

The Foundations of Our Business



Our culture, our strategy and our responsibility underpin the foundations of our success, enabling us to deliver on our purpose: to help the people and businesses of Britain thrive over the long term.

We believe in putting our customers and clients first. Our cultural attributes bring out the very best of our people, skills and strong reputation that we have built with our stakeholders over many years. A combination of expertise, service and relationships with teamwork, integrity and prudence underpins our approach and gives us the tools to help our customers thrive over the long term.

Our long-term strategic approach places exceptional service at the heart of everything we do. Each of our diverse, specialist businesses all have a deep industry knowledge, so they can understand the challenges and opportunities that our customers and clients face. We support the unique needs of our customers and clients to enable them to thrive, rather than simply survive, whatever the market conditions.

And we recognise that to help the people and businesses of Britain thrive, we also have a responsibility to help address the social, economic and environmental challenges facing our business, employees and clients, now and into the future.

These guiding principles are the foundations of our success and enable us to continue delivering for our stakeholders.

Our Purpose



OUR PURPOSE IS TO HELP THE PEOPLE AND BUSINESSES OF BRITAIN THRIVE OVER THE LONG TERM

Our purpose is at the heart of our business and guides every decision we make. We take a long-term approach to managing our business.

This means supporting our colleagues, customers and clients, and the communities and environment in which they operate, for the benefit of all our stakeholders. It means helping people and businesses unlock their potential and plan for the future with confidence, building relationships that stand the test of time. It also means that we continue to be there for the long term, whatever the economic climate, making decisions that are right for today and for generations to come.

Our customers are the people and businesses of Britain and we recognise that putting their needs and interests at the heart of our business is central to our success.

Our Culture



**OUR DISTINCTIVE
CULTURE AND
LONG-TERM
APPROACH ARE
EMBEDDED
THROUGHOUT THE
ORGANISATION**

Our distinctive culture and long-term approach are embedded throughout the organisation.

It combines our values of service, expertise and relationships with our ways of working: teamwork, integrity and prudence. These values ensure we continue to provide excellent service for our customers and clients over the long term, bringing out the best in our people and supporting our strong reputation.

Service

We pride ourselves on our excellent level of service and thinking that is both entrepreneurial and disciplined.

92%

2021: 93%

see colleagues **go the extra mile** to meet the needs of customers and clients

Expertise

We are committed to fostering a culture that attracts and retains talent, whilst also growing and building the expertise of our people.

97%

2021: 97%

of colleagues believe they have the **skills and knowledge** to do their job well

Relationships

We take the time to understand and build strong long-term relationships with our customers and clients.

High customer satisfaction and strong levels of repeat business across the group

Teamwork

We promote teamwork in a fair and open environment, where individuals and their contributions are valued and respected.

97%

2021: 96%

of colleagues believe their **immediate team works well together** to get the job done

Integrity

We insist on trustworthy behaviour and always acting with integrity – “doing the right thing”, internally and externally.

96%

2021: 97%

of colleagues believe our **culture** encourages them to **treat customers and clients fairly**

Prudence

We always take a prudent, robust and transparent approach to risk management.

95%

2021: 94%

of colleagues believe we are committed to **prudent risk management**

Our Strategy



TO PROTECT, GROW AND SUSTAIN OUR PROVEN AND RESILIENT BUSINESS MODEL SO THAT IT CONTINUES TO DELIVER IN THE LONG TERM



Protect

Keeping
it safe

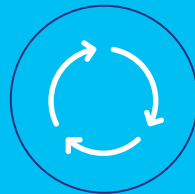
Maintaining and
enhancing the **key
strengths** of our
business model



Grow

Delivering
disciplined
growth

Maximising opportunities
in existing and new
markets; loan book growth
remains an output of the
business model



Sustain

Doing it
responsibly

Securing the **long-term
future** of our business,
customers and the world
we operate in



Protect

Keeping it safe

Maintaining and enhancing the key strengths of our business model

Our key strengths differentiate our proven and resilient business model and have contributed to our long-term track record, enabling us to deliver growth, profitability and returns to shareholders over many years.

