

7IM REMUNERATION POLICY

A. Firm Specific Information						
A.i	Please list all of the firms within tiers three and four within your group that are caught by the Code.					
	Firm Name	FRN	Business Type	No. of Code Staff	Proportionality Tier	Individual Guidance Received?
	Seven Investment Management Ltd	471293	Investment Management	19	4	No
A.ii	Provide contact details of the key individual(s) who we should contact within your firm regarding your firm's compliance with the Remuneration Code.					
	Name	Job Title	Phone No.	Email		
	Trish Boag	Head of HR	020 7760 8777	trish.boag@7im.co.uk		
A.iii	What dates does your performance year run from/to:		Calendar year			
A.iv	What performance year is this RPS in respect of:		2010			

<p>Reward Schemes</p> <p><i>Refer, in particular, to SYSC 19A.3.22R to SYSC 19A.3.28G (Remuneration Principle 8: Profit-based measurement and risk adjustment) and SYSC 19A.3.33G to SYSC 19A.3.53G (Remuneration 12: Remuneration structures).</i></p> <p><i>We normally consider that it will be appropriate for a firm in proportionality tier three or four to disapply the following rules of the Remuneration Code:</i></p> <p><i>Principle 12 – Remuneration Structures:</i></p> <ul style="list-style-type: none"> <i>SYSC 19A.3.47R – Retained shares and other instruments;</i> <i>SYSC 19A.3.49R – Deferral (However we encourage firms to consider using these deferral techniques on a firm-wide basis to ensure the alignment of their remuneration practices with effective risk management); and</i> <i>SYSC 19A.3.51R – Performance Adjustment</i> <p><i>See General guidance on proportionality (December 2010), as referred to in the introduction to this template.</i></p> <p><i>Should your firm choose to apply these rules, then please detail your approach below.</i></p>	
B.i	<p>List any bonus schemes or other reward or compensation schemes (including those for partnerships and other legal structures) that will be in place to reward Code Staff for performance during the current performance year and provide a high-level description of each scheme, including:</p> <ul style="list-style-type: none"> the scheme's purpose;

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	<ul style="list-style-type: none"> intended participants; number of expected participants for the current performance year; the structure of each scheme's awards, including: determination of the deferred proportion (if appropriate); awards composition (i.e. proportion in shares/cash etc if appropriate.); the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out (if appropriate); the vesting period, the vesting schedule and the proportion of the deferred portion that is subject to performance adjustment (if appropriate);and any other information related to the scheme that you believe is relevant.
a)	<p>Bonus scheme 1. Annual discretionary bonus</p> <p>Purposes</p> <ul style="list-style-type: none"> To reward high performers To form part of overall compensation in relation to market comparators To directly link to the company's profitability <p>Eligibility</p> <ul style="list-style-type: none"> All post-probation staff who have served six months as at the calendar year end prior to allocation, subject to appraisal <p>Structure</p> <ul style="list-style-type: none"> Non-pensionable payment with standard deductions made through payroll <p>Vesting period</p> <ul style="list-style-type: none"> Not applicable
b)	<p>Bonus scheme 2</p> <p>Purposes</p> <ul style="list-style-type: none"> Retention vehicle Alignment of staff longer term interests with those of other stakeholders To reward top performers To form part of overall compensation in relation to market comparators To directly link to the company's profitability and growth <p>Eligibility</p> <ul style="list-style-type: none"> All post-probation staff who have served for one full calendar year prior to allocation, subject to appraisal Occasional new joiners as part of negotiated package <p>Structure</p> <ul style="list-style-type: none"> Allotment of D Shares which can be sold as at pre-determined dates (no sooner than three years after allotment) at a value set by pre-determined formulae <p>Vesting period</p> <ul style="list-style-type: none"> Post sign-off by auditors and board of year-end audited accounts for periods ending 2012, 2013 and 2014
B.ii	<p>Please list any existing executive incentive schemes (e.g. Long Term Incentive Plans; co-investment schemes or carried interest schemes) that could incentivise Code Staff for future performance and provide a high-level description of each scheme, including:</p> <ul style="list-style-type: none"> the scheme's purpose; intended participants and the number of people currently participating in the scheme including how

