

Sustainability report

“We are committed to supporting our customers to achieve their climate ambitions and to moving towards net zero emissions by 2050. Our progress during 2025 demonstrates our continued commitment and ability to deliver reductions in operating emissions across our businesses and to play a key role in supporting SMEs in the energy transition.”

Mike Morgan, Chief Executive

Our group purpose is to help people and businesses thrive over the long term. We recognise that as part of this, we have a responsibility as a group to help address the social, economic and environmental challenges facing our business, employees and customers, now and into the future.

In our Sustainability report, we set out our strategy and the progress that has been made across all aspects of sustainability. We continue to place a strong emphasis on supporting our people and customers to achieve the best outcomes, while aiming to make a positive and lasting impact on society and the environment.

Our climate approach is driven, above all, by our desire to support our customers in their transition to a lower carbon future, and we can play an important role in doing this. To align with this focus, we have updated our approach this year.

We remain committed to achieving net zero across our operations, our supply chain and the activities we finance by 2050 or sooner. However, we have decided to move away from intermediate emissions reduction targets. This decision forms part of our efforts to align our climate positioning more closely with our business-led strategy of supporting our customers in their sustainability journeys. It enables us to focus on providing support, finance and expertise to help our customers decarbonise in ways that are practical and aligned to their own pathways.

The energy market and battery electric vehicles remain attractive growth areas with significant opportunities in green financing. Going forward, growth in this area will be led by customer demand rather than by specific group targets, ensuring our ambitions align closely with our customers' transition journeys.

Our climate strategy is focused on three key pillars. We have made significant progress on climate actions, with substantial strides made towards reducing our operational emissions and achieving our broader climate ambition of reaching net zero by 2050.

Our sustainability objectives

Supporting our customers and partners in the transition towards more sustainable practices.

Promoting an inclusive culture in everything we do.

Reducing our impact on the environment and responding to the threats and opportunities of climate change.

Promoting financial inclusion, helping borrowers that might be overlooked by larger finance providers and enabling savers to access financial markets.

During the 2025 financial year, we have made further progress in line with the pillars.

- 1. Achieving zero emissions:** Reduction in operational emissions of 53% since our 2019 baseline, with a 20% reduction of Scope 1 and 2 emissions in 2025.
- 2. Reducing our financed emissions:** Refined our product offering to capture customer demand, such as for Alternative Fuel Vehicles (“AFVs”) in Motor Finance.
- 3. Financing the transition:** We have expanded our lending for green energy and battery electric vehicles, and our Asset Finance and Leasing business launched a £20 million Green Asset Fund in 2025.

Central to all decision-making is doing the right thing for customers and partners, by helping them access financial solutions to meet their needs across all market conditions. We engage with our customers throughout their end-to-end journey and actively seek their feedback.

Our inclusive culture is a key enabler for our business success, as we create an environment where colleagues can thrive and, in turn, deliver excellent customer outcomes. We continue to promote a range of diversity and inclusion initiatives and are incredibly proud of the dedication and hard work of our eight executive-sponsored group-wide employee inclusion networks.

What sustainability means at Close Brothers

At Close Brothers, we are here to help the people and businesses of Britain thrive over the long term, working together to embrace change and capitalise on the opportunities it presents. This means supporting our colleagues and customers, as well as the communities and environment in which we operate.

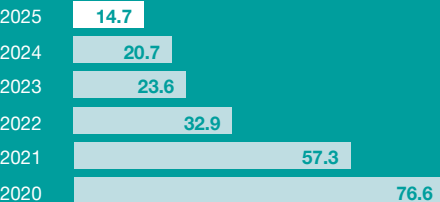
Our car fleet

E

Our car fleet is now

61.6%

battery electric with average stated emissions now down to 14.7 gCO₂/km (2024: 20.7 gCO₂/km)



Our communities

S

119

children have been supported by Close Brothers colleagues volunteering for Bookmark Reading Charity since the start of our partnership in 2020.

Our emissions

E

53%

Scope 1 and 2 emissions (market-based) reduction since 2019 (2024: 42%).

20%

Scope 1 and 2 emissions (market-based) reduction in 2025.

Our inclusivity

S

91%

of our colleagues feel included (2024: 90%).

Our green landing

E

£1 billion+

has been financed by our energy team across multiple renewable energy projects over the last 10 years.

£154.4 million

lending for zero emissions battery electric vehicles achieved in this financial year (2024: £152.4 million).

Our social mobility

S

Last summer we welcomed 32 students to complete six-week internships with Close Brothers from the 10,000 Interns Foundation and through our partnership with upReach (2024: 35 students).

Our culture

S

90%

of employees believe they are treated with respect (2023: 94%¹).

Our charitable giving

S

£100,000

donated to charities aligned with our ESG goals (2024: £100,000).

E Environmental S Social G Governance

1. 2023 score provided for comparison as this question was not included in the 2024 employee opinion survey.

Task Force on Climate-related Financial Disclosures report

We are pleased to present our fourth Task Force on Climate-related Financial Disclosures (“TCFD”) report. Our disclosures comply with FCA Listing Rule 9.8.6R(8) and are consistent with the TCFD’s 2017 Recommendations. Where practicable, we have also incorporated the 2021 Annex to the Implementing Guidance.

TCFD recommendations	Our progress	Future focus
 Sustainability and climate governance Describe the Board’s oversight of climate-related risks and opportunities. Describe management’s role in assessing and managing climate-related risks and opportunities. See pages 30 to 31.	• Board oversight of climate-related risks and opportunities is supported by defined roles and responsibilities across the Board and its committees. • The Group Chief Risk Officer (“GCRO”), under the Senior Managers and Certification Regime, is accountable for identifying and managing financial risks linked to climate change. • The climate risk governance framework undergoes continuous review to ensure climate risk remains fully embedded within the wider risk management framework and aligned with management decision-making forums. • Members of the climate reporting team completed the new Partnership for Carbon Accounting Financials (“PCAF”) Academy learning programme for signatories, enhancing expertise in applying PCAF standards and financed emissions accounting.	• Continue to strengthen climate knowledge at Board and senior management level. • Advance climate skills and competencies across our people and stakeholders, with a focus on rapidly evolving technologies and their deployment in the UK market.
 Climate strategy Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. Describe the impact of climate risks and opportunities on the organisation’s business strategy and planning. Describe the resilience of the organisation’s strategy taking into consideration different climate-related scenarios, including a 2°C or lower scenario. See pages 32 to 33.	• Our new strategy is guided by three principles: Simplify, Optimise and Grow. • We have aligned our climate positioning more closely with our business-led strategy, supporting customers in their transition to a lower-carbon future. • Enhanced data availability within Asset Finance and Leasing, embedding fuel-type information to improve emissions analysis. • Launched a £20 million Green Asset Fund to build expertise in emerging sectors and technologies, with c.£8 million deployed by year end. • Joined the Irish Growth and Sustainability Loan Scheme to enable Irish customers to invest in climate action and environmental sustainability.	• Continue to manage and reduce operational emissions while advancing our financed emissions transition plan. • Continue to advance climate data capabilities to improve measurement, reporting and strategic decision-making. • Respond proactively to evolving regulation and emerging best practice across the industry. • Expand sustainable finance activities, including alternatively fuelled vehicles in Motor Finance, eco-homes and renewable energy projects. • Enhance resilience by tightening lending appetite (e.g. for high-emission vehicles and poorly EPC rated properties).
 Risk management Describe the organisation’s processes for identifying and assessing climate-related risks. Describe the organisation’s processes for managing climate-related risks. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management. See pages 33 to 36.	• Strengthened existing data, reporting and oversight of climate-related risk exposures. • Integrated climate risk assessment into principal and emerging risk processes. • Continued to report credit exposures relative to climate risk and risk appetite. • Updated policies, standards and the enterprise risk framework to embed climate risk. • Advanced climate risk culture with clear corporate responsibility recognition. • Updated due diligence questionnaires to collect climate and ESG data from Tier 1 and Tier 2 suppliers and procurement processes that incorporate environmental and climate-related criteria alongside sustainability innovation and performance.	• Further enhance data use to support quantitative risk measurement and strategy. • Develop an approach to further integrate climate analysis into group stress testing, including the ICAAP and resilience scenarios. • Increase engagement with customers, partners and suppliers on climate impacts. • Ongoing assessment of climate impacts within resilience and risk frameworks. • Regular horizon scanning to identify regulatory changes and opportunities.

TCFD recommendations	Our progress	Future focus
 Metrics and targets Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1 and 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. <i>See pages 37 to 39.</i>	• Our operational emissions have reduced by more than 53% since our 2019 baseline. • Enhanced measurement of our operational carbon footprint, including expanded coverage across Scope 3 categories. • Consistently applied assessment of Scope 3 financed emissions, primarily within the loan book, using evolving PCAF methodologies. • Achieved strong external recognition, with a CDP “B” rating, MSCI “AA” rating and Sustainalytics ESG risk score of 21.5. • Continued compliance with regulatory, legal and industry-standard emissions reporting, evidencing measurable progress.	• Continue to build on progress towards our ambition of net zero by 2050. • Strengthen customer climate data capabilities to facilitate enhanced financed emissions reporting, risk assessment and portfolio strategy.



