



ALKEN

IFPR DISCLOSURE

FOR THE YEAR END 31 MARCH 2023

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1. OVERVIEW

Background

The Investment Firm Prudential Regime (“IFPR”) is the FCA’s prudential regime for MiFID investment firms. The IFPR came into effect on 1 January 2022 and its provisions apply to Alken (the “Firm”) as an FCA authorised and regulated firm.

As a Small Non-Interconnected investment firm (“SNI”) firm, Alken is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8. This document, which is provided on a solo entity basis.

The qualitative disclosures provided within this document are considered to be appropriate given the Firm’s size and internal organisation, and the nature, scope and complexity of its activities. The disclosure is based on the Firm’s position as of **31 March 2023** (the Firm’s accounting reference date) and has been approved by the Firm’s Board.

This document does not constitute any form of financial statement on behalf of the Firm, and has not been audited by the Firm’s external auditors.

2. REMUNERATION

Remuneration Policy

As a MIFIDPRU investment firm, the Firm is required to establish, implement and maintain gender neutral remuneration policies and practices that are appropriate and proportionate to the nature, scale and complexity of the risks inherent its business model and activities. In the following section we have included the remuneration of any staff of the group involved in Alken’s operations

Approach to Remuneration

The Firm’s remuneration approach is designed to support individual and corporate performance, encourage the sustainable long-term financial health of the business and promote sound risk management for the success of the Firm and to the benefit of its customers, counterparties and the wider market. The Firm’s remuneration approach promotes long-term value creation through transparent alignment with the corporate strategy.

The Board believes the Firm’s remuneration structure is appropriate for the business and the industry it operates in and is efficient and cost-effective in delivering its long-term strategy.

The Firm’s remuneration structure includes provisions that in specific circumstances and required by regulations, allow the Firm to forfeit or withhold all or part of a bonus or long-term incentive award before it has vested and been awarded.

Financial incentives objectives

The Firm's remuneration structure is underpinned by six (6) remuneration principles, which are designed to mitigate remuneration-related risks to the business. The principles are as follows:

- Principle 1 – Alignment of pay with performance;
- Principle 2 – Competitive with market;
- Principle 3 – Alignment with business strategy of firm;
- Principle 4 – Clarity, consistency and transparency;
- Principle 5 – Ensuring sound risk management and conflict management; and
- Principle 6 – Non-discriminatory.

Form time-to-time, the Firm may employ any of the following financial incentives:

- Carried Interest - a share of fund performance paid to certain individuals who are instrumental to the performance of the relevant fund. Carry rewards the individual for enhancing investment performance and is a mechanism employed to help align the interests of the Firm with investors in the relevant fund.
- Long-Term Bonus - Long-term bonuses are cash payments made to an employee in respect of pre-established fund performance goals.
- Annual Performance Bonus - Annual performance bonuses are awards of cash paid to an eligible employee who has attained specified performance targets in a given year.
- One-off Bonus - One-off bonuses are awards of cash given to employees to recognise individual performance and/or to attract and retain talent.

Non-financial performance criteria (including ESG)

The Firm must also take non-financial criteria when assessing the individual performance of its staff. This aims not only to discourage inappropriate behaviours but also to incentivise and reward behaviour that promotes positive non-financial outcomes for the Firm.

When Appropriate the Firm uses the following non-financial performance criteria:

- measures relating to building and maintaining positive customer relationships and outcomes, such as positive customer feedback;
- performance in line with firm strategy or values, for example by displaying leadership, teamwork or creativity;
- adherence to the firm's risk management, compliance and ESG policies;
- achieving targets relating to environmental, social and governance factors; and
- diversity and inclusion.

As per the adherence to the firm's ESG culture and its ESG commitments, the firm reiterates that the integration of ESG considerations within the investment process is a key priority and taken very seriously. The firm believes that this ESG integration, amongst all employees, will benefit both its clients and its employees.

More precisely, the firm encourages all staff members to: support the ESG ambition and long-term plans, implement the ESG processes on a daily basis, attend to all the necessary ESG trainings and knowledge-sharing opportunities provided internally or externally, actively contribute to the elaboration of the ESG program of the Firm. The Firm believes that ESG applies to all its staff members, and as such, expects every employee to take it seriously and to

collaborate with its best efforts. The Firm reviews employees' fitness to the role on a yearly basis, at which point any potential issues on the ESG integration efforts can be raised.

