oversight from Remuneration Committee • Received regular reports on whistleblowing instances and recommendations from Risk and Oversight Committee • Supported the move to 45 Gresham Street, London providing 'Smart Working' facilities to our colleagues and designed to the highest standards of environmental sustainability • Received regular updates on the new senior management hires
Operations and IT	<ul style="list-style-type: none"> • Received regular updates on change portfolio initiatives including update on integration programmes, client advisor and digitisation and custody migration • Agreed IT and cyber security resilience testing • Received regular updates on the implementation of the Core Wealth system since its launch and ways to effectively implement it

The Board Committees

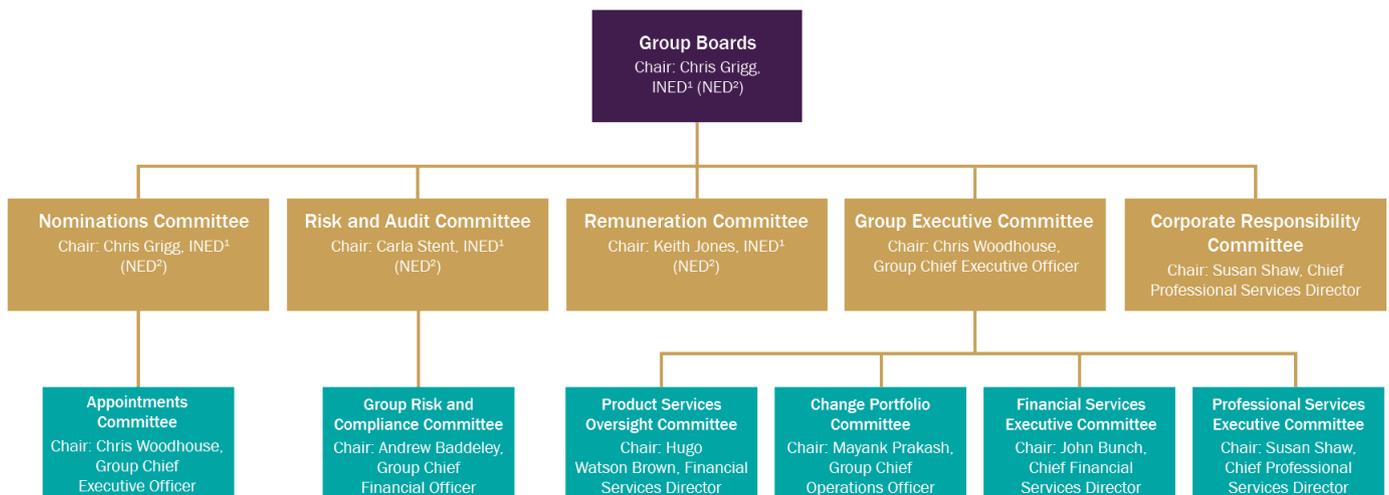
The Board delegates certain responsibilities to Board Committees to help discharge its duties. The Board Committees play an essential role in supporting the Board, giving focused oversight of key areas and aspects of the business. The Board Committees are in turn supported by various executive and management committees as set out in the diagram below. While the Board retains overall responsibility, a sub-Committee structure allows more time for closer scrutiny by Board Committees prior to any consideration required by the Board.

The role and responsibilities of the Board and Board Committees, including sub-Committees, are set out in formal Terms of Reference to ensure there are clear lines of accountability and responsibility to support effective decision-making across the

organisation. These are reviewed at least annually as part of the review of the corporate governance framework.

Except for the Group Executive Committee and Corporate Responsibility Committee, all Committees are composed of Independent Non-Executive Directors only. The Board Chair is also the Chair of the Nomination Committee and the Corporate Responsibility Committee; all other principal Board Committees, except the Group Executive Committee, are chaired by Independent Non-executive Directors who have particular skills or interests in the activities of those Committees. The Chairs of each of the Board Committees provide a report to the Board on their activities.

The governance structure encompassing the Board, its principal Board Committees and the sub-Committees is set out in the diagram below.



