



AK Jensen Limited

Remuneration Policy

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1. Introduction

As part of the Investment Firm Prudential Regime (“IFPR”) and SYSC 19G of MIFIDPRU Remuneration Code (“the Code”), AK Jensen Limited (“AKJL” or “Firm”) is expected to ensure that its remuneration policies and practices are clear and well-documented, which this Remuneration Policy document intends to achieve. This policy document outlines the remuneration and incentive arrangements applicable to AKJL’s employees and reflects the business’s remuneration strategy and objectives, which are principally to:

Strategy

- Align with business strategy, objectives, values and long-term interests of AKJL and its clients
- Support the recruitment and retention of high calibre talent

Employees

- Encourage enhanced individual employee performance
- Fairly and transparently reward individuals for their contribution to the success of the business
- Encourage collegiate behaviour by all employees

Compliance

- Proactively manage poor performance and behaviours not aligned to the corporate values, and reward strong performance and the demonstration of company and corporate values
- Focus on generating attractive real returns for our clients over the long term
- Comply with relevant legislation and regulation

Clients

- Reinforce the importance of effective compliance, risk management and appropriate client outcomes
- Meet FCA and internal requirements regarding the suitability of investment advice
- Comply with the Code

The HR department acts as the custodians of this Remuneration Policy document, with any updates carried out in conjunction with the Legal, Compliance and Risk departments. Final review and approval are sought from the AKJL Board.

2. General firm information

AKJL's remuneration policy has been designed in proportion to the size, internal organisation and nature, as well as to the scope and complexity, of the activities of the firm. The proportionality principle set by the FCA means that the content and level of detail of AKJL's remuneration policy may depend on a number of factors. These may include the number of staff it employs, the different types of roles, the activities it carries out, and whether the firm is part of a group with a group-wide remuneration policy.

Under IFPR, firms can be described as being either SNI (small and non-interconnected), or non-SNI. To be classified as an SNI, firms must satisfy certain criteria, including have an Assets Under Management ("AUM") of less than £1.2 billion and not hold client assets or client money.

SNI firms and non-SNI firms that do not exceed certain balance sheet and exposure thresholds detailed in SYSC 19G.1.1R (such as having an on-and-off balance sheet of more than £300 million) are not in the scope of more complex remuneration rules that would otherwise apply. The firms that do exceed these thresholds are classed as significant non-SNI MIFIDPRU investment firms.

AKJL does not meet the criteria to be an SNI firm, nor does it surpass the higher threshold, which means that AKJL has been categorised as a standard non-SNI MIFIDPRU investment firm.

The Code is applied at three levels – basic, standard, and extended. The basic remuneration requirements are only applicable to SNI firms, basic and standard remuneration requirements are applicable to non-SNI firms and all three levels (basic, standard and extended) are applicable to non-SNI firms deemed to be significant. As AKJL is a non-SNI firm, the basic and standard requirements will apply and are outlined in the subsequent sections.

3. General information on remuneration schemes

3.1 Fixed remuneration

Across AKJ Group ("AKJ"), including its subsidiaries such as AKJL, the aim is to pay employees "top of market" through solid base salaries in order to ensure that AKJ attracts and retain top talent and high performers. The base salary is based on the accountability and scope of the role, meaning – we pay for the role not the person. In our view, this leads to equal pay for equal jobs.

3.2 Variable remuneration

As stated above in 3.1, AKJ aims to pay all employees “top of market” through solid base salaries to ensure that we attract and retain top talents and performers. With a high base salary in place, we avoid big bonuses that can lead to sub-optimal decisions and actions. In AKJL, variable bonuses apply for two groups only.

- Sales team, who have bonuses based on number of funds signed and the total AUM; and
- Fund Coordination and Legal departments, who have bonuses based on the length of time taken to onboard new funds on AKJ’s fund platform (with AKJL as investment manager or sub-manager for a number of these funds).

AKJ’s remuneration arrangements are in place to ensure that staff remain motivated, whilst at the same time ensuring that the remuneration arrangements do not encourage inappropriate conduct or behaviour, and excessive risk taking. AKJ recognizes this conflict and, through robust, ongoing monitoring, must remain alert to any potential abuse. This policy on remuneration to be applied on a case-by-case basis depending on the role performed by the individual.

