

**INDEPENDENT FRANCHISE PARTNERS
VARIABLE CAPITAL COMPANY PLC**

(the "Fund")

UCITS V Remuneration Policy

**Effective as of 1 January 2017
Reviewed and Updated: 4 March 2021**

REMUNERATION POLICY

1 INTRODUCTION

The Fund is an umbrella type investment company with variable capital and segregated liability between sub-funds. The Fund was incorporated in Ireland under the Companies Acts on 23 April 2010 with registration number 483645 and is authorised by the Central Bank of Ireland (the "**Central Bank**") pursuant to the UCITS Regulations as self-managed UCITS. The Fund has not appointed a separate manager.

Regulation 24A of the UCITS Regulations requires UCITS management companies (and by incorporation self-managed UCITS such as the Fund¹), to "*establish and apply remuneration policies and practices that are (a) consistent with and promote sound and effective risk management and (b) do not encourage risk-taking which is inconsistent with the risk profiles, rules or constitutional documents of the UCITS nor impair compliance with the duty to act in the best interest of the UCITS*".

The Fund has prepared this remuneration policy (the "**Remuneration Policy**") to outline how it adheres to the remuneration requirements set out in the UCITS Regulations; i.e. the Remuneration Policy addresses the remuneration requirements of the UCITS Regulations as they apply to the Fund only, being a self-managed investment company. This Remuneration Policy has also been prepared in accordance with Article 5 of the Sustainable Finance Disclosure Regulation.

The purpose of this Remuneration Policy is to provide a clear direction and policy regarding the Fund's remuneration policies and practices consistent with the principles in the UCITS Directive (in particular, the principles outlined in Article 14 of the UCITS Directive).

The board of directors of the Fund (the "**Board**") recognise the important role played by sound risk management in protecting shareholders. Moreover, the Board acknowledges that inappropriate remuneration structures could, in certain circumstances, result in situations whereby individuals assume more risk on the relevant institution's behalf than they would have done had they not been remunerated in this way.

In addition to ensuring that this Remuneration Policy aligns the risk taking behaviour of staff with the Fund's risk appetite, the Remuneration Policy is designed to ensure that the Fund is able to attract, retain and motivate highly qualified staff in order to produce long term value creation for shareholders.

In preparing this Remuneration Policy, the Fund has taken into account the nature, scale and complexity of its activities. In determining the range of activities to be undertaken by the Fund, the Fund has given due consideration to the assets under management, the type of investments, the investment strategies, the investment location, the distribution model and the investor base. Due consideration has also been given to the resources available to the Fund and the resources and expertise of the various third parties engaged to support the Fund and carry out certain functions on its behalf.

2 APPLICABLE REGULATION

For the purposes of this Remuneration Policy, the following legislative/regulatory references are of particular note:

"AIFMD"	means the Alternative Investment Fund Managers Directive (Directive 2011/61/EU);
"Applicable UCITS Regulation"	means collectively UCITS V, the UCITS Regulations and the Central Bank UCITS Regulations, as appropriate;

¹ Per Recital (2) and Article 30 of UCITS V.

"Central Bank"	means the Central Bank of Ireland;
"Central Bank UCITS Regulations"	means The Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015;
"ESMA UCITS Q&A"	means ESMA's Questions and Answers on the Application of the UCITS Directive (ESMA/2016/569);
"Guidelines"	means ESMA's Guidelines on sound remuneration policies under the UCITS Directive, applicable from 1 January 2017 (ESMA/2016/575);
"Sustainable Finance Disclosure Regulation"	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial service sector;
"UCITS Regulations"	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as may be amended from time to time); and
"UCITS V Directive"	means Directive 2014/91/EU of the European Parliament and of the Council.

All other stated defined terms used in this Remuneration Policy shall have the same meaning as in the Business Plan.

In relation to various aspects of this Remuneration Policy where there is any perceived ambiguity or lack of clarity in the Applicable UCITS Regulation and/or the Guidelines, the Fund will have regard to any published guidance on the relevant point by the Central Bank or ESMA or in the absence of any such published guidance that of any other EU national competent authority, if appropriate.

In the absence of such additional supporting guidance in relevant instances regard may also be had to any guidance published by any of the relevant regulatory bodies in the context of AIFMD remuneration requirements, to the extent it provides guidance on corresponding elements to the UCITS requirements being considered.

The Fund has reviewed and understands all regulatory requirements applicable to its Remuneration Policy set out in the Applicable UCITS Regulation and has addressed these requirements in this Remuneration Policy and/or materials referenced herein.