1. Independent Non-Executive Director (INED).
2. Represents Non-Executive Directors' (NED) participation on the Board and respective Board Committees.

Risk and Audit Committee and its sub-Committee:

Details are set out in the Risk and Audit Committee Report on pages 19 to 21.

Nomination Committee and its sub-Committee

Details are set out in the Nominations Committee Report on pages 22 to 23.

Remuneration Committee

The Committee comprises Non-Executive Directors and its Chair is an independent Non-Executive Director. The responsibilities delegated by the Board to the Committee include oversight of remuneration and incentive packages for senior staff within the Group. It also ensures that the remuneration policies and practices comply with the appropriate regulatory guidelines and codes of practice and are designed to foster and support the Group’s strategy, prudent risk management, culture and behaviours and take into account the long-term interests of all stakeholders. It considers changes to the Group’s remuneration policy, any significant widening of the gender pay gap, any proposal to introduce a new equity incentive plan and significant changes to the equity incentive arrangements of Board members. The Committee approves the remuneration and incentive packages for the Executive Directors and the members of the Group Executive Committee. It has oversight of the controls in place to ensure that risk and compliance concerns are reflected in the remuneration of individuals.

Group Executive Committee

The Group Executive Committee, the membership of which is drawn from senior colleagues across the Group, is responsible for managing the business and delivering the execution of our strategy. This Committee is chaired by the Group Chief Executive Officer. It meets weekly to consider ad hoc matters and monthly to consider a more scheduled range of topics.

The Group Executive Committee, in its oversight of the businesses within the Group, has the following executive and management sub-Committees which report into it. These sub-Committees comprise key senior managers and colleagues from various business functions who are responsible for the day-to-day running of the business and other operational and compliance matters and implementing the strategies that the Board has set.

- Product and Services Oversight Committee: oversees the product governance requirements of MiFID II
- Change Portfolio Committee: monitors large change projects across the Group. It provides challenge and oversight of change activity. This includes the prioritisation, planning, execution and governance of in-scope projects and change activity
- Financial Services Executive Committee: a newly formed sub-Committee of Group Executive Committee which consolidates the following three legacy committees: the Investment Management Executive Committee, the Financial Planning Executive Committee and the Commercial Executive Committee to provide unified focus to the Financial Services business. It is responsible for overseeing the overall functioning and governance of the core Financial Services business in order to enhance client outcomes and ongoing business development. This Committee is further supported by several other sub-Committees such as the Risk Operational and Oversight Committee, Investment Process Committee, the Investment Oversight Committee, the Financial Planning Process Committee and the Financial Planning Oversight Committee and various working groups
- Professional Services Executive Committee: oversees the overall functioning and governance of the core Professional Services business to enhance client outcomes and ongoing business development.

Corporate Responsibilities Committee

Details are set out in the Corporate Responsibility Report.

Board and Committee membership and attendance record¹

Position	Member	Group Boards	Nominations Committee	Risk and Audit Committee	Remuneration Committee
Chair	Chris Grigg ²	4/4	N/A	N/A	N/A
	Will Samuel	11/12	4/4	8/8	8/8
Executive Directors	Andrew Baddeley	12/12	N/A	N/A	N/A
	Chris Woodhouse	11/12	N/A	N/A	N/A
Independent Non-Executive Directors	Elizabeth Chambers	8/12	4/4	6/8	8/8
	Keith Jones ³	11/12	4/4	8/8	8/8
	Bill McNabb ⁴	10/12	N/A	N/A	N/A
	Carla Stent ⁵	12/12	4/4	8/8	8/8
Non-Executive Directors	David Cobb	11/12	N/A	N/A	N/A
	Peter Deming	11/12	4/4	6/8	8/8
	Philip Muelder	9/12	2/4	N/A	7/8
	Chris Pell	12/12	4/4	8/8	8/8
	Kevin Stopps ⁶	7/9	N/A	N/A	N/A

1. The table shows attendance at the meetings, held during the year, of the Group Boards and those Committees which comprises NEDs.