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	<p>many are Code Staff;</p> <ul style="list-style-type: none"> the structure of the scheme's awards, including a description of the initial award (e.g. deferred cash, shares, share options, phantom shares) and the form of the proposed payout (e.g. proportion in shares, cash etc if appropriate.); the length of the scheme's performance period and whether a new performance period starts each year, overlapping the previous performance period; or whether the performance periods run end to end; the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out if appropriate; whether the terms of the scheme have been approved by shareholders; when the scheme is due for review; any other information related to the scheme that you believe is relevant.
a)	Incentive scheme 1 No incentive schemes which are restricted to senior staff/management. Schemes described above apply to all staff.
b)	Incentive scheme 2 N/A

C.	Remuneration Code Staff	
	<ul style="list-style-type: none"> <i>It is up to each firm to determine how they set out their Remuneration Code Staff; as a starting point you should include senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the firm's risk profile. (SYSC 19A.3.4R. See further SYSC 19A.3.6G.)</i> <i>In relation to those in significant influence functions, see SYSC 19A.3.6G(1)(b) and our frequently asked questions.</i> 	
C.i	Please set out the criteria you have used to determine which of your staff are 'Code Staff'.	
	All Executive Directors. All members of the Management Committee. All holders of Significant Influence Functions. All Investment Managers and individuals who fall into the same remuneration bracket as senior management.	
C.ii	List all Remuneration Code Staff using the spreadsheet supplied in the Annex.	
C.iii	How many Remuneration Code Staff have been identified in total for this performance year? Please include any employees who have been code staff for any part of the year.	19
c.iv	How many Remuneration Code Staff are likely to rely on the guidance set out in SYSC 19A.3.34G (and further developed in <i>General Guidance on proportionality</i>)?	19
C.v	Briefly describe the measures you have taken to ensure that all Code Staff understand the implications of this status in relation to the requirements of the Code.	
	The Compliance Officer will communicate to Code Staff their classification as such, highlighting the key aspects of the Code.	

<p>1.</p>	<p>Principle 1 – Risk management and risk tolerance <i>Please refer to SYSC 19A.3.7R</i></p>
<p>1.1</p>	<p>Briefly describe how you ensure that your firm’s remuneration practices promote sound and effective risk management and do not encourage risk-taking that exceeds the firm’s levels of tolerated risk.</p> <p>7IM has a low appetite for risk. The firm does not seek actively to take risks other than those inherent in running and developing its business; namely operational, strategic and market (to the extent that the firm’s revenues depend on market levels) and those which are beyond its control. Specifically the firm does not take any market positions on its own account.</p> <p>This is reflected by:</p> <ul style="list-style-type: none"> • Governance arrangements which routinely address key strategic issues (noting that a failure to innovate and develop the business carries its own risks) • Discrete committees which look at specific elements of risk • Regular reporting to and discussion of risk issues to audit committee and board, both of which included non-executive directors. • Regular strategic reviews encompassing market and environmental developments • Comprehensive insurance policies with excesses (max. £50,000) which, if incurred, could be readily absorbed by the business. <p>The company seeks to align its remuneration policy accordingly by dint of the following principles.</p> <ul style="list-style-type: none"> • Overall compensation is regularly benchmarked against appropriate comparators • No commission payments are made to staff • Salary reviews, bonuses and share scheme awards are considered in the light of overall company performance, individually measured performance and market conditions <p>The Remuneration Committee includes the Non-Executive Chairman and all Non-Executive Directors. Awards to Code Staff, whether interim or within the annual review cycle, are individually addressed. The principles underlying overall remuneration policy are assessed by the Committee.</p>

<p>2.</p>	<p>Principle 2 – Supporting business strategy, objectives, values and long-term interests <i>Please refer to SYSC 19A.3.8R</i></p>
<p>2.1</p>	<p>Briefly describe how your firm ensures that its remuneration policies are in line with its business strategy, objectives, values and long-term interests.</p> <p>7IM’s founding tenets remain:</p> <ul style="list-style-type: none"> • Institutional investment approach and pricing for retail clients – cutting out the layers of additional charging prevalent in the retail financial world. • Consistent and disciplined processes to ensure that all clients receive the same approach to their investments. • Use of external expert managers and an unfettered investment universe to complement 7IM’s own views – it is in the client’s best interest to introduce other expertise than purely 7IM’s into their portfolios. • Clarity in communication, documentation and systems. • No commission incentive payments to staff. • Transparency in investment charges – only one fee related to the value of the portfolios being managed by 7IM.

