

FINDLAY PARK PARTNERS LLP

Remuneration Policy Statement

Background

SYSC 19C.2.4G says that 'a firm should ensure that its remuneration policies, practices and procedures are clear and documented'. Set out below is Findlay Park Partners LLP's (the "**Firm**") Remuneration Policy Statement ("**RPS**").

The Firm and Findlay Park Investment Management Limited ("**FPIM**")

The Firm is a limited liability partnership that, at 1st October 2017, had 12 partners. On 25 April 2003, the Firm was appointed as the investment manager for Findlay Park Funds Plc ("**Fund**"). Prior to this date, FPIM was the Fund's investment manager. The majority of the Firm's portfolio managers are also partners of the Firm. In order to assist the Firm in providing investment management services to the Fund, the Firm has requested and FPIM has agreed to provide various services to the Firm, including the provision of employees. The terms on which FPIM provides these services to the Firm are set out in a service agreement between the Firm and FPIM.

Accordingly, this RPS provides details of the remuneration paid to BIPRU Remuneration Code Staff of the Firm and FPIM.

Proportionality

The proportionality principle (SYSC 19C.3.3R(2)) requires firms to comply with the Code's requirements 'in a way and to the extent that is appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities'.

Review and Approval

This RPS was reviewed and approved by the Firm's Remuneration Committee ("**Remco**") and Board of Directors ("**Board**") on [18] October 2017.

A.	Firm Specific Information					
A.i	Please list all of the firms within your group that are caught by the Code.					
	Firm Name	FRN	Business Type	No. of BIPRU Remuneration Code Staff	Proportionality Level (Delete as applicable)	Individual Guidance Received?
	Findlay Park Partners LLP	222907	Investment Management	16	Level 3	N
A.ii	Provide contact details of the key individual(s) who we should contact within your firm regarding your firm's compliance with the BIPRU Remuneration Code.					
	Name	Job Title	Phone No.	Email		
	Paul Arthur	Financial Controller	020 7968 4900	paul@findlaypark.com		
A.iii	What dates does your performance year run from/to:			From 01/01/2017 to 31/12/2017		
A.iv	What performance year is this RPS in respect of:			2017		
B.	Remuneration Schemes					
B.i	Code Staff benefit from some or all of the following Remuneration Schemes:					
	<u>FPIM Employee Bonus Scheme</u>					
	<ul style="list-style-type: none"> • All employees of FPIM are eligible to receive an annual bonus. Any bonus award is entirely discretionary and is based on the employee's individual performance during the year and contribution to the success of the Firm. • The total size of the bonus pool is based on the profitability of the Firm but there is no fixed formula linking the two. • The Code Staff who are eligible to participate in the FPIM Bonus Scheme during the current financial year are Hywel Evans, Peter Cawston, Paul Arthur and Matthew Jackson-Hale. • Bonuses are paid in cash and in full to each recipient in the January payroll immediately following the relevant bonus year. • The level of bonus paid to each employee is approved by the Remco if it results in the employee's aggregate remuneration exceeding £200,000. Any amounts paid to employees which are below £200,000 are approved by the Management Committee. 					
	A number of the Firm's Code Staff are partners in the Firm. Pursuant to the terms of the Firm's partnership agreement, partners are eligible to receive a portion of the profits of the Firm. Set out below is a summary of the profit allocations:					
	Class A Distributions					
	<ul style="list-style-type: none"> • Partners make monthly drawings which, in aggregate, equal approximately 60% of the available profit for the relevant month. • Each individual partners' monthly drawings are based on the percentage of the Firm that each partner owns. This is set out in the Firm's partnership agreement. • Twelve partners will receive these distributions during the current performance year. 					
	<u>Class B Distributions</u>					
	<ul style="list-style-type: none"> • Pursuant to the terms of the Firm's partnership agreement, the Firm's retained net profits (i.e. those profits not paid out as Class A Distributions) for the relevant accounting period are distributed to partners on an annual basis. • Ten partners will receive Class B Distributions during the current performance year. • Pursuant to the terms of the Firm's partnership agreement, it is agreed that one partner will receive a fixed portion of the Class B profit amount. Such proportion is linked to the performance of the specific fund he manages. 					

