MIFIDPRU 8 Disclosure

Elmwood Asset Management UK Limited

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Introduction

The Financial Conduct Authority ("FCA" or "regulator") in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook ("MIFIDPRU") sets out the detailed prudential requirements that apply to Elmwood Asset Management UK Limited ("EAM UK" or the "Firm"). Chapter 8 of MIFIDPRU ("MIFIDPRU 8") sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

EAM UK is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm ("SNI MIFIDPRU Investment Firm"). As such, the Firm is subject to the disclosure requirements in MIFIDPRU 8 in respect of its remuneration policy and practices.

EAM UK was authorised and regulated by the FCA on 12 January 2026. The Firm's accounting period runs from 1 January to 31 December. As the Firm held no regulatory permissions during the year ended 31 December 2025, no MIFIDPRU 8 quantitative disclosure obligation arises in respect of that period.

This document is published by the Firm on a voluntary basis, to provide insight into its remuneration policy and practices from authorisation. The quantitative remuneration figures required under MIFIDPRU 8.6.8R will be published in the Firm's first full disclosure, referable to its accounting reference date of 31 December 2026 and covering the period from 12 January 2026 to 31 December 2026.

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.

This document has been prepared by EAM UK in accordance with the requirements of MIFIDPRU 8 and is verified by the Board.

Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU Investment Firm, EAM UK is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook ("SYSC")). The purpose of the remuneration requirements 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 EAM UK'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, EAM UK recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality employees 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 provide its greatest competitive advantage.

EAM UK is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at EAM UK 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 employees. Variable remuneration is paid on a discretionary basis and takes into consideration 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 employees are eligible to receive variable remuneration.

With regards to fixed and variable remuneration that is to be paid, the Firm will address the criteria for assessing fixed and variable remuneration, ensuring that these are clearly separated and in all cases

ensuring that the split of remuneration is appropriately balanced, taking account of all relevant factors including the Firm's prudential and conduct risks and the role of the individual at the Firm. Reviews of fixed and variable remuneration must ensure that:

Fixed remuneration:

- Fixed remuneration primarily reflects an employee's professional experience and organisational responsibility as set out in the employee's job description and terms of employment; and
- Fixed remuneration is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Fixed based remuneration, i.e. salary, is agreed at the point of hiring the individual and is in line with prevailing market conditions for the role and specific person in consideration of experience, skill set and educational background. Salaries are reviewed at least annually; however salary is taken into account when allocating any variable component of remuneration to ensure that the total compensation of each individual is within the limits expressed in the Firm's remuneration policy.

Variable remuneration:

- Is based on performance or, in exceptional cases, other conditions, and is subject to discretion;
- Where variable remuneration is based on performance, this should reflect the long-term performance of the employee as well as performance in excess of the employee's job description and terms of employment (both financial and non-financial criteria are taken account of);
- Includes discretionary pension benefits; and
- Variable remuneration for senior members of the investment team may include, on a discretionary basis:
    - Deferred cash bonus arrangements, and
    - A future share of the incentive fees generated by the Firm's CLOs, the vesting of which is subject to continued employment and portfolio performance.

In deciding each individual's total compensation, due regard is taken of an appropriate balance between fixed and variable remuneration with consideration given to scenarios in which the Firm may exceed its objectives (using historical data to inform this decision).

The Board has ultimate discretion to adjust the bonus pool and any individual payments made.

The fixed and variable components of remuneration 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.

The Firm prohibits employees from using personal hedging strategies or arrangements that would undermine the risk alignment effects of their remuneration or prevent them from acting in the best interests of clients.

Governance and Oversight

The Board is responsible for setting and overseeing the implementation of EAM UK's remuneration policy and practices. In order to fulfil its responsibilities, the Board:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Is comprised of sufficient non-investment members to allow the control functions to operate with appropriate independence.
- Takes regular performance reporting and specific input on non-financial metrics from the Compliance function into account when determining remuneration awards.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of shareholders, investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

EAM UK's remuneration policy and practices are reviewed annually by the Board.

Quantitative Disclosure

As the Firm held no regulatory permissions during the year ended 31 December 2025, no MIFIDPRU 8 quantitative remuneration disclosure obligation arises in respect of that period.

The Firm's first quantitative disclosure will be referable to its accounting reference date of 31 December 2026, covering the period from authorisation on 12 January 2026 to 31 December 2026. It will be published following finalisation of the Firm's financial statements for that period and will set out the total remuneration awarded to all staff, split between fixed and variable remuneration, in accordance with MIFIDPRU 8.6.8R.