2. Chris Grigg was appointed to the Board on 2 August 2021 and is also Chair of the Nominations Committee.

3. Keith Jones is the Chair of the Remuneration Committee.

4. Bill McNabb was appointed to the Board on 15 January 2021.

5. Carla Stent is the Chair of the Risk and Audit Committee.

6. Kevin Stopps resigned from the Board on 1 October 2021.

Risk and Audit Committee Report



Carla Stent - Chair of the Risk and Audit Committee

The Chair's statement

This is my second year reporting to you as the Chair of the Risk and Audit Committee. This remains an exciting time for the Company as we continue to build on the achievements following the merger. It is my pleasure to report on the Committee's deliberations during the 2021 financial year, which have included risks relating to the integration following the merger, the COVID-19 pandemic and the digital technology platform upgrades that the Group has undertaken through the Core Wealth programme and the assessment of the appropriateness of internal controls and reporting. We also reviewed the appropriateness of the financial crime, cyber, investment suitability and change programme processes. We counselled management on the need for a dynamic assessment of emerging risks facing the business including COVID-19 and ESG.

Membership and attendance

Details of Committee membership and their attendance is set out on page 18.

The Group Chief Financial Officer, the Group General Counsel, the Group Chief Risk and Compliance Officer, the Group Financial Controller, the Chief Operating Officer and the Group Chief Executive Officer were all in attendance at the Committee meetings, as were representatives from the Group's external and internal auditors, who also met with the Committee members before some meetings without management present.

Role and responsibilities of the Committee

The Committee has responsibility for oversight of a number of audit and risk matters, which are set out in its terms of reference and include:

- Review the enterprise wide risk profile through Three Lines of Defence governance model
- Provide advice, oversight and challenge to embed and maintain a supportive risk culture

- Review the Risk Framework and recommend it to the Board for approval
- Review and approve the key risk type and risk activity frameworks identified in the Risk Framework
- Review the capability to identify and manage new risks and risk types
- Oversee and challenge the day-to-day risk management actions and oversight arrangements and adherence to risk frameworks and policies
- Review the integrity of the financial statements of the Company and any formal announcements relating to its financial performance, including significant financial reporting judgements
- Ensure the effectiveness of internal financial controls
- Evaluate the external auditors including their independence and objectivity, as well as agreeing the audit scope and effectiveness of the audit process in respect of the statutory audit of the annual financial statements
- Ensure the effectiveness of the internal audit function
- Review the whistleblowing arrangements.

Governance

The Risk and Audit Committee is supported by an executive and management committee called the 'Group Risk and Compliance Committee' which is chaired by Andrew Baddeley, Group Chief Financial Officer and attended by key colleagues from various business functions including risk, compliance and CASS. This sub-Committee monitors the risk management framework to ensure that adequate systems and controls are in place and that the businesses operate in accordance with all relevant legal and regulatory requirements. It also ensures the management of key risks against appetite group-wide and reports on deviations and material issues across the Group.

Overview of the year

Risk management framework

The Group operates a Three Lines of Defence model to support the risk management framework which is detailed in the Strategic Report.

Group level key risks, together with associated key risk indicators and risk appetites for each, have been agreed within the risk management policy and framework, reflecting the risk to the Group's business and delivery of its strategy. Key risks are agreed by the Board and monitored by the Group Risk and Compliance Committee, which reports to the Risk and Audit Committee on any key risk that sits outside of risk appetite and recommends actions to bring them back within tolerance.

Internal control and financial reporting

The Board has overall responsibility for the Group’s system of internal control. The Chair of the Risk and Audit Committee is responsible for the internal audit function and is supported by the Head of Internal Audit and the Group Chief Risk Officer.

Services of the co-source internal audit partner, BDO LLP, are utilised alongside those of the in-house team. Audit reports from a rolling programme of work are received and reviewed by the Group Risk and Compliance Committee, the Risk and Audit Committee and any other relevant Committees as appropriate.

