

# Marlborough Group

## Remuneration Policy

### Policy Document

Document name: Marlborough Group Remuneration Policy

Owner: Dom Clarke, Chief Financial Officer

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## Definitions

	Meaning
AFM	Authorised Fund Manager
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	Alternative Investment Fund Managers Directive
Board	the board of directors of MGHL or any suitably constituted committee appointed by the Board from time to time
ESG	Environmental, social and governance-based investing framework
ESMA	European Securities and Markets Authority
FCA	Financial Conduct Authority
Group	MGHL and its subsidiary companies from time to time (as defined in section 1.1)
IFS	Investment Fund Services Limited (company number 06110770)
Marlborough Select	Marlborough Select Platform Limited (company number 09603561)
MGHL	Marlborough Group Holdings Limited (company number 10078930)
MIM	Marlborough Investment Management Limited (company number 01947598)
non-SNI MIFIDPRU investment firm	A MIFIDPRU investment firm that is not a small and non-interconnected MIFIDPRU investment firm in accordance with MIFIDPRU 1.2
NURS	Non-UCITS retail investment scheme
SNI	A MIFIDPRU investment firm that is a small and non-interconnected MIFIDPRU investment firm in accordance with MIFIDPRU 1.2
SYSC	Senior Management Arrangements, Systems and Controls
UCITS	Undertaking for Collective Investment in Transferable Securities

# 1. Introduction

## 1.1 Business and Regulatory Context

The Remuneration Policy (“Policy”) records the remuneration policy for the Group.

It applies to MGHL and its subsidiary companies, including MIM, IFS and Marlborough Select (together, the “Group”). MIM, IFS and Marlborough Select are authorised and regulated by the FCA.

- MIM provides discretionary investment management services to a range of IFA clients, high net worth individuals, charities, pension funds and trusts. It is a non-SNI MIFIDPRU investment firm to which the basic and standard remuneration requirements within SYSC 19G apply.
- IFS provides investment management services, including acting as an AFM and an investment manager, for both UK UCITS and NURS (for which it is an AIFM).
- Marlborough Select is an SNI MIFIDPRU investment firm to which the basic remuneration requirements within SYSC 19G apply.

The Group has adopted this Remuneration Policy in accordance with the requirements of MiFID (Directive 2014/65/), the UCITS Directive (Directive 2014/91/EU of 23 July 2014) and the AIFM Directive (Directive 2011/61/EU of 8 June 2011), in each case, as on-shored into the UK under the European Union (Withdrawal) Act 2018 (“EUWA”), and the requirements of the UK Investment Firms Prudential Regime (IFPR), as well as the Remuneration Codes set out by ESMA (as on-shored into the UK under EUWA) and in Chapters 19B, 19E and 19G of the FCA’s SYSC Handbook.

The Policy also complies with the Investment Association’s Principles of Remuneration.

## 1.2 Policy purpose

The aim of the Policy is to set out the rules and principles for remuneration within the Group. In particular it aims to ensure:

- That the Group’s remuneration policy and its practices are consistent with and promote sound and effective risk management.
- The implementation of suitable reporting and monitoring routines to ensure effective control of remuneration activities and manage the associated risks.
- That remuneration practices do not encourage risk taking which is inconsistent with its business strategy, objectives and long-term interests of the Group and the risk profile and prospectuses of its funds and products.
- That remuneration practices do not impair its duty to act in the interest of the funds, portfolios or other relevant stakeholders.
- That remuneration practices include measures to avoid conflicts of interest.
- That remuneration awards do not threaten the Group’s ability to maintain an adequate capital base and consider the long-term interests of the business and its stakeholders.
- That the Group’s remuneration policy and practices are compliant with the Group’s regulatory requirements.
- That the Group’s remuneration policy and practices are consistent with ensuring good outcomes for customers and that the Consumer Duty is expressly considered in discussions regarding the award of remuneration.

