

STRATEGIC REPORT

Section 172 Statement and Statement of Engagement with Employees and Other Stakeholders

The directors provide the following statement pursuant to the Companies Act 2006 (as amended by Companies (Miscellaneous Reporting) Regulations 2018) (the “Act”) to describe how they have acted in accordance with their duty under Section 172 of the Act (“Section 172”) to promote the success of the company for the benefit of its member(s) as a whole, and in so doing, how they have had regard to those factors set out in Section 172, (1) (a) to (f) during the financial year.

Furthermore, in compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting Regulations 2018), the directors provide the statement which follows to describe how they have engaged with employees, and how they have had regard to employee interests and the need to foster the company’s business relationships with suppliers, customers and others, and in each case, the effect of that regard, including on the principal decisions taken by the company during the financial year.

Section 172(1) of the Companies Act 2006 requires the directors of a company to act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other factors) to various other considerations and stakeholder interests:

- the likely consequences of any decision in the long term;
- the interests of the company’s employees;
- the need to foster the company’s business relationships with suppliers, customers and others;
- the impact of the company’s operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The board of the company is collectively responsible for managing the affairs of the company to achieve its long-term prosperity by making important decisions, monitoring the underlying performance of the company, as well as being a means for establishing ethical standards. Understanding the interests of key stakeholders is an important part of the Group’s strategy and helps inform the directors’ decision making throughout the year.

Board meetings are held as required where the directors will consider the company’s principal activities and make decisions. Meetings are scheduled to provide adequate time for consideration and discussion by the directors of the interests of stakeholders, and for the directors to seek further information from management, as required. As a part of those meetings, the directors receive information in a range of different formats to assist them in discharging their responsibilities under Section 172 when making relevant decisions. This information may include, among other things, reports and presentations on financial and operational performance, business updates, budget planning and forecasts, HR matters, as well as specific areas of engagement, such as employee opinion surveys. When making decisions, the Board seeks to understand the impact on each of its stakeholders, including the likely consequences of a decision in the long term, whilst acknowledging that a decision will not necessarily be favourable for all stakeholders, as there may be competing interests between them.

The company is part of the wider Group, and as such it follows a range of group-wide policies in place to protect employees and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, as well as ensuring that it continues to be cognisant of its social and environmental responsibilities. In doing so, and by balancing the interests of the company’s stakeholders when making decisions, the Board seeks to maintain a reputation for high standards of business conduct. Further information on these group-wide policies can be found in the annual report and accounts of the company’s ultimate holding company, Close Brothers Group plc.

The directors seek to engage directly with stakeholders wherever possible on certain issues, though the size of the Group means that stakeholder engagement often takes place at an operational or Group level. This approach creates greater efficiency and facilitates a greater positive impact on environmental, social and other issues than may be possible at an individual company level, as well as ensuring consistency of approach across the Group. Where engagement has taken place at operational level, the outcome of that engagement has been brought to the Board for its consideration where relevant throughout the year. Additional details on engagement at Group level with stakeholders, including employees, suppliers, customers, the community and environment can be found in the Strategic Report section of the Annual Report and Accounts of Close Brothers Group plc.

STRATEGIC REPORT

The table below sets out further examples of the ways in which the Board has engaged directly and indirectly with stakeholders during the financial year, as well as detailing how the Directors have had regard to employee interests and the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions taken throughout the year, as well as matters set out in Section 172 (1)(a)-(f) when discharging their duties under Section 172.

