

Corporate Governance

The Company has adopted the Wates Principles of Corporate Governance.

Purpose and Leadership

The Board has a well-developed purpose to ensure and promote the success of the Company. Clearly defined corporate values are integrated across all functions and form the basis of each business area's operating model, whilst informing the expected behaviour and practices of the organisational culture. Effective monitoring through a variety of methods, including employee engagement surveys, ensures a healthy culture is embedded throughout the organisation. The Board sets and promotes a collective vision when developing its strategy to generate long-term sustainable value. The Company has established a transparent code of conduct and has systems in place for raising a concern which are reviewed regularly to maintain their effectiveness in supporting the Company's long-term goals.

Board Composition

The Board is chaired by a nominated non-executive director who is responsible for facilitating constructive discussion and ensures all directors have the appropriate information and sufficient time to be able to perform effectively. Appointments to the Board promote a balance of expertise, diversity and objectivity and training is provided to enable directors to discharge their responsibilities with ample knowledge and skill. The Board size and structure is appropriate to meet the strategic needs of the organisation and consists of non-executive directors and the Chief Executive Officer ('CEO') enabling effective decision-making.

Director Responsibilities

The Board has established a framework of corporate governance policies setting out clear lines of accountability and responsibility to safeguard the long-term future of the Company. A Conflict of Interest policy operates to identify and manage any conflicts that may arise to avoid compromising objective decision-making. Fit and Proper and Code of Conduct policies are in place to ensure persons act with due care and an appropriate level of skill for their role and for the organisation as a whole. The Board makes use of committees to help with matters relating to financial reporting, risk, audit and remuneration while the responsibility for the final decision lies with the Board. A robust system of controls operates to enable the Board to rely on the integrity of the information provided so they can monitor and challenge the performance of the company and make informed decisions. Controls are regularly reviewed and tested to maintain their effectiveness and safeguard the integrity of operations.

Going Concern

The directors confirm that having taken into regard the Company's financial position and its expected performance in the future, they are satisfied that the Company has adequate resources to continue in operation for the foreseeable future, that being 12 months from the date of approval of this report. For this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Opportunity and Risk

Enterprise Risk Management identifies potential events or emerging issues that may affect the Company, manages risks within agreed risk appetite limits and provides reasonable assurance regarding the achievement of organisational objectives. The Board has oversight of all aspects of risk and accountability to stakeholders.

Responsibility is delegated to a Risk Committee to monitor and review processes designed to determine the nature and extent of principal risks, the appropriate response in line with the accepted level of risk, and the internal and external communication channels. Risk is embedded in every part of the organisation and the 2nd Line Risk Team oversee and report on the effectiveness of the risk framework, both by design and in its operation within each of the business areas.

Remuneration

The Company has a Remuneration Operating Policy providing effective governance of compensation (including the salary and bonus programmes and the Executive Remuneration programme) and the management of risks associated with how it remunerates its staff. The policy promotes the achievement of goals in a manner consistent with the objectives of the Board of Directors, fair customer outcomes, regulatory requirements, and the Company's Code of conduct, vision and values, risk culture and Risk Appetite Framework. Incentives are designed to attract and retain competent, experienced and skilled people as an essential part of the business strategy. Executive remuneration includes Long Term Incentives linked to the Performance Share Unit Plan and Stock Option Plan to align with the long-term sustainable success of the Company.

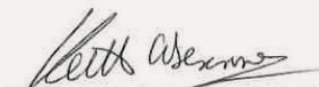
Stakeholder Relationships and Engagement

The Board has regard for all its stakeholders including its workforce, customers, suppliers, regulators and the wider community and environment in which it operates. Consideration is given to how company activities may impact both current and future stakeholders including impacts on the environment. The strategic report provides more detail on stakeholder engagement and initiatives that the Company has launched to ensure a sustainable future for the Company, its stakeholders and the environment.

Approved by the Board of Directors and signed on behalf of the Board



A Watson
Director



K Abercromby
Director



L Rix
Director

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1 April 2023

