

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with any accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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# **CLOSE BROTHERS GROUP plc**

**(incorporated and registered in England and Wales under number 520241)**

## **Notice of Annual General Meeting to be held on**

### **19 November 2020**

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Your attention is drawn to the letter from the Chairman of Close Brothers Group plc (the “**Company**”) which is set out on pages 3 to 6 of this document and which recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of the Company to be held at 10 Crown Place, London, EC2A 4FT on Thursday 19 November 2020 at 11.00 a.m. is set out on pages 7 to 13 of this document. As set out in further detail on page 3 of this document, due to public health guidelines as a result of the Coronavirus (COVID-19) pandemic and in light of the measures introduced by the Corporate Insolvency and Governance Act 2020, it will not be possible for shareholders to attend the Annual General Meeting and they are instead strongly encouraged to vote on the resolutions set out in the Notice by proxy. Any shareholder seeking to attend the meeting (other than those forming the quorum, which will be facilitated by the Company) will not be admitted.

A form of proxy for use in connection with the Annual General Meeting has not been enclosed with this document. Shareholders are encouraged to vote electronically; further details on how to do so are shown on pages 10 to 12 of this document. Arrangements for shareholders who wish to continue to vote using a paper proxy can be found on page 10.

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## LETTER FROM THE CHAIRMAN

6 October 2020

Dear Shareholder,

### **Annual General Meeting (“AGM”)**

I am pleased to give you notice of the Company’s AGM for 2020.

The AGM will be held at 10 Crown Place, London EC2A 4FT on Thursday 19 November 2020 at 11.00 a.m. **In accordance with current Government guidance as a result of the ongoing Coronavirus (COVID-19) pandemic, shareholders other than those forming the minimum quorum (which will be facilitated by the Company) must not attend the AGM and will not be admitted to the meeting.**

The formal Notice of Annual General Meeting is set out on pages 7 to 13 of this document. The Notice sets out the resolutions to be proposed at the AGM, together with general notes and explanatory notes on the resolutions to be proposed. Arrangements for proxy voting are set out on pages 10 to 12.

### **Coronavirus (COVID-19)**

The AGM would usually be a valuable opportunity for me and my fellow directors to meet with shareholders and discuss the performance of the Group. This year the Board is closely monitoring developments relating to the Coronavirus (COVID-19) pandemic, including Government regulations, public health guidance and the measures regarding conduct of general meetings introduced by the Corporate Insolvency and Governance Act 2020 (as amended by the Corporate Insolvency and Governance Act 2020 (Coronavirus) (Extension of the Relevant Period) Regulations 2020). Our priority is the wellbeing and safety of our employees, shareholders and the wider community.

We recognise the importance to shareholders of the business to be transacted at the AGM and we therefore intend to proceed with the meeting at 11.00 a.m. on Thursday, 19 November. However, in light of the continuing situation, we regret that this year it will not be possible for shareholders to attend the AGM in person. The AGM will be run as a closed meeting and the format of the meeting will be purely functional. Any shareholder seeking to attend (other than those forming the quorum, which will be facilitated by the Company) will not be admitted.

The Board strongly encourages shareholders to vote on the resolutions set out in this Notice by proxy in advance of the meeting. Further information on the process for voting in this way can be found on pages 10 to 12. In particular, if you wish to vote by proxy, you are encouraged to appoint the chairman of the meeting as your proxy as any other individuals appointed as proxy will not be admitted to the meeting.

This situation is constantly evolving and the Government may update the existing public health guidance and / or implement further measures relating to the holding of general meetings. Any changes to the AGM (including any changes to the location of the AGM) will be communicated to shareholders before the meeting through our website at <https://www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting> and, where appropriate, by announcement through a regulatory information service.

We recognise that the AGM serves as an important forum for shareholders to engage with the Board and that attendees value the opportunity to hear presentations about the Company’s performance and strategy. Therefore, this year we will upload a video presentation from our new Chief Executive, Adrian Sainsbury, to the Company’s website at <https://www.closebrothers.com/investor-relations> on 19 November 2020. Shareholders are also encouraged to send any questions about the business of the AGM in advance of the meeting to the Company Secretary at the Company’s registered office shown at the top of this page or by email to [company.secretary@closebrothers.com](mailto:company.secretary@closebrothers.com) with “AGM 2020” in the subject line. We will provide written answers directly to questions received in this way. Shareholders are requested to send any questions to arrive before 11.00 am on Tuesday 17 November 2020.

I very much hope we can return to a more typical AGM next year and look forward to meeting with shareholders then.

## **Final dividend for the full 2020 financial year**

In April 2020, the Board announced that it had decided to cancel the Company's 2020 interim dividend recognising the significant challenges faced by businesses and individuals and consistent with the Group's purpose of helping the people and businesses of Britain. This decision was not taken lightly given the Group's long history of uninterrupted dividend payments.

Following the Group's resilient financial and operational performance in the second half of the 2020 financial year, the Board is now proposing a dividend of 40p per share in respect of the full financial year. This reflects the Board's confidence in the Group's business model and strong financial position, notwithstanding the current uncertain environment. While dividend decisions in the 2020 financial year reflected the unprecedented uncertainty caused by Covid-19, our aim remains to return to a long-term policy of progressive and sustainable dividend growth in future. Dividend decisions will continue to balance returns to shareholders with maintaining a strong financial position, flexibility to grow and invest, and the ability to meet our responsibilities to all stakeholders.

Accordingly, shareholders are being asked to approve a final dividend of 40p per ordinary share for the year ended 31 July 2020. If shareholders approve the recommended final dividend, it will be paid on 24 November 2020 to all ordinary shareholders named on the register of members as at 16 October 2020.

## **Reappointment of Directors**

On 24 September 2019, the Company announced that Preben Prebensen had decided to step down after ten years as Chief Executive, and move on to the next stage of his career. Preben remained with the Group to ensure a smooth handover whilst a thorough search for, and the appointment of, a successor was completed. Preben formally stepped down as Chief Executive and a member of the Board on 21 September 2020. The Board wishes to thank Preben for his outstanding leadership and very significant contribution over the last 11 years. He has overseen the transformation of the Group over this period and leaves it in an excellent position operationally and financially and with a strong executive team.

