











# Remuneration principles

This section sets out the principles on which this Policy is founded.

## Risk management and risk tolerance

Our Policy is applied on a consistent basis across the Group. We only operate discretionary bonuses.

All colleagues have clear objectives based on a balanced scorecards system which is agreed, documented and reviewed every six months. This is captured in a centralised, auditable system.

Remuneration is based on the output from these reviews and the decision-making process includes a review of key conduct metrics (including completion of mandatory compliance training and risk events) to determine an initial remuneration proposal which is then peer reviewed before final decision is approved by the Executive Committee of 7IM ("Executive Committee").

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

The Remuneration Committee members for each committee are two independent non-executive directors and two non-executive directors.

## Supporting business strategy, objectives, values and long-term interests

Our appraisal and remuneration policies are specifically designed to align with strategy and principles of the business and within 7IM's risk tolerance.

The Remuneration Policy relies extensively on the appraisal process which reviews the achievement of individual objectives. These are, in turn, closely aligned to our founding 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" or excessive risk taking. Relevant details are summarised under Principle 1.

## 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 targets are kept separate from reward. Awards are not made based on short term investment performance. 7IM ensures that it does not remunerate or assess the performance of staff in such a way that would conflict with any duty to act in the best interests of clients.

## Governance and oversight

As permitted by the remuneration regulations, 7IM has established a Remuneration Committee at the level of 7IM Holdings, which is the parent of the regulated entities in the Group. Additionally, as a best practice approach, 7IM LLP has established a firm-specific Remuneration Committee. Both committees are established within the UK.

In addition, the Remuneration Committees have delegated decisions relating to reward, retention, recruitment and execution of the people strategy to the People Committee which has been established at the level of 7IM Holdings and 7IM LLP.

In respect of reward, the People Committees are responsible for reviewing the reward structure to ensure it reflects client outcomes, the value proposition, vision and purpose and ensure clear consideration is given to the risk culture. The People Committees report to the Remuneration Committees and escalate matters for discussion and/or approval.

The general principles of 7IM's Remuneration Policy are reviewed by the Executive Committee and the Remuneration Committees, which meet at least bi-annually or more frequently as requested. The policy is reviewed at least annually and the Remuneration Committees are responsible for its implementation. The Remuneration Committees are 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.

### **Control functions**

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.

### **Profit-based measurement and risk adjustment**

7IM operates a discretionary bonus scheme. The available bonus pool is set annually by the Remuneration Committees which have discretion to vary the amount of the pool.

Variable remuneration is discretionary and based on an individual's performance against their balanced scorecard. Where performance standards are not met then no variable remuneration is paid.

### **Pension policy**

7IM do not operate discretionary pension benefits.

### **Personal investment strategies**

7IM takes all reasonable steps to ensure that Code Staff do not use personal hedging strategies or remuneration- and liability-related contracts of insurance to undermine the relevant regulatory rules. A bar on making such arrangements is included within the firm's Personal Account Dealing Policy.

### **Avoidance of the remuneration rules/code**

7IM does not pay any variable remuneration through financial vehicles or methods that facilitate non-compliance with the MIFIDPRU Remuneration Code or any other MIFIDPRU rules.

### **Remuneration structures**

Please also refer to the earlier sections entitled "Fixed Remuneration" and "Variable Remuneration".

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

We do not provide guaranteed variable remuneration unless in exceptional circumstances and in accordance with the relevant regulatory remuneration rules.

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

### **Disclosures**

7IM complies with the relevant regulatory disclosure requirements. Such disclosures are available via the website: [www.7im.co.uk](http://www.7im.co.uk)

# Appendix

## Categories of Code Staff

7IM LLP and 7IM Holdings has identified the following categories of Code Staff, who are considered to be Material Risk Takers (as defined in SYSC 19G.5.1R) in accordance with the requirements of SYSC 19G.5.2R and SYSC 19G.5.6R and who are considered to be UCITS Remuneration Code Staff in accordance with the requirements of SYSC 19E.2.2R.

- Members of the 7IM Executive Committee
- Other 7IM senior management staff who are not in the Executive Committee
- Staff with managerial responsibility for any of the following in the Group:
  - Regulated activities
  - Control functions
  - Money laundering prevention
  - Material risk management
  - IT and cyber/information security
  - Outsourced functions which are critical or important
- Staff with other managerial responsibility which has a material impact on 7IM's risk profile, or assets managed by 7IM
- Key decision makers in relation to the 7IM investment process

Staff, with portfolio management and investment management roles will only be identified as Code Staff where they fall within one of the above categories. Due to 7IM's business model, and the way in which investment decision-making is carried out within the Group, portfolio managers may not meet the relevant regulatory requirements to be categorised as Code Staff.

In particular, 7IM has taken into account the ESMA guidelines for UCITS management companies on how to identify categories of staff. This guidance indicates that staff, including portfolio managers, need only be treated as Code Staff to the extent they can exert a material influence on 7IM LLP's risk profile or any UCITS managed by 7IM LLP, which can (but does not have to) include individual traders and specific trading desks. With the exception of the Head of Portfolio Management who oversees all the 7IM portfolio managers and is treated as Code Staff, individual portfolio managers in 7IM LLP/the Group do not head up a business unit and are not individually responsible for managing a single fund or a single mandate, and are not treated as Code Staff.



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