

**Section 172(1) statement and statement of engagement with other stakeholders, including employees**

The directors of Close Asset Management Holdings Limited (the “**Company**” and/or “**CAMHL**”) provide the following statement pursuant to the Companies Act 2006 (as amended by Companies (Miscellaneous Reporting) Regulations 2018) (the “**Act**”) to describe how they have acted in accordance with their duty under section 172 of the Act (“**Section 172**”) to promote the success of the Company for the benefit of its member(s) as a whole, and in so doing, how they have had regard to those factors set out in Section 172(1) (a) to (f) during the financial year.

Furthermore, in compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the directors provide the statement which follows to describe how they have engaged with employees and had regard to employee interests and the need to foster the Company’s business relationships with suppliers, clients and others, and in each case, the effect of that regard, including on the principal decisions taken by the Company during the financial year.

Section 172 requires a director to have regard to the following matters, among others, when discharging their duty:

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

The board of the Company is collectively responsible for managing the affairs of the Company to achieve its long-term prosperity by making important decisions, monitoring the underlying performance of the Company, as well as being a means for establishing ethical standards. Understanding the interests of key stakeholders is an important part of Close Brothers Asset Management’s (“**CBAM**”) strategy and helps inform the directors’ and management’s decision making throughout the year. When making decisions the board seeks to understand the impact on each of its stakeholders, including the likely consequences of a decision in the long term, whilst acknowledging that a decision will not necessarily be favourable for all stakeholders, as there may be competing interests between them.

The Company is part of the wider Close Brothers Group plc group of companies (the “**Group**”), and as such it follows a range of Group-wide policies in place to protect employees and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, as well being aware of its social and environmental responsibilities. In doing so, and by balancing the interests of the Company’s stakeholders when making decisions, the board seeks to maintain a reputation for high standards of business conduct. Further information on these Group-wide policies can be found in the annual report and accounts of the Company’s ultimate holding Company, Close Brothers Group plc (“**CBG**”).

**Governance Framework**

The Company acts as the unregulated holding company of the group of subsidiaries which collectively form CBAM. In light of the nature, scale, and breadth of its business, CBAM has chosen to operate a governance framework which places emphasis on the formal delegation of the day-to-day management of the division to its executive management. Whilst the board remains responsible for the Company’s long-term success, collective responsibility for the overall strategic direction and operation of the division has been formally delegated by the board to the CBAM Executive Committee (“**ExCo**”), which comprises the board’s directors and CBAM senior management. This cross-membership facilitates the required level of oversight and information flow between the board and the ExCo. The ExCo has in turn formally delegated certain of its responsibilities to, and conferred powers upon, various functional governance committees to assist it and ultimately the board in dealing with and making decisions on complex technical or specialised matters. This approach to governance ensures a clear and appropriate apportionment of significant responsibilities, and that the division’s strategic aims are implemented within a prudent and effective governance, control and decision making framework.

The board reserves for itself the review of and decisions relating to the Company’s structure, capital and financial resources, financial reporting and controls, and material or significant matters such as acquisitions, disposals and investments.

The Company seeks to engage directly with stakeholders wherever possible on certain issues, though the size of the Group means that stakeholder engagement often takes place at an operational or Group level. This approach creates greater efficiency and facilitates a greater positive impact on environmental, social and other issues than may be possible at an individual company level, as well as ensuring consistency of approach across the Group. During the financial year, the Company has taken advantage of greater flexibility brought about by the Covid-19 pandemic to engage with stakeholders both in person and virtually, holding 'hybrid' events to widen participation. Additional details on engagement at Group level with stakeholders, including employees, suppliers, customers, the community and environment can be found in the Strategic Report section of the Annual Report and Accounts of CBG.

The table and case study below set out further examples of the ways in which the board has engaged with the Company's stakeholders during the financial year, as well as detailing how the directors have had regard to employee interests and the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions taken throughout the year, as well as matters set out in section 172(1)(a)-(f) when discharging their duties under Section 172.

