Directors' remuneration policy

The directors' remuneration policy ("Policy") outlined below was approved at the AGM in May 2018, it will apply for a period of three years from the date of the 2018 AGM unless a revised Policy is put to shareholder before then.

Executive directors

Base salary

Purpose and link to strategy	Operation	Opportunity	Applicable performance measures	Recovery
The core, fixed component of the package designed to enable the recruitment and retention of high-calibre individuals.	Base salaries are reviewed annually on 1 January and are compared to salaries in other companies of similar size and complexity to ensure that a competitive rate is being paid. Adjustments may be made at other times to reflect a change of responsibility.	There is no maximum base salary, but percentage increases will normally be no higher than the general level of increase for the wider employee population, unless there are special circumstances such as a material change of responsibilities or where a salary is significantly below market median and is being brought into line.	Not applicable.	Not applicable.

Benefits

Purpose and link to strategy	Operation	Opportunity	Applicable performance measures	Recovery
Benefits are typically provided to directors to be generally consistent with other employees and to complement the remuneration package to ensure that it is sufficiently competitive.	Benefits are set by the committee and may include, for example: – private medical insurance for directors and their dependants – death in service cover – Share Incentive Plan free and matching shares – Save As You Earn scheme – annual medicals – limited legal and professional advice on company-related matters – relocation costs.	Benefits make up a small percentage of total remuneration costs.	Not applicable.	Not applicable.

Executive Incentive Plan

Purpose and link to strategy	Operation	Opportunity	Applicable performance measures	Recovery
The EIP rewards short term performance, the achievement of corporate and individual goals and aligns the interests of shareholders and directors in creating long term shareholder value. The performance measures as described have been selected to support the controlled delivery of our business strategy as set out in the strategic report.	EIP awards are paid in cash (40%) and deferred Rathbones shares (60%), which vest over a five year period in equal tranches of 20% per annum. A full five year sale restriction period will operate from the date of the award and will continue to operate for directors who have left the company. Directors will not be permitted to sell shares during the sale restriction period except for the purpose of meeting tax liabilities on vesting. Deferred awards are increased by notional adjustments for dividends paid until vesting, calculated using shares held at the record date. The committee has the discretion to make changes to its EIP policy where required under regulations.	The maximum EIP award is 300% of base salary. Target performance is 60% of maximum. Threshold performance is 25% of maximum. Actual awards for performance above or below target performance are calculated on a straight line basis between threshold and maximum.	The EIP is based on the remuneration committee's assessment of financial and non-financial performance against a balanced scorecard of measures, which are aligned to the company's strategy. No less than 70% of the EIP will be based on financial measures. The remainder will be based on non-financial performance measured against strategic objectives. At least 50% of the EIP will be based on long term financial performance. The performance metrics and range of outcomes for each financial measure (one year and three year trailing) are set by the committee and reviewed annually. **Additional considerations** The remuneration committee may make an adjustment when determining the overall award, including to zero if appropriate, to take account of any of the following material events: – underlying financial performance – risk management or regulatory compliance issues – personal performance	All unvested awards will normally lapse on termination of office unless the termination was as a "good leaver". A 'good' leaver is a director who leaves on retirement, due to injury or disability, on the sale of the business or in any other circumstances where the committee determines good leaver treatment is appropriate In relation to the malus/clawback there is a slight misalignment between the policy and the provisions of the rules. The rules provide that malus/clawback can be applied at any time up to 7 years from the date of grant in the case of share awards and 7 years from the payment of cash on cash awards. The vesting schedule for the share awards is 20% pa over 5 years. The policy provides that clawback can be applied up to 3 years from vesting. In all but the 5th tranche of share awards the rules grant the power to effect the clawback in line with the terms of the policy (the rules actually give more power but the remuneration committee could choose not to exercise it if to do so would be more onerous than the policy). The last tranche of the share awards could in theory (under the policy) be clawed back up to 8 years from the date of award. This is wider than the power given under the rules so it would be necessary to change the rules to ensure that the

				policy could be complied with. As this would be a detrimental change to participants it could be made without shareholder approval being required.

Pension or cash allowance

Purpose and link to strategy	Operation	Opportunity	Applicable performance measures	Recovery
To provide the executive directors with retirement benefits.	Payments may be made to a defined contribution (DC) pension arrangement such as a SIPP or to the group defined contribution scheme. Alternatively, they may receive a cash allowance in lieu of pension.	The maximum personal pension or allowance payment is 12% of salary. This is in line with the maximum personal pension or allowance payment for the majority of other employees	Not applicable.	Not applicable.