The Group’s system of internal financial control includes restrictions on payment authorisations and execution and, where

appropriate and possible, duties are segregated. The annual budgeting, forecasting and monthly management reporting system, which applies throughout the Group, enables trends to be evaluated and variances to be acted upon. The Group’s Executive Committee received monthly financial information on results and other performance data and the Board reviewed financial and performance data at each of its formal meetings.

Any system of internal control, however, is designed to manage, rather than eliminate the risk of failure to achieve business objectives and client outcomes. In establishing and reviewing the system of internal controls, the Directors consider the nature and extent of relevant risks, the likelihood of a loss being incurred and costs of control.

Summary of key Committee activities in 2021:

Theme	Action taken by the Committee
Risk Oversight	<ul style="list-style-type: none"> Received regular updates from Group Chief Risk Compliance Officer and Group General Counsel to consider key risk, compliance and financial crime matters including emerging risks and recommending appropriate actions to the Board and downstream functions Received updates from the Chief Investment Management Director on Investment Suitability and Oversight and the Risk Budget Considered regular updates from the Group Chief Financial Officer regarding the retirement benefit assumptions, and from the Group Chief Risk Officer regarding compliance monitoring plan, KRIs and risk environment Monitored the adequacy of the Group’s whistleblowing policy and investigated any whistleblowing cases during the year
Regulatory and tax	<ul style="list-style-type: none"> Received regular updates from the CASS auditors and the Group’s CASS officer on CASS matters including regular engagement with the FCA Considered the Group’s taxation status report and its tax strategy. The Group’s Tax Strategy has been made publicly available on our website. The strategy sets out the Group’s governance in relation to tax compliance, risk management, attitude to arranging our tax affairs, and our relationship with the tax authorities. The Group’s tax risk appetite is considered to be low
Audit matters	<p>Internal Audit</p> <ul style="list-style-type: none"> Received regular reports from the internal auditors (supported by BDO LLP under a co-sourced model). A number of internal audits were carried out during the year in accordance with a plan approved by the Committee. The Committee monitored progress against the implementation of the recommended actions, and reviewed management’s responses to any matters of significance raised during the audit reviews <p>External Audit:</p> <ul style="list-style-type: none"> Mazars LLP continue to act as our external auditors. Mazars confirmed that they were independent and able to express an objective opinion on the financial statements ended 31 December 2021
Finance matters	<ul style="list-style-type: none"> Critical accounting judgements and key sources of estimation uncertainty made in the preparation of the Annual Report and Financial Statements (for further information, see note 4 to the Consolidated Financial Statements) were considered and agreed by the Committee, including: <ul style="list-style-type: none"> Revenue recognition

Theme	Action taken by the Committee
	<ul style="list-style-type: none"> - Capitalised costs of obtaining client contracts - Classification of exceptional items - Impairment of goodwill - Business combinations - Useful lives of intangible assets - Fair value of financial instruments - Defined benefit pension schemes - Share-based payments - Accrued income • Reviewed and agreed the going concern and viability statements, together with the work carried out as a whole to prepare the Annual Report and Financial Statements 2020. Considering the Annual Report and Financial Statements 2020 were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group and Company's performance, business model and strategy, the Committee recommended to the Board the approval of the Annual Report and Financial Statements 2020 • Recommended to the Board, the approval of the ICAAP 2021 and flagged that consideration needs to be given to the impact of inflation risk in future ICARA reports
Operations and IT	<ul style="list-style-type: none"> • Received regular updates from the Chief Operating Officer on material change programmes including custody consolidation for the UK and internationally, the development of the Core Wealth platform and updates on IT controls and cybersecurity

Terms of Reference

The Terms of Reference and membership are regularly reviewed by the Committee to make sure they continue to be appropriate.

Looking forward

During the coming financial year, the Committee will continue to focus on the risk and prudential risk matters facing the Group, with a particular focus on integration risk and significant technology platform changes, cyber, fraud, financial crime and evidence of investment suitability practices. It will also continue to be cognisant of the challenges presented by the evolving pandemic and the return to the 'new normal', people-related risks that have arisen including wellbeing and capability and capacity to deliver our strategic priorities, as well as any new risks and changes to the regulatory environment that may come into effect during the course of the year.