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	<ul style="list-style-type: none"> • Everything visible to the client online and updated daily. • Innovation and improvement of service, systems and processes always under review. <p>The company's appraisal and remuneration policies were specifically designed to align with strategy and principles of the business.</p> <p>Remuneration policy relies extensively on the appraisal process which reviews the achievement of individual objectives. These are in turn closely aligned to the business's tenets and strategic objectives.</p> <p>The principles of the remuneration policy are wholly in line with these tenets, focusing on overall performance with no incentive for short termism. Relevant details are summarised under Principle 1.</p>
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3.	Principle 3 – Avoiding conflicts of interest <i>Please refer to SYSC19A.3.9R</i>	
3.1	<p>Briefly describe the measures already established to ensure your firm's remuneration policies avoid conflicts of interest.</p> <p>7IM's investment strategy operates in the interest of the client and does not lend itself to conflicts of interest. No management or staff reward is made on a transactional basis, no commission is paid and Company targets are kept separate from reward.</p> <p>Employment contracts and performance appraisal documentation make it clear to all employees that there is no direct, causal link. Reward is linked to external and internal pay relativities and the discretionary element is based on overall Company performance and profit, where available, with due regard for team and appraisal-measured individual performance levels.</p> <p>7IM's Conflict of Interest policy is brought to the attention of all staff as part of the Induction process.</p>	

4.	Principle 4 – Governance <i>Please refer to SYSC 19a.3.10R to SYSC 19A.3.13G and Part F of General Guidance on proportionality (December 2010), published in PS10/20 and on our website.</i> <i>We have given guidance on the need to establish remuneration committees in General guidance on proportionality (December 2010), Part F. In summary we consider that it would be desirable for firms in proportionality tier three and tier four to establish a remuneration committee, and would normally expect larger firms within these tiers to do so. But we accept that it may be appropriate for the governing body of the firm to act as the remuneration committee.</i>	
4.1	Does your firm have a Remuneration Committee (RemCo) established within the UK?	Yes
4.2	<p>If your answer to question 4.1 is 'No' describe how remuneration governance arrangements operate within your firm.</p> <p>N/A</p>	
4.3	<p>How does your firm ensure that remuneration decisions take into account the implications for risk and risk management of the firm?</p> <p>The general principles of 7IM's remuneration policy were reviewed by the Management Committee and the Remuneration Committee (which meets quarterly) at inception; then, annually or as required. The Remuneration Committee is provided with details of all remuneration arrangements and changes with particular attention during meetings focused on the remuneration of code staff.</p>	

4.4	<p>How does your firm ensure that the long-term interests of shareholders, investors and other stakeholders are taken into account?</p> <p>Shareholders are represented on the Remuneration Committee by Management and Non-Executive Directors.</p> <p>The principles of the remuneration policy outlined above are designed to align with investors' interests by avoiding conflicts of interest where possible and mitigating them where they arise.</p>
4.5	<p>Does the RemCo/ governing body have the ability to apply discretion to adjust the bonus pool and individual payments including those paid out in individual incentive schemes?</p>
	<p>Yes</p>
4.6	<p>Has the RemCo/ governing body exercised that discretion in the last three years?</p>
	<p>Yes. In 2011 the available bonus pool (relating to 2010 performance) under the guideline previously agreed by the Remuneration Committee and Board was varied to pay due regard to improved market conditions (still benchmarked to market levels) and to mitigate the risk of losing key staff. Management and members of the Committee considered that such loss would have been detrimental to the best interests of clients. All Management Committee members' awards were individually reviewed and approved by the Remuneration Committee.</p>

5.	<p>Principle 5 – Control functions</p> <p><i>Please refer to SYSC 19A.3.14R to SYSC 19A.3.17G</i></p>
5.1	<p>With regard to employees engaged in control functions, briefly explain how you ensure that these employees are:</p> <ul style="list-style-type: none"> ○ independent from the business units that they oversee; ○ have appropriate authority; and ○ are remunerated adequately to be independent of the performance of the business areas they control. <p>The control functions form an overall oversight function reporting to the Chief Financial Officer; a member of the Management Committee and a Director of the Company. No members of that department are directly involved in the investment activities of the Company. The status of the Chief Financial Officer as the head of the area confers appropriate authority.</p> <p>All remuneration including that of individuals performing control functions is benchmarked by the Human Resources Department to appropriate external comparators.</p>
5.2	<p>If applicable to your firm, describe how risk and compliance functions input into the setting of individual remuneration policies and individual remuneration awards across the firm. Please provide examples as appropriate.</p> <p>Significant risk/compliance events are reviewed by the Business Risk Committee and, if appropriate, are directly related to individuals' overall remuneration reviews. Core and specific role competencies for all positions are subject to review during the appraisal process</p>

6.	Principle 6 – Remuneration and capital <i>Please refer to SYSC 19A.3.18R and SYSC 19A.3.19G</i>
6.1	How do you ensure that your firm's total variable remuneration does not limit its ability to strengthen its capital base? The benchmark for the overall firm bonus pool is 30% of the profit before amortisation and tax. Any variation would be subject to the approval of the Remuneration Committee which would assess the overall impact on the Company, including capital considerations.

