

# **J. Rothschild Capital Management Limited**

## **Remuneration Disclosure**

### **Twelve months ended 31 December 2021**

J. Rothschild Capital Management Limited (“JRCM”) is a wholly-owned subsidiary of RIT Capital Partners plc (“RIT”), a UK investment trust listed on the London Stock Exchange. The remuneration arrangements of the group are overseen by the Remuneration Committee (“the Committee”) of RIT. Under the Chairmanship of Philippe Costeletos, the Committee comprises three further independent non-executive Directors. The Committee meets at least once each year on a formal basis and additionally as may be required. Its primary responsibility is the creation and maintenance of remuneration policies designed to attract, retain and motivate RIT Directors, JRCM executive management and other key staff.

The undernoted disclosures are as at 31 December 2021 and are in accordance with:

- the Capital Requirements Regulations and the FCA IFPRU Remuneration Code for investment firms; and
- the UK AIMFD requirements and FCA AIFM Remuneration Code for alternative investment fundmanagers.

JRCM is classified as a proportionality level three Investment Firm under FCA’s IFPRU guidance on proportionality. JRCM is not deemed to be a “significant firm” in terms of its size, internal organisation or the nature, scope and complexity of its activities under either the IFPRU or AIFM Remuneration Codes. JRCM has adopted a proportionate approach to its remuneration policies and disclosure in accordance with these assessments.

## **Determining remuneration policy**

The Committee reviews the overall remuneration policy for JRCM and the specific remuneration, including pension arrangements and other benefits, of the JRCM executive management who are Code Staff under both Remuneration Codes (see below), ensuring an appropriate balance between fixed and performance-related elements. This exercise is conducted in part by reference to other companies of similar size and business objectives. Following a rigorous appraisal exercise, executive management provides information to the Committee, although individuals are not present when their own remuneration is considered. The Committee appointed Alvarez & Marsal, the remuneration consultancy, to provide the Committee with advice. Alvarez & Marsal has no other relationships with the Group and is therefore Independent. Details of the FCA Remuneration Code can be found at [www.fca.org.uk/firms/remuneration](http://www.fca.org.uk/firms/remuneration).

The Committee also reviews the remuneration of the RIT Directors. Further information is available in RIT’s Annual Report & Accounts, which can be found at [www.ritcap.com/reports](http://www.ritcap.com/reports).

## Code Staff criteria

The following groups of employees have been identified as meeting the FCA's criteria for JRCM Code Staff under both the AIFM and IFPRU Remuneration Codes. The categories below comprise the senior management of the firm.

- JRCM Directors, who form the JRCM Executive Committee; and
- Staff who are risk takers with authority to take material investment decisions.

Further, certain senior investment staff whose total remuneration for the previous year exceed set quantitative thresholds are assessed as Code Staff for the purposes of the IFPRU Remuneration Code. Remuneration for these individuals is governed under the general policy set by the Remuneration Committee; specific remuneration is set by the JRCM's supervisory body, the Executive Committee.

## Design and structure of remuneration

The individual elements of employees' remuneration packages at JRCM comprise fixed pay (base salary, pension and other benefits) and performance-related pay (consisting of annual cash incentives, deferred share awards, long-term share appreciation rights awards, and restricted share units awards). Taking into account the economic value of long-term incentives, the performance-related elements of the package make up a significant proportion of the total remuneration of Code Staff, while maintaining an appropriate balance between fixed and variable elements.

## Fixed Compensation

### *Salary and fees*

All Code Staff receive a base salary to reflect their talent, skills, competencies and contribution to the Group relative to the market for comparable roles.

### *Benefits*

Code Staff are eligible to receive various employee benefits (including a pension contribution or, in specific circumstances, a cash equivalent), on a similar basis to other employees.

## Link between pay and performance

### *Performance Related Pay*

Performance related pay is designed to reflect success or failure against the range of targets which are set for our people, taking into account the context in which results were achieved. Performance

related remuneration is in two main parts: the Annual Incentive Scheme (“AIS”); and a long-term incentive plan (“LTIP”).

### ***Annual Incentive Scheme (AIS)***

Annual bonuses relating directly to investment performance aligns the team with RIT’s two reference hurdles and in particular reinforces RIT’s aim to deliver healthy participation in up markets and reasonable protection in down markets.

Individual allocations from the pool are made with reference to contribution to investment performance, within a prudent risk framework.

In addition to the above pool, the Committee also rewards strong contributions to wider firm objectives. This may include efficient cost management, prudent risk controls, sourcing of investment opportunities and strong operational disciplines. Any such qualitative rewards are measured against rigorous performance metrics through a firm-wide annual appraisal process.

For awards granted after 1 April 2011, all annual incentive and long-term incentive payments are subject to claw back provisions. These provisions provide scope for the JRCM to recover value from awards in the event of a material misstatement of the Group’s results or in the event of dismissal for gross misconduct.

### ***Long-Term Incentive Plan***

In its role of determining remuneration policy, the Committee regularly reviews the overall remuneration policy for JRCM. During 2020, the Committee (with advice from the Committee’s consultant, Alvarez & Marshal) decided that the Long-Term Incentive Plans going forward would comprise Restricted Share Units (RSUs), rather than historically using Share Appreciation Rights (SARs) or performance shares.

This long-term incentive plan provides a number of ordinary shares in RIT (RSUs) to participants which vest after three years and are subject to a further two-year holding period. Following the expiry of a three-year vesting period, participants in the RSU Plan are entitled to dividends, which are met by the grant of additional shares (equivalent to the dividends paid during the three-year vest period). The vesting of an RSU is subject to the participant’s continued service over the vesting period. Following the two-year holding period, the RSUs will be transferred directly to participants.

The RSU Plan uses ordinary shares of the Company to settle existing and future awards granted under the RSU Plan. The Group seeks to hedge its exposure under the RSU Plan by using an Employee Benefit Trust to acquire shares to meet the estimated future liability. As noted above, LTIP awards are subject to claw back.

A small number of legacy SARs remain held by certain staff. These ‘phantom options’ vest three years after award subject to performance measured against RPI + 3%, and can then be exercised at any point over the next seven years through a payment in shares.

## Quantitative Remuneration Disclosure

JRCM is required to disclose the following aggregate quantitative remuneration information on request under the AIFM Remuneration Code:

- total number of staff at JRCM, total fixed remuneration and total variable remuneration; and
- total remuneration for staff categorised as senior management and for staff categorised as those whose actions have a material impact on the risk profile of RIT Capital Partners plc.

*As a result of the Investment Firm Prudential Regime (IFPR) coming into force in the UK from 1 January 2022, effective from that date JRCM will be subject to the then current FCA remuneration code rules (i.e. the existing AIFM code and the new MIFIDPRU remuneration code).*

Please contact [investorrelations@ritcap.co.uk](mailto:investorrelations@ritcap.co.uk) or see the latest annual report and accounts for RIT Capital Partners plc for further information.