Carla Stent
Chair of the Risk and Audit Committee

2 March 2022

Nominations Committee Report



Chris Grigg - Chair of the Nominations Committee

The Chair's statement

Following my appointment as Board Chair and Chair of the Nominations Committee, it is my pleasure to present to you the report of the Nominations Committee's activities during the financial year.

The Committee's Board recruitment process is continuous and proactive; it takes into account the factors affecting the long-term success of the Group and its strategic priorities. During 2021, the Committee has undergone a number of changes in its membership as set out later in this report.

Membership and attendance

Details of Committee membership and their attendance is set out on page 18.

Role and responsibilities of the Committee

The primary responsibilities of the Committee include to:

- Review the Board's structure, size and composition, including independence, diversity, knowledge, skills and experience of its members
- Consider succession planning for Directors and senior executives
- Identify and nominate candidates to fill Board vacancies as they arise
- Assess its performance and oversee the performance evaluation process for the Board and its Committees
- Consider the annual reappointment of Directors having regard to their performance and ability to contribute to the Board
- Oversee the induction of new Directors and ongoing training needs for the Board and individual Directors

- Oversee the adequacy of the governance arrangements in place.

Governance

The Nominations Committee is supported by an executive and management Committee called the 'Appointments Committee' which is chaired by the Group Chief Executive Officer and has key colleagues from various business functions such as the Group Chief Financial Officer and Group Chief People Officer. This sub-Committee reports any material matters as appropriate and recommends succession plans to the Nominations Committee in order to allow it to deliver its responsibilities efficiently.

Overview of the year

During 2021, the focus of the Committee's work was to:

- Oversee Board changes and continue to strengthen the senior management succession pipeline
- Lead the process for new Director appointments to the Board
- Review the collective skills, knowledge and experience of the Board, taking into account independence and diversity to inform succession plans
- Consider arrangements relating to Directors including Directors' interests, time commitment, terms of employment and that they remain appropriate.

Succession Planning

The Committee leads the process for identification, nomination and recommendation of candidates for appointments to the Board and senior management function holders on the Board. It also ensures plans are in place for orderly succession to both the Board and such senior management positions. In doing so, it follows a rigorous and transparent process designed to make sure the appointments are based on merit and objective criteria, and they promote diversity in its broadest sense to complement and strengthen the overall Board and its Committees' skills, knowledge and experience.

As part of the Board appointments process, the Committee takes account of legal and regulatory requirements. The Board retains responsibility for and approves final decisions on these matters.

Appointments to the Board

In 2021, the Committee spent significant time overseeing new Board appointments. The Committee undertook a search supported by Russell Reynolds resulting in its recommendation to the Board to appoint me as an independent NED Chair to the Board.

Terms of Reference

The Terms of Reference and membership are regularly reviewed by the Committee to make sure they continue to be appropriate and is approved by the Group Boards at least once a year.

Looking forward

Following recent changes to the Board as described on page 10, the Board determined that an evaluation of the operation of the Board and Board Committees will be conducted in the early 2022. Whilst this is later than the normal cycle, it is designed to allow new Board members to transition and for new Board processes to be established, giving more meaningful observations for the ongoing operational effectiveness of the Board.

The Committee will continue to review the appropriateness of the Board structure and composition and oversee the implementation of the agreed actions arising from the external Board review. Key areas of focus going forward will be Board and executive succession planning, workforce engagement, wellbeing and overall talent management.



Chris Grigg
Chair of the Nominations Committee

2 March 2022

Directors' Report

The Directors present their Annual Report on the affairs of the Group and the Company, together with the audited Consolidated Financial Statements for the year ended 31 December 2021.

Registered company number

The Company's registered number is 08741768.

Business review and activities

The principal activities of the Company are set out in the Strategic Report. The information that fulfils the Companies Act 2006 requirements of the business review is included in the Strategic Report on pages 1 to 65. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report.