Our high levels of personal service and specialism are key points of differentiation. Our people have deep knowledge of the industry sectors and asset classes we cover, leading to lending decisions informed by experts and faster access to funds when our customers need them most.

We run our business prudently, maintaining a strong funding, liquidity and capital position. Our loan book is predominantly secured or structurally protected, with a focus on maintaining strong credit quality. We adopt a consistent and disciplined approach, as we maintain prudent underwriting and pricing in our lending.

Whilst our focus on the strict management of costs remains unchanged, it is essential that we continue to invest in protecting the key attributes of our model and maintain regulatory compliance and enhance our operational and cyber resilience. Our investments and cost base support the generation of our strong margins, enabling our operational and financial resilience, while also supporting our ability to maximise opportunities as they arise.

Protecting our business: operational and cyber resilience



We continue to invest in the operational and cyber resilience of our business, to protect our customers whilst maintaining and enhancing our key strengths as a business.

In line with UK regulatory developments, we have identified our important business services, assessed their resilience, and are aligning our capital investment roadmap with these services to enable enhancements to their resilience over time. This is enabling us to test and demonstrate how our most important services can be sustained through severe but plausible disruptions, and to target enhancements to address any vulnerabilities identified.

Further, we continue to invest in people, systems and processes through a multi-year strategic cyber resilience programme.

Our focus on cyber resilience includes evolving our in-house cyber security expertise, augmented by input from strategic supplier partnerships, whilst maintaining Security by Design as a core tenet of technology and operational changes. Utilising an industry-standard control framework, we maintain an ongoing assessment of our risk and control profile, targeting investments to effectively prevent compromise of information assets. Acknowledging the nature of cyber risks, we recognise there is a risk that prevention may not be absolute and we therefore simultaneously maintain our investment in capabilities to detect, respond to, and recover from any cyber events which may occur.



More information on our approach to risk can be found on pages 74 to 92

Our Strategy continued



Grow Delivering disciplined growth

Maximising opportunities in existing and new markets

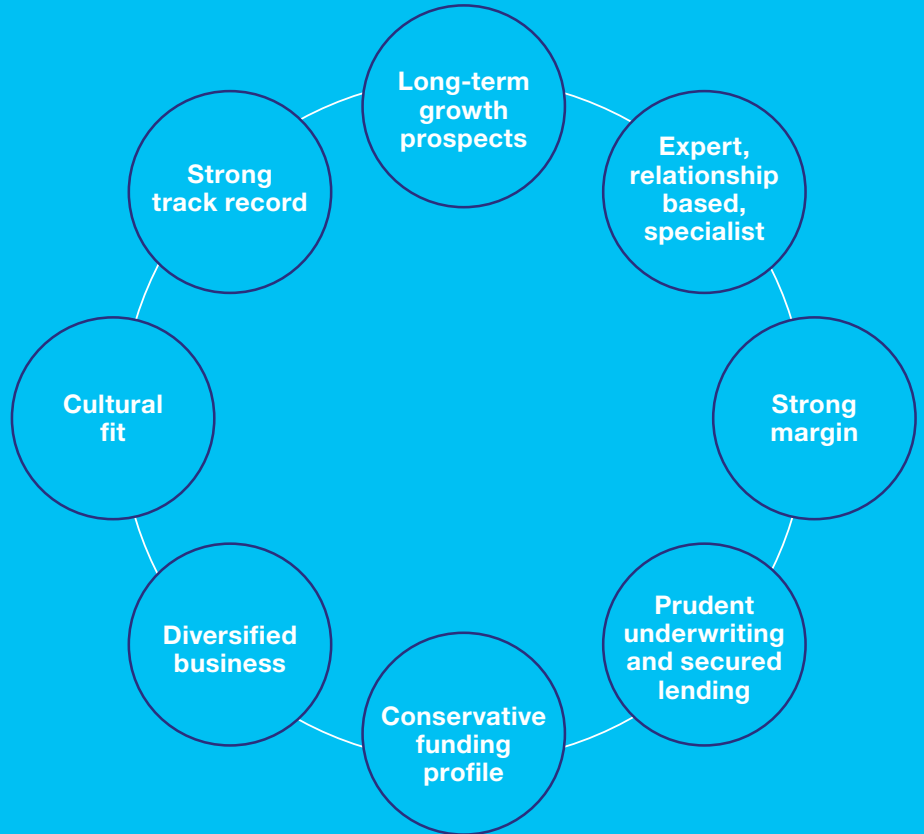
Our focus on delivering disciplined growth is critical in enabling us to protect the model, whilst still maximising opportunities and taking the business forward. It allows us to prioritise consistent and prudent underwriting criteria and maintain strong returns across our businesses. We do not manage the group to a growth target, with loan book growth remaining an output of the business model.