## 1.3 Risks addressed by the Policy

The Group considers the Policy to be appropriate to the size, internal operations, nature, scale, and complexity of the Group and the funds and portfolios which it manages, its ownership structure, its policies in relation to risk management and monitoring, and in line with the risk profile, risk appetite and the strategy of those funds and portfolios. Having considered these factors and considering the

guidance provided by the FCA in the General guidance on the AIFM Remuneration Code (SYSC 19B) (January 2014), the Group has determined that it is appropriate to apply the proportionality principles set out at SYSC 19B.1.4, SYSC 19E.2.4 and SYSC 19G.2.4.

The Group recognises that remuneration practices and principles influence the management of the business and desires that its practices promote sound, prudent and effective management of its business and does not encourage risk taking which exceeds the risk tolerance limits of the Group.

By making sound risk management a key part of remuneration, this supports the execution of the risk management system and helps to manage all related risks to which the Group is exposed.

This Policy also addresses the risk of not meeting the required regulatory standards.

#### 1.4 Equality, Diversity and Gender neutrality

The Group operates an Equality, Diversity and Inclusion Policy which sets out the Group's approach to diversity and inclusion. The Group commits not to discriminate on grounds of any protected characteristic, including in relation to remuneration, and to take steps to promote diversity at a senior level within the management body.

This Policy is gender-neutral in accordance with the requirements of SYSC 19G.2.6R and complies with the Equality Act 2010.

## 2. *Remuneration Code Staff*

The Policy will apply to the fixed and variable (if any) remuneration of all employees of the Group. Certain aspects of this Policy apply only to identified Remuneration Code Staff.

The identified Remuneration Code Staff are those staff members whose professional activities have a material impact on the risk profile of the Group, including:

- Senior management.
- Material risk takers (reviewed/identified annually).
- Heads of control functions.
- Any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and material risk takers, where their professional activities have a material impact on the group's risk profile.

In considering the identification of material risk takers, the Group identifies those individuals who have a meaningful impact on strategy as well as considers the relevant categories of risk in the context of its regulatory obligations.

The Group maintains a list of Remuneration Code Staff. Each individual has been notified of their status as Remuneration Code Staff.

## 3. *Oversight and governance*

### 3.1 Board responsibilities

Given the size and nature of the business, the boards of IFS, MIM and Marlborough Select, in their supervisory capacity, are responsible for overseeing and approving the Remuneration Policy and associated remuneration and reward processes and practices, subject to the approval and direction of the Group's ultimate principal shareholder.

The Remuneration Policy has been adopted by the Board and the boards of the Group's subsidiary companies.

Responsibility for the following matters sits with nominated individual members of the boards of directors of MIM, IFS and Marlborough Select, subject to the approval and direction of the Group's ultimate principal shareholder:

- Determining, reviewing, amending and approving individual remuneration packages for individuals who have been classified as Remuneration Code Staff.
- Reviewing, amending and approving the annual overall remuneration spend (to include salary and discretionary incentive bonus scheme spend).
- Overseeing the remuneration of senior officers in the Risk, Compliance and Internal Audit functions.

Neither MGHL nor any subsidiary entity within the Group is currently required to appoint a Remuneration Committee. Those entities within the Group which are subject to IFPR (MIM and Marlborough Select) are subject only to the basic and standard requirements (MIFIDPRU 7.1.4R). The Group further considers that those entities subject to SYSC 19B and SYSC 19E are not significant in terms of their size, or (where applicable) the size of the UCITS managed; the complexity of their internal organisation; and the nature, scope and complexity of their activities (SYSC 19B.1.9R and 19E.2.9R). Further, the Group considers that risk and reward are sufficiently aligned without the need to appoint a Remuneration Committee, whether at Group or subsidiary level.

### 3.2 Line 1 responsibilities

Any proposals regarding variable and fixed remuneration of Remuneration Code Staff within Line 1 are made by the relevant line managers and are subject to approval by nominated individual members of the board of directors of the relevant Group company, subject to the approval and direction of the Group's ultimate principal shareholder.

