

Nomination and Governance Committee report



Michael N. Biggs
Chair of the Nomination and Governance Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the report of the Nomination and Governance Committee (the “Committee”) for 2025. The report sets out the work of the Committee over the year and the key responsibilities of the Committee.

Succession planning was a key focus of the Committee this year. Adrian Sainsbury’s unexpected leave of absence for medical reasons, and subsequent resignation as Chief Executive, required the Committee to put into place contingency measures before permanently appointing Mike Morgan as Chief Executive. Fiona McCarthy was appointed as Group Chief Finance Officer in January 2025 and was subsequently appointed as an Executive Director in August 2025.

The Committee has consequently placed greater focus this year on talent and development at Executive Committee level and below, recognising that once the group emerges from the current period of uncertainty arising from the FCA’s review of historical motor finance commission arrangements, it is important that the group has effective leadership in place to deliver our strategy, optimisation and growth.

The Committee is responsible for ensuring that the highest standards of corporate governance are embedded at Board level and across the wider group, and this year the Committee’s work in this area has focused on assessing the impact of the new 2024 Code for the group, evaluating the effectiveness of the Board’s workforce engagement arrangements, and implementing the findings of the prior year’s externally led Board evaluation.

Michael N. Biggs
Chair of the Nomination and Governance Committee

30 September 2025

Role of the Committee

To monitor the composition of the Board and its committees, ensure orderly succession planning and lead the Board appointments process.

Membership

Mike Biggs (Chair), Tracey Graham, Kari Hale and Mark Pain.

Other regular attendees by invitation

Chief Executive and Group Head of Human Resources.

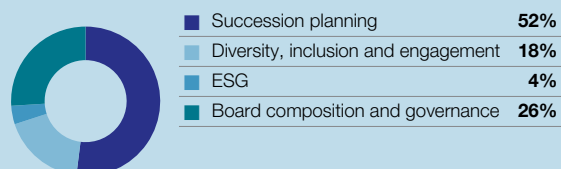
Meetings

- Number of scheduled meetings: Five
- For details of attendance, see page 128

2025 highlights

- Led the process for the appointment of Mike Morgan as Chief Executive and oversaw the succession of various key roles on the Executive Committee.
- Reviewed the group’s executive succession plans and looked at the talent pipeline at a business/functional level through the year.
- Considered the group’s corporate governance arrangements in light of the new 2024 Code and considered areas for incremental enhancement.
- Monitoring and oversight of ESG.

How time was spent



Interaction with other committees

The Nomination and Governance Committee makes recommendations to the Board and all other committees regarding the appointment and removal of their members and chair.

Key responsibilities of the Committee

- Regularly reviewing the structure, size and composition of the Board and its committees, and making recommendations to the Board with regard to any changes.
- Considering the leadership needs of the group both now and in the future and succession planning of Directors and senior management.
- Overseeing the group's approach to the development of a diverse talent pipeline.
- Reviewing the continued independence of the Non-executive Directors and assessing the Board's balance of skills, knowledge and experience.
- Evaluating the skills, knowledge and experience required for any particular Board appointment, where appropriate with the assistance of external advisers, to facilitate the search for suitable candidates.
- Leading the Board's annual evaluation process, including the appointment of an external Board evaluator, when appropriate.

Executive Director and Executive Committee succession

During the year, Adrian Sainsbury, the former Chief Executive, took a temporary medical leave of absence. Whilst Adrian was on leave, the Committee oversaw the implementation of its contingency plans to ensure continuity of leadership of the group during a critical period which included managing the period following the Court of Appeal's decision in the Hopcraft case in October 2024.

Recognising that Adrian held both an Executive Director role and a senior management function, the Committee was mindful of the needs of the group and its stakeholders, in particular, the Financial Conduct Authority. Mike Morgan assumed Adrian's principal responsibilities supported by the Chairman and other members of the Board and senior management. The Committee determined that appropriate expertise existed within the group to manage this period.

Given Mike Morgan's deep understanding of the group's activities and the current uncertainties facing the group as well as his track record of delivery against strategic objectives, the Committee recommended to the Board that he be appointed interim Chief Executive during Adrian's leave. When Adrian stepped down in January 2025, Mike Morgan received approval from the regulator and was appointed as permanent Chief Executive, which ensured continuity of leadership. Mike served as Finance Director for five years and prior to this had held a number of senior roles within the group.

After the year end, on 29 August 2025, the Board was pleased to appoint Fiona McCarthy, Group Chief Finance Officer, as an Executive Director. Fiona brings over 30 years' financial services experience in a variety of sectors, including six years at Close Brothers.

As part of Board succession planning, consideration is being given to the requirements of the Code and in particular the tenure of the Chairman, who was appointed as Chairman in May 2017. Mark Pain, in his capacity as Senior Independent Director, will lead the Board's search for a new Chairman over the coming year. It is recognised that Mike Biggs may serve beyond a nine-year term as Chairman during the period in which the search for his replacement is underway.