**Our Stakeholders**

<b>Our stakeholders:</b>	<b>Why we focus on them and the impact of engagement:</b>	<b>Stakeholders' key priorities and areas of focus:</b>	<b>How the board and/or management have directly (or indirectly through CBAM's governance framework) engaged and considered stakeholder interests during the year:</b>
<b>Colleagues</b>	<p>The board recognises that the Company's culture and values underpin the effective delivery of CBAM's strategy and the importance of the contribution made by our employees, who deliver the highest levels of service for our customers and clients.</p> <p>Engagement with employees helps to build a deep and diverse talent pool by attracting, retaining, developing and motivating the right people to meet its current and future business needs, and creates a healthy workplace culture.</p> <p>Regularly listening to employees' feedback ensures they feel valued with their views recognised and acted upon.</p>	<p><u>Wellbeing</u> – employees expect a safe working environment and a fair, supportive, diverse and inclusive culture where employee feedback is valued.</p> <p><u>Recognition</u> – our people need to work for an organisation where they are valued, and their efforts recognised and appropriately rewarded.</p> <p><u>Learning</u> – employees want to feel challenged in their role and be provided with opportunities for training and development.</p> <p><u>Communication</u> – staff expect regular, open and honest communication and that their views and needs are taken into account.</p> <p><u>Leadership</u> – employees expect clear strategic direction and accountability from leadership and management, and that they are accessible.</p>	<ul style="list-style-type: none"> <li>• Reviewed and analysed annual and additional 'pulse' employee opinion survey results, and considered follow-up action plans.</li> <li>• Relunched CBAM's strategy and vision following an ExCo strategy event to provide clarity and help employees understand how our strategy connects with our culture and brand.</li> <li>• Introduced CBAM's new strategic objectives – the Four C's – and strategy map, and embedded these through regular communications from the CBAM ExCo, via the new Strategy Hub, 1:1's, annual performance appraisals and governance reporting.</li> <li>• Continued to embed the Business Principles alongside the Four C's through Business Principles awards.</li> <li>• Continued focus on diversity, inclusion and wellbeing through the launch of the ExCo Pledge, Inclusion strategy and hub and blog talks, continued inclusion initiatives, colleague-run D&amp;I networks and working groups, introduction of a new Menopause Policy and the appointment of Inclusion Allies and Champions.</li> <li>• Other regular communications to employees on the performance and operation of the business, relevant topics and participation by directors and management in</li> </ul>

		<p><u>Strategy and Values</u> – all staff should feel part of a unified and purposeful culture at work and encouraged and supported to speak up should they observe conduct which is not in line with CBAM's Business Principles.</p>	<p>employee engagement activities, including regular newsletters, strategy updates, town halls and Q&amp;A sessions.</p> <ul style="list-style-type: none"> <li>• Regular review of culture MI and KPI's, including consideration of employee and conduct metrics.</li> <li>• Offering competitive remuneration structures which reward performance, and a wide range of employee benefits.</li> <li>• Oversight of and participation in employee training, development and mentoring programmes.</li> <li>• Encouraging employee participation in the Group's SAYE and BAYE share schemes.</li> <li>• Consideration of employee-related issues connected with both ongoing and new material business projects and transformation programmes.</li> </ul>
<p><b>Clients</b></p>	<p>The Company is an unregulated holding company for the CBAM division and does not have any clients.</p> <p>Notwithstanding this, the Company does consider the impact of its activities on all of CBAM's stakeholders and has regard to the interests of CBAM's clients in its day-to-day decision making.</p>	<p>Key areas of focus in respect of our clients are to:</p> <ul style="list-style-type: none"> <li>• Building and maintaining strong relationships based on trust, understanding and specialist expertise.</li> <li>• Deliver good client outcomes by helping our clients access financial and investment solutions that meet their needs across all market conditions.</li> <li>• Deliver consistent high levels of service to and maintain regular communication with both private and intermediary clients.</li> <li>• Provide value-added advice and investment management solutions.</li> <li>• Deliver consistently good investment performance over the longer-term.</li> <li>• Maintain efficient and reliable systems and processes.</li> <li>• Maintain safe custody over their assets.</li> <li>• Keep clients' personal data secure.</li> </ul>	<ul style="list-style-type: none"> <li>• Specific focus has continued on considering the ongoing issues affecting CBAM's clients and partners as a result of challenging markets and economic conditions.</li> <li>• As the holding company for the CBAM division, the Company oversees the activities of its subsidiaries, ensuring that they are adequately capitalised both in terms of maintaining minimum capital requirements and longer-term profitability.</li> </ul>

