



2R Capital Investment Management Limited

REMUNERATION POLICY

Covering the remuneration period 01/01/2023 to 31/12/2023
("Remuneration Period")

1 March 2023

TABLE OF CONTENTS

1. INTRODUCTION	1
1.1 Terms.....	1
2. RISK MANAGEMENT (SYSC 19G.2.8).....	1
3. SUPPORTING BUSINESS STRATEGY ETC. (SYSC 19G.2.9).....	1
4. AVOIDING CONFLICTS OF INTEREST (SYSC 19G.2.11).....	2
5. NON-EXECUTIVE DIRECTORS (SYSC 19G.2.12).....	2
6. GOVERNANCE AND OVERSIGHT (SYSC 19G.3.1).....	2
7. CONTROL FUNCTIONS (SYSC 19G.3.6)	3
8. FIXED AND VARIABLE COMPONENTS OF REMUNERATION (SYSC 19G.4)	4
8.1 Categorising Fixed and Variable Remuneration	4
8.2 Balance of Fixed and Variable Components of Total Remuneration	4
9. VARIABLE REMUNERATION.....	4
9.1 Remuneration and Capital (SYSC 19G.6.1).....	4
9.2 Exceptional Government Intervention (SYSC 19G.6.2).....	5
9.3 Assessment of Performance (SYSC 19G.6.4)	5

1. INTRODUCTION

The Firm is subject to the Remuneration Code (the “Code”) for MIFIDPRU Firms as codified in Section 19G of the SYSC Handbook.

The Firm is classified as an ‘SNI firm’ and is therefore subject to the ‘Basic’ remuneration requirements only.

This policy applies to the Firm on an individual basis. It is not subject to any other remuneration codes.

1.1 TERMS

- Staff/staff member: This may include employees of the Firm, partners, members, employees of other entities in the group, employees of joint services companies, and secondees.
- Performance periods: The Code applies to a performance period. The Firm complies with rules on performance assessment and risk adjustment in relation to each such performance period.

The Firm must establish, implement and maintain remuneration policies, procedures and practices that are consistent with and promote effective risk management and do not encourage excessive risk taking.

The Remuneration Code covers all aspects of remuneration that could have a bearing on effective risk management, including salaries, bonuses, long term incentive plans, options, hiring bonuses, severance packages and pension arrangements. The Remuneration Code is principally concerned with the risks created by the manner by which remuneration arrangements are structured.

The Policy is *gender neutral*. Pursuant to the Equality Act 2010, discrimination on the basis of an individual’s protected characteristics both before and after employment is offered, is prohibited. This applies to pay and all other contractual terms, including variable remuneration.

2. RISK MANAGEMENT (SYSC 19G.2.8)

A Firm must ensure that its Remuneration Policy is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Firm.

The Firm’s Remuneration Policy is consistent with the Firm’s risk management objectives and does not encourage risk taking and promotes a risk averse culture. The Firm has set detailed risk limits, which are strictly adhered to.

3. SUPPORTING BUSINESS STRATEGY ETC. (SYSC 19G.2.9)

A Firm must ensure that its Remuneration Policy is in line with the business strategy, objectives, values and long-term interests of the Firm. This includes consideration of:

- The Firm’s risk appetite and strategy, including environmental, social and governance risk factors;
- The Firm’s culture and values; and
- The long-term effects of the investment decisions taken.

We are an independent investment company based in London with the aim of launching a new initiative in equity investing.

The primary objective of 2RC is to seek long-term capital appreciation for our clients commensurate with reasonable risk, focusing on mid-sized European companies. In our value approach to investing we look for long term (and occasionally short term) investment opportunities that exhibit significant valuation discrepancies between current trading prices and the intrinsic business value. We adopt a long-term horizon, with the aim of building a portfolio of investment opportunities which we believe are meaningfully undervalued. Our aim is to invest in companies which may be misunderstood by other market participants and therefore we place substantial emphasis on primary research.

We are disciplined fundamental investors, conducting extensive research and investing only in businesses we understand within regions and industry sectors where we have significant expertise.

This approach to investing is compatible with a remuneration policy which sets competitive base salaries, and rewards individuals through an annual discretionary bonus which is based on both individual and company performance.

4. AVOIDING CONFLICTS OF INTEREST (SYSC 19G.2.11)

A Firm must ensure that its remuneration policy:

- **Contains measures to avoid conflicts of interest;**
- **Encourages responsible business conduct; and**
- **Promotes risk awareness and prudent risk taking.**

The Firm has a documented Conflicts of Interest Policy and Inventory in order to identify, manage and monitor the Firm's conflicts. This includes a consideration of any conflicts that may arise in relation to the Firm's remuneration arrangements.

The Firm promotes a culture of responsible business conduct, which is aligned with the standards of conduct expected under the Senior Managers and Certification Regime. The Firm's remuneration arrangements are compatible with this philosophy.

The Firm ensures that staff members have an awareness of the Firm's risk profile and risk tolerance. The Firm's remuneration arrangements are aligned to this.

After taking into account the Firm's current controls as described above, the Firm has concluded that remuneration does not present a significant conflict of interest to the Firm's clients.

5. NON-EXECUTIVE DIRECTORS (SYSC 19G.2.12)

A Firm must not pay variable remuneration to members of the management body who do not perform any executive function in the Firm.

