



CORPORATE GOVERNANCE

Malmö, Scania, Sweden



94	Board profile and board of directors
96	Governance overview by the Chair
98	Corporate Governance Report
103	Nomination & Governance Committee Report
105	Directors' Remuneration Report
120	Audit & Risk Committee Report
128	Directors' Report
131	Directors' Responsibilities Statement

BOARD PROFILE AND BOARD OF DIRECTORS

The role for the Chesnara board of directors is to establish the purpose, values and strategy of the group and provide leadership to maintain high standards of corporate governance and behaviour throughout all levels of the organisation.

The diversity of skills, knowledge and experience of our board members ensures that we continue to deliver against our strategic objectives. The board knowledge, skills and experience summary on page 95 indicates the core competencies that have been identified as being key to the board discharging its responsibilities and shows the collective score of the current board.

The biographies below show the specific areas of specialism each board member provides, with each letter correlating to the competency matrix detailed as part of the knowledge, skills and experience summary on page 95. Where a board member has a competency in blue, this indicates a primary specialism. A light grey colour indicates that this competency is a secondary specialism for that board member.

THE BOARD

LUKE SAVAGE CHAIR

Non-Executive Chair of the board, Luke is responsible for the leadership of the board, setting the agenda and ensuring the board's effectiveness in all aspects of its role.

Appointment to the board: Appointed to Chesnara plc board and as Chair in February 2020.

Committee membership: Nomination & Governance (Chair to 31 December 2021) and a member of the Remuneration Committee (from February 2020). Attends the Audit & Risk Committee by invitation.

Current directorships/business interests:

- Numis Corporation plc, Chair

Skills and experience: A B C D E F G H I J L M

STEVE MURRAY GROUP CHIEF EXECUTIVE OFFICER

Appointment to the board: Appointed as a director of Chesnara on 2 August 2021 and as Group CEO on 19 October 2021.

Career, skills and experience: Steve joined Chesnara from Royal London where, as part of their Group Executive Committee, he was Chief Commercial Officer with group-wide accountability for M&A and Strategy, Transformation and Analytics & Insight, as well as accountability for its legacy business and the take to market activity across the UK insurance and savings business. He was also a director of Royal London Asset Management. Prior to that he spent 15 years at Standard Life across a variety of roles, seeing it through demutualisation and IPO before leading Group M&A and strategy. He then worked in Standard Life's UK & European insurance business initially as CEO of 1825 financial planning before becoming MD Commercial & Strategy. After leading the first phase of the separation of the UK & European insurance business to Phoenix, he was appointed as Deputy Head of the Private Market division in Aberdeen Standard Investments. Steve started his career with EY.

Current directorships/business interests:

- Countrywide Assured Services Ltd
- CASFS Ltd
- Countrywide Assured Life Holdings Limited
- Movestic Livförsäkring AB
- Scildon NV Supervisory Board
- Waard Group Supervisory Board
- Cattanaach – a private charity (Chair)

Skills and experience: A B C D E F G H I J K L M

DAVID RIMMINGTON GROUP FINANCE DIRECTOR

Appointment to the board: Appointed as Group Finance Director with effect from May 2013.

Career, skills and experience: David trained as a chartered accountant with KPMG, has over 20 years' experience in financial management within the life assurance and banking sectors and has delivered a number of major acquisitions and business integrations. Prior to joining Chesnara plc in 2011 as Associate Finance Director, David held a number of financial management positions within the Royal London Group including six years as Head of Group Management Reporting.

Current directorships/business interests:

- Countrywide Assured Services Ltd
- Movestic Livförsäkring AB

Skills and experience: A B C D E F G H I J L M

JANE DALE SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF THE AUDIT & RISK COMMITTEE

Appointment to the board: Appointed to the Chesnara plc board in May 2016 and as Chair of the Audit & Risk Committee in December 2016. Appointed as the board's Senior Independent Non-Executive Director in October 2018.

Committee membership: Audit & Risk (Chair) and Nomination & Governance.

Current directorships/business interests:

- Countrywide Assured plc, Chair of the Audit & Risk Committee
- CASLP Ltd, Chair of the Audit & Risk Committee
- Covea Insurance plc and Covea Life Limited, NED and Chair of the Audit Committee
- Novia Financial plc, NED and Chair of the Audit Committee; and Novia Financial Holdings Limited, NED
- Brown & Brown (Europe) Holdco Limited, and Brown & Brown (Europe) Limited, NED and Chair of the Risk & Compliance Committee and Chair of the Remuneration Committee.

