



Sustainable Development Capital LLP ("SDCL")

## MIFIDPRU 8 Remuneration Disclosure

For the Period Ended 31<sup>st</sup> March 2025

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# 1. Remuneration

This disclosure is made by Sustainable Development Capital LLP ("SDCL") in accordance with the disclosure requirements set out in Chapter 8.6 of the FCA's Prudential Sourcebook for MiFID Investment Firms ("MiFIDPRU").

As an FCA-authorised firm classified as a Small and Non-Interconnected ("SNI") investment firm, SDCL is required to publish information relating to its UK remuneration practices on at least an annual basis.

## 1.1. Remuneration Governance

In accordance with MIFIDPRU 8.6.2R(3), SDCL has disclosed below the "decision-making procedures and governance surrounding the development of the remuneration policies and practices the firm is required to adopt in accordance with the MIFIDPRU Remuneration Code". This has included the composition and mandate given to the Remuneration Committee, and the details of external consultants used in the development of remuneration policies and procedures.

Remuneration decision-making is undertaken by the Remuneration Committee, which is a subset of the Board of Directors ("BoD") of SDCL LLP, and is responsible for overseeing the implementation of a robust remuneration policy, ensuring alignment with the Firm's risk tolerance.

The Committee is responsible for the determination, regular review, and application of the SDCL Remuneration Policy, which includes determining remuneration for SDCL staff including individuals who have a material impact on the risk profile of SDCL. SDCL's remuneration policy strives to foster long-term value development through transparent alignment with the agreed firm strategy. The Remuneration Committee reviews and approves the Firm's Remuneration Policy.

SDCL utilises, third-party risk and compliance specialists to assess and ensure the compliance of its remuneration policies and practices with the MIFIDPRU and AIFM Remuneration Codes as applicable to SDCL (SYSC 19G and 19B).

To avoid any conflicts of interest, no individual is involved in any decisions regarding their own remuneration.

SDCL has in place a Conflicts of Interest policy (COI), a COI register and a monitoring process for COI.

The Committee assures that variable compensation is not paid using any methods or vehicles that circumvent the requirements of AIFM Remuneration Code.

## 1.2. The Objectives of Financial Incentives

In accordance with MIFIDPRU 8.6.2R(2), SDCL has disclosed below the objectives of financial incentives that are used at the Firm. To comply with this requirement, SDCL has considered it appropriate to disclose the philosophy guiding the Firm's remuneration policies and procedures (MIFIDPRU 8.6.3G).

The Remuneration Committee seeks to ensure remuneration is structured in a way that attracts, motivates, and retains high-calibre staff; rewards individual and corporate performance; and is aligned with appropriate risk and compliance standards and the long-term interests of shareholders, investors, clients, and other stakeholders.

### 1.3. Approach to Remuneration for All Staff

In accordance with MIFIDPRU 8.6.2R(1) and 8.6.5R(2), SDCL has disclosed below its approach to remuneration for all staff and an overview of the incentives the Firm provides. SDCL has interpreted the term “staff” in accordance with SYSC 19G.1.24G to include all persons employed by the Firm (MIFIDPRU 8.6.3G(4)).

SDCL has a culture of rewarding performance. Flexible individual incentives are a key component in this. All employees are incentivised and rewarded according to their individual performance aligned with the objectives for their role.

Remuneration for SDCL staff consists of three main elements (MIFIDPRU 8.6.6R(1)) which have been categorised as fixed or variable in line with the definitions set out in SYSC 19G.4.

- 1) **Base Salary (Fixed):** Reviewed annually and set in consideration of the individual’s skills, the size and scope of their role, and the market rate for the role at comparator companies.
- 2) **Benefits (Fixed):** These include pension contribution and insurance benefits such as private medical insurance and life insurance. The range and level of these are available to all UK employees regardless of seniority.
- 3) **Annual Bonus (Variable):** These discretionary awards are paid to reward staff’s individual and corporate performance and the achievement of targets and objectives. The pool for discretionary awards is determined with reference to the adjusted EBIT for the Company for the preceding financial year, ensuring that any bonuses are affordable and sustainable according to SDCL’s financial situation and the performance of its assets. This pool may be adjusted based upon the Remuneration Committee’s assessment of a range of financial and non-financial considerations, including risk and compliance. Individual bonuses are determined based on several factors relating to the individual’s role, contribution, behaviours and performance.

### 1.4. Link Between Remuneration and Performance

In order to comply with MIFIDPRU 8.6.2R(1), SDCL has considered it appropriate to describe below the link between performance and variable remuneration in conjunction with the Firm’s main performance objectives (MIFIDPRU 8.6.3G).

SDCL aims to ensure that variable remuneration reflects staff performance. As such, SDCL’s Remuneration Committee undertakes a balanced assessment of financial and non-financial factors when determining an employee’s performance (MIFIDPRU 8.6.6R(2)(b-c)). These factors include:

- 1) The individual’s risk-taking, compliance with applicable regulations, business conduct and behaviour;
- 2) Metrics specific to the relevant business unit and AIF (for example, investment deals, investment performance and other factors such as profitability and performance of assets managed) and other specific departmental and corporate performance objectives and strategic goals;
- 3) Assessment of how the above results are achieved in terms of risk (profile, appetite and management) and consistency;
- 4) Performance and contribution to SDCL’s core initiatives such as ESG and wider contribution to SDCL’s business objectives and its growth strategy; and
- 5) People related objectives, including adherence to SDCL’s values and behaviours, people management and development.

When determining variable remuneration, SDCL also considers the financial and non-financial performance of the entire Firm (MIFIDPRU 8.6.6R(2)(a)). This is primarily used to determine the size of the total compensation pool. The deciding factors include:

- 1) The impact of the proposed variable compensation pool of SDCL's liquidity and capital base;
- 2) Whether SDCL's risk profile and risk management support the proposed variable compensation pool;
- 3) Whether any material compliance breaches or issues have occurred in the year under consideration;
- 4) Commercial considerations including consideration of the market for talent;
- 5) Any reputational damages which should impact the total pool, or alternatively, whether the proposed pool would impact SDCL's reputation adversely.

### 1.5. Link Between Remuneration and Risk

In addition to setting variable remuneration to reward performance, SDCL ensures that its entire system of Remuneration appropriately manages risk in order to reward desired behaviours and culture displayed by staff. This includes setting the reward structures to be consistent with, and promote, sound and effective risk management and to not encourage risk-taking which does not adhere to the risk profiles, rules, or instruments of incorporation of the AIFs managed by SDCL.

In accordance with SYSC 19G.4.5R, SDCL's Remuneration Committee ensures that variable and fixed remuneration are balanced appropriately; setting fixed remuneration at a sufficient level to allow for flexibility in the setting of variable remuneration and accounting for the possibility of no variable remuneration being awarded.

### 1.6. Quantitative Remuneration Disclosures

In accordance with MIFIDPRU 8.6.8R(2), SDCL has disclosed below the total amount of remuneration awarded to all UK staff split into fixed and variable remuneration. The total amount of remuneration for the year under review was £4,673,000.

Table 1 - Remuneration amounts for the financial year-ended 31<sup>st</sup> March 2025

Fixed and Variable Remuneration (GBP 000's)	
Remuneration Type	Paid to All Staff
Fixed	3,452
Variable	1,221