Governance Arrangement for Remuneration

Given the size, internal organisation and the nature, scope and complexity of the activities of the Firm it does not have a Remuneration Committee. The Board meets at least annually to set the Firm's remuneration policy for the following year and to consider remuneration awarded in the previous year, against subsequent performance with consideration given to appropriate risk adjustments, where appropriate.

The Firm's remuneration policies are also reviewed to ensure they do not impact the Firm's ability to meet its ongoing capital and liquidity requirements. The Board reviews the variable remuneration structure of the Firm against its risk profile and analyses any potential risk adjustments.

The Compliance Officer, supported by the Compliance team, ensures that the Firm's policies and procedures comply with current legislation, regulation and internal policies.

Further, external specialist advisers have conducted an independent review of the Firm's Remuneration Policy implemented to meet the requirements of IFPR and the SYSC 19G Remuneration Code.

Components of Remuneration

The Firm pays base salaries and may also include variable remuneration.

Fixed remuneration primarily reflects an employee's professional experience and organisational responsibility as set out in the employee's job description and terms of employment.

Variable remuneration is determined on an individual basis by a member of the Firm's senior leadership team leveraging a combination of performance data, conduct metrics and peer benchmarking, where appropriate.

Performance Criteria

The Firm considers both financial and non-financial criteria when assessing the individual performance of its staff. This not only discourages inappropriate behaviours but also incentivises and rewards behaviour that promotes positive non-financial outcomes for the Firm.

Financial Criteria

The Firm uses appropriate financial criteria when assessing an employee's performance. Criteria vary across roles, however, indicatively may include the employee's contribution to the Firm's revenue, cost saving & efficiency initiatives and contribution to investment performance.

Non-Financial Criteria

The Firm's non-financial criteria give due consideration to employee conduct, effective risk management and compliance with the Firm's policies and procedures, along with alignment with the Firm's strategy. Poor performance in the Firm's non-financial criteria may pose a threat to the Firm's financial soundness

and are therefore given appropriate prominence. The Firm places a weighted value on the non-financial criteria which, where appropriate, may override the metrics of financial performance.

The size of the Firm's variable remuneration pool is based upon risk adjusted profits, rather than revenues, which considers the risks identified in the ICARA along with capital requirements in both the short and long term.

Breakdown of the Firm's staff

For the 2022-23 performance year, the Firm's staff broken down as follows:

Function	#
SMF	2
Certification Staff	19
Other Conduct Rules staff	0
Total HCs	21

Variable Remuneration

Variable remuneration is based on performance and reflects the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment but also to retain its talents. In exceptional cases, variable remuneration is based on other conditions.

The Firm will ensure that the fixed and variable components of an individual's total remuneration are appropriately balanced. In determining this balance, the Firm considers the following factors:

- the Firm's business activities and associated prudential and conduct risks;
- the role of the individual in the Firm;
- the impact that different categories of staff have on the risk profile of the Firm or of the assets it manages;
- no individual must be dependent on variable remuneration to an extent likely to encourage them to take risks outside the risk appetite of the Firm;
- variable remuneration must not affect the Firm's ability to ensure a sound capital base.

When assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm takes into account financial as well as non-financial criteria. Non-financial criteria should:

- form a significant part of the performance assessment process;
- override financial criteria, where appropriate;
- include metrics on conduct, which should make up a substantial portion of the non-financial criteria; and

- include how far the individual adheres to effective risk management and complies with relevant regulatory requirements.
- represent and reinforce the Firm's values,

The Firm follows all local statutory severance requirements. Severance payments made will not be disproportionate but will appropriately compensate the employee in cases of early termination of the contract. Severance payments do not reward failure and will not be awarded where there is a failure in risk management or conduct.

Deferral Arrangements

Deferral arrangements apply to an individual's compensation above thresholds determined by the company. To support the Firm's risk management objectives, the Firm can clawback sums applicable to any deferred compensation.

Awarded Remuneration

During the performance period **1 April 22 to 31 March 2023** the Firm awarded the below amounts of remuneration to its senior management, MRTs and other staff:

Fixed vs Variable Remuneration by Staff Category

£,'000	Fixed Remuneration	Variable Remuneration	Total Remuneration
Total	2,930	3,021	5,951