



Personal Group Holdings PLC

Statement of Compliance with the QCA Corporate Governance Code

May 2024



**Personal
Group**

Chairman's Introduction

My role as Chairman of Personal Group is to ensure that the Board is performing its role effectively. This means making sure the Directors have the capacity, ability, structure, diversity and support to respond to the opportunities being created for us, whilst having consideration of our responsibilities under s172 of the Companies Act 2006.

I also have responsibility for ensuring the robust governance of the Group through challenge and direction of the Senior Leadership Team. Good governance should enhance performance and deliver positively for our shareholders, staff, customers, suppliers and other stakeholders whilst still enabling achievement of the Group's strategic aims.

The Board continues to have a significant role to play in establishing the culture of the business, ensuring that it is consistent with our business model and suitably cascaded through the Group. This is monitored through engagement with the wider investor community, through involvement of the Board Committees and by use of the wide-ranging experience, skills and capabilities of Board members.

We continue working on an integrated succession plan for the Board. We have experienced Board changes (both executive and non-executive) through 2023 with Paula Constant joining the Board as Group Chief Executive Officer as of August 2023 and Deborah Frost retiring from the Personal Group Holdings Board in December 2023.

This year the Board has focused on and continued to support the Senior Leadership Team in ensuring the employees of the Group are supported in their roles with our continuing hybrid working environment. Ensuring our staff have the right support, not just in terms of equipment but also with their mental health, has continued to be a major priority for the Board.

In 2023, we continued to develop our governance processes to improve adherence to the Quoted Companies Alliance (QCA) Corporate Governance Code which the Group adopted in 2018. The Board does not consider that it departs from any of the principles of the Code and we continue to monitor our performance against each of the 10 principles. The Board is able to deliver effective decision making and subsequent drive of value for shareholders, based on the quality information which it receives.

An external Board Effectiveness Review was carried out during 2022, in line with our commitment under the QCA Code (Principle 7). We have addressed and will be addressing the recommendations raised. An internal review was scheduled for and carried out in April 2024 with the recommendations to be worked on through 2024.

We are committed to external independent reviews every three years and will continue to complete annual internal board effectiveness reviews in the intervening years.

The Board met 10 times in 2023 and the number of meetings each Director attended can be seen on pages 38 & 39 of our Annual Report and Accounts. In addition, the reports of the Audit, Risk and Compliance, Remuneration Committees and Nominations and SM&CR Committee can be found from page 40 of our 2023 financial statements [44185PGAR23WEBBOOK.pdf \(personalgroup.com\)](#).

Martin Bennett

Independent Non-Executive Chairman

Principle 1

Establish a strategy and business model which promote long-term value for shareholders

Personal Group provides insurance services and a broad range of employee benefits and wellbeing products to businesses across the UK. The Group enables employers to improve employee engagement and support their people's physical, mental, social and financial wellbeing, supporting our vision of creating a brighter future for the UK workforce.

Full details of our business model and strategy can be found in the Strategic Report section of our Annual Report and Accounts which is available on the Personal Group Investor website: [Results Centre | Personal Group – Personal Group](#).

What we do

Our Purpose

We connect the unconnected and protect the unprotected.

What We Do

Helping employees thrive in work and in life

Personal Group provides consultancy, benefits and technology services focused on improving employee health, wellbeing and engagement. Our mission is to build great working environments where people flourish and shine.

Our Vision

A winning team building a brighter future for the UK workforce, supporting over 1.5m employees by 2025.



PAY & REWARD

Consultancy and software solutions

Innecto & QCG – offer strategic consultancy on pay and reward through their experts and a suite of cloud-based SaaS solutions and surveys.

Clients can tailor their solution with our experts to help them define and implement fair, consistent reward programmes that align to their business strategy and workforce.



BENEFITS PLATFORM

Delivered to employers directly and through channel partners

Hapi – is our technology platform that powers growth through enhanced connectivity, engagement, health and wellbeing.

Sage Employee Benefits – our tailored engagement product designed for the SME market.



AFFORDABLE INSURANCE

On weekly or monthly rolling contracts

Insurance – hospital plan, convalescence plan, and death benefit policies, underwritten by Group subsidiaries.

Our easy to understand, affordable plans are secured for the lifetime of the policy, providing peace of mind for diverse workforces from across society.



OTHER OWNED BENEFITS

Access to consumer technology

Let's Connect – delivers a benefit scheme that allows employers to give their employees affordable access to the latest consumer technology and a variety of high-end products from leading manufacturers. Employees can spread the cost either by salary sacrifice or net pay arrangements.

Principle 2

Seek to understand and meet shareholder needs and expectations

Regular dialogue takes place with shareholders through initiatives including the Annual General Meeting, investor roadshows, regulatory announcements and the Report and Accounts. During 2023 our Chief Executive, CFO, Chairman and other Non-Executive Directors met virtually, and in person, with key investors. We also hosted our investor events in April and September 2023.

To ensure dialogue with shareholders is consistently maintained, the Company employs the services of a broker and a financial and corporate communications agency. Through our investor relations programme which includes regular updates, meetings, roadshows and our Annual General Meeting (AGM), we ensure that shareholders views are brought into the Boardroom and considered in our decision-making.

To improve communications with investors, clients and customers, we have created three separate websites to cater for these specific groups.