Corporate governance statement

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 7 to 23. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Results and dividends

The consolidated results for the year are shown in the Consolidated Financial Statements.

The Directors do not recommend a payment of a final dividend in respect of the financial year ended 31 December 2021. During the year the Company distributed dividends of £32.9 million (2020: £42.7 million).

Directors

The Directors who served throughout the year under review and up to the point of signing the financial statements are listed below, unless mentioned otherwise.

- A Baddeley
- E Chambers
- D Cobb
- P Deming
- C Grigg (appointed 2 August 2021)
- K Jones
- W McNabb (appointed 15 January 2021)
- P Muelder
- C Pell
- W Samuel (resigned 18 February 2022)

- C Stent
- K Stopps (resigned 1 October 2021)
- C Woodhouse

Company secretary

On 1 September 2021, Gavin White was appointed as Company Secretary.

Capital structure

Details of changes in the Company's share capital during the year are given in the Consolidated Financial Statements.

Substantial shareholdings

At the balance sheet date, Violin Debtco Guernsey Limited owned 100% of the ordinary share capital of the Company.

During the year, the immediate parent undertaking of the Company changed from Violin Equityco Limited to Violin Debtco Limited following a transfer of 100% of the ordinary shares of the Company which took effect on 10 November 2021. Further details are set out in the Consolidated Financial Statements.

Indemnity and insurance

The Directors have been covered by liability insurance throughout the year and the policy of insurance remains in force.

Financial instruments and risk management

Information on the Group's financial instruments and management of financial risk are disclosed in notes 3 and 36 respectively.

Corporate responsibility

The Directors are committed to minimising the environmental impact of the Group's operations and to delivering continuous improvement of its environmental performance. See Corporate Responsibility Report, available on our website, for details of the total greenhouse gas emissions data.

During the year, the Corporate Responsibility Committee was appointed and has delegated responsibility from the Board for setting and monitoring the Group's approach to the corporate responsibility strategy. The Group's Corporate Responsibility Report can be found on our website.

The Group is a supporter of the Task Force for Climate-Related Disclosures (TCFD) and Climate-Related Financial Disclosures are included in Corporate Responsibility Report, available on our website.

Employees

The Directors ensure that the Group's policies are consistent with its strategic objectives and are designed with the long-term success of the Company. The Group attracts and retains the most talented and committed people through maintaining employee engagement. This is achieved through a combination of effective communication, consultation and employee share ownership. Further detail is set out in the Section 172 Statement on pages 1 to 3 and Corporate Responsibility Report, available on our website.

The Directors are committed to equality of employment, access and quality of service for disabled people. The Group complies with the UK Equality Act 2010 throughout its business operations. Policies are in place to accommodate existing and prospective employees with disabilities giving full and fair consideration to their particular aptitudes and abilities, and for continuing the employment of employees who have become disabled by arranging appropriate training and making reasonable adjustments in the workplace.

Information included in the Strategic Report

The Strategic Report contains matters, otherwise required to be disclosed in the Directors' Report, which are considered by directors of key strategic importance to the Company. Specifically, details on how the Board engages with colleagues, suppliers and other stakeholders during the year is set out in the Section 172 Statement on pages 1 to 3.

Political donations

No political donations were made during the year (2020: £nil).

Post balance sheet events

Details of post-balance sheet events are set out in the Consolidated Financial Statements.

Future developments

Future developments of the Group are discussed in the Strategic Report.

Going concern

Details of the Group's business activities, performance and position, together with the risks it faces and other factors likely to affect its future development, are set out in the Strategic Report. Further information can also be found in the Consolidated Financial Statements.