Chairman and other non-executive directors

Base fee

Purpose and link to strategy	Operation	Opportunity	Applicable performance measures	Recovery
To enable the recruitment of high-calibre non-executive directors with the appropriate skills and experience.	Base fees are reviewed annually by the board on 1 January and are compared to fees in other companies of similar size and complexity to ensure that the market rate is being paid. Adjustments may be made at other times to reflect a change of responsibility. Fees are paid in cash.	The base fee for the chairman in 2016 was £160,000. This was retained at £160,000 on 1 January 2017. The base fee for the other non-executive directors in 2016 was £50,000. This was retained at £50,000 on 1 January 2017.	Not applicable.	Not applicable.

Additional responsibility fee

Purpose and link to strategy	Operation	Opportunity	Applicable performance measures	Recovery
To recognise the additional responsibility involved in chairing a committee (audit, group risk and remuneration) or being the senior independent director.	Additional responsibility fees are reviewed annually by the board on 1 January.	The additional responsibility fee remained unchanged and payable at £10,000 per annum.	Not applicable.	Not applicable.

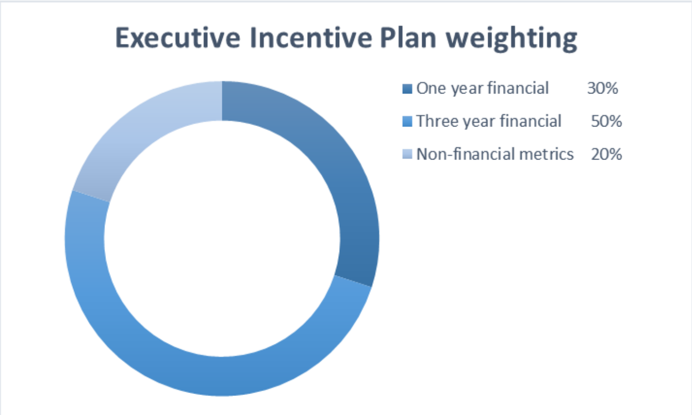
Key changes to the remuneration policy

The Policy which was approved at the AGM in May 2018 was similar in structure to the Policy that was previously approved by shareholders at the 2015 AGM, with the key changes set out in the table below.

Remuneration elements	Aspect	Overview of changes	Rationale
Executive Incentive Plan	Maximum opportunity	Increase from 200% to 300%	To ensure that maximum opportunity levels of the current EDs remain competitive following the clarification of UK bank regulations.
Executive Incentive Plan	Nature of performance measures Weightings of performance measures	Removal of the personal performance element, to be replaced with a 5% increase to the strategic element, a 5% increase to the short term financial metrics and a 10% increase to the long-term financial metrics. Performance weightings are now 80% derived from financial outcomes (was 65%), with the remaining 20% assessed against strategic objectives.	To orientate awards more objectively towards financial performance overall with now a 50% weighting linked to the longer term.
Pension contributions	Maximum opportunity	Reduction from 14% to 12%	To align to the policy more closely with the majority of other employees
Shareholding requirements	Level of shareholding	Increased from 100% to 200%	To align to emerging best practice and to increase alignment with shareholder interests.
	Post-cessation holding	Introduced for the first time. A requirement for executive directors to retain 200% of base salary in the first year post-cessation in shares and 100% of base salary in the second year post-cessation.	To align to emerging best practice and to increase alignment with shareholder interests.

Definition of Performance metrics

The EIP performance metrics chosen by the committee are key indicators of performance used by the business and shareholders which are detailed below:



a) One year financial measures: Incentivises the delivery of strong financial performance for our shareholders in the relevant financial year;
b) Three year financial measures: Aligns the delivery of strong, sustainable financial performance for our shareholders over the longer-term; and
c) Non-financial measures: Links executive performance to the delivery of key strategic initiatives and projects that support the firm's business plan.

The committee reviews the specific choice of performance metrics for the EIP on an annual basis at the beginning of each financial year to ensure that the nature and weighting of these remain appropriate to ensure alignment between the interests of our Executive Directors, our business strategy and the interests of our clients and shareholders. Further detail on how the specific choice of measures for the 2018 EIP links to our strategic goals is provided in the At a Glance Section above.

The targets for these measures are considered annually by the committee and are set to encourage stretching levels of performance without inadvertently motivating inappropriate behavior. Rathbones will prospectively disclose the target ranges for three-year financial measures, but will not disclose any of the one year measures on a prospective basis as these are considered commercially sensitive (however actual performance against these will be retrospectively disclosed).]

