



KERNOW
ASSET MANAGEMENT

Kernow Asset Management

MIFIDPRU 8 DISCLOSURE

April 2023



Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in its Prudential sourcebook for MiFID Investment Firms (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Kernow. In particular, Chapter 8 of MIFIDPRU (“MIFIDPRU 8” or the “public disclosures requirements”) sets out public disclosure obligations with which the Firm must comply, further to those prudential obligations.

Kernow is classified under MIFIDPRU as a small and non-interconnected investment firm (“SNI MIFIDPRU investment firm”). As such, MIFIDPRU 8 requires Kernow to disclose information regarding the Firm’s remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and to assist stakeholders in making more informed decisions about their relationship with the Firm.

In making the qualitative elements of this disclosure, the Firm must provide a level of detail appropriate to the Firm’s size and internal organisation and the nature, scope and complexity of its activities.

This disclosure is made annually when the firm publishes its annual financial statements. As appropriate, this disclosure is made more frequently, for example, if a major change to the Firm’s business model occurs.

This document has been prepared by Kernow in accordance with the requirements of MIFPRU 8 and is verified by the management body. Unless otherwise stated, all figures are as of the 30th September 2022 financial year-end.


Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU investment firm, Kernow is subject to the basic requirements of the MIFIDPRU Remuneration code. The purpose of the requirements on remuneration is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of Kernow’s remuneration policies and practices is to establish, implement and maintain a culture that is consistent with and promotes, sound and effective risk



management and does not encourage risk-taking, which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, Kernow recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and greatest competitive advantage.

Kernow is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional client outcomes. From a remuneration perspective, performance is determined by assessing various factors related to these values and by making considered and informed decisions that reward effort, attitude and results.

Characteristics of the Remuneration Policy and Practices

Remuneration at Kernow is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Variable remuneration is paid on a discretionary basis and considers the Firm's financial performance as well as the financial performance of each business unit and the financial and non-financial performance of the individual in contributing to the Firm's success. All staff members are eligible to receive variable remuneration.


Variable remuneration is intended to reflect contribution to the Firm's overall success. Staff are assessed throughout the year and rated based on the company, department, and individual performance. The performance assessment considers financial measures (such as earnings and profit margin) and non-financial measures (such as productivity/efficiency and quality, risk management, people and culture, customer focus and growth and innovation).

The fixed and variable remuneration components are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is constrained or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

The remuneration committee is responsible for setting and overseeing the implementation of Kernow's remuneration policy and practices. To fulfil its responsibilities, the remuneration committee:

- Ensure an appropriate balance of financial results between staff and shareholders;

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- Ensure attraction and retention of staff members;
 - Align the interest of senior staff members via long-term incentive awards;
 - Link a proportion of a staff member's total compensation to the Firm's performance;
 - Discourage excessive risk-taking; and
 - Ensure client interests are not negatively impacted

Kernow's remuneration policy and practices are reviewed annually by the remuneration committee.

Quantitative Remuneration Disclosures

For the financial year 1st October 2021 to 30th September 2022, the total remuneration awarded to all staff was £112,549, of which £112,549 comprised the fixed component of remuneration and £0k comprised the variable component.

For these purposes, 'staff' is defined broadly and includes, for example, employees of the Firm itself, partners, employees of other entities in the group, employees of joint service companies, and secondees.