

Close Brothers Group plc

Audit Committee (the “Committee”)

Terms of Reference

Approved by the Board on 24 July 2025

1. Purpose

The Board of Close Brothers Group plc (the “**Board**”), has delegated responsibility to the Group Audit Committee (the “Committee”) for the oversight of matters relating to financial reporting and internal financial controls, in particular:

- 1.1 the integrity of the financial disclosures within the Annual Report and Accounts, Half Year Report, and any other formal announcement relating to its financial performance;
- 1.2 the integrity of the non-financial disclosures within the Annual Report and Accounts (including in relation to environmental and sustainability matters);
- 1.3 the effectiveness of internal financial controls;
- 1.4 the independence and effectiveness of the internal and external auditors; and
- 1.5 the integrity, independence and effectiveness of the Group’s whistleblowing procedures.

The Committee shall carry out the duties below on behalf of the Board in respect of Close Brothers Group plc (“CBG”), its subsidiary undertakings and divisions as appropriate.

2. Membership and quorum

Members

- 2.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chair of the Committee.
- 2.2. The Committee shall be made up of at least three members. The Committee shall include at least one member of the Risk Committee. The Chairman of the Board shall not be a member of the Committee.
- 2.3. All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Committee as a whole shall have competence relevant to the sector in which the Group operates.

Chair

- 2.4. The Board shall appoint the Committee Chair (the “**Chair**”).
- 2.5. In the absence of the Chair, the remaining members present shall elect one of themselves to chair the meeting.

- 2.6. The Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities. In addition, the Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility as appropriate.
- 2.7. Outside the formal meeting programme, the Chair, and to a lesser extent the other members of the Committee, will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the Group Chief Executive, the Group Chief Finance Officer, the external audit lead partner and the Group Head of Internal Audit.

Attendance

- 2.8. Only members of the Committee have the right to attend Committee meetings.
- 2.9. The Chair of the Board, Group Chief Executive, Group Chief Finance Officer, Group Chief Risk Officer, Group Head of Internal Audit and external auditor will be invited to attend meetings.
- 2.10. Other directors and members of senior management may be invited to attend all or part of any meeting as and when appropriate. Only members of the Committee may vote at Committee meetings.

Quorum

- 2.11. The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3. Committee management

Secretary

- 3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

Frequency of meetings

- 3.2 The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle, and otherwise as required.

Notice

- 3.3 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members, or at the request of the external auditor or the Group Head of Internal Audit if they consider it necessary.
- 3.4 The notice, agenda and papers for the meeting will be circulated to all Committee members and any other person required to attend, no later than five working days before the meeting, unless agreed with the Chair in advance.

Minutes of meetings

- 3.5 The Secretary shall minute the proceedings and decisions of meetings of the Committee, including recording the names of those present and in attendance.
- 3.6 Minutes of Committee meetings shall be agreed with the Chair and circulated promptly to all members of the Committee and to all members of the Board.
- 3.7 Minutes of Committee meetings will be made available to all Board members and the Group Company Secretary unless, it would be inappropriate to do so. The minutes may also be circulated to other interested parties.

Terms of reference

- 3.8 The Committee shall, at least annually, review these Terms of Reference and its own performance, as well as the quality of information it receives and recommend any necessary changes to the Board for approval.

4. Responsibilities

The Committee's responsibilities shall include:

4.1 Financial Reporting

- 4.1.1 Review the annual and half year reports, preliminary results' announcements, Pillar 3 disclosures and any other formal announcement relating to the Company's financial performance before their approval by the Board, focusing particularly on:
 - a) the integrity of the financial statements of CBG, including the strategic report and corporate governance statements relating to audit and to risk management;
 - b) the application and consistency of, and any changes to, significant accounting policies on a year-on-year basis;
 - c) the appropriateness of the going concern assumptions and the viability statement;
 - d) the methods used to account for significant or unusual transactions where different approaches are possible;
 - e) whether the Group has followed appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor; and
 - f) the clarity and completeness of disclosure in CBG's financial reports and the context in which statements are made.
- 4.1.2 Following its review, report to the Board any concerns about the financial or other information which it has reviewed, having regard to the matters reported to it by the external auditor.
- 4.1.3 Review any other statements requiring Board approval, which contain financial information (such as announcements of a price sensitive nature), where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements.

4.2 **Narrative Reporting**

- 4.2.1 Review the content of the Annual Report and Accounts and recommend to the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, including in relation to environmental and sustainability matters, and whether it informs the Board's statement in the Annual Report on these matters as required under the UK Corporate Governance Code (the "**Code**").

4.3 **Internal Controls**

- 4.3.1 Keep under review and monitor the Group's internal controls, including financial controls and systems that identify, assess, manage and monitor financial risks.
- 4.3.2 Review and approve the statements to be included in the Annual Report concerning internal financial controls, and the viability statement.

4.4 **Group Internal Audit**

- 4.4.1 Consider the mandate, organisation, resourcing and standing of internal audit, and annually approve the internal audit charter, ensuring it is appropriate for the Group's needs.
- 4.4.2 Monitor and review the effectiveness, independence and objectivity of the group internal audit function, which reports functionally into the Chair of the Committee, and receive regular reports on work carried out.
- 4.4.3 Approve the appointment and, as necessary, the removal of the Group Head of Internal Audit.
- 4.4.4 Carry out an annual assessment of the role and effectiveness of the group internal audit function, including obtaining an independent, third-party assessment at least every five years and as part of this assessment determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the Group's businesses.
- 4.4.5 Annually, approve the Group's internal audit plan, budget and resource plan, and any material changes to it, ensuring that the plan is aligned to the Group's key risks.
- 4.4.6 Ensure that:
 - a) group internal audit has unrestricted scope, the necessary resources and access to sufficient and timely information to enable it to perform its function effectively and fulfil its mandate;
 - b) there is open communication and coordination between different functions to avoid duplication, and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plans;
 - c) the function has adequate standing and is free from management or other restrictions; and
 - d) the Group Head of Internal Audit has direct access to the Chairman of the Board and to the Chair, providing independence from the executive, and is accountable to the Committee.

