

## **Argo Real Estate Limited – MIFIDPRU Disclosure (March 2023)**

### **Introduction**

Argo Real Estate Limited (“ARE”, the “Firm” or “we”) is a MIFID Investment Manager authorised and regulated by the Financial Conduct Authority (FCA). We are required to comply with the disclosure requirements under the Investment Firms Prudential Regime (IFPR), which is set out in the FCA Handbook MIFIDPRU 8.

For the purpose of prudential regulations, we are classified as a SNI (small and non-interconnected) firm” and are subject to the basic requirements. We are required to provide a level of detail in our disclosures that is appropriate to our size and internal organisation, and to the nature, scope, and complexity of our activities.

### **Remuneration**

The Firm is required to comply with the MIFIDPRU Remuneration Code under IFPR, which aims to ensure that we have risk-focused remuneration policies that are consistent with and promote sound and effective risk management in the long-term interests of the Firm and our customers and do not expose the Firm or our clients to excessive risk.

### **Our approach and objectives**

We have formulated our approach in remuneration policy and practices with reference to the guidance set out by the FCA. We consider the appropriate balance between fixed and variable remuneration as well as the constraints in place to avoid a conflict of interest between staff incentives and the best interests of customers.

The objectives of our financial incentives are to:

- promote sound and effective risk management in the long-term interests of the Firm and our customers;
- limit risk-taking and avoid conflicts of interest
- ensure alignment between risk and individual reward
- supporting positive behaviours and healthy firm cultures
- encourage responsible business conduct
- discourage behaviour that can lead to misconduct and poor customer outcomes
- align employee’s interests with the firm’s long-term strategy and objectives
- be gender neutral, in line with the Equality Act 2010.

Argo will focus on establishing a well-respected UK brand. Acting with integrity and monitoring the activity and performance of our competitors will maintain our competitiveness.

### **Governance and decision-making procedures**

The board of directors of the Firm is responsible for overseeing the implementation of our remuneration policy and ensuring our compliance with the MIFIDPRU Remuneration Code.

One role of the board of directors of the Firm is to ensure the extent of the variable remuneration at the Firm cannot affect the Firm’s ability to ensure a sound capital base. The board of directors of the Firm is responsible for overseeing the performance management process; reviewing and approving the remuneration policy, variable remuneration pool and caps, eligibility of participation in variable remuneration schemes, as well as the approval of variable remuneration awarded to individuals.

We assess our staff members under our performance management process on an ongoing basis with an annual performance assessment outcome being used as a contributing factor in the determination of remuneration.

The remuneration of senior staff in risk management and compliance functions is directly overseen by the board of directors of the Firm. Any remuneration to staff with control functions is awarded according to objectives linked to their functions and remains independent from the business units they oversee.

No variable remuneration is awarded to members of the management body who do not perform any executive function in the Firm.

The Firm's remuneration policies and practices are developed in consultation with our external consultants, Bovill.

### **Key characteristics of remuneration policies and practices**

All staff receive fixed remuneration in form of base salary and are considered for discretionary variable remuneration in form of bonus where eligible.

#### **Fixed remuneration**

##### Base Salary

We review the base salary our staff members on an annual basis by considering factors such as market information and individual performance.

#### **Variable remuneration**

##### Bonus

The Firm's bonus scheme is a discretionary reward scheme based on the performance of the Firm as a whole. All bonuses are dependent on the firm's overall financial result to ensure a sound capital base. The bonus pool will take into consideration all types of current and future, financial and non-financial risks and be determined on a sliding scale, using a monthly salary multiplier as a guide.

On an individual level, the scheme is designed and linked to both financial and non-financial criteria, rewarding behaviours that promote positive non-financial outcomes for the firm and limiting eventual behaviours contrary to the firm's values.

The bonus pool and other individual bonuses will be adjusted as deemed necessary by the board of directors of the Firm in consideration of the following:

- Any compliance or regulatory issues that have occurred or are under investigations internally or externally
- Any persistent or significant breaches in either financial or non-financial KPI's
- Any conduct related matters that have occurred or are under investigation internally or externally
- Any matters that adversely impact client outcomes
- Any other factors that may publicly impact the Firm's brand or reputation.

Control function staff are independent from the business units they oversee and are remunerated in line with the achievement of the objectives of their functions. The determination of the level of remuneration of such staff is independent of the performance of the business areas they oversee.

##### Guarantees

We acknowledge non-performance-related variable remuneration, such as sign-on bonus, buy-out award, retention award and severance pay, may weaken the alignment of risk and award.

We may award the following remuneration if it does not become common practice:

- Sign-on bonus: only in the first year of service of the newly hired material risk takers where the firm has a strong capital base.
- Buy-out award: involves the Firm compensating a new employee for reduced, revoked, or cancelled variable remuneration by the previous employer
- Retention award: this is dependent on a material risk taker remaining in role until the end of a restructuring or a wind-down of the Firm
- Severance pay: in case of early termination of the employment contract, the Firm retains the ability to make severance payments as long as they reflect the individual's performance over time and do not reward failure or misconduct.

### Quantitative disclosures

For the financial year ended 2022, the amount of remuneration awarded is as follows:

|                           |                 |
|---------------------------|-----------------|
| <b>Total remuneration</b> | <b>£394,142</b> |
| (a) Fixed remuneration    | £394,142        |
| (b) Variable remuneration | £0              |