### 3.3 Line 2 responsibilities

The Policy owner, together with Risk and Compliance, shall make an annual assessment and review of the Policy and remuneration practices to ensure they are consistent with sound and effective risk management.

### 3.4 Line 3 responsibilities

The Internal Audit function shall assess the remuneration system to ensure it complies with the Remuneration Policy on a frequency to be agreed from time to time by the Board.

## 4. *Elements of remuneration*

The structure of remuneration for all employees is designed to be in line with the Group's business strategy, taking account of any conflicts of interest and the existing and future capital requirements of the business.

It typically consists of both fixed pay and variable remuneration.

Remuneration is based on the following factors:

- Fixed remuneration, based on market rates and the experience and skill of the individual.
- Variable remuneration that is discretionary and in respect of Remuneration Code Staff involves assessment of:
  - the performance of the individual,
  - the financial performance of the Group,
  - the performance of the Group's Funds, portfolios and products,

- the performance of the relevant legal entity(ies) or business unit(s), including an assessment of longer-term performance, and which is adjusted for risks.

The Group will consider performance over a multi-year framework which takes account of relevant business cycles.

- Individual performance assessment will not solely relate to financial criteria but will also include compliance with regulatory obligations, adherence to effective risk management, adherence to the Group's business principles and policies, including a consideration of relevant factors in respect of the Consumer Duty, ESG and diversity and inclusion. The expected standards of conduct for assessment performance criteria are communicated and made clear to individuals.
- The measure of the Group's financial performance is based principally on net profits and not revenue or turnover.
- Long-term variable incentives are aligned to the Group's strategic objectives.
- The reduction or cancellation of any variable remuneration in the case of an individual's underperformance.

The Group currently operates three different variable remuneration schemes:

- Sales bonus.
- Fund Management bonus schemes.
- Discretionary bonus
- Long term retention scheme.

#### Deferral

To align its incentives with the long-term interests of the Group, the Funds and its investors, the Group requires the deferral of part of the Fund Management Bonus and for its senior staff the deferral of part of the annual discretionary bonus.

#### Ratio

The Group recognises the need to maintain an appropriate balance between fixed and variable remuneration, with the fixed element being set at a sufficient level to ensure that the variable remuneration can be awarded in a fully flexible manner, including the possibility of paying no variable remuneration.

Taking into account the complexity of the Group's business activities, the risks which it faces, its ownership structure and the impact of the Group's remuneration structure on those risks, the Group has determined that variable remuneration paid to Remuneration Code Staff should not exceed 200% of fixed remuneration in any performance year. Where the Group proposes in exceptional circumstances to apply a higher ratio in respect of an individual Material Risk Taker in any one performance year it may do so only with the prior approval of the Group's ultimate principal shareholder.

#### Clawback

Taking into account the FCA's General guidance on the application of ex-post risk adjustment to variable remuneration (FG21/5) and the rules in SYSC 19G, the Group has determined that clawback of variable remuneration should be considered in circumstances where a member of Code Staff has:

- (a) participated in or was responsible for conduct which resulted in significant losses to the firm; and/or
- (b) failed to meet appropriate standards of fitness and propriety.

When deciding cases that may result in clawback following performance management or disciplinary proceedings or other determinations made by the Group, all relevant criteria will be considered, including:

- The impact on the firm's customers, counterparties and the wider market.
- The impact of the failure on the firm's relationships with its other stakeholders including shareholders, employees, creditors, the taxpayer and regulators.

- The cost of fines and other regulatory actions.
- Direct and indirect financial losses attributable to the relevant failure.
- Reputational damage.

Considering Code Staff's activities, the impact on risk profile and the length of the relevant business cycles, the Group has determined that clawback of variable remuneration should be considered for a minimum of 1 year after the date of the relevant awards.

#### Staff in control functions

Staff in control functions are independent from the business units they oversee and are remunerated in line with the performance of their role.

