

## 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 regard (amongst other matters) to-**
- a) the likely consequences of any decision in the long term;**
  - b) the interests 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.***

### ***Our stakeholders***

Our stakeholders are identified in the Company's Governance Framework, and are at the core of all decision making. Key stakeholders are (1) employees (2) customers and clients (3) shareholders, (4) community and environment; and (5) regulators. 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)**

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

As part of an ethical, global financial services group we are fundamentally different to our competitors because we are driven by the power of why and are continually striving to do the right thing at all times. In doing so there are occasions where balancing the needs of different stakeholder groups can be challenging. On these occasions, the Board attempts to balance the conflicting interests and impacts of our stakeholders in their decision-making.

## **Covid-19 Response: (1) (2) (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 a Company, we set out our initial response to Covid-19 in the 2020 Report and Accounts. As such, the Board has continued to make decisions this year to ensure that Ecclesiastical Life Limited remains strong and able to support its stakeholders. The ongoing pandemic has also encouraged us and our stakeholders to consider and embrace new and innovative methods of engagement.

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 affect the reputation of the [Benefact Group]. The Board considers a variety of information to understand the impact of the Company's operations and the interests and views of our 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 papers 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.

Although the Company's Articles of Association allow the Board to delegate powers to committees, to date, no regulated entity level committees have been formed by the Company. Functions of an Audit Committee and Risk Committee are performed at a Group level by the Group Audit Committee (GAC) and Group Risk Committee (GRC). There is an open dialogue between the directors and the GAC and GRC, and matters are escalated to either the GRC or GAC as appropriate.

Below is an example of a key decision taken by the Board 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.

### **Decision to re-open to new business (1)(2)(3)(5)**

In 2021, the Board decided to re-open to new business by establishing a new partnership with Ecclesiastical Planning Services Limited (another company within the Group) following notification that its previous provider would no longer be able to provide a commercially viable 100% capital guarantee on any new business. The Board initially considered a number of alternative options across the market. Key parties involved were identified and the directors discussed the impacts of the proposition upon each of them. This included consideration of risk, financial, tax, regulatory and implementation implications. Following recommendation from the Company's Board, the Group Board also considered the proposal given the extension of the Group's activities into a new business and ultimately provided support after robust discussion.

## **Employee Engagement**

The Company does not have any employees. Instead, all staff who undertake work on the Company's behalf are employed by EIO. The Section 172 Statement for EIO explains EIO's policy and strategy in relation to its employees.

## **Customer Engagement**

The Board considers the impact of any actions or decisions on the Company's customers (both direct and indirect customers) before proceeding with the same.

## **Shareholder Engagement**

The Company is a wholly owned subsidiary of Ecclesiastical Insurance Office plc, which in turn is owned by [Benefact Group plc (formerly Ecclesiastical Insurance Group plc)] and then [Benefact Trust Limited (formerly Allchurches Trust Limited)], its ultimate parent company. Protocols for the exchange of information between [Benefact Trust Limited] and [Benefact Group Limited] and its subsidiaries (including the Company) are in place and cover performance, operations and financial position.

Mark Hews (Group Chief Executive Officer) attends one meeting of the Board per year. During which he presents a summary of relevant highlights from Ecclesiastical Insurance Office plc Board and Committee meetings to the directors. Moreover, regular dialogue takes place on the Group's expectations of the Company and the strategy for the development of the business. This ensures that the views of the shareholder are effectively communicated to the Board as a whole.

In addition, Chris Hanks and Mark Bennett are members of the GMB, which was established by the Group Chief Executive to lead the Support Services and oversee the Group's business divisions. More information on associated delegation of authority is provided in Ecclesiastical Insurance Office plc's 172 Statement. Consequently, there is a two-way channel of communication between the Board and the shareholder.

## **Community and Environment**

Decisions and policies affecting the community and environment are set at Group level. An explanation of the Group's policy and strategy in relation to the community and environment is set out in Ecclesiastical Insurance Office plc'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.