

Architas Advisory Services Limited

Details of Remuneration Policy

As a BIPRU firm, AASL is subject to Chapter 19C of the FCA's Senior Management Arrangements, Systems and Controls (SYSC) Handbook ("the Remuneration Code"). AASL has adopted a remuneration policy ("the Remuneration Policy") that will address the requirements of the Remuneration Code. The Policy covers all aspects of staff reward in AASL, including all fixed and variable components of remuneration, such as salaries, pensions and other benefits. The Policy is intended to incentivise and reward performance and encourage staff retention, but to do so in a manner that:

- a) Is consistent with, and promotes sound and effective risk management;
- b) Does not encourage risk-taking which is inconsistent with the risk profiles, instruments or prospectuses of the funds to which it relates; and
- c) Does not impair our compliance with our duty to act in the best interests of those funds.

The Policy comprises a number of interlinked components, which are applied depending on the level of an individual's seniority within the business:

- **Annual Pay Review** - Awards are based upon the job evaluations and with reference to market rates.
- **Annual Bonus (Short Term Incentive Compensation)** - Awards are based on a combination of Company and Personal Performance factored against market rates. Company results adjust the level of personal performance awards available based upon agreed business measures such as New Money, Assets, profit and loss, customer scope, expenses etc.
- **Deferred Incentive Scheme (Long Term Incentive Plans)** – The LTIPs are granted to recognise the employees' performance (measured against annual objectives) and to support retention. Awards have varying vesting periods (typically 3 – 4 years) providing access to, typically, Cash Awards/AXA Shares/Deferred Bonus. Such awards can be subject to affordability and company performance criteria. The malus and clawback clauses are in place in the event of regulatory breach. The Remuneration Policy is designed by Human Resources Department ("HR"), in consultation with the Compliance Function and the Independent Risk Function. The overall policy is reviewed and approved at least once a year by the AASL Remuneration and Nomination Committee.

At least one performance measurement for all staff must be linked to risk control. Apart from this, objectives are set at the discretion of line managers, with oversight by HR, but will inevitably reflect company, departmental and managerial objectives.

All awards are assessed by the Remuneration Committee for their appropriateness in view of their affordability and the risk profile of AASL.

Code Staff

In line with the requirements of the Code, AASL has identified the key individuals in the firm who act either as senior managers, risk takers or control functions. These individuals are nominated "Code Staff" and their variable remuneration awards are subject to specific provisions within the Code, under which:

- a) A certain minimum proportion of any award must be deferred over a period of at least three years;
- b) A certain proportion of both the immediately payable and deferred components must be paid in the form of units in a representative sample of Architas' UK authorised funds. The Code Staff member

must then retain these units for a period that is appropriate in view of the minimum holding period recommended to our investors; and

- c) Awards that are subject to the two above requirements are based on multi-year performance

Variable remuneration awards to Code Staff must be specifically approved by the AASL Remuneration and Nomination Committee which must also approve the vesting of any awards deferred from previous years, and as noted above, remain appropriate in view of their affordability and the risk profile of Architas and its funds. The committee members are well informed on the risk profile of the company and its funds, being both members of the board and of the AXA UK Audit and Risk Committee.

The Remuneration Committee (“the Committee”)

The members of the Committee are as follows:

- Mr. P. F. Hazell (non – executive director)

Mr. P. F. Hazell is also Chairman of the Committee

The permanent attendees of Remuneration Committee meetings are as follows:

- Mr. H. I. Georgeson (Managing Director, Architas)
- Ms. N. Garcia (Global Head of Reward and Equity, AXA Group)
- Mr. J. Kirkland (HR Shared Services Director)

In addition to approving the Policy and the variable awards to Code Staff, the Remuneration Committee is responsible for:

- Determining the policy regarding executive remuneration with guidance from the AXA Group Remuneration Policy.
- Determining the participation of executives in any discretionary employee incentive scheme.
- Ensuring the general principles of the FCA Remuneration Code are adopted and implemented.
- Overseeing remuneration concerning Code Staff.
- Ensuring that a central, independent internal review is undertaken annually of compliance with remuneration policies and procedures in respect of Code Staff.
- Ensuring that Risk Management and Compliance functions have appropriate input into setting remuneration policy, including the validation and assessment of risk-assessment techniques in relation to the Code Staff.
- Agreeing the Short Term Incentive Compensation (STIC) metrics at the beginning of each year, and recommending a multiplier for the end of the previous year.

There were 8 Code Staff categorised as Senior Management, including the Managing Director and 9 Other Code Staff as at 31 December 2017. Aggregate remuneration expenditure in respect to Code Staff as follows:

	Senior Management	Other Code Staff	Total
Total Remuneration	£232,106	£117,317	£349,424
Fixed Remuneration	£81,126	£65,537	£146,664
Variable Remuneration	£150,980	£51,780	£202,760
Number of Code staff	8	9	17

Aggregate remuneration consists of base salary, annual bonus and long-term incentive awards.