From 2021 we introduced a Retail Investor Webinar in addition to the Annual General Meeting, to maintain communication with our investors. For more information, our investor presentation can be seen here [PowerPoint Presentation \(personalgroup.com\)](#).

Private shareholders

The AGM is the main forum for dialogue with shareholders and the Board. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, routinely attend the AGM and are available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld, is announced at the meeting. The results of the AGM are subsequently published on the corporate website.

Following the success of the Retail Investor webinar in March 2021, during COVID, this has been continued and we plan to retain this in future years to allow smaller investors a chance to interact with the Directors and for the Directors to understand and answer any questions they may have.

Institutional shareholders

The Directors actively seek to build relationships with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive and Chief Financial Officer (CFO). In addition, the Independent Non-Executive Chairman is available to meet with major shareholders if required to discuss issues of importance to them.

Regular direct dialogue with shareholders is maintained through a system of formal and informal meetings throughout the year. Meetings are undertaken by the Chief Executive and CFO and provide a strong understanding of financial market perception and support the effective management of market expectations. Formal meetings include making presentations to analysts and institutional shareholders immediately following the announcement of the Group's full and interim results releases and at the Group's AGM. Informal meetings take place

throughout the year and are not necessarily based around news flow. They are designed to actively maintain and build relationships and, alongside the provision of independent feedback and the circulation of analyst research notes and comment, are aimed at ensuring the Board maintains a strong understanding of market views and opinions.

To request any investor meetings, please contact investorrelations@personalgroup.com

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

Our business is driven by a passion and commitment to improve the wellbeing of our people, our communities and our environment. We pride ourselves on doing the right thing, a value that is shared throughout our entire organisation, and this goes beyond our day-to-day work, impacting our approach to how we operate as a business at all levels.

As a Board we understand our duty to promote the success of the Company whilst considering the views of, and impact on, our wider stakeholder group of customers, clients, colleagues, suppliers, our community and environment, as well as our shareholders. Engaging with all groups, via both formal and informal channels, strengthens our relationships and helps us stay connected.

Section 172 Statement

The Directors are aware of their duty under s172 of the Companies Act 2006 to act in the way they would consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of its decisions in the long-term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

The Chairman sets out the text of s172 Companies Act 2006 on every Board agenda by way of a reminder.

The table that follows is a description of our key stakeholder groups and how we engaged with them in 2023.

Why we engage with	How we engaged in 2023	What matters to the Group
<p>Our Policyholders</p> <p>Our policyholders are key to the long-term success of the Group.</p> <p>The retention of existing, and attraction of new, policyholders is equally important.</p> <p>We aim to make any interaction with Personal Group as positive and simple as possible and ensure that our products are regularly reviewed and fit for purpose.</p> <p>Provision of suitable and targeted employee benefits to our relevant market sectors</p>	<p>Our primary interactions are to provide individual face-to-face presentations of our products to potential and existing policyholders at their place of work. In 2023 we continued to expand our sales channels offering one to many webinars to allow access to our products to a greater audience, but focused on our, unique in the market, face to face approach where possible. This allows the greatest ability for potential policyholders to ask questions and have the human interaction our customers are looking for.</p> <p>Policyholders who held policies at 31 December 2021 continued to benefit from an additional outpatient appointment for 2023 in recognition of the fact that during COVID reduced NHS activity had meant that, in many cases, they were unable to make full use of their plan/benefits.</p> <p>As part of our operational improvements to support Consumer Duty, we implemented Voyc, an AI compliance tool which has enabled full coverage of sales presentations by the field sales team, ensuring better outcomes for customers. We also introduced additional point-of-sale information to enhance customer understanding of the products they have bought.</p> <p>We have maintained a hybrid working environment for our customer relations team. We value the ability to have colleagues in the office to support the training and development of staff and to allow greater flexibility in responding to queries and claims made by our policyholders, some of whom are calling from a place of vulnerability.</p> <p>In 2023 our Customer Relations Team took over 60,000 calls and dealt with over 47,000 emails and online queries.</p>	<ul style="list-style-type: none"> > Our products are relevant and provide cost-effective protection > Fair and consistent pricing > Efficient and sympathetic processing of claims > Ease of access to customer service > Strong net promoter score > Retention rates
<p>Our Clients</p> <p>Our purpose is to help companies improve their effectiveness and profitability by improving their staff engagement and retention. Improving such metrics in turn improves our customer retention and encourages new business.</p>	<p>We engage and build relationships with our customers and clients in several ways, from face-to-face interaction to holding industry and other business forums and producing white papers on topics that are relevant for their businesses.</p> <p>We also recognise the importance of system security for our customers and their employees and have ISO 27001 accreditation across the whole Group and ISO 9001 covering the Employee Benefits Platform operated by the Group.</p>	<ul style="list-style-type: none"> > Product range, price and quality > Convenience and accessibility > Customer service > Fair marketing > Responsible use of personal data > Ethics and sustainability > Becoming a trusted partner
<p>Our Colleagues</p> <p>The Group's long-term success is predicated on the commitment of our employees to our purpose and demonstration of our values. In order to deliver great customer service and improve our already high staff engagement scores we need to ensure that we provide an appropriate environment and communication channels to both attract and retain talent for now and the future.</p>	<p>We have an open, collaborative, and inclusive management structure and actively engage regularly with our employees.</p> <p>We remunerate with competitive market-based pay, sector leading rewards and benefits alongside a learning culture and great career opportunities. We continue with our hybrid working policy for all office-based staff, feedback tells us that this helps our colleagues achieve a better work-life balance with subsequent gains in engagement and productivity.</p> <p>Following feedback from our 2023 Employee Engagement survey, we introduced a number of employee benefit provisions which can be seen in detail on page 31. We have also created a DEIB strategy group in 2023 with a focus on understanding the Groups data against the regions in which we operate</p>	<ul style="list-style-type: none"> > Fair employment > Competitive pay and benefits > Development and career opportunities > Collaborative and supportive work environment > Health and safety and colleague wellbeing > Responsible and respectful use of personal data > Ethics and sustainability

