

JAMES CROPPER PLC

ESTABLISHED 1845

Update on AGM Outcome 2020

9th June 2021

Dear Shareholder

Addressing adverse AGM voting at the James Cropper PLC 2020 AGM

We are writing to update you in connection with the adverse voting experienced at our 2020 AGM and our review and related actions following this.

First, it is important to note that all the proposed resolutions at the Annual General Meeting (“AGM”) of James Cropper Plc (the “Company”) held on 29 July 2020 were approved.

However, as already disclosed, a small number of resolutions received greater adverse voting than experienced before. Resolution 3 to re-elect Jim Sharp as a Director and Resolution 9 to approve the Remuneration Committee report received a higher number of votes cast as against (44.06% and 38.52% of votes, respectively). In addition, for Resolution 2 to re-elect Mark Cropper as a Director, 29.09% of votes received were cast as abstentions.

Nevertheless, given our long-term subscription to high governance standards, the board was concerned with the feedback and engaged with stakeholders to understand the concerns raised and draft a list of actions to address.

In addition to engagement with stakeholders, the Board has consulted with our Nomad and other external subject-matter specialists. As a result, we understand the reasons for the voting results and have put in place a list of actions and clarifying comments to help address them. This is shared below. We set out where we believe that changes should be made or explain further where it is agreed that there are compelling reasons not to change. The impact of the pandemic has delayed the implementation of some items, most of which will come into effect in the financial year beginning April 2021.

The matters raised mainly concern the independence of two of the Non-Executive Directors and the construct of the Remuneration and rewards of the Chairman.

As a Board, we place a significant emphasis on ensuring that the Group has the appropriate governance structures in place. The Board adopted the QCA Corporate Governance Code in 2018, considering it to be a pragmatic and practical governance tool committed to high standards of corporate governance facilitating efficient, effective, and entrepreneurial management of the Company.

The concerns surrounding independence are based on the tenure of both Mark Cropper and Jim Sharp as Non-Executive Directors, both of whom have served for over nine years concurrent with an Executive Director.

The Board has reviewed the concerns and, in accordance with the QCA Corporate Governance Code, have concluded that both Non-Executive Directors have an attitude of independence of character and judgement, providing a wealth of knowledge and experience that significantly advantages the Group. They both act as a sounding board for the Executive Directors and provide significant support and challenge in equal measure. Given their length of service, both Non-Executive Directors are automatically proposed for re-election at the AGM on an annual basis.

Further details are set out in the list below.

Should you wish to discuss this matter any further, or discuss anything else that may concern you, please contact the Company Secretary, either using the email address, telephone number or postal address below.

Yours faithfully



Mark Cropper

Chair



Phil Wild

CEO

Actions re Negative Voting at 2020 AGM		
Matter raised	Board response	Actions
Independence of Jim Sharp	<p>Jim has been a member of the Board for 11 years. He brings a wealth of knowledge and experience from his background in investment banking, corporate finance, and significant experience in investment, managing and growing successful businesses, particularly in the luxury retail sector, an important market for James Cropper. His appointments elsewhere only speak of the very high regard in which he is held in the wider business community and echo the considerable value he brings to James Cropper. Jim continues to challenge company strategy and execution without fear or favour and play a key role in ensuring the governance and risk management is at the highest standard possible.</p> <p>Given his background and experience, Jim is considered to be the most appropriate Non-Executive Director to act as Chair of the Audit Committee.</p> <p>The Executive Committee frequently refer to Jim's experience and knowledge and see Jim as a key independent adviser on matters of all kinds.</p>	<ol style="list-style-type: none"> 1. In accordance with good governance, Jim is proposed for re-election annually at the AGM. 2. Jim was re-appointed as the Chair of the Audit Committee in December 2020, with the position of Chair to be reviewed annually.
Independence of Mark Cropper	<p>Mark is Chairman of the Group and the sixth generation of the Cropper family to hold the post. Mark has been a member of the Board for 14 years. He is also the largest shareholder of the Company amounting to a significant minority holding.</p> <p>Mark is non-executive chair but his service contract with the company includes provision for him to support the functioning and development of the group beyond his responsibilities as chair. This includes business development and other ambassadorial relationship and partnership support where his long-term family association with the business adds considerable value to the Group. When requested, he also provides advice drawing on his career in the energy sector and plays a key role in supporting the company's purpose, values and emerging social and environmental agenda. The construct of his remuneration package reflects this element of his work.</p>	<ol style="list-style-type: none"> 1. Mark resigned as a member of the Audit Committee in December 2020. 2. Mark will remain as a member of the Remuneration Committee but does not participate in matters where there may be a conflict of interest.

	<p>As with all Directors and in line with Group policies, Mark does not take part in discussions and actions where there may be a conflict of interest.</p> <p>Mark has played a critical role over many years in the challenging of and evolution of Group strategy and ensuring the Board and directors are of sufficient strength and depth to deliver to short, medium and long term plans. In all matters he demonstrates independence of character and judgement and continues to do so despite his length of service and time served with other directors.</p>	
Approval of the Remuneration Committee Report	<p>It was acknowledged that negative voting on approval of the Remuneration Committee report was due to the pay and reward construct of Mark Cropper.</p> <p>Mark's time involvement in the Company is substantially more than the other Non-Executive Directors, as detailed above. When Mark was appointed as a Director, his pay and reward construct was split in proportion to the time spent as a Non-Executive Director of the Board and the time spent on other matters, not least as an ambassador for the Group. In line with the split, Mark was also provided with a Director Benefit allowance, LTIP awards and pension contributions, all calculated against the time he supports the company beyond non-executive responsibilities.</p>	<p>1. The pay and reward structure for Mark will be reviewed during the year ending March 2022.</p>
Independence of the Board	<p>The current Board comprises 5 Executive Directors and four Non-Executive Directors. Two of the Non-Executive Directors have served on the Board for longer than 9 years, namely Jim Sharp and Mark Cropper.</p> <p>Whilst the Board considers Jim and Mark to be independent in character and judgement, the tenure of both Directors has led to negative voting.</p>	<p>1. The Board to review the needs and requirements of an additional independent Non-Executive Director during 2021, with a proposed appointment to be made during 2022.</p>