The Directors have considered the Group's prospects and viability for a period of at least 12 months from the date the Consolidated Financial Statements are approved and have concluded that the Group has adequate financial resources over that period and, accordingly, the Directors continue to adopt a going concern basis for the preparation of the Consolidated Financial Statements.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements 2021, and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for maintaining adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Financial Statements

We confirm that to the best of our knowledge:

- the financial statements, which have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board on 2 March 2022:



Gavin White
Group Company Secretary

Tilney Smith & Williamson Limited
Registered Number: 08741768
Registered Office: 6 Chesterfield Gardens, London, W1J 5BQ

CORPORATE INFORMATION

The following are the Group's subsidiary undertakings, all of which are owned 100% directly or indirectly by the Company and are included in the consolidated financial statements.

Subsidiary undertaking	Activity	Class of share capital	Registered office
25 Moorgate Limited	Property management	Ordinary	7
Aitchison & Colegrave Trustees Limited	Dormant	Ordinary	3
Ashcourt Holdings Limited	Dormant	Ordinary/Preference	2
Ashcourt Rowan Limited	Holding company	Ordinary	2
Athenaeum Secretaries Limited	Dormant	Ordinary	7
Athenaeum Directors Limited	Dormant	Ordinary	7
Bestinvest (Consultants) Limited	Financial planning	Ordinary	1
Bestinvest (Holdings) Limited	Holding company	Ordinary	1
Cunningham Coates Limited	Dormant	Ordinary	8
DS Aslan Midco Limited	Dormant	Ordinary	2
HFS Milbourne Financial Services Limited	Investment management	Ordinary/A Ordinary/ Preference	7
HW Financial Services Limited	Pensions and insurance	Ordinary/A Ordinary	1
Index Fund Advisors Limited	Investment management	Ordinary	1
Index WM (Holdings) Limited	Dormant	A Ordinary/B Ordinary/ Preference	1
Investment Management Holdings Limited	Dormant	Ordinary	2
LHM Casey McGrath Limited	Dormant	Ordinary	9
Milbourne Holdings Limited	Holding company	Ordinary	7
NCL (Nominees) Limited	Dormant	Ordinary	7
NCL (Securities) Limited	Dormant	A Ordinary/B Ordinary	7
NCL Investments Limited	Services company	Ordinary	7
Oakfield Trustees Limited	Trust company	Ordinary	10
Paragon Trustees Ltd	Dormant	Ordinary	2
Smith & Williamson (Channel Islands) Limited	Accountancy	Ordinary	11
Smith & Williamson Corporate Finance Limited	Corporate finance	Ordinary	7
Smith & Williamson Corporate Services Limited	Services company	Ordinary	7
Smith & Williamson Financial Services Limited	Pensions and insurance	Ordinary	7
Smith & Williamson Freaney Employment Services Limited	Services company	Ordinary	9
Smith & Williamson Freaney Limited	Accountancy	Ordinary/A Ordinary	9
Smith & Williamson Fund Administration Limited	Fund administration	Ordinary	7
Smith & Williamson Group Holdings Limited	Dormant	Ordinary	7
Smith & Williamson Holdings Limited	Holding company	A Ordinary/D Ordinary	7
Smith & Williamson I M Limited	Holding company	Ordinary	7
Smith & Williamson International Limited	Investment management	Ordinary	11
Smith & Williamson Investment Management (Europe) Limited	Investment management	Ordinary	12
Smith & Williamson Investment Management (Ireland) Limited	OEIC managers	Ordinary	13
Smith & Williamson Investment Management LLP	Investment management	Members' capital	7
Smith & Williamson Investment Services Limited	Treasury	Ordinary	7
Smith & Williamson LLP	Accountancy	Members' capital	7
Smith & Williamson Nominees Limited	Dormant	Ordinary	7
Smith & Williamson Pensions Trustee Limited	Pensions	Ordinary	12
Smith & Williamson Services Limited	Services company	Ordinary	7
Smith & Williamson Tax LLP	Dormant	Members' capital	7
Smith & Williamson TBS Holdings Limited	Holding company	Ordinary	7

