



TENDERCAPITAL

T h e I n v e s t m e n t H o u s e

Remuneration Policy

The Remuneration Policy

1. The Aims of Tendercapital's Remuneration Policy

Tendercapital Limited (hereinafter also defined "Tendercapital" or the "Firm" or the "Company") is required by the FCA to maintain and foster an excellent compliance culture through, amongst other things, good governance. A key feature of good governance and controls is ensuring that the remuneration of senior and risk-taking staff is designed to:

- use remuneration as a risk mitigation tool to tackle any harms (actual or potential) identified by the firm when carrying out its 'Internal Capital Adequacy and Risk Assessment' (ICARA) process;
- encourage effective risk management and decision making which is in line with the firm's agreed risk appetite and so prevent excessive risk taking or "short-termism".
- prevent any remuneration or staff performance assessment which would conflict or in any way impair Tendercapital's ability to meet their duty to always act in the best interest of their clients.

Tendercapital's main regulated activities are as an Alternative Investment Fund Manager, which means that the FCA have categorised them as a collective portfolio management investment firm. In terms of prudential categorisation 'SNI MIFIDPRU investment firm'.

This means that Tendercapital is subject to MIFIDPRU Remuneration Code in SYSC19G of the FCA Handbook and also the separate AIFM Remuneration Code in SYSC19B of the FCA Handbook.

Given Tendercapital's balance sheet has been less than £100,000,000 over the last four years it is able to disapply some MIFIDPRU Remuneration Code requirements.

In deciding which Code applies to an individual at Tendercapital it must always apply the most stringent option on a provision-by-provision basis.

2. Remuneration Policy

2.1. Remuneration policies and practices¹

Tendercapital will maintain documented and clear Remuneration Policy and implement it across its business.

The Remuneration Policy applies to all staff and all remuneration. It should promote the firm's culture and values and must encourage responsible business conduct. It should also promote risk awareness and prudent risk taking by being in line with the stated risk appetite and strategy (including environmental, social and governance risk factors).

Tendercapital must ensure that its remuneration policies and practices are in line with the current business strategy, objectives and long-term interests of the firm and the longer-term effects of the investment

¹ SYSC 19G.2 and SYSC 19B.1.2

decisions it is promoting. The Remuneration Policy complies with the principles governing the protection of clients and investors in the course of services provided.

Where relevant, remuneration should also be consistent with, and promote the risk profile of the funds Tendercapital is managing and not encourage risk taking outside the set parameters.²

Tendercapital's Remuneration Policy must ensure it considers how it addresses any conflicts of interests that may arise. For example, when staff members are involved in the determination of remuneration for their own business area or when they influence the remuneration of control functions who oversee them (see 2.3 below).

Tendercapital must also consider conflicts of interest when considering the impact of remuneration when managing its funds. It should ensure that its Remuneration Policy supports the strategies, objectives, values and interests of the funds it manages and/or the investors of such funds.³

Another conflict of interest issue that might arise is that the member of staff might use personal hedging strategies or remuneration and liability-related insurance to reduce the risk alignment effects embedded in their remuneration arrangements.⁴ Therefore, Tendercapital will ensure no such measures are entered into.

The firm's Remuneration Policy will comply with all relevant statutory requirements including the Equality Act 2010 and all remuneration policies and supporting documentation will be gender neutral.

Tendercapital must not pay variable remuneration to members of the management body who do not perform any executive function in the firm.⁵

2.2. Oversight of remuneration policies and practices⁶

Tendercapital's Board acts as the firm's management body. Given the size and complexity of Tendercapital's business it is not required to have a separate Remuneration Committee. Therefore, the Board act in this capacity.

The Board is responsible for adopting and periodically reviews the remuneration policy and has overall responsibility for overseeing its implementation.

Tendercapital's Board will formally review the Remuneration Policy annually or more frequently as circumstances require. This will be a formal review and its review and findings and reasons for amendments and additions documented in the minutes.⁷

Tendercapital's Board will undertake the individual performance evaluation, which assesses how employees achieve the quantitative and/or qualitative targets related to their function, and which takes individual behaviour into account to discourage, in particular, short-term risk-taking. The evaluation of individual performance leads, in particular, to the fixing of variable remunerations.

² AIFM Remuneration Principle 1: Risk management SYSC 19B.1.5

³ AIFM Remuneration Principle 2: Supporting business strategy, objectives, values and interests, and avoiding conflicts of interest SYSC 19B.1.6

⁴ AIFM Remuneration Principle 8: Personal investment strategies SYSC 19B.1.23 R

⁵ SYSC 19G.2.12R

⁶ SYSC 19G.3.1R and SYSC 19B.1.4

⁷ AIFM Remuneration Principle 3: Governance SYSC 19B.1.7

2.3. Control functions⁸

The FCA define ‘control functions’ as those that are independent from the business units it controls and that are responsible for providing an objective assessment of the firm’s risks, and for reviewing and reporting on those risks. For example, a risk management function, compliance function, internal audit function and human resources.

Although the Board will supervise the development and maintenance of the Remuneration Policy it will seek input from the relevant control functions and by the individual business units.

Control functions must be independent from the business units they oversee and have appropriate authority. They should be remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The remuneration of senior officers in risk management and compliance functions must be directly overseen by the Board.

2.4. Fixed and variable components of remuneration⁹

Tendercapital’s remuneration must make a clear distinction in what the criteria is for setting both fixed and variable remuneration and all remuneration must be categorised as either fixed or variable.

Fixed remuneration should reflect a staff member’s professional experience and organisational responsibility as set out in the staff member’s job description and terms of employment. Additionally, it should be permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Tendercapital must decide on an appropriate ratio of fixed to variable remuneration. The fixed element should be sufficiently high to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component.¹⁰

Tendercapital will consider the role of the individual with the firm and the firm’s business activities (and associated prudential and conduct risks) when considering an appropriate balance and an appropriate ratio of fixed to variable remuneration.

