

## Remuneration Disclosures

As at 31 March 2023

This document contains disclosures by Kite Lake Capital Management (UK) LLP (the “**firm**”) relating to its remuneration policies and practices.

### Introduction

The firm is authorised and regulated by the Financial Conduct Authority (the “**FCA**”). The firm is a limited liability partnership incorporated in England and Wales.

The firm is subject to the MIFIDPRU Remuneration Code implemented in SYSC 19G of the FCA rules, which imposes requirements on firm that relate to the way in which it remunerates its staff. The firm is a small and non-interconnected MIFIDPRU investment firm (an “**SNI firm**”) and it has not issued additional tier 1 instruments. Accordingly, the firm is required to publish disclosures under MIFIDPRU 8.6 relating to its remuneration policy and practices.

The firm is authorised as a full-scope alternative investment fund manager, and as such is also subject to the AIFM Remuneration Code implemented in SYSC 19B of the FCA rules, which also imposes requirements on the firm that relate to the way in which it remunerates certain staff. The firm’s Remuneration Policy and its remuneration practices are compliant with both the MIFIDPRU Remuneration Code and the AIFM Remuneration Code.

This document does not constitute a financial statement by the firm. The information contained in this disclosure has been subject to internal review, but has not been audited.

### Governance

The firm’s Executive Committee is responsible for approving the Remuneration Policy and overseeing remuneration decisions made by managers, and it seeks to ensure that the firm’s remuneration practices are consistent with the Remuneration Policy, the firm’s legal obligations, and its responsibilities to its clients.

As an SNI firm, and given its size and internal organisation, and the nature, scope and complexity of its activities, the firm has not established a separate Remuneration Committee or a separate supervisory function with respect to remuneration.

The Executive Committee will review the Remuneration Policy annually to ensure that it remains appropriate for the firm. The Executive Committee has approved this disclosure, and will update it annually.

### Approach to remuneration

The firm’s remuneration framework is designed to support and reward individual, team and firm performance, and to encourage the sustainable financial success of the business through the consistent, long-term success of its clients and through high standards of risk management and compliance within the firm. All staff are eligible to receive variable remuneration.

### Financial incentives

The main financial incentives used by the firm within its remuneration framework are as follows:

- Variable remuneration that is aligned with the returns that the firm delivers for its clients and firm profitability and/or linked to the contribution of the individual.
- An appropriate level of fixed remuneration, which is paid regardless of the performance of the individual or their team within the firm.

The objectives of the firm's financial incentives are as follows:

- To reward staff fairly for their contribution to the firm's business and the consistent, long-term success of its clients.
- To attract, retain and motivate highly skilled individuals.
- To encourage staff to work collaboratively and in other ways that will promote the long-term success of the firm and its clients.
- To support sound risk management, and to discourage inappropriate risk-taking and other undesirable conduct.

#### **Fixed and variable components of remuneration**

The firm makes a clear distinction between fixed and variable remuneration, and classifies different remuneration components consistently.

##### *Fixed remuneration*

Fixed remuneration is paid regardless of the individual's performance or the performance of their team.

The following remuneration is classified as fixed remuneration:

- Salary.
- Fixed amounts of profit.
- Fixed shares of overall firm profits.
- Pension contributions and other benefits.

##### *Variable remuneration*

Variable remuneration is either dependent on the performance of the individual's team and non-discretionary, or dependent on the performance of both the individual and their team (both financial and non-financial) and determined on a discretionary basis. In some circumstances, variable remuneration is based on other conditions.

The following remuneration is classified as variable remuneration:

- Discretionary bonus.
- Discretionary profit share.
- Fixed shares of certain firm profits that are attributable to the individual's team.

#### **Financial and non-financial performance criteria**

Where variable remuneration is discretionary, when assessing performance to determine the amount of variable remuneration to be paid to an individual, the firm will take into account both financial and non-financial criteria. This appropriately incentivises and rewards behaviour that results in positive overall outcomes for the firm and its clients (in particular, but not only, fund performance) and discourages behaviour that is solely focused on year-end performance figures.

The firm uses the following financial performance criteria, to the extent applicable:

- The firm's profits.
- For investment staff, the returns that the individual's team generates for clients.
- For certain investment staff, the contribution of the individual's own positions to client returns.

The firm also uses a range of non-financial performance criteria, including the following:

- Adherence to the firm's risk management policies, compliance policies, other policies and standards of professional conduct. Full adherence is expected and would be considered neutral.

- Characteristics displayed by the individual during the year that would be expected to promote the interests of the firm's clients, such as diligence, responsibility, supportiveness and high-quality work.
- Any other contributions made by the individual to their team that cannot be measured financially.

The non-financial criteria will form a significant part of the performance assessment process, and will override financial criteria where appropriate.

#### **Total amount of remuneration awarded**

Under MIFIDPRU 8.6.8R(2), the firm must disclose the total amount of remuneration awarded to all staff, divided into fixed remuneration and variable remuneration. In 2022-23, the firm's remuneration was classified as follows:

Total remuneration	£40,688,274
Fixed remuneration	£354,460
Variable remuneration	£40,333,814

*Note: Variable remuneration includes a material proportion of non-discretionary variable remuneration such that staff were not overly dependent on discretionary remuneration decisions. The firm has changed its remuneration structure in 2023-24 in a manner that will result in a higher proportion of fixed remuneration. The discussion of the remuneration structure applies to the current remuneration structure.*