

## **Close Brothers Group plc**

### **Nomination and Governance Committee (the “Committee”)**

#### **Terms of Reference**

##### **1. Purpose and Authority**

The Committee is a committee of the Board of Close Brothers Group plc (the “**Board**”), from which it derives its authority and to which it reports. The Committee has delegated authority from the Board in respect of the duties, authority and responsibilities set out in these Terms of Reference.

The Committee is concerned with the business of Close Brothers Group plc and each of its subsidiaries and divisions, being the Banking division (including Close Brothers Limited), Winterflood Securities (including Winterflood Securities Limited) and Close Brothers Asset Management (including Close Asset Management Limited) (the “**Group**”), and its authority extends to all matters relating to its responsibilities set out in these Terms of Reference for the Group.

The Committee is responsible, among other things, for:

- 1.1 reviewing the composition of the Board and its Committees, and leading the process for appointments to the Board;
- 1.2 overseeing succession planning at Board and senior management level, including ensuring the development of a diverse talent pipeline for senior management positions;
- 1.3 monitoring the Group’s compliance with the UK Corporate Governance Code (the “**Code**”);
- 1.4 monitoring environmental, social and governance (“**ESG**”) and sustainability developments relevant to the Group (including developments relating to climate change); and
- 1.5 making such recommendations to the Board as it considers appropriate on any of the matters covered in these Terms of Reference.

In carrying out its duties, the Committee will act in accordance with relevant legislative and regulatory requirements. In particular, the Committee members will take into account the directors’ duties contained in the Companies Act 2006 (the “**Act**”), and will consider the factors listed in section 172 of the Act and any other relevant factors.

##### **2. Membership**

- 2.1 Members of the Committee shall be appointed by the Board and shall be made up of at least three members, the majority of whom should be independent non-executive directors.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive, Group Head of Human Resources and external advisers

may be invited to attend for all or part of any meeting, as and when appropriate.

- 2.3 The Board shall appoint the Chair of the Committee (the “**Chair**”) who should be either the Chairman of the Board or an independent non-executive director. In the absence of the Chair or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

### **3. Secretary**

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

### **4. Quorum**

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

### **5. Frequency of Meetings**

- 5.1 The Committee shall meet at least twice a year and at such other times as the Chair shall require.

### **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be convened by the Secretary at the request of the Chair or any of its members.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting, unless agreed with the Chair in advance. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

### **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

### **8. Engagement with Shareholders**

- 8.1 The Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee’s activities. In addition, the

Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility as appropriate.

## 9. Duties

### 9.1 The Committee shall:

1. regularly review the structure, size, suitability and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
2. when considering the composition of the Board, take into account the length of service of individual members and the Board as a whole, and ensure that membership is regularly refreshed;
3. ensure plans are in place for orderly succession to both the Board and senior management positions across the Group, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills, knowledge and expertise needed on the Board in the future;
4. be responsible for identifying, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise, using a formal, rigorous and transparent procedure;
5. before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role (including the time commitment expected) and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - use open advertising or the services of external advisers to facilitate the search;
  - consider candidates from a wide range of backgrounds;
  - consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board with regard to aspects such as, for instance, age, gender, ethnicity, sexual orientation, disability or educational, professional and socioeconomic backgrounds, in accordance with the Board's Diversity & Inclusion Policy; and
  - take account of other demands on a candidate's time and take care to ensure that appointees have enough time available to devote to the position;
6. for the appointment of a chairman of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant

commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be approved by the board as they arise;

7. prior to the appointment of a director, other significant time commitments should be disclosed. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board;
8. keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring there is an adequate talent pool and the continued ability of the organisation to compete effectively in the marketplace;
9. keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
10. ensure that on appointment to the Board, non-executive directors (including the Chairman of the Board) receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
11. review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning;
12. review annually the time required from non-executive directors (including the Chairman of the Board); performance evaluation by the Chairman of the Board should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
13. work and liaise as necessary with other Board committees, ensuring that the Committee's interaction with the Board and other committees is reviewed periodically.
14. periodically review, and recommend to the Board any changes to, the Board's Diversity & Inclusion Policy;
15. monitor the conduct of the Board to ensure that no individual or small group of individuals dominates decision-making;
16. keep under review the Group's compliance with the Code and recommend to the Board any changes to the Group's corporate governance practices that it considers appropriate;
17. monitor, and receive updates on, trends and developments in corporate governance, ESG and sustainability matters relevant to the Group, considering their potential effect on the Group and the Group's response, and recommending any relevant changes to the Board as appropriate; and

18. oversee and determine the process to be followed for the annual evaluation of the Board and its Committees, including a regular externally facilitated evaluation, in line with the provisions of the Code, the results of which will be reported to the Board for consideration.

9.2 The Committee shall also make recommendations to the Board concerning:

1. formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman of the Board and Chief Executive (but see 9.2.7 below);
2. any changes needed to the succession planning process if it considers that the desired outcomes have not been achieved;
3. suitable candidates for the role of senior independent director;
4. the appointment or removal of the chairmen of the Audit, Remuneration and Risk Committees and any other Board committees; and the appointment or removal of members of the Audit, Risk and Remuneration Committees, and any other Board committees, as appropriate, in consultation with the chairmen of those committees;
5. the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
6. the re-election by shareholders of directors under the annual re-election provisions of the Code, having due regard to their performance and ability, and why their contribution is important to the long-term sustainable success of the Group, in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the Chairman of the Board and the Board as a whole;
7. any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract; and
8. The appointment of any director to executive or other office with the Group.

## **10. Reporting Responsibilities**

- 10.1 The Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary.

- 10.3 The Committee shall produce a report, to be included in the company's Annual Report, about its activities during the year and other items required by the Code, including:
- 10.3.1. the process in relation to Board appointments, its approach to succession planning and how both support the development of a diverse pipeline;
  - 10.3.2. a statement of the Board's policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives;
  - 10.3.3. the gender balance of those in the senior management team and their direct reports;
  - 10.3.4. where an external search consultancy has been engaged, the name of the consultancy, alongside a statement as to whether it has any other connection with the company or individual directors; and
  - 10.3.5. how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and how it has or will influence Board composition.

## **11. Other matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required;
- 11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 11.3 give due consideration to relevant laws and regulations, the provisions of the Code and associated guidance, the requirements of the FCA's Listing Rules, Prospectus Regulation Rules, and Disclosure Guidelines and Transparency Rules and any other applicable rules, as appropriate;
- 11.4 arrange for periodic reviews of its own performance; and
- 11.5 review its Terms of Reference every two years, unless there is a legislative or major change in governance which would necessitate an earlier review, and recommend any changes it considers necessary to the Board for approval.

## **12. Authority**

The Committee is authorised by the Board to:

- 12.1 obtain, at the company's expense, outside legal or other professional advice on any matters within its Terms of Reference;
- 12.2 select and engage external consultants to assist it in discharging any of its responsibilities, including searching for candidates for appointment to the Board;

- 12.3 to delegate any matter or matters to another committee or person(s) as it deems appropriate;
- 12.4 seek any information it requires from any employee of the Group in order to perform its duties, and to call any employee to be questioned at a meeting of the Committee as and when required; and
- 12.5 publish in the company's Annual Report, details of any issues that cannot be resolved between the Committee and the Board.

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