<p>B.ii</p>	<p>Please list all existing executive incentive schemes (e.g. Long Term Incentive Plans (LTIPs); co-investment schemes or carried interest schemes) that could incentivise BIPRU Remuneration Code Staff for future performance and provide a high-level description of each scheme, including:</p> <ul style="list-style-type: none"> • the scheme’s purpose; • whether each scheme has been approved by shareholders; • intended participants and the number of people currently participating in the scheme, including how many are BIPRU Remuneration Code Staff for the current performance year; • the ratio of the maximum payout of the LTIP award when compared to fixed remuneration especially when used in conjunction with other forms of variable remuneration; • the structure of the scheme’s awards, including a description of the initial award (e.g. deferred cash, shares, share options, phantom shares) and the form of the proposed payout (e.g. proportion in shares, cash etc.); • the Estimated Value (EV) of the scheme at the time of the initial award; • the length of the scheme’s performance period and whether a new performance period starts each year, overlapping the previous performance period; or whether the performance periods run end to end; <ul style="list-style-type: none"> o the length of the vesting period; o the vesting schedule whether vesting is on a pro-rata basis; cliff vesting at the end of the performance period or any other combination; and o the length of the retention policy; • the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out if appropriate; • when the scheme is due for review; and • any other information related to the scheme that you believe is relevant. <p>Note: Where this information is clearly set out elsewhere, you may wish to refer directly to this and include a copy of this as an annex.</p>																																	
	<p>Please see Section B(i) for a description of the Firm’s remuneration schemes. No other remuneration schemes are in operation.</p>																																	
<p>C.</p>	<p>BIPRU Remuneration Code Staff</p>																																	
<p>C.i</p>	<p>Please set out the high level framework you have used to determine which of your staff are ‘BIPRU Remuneration Code Staff’</p> <p>The Firm has reviewed its partners and the employees of FPIM to identify Material Risk Takers, heads of Control Functions (such as Finance or Compliance), any employee whose salary falls into the same range or was greater than €500,000 in the last year or any member of staff whose salary falls into the same remuneration bracket as senior management risk takers.</p>																																	
<p>C.ii</p>	<p>How many BIPRU Remuneration Code Staff have been identified?</p> <p>16 Code Staff have been identified.</p>																																	
<p>C.iii</p>	<p>List all BIPRU Remuneration Code Staff using the RPS Tables spread sheet</p> <table border="1" data-bbox="220 1317 1501 2107"> <thead> <tr> <th data-bbox="225 1339 507 1384">Position</th> <th data-bbox="512 1339 1082 1384">Rationale</th> <th data-bbox="1086 1339 1497 1384">Name</th> </tr> </thead> <tbody> <tr> <td data-bbox="225 1406 507 1440">Portfolio Managers</td> <td data-bbox="512 1406 1082 1451">Material Risk takers – make investment decisions</td> <td data-bbox="1086 1406 1497 1440">James Findlay</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1485 1497 1518">Anthony Kingsley</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1552 1497 1585">Rupert Brandt</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1619 1497 1653">Ed McMullan</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1686 1497 1720">Jon Tredgett</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1753 1497 1787">Chris Fidyk</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1821 1497 1854">Chris Watts</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1888 1497 1921">John Feeley</td> </tr> <tr> <td></td> <td></td> <td data-bbox="1086 1955 1497 1989">Peter Cawston (employee)</td> </tr> <tr> <td data-bbox="225 2022 507 2107">Partners (Non-Portfolio Managers)</td> <td data-bbox="512 2022 1082 2107">Seniority - remuneration falls into the same bracket as senior management and risk takers</td> <td data-bbox="1086 2022 1497 2107">Charles Park</td> </tr> </tbody> </table>	Position	Rationale	Name	Portfolio Managers	Material Risk takers – make investment decisions	James Findlay			Anthony Kingsley			Rupert Brandt			Ed McMullan			Jon Tredgett			Chris Fidyk			Chris Watts			John Feeley			Peter Cawston (employee)	Partners (Non-Portfolio Managers)	Seniority - remuneration falls into the same bracket as senior management and risk takers	Charles Park
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		Hugh Willis
		Sarah-Jane Burns (left the Firm 30/06/17)
		Simon Pryke
	Financial Controller	Head of a Control Function Paul Arthur
	General Counsel	Professional Activities have material impact on Firm's risk profile Hywel Evans
	Compliance Director and MLRO	Head of a Control Function Matthew Jackson-Hale
C.iv	How many BIPRU Remuneration Code Staff are likely to rely on the guidance set out in SYSC 19C.3.34G (and further developed in General Guidance on Proportionality: The Remuneration Code (SYSC 19C) and Pillar 3 Disclosures on Remuneration (BIPRU 11))?	Not applicable.
C.v	Briefly describe the measures you have taken to ensure that all BIPRU Remuneration Code Staff understand the implications of this status in relation to the requirements of the Code. All Code Staff have been notified that they are classified as Code Staff and have been notified of the remuneration rules of the FCA. This communication is reaffirmed annually and upon any changes being made to the Code Staff.	

