

Section 172 Statement

This section of the Strategic Report provides an overview of how the directors have fulfilled their duties to promote the success of the Company and had regard to the matters set out in section 172(1) (a) to (f) Companies Act 2006 as detailed below:

(1) A director of a company must act in the way he/she considers, 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 regards (amongst other matters) to -

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

This also forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The Company's stakeholders

The stakeholders are identified in the Governance Framework and are at the core of all decision making. Key stakeholders are (1) customers and clients, (2) employees, (3) shareholders, (4) regulators (5) intermediary partners (including brokers and other suppliers), and (6) the environment and community groups. Examples of the way the Board has engaged with some of these stakeholder groups throughout the year are set out below.

Our Approach to the Long Term Success of the Company (1) (2) (3) (4) (5) (6)

The Board of Directors recognise that the long-term success of the Company is dependent upon having regard to the interest of its stakeholder. Given the Group's ambition to be the most trusted ethical specialist financial services group, the Board understands how important it is to listen and respond to the needs of our stakeholders.

Covid-19 Response: (2) (3) (4) (5)

As the world begins to return to some form of normality, we understand that the effects of Covid-19 remain with us all. As such, the Board has continued to make decisions this year to ensure that the Company remains strong and able to support its stakeholders. New ways of working were introduced to provide ongoing support to customers. The ongoing Covid-19 pandemic has also encouraged the Company and its stakeholders to consider and embrace new and innovative methods of engagement.

The Board considered the impact of Covid-19 on its stakeholder in the context of the consequent challenges and uncertainty. This impact and how we have responded to protect the Company and manage the expectations of our stakeholders has been included in our Stakeholder Engagement overview below.

Stakeholder Engagement in Decision Making

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter to be considered. Given the nature of the business, the Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational level.

Certain stakeholder matters are led at Group level, especially where the matters are of Group-wide significance or have the potential to impact the reputation of the Benefact Group. The Board considers a variety of information to understand the impact of the Company's operations and also the interests and views of key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on the right issues at the right time and sufficient time is allowed for appropriate consideration and debate. Information is provided to Directors in advance of each meeting. In addition, people from the business are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the Directors discuss strategic and business matters, financial, operational and governance issues and other relevant issues that arise. As a consequence of this, the Board has an appreciation of engagement with stakeholders and other relevant matters, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Below is a summary of key decisions and actions the Board has taken during the year in respect of strategic and Company performance and how it has had regard to the interests of, and impact on a selection of its stakeholders.

Customer and Client Engagement

Aiming to provide specialist independent advice which results in high expectations from clients. The Board considers that clients should be at the heart of everything the Company does, and ensuring any actions or decisions demonstrate passion for clients, making the Company first choice for clients both today and in the future.

During the year, the Board received updates on customer issues via the Executive Officer's Business Report. In addition, the Board considered customers' needs, knowledge and expectations as part of the development of the next chapter for the Company and the development of strategic priorities. As mentioned above, the Company continued to consider ways of engaging with customers during the Covid-19 pandemic, providing alternative methods of communication that best suited customer preferences. The Company also held its educational seminars virtually so as to continue its support for clients.

Some matters are considered at a Group level and associated information is set out in Ecclesiastical Insurance Office plc's Section 172 Statement.

Employee's Engagement

The employees who undertake work on behalf of the Company are employed by Ecclesiastical Insurance Office plc. The Board recognises that these individuals are the Company's biggest asset given their specialist skills and knowledge and propensity to go above and beyond. Employee matters are regularly considered by the Board via the Executive Report.

During 2020, as a result of the pandemic, more tailored and regular 'check-in' surveys were conducted. This enabled the Company to gather real time feedback, to flex each survey and to respond to the situation as it evolved during what was a unique year. During 2021, a transition back to a full colleague engagement survey adopting a new B-Heard Survey was carried out. This was supplemented by a further pulse survey later in the year. The surveys allow the tracking of engagement and provides employee views on a range of matters affecting them. The results are also discussed with employees and action plans are created to respond to concerns.

Employees Engagement (continued)

Members of the management team are subject matter experts and are invited to board meeting to present on items and input to discussions.

In order to engage, involve and inform employees the following methods are used:

- * a variety of communication channels including regular meetings during the Covid-19 pandemic, (which provide brief updates on what's going on, what's coming up and opportunities to ask questions) circulating information to keep employees up-to-date on key financial and business metrics and employee meetings on general business performance and strategic direction;
- * whistleblowing policy and procedures are operated at a Group level;
- * the Board regularly considers employee matters and receives updates via the Executive Report;
- * a performance related bonus scheme is operated, which directly links individual objectives and business performance to encourage employees to participate in the overall financial success of the Company and the Group; and
- * a range of training, development and volunteering activities are available to employees, including technical courses, mentoring, coaching and community opportunities.

Some matters are determined at Group level as set out in Ecclesiastical Insurance Office plc's Section 172 Statement.

Shareholder Engagement

Ecclesiastical Insurance Office plc (EIO) owns the entire issued Ordinary share capital of the Company, which in turn is owned by Benefact Group plc (BG) and then Benefact Trust Limited (BTL). Protocols for the exchange of information between BTL and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.

Regular meetings are held between management and key clients (online during the Covid-19 pandemic) which includes the Group to understand their needs and perspectives. In addition, the Company has regular engagement with clients (including conducting listening exercises, surveys, holding focus or consultative groups, monitoring customer complaints and satisfaction data) and key outcomes are shared with the Board. The Company's commitment to customers and clients is further demonstrated by the tailored Customer Promises that has been developed.

Regular dialogue takes place regarding the expectations of the Company and strategy for the development of business. This ensures that the views of the Shareholder are communicated to the Board as a whole, which enables EIO to effectively communicate its views and expectations to the Board. The Board has an open and constructive relationship with its shareholder.

Suppliers (including Brokers)

Directors recognise the importance of the role that suppliers play in ensuring a reliable service is delivered to clients. Consequently, the Board oversees the Company's material outsourcing contract.

The Company also utilises the service of EIO's procurement function. For further information on EIO's responsibility towards its supply chain, please see its Modern Slavery Act Statement available on its website.

Some matters affecting suppliers are also determined at Group level as set out in EIO's section 172 Statement.

Community and Environment

The Company is focused on long-term and strategic charitable giving. As part of the Benefact Group family, the Group as a whole is the UK's fourth largest corporate donor. Employees are supported to give to causes they care about through MyGiving. This enables them to offer support with volunteering, small grants and fundraise matching to create direct involvement and help to drive charitable giving at a local level.

Decisions and policies effecting the community and environment are set at Group level and are adopted by the Board. An explanation of the Group's policy and strategy in relation to the community and environment are set out in the EIO's Section 172 Statement.

Engagement with Regulators

The Board recognises the importance of open and honest dialogue with Regulators and is committed to complying with applicable legislation and regulation. The Board receives regular reports detailing the Company's regulatory interactions.

The Board also receives regular reports on the evolving legal and regulatory landscape incorporating a detailed impact and progress assessment, which undergoes a rigorous cross-departmental challenge process before being presented to the Board.