As announced by the Company on 22 June 2020, the Board selected Adrian Sainsbury to succeed Preben as Chief Executive. Adrian took up his new position and became an Executive Director of the Company, on 21 September 2020. Adrian's appointment followed an extensive search process undertaken by the Board, considering both internal and external candidates.

Further details on Adrian's background and experience can be found in his biography on page 15. Adrian has been with the Group since 2013, most recently having held the position of Managing Director of the Banking division. His appointment provides continuity in the Group's leadership team and business model, ensuring that we continue delivering for our people, our customers, and our shareholders in the years to come. His deep knowledge and experience, strong leadership and exceptional commercial expertise make him ideally placed to lead the Group through the next stage of its development. Accordingly, Adrian Sainsbury will be standing for election at the AGM for the first time.

We welcomed Sally Williams to the Board on 1 January 2020 as a Non-Executive Director and she also will be standing for election at the AGM for the first time.

As previously announced on 22 September 2020, after more than nine years' dedicated service on the Board, the Company's Senior Independent Director, Geoffrey Howe, has notified the Board that he will not seek reappointment at this year's AGM. I would like to thank Geoffrey for his enormous contribution to the Company, and his invaluable judgment and wise counsel. The search to identify a permanent successor to Geoffrey is well-advanced and, subject to completion of the regulatory approval process, the Board anticipates being in a position to announce its final decision on an appointment in due course following the AGM. The Board has appointed Oliver Corbett, Non-Executive Director and Chair of the Audit Committee, to take on the additional role of Senior Independent Director on an interim basis during the period between Geoffrey stepping down from the Board at the AGM and the appointment of a permanent successor.

In accordance with the UK Corporate Governance Code, all serving Directors (other than Geoffrey Howe) will retire at the AGM and stand for reappointment by shareholders. Accordingly, the Directors retiring and offering themselves for reappointment are Adrian Sainsbury, Mike Morgan, Oliver Corbett, Peter Duffy, Lesley Jones, Bridget Macaskill, Sally Williams and me.

The Board has re-assessed and confirmed the continuing independence of each of the Company's independent Non-Executive Directors, and in conjunction with the Nomination and Governance Committee has considered the performance and other commitments of all of the Directors standing for reappointment at the AGM. Details of the specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success can be found in the explanatory notes along with their biographical details.

As Chairman, following a formal performance evaluation, I believe that the contribution and performance of each of my fellow Directors is valuable and effective. They all demonstrate commitment to their roles and I therefore believe that it is appropriate that they should continue to serve on the Board.

### **Business to be considered at the AGM**

This year, shareholders are being asked to approve 22 resolutions in total at the AGM. In addition to the resolutions which deal with items of business that have been considered and approved by shareholders at previous meetings, shareholders are being asked to consider the updated Directors' Remuneration Policy for the next three years and the adoption of new Articles of Association. Further information on each of the resolutions to be proposed at the meeting can be found in the explanatory notes which appear on pages 14 to 20 of this document.

I would like to draw your attention to the following items of business set out in the Notice.

### **Remuneration (Resolutions 2 and 3)**

This year, shareholders are being asked to approve two resolutions relating to remuneration.

The first of these (Resolution 2) is, as in previous years, an annual advisory vote to approve the Directors' Remuneration Report set out on pages 87 to 114 of the Company's Annual Report and Accounts for the financial year ended 31 July 2020 (the "**2020 Annual Report and Accounts**"), including the implementation of the current policy in terms of the payments and share awards made to Directors during the year.

The second resolution (Resolution 3) seeks the approval of shareholders for the new forward-looking Directors' Remuneration Policy which is set out in full on pages 91 to 101 of the 2020 Annual Report and Accounts. The Directors' Remuneration Policy, which is required to be the subject of a binding vote at least every three years, was last approved by shareholders at the AGM in 2017. If the resolution is approved, the Directors' Remuneration Policy will become effective immediately following the AGM. A summary of the amendments to the current Directors' Remuneration Policy can be found in the explanatory notes on page 14 of this document.

### **New Articles of Association (Resolution 21)**

We are asking shareholders to approve the adoption of new Articles of Association. The Company's current Articles have been in place since 2009 and a number of changes are proposed in line with best practice, including to take account of changes in company law, technology and market practice in the intervening years.

An explanation of the principal differences between the current Articles and the new Articles is set out in the Appendix to this document.

### **Authorities in relation to the issue of Additional Tier 1 instruments (Resolutions 16 and 19)**

Resolutions 16 and 19 are again being proposed this year, having been approved by shareholders at each AGM since 2018. These resolutions renew the authority to permit the Company to issue Additional Tier 1 instruments ("**AT1 Securities**") as part of its capital. These instruments can count towards the minimum amount of Tier 1 capital which the Company is required to maintain under applicable regulations. A key feature of AT1 Securities is that they automatically convert into ordinary shares in certain circumstances, including if the Company's Tier 1 capital ratios were to fall below a specified level.

The Board has not used the authorities granted by shareholders at the 2019 AGM and whilst the Board has no present intention to issue any AT1 Securities, it believes that having the flexibility to issue these instruments is in the best interests of the Company and an important part of the Company's prudent approach to capital planning and management. Further details on AT1 Securities and the authorities sought can be found in the explanatory notes later in this document.

## Your vote and voting by proxy

Your Board is aware that shareholders have increasingly chosen to vote on AGM resolutions electronically. As a result, only a relatively small number of paper forms of proxy have been completed and returned in recent years. As explained in last year's Notice of AGM, in order to further reduce waste and our environmental impact, a paper form of proxy has not been sent to shareholders this year.

Shareholders are encouraged to vote electronically on the resolutions to be proposed at the AGM. However, arrangements have been made for those shareholders who wish to continue to vote using a paper form of proxy. Details on how to vote electronically as well as how to contact the registrar to request a paper proxy form are shown on page 10 of this document. Shareholders are reminded that whichever method of proxy voting is adopted, the registrar must receive proxy votes not less than 48 hours before the time appointed for holding the AGM.

If you wish to vote by proxy, you are encouraged to appoint the chairman of the meeting as your proxy as any other individuals appointed as your proxy will not be admitted to the AGM.

