

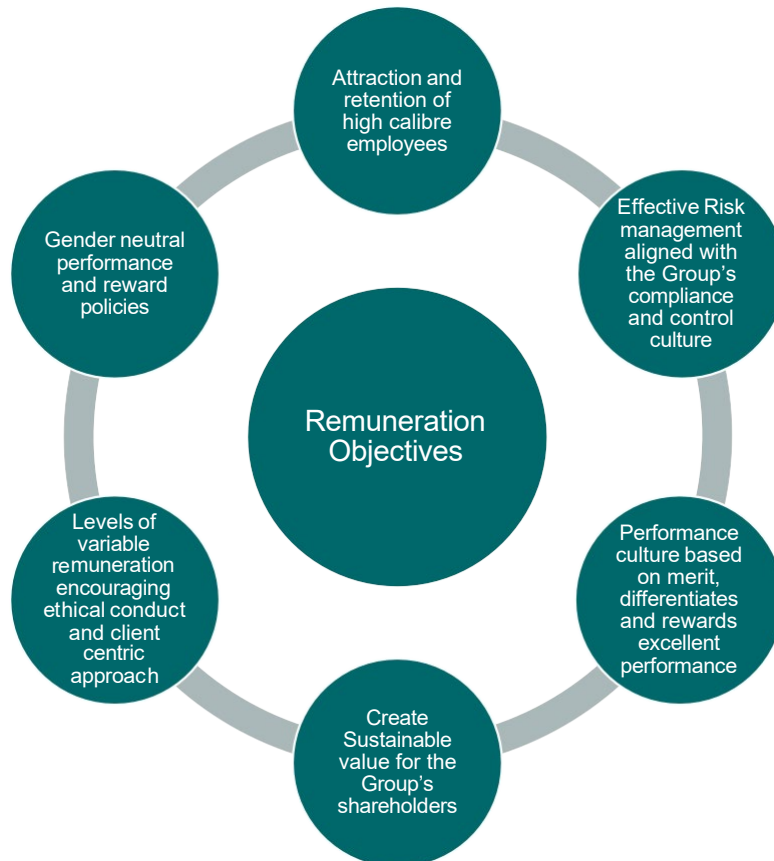
**Brown Shipley**

**Remuneration practices and  
governance**

June 2024

# 1. Remuneration Objectives

Brown Shipley is committed to responsible and client centric remuneration practices. Remuneration at Brown Shipley is calibrated between different elements, detailed below. All of the components drive our policy in order to sustain long-term performance; excellence in our client delivery; and attracting and retaining highly skilled individuals balanced with the requirement to do so within the context of principled behaviour and actions. This aims to reduce the risk that Brown Shipley's remuneration and incentive practices may give rise to conflicts of interest with, or between, its clients.



In order to ensure that the policy is aligned to these objectives and in a continuously moving environment (e.g. globalism, markets) as well as consistent and reflective of the requirements of our regulators the PRA and FCA, this remuneration approach is reviewed annually.

Brown Shipley is committed to applying remuneration which does not encourage excessive risk taking, violation of regulations or go against client interests.

Thus, staff members are required not to undertake personal hedging strategies or compensation insurance to undermine the risk alignment effects (downward adjustment) embedded in their compensation arrangements.

Brown Shipley does not use staff incentives, performance management or remuneration structures in a way that conflicts with the entity's obligations under the FCA rules on Consumer duty (set out in [FCA PS22/9 Principle 12](#)). The remuneration structures under the Brown Shipley's remuneration policy are designed in a way that are consistent with ensuring good outcomes for retail customers.

Remuneration is comprised of the following elements, which are all balanced between the individual's position and experience, market practices and applicable benchmarks for the role in question:

- Fixed remuneration
- Benefits
- Variable compensation (which has a ratio between fixed to variable compensation, subject to position, role and responsibilities within Brown Shipley and varies from employee to employee).

## 2. Governance

The governance of remuneration policy and practices at Brown Shipley is consistent with the governance of the Group and governance arrangements. Processes and mechanisms are well integrated.

