

River and Mercantile Group Limited
Remuneration Policy

This policy is applicable to all employees, partners and directors engaged by the following entities:

River and Mercantile Asset Management LLP

FCA Firm Reference Number: 453087

River and Mercantile Group Limited

River and Mercantile Infrastructure LLP

This policy is also applicable to the activities of certain employees of **River and Mercantile LLC** (and in due course its successor River and Mercantile Asset Management LLC) who are engaged in investment management activities related to UCITS funds.

Version:	1.4
Policy owner:	Group Head of Compliance and Head of HR
Policy approver:	The board of directors of River and Mercantile Holdings Limited
Date:	June 2022

Updates to this policy

This Policy is maintained and updated by the Compliance and HR Departments. It will be updated from time to time as a result of legislative and regulatory changes and new or amended regulatory guidance. You should ensure that you keep up-to-date with the most recent version which will be published on the 4Policies tool on the RMG intranet.

Version Control:

Date	Version	Change
30 November 2017	1.0	Approval of new policy by Group Remuneration Committee
April 2019	1.1	Updates for RAMIL's classification as a BIPRU firm
April 2019	1.1	Reviewed and approved by Group Remuneration Committee
May 2021	1.2	Updates made following changes to the Directors' Remuneration Policy and the variation of RAMAM's permissions
26 May 2021	1.2	Reviewed and approved by Group Remuneration Committee
March 2022	1.3	Updates made for IFPR and to reflect changes to the Group following the sale of RAMIL
June 2022	1.4	Updates following completion of the acquisition of River and Mercantile Group PLC by AssetCo plc

Glossary

Term	Definition
FCA	UK Financial Conduct Authority.
FCA Handbook	The FCA compilation of rules and guidance applicable to regulated firms such as RAMAM and RMI LLP as an appointed representative.
Group or River and Mercantile Group	River and Mercantile Group Limited and its subsidiary companies
Policy	This Remuneration Policy.
Material Risk Taker or MRT	This a member of Group Staff whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages.
RAMAM	River and Mercantile Asset Management LLP.
RMHL	River and Mercantile Holdings Limited.
RMI LLP	River and Mercantile Infrastructure LLP.

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1 Purpose

This Remuneration Policy has been prepared for River and Mercantile Group to ensure that the Group has in place appropriate risk-focused remuneration policies that are consistent with and promote effective risk management, support positive behaviours and a strong and appropriate conduct culture within the Group in line with the Investment Firms Prudential Regime (**IFPR**) and associated rules in the FCA Handbook.

RAMAM is authorised and regulated by the FCA and is required to have documented remuneration policies, procedures and practices that comply with the FCA Handbook.

This Group-wide remuneration policy focuses on ensuring remuneration awarded:

- aligns pay with performance;
- encourages responsible business conduct and supports a strong conduct culture in the Group;
- is consistent with, and promotes, sound and effective risk management; is in line with the business strategy, objectives, culture, values and long-term interests of the Group;
- does not encourage excessive risk taking, promotes risk awareness and prudent risk taking;
- does not limit RAMAM's ability to strengthen its capital base;
- does not conflict with duties to act in the best interests of clients; and
- includes measures to avoid conflicts of interest.

The Group's remuneration policy and practices are gender neutral and do not discriminate on the basis of the protected characteristics of an individual in accordance with the Equality Act 2010.

2 Scope

This Policy covers all aspects of remuneration which could have a bearing on effective risk management, including base salaries, monthly drawings, profit shares, cash variable remuneration, long-term incentive awards, guaranteed variable remuneration, buy-out awards and severance packages. It is principally concerned with the risks created by the way remuneration arrangements are structured.

The Group's compensation and reward programmes are intended to attract, retain and motivate individuals who can utilise their knowledge, expertise, business acumen and leadership skills to serve our clients effectively while upholding the Group's strong conduct led culture.

3 Oversight of remuneration policies and practices

The board of directors of RMHL, in its supervisory function, has adopted and reviewed this Policy and has overall responsibility for overseeing its implementation.

The board of directors of RMHL will have regard to the long-term interests of shareholders, clients and other stakeholders in the Group when taking decisions on remuneration.