All resolutions at the AGM will be put to a vote on a poll, rather than being decided by a show of hands. The Board believes that this will result in a fairer and more accurate indication of the views of shareholders as a whole. On a poll, each shareholder has one vote for every share held.

## Recommendation

Your Directors unanimously consider that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole, and recommend that you vote in favour of the resolutions, as the Directors intend to do in respect of their own shareholdings.

I thank you for your continued support.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M N Biggs', with a long horizontal stroke extending to the right.

**Michael N. Biggs**  
Chairman

## Close Brothers Group plc

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Close Brothers Group plc will be held at 10 Crown Place, London EC2A 4FT on Thursday 19 November 2020 at 11.00 a.m. for the purpose of transacting the following business as ordinary resolutions (as regards resolutions 1 to 16) and as special resolutions (as regards resolutions 17 to 22).

#### Ordinary resolutions

1. To receive and adopt the Company's 2020 Annual Report and Accounts together with the reports of the Directors and of the Auditor.
2. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the financial year ended 31 July 2020 set out on pages 87 to 114 of the 2020 Annual Report and Accounts.
3. To approve the Directors' Remuneration Policy, the full text of which is set out on pages 91 to 101 of the Directors' Remuneration Report contained within the 2020 Annual Report and Accounts, to take effect from the end of this AGM.
4. To authorise the payment of a final dividend on the ordinary shares of 40p per share for the year ended 31 July 2020 on 24 November 2020 to shareholders on the register at the close of business on 16 October 2020.
5. To reappoint Mike Biggs as a director of the Company.
6. To reappoint Adrian Sainsbury as a director of the Company.
7. To reappoint Mike Morgan as a director of the Company.
8. To reappoint Oliver Corbett as a director of the Company.
9. To reappoint Peter Duffy as a director of the Company.
10. To reappoint Lesley Jones as a director of the Company.
11. To reappoint Bridget Macaskill as a director of the Company.
12. To reappoint Sally Williams as a director of the Company.
13. To reappoint PricewaterhouseCoopers LLP as auditor of the Company from the conclusion of this AGM until the conclusion of the next AGM.
14. To authorise the Audit Committee, acting for and on behalf of the Board, to determine the remuneration of the auditor.
15. To authorise the Board generally and unconditionally to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
  - (a) up to a nominal amount of £12,610,667 (such amount to be reduced by any allotments or grants made under paragraph (b) below in excess of such sum); and
  - (b) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £25,221,334 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:
    - (1) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (2) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 19 February 2022) but, in each case, during this period the Company may make

offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

16. To authorise the Board, in addition to any authority granted pursuant to resolution 15, generally and unconditionally pursuant to section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £4,729,000 in relation to any issue by the Company of any Additional Tier 1 instruments (“**AT1 Securities**”) that automatically convert into or are exchanged for ordinary shares in the Company in prescribed circumstances, where the Directors consider that the issue of such AT1 Securities would be desirable, including for the purpose of complying with, or maintaining compliance with, the regulatory requirements or targets applicable to the Company and its subsidiaries and subsidiary undertakings from time to time and otherwise on terms as may be determined by the Directors, such authority to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 21 February 2022) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not expired.

### Special resolutions

17. That, if resolution 15 granting authority to allot shares is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited to:

- (a) the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 15, by way of a rights issue only):
1. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  2. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) in the case of authority granted under paragraph (a) of resolution 15 and/or in the case of any sale of treasury shares, the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £1,891,600,

such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 19 February 2022) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

18. That, if resolution 15 granting authority to allot shares is passed, the Board be given the power in addition to any power granted under resolution 17 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £1,891,600; and

- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an



acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 19 February 2022) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

19. That, if resolution 16 granting authority to allot AT1 Securities is passed, the Board be given the power, in addition to any powers granted pursuant to resolutions 17 and 18, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority given by resolution 16 up to an aggregate nominal amount of £4,729,000 in relation to the issue of AT1 Securities as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 19 February 2022) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the power ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the power had not ended.
20. That the Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 25p each, such power to be limited:
  - (a) to a maximum number of 15,132,800 ordinary shares;
  - (b) by the condition that the minimum price which may be paid for an ordinary share is the nominal amount of that share and the maximum price which may be paid for each ordinary share is the highest of:
    - (1) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
    - (2) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange Trading System,in each case, exclusive of expenses,

such authority to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 19 February 2022) but during this period the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the authority ends and the Company may purchase ordinary shares pursuant to any such contract as if the authority had not ended.

21. That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
22. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board



Alex Dunn  
Company Secretary  
6 October 2020

Registered Office:  
10 Crown Place  
London EC2A 4FT

# NOTICE OF ANNUAL GENERAL MEETING

## Notes

### Proxies and corporate representatives

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. However, as noted on page 3, shareholders (other than those forming the quorum, which will be facilitated by the Company) and any appointed proxy or representative (other than the chairman of the meeting) will not be admitted to the AGM venue, and shareholders are therefore encouraged to exercise the rights attached to their shares by appointing the chairman of the meeting as their proxy. You can only appoint a proxy by using the procedures set out in these notes.

2. Shareholders may appoint a proxy electronically by visiting the registrar, Link's shareholder portal [www.signalshares.com](http://www.signalshares.com). Having logged in, select the 'Vote Online Now' link.

You will require your username and password in order to log in and vote. If you have forgotten your username or password, you can request a reminder via the portal.

If you have not previously registered to use the registrar's shareholder portal [www.signalshares.com](http://www.signalshares.com), you will require your investor code (or IVC) which can be found on your share certificate or dividend notification; then follow the instructions provided.

3. CREST members can appoint a proxy by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraphs 13 to 16.

4. Alternatively, to request a paper proxy form, shareholders should contact the registrar, Link Asset Services by:

- Email: [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk)
- Telephone: 0371 664 0391 or +44 (0) 371 664 0391 if calling from outside of the UK

*Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate; lines are open 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales*

- Post: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Shareholders are encouraged to ensure that they contact Link Asset Services in sufficient time ahead of the AGM to allow any request for a paper proxy form to be processed, dispatched and (following completion) subsequently returned to the registrar.