Sustainability and climate governance

The integration of climate into our governance structure

As our climate risk framework has continued to mature, the group’s governance structure has evolved to ensure clear accountability for climate-related roles and responsibilities, and to support a fully integrated approach to both risks and opportunities.

Oversight is embedded across the Board, executive committees, and the three lines of defence, supported by regular updates to relevant committees and forums. This ensures climate considerations are consistently reflected in strategic planning, the setting of group-level risk appetites, and the monitoring of divisional appetites.

Reporting and management information provide the insights needed for informed decision-making, while alignment between climate strategy and executive remuneration reinforces accountability. Climate and environmental, social and governance (“ESG”) objectives are embedded within the Executive Committee’s scorecard and Long Term Incentive Plan.

Board oversight

Board

The Board is responsible for the long-term success of the group and for delivering sustainable value to shareholders and wider stakeholders. It fulfils these responsibilities both directly and through its subsidiary committees.

In overseeing the group’s long-term sustainability, the Board is accountable for the overall delivery of our climate and ESG strategy. It receives regular updates on implementation and progress from the executive team, and approves the group’s risk appetite statements, including those relating to climate risk.

Board Risk Committee

Operating under authority delegated by the Board, the Board Risk Committee (“BRC”) oversees risk management across the group, including risks arising from climate change. The BRC monitors the measures in place to manage climate risk and receives regular updates on the embedding of climate risk into the group’s wider risk framework. This includes reviewing emerging portfolio information, tracking the evolution of climate-related risk appetite, and considering risks and opportunities.

Audit Committee

Operating under authority delegated by the Board, the Audit Committee oversees financial and regulatory reporting across the group, together with the effectiveness of internal financial controls. The committee is also responsible for ensuring the clarity and completeness of environmental, sustainability, and climate-related disclosures within the group’s Annual Report.

Executive

Chief Executive

The Chief Executive holds ultimate responsibility for climate-related issues affecting the group and its customers, with overall accountability to the Board and shareholders for ensuring sustainable and responsible practices, including environmental matters. Accountability for the group’s climate and ESG strategy also rests with the Chief Executive, with elements delegated to members of the executive team to ensure effective delivery and integration into business practices.



Group Chief Risk Officer

In Banking, and in line with the Senior Managers and Certification Regime, the GCRO has specific responsibility for climate risk management. This includes:

- Embedding climate risks within business planning and risk appetite statements.
- Conducting climate-related scenario analysis across different time horizons.
- Ensuring Board-level visibility with clear roles and responsibilities.
- Considering climate risk materiality within the annual Internal Capital Adequacy Assessment Process ("ICAAP").

The GCRO is supported by the Board and executive team, who collectively oversee delivery of the group's climate risk objectives and provide challenge and approval of the broader climate and ESG strategy.

Group Executive Committee

The Executive Committee evaluates and implements initiatives to ensure a sustainable business model that incorporates all risks and opportunities, including ESG and climate. At group level, it oversees the development of the climate strategy, covering ambitions, operational and financing activities, targets, and metrics. The committee also coordinates divisional strategies and supports the Chief Executive in making recommendations to the Board for approval.

Group Risk and Compliance Committee

At executive level, climate risk management is overseen by the Group Risk and Compliance Committee ("GRCC"), which reviews and challenges the framework used to manage financial risks from climate change. The committee receives regular framework updates, with climate risk management information embedded within established risk reporting processes.

Credit Risk Management Committee

The Credit Risk Management Committee ("CRMC") is responsible for monitoring the group's credit risk profile, including climate-related credit risk considerations. Over the past year, it has received regular updates on Banking's credit risk assessment framework and associated management information, which highlight the potential climate risk sensitivity of different sectors and asset classes. The CRMC has also reviewed and approved the integration of climate considerations into credit risk policies and standards.

Training and competency

Both the Board and executive team are committed to developing and embedding strong climate and ESG competencies. Regular updates to the Board and management committees over the past year have supported this, raising awareness of the risks and opportunities presented by climate change and tracking progress against the group's response.

Capability has been strengthened across the wider organisation through additional training, including accredited climate qualifications where relevant. This year, members of the climate reporting team completed the new PCAF Academy learning programme for signatories, enhancing their expertise in applying PCAF standards and financed emissions accounting.



Climate strategy

As a group supporting many sectors of the UK economy, we recognise our responsibility to enable the transition to a low-carbon future and remain committed to the goals of the Paris Agreement.

We have moved away from intermediate group-level climate targets to focus instead on aligning our climate positioning with our business-led strategy of supporting customers in their transition. Our lending must evolve in step with our customers' transition pathways and as UK businesses adopt clean technologies, greener assets and new business models, we stand ready to provide the financing solutions that facilitate change and drive the wider economic transition.

Opportunities in the energy market and battery electric vehicles remain strong, and future growth in these areas will be led by customer demand rather than by top-down targets, ensuring our ambitions reflect the real transition journeys of our clients.

We recognise the urgency of tackling the environmental, economic and social impacts of climate change, which affect all stakeholder groups. Identifying and managing the risks and opportunities of climate change to our business model remains a key strategic focus for the Board and senior management.

The three pillars of our climate strategy

1. Achieving net zero operations

We have made significant progress on our climate actions, reducing operational emissions by 53% since our 2019 baseline and advancing towards our ambition of achieving net zero by 2050. This significantly exceeds the level of reduction typically required to align with science-based emissions pathways consistent with a 1.5°C global warming scenario. It reflects our dedication to, and progress in, decarbonising our operations and demonstrates the effectiveness of the actions we have taken to date.

To strengthen alignment with our business-led strategy, we have moved away from intermediate group-level targets and instead focused on supporting customers in their transition to a lower-carbon future.

Reducing our own emissions remains a priority and underpins our wider net zero ambition. Beyond meeting mandatory SECR requirements, we provide enhanced disclosure of our full operational footprint, covering Scope 1, Scope 2 and all relevant Scope 3 categories.

Engaging our supply chain on climate action is delivering benefits. We are working closely with major suppliers, while also collaborating with business customers where we represent part of their supply chain emissions, creating a multiplier effect across the value chain.

We are strengthening the monitoring and calculation of our operational impacts, with a focus on improving data quality and availability. In 2025, reported Scope 1 and 2 emissions were obtained for 43% of supplier spend, up from 31% in 2024, enhancing the accuracy of our Scope 3 Category 1 disclosures. Supply chain engagement is delivering measurable benefits, both through collaboration with our largest suppliers and with business customers for whom we represent a share of their supply chain emissions.

Our workplace team continues to work with our facilities management partner to reduce emissions across all properties. Our success here is reflected in a 20.4% reduction in total Scope 1 and 2 location-based operational emissions in 2025 compared to 2024.

We remain committed to achieving a net zero car fleet. While the pace of transition has been influenced by UK EV market dynamics, our recognised leadership in battery electric vehicle adoption has delivered strong progress: as of July 2025, 61.6% of our fleet is fully electric and 37.1% is plug-in hybrid.

This transition has further reduced our fleet's emissions, with average CO₂ output now at 14.7 gCO₂/km (2024: 20.7 gCO₂/km).

2. Reducing our financed emissions

We support the goals of the Paris Agreement by aligning our financing activities with net zero commitments and helping customers meet their transition targets. Understanding the climate impacts of our lending portfolios, while identifying green growth opportunities, is central to our climate plan.

In 2025, we continued to apply our climate assessment of assets and businesses across our lending portfolios, with a summary of Scope 3 financed emissions provided on page 39. Governance has been strengthened by transferring ownership of financed emissions reporting from the central team to the Risk function, embedding climate oversight alongside credit risk management.

In Motor Finance, we continue to reduce our appetite for high-emitting vehicles. We have enhanced data quality across Asset Finance and Leasing, embedding fuel type information to improve emissions measurement and portfolio analysis. Scope 3 emissions fell, driven by a gradual transition towards lower-emission vehicles, alongside loan book reduction. This is evidenced by the drop in Scope 3 total financed emissions from 1,435,576 tCO₂e in 2024 to 1,303,568 tCO₂e in 2025.

As members of PCAF, we are working with peer banks to further improve data sourcing and carbon accounting, strengthening our understanding of portfolio impacts and supporting the continued development of our climate strategy.

3. Financing the transition

We are enabling the adoption of cleaner technologies and business model adaptation through our green growth lending strategy, leveraging our expertise while maintaining alignment with our risk appetite.

We see significant growth opportunities in green asset lending across both established and emerging asset classes. As a specialist lender with deep customer insight, we are well positioned to support clients in adopting cleaner technologies and achieving their sustainability goals.

The energy market and BEVs remain key areas of opportunity. Road transport is one of our largest lending sectors and we are already supporting rapid deployment of BEVs by fleet customers across passenger and goods vehicles. In Motor Finance, we are expanding our BEV offering to accelerate this transition.

