

The Directors are committed to a high standard of corporate governance and to compliance with the best practice provisions of the Combined Code on Corporate Governance issued in 2008 by the Financial Reporting Council (“the Combined Code”) for which the Board is accountable to the shareholders. The following statement and the Directors’ Remuneration Report on page 26 explain how the principles set out in the Combined Code have been applied by the Group and details the Group’s compliance with the Combined Code provisions for the year.

The Board

At the end of the year the Board had twelve members, comprising seven Executive Directors and five Non-Executive Directors. During the year Christopher Legge and Simon Still retired; their resignations were accepted by the Board at close of business on 25 September 2009. Biographies of all the current Directors are presented on page 15, all of whom have served throughout the year. One third of the Board is required to be re-elected each year. Each of the Non-Executive Directors is considered by the Board to be independent.

Directors’ meeting attendance

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Total Meetings Held	11	5	3	2
J Matheson	11	–	–	–
R Bayford	11	–	–	–
B Howard	11	–	–	–
D McCorkell	11	–	–	–
S Soar	11	–	–	–
I Speke	11	–	–	–
M Williams	11	–	–	–
W Hood	10	5	3	2
A Knight	10	–	–	–
S Lamport	8	3	–	–
S Miller	11	5	2	2
F Worsley	11	5	3	2
S Still	9	–	–	–
C Legge	9	–	–	–

The Non-Executive Directors meet with the Executive Chairman prior to most Board meetings. On four occasions during the period the Non-Executive Directors met on their own.

The Board maintains a schedule of matters reserved for the Board which is reviewed annually by the Company Secretary. The specific responsibilities retained by the Board include: establishing Group strategy and approving the annual budget; reviewing the Group’s operational and financial performance; approving major

acquisitions, divestments and capital expenditure; reviewing the Group’s systems of control and risk management; approving appointments to the Board and the Company Secretary; approving policies relating to Directors’ remuneration and the severance of Directors’ contracts; and ensuring that a reasonable discourse occurs with shareholders.

Appropriate training and induction is made available to newly appointed directors, taking into account any previous experience they may already have as a director of a public limited company or otherwise. Training sessions are carried out for the entire Board when appropriate. Executive members of the Board have to date been appointed from within the Group and have served on the Brewin Dolphin Limited Board prior to appointment.

The Roles of the Executive Chairman and Non-Executive Deputy Chairman

The Executive Chairman, Jamie Matheson, has four direct reports: Finance Director, Robin Bayford; Head of Investment Management, David McCorkell; Head of Regulation, Barry Howard and Head of Investment Banking, Graeme Summers. There is a clear division of duties between the Executive Chairman and the Non-Executive Deputy Chairman, with terms of reference that have been clearly defined in writing and are reviewed annually and agreed by the Board. This ensures that a clear balance of power and authority is present.

Re-appointment of Executive and Non-Executive Directors

William Nicholas Hood, David William McCorkell, Michael John Ross Williams and Francis Edward (Jock) Worsley all retire by rotation and, being eligible, offer themselves for re-election.

It is the view of the Board that David McCorkell and Michael Williams continue to perform effectively and it is appropriate for them to continue to serve as Directors of the Company.

The roles of Nick Hood and Jock Worsley as Non-Executive Directors have been reviewed and it is the view of the Board that they continue to make a valuable contribution to the Board both demonstrating commitment to their roles.

Directors’ Conflicts of Interest

A new statutory duty on directors to avoid conflicts of interest with the Company came into force in October 2008. The Company’s Articles of Association, adopted in July 2008, allow the directors to authorise conflicts of interest, and the Board has adopted a policy and effective procedures for managing and, where appropriate,

approving conflicts or potential conflicts of interest. This is a recurring Agenda item at all Board meetings and gives each Director the opportunity to raise any conflict of interest they may have, or to update the Board on any change to a previous conflict of interest already lodged. A Register of Conflicts is held by the Company Secretary and referred to when decisions are made. A log of all conflicts raised is maintained and updated accordingly. All Directors are aware that it is their responsibility to raise and update any conflicts of interest they may have.

