



S172 Statement Year Ended 31.12.2020

Extracted from approved annual report and financial statements

The individual directors are aware and mindful of their duty under s.172(1) of the Companies Act 2006 to act in the way which 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 matters) to 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 in maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company (together, the "S.172(1) Matters").

Induction materials provided to directors on appointment include an explanation of directors' duties, including the S.172(1) Matters, and the Board is periodically reminded of the S.172(1) Matters, particularly when a strategic decision is due to be taken by the Board.

The Board recognises that difficult decisions must sometimes be taken which require each director to exercise independent judgment and apply reasonable care, skill and diligence in the decision-making process. In doing so, the Board recognises its responsibilities to the Company's different, but mainly interrelated, stakeholder groups.

The Company has processes in place to capture and consider the views of its Stakeholder Groups and share their views at relevant levels within the business, including with the Board, to ensure that regard is given to these views in decision-making processes. Examples are provided below of typical methods of engagement with the Stakeholder Groups and how the Board stays apprised of their views to inform its decision-making.

Customers

The Company prides itself on anticipating the needs of the people it serves so it can deliver a differentiated customer experience. Various methods are utilised to understand customer needs and feedback including Net Promoter Scores, Customer Effort Scores, complaints information and feedback shared by customers directly with contact centre operatives.

Views gathered from customers are reported, discussed and utilised at all levels of the governance framework. Within the Customer Experience Forum, Management reviews product performance, key customer metrics and root cause analysis of complaints and claims. The Customer Services Director reports directly to a Board-level committee as to these matters on at least a quarterly basis, ensuring the Board takes customer interests into account in its decision-making.

People

The Company utilises the services of employees of affiliated companies within AEG and, as such, benefits from the methods employed by such companies to seek and utilise the views of the workforce

including via informal feedback, Employee Forums, periodic Employee Surveys and formal reporting through the governance framework.

The Company's HR Director serves on the Board as an executive director and keeps the Board directly informed as to people and culture matters via a standing agenda item at quarterly Board meetings. During 2020, such reporting and related decision-making focused heavily on the impact of the COVID-19 pandemic upon the workforce and actions taken, or to be taken, by the business to support the workforce.

To inform the Board's decision-making with respect to supporting the workforce throughout the COVID-19 pandemic, feedback was sought from the workforce through various channels. The key themes that emerged related to anxiety around the pandemic, challenges adapting to different ways of working and wellbeing affected by work life balance, lack of physical activity and changes in sleep and nutrition habits. As a direct consequence of that feedback, the business introduced a wide range of initiatives and activities designed to support the workforce including:

- Launch of a comprehensive wellbeing programme "Boost" to support wellbeing in the workplace by providing a suite of resources and activities designed to improve resilience, strength and the ability to cope during the COVID-19 pandemic.
- Ethical use of the Furlough Scheme with all employees receiving 100% of their salary whilst on leave.
- Provision of a one-off financial payment to assist with working from home expenses.
- Provision of additional days of annual leave to encourage employees to take time off.
- Provision of additional days of dependency leave to support employees with childcare and home-schooling.
- Launch of a fund to financially support certain employees during the pandemic.
- Provision of new/additional IT equipment to support employees working from home.

Regulators

The Company proactively participates in periodic meetings and interactions with its regulators as appropriate to fully understand regulatory views and feedback.

The Company operates a horizon-scanning process to ensure that upcoming regulatory change, consultations, guidance and "hot topics" are known and understood by the business, enabling any resulting internal actions to be taken.

Regulatory matters are reported, discussed and actioned at all levels within the Company's governance framework. The Chief Compliance Officer reports regulatory matters directly to a Board-level committee on at least a quarterly basis and Board-level deep dives and briefings into regulatory topics are held as and when required. This ensures that directors are kept informed of regulatory views and matters to enable the Board to make decisions which are aligned with regulatory objectives and views and the Company's Senior Managers and Certification Regime framework.

In 2020, the Board managed, and had full oversight of, the project to implement the Company's agreed Brexit strategy. The Company heavily engaged with regulators in the UK and Europe to ensure that it continued to be informed of each regulator's views and their requirements in relation to Brexit. This intelligence was shared regularly with the Board to ensure the directors had all the relevant information available to enable oversight of the project. The relevant licences were granted to enable the Company to continue to operate in Europe via its new Dutch subsidiaries; and a legal process, a Part VII transfer, was completed to enable the servicing of existing policies in Europe post-Brexit.

Shareholders

AIZ, the Company's ultimate parent company, has ongoing engagement with its stockholders on the Enterprise's corporate governance practices, executive compensation program and environmental and social topics.

A senior employee of AIZ serves on the Board as a group non-executive director with a specific mandate to keep the Board informed as to shareholder (AIZ) views and provide alignment with AIZ. This is facilitated via a standing agenda item at quarterly Board meetings.