

Annual disclosure for Thorntons Investment Management Ltd. For Financial year ending 31st of May 2023

Introduction

The Investment Firms Prudential Regime (IFPR) came into effect on the 1 January 2022 as a new regime for UK firms authorised under the Markets in Financial Instruments Directive (MiFID).

The IFPR was implemented by the FCA as prudential regulation within the MIFIDPRU section of the FCA Handbook.

These disclosures set out Thorntons Investment Management Ltd., annual public disclosures as required under MIFIDPRU 8 for the financial year ending **31st of May 2023**.

Scope and application of disclosure

These disclosures relate to Thorntons Investments, Thorntons Investments is an SNI MIFIDPRU Investment firm, authorised and regulated by the FCA.

Thorntons Investments is required to disclose on an individual firm basis and these disclosures have been prepared in line with the requirements of MIFIDPRU 8.

As an SNI MIFIDPRU firm under IFPR we are required to disclose the following remuneration information regarding our remuneration policy and practices under MIFIDPRU 8:

Remuneration policy and practices

1. Qualitative disclosures

- Our approach to remuneration for all staff
- The objectives of our financial incentives
- The decision-making procedures and governance surrounding the development of the remuneration policies and practices our firm is required to adopt in accordance with the MIFIDPRU Remuneration Code, to include, where applicable:
 - The composition of and mandate given to the remuneration committee, and
 - Details of any external consultants used in the development of the remuneration policies and practices
- The key characteristics of our remuneration policies and practices to enable
 - An understanding of the risk profile of our firm and/or the assets it manages, and
 - An overview of the incentives created by our remuneration policies and practices
- The different components of our remuneration, together with the categorisation of those remuneration components as fixed or variable
- A summary of the financial and non-financial performance criteria used across the firm, broken down into the criteria for the assessment of the performance of
 - The firm,
 - Business units, and

- Individuals
2. Quantitative disclosures
- The total amount of remuneration awarded to all staff, split into fixed v variable remuneration.

1. Qualitative Disclosures

Our approach to remuneration for all staff and the objectives of our financial incentives in respect of staff remuneration.

Definition of remuneration

Remuneration is defined as all forms of financial or non-financial benefits or payments made by our firm (directly or indirectly) to individuals who provide investment services to our clients or individuals whose activities have an impact (directly or indirectly) on the business. Remuneration examples include cash, shares, options, pension contributions, wage increases, promotions, health insurance, discount or special allowance, expense accounts.

Our firm's remuneration and incentive schemes

Any remuneration package or incentive scheme in place, or introduced in the future, **will not:**

- Remunerate or assess performance of our staff in any way that conflicts with our duty to act in the best interest of our clients
- Include any arrangement by way of remuneration, sales targets or otherwise, that could provide an incentive to our staff to recommend a particular product to a retail client where a different product could be offered that would better suit their needs
- Create a conflict of interest that would encourages individuals to act against the interests of any of our clients
- Be solely or predominately based on quantitative commercial criteria

And:

- Will ensure the fair treatment of our clients and the quality of service provided
- Will take appropriate qualitative criteria into account
- Maintain a balance between fixed and variable remuneration so the structure does not favour our firm or staff over those of our clients

Under the MIFIDPRU Remuneration Code (MRC), the term 'staff' should be interpreted broadly to include, for example, employees of the firm itself, partners, or members (in the case of partnership structures), employees of other entities in the group, employees of joint service companies, and secondees.

MRC staff who hold key support functions such as compliance, finance, and operations, which is not dependent on business performance **are remunerated on a fixed salary basis**. Relevant persons involved in the compliance function will not be directly involved in the performance of services or activities they monitor.

The Remuneration Policy applies also to Thorntons Investment Holdings Ltd and Thorntons Wealth Management Ltd, the latter being our separately authorised Article 3 MIFID exempt firm; they are considered "connected undertakings" of TIM under MIFIDPRU rules and the same remuneration process is adopted.

Our decision-making procedures and governance surrounding the development of the firm's remuneration policies and practices.

The firm has various established committees in place which collectively provide additional influence, challenge, counsel and governance over day-to-day operations and decisions in relation to remuneration policies and practices.

- The Board/s members, made up of Chair of Governing Body (SMF9), Directors and non-executive Directors, provide governance over the remuneration policy which is reviewed and approved Board at least annually. The implementation of appropriate remuneration structures is delegated to the Remuneration Committee which ensures that the firm is not encouraging excessive risk-taking amongst its employees nor creating unnecessary conflicts between the remuneration of our people, the performance of the business and the quality of service delivered to clients
- Remuneration Committee makes decisions on appropriate remuneration structures. The Remuneration Committee has a documented Terms of Reference setting out its governance framework. This committee provides overall oversight of the governance framework agreed by the Board and are responsible for the remuneration policy which applies to all MRC staff.
- Compliance Committee provides oversight on day-to-day compliance and regulatory matters. The Compliance department provides input on any regulatory changes having an impact on current Remuneration policies and practices.
- The Operations Board made up of SM Managers, providing governance and challenge over day-to-day operational and strategic matters.

All relevant personnel who oversee remuneration policies and practices are expected to review and familiarise themselves with the MIFIDPRU Remuneration Code rules and confirm their understanding through their annual staff declaration.

In addition, relevant personnel are required to review the firm's Remuneration Policy Statement and confirm all remuneration policies and practices are recorded correctly and implemented in accordance with the relevant MIFIDPRU Remuneration Code rules in SYSC19G.

The key characteristics of our remuneration policies and practices including the different components of our remuneration, together with the categorisation of those remuneration components as fixed or variable.

Our separate remuneration policy sets out the remuneration packages and incentive schemes applicable to Thorntons Investment Management Ltd (MIFIDPRU investment firm),

Thorntons Investment Management Ltd, adheres with the basic requirements fulfilling the proportionality principle (SYSC 19G.2.4 R) that requires remuneration policies and practices to be appropriate and proportionate to the nature, scale, and complexity of the risks inherent in the business model and the activities of the firm.

The business also submits its MIFIDPRU Remuneration Report (MIF008) to the regulator which is due for submission each year within 4 months of the end of the accounting reference date.

2. Quantitative Disclosures

As an SNI MIFIDPRU investment firm, we are required to disclose the total remuneration of all our staff split between fixed and variable remuneration for our performance year end which is also our financial year end.

For our Financial year **31st of May 2023**, our total remuneration is split as follows:

Type of Remuneration	Amount £000s
Fixed Remuneration	£1712
Variable Remuneration	£125
Total Remuneration	£ 1837