The Firm does not currently have any non-executive directors. If any non-executive directors are appointed they will be paid a fixed fee only.

6. GOVERNANCE AND OVERSIGHT (SYSC 19G.3.1)

A Firm must ensure that its governing body, in its supervisory function adopts and periodically reviews the general principles of the Remuneration Policy and is responsible for overseeing its implementation.

The Firm should assess the most appropriate frequency for these periodic reviews, taking into account all relevant factors.

The development and review of the Remuneration Policy should be supported by the Firm's control functions, including compliance, risk management, and by business units.

There is not a mandatory requirement for the Firm to establish a remuneration committee. However it should consider whether establishing and maintaining a remuneration committee would contribute to the better alignment of risk and individual award across the Firm.

Where the Firm has a remuneration committee, it must oversee the implementation of the Firm's remuneration policies and practices.

The Firm's governing body has reviewed and adopted this Remuneration Policy, pursuant to consulting and taking advice from the Compliance Officer. It is the Firm's policy to review and assess the Firm's Remuneration Policy and procedures on an annual basis or sooner should the business change or other need arises.

It is the Firm's policy that its Compliance Officer will review the Firm's compliance with the Firm's current Remuneration Policy, as part of a risk based compliance monitoring programme.

Taking into account the size, nature, scope and complexity of its activities, The Firm has concluded that it is not appropriate for the Firm to establish and maintain a remuneration committee.

7. CONTROL FUNCTIONS (SYSC 19G.3.6)

Control functions refers to a function (including, but not limited to, a risk management function, compliance function and internal audit function) that is independent from the business units it controls and that is responsible for providing an objective assessment of the Firm's risks, and for reviewing and reporting on those risks.

A Firm must ensure that employees engaged in control functions:

- **Are independent from the business units they oversee;**
- **Have appropriate authority; and**
- **Are remunerated according to the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.**

A Firm must ensure the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the remuneration committee, or, if such a committee has not been established, by the governing body in its supervisory function.

These requirements are designed to manage the conflicts of interest which may arise if other business areas had undue influence over the remuneration staff in control functions. Conflicts of interest can easily arise when staff members are involved in the determination of remuneration for their own business area. Where these could arise, they need to be managed by having in place independent control functions (in particular risk management, compliance and human resources functions).

The Firm's governing body, the members of which collectively have a significant amount of experience in the industry, is responsible for ensuring that the remuneration of those persons in control functions is linked to their performance and achievements of the business areas they control.

8. FIXED AND VARIABLE COMPONENTS OF REMUNERATION (SYSC 19G.4)

8.1 CATEGORISING FIXED AND VARIABLE REMUNERATION

The Firm must ensure that the Remuneration Policy makes a clear distinction between criteria for setting fixed and variable remuneration.

All remuneration paid to a staff member must be clearly categorised as either fixed or variable remuneration.

Fixed remuneration:

- Should primarily reflect a staff member's professional experience and organisational responsibility as set out in the staff member's job description and terms of employment; and
- Should be permanent, pre-determined, non-discretionary, non-revocable and not dependent upon performance.

Variable remuneration:

- Should be based on performance or, in exceptional cases, other conditions;
- Where based on performance, should reflect the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment; and
- Includes discretionary pension benefits.

Remuneration comprises an annual salary and a discretionary bonus.

8.2 BALANCE OF FIXED AND VARIABLE COMPONENTS OF TOTAL REMUNERATION

A Firm must ensure that:

- (1) Fixed and variable components of total remuneration are appropriately balanced; and
- (2) The fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

When determining an appropriate balance, the Firm should consider, inter alia:

- The Firm's business activities and associated prudential and conduct risks; and
- The role of the individual.

The fixed remuneration is determined by market rates.

The Firm has a flexible approach on the variable remuneration component. Variable remuneration ranges from zero to an amount that ensures that the fixed component of total remuneration is sufficiently high.

9. VARIABLE REMUNERATION

9.1 REMUNERATION AND CAPITAL (SYSC 19G.6.1)

The Firm must ensure that total variable remuneration does not limit its ability to ensure a sound capital base.

The Firm awards remuneration on the same cycle as the Firm's financial year. This enables the Firm to consider variable remuneration in the context of the Firm's financial position, for instance as set out in the audited financial statements.

The Firm has the flexibility to direct resources towards capital building if this is deemed appropriate.

The Firm ensures that it does not award variable remuneration if this were to erode the Firm's capital base, to the degree that it would be in breach of its requirements under the Overall Financial Adequacy Rule.

9.2 EXCEPTIONAL GOVERNMENT INTERVENTION (SYSC 19G.6.2)

Where the Firm benefits from exceptional government intervention, it must ensure that:

- No variable remuneration is paid to members of its management body, unless it is justified to do so; and
- Variable remuneration is limited to a portion of net revenue when its payment to staff that are not members of its management body would be inconsistent with:
 - The maintenance of the firm's sound capital base; and
 - Its timely exit from exceptional government intervention.

9.3 ASSESSMENT OF PERFORMANCE (SYSC 19G.6.4)

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm must take into account financial as well as non-financial criteria.

The Firm's performance related remuneration is based on the assessment of the individual's performance and competence in their role within the business during a defined period.

The aforementioned criteria for determining variable remuneration is embedded into the appraisal process of each relevant staff member. This includes documenting the rationale for the form and amount of variable remuneration based on financial and non-financial criteria.