In FY 2025, our Asset Finance and Leasing business launched a £20 million Green Asset Fund to build expertise

in emerging sectors and technologies, with c.£8 million deployed by year end. We are also participating in the Irish Growth and Sustainability Loan Scheme, enabling customers in Ireland to invest in climate action and environmental sustainability.

Beyond transport, we are financing eco-homes and sustainable developments. While lending volumes in these sectors are currently modest, we expect growth to increase as customer demand rises and regulatory frameworks strengthen.

Battery electric vehicles funding

		2025 £million	2024 £million
Green lending	Zero emissions battery electric vehicles achieved in financial year	154.4	152.4
Green lending	Zero emissions battery electric vehicles achieved since 2023	470.8	316.4

Physical and transitional climate impacts

Risk	Description	Timeline	Potential impacts
Physical climate impacts			
Increasing frequency and severity of extreme weather events, such as persistent heat and severe flooding, together with long-term shifts in climatic conditions.	Physical damage to customer assets and disruption to sector productivity, including labour impacts in construction and reduced crop yields in agriculture.	Medium to long term	Credit risk – counterparty and collateral.
	Disruption or damage to our properties and those of suppliers or partners, including critical sites such as data centres and call centres.	Long term	Supply chain risk. Business continuity impacts and disruption to customers.
Transitional climate impacts			
Market disruption from the transition to a low-carbon economy, driven by new regulation, evolving policy, technological change and shifting customer demand.	Significant technological shifts within key sectors, such as impacts on existing transport activities.	Medium to long term	Credit risk – counterparty and collateral. Uncertainty around new and legacy asset values.
	Uncertainty and change across UK sectors where our SME customers operate, driven by shifting customer expectations and increasing focus on energy efficiency and environmental performance.	Medium to long term	Credit risk from counterparties and collateral, with market uncertainty potentially reducing customer investment activity in the short term.
	Changing customer operating models and higher investment in clean assets, such as onsite renewable generation, energy storage and EV charging, are creating demand for new products and underwriting approaches.	Medium term	New business models. Need for new skills and capabilities across the bank.
Changing stakeholder climate expectations.	Stakeholders, including investors, customers and employees, are increasingly invested in our climate plan, while market appetites are shifting away from high-carbon sectors such as fossil fuel extraction and carbon-intensive transport.	Medium to long term	Reputational risk affecting our ability to attract and retain talent, as well as our attractiveness to investors and savers.



Risk management

How we identify, assess and manage climate-related risks

Our group Enterprise Risk Management Framework, outlined on page 68 of the Risk Report, ensures a consistent approach to managing climate-related risks across the organisation.

Physical risks are treated as cross-cutting, with potential impacts considered across our principal risks, while transition risks are measured and monitored through our emerging risk processes.

Alignment of group-wide framework with climate-related risks and opportunities

Aligning our risk management framework with climate-related risks and opportunities remains a priority, with ongoing assessment and monitoring of our banking book and impacts across other principal risks. The continued enhancement of standards and policies is strengthening the maturity of climate risk within our end-to-end risk processes.

We recognise that this is a multi-year journey, with both physical and transition risks, and the frameworks to assess them, still evolving across the industry. The impacts of climate change across different time horizons, and our proportional response, will remain integral to our wider risk assessment, financial planning and strategy development.

Our business planning time horizons

Short term (0-1 year)	Time horizon for annual budgeting and capital assessment.
Medium term (1-3 years)	Time horizon for business strategy and financial planning. Also aligns with typical ICAAP scenario analysis horizon.
Long term (more than 3 years)	Time horizon beyond typical financial planning cycle. Impacts primarily assessed using long-term scenario analysis noting most material climate risks will crystallise in this horizon.

Risk culture and awareness

A strong risk culture is embedded across the group, aligned with our purpose, strategy, cultural attributes and values. The management of climate risks and opportunities is fully integrated within this culture.

Internal controls

To support the ongoing integration of climate risk into our control environment, recent enhancements have reinforced climate considerations within policy documentation and ensured that internal processes are complemented by the activities of key suppliers and partners.

Governance

A key element of embedding climate risk into our group-wide risk management framework is the application of a coherent three lines of defence model, as outlined on page 72 in the Risk report. As this embedding continues, our climate governance structure continues to evolve, ensuring clear roles and responsibilities and an integrated approach to both risks and opportunities. Recent enhancements include strategic accountability being placed more clearly with each business divisional Chief Executive rolling up to the Executive Committee at group level, with the Board retaining overall accountability for the delivery of our climate and ESG strategy. Risk reporting is via existing risk reporting pathways into risk committees. This structure is detailed on page 31.

Stress testing

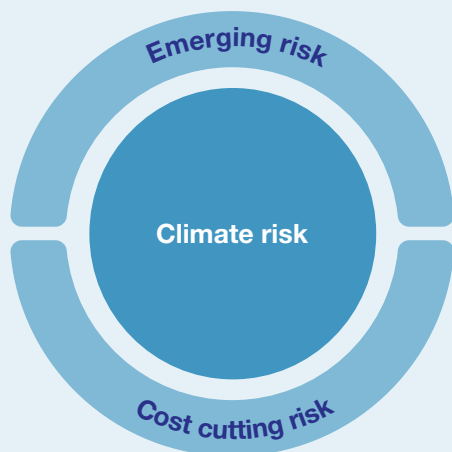
Building on our long-horizon scenario analysis, recent work has taken account of the short tenor of our loan book (15 months average) and the stability of risk exposures across assets and counterparties. In the next financial year, our focus will be on developing a considered approach to further integrating climate analysis into group stress testing, including the ICAAP and resilience scenarios.

Risk appetite

Climate risk is integrated into the group's risk appetite statements, aligning risk management with overall strategy. At present, quantitative measures are primarily used for monitoring; however, we are continuing to explore more tailored and formal risk appetites by risk area. This is particularly relevant in credit risk, where quantifiable metrics can be measured against limits specific to business considerations. We expect these to be based on sectoral transition risk assessments, aligned to our ambition to reach net zero by 2050.

Climate cross-cutting risks

The physical nature of climate change has the potential to impact across the suite of our existing principal risks.



Noting the longer time horizons for some transitional climate impacts to crystallise (such as on policy and reputation) we track transitional impacts of climate risk as one of our core emerging risks.

Risks identified across the group with potential climate-related impacts

Credit

Counterparty and collateral impacts

Operational

Premises, people and third-party partners

Third parties and suppliers

Traded market

Regulatory

Conduct

Reputational

Funding and liquidity

Climate-related data

A cross-cutting risk impacting across multiple principal risks

In assessing both the risks and opportunities of climate impacts, and in preparing our TCFD disclosures, we have aimed to provide appropriate granularity, proportionate to the materiality of the climate-related risks identified across the group.

Our analysis of the risk universe indicates that we are not materially exposed to loss or disruption in the short to medium term.

Over the long term, however, increased risk is expected, driven primarily by potential transition impacts. Severe physical risks are also considered only likely to materialise over the long term, although we recognise that acute events are already occurring. These risks are mitigated by our resilient business model, supported by an average loan tenor of 15 months and a customer base concentrated in the UK and Republic of Ireland.

The primary focus of our climate-related risk management is on credit and operational risk, which we consider represent the greatest potential impacts. We acknowledge that transition developments over the medium to long term could present additional exposures if not managed appropriately and in a timely manner and we remain committed to actions that preserve the resilience of our operating model. Further details on our approach to emerging risks are provided on page 79 of the Risk Report.

We are also working towards enhancements in assessment, monitoring and reporting to strengthen the quantitative lens, complementing the established qualitative approach already embedded.

Credit risk

Our focus remains primarily on credit risk, given its materiality to the Banking division and the wider group and its sensitivity to potential climate impacts. Both physical and transition risks have the potential to affect counterparties and collateral.

Our current methodology, applied across £8.8 billion (91%) of the Banking division loan book, identifies exposures most sensitive to climate change. While the approach does not account for the time horizons over which climate impacts may crystallise, it is valuable in highlighting exposures with greatest sensitivity:

- energy-consuming assets such as motor vehicles in our Motor Finance and Asset Finance businesses; and
- non-renewable energy generation assets and general business lending in high-impact sectors.

Sensitivity dashboards are presented regularly to risk committees, ensuring climate risk is considered consistently across the organisation. An overview of risk committees is provided on page 70.

Operational risk

The group recognises that climate change presents both physical and transition risks that may affect operational resilience, including:

- the integrity of buildings;
- the continuity of services; and
- the reliability of third-party providers.

In line with the TCFD framework, we have taken steps to identify, assess and manage these risks within our operational risk management processes. As part of this integration, we have reviewed and strengthened our business continuity and crisis management frameworks to

ensure climate-related disruptions, such as extreme weather events or supply chain interruptions, are reflected in preparedness planning. This work is focused on protecting our people, customers and infrastructure.

Operational risk standards have been updated to capture climate-related causal factors. We are embedding climate considerations in assessments of operational resilience for critical services and in change management risk assessments, enhancing our ability to anticipate and mitigate the impact of climate-related events on essential services.

