

Remuneration Code

Remuneration Policy

The Company's remuneration policy is determined by the Remuneration Committee which comprises three Non-Executive Directors, David Rough (Chairman), Stephen Blaney and Olivier de Jamblinne. The Managing Director and Head of HR attend committee meetings. The committee's objectives are shown below. Advice on Remuneration Code matters has been provided by Addleshaw Goddard LLP.

- To agree and monitor the Remuneration structure for the company
- To oversee Remuneration principles for all Brown Shipley directors and staff
- To agree employment contracts for executive directors including any bonus provisions therein
- To ensure Remuneration policy
 - meets all regulatory principles
 - is consistent with the firm's approach to risk management
 - has due consideration to Treating Customers Fairly
 - is aligned to the interest of the shareholder
- To ratify remuneration for executive directors based on recommendations from the MD and agreed by the Shareholder.
- To ratify remuneration levels for Front Office senior managers, senior Audit, Compliance & Risk staff including Audit, Compliance & Risk directors
- To receive reports from the business as and when required

Composition of remuneration

All employees will have a base salary agreed on appointment or as part of the annual review, which is paid monthly. This fixed component of an employee's remuneration will be sufficient to allow for no bonus in years when the Company makes little or no profit.

The Company recognises that within the industry it is the norm for client facing managers to receive a higher element of variable remuneration than non-income producing managers and for such bonuses to be on a contractual basis.

The Company gathers information on market rates and seeks to remain competitive to retain key employees. Where contractual bonuses are agreed, variable remuneration will be linked to profit of the business unit and, at the discretion of the business, will be adjustable in the event of any risk management or compliance issues relating to that business unit. The bonus will be reduced by an equivalent amount to compensation paid to clients or any costs as a result of operational errors.

Performance review

All employees will be assessed through the Company's annual appraisal cycle. The performance of senior income-generating employees will be assessed bi-monthly including the following areas in addition to the financial performance:

- continuous professional development;
- performance of training and competence supervisor responsibilities;

- IPC Compliance;
- minimising dealing policy breaches;
- minimising operational errors and loss;
- timely incident reporting;
- a good record in compliance file reviews;
- adherence to internal policy and procedures;
- satisfactory and timely completion of projects.

The Company will reserve the right to reduce bonuses due in the event of failings relating to regulatory, TCF, compliance or risk failings.

Any reduction will be subject to appeal by the individual to their line manager

Review period

The annual salary review is effective in April with adjustments to salaries and payment of bonuses reflecting the performance of the individual and the Company in the previous financial year. Market rates will be analysed as part of the salary review process.

Aggregate remuneration by business area

	2010	
	No.	£000
Private Banking	133	14,422
Business Support	34	1,234
Headquarter	52	5,538
	219	21,194

The above analysis uses the same business areas as the segmental breakdown disclosed in the firm's financial statements.

Aggregate remuneration of Code Staff

The firm falls into Tier 3 under the FSA Remuneration Code.

The firm has 74 Remuneration Code staff being the 6 executive directors and 7 other senior management and also 61 client facing staff with regulatory permissions.

Their remuneration is outlined below.

	2010			
	No.	Fixed £000	Variable £000	Total £000
Senior management	13	2,507	1,285	3,792
Other code staff	61	5,184	3,687	8,871
	74	7,691	4,972	12,663

All remuneration is in the form of cash. The firm does not operate any arrangements where payment is in the form of shares or share linked instruments.