<p>Our Suppliers</p> <p>Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standard of conduct that we set ourselves. Our Hapi platform contains numerous third-party offerings which add value to the overall proposition. It is important that we ensure good working relationships with those suppliers but also to choose partners that allow the Group to fulfil its day-to-day operations to deliver our products and services to the best standard possible.</p>	<p>We regularly engage in open and two-way conversations with our largest suppliers.</p> <p>Key suppliers are invited to attend and present at our client conferences or workshops.</p> <p>We continually review and update our supplier onboarding process and conduct annual reviews on all key suppliers to the Group.</p> <p>Whilst we work with our suppliers to ensure that they have effective controls in place to protect the security and privacy of our customers data.</p>	<ul style="list-style-type: none"> > Long-term partnerships > Collaborative approach > Open terms of business > Fair payment terms
<p>Our Community and Environment</p> <p>The Board recognises the importance of leading a Group that not only generates value for shareholders but also contributes to the wider society.</p>	<p>We encourage all our employees to engage in the local community and work with our PACT Committee to utilise the funds in the Personal Assurance Charitable Trust to support charities at home and abroad as discussed on page 32.</p> <p>We are conscious of the need for our business to focus on long-term sustainability, during 2023 we have seen the replacement of most of the Group's fleet with a range of hybrid and low CO2 petrol cars replacing less environmentally friendly cars. We are also taking steps to lessen commuting for our field sales team, both for their benefit but also for the environmental impact generated.</p> <p>We continue to review ways in which we can be more active in the local community and are beginning discussions with local schools and colleges to support them and to offer ourselves as a work experience possibility for their students.</p>	<ul style="list-style-type: none"> > Reduce environmental impact > Invest in local community > Promote environmental offerings on platform, i.e. Cycle to Work > Supporting local community by creating jobs and providing work experience and apprenticeships
<p>Our Shareholders</p> <p>Our shareholders are key to the long-term success of the business. Through our investor engagement activities, we strive to obtain investor buy-in into our strategic objectives and how we plan to deliver on them. We create value for our shareholders by generating strong sustainable profits and dividends.</p>	<p>Through our investor relations programme, which includes regular updates, meetings, roadshows and our Annual General Meeting, we ensure that shareholders' views are brought into the Boardroom and considered in our decision making.</p> <p>With a new Chief Executive the Group will be looking to conduct a series of investor roadshows to follow the release of the accounts to further articulate the future strategy of the Group.</p>	<ul style="list-style-type: none"> > Financial performance > Strategy and business model > Dividend > Long term growth > Reputation of the Group

Our people

Our employees are at the heart of our business. We take being a great place to work very seriously and believe that a happy and engaged workforce will help to drive higher productivity, stimulate greater creativity and innovation and encourage employees to be the best they can be. The Board has set an expectation to build overall employee engagement levels to 80% by 2025.

We continue to use targeted, topical “pulse” surveys to gauge whether our approach in specific areas is having the desired effect of supporting employees’ wellbeing and motivating employees to do a good job. This approach helps us to understand employees’ views of very specific subject areas so we can move quickly to make appropriate improvements and enhancements.

We continue to invest in and improve the wellbeing offered to our employees, both in and outside of work. Employee engagement and wellbeing is delivered through our market leading platform and App, Hapi.

In 2023 we implemented a new HR Information System (HRIS) called BOB. This has enabled us to gain greater data capture and analysis around DEIB, easier access for employees to information and a way to communicate and increase engagement with colleagues across the business.

We also established a working group to focus on employee benefits, which so far has supported the improvement of our Maternity, Paternity and Adoption Leave entitlements.

Other work and initiatives in 2023 included:

- Widening the entitlement for a day off for a child’s first day at school to any life event
- Adding a day off for your birthday entitlement available from day 1 of employment
- A Financial Wellbeing Workshop hosted by an external speaker to promote healthier relationships with money.

Diversity and inclusion

Diversity, Equity and Inclusion has been identified as an integral part of the Group’s objective of providing a welcoming and inclusive working environment where people are engaged, recognised and rewarded. The Board strives for equality of opportunity for all and for the Group to reflect the diverse communities that we serve. Not only is this the right thing to do, but diverse, inclusive teams, we believe, are higher performing and better for our growth. As such the Board has put a number of initiatives in place to ensure the Group’s desired culture is enhanced. These include:

- A Diversity and Inclusion working group, to ensure that as an organisation, we continue to celebrate and support inclusivity and diversity within our workforce.
- A Nomination Committee, responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- A policy regarding the gender diversity of the Board, aiming to keep the gender balance neutral.