Our stakeholders	Why we focus on them and the impact of engagement	Stakeholders' key priorities	How the board and management have engaged and considered stakeholder interests during the year
Colleagues	With approximately 3,000 employees around the UK, in Ireland, the Channel Islands and Germany, we have a diverse and motivated workforce which delivers the highest levels of service to our customers, clients and partners. We are committed to the development of our colleagues, ensuring they are supported and engaged. Listening to our colleagues enables us to build an engaged workforce, allowing us to develop and retain high levels of expertise. We are able to ensure we are considering the views of all colleagues and making sure everyone feels included.	• A safe working environment. • A fair and inclusive culture where employee feedback is valued. • Being appropriately rewarded for their contributions. • Opportunities for training and development.	Our engagement during the year We conducted our latest employee opinion survey, which closed in February 2025, to gather feedback from our colleagues, anonymously. The results of this survey gave us insight into key topics including our customers and clients, leadership, culture, a sense of belonging, and colleague wellbeing. Follow-up focus groups were conducted with different teams to understand more around colleague sentiment, with action plans created to ensure we are focusing on the areas that matter most to our colleagues, as well as ensuring we are meeting the needs of other stakeholders. We held regular town halls, providing employees with updates from across the business and the opportunity to ask questions directly to senior management. We continued to engage with colleagues at the point of joining, when returning from parental leave and supporting work anniversaries, through completing surveys to share their personal experiences of working at Close Brothers. We have eight employee-led inclusion networks which act as a voice for our colleagues.

STRATEGIC REPORT

Our stakeholders	Why we focus on them and the impact of engagement	Stakeholders' key priorities	How the board and management have engaged and considered stakeholder interests during the year
Customers and partners	Central to all decision-making is doing the right thing for customers, clients and partners, by helping them access financial solutions to meet their needs across all market conditions. We engage with customers throughout their end-to-end journey and actively seek their feedback in order to continually improve our service and deliver good customer outcomes.	• Excellent customer service: receiving consistent, responsive and supportive service delivered with clarity and ease. • Price and value of products and services: implementing customer-led propositions that meet their individual requirements. • Building and maintaining strong personal relationships based on trust and specialist expertise. • Fair and equitable conduct of business. • Meeting and adapting to their needs throughout economic cycles, technological advances and regulatory changes.	Our engagement during the year We delivered customer-focused training to further enable a culture of continuous improvement to streamline processes and enhance the customer experience. We continued to hold customer forums, with feedback proactively reviewed and areas of improvement identified, as well as actions being taken to meet our customers' changing needs and support better outcomes. We continue to invest in strengthening our capability to capture, consolidate and act upon customer, client and partner feedback by extending experience measurement to more interaction points. We are evolving as a business to be more agile and offer easier access to our products and services. We have strengthened digital capabilities in response to customer needs and market dynamics. We have improved our customer service across several businesses, increasing our responsiveness to customers.

STRATEGIC REPORT

Our stakeholders	Why we focus on them and the impact of engagement	Stakeholders' key priorities	How the board and management have engaged and considered stakeholder interests during the year
Regulators and Government	We are committed to sustaining high standards of business conduct in line with regulatory, governmental and legal expectations and operate prudently within the laws and regulations that apply to us. We foster an open, transparent and cooperative relationship with regulators, government authorities and trade associations in the jurisdictions in which we operate. Active engagement helps to ensure we are aware of and adapting to the evolving regulatory framework.	• Customer outcomes. • Operational and financial resilience. • Financial crime prevention. • Corporate social responsibility. • Digitisation, use of Artificial Intelligence and enhanced data analytics. • Supporting growth and innovation in the UK.	Our engagement during the year We have engaged constructively with our regulators during this period. We have provided information in support of the FCA's vulnerable customer and Retail Banking Business Models ("R2B2") thematic reviews and the Premium Finance Market Study, as well as in connection with the FCA's review of historical motor finance commission arrangements and the wider Supreme Court Appeal. We continued to enhance and align our approach with regulatory expectations and actively monitored the FCA's formal and informal guidance on Consumer Duty as well as the results of the annual Financial Lives Survey. We continued to engage actively with the PRA on our IRB application and have provided information in support of the PRA's surveys in respect of transforming data and operational resilience. We undertook reporting and analysis and held regular meetings with our regulators, enabling our them to better understand our business activities and how we are operating in a controlled and prudent manner.