3 SCOPE OF REMUNERATION

Remuneration consists of all forms of payments or benefits made directly by, or indirectly, but on behalf of the Fund, in exchange for professional services rendered by the Identified Staff (as defined in section 5 below). This shall include:

- (i) all forms of payments or benefits paid by the Fund, including carried interest where applicable;
- (ii) any amount paid by the Fund itself, including any portion of performance fees;
- (iii) any transfer of units or shares of the Fund; and
- (iv) in exchange for professional services rendered by the Identified Staff.

For the purpose of item (ii) above, whenever payments, excluding reimbursements of costs and expenses, are made directly by the sub-funds to the Fund for the benefit of the relevant categories of Identified Staff for professional services rendered, which may otherwise result in a circumvention of the relevant remuneration rules, they shall be considered remuneration for the purpose of this Remuneration Policy.

Fixed remuneration means payments or benefits without consideration of any performance criteria.

Variable remuneration means additional payments or benefits depending on performance or, in certain cases, other contractual criteria.

4 IDENTIFIED STAFF

The provisions of this policy apply only to "**Identified Staff**". Pursuant to the term as defined in the Guidelines, Identified Staff are staff members who have a material impact on the Fund's risk profile, defined as follows:

"categories of staff, including senior management, risk takers, Control Functions and any employee receiving total remuneration that falls into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on [the self-managed UCITS's] risk profile... and categories of staff of the entity(ies) to which investment management activities have been delegated by [the self-managed UCITS], whose professional activities have a material impact on the risk profiles of the UCITS...."

For the above purposes, "**Control Functions**" means:

"staff (other than senior management) responsible for risk management, compliance, internal audit and similar functions within a [self-managed UCITS] (e.g. the CFO to the extent that he/she is responsible for the preparation of the financial statements)."

For the above purposes, "**remuneration bracket**" means:

"the range of the total remuneration of each of the staff members in the senior manager and risk taker categories – from the highest paid to the lowest paid in these categories."

The following categories of staff, unless it is demonstrated that they have no material impact on the Fund's risk profile should be included as the Identified Staff:

- directors;
- senior management;
- staff responsible for Control Functions;
- staff responsible for heading the investment management, administration, marketing or human resources activities; and/or
- other risk takers such as staff members who acting individually or as part of a group can exert material influence on the Fund's risk profile;

Additionally, staff whose remuneration takes them into the same bracket as senior managers and risk takers but who don't fall into one of the categories above must be assessed to determine whether they have a material impact on the risk profile of the Fund should be included as Identified Staff.

A list of the Fund's Identified Staff is appended herewith (at **Schedule 1**). It should be noted that the inclusion of persons in Schedule 1 shall relate specifically to their role within the Fund and their remuneration (if any) received directly by the Fund and shall not affect any other role or remuneration such persons may otherwise receive from entities connected with the Fund, delegates of the Fund or otherwise.

Any new staff will be considered for inclusion on this list when they are hired or if their role changes. It will be the responsibility of the Chairman of the Board in consultation with the Compliance Officer to

make recommendations to the Board to include staff on this list. The list will be reviewed by the Board on an annual basis.

5 REMUNERATION PROCESS AND PRINCIPLES

5.1 Variable remuneration

As of the date of this Remuneration Policy, the Fund does not pay any variable remuneration to its Identified Staff. In respect of any remuneration which it pays, and should the Fund determine in the future that it is appropriate to pay variable remuneration, it will have regard to the principles set out in Schedule 2 to this Remuneration Policy.

5.2 Remuneration principles – in compliance with UCITS V requirements

It is primarily the responsibility of the Fund to assess its own characteristics and to develop and implement remuneration policies and practices which appropriately align the risks faced and provide adequate and effective incentives to its Identified Staff.

When establishing and applying the total remuneration, inclusive of salaries and discretionary pension benefits for Identified Staff (if any), the Fund shall comply with the following principles in a way and to the extent that is appropriate taking into account its size, internal organisation and the nature, scope and complexity of its activities:

- (a) Identified Staff engaged in Control Functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- (b) where remuneration is performance related, the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the Fund, and when assessing individual performance, financial as well as non-financial criteria are taken into account;
- (c) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- (d) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement;
- (e) fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component;
- (f) payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;
- (g) 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, including sustainability risks (as defined in the Sustainable Finance Disclosure Regulation² ("**Sustainability Risks**"));
- (h) subject to the legal structure of the Fund and its fund rules or constitutional documents, a substantial portion, and in any event at least 50%, of any variable remuneration consists of units of the Fund, equivalent ownership interests, or share-linked instruments or equivalent