Our community

PACT

Personal Assurance Charity Trust (PACT) has donated around £2m to charitable causes since it was founded in 1993. The Group has historically donated approximately £100k to PACT per year, which is then allocated in a number of ways. Since 2020, the Trust has refocused to ensure the money being donated was being used effectively. This saw the Committee move from being simply fundraisers to become partners of local charities. We now work with, and allocate funds to, specific projects within many local charities with a view to continued involvement beyond pure financial support. Key local projects around our offices for 2023 included:

- Memusi Foundation - £47k continuing our ongoing partnership with Memusi we once again sent a team of PG employees to visit and support the school in Kenya which is funded through PACT.
- Unity MK (formerly Winter Night Shelter MK - £13.5k to help people in crisis, including rough sleepers, sofa surfers and those who are vulnerable. This year's donation will go towards welfare provision, Mental Health counselling, preparing guests for work.
- Northamptonshire Domestic Abuse Service (NDAS) – £10K towards the cost of a children's support worker to help to support victims of domestic abuse with rehabilitation and counselling.
- Safety Centre – Hazard Alley – £7.5K to help deliver bespoke knife crime intervention sessions to 1,200 Year 6 students in Milton Keynes.
- Worktree – £10K towards the development of the Virtual Career Workout which allows volunteers to be interviewed remotely by school classes around the country.
- Harry's Rainbow - £10K towards supporting children and young adults who have been bereaved of a parent or sibling in Milton Keynes and surrounding areas. Our donation will fund an art project, which will connect those in similar circumstances and enable a supportive experience for those suffering from grief.

Our environment

Although the environmental footprint of our business is relatively small compared to others, reducing our impact on the environment remains a key focus.

Group Environmental Policy

Our Group Environmental Policy formed during 2022 acknowledges our impact on the environment and our commitments to preserving the environment in which we operate, including our expectations regarding reporting, supplier credentials, waste management, and the efficient use of resources.

Carbon emissions

While we are a naturally low-emission business, monitoring and reducing our carbon emissions is core to our environmental approach. Aside from meeting our reporting obligations, we recognise that as a global citizen it is our responsibility to minimise our carbon footprint. We have reported our carbon emissions in our Annual Reports since 2021.

In Q4 2023 we migrated our fleet of vehicles over to hybrid with the majority of our car orders with drivers going for a Plug in hybrid (PHEV) option and updated and installed additional car charging stations at our head office.

There has been a 1% reduction in emissions from company and leased cars, with the introduction of hybrid and electric company cars in 2023. There has been little variance in absolute emission between 2022 and 2023, and headcount has remained the same, resulting in only a 0.01% variance increase in emissions intensity (tCO₂e per FTE).

Further details on our ESG agenda and CSR can be found on pages 28-33 of our Annual Report and Account, available on our company website (www.personalgroup.com) .

Whistleblowing

All staff undergo training on Whistleblowing and PG's Whistleblowing procedures and are encouraged to report incidents of concern in relation to any type of activity where the usual feedback control mechanism is either not appropriate or unavailable. As Independent Non-Executive Director, Bob Head is the Group's Whistleblowers' Champion, ensuring the systems in place are suitable so any compromise in our values or behaviour can be reported in a confidential manner with individuals having the legal protections due to them.

Modern slavery

Our supply chains consist of global suppliers providing a range of goods and services to our business, clients and customers. High standards of corporate governance are a priority to the Group with the Board ensuring that our Partner Management Policy is followed when engaging a new supplier or reviewing an existing relationship. This confirms the supplier's commitment to the identification and eradication of slavery and human trafficking through the due diligence process and overall management of suppliers.

Our employees also undertake Anti-Modern Slavery training in order to embed these principles in our wider business model.

No instances of modern slavery have been identified in our supply chains or in any other business relationships in 2023.

Our policy is available on the Personal Group website:
<https://www.personalgroup.com/modern-slavery-act>

Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

Effective risk management is central to our culture and key to achieving our strategic objectives.

Oversight

The Board is responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems as well as identifying the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives, including the setting of the overall risk appetite and tolerance levels.

The Board delegates oversight of risk management to the Risk and Compliance Committee, who in turn regularly report up to and make recommendations to the Board.

The Risk strategy, appetite and framework are set out in a suite of policies covering the material risks which exist in the business; each policy is subject to annual review and approval. We employ an Enterprise Risk Management framework (ERM) to manage all types of risk which, alongside our Own Risk and Solvency Assessment activity, enables reasonable assurance to be provided to the Board and external stakeholders that the Group is achieving its risk management and internal controls objectives.

The effectiveness of the risk management system is also independently assessed periodically by the outsourced Internal Audit Function in their role as Third Line of Defence, with the results reported to the Audit Committee.

The Board is satisfied that the processes set out above enable the Group to effectively identify, assess and manage current and emerging risks and allow the required focus on risk awareness, ethical behaviour and the fair treatment of customers and colleagues.

