

# Corporate Governance Report.



**Lord Digby Jones Kb.**  
Non-Executive Chairman

Dear Shareholder,

The Board of Argentex recognises the importance of good corporate governance. Best practice is adopted wherever possible to facilitate robust risk management and the promotion of a strong governance environment. At IPO, the Quoted Companies Alliance (“QCA”) Corporate Governance Code (“the Code”) was adopted as the recognised corporate governance code. The Board has reviewed the Corporate Governance disclosures set out in the following pages and believes that the Group complies with the principles and disclosure requirements of the code in full. This report sets out how we apply the ten principles of the Code, which we believe creates an environment geared towards the medium and long-term success of the Group and ultimately delivering value to shareholders.

A compliance and risk monitoring program is embedded throughout the Company and provides the Executive Directors with information on the control and reporting of risks as well the effectiveness of risk controls. This information is relayed to the Board for consideration and review.

The Board remains committed to develop best practice throughout the business and will continue to lead the business by setting standards for behaviours expected by all staff in their actions within the business and in dealing with our external stakeholders.

**Lord Digby Jones Kb.**  
Non-Executive Chairman

# The QCA Corporate Governance Code.

## 1. Establish a strategy and business model which promotes long-term value for shareholders.

27 Strategic Report

## 2. Seek to understand and meet shareholder needs and expectations.

37 Investor / Shareholders

132 Shareholder communications

## 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.

52 Section 172 Statement

55 Corporate Social Responsibility

37 Other Stakeholders

## 4. Embed effective risk management, considering both opportunities and threats throughout the organisation.

56 Principal Risks & Uncertainties

80 Internal Controls & Assessments of Business Risk

## 5. Maintain the Board as a well-functioning balanced team led by the Chair.

63 Board of Directors

70 Corporate Governance Statement

## 6. Ensure that between them the Directors have the necessary up to date experience, skills and capabilities.

63 Board of Directors

74 Board of Effectiveness

## 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

74 Board of Effectiveness

76 Remuneration Committee Report

## 8. Promote a corporate culture that is based on ethical values and behaviours.

70 Corporate Governance Statement

80 Audit Committee Report

76 Remuneration Committee Report

## 9. Maintain governance structure and processes that are fit for purpose and support good-decision making by the Board.

32 Clients

22 Business Culture, Behaviour & Ethics

22 Culture

55 Corporate Social Responsibility

## 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

70 Corporate Governance Statement

### GOVERNANCE INTRODUCTION AND THE BOARD COMPOSITION

The Board is responsible to shareholders for the long-term success of the business. It is important that the Board comprises of a mixed skill set, experience and knowledge to deliver the Strategy of the Group. The Board comprises of three Executive Directors and five Non-Executives, including the Chairman. The Board believes that the size, skills sets, and experience are pertinent to the Argentex Group given its size, stage of development and opportunities that it faces. All Board Directors are subject to election at their first Annual General Meeting and to re-election annually thereafter.

The Board is responsible for the proper management of the Company by formulating, reviewing and approving the Company's strategy, budgets and corporate activity.

All Directors have access to the Company Secretary, Vistra, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board meets at least six times each year, and additional meetings are held as required. The Board is the principal forum for directing the business of the Group.

### HOW THE BOARD OPERATES

The Board is responsible for the proper management of the Group by formulating, reviewing and approving the Group's strategy, budgets and corporate actions. Executive Directors work full time within the Group. Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties.

In order to achieve its objectives, the Board adopts the ten principles of the QCA Code.

The Board considers and approves the Group's dividend policy, changes in the Group's capital and financing structure.

The Board is responsible to for:

- The maintenance of a robust system of internal controls and risk management procedures
- Board appointments and succession planning
- The approval of the Remuneration Policy and remuneration arrangements for the Directors and other senior managers
- Setting the terms of reference for Board Committees
- The strategy and growth plans of the business
- Structure and Capital
- Risk Management and internal controls
- Contracts
- Commitment to material expenditure
- Shareholder communication
- Corporate Governance

### BOARD MEETINGS

The Board met seven times during the year and Non-Executive Directors communicate directly with Executive Directors and Senior Management between formal meetings. The Board operates to an agreed schedule, covering key matters at regular intervals through the year. The agenda and papers for the Board are distributed in advance of each Board meeting.

The roles of the Chair and co-Chief Executives are distinct with clear division of responsibilities. The Chair's role is to ensure good corporate governance. His responsibilities include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, setting the Board agenda, ensuring that all Directors participate fully in their activities and decision making of the Board and ensuring communication with shareholders.