Skills and experience: A B C D E F G H I J K M



BOARD KNOWLEDGE, SKILLS AND EXPERIENCE SUMMARY

KEY	KNOWLEDGE/SKILL/EXPERIENCE	SUMMARY
A	Chesnara company knowledge	● ● ● ● ● ● ● ●
B	Industry knowledge – UK	● ● ● ● ● ● ● ●
C	Industry knowledge – Sweden/Netherlands	● ● ● ● ● ● ● ●
D	Governance – actuarial	● ● ● ● ● ● ● ●
E	Governance – financial	● ● ● ● ● ● ● ●
F	Audit and risk management	● ● ● ● ● ● ● ●
G	Investment management	● ● ● ● ● ● ● ●
H	M&A and business development	● ● ● ● ● ● ● ●
I	Commercial management	● ● ● ● ● ● ● ●
J	Operational change management	● ● ● ● ● ● ● ●
K	Customer operational/management	● ● ● ● ● ● ● ●
L	Information technology	● ● ● ● ● ● ● ●
M	Environmental, social and governance (ESG)	● ● ● ● ● ● ● ●

Annual assessment confirms that our board continues to hold significant experience in the insurance sector and also have a range of specialisms which ensure all aspects of our competency profile are well covered.

KARIN BERGSTEIN INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointment to the board: Appointed to the Chesnara plc board on 14 February 2022.

Committee membership: Nomination & Governance and Audit & Risk.

Current directorships/business interests:

- Movestic Livförsäkring AB, NED
- Van Lanschot Kempen N.V., NED
- Bank Nederlandse Gemeenten N.V., NED
- University Medical Center Groningen, NED
- Bergstein Advies B.V., General Manager
- Foundation for Continuity of NN Group, NED
- Foundation for Preference Shares Wereldhaven, NED

Skills and experience: A B C D E F H I J K L M

CAROL HAGH INDEPENDENT NON-EXECUTIVE DIRECTOR AND DESIGNATED WORKFORCE NED

Appointment to the board: Appointed to the Chesnara plc board on 14 February 2022.

Committee membership: Nomination & Governance and Remuneration.

Current directorships/business interests:

- Countrywide Assured plc, NED
- CASLP Ltd, NED
- Old Game New Rules Ltd, Director and Founder
- Direct Line Insurance Group plc, NED (with effect from 1 April 2024)

Skills and experience: A B C D E F H I J K L M

EAMONN FLANAGAN INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF THE REMUNERATION COMMITTEE

Appointment to the board: Appointed to the Chesnara plc board in July 2020 and as Chair of the Remuneration Committee in January 2022.

Committee membership: Audit & Risk and Remuneration (Chair).

Current directorships/business interests:

- Movestic Livförsäkring AB, NED and Chair of the Audit & Risk Committee
- Movestic Fonder AB, Chair
- AJ Bell, NED
- Randall & Quilter Investment Holdings Ltd (Bermuda), NED

Skills and experience: A B C D E F G H I J K L M

MARK HSKETH INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF THE NOMINATION & GOVERNANCE COMMITTEE

Appointment to the board: Appointed to the Chesnara plc board in December 2018 and as Chair of the Nomination & Governance Committee in January 2022.

Committee membership: Nomination & Governance (Chair) and Audit & Risk.

Current directorships/business interests:

- Countrywide Assured plc, NED
- CASLP Ltd, NED
- Bethany Christian Trust, Treasurer and NED
- Bethany Enterprises Ltd, NED

Skills and experience: A B C D E F G H I J K

GOVERNANCE OVERVIEW BY THE CHAIR

OUR ROBUST GOVERNANCE FRAMEWORK ENABLES US TO EFFECTIVELY **MANAGE RISKS AND OPPORTUNITIES**, AS WELL AS TAKE APPROPRIATE STEPS TO ADDRESS RELEVANT ENVIRONMENTAL AND SOCIAL ISSUES IN A PROPORTIONATE MANNER. **LUKE SAVAGE, CHAIR**



Dear Shareholder

On behalf of the Chesnara board, I am pleased to present our Corporate Governance Report for the year ended 31 December 2023.

