

***DAS Legal Expenses Insurance Company Limited's Section 172(1) Statement for
the year ended 31st December 2023***

The below Section 172 (1) Statement was approved by the Board of DAS Legal Expenses Insurance Company Limited ('the Company') on 27 March 2024 for disclosure on the Company's website in respect of the 2023 year-end.

Section 172(1) statement

The Directors of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006, which is summarised as follows:

A director of a company must act in the way they consider, 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:

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

All members of the Board are subject to the requirements of the Senior Managers and Certification Regime ('SMCR'). The aim of the SMCR is to reduce harm to consumers and strengthen market integrity by setting new standards of personal conduct for everyone who works in financial services, and by making senior people in firms more responsible and accountable for their conduct, actions and competence. The Board are subject to SMCR requirements including, but not limited to, the Conduct Rules, fit and proper assessments and regulatory referencing.

The following paragraphs summarise how the Directors fulfil their duties:

Consequences of any decisions in the long-term

Each year, the Board undertakes a review of the Company's strategy. Once approved by the Board, the strategy forms the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of these decisions in the long term, and its long-term reputation.

The DAS UK Group Chief Executive Officer is responsible for delivering the plans and strategy agreed by the Board, with authority delegated to executive managers but subject to all decisions being made on the basis of the values and standards mandated.

The importance of Legal Expenses Insurance (LEI) to both consumers and Business Partners continues to be high, with the expectation that demand for legal and assistance services will continue to grow. DAS UK Group ('DAS UK') is well-positioned to take advantage of this demand given four key factors:

- Its experience and knowledge in underwriting LEI;
- Its focus & capability in relationship management, which support a wide network of business partners and distributors;
- Its understanding of the legal landscape and ownership of the end-to-end customer journey through owning a law firm (DAS Law Limited); and
- Its network and interconnectivity with quality delivery partners.

The Company developed a four-year plan (2024-2027) ('the Plan') outlining the development of its business based on this strategy. The Plan forms the basis of forward-looking assessments of the Company's risk and solvency positions taking into account investment to transform its capabilities in a number of key areas. Within the Plan period, the Company aims to:

- Use technology and data to enable better delivery of services to meet the needs and expectations of customers, whilst improving business efficiency and effectiveness.
- Optimise its organisational design and policies, in particular the use and throughput of DAS Law Limited.
- In line with Consumer Duty, increase the utilisation of LEI by increasing customer value through increased scope of services and risk coverage, whilst improving their awareness and understanding of LEI, and providing adequate support.
- Apply rigorous focus to indemnity, including leveraging data and technology, to control the cost of claims to the benefit of everyone.

As the Company is an insurer it is authorised by the Prudential Regulation Authority ('PRA') and regulated by the PRA and Financial Conduct Authority ('FCA') and is subject to Solvency II regulations, the Company is therefore required to gain a full understanding of all of its risks and put in place a robust risk management and governance system which continually evolves. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of DAS UK, details of which can be found in its governance framework below.

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the achievement of strategic objectives, including the delivery of good customer outcomes, and operational financial performance targets. Management recognises the critical importance of maintaining efficient and effective risk management systems.

The Company has a dedicated Risk Management function with clear mandate from the Board of Directors and its committees. This is supplemented with a suite of risk policies, a clear organisational structure and documented delegated authorities and responsibilities for the executive management committees and senior managers.

The Company manages its business risks and uncertainties using an Enterprise Risk Management Framework ('ERMF') which, through the Governance structure of the Company, implements risk identification, assessment, management and Reporting to the Board and its sub-committees. The EMRF includes the following key components:

- Risk Culture;
- Risk Governance (based upon "three lines of defence" principles);
- Risk Strategy;
- Risk Appetites;
- Policy Framework; and
- Risk Cycle (Risk Identification, Risk Assessment & Measurement, Risk Steering, Risk Monitoring & Reporting).

The Company continues to strengthen and embed the components of the ERMF to ensure they are aligned with evolving regulatory requirements. Management efforts remain focused on close alignment of the risk management strategy and the strategic direction and intent of the Company. Risk appetite statements, along with a consistent risk appetite framework, have been embedded to prompt open, transparent discussions about risk and to be used as a mechanism for action to manage exposures. The Company continuously develops its capabilities for the identification and management of strategic, business and environmental as well as emerging risks.

There is a continued focus on a robust risk culture across the organisation. A programme of risk management education that supports adoption and embedding of the ERMF is in place and is under continuous development.

Interests of the Company's employees

There are no individuals employed directly by the Company; all personnel are employed by a fellow subsidiary. Disclosures relating to employees can be found in the Financial Statements of the sister company, DAS Services Limited.

Business Relationships

The Company's strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, it needs to develop and maintain strong client relationships. It values all suppliers and has multi-year contracts with key suppliers.

DAS UK's reputation with business relationships is critical to the continued success of its business. DAS UK has set an appetite for threats to its reputation. In particular it takes appropriate measures to uphold the expectations of its key stakeholder's, including business partners and customers; current and future employees; regulators; HM Revenue and Customs; shareholders; and group partners.

Community and Environment

The Company's approach is to use its position of strength to create positive change for the people and communities with which it interacts. It wants to leverage its expertise and enable colleagues to support the communities around it.