Succession planning

In addition to the matters set out above, the Committee also paid particular attention to succession planning at senior management level. As is typical each year, the senior management succession plan was reviewed by the Committee. This plan identifies emergency, three-year and five-year successors for each Executive Committee role and highlights areas of the group where there may be a shortage of internal talent in the medium term.

In light of the need to prepare the group for a refocusing on the strategy once the current uncertainty passes, the Committee conducted in-depth talent reviews of certain areas of the group focusing on Property, Commercial and Operations.

The Committee also oversaw a number of key appointments at Executive Committee level, including the appointment of a new Group Chief Finance Officer, General Counsel and Company Secretary and Chief Technology Officer.

Further information on talent and succession planning can be found in the Sustainability Report on pages 42 to 45.

Corporate governance

The new UK Corporate Governance Code 2024 (the "2024 Code") shall apply to the group for the financial year beginning 1 August 2025. In light of this, the Committee has undertaken a review of the group's corporate governance arrangements and practices to identify any areas for enhancement as a result of the 2024 Code. The Committee has concluded that gradual enhancements will be made over the coming years with regard to internal controls and these workstreams are supported by the Audit and Risk Committees.

Board evaluation

The prior year's Board evaluation was externally led and the Committee oversaw the design and progress of that evaluation. During FY 2025, the Committee reviewed the findings of the 2024 evaluation and supported the Board in agreeing an action plan to progress these findings. As the year progressed, the Committee ensured that the Board received periodic updates on the status of these actions and future initiatives to enhance the areas of focus.

In addition, the Committee reviewed proposals for the 2025 Board evaluation, which was internally facilitated. The Committee led the 2025 evaluation which took the form of one-to-one interviews between each Director and the Company Secretary. Key themes were collated and shared with the Committee and the full Board for consideration. You can read more about the 2025 Board evaluation process and outcomes on pages 130 to 131.

The Committee also conducted its annual review of the individual and collective skills possessed by members of the Board, and reaffirmed that the Non-executive Directors continue to possess the relevant skills and expertise, including extensive experience within financial services and in regulated or listed companies, to be effective in their roles. Where areas for further enhancement or additional Board professional development were identified, either from the findings of the prior year's Board evaluation or as a result of horizon scanning, these were incorporated into the deep dive sessions and annual training programme overseen by the Company Secretary with input from the Chairman and the Chief Executive and approved by the Committee.

Nomination and Governance Committee report continued

The chart on page 118 indicates the key skills expected of the Board and possessed by the Non-executive Directors. Further information on the background and experience of each of the Non-executive Directors can be found in their biographies on pages 120 to 122. Given the regulated environment within which the group operates, Directors are also required to undergo an annual fitness and propriety assessment, pursuant to the Senior Managers and Certification Regime.

During the year, the Committee carried out a review of the expected time commitment of each Director based on their committee membership, other Board roles and industry benchmarking. The Committee considers that each Director is able to dedicate the required amount of time to the company's business. Given the heightened uncertainty arising from the Court of Appeal's decision in the Hopcraft case and the FCA's review of historical motor finance commission arrangements, a great number of additional unscheduled meetings have been held during the year and members of the Board have met with a range of stakeholders to discuss these matters.

Board roles and responsibilities

The Committee continues to keep under review the responsibilities of the Chairman, Senior Independent Director and the Chief Executive to ensure these remain fit for purpose and reflective of the expectations of these roles. In accordance with the Code, a statement of responsibilities can be found at www.closebrothers.com/investor-relations/investor-information/corporate-governance and further detail is available on pages 128 to 129.

Board and Committee composition

The composition of each committee is as follows:

	Nomination and Governance Committee	Audit Committee	Risk Committee	Remuneration Committee
Mike Biggs	Chair			•
Mark Pain	•		•	•
Tracey Graham	•		•	Chair
Kari Hale	•	Chair	•	
Patricia Halliday		•	Chair	•
Tesula Mohindra		•	•	
Sally Williams		•	•	

Election and re-election of Directors at the 2025 AGM

The Committee is responsible for considering and making recommendations to the Board concerning the election and re-election of Directors, having regard to their performance, suitability, time commitment and ability to continue to contribute to the Board. Following this year's review, the Committee has recommended to the Board that all serving Directors be elected or re-elected at the AGM.

You can read more about the Board's recommendation that all Directors be elected or re-elected at the 2025 AGM on page 164.

Diversity and inclusion

The group has made significant progress against its diversity and inclusion ("D&I") strategy, although the Committee recognises the need for D&I to remain a priority. Diversity at all levels of the organisation is critical to ensuring the group is able to execute its longer-term strategy and continue to meet and respond to stakeholder needs and expectations. Diversity in the boardroom ensures that different perspectives are considered and supports the challenge needed to ensure effective decision-making.