Third parties and suppliers

We recognise that climate change may affect key third parties and suppliers, creating potential operational disruptions. To address this, we have enhanced our third-party risk management framework. Updated due diligence questionnaires now collect climate and ESG data from tier 1 and tier 2 suppliers, while procurement processes incorporate environmental and climate-related criteria alongside sustainability innovation and performance.

In support of our broader climate strategy, we are actively engaging with suppliers to encourage alignment with our climate goals.

Through these actions, the group is strengthening climate resilience across its operations and supply chain, in line with regulatory expectations and stakeholder priorities.

Other risks

We are integrating climate risk across all relevant risk areas, ensuring it is embedded within our business strategy. This includes ongoing assessment of our model's resilience to ensure we are prepared to manage climate-related risks.

Traded market

We continue to monitor traded market risk for Winterflood Securities. The business's role as a market maker inherently limits long-term positions, providing a strong safeguard against material risk exposures.

Regulatory risks

The evolving regulatory landscape presents ongoing risk and we remain committed to full compliance with new and emerging requirements. We have strengthened horizon scanning to ensure changes are identified early and assigned to the appropriate functions. In particular, the Prudential Regulation Authority's ("PRA") Consultation Paper CP10/25,

expected to precede an update to Supervisory Statement (SS) 3/19, is likely to reinforce expectations on managing climate-related financial risks. We will assess, understand and implement all impacts to maintain alignment as the regulatory position develops.

Conduct

Climate impacts are embedded within our conduct responsibilities, reflecting our commitment to delivering good customer outcomes.

Reputational

The group recognises that reputational risk may arise over the longer term if we fail to respond effectively to the transitional impacts of climate change, including evolving regulation, technological change and shifting stakeholder expectations. Climate-related reputational risk is embedded within our wider risk identification and assessment processes, ensuring it is considered across principal risk types.

To maintain trust and credibility, we proactively manage these risks through continuous evaluation of our climate strategy, disclosures and performance, ensuring alignment with stakeholder expectations and emerging best practice.

Funding and liquidity

Funding and liquidity impacts are continually reassessed, with regular updates to Treasury committees. Key focus areas include debt capital market implications, potential shifts in investor behaviour and reputational impacts, particularly those linked to evolving disclosure requirements.

Climate-related data

Although we have demonstrated significant progress in accessing supplier data, obtaining Scope 1 and 2 emissions from suppliers representing 43% of spend, data quality remains a challenge. We remain committed to enhancing climate risk data to enable more accurate measurement and monitoring. This will, in turn, support stronger risk mitigation and closer strategic alignment.

We are also advancing our climate and broader sustainability reporting and management information capabilities. These improvements will deliver more decision-useful insights, helping to shape the group's strategy for managing risks and opportunities and to inform the development of more tailored risk appetites.



Metrics and targets

We have reduced operational emissions by 53% since 2019, significantly ahead of the reductions typically required to align with a 1.5°C science-based pathway. This progress demonstrates the effectiveness of our actions and provides a strong foundation for achieving our target of net zero by 2050.

Our climate strategy addresses three areas: operational emissions, emissions from our lending portfolios, and supply chain impacts. This section of the report outlines our operational emissions targets, measurement and reductions (see page 37), followed by our financed emissions assessment and ambitions (see pages 38 to 39).

Operational emissions

Our methodology for calculating and disclosing greenhouse gas (“GHG”) emissions and energy use follows the World Resources Institute GHG Protocol Corporate Standard, the GHG Protocol Corporate Value Chain (Scope 3) Standard and the SECR requirements. We report all material Scope 1 and 2 emissions, alongside indirect Scope 3 operational emissions where relevant. Scope 1 covers fuel emissions from buildings and company vehicles, while Scope 2 covers electricity use.

Building-related emissions

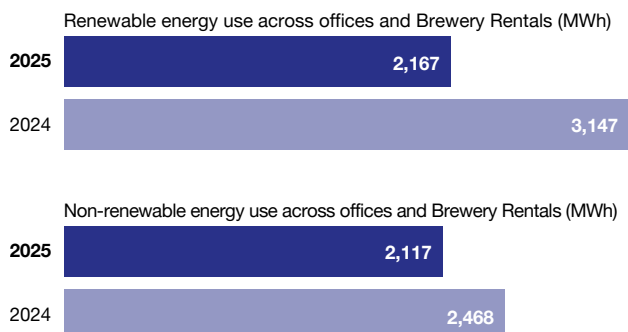
For building-related emissions, including industrial processes at our Brewery Rentals sites, we continue to advance energy efficiency plans in partnership with our facilities management provider. These plans include measures such as energy-efficient equipment, monitoring infrastructure, electrification and renewable energy options. Energy use across office and Brewery Rental sites is down 23.7%, from 5,615 MWh in 2024 to 4,284 MWh in 2025.

Close Brothers announced the sale of the Brewery Rentals business on 15 July 2025 and the transaction completed on 31 August 2025.

Total energy usage across offices and Brewery Rentals

4,284 MWh

2024: 5,615 MWh



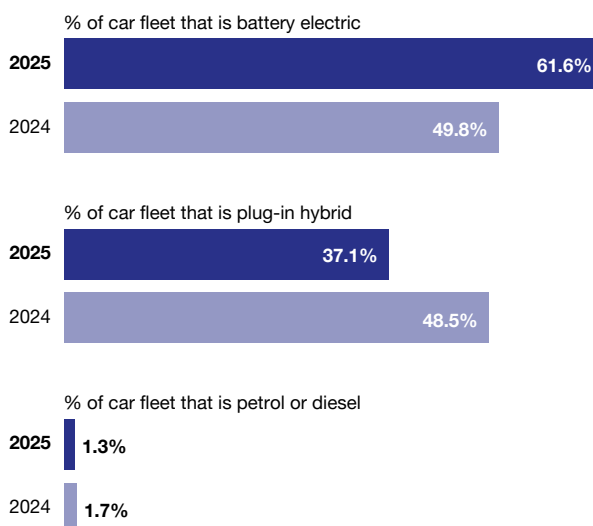
Fleet-related emissions

We have also continued the electrification of our company car fleet (617 cars in total, down from 643 in 2024). At 31 July 2025, 61.6% of our fleet was fully electric. When combined, fully electric and plug-in hybrid make up 98.7% of our fleet.

Average stated emissions across company car fleet

14.7 gCO₂/km

2024: 20.7 gCO₂/km



In-house data

During the year, with support from external sustainability experts and an emissions measurement and reporting platform, we significantly enhanced our in-house climate data capability. This has strengthened operational footprinting across all Scope 1 and 2 categories, as well as relevant Scope 3 categories. Carbon accounting processes are embedded via close liaison with internal departments, enabling provision of more frequent, decision-useful climate-related management information across the group.

Our operational impacts

Greenhouse gas emissions ^{1,2,4,5}	Emissions source	Market-based		Location-based	
		2025 tCO ₂ e	2024 tCO ₂ e	2025 tCO ₂ e	2024 tCO ₂ e
Scope 1	Buildings – fuel and refrigerants ³	176	273	261	301
	Owned vehicles – fuel ³	1,347	1,690	1,347	1,690
Total Scope 1		1,523	1,963	1,608	1,991
Of which UK total Scope 1		1,365	1,939	1,449	1,967
Scope 2	Buildings – electricity ³	247	263	609	809
	Owned vehicles – electricity ³	112	125	112	125
Total Scope 2		359	388	721	934
Of which UK total Scope 2		347	359	704	899
Total Scope 1 and 2 (Operational)		1,882	2,351	2,329	2,925
Of which UK total Scope 1 and 2		1,712	2,298	2,153	2,866
Scope 3 (Operational)	Category 1 – Purchased goods and services ³			22,119	21,337
	Category 2 – Capital goods ³			5,064	8,750
	Category 3 – Fuel and energy-related emissions ³			306	386
	Category 4 – Upstream transportation and distribution ³			528	587
	Category 5 – Waste generated in operations ³			54	24
	Category 6 – Business travel			859	649
	Category 7 – Employee commuting ³			3,622	3,776
	Category 9 – Downstream transport and distribution ³			367	391
Total Scope 3 (Operational)				32,919	35,900
Total Scope 1, 2 and 3 (Operational)				35,248	38,825

Energy use	2025 GWh	2024 GWh
Total energy use	11.17	14.33
Of which UK total energy use	10.76	13.64

Emissions intensity	Market-based tCO ₂ e per employee		Location-based tCO ₂ e per employee	
	2025	2024	2025	2024
Operational Scope 1 and 2 emissions intensity	0.61	0.75	0.75	0.94
Operational Scope 1, 2 and 3 emissions intensity			11.37	11.32
Calculated using: Average number of employees in year	3,101	3,124	3,101	3,124

1. We have reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our reporting year runs from August 2024 to July 2025. The emissions reporting boundary is defined as all entities and facilities either owned or under our operational control.
2. Emissions have been calculated using the Greenhouse Gas Protocol Corporate Standard and cover all greenhouse gases (converted to tCO₂e). We have used emissions factors published by the UK Department for Business, Energy & Industrial Strategy and the International Energy Agency.
3. During the year-end process for carbon accounting, we identified some adjustments needed to our 2024 comparable Scope 1, 2 and 3 emissions. The 2024 Scope 1, 2 and 3 emissions above have been restated to ensure consistency with this year's disclosed emissions methodologies as well as to address some issues with the quality of the data collected last year for 2024.
4. 2019 (the baseline year), 2024 and 2025 have been recalculated to exclude the sale of Close Brothers Asset Management but do include emissions associated with Winterflood Securities and Brewery Rentals.
5. These reported emissions have not been audited by a third party.

