Corporate Governance Statement

For the year ended 30 September 2021, under The Companies (Miscellaneous Reporting) Regulations 2018 (and the Companies Act 2006 as amended in July 2018), the Group has applied the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles') described below, as the appropriate framework for its corporate governance arrangements.

Achieving good corporate governance is important to the Board and the Group as a whole. Good governance allows decisions to be supported by a balanced assessment of all relevant considerations, along with appropriate policies and procedures supporting transparency, disclosure, accountability and the provision of accurate information to all stakeholders.

Principle One – Purpose

"An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose".

The Group's purpose is to find insurance solutions for clients in order for them to plan and execute activities by managing their risks and reducing the disruptive impact of unforeseen events.

The Group is the largest independent insurance group outside of the US and its vision is to remain independent by delivering sustainable growth, whilst maintaining its culture. The Group's independence, which combines employee ownership with longterm growth equity partners, means that it is able to focus on sustainable client and partner relationships and to deliver them alongside a quality service. The vision is communicated to employees through the internal media app, emails, workshops, presentations and live Q&As.
The Group's strategic leadership is founded upon a culture of transparency and empowerment, which guides the Group as it reaches decisions and provides an opportunity for all shareholders to provide input, supported by access to relevant information. The board does not seek to "intrude in or influence" the day to day business of the Group and its trading companies.
The board promotes a longterm approach, embracing inclusion, diversity, community engagement, social responsibility and environmental sustainability. The Group's strategic vision lie upon four key areas: people first, data and technology, global specialisms with local experts, and sustainable and accelerated growth.
Along with its strategic vision, there is a renewed focus on the Group's place in the world and the kind of business the Group strives to be. The longterm model reflects a determination to share success and to grow in a responsible, sustainable way for the benefit of the Group, employees and the local community. The Sustainability Committee provides support on the journey to becoming a sustainable Group.
Further details can be found in the Corporate and Social Responsibility section within the report and accounts.
The Group's Whistleblowing policy is in place to ensure that any issues raised are investigated thoroughly. The policy sets out its whistleblowing principles, procedures and appropriate contacts.

Principle Two - Board Composition

"An effective composition requires an effective chair and a balance of skills, background, experience and knowledge".

The board roles of Chairman and Chief Executive Officer ("CEO") are held by separate individuals in order to achieve a suitable balance of responsibilities. This also encourages a strong and healthy decision-making process. The Chairman upholds good corporate governance practice supported by advice from the Company's committees, professional advisers and the Company Secretary, and any recommendations arising from internal or external auditors. While ensuring good practice, the Chairman is also responsible for ensuring board and director effectiveness. Although the Chairman does not have a direct reporting line, he liaises closely with the CEO, other board members, the Group's external shareholders and Group Executive Committee ("GEC") members. He also ensures that the board operates within its objectives and apportions clear responsibilities to members of the board to support the strategic activities of the Group.
The board comprises the Chairman, CEO, Chief Financial Officer ("CFO"), seven investor non-executive directors and three independent non-executive directors. Biographies of the directors can be found on the Group's website. This board composition means that no one group of directors dominates the board and that there is a good spread of executive, investor and independent directors.
The Chairman's role is described above. The CEO is primarily responsible for the implementation and delivery of the strategic corporate decisions of the board and the overall success of the Group. The CEO is the main point of communication between the board and executive management and is the public face of the Group. The CFO's primary responsibilities include advising the CEO and the board on financial performance and policies, reporting and financial controls in order to support the business strategy.
One of the non-executive directors is a significant shareholder and an employee of one of the Group's Spanish subsidiaries. He is not considered to be conflicted as he is not an employee at Group level. This director brings many years of insurance industry experience as well as an important understanding of the business as an employee.
Two of the investor non-executive directors are female and one of the independent non-executive directors is female. The Group endeavours to achieve board diversity whilst also recognising the best individual for the role. The Group is committed to providing an inclusive environment and it has implemented several strategies to improve this. The Diversity and Inclusion Committee was recently established in order to encourage equal opportunities for all and to nurture an inclusive working environment. Refer to D&I section in corporate social responsibly section above. While there is always room for improvement, the Group considers that the board has an acceptable level of diversity, along with substantial expertise and independence.
The board appointment process and the recruitment and selection policy are free from bias and discrimination, promoting diversity in line with the protected characteristics within the Equalities Act 2010. A review of the composition of the board (by the Chairman and CEO) takes place at least every three years. At the current time, the board is satisfied that it has an appropriate balance of expertise, diversity, background, nationality and gender.