Whilst we remain operationally and strategically well positioned to continue supporting our customers and delivering for our shareholders, we continually assess existing and new markets for growth opportunities that fit with our model.

We have a long history of delivering disciplined growth and to support us in building on this track record, we developed our “Model Fit Assessment Framework”. This framework supports our review of opportunities, assessing their fit with our model, culture and responsible way of doing business, alongside their suitability from a strategic perspective.

Ensuring the right fit

These eight criteria are all factors that we consider when assessing growth opportunities. They capture the key strengths of our model and so by taking these into account, it ensures we are following a disciplined approach to growth and preserving the attributes that generate value for our shareholders.





Growing our business: commercial opportunities in the green lending space

Delivering disciplined growth

The UK government’s Net Zero Strategy report estimates up to £90 billion of private investment in the green industrial revolution by 2030¹.

The existing markets and assets that we have deep expertise in financing are transitioning towards greener, aided by government policies and corporate commitments, as the UK aligns towards a net zero economy.

We currently finance a wide array of green assets, as well as transitioning assets where new green technology is still developing:

- Our Asset Finance business has been financing wind farms, solar parks and hydro schemes since 2014 and also finances transition assets such as gas peaking plants. We also support battery electric vehicle deployments through the Wholesale Fleet business

- In our Motor Finance business, we finance hybrid and electric vehicles and support our dealer partners with guidance and thought leadership on the market, features of the technology and considerations specific to alternative fuel vehicle ownership
- In our Property business, all of our new developments have an EPC rating of A or B and we have significant expertise in financing sustainably focused developments

Financing a battery energy storage system

We have recently provided a development loan to Pacific Green Technologies Group for the construction phase of one of the UK’s largest battery energy storage systems (“BESS”), a 99.98 MW battery energy storage system at Richborough Energy Park in Kent.

Given the sizeable market opportunity in supporting the transition to a net zero economy, we are continually looking for opportunities for disciplined growth in this arena, whether that be through increasing our appetite for lending to green asset classes or expanding our offering into new green propositions and technologies.

We continue to build our expertise in green and transition assets, cementing our reputation for specialist knowledge and financing.

£90bn

Estimated potential investment in the UK green industrial revolution by 2030

¹ HM Government (2021), “Net Zero Strategy: Build Back Greener”, page 10. Contains public sector information licenced under the Open Government Licence v3.0 (<https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>).



Growing our business: Close Brothers Brewery Rentals

Delivering disciplined growth

The Brewery Rentals business was established in 2007 and, since then, has grown from strength to strength. We work with brewers and distillers, offering tailored solutions for keg and cask rentals, container maintenance services and equipment finance solutions.

We operate from four sites around the UK and, with a fleet of over 2.3 million, are the UK’s biggest owner of kegs and casks. We have grown the business organically, delivering a record performance in the 2022 financial year.

We are continually evolving our offering and expanding into complementary products, utilising our specialist expertise and knowledge to offer flexible solutions to meet the needs of our customers. This demonstrates the Close Brothers model perfectly – specialist knowledge in action to support our customers and a focus on expanding into niche and adjacent markets to deliver disciplined growth.

EkegPlus

EkegPlus is a container rental pooling service, offering an outsourced keg and

cask solution to allow brewers to pay only for the time they are using the containers.

Each container is embedded with Radio Frequency Identification (“RFID”) technology so it is uniquely identifiable, enabling customers to track containers directly and giving them greater visibility over usage and costs.