Risk management approach

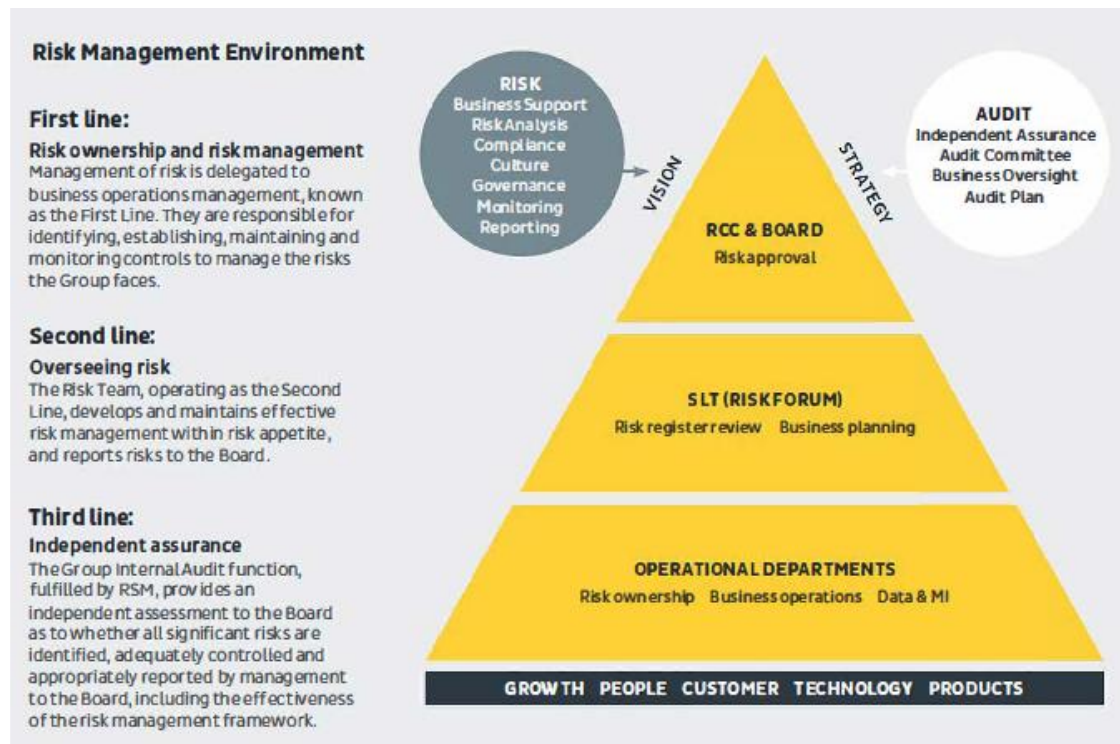
The risk environment is managed in a two-pronged approach: top-down risks that threaten the strategic plan, and bottom-up financial, operational, regulatory and non-insurance risks which are identified within business areas.

The risks are captured on a risk register where the inherent risk is identified, and the residual risk rated, after identifying operational controls and mitigating actions.

Responsibility to maintain the register as well as to implement and monitor mitigating actions sits with each member of the Senior Leadership Team. Each month a Risk Forum is held where the Senior Leadership Team discuss the key risks, both current and emerging, with mitigating activities and timelines for implementation agreed.

We operate a 'three lines of defence' approach to define risk management within roles and responsibilities. The Group's risk governance is overseen by a Risk function led by the Head of Risk, with independence assured through direct and separate access to the Chair of the Risk and Compliance Committee.

Risk Management Three Lines of Defence



BUSINESS AREA OWNER

- Identify, assess and manage risks on a daily basis.
- Develop and implement policies and procedures.
- Ownership of business practices.
- Ensure activities are consistent with objectives.
- Implement controls.

RISK FUNCTION

- Risk identification.
- Developing and oversight of the risk management framework.
- Risk reporting to Risk Forum and to the Risk and Compliance Committee.
- Providing advice and guidance to operational departments and to the Senior Leadership Team.
- Assurance of the effectiveness of policies and procedures.

INTERNAL AUDIT (OUTSOURCED)

- Independent assurance of the effectiveness of the first and second lines of defence.
- Independent reporting to the Board and to the Audit Committee.
- Advisory role.

RISK & COMPLIANCE COMMITTEE

The Committee's role is to assess the effectiveness of the Group's risk management framework, to set the group's risk appetite and to oversee compliance with regulatory requirements.

MEETINGS HELD - 3

RISK AND COMPLIANCE COMMITTEE MEMBERS

Meeting Attendance in 2023

Bob Head (Chair)	3/3
Martin Bennett	3/3
Maria Darby-Walker	3/3
Andy Lothian	3/3
Ciaran Astin	3/3
Deborah Frost*	2/2
Sarah Mace	3/3
Paula Constant*	1/2

Objectives

The role of the Committee is to manage and monitor the risks and threats to the strategic objectives of the group, set the risk appetite for the group, monitor and review the impact of business decisions upon the group's risk profile and manage and monitor compliance with Prudential Regulation Authority and Financial Conduct Authority requirements and other appropriate regulations which impact the Group.

Activity during the year

The Committee focuses its debate on key risks, emerging risks, new risks and areas where we perceive we have increased risk. We then assess whether the risk has been optimised. We use the word "optimise" rather than "mitigated" since not all risk can be economically eliminated – for example, the economy.

The Committee's Chair reports formally to the Board on its proceedings after each meeting and during the year the Committee met three times, overseeing significant Group-wide projects which included:

- Consideration of the Group's approach to the challenging economic outlook which persisted throughout 2023, including how to optimise the Group's current offering and tailor the go to market message to mitigate the risk of any impacts on income from clients and customers.
- Implementation of the FCA Consumer Duty regime, ensuring that the gap analysis carried out in 2022 had been appropriately addressed and ensuring that the Group was compliant with the new regime.
- A deep dive into the value in the insurance products underwritten, and sold, by Personal Group companies, reviewing peer-related data in the context of healthcare cash plans.
- Update and further development of the Own Risk and Solvency Assessment (ORSA) for Personal Assurance Plc to account for current risks and exposures, particularly in relation to inflationary pressures and negative cost of living effects which have persisted throughout 2023.
- The regulatory capital is formulaic. We are also thinking about the capital we need for our non-regulated businesses.
- An ongoing focus on cyber risks as well as operational resilience to deliver what we have promised our clients and customers remains a key topic of discussion for the Committee. We are pleased to note that we remain certified for ISO27001.