7.	Principle 7 – Exceptional government intervention <i>This section is unlikely to apply</i>
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8.	Principle 8 – Profit-based measurement and risk adjustment <i>Please refer to SYSC 19A.3.22R to SYSC19A.3.28G</i>	
Bonus schemes that reward Code Staff <i>Firms will need to be able to demonstrate that they have considered the impact of future risks and uncertainties on their bonus pools, and ensure that these are taken into account when determining future bonus pools. This will be reviewed as part of our ongoing supervisory programmes.</i> <i>Tier four firms that are limited licence or limited activity firms will be able to take into account the specific features of their types of activities when applying this principle. See General guidance on proportionality (December 2010), Part D</i>		
Please complete separately for <u>each</u> bonus scheme that rewards Code Staff, as listed in section Bi, if differentiation between schemes is required.		
	Scheme name	Discretionary Bonus Scheme
8.1	Provide a high-level summary of how you determine the overall bonus pool amount. The available bonus pool is set annually by the Remuneration Committee which has discretion to vary the amount of the pool.	
8.2	Set out what metrics you use to: <ul style="list-style-type: none"> • determine the bonus pool; • ensure that it is linked to profits (rather than revenues); and • how it is linked to other indicators of performance. The benchmark for the overall firm bonus pool is 30% of the profit before amortisation and tax. Any variation would be subject to the approval of the Remuneration Committee which would assess the overall impact on the Company, including capital considerations, and take due account of market conditions and comparators.	
8.3	Set out the key financial performance measures that are used to determine the total payout for the	

	scheme. <i>E.g. operating profit, return on risk weighted assets, economic capital</i>
	Please see 8.2
8.4	Explain how often the financial performance measures set; who sets them and how often they are reviewed.
	Please see 8.2
8.5	How, and to what extent, do these performance measures take account of future earnings streams and future risks? Are any future earning streams recognised up-front?
	No future earning streams are recognised up front. Due regard would be paid to exceptional financial market conditions.
8.6	How does your bonus pool determination process take account of situations where the firm's performance is weak or loss-making? Explain who has the discretion to make the adjustments.
	See 8.2. For example, in 2009 the Company made no bonus payments since a loss was made as per the preceding year's audited accounts.

9.	Principle 9 – Pension policy <i>Please refer to SYSC 19A.3.29R</i>	
9.1	Do you have a policy for discretionary pension benefits (SYSC 19A.3.29R(1) and (2) impose restrictions on the payment of discretionary pension benefits)?	No
9.2	If your answer to question 9.1 is 'Yes', please outline your policy, including retention periods etc.	
	N/A	

10.	Principle 10 – Personal investment strategies <i>Please refer to SYSC 19A.3.30R to SYSC 19A.3.32R</i>	
10.1	What arrangements do you have in place to ensure that your employees undertake not to use personal hedging strategies to undermine the risk alignment effects embedded in their remuneration arrangements?	
	As the long term incentive plan is based on shares in the company which are unlisted and not readily realisable it is not realistically possible to construct related contracts which undermine risk alignment. A bar on making such arrangements is included within the Company's personal dealing code.	

11.	Principle 11 – Avoidance of the Remuneration Code <i>Please refer to SYSC 19A.3.32R</i>	
11.1	How do you ensure that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the Code?	
	All base pay and discretionary bonus payments are made through standard payroll systems and processes, reconciled monthly and audited annually by qualified and recognised external auditors.	