Chesnara's Corporate Governance Framework underpins the delivery of sustainable value to our customers and shareholders through effective deployment of our staff and technology, and constructive engagement with our suppliers, partners and regulators. The board drives the group's culture and values by assigning clear roles and responsibilities and setting high expectations of business performance and ethical conduct.

Our robust Governance Framework enables us to effectively manage risks and opportunities, as well as to take appropriate steps to deliver our sustainability agenda.

This section of the Annual Report and Accounts sets out our governance policies and practices and includes details of how the company has applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the 'Code') during 2023.

The board recognises that sustainability and stewardship is central to a company's ability to operate responsibly. The board is also mindful of the critical importance of the interests of its employees, customers and suppliers for the purposes of delivering sustainable performance, whilst engaging constructively with regulators and shareholders to understand and meet their expectations. Details of how we have engaged with key stakeholders and performed our duties under s172 of the Companies Act 2023 are set out on pages 30 to 37 within the Strategic Report.

The board agenda appropriately balances governance, strategy, financial performance and emerging matters in order to promote the success of the company. Each member significantly contributes to board discussions and devotes sufficient time to the board and the effective operation of its committees. There were a number of additional meetings required over the course of 2023 and I am grateful to my fellow board members for making themselves available as and when required.

As announced in December, David Rimmington will not seek re-election at the company's Annual General Meeting (AGM) in May 2024 and will step down as Group Finance Director and as a director of the company at the conclusion of that meeting. I would like to thank David for everything he has achieved over the years as Group Finance Director. During his tenure, the group has consistently increased dividends paid to shareholders whilst maintaining the strength of the balance sheet. David leaves with our best wishes and I now look forward to welcoming Tom Howard as Chief Financial Officer and Executive Director of the company (subject to regulatory approval and appointment at our AGM). Tom is a highly experienced CFO with over 25 years of industry experience and brings with him European actuarial and financial reporting capabilities and a strong track record of leadership in finance, M&A, capital management and business transformation, which I am confident will help to deliver the company's strategy.

No NED chairs the board as well as a board committee nor does any NED chair more than one Chesnara plc board committee. The principles and policies that support the Governance Framework outlined in the group Corporate Governance & Responsibilities Map are designed to encourage high standards of ethical and business conduct and consideration of matters such as diversity. Each of the businesses within the group has continued to make further progress in ensuring that the governance arrangements remain effective, whilst also integrating environmental and social factors within their risk assessment system.

This report summarises the steps the board and its committees have taken to fulfil their governance responsibilities.

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

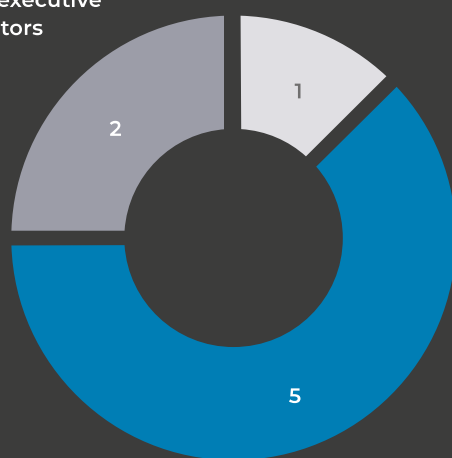
Luke Savage
Chair
27 March 2024

WE ASSIGN CLEAR ROLES AND RESPONSIBILITIES AND SET HIGH EXPECTATIONS OF BUSINESS PERFORMANCE AND ETHICAL CONDUCT.