To be valid, completed paper proxy forms must be received by post (addressed to PXS1, 34 Beckenham Road, Beckenham BR3 4ZF; Business Reply Licence Number RSBH-UXKS-LRBC) or, during normal business hours only, by hand at the office of the Company's registrar (Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU).

5. **IMPORTANT:** in any case, your proxy form must be received by the Company's registrar no later than 48 hours before the time appointed for holding the AGM.

6. Appointing a proxy using the procedures set out above will not prevent a member from attending and voting at the AGM in person should the situation and the applicable restrictions change such that shareholders are permitted to, and subsequently wish to, do so.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. However, as noted on page 3, given the restrictions on attendance at the AGM in light

of the ongoing Coronavirus (COVID-19) pandemic, corporate shareholders should consider appointing the chairman of the meeting to ensure their votes can be cast in accordance with their wishes.

### **Nominated Persons**

9. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him / her and the shareholder by whom he / she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he / she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

### **Entitlement to attend and vote**

11. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at close of business on 17 November 2020 (or, in the event of any adjournment, close of business on the date which is 48 hours before the time of the adjourned meeting, excluding non-working days). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM. As previously mentioned, shareholders should have regard to the fact that in light of the ongoing Coronavirus (COVID-19) pandemic, regrettably they will not be entitled to attend the AGM.

### **Total voting rights**

12. As at 2 October 2020 (being the latest practicable date prior to the publication of this Notice and excluding shares held in treasury) the Company's issued share capital consists of 151,328,007 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 October 2020 are 151,328,007.

### **CREST members**

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by not less than 48 hours before the time appointed for holding the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
15. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take

(or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

16. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### **Proximity voting**

17. Institutional investors may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the registrar. Further information regarding Proximity can be found at [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 11.00 am on 17 November 2020 in order to be considered valid. Before appointing a proxy by this process you will need to agree to the Proximity terms and conditions. It is important that these are read carefully as these are binding and govern the electronic appointment of your proxy.

### **Audit statements**

18. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

### **Members' right to ask questions**

19. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer needs to be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
20. Given the current restrictions on attending this year's AGM and recognising the right of members to ask questions at the AGM as described in the above paragraph, shareholders are requested to submit their questions in advance of the meeting to the Company Secretary at the registered office or via email to [company.secretary@closebrothers.com](mailto:company.secretary@closebrothers.com) with "AGM 2020" in the subject line. We will provide written answers directly to questions received in this way. Shareholders are requested to send any questions to arrive by 11.00 am on Tuesday 17 November 2020.

### **Electronic publication**

21. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website ([www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting](http://www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting)).

### **Inspection of documents**

22. The following documents will be available for inspection at the registered office of the Company (10 Crown Place, London EC2A 4FT) during normal business hours on each business day from the date of this Notice until the end of the AGM and at the place of the meeting from at least 15 minutes prior to the AGM until the end of the meeting:

- copies of the Executive Directors' service contracts;
- copies of the letters of appointment of the Chairman and each of the Non-Executive Directors; and
- the proposed new Articles of Association of the Company, showing the amendments to the current Articles of Association (and, as noted on page 20, the new Articles of Association will also be available on the Company's website at [www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting](http://www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting)).

### **Communication**

23. You may not use any electronic address provided either in this Notice or any related documents (including the Chairman's letter and any proxy form) to communicate with the Company for any purpose other than those expressly stated.

## Close Brothers Group plc

### EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Resolutions 1 to 16 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 17 to 22 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

The notes on the following pages give an explanation of the resolutions to be proposed at the 2020 AGM.

#### **Resolution 1: Receipt and adoption of the 2020 Annual Report and Accounts**

The Directors are required to lay the Company's 2020 Annual Report and Accounts, together with the reports of the Directors and of the Auditor, for the financial year ended 31 July 2020 before the shareholders. This resolution records the receipt and adoption of the 2020 Annual Report and Accounts together with the reports of the Directors and of the Auditor.

#### **Resolution 2: Annual report on remuneration**

Resolution 2 seeks approval for the Directors' Remuneration Report which can be found on pages 87 to 114 of the 2020 Annual Report and Accounts, and gives details of the payments and share awards made to the Directors during the year. This vote is advisory only and will not affect the way the Directors have been remunerated.

#### **Resolution 3: Directors' Remuneration Policy**

Resolution 3 seeks approval for the Directors' Remuneration Policy for the next three years. The full text of the policy is set out on pages 91 to 101 of the Directors' Remuneration Report contained within the 2020 Annual Report and Accounts. This sets out the Company's new policy on Directors' remuneration, including Directors' pay and the granting of share awards. If this resolution is approved, the Policy will be effective from the date of this Annual General Meeting.

The Policy remains largely unchanged from the previous policy approved by shareholders in 2017, other than the following governance and administrative updates:

- Alignment of pension provision for Directors with the pension benefit available to the wider workforce (currently 10% of salary);
- Introduction of a post-employment shareholding policy;
- Clarification that the Remuneration Committee has discretion to override formulaic vesting outcomes under the LTIP (for awards granted on or after 15 November 2018);
- Reduction in the level of annual bonus payout for 'target' performance for financial measures from 67% to 50% of maximum opportunity; and
- Extension of malus and clawback triggers having regard to corporate governance guidelines and regulatory expectations.

Fuller details on these changes are set out in the Annual Statement from the Remuneration Committee Chair on pages 87 to 90 of the 2020 Annual Report and Accounts.

If the Policy is approved, all payments following approval of the Policy to current and former Directors (in their capacity as Directors) will be made in accordance with the Policy. Additionally, if the Policy is approved and remains unchanged, it will be valid for up to three financial years without new shareholder approval being required. If the Company wishes to change the Policy, it would need to put a revised policy to a shareholder vote again, before any changes could be implemented.

#### **Resolution 4: Declaration of final dividend**

This resolution seeks shareholder approval for the final ordinary dividend recommended by the Board. The Board is recommending a final dividend of 40 pence per ordinary share. Following cancellation of the payment of an interim dividend as announced by the Company on 2 April 2020, the total dividend for the

year will be 40 pence per ordinary share. If approved, the final dividend will be paid on 24 November 2020 to shareholders on the register on 16 October 2020.