1.	Principle 1 – Risk management and risk tolerance
1.1	<p>Briefly describe how you ensure that your firm's remuneration policies promote sound and effective risk management, and do not encourage risk-taking that exceeds the firm's levels of tolerated risk.</p> <p>The Firm's risk management framework has been developed by engaging key stakeholders of the organisation and accordingly, the Firm's risk appetite statement is regularly reviewed and updated in line with the business strategy, regulatory constraints and other internal and external factors.</p> <p>The Firm quantifies its risk tolerance as part of its ICAAP.</p> <p>The Firm's investment philosophy is focused on seeking to avoid permanent loss of capital in any individual investment. The investment team maintain detailed financial models for every holding, and both current and prospective holdings are assessed on investment philosophy criteria and against current investment themes, with adherence monitored by the Investment Committee who meet formally on a weekly basis. The investment committee ultimately decides whether new investments are suitable for the portfolio.</p> <p>This long-term investment philosophy is reflected in the Firm's approach to remuneration.</p> <p>Class A Distributions are fixed on the basis of the percentage ownership that each partner holds in the Firm. Accordingly, individual partner risk-taking would not have a direct impact on that partner's remuneration.</p> <p>Discretionary Class B distributions to the Partners are based on profits generated by their investment activity. A multi-year rolling performance measure is incorporated into the attribution calculation, ensuring that Partners are not focused on short-term gains at the expense of the long-term health of the Firm. The Firm does not consider that short-term performance contribution should be the sole determining factor when remunerating partners and FPIM Employees. Further, non-performance related factors such as team interaction and sharing of investment ideas, quality of investment research, developing junior team members etc. are considered when awarding the discretionary Class B Distributions.</p> <p>FPIM employees are awarded bonuses on the basis of their performance against a number of pre-determined criteria. These include a number of factors which are not Fund performance related. Employees have annual and semi-annual appraisals at which employee performance as regards the agreed goals is discussed.</p>
2.	Principle 2 – Supporting business strategy, objectives, values and long-term interests of the firm
2.1	<p>Briefly describe how your firm ensures that its remuneration policies are in line with its business strategy, objectives, values and long-term interests.</p> <p>Please see the response in section 1.1.</p>
3.	Principle 3 – Avoiding conflicts of interest
3.1	Briefly describe the measures already established to ensure your firm's remuneration policies avoid conflicts of interest.