The determination of the level of remuneration of such staff is independent of the performance of the business they oversee. Remuneration of senior members of the Risk Management and Compliance functions is directly overseen by nominated members of the Board, subject to the approval and direction of the Group's ultimate principal shareholder.

#### Non-executive directors

Non-executive directors do not receive variable remuneration.

## **5. Pension**

The Group operates a self-invested personal pension scheme and contributions are set at an appropriate level to attract and retain high performing people. The Group does not offer any discretionary pension benefits.

## **6. Conflicts of interest**

Conflicts of interest include a failure by the Group to act in the best interests of its clients and a material risk of damage to the interests of those clients. To ensure that individuals act in a fair manner, the Group has procedures in place to reduce conflicts and manage risks.

The management of potential remuneration conflicts includes:

- Any assessment for awarding financial remuneration, other benefits and career progression is clearly linked to performance criteria that encourages staff to act in the best interests of clients.
- Remuneration awards that are not solely linked to sales or other financial metrics.
- Clear structural segregation of business functions is in place to allow for their independent running, and this is reflected in the composition of the boards of IFS, MIM and Marlborough Select.
- Oversight of the remuneration of Remuneration Code Staff by the Group's ultimate principal shareholder.

The Group regularly reviews potential and actual conflicts and maintains an up-to-date conflicts of interest register.

## **7. *Guaranteed variable remuneration***

The Group does not award, pay or provide guaranteed variable remuneration to Remuneration Code Staff (including buy-out awards) unless it:

- Is rare and is not common practice;
- Occurs only in the context of hiring new Remuneration Code Staff; and
- Is limited to the first year of service.

The Group does not offer retention awards.

## **8. *Anti-avoidance***

All employees are prohibited from using personal hedging strategies, or remuneration and liability insurance in relation to any aspect of their remuneration. This is to ensure compliance with regulatory requirements and to avoid undermining the principles of risk adjustment set out in this Policy and in their remuneration arrangements.

The payment of variable remuneration will be paid in cash or otherwise invested in funds (managed or administered) by the Group. The Group will not make payment of variable remuneration in a form that may facilitate avoidance of the Remuneration Code.

## **9. *Termination payments***

Termination payments will be calculated to reflect performance over time and will be designed in a way to avoid the reward of failure or misconduct.

## **10. *Reporting and two yearly review***

The entities' Boards are responsible for overseeing the design of the Remuneration Policy and remuneration practices, subject to the approval and direction of the Group's ultimate principal shareholder.

This Policy is subject to review at least every two years by the Policy Owner with the support of relevant control functions.

Following that review, the Boards will approve (and update where necessary) this Policy and assess whether the implementation of remuneration practices across the Group complies with this Policy and regulatory obligations. It may commission a review of the operation of the Remuneration Policy and remuneration practices in the Group to support that assessment.



## Document control

### Revision history

Version	Summary	Author	Date
1.0	DC sharing document for comment with Kim – due to Marlborough's immediate need for the Rem Policy	Dom Clarke	31/12/21
1.1	DC updated for comments received from Marlborough Compliance.	Dom Clarke	10/01/22
1.2	DC updated for comments received from Group Internal Audit, Group Compliance and after liaising with Burges Salmon to capture best practice and any changes in regulation.	Dom Clarke	26/04/24
2.1	<p>Section 2 Remuneration Code Staff updated to clarify that for staff in a similar remuneration bracket as senior managers and MRTs where they have a material impact on the firm's risk profile.</p> <p>Section 10 amended to review every two years, to bring in line with the policy management governance framework recently approved by the Group Exco.</p>	Dom Clarke	03/02/25

### Approval

Version	Name/role or Committee	Evidence	Date
2.0	MGHL Board		14/05/2024
	MIM Board		17/12/2024
	IFS Board		19/12/2024

### Distribution

Version	Recipients	Evidence	Date

Next review date:	May 2026
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