## **Resolutions 5 – 12: Directors standing for reappointment**

All serving Directors (with the exception of Geoffrey Howe, who, as explained on page 4 will not seek reappointment at this year's AGM) (the "**Returning Directors**") will retire and stand for reappointment at the meeting in accordance with the UK Corporate Governance Code and the Company's Articles of Association.

These resolutions are seeking approval for the reappointment of each of the Returning Directors, whose biographical details are set out below. The Board believes that each Non-Executive Director is independent and provides an effective contribution to the Board. The Board has reviewed the independence of the Non-Executive Directors taking into account, among other things, the circumstances set out in paragraph 10 of the UK Corporate Governance Code. Further information can be found on page 74 of the 2020 Annual Report and Accounts. The Chairman was considered independent on appointment.

The Nomination and Governance Committee has recommended to the Board that each of the Returning Directors should be reappointed, having regard to their performance, other interests and time commitments, suitability and ability to continue to contribute to the Board in light of the knowledge, skills and experience required. In their letters of appointment, each Non-Executive Director has committed to ensure that they make sufficient time available to discharge their responsibilities as a director.

Oliver Corbett, Lesley Jones and Bridget Macaskill have each now served as a Non-Executive Director for a period in excess of six years. The Nomination and Governance Committee has rigorously reviewed their performance and independence, and has satisfied itself that they each remain independent and individually continue to make a significant contribution to the Board and its Committees.

The Board recommends the reappointment of each of the Returning Directors. Biographical details for each Director, together with an explanation of the specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success can be found below.

### **Mike Biggs, Chairman**

Mike Biggs was appointed as an independent Non-Executive Director in March 2017 and became Chairman of the Board and the Nomination and Governance Committee from 1 May 2017.

Mike was Chairman of Direct Line Insurance Group plc from 2012 until August 2020, and was previously Chairman of Resolution Limited, then a FTSE 100 UK life assurance business, and Group Finance Director and then Chief Executive Officer of Resolution plc. Prior to that, Mike was Group Finance Director of Aviva plc. Mike is an Associate of the Institute of Chartered Accountants in England and Wales.

Mike brings more than 40 years' experience of the financial services sector, including executive and non-executive roles. He has extensive experience as a listed company chairman, and uses his broad skills and knowledge to lead the Board and ensure that it operates effectively. The Board values Mike's considerable experience of engaging with key stakeholders, including major shareholders and regulators. The Board recommends Mike's reappointment.

### **Adrian Sainsbury, Chief Executive**

Adrian Sainsbury was appointed to the Board as Chief Executive on 21 September 2020. Adrian joined Close Brothers in 2013 as Chief Executive of the Commercial division. He became a director of Close Brothers Limited, the group's principal Banking subsidiary, in August 2013. In November 2016, Adrian was appointed Managing Director of Close Brothers' Banking division and a member of the Group Executive Committee.

Adrian has extensive experience in banking having held executive roles at Barclays, RBS and Bank of Ireland and been Chief Executive of ANZ Bank in Europe before joining Close Brothers.

Adrian has deep knowledge and experience of the Group and the wider UK banking sector. His strong leadership and exceptional commercial expertise make him ideally placed to lead the Group through the next stage of its development following his appointment as Chief Executive in September 2020. As Chief Executive, Adrian provides continuity in the Group's leadership team and business model, ensuring that the Group continues delivering for its people, customers, and shareholders in the years to come. The Board recommends Adrian's reappointment.

### **Mike Morgan, Group Finance Director**

Mike Morgan was appointed to the Board as an executive director when he became Group Finance Director at the conclusion of the Company's AGM in November 2018.

Mike brings considerable knowledge and experience of the Group to the Board and his role as Group Finance Director, having been with Close Brothers' Banking Division from 2010 to 2018, including as Chief Financial Officer. Mike has been a director of Close Brothers Limited, the Group's banking subsidiary since 2010. Mike is a chartered accountant and Chair of the ICAEW Financial Services Faculty Board and ICAEW Council member. Prior to joining Close Brothers, Mike held a number of senior roles at Scottish Provident and RBS, most recently as Finance Director of the Wealth Management Division of RBS.

Mike combines extensive experience of financial services and financial leadership, with a strong understanding of the Group and its businesses developed over the period of ten years with which he has been with Close Brothers. The Board recommends Mike's reappointment.

### **Oliver Corbett, Independent Non-Executive Director**

Oliver Corbett joined the Board as an independent Non-Executive Director in June 2014. Oliver serves as Chair of the Audit Committee and is a member of the Nomination and Governance, Remuneration and Risk Committees.

Oliver is Chief Financial Officer of McGill & Partners Limited. He was formerly Chief Financial Officer of Hyperion Insurance Group Limited and Finance Director of LCH. Clearnet Group Limited and Novae Group plc. Previously, Oliver worked for KPMG, SG Warburg, Phoenix Securities (later Donaldson Lufkin Jenrette) and Dresdner Kleinwort Wasserstein, where he was Managing Director of investment banking. Oliver also served as a Non-Executive Director of Rathbone Brothers plc. He is a chartered accountant.

Oliver brings broad experience of the UK's financial services sector, including significant experience within banking, insurance and wealth management. Oliver's career, including recent and relevant experience of financial, accounting and internal control matters, makes him entirely qualified to chair the Audit Committee. The Board benefits from Oliver's effective chairmanship of the Audit Committee, and his close working with the chairmen of other Board committees on relevant matters. Oliver also acts as the Board's whistleblowing champion. The Board recommends Oliver's reappointment.

### **Peter Duffy, Independent Non-Executive Director**

Peter Duffy joined the Board as an independent Non-Executive Director on 1 January 2019. Peter serves as a member of the Risk Committee.

Peter is Chief Executive Officer of Moneysupermarket.com Group PLC and President of the Incorporated Society of British Advertisers. He previously served as Chief Executive Officer of Just Eat Ltd, having been interim Chief Executive Officer and Chief Customer Officer of Just Eat plc before that. Between 2011 and 2018, Peter held a number of senior roles at easyJet PLC, including as Chief Commercial Officer and Group Commercial Director. Prior to that, Peter held roles at Audi UK Ltd and Barclays Bank PLC over a period of more than 15 years.