12.	Principle 12 – Remuneration Structures	
<p><i>Remuneration Principle 12 consists of a series of rules, evidential provisions and guidance relating to remuneration structures. Please refer to SYSC 19A.3.33G to SYSC 19A.3.53G and General Guidance on Proportionality (December 2010) published in PS 10/20 and on our website.</i></p> <p><i>We normally consider that it will be appropriate for a firm in proportionality tier three or four to disapply the following rules of the Remuneration Code:</i></p> <p><i>Principle 12 – Remuneration Structures:</i></p> <ul style="list-style-type: none"> • <i>SYSC 19A.3.47R – Retained shares and other instruments;</i> • <i>SYSC 19A.3.49R – Deferral (However we encourage firms to consider using these deferral techniques on a firm-wide basis to ensure the alignment of their remuneration practices with effective risk management); and</i> • <i>SYSC 19A.3.51R – Performance Adjustment</i> <p><i>Further, tier four firms that are limited licence or limited activity firms will be able to take into account the specific features of their types of activities when applying the requirement of a multi-year framework (SYSC 19A.3.38R).</i></p> <p><i>See General guidance on proportionality (December 2010), as referred to in the introduction to this template.</i></p>		
Performance assessment for individuals		
12.1	Please set out a high-level description of your firm’s approach to measuring the performance of individuals including both financial and non-financial metrics and explain how this assessment influences an individual’s remuneration.	
	All individuals are subject to annual appraisal which looks at performance (financial and non-financial) related to core competencies and key role competencies.	
	Employment contracts and performance appraisal documentation make it clear to all employees that financial performance does not override other factors. Base salary is linked to external and internal pay relativities and the discretionary bonus element is based on overall Company performance and profit, where available, with due regard for team and appraisal-measured individual performance levels.	
Guaranteed variable remuneration		
Please refer to SYSC 19A.3.40R to SYSC 19A.3.43G		
12.2	How many new Remuneration Code staff have you hired in the last performance year?	One
12.3	Of the new Remuneration Code staff hired in the last performance year, how many were offered guaranteed bonuses?	Nil
12.4	Of the offers made, were all confined to the first year of service of the Remuneration Code staff member (as required by SYSC 19A.3.40R(3))	N/A
12.5	If no, briefly explain the circumstances in which these offers were made. N/A	
12.6	What is your firm’s policy on buying out deferred bonuses for new joiners?	
	The issue has not arisen to date and there is currently no such policy. Were such a situation to arise it would be subject to Management Committee approval with reference to the Remuneration	

	Committee as appropriate.	
12.7	Have you offered retention awards to any Code Staff employees in the last 12 months?	No
12.8	If yes, briefly explain how many were offered and the context in which they were offered.	
	N/A	
Leverage (ratio of fixed to variable remuneration) <i>Please refer to SYSC 19A.3.44R</i> <i>We normally consider that it will be appropriate for tier four firms that are limited licence or limited activity firms to disapply this rule. See General guidance on proportionality (December 2010), Part D.</i>		
12.9	What is your policy on the ratio between fixed and variable remuneration components? Please provide details including if there are any minimum or maximum ratios.	
	<i>Please leave blank if your firm is in tier four</i>	
Payments related to early termination <i>Please refer to SYSC 19A.3.45R and SYSC 19A.3.46G</i>		
12.10	Have you ensured that any exceptional or non-standard termination payments to staff in the last performance year have been compliant with the Code?	N/A (no such payments)

13. Disclosure

Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) requires Pillar 3 disclosures to be made. BIPRU 11.5.18R to 11.5.21G set out technical criteria relating to disclosures on remuneration. See also General Guidance on Proportionality (December 2010), published in PS20/21 and on our website.

13.1	Please briefly outline when you intend to disclose remuneration under BIPRU 11.	
	Approval of this document will formally be sought from the Remuneration Committee on 24 October 2011 and disclosure will be made on approval, either at that meeting or subsequently. Full and detailed discussion of the remuneration principles and implementation of the Code took place at the Remuneration Committee Meeting in March 2011. The Committee approved the remuneration policy subject to fuller explanations of certain elements which are covered in this document.	
13.2	Please briefly outline how you intend to make this disclosure.	
	The disclosure will be available via the company's website; www.7im.co.uk	

14. Other

14.1	If necessary, please provide further evidence of how your remuneration policies, procedures and practices are consistent with and promote sound and effective risk management?
	<p>In addition to the bonus schemes described in B.i, most of the senior management hold equity in the firm acquired at the time of, or prior, to the transfer of the business from Killik and Co LLP. This provides an alignment of interests over the long term.</p> <p>We believe that the information provided throughout this document provides appropriate evidence of how our remuneration policies, procedures and practices promote sound and effective risk management.</p>