Canson Ltd
Remuneration Policy
November 2021

Introduction

As a CAD-exempt firm prudentially regulated under IPRU-INV, Canson Limited (**Canson** or **the firm**) is not subject to any of the five specific FCA Remuneration Codes tailored to specific types of firm and set out in SYSC 19A – 19E. It is however subject to the general principles of remuneration as set out in SYSC 19F.1.4-5. This document describes the firm's processes in this regard.

FCA Considerations

The FCA notes that firms' remuneration forms part of FCA's culture and governance priority as set out in its Business Plan. As a key driver of behaviour, remuneration of senior and risk-taking staff is an important area of focus for the FCA in order to ensure that risk and reward are aligned in firms that it regulates through its Remuneration Codes (the Codes). Whilst the FCA's remuneration rules only apply to specific groups of firms, remuneration is a key driver of behaviour for all firms and individuals. Implementing appropriate remuneration policies and practices helps to ensure appropriate outcomes and reduces the likelihood of harm from occurring.

Hence all firms should be able to demonstrate how they satisfy themselves that their remuneration practices lead to appropriate outcomes and show the effectiveness of their governance arrangements in identifying, managing and mitigating the risk of harm that inappropriate incentives may cause.

The requirement is that all firms ensure that their remuneration policies and practices do not remunerate or assess the performance of staff in a way which conflicts with their duty to act in the best interests of the firm's clients.

Remuneration policy

The structure of remuneration for employees, directors and Co-founders comprises a combination of fixed and variable pay made up of salary, an annual discretionary cash bonus or share of profits.

The firm's total bonus pool is set and allocated on a discretionary basis by the Board. The firm does not have a separate Remuneration Committee, and the Board considers the current structure to be appropriate based on the principal of proportionality given: (i) the low risk nature of the firm's business; (ii) the small size of the firm and clear visibility of behaviour and contributions to the organisation that is available to the Board; and (iii) the transparency to the Board of the process for determining remuneration and its outcome.

The remuneration policy is designed to reward competitively the achievement of long-term sustainable performance, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience.

Bonuses are determined based on a combination of individual performance, the firm's performance and seniority at the conclusion of the firm's appraisal exercise.

In addition to base salary and discretionary bonuses, all employees benefit from an auto-enrolment pension scheme.

Risk management and risk tolerance

The firm's Remuneration Policy is consistent with and promotes sound and effective risk management. The firm's Remuneration Policy sits alongside other control documents, including but not limited to the firm's: Compliance Manual, Conflicts of Interest Policy, Product Development Policy and training, appraisal and monitoring programmes.

The firm's Remuneration Policy has been structured in accordance with the FCA's proportionality approach for Level 3 firms. The proportionality principle requires firms to comply with the Code's requirements 'in a way and to the extent that is appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities'.

The Board acting in its capacity as the firm's remuneration committee fully acknowledges its responsibilities, including its overriding responsibility to ensure that the firm's remuneration policy:

- is in line with the business strategy, objectives and long-term interests and values of the firm;
- is consistent with and promotes sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the firm;
- is appropriate to attract, motivate and retain suitable staff;
- is representative of the underlying performance of the business and does not reward individuals for poor performance;
- includes measures to avoid conflicts of interest.

The Board fully believes that its Remuneration Policy is fully aligned with the firm's clients and that the success of the firm and subsequent payment of variable remuneration is correlated to the quality of service given and the achievement of the firm's clients' objectives.

Supporting business strategy, objectives, values and long-term interests of the firm

All decisions in relation to the remuneration of all staff are made and approved exclusively by the Board, with no input from external consultants. Overall firm and specific staff remuneration is determined with reference to a number of factors including, but not limited to, the performance of:

- the individual;
- the overall results of firm; and

- an assessment of an individual's adherence to the firm's risk management and compliance procedures including whether their behaviour posed any risk to firm's corporate values.

The firm's principal risks, a detailed analysis of which is undertaken within the firm's Risk Map, include operational, financial and reputational risks and the firm's operational / compliance infrastructure has been specifically developed to mitigate these risks. All variable remuneration payments will only be approved after careful consideration of all the above factors and of the individual's performance against their annual objectives (as described in section 2. above) by the firm's Board.

The Board takes account of the firm's regulatory and working capital requirements when determining fixed and variable remuneration.

Avoiding conflicts of interest

The firm has in place a number of existing procedures, specifically within the firm's Compliance Manual, which are structured to avoid and manage conflicts of interests, including but not limited to: material interests, outside activities and compensation, treating clients fairly, gifts and benefits and detailed procedures on managing conflicts of interest. All decisions regarding remuneration will be taken in consideration of the long-term interests of the firm, its staff, members and clients, specifically in the context of identifying and managing all potential conflicts of interest.