The governance structure of Brown Shipley aims primarily to:

- Reflect the requirements of the FCA and PRA Senior Managers and Certification Regime and other key regulatory requirements alongside UK principles of corporate governance;
- Protect the interest of the Group's shareholders and all stakeholders including clients;
- Enhance the efficiency of corporate governance internal and compliance control;
- Prevent fraud;
- Create an efficient mechanism for the Group's employees to report and discuss potential issues; and
- Prevent inappropriate behaviours and actions.

To ensure good governance, the following bodies determine, approve, control, review and amend the remuneration policy and its application where necessary:

Governing Body	Responsibilities in relation to remuneration policy and practice
Brown Shipley Board of Directors	<p><b>Approves</b></p> <ul style="list-style-type: none"> <li>• Remuneration Policy aligned to the current regulatory environment</li> <li>• Total Compensation</li> <li>• Group ExCo total compensation</li> </ul> <p><b>Oversees</b></p> <ul style="list-style-type: none"> <li>• Overall changes to compensation plans</li> <li>• Implementation of the Remuneration Policy as well as related rules and regulations at Brown Shipley level</li> <li>• Board of Director compensation</li> </ul> <p><b>Proposes</b></p> <ul style="list-style-type: none"> <li>• Variable incentive compensation pools</li> </ul>

<p>Brown Shipley Board Remuneration and Nomination Committee (“BRNC”)</p>	<p><b>Oversees</b></p> <ul style="list-style-type: none"> <li>• That the remuneration for employees in Risk and Compliance is determined independently of other business areas and the financial performance of the business</li> <li>• That no Executive Director or member of senior management is involved in deciding their own remuneration</li> </ul> <p><b>Approves</b></p> <ul style="list-style-type: none"> <li>• The Remuneration Policy as well as individual nominations, compensation packages and evaluation for the most critical roles</li> <li>• Total Compensation for the Brown Shipley CEO</li> <li>• Overall changes to compensation plans</li> <li>• Total Compensation for MRTs and SMFs and Brown Shipley Executive Committee</li> <li>• Variable incentive compensation pools for Brown Shipley</li> </ul>
<p>Brown Shipley Non-Executive Directors</p>	<p><b>Oversees</b></p> <ul style="list-style-type: none"> <li>• Chair of the Brown Shipley BRNC is responsible for overseeing the development of, and implementation of, the firm’s remuneration policies and practices in accordance with the Remuneration Code</li> <li>• Non-Executive Directors scrutinise the design and implementation of the remuneration policy</li> <li>• Independent non-executive directors within Brown Shipley are not eligible for any variable compensation and are paid according to a fixed remuneration and/or attendance fees system</li> </ul>
<p>Quintet Board of Director</p>	<p><b>Approves</b></p> <ul style="list-style-type: none"> <li>• Variable incentive compensation pools for the Group and the entities</li> <li>• Board of Director compensation, including the Chairman of Brown Shipley</li> <li>• Implements the Remuneration Policy as well as related rules and regulations at Quintet Group</li> </ul>

<p>Quintet Board Remuneration and Nomination Committee ("BRNC")</p>	<p><b>Recommends to Quintet Board of Directors:</b></p> <ul style="list-style-type: none"> <li>• Annual changes to Remuneration Policy</li> <li>• Overall changes to the compensation plans</li> <li>• Variable incentive compensation pools for the Group and the entities</li> <li>• Authorised Management Committee compensation, including CEO</li> <li>• Board of Director compensation, including the Chairman of Quintet Group</li> </ul> <p><b>Approves:</b></p> <ul style="list-style-type: none"> <li>• Compensation for the Head of Internal Audit – in consultation with Audit committee chair</li> <li>• Compensation for Material Risk Takers (MRTs) and other selected members of management including group and Local Executive Committees</li> </ul> <p><b>Oversees</b></p> <ul style="list-style-type: none"> <li>• Supervises compensation policies and practices within the Group</li> <li>• Procures independent external compensation advice or external legal advice as appropriate</li> </ul>
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### 3. Remuneration practices

Remuneration practices and framework of Brown Shipley are made based on a combination of:

- Business results, including performance against objectives (with the exception of application to Risk and Compliance staff as per the FCA and PRA requirements)
- Performance against Brown Shipley and Group's strategic objectives set out in the performance assessment;
- Adherence to Brown Shipley and Quintet values, business principles, Group and Brown Shipley policies and procedures and any other relevant policies at local or Group level. Risk objectives are included into the performance assessment and there is a mandatory global risk and compliance awareness goal applicable to all employees in order to mitigate risk and ensure consistent awareness;
- Individual performance; and
- Local market practices and conditions

Brown Shipley also has a client centric approach to risk embedded in the remuneration policy framework. Risk and control considerations are an integral part of the performance assessment and compensation processes.