CHESNARA BOARD COMPOSITION

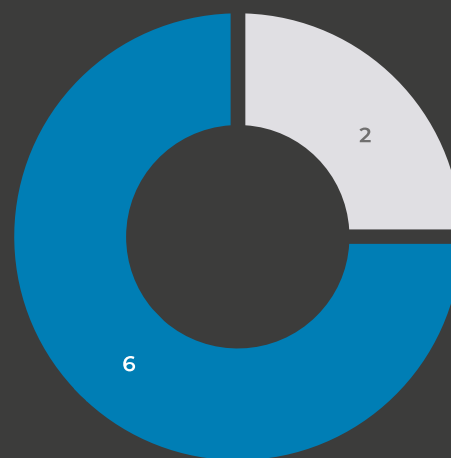


Current balance
of executive and
non-executive
directors



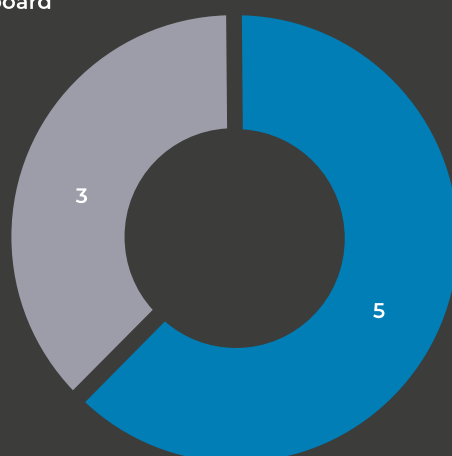
■ Non-executive ■ Executive ■ Chair

Board tenure



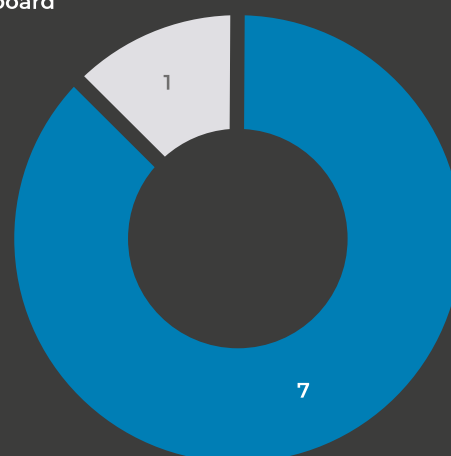
■ 2-6 years ■ Over 6 years

Current gender
diversity of
the board



■ Male ■ Female

Current ethnic
diversity of
the board



■ White ■ Ethnic minority

CORPORATE GOVERNANCE REPORT

The group's Governance Framework has continued to operate effectively in 2023, allowing the company to respond to the needs of its stakeholders and the evolving market conditions in which it operates.

Compliance with the Code

The company has complied throughout the year with all of the relevant provisions of the Code. The UK Corporate Governance Code is available at www.frc.org.uk. The table below provides an overview of the company's compliance with each of the five sections of the Code.

Code section	Question
Board leadership & company purpose	<p>Details of how the opportunities and risks to the future success of the business have been considered and addressed and the sustainability of the company's business model are set out in the Strategic Report (pages 24 to 91).</p> <p>Details of stakeholder engagement (including engagement with major shareholders) and details of how stakeholders' interests are considered in board discussions and decision making are set out on pages 32 to 37 of the Strategic Report.</p> <p>Details of how our board monitors culture through our Workforce Engagement NED and details of our Whistleblowing Policy are set out on page 74 of the Strategic Report.</p> <p>Details of how potential conflicts of interest are managed are included on page 100 of this Corporate Governance Report.</p>
Division of responsibilities	<p>The division of responsibilities on the board and details of directors' independence is set out on page 99 of this Corporate Governance Report.</p> <p>Time commitments of the board and 2023 board and committee meeting attendance is set out on page 101 of this Corporate Governance Report.</p>
Composition, succession and evaluation	<p>The composition and skills, experience and knowledge of the board is detailed on page 95 of this Corporate Governance Report.</p> <p>Details of the annual evaluation of the performance of the board, its committees, the chair and individual directors are set out on page 100 of this Corporate Governance Report.</p> <p>The composition, roles and responsibilities and activities of the Nomination & Governance Committee are set out on pages 103 and 104 of the Nomination & Governance Committee Report.</p>
Audit, risk & internal control	<p>The composition, roles and responsibilities and activities of the Audit & Risk Committee are set out on pages 120 to 127 of the Audit & Risk Committee Report.</p> <p>Details of the board's assessment of the company's principal risks are set out on pages 63 to 70 of the Strategic Report and details of the board's assessment of the company's risk management and internal control system are set out on page 102 of this Corporate Governance Report.</p> <p>Please also see the Directors' Report (including the Going Concern Statement) (pages 128 to 130) and the Viability Statement (page 60) for details of the board's assessment of the company's position, business model, strategy, and prospects.</p>
Remuneration	<p>The composition, roles and responsibilities and activities of the Remuneration Committee are set out on page 108 of the Directors' Remuneration Report.</p> <p>Pages 105 to 119 of the Directors' Remuneration Report sets out details of remuneration policies and practices and how these have been applied in determining director and senior management remuneration.</p>

The board

At 31 December 2023, the board comprised of a non-executive Chair, five other non-executive directors and two executive directors.