² A "Sustainability Risk" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment, including but not limited to, risks stemming from climate change, natural resource depletion, environmental degradation, human rights abuses, bribery, corruption and social and employee matters.

non-cash instruments with equally effective incentives as any of the instruments referred to in this point;

- (i) a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the Fund and is correctly aligned with the nature of the risks of the Fund. The period referred to in this paragraph shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred;
- (j) the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the Fund as a whole, and justified according to the performance of the business unit, the Fund and the individual concerned. The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Fund occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or clawback arrangements;
- (k) the pension policy, if any, is in line with the business strategy, objectives, values and long-term interests of the Fund. If the employee leaves the Fund before retirement, discretionary pension benefits (if any) shall be held by the Fund for a period of five years in the form of instruments defined in point (h). In the case of an employee reaching retirement, discretionary pension benefits (if any) shall be paid to the employee in the form of instruments defined in point (h) above, subject to a five year retention period;
- (l) Identified Staff are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements; and
- (m) variable remuneration may not be paid through vehicles or methods that facilitate the avoidance of the requirements of the UCITS Regulations.

6 SCOPE OF THE REMUNERATION POLICY AND APPLICATION OF THE PRINCIPLES

6.1 Delegates

The Fund has the facility to appoint delegates to carry out investment management functions (including risk management) on its behalf.

In accordance with the Guidelines, where the UCITS remuneration rules would otherwise be circumvented, the Fund will seek to ensure that affected delegates (i.e. those entities to which investment activities have been delegated) are subject to regulatory requirements on remuneration that are "*equally as effective*" as those applicable under the Guidelines or that appropriate contractual agreements are in place to ensure that the delegation arrangements do not circumvent the remuneration requirements contained in the Guidelines.

6.2 Proportionality

Regulation 24B(1) of the UCITS Regulations states that UCITS shall comply with the UCITS remuneration principles "*in a manner and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities.*"

While it is noted that the Guidelines do not expressly provide for the disapplication of certain UCITS remuneration principles on the grounds of proportionality, this is not expressly prohibited either. Indeed, ESMA indicated, in a letter to the European Commission on this issue³, that

"there might be cases where the application of the payout process rules to the staff of the delegate would not be proportionate and would not achieve the outcome of aligning the delegates' staff interests with those of the investors in the UCITS."

In the absence of further guidance or legal clarification from the European Commission, ESMA or the Central Bank, it is noted by the Fund that an applicable delegate may determine to disapply the principles outlined in Schedule 3, sections (h) and (i) respectively on the grounds of proportionality - based on the proportionality criteria outlined in the Guidelines on (i) size, (ii) internal organisation and (iii) nature, scope and complexity of the relevant delegate's business.

Factors that the relevant delegate may consider in arriving at such a conclusion may include the size of the delegate's balance sheet, the proportionate value of UCITS assets managed relative to non-UCITS assets managed (and resultant UCITS/non-UCITS revenue generated) and therefore whether the UCITS assets managed by the relevant delegate are not *"potentially systemically important (e.g. in terms of total assets under management)"*⁴.

This approach will be reviewed and reassessed, as necessary for subsequent financial periods following the issuance of any further regulatory guidance or legal clarification that conflicts with this current position.

In respect of the Fund itself, the Board finds that it is not necessary to consider further the proportionality provisions as it will not wish to disapply the principles outlined in section 5.3(h) and (i) to the Fund's Identified Staff.

6.3 "Equally as Effective" Regimes

Pursuant to the Guidelines, the UCITS remuneration principles are not required to be applied to delegates performing investment management functions when such delegates are subject to regulatory requirements on remuneration that are *"equally as effective"* as the UCITS remuneration principles.

It is noted that the Guidelines provide that entities that are subject to the remuneration rules under AIFMD or CRD IV (Directive 2013/36/EU) can be considered to meet this condition.

Based on prior guidance issued by the Central Bank on the corresponding and identical requirement in the context of the AIFMD remuneration principles and in the absence of further specific guidance or legal clarification from the European Commission, ESMA or the Central Bank in the context of the UCITS remuneration requirements, the Fund considers that the following categories of delegate entities also meet this condition:

- (i) CRD/MiFID firms (including firms still subject to CRD III and which have availed of the CRD IV exemptions); and
- (ii) non-EU firms which are subject to group remuneration policies that are equally as effective as MiFID or CRD.

This approach will be reviewed and reassessed, as necessary for subsequent financial periods following the issuance of any further regulatory guidance or legal clarification that conflicts with this current position.

