

**Rathbone Brothers Plc**  
**Remuneration Committee**  
**Terms of reference**

These terms of reference were approved by the committee on 27 November 2019.

**1. Role**

The role of the committee is to:

- 1.1 Set the over-arching principles and parameters of the remuneration policy across the company;
- 1.2 Consider and set the remuneration arrangements for the Chairman, executive directors, the members of Group Executive Committee, Company Secretary and employees subject to the Remuneration Code whose total remuneration exceeds £250,000;
- 1.3 Review workforce remuneration including policies and practices for the employees of the firm.

**2. Membership**

- 2.1 The committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Chairman of the board may also serve on the committee as an additional member if he or she was considered independent on appointment as Chairman, but cannot chair the committee. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee and in consultation with the chairman of the remuneration committee.
- 2.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive, the head of organisation development and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary although no individual shall be present for any discussion relating to their own remuneration and / or reward arrangements.
- 2.3 Appointments to the committee are made by the board and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members (other than the chairman of the board, if he or she is a member of the committee continue) to be independent.
- 2.4 The board shall appoint the committee chairman who shall be an independent non-executive director, and prior to their appointment, shall have served on a remuneration committee for at least 12 months. In the absence of the committee chairman, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The Chairman of the board shall not be chairman of the committee.

**3. Secretary**

The company secretary or his or her nominee shall act as the secretary of the committee.

**4. Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the committee at which a quorum is present shall be competent to

exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

## **5. Frequency of meetings**

The committee shall meet at least three times a year and otherwise as required.

## **6. Notice of meetings**

6.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairman.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee any other person required to attend and all other non-executive directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

## **7. Minutes of meetings**

7.1 The secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

7.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.

## **8. Annual General Meeting**

The committee chairman should attend the annual general meeting to answer shareholder questions on the committee's activities.

## **9. Committee responsibilities**

The main responsibilities of the committee are:

9.1 Determining the remuneration policy for executive directors that provides the overarching objectives, principles and parameters of remuneration across the company whilst ensuring that such remuneration arrangements are consistent with and promote sound and effective risk management.

9.2 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code relating to clarity, simplicity, risk, predictability, proportionality and alignment to culture), Remuneration Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long-term strategic goals, purpose and values and promote long-term sustainable growth.

9.3 When setting remuneration policy for executive directors, review and have regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture.

9.4 Review the on-going appropriateness and relevance of the remuneration policy.

- 9.5 Ensure that the remuneration schemes and policies contain discretion for the committee to override formulaic outcomes in circumstances where the committee consider it appropriate to do so.
- 9.6 Within the terms of the agreed policy and in consultation with the chairman (or the chief executive where appropriate), set and oversee implementation of the remuneration arrangements for the following:
- (i) the executive directors;
  - (ii) the chairman of the company;
  - (iii) members of the GEC;
  - (iv) the Company Secretary;
  - (v) employees of Rathbones plc Group with remuneration of £[250,000] or more;
  - (vi) employees regarded as “material risk takers” under the Remuneration Code;
  - (vii) Senior control staff; and
  - (viii) any other employees specified by the committee from time to time.
- 9.7 The committee will review workforce remuneration and related policies, taking these into account when determining the policy for Executive Directors under 9.1 and setting remuneration for others under 9.6.
- 9.8 The committee will oversee and approve the buy-outs of forfeited rights for new hires of employees described in paragraph 9.6 above in accordance with limits specified by the committee from time to time.
- 9.9 The Committee will liaise as required with the Group Risk Committee and the Chief Risk Officer in order to ensure that remuneration policies and practices are in line with sound and effective risk management, and that total variable remuneration does not limit the company’s ability to strengthen its capital base.
- 9.10 The Committee will receive reports and seek advice from the Group Risk Committee and the Chief Risk Officer to ensure:
- i) there is appropriate risk adjustment to annual and long-term variable remuneration schemes which could benefit the employees within the scope of the committee’s responsibility as per paragraph 9.5 above;
  - ii) there is appropriate performance adjustment to any unvested awards, deferred awards or paid awards to individuals through the application of malus and/or clawback provisions
- 9.11 The Committee will receive advice from Head of Strategy & Organisation Development as to the determination of the Remuneration Code identified employees of the Group. The committee’s decision will be final as to who should be designated as a Remuneration Code identified employee and who may be excluded from such designation within the allowable parameters of the Remuneration Code.
- 9.12 The Committee will review and approve the company’s regulatory submissions including, but not limited to, the Group’s Remuneration Policy Statement and reports on the operation of performance adjustment (as required).
- 9.13 The Committee may also receive or request advice from the Group Risk Committee and/or the Audit Committee and any relevant control functions to enable the committee to consider remuneration implications of business developments and issues.