Operational efficiencies

In FY 2025, total Scope 1 and 2 market-based GHG emissions fell from 2,351 tCO₂e in 2024 to 1,882 tCO₂e, equivalent of falling from 0.75 tCO₂e to 0.61 tCO₂e per employee and a 20% reduction.

Across the year, our premises continued to source renewable energy wherever under our control, resulting in market-based building electricity emissions lower in 2025 than 2024, at just 247 tCO₂e.

During the year, several structural changes to optimise our estate and associated energy usage, supported reductions in our operational footprint, including the closure of buildings such as 101 Wigmore Street, Olympic Court and Wimbledon Bridge House.

We also implemented a series of targeted energy efficiency measures across our estate. At 10 Crown Place, we introduced a number of boiler efficiency initiatives, including isolating back-end valves on units out of operation, using outside air temperature hold-off during the summer to stop boiler operation, reducing the boiler return setpoint from 70°C to 60°C, reintroducing boiler sequencing and refining time schedules to remove unnecessary weekend operation. Time schedules were also added to variable refrigerant flows ("VRFs") to optimise performance.

Elsewhere, at Roman House and Spinner Point, the communications room setpoint was increased to 21°C to improve efficiency, while at Spinner Point, air conditioning and lighting were isolated in office areas not in use.

Financed emissions: Banking

Our greatest opportunity, and the focus of our strategy, to reduce greenhouse gas emissions lies in supporting our customers' transition to a low-carbon economy, helping them adopt energy-efficient and low-carbon technologies. Measuring progress requires us to quantify the emissions attributable to the assets and businesses in our loan book, providing the foundation for meeting the targets and ambitions set out in our climate strategy.

We have refined our financed emissions reporting, continuing to enhance our framework and supporting data. Set out below is our assessment of financed emissions relating to our loan book on 31 July 2025.

We have continued to refine our financed emissions assessment by combining loan book data with external

sources, working alongside peers in PCAF to refine methodologies, particularly for carbon-intensive sectors such as transport.

Our 2025 assessment applied the latest PCAF Financed Emissions Standard (2nd edition), using methodologies for business loans, project finance and motor vehicle loans. In total, 95.9% of our loan book is now in scope of GHG assessment. Of this:

- 57.1% was assessed under the business loans methodology, with emissions apportioned in line with financed value;
- 2.8% under the project finance methodology, accounting for our share of project emissions; and
- 36.0% under the motor vehicle loans methodology, covering annual in-use emissions of financed vehicles.

Our financed impacts: Banking^{2,4}

		2025				2024			
Financed emissions in loan book – Bank	PCAF methodology	Proportion of loan book	Financed emissions ^{1,2} tCO ₂ e	PCAF data quality score	Economic emissions intensity ktCO ₂ e/£ million	Proportion of loan book	Financed emissions ^{1,2} tCO ₂ e	PCAF data quality score	Economic emissions intensity ktCO ₂ e/£ million
Scope 3 (category 15 – loan book only)	Motor vehicle loans	36.0%	550,321	2.9	0.16	35.8%	595,124	2.8	0.17
	Business loans	57.1%	336,738	5.0	0.06	56.1%	326,655	5.0	0.06
	Project finance	2.8%	228,267	5.0	0.85	2.7%	242,849	5.0	0.91
	Not assessed/out of scope ³	4.1%				5.4%			
			Financed emissions ^{1,2} tCO ₂ e	PCAF data quality score			Financed emissions ^{1,2} tCO ₂ e	PCAF data quality score	
Scope 3 (category 13 – downstream leased assets)	Related to Vehicle Hire		188,242	1.0			270,948	1.0	
Total emissions tCO₂e			1,303,568				1,435,576		

1. Currently, our financed emissions calculations only include the customer or asset's Scope 1 and 2 emissions. In the future, we will consider the wider emissions related to financed assets and businesses. Initial sectors are likely to include (i) motor vehicles (upstream embedded emissions of manufacture) and (ii) property construction finance (embedded emissions from materials and in-use emissions of housing).
2. PCAF data quality score takes values from 1 (high) to 5 (low). Our first assessment in 2022 was around 5. We have made significant improvements to our data sourcing from both internal systems and third-party sources. For motor vehicles, we have sourced vehicle-specific emissions and actual mileage from UK government agencies.
3. A small proportion of our loan book has not been assessed this year (or is out of scope) due to lack of market-agreed carbon accounting methodologies. We continue to work with PCAF and other banks to consider these areas.
4. These reported emissions have not been audited by a third party.
5. Total baseline carbon consumption (excluding CBAM) in 2019 – 4,019 tCO₂e.

Sustainability across our businesses

The distinctive strengths of our business model are enabled by the deep expertise we have in specialist markets, the consistent and personalised service we provide to customers, and the long-term relationships we build across markets. These same strengths drive our approach to financing the climate transition, through our deep market knowledge, expertise in green asset classes and strong customer relationships. Our flexible and prudent approach is focused on striking the right balance between risk and commercial viability.

Sustainability in action

Retail

There are currently around 4-4.5 million UK drivers who own/use an Alternative Fuelled Vehicle ("AFV"). To capitalise on this market opportunity, Close Brothers Motor Finance recently developed a new Personal Contract Purchase ("PCP") product for electric vehicles. In addition, we also expanded the existing parameters for hybrid vehicles on PCP, and electric vehicles on our conditional sale and hire purchase products. This product evolution demonstrates how we are supporting customers in their energy transition.

Commercial

The Close Brothers Energy team has been established for over 10 years, successfully funding multiple renewable energy projects totalling over £3 billion. This equates to 1,202MW of installed generation. Typical funding projects focus on traditional renewables, solar farms and onshore wind farms, and also a range of reserve energy assets, including battery energy storage systems, peaking power plants, as well as combined heat and power plants and hydro schemes.

The team recently announced the provision of funding for 8 Minute Energy's Ilton solar farm. The plant, located in Somerset, has a capacity of just under 2MWp and will provide clean, renewable energy direct to the local grid, improving energy security. It will also support biodiversity by maintaining a wildlife-friendly design while using low-grade farmland.

Property

Close Brothers Property Finance is proud to be supporting Stonehouse Wood Homes, an SME housebuilder currently delivering two spacious, low-energy homes in Dorking, Surrey.

One of the homes is designed in a traditional style to replace an existing dwelling and the second property is a large family home with a contemporary design. Both homes are being built to fully green credentials, aiming for an EPC rating of A, and designed to meet the growing demand for low-carbon living.

As a lender, we recognise the importance of supporting sustainable development. Funding homes that reduce environmental impact is not only vital for the future of the housing market, but also increasingly valued by buyers and communities. We are committed to helping SME housebuilders deliver high-quality, energy-efficient homes, and proud to be working with Stonehouse Wood on this forward-thinking project.

Our policies

We are committed to acting responsibly through all our ways of working, and have a number of group-wide policies and procedures in place to ensure we continue to operate in a socially responsible and compliant manner. Below is a list of group policies which are relevant to the sustainability report.

Dignity at Work Policy

Our Dignity at Work Policy outlines the type of behaviour that the company considers to be unacceptable and explains what solutions there are if any employee has experienced or believes someone else has experienced any discrimination, harassment or bullying at work.

We ensure equal opportunities for all, including having a commitment as part of our Dignity at Work Policy to ensure no employee is subject to discrimination. This applies to all work contexts, as well as all employee life cycle events, for example in recruitment, training, promotion and flexible working requests.

We strive to create an environment where employees feel safe and supported to self-identify whether they consider that they have a disability, to have open conversations with their managers, raise issues and discuss their specific workplace adjustment needs, and for the company to provide the appropriate support to assess and implement any reasonable adjustments. We also partner with Hidden Disabilities and Inclusive Employers to support our inclusive approach to hiring, retention, training, career development and promotion of employees with disabilities.

Whistleblowing Policy

We provide a simple, transparent and secure environment for our employees, shareholders and other stakeholders to raise concerns about any potential wrongdoing within the company.

We encourage our employees to report any activity that may constitute a violation of laws, regulations or internal policy, and reporting channels are provided to staff for this purpose within the framework of a Whistleblowing Policy.

Employee Health and Safety Policy

Our Health and Safety Policy demonstrates our commitment to ensuring our employees and visitors are safe and sets the framework for our safety culture. We continue to provide a safe and healthy working environment for our employees and visitors in accordance with the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations 1999.

The Health and Safety Committee continues to meet on a quarterly basis, and we are proud of the ongoing progress in successfully raising the profile of health and safety across the business. This year we recorded 23 incidents across all our sites. We continue to use an online risk assessment tool to manage site-specific risks as appropriate and our Display Screen Equipment risk assessment programme. We also carry out annual audits of all premises and monitor findings through a live dashboard.

