



ARBUTHNOT BANKING GROUP PLC

26 November 2020

Arbuthnot Banking Group PLC

Update on 2020 Annual General Meeting resolution vote

On 16 June 2020, Arbuthnot Banking Group PLC ("the Company" or the "Group") reported that all resolutions had been passed at its 2020 Annual General Meeting ("AGM"), held that day, but that there had been a significant minority vote against the following resolution:

- Resolution 10, authorisation for the making of political donations and incurring of political expenditure.

This resolution provided that, in the four years beginning on 17 June 2020, the individual and aggregate amount donated or expended would not exceed £250,000. In 2019, the Company made political donations of £77,000 to the Conservative Party in view of the significant adverse impact that a Labour government would have had on the Group's clients and business. The total votes received in favour of this resolution were 74.6%.

In accordance with the UK Corporate Governance Code, the Company today provides this further update. Following the AGM, the Company made contact with five institutional shareholders, comprising almost all of the votes of those which it identified as not supporting the resolution, to see whether they would like to arrange a meeting with directors as part of regular engagement and in order to understand why they voted against the resolution.

The primary reasons for not voting in favour identified as part of the consultation and the Board's response to them are set out below.

Two institutional shareholders did not take up the offer of a meeting, one of which explained that their policy on corporate governance is not to support resolutions in respect of political donations. Of the three shareholders with which the Company engaged successfully, each of the respective fund managers expressed their support for the Company, but explained that they generally follow the advice of their proxy voting advisers in respect of corporate governance matters and which, on this occasion, recommended that they voted against the resolution. One institution, whilst understanding of the reasoning behind the proposal of the resolution, indicated their own reluctance to support it due to their generally not liking companies in which they invest to make political donations. Another suggested that, if given more of an explanation as to why the resolution was being proposed, they believed that a proxy voting adviser might recommend support in which case they would likely vote in favour.

Conclusion

In summary the response to the consultation with the Company's major institutional shareholders is that, given their commitment to follow "best practice" in relation to corporate governance, they are reluctant unless there are special circumstances to go against their corporate governance/proxy voting adviser's recommendation as to how they vote.

The Board continues to believe that it is in the interests of shareholders that it has the flexibility to make political donations in accordance with the Companies Act 2016, in light of prevailing political circumstances over the next few years. Going forward it will seek to provide a more detailed explanation in relation to specific shareholder resolutions which corporate governance advisers are likely to regard as non-conforming or outside best practice. The Board is encouraged by the continued support of its major shareholders. It welcomes engagement with them and will continue to maintain communications via one-to-one meetings as appropriate.

The Directors of the Company accept responsibility for the contents of this announcement.

Enquiries:

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