In addition to the above, other work undertaken during the year included:

- Ongoing consideration of the Own Risk and Solvency Assessment (ORSA) for Personal Assurance Plc to account for current risks and exposures.
- The regular review of the group's exposure to the risks and threats to the strategic objectives, setting the risk appetites and agreeing tolerances.

- The regular review, consideration and approval of existing Group policies used across the business.
- Consideration of management information which assesses levels of quality and compliance, and the effectiveness of the Information Security Management System.
- Consideration of the quality of the sales of the insurance policies, and understanding how artificial intelligence (AI) is used to enhance quality and protect consumers. We are using AI to help assess whether sales are compliant and meet Personal Group standards.
- Oversight of the resolution of actions arising from an external review of our health and safety regime.
- Annual appraisal of the insurance products for value, price and suitability.

As in previous years, the Committee has continued to apply its mind to the risk logs both in terms of completeness and how risks are optimised. The Committee has also worked closely with the Audit Committee to ensure that the Committees neither duplicate work nor allow things to slip between the gaps. All directors are members of risk committee. We believe the size of Personal Group is such that we get a better result by organising ourselves this way.

* Paula Constant was appointed as Chief Executive, and replaced Deborah Frost, on 1 August 2023.

Principle 5

Maintaining the Board as a well-functioning, balanced team led by the Chair

The board comprises the Non-Executive Chairman, three Independent Non- Executive Directors, one Non-Independent Non-Executive Director, the Chief Executive, Chief Financial Officer, and the Company Secretary. The Board is confident that the Group is well placed to realise the long-term benefits of the sizeable and growing market opportunity that is emerging for employee benefits and wellbeing services. The foundations of the business are strong, with the investments in the business made in recent years building a solid platform for growth.

The Group maintains, and is satisfied that, the Board has a suitable balance of independence and knowledge, with Directors encouraged to challenge all matters. The Board meets regularly, with a formal schedule of matters for its approval. The Board is supported by regular engagement with the Senior Leadership Team, and a system of formal Board committees. Directors are required to devote sufficient time to carry out their role.

The Group has established four committees with the mix of appropriate skill sets. These include an Audit Committee, a Remuneration Committee, a Risk and Compliance Committee, and a Nominations and Senior Managers and Certification Regime Committee. (See Principle 9 for more information).

Board changes in 2023

- Paula Constant, Chief Executive Officer, was appointed 1 August 2023.
- Deborah Frost retired 31 December 2023.

Board composition

Diversity

We fully support diversity as an important contribution to good quality decision-making and innovative thinking. Diversity has many dimensions and we particularly value diversity of thought, which in turn is assisted by diversity of background and experience, as well as gender and ethnicity. We already have on our Board a diversity of genders, skills, experiences, personalities, and cognitive approaches. Across the business, teams are diverse with an even split of males and females in management positions. However, we are conscious that our senior leadership population does not currently reflect the broader ethnic mix of our employees and our customers and we will seek to address this. We continue to review how we can further broaden our approach, encouraging diversity and inclusion throughout the Board and the business.

The composition of our Board is carefully selected to ensure a diverse and varied set of skills, cultures, experiences and knowledge to promote success within the business. We have targets we are working towards to ensure that our Board is diverse and inclusive. We also strive to have equal representation of both executive and non-executive Board members to allow for fair, varied and independent opinion. Board members are elected with a majority vote and have the authority to hire external advisers or consultants without management's approval.

In 2023 we had 43%-female representation on the Board against a sector average of 19% and 57% independent Director representation.

Our Nominations and SM&CR Committee enables us to focus on the composition of the Board, succession planning and allocation of regulated roles and responsibilities under the SM&CR.

Board activity

Performance monitoring

In 2023 we have regularly reviewed our lead indicators and together with a suite of KPIs which sit beneath them to enable us to monitor our performance against our strategy, alongside a standard monthly business review.

The Group regularly reports KPIs around ESG, which were introduced in 2020 and have been continually refined thereafter.

All of these metrics are brought into consideration by the Remuneration Committee for the development of annual bonus schemes and performance targets for the Group's long term incentive plan for the senior leadership team. In order to ensure accountability around the business the ESG KPI's form part of the requirements for bonus payments for PG employees.

Culture and Engagement

Supporting, communicating with and rewarding our own people has remained a key focus this year and we have remained committed to a flexible hybrid working policy to cater for a broad variety of personal preferences and spent time reaffirming our core values as a team.

Our culture and values are also an important part of who we are, during the year the Board has been working on revising the Groups values to reflect the work undertaken in recent years and how the business sees itself moving forward. These revised values are still being finalised and will be announced in due course.

Directors' conflict of interest

The Group has effective procedures in place to monitor and deal with any potential conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to, and, where appropriate, agreed with the rest of the Board on a monthly basis.

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The background and experience of the Board ensure there is an effective and appropriate balance of skills and knowledge. Additional training is provided where needed and the Board members are encouraged to maintain their professional development.