STRATEGIC REPORT

Our stakeholders	Why we focus on them and the impact of engagement	Stakeholders' key priorities	How the board and management have engaged and considered stakeholder interests during the year
Suppliers	Our business is supported by a diverse and reliable network of suppliers, which enables us to consistently deliver high standards of service to our customers and partners. We are committed to maintaining transparent, sustainable, and mutually beneficial relationships with our suppliers. Over the past year, we have placed particular emphasis on strengthening our engagement with key strategic suppliers. This focused approach ensures that we are aligned on strategic priorities and can collaborate effectively to drive continuous improvement across our front and back-office operations. Our supplier engagement is built on openness and collaboration, with the shared goal of delivering services that support our business objectives while identifying opportunities for innovation and enhancement.	• Building strong, sustainable relationships with Close Brothers. • Conducting business in a fair, ethical and equitable manner. • Ensuring clear and sufficient payment processes. • Understanding and aligning with the group's purpose and strategic direction. • Maintaining a robust and proactive risk management framework. • Achieving maximum commercial value from our suppliers.	Our engagement during the year We conducted our annual supplier survey to engage with our suppliers on topics such as how they feel about doing business with us, how likely they would be to recommend us as a client, and the transparency of our strategies and priorities. This year's survey has indicated that: • 83% of our suppliers described feeling "Very satisfied" or "Satisfied" with our approach to Supplier Management. • 83% of our suppliers described doing business with us as "Easy" or "Very Easy". • 100% of our suppliers reported being "Very satisfied" or "Satisfied" with the support they receive from our Business Units. • 100% of our suppliers rated Close Brothers as a "High Quality" or "Very High Quality" client compared to others they work with. We continue to prioritise supplier engagement and transparency, and we are committed to building strong, collaborative relationships that support mutual success.

STRATEGIC REPORT

Our stakeholders	Why we focus on them and the impact of engagement	Stakeholders' key priorities	How the board and management have engaged and considered stakeholder interests during the year
Communities and Environment	Close Brothers is committed to contributing lasting value and making a positive impact on the communities in which we operate and the environment more broadly. This underpins the growing range of programmes and initiatives we support that benefit society and the environment. Engaging with local communities helps the board and our employees develop their understanding of our customers and partners so that we can support them and help them to achieve their ambitions, whilst also building employee engagement. We firmly believe that environmental considerations should form an integral part of our business decisions, and employees across the group are actively engaged on responsible behaviours and environmental issues.	• A suitable strategy for approaching sustainability issues. • Support for community initiatives. • Take active steps to ensure equity of opportunity, regardless of background or experience. • A long-term focus on addressing the impacts of climate change.	Our engagement during the year Colleagues completed numerous volunteering activities to positively impact local communities, including volunteering at food banks, animal shelters and community gardening projects, and supporting youth groups such as Guides, Scouts and Cadet groups and children's sports teams. Several colleagues, including members of our Group Executive Committee, continue to fulfil trustee roles for various charities to support local communities. Maintained our partnership with the University of Sheffield AMRC Training Centre. Our apprentices, part funded through the Close Brothers SME Apprentice Programme, have entered their third year of training. Continued to support social mobility and ethnic diversity programmes, hosting 16 interns in partnership with upReach and the 10,000 Interns Foundation.

STRATEGIC REPORT

Our stakeholders	Why we focus on them and the impact of engagement	Stakeholders' key priorities	How the board and management have engaged and considered stakeholder interests during the year
Investors	Close Brothers has a proven and resilient business model and is focused on generating long-term, sustainable value for its investors, while also maintaining a strong balance sheet. Our investors are the providers of capital to our business so it is important that we engage actively with them and listen and respond to their feedback through an established and comprehensive programme throughout the year.	• Strong returns and financial resilience through the cycle. • Managing the impact on the group following the FCA's review of historical motor finance commission arrangements and the Supreme Court appeals. • Capital generation and distributions. • Sustainable business model. • Appropriate governance practices and regard for environmental and social responsibility.	Our engagement during the year Continued our comprehensive programme of communication throughout the year, providing regular market updates and, in total, hosting c. 200 meetings in the year with current and prospective equity and debt investors. We held two analyst presentations for the 2024 Preliminary Results and 2025 Half Year Results, and attended multiple sales desk briefings and conferences. Undertook investor roadshows covering the UK, Europe and North America, meeting more than 80 existing and prospective shareholders. Held our annual corporate governance roadshow with our Chairman, meeting with 12 of our largest shareholders. Welcomed retail investors at our AGM where they had the opportunity to engage with board members. Regularly engaged with all of our sell-side analyst followers, as well as our credit rating agencies.