³https://www.esma.europa.eu/sites/default/files/library/2016-412_letter_to_european_commission_european_council_and_european_parliament_on_the_proportionality_principle_and_remuneration_rules_in_the_financial_sector.pdf

⁴ Paragraph 25 of the Guidelines; guidance on the "size" criteria for proportionality purposes.

7 ABSENCE OF A REMUNERATION COMMITTEE

It is noted that the requirement for a UCITS to establish a remuneration committee (pursuant to Regulation 24B(3) of the UCITS Regulations) applies to UCITS "that are significant in terms of their size ... their internal organisation and the nature, the scope and the complexity of their activities."

This criteria is to be assessed in accordance with the Guidelines.

The Guidelines (paragraph 55) provide that:

"When assessing whether or not a UCITS is significant, a UCITS should consider the cumulative presence of all the three factors (i.e. its size of the UCITS, its internal organisation and the nature, scope and complexity of its activities). A UCITS which is significant only with respect to one or two of the three above factors should not be required to set up a remuneration committee."

In terms of what "internal organisation" means, the Guidelines elsewhere state as follows: *"Internal organization: this can relate to the legal structure of the UCITS, the complexity of the internal governance structure of the UCITS, the listing on regulated markets of the UCITS. This criterion should be assessed having regard to the entire organisation of the UCITS, meaning that for instance the listing of one UCITS should not by itself be sufficient for considering the UCITS as having a complex internal organisation."*

Having assessed this, the Fund has determined that it is not "significant" with respect to its internal organisation and therefore shall not be required to establish a remuneration committee.

8 BOARD OVERSIGHT AND UPDATES TO THIS REMUNERATION POLICY

The Board as a whole will approve, and be responsible for the oversight of compliance with, this Remuneration Policy. It will review the appropriateness of the Remuneration Policy annually and will ensure that it is operating as intended. It will also review the Remuneration Policy to ensure that it continues to be compliant with applicable national and international regulations, principles and standards. This Remuneration Policy shall be reviewed and updated as necessary on at least an annual basis or as and when is required or deemed necessary by the Fund.

Material changes to this Remuneration Policy will be approved by the Board. This Remuneration Policy is made available to investors upon request and is also available at the following website: www.franchisepartners.com.

9 FIRST ANNUAL PERFORMANCE PERIOD

Pursuant to the paragraph 5 of the Guidelines, the variable remuneration rules contained in the Guidelines should first apply for the calculation of payments relating to new awards of variable remuneration to Identified Staff for the first full performance period commencing after 1 January 2017.

Pursuant to the ESMA UCITS Q&A, for any intervening periods, the Fund shall include the remuneration related information in the Fund's annual report on a best efforts basis and to the extent possible, explaining the basis for any omission.

SCHEDULE 1

Identified Staff List

Name	Reason for inclusion
Sandeep Ghela	Director
Yvonne Connolly	Director
Kevin Molony	Director
Rory Flanagan	Designated Person
Niamh Lyons	Designated Person

SCHEDULE 2

In the event that the Fund decides to pay variable remuneration, it will have regard to the following factors in order to decide the quantum of same:

- the profit that the Fund made during the previous year;
- for revenue producing roles, the risk and resource adjusted profit or loss in comparison to the expected profit or loss in addition to the achievement of any specific objectives;
- the resources that were consumed (for example IT, capital, legal and compliance resources);
- for non-revenue producing roles, achievement against objectives and whether the individual exceeded what was expected of them during the year;
- for all roles, compliance by the individual with all relevant compliance and risk requirements and other firm policies and procedures;
- for all roles, the achievement of objectives which are set during the annual review process and updated during the year;
- whether the individual helped to develop new businesses, improved processes, worked in a collegial way and assisted in the training, education and mentoring of other employees;
- whether the performance of the individual was in line with the sound management and mitigation of Sustainability Risks;
- to the extent applicable, the extent to which the individual has (i) embodied the principles; and (ii) adhered to the fundamental process based elements that are contained in the Sustainable Investment Policy of Independent Franchise Partners, LLP, located [here](#); and
- other factors as may be determined from time to time by the Board.

It is recognised, in relation to each of the factors listed above, that these factors may be considered and applied subjectively to an individual, dependent on their role within the Fund.

As an overriding and discretionary factor, the Fund will ultimately be mindful of the need to ensure that this Remuneration Policy promotes sound and effective risk management, does not encourage risk taking that is inconsistent with the risk profiles of the sub-funds of the Fund and is consistent with the Fund's approach to the integration of Sustainability Risks. Variable remuneration awards must in all cases be aligned with the Fund's business strategy, objectives, core values, environmental, social, and governance principles and the best interests of the Fund.