

Arbuthnot Latham & Co., Limited

Section 172 (1) Statement for the Year Ended 31 December 2025

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when making decisions. It forms the Directors' statement required by Arbuthnot Latham as a large-sized company under section 414CZA of the Act.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct and
- the need to act fairly as between members of the Company.

The Arbuthnot Principles set out on page 1 of the Annual Report of Arbuthnot Banking Group PLC, the Company's holding company, explain the Board's approach to its stakeholders. Details of how the Directors had regard to the interests of its key stakeholders during the year are set out below.

The Directors are conscious that their decisions and actions have an impact on stakeholders. The stakeholders we consider in this regard are our shareholder, ABG, of which the Company is a wholly owned subsidiary, and its shareholders, our employees, customers, suppliers, regulators and the environment in which we operate.

Likely consequences of any decision in the long term

The Directors make their decisions to ensure that long-term prospects are not sacrificed for short term gain, reflecting the values and support of Sir Henry Angest, the Company's President and ABG's majority shareholder, which have proved successful in creating and maintaining shareholder value over many years. This was demonstrated in the year by a number of Board decisions including investment in a number of major projects.

In February 2025, the Board reviewed the concept of Commitment to Clients and Colleague Promises, i.e. what the business aims to deliver to clients and to employees, built on Arbuthnot's Seven Principles and five cultural values, which was launched to the business. These Principles are central to the way the Company works, summarising its corporate philosophy and ethics, and it seeks to ensure that all of its businesses act consistently with them.

During the year, the Board appointed Charlotte Crosswell and Simon New as new Directors, subject to satisfaction of applicable regulatory and compliance requirements which were subsequently met. The Board was also kept fully informed of a number of senior management retirements with the respective roles of the MD Specialist Finance and Head of HR being transferred to two existing AL executive Directors, Messrs Barrett and Kelly. This approach will help to empower existing employees as well as reducing costs.

Interests of the Company's employees

Overall the Board's intention is to hire the best people and to provide the right environment for them to perform to the best of their ability.

The Board receives an update on human resource matters at each of its meetings. It is also kept informed of the results of employee surveys. In November 2025 it considered the results of the engagement survey, launched in October 2025 to assess how engaged employees felt with the business, obtaining feedback on key areas that affect engagement. The engagement survey received an 87% response rate from employees, with an 83% engagement score including 92% agreeing with the statement of being proud to work for the Group and 85% would recommend the Group as a great place to work. There were also increases in scores for external client and employee experience, as well as inclusive culture and wellbeing. The Board agreed that this was a good overall result considering the prevailing economic climate and employment market. It regards the maintenance of a high level of employee engagement as key to the Company's future success as an organisation on every level and each business will be analysing its results and establishing action plans to address key issues raised.

Employees are able to raise concerns in confidence with the HR Team, with grievances followed up in line with a specified process which satisfies all legal requirements. As explained in the Directors Report on page 18, Jayne Almond, a non-executive director, has been designated by the Board as the Director to engage with the workforce. Furthermore Richard Gabbertas, chairman of the Board Risk Committee, is the Group's Whistleblowing Champion and there is an anonymous whistleblowing service via an external provider. There is also protection for employees deriving from the Public Interest Disclosure Act 1998. Any whistleblowing events are reported annually to the Risk Committee and, where material, notified to the Board and to the applicable regulator.

Company's business relationships with suppliers, customers and others

The Directors attach great importance to good relations with customers and business partners. In particular, our clients are integral to our business and forging and maintaining client relationships are core to Arbuthnot Latham's business and crucial for client retention. As regards customers, the Board Risk Committee considered the formal submission of a Consumer Duty annual assurance report from the Chief Compliance Officer.

The Company is committed to following agreed supplier payment terms. There is a Supplier Management Framework in place covering governance around the Company's procurement and supplier management activities. For due diligence and compliance purposes, suppliers are assessed through an external registration system. The Modern Slavery Statement, approved by the Board in March as part of its annual review of the Company's stance and approach to the Modern Slavery Act, explains the risk-based approach that the Company has taken to give assurance that slavery and human trafficking are not taking place in its supply chains or any part of its business.

Balancing stakeholder interests

An illustration of the balancing of the interests of our stakeholders in their long-term interest was the Board's decision in March 2025 to continue its progressive dividend policy. During the year, it resolved to pay two dividends totalling £13,346,000 to its shareholder.

Impact of the Company's operations on the community and the environment

As part of the management information reviewed at its regular meetings, the Board Risk Committee receives a Risk Management report, containing a report on Environmental, Social and Governance (ESG) matters which includes a Climate Change Dashboard, monitoring climate change measures in place including Scope 1, 2 and 3 GHG emissions. This dashboard details climate-change measures and actions.

The Directors are updated on the steps the Group is taking to become more sustainable, given its exposure to climate change transition risk as the UK evolves to a low carbon economy. It is also kept informed of the formal approach to ESG established to develop over time, which will underpin the Arbuthnot Principles and Values within the workplace under five pillars of sustainability – governance, clients, employees, community and environment (ESG Pillars). The ESG actions taken are in recognition of the Group's responsibility to make a positive societal impact and the political, regulatory and legal pressure with clients and investors in ABG interested in the Group's ESG stance.

In September 2025 the Board Risk Committee approved the enterprise-wide climate change risk appetite, risk assessments, and stress test scenarios and results.

Desirability of the Company maintaining a reputation for high standards of business conduct

The Directors believe that the Arbuthnot culture set out in the Arbuthnot Principles on page 1 of ABG's Annual Report manifests itself at Board level and in the external view of the Group as a whole. The critical importance of the Company's continuing good reputation is considered at each Board meeting. These Principles are encapsulated in five Group cultural values, themselves embedded into day-to-day activities. These values are integrity, respect, empowerment, energy and drive, and collaboration.

25 March 2026