	<p>Please see above for a discussion regarding the basis on which remuneration is allocated to the Firm's partners and FPIM employees.</p> <p>The Firm's Remco (which consists of three members, two of which are independent) approves all remuneration above £200,000 and all discretionary Class B Distributions to partners.</p> <p>Accordingly, the Board feels that any potential conflict of interest is managed.</p>
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4.	Principle 4 – Governance	
4.1	Does your firm have a RemCo established within the UK?	Yes
4.2	<p>Describe how remuneration governance arrangements operate within your firm including:</p> <ul style="list-style-type: none"> • The name of the RemCo if known by any other name • whether there are any sub-committees of the RemCo, what they are called and what their purpose is; • If your firm doesn't have a RemCo established in the UK, who makes remuneration decisions for the firm (please refer to 'Application to Proportionality' section under Principle 12); • How information is shared between committees such as the Risk and Audit Committees; • Whether the RemCo has appointed remuneration consultants for advice and • How the firm can ensure that the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration <p>The Firm's RemCo is constituted pursuant to the terms of the Firm's partnership agreement. The role of the Remco is set out in its Terms of Reference. The members of the Remco include one of the Firm's founding partners (James Findlay) and two non-executive directors (Hugh Willis and Max Royde). The RemCo makes remuneration recommendations which are escalated to the Board for approval. The members of RemCo all have significant experience in the finance industry. Accordingly, they are aware of the market-standard remuneration for investment professionals. Further, Remco relies on guidance from the Legal and Compliance Department and Finance Department in order to ensure it is acting in compliance with relevant policies and procedures.</p> <p>The performance of RemCo is reviewed annually by the Board to ensure it is functioning correctly.</p>	
4.3	<p>How does your firm ensure that remuneration decisions take into account the implications for risk and risk management of the firm?</p> <p>Please see above for a discussion regarding how remuneration is allocated to the Firm's partners and FPIM employees. The Firm does not consider that performance contribution should be the sole determining factor when remunerating partners and FPIM Employees.</p> <p>The Firm's Remco (which consists of three members, two of which are independent) approves all remuneration above £200,000 and all discretionary Class B Distributions to partners.</p> <p>Accordingly, the Board feels that the remuneration paid to partners/FPIM employees reflects the Firm's risk management ethos.</p>	
4.4	<p>How does your firm ensure that the long-term interests of shareholders, investors and other stakeholders are taken into account?</p> <p>Please see above for a discussion regarding how remuneration is allocated to the Firm's partners and FPIM employees. The Board believes that these policies do not reward short-term risk taking therefore the Firm's partners/FPIM employees interests are aligned with shareholders, investors and other stakeholders.</p>	
4.5	<p>Does the RemCo/ equivalent governing body have the ability to apply discretion to adjust the bonus pool and individual payments including those paid out in individual incentive schemes?</p> <p>Yes. Save as set out above regarding the contractual obligation to pay Class A Distributions and Class B distributions and for some new joiners, no other staff have any form of guaranteed variable remuneration. The Firm, on an exceptional basis, may award an initial bonus to new employees. The purpose of these payments is to compensate the new joiners for any bonus that would have been payable to them in their previous role.</p>	
4.6	<p>Has the RemCo / equivalent governing body ever exercised that discretion? If so, when and in what circumstances?</p> <p>To date, the Board and RemCo have approved all proposed remuneration after due and careful consideration of the recommendations made by the Firm's management committee.</p>	

5.	Principle 5 – Control functions	
5.1	<p>With regard to employees engaged in control functions, briefly explain how you ensure that these employees are:</p> <ul style="list-style-type: none"> o independent from the business units that they oversee; o have appropriate authority; and 	

	<p>o are remunerated:</p> <p>a) adequately to attract qualified and experienced staff; and</p> <p>b) in accordance with the achievement of objectives linked to their functions, independent of the performance of the business areas they control.</p> <p>We feel that the total remuneration received by the partners and FPIM employees over the medium terms is extremely competitive when benchmarked against industry standards. As a result, attracting and retaining staff is not a material issue.</p> <p>Given the Firm's size, it is not feasible to separate out the Control Function roles from the general work of the business. However, the Firm has various internal committees which monitor different risk areas within the Firm. Any issues are escalated to the Management Committee and the Board. As noted above, the Board includes two independent directors.</p>
5.2	<p>If applicable to your firm, describe how risk and compliance functions input into the setting of individual remuneration policies and individual remuneration awards across the firm. Please provide examples as appropriate.</p> <p>The Legal and Compliance Department have reviewed the Firm's Remuneration Policy to ensure it complies with the FCA principles and any relevant rules. Employee remuneration not in accordance with the terms of this remuneration policy would require prior approval from the RemCo and the Board.</p>
5.3	<p>Who oversees the remuneration of senior officers (including BIPRU Remuneration Code Staff) in risk management and compliance functions?</p> <p>RemCo and the Board.</p>