The board of directors of RMHL have the ability to recommend the adjustment to bonus pools and individual payments taking into account all relevant factors including culture and conduct, performance of the Group and will consider the level of risk taken to achieve performance. It is responsible for all decision making related to the application of malus and clawback.

The Executive Committees of RAMAM and RMI LLP intend to adopt this Policy once approved by the board of directors of RMHL. The Executive Committees of RMI LLP and RAMAM review and consider certain remuneration matters that may arise or relate to their respective businesses.

4 Application to staff

This Policy generally applies on a Group-wide basis to all employees, partners and directors (“**Group Staff**”). Certain additional rules or procedures will apply to Group Staff who are classified as material risk takers under IFPR (“**MRTs**”) or as required by additional regulatory requirements related to a specific product type, such as a UCITS fund.

5 When?

The changes to the FCA’s rules on remuneration brought about by IFPR apply to the first performance period that begins on or after 1 January 2022. Accordingly, this Policy will apply to RAMAM for performance periods beginning on or after 1 April 2022 and to all other Group Staff for performance periods beginning on 1 July 2022.

6 Proportionality

The Group’s policies and procedures in relation to remuneration are applied in way that is proportionate to the firm’s size and internal organisation and to the extent appropriate to the nature, scope and complexity of the Group’s activities. For the purposes of IFPR, RAMAM is a “non-SNI non-significant firm” and accordingly certain provisions in SYSC 19G of the FCA Handbook including those relating to retention and deferral do not apply to RAMAM.

7 Material Risk Takers

At least once a year, the Group’s legal team undertakes an assessment to review and identify Group Staff who are MRTs. The assessment process reviews the role and professional activities of Group Staff against the criteria set out in SYSC 19G.5 and considers the guidance set out in SYSC 19G 5.4 G and SYSC 19G 5.5 G. Once an initial list of MRTs is produced, this is reviewed by the Head of Compliance and then submitted to the board of directors of RMHL for approval. The list of MRTs will be updated throughout the year as necessary.

The Group’s MRTs include :

- Members of a management body, such as the members of the executive committee of RAMAM;
- senior management;
- the head of a key area such as equities;
staff who have managerial responsibility for the activities of a control function or for the prevention of money laundering and terrorist financing.

The Group’s HR Department is responsible for informing MRTs of their status and the implications of this status.

There are certain additional requirements or restrictions on the award of non-standard forms of variable remuneration, which include guaranteed variable remuneration, retention awards, severance pay and buy-out awards to MRTs (referred to as ‘Exceptional Remuneration’ collectively).

8 Remuneration components

Group Staff are rewarded according to personal performance, their business division’s performance and the Group’s success balanced against risk management and considerations of culture and conduct. Consideration of culture and conduct will be included to reward high quality conduct which is consistent with the Group’s culture.

The fixed and variable components of remuneration shall be appropriately balanced and the fixed component of remuneration shall be a sufficiently high proportion of the total remuneration to enable a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component.

When determining the appropriate ratio between fixed and variable components of remuneration, consideration is given to various factors including, the business activities undertaken and the associated conduct risks and whether the firm is a partnership. Different ratios may be set for different categories of Group Staff. No Group Staff member will receive only variable remuneration.

Ratio between the fixed component and variable component of remuneration (2022)
1:10 (fixed : variable)

Description of the different remuneration components, their categorisation as fixed or variable remuneration, how they are determined and the link between pay and performance is set below.

Remuneration Components			
Component	Category	Purpose	Detail of component
Base salary	Fixed	To help recruit and retain talent.	Base salaries reflect an individual’s professional experience and organisational responsibility. Base salaries are set considering the individual’s skills, the size and scope of their role and the market rate at comparator companies. Base salaries are generally reviewed annually as part of the annual performance evaluation process.
Monthly drawings (applicable to partners only)	Fixed	To provide monthly cashflow to partners in accordance with their profit-sharing arrangements.	Monthly drawing paid to partners in the Group in accordance with the terms of their profit-sharing arrangements set out in the relevant members’ agreement for the relevant partnership.
Benefits	Fixed	To help recruit and retain talent and promote health and wellbeing.	Benefits provided include defined contribution pensions with a Group contribution, private medical and life insurance. Difference in the level of benefits may exist for staff based outside of the UK or where prior to creation of the Group a higher level of benefit was offered.
Cash variable remuneration	Variable	To provide motivation and reward to individuals for achievement of objectives aligned with the Group’s strategy. These objectives may be	Cash variable remuneration is based on the assessment of the performance of the individual, relevant business division. The assessment of performance is part of a multi-year framework. The assessment of individual performance takes into

