

## Section 172(1) Statement (“Statement”) for Hastings Insurance Services Limited (“the Company”)

As required by the Companies (Miscellaneous Reporting) Regulations 2018 the Company has published its Statement within its Annual Report for the financial year ended 31 December 2019 which is available from Companies House.

### Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Directors need to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term;
- Interests of the Company’s employees;
- Need to foster the Company’s business relationships with suppliers, customers and others;
- Impact of the Company’s operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the Company.

In discharging section 172 duties the Board of Directors (‘the Board’ ‘the Directors’) consider the factors set out above as well as other factors which they consider relevant to the decision being made, for example, the interests and views of regulators. The Directors seek to ensure that their decision-making process not only takes into account the Company’s purpose, vision and values, together with its strategic priorities, but also reflects, as far as practical and possible, the interests of all stakeholders.

The purpose of the Strategic Report is to guide and inform the Company’s members as to how the Directors have performed their duty under section 172, and stakeholders should read this in its entirety to fully understand how the Directors have discharged these duties.

As is normal for large companies, the Board delegates authority for day-to-day management of the Company to executives and engage management in setting, approving and overseeing execution of the business strategy and related policies. The Directors review and approve key health and safety, financial and operational performance, legal and regulatory compliance, and key risks at Board or Board Committee meetings. The Directors also review other areas over the course of the financial year including the Company’s business strategy, colleague engagement, corporate responsibility, governance matters. Papers presented to the Board and its Committees, supported by relevant presentations by management, are prepared in a manner which enables the Board to review the impact of its decisions on the business and all key stakeholders where relevant and appropriate.

The Company’s culture and values are based on its 4Cs ways of working: serve and invest in Colleagues, Company, Customers and Communities. The Directors use the 4Cs to identify the Company’s key stakeholders and as a clear, consistent and balanced approach to measure the Company’s performance and success from the perspective of all of its key stakeholders (colleagues, customers, suppliers, shareholders, regulators, and the communities in which the business operates).

Although not an exhaustive list, below are some practical examples of how the Directors have had regard to the matters specifically set out in section 172 when discharging those duties during 2019, and the effect of that on certain of the decisions taken by them.

#### *Three Year Plan*

The Board reviews and approves the Company’s Three Year Plan annually, which includes its strategy, commercial and operational performance projections, capital and cash management plans and the sensitivities and assumptions applied. As part of the review and subsequent approval of the Three Year Plan, the Board considered the 4Cs context and the implications for all stakeholders over the short and medium term, including colleagues and their welfare, supply partners, customer outcomes and the wider community. During the year the Board received reports on business

performance in context of the Three Year Plan reflecting commercial and operational matters; strategic initiatives and investment; Environment, Social, and Governance strategy; colleague welfare and engagement; diversity and inclusion; and internal control, risk management, and compliance matters.

### *Capital allocation – dividends*

The Board seeks to distribute excess capital to shareholders, where such capital is surplus and not required for growth or to satisfy Company regulatory requirements. The Company routinely monitors and reviews its capital position. Every six months, at the financial half year and full year end, the Board reviews the Company's balance sheet and going concern status, taking into account the risks and sensitivities for future performance, the ongoing need for strategic investment in the Company, as well as the expectations of shareholders and any impact to other stakeholders; it then determines the appropriate level of dividend payment.

### *Commercial contracts*

During the year, the Board considered and approved the engagement of new providers of motor repair and credit hire services. In accordance with the Board's terms of reference, in light of the significance and materiality of the new engagements, Board approval was required. Board presentations fully considered all risks, opportunities, and commercial and operational benefits and fully considered the perspective of all stakeholders. All material elements of the new contracts were reviewed and considered, including expected improvements to customer outcomes and service. A thorough and robust tender and procurement protocol was followed, taking into account the impacts on the incumbent and potential new suppliers, ensuring fairness and transparency in the decision-making process.

### *Customer outcomes*

During the year the Directors considered matters that provided management with clearly defined expectations to ensure that the business continues to place the customer at the heart of the Company's operations. These covered:

- How the Company's customers should be treated, throughout their interactions with the Company;
- Ensuring customers are provided with clear price and product information
- Ensuring customers do not face unreasonable barriers post sale; and
- How the Company products and services are sold and marketed and that these products perform as a customer would expect.

These outcomes are aligned with the expectations of the Company's regulator, the FCA. They provide the basis on which the Directors track and monitor management's performance in relation to the fair treatment of the Company's current and potential customers.

Further information on how the Board and the Company take other stakeholders into consideration when making decisions can be found in the Directors' Report.

Approved by the Board on 14 April 2020.