The directors bring diverse skills and views to the board as a result of their experience on various external advisory and insurance-sector boards. They have experience of adapting to changing regulatory and business landscapes, leveraged finance and debt, supporting

entrepreneurs, sustainability, consulting and executive coaching for boards in a number of countries. Thus there is a clear demonstration of depth of knowledge and capability. There is a high degree of interaction between the CEO and colleagues at all levels of the Group, and employees have several ways in which to provide feedback.
The length of tenure of the directors is shown in the table below:

Tenure	Number of directors
0-3 years	7
4-6 years	2
7-9 years	2
9+ years	2

There is a good balance between the longstanding directors and more recently appointed directors with fresh perspectives, offering a range of diverse contributions and experience.
The Group is introducing a board evaluation assessment procedure that is to take place every three years with the first to occur in the financial year to 30 September 2022. The evaluation also takes into account any training and development needs identified by directors.

The Group's governance approach is effective and this is further underpinned by the support and transparency of the subsidiary boards. The directors do not embrace a "command and control" approach and this aligns with the FCA's principle that a regulated board should not operate under undue influence from its holding company.

Principle Three – Responsibilities

"A board should have a clear understanding of their accountability and responsibilities. Its policies and procedures should support effective decision-making and independent challenge".

The board of directors has adopted terms of reference and matters reserved in order to promote accountability. This covers such areas as Group strategy, approval of budgets, financial results, board appointments and the dividend policy. The board meets quarterly and additional meetings are called when required. Comprehensive reports are distributed to all directors/committee members prior to each scheduled board/committee meeting in all areas of the business, which include risk management, performance and any ad hoc matters. This allows the board to support effective decision making and to address any issues raised. Directors are able, if necessary, to take independent professional advice as appropriate.

The agenda for board meetings is set by the Chairman, with support from the Company Secretary. Decisions made at each board meeting are minuted and any actions allocated to specific individuals are followed up at subsequent board meetings, to ensure they have been implemented effectively.

During the year, the board's key considerations included budgeting and forecasting, acquisitions, business strategy, UK tax strategy, employee share incentive plans, sustainability, remuneration, audit and risk, and the Group's charitable initiatives.

The GEC is an executive management committee supporting the CEO in performing his duties, whilst ensuring that consistent values and alignment are achieved throughout the Group. The board delegates day-to-day management of the Group to the GEC, which meets monthly and is chaired by the CEO. Membership includes the CFO, Chief Corporate & Legal Affairs Officer, Chief Information Officer, Chief Operating Officer, Human Resources Director and the CEOs of each business unit.

Other delegated duties are fulfilled through board committees, chaired by an independent non-executive director.

The Remuneration Committee consists of non-executive directors, chaired by an independent non-executive director, who meet on a quarterly basis to consider the balance of interests between shareholders and the Group, the guidelines for remuneration, executive management remuneration, the remuneration policy, performance related pay and LTIPs, the parameters of share incentive schemes, share transactions, pensions, employment termination provisions, and legal and regulatory provisions. The Chairman of the Committee reports formally to the board after each meeting, on all matters within its duties and responsibilities. The Committee makes recommendations to the board that it deems appropriate, or where action or improvement is needed. The Committee reviews its own performance every three years, as well as its constitution and terms of reference, to ensure that it continues to operate effectively.

During the year, the Remuneration Committee's key activities included the consideration of proposed employee share incentive plans, executive remuneration and individual share award proposals.