CORPORATE INFORMATION

Subsidiary undertaking	Activity	Class of share capital	Registered office
Smith & Williamson Trust Corporation Limited	Trust company	Ordinary	7
Smith & Williamson Trustees Limited	Dormant	Ordinary	7
St Vincent St Fund Administration Limited	Dormant	Ordinary	7
Tilney (Holdings) Limited	Dormant	Ordinary	1
Tilney Asset Management Group Limited	Dormant	Ordinary	1
Tilney Asset Management Holdings Limited	Dormant	A Ordinary/B Ordinary	1
Tilney Asset Management Limited	Investment management	Ordinary	1
Tilney Asset Management (Guernsey) Limited	Investment management	Ordinary	4
Tilney Asset Management Services Limited	Investment management	Ordinary	1
Tilney Bestinvest Group Limited (<i>in liquidation</i>)	Dormant	Ordinary	7
Tilney Discretionary Investment Management Limited	Investment management	Ordinary	1
Tilney Discretionary Portfolio Management Limited	Investment management	Deferred Ordinary/Ordinary	1
Tilney Financial Planning Limited	Financial planning	Ordinary/A Ordinary/Preference	1
Tilney Global IDF G.P. Limited	Dormant	Ordinary	6
Tilney Group Limited (<i>in liquidation</i>)	Dormant	Ordinary	2
Tilney Investment Management	Investment management	Ordinary	1
Tilney Investment Management Services Limited	Investment management	Ordinary	1
Tilney Nominees Limited	Dormant	Ordinary	1
Tilney Nominees No.2 Limited	Dormant	Ordinary	1
TL Jerseyco Finance Limited	Dormant	Ordinary	5
Towry Asset Management Limited (<i>in liquidation</i>)	Dormant	Ordinary	2
Towry Finance Company Limited	Dormant	Ordinary	2
Towry Group Limited	Dormant	Ordinary	2
Towry Holdings Limited	Holding company	Ordinary	2
Towry Limited (<i>in liquidation</i>)	Dormant	Ordinary	7
Towry Nominees No.2 Limited	Dormant	Ordinary	2
Towry Security Company Limited	Dormant	Ordinary	2
TS&W Group Services Limited	Dormant	Ordinary	7
TS&W Services Limited	Services company	Ordinary	7
UK Portfolio Management Limited (<i>in liquidation</i>)	Dormant	Ordinary	2
UK Wealth Management Limited	Dormant	Ordinary	2
YIGAM Holdings Limited	Dormant	Ordinary	2

1. 6 Chesterfield Gardens, London W1J 5BQ, England
2. The Observatory, Western Road, Bracknell, Berkshire RG12 1TL, England
3. Third Floor Atria Two, 148 Morrison Street, Edinburgh EH3 8EX, Scotland
4. Oak House, Hirzel Street, St Peter Port, GY1 2NP, Guernsey
5. 44 Esplanade, St Helier, JE4 9WG, Jersey
6. c/o Esera Services (Bermuda) Limited, Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda
7. 25 Moorgate, London, EC2R 6AY, England
8. 32-38 Linenhall Street, Belfast, County Antrim, BT2 8BG, Northern Ireland
9. Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7, Ireland
10. 4th Floor Portwall Place, Portwall Lane, Bristol, BS1 6NA, England
11. 3rd Floor, Weighbridge House, Liberation Square, St Helier, JE2 3NA, Jersey
12. Alexandra House, 3 Ballsbridge Park, Ballsbridge, Dublin 4, D04 C7H2, Ireland
13. Trinity Point, 10/11 Leinster Street South, Dublin 2, D02 EF85, Ireland

Company Information

Non-Executive Chair
C Grigg

Executive Directors
A Baddeley
C Woodhouse

Non-Executive Directors
D Cobb
E Chambers
P Deming
K Jones
W McNabb
P Muelder
C Pell
C Stent

Independent Auditors
Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Bankers
NatWest Group Plc
250 Bishopsgate
London EC2M 4AA

HSBC Bank plc
71 Queen Victoria Street
London EC4V 4AY

Company Secretary and
Registered Office
G White
6 Chesterfield Gardens
London W1J 5BQ
Company No. 08741768
tsandw.com

Our Offices

We operate from 27 towns and cities
For a list of our offices visit: tsandw.com