DAS UK is committed to doing the RIGHT thing for its customers, business partners, employees, community and environment. Its RIGHT values underpin everything that it does and are the foundation to its great company culture. These values are: **Respect, Improve, Go the Extra Mile, Honesty and Think Customer.**

Corporate Social Responsibility ('CSR') is an important part of the Company's culture, identity and business practice. DAS UK strives to play an active and beneficial role in the communities within which it operates through charitable donations and fundraising, community work and education partnerships. The Company supports an active CSR forum, with representation from employees at all locations, which is responsible for overseeing the approach to charitable giving and organising various fundraising events and activities.

Throughout 2023, DAS UK employees successfully raised and donated over £14,500 to various charities and community projects. DAS UK fundraises for two employee-nominated charities each year as well as supporting other employee-nominated charities through the 'Monthly Pot'. In 2023, DAS UK focused its support on The Trussell Trust and The Green House who each received the employee charitable donations for the relevant 6 months.

Employees are also invited to apply for the company-funded 'Monthly Pot' by filling out a request form detailing the charity that they would like to support; and throughout 2023 the Company provided donations to 12 different charities and community projects.

DAS UK is committed to helping to mitigate the effects of climate change by donating 70% of the Company's charitable donations to charities with an environmental focus. At the start of each year, the We Care forum comes together to discuss a variety of charities that meet these requirements and identify between three and five to receive a split of this 70% of the total annual contribution. In 2023, the charities we supported were:

- Wildscreen;
- The Wildlife Trust of South and West Wales;
- Bumblebee Conservation Trust; and
- Committee Against Bird Slaughter (CABS).

All DAS UK employees are entitled to one volunteering day per year, to use alongside their annual leave allowance; this highlights and encourages the importance of giving back to local communities. Some of the volunteering days were used to:

- garden the surrounding areas and care for the animals at Holly Hedge;
- litter picking across the Bristol City Council area;
- gardening support at Ardagh Community Trust;
- support at a dementia awareness event including welcoming people with dementia and their carers and serving drinks and cakes at Bristol Dementia Action Alliance; and
- complete a fundraising walk on the trails at Cheddar Gorge for The Trussell Trust.

For 18 years, DAS UK have supported Glenfrome Primary School with a volunteering scheme, Better Reading Partnership. This gives employees the opportunity to improve the reading capabilities of children who are underperforming.

DAS UK recognises the value of employee development, involvement and opportunity. The adoption of ‘best-practice’ policies and procedures ensure it is an employer of choice. As well as regular internal learning and development opportunities, DAS UK sponsored a large number of employees to gain external development including apprenticeships and professional memberships. Internal progression is actively encouraged and all managers are trained on their role and responsibilities in developing their teams. DAS UK continues to run five employee-led inclusion networks, working to raise awareness and improve processes focussed on creating a sense of belonging for all employees. DAS UK continues to leverage the learnings it gains by signing up to several charters, including “Women in Finance”, “Women in Law”, “Race at Work Pledge” and “Stonewall Diversity Champions”.

DAS UK champions employee health and wellbeing through the in-house WellWise banner, which offers regular free fresh fruit for all employees and discounted gym membership. The Employee Assistance Programme (‘EAP’) also provides all employees and their families access to practical information, and confidential emotional support 24 hours a day, seven days a week. The Mental Wellbeing at DAS UK Group programme includes a number of qualified Mental Wellbeing Champions across the business. A mental wellbeing DASNet page exists to provide employees and managers with access to related information, support and benefits. A mental health training module is in place for all employees to access on the ‘Learn at DAS’ portal. The Company is a proud signatory to the ‘Time To Change Employer Pledge’ – demonstrating its commitment to change the way people think and feel about mental health.

The Mental Wellbeing Champions continue to run regular drop-in sessions allowing honest, supportive discussions around mental health helping to break the stigma and sign-post support.

The Company recognises its responsibility to the continual improvement of its environmental performance and sustainable development, and aims to achieve environmental best practice throughout its operations. This is also a focus of the CSR and the Health & Safety forums.

In 2023, the Facilities department investigated the installation of solar panels for the Bedwas Office and installing electric car charging ports at Trinity Quay. These projects will be implemented in our Carbon Reduction plan, with plans to complete by 2025. The Company also completed its Print Queues project which will reduce the amount of paper being consumed.

In 2022 our Bedwas office was renovated, with sustainability featuring heavily in the redesign of the space including the decommissioning of the diesel-fired generator, installation of modern air conditioning and the purchase of furniture which contained ethically produced wood.

Business Conduct

The Company is regulated in terms of its conduct by the FCA. A Senior Manager has responsibility for the firm's performance of its obligations under the Code of Conduct ('CoCON') Chapters in the FCA Handbook. Furthermore, there is a Conduct and Compliance Committee that reports into the Board, its responsibilities include the implementation of DAS UK's compliance framework within the Regulatory Risk Appetite set by the Board and the establishment and oversight of Conduct risk management practices. During the period the Munich Re Code of Conduct was in force for the Company, under which all employees, including Directors, were required to complete regular training and awareness activity.

Acting fairly

The Company only has one shareholder, its intermediate parent undertaking, DAS UK Holdings Limited. The Company's parent company and the wider Group of companies of which it is a part are considered in business decisions, although all members of the Board recognise their duty to the Company.