Data Protection Policy

Our Data Protection Policy codifies our approach to protecting personal data, in line with all relevant Data Protection legislation where we operate. It sets out our core principles on how personal data can be processed, and is supported by a number of Standards which detail controls to ensure compliant processing of personal data through its life cycle.

We have a nominated Data Protection Officer who is accountable for the firm's approach to data protection management, a Chief Information Security Officer accountable for our approach to cyber security, and a broader operating model in which the data protection and security requirements are embedded in operations throughout the organisation.

Financial Crime Policy

Our policies and standards are intended to prevent the group, employees, customers and any other associations or representatives from being used for the purposes of financial crime, including, but not limited to, money laundering, terrorist financing, facilitation of tax evasion and circumvention of financial sanctions.

We are committed to carrying out business fairly, honestly and openly, operating a zero-tolerance approach to bribery and corruption. We are dedicated to ensuring full compliance with all applicable anti-bribery and corruption laws and regulations, including the UK Bribery Act 2010.

Board Diversity and Inclusion Policy

The Board is committed to ensuring it collectively possesses the right balance of skills and diversity to ensure the success of the group. Our Board Diversity and Inclusion Policy, which applies to both the Board and its committees, 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 Board fosters an inclusive culture which allows views from all perspectives to be given due consideration and enables the Board to consider the needs and expectations of all its stakeholders.

Human Rights and Modern Slavery Act

The Board gives due regard to human rights considerations, as defined under the European Convention on Human Rights and the UK Human Rights Act 1998. We are aware of our responsibilities and obligations under the Modern Slavery Act, with the appropriate policies and training in place to enable compliance across the organisation.

The Banking division has also committed to the CIPS Ethical Code of Conduct, which supports our commitment to preventing modern slavery from existing within our supply chain. Further details of our compliance with the Modern Slavery Act can be found on our website.

Tax Strategy

We are committed to complying with our tax obligations and doing so in a manner consistent with the spirit as well as the letter of tax laws. This includes a transparent and cooperative relationship with the tax authorities. Our tax obligations arise mainly in the UK, where our operations and customers are predominantly based. Our straightforward business model reduces the complexity of our tax affairs and helps us maintain a lower risk tax profile. Further details of our approach to tax can be found on our website.

Our people

Valuing our people

We are committed to creating an environment where our colleagues feel motivated, proud to work for us and can reach their full potential. A key enabler for our overall business success is our inclusive culture. We are proud to create an environment where colleagues can thrive and, in turn, deliver excellent outcomes for our customers and partners.

The “Close Brothers Way” Code of Conduct sets out the values and behaviours we expect from our people. Our culture is defined through our cultural attributes. These are displayed by our senior leadership teams, setting the tone from the top by which we operate. We continue to run inclusive leadership training sessions for our managers, senior managers and group executives, highlighting how actions and behaviours can shape our inclusive culture.

We recognise that the behaviours of line managers and leaders, and their role modelling of our values, directly influence psychological safety, employee engagement, motivation and satisfaction. This in turn impacts productivity, retention and customer outcomes. The 2025 financial year saw the introduction of a mandatory Diversity and Inclusion (“D&I”) objective for all line managers, encouraging authentic inclusion and practical acts of allyship throughout the employee life cycle.

We are committed to attracting, developing and retaining the best talent, and we actively seek diversity – it applies to all of us and goes beyond visible or demographic characteristics. It includes diversity of thought, working styles, skills and experience. We continue to champion inclusive recruitment practices and aim to attract a diverse group of candidates for every open job role.

Portraying a genuine, authentic view of our culture externally remains a key focus to support talent attraction. Following its success last year, in January 2025, we relaunched our Employee Brand Ambassador programme with over 25 delegates attending a series of sessions over a six-month period. The aim of the programme was to promote and enhance our employer brand, generating positive awareness and engagement, and encouraging others to do the same.

We are signatories to a wide range of charters and commitments across a broad spectrum of inclusion themes, including: the Women in Finance Charter, Race at Work Charter, The Valuable 500, Mental Health at Work Commitment, Disability Confident Employer Scheme and the Armed Forces Covenant. We partner with leading organisations and participate in wider membership bodies, including Stonewall, Hidden Disabilities and Inclusive Employers, to help inform our thinking and subsequent actions.

We are proud of the enthusiasm, passion and hard work of our eight group-wide employee inclusion networks, two working groups and multiple local D&I forums. These include our newly launched Intergenerational Network and our Wellbeing Network, which combines our previous Accessibility and Mental Wellbeing Networks. Ongoing collaboration across our networks helps create a deeper level of understanding and supports our commitment to intersectionality. Each of our networks is supported by an Executive Sponsor, and in 2024, we formalised the expectations and commitments of these roles. The Group Executive Committee members are committed to role modelling inclusive behaviours by sponsoring events and promoting D&I across their business areas.



We celebrate National Inclusion Week group-wide, as well as culture weeks locally in our business areas. Our employee networks, groups and forums further deliver excellent sessions and employee engagement opportunities throughout the year. Examples include Black History Month, Social Mobility Day, Mental Health Awareness Week, book and film clubs and bring your child to work days.

Throughout the year, we have been recognised for our efforts through a number of awards. In relation to D&I, we were awarded the “Most Open Culture” award at the Menopause Friendly Employer Awards in September 2024, and were subsequently accredited as a “Menopause Friendly Employer” in February 2025. We were also recognised as one of The Times Top 50 employers for gender equity and have received a “Silver Award” from the Defence Employer Recognition Scheme of the Ministry of Defence in support of our efforts for veterans. More broadly, we were a “Gold Award” winner for Culture and Inclusion at the Collaboration Network Awards in October 2024 and were listed in the top 500 companies in the Financial Times UK’s Best Employers index. We have also been shortlisted for a “Best Practice Award” and “Best Employee Support Network” at the Employers’ Excellence Awards.

Our Executive-sponsored inclusion networks



Wellbeing Network Ian Cowie

Recognises the importance of addressing the needs of all our colleagues and making our workplace accessible for all.



Unity Network and Veterans Network Rebekah Etherington

Veterans Network: Aims to help with attraction and recruitment of those leaving the Armed Forces.
Unity Network: Committed to creating an LGBTQ+ inclusive environment at work.



Gender Balance Network Phil Hooper

Committed to identifying and challenging imbalances to improve gender equality at every level.



Cultural Heritage Network Naz Kazi

Aims to improve cultural awareness and understanding so that regardless of background all colleagues feel a sense of belonging and are empowered to be allies to each other.



Working Parents and Carers Network Sarah Peazer-Davies

Formed to ensure that all colleagues feel supported and aware of the resources and tools available to help them find a work-life balance.



Social Mobility Network Matt Roper

Aims to support the business in attracting, developing and retaining employees from all socio-economic backgrounds so that the company can reflect the communities that we serve.



Intergenerational Network Robert Sack

Connects colleagues across multiple age brackets and helps unlock the collective wisdom of generations to drive innovation, success and growth across the organisation.

Diversity and Inclusion strategy update

We recognise that, to help the people and businesses we work with thrive over the long term, we have a responsibility to help address the social, economic and environmental challenges facing our business, employees and customers. Diversity and Inclusion (“D&I”) are embedded into our values and culture internally, and we also know that in a changing external environment, embedding inclusion into our ways of working with customers and external partners is becoming increasingly important. In 2024, we designed a three-year D&I strategy and action plan.

Our D&I strategy has three focus areas:

1. Attracting and recruiting more diverse talent and supporting colleagues throughout their careers.

As part of our strategy commitments, in 2024 we completed an end-to-end review of our recruitment process through an inclusion lens. We are now implementing key actions including emphasising accessibility for candidates during onboarding.

All of our job advertisements are carefully assessed for inclusive language and we remove unnecessary criteria such as degree, qualifications or experience requirements where not essential. We now advertise our roles with flexible working arrangements, including part time and job share options.

We aim for balanced shortlists in both direct recruitment and through partner agencies and ensure interview panels are diverse and gender-balanced where possible.

Additionally, we recently updated the content of our “Licence to Recruit” training, emphasising inclusive hiring practices and reinforcing our commitment to embedding D&I throughout our recruitment process.

2. Increasing psychological safety to maintain our strong inclusive culture.

We take pride in the dedication and hard work of our eight group-wide employee inclusion networks. Our networks provide valuable insights and focus groups, complementing our annual employee opinion survey in capturing colleague feedback. Demographic analysis of both quantitative and qualitative data informs initiatives to enhance our culture.

In our most recent employee opinion survey, 90% of colleagues stated that they feel safe to speak up in their teams and 93% feel comfortable to contribute in meetings.

We promote awareness through National Inclusion Week and local culture weeks, emphasising psychological safety, a key pillar of our strategy.

3. Delivering good, sustainable outcomes for our customers, and embedding inclusion in our interactions with customers, suppliers, charities and corporate partners.

Our lending businesses lead ongoing efforts to support vulnerable customers and integrate inclusion into daily operations, exemplifying how we embed our D&I strategy with both colleagues and customers.