We developed the product in response to requests from customers for a direct to retail outlet short-term rental solution. It has enabled us to operate in a market segment previously unavailable to us.

EkegPlus has seen strong customer demand this year, increasing to 90 customers since launch, with more in the pipeline.

Innovative and sustainable focus

As a business, we are constantly developing new technology as we broaden our offering and provide greater benefits for our customers.

Our award-winning container RFID tracking technology allows customers to monitor an array of data points that can provide

clarity on stock positions, improve fleet efficiency and inform management decisions.

The self-collection element of our EkegPlus service also supports the reduction of CO₂ emissions.

We use ultra-high pressure (“UHP”) water jetting for the internal cleaning of containers, an innovative method that means we can process units quickly and to a high standard. There are no chemicals used in the UHP process, reducing our impact on the environment.

During Covid-19, we were able to help brewers with lockdown waste by providing a solution to safely empty the expiring contents of kegs and casks in an eco-friendly manner. Over 130 million pints of beer, cider and ale were either sold to farmers for fertiliser or used as a pH balancer for anaerobic digestion processes.

2.3m

Our fleet of kegs and casks

Our Strategy continued



Sustain
Doing it
responsibly

SECURING THE LONG-TERM FUTURE OF OUR BUSINESS, CUSTOMERS AND THE WORLD WE OPERATE IN

Our long-term approach is embedded throughout our organisation and guides all of our decisions, so it is important that we evolve our business to sustain it for the long term.

For our customers, this involves recognising and responding to changes in their behaviour, adapting our business accordingly and improving our digital capabilities and the customer journey to enhance their user experience. We continue to value the importance of long-standing relationships with our customers, providing them with exceptional service and the deep industry knowledge and expertise of our people.

For our people, this means maintaining our focus on employee engagement to support the wellbeing and needs of our colleagues. We will continue to enable the ongoing development of our people, as we look to retain talent and support our succession planning, whilst also nurturing an inclusive culture where our people feel valued and respected.

We are also focused on our impact. We create value in our local communities by understanding the needs of SMEs and helping them achieve their ambitions, and by creating equal opportunities for all, regardless of background. We maintain our focus on reducing our environmental impact and responding to the risks and opportunities brought by climate change.

Sustaining our business: supporting the opportunities brought by climate change



Offshore wind farm support vessels

Offshore wind is a significant contributor of renewable energy in the UK, with the government recently announcing its ambition to reach 50GW of installed capacity by 2030, supporting 90,000 jobs¹.

Our Commercial Marine finance team is an active funder to businesses performing mission-critical services to the UK offshore wind farm sector, where innovative crew transfer vessels such as the HST Harri (pictured) operated by High Speed Transfers Limited, are engaged to deploy engineering and maintenance crews safely to offshore wind farms in the North Sea, in often challenging weather conditions. With the ability to transfer up to 26 personnel and equipment at a time, these modern vessels, which were developed in cooperation with the offshore wind industry, provide an efficient and timely service to ensure that offshore wind farms can remain online and reliably provide a major, low-carbon contribution to the UK grid.



¹ HM Government (2022), "British energy security strategy". Contains public sector information licenced under the Open Government Licence v3.0 (<https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>).

Our Responsibility



OUR RESPONSIBILITY IS TO HELP ADDRESS THE SOCIAL, ECONOMIC AND ENVIRONMENTAL CHALLENGES FACING OUR BUSINESS, EMPLOYEES, CUSTOMERS AND CLIENTS, NOW AND INTO THE FUTURE

We see this responsibility as a core part of our business and central to our success. It encourages us to look at how we operate our business more broadly, as we focus on achieving the best outcomes for our stakeholders and making a positive impact on the society and the environment we operate in. We believe this will enable us to make a greater difference for our employees, customers and clients, both now and into the future.

Our values encourage and support diversity and inclusion at all levels of our organisation, helping the communities we operate in.

We consistently strive to act responsibly, ethically and with integrity, and this commitment to sustainable behaviours is embedded within our corporate culture and supported by a wide range of policies and procedures.