

REMUNERATION DISCLOSURE

INTRODUCTION

The FCA Remuneration Code (“the Code”) applies to all banks, building societies and BIPRU investment firms. For the purposes of the remuneration code L&C is a UK Consolidation Group containing London and Capital Asset Management Ltd. (LCAM), and London and Capital Wealth Advisers (LCWA).

The key purpose of the FCA Remuneration Code is to ensure that the firms’ remuneration policies and practices are consistent with and promote effective risk management. The Code is principally concerned with the risks created by the way a firm’s remuneration arrangements are structured, not with the absolute amount of remuneration. The Code is applied in a proportionate manner subject to the regulated firms type and size, which applies different sets of remuneration requirements in this regard. In connection with L&C business, L&C falls within the relevant Code’s lowest proportionality tier as a Level 3 firm.

GOVERNANCE

The firm’s Remuneration Committee is responsible for adopting and periodically reviewing the Groups’ Remuneration Policy to ensure:

- the framework and policy for L&C’s Remuneration doesn’t encourage undue risk taking
- any major changes in the remuneration structure are considered and advised on
- reviewing the terms and conditions of any new incentive schemes and considering appropriate targets for any performance-related remuneration schemes
- appropriate consideration and recommendations are made in regards to senior employees of L&C, considering the appropriate mix of salary, and discretionary bonuses

The Remuneration Committee acts in this role to promote sound and effective risk management when determining remuneration giving due regards to best practices and any relevant legal or regulatory requirements including the FCA Remuneration Code.

GENERAL PRINCIPLES OF L&C REMUNERATION POLICY

L&C’s remuneration policy is designed to support the firm’s business strategy, objectives, values and long-term interests. The main principles set out by L&C are:

- to effectively manage risk and ensure both fixed and variable remuneration are at appropriate levels and do not promote or encourage excessive risk taking
- to promote conduct and behaviours which are in line with our culture and values
- to align remuneration with the strategy and performance of the business
- to take into account current market rates and practices to ensure the remuneration is set at an appropriate and competitive level
- to maintain a sound risk management framework
- to comply with the UK FCA Remuneration Code, as well as compliance with other applicable laws and regulations

L&C’s remuneration policy is aimed to reward partners, directors and employees that support the Groups’ objectives and strategy. When setting the remuneration, L&C takes into account the Risk and Compliance data in relation to any breaches or issues towards compliance, treating customers fairly (TCF), conduct risk, complaints and the cost of correcting errors.

BIPRU REMUNERATION CODE STAFF

L&C must also identify and maintain a list of all employees who could be defined as 'Code Staff' as required under the BIPRU Remuneration Code. These employees can comprise employees in senior management roles, staff engaged in control functions, or staff whose actions may have a material impact on the firm's risk profile. For the purposes of the BIPRU Remuneration Code L&C has a total of sixteen 'Code Staff', eleven of which are senior managers and five others whose actions could have a material impact on the firm's risk profile.

LINK BETWEEN PAY AND PERFORMANCE

Competitive salaries form the basis of the remuneration package for L&C. In addition, there is an element of variable pay for all staff which is dependent on firm-wide and individual performance. All roles are categorised into what is called a 'Job Families Matrix' from which different measures of performance principles are applied resulting in changes in the variable reward component. From the standpoint of the individual, the variable remuneration is based on the assessments of overall performance, development, compliance and a variety of qualitative factors that are regularly assessed. Remuneration is also considerably reduced where subdued or negative financial performance of the firm occurs. Transparency is a significant factor in the Groups' remuneration and assessment process.