Biographical details of current directors are given on pages 94 and 95 and a board profile, which assesses the core competencies required to meet the group's strategic objectives, is provided on page 95. The board, which plans to meet at least seven times over the course of 2024, has a schedule of matters reserved for its consideration and approval. These matters include:

- corporate strategy and business plan;
- major acquisitions, investments and capital expenditure;
- financial reporting and controls;
- Dividend Policy;
- capital structure;
- board and board committee composition and appointments;
- appointments to the board and board committee membership;
- appointment or removal of the Company Secretary; and
- of the Remuneration Policy for board directors and senior executives.

To support effective escalation from the company's major regulated subsidiary boards, members of the company's board also serve on key subsidiary boards and committees across Chesnara's business divisions. Specifically:

- (i) three directors of the company were also directors of Countrywide Assured plc and of CASLP Ltd during the year, those being Jane Dale, Mark Hesketh and Carol Haghy;
- (ii) four directors of the company, being Karin Bergstein, Luke Savage, Mark Hesketh and Steve Murray, were also directors of Chesnara Holdings BV, which is in liquidation as of 15 January 2024;
- (iii) four directors of the company, being Karin Bergstein, Eamonn Flanagan, Steve Murray and David Rimmington, were also directors of Movestic Livförsäkring AB throughout 2023; and
- (iv) Steve Murray was also a director of the Scildon and Waard supervisory boards throughout the year.

Under local legislation or regulation for all divisions of the group, the directors have responsibility for maintenance and projections of solvency and for assessment of capital requirements, based on risk assessments, and for establishing the level of long-term business provisions, including the adoption of appropriate assumptions. The Prudential Regulation Authority is the group supervisor and maintains oversight of all divisions of the group through the college of supervisors.

The responsibilities that the board has delegated to the respective executive management teams of the UK, Dutch and Swedish businesses include: the implementation of the strategies and policies of the group as determined by the board; monitoring of operational and financial results against plans and budget; prioritising the allocation of capital, technical and human resources and developing and managing Risk Management Systems.

The roles of the Chair and Group Chief Executive

The division of responsibilities between the Chair of the board and the Group Chief Executive is clearly defined and has been approved by the board. The Chair leads the board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the board and availability of timely information, ensuring its effectiveness, encouraging challenge from non-executive directors and setting its agenda. The Chair has no day-to-day involvement in the management of the group. The Group Chief Executive has direct charge of the group on a day-to-day basis and is accountable to the board for the strategic, financial and operational performance of the group.

Senior Independent Director

Jane Dale, who has been a non-executive board member since May 2016, was appointed as the Senior Independent Director in October 2018. The senior independent director supports the Chair in both the delivery of the board's objectives and in ensuring that the view of all shareholders and stakeholders are conveyed to the board. Jane is available to meet shareholders on request and to ensure that the board is aware of shareholder concerns not resolved through the existing mechanisms for shareholder communication. The senior independent director also meets with the non-executive directors, without the Chair present, at least annually, and conducts the annual appraisal of the Chair's performance and provides feedback to the Chair and the board on the outputs of that appraisal.

The following statement, together with the Directors' Remuneration Report on pages 105 to 119, the Nomination & Governance Committee Report on pages 103 and 104, and the Audit & Risk Committee Report on pages 120 to 127, describes how the principles set out in the UK Corporate Governance Code 2018 (the 'Code') have been applied by the company and details the company's compliance with the Code's provisions for the year ended 31 December 2023.

Directors and directors' independence

During 2023 a review was conducted to assess the independence of the board as a whole when set against a matrix of key measures set out in the Code. The table below shows the results of that review under the Code Provisions 11, 12 and 17 and Principle G.