Peter has considerable knowledge of customer behaviour, marketing and technological change, and brings insight and perspectives to the Board from his current and former roles across a range of sectors, including financial services. The Board recommends Peter's reappointment.

### **Lesley Jones, Independent Non-Executive Director**

Lesley Jones joined the Board as an independent Non-Executive Director in December 2013. She is Chair of the Risk Committee and also serves as a member of the Audit, Nomination and Governance and Remuneration Committees.

Lesley has extensive corporate and retail banking experience and a thorough understanding of the prudential and consumer regulatory environments, having previously held several line management positions within Citigroup and was Group Chief Credit Officer of Royal Bank of Scotland plc from 2008 to 2014. Lesley is also a Non-Executive Director of Moody's Investors Service Limited and N Brown Group plc. Lesley was previously a Non-Executive Director of ReAssure Group plc (where she also chaired the Risk Committee) and Northern Bank Limited.



The Board benefits from Lesley's wide knowledge of banking and all-round contribution to the work of the Board and its committees. She is well-suited to chair the Risk Committee through her broad experience, at both executive and non-executive level, of risk management. Lesley has served as a board committee chairman elsewhere and has a strong understanding of the skills and attributes required in that role, including effective liaison with the chairmen of the Board's other committees. The Board recommends Lesley's reappointment.

#### **Bridget Macaskill, Independent Non-Executive Director**

Bridget Macaskill joined the Board as an independent Non-Executive Director in November 2013. Bridget is Chair of the Remuneration Committee and is also a member of the Audit, Nomination and Governance and Risk Committees.

Bridget has considerable experience of financial services in both the UK and internationally. Bridget was formerly Chairman of First Eagle Holdings, Inc. and a senior adviser to First Eagle Investment Management LLC, of which she was President and Chief Executive Officer. Prior to joining First Eagle, Bridget held a number of successive roles at Oppenheimer Funds, Inc., serving as Chief Operating Officer, President, Chief Executive Officer and Chairman. Bridget is a Non-Executive Director of Jones Lang LaSalle Incorporated, and Chairman of Cambridge Associates LLC. Bridget has previous experience in financial services and other sectors as a member of a number of listed company and not-for-profit boards, having served as a trustee of the TIAA-CREF funds and as a Non-Executive Director of Jupiter Fund Management plc, Prudential plc, J Sainsbury plc, Hilldown Holdings plc and of the Federal National Mortgage Association in the US.

As well as her general contribution to the Board and its Committees, including great insight into the asset and wealth management sectors, the Board benefits from Bridget's broad knowledge and understanding of remuneration issues which she brings to her role as Chair of the Remuneration Committee, and her broad experience of engagement with major shareholders and regulators on topics relevant to the work of the Remuneration Committee. The Board recommends Bridget's reappointment.

#### **Sally Williams, Independent Non-Executive Director**

Sally Williams joined the Board as an independent Non-Executive Director in January 2020. Sally is a member of the Audit and Risk Committees.

Sally has extensive risk, compliance and governance experience in financial services, having held senior executive positions at Marsh, National Australia Bank and Aviva. Prior to that, Sally held a number of roles at PricewaterhouseCoopers LLP in both their risk management and audit teams over a period of 15 years. Sally is a Non-Executive Director of Lancashire Holdings Limited and of Family Assurance Friendly Society Limited (OneFamily), where she chairs the Audit Committee and is a member of the Institute of Chartered Accountants of England & Wales.

The Board benefits from Sally's considerable experience of the broader UK financial services sector, and her understanding of risk management, compliance and audit matters. Her contribution in these particular areas, in addition to her broad contribution on the full range of matters considered by the Board, is valued by the Company and her fellow directors. The Board recommends Sally's reappointment.

#### **Resolution 13: Reappointment of the auditor**

This resolution proposes the reappointment of the Company's auditor, PricewaterhouseCoopers LLP, until the next annual general meeting at which the accounts are laid before the Company.

#### **Resolution 14: Determination of auditor's remuneration**

This resolution authorises the Audit Committee, for and on behalf of the Board, in accordance with standard practice, to determine the remuneration of the auditor.

#### **Resolution 15: General authority to allot shares**

Paragraph (a) of resolution 15 would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal

to £12,610,667 (representing 50,442,668 ordinary shares of 25p each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 2 October 2020, the latest practicable date prior to publication of this Notice. As at 2 October 2020 732,283 ordinary shares were held by the Company in treasury, representing 0.48% of the ordinary shares of the Company.

In line with guidance issued by The Investment Association (“IA”), paragraph (b) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a fully pre-emptive rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £25,221,334 (representing 100,885,337 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 2 October 2020, the latest practicable date prior to publication of this Notice.

The authorities sought under paragraphs (a) and (b) of this resolution will expire at the conclusion of next year’s annual general meeting or 19 February 2022, if earlier.

The Directors have no current plans to issue shares. However, if they were to exercise the authorities, the Directors intend to follow IA recommendations concerning their use.

### **Resolution 16: Authority to allot new ordinary shares in relation to an issue of Additional Tier 1 instruments**

Under the EU Capital Requirements Regulation (“CCR”), the Company must maintain a minimum amount of Tier 1 capital, which is defined as a percentage of its risk weighted assets. Part of that Tier 1 capital may be held in the form of Additional Tier 1 instruments (“AT1 Securities”). To qualify as Tier 1 capital, the terms of any AT1 Securities issued must satisfy certain conditions under the CCR which are designed to increase the stability of the issuer in adverse financial circumstances. This includes a requirement that the AT1 Securities automatically convert into or be exchanged for ordinary shares in the Company in certain prescribed circumstances, such as the Company’s Tier 1 ratios falling below a specified level.

The power under resolution 16 would give the Board the authority to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £4,729,000, in connection with the issue of AT1 Securities, representing approximately 12.5% of the Company’s issued ordinary share capital as at 2 October 2020 (being the latest practicable date prior to publication of this Notice).