Appointment, removal and re-election of Directors

The Board makes decisions regarding the appointment and removal of Directors, on the advice of the Nominations Committee. There is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for re-election at the AGM immediately following their appointment.

Nominations Committee

The Nominations Committee, assisted by external executive search agencies as required, primarily manages appointments to the Board, but all Board members have the opportunity to meet shortlisted candidates, ensuring a wide range of feedback in the appointment process.

All Executive Directors are engaged on a full-time basis. Non-Executive Directors have letters of appointment stating their annual fee, the minimum required time commitment and confirmation that their appointment is subject to satisfactory performance. Their appointment may be terminated with a maximum of six months' written notice at any time.

The role of the Nominations Committee is to:

- ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and new members of the senior management team;
- provide oversight of Board composition, membership and Board and senior/executive appointments; and
- lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession.

Full details of the Board of Directors can be found on pages 38-39 of the Annual Report and Accounts.

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Board evaluation is the responsibility of the Chairman. Internal Board effectiveness reviews are undertaken yearly, with external independent reviews at least every three years.

Board and Director effectiveness

The Chief Executive receives a formal evaluation of their performance during the year, which is conducted by the Chairman. In addition, the Chief Executive discusses with the Non-Executive Directors the performance of individuals of the Executive team and any changes that she proposes to make to this team. Whilst this activity does not take place formally within the meetings of the Nominations Committee, it does form part of its work in overseeing Executive team development and succession process, and the pipeline of talent available for succession to the Board. The performance of our Board and the Committees is evaluated by the Chair and he has concluded that the Board is functioning well, is dynamic, has a breadth and depth of complementary skills and experience and that there is a strong trust between the Non-Executive Directors and the Executive Directors in the running of the Group.

The annual Board effectiveness assessment is used in the development of Board succession plans. These consider the skills needed on the Board as the business develops, the tenure of existing Board members and their individual performance.

The assessment of the Board's effectiveness asks:

- Does the Board of Directors have the necessary mix of skills and experience to execute and evolve the strategy and business model?
- Do all individuals on the Board work together effectively?
- Does the Board have the right processes and systems to enable successful execution of the strategy?

The Board members have objectives set each year and performance feedback is given to individuals; the Chairman gives feedback to the Independent Non-Executives and the Chief Executive; the Chief Executive gives feedback to the Executive Directors; and the Chair of the Remuneration Committee gives feedback to the Chairman.

Principle 8

Board promotion of corporate culture: How the Board promotes corporate culture based on ethical values and behaviours

The Board believes Group culture is set from the top of the organisation. These values form a core part of how the business is managed, from recruitment to training, and ongoing reward and recognition. During the year the Group has focused on smaller, more frequent, pulse surveys to obtain meaningful colleague insight on key issues. This has allowed more focus on these issues at the point in time it arises and helps to facilitate the co-create approach with our employees supporting our wellbeing and engagement strategy.

People

Employee wellbeing remains a focus for us and we have continued to invest significantly in training and development, as well as providing best-in-class employee benefits, whilst maintaining hybrid work policies in order to create a flexible and collaborative working environment.

Operating ethically is also very important to us and we have training and policies in place including: Treating Customers Fairly and Consumer Duty, Data Protection, Whistleblowing and Anti-Bribery, Financial Crime and Suspicious Activity Reporting. We also have a Modern Slavery policy which covers our policy on human rights, child labour and forced labour. Having set gender and ethnicity representation targets at all levels of the organisation in 2021, we have seen continued progress in 2023 on delivering on these targets.

Employee conduct remains very important as we want to support employees in knowing what is expected of them in terms of behaviours and conduct. There also remains a strong regulatory focus on conduct, from the top down with Senior Management through to employees who interact with customers or can otherwise impact consumer outcomes. The Board continues to uphold and promote good standards of conduct throughout the organisation and all employees receive mandatory training and support to help them understand their obligations.

Reward and recognition

Our ongoing reward and recognition programme, called 'Cheers', seeks to ensure our values are actively and visibly supported at all levels across the business.

Behaviours, conduct and quality metrics form key elements of remuneration and incentives policies and frameworks and for any decisions to increase employees' pay and provide bonus awards.

Wellbeing

We are focused on investing in and improving the wellbeing and overall satisfaction of our own workforce both at and outside of work. Personal Group employee engagement and wellbeing is delivered through our industry leading platform, Hapi and our continued high employee engagement scores reflect our committed and passionate team.

Employees have access to a broad range of best-in-class benefits, including private medical and travel insurance, access to an online GP, options to buy and sell holiday allowances, death in service, long service rewards, access to an Employee Assistance

Programme and discounted gym memberships.

The Group pays all staff above the living wage and delivers a programme of culturally relevant wellbeing initiatives. Alongside flexible working hours we have a hybrid working policy in place.

The health and safety of our employees remains a top Board priority and is the responsibility of the Chief People Officer at Executive level. Regular audits of policies, procedures and ways of working are completed with assistance from external specialists.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is collectively responsible for the long-term success of the Group and for setting and executing the business strategy. It fulfils this responsibility through Board and other Committee meetings held regularly throughout the year. The meetings held in 2023 for the Board and other Committees can be seen on pages 36 of the Annual Report and Accounts. Occasionally there may be additional meetings scheduled if required by the business.