Directors are expected to attend all Board meetings, and the Committee meetings on which they are members. The table on page 75 outlines the scheduled Board and Committee meetings with attendance of each Board Member. The Nomination Committee did not meet during the year.

### THE BOARD COMMITTEES

#### Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings). The Audit Committee monitors the need for an internal audit function.

The Audit Committee is comprised of Lena Wilson CBE FRSE, Jonathan Gray, Henry Beckwith and Nigel Railton is the Chair. The Audit Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee will also meet frequently with the Company's external auditors.

#### Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of executive Directors and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments, share options or other long-term incentive plans. The remuneration of Non-Executive Directors will be a matter for the Chairperson

and the Executive Directors. No Director will be involved in any decision as to his or her own remuneration. The Remuneration Committee is also responsible for issuing awards of shares and options to purchase Ordinary Shares under the Company's proposed share incentive plans. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Corporate Governance Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance.

The Remuneration Committee is comprised of all of the Non-Executive Directors and Jonathan Gray is Chair. The Remuneration Committee will meet at least twice a year and otherwise as required.

#### Nominations Committee

The Nominations Committee is responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board and the Chair of each such committee. The Nominations Committee will also arrange for evaluation of the Board. The Nominations Committee is comprised of all of the Non-Executive Directors and Lena Wilson CBE FRSE is Chair. The Nominations Committee will meet at least twice a year and otherwise as required.

#### BOARD EFFECTIVENESS

The Board will review its effectiveness by reference to financial performance, continuing adherence to risk and compliance frameworks and the overall growth of the Group. The Board will take account of the opinions and insights of its advisers, including NOMAD, auditors, and legal advisers. The method of assessing Board effectiveness and performance will also be reviewed on a regular basis, and recommendations regarding changes to the composition of the Board will be evaluated fully. The Chairman will carry out appraisals of the Board, the Committees and the individual Directors and include a review of the fees paid to Non-Executive Directors including the fee for the Chairman. The formal evaluation process will take place on an annual basis and is supported by regular communication between the Chairman and the other Directors to allow any matters to be addressed.

The Board is committed to work in a dynamic, collaborative and constructive way with different points of view and knowledge being drawn upon to challenge and review the business of the Group.

Appraisal of the Chairman will be undertaken annually by the Nominations Committee Chair, Lena Wilson CBE FRSE in collaboration with the other executive and Non-Executive Directors.

The review of fees paid to Non-Executive Directors was reported to the Board and details are included in the Remuneration Committee's Report.

#### INTERNAL CONTROL AND RISK MANAGEMENT

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks that may undermine the Group's strategic objectives and can only provide reasonable not absolute assurance against material misstatement of loss.

The Directors believe that the Group has internal control procedures in place appropriate to the size and nature of the business.

#### SHAREHOLDER COMMUNICATIONS

The Board is committed to maintaining communication with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and Financial Statements, the Interim Report, the AGM and the Group's website ([www.argentex.com](http://www.argentex.com)).

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. In addition, the co-Chief Executives and Chief Financial Officer welcome dialogue with individual institutional shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the Annual and Interim Results.

#### OTHER STAKEHOLDERS

Other key stakeholders aside from shareholders are the Group's staff, its corporate clients and its key suppliers. Delivering client focussed outcomes ensures the long-term viability of the Argentex business model, and maintaining client confidence and trust requires full commitment to the Argentex culture by its staff. The client journey involves all facets of the Argentex model, from front office client acquisition and relationship management, through to payment execution and ongoing compliance undertaken by the back office. Argentex's growing client base and ever growing staff number demonstrate Argentex's commitment to the same model that drove the early success of the business and continues to deliver for the business. The Board actively encourages and gives opportunities for its staff to give feedback regardless of seniority or tenure through regular team meetings and sustaining a flat organisation where the senior management team are present on the sales floor daily. Argentex is also committed to using domestic supply chains where possible, in order to maintain a modest environmental footprint and have access to domestically located support, opposed to solutions outsourced overseas.

- Attended meeting
- Not a committee member
- Not a board member at time

	Digby, Lord Jones Kb.	Nigel Railton	Jonathan Gray	Lena Wilson CBE FRSE	Henry Beckwith	Carl Jani	Harry Adams	Sam Williams
<b>Board Meetings</b>	Chair							
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
<b>Audit Committee</b>	Chair							
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●
<b>Remuneration</b>	Chair							
	●	●	●	●	●	●	●	●
	●	●	●	●	●	●	●	●