- 4.4.7 Review and monitor management's responsiveness to the findings and recommendations of group internal audit (including the actions taken by management to implement those recommendations).
- 4.4.8 Meet the Group Head of Internal Audit at least once a year, without management being present to discuss, among other things, the effectiveness of the function.
- 4.4.9 Discuss annually the Chair's assessment of the Group Head of Internal Audit's independence and objectivity, where the tenure of the Group Head of Internal Audit exceeds seven years .

4.5 External Audit

Appointment and tendering

- 4.5.1. Make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting in relation to the appointment, re-appointment and removal of the external auditor of CBG or any of its subsidiary companies.
- 4.5.2. Ensure that the audit services contract is put out to tender and oversee the selection process for the appointment of the external audit firm in accordance with applicable Code, guidance and regulatory requirements, and ensure that all tendering firms have access to all necessary information and individuals during the tendering process.
- 4.5.3. If an auditor resigns, investigate the issues leading to this and decide whether any action is required.

Terms and remuneration

- 4.5.4. Approve the remuneration of the external auditor in respect of audit and non-audit services and ensuring that the level of fees is appropriate to enable an effective and high-quality audit to be conducted.
- 4.5.5. Approve the terms of engagement of the external auditor, including fees and any engagement letter issued at the start of each audit and the scope of the audit.
- 4.5.6. Monitor the auditor's compliance with relevant ethical guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements, and assess these in the context of relevant, legal, professional and regulatory requirements and guidance.

Independence, including the provision of non-audit services

- 4.5.7. Assess annually the external auditor's effectiveness, independence objectivity, qualifications, expertise and resources taking into account relevant law, regulation, guidance and other UK professional requirements and the Group's relationship with the auditor as a whole. This includes ensuring that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity.

- 4.5.8. Monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, guidance and other professional requirements, including guidance on the rotation of audit partner and staff.
- 4.5.9. Monitor the application of the Group's policy on the employment of former employees of the Company's external auditor and monitor the application of these guidelines.
- 4.5.10. Approve and monitor the application of the Group's policy for the provision of non-audit services by the external auditor, taking into account relevant regulatory requirements and ethical guidance. and ensuring that the external audit firm is the most suitable supplier of the non-audit service.
- 4.5.11. Consider and approve in advance the supply of any non-audit services to be provided by the external auditor in accordance with the Group's policy: (i) considering the impact this may have on independence; and (ii) taking into account the relevant regulations and ethical guidance in this regard.

Annual audit cycle

- 4.5.12. Discuss with the external auditor the factors that could affect quality and annually review and approve the audit plan, ensuring that it is consistent with the scope of the audit engagement and coordinated with the activities of Group Internal Audit.
- 4.5.13. Meet regularly with the external auditor, (including at the planning stage before the audit, after the audit at reporting stages and during interim reporting) and at least once a year, meet with the external auditor without management being present to discuss their remit and any issues arising from the audit.
- 4.5.14. Review the findings of the audit with the external auditors. This shall include, but not be limited to, the following:
 - a discussion of any major issues which arose during the audit;
 - the auditor's explanation of how the risks to audit quality were addressed;
 - key accounting and audit judgements;
 - the auditor's view of their interactions with senior management;
 - levels of errors identified during the audit; and
 - reviewing whether the auditor has met the agreed audit plan and understanding reasons for changes to the audit plan.
- 4.5.15. Review representation letter(s) requested by the external auditor before they are signed by management.
- 4.5.16. Oversee management's response to the auditors' findings and recommendations (in each case, if applicable).
- 4.5.17. Assess the effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements, including an assessment of the quality of the audit, the handling of key judgments by the auditor, and the

auditor's response to questions from the Committee. This shall include a report from the external auditor on its own internal quality procedures.

4.6 Recovery Plan

4.6.1 The Committee shall review and challenge the Group's Recovery Plan.

4.7 Whistleblowing ("Speak Up" arrangements)

4.7.1 Support the Board with overseeing the group's arrangements for its employees, contractors and external parties to raise any concerns in confidence and, if they wish, anonymously, ensuring that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow up action.

4.7.2 Routinely review reports on whistleblowing activity and regulatory compliance.

5. Reporting Responsibilities

5.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

5.3 The Committee shall compile a report on its activities, and how it has discharged its responsibilities, to be included in the Annual Report, in line with legal and regulatory requirements, including the Code guidance.

6. Other Matters

The Committee shall:

Be responsible for oversight of the co-ordination of the internal and external auditor.

6.2 Review and approve those policies which from time to time fall to be considered by the Committee under the Group Policy Framework.

6.3 Work and liaise as necessary with all other Board committees ensuring its interaction with the Board and other committees is reviewed periodically, taking particular account of the impact of risk management and internal controls being delegated to other committees.

7. Authority

The Committee is authorised to:

7.1 Investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from, and require the attendance at any of its meetings of, any employee in order to perform its duties.

7.2 Have access to sufficient resources in order to carry out its duties, including access to the CBG secretariat for advice and assistance as required.

- 7.3 Obtain, at the Group's expense, external legal, accounting or other professional advice on any matter it believes necessary to do so.
- 7.4 Delegate any matter or matters to another committee or person(s) as it deems appropriate.
- 7.5 Publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, re-appointment or removal, the Annual Report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.