Early in the 2025 financial year, we aligned our corporate sponsored charities with our inclusion networks to better synchronise corporate social responsibility with our Diversity & Inclusion strategic objectives and amplify community impact. Broader corporate sponsorship decisions are also evaluated through a Diversity & Inclusion lens to ensure they are equitable and inclusive.

Gender diversity

	31 July 2025	
	Male	Female
Number of Board Directors ¹	4	4
Number of Subsidiary Directors ²	36	6
Number of Senior Managers other than Board Directors ³	38	32
Number of employees other than Board Directors and senior employees	1,610	1,351
Total	1,688	1,393

1. Includes non-executive directors, excluded from group headcount calculations.
2. Includes subsidiary directors who are excluded from group headcount calculations.
3. Following a recent review, we redefined senior management as the Group Executive Committee and their direct reports, excluding Executive Assistants. This definition is aligned with our diversity representation targets for 2025-2027 and industry practice, and reflects level of seniority and influence across the organisation.

Engagement

Listening to the views of our colleagues is essential to drive and maintain employee engagement, ensuring our culture is one where everyone feels like they belong, can thrive and is proud to work for us.

Our latest employee opinion survey closed in February 2025 with an excellent response rate of 89% (2024: 72%) giving us the confidence that our results are reflective of the views of our colleagues. Our engagement score dropped slightly to 78% (2024: 83%) but overall, we retained a strong set of results, particularly around our customers, and our colleagues feeling a sense of belonging. 96% (2024: 94%) of colleagues believe our culture encourages them to treat customers and clients fairly and 91% (2024: 90%) of colleagues feel included.

This year, we worked with a new provider to host our employee opinion survey. This gave us the ability to assess our scores against external benchmarks, demonstrating positive comparisons with other UK financial services firms.

In addition to our group-wide survey, we have continued to gather data at different stages of the employee life cycle in support of our ongoing employee listening strategy. Our employee experience team engages directly with colleagues at the point of joining, returning from parental leave and when celebrating work anniversaries. Colleagues are asked to complete short surveys to share their views on company culture and their personal experiences of working at Close Brothers. “Inclusive”, “friendly”, “collaborative”, “people-orientated”, “open” and “supportive” were some of the most commonly used words to describe our culture.

Supporting our people

All employees have access to our 24/7 Employee Assistance Programme, mental health first aiders and the Thrive app that offers techniques for meditation and cognitive behavioural therapy. Employees can also book one additional day a year off to focus on their mental health and wellbeing. Our Wellbeing Network further supports us with education and awareness-raising initiatives.

Our benefits are regularly reviewed and publicised. We support everyday flexible working – empowering colleagues to achieve an optimal work/life balance. We are seeking to enhance Close Brothers’ reputation as a family-friendly workplace through the provision of benefits such as emergency care cover and paid time off for fertility treatment for both partners.

The group continues to pay all staff at or above the national living wage. For members of the group’s pension plans, we contribute between 6% and 10% towards colleagues’ pensions, which is above required levels. We offer both a Save As You Earn scheme as well as a Buy As You Earn share incentive plan, which allow employees to acquire shares on a monthly basis out of pre-tax earnings.

Participation rates in our long-term ownership schemes remain strong at 43% of all permanent and fixed term employees who are eligible.



Development programmes

We run two internship programmes in partnership with 10,000 Interns Foundation and upReach. These aim to increase social mobility and ethnic diversity in our industry and organisation. Externally, we partner with Moving Ahead on mentorship programmes for women and all under-represented groups.

Over the past 10 years the Close Brothers SME Apprentice Programme has helped to part fund over 100 apprenticeships by partnering with the AMRC Training Centre, Make UK, the Manufacturing Technologies Association, and the Road Haulage Association. As part of our responsibility to help address the social and economic challenges facing businesses today, the programme helps SMEs to fill skills gaps, develop their future workforce and improve long-term growth prospects, while providing a vital opportunity to invest in local talent.

Developing our people

We provide a full range of training and development for our people irrespective of where they are in their careers. We work with our colleagues from induction through to management, leadership, talent development programmes and supporting professional development qualifications as well as utilising the apprenticeship levy where appropriate.

Our workforce remains diverse, with 45% (2024: 46%) female employees, and we have a broad age range of employees, with 16% (2024: 21%) of our employees being under 30 years old and 18% (2024: 22%) over 50.

All colleagues have access to our learning portal where they can access a broad range of learning offerings including virtual workshops, e-learning modules and practical tools on a wide variety of topics. The average number of training hours across the group was 16 per employee during the year.

We require all employees to complete relevant regulatory training on an annual basis with further training offered when required. This year, we maintained our 100% completion rate of mandatory training by the last working day of the financial year.

We continue to run open application processes for cross-company mentoring schemes that are delivered in partnership with Moving Ahead; these include both Mission Include, supporting those who identify as being from a minority background, and Gender Equity, with a focus on supporting women in progressing to senior roles. In 2025, we received the runner-up award for the most Dynamic Mentoring Organisation of the year in the Inspired by Mentoring Awards for the Mission Include programme.

The formal development of our talent pipeline remains a key focus. We continue to support those nearing completion of our school leaver and graduate programmes where cohorts seek permanent roles across the group. To support our high potential colleagues, our emerging leaders programme from the 2024 financial year saw 19 individuals across the group take part. 47% of the cohort have received a promotion, secondment opportunity or moved internally following completion of the programme.

To support our inclusive culture through further embedding our Code of Conduct, we continue to ensure all colleagues receive our “Close Brothers Way” e-learning module, focusing on our cultural attributes and expected behaviours. We worked with members of our employee inclusion networks to update the content this year.

Employees in the community

Creating long-term, lasting value in the communities where we operate, remains a key priority for the group. We understand that volunteers are often the driving force behind many community and charity activities and we are committed to supporting our employees to get involved in these wherever possible.

As part of the relationships we have with our charity partners, we encourage employee engagement through involvement in the volunteering initiatives offered. For every hour of volunteered time, we donate £13.85 directly to the charity under our Matched Giving Scheme, and we also encourage people to take advantage of one paid volunteering day each year through our Employee Volunteering Policy.

In the 2025 financial year, over 100 colleagues made use of their volunteering day to positively impact local communities, including volunteering at food banks, animal shelters and community gardening projects. Many colleagues continue to claim through our matched giving scheme to volunteer with charitable youth groups including Guides, Scouts and Cadet groups and children’s sports teams.

Our partnership with the children’s literacy charity, Bookmark Reading, continues and last year we reached the milestone of being the first corporate volunteering partner to deliver over 1,000 reading sessions for the charity. This relationship is managed by our Working Parents and Carers Network which enthusiastically raises awareness of volunteering opportunities with colleagues through internal communications and webinars to encourage more people to sign up as virtual reading volunteers.

Our relationship with Smart Works, a charity supporting women to get into employment, is proactively managed by our Gender Balance Network. As well as supporting fundraising efforts, they have also collaborated through hosting a roundtable to discuss the future strategy of the charity.

Our colleagues have also volunteered with our other corporate charities, including carrying out “Wild at Work” days with The Wildlife Trusts.

Charity

Our two main corporate charity partners are chosen by our colleagues as part of our employee opinion survey and these remain Make-A-Wish Foundation, who grant wishes for children with life-threatening illnesses, and Cancer Research UK, which we have now supported for 12 consecutive years. To date, we are delighted to have raised over £695,000 for Cancer Research UK as well as donating clothing and items to be sold across their 600 shops, nationwide.

Over the last five years, we have raised over £270,000 for Make-A-Wish Foundation, enabling them to grant over 135 magical wishes for critically ill children and their families.

We have a dedicated committee for charitable and community activities chaired by our Group Head of Human Resources and supported by employees from across the group. This committee meets regularly to discuss and propose new initiatives with input from our control functions when required. We also have several local committees which plan and run initiatives to raise funds for local charities.

Alongside our group-wide charity week in May, we also ran many other events throughout the year to raise funds for other charitable causes. We supported “Bring your dog to work day” raising money for Dogs for Good and we ran a Christmas jumper day to raise money for Save the Children.

Several of our employee-led networks have encouraged charitable giving alongside their events, with our Unity Network raising money for the Terrence Higgins Trust and our Wellbeing Network fundraising for Guide Dogs through celebrating World Sight Day, and the Motor Neurone Disease Association through Disability Pride Month and a sponsored charity walk.

We had 65 colleagues sign up to donate blood as part of an annual campaign, raising £650 for ASSET, the “Adrian Sudbury School’s Education Trust”, through Close Brothers donating an amount for every colleague who signed up.

We match 50% of funds that our colleagues raise for charities under the Close Brothers Matched Giving Scheme. We also encourage our employees to collaborate on raising money for causes that are most meaningful to them by matching funds raised through locally organised fundraising events and activities.

This year we have continued to support additional charities that align with our ESG goals, donating a total of £100,000 to Bookmark Reading, Smart Works, Stop Hate UK and The Wildlife Trusts. In response to the earthquake in Myanmar we also donated over £1,500 to date, including matching 100% of colleague donations, to the British Red Cross in support of their politically neutral Disaster Fund.

