

POLICY SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

SECTION 172(1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Section 172 requires a director 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 our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our key stakeholders. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

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The Company's stakeholders are entirely aligned with the key stakeholders of the wider St. James's Place Group, being shareholders, Partners, employees, clients and society (represented by a number of groups including government, regulators, suppliers and the wider community), although some of those are more prominent for us as a subsidiary than others. The Group as a whole is focused on ensuring value is generated and preserved over the long-term for all of its stakeholders and the core of our strategy is the long-term relationship St. James's Place and the Partnership have with our clients. This is what ultimately drives long-term value for shareholders and other stakeholders and could not be achieved if we did not seek to maintain a reputation for high standards of business conduct.

Authority for day-to-day management of this Company and the Group's other wholly-owned subsidiaries is delegated to executives. The boards of each company then engage management in setting, approving and overseeing execution of the business strategy and related policies, where relevant to that company. Throughout the year we, as a Board, review matters such as financial and operational performance, key risks, governance and regulatory compliance and the impact of decisions and policies affecting our key stakeholders.

The views of and the impact of the Company's activities on the key stakeholders are an important consideration for the Directors when making relevant decisions. Our governance framework is designed to provide opportunities for the Board to consider and discuss reports and papers that require decision making, which are sent in advance of each periodic Board meeting. The information contained therein, together with presentations to the Board, provide the insight necessary to understand the interests and concerns of key stakeholders and other relevant factors when making decisions. An example from 2023 that illustrates how this has contributed to our compliance with our section 172 duty to promote the success of the company is set out below.

Example

Clients,
regulators

Consideration

As part of the work required under Consumer Duty, the Company completed a detailed and broad review of processes and practices, ensuring that they were clearly focused on the delivery of good customer outcomes, and avoiding foreseeable harm. The Board provided initial direction on this work and challenged outputs. This resulted in the creation of a Consumer Duty Committee, a formal sub-committee of the Board, to help ensure that the Company continues to drive good customer outcomes in the future.

While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that generally our stakeholder engagement best takes place at an operational or Group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual Company.

For details of the engagement with the Company's stakeholders that helps the Directors to understand the issues to which they must have regard, please see the Section 172(1) Statement in the St. James's Place plc 2023 Annual Report and Accounts.