

7IM Remuneration Policy

2020

Our Remuneration Policy is underpinned by principles which regulate decisions relating to compensation across the business and ensure that these are applied and followed consistently.

The principles used to guide the business in such decisions are set out below.

FIRM SPECIFIC INFORMATION

Seven Investment Management ('7IM') contains the following entities subject to remuneration regulations:

FIRM NAME	FRN	BUSINESS TYPE	NO. OF BIPRU REMUNERATION CODE STAFF	PROPORTIONALITY LEVEL	INDIVIDUAL GUIDANCE RECEIVED?
Seven Investment Management LLP	589124	BIPRU firm & UCITS ManCo		Proportionality applies	
7IM Financial Solutions Limited*		IFPRU firm		Proportionality Tier 3	
7IM Dublin funds plc		UCITS funds managed by third party ManCo			

PROPORTIONALITY

As a level 3 firm under the IFPRU Remuneration Code, 7IM Financial Solutions Limited can apply proportionality to disapply the structural remuneration requirements under the Code, including the bonus cap, deferral, the requirement to deliver variable remuneration in shares subject to an appropriate retention policy, malus and clawback. Seven Investment Management LLP is also small and non-complex, therefore it is also appropriate to disapply the requirements for deferral, payment in shares, malus and clawback under the BIPRU Remuneration Code.

Seven Investment Management LLP has also carried out a proportionality self-assessment under UCITS V considering the size, nature and complexity of the UCITS ManCo. The ManCo currently manages less than £5bn unleveraged UCITS funds and therefore we have determined that it is appropriate to apply proportionality to disapply the requirements for deferral, delivery of variable remuneration in funds subject to an appropriate retention policy, malus and clawback. Going forward, this proportionality assessment will be documented, updated and approved by the Remuneration Committee on an annual basis.

ELEMENTS OF REMUNERATION

Performance Year runs in calendar year.

This Remuneration Policy is in respect of Performance year **2019**.

Employees receive a fixed salary that is sufficient to allow 7IM to operate a fully flexible variable pay policy (including the ability to pay zero bonuses). LLP members receive a fixed profit share which is equivalent to salary. All employees are eligible for the annual discretionary bonus and LLP members receive an annual dividend depending on their capital interest in the LLP and company performance (see incentive scheme below).

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 are as follows;

ANNUAL DISCRETIONARY BONUS

PURPOSE

**To reward high performers;
To form part of overall compensation in relation to market comparators;
To directly link to the LLP's profitability**

ELIGIBILITY

All post-probation staff who have served six months as at the calendar year end prior to allocation, subject to the outcomes of Quarterly Reviews throughout the calendar year

STRUCTURE

Cash payment with no deferral

ALLOCATION

Allocation to individuals is discretionary based on a holistic assessment of financial and non-financial performance including risk. The scheme now operates on a basis that uses a balances scorecard approach, to ensure that individuals are acting in the best interests of the business and its clients whilst working towards successfully meeting financial objectives

INCENTIVE SCHEME

The LLP has no incentive schemes which are restricted to senior staff/management. There is however an incentive scheme restricted to members of the LLP. Eligibility does not guarantee share allocation. As of 31 December 2019, 55 Members participated in the scheme, 24 of which are code staff.

A class of shares in Caledonia Thames Holdings Limited (which has a 100% interest in the corporate member of the LLP) with dividend rights are issued to members and would have a capital value in the event of the sale of the business.

Shares held will determine the amount received in the event of a sale of Caledonia Thames Holdings Limited. The scheme is regulated by an investment agreement between all shareholders of Caledonia Thames Holdings Limited.

REMUNERATION CODE STAFF

7IM 'BIPRU REMUNERATION CODE STAFF' CLASSIFICATION

Code Staff are identified under BIPRU and under UCITS V, based on the criteria published by the FCA and ESMA. Code Staff under IFPRU for 7IM Investment Solutions are identified with reference to the quantitative and qualitative criteria published by the European Banking Authority. Broadly this captures all members of the Executive Committee, all holders of Significant Influence Functions, all Investment Managers and individuals who fall into the same remuneration bracket as senior management.