The use of discretion

The committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment. In relation to the EIP, the committee retains discretion when selecting participants, determining the treatment of leavers, agreeing the timing of awards and reviewing the balanced scorecard of performance measures, targets and weightings. The committee reserves the right to retrospectively adjust performance measures and targets if events (for example, a major acquisition) make them inappropriate. Adjustments will not be made to make the conditions materially easier to satisfy.

The committee reserves the right to make any remuneration payments, and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the company. For these purposes 'payments' include awards of variable remuneration and, in relation to an award over shares, the associated terms 'agreed' at the time the award is granted.

Consultation

The company consulted extensively with major shareholders and their representative bodies on remuneration issues, including in the development of this new directors' remuneration policy. While we did not consult explicitly with employees on this new policy, the committee took account of remuneration policies elsewhere in the group.

Appointment of new directors

For new executive and non-executive directors, the structure of the package offered will mirror that provided to current directors under the new directors' remuneration policy. The package quantum will depend on the role and the experience and background of the new director. Advice from our remuneration consultants will be taken to ensure that the package is in line with median market levels for companies of similar size and complexity. Any future variable award will be made within the 300% maximum (subject to shareholder approval).

The company may pay compensation to new directors for remuneration the individual has forfeited in order to take up the role with Rathbones. Rathbones will ensure that these awards are no more generous in either amount or terms than the awards they replace. These awards may be structured differently from awards made under our standard directors' remuneration policy in order to best reflect the remuneration being forfeited.

Service contracts

It is company policy that service contracts should not normally contain notice periods of more than 12 months. Details of the notice periods in the contracts of employment of executive directors serving during the year are as shown below.

Executive director	Date of contract	Notice period
R P Stockton	01 May 2019	12 months
J E Mathias	27 Sept 2018	6 months

There are no provisions within the contracts to provide automatic payments in excess of payment in lieu of notice upon termination by the company and no predetermined compensation package exists in the event of termination of employment. Payment in lieu of notice would include basic salary, pension contributions and benefits. There are no provisions for the payment of liquidated damages or any statements in respect of the duty of mitigation. In the event of entering into a termination agreement, the board will take steps to impose a legal obligation on the director to mitigate any loss incurred. There are no clauses in contracts amending employment terms and conditions on a change of control. Executive directors' contracts of service, which include details of remuneration, are available for inspection at the company's registered office and will be available for inspection at the AGM.

Non-executive directors have a letter of appointment rather than a contract of employment and these are available for inspection at the AGM. As with all other directors, they are required to stand for re-election annually in accordance with the UK Corporate Governance Code. The effectiveness of the non-executive directors is subject to an annual assessment. Any term beyond six years is subject to particularly rigorous review and takes into account the need for progressive refreshing of the board. The executive directors are responsible for determining the fees of the non-executive directors.

Payments for loss of office

Compensation payments will be determined on a case-by-case basis in the light of current market practice. Compensation will include loss of salary and other contractual benefits, but mitigation will be applied where appropriate.

Any entitlement to EIP awards will depend on whether the individual is treated as a good or bad leaver, in line with the table below.

Status	Definition	Treatment
Good leaver	Leave for reasons including retirement, ill health, sale of the business and any other reason as the committee determines.	All unvested awards will be delivered in line with the existing vesting schedule. Awards in the year of departure will be made at the discretion of the Committee depending on the circumstances at the time and if made, will be reduced to reflect time served
Bad leaver	Leave for other reasons unless the committee determines otherwise.	All unvested awards will normally lapse.

Other directorships

The board believes that the firm can benefit from experience gained when executive directors hold non-executive directorships. Executive directors are permitted to hold external appointments and to receive payments provided such appointments are agreed by the board in advance, there no conflicts of interests and the appointment does not lead to deterioration in the executive's performance.

Consideration of Remuneration across the firm

The committee provides oversight of remuneration structures across the firm, including members of the group executive committee, material risk takers and the risk and compliance teams. In addition, the committee reviews on an annual basis total remuneration costs across the firm in light of its short and longer term financial targets and ongoing sustainability.

The committee is well aware of the remuneration structures across the firm and takes these into consideration when taking decisions on remuneration for Executive Directors.

Legacy arrangements

Authority is given to the committee to honour previous remuneration awards or arrangements entered into with current or former directors (such as the payment of a pension or the unwinding of legacy share schemes). Details of any payments will be set out in the annual report on remuneration as they arise.

Difference between directors' remuneration policy and other employees

All employees, including executive directors, benefit from fixed and variable pay, pension and non-cash benefits. The company operates a number of variable remuneration schemes within the group, some fully discretionary, others with mechanistic elements in addition to a discretionary element. Membership of such schemes is defined by status and job type. Only executive committee members are eligible to benefit from membership of an EIP.