The Board and its Committees receive appropriate and timely information prior to each meeting from the Senior Leadership Team (SLT) and a formal agenda is set for each meeting. We also make use of a 'Forward Agenda' that seeks to ensure that the Board consider all appropriate subjects, to ensure that operational pressures do not overshadow strategic considerations. Any Director may challenge Company's proposals and decisions are taken democratically after discussion. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Group SLT.

The Role and Responsibilities of the Chair

The role of Chair is to lead the Board and ensure that the Board is performing its role effectively. This means ensuring the Directors have the capacity, ability, structure, diversity and support to respond to the opportunities being created. The Chair also has responsibility for ensuring the robust governance of the Group through challenge and direction of the Senior Leadership Team, seeking to maintain high standards of corporate governance whilst still achieving the Company's strategic aims.

The Role and Responsibilities of the Chief Executive

The Chief Executive is responsible for growing the business of the group and leading it, in conjunction with the Board, to develop and deliver both the strategy and business model, thereby creating shareholder value. Additionally, they will lead the development and subsequent embedding of the Group culture and standards.

The Role of the Audit Committee

The primary role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the internal controls as well as oversight of the internal and external audit functions.

The Audit Committee comprises the independent Non-Executive Directors and meets at least twice a year. Current Committee members include:

Bob Head (Chair)
Martin Bennett
Maria Darby-Walker
Ciaran Astin

Two formal meetings were held during 2023 and all Committee members were in attendance. Additionally, the remaining Board members, Head of Risk and Company Secretary were present at all meetings.

The meetings of the Committee are designed to facilitate and encourage communication among the Committee, the Group, the Group internal audit function and the appointed external auditor. A full report on the work of this committee can be found on pages 41-43 of the Annual Report and Accounts.

The Role of the Remuneration Committee

The Committee's role is to align our reward strategy with the delivery of profitable and sustainable growth for the benefit of all our stakeholders.

The Remuneration Committee comprises the independent Non-Executive Directors. Current Committee members include:

Maria Darby-Walker (Chair)
Martin Bennett
Bob Head
Ciaran Astin

The Chief Executive, Chief People Officer, Company Secretary and any non-Independent Non-Executive Directors may be invited to be in attendance.

The Remuneration Committee operates within defined terms of reference, which were last updated in 2023. It met three times in 2023, with ad hoc calls taking place when required.

The primary purpose of the Remuneration Committee is to review and make recommendations regarding the remuneration policy for the Group, specifically regarding the Group's framework of Executive Remuneration.

The Committee's overall objective is to align reward for the Executive Team with the delivery of profitable sustainable growth through the Group's remuneration framework. A full report on the work of this committee can be found on pages 44-47 of the Annual Report and Accounts.

The Role of the Risk and Compliance Committee

The Committee's role is to oversee compliance with regulatory requirements, assess the effectiveness of the Group's risk management framework and to set the group's risk appetite.

The Committee's membership comprises all Board members. The Head of Risk and Company Secretary also attend each meeting.

The Committee is responsible for managing and monitoring the risks and threats to the strategic objectives of the group, set the risk appetite for the Group, monitor and review the impact of business decisions upon the Group's risk profile and manage and monitor compliance with Prudential Regulation Authority and Financial Conduct Authority requirements and other appropriate regulations which impact the Group.

A full report on the work of this committee can be found on page 40 of the Annual Report and Accounts.

Nominations and Senior Managers and Certification Regime Committee

The objective of the Nominations Committee is to recommend for selection by the full Board, Director nominees and to ensure compliance with the requirements around Senior Managers and Certification Regime (SM&CR).

The Remuneration and Senior Managers and Certification Regime Committee comprises of the independent Non-Executive Directors. The current Committee members are:

Martin Bennett (Chair)
Maria Darby-Walker
Bob Head
Ciaran Astin

The CEO, Non-Independent NEDs, Chief People Officer and Company Secretary are normally present at meetings.

The Committee met once in 2023 with all members in attendance.

A full report on the work of this committee can be found on pages 48-49 of the Annual Report and Accounts.

Matters reserved for Board approval

The Board is collectively responsible for the long-term success of the Group and for setting and executing the business strategy. In addition, it will oversee the financial reporting and controls, agree resolutions to be put forward to shareholders at a general meeting, appoint members of the Board and their committees, agree to changes to structure & capital and approve the remuneration of Directors and Senior Executives.

Full details of the members within each committee are available in the Annual Report.

Principle 10

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group communicates through a variety of regular digital and traditional communications. These include face-to-face and virtual meetings, the Annual Report and Accounts, interim results, investor news, announcements and information provided on the Group website.

Investors

Through our investor relations programme which includes regular updates, meetings, roadshows and our Annual General Meeting we ensure that shareholders views are brought into the Boardroom and considered in our decision making.

Employees

We have an open, collaborative, and inclusive management structure and engage regularly with our employees. We do this through an appraisal process, structured career conversations, employee surveys, our Hapi benefits platform and company presentations, as well as away days. We remunerate with market-based pay, rewards and benefits, and our employee engagement scores reflect our committed and passionate team.

Clients

We engage and build our relationships with our customers and clients in several ways, from face-to-face interactions, and more recently implemented virtual visits, to holding industry and other business forums and producing white papers on topics that are relevant for their business. We also recognise the importance of system security for our customers and their employees and hence our business is ISO 27001 accredited across the whole Group and ISO 9001 covering the Employee Benefits Platform operated by the Group.

END

This statement will be reviewed on an annual basis in line with the compilation of the Annual Report and Accounts.