- 9.14 The Committee will review annually the remuneration trends across the Group including the relationship between executive remuneration and the remuneration of other Group employees.
- 9.15 The Committee will obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the board.
- 9.16 The Committee will be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- 9.17 The Committee will approve the design of, and determine targets for the Rathbone Executive Incentive Plan operated by the company for employees set out in paragraph 9.5, approve the total annual payments made under such scheme and assess performance against the targets for such employees. The Committee should exercise independent judgment and discretion when authorising outcomes, taking account of company and individual performance, and wider circumstances, as appropriate.
- 9.18 The Committee approve the design of, and determine framework for any performance-related pay schemes operated by the company for employees set out in paragraph 9.5 and approve the total annual payments made under such schemes.
- 9.19 The Committee will review the design of all share incentive plans that will require formal approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, the company secretary and other designated senior executives and the performance targets to be used.
- 9.20 The Committee will determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 9.21 The committee will oversee and approve packages on termination for employees described in paragraph 9.6 above in accordance with limits specified by the committee from time to time. The committee shall ensure that any Group policies on contractual terms on termination are followed and that any payments made are fair to the individual and the Group. The committee shall also ensure that failure or conduct that is not in line with Rathbones plc Group's values is not rewarded and a duty to mitigate loss is fully recognised. Specifically for directors, the committee will ensure compensation commitments in the terms of appointment do not reward poor performance and the terms are robust in reducing compensation to reflect the departing directors' obligations to mitigate loss.
- 9.22 Agree the policy for authorising claims for expenses from the directors.
- 9.23 Work and liaise as necessary with all other board committees.
- 9.24 Develop a formal policy on post-employment shareholding requirements encompassing both unvested and vested shares and to review annually the executive directors and members of the GEC's shareholding requirements to ensure alignment with the interests of shareholders.

## **10. Monitoring & Assurance**

- 10.1 The committee will assess whether the Group complies with UK legislation and regulation as appropriate, including the UK Corporate Governance Code and the Remuneration Code. In doing so, the committee will carry out an annual review of the general principles of the company's remuneration policies and their implementation.
- 10.2 The committee will, subject to scope and extent, annually review the company's remuneration and reward policies and arrangements to ensure they are aligned to company purpose and values and clearly linked to the successful deliver of the company's long-term strategy and, that they are consistent with and promote effective risk management, The committee will regularly review the adequacy of the company's risk adjustment practices and test how remuneration policies react to external and internal events.

## **11. Reporting responsibilities**

- 11.1 The committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the Companies Act 2006, the UK Corporate Governance Code, the Remuneration Code and Article 450 of the Capital Requirement Regulation, are fulfilled and produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.
- 11.4 Through the chairman of the board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

## **12. Other matters**

The committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including, where appropriate, access to the company secretariat for assistance as required
- 12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members
- 12.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the Remuneration Code and Capital Requirement Regulation and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate
- 12.4 oversee any investigation of activities which are within its terms of reference
- 12.5 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

12.5.1 Exercise independent judgement when evaluating the advice of external third parties and when receiving views from executive directors and senior management.

**13. Authority**

The committee is authorised by the board to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference.