

Charles Taylor Limited

Section 172(1) Statement

The Board is cognisant of its duty to promote the success of the Company in accordance with s172(1) of the Companies Act 2006. The views and interests of the Company's wider stakeholder group are taken into consideration by the Board, with an understanding that knowledge of those interests and continuing engagement with the various groups will enhance the sustainable long-term success of the business. The table below sets out areas of interest and reflects how the Board engaged on those subjects with the stakeholder groups concerned, both directly and indirectly.

Board Engagement with Stakeholders

The following engagement activities aided the Board's decision-making process, by ensuring that the Board was fully aware of stakeholders' interests.

Stakeholder	Area of interest	Board engagement
Shareholders	Strategy; business model; international growth; long-term financial performance; capital allocation; Board composition; succession planning; policies and regulation; Directors' remuneration; dividend policy.	<ul style="list-style-type: none"> > Publication of the Annual Report and Half Year Review report. > Investor meetings – the GCEO and GCFO, met with significant shareholders after the announcement of results. > Engagement with investors by the GCEO and GCFO regarding the strategy and business model. > Indirect engagement with capital markets regarding the above via brokers and PR advisers. > Engagement with shareholders at the AGM, as well as at the General Meetings held for approval of the Scheme of Arrangement for the acquisition of the entire issued share capital of the Company. > Approval of the various circulars and documentation sent to shareholders informing them of the Scheme of Arrangement.
Customers and the insurance market	Market developments; international reach; expertise and specialisms; technology in insurance; Brexit planning; customer service; regulatory issues; affordability; competition and range of services.	<ul style="list-style-type: none"> > Received a report on cyber risk for the group. > Received a presentation on technology in the insurance market. > Received a briefing on potential impacts of Brexit on the insurance market. > In the context of reviewing recent acquisitions received briefings on international markets. > Discussed expansion of specialisms and into new territories.
Employees	Culture; performance and reward strategy; working environment and practices; diversity and inclusion; compliance with operating standards; share price movements.	<ul style="list-style-type: none"> > The Board Chairman was appointed as the designated director to engage with employees on behalf of the Board. The designated director attended a number of employee meetings in order to understand specific issues raised by employees and any areas for improvement. A report of the engagement was provided to the Board. > Considered reward arrangements within the wider Group.> Agreed the maturities of the 2016 SAYE Scheme together with the 2018 (USA) SAYE Scheme. > Reviewed gender pay gap data. > Received a presentation on the results of the 2019 staff engagement survey. > Reviewed a briefing on reward arrangements for general staff including the monitoring of pension plan governance. > Agreed on the treatment and implementation of Company share plans for employees following the completion of the Scheme of Arrangement.
Government and regulators	Brexit; developing insurance market and wider corporate	<ul style="list-style-type: none"> > Received updates on Brexit planning and actions.

Stakeholder	Area of interest	Board engagement
	governance regulation; international expansion.	> Via legal and financial advisers engaged with the Takeover panel as required throughout the process for the Scheme of Arrangement.

Conflicts of Interest

Under the Companies Act 2006, all Directors have a duty to avoid conflicts of interest and to disclose any interests and outside appointments to the Company. The Board has a formal process in place for the declaration and management of interests. A Register of Interests is maintained by the Group Company Secretary. On appointment, new Directors are advised of the process for dealing with conflicts and the Board reviews the register before each meeting and annually as part of the financial year-end process. Details of the Directors' appointments in other organisations are set out with their biographies on page 38. The Directors' interests in Charles Taylor Plc shares as at are set out in the Directors' Remuneration Report on page 57.

For the Executive Directors appointments to external organisations are encouraged in order that they gain experience which supports the Company's business. However, the Board considers each appointment on the basis of the potential for conflict and whether the time commitment to external organisations would detract from the time spent on Company business.

The Standard Club

The Standard Club Ltd (the club) was a significant shareholder during the year and at 31 December 2019 (see page 66). Both David Marock and Barnabas Hurst-Bannister were Directors of the club, a company with a long, close history with Charles Taylor. Barnabas is the insurance expert on the club board. His position on the Charles Taylor Board is not as a shareholder representative of the club.

