

MIFIDPRU 8 DISCLOSURES 31 DECEMBER 2022

RATHBONE UNIT TRUST MANAGEMENT LIMITED

BACKGROUND

The Financial Conduct Authority (FCA) in its Prudential sourcebook for MiFID Investment Firms (MIFIDPRU), sets out the detailed prudential requirements that apply to Rathbone Unit Trust Management Limited (RUTM). Chapter 8 of MIFIDPRU (MIFIDPRU 8) sets out public disclosure rules and guidance with which RUTM must comply, further to those prudential requirements.

RUTM is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (SNI MIFIDPRU Investment Firm). As such, RUTM is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

This document has been prepared in accordance with the requirements of MIFIDPRU 8 and is verified by RUTM Board of Directors. Unless otherwise stated, all figures are as at the financial year-end, being 31 December 2022.

Throughout this report, references are made to the annual financial statements and group Pillar 3 disclosures, which are available in the investor relations section of the Rathbones website <https://www.rathbones.com/investor-relations/results-and-presentations>.

REMUNERATION POLICY AND PRACTICES

Our remuneration policy is agreed by the Rathbones Group Plc remuneration committee. The policy provides a framework to attract, retain and reward employees to achieve the strategic and business objectives of the group within its risk appetite and risk management framework. The policy ensures that the firm does not encourage excessive risk taking and staff interests are aligned with those of the clients. An incentive pool is calculated based on a percentage share of profit before interest income, profit share and tax. Adjustments are made to reflect individual and fund performance (where relevant) on a fully discretionary basis.

The committee, which comprises the independent non-executive directors, met on three occasions in 2022 and its mandate can be found on the group website. The remuneration committee was advised by PricewaterhouseCoopers (PwC), who provided external market data and advice on current best practice on remuneration policies and arrangements.

The remuneration section on pages 32 to 36 of the Rathbones Group plc 2022 annual Pillar 3 disclosures provides an overview of the 2022 remuneration system and link between pay and performance.

CHARACTERISTICS OF THE FIRM'S REMUNERATION POLICY AND PRACTICES

Remuneration at RUTM is made up of fixed and variable components in line with SYSC 19 and MIFIDPRU. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration takes into consideration the company's financial performance and the financial and non-financial performance of the individual in contributing to the company's success.

The fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. All awards are subject to Rathbones' risk adjustment to variable remuneration policy. Deferral periods for variable remuneration are applied in accordance with SYSC 19E.

Company performance and profitability are key considerations in setting discretionary pools as well as risk and affordability considerations.

	Financial performance criteria	Non-Financial performance criteria
Firm	Overall variable bonus pool is determined by reference to adjusted earnings of the company. Pool for RUTM portfolio management team is based on net management fee income. Long-term incentive plan (LTI) based on (i) absolute performance of RUTM, (ii) performance relative to benchmarks and (iii) other qualitative targets as may be set.	
Individual	Individual share of variable bonus pool and LTI.	Personal performance, role and experience.

QUANTITATIVE REMUNERATION DISCLOSURE

For the financial year to 31 December 2022, the total amount of remuneration awarded to all staff was £18m, of which £6.9m comprised the fixed component of remuneration, and £11.1m comprised the variable component. For these purposes, 'staff' is defined broadly, and includes directors and employees of the company.