The role and involvement of control functions in the compensation process are explained as follows:

<b>Role of Risk and Compliance</b>	
<b>Involvement in Compensation process</b>	<ul style="list-style-type: none"> <li>• Variable awards are dependent on successful completion of the mandatory Risk &amp; Compliance Awareness goal. Not achieving this goal is sufficiently serious to make it a circuit-breaker of any variable award made</li> <li>• Any disciplinary action is taken into consideration in determining performance and remuneration</li> <li>• Brown Shipley's Chief Risk Officer informs Human Resources and the Brown Shipley BRNC of risk related incidents and performance against risk appetite for the purpose of making remuneration decisions</li> <li>• Brown Shipley's Head of Compliance informs Human Resources and the Brown Shipley BRNC of compliance and conduct risk related incidents and performance against regulatory expectations for the purpose of making remuneration decisions</li> <li>• Control functions provide feedback to the Brown Shipley BRNC on relevant breaches of Brown Shipley's internal policies or practices</li> <li>• Brown Shipley's risk management and compliance functions have input into setting the remuneration policy for business areas outside of their own</li> <li>• Brown Shipley's Chief Risk Officer and Head of Compliance have input into the setting of individual remuneration awards where they have concerns about the behaviour of individuals or the riskiness of business undertaken</li> </ul>
<b>Independence and Competency</b>	<ul style="list-style-type: none"> <li>• Variable compensation pool for the control functions is only dependent on Brown Shipley and Quintet overall performance as well as on function-specific quantitative and qualitative criteria in order to avoid potential conflicts of interest</li> <li>• Compensation of control functions is set at sufficient levels to ensure that competent and experienced professionals can be attracted and retained across business cycles</li> </ul>

The key features of the remuneration framework that enable Brown Shipley to achieve alignment between risk, performance and reward are summarised below:

Remuneration policy	How is it implemented?
<b>Performance Alignment</b>	<ul style="list-style-type: none"> <li>• Performance Alignment is based on:               <ul style="list-style-type: none"> <li>• Planned key performance indicators</li> <li>• Prior year performance</li> <li>• Risk-related metrics including risk circuit breaker</li> <li>• Award and differentiate compensation based on individual performance and behaviours (what and how)</li> <li>• Control function feedback taken into account</li> </ul> </li> </ul>
<b>Individual Compensation Determination</b>	<ul style="list-style-type: none"> <li>• Total compensation approach</li> <li>• Facilitate competitiveness by paying market-informed, competitive compensation levels for comparable roles and experience, subject to performance and behaviours</li> <li>• Promote meritocracy by recognizing individual performance, with a particular emphasis on contribution, risk management, ethics and behaviours including good client outcomes</li> </ul>
<b>Compensation Structure and Instruments</b>	<ul style="list-style-type: none"> <li>• Provide the appropriate balance of fixed and variable compensation consistent with performance, behaviours, external market and role</li> <li>• For certain roles, a significant portion of variable compensation is deferred and aligned with the long-term performance and sustainability of Brown Shipley and in line with applicable regulations. This amount of compensation deferred is dependent upon 2 factors, 1) MRT status and/or 2) levels of variable compensation awarded</li> <li>• Promote sound and effective risk management and does not encourage risk-taking that exceeds Brown Shipley's levels of tolerated risk and in particular, do not create bad client outcomes</li> </ul>

**Malus and Clawback provisions**

- Malus would be applicable to any unvested element of variable compensation and allows cancellation/reduction of this aspect of remuneration
- Clawback would be applicable to any vested element of variable compensation
- This is in addition to any performance incentive award adjustments and other disciplinary actions that can be taken.