Code consideration Provision 11 & 12	Principle G	Provision 17
<p>1. Are at least half the board, excluding the chair, NEDs whom the board considers to be independent? YES</p> <p>2. Has the board appointed one of the independent NEDs to be the senior independent director (SID) to provide a sounding board for the chair and serve as an intermediary for the other directors and shareholders? YES</p>	<p>3. Does the board include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision making? YES</p> <p>4. Is there a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business? YES</p>	<p>5. Has the board established a Nomination Committee to 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? YES</p> <p>6. Are a majority of members of the Nomination Committee independent NEDs? YES</p> <p>7. Is the Nomination Committee chaired by an individual other than the chair of the board when it is dealing with the appointment of their successor? YES</p>

The review went further and, based on Code Provision 10, assessed each NED against a list of ten Yes/No questions, where, for each, a 'No' is determined to be a positive assessment of independence. The table below shows the results of that review:

Questions: Has the non-executive director?	LS	JD	EF	MH	CH	KB
1. Been an employee of the company or group within the last five years?	No	No	No	No	No	No
2a. Had within the last three years, a material business relationship with the company: Directly?	No	No	No	No	No	No
2b. Had within the last three years, a material business relationship with the company: As a partner, shareholder, director or senior employee of a body that has such a relationship with the company?	No	No	No	No	No	No
3. Received additional remuneration from the company apart from a director's fee?	No	No	No	No	No	No
4. Participated in the company's share option or performance-related pay scheme?	No	No	No	No	No	No
5. A member of the company's pension scheme?	No	No	No	No	No	No
6. Got close family ties with any of the company's advisors, directors or senior employees?	No	No	No	No	No	No
7. Held cross-directorships or had significant links with other directors through involvement in other companies or bodies?	No	No	No	No	No	No
8. Represented a significant shareholder?	No	No	No	No	No	No
9. Served on the board for more than nine years from the date of their first appointment?	No	No	No	No	No	No

As a result of this review the board considers that all non-executive directors were independent during the year under review.

The board has no familial relationship with any other member of the board or senior management team.

Other than their fees, and reimbursement of taxable expenses, which are disclosed on page 109, the non-executive directors received no remuneration from the company during the year. The directors are given access to independent professional advice, at the company's expense, when the directors deem it necessary in order for them to carry out their responsibilities. Independent professional advice of this nature was drawn upon with regard remuneration matters. This has been disclosed on page 108 in the Remuneration Report.

The board is satisfied that its overall balance continues to provide significant independence of mind and judgement and further considers that, taking the board as a whole, the independent directors are of sufficient calibre, knowledge and number that they are able to challenge the executive directors, their views carry significant weight in the company's decision making and bring diverse cultural and territory insight and skills.

CORPORATE GOVERNANCE REPORT

Professional development

The directors were advised, on their appointment, of their legal and other duties and obligations as directors of a listed company. This has been supplemented by the circulation to each director of their responsibilities and duties as contained within the group's Corporate Governance & Responsibilities Map. Throughout their period in office, the directors have, through the conduct of business at scheduled board meetings and training, been updated on the group's business and on the competitive and regulatory environments in which it operates. The directors are committed to their own ongoing professional development and the Chair discusses training with each non-executive director at least annually. All directors are encouraged to suggest training topics of interest. In 2023, specific board awareness and deep-dive sessions took place on corporate reporting under IFRS 17 Sustainability and key jurisdictional market trends. Each member of the board served on one or more subsidiary board during the period under review, through which they have considerable knowledge and experience of the divisional businesses across the group.

Information

Regular reports and information are circulated to the directors in a timely manner in preparation for board and committee meetings.

As stated above, the company's directors are also members of various boards of key subsidiaries within the UK, Dutch and Swedish divisions. These boards hold scheduled meetings, at least quarterly, which are serviced by regular reports and information, covering all of the key areas relevant to the direction and operation of those subsidiary entities, including business development, key projects, financial performance and position, actuarial assumptions setting and results analysis, compliance, investments, information technology and security, operations, customer care and communication, internal audit, all aspects of the Risk function and own risk and solvency assessment.

Key divisional subsidiaries monitor risk management procedures, including the identification, measurement and control of risks through the auspices of a risk committee. These committees are accountable to and report to their boards on a quarterly basis.

Annual reports are produced which cover an assessment of the capital requirements of the life assurance subsidiaries, their financial condition and a review of risk management and internal control systems.

Also, the divisions are required to submit a quarterly risk report and an annual report on risk management and internal control systems. In addition to these structured processes, the papers are supplemented by information which the directors require from time to time in connection with major events and developments, where critical views and judgements are required of board members outside the normal reporting cycle.