Conflicts Statement for 2019

Other than as stated above and via the appointments listed within the Directors' biographies on page 31, no Director held a material interest in any contract of significance with the Company or any of its subsidiary undertakings at any time during the year, other than a third-party indemnity provision between each Director and the Company and service contracts between each Executive Director and the Company.

Re-Election of Directors

The Directors each retired prior to the AGM held in May 2019 and each successfully stood for re-election at that meeting. The Non-Executive Directors each resigned from the Board on the Effective Date of the Scheme of Arrangement (21 January 2020).

Internal Control and Risk Management

During the year, the Board was responsible for the Group's systems of internal control and for reviewing its effectiveness. It was supported by the Group Assurance Committee which received regular reports on the effectiveness of and issues highlighted by the controls deployed.

The Group has an established process for identifying, evaluating and managing significant risks faced by its operations. During the year under review the Board, via the Audit, Risk and Compliance Committee, reviewed the processes, which were in place for the full year. The controls and risk management procedures are designed to highlight weaknesses and/or failures in systems to the Board at the earliest opportunity together with action taken or proposed. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide

reasonable and not absolute assurance against material misstatement or loss. The Group's significant risks are identified on pages 22 to 27.

The Board annually reviews the effectiveness of the Company's system of internal control in accordance with the Code and continues to take steps to ensure that risk management processes are established, operated and amended as required, as a critical part of the operations of the Company. The Board confirms that the actions it considers necessary have been or are being taken to remedy any significant failings and/or weaknesses. This has involved considering those matters reported to it and ensuring that appropriate plans and programmes are put in place that it considers are reasonable in the circumstances.

Risk Management Process

The risk management frameworks and processes are managed by the Compliance, Risk and Internal Audit teams, who ensure that various controls, systems and procedures in each of the Company's business units are operating effectively. During the year, the main elements of the Group's risk management framework were as follows:

Regulatory Compliance

The Company's compliance obligations were overseen by the Director of Compliance and Risk and by the Group Assurance Committee. The Director of Compliance and Risk submitted reports to the Group Assurance Committee. Reports included details of any material incidents reported by management, where controls had failed or near misses had been reported. Material issues were reported to the Board.

The UK-regulated activities of the Company are carried out through the following subsidiaries: Charles Taylor Services Limited, Charles Taylor & Co. Limited and Charles Taylor Broker Services Limited, all of which are regulated in the UK as insurance intermediaries; Charles Taylor Managing Agency Limited, (which has been sold post year end but which is regulated as a Lloyd's Managing Agency by both the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA)); and Charles Taylor Investment Management Company Limited, which is regulated as an investment manager by the FCA in accordance with the requirements of the Financial Services Act 2012. A number of the Company's subsidiary companies operate in overseas markets and are regulated by the relevant regulators in compliance with local regulation.

Fair, Balanced and Understandable

In accordance with the Code, the Board has given consideration as to whether or not this Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and has concluded that this is the case. A review of the businesses of the Group is included in the Group Chief Executive's Report on page 8.

The Board uses this together with the Directors' Report (page 65) to present a balanced and understandable assessment of the Company's position and future prospects. The Directors' responsibilities are described on page 68 of the Report and Financial Statements.

The preparation of the Annual Report and Financial Statements is coordinated by the Finance, HR, Corporate Communications and Company Secretariat teams with input and support from other areas of the Group. Comprehensive reviews have been undertaken at regular intervals throughout the process by senior management and other contributing personnel within the Company together with a verification process to ensure the validity of the contents.

The Directors, whose names and details are set out on page 31, are responsible for the corporate governance of the Company. They fully support the principles of good governance as laid down by the Financial Reporting Council (FRC).

Throughout the year ended 31 December 2019 the Board has complied with the principles and provisions recommended in the FRC UK Corporate Governance Code issued in July 2018.

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

A handwritten signature in black ink, appearing to read 'M Keogh', written in a cursive style.

Mark Keogh
Group Chief Financial Officer
24 September 2020