		in-year, or longer in duration.	account financial and non-financial criteria.
Partners' variable profit share	Variable	To allow partners to share in the profits of the respective partnership.	Variable profit-share paid to partners in accordance with the terms of their profit-sharing arrangements set out in the relevant members' agreement for the relevant partnership. The amount of variable profit share is based on the assessment of the performance of the individual, relevant business division. The assessment of performance is part of a multi-year framework. The assessment of individual performance takes into account financial and non-financial criteria.
Long term incentive awards	Variable	To incentivise delivery of long-term performance and strategic objectives.	Long term incentive awards may be granted under share award plans of AssetCo plc, the ultimate parent company of RMHL. Awards may be made in shares or fund units or a combination of the two. Awards will be deferred for a number of years, typically three years and may be subject to performance conditions. Vesting of awards is determined at the end of the deferral period. Consideration will be given as to whether performance adjustment of the award is appropriate – including the reduction or cancellation of the award made to an individual to reflect risk outcomes, including failure in risk management and misconduct.
RMI LLP Team incentivisation vehicle units	Variable	To incentivise certain Group Staff members in RMI LLP through a direct interest in the investment funds they advise and to align their remuneration outcomes with that of the outcome of investors in the fund.	Further detail related to this category of variable remuneration will be included in the next update of this Policy once the RMI LLP Team Incentivisation Vehicle has been established.

9 Assessment of performance for variable pay

Where remuneration is performance related, the total amount of remuneration will be based on a combination of:

- the assessment of the performance of the individual;
- the business unit concerned; and
- the overall results of the Group.

The assessment of performance is part of a multi-year framework that ensures that the assessment of performance is based on longer-term performance and the payment of performance based remuneration is spread over a period that takes account of the business cycle of the Group and its business risks.

The assessment of individual performance will take into account financial and non-financial criteria. Metrics on conduct will make-up a substantial portion of the non-financial criteria. Non-financial criteria will form a significant part of the assessment process. Non-financial metrics may include measures relating to building positive customer relationships and outcomes, achieving targets related to diversity and inclusion and ESG factors and adherence to compliance policies. Where applicable, non-financial metrics may include measures related to the consideration of sustainability risks and the integration of sustainability risks into investment decision making.

The Group's incentive pool is allocated to each business unit, taking into account contractual remuneration arrangements in respect of the Group's partnerships, incentive compensation targets set for each staff member, based on market competitive data or other factors specific to the relevant staff members. The final split by business and function is a combination of a bottom-up and top-down process. As a result, individual incentive awards will be based on:

- (a) the Group's performance;
- (b) business unit performance; and
- (c) individual performance (including performance relative to financial and non-financial goals, along with compliance and risk management).

Final incentive compensation allocations are discretionary but are based largely on individual performance as determined in the annual performance management cycle and Group compensation calibration meetings. Poor performance may result in a reduced award or no award being provided.

Staff are informed in advance of the criteria that will be used to assess their performance, the steps and the timing involved. Performance targets are set for staff annually and staff are appraised by their line manager on an annual basis against their performance targets. Performance targets should be understandable and measurable and include non-financial metrics.

10 Exceptional Remuneration

In certain limited circumstances, the Group may make an award of Exceptional Remuneration where it is appropriate to do so taking into account all relevant circumstances. Awards of Exceptional Remuneration are subject to malus and clawback.

The different categories of Exceptional Remuneration are set out below:

Guaranteed variable remuneration or sign-on bonuses

Guaranteed variable remuneration or sign-on bonuses will be awarded rarely and in exceptional circumstances. This category of variable remuneration will usually be used to compensate new Group Staff members where they have lost the opportunity to receive variable remuneration by leaving their previous employer during the

performance period. Where reasonably practicable, evidence of the lost remuneration will be sought from the new hire.