6.	<p>Principle 6 – Remuneration and capital Please refer to SYSC 19C.3.18R and SYSC 19C.3.19G</p>
6.1	<p>How do you ensure that your firm's total variable remuneration does not limit its ability to strengthen its capital base?</p> <p>All variable remuneration is discretionary which provides the flexibility required should the Firm need to strengthen its capital base.</p>

7.	<p>Principle 7 – Exceptional government intervention Please refer to SYSC 19C.3.20R and SYSC19C.3.21G. This section is unlikely to apply</p>
7.1	<p>If applicable, explain how your policies on variable remuneration comply with the provisions under Principle 7 of our Code.</p> <p>Not applicable.</p>

8.	<p>Principle 8 – Profit-based measurement and risk adjustment</p>
<p>Bonus schemes that reward BIPRU Remuneration Code Staff</p>	
8.1	<p>Provide a high-level summary of how you determine the overall bonus pool amount (i.e. the total value of all pools of variable remuneration), including whether it involves a top-down and/or bottom up process (if appropriate).</p> <p>Determining the overall bonus pool for FPIM code staff involves a bottom up approach. The size of the bonus pool is established with reference to overall Firm performance. There is no set formula for calculating how the overall FPIM bonus pool is impacted by Firm performance. However, should the profitability of the Firm be negatively impacted, the pool would be reduced and the individual employees bonus amounts would be reduced pro-rata to the reduction in the overall bonus pool.</p> <p>Partners' distributions are directly impacted by the profitability of the Firm. As a result, the Class A and Class B Distributions would be reduced to reflect any decrease in profitability.</p>
8.2	<p>a) Please describe what key financial performance measures are used to determine the bonus pool and the overall weighting of these measures.</p> <p>Please the answer above</p> <p>b) Please indicate the levels in the firm at which financial performance is measured (e.g. division or desk level etc.).</p> <p>Financial performance of the Firm as a whole is used when calculating the size of any bonus pool.</p> <p>c) Provide a high level summary of how these key financial performance measurements are risk-adjusted (e.g. use of a pre-agreed numerical formula or other factors)</p> <p>An annual budget is prepared along with a twelve month forecast which is updated monthly. Any variance to budget is tracked in the Finance report along with commentary and is reviewed by the Management Committee. Therefore, at the point bonuses are determined, initial budget assumptions</p>

	are reviewed and the pool can be adjusted accordingly. Cash flow forecasting is also utilised to determine whether any material awards may cause liquidity/regulatory capital issues
	d) Please list all performance metrics used to determine the bonus pool explaining how these are linked to performance and weighted to achieve the overall bonus pool size. Please see the response in Section 8.2(a).
8.3	Are any discretionary factors applied to adjust the bonus pool for risk? Please include: <ul style="list-style-type: none"> • the stages of the process when such discretion can be applied; • the items to which discretion can be applied; • the bodies or individuals who may exercise that discretion, and • the boundaries/parameters used on these discretionary elements. Please see the response in Section 8.2(c).
8.4	Explain how often the performance measures are set; who sets them; who reviews them and how often they are reviewed. FPIM employee performance measures are set in the annual employee assessment which takes place in December/January each year. These are agreed by the individual employee and their line manager. Progress against these goals is reviewed in June/July and at the end of the assessment period.
8.5	How does your bonus pool determination process take account of situations where the firm's performance is weak or loss-making? Explain who has the discretion to make the adjustments and whether they have the flexibility to apply full discretion to reduce the bonus pool to zero. All payments to partners (i.e. Class A Distributions, Class B Distributions) are dependent on the Firm making profits. If the Firm is loss making then no distributions would be made to partners and the FPIM employees bonus pool may be reduced significantly. The Firm's partnership agreement contains provisions whereby partners can be required to make further capital contributions to the partnership. This provision would be relied upon if the partnership had insufficient capital to operate. Any remuneration decisions in such circumstances would be approved by the Board and RemCo.
Executive reward schemes e.g. Long Term Incentive Plans (LTIPs)	
Please complete and repeat questions 8.6 to 8.8 separately for each executive reward scheme currently in operation that could reward BIPRU Remuneration Code Staff, as detailed in Section B.ii.	
	Scheme name: The firm does not have any LTIPs. Details of the remuneration schemes are set out above.
8.6	Set out the key financial performance measures and weightings that are used to determine the total payout for the scheme. Not applicable.
8.7	Explain how the performance measures are subject to risk adjustment, including formulaic adjustments or whether discretionary adjustments are applied. Not applicable.
8.8	How and under which circumstances might the RemCo / equivalent governing body use their discretion to apply ex-post performance adjustment to the scheme's payout? Please illustrate your response with examples. Not applicable.
9.	Principle 9 – Pension policy
9.1	Do you have a policy for discretionary pension benefits? Not applicable
9.2	If your answer to question 9.1 is 'Yes', please outline how your policy is in line with business strategy, objectives, values and long-term interests of your firm. Not applicable.
9.3	Please advise the retention period and the instruments used for any discretionary pension payments. Not applicable.