Relevant individuals who fall under the category of BIPRU Remuneration Code Staff will receive a letter each year, confirming the identification of their status, highlighting the key aspects of the code and the expectations of them to perform in their roles and satisfy their duties as Code Staff accordingly.

The list of Code Staff is reviewed and approved by the Remuneration Committee on an annual basis.

NUMBER OF BIPRU CODE STAFF IDENTIFIED FOR THE PERFORMANCE YEAR OF 2019

53

List all BIPRU Remuneration Code Staff using the RPS Tables spread sheet (attached)

REMUNERATION PRINCIPLES

Principle 1 – Risk management and risk tolerance

7IM has a low appetite for risk. The LLP 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 LLP's revenues depend on market levels) and those which are beyond its control. Specifically the LLP does not take any market positions on its own account.

This is reflected by:

- 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 the Board, both of which include non-executives.
- Regular strategic reviews encompassing market and environmental developments
- Comprehensive insurance policies with excesses (max. £75,000) which, if incurred, could be readily absorbed by the business.

The LLP seeks to align its remuneration policy accordingly through the following principles:

- Overall compensation is regularly benchmarked against appropriate comparators
- Unless in exceptional circumstance, no commission payments are made to staff or payments for hitting specific targets. Any exceptions must be approved in advance by the Remuneration Committee
- Salary reviews for employees, reviews of fixed drawings for members, discretionary bonuses for employees and discretionary variable drawings for members are considered in the light of overall LLP performance, individually measured performance and market conditions.

The Remuneration Committee includes the Non-Executive Chairman and all Non-Executives. Awards to Code Staff who are members of the Executive Committee, whether interim or within the annual review cycle, are individually addressed. Awards to other code staff are determined by the Executive Committee within guidelines agreed by the Remuneration Committee. The principles underlying the overall remuneration policy are assessed by the Remuneration Committee.

Principle 2 – Supporting business strategy, objectives, values and long-term interests

7IM's founding tenets remain:

- 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 unless in exceptional circumstances
- Transparency in investment charges – only one fee related to the value of the portfolios being managed by 7IM
- Everything visible to the client online and updated daily
- Innovation and improvement of service, systems and processes always under review.

The LLP's appraisal and remuneration policies were specifically designed to align with strategy and principles of the business.

Remuneration policy relies extensively on the appraisal process which reviews the achievement of individual objectives. These are, in turn, closely aligned to the LLP's tenets and strategic objectives.

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.

Principle 3 – Avoiding conflicts of interest

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 unless in exceptional circumstances and LLP targets are kept separate from reward. Awards are not made based on short term investment performance

Employment contracts (employees), terms of membership (members) and performance appraisal documentation make it clear to all staff that there is no direct to performance investment. Reward is linked to external and internal reward relativities and the discretionary element is based on overall LLP performance and profit (where available), with due regard to team and appraisal-measured individual performance levels.

7IM's Conflict of Interest policy is brought to the attention of all staff as part of the LLP's Induction process.

No individual takes part in the determination of their own compensation.

Control functions input into the design of new incentive arrangements as appropriate to ensure that they are aligned with sound risk management.

Principle 4 – Governance

The firm has a Remuneration Committee established within the UK.

The general principles of 7IM's remuneration policy are reviewed by the Executive Committee and the Remuneration Committee, which meets at least bi-annually or more frequently as requested. The policy is reviewed at least annually and the Remuneration Committee is responsible for its implementation. The Remuneration Committee is provided with a summary of remuneration arrangements and changes, with particular attention focused during meetings on the remuneration of code staff. Compensation decisions for the heads of the control functions are overseen and approved by the Remuneration Committee to mitigate conflicts of interest.