Guaranteed variable remuneration will only be awarded to a MRT where it occurs in the context of a new hire, is limited to the first year of service and the Group has a strong capital base.

Buy-out awards

Buy-out awards may be used to compensate a new Group Staff member where the deferred variable remuneration was reduced, revoked or cancelled by a previous employer as a result of that individual leaving that employer.

Buy-out awards or remuneration packages to compensate or buy out an MRT will align with the long term interests of the Group and will contain provisions on periods of retention, deferral, vesting and risk adjustment that are no shorter than the corresponding periods that applied to unvested variable remuneration under the previous contract of employment and which remained outstanding.

The Group will, where practicable, take reasonable steps to obtain evidence of the award under the previous contract of employment to which the buy-out relates.

Retention awards

Retention awards will be awarded rarely and are bonuses which are dependent on an individual remaining in a role until a defined event or for a set period of time. Retention awards may be used under restructurings, corporate transactions or in the context of specific projects. Retention awards may include performance conditions.

Retention awards will only be awarded to an MRT after a defined event or for a specified period of time.

Severance pay

The Group must ensure that payments related to the early termination of a contract of employment or membership in case of a partnership (referred to as severance pay) reflect performance achieved over time and are designed in a way that does not reward failure.

Severance payments are generally intended to be reflective of contractual and statutory requirements as well as the performance of the staff member over their tenure and are not intended to reward failure, poor performance or misconduct. The Group shall ensure that contractual terms of termination, and any payments made are fair to the individual and members of the Group, that failure is not rewarded and that the duty to mitigate loss is recognised. No maximum amount of severance pay has been set, however the Group will ensure that severance pay is not excessive.

Severance payments are typically accompanied by the execution of a settlement agreement between the Group and the terminated member of staff. Severance payments or other arrangements on termination of employment for a senior Group Staff member or MRT are subject to approval by the board of directors of RMHL.

11 Performance adjustment

Variable remuneration, and any deferred portion of variable remuneration, will only be paid if it is sustainable according to the financial situation of the Group as a whole and justified based on the performance of the individual, the business unit and the Group. Variable remuneration is subject to in-year adjustments and may be subject to malus and clawback.

Variable remuneration awarded to MRTs will be subject to malus and clawback. Malus and clawback will be applied where a MRT participated in or was responsible for conduct which resulted in significant losses or failed to meet the Group's high conduct standards related to fitness and propriety. Performance adjustment may result in the award being reduced or revoked. The minimum clawback period for variable remuneration paid to a MRT will be three years from the date of award.

12 Control functions

The Group shall ensure Group Staff engaged in control functions:

1. are independent from the business units they oversee;
2. have appropriate authority; and
3. are remunerated (a) adequately to attract qualified and experienced staff, and (b) in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

Remuneration of the heads of the risk management and compliance functions shall be directly overseen by the board of directors of RMHL.

Prior to the vesting of any long term incentive awards, the Head of Compliance, Head of HR and Chief Risk Officer will have input into whether an individual's award should be subject to performance adjustment due to riskiness of business undertaken, concerns about conduct or behaviour.

13 Remuneration and capital

The Group must ensure that total variable remuneration does not limit the Group's ability to strengthen its capital base and considers forward-looking capital planning measures.

Compensation programmes are also approved by the board of directors of RMHL with specific regard to sustainability and risk management.

14 Pension policy

The Group offers all employees the opportunity to participate in a Group defined contribution pension scheme to which the Group and the employee contributes, additional contributions made by the employee are matched by the employer up to 10% of the additional contribution.

The board of directors of RMHL retains responsibility for the policy and scope of pension arrangements for executive directors and other senior management.

15 Avoidance of the Remuneration Code

The Group ensures staff undertake not to use any personal hedging strategies, remuneration related insurance or liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

If a Group Staff member is found to have acted in breach of this undertaking then they may be subject to disciplinary proceedings.

The Group confirms that remuneration is not paid through vehicles or methods that facilitate the avoidance of the SYSC 19G Remuneration Code. All recommendations for awards are subject to appropriate review and approval.

Approved by the board of directors of RMHL

30 June 2022