The authority sought under resolution 16 may be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Company. Given such requirements, the Directors believe that it is prudent capital management and in the best interests of the Company to have the flexibility to issue AT1 Securities from time to time. However, the Directors have no present intention to exercise the authority sought under this resolution and the request for authority in this resolution should not be taken as an indication that the Company will or will not issue any AT1 Securities. Before using the authority, the Directors would take into account a range of factors including the regulatory environment, the Company’s overall capital structure and the market conditions and demand for AT1 Securities at the time.

The authority under this resolution is in addition to the authority proposed under resolution 15 (general authority to allot shares), which is the usual authority sought on an annual basis in line with the guidance issued by the IA.

The authority will expire at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 19 February 2022. However, the Board currently intends to seek a similar authority on an annual basis.

### **Resolutions 17 and 18: Authority to disapply pre-emption rights**

In accordance with the Pre-Emption Group’s revised Statement of Principles, the Directors are seeking authority to disapply pre-emption rights in two separate resolutions:

- the first (resolution 17), to disapply pre-emption rights on up to five per cent of the issued share capital; and
- the second (resolution 18), to disapply pre-emption rights for an additional five per cent for transactions which the Board determines to be an acquisition or other capital investment as defined by the Statement of Principles.

Resolution 17 would give the Directors the power to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This power would be limited to (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities, or as the board otherwise considers necessary, or (b) otherwise up to an aggregate nominal amount of £1,891,600 (representing 7,566,400 ordinary shares). This aggregate nominal amount represents five per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 2 October 2020, the latest practicable date prior to publication of this Notice.

Resolution 18 would give the Directors the power to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings up to an additional five per cent of the issued share capital in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's revised Statement of Principles), this being up to an aggregate nominal amount of £1,891,600 (representing 7,566,400 ordinary shares). The aggregate nominal amount to be allotted under resolutions 17 and 18 combined represents 10 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 2 October 2020, the latest practicable date prior to publication of this Notice.

The Directors confirm that they will only allot shares representing an additional five per cent of the issued ordinary share capital of the Company (excluding treasury shares), for cash pursuant to the authority referred to in resolution 18, where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's revised Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

In respect of the power referred to in resolution 17, the Directors also confirm their intention to follow the provisions of the Pre-Emption Group's revised Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5 per cent of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

The authority will expire at the conclusion of next year's annual general meeting or, if earlier, 19 February 2022.

### **Resolution 19: Disapplication of pre-emption rights in relation to an issue of Additional Tier 1 instruments**

The power under resolution 19 would give the Board power to allot equity securities pursuant to any proposal to issue AT1 Securities, without first offering them to existing shareholders. Together with resolution 16, resolution 19 is intended to provide the Board with the flexibility to issue AT1 Securities which may convert into ordinary shares in the Company without the need to comply with the pre-emption requirements of the UK statutory regime. This will allow the Company to manage its capital in the most efficient and economic way for the benefit of shareholders.

If passed, resolution 19 will give the Board the power to allot shares and grant rights to subscribe for or to convert any security into shares in the Company (or to sell treasury shares held by the Company following any purchase of its own shares) on a non-preemptive basis up to an aggregate nominal amount of £4,729,000, representing approximately 12.5 per cent of the ordinary shares in issue on 2 October 2020 (the latest practicable date prior to publication of this Notice), such power to be exercised in connection with the issue of AT1 Securities.

As with resolution 16, the Directors have no present intention to exercise the power sought under this resolution and the request in this resolution should not be taken as an indication that the Company will or will not issue any AT1 Securities, but it may do so, to the extent permissible, if deemed appropriate in light of the Company's capital requirements, general market conditions and the demand for AT1 Securities from time to time.

Any exercise of the authorities in resolutions 16 and 19 (if passed) would be separate from, and in addition to, the exercise of any powers under resolutions 15, 17 and 18 and may also have a dilutive effect on existing shareholdings.

The power will expire at the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 19 February 2022. However, as with resolution 16, the Board currently intends to seek a similar power on an annual basis.

#### **Resolution 20: Purchase of own shares**

Resolution 20 would give the Company the right to make market purchases of its own shares.

Authority is sought for the Company to purchase up to 10 per cent of its issued ordinary shares (excluding any treasury shares).

The Directors intend to keep under review the potential to purchase ordinary shares. The Directors have no present intention of exercising this authority other than in connection with the Group's established policy of purchasing shares to hedge its exposure to executive share awards and options granted under its all-employee share option schemes, but wish to have the flexibility to do so in the future. The Directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Directors will consider holding any ordinary shares the Company may purchase as treasury shares. The minimum price, exclusive of expenses, which may be paid for an ordinary share is the nominal amount of that share. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to five per cent above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out.

The Company has options outstanding over 4,415,208 ordinary shares, representing 2.92% of the Company's ordinary issued share capital (excluding treasury shares) as at 2 October 2020. If the existing buyback authority given at the 2019 Annual General Meeting and the authority now being sought by this resolution were to be fully used, the Company would have outstanding options over 3.64% of the Company's ordinary issued share capital (excluding treasury shares) at that date. The authority will expire at the conclusion of next year's annual general meeting or, if earlier, 19 February 2022.

#### **Resolution 21: Adoption of new articles of association**

It is proposed to adopt new Articles of Association (the "**New Articles**") in order to update the Company's current Articles of Association (the "**Current Articles**"). The changes primarily reflect developments in company law, changes in market practice and technological changes in the years since the Current Articles were adopted by shareholders in 2009. The principal changes introduced in the New Articles are summarised in the Appendix to this document. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes to update the New Articles with current practice have not been noted in the Appendix.

The New Articles are available for inspection at the registered office of the Company during normal business hours on any business day from the date of this circular up to the date of, and for 15 minutes prior to and during, the Annual General Meeting.