The Audit Committee consists of non-executive directors of the Group and key regulated subsidiaries, chaired by an independent non-executive director, and meets on a quarterly basis to assist the board in fulfilling its responsibilities with regard to accounting policies, internal controls, financial reporting, risk assessment, the Group governance framework, compliance, whistleblowing, internal audit, risk management, external audit, material issues raised by divisional audit committees, reporting responsibilities and other substantive matters as appropriate. The Committee reviews its own performance every three years, as well as its terms of reference to ensure that it continues to operate effectively, recommending any changes it considers necessary to the board for approval.

During the year, the Audit Committee's key activities included all scheduled matters as well as reviewing focus on cyber security reports and the Group governance framework.

The Company Secretariat records any conflicts of interest a director may have. New directors are requested to complete a conflicts questionnaire upon appointment, with all matters reported to the Chairman and CEO and material matters reported to the board.

The board ensures that the internal systems and controls are robust through the operation of a competent and experienced Internal Audit team. Internal Audit reviews take place periodically in order to ensure that appropriate standards of governance are in place.

The independence of board directors is referenced in the sections above.

Principle Four - Opportunity and Risk

*"A board should promote long-term sustainable success of the company by identifying opportunities to create and preserve value,
establishing oversight for the identification and mitigation of risks".*

Long term risks and opportunities are discussed and agreed at the annual board Strategy Day. The board pursues opportunities put forward by the businesses, as well as by the directors themselves. The Group business plan identifies and evaluates any risks related to opportunities, allowing the board and the GEC to reach informed decisions.

The Group maintains and regularly updates a medium term (five year) financial plan, reflecting the strategies agreed at its board Strategy Days. Short term opportunities are discussed at the monthly GEC meetings and at subsidiary level board and committee meetings.

Key risks are addressed through the Group's systems and controls, and are monitored regularly. Refer to the risk and governance model section within the report and accounts for further details.

Principle Five – Remuneration

"A board should promote executive remuneration structures aligned to the long term sustainable success of a company, taking into account pay and conditions elsewhere in the company".

The Remuneration Committee ensures that the Group is able to attract and retain highly motivated executive management, while protecting and representing the interests of other stakeholders such as shareholders and employees. A brief remit of the Committee is provided under Principle Three above.

The Group aims to offers competitive remuneration in terms of all elements of remuneration packages, such as salary, bonus, benefits and shares. To support remuneration decisions, the Group refers to various sources, including market data for the insurance intermediary sector and from the wider financial services sector.

The remuneration of directors and senior managers is consistent with the culture and values of the Group, and drives strategic success through pay-related performance. The alignment with culture and values is encouraged by means such as taking into account behaviours when determining performance-related pay. Non-executive director fees are paid at market rate, which is determined by reference to market data for companies of similar size and complexity.

Since 2017, the Group has produced a yearly Gender Pay Gap Report. During the current financial year, the Group has continued to focus attention on recruitment, succession planning, inclusion and learning and development, to help redress the gender imbalance over time. The Group believes that these are the key areas for building a more inclusive and diverse workforce.

The Group's UK Gender Pay Gap report demonstrates a significant gender pay disparity in the mid to upper quartiles. While it is important to continue with the long-term initiatives to build a sustainable workforce, the Group acknowledges that it needs to respond with greater agility to achieve immediate improvements. Long-term initiatives such as improved recruitment practices and procedures, succession planning and career development will take time to influence and reduce gender imbalance. Refer to the Corporate and Social Responsibility within the report and accounts and section 172(1) statement for further details.

In the immediate term, the Group's businesses are developing divisional action plans to help focus attention and to enable greater measurement of progress in addressing gender imbalance. These plans are regularly reviewed at GEC meetings.

Principle Six – Stakeholder Relationships and Engagement

"Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders".

The board believes that good corporate governance, long term strategies, good communication, employee championing, an aspiration to long term client relationships and the desire to create a positive impact in the world are essential to achieving success. The Group maintains a culture whereby strong relationships with stakeholders provide positive contributions to its long-term goals. Refer to the stakeholder engagement section of the section 172 statement for details of how directors have fostered stakeholder relations and engagement, and how they have ensured that the views of employees have been factored into board decision-making.