

Remuneration Policy

Rothschild & Co Five Arrows

Extract



1. Objectives of the remuneration policy

R&Co Five Arrows' reward programmes are designed to attract, motivate and retain high quality staff members and support the business in attaining its strategic goals whilst ensuring that they do not provide any incentives for excessive risk taking.

2. Remuneration principles

2.1. Risk management

R&Co Five Arrows is committed to the ongoing management of risk. Remuneration is structured in a way which is consistent with and promotes sound and effective risk management, risk awareness and prudent risk taking and does not encourage risk taking which is inconsistent with the risk profile of its individual entities within it and/or the risk profile, rules or instruments of incorporation of its managed funds.

R&Co Five Arrows ensures that variable remuneration awards do not affect the R&Co Five Arrows' ability to maintain a sound capital base.

2.2. Business strategy

R&Co Five Arrows ensures that the Remuneration Policy is in line with its business strategy, objectives, values and long-term interests.

The Remuneration Policy and practices are gender neutral with staff members being paid equal pay for equal work or work of equal value.

R&Co Five Arrows also ensures that the Remuneration Policy takes into account the interests of its managed funds and investors in those funds.

3. Governance

The R&Co Board which consists of non-executive directors has established a remuneration and nomination committee (the "R&Co RemCo"). The R&Co RemCo has responsibility for:

- Assisting the R&Co Board with its remuneration related duties and in particular with the preparation of its decisions aimed at reviewing and approving the R&Co Group's remuneration policy principles and controlling their implementation;
- and,
- Assisting the R&Co Board with its duties in relation to the composition of the R&Co Board, as provided by the AFEF MEDEF Code and applicable regulations.

The R&Co RemCo, with input as required from relevant control and support functions within the R&Co Group, periodically (and at least annually) assists the R&Co Board in reviewing the Remuneration Policy. Any material change to the Remuneration Policy must be approved by the R&Co Board upon recommendation of the R&Co RemCo.

In addition, the implementation of the Remuneration Policy and remuneration practices are subject to central and annual independent internal review by internal audit staff members.

4. Control functions

The following functions are considered control function staff members: (i) Risk; (ii) Compliance and (iii) Internal Audit. Control function staff members are independent from the business units they control, have appropriate authority, and are remunerated in accordance with the achievement of function linked objectives, rather than the performance of the business areas they control.

5. Fixed and variable remuneration

Employee remuneration is generally made up of fixed components (including but not limited to salary, pension, benefits and role-based allowances) and variable components (including but not limited to discretionary bonuses, and LTI awards and, in certain non-standard circumstances, buy-out awards, guaranteed variable remuneration, retention awards and severance payments).

- Fixed remuneration primarily reflects an employee's professional experience and organisational responsibility as set out in their job description and terms of employment, and is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance. The fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. Fixed remuneration also takes into account the external market value of the role.
- Variable remuneration is based on performance including financial and non-financial metrics.
- The R&Co RemCo or the relevant R&Co Group entity, as applicable, ensures that the fixed and variable components of remuneration are appropriately balanced.

5.1. Discretionary bonus pools

Discretionary bonuses (including, for the avoidance of doubt, any part of a discretionary bonus which has been guaranteed – only provided in the context of hiring a new staff member where it is limited to the staff member's first year of service) are paid out of bonus pools. The performance measures used to set discretionary bonus pools are at the absolute discretion of R&Co Five Arrows and include, but are not limited to: revenues; profit before compensation; appropriate levels of shareholder return; market conditions; general economic conditions and prospects; data concerning market remuneration trends; staff member retention and morale; and any other factors which R&Co RemCo considers relevant.

Bonus pools are adjusted for all types of current and future risks. Where the financial performance of R&Co Five Arrows is subdued or negative, R&Co Five Arrows retains the right to reduce (including to nil) total variable remuneration.

5.2. Assessment of performance

The factors considered when setting individual variable remuneration are at the absolute discretion of R&Co Five Arrows and are based on a combination of the assessment of performance of the individual (including an appropriate balance of both financial and non-financial criteria), his business unit, the overall results of his entity within R&Co Five Arrows and the performance of its managed funds over the relevant financial year. The R&Co Group's risk and compliance functions provide input in relation to any conduct issues which should be factored into individual remuneration award decisions. Qualitative individual performance is assessed through the R&Co Group's annual performance processes and takes account of performance over a multi-year period.

In parallel, R&Co Five Arrows actively manages sustainability related risks within its businesses. Sustainability Risk Policies have been implemented which provide a framework for employees involved in research / analysis, decision making, monitoring, advice and management in relation to investments. Rothschild & Co Five Arrows is also committed to an ongoing focus on sustainability risks through employee training, development and attestations to ensure compliance with its policies. Compliance with Group Sustainability requirements will be one of the factors that is considered in the annual performance review and compensation decision for the relevant employees.

6. Disclosure

In accordance with regulatory requirements, R&Co Five Arrows and each relevant entity within R&Co Five Arrows will prepare annual reporting and remuneration disclosures, as required.