<p><b>Suppliers and Third Parties</b></p>	<p>Our business is supported by a large number of suppliers who enable us to provide high standards of service to our customers, clients and partners.</p> <p>Engagement with suppliers enables the Company to develop and maintain long-term and sustainable relationships and helps ensure that the Company secures products and services from suppliers who operate responsibly and in line with our policies and standards.</p>	<p>Suppliers and other third parties need to engage with a financially stable and operationally resilient organisation committed to building strong business partnerships and high standards of business conduct.</p>	<ul style="list-style-type: none"> <li>• Review meetings and other engagement activities with key suppliers and review of material contracts and ongoing relationship management through the broader Group Third Party Management (TPM) function and CBAM Third Party Oversight Committee (TPOC).</li> <li>• Close engagement with key outsource providers and suppliers as part of CBAM's ongoing Operational Resilience planning.</li> <li>• Annual key outsource supplier surveys and due diligence questionnaires.</li> <li>• Review and approval of the Group's annual Modern Slavery Act statement.</li> <li>• Management of supply chain risks and issues, with escalation to the board and senior management as appropriate.</li> </ul>
<p><b>Communities and Environment</b></p>	<p>As part of the broader Group, the Company is committed to contributing long-term value and making a lasting, positive impact on the society in which we operate and the environment more broadly.</p> <p>Engaging with local communities helps CBAM and our employees develop an understanding of our clients, customers and partners so that we can support them and help them to achieve their ambitions, whilst also building employee engagement. CBAM firmly believes that environmental considerations should form an integral part of its decision making.</p>	<p>The Company's activities should be beneficial to, and not adversely impact, the environment and communities in which it operates.</p> <p>The Company should have a suitable strategy for approaching sustainability issues and a long-term focus on addressing the impacts of climate change.</p>	<ul style="list-style-type: none"> <li>• Active encouragement of employee participation in and contribution to community and charity events e.g. fundraising and volunteering for charities, including the broader Group's charity partners.</li> <li>• Board and management participation in local charitable and volunteering activities.</li> <li>• Participation in the wider Group's SME Apprentice Programme.</li> <li>• Cycle to work scheme.</li> <li>• Consideration of the Group's wider environmental strategy, activities and goals, and the contribution that the Company/CBAM can make.</li> <li>• Continued development and promotion of environmentally and socially responsible investment products and services.</li> <li>• Expanded Research and Responsible Investment teams to enhance SRI/ESG capability and resource.</li> <li>• Accepted as a signatory to the UK Stewardship Code .</li> <li>• Signed public UK Human Rights Due Diligence letter.</li> <li>• Endorsed the PRI Advance initiative.</li> <li>• Introduced ESG thematic research function.</li> </ul>
<p><b>Shareholder</b></p>	<p>The Company is a wholly owned subsidiary</p>	<p>The Company maintains a focus on:</p>	<ul style="list-style-type: none"> <li>• Engagement with senior management at Group level,</li> </ul>