During the year, the Committee undertook its annual review of the Board Diversity Policy, which applies to both the Board and its committees. The policy sets out specific objectives with regard to diversity and inclusion in the boardroom, the recruitment of new Directors and longer-term targets, as well as corresponding governance responsibilities. The Committee considered that the policy remains appropriate and that no further updates were required at this stage. The Board Diversity Policy is available at www.closebrothers.com/investor-relations/investor-information/corporate-governance.

The Committee also considered the group's diversity in the context of the Listing Rule requirements on diversity metrics and reporting. At 31 July 2025, being the reference date for the purposes of Listing Rule 6.6.6(9), which requires the disclosure of certain diversity statistics, and as shown in the tables below:

- the Board met its target of having at least 40% female Directors;
- the Board met its target of having one Director from a minority ethnic background; and
- with the appointment of Fiona McCarthy, Group Chief Finance Officer, as an Executive Director post year end, the Board now meets its target of having one of its most senior roles occupied by a female Director.

In accordance with Listing Rule 6.6.6(9), the data for the above disclosure is as disclosed by the relevant individuals at 31 July 2025.

The Committee considers that the Board remains diverse, with Directors from a range of backgrounds, but will seek to take opportunities to further improve the diversity of the Board, where this is consistent with the skills, experience and expertise required at a particular point in time.

The following tables illustrate the gender and ethnic diversity of the executive management population, which comprises the Executive Committee pursuant to Listing Rule 6.6.6(10).

The Committee takes seriously its role in overseeing the development of a diverse pipeline for senior management positions and the link between diversity and inclusion and delivery of the company's purpose and strategic aims. To that end, the Committee considered updates during the year in relation to diversity and inclusion initiatives across the group and oversaw the group's refreshed three-year diversity and inclusion strategy, focusing on attraction and retention of diverse talent, enhancing the culture of the group, and shaping the group's inclusive brand and embedding inclusion in all interactions with stakeholders.

Gender identity reporting¹ under LR6.6.6(10)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, SID and Chairman)	Number in executive management	Percentage of executive management
Men	4	50%	3	8	73%
Women	4	50%	–	3	27%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background reporting¹ under LR6.6.6(10)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, SID and Chairman)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	88%	3	8	73%
Mixed/Multiple ethnic groups	–	–	–	1	9%
Asian/Asian British	1	12%	–	2	18%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1. The numerical data detailing gender identity and ethnic background is as self-disclosed by the relevant individuals at 31 July 2025, being the chosen reference date for the purposes of LR6.6.6(9) and LR6.6.6(10), and reflects the composition of the Board and executive management at that date.

Board diversity



Male	50%
Female	50%

Senior management¹



Male	66%
Female	34%

Workforce diversity²



Male	55%
Female	45%

1. Comprises all members of the Executive Committee as shown on page 123, as well as their direct reports, excluding administrative support.

2. Comprises all employees of the group including senior management.

The Committee continues to monitor the approach to diversity and inclusion across the group. Please see the charts above for a breakdown of the group's gender diversity. More detail on the group's approach to diversity and inclusion can be found in the Sustainability Report on pages 42 to 45.

Workforce engagement

The Committee keeps the Board's workforce engagement arrangements, which are described on page 133 as under review. During the year, the Committee considered the current workforce engagement arrangements in place and considered that they remain effective and suited to the size and structure of the group.

Environmental, social and governance matters and sustainability

Throughout the year, the Committee received and considered dedicated updates on ESG matters relevant to the group.

Areas of focus this year included:

- consideration of how the group will meet its longer-term goal of achieving net zero by 2050;
- oversight of the group's sustainability strategy including green lending growth aligned to existing businesses and customers;
- reviewing the group's sustainability credentials and climate ranking and stakeholders' perception of the group's climate strategy;

- consideration of the legislative and government-backed climate changes following changes to the UK political landscape; and
- receiving updates on the group's charitable and community involvement including colleague-led donations and group-initiative donations to corporate charity partners.

The Committee recognises and welcomes the continuing and increasing focus on sustainability and the contribution that the group makes to the wider community. To ensure that ESG matters are considered holistically as part of Board decision-making and strategy, responsibility for ESG will be transferred in FY 2026 from the Committee to the Board.

Further information on the group's approach to sustainability can be found in the Sustainability Report on pages 27 to 48 of this Annual Report.

Committee effectiveness

An internally led evaluation of the effectiveness of the Board and its committees was undertaken during the year in line with the requirements of the UK Corporate Governance Code, as described on page 131. The evaluation found that the Committee continues to operate effectively.

The Committee considers that it has access to sufficient resources to enable it to carry out its duties and it has continued to perform effectively.