The New Articles will also be available for inspection on the Company's website at [www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting](http://www.closebrothers.com/investor-relations/shareholder-information/annual-general-meeting)

#### **Resolution 22: Notice of general meetings**

Resolution 22 would maintain the current position, agreed by shareholders at the 2019 Annual General Meeting, allowing the Company to hold general meetings on 14 clear days' notice. Under the Companies Act 2006, the Company may call a general meeting, other than an annual general meeting, by giving 14 clear days' notice to shareholders. Under the Companies (Shareholder Rights) Regulations 2009 this period is extended to 21 clear days unless the Company has obtained shareholder approval for a shorter period. The shorter notice period would not be used as a matter of routine, but only where the flexibility was merited by the business of the meeting and was thought to be in the interests of shareholders as a whole. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

## APPENDIX

### SUMMARY OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

#### Share warrants

The New Articles remove the provisions relating to share warrants in light of the Small Business, Enterprise and Employment Act 2015, which prohibits the creation of new bearer shares and requires existing bearer shares to be converted into registered shares.

#### Untraced shareholders

The New Articles amend the position in relation to untraced shareholders. Rather than requiring the Company to take out two newspaper advertisements, the New Articles require the Company to use reasonable efforts to trace the shareholder. 'Reasonable efforts' to trace a shareholder may include, if considered appropriate, the Company engaging a professional asset reunification company or other tracing agent to search for a shareholder who has not kept their shareholder details up to date.

In addition, the New Articles provide that money from the sale of the shares of an untraced shareholder will be forfeited if not claimed after two years.

These changes reflect best practice and provide the Company with appropriate flexibility in connection with locating untraced shareholders.

#### Sub-division of shares

The New Articles clarify that any shares resulting from a sub-division of the Company's existing shares may, in addition to having any preference or advantage as compared with the Company's other shares, also have deferred or other rights. This change makes administering any sub-division of shares more straightforward.

#### Operation of general meetings

The New Articles provide that the Company may hold 'hybrid' general meetings (including annual general meetings) in such a way that enables members to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic facility. Voting at hybrid meetings will, by default, be decided on a poll. Hybrid meetings may be adjourned in the event of a technological failure.

The New Articles allow the Company, where appropriate, to make changes to the arrangements for general meetings (including the introduction, change or cancellation of electronic facilities) after notice of the meeting has been issued. The Company may give notice of any such changes in any manner considered appropriate (rather than via an advertisement in two national newspapers). The New Articles also explicitly allow the Company to introduce health and safety arrangements at its meetings.

These changes were introduced to provide the Board greater flexibility to align with technological advances, changes in investor sentiment and evolving best practice, particularly in light of the Coronavirus (COVID-19) outbreak. In line with the views expressed by the Investment Association and Institutional Shareholder Services, the changes will not permit meetings to be held exclusively on an electronic basis, so a physical meeting will still be required.

The New Articles also specifically refer to the possibility of satellite / multi-venue meetings, such as the use of overflow rooms. Satellite meetings are legally valid even without such a provision but it has been added for clarity.

These changes are primarily contained in articles 47, 48, 50 and 53 in the New Articles. A number of other consequential amendments have been made to the New Articles.

#### Reappointment of directors

In line with the requirements of the UK Corporate Governance Code, the New Articles require directors to retire (and should they wish to remain in office, seek re-election) at each annual general meeting. This requirement does not apply to directors in their first year of appointment who were appointed in the period between the AGM notice being issued and the AGM itself. This confirms existing Company practice.

### **Directors below minimum through vacancies**

The Current Articles provide that where the number of continuing directors falls below the minimum number or the number required for quorum of the Board, they may only act either to appoint further directors themselves or summon general meetings. The New Articles provide greater flexibility as they allow continuing directors or a sole continuing director to act notwithstanding any vacancy (including to fill vacancies and summon general meetings for the purpose of appointing further directors). The Board considers it prudent to provide the directors with increased flexibility to ensure that the Company has a functioning board at all times.

### **Directors' fees**

The New Articles increase the annual aggregate cap on fees paid to all directors who do not hold executive office (excluding any payments made under any other provisions of the articles) from £1,000,000 to £1,250,000. The existing threshold has been in place since the Current Articles were adopted in 2009 and the proposed increase is to provide the Company with sufficient flexibility and headroom in relation to further appointments of non-executive directors and also to ensure that the fees payable to non-executive directors reflect the workload expected of them in future years. The level of fees paid to non-executive directors will continue to be monitored by the Board to ensure they remain in line with market practice.

### **Dividends not in cash**

The New Articles have been amended to reflect that granting the Board discretion to approve the payment of a non-cash dividend is inconsistent with changes that have been made to the EU Capital Requirements Regulation since the Current Articles were adopted. Article 120 in the New Articles makes clear that any non-cash dividend can be approved only with an ordinary resolution passed by shareholders.

### **Scrip dividends**

The Current Articles provide that the maximum period of time for which an authority to offer a scrip dividend may last is five years. In line with best practice, the New Articles reduce this time period from five years to three years.

### **Payments of dividends and other amounts**

The New Articles confirm the existing flexibility under the Current Articles to allow the payment of dividends by different methods (including cheque, bank transfer and warrant) and additionally give the Board greater flexibility to determine the appropriate method(s) it pays dividends (and other sums) to shareholders. This flexibility will help the Board take account of developments in market practice and keep down the administrative cost of making payments. The New Articles also provide that where a payment cannot be made because a shareholder has not provided valid account details to the Company, that amount will be treated as unclaimed until the shareholder provides those details.

### **Strategic report and supplementary materials**

The Companies Act 2006 and the Companies (Receipt of Accounts and Reports) Regulations 2013 allow the Company to send a copy of its strategic report with supplementary material instead of its full accounts to a member who has elected or tacitly agreed to receive these documents, provided that the Company is not prohibited from doing so in its articles. Article 126 is intended to make it clear there is no such prohibition. Shareholders should note that they can always view the full annual report on the Company's website or request a hard copy from the Company's registrar.

### **Shareholder communications**

The New Articles provide that a member ceases to be entitled to receive communications from the Company if, on two consecutive occasions, notices, documents or other information have been sent or supplied to that member and returned undelivered. This is in line with market practice. A member becomes entitled to receive communications again when he or she has supplied the Company or its registrar with updated contact details.

**General**

We have also taken this opportunity to make the New Articles gender neutral by, for example, amending references to “chairman” to “chair”.

Other changes which are of a minor, technical or clarifying nature or which have been made to remove provisions in the Current Articles which duplicate English company law are not noted in this Appendix.

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