Committees of the Board

The Board has three standing committees: the Nominations Committee; the Audit Committee and the Remuneration Committee. These committees have written terms of reference, which are reviewed regularly and any amendments approved by the Board. Membership of the committees is as set out on page 2. The terms of reference of the Committees can be viewed on the Company's website, together with Committee membership. Sight of all Directors' contracts, or, in the case of Non-Executive Directors, letters of appointment, can be obtained via the Company Secretary.

All the Committees are able to call on independent professional advisers if they consider it necessary.

Nominations Committee

The members of the Nomination Committee are Nick Hood (Chairman), Jock Worsley and Simon Miller. The Nominations Committee is responsible for the Board's succession planning. The Nominations Committee met twice during the year and both meetings were fully attended by all members.

Remuneration Committee

The Remuneration Committee is chaired by Nick Hood and the other members are Simon Miller and Jock Worsley. There were three meetings of the Remuneration Committee during the year and it was fully attended by all members, save that Simon Miller sent his apologies on one occasion. The Directors' Remuneration Report is presented on page 26, which gives further information.

Audit Committee

The members of the Audit Committee are Jock Worsley (Chairman), Nick Hood, Simon Miller and Sir Stephen Lamport. The Finance Director, Head of Regulation, the Head of Internal Audit and the Company Secretary normally attend all Audit Committee meetings at the Committee's request. The Board is satisfied that at least one member of the Audit Committee has recent and relevant financial experience.

The Audit Committee met five times during the period under review and all meetings were fully attended by all members, with the exception of Sir Stephen Lamport who sent his apologies on two occasions.

The Audit Committee maintains a formal calendar of items that are to be considered at each committee meeting and within the annual audit cycle, to ensure that its work is in line with the requirements of the Code.

The Audit Committee is responsible for:

- monitoring of the work of both the Internal Audit Department and Risk Management Department;
- considering the reports received from the Compliance Department and Risk Management Departments;
- reviewing the Company's procedures for handling allegations from whistleblowers and for detecting fraud; and
- reviewing the scope and findings of the reports from the external auditors and the Group's interim and annual financial statements prior to their submission to the Board.

During the year, the Audit Committee discharged its responsibilities as set out in its terms of reference by undertaking the following work:

- reviewing the Annual Report and Financial Statements and the Interim Report. In doing so, the Committee reviewed significant accounting policies, financial reporting issues and judgements and reports from the external auditors;
- reviewing the effectiveness of the external audit process, the external auditors' strategy and plan for the audit and the qualifications, expertise, resources and independence of the external auditors;
- reviewing and approving the internal auditor's annual plan and reviewing all reports from internal audits;
- reviewing regular reports from the Group's Head of Regulation;
- receiving regular reports from the Group's Risk Management Committee;

- reviewing the Group's ICAAP and Group's annual Corporate Risk Review;
- reviewing and agreeing the scope of the audit work to be undertaken by the external auditors and the fees to be paid to the external auditors; and
- reviewing the Audit Committee's own terms of reference.

The external auditors meet privately with the Audit Committee at least twice a year without senior executive management being present.

Auditors' Independence

The Board uses the auditors for audit and related activities. It generally does not use the auditors for non-audit services unless there are appropriate reasons for doing so, thereby retaining their objectivity and independence. An analysis of auditors' remuneration is provided in note 9 to the financial statements. The majority of tax advisory and similar work is carried out by another major accountancy firm.

It is the policy of the Board formally to review the appointment of auditors every six years; a review was last carried out in 2007. The Audit Committee recommended to the Board that the reappointment of the auditors be proposed to the shareholders at the 2010 AGM.

Company Secretary

The Company Secretary is responsible for advising the Board on all Corporate Governance matters as well as ensuring good information flows within the Board and its Committees. All Directors have access to the services of the Company Secretary and may take, if necessary, independent, professional advice at the Company's expense.

Insurance

The Company maintains appropriate insurance cover in respect of litigation against the Directors.