AKJL identifies and retains a record of staff caught by the Remuneration Code; these are considered as Material Risk Takers (“MRT”). The record is kept by AKJL’s Head of HR and is reviewed and updated periodically by the Board of AKJL as well as the Head of HR, with input also from Accounting / Finance team.

All MRTs subject to the Code are identified each year (a MRT includes categories of staff whose professional activities have a material impact on the risk profile of AKJL or of the assets that it manages). Details on MRTs as of the end of 2022 (31/12/2022) for AKJL are as follows:

- The number of MRTs identified for AKJL as of 31/12/2022 is 16.
- This figure consists of the Board of Directors, Heads of departments, and Fund Managers who were paid remuneration above the MRT threshold.
- The total remuneration of the group of identified MRTs as of 31/12/2022 is US\$1,856,117. This total amount is derived of US\$916,652 fixed remuneration, \$833,771 variable remuneration, with the remainder made up of employer pension contributions and benefits in kind.
- MRTs under a variable remuneration scheme are subject to performance adjustment.

Certain individuals which may be classed as MRTs may be excluded from relevant provisions of this remuneration policy where the MRT has variable remuneration of

£167,000 or less and has variable remuneration which makes up one-third or less of their total remuneration.

3.3 Long-term incentive plan

All employees of AKJL, are part of the AKJ Token option scheme, where they are able to buy a specific number of Tokens based on the level of their role, at a fixed price. This scheme will not incentivise short-term profit or sub-optimal decisions as it is to be considered a collective bonus scheme where the value and output is based on the overall performance for the group as such, over several years.

4. Basic remuneration requirements

4.1 Gender neutral remuneration policies and practices

AKJL employs a gender-neutral remuneration policy which ensures all practices referred to in SYSC 19G.2.1R are gender neutral. This means that any and all remuneration policies and practices used by AKJL are created and enforced equally (regardless of gender or any other particular type of characteristic (as identified in the 2010 Equality Act)), based on equal pay for male and female workers for equal work or work of equal value and with reference to professional ability only.

4.2 Risk management

AKJL ensures that its remuneration policy is consistent with, and promotes, sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk appetite of AKJL.

All staff have a role to play in risk management, and conflicts of interest management. AKJL seeks to ensure that risk management and the mitigation of conflicts of interest permeates everything we do. In particular, this means that staff must have regard to the quality of people/business they introduce to AKJ and robust due diligence is essential here.

Further details can be found in AKJ's Risk Management Policy.

4.3 Business strategy

AKJ ensures its remuneration policy is in line with the business strategy, objectives, values and interests of AKJ and the AIFs AKJIM manages and the investors of such AIFs.

AKJ's remuneration policy takes into account the following factors:

- risk appetite and strategy, including environmental, social and governance risk factors;
- culture and values; and
- the long-term effects of the investment decisions taken.

4.4 Avoiding conflicts of interest

AKJL has a conflicts of interest policy in line with requirements outlined in the FCA rules. AKJL is aware of the need to ensure that its Remuneration Policy will not give rise to any conflicts of interest. AKJL believes that its approach to remuneration removes any material conflicts of interest due to:

- Bonus payments being discretionary, based on the firm's performance and individual objectives, rather than solely AUM growth targets or an incentive-based approach.
- Bonus payments not being excessive compared to fixed remuneration and adherence to the specific requirements on the balance between fixed and variable remuneration.
- Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of the role they perform and does not include share options or other performance related elements.

4.5 Oversight of remuneration policies and practices

AKJL must identify and keep a record of staff caught by the Remuneration Code. The record is kept by AKJ Group's Financial HR Director who has responsibility for adopting, reviewing and overseeing the implementation of AKJ's remuneration policy.

The remuneration policy is reviewed and updated periodically by the respective entity's Board of Directors supported by Director of HR.

The Board of Directors in its supervisory function may use discretion to adjust the bonus pool and/or individual payments including any paid out in individual incentive schemes.

4.6 Control functions

AKJL has procedures in place to ensure any staff in a control function (i.e. Risk and Compliance departments) are independent from the business units they oversee and have appropriate authority. Remuneration for Risk and Compliance functions is not directly tied to company financial performance. This should act as a strong mitigant to ensure support from Risk and Compliance is not tainted by commercial pressures. AKJL ensures that employees engaged in control functions are compensated according to the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

In addition to the above, AKJL ensures the remuneration of the senior officers in the risk management and compliance functions is directly overseen by the Board of Directors of the respective entity.

