



Cenkos Securities Plc Remuneration Disclosure

Dated 18 March 2020

The following disclosures are made in accordance with article 450 of the Capital Requirements Regulation ("CRR"), EBA Guidelines on sound remuneration policies, the Financial Conduct Authority's ("FCA") IFPRU Remuneration Code set out in Chapter 19A of the Senior Management Arrangements Systems and Controls Sourcebook ("SYSC") of the FCA Handbook (the "Remuneration Code") and any associated regulations and guidance including the FCA's General Guidance on Proportionality (FG17/6, the "Proportionality Guidance").

The Remuneration Code recognises that not all Remuneration Principles apply to firms equally. The concept of proportionality exists in order to take account of a firm's individual size, internal organisation and the nature, scope and complexity of its activities known as the 'remuneration principles proportionality rule'. Currently there is a 3-tier level of proportionality defined by the FCA which applies to firms based on the type of firm under the CRR and their total assets. Under the Proportionality Guidance, Cenkos Securities Plc ("Cenkos" or the "Company") falls into the lowest tier, namely proportionality tier 3. The following disclosures reflect the requirements for such tier 3 firms.

Decision-making process for remuneration policy

Cenkos is not a significant institution as such term is defined in article 131 of the Capital Requirements Directive. Nevertheless, the Board of Cenkos considers in the interests of all stakeholders and in order to demonstrate sound internal governance, the establishment of a Remuneration Committee is necessary for the purposes of establishing and maintaining policies and practices that are consistent with and promote sound and effective risk management. The Remuneration Committee is responsible for advising on, approving and assisting with the implementation of the Remuneration Policy for the Company. The Remuneration Committee takes advice on remuneration, prudential and regulatory issues from its external advisers and internally as appropriate including from the Finance, Compliance and Human Resources functions.

The Remuneration Committee also monitors, reviews and makes recommendations to the Board in respect of the remuneration of the Executive Directors of the Company, and monitors and makes recommendations in respect of the Executive Committee, senior employees and high earning employees of the Company identified pursuant to Regulation (EU) No 604/2014 ("Code Staff"). No individual is included in decisions regarding their own remuneration.

The Remuneration Committee reviews the adequacy and effectiveness of the Remuneration Policy with the aim of monitoring the impact of it on the financial position of the Company, its business strategy and long-term corporate objectives. The Remuneration Policy was last reviewed in March 2020 and will be reviewed again in 2021.

The members of the Remuneration Committee at 18 March 2020 are the company's Non-Executive Directors, Andrew Boorman and Jeremy Miller. The Remuneration Committee meets as and when required to ensure that it discharges its duties as set out in its Terms of Reference established in accordance with the EBA Guidelines and in order to ensure compliance with the Company's Remuneration Policy and informs shareholders and others via the Directors' Remuneration Report within the Annual Accounts, the latest copy of which is available on the [website](#).

Link between Pay and Performance

An integral aspect of the Company's business model is its approach to remuneration of employees recognising the need to attract and retain talent whilst balancing this with the overall principles of sound remuneration that do not encourage long-term risk for short-term gain. Remuneration at Cenkos consists of two components; fixed compensation (i.e. salaries) and variable, discretionary compensation which is

performance-related. The performance related aspect reflects the financial and non-financial success or failure of the Company and its staff in meeting their respective targets and objectives. The amount available to be awarded as variable remuneration is therefore substantially reflective of Cenkos' overall financial performance. The Remuneration Committee also takes into account general business risk factors and non-financial factors in determining variable compensation to individuals.

The Company has a policy to attract and retain individuals of the highest calibre and reward them so that they are motivated to grow the value of the business, thereby maximising shareholder return. This philosophy is applied Company-wide to all employees. When discretionary remuneration is awarded, the Remuneration Committee will pay regard to peer group, sector and industry practice and also the performance of the individual, their experience and level of seniority and responsibility. It is Company policy that awards are made only when it is demonstrated that financial performance has increased the profitability of the business and the return to shareholders and that an individual's conduct does not undermine the governance and risk management of the Company nor give rise to any potential client detriment. No awards are paid unless revenues have actually been received by the Company and the Remuneration Committee is satisfied that it is appropriate to award any variable compensation.

There is a profit-sharing model in place for revenue generating business units, which is based on a percentage of revenues made by the business unit (after relevant direct and associated costs have been deducted and general business risk factors have been taken into account). If no profits are made by the business unit then no variable compensation will be paid unless in exceptional circumstances and only where there has been an outstanding contribution to the overall financial performance of the Company notwithstanding the under-performance of their relevant business unit.

The interests of Executive Directors (and other high earning employees) are aligned with shareholders as a result of substantial personal share and option holdings in the Company. The Company has also operated a mandatory bonus deferral scheme since the 2015 performance year.

Code Staff

As well as Cenkos reviewing its various businesses and reporting lines Cenkos has also considered the identification of Code Staff as those whose activities have a material impact on the Company's risk profile taking into account the qualitative and quantitative criteria in accordance with Regulation (EU) No 604/2014. Cenkos has determined that as at 31 December 2019 these are:

1. members of the Board;
2. members of the Company's Executive Committee;
3. certain heads of business units where these have not already been identified above (and where applicable certain of their deputies) and key control functions responsible for assessing and managing the Company's risk; and
4. any other employee whose total remuneration is €500,000 or more.

The first three categories have been designated Senior Management Code Staff. The fourth category has been designated as Other Code Staff.

Aggregate Remuneration cost for Code Staff

During 2019 there were 20 employees who served either during (for at least a period of three months) or throughout the year who were categorised as Code Staff (2018:17). Of these 17 were classed as Senior Management Code Staff and 3 as Other Code Staff.

The aggregate remuneration expenditure in respect of Code Staff was £4.42m (2018: £14.31m)

Fixed/Variable Remuneration

	31 December 2019	31 December 2018
Total number of Code Staff	20	17
Fixed Remuneration	£2.30m	£1.89m
Variable Remuneration	£2.12m	£12.42m