10.	Principle 10 – Personal investment strategies
10.1	<p>What arrangements do you have in place to ensure that your employees undertake not to use personal hedging strategies or remuneration or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements?</p> <p>The Firm operates a Personal Account Dealing policy which prohibits investments in all transferable securities/interests or derivatives thereof apart from collective investment schemes (where the principal/employee cannot influence the underlying portfolio), under a discretionary portfolio management service where the partner/employee is not involved in the decision making process and life insurance policies. This is intended to prevent employees utilising such investments to undermine the risk alignment effects of this RPS.</p>
11.	Principle 11 – Avoidance of the Remuneration Code
11.1	<p>How do you ensure that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the BIPRU Remuneration Code?</p> <p>All variable remuneration is cash based and is paid directly to partners/FPIM employees.</p>
12.	Principle 12 – Remuneration Structures
Application to Proportionality	
12.1	<p>Where your firm wishes to rely on the Principle of Proportionality to disapply any of the payout rules in this section, please provide your rationale for why you believe this to be appropriate in line with Part B of the General Guidance on Proportionality: The Remuneration Code (SYSC 19C) and Pillar 3 disclosures on Remuneration (BIPRU 11).</p> <p>As per BIPRU 11.5.20 R of the FCA Handbook, the Firm came to the conclusion that given its size, internal organisation, nature, scope and the complexity of its activities and current assets under management, it should disapply the payout rules.</p>
Assessment of Performance	
12.2	<p>Please set out a high-level description of your firm’s approach to measuring the performance of individuals including both financial and non-financial metrics and explain how this assessment influences an individual’s remuneration.</p> <p>The annual bonus rewards individual and Firm performance and the achievement of strategic and personal objectives. Individual bonuses are determined based on a number of factors relating to the individual’s role and performance.</p> <p>This includes a balanced assessment of financial and non-financial factors, including:</p> <ul style="list-style-type: none"> • Metrics specific to the relevant department (e.g. investment performance and other factors such as profitability, assets managed) and other specific departmental and corporate performance objectives and strategic goals; • Assessment of how the above performance is achieved in terms of risk and repeatability; • People related objectives, for example succession planning and people development; • Risk and compliance behaviour
Guaranteed variable remuneration	
12.3	<p>Please outline the circumstances in which your firm may offer guaranteed variable remuneration awards, including how they meet the requirements of the Code.</p> <p>i) Sign-on – Not applicable. ii) Buyouts – These are exceptional, occur only in the context of hiring new staff and are limited to the first year of service. iii) Retention – Not applicable.</p>
Ratios between fixed and variable components of total remuneration	
12.4	<p>How do you ensure that the fixed and variable components are appropriately balanced with the fixed portion representing a sufficiently high proportion of total remuneration?</p>

	The level of the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components. Staff are aware that all variable remuneration is discretionary.
12.5	Please provide details of your policy including if there are any minimum and maximum ratios.
	Not applicable.
Payments related to early termination	
12.6	Have you ensured that any early termination payments to staff in the current performance year have been compliant with the Code?
	Any payments relating to the early termination of an employee's contract or a partner's membership of the partnership would reflect either (i) payments we are legally obliged to make, or (ii) performance achieved over time and are designed in a way that they do not reward failure or misconduct.