Board Evaluation

An annual evaluation of the Board's performance and that of its sub-committees, individual Directors and Chairman is undertaken. Each Director receives a Board Performance Evaluation Questionnaire and separate committee performance evaluation forms where appropriate for use in assessing the Board's own performance and that of its Committees. The responses to the questionnaires were considered and discussed with the Chairman. A report was prepared on the results of the evaluation process and considered by the Board at its meeting in September 2009. No major changes were implemented as a result of this review. The Deputy Chairman as Senior Independent Director carried out a review of the Chairman.

Relationship with Shareholders

The Company places a great deal of importance on communication with shareholders and aims to keep shareholders informed by regular communication. The Group's Executive Chairman, Head of Investment Management and Finance Director meet regularly with the Group's institutional investors and the Group's website is kept up-to-date covering all corporate activity. The Company recognises the importance of ensuring effective communication with all of its shareholders. The Company welcomes all shareholders to its AGM, with the opportunity to ask questions formally at the meeting or more informally afterwards. The Company's policy is to announce the number of proxy votes cast on resolutions at the AGM. For shareholders who are clients of Brewin Dolphin Limited and who hold their shares in one of our nominee accounts, we provide an on-line voting service on the Group website for shareholders to vote before our AGM.

Internal Control and Risk Management

The Board undertakes a full review of all aspects of the Group's business, identifies the main risks to the business and identifies the key controls to counter these risks. Day-to-day review and monitoring has been delegated to both the Investment Management Risk Controls Committee ("IMRCC") and Investment Banking Risk and Controls Committee ("IBRCC") of Brewin Dolphin Limited, the activities of which include overseeing and reviewing the control, monitoring and reporting frameworks and related procedures for risk management. The IMRCC committee meets weekly, and the IBRCC monthly.

The Compliance department and Internal Audit carry out regular reviews. The Board considers reputational risk, portfolio performance and the added risk of taking on new teams and business streams. The level, detail and nature of complaints are carefully monitored.

The Directors are responsible for the system of internal control established by the Group, reviewing its effectiveness and reporting to the shareholders that they have done so. They report as follows:

- i. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group as outlined above. This has been in place for the period under review and up to the date of approval of the annual report and accounts. It is regularly reviewed by the Board and accords with the revised Turnbull guidance in the Combined Code. Any system of internal control is designed to highlight and manage rather than to eliminate the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss. Steps are being taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention.
- ii. Financial results, key operating statistics and controls are reported to the Board monthly, and variances are followed up vigorously. Monthly reports are received from the compliance and internal audit functions.
- iii. The Directors have reviewed the Group's system of internal controls and compliance monitoring and believe that these provide assurance that problems have been identified on a timely basis and dealt with appropriately throughout the period under review and up to the date of approval of the annual report and accounts.
- iv. There is a whistleblowing policy detailing the internal or external procedures through which employees are able to raise any concerns.

Model Code

The Company has its own internal dealing rules which extend the FSA Listing Rules Model Code provisions to all employees.

Compliance with the Combined Code

The Directors consider that the Company has been in full compliance with the provisions set out in the Combined Code throughout the period ended 27 September 2009, except as described below:

- The Executive Chairman did not, on appointment, meet the independence criteria set out in the Code since he had previously been an employee and an Executive Director of the Company. To ensure that there is a clear balance of power and authority an Independent Non-Executive Deputy Chairman was appointed. There is clear division of duties between the Executive Chairman and the Independent Non-Executive Deputy Chairman with written terms of reference.
- In designing schemes of performance-related remuneration, the remuneration committee does not fully follow the provisions in Schedule A to the Code in that in respect of annual bonus payments paid to executive directors upper limits are not set, nor are predetermined performance criteria applied. This reflects the culture of the Group which is to pay to income producing and senior management employees a significant element of their remuneration by way of incentive and not to dis-incentivise any employee through the capping of potential incentives. It also recognises the application of predetermined performance criteria is not practical for all executive directors, given the nature of both the business and their individual roles.

Angela Wright
Secretary

1 December 2009