4.7 Categorising fixed and variable remuneration

Fixed and variable remuneration may vary between different categories of staff. The criteria for setting fixed remuneration vs variable remuneration is based on a consideration of whether a variable component will incentivise desired actions and results, or not. If the variable component is adjusted, the adjustment will apply to all staff within the same category.

4.8 Balance of fixed and variable components of total remuneration

There is no rule impacting on maximum proportion of variable pay that may be paid by AKJL except that the fixed component must represent 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. This is achieved through transparency on variable bonuses between senior management.

Where appropriate, AKJL will employ necessary ex-post risk adjustments. The types of adjustments available to the firm are [reducing current year awards, the application of malus (reducing or cancelling deferred incentive awards that have not yet vested), and clawback (recouping already vested awards).

AKJL does have staff employed who receive only fixed remuneration.

4.9 Remuneration and capital

AKJL ensures through the oversight of the Board of Directors and the Director of HR that the variable remuneration pool of capital may not impact on the soundness of the respective firm's capital base.

4.10 Assessment of performance

MRTs under a variable remuneration scheme are subject to the following financial performance criteria:

- a) the individual;
- b) the business unit concerned; and
- c) the overall results of AKJL;

The non-financial criteria includes:

- a) the extent of the employee's adherence to effective risk management, and compliance with the regulatory system and with relevant overseas regulatory requirements; and
- b) metrics relating to conduct, which should comprise a substantial portion of the non-financial criteria;

Poor performance, such as poor risk management or other behaviour contrary to AKJL's values, can pose significant risks for AKJL and non-financial metrics should override metrics of financial performance where appropriate.

As noted in 4.1, AKJL ensures that the award of remuneration to an individual is not discriminatory on the basis of the protected characteristics of an individual in accordance with the Equality Act 2010.

5. Standard remuneration requirements

5.1 Material risk taker (MRT) identification

As detailed above in section 3.2, AKJL is required to identify those employees who fall within the category of MRT and, as such, who will have their remuneration governed by this policy. For this purpose, AKJL considers whether the employee's professional activities are deemed to have material impact on the firm's risk profile or the assets the firm manages if one or more certain are met. With this in mind, the following groups of individuals are considered:

- Senior Management;
- Risk takers;
- Staff engaged in control functions; and
- Any employee whose professional activities have a material impact on the firm's risk profile

AKJL considers that only those individuals classified as Senior Management i.e., all individuals who are members of the Board, and all heads of departments, are classified as MRTs, as well as any individual whose remuneration is above the MRT threshold. This means that each year some Fund Managers may also be classified as MRTs.

The full list of MRTs will be maintained by AKJL's Head of HR, and the implications of this status will be explained to those individuals. The list of MRTs will be reviewed by the AKJL Board or the Head of HR on an annual basis at the same time this Remuneration Policy is assessed.

AKJ Head of Compliance is responsible for ensuring that all MRTs understand the implications of this status in relation to the requirements of the Code, particularly those employees who were not MRTs in previous performance years.

5.2 Awards of non-standard forms of variable remuneration

Non-standard forms of variable remuneration, for example guarantees, retention awards, severance pay, buy-out awards, whilst acting as tools to be used if the situation requires it, are not tools that AKJ regularly uses or without due consideration and robust challenge from the senior members of the business. They would only be used in exceptional circumstances, and always with reference to the principles of this Code.

Specifically with regards to severance pay, no maximum level has been outlined in this document as there are a number of variables that will impact this and may mean that AKJL is legally obliged to pay in excess of this maximum level. Any amounts that fall under the definition of severance pay will, as with any other non-standard forms of variable remuneration, will be guided by the overarching principles of this Remuneration Policy.

5.3 Risk adjustment

When determining the quantum of the variable remuneration pool, the ability to retain a sound capital base will be a key consideration. AKJL will also ensure that, when measuring the firm's performance, it

- a) includes adjustments for current and future risks
- b) takes into account the cost and quantity of the capital and liquidity required
- c) takes into account the need for consistency with the timing and likelihood of AKJL receiving potential future revenues incorporated into current earnings.

When determining the size of departmental bonus pools, both top-down and bottom-up methodologies are applied to ensure all options have been considered. Where financial measures are able to be applied to a particular department, they will be considered in the determination of the size of the bonus pool to award.