Retained shares or other instruments	
12.7	Briefly describe the instruments that you use to comply with SYSC 19C.3.47R.
	Not applicable. All remuneration is cash based.
12.8	Describe the composition of your variable remuneration awards between cash / shares and other non-cash instruments and how this split is applied to both the up-front and the deferred elements of those awards.
	Not applicable.
12.9	Describe how the retention policy in SYSC 19C.3.47R(2) is applied to the above instruments and how this is designed to align with the longer-term interests of the firm.
	Not applicable.

Deferral	
12.10	Deferral arrangements for BIPRU Remuneration Code Staff
	If BIPRU Remuneration Code Staff participate in different schemes, please answer these questions for each of the schemes they participate in. What is the length of vesting for BIPRU Remuneration Code Staff? How is vesting structured? Please provide detail on the vesting schedule including whether vesting occurs on a cliff vesting; pro-rata basis; a combination of both or whether it varies by different schemes. What percentage of variable remuneration is deferring?
	As a BIPRU Remuneration firm, deferral requirements are dis-applied.

Firm-wide Deferral	
<i>Please refer to SYSC 19C.2.3G(1) & (3) and SYSC 19C.3.50G(2).</i>	
12.11	How do you apply deferral to employees other than BIPRU Remuneration Code Staff? Please explain with reference to 12.10 above.
	Deferral is not currently applied to any remuneration schemes.

Performance Adjustment (Ex-Post Risk Adjustment)	
<i>Please refer to SYSC 19C.3.51R to 19C.3.53G.</i>	
<i>Please also refer to Part B of 'General Guidance on Proportionality: The Remuneration Code (SYSC 19C) and Pillar 3 Disclosures on Remuneration (BIPRU 11)' on the circumstances where certain principles of the BIPRU Remuneration Code may be dis-applied, published on the FCA's website.</i>	
12.12	Please outline your policy on ex-post risk adjustment. This should include the following:
	<ul style="list-style-type: none"> • Whether this is a firm-wide or group-wide policy; • How this meets the Code's requirements for total variable remuneration to be subject to ex-post risk adjustment including current year awards and through malus;

	<ul style="list-style-type: none"> The criteria for the application of ex-post risk adjustment, including whether you are able to clawback vested awards; How this policy is applied at a firm level; business unit level and at an individual level; and When this policy came into effect, who approved it and how often it is reviewed How much of the unvested award can be forfeited? <p>Please also include any other relevant information concerning implementation and operation of the policy.</p>
	Whist the Firm reviews performance over a five year cycle for partners and annually for FPIM employees, payments are not subject to any deferral. Accordingly, no clawback provisions are relevant.
12.1 3	Please provide detail on what situations may trigger the use of ex-post risk adjustment. If your performance adjustment clauses have been triggered previously, please provide real examples. Otherwise, please detail the type of situation where performance adjustment would be considered at an individual level or collectively.
	Not applicable.
12.1 4	Please outline the process for deciding cases that can result in the use of ex-post risk adjustment. This should include which roles, departments, functions and committees are responsible for reporting information, the escalation and decision making processes. Please also detail how control functions provide information and contribute to discussions as required.
	Not applicable.
12.1 5	Balance of individual, business unit and collective adjustment : Where an issue is collective or pervasive, please explain how you balance the application of ex-post risk adjustment at individual, business unit and firm levels
	Not applicable.

13. Disclosure

Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) requires Pillar 3 disclosures to be made. BIPRU 11.5.18R to 11.5.21G set out technical criteria relating to disclosures on remuneration. See also General on Proportionality: The Remuneration Code (SYSC 19C) and Pillar 3 disclosures on Remuneration (BIPRU 11), published on our website.

13.1	Please briefly outline when you intend to disclose information under BIPRU 11.
	The disclosure will be reviewed annually by the Board in October, at which point it will be made public.
13. 2	Please briefly outline how you intend to make this disclosure.
	The disclosure will be available on the Firm's website.

14. Other

14.1	If necessary, please provide further evidence of how your remuneration policies, procedures and practices are consistent with and promote sound and effective risk management?
	None.

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