Shareholders are represented on the Remuneration Committee by Management and Non-Executives.

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.

The Remuneration Committee / governing body has the ability to apply discretion to adjust the bonus pool and individual payments including those paid out in individual incentive schemes.

All Executive Committee members' awards are individually reviewed and approved by the Remuneration Committee.

Principle 5 – Control functions

The control functions form an overall oversight function reporting to the Chief Financial Officer; a member of the Executive Committee and the Board. No members of that department are directly involved in the investment activities of the LLP. The status of the Chief Financial Officer as the head of the area confers appropriate authority.

All remuneration including that of individuals performing control functions is benchmarked by the Human Resources department against appropriate external comparators. Control function performance appraisals are based on function and role specific performance that is independent of the performance of the business units that they oversee.

Significant risk, compliance and audit events are reviewed by the Business Risk & Controls 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.

Principle 6 – Remuneration and capital

The benchmark for the overall LLP bonus pool is 25% of EBITDA. Any variation would be subject to the approval of the Remuneration Committee which would assess the overall impact on the LLP, including capital considerations.

Principle 7 – Profit-based measurement and risk adjustment

Discretionary Bonus Scheme

The available bonus pool is set annually by the Remuneration Committee which has discretion to vary the amount of the pool.

The benchmark for the overall LLP bonus pool is 25% of EBITDA. Any variation would be subject to the approval of the Remuneration Committee which would assess the overall impact on the LLP, including capital considerations, and take due account of market conditions and comparators.

No future earning streams are recognised up front, therefore arguably the vast majority of risks are expected to crystallise before profits are realised. This means that the EBITDA figure is inherently risk adjusted. Due regard would be paid to exceptional financial market conditions. Significant risk compliance and audit events are reviewed by the Business Risk & Controls Committee and, if appropriate, are directly related to individuals' overall remuneration reviews.

Principle 8 – Pension Policy

7IM do not operate discretionary pension benefits.

Principle 9 – Personal investment strategies

As the long term incentive plan is based on shares in a 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 firm's personal dealing code.

Principle 10 – Avoidance of the Remuneration Code

All base reward and discretionary reward payments are made through standard payroll systems and processes, reconciled monthly and audited annually by qualified and recognised external auditors.

Principle 11 – Remuneration Structures

All individuals are subject to annual appraisal which reviews performance (financial and non-financial) related to core competencies and key role competencies.

Employment contracts (employees of the LLP), terms of membership (LLP members), and performance appraisal documentation make it clear to all staff that financial performance does not override other factors. Base reward is linked to external and internal pay relativities and the discretionary reward element is based on overall LLP performance and profit, where available, with due regard for team and appraisal-measured individual performance levels.

As 7IM are able to apply proportionality under the BIPRU Remuneration Code, the IFPRU Remuneration Code and the UCITS V Remuneration Code, we are able to disapply the requirements to comply with the bonus cap, deferral, payment in instruments, malus and clawback.

Guaranteed variable remuneration

We have hired 9 Remuneration Code staff in the last performance year.

Of the new Remuneration Code staff hired in the last performance year, 0 were offered guaranteed bonuses.

Of the offers made, 0 were confined to the first year of service of the Remuneration Code staff member.

The issue of buying out deferred bonuses for new joiners has not arisen to date and there is currently no such policy. Were such a situation to arise it would be subject to Executive Committee approval with reference to the Remuneration Committee as appropriate. Any buyout would not be on more generous terms than the original award.

We have offered retention awards to 0 Code Staff employees in the last 12 months.

Payments related to early termination

We do not issue exceptional or non-standard termination payments to staff and any termination payments do not reward failure.

DISCLOSURE

Full and detailed discussion of the remuneration principles and implementation of the Code took place at the Remuneration Committee Meeting in May 2020.

Disclosures under UCITS V and Pillar 3 will be available via the company's website; www.7im.co.uk