AKJL's focus is to generate investment performance for its clients and to achieve overall growth of the business. The remuneration of MRTs is therefore linked to the overall performance of AKJ Group, performance of the business unit they are responsible for and their individual performance against a range of pre-agreed criteria that are discussed as part of the objective setting process and monitored as part of the

performance appraisal process. Consideration is also given to prior performance years other than the current one and over a longer-term time horizon.

All remuneration schemes aim to follow a 1:1 maximum fixed to variable ratio. Where there is a possibility that this will be exceeded, such excess is discussed and agreed or rejected by the AKJL Board. Only in exceptional circumstances will the variable remuneration exceed a 1:2 fixed to variable ratio.

5.4 Performance adjustment

Any amounts awarded to any of AKJL's MRTs that fall under the definition of variable remuneration may be subject to adjustment events, which includes the use of malus (adjusted before any awards are made or before they vest or become exercisable) and clawback (requirements for a recipient to reimburse the firm for all or part of any award).

Any adjustment events will be made entirely at the discretion of the Board of AKJL or the Head of HR and will be made with reference to a multi-year period, with no maximum limit placed on the period that can be referenced. The clawing back of any remuneration will be carried out within a maximum period of three years from the payment or vesting date. The determination of any amounts to be adjusted will be made with reference to a number of factors including (but not limited to):

The impact of the failure on AKJ's relationships with its other stakeholders including shareholders, employees, creditors, the taxpayer and regulators;

- The cost of fines and other regulatory action;
- Direct and indirect financial losses attributable to the relevant failure; and
- Reputational damage.

Adjustment events may include, but not be limited to, the following where an individual is either wholly responsible for or involved with:

- A significant failure of risk management and/or controls.
- Action or conduct which, in the reasonable opinion of the Board and/or Head of HR, amounts to serious misconduct or gross negligence.
- Events or behaviour that has led to the censure of AKJ group by a regulatory authority or has had a significant detrimental impact on the reputation of AKJL or the wider Group.
- A scenario or event which causes material reputational damage to AKJL or the wider Group.
- Any regulatory investigation or breach of laws, rules, or codes of conduct.
- Failure to meet appropriate standards of fitness and propriety as required under SMCR.

Should an individual be subject to an ongoing internal or external investigation that could result in the application of an adjustment event, AKJL retains the ability to freeze any awards until it is satisfied with the outcome of this process, which will be carried out with input from both the Human Resources and Compliance departments, together with input from the individual's Line Manager (or Department Head) and the CEO.

5.5 Personal investment strategies

Robust checks and balances are in place either through the existence of investment committees or notification processes involving the Compliance team, which ensure that that MRTs (and all other employees) are not in a position to implement personal investment strategies that contravene the principles of the Code. All AKJ staff are required to disclose personal investment strategies to Compliance on a quarterly basis and obtain prior approval from Compliance prior to any personal investment is made.

5.6 Avoidance of the MIFIDPRU Remuneration Code

AKJL supports both the regulatory obligations and the ethics of the FCA's Remuneration Code. No variable remuneration awards will be paid through any vehicles or methods that would facilitate avoidance of the Code.

6. Extended remuneration requirements

6.1 Remuneration Committee

A Remuneration Committee is only required for non-SNI firms where certain balance sheet and exposure thresholds detailed in SYSC 19G.1.1R are exceeded (see Section 2 for more detail).

As AKJL does not exceed these criteria (and is therefore a small non-SNI firm), it has been decided not to formally establish a Remuneration Committee across AKJ Group. Instead, all decision-making regarding remuneration will be taken at Board level or with the Head of HR.

6.2 Shares, instruments and alternative arrangements

This remuneration policy is established on the understanding AKJL is a small non-SNI MIFIDPRU investment firm. Accordingly, this shall not apply to AKJL.



6.3 Retention policy

This remuneration policy is established on the understanding that AKJL is a small SNI MIFIDPRU investment firm. Accordingly, this shall not apply to AKJL.

6.4 Discretionary pension benefits

This remuneration policy is established on the understanding AKJL is a small SNI MIFIDPRU investment firm. Accordingly, this shall not apply to AKJL.

6.5 Deferral

This remuneration policy is established on the understanding AKJL is a small SNI MIFIDPRU investment firm. Accordingly, this shall not apply to AKJL.

7. Remuneration disclosures

AKJ's relevant disclosures can be found via the website address:
<https://www.akj.com/legal>