Our Payroll Giving Scheme matches charitable contributions while allowing employee donations to be made directly from pre-tax salary. In our 15th consecutive year of recognition from Payroll Giving, this year we have received a Diamond Quality Mark for the first time. This is the highest level award available and is only given to employers with at least 30% participation across their employee base.

Our customer commitment

The needs and expectations of our customers and partners are evolving. At Close Brothers we continue to adapt and enhance our specialist expertise to meet these needs and expectations, whilst ensuring fairness and helping our customers thrive.

Our customer principles keep the customer at the heart of all we do: we do the right thing for customers and partners; we are flexible, responsive and execute with speed; we make decisions informed by our specialist expertise; and we build relationships based on quality and trust.

This is supported by our Customer Commitment Framework, which sets out how we want our customers and our colleagues to feel: valued, happy, understood, confident, and that it is easy to do business with us.

This commitment embeds our customer-centric approach across the group by developing our customer experience skills, focusing on customer metrics, providing recognition for delivering good customer experience and ensuring strong governance. We are committed to designing and delivering products, services and experiences which deliver good outcomes for our customers.

Voice of the customer

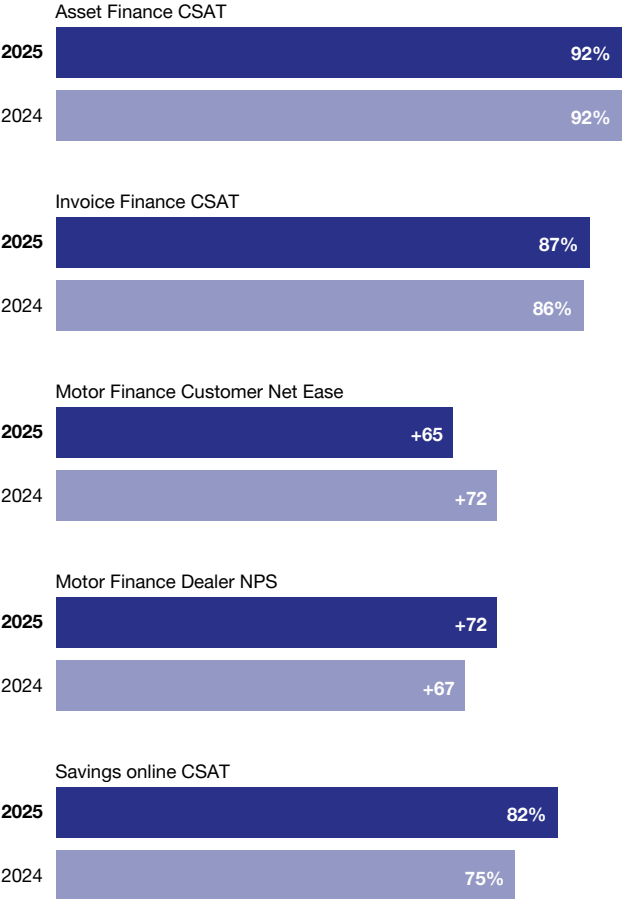
Effective customer experience measurement is a key priority across all of our businesses so that we listen, learn and act. We have been running customer forums in a number of businesses for over 10 years and in that time we have been developing our capabilities and governance to bring the voice of the customer into our day-to-day decision-making processes.

At Close Brothers, we use feedback from our forums and monitoring metrics to improve processes, collaborate and innovate on opportunities to enhance the customer experience. For example, we have extended our “language line” to support Motor Finance customers. This functionality, which is already available in Premium Finance, is designed for customers where English is not their first language.

Changes have also been made so that we can identify vulnerable customers through automated processes and additional training is provided to contact centre colleagues. In Savings, a dedicated Extra Support Group and forum supports better understanding and ability to respond to the needs of vulnerable customers. This includes offering alternative communication formats and developing a new Extra Support hub to signpost available services.

We continue to monitor customer sentiment across each of our business areas by gathering feedback regularly. We are pleased with the strong responses from across our diverse customer groups and our customer forums continue to review and act on customer sentiment.

Customer sentiment scores



There are four key pillars to our Customer Commitment



Communication and learning

Developing and strengthening the customer experience skills within our teams, and continually demonstrating how the Customer Commitment supports our purpose to help the people and businesses of Britain thrive over the long term.



Rewards and recognition

Our colleagues drive our success and delivering good customer experience is embedded within their objectives to help support this.



Metrics

Evolving our customer metrics to better identify where and how we can enhance our customers' experience and earn their brand loyalty.



Governance

Anchoring the voice of the customer within the heart of our structures, critical decisions and forums to ensure we listen, act, and learn to continue to deliver for our customers.

Focusing on continuously improving the customer experience

Across the group we are focused on continuous improvement, supported by colleagues in each business as well as our central Operational Excellence team.

We have enabled a culture of continuous improvement so that opportunities to improve the customer experience are identified and delivered. Our Operational Excellence team diagnose where service can be improved and efficiencies generated. They work closely with subject matter experts in each area to balance process and colleague benefits with enhanced customer, client and partner experiences.

This approach to continuous improvement shows how we are delivering on our customer principles across all businesses.

- **Asset Finance:** The journey for customers in financial difficulty was enhanced by identifying pain points, streamlining process, enhancing communications, implementing a consistent contact strategy and collaborating with specialist debt advisers to ensure timely and appropriate support delivering good customer outcomes.
- **Invoice Finance:** The implementation of customer insights tooling has played a role in strengthening our approach to customer experience, enabling more responsive service delivery and a customer-centric experience across our channels. In parallel, the rollout of Salesforce is underway, helping teams collaborate more effectively and deliver faster, more personalised support. These initiatives reflect our commitment to leveraging technology, not only to drive operational efficiency but also to enhance the customer experience.
- **Motor Finance:** Average time to resolve a complaint has reduced from 22 days to 19 days following identification of unnecessary lag points that could be resolved by streamlining and tightening the intermediary contact processes.
- **Premium Finance:** A customer-focused approach, including behavioural design features to help customers understand information more readily, establish trust and drive informed decisions, was applied to our delivery of a Commission Disclosure and Consent ("CDC") journey. In addition, end-to-end walkthroughs were held with our broker partners to gather feedback on the customer experience and improve supporting processes.
- **Property Finance:** The use of AI and property technology is helping to standardise and simplify processes, freeing up our team to focus on delivering the personal service our clients expect. For example, automation has cut the time it takes to produce a credit paper from a full day to just an hour, while new workflow tools give full visibility of every loan application - allowing us to manage more loans efficiently, without compromising on quality or oversight.
- **Savings:** We introduced an analytics tool, to provide deeper insights into customer behaviour, enabling data-driven decisions to enhance customer experience, increase engagement, and drive conversions. Analytics will help us reduce friction, improve accessibility, and personalise experiences, resulting in higher customer satisfaction and retention.

The way ahead

- Looking forward, we are committed to continuously improving our ability to capture, consolidate and act upon customer and partner sentiment across all end-to-end

journeys that will help us to deliver a differentiated experience and earn customer loyalty.

- We recognise the challenges facing our customers and partners, and will continue to support them through high standards of service, strong relationships and our recognised expertise.
- We regularly measure and track customer performance via several key customer metrics and will continue to enhance these metrics so that we deliver good customer experience and outcomes.

OpenAI to handle complaints

In response to a rise in commission-related complaints in Motor Finance, we are leveraging OpenAI to automate our complaints handling process, in turn reducing operational efforts and improving the speed of response. The solution uses OpenAI's natural language processing capability, accessible through a secure pattern, to automatically read, interpret and process complaints raised by customers and complaint management companies. The solution has helped automate the processing of circa 98% of commission-related complaints, creating circa 18 FTE of capacity.

Following its success, the group has invested in AI Engineering capability that will allow us to scale the use of solutions such as OpenAI across our back office and customer facing teams, expected to deliver operational efficiency and service improvements throughout FY 2026.

Resistant AI to prevent fraud

Resistant AI was introduced to support with validating documents provided for finance applications in Motor Finance. This tool assesses the meta data within a given document, using machine learning to validate what a genuine document should look like and flagging where there are anomalies within the data.

The tool has been extremely effective, both by reducing time taken by our underwriting team, who were previously completing naked eye reviews of these documents, and also through the savings resulted from prevented fraud. To date these total over £1.1 million in value of frauds prevented. The fraud team are now supporting with a roll out across more business areas including Premium, Savings, Ireland and Invoice Finance.

Premium Finance: Transforming broker insight

Our broker insight portal, Focus 360, has developed its functionality over the year, supporting improved loading speeds, enhanced filters, and unique peer benchmarking insight. Following collaborative learning and user feedback, Focus 360 is now being made available for our broker partners to use direct. This enhances our long-term relationships, supports informed decision making, and gives brokers the information they need to more effectively manage their live portfolio and identify opportunities to expand into new customer segments.

Our distinctive culture and long-term approach are embedded throughout the organisation and embody our values

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

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

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



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

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

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

Responses are taken from our latest employee opinion survey, which closed in February 2025, and provide an insight into employee views on each of our cultural attributes.