In relation to variable remuneration, the determination of the amount due to each employee takes qualitative criteria into account, for example:

1. the sustainability of the actions carried out by the employee and their medium and long-term interest for the company,
2. the personal involvement of the employee;
3. Compliance with internal standards: each year, the deferred part of variable remuneration is only earned if, on the date of payment, the employee concerned has not breached any of the Company’s internal rules (notably including its internal regulations, code of ethics and related policies and procedures).

⁸ AIFM Remuneration Principle 4: Control functions SYSC 19B.1.10

⁹ SYSC 19G.4 and AIFM Remuneration Principle 5(a): Remuneration structures - assessment of performance SYSC 19B.1.12

¹⁰ AIFM Remuneration Principle 5(c): Remuneration structures - fixed and variable components of total remuneration SYSC 19B.1.15

Depending on the position held, quantitative criteria will also be applied (for example, the performance of the assigned tasks). Moreover, the deferred part of variable remuneration is only earned if the amount is consistent with the financial position of Tendercapital as a whole.

Both discretionary pension benefits and carried interest are treated as variable remuneration.

Performance is assessed in view of the performance of the person and business unit concerned, as well as those of the company as a whole.

The achievement of the qualitative and/or quantitative criteria set will determine the variable remuneration paid to each employee.

Tendercapital must ensure the measurement of performance used to calculate variable remuneration components, or pools of variable remuneration components, includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.¹¹

In terms of fund management, Tendercapital must assess performance in a multi-year framework appropriate to the life-cycle of the funds managed to ensure that the assessment process is based on longer term performance. Additionally, the actual payment of performance-based components of remuneration is spread over a period, which takes account of the redemption policy of the funds managed and their investment risks.

Tendercapital should consider if it is appropriate for some staff to receive only fixed remuneration. The FCA have stated in their guidance that they do not consider it would be an appropriate balance for any individual to receive only variable remuneration so therefore Tendercapital will not pay 100% variable remuneration to any staff.

Where an individual receives variable remuneration ratio for fund management activities that is more than 33% and that equates to total remuneration of more than £500,000 then Tendercapital will apply the AIFMD Remuneration Code rules on guaranteed variable remuneration (SYSC 19B.1.14 R); retained units, shares or other instruments (SYSC 19B.1.17 R); deferral (SYSC 19B.1.18 R); and performance adjustment (SYSC 19B.1.19 R).¹²

Variable remuneration must be paid to staff in such a way as it might avoid AIFM Remuneration Code requirements. For example, paying variable through another entity or vehicle rather than to the individual directly.¹³

Where staff receive returns on co-investment arrangements or shares in the profits as a pro rata return on an investment these are not considered remuneration for the purposes of the Remuneration Policy unless the investment was made using a loan provided by the firm (or by an undertaking in the same group as the firm) and if the loan was either not provided on commercial terms or had not been repaid in full by the date on which the returns on investment were paid.

Guaranteed remuneration: Tendercapital will not award or pay or guarantee variable remuneration. Hence, guaranteed variable remuneration is exceptional and, if the case, only applies within the framework of hiring a new member of staff and is limited to the first year.

Payments related to the early termination of a contract correspond to the performance achieved over time and are designed so as not to reward failure.

¹¹ AIFM Remuneration Principle 6: Measurement of performance SYSC 19B.1.21 R

¹² AIFM Remuneration Principle 5(a): Remuneration structures - assessment of performance SYSC 19B.1.13AG

¹³ AIFM Remuneration Principle 9: Avoidance of the remuneration code SYSC 19B.1.24 R

2.5. Remuneration and capital

Tendercapital must ensure that variable remuneration does not affect the firm's ability to ensure a sound capital base.

In the event of Tendercapital receiving support in the form of an exceptional government intervention it will not make variable remuneration available to members of its Board. It will limit variable payments to staff to those which do not prevent timely exit of exceptional government intervention or maintenance of the firm's sound capital base.

2.6. Remuneration for AIFM Activities

The AIFMD Remuneration Code contains 9 AIFM Principles which are encapsulated in this Remuneration Policy.

For a member of staff whose work is a mixture of AIFMD and non-AIFMD business, Tendercapital can apportion their remuneration according to the type of business performed.

2.7. AIFMD Remuneration Code Staff

Tendercapital's Remuneration Policy covers all 'staff'. The term 'staff' should be treated in its broadest sense and include employees of the firm itself, directors, employees of other entities in the group, employees of joint service companies, and secondees.

Tendercapital must identify each staff whose professional activities have a material impact on the risk profiles of the funds Tendercapital manage. This includes senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers. These individuals are deemed to be AIFMD Remuneration Code Staff.

2.8. Integration of Sustainability Risk

According to Article 5 of the Sustainable Finance Disclosure Regulation¹⁴ (hereinafter also defined "SFDR"), financial market participants and financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites.

In order to comply with Article 5 of SFDR and further to Tendercapital's commitments and initiatives in terms of responsible investment, the Board takes into consideration sustainability risks when determining the pool of the variable remuneration allocated to all staff members.

The risk-limiting features of the Policy include (amongst other things) the application of non-financial metrics, such as an assessment of an employee's compliance with Tendercapital's internal standards, policies and procedures. The ESG Policy is part of the internal standard of the Company compliance framework, therefore the qualitative criteria used, *inter alia*, to assess the variable remuneration, include, among others, an assessment of whether the relevant individual employee has complied with the ESG Policy.

This assessment of compliance with the ESG Policy will be carried out by the Board, which can ask the support of Tendercapital's ESG Committee.

¹⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosure in the financial services sector.