	<p>of the Group and, as such, the duty of the directors to have regard to the need to act fairly as between members of the Company is limited.</p> <p>The Company operates as part of the wider Group in delivering its purpose and strategic objectives, in line with Group-wide processes, governance and culture.</p> <p>Engagement supports the Company's understanding of, and contribution to, broader Group activities and strategic aims, and ensures delivery of long-term sustainable value for our shareholder in line with Group policies and standards.</p>	<ul style="list-style-type: none"> <li>• The broader Group's purpose and strategic aims.</li> <li>• Alignment with Group-wide risk, governance, compliance and financial priorities.</li> <li>• Consistency of approach to stakeholder considerations and outcomes.</li> <li>• Long-term value creation within the Group and the expectation of the Shareholder of a financial return on its investment in the Company through the payment of dividends.</li> </ul>	<p>including representation at governance forums to ensure the board has a clear understanding of its role and contribution as part of the wider Group.</p> <ul style="list-style-type: none"> <li>• Updates to Group level committees, including the CBG board, on the operation and performance of the Company/CBAM.</li> <li>• Participation in Group-wide initiatives and programmes (including those that support consideration of the Company's other stakeholder groups including customers, employees and suppliers).</li> <li>• Budget and financial plans developed as part of the wider Group process.</li> <li>• Participation in broader enterprise-wide risk, regulatory and compliance initiatives.</li> </ul>
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Furthermore, set out below is a detailed example of the ways in which the board has engaged directly with key stakeholders during the financial year, how stakeholder interests have been considered in the directors' decision-making, and how the directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their duties under Section 172. The Company is a wholly owned subsidiary of the Group and, as such, the duty of the directors to have regard to the need to act fairly as between members of the Company is limited.

**Case Study: Strategy relaunch and introduction of strategic objectives**

CBAM is a vertically integrated top 20 UK wealth manager, providing financial advice and investment management services to private clients predominantly in the UK. CBAM's core capabilities are personal financial advice, multi-asset investment management and custody, which we combine to create different propositions tailored to client preference and client wealth. CBAM's strategic aim is to provide enduring financial wellbeing to the clients that entrust CBAM with their financial futures, and this is achieved through delivering:

- Individually designed bespoke portfolios;
- High quality financial advice;
- An extensive range of multi-asset investment funds and portfolios;
- All backed by a rigorous investment research capability.

During the year, the CBAM Executive Committee collaborated at their annual strategy event, revisiting, agreeing and defining CBAM's mission and strategy. An outcome was the agreement and communication of a new, clear and simple, yet effective, set of strategic priorities, to ensure that colleagues are aligned to the same objectives and understand the role they play in delivering these. These four tactical objectives are designed to help everyone at CBAM understand the firm's strategy and work together as one team to achieve a single unifying goal. In order to provide clarity of our mission, vision and strategy, a 'strategy map' was also launched. As well as telling the story of CBAM's business, the strategy map gives context to our strategic objectives, which CBAM has named 'the Four C's'.

CBAM strives to achieve its strategy through the Four C's:

- 1) Commercial – we will improve profit and net flow rate, continue natural organic growth by working to support the network, marketing, business development and financial education activities of our talented teams. We will exceed organic growth by attracting the best financial advisers and bespoke portfolio managers, and purchasing high quality IFA businesses.
- 2) Colleague – our aim is to attract the best talent and developing our existing talent by investing in continuous improvement programmes, create a work environment where everyone can be their authentic self, and improve colleague communications so they are more purposeful and people centric.
- 3) Client – we will continue to build enduring client relationships and deliver excellent outcomes for clients by enhancing our client experience, communications and digital portal. Refine our proposition to ensure our products and services are of value to clients and meet their changing needs. Deliver on new regulation and legislation that helps protect our clients and underpins our high quality proposition.
- 4) Conduct – we will ensure that we always do the right thing and place our colleagues and our clients at the centre of what we do by operating consistently within our agreed risk appetite, acting with integrity, due skill, care and diligence, upholding a healthy culture guided by the FCA’s four drivers of culture (purpose, people, leadership and governance) to ensure the CBAM environment nurtures good conduct. Ensure good outcomes for clients by acting in good faith, avoid causing foreseeable harm and enabling and supporting them to pursue their financial objectives.

The Four C’s complement, and sit alongside, CBAM’s existing values – our Business Principles. With inclusion and sustainability intrinsic to these values, the Business Principles together with the Four C’s define what makes CBAM and its culture unique.

As part of the decision to relaunch CBAM’s brand and strategy, and introduce the Four C’s and strategy map, the Company, led by the Executive Committee, spent considerable time understanding and considering the views and interests of all of its stakeholders. The output – the newly clarified mission and strategy – will continue to support and drive forward CBAM’s strategic priorities, maintain high standards of business conduct and ultimately promote the Company’s long-term success.

By order of the board of **Close Asset Management Holdings Limited**

20 November 2023