Board effectiveness and performance evaluation

As part of the annual performance, an internal effectiveness evaluation of the board and each of its committees was undertaken in the latter part of 2023.

This was through directors completing an anonymous questionnaire followed by individual meetings between the Chair and each director to obtain their views on what was working well and what could be improved. Individual director performance and time commitment to the board was considered as part of these meetings.

The questionnaire covered wide-ranging matters, including how well the board operates, the process of decision making, the balance between the focus on risk, good customer outcomes and running the business, the culture and dynamics of the board ensuring its composition and that of its committees are aligned. In addition, using similar methods to those described above, the non-executive directors, led by Jane Dale as Senior Independent Director under a separate process, contributed to a formal performance evaluation of the Chair.

The outcome of the reviews of the board and its committees indicated that they continue to be effective. The evaluation of directors' performance concluded that each of the directors demonstrates commitment to their role and dedicates sufficient time to effectively discharge their responsibilities to the company.

The review indicated that information provided to the board is clear and focused and that the board operates in an open and constructive manner. Continuous progress on the company's long-term strategy and ensuring appropriate time is allocated to this continues to be a focus for the board in 2024. Similarly, having overseen a number of changes to the executive team in 2023 (detailed on page 103 of the Nomination and Governance Report), talent and succession planning remains a focus for 2024 in order to ensure the group is well placed to meet its strategic ambitions.

The evaluation findings were presented back to each committee and formally approved on that basis before each committee then confirmed to the board that it continued to operate effectively.

Directors' conflicts of interest

The board has a policy and effective procedures in place for managing and, where appropriate, approving conflicts or potential conflicts of interest. This is a recurring agenda item at all board meetings, giving directors the opportunity to raise any conflicts of interest they may have or to update the board on any changes to previously lodged interests. A director may be required to leave a board meeting whilst such matters are discussed.

The Company Secretary holds a register of interest, and a log of all potential conflicts raised is maintained and updated. The board is empowered to authorise potential conflicts and agree what measures, if any, are required to mitigate or manage them. No material conflicts of interest were noted in 2023.

Whenever a director takes on additional external responsibilities, the Chair considers any potential conflicts that may arise and whether or not the director continues to have sufficient time to fulfil their duties. There were considered to be no such concerns in 2023.

Customer/third-party conflicts of interest

The board has a policy in place to manage customer and third-party conflicts of interest. This policy sets out how the company and its regulated subsidiaries manage conflicts of interest fairly, both between the relevant company and its customers, between groups of customers and between customers, suppliers and shareholders.

No material conflicts of interest were noted in 2023.

THE BOARD OF DIRECTORS RECEIVE REGULAR UPDATES AS WELL AS SPECIFIC SPECIALIST AND REGULATORY TRAINING.



Employee engagement

Hybrid working arrangements are in place across the group to the extent appropriate to each territory and business unit. This hybrid flexibility has enabled the group to attract candidates to new roles that otherwise might not have considered its main office locations.

The board has a standard agenda item at each of its meetings to cover culture and stakeholder engagement, including workforce engagement. This has helped highlight workforce and other stakeholder matters as part of board discussion and decision making.

A full description of our employee engagement and well-being is provided in our Corporate and Social Responsibility section on pages 71 to 91.

Customer/supplier engagement

The board remains vigilant to ensure the importance of customer – and supplier – engagement remains high on the group's agendas.

Relations with shareholders

The Group Chief Executive and the Group Finance Director meet with institutional shareholders and are available for additional meetings when required. Should they consider it appropriate, institutional shareholders are able to meet with the Chair, the senior independent director and any other director. The Chair is responsible for ensuring that appropriate channels of communication are established with shareholders through the Group Chief Executive and the Group Finance Director and, with support from the senior independent director as appropriate, is responsible for ensuring that the views of shareholders are known to the board. This includes twice yearly feedback prepared by the company's brokers on meetings that the executive directors have held with institutional shareholders. The company has a programme of meetings with its larger shareholders as managed by the Head of Strategic Development and Investor Relations, which provides an opportunity to discuss the progress of the business on the basis of publicly available information. This programme continued during 2023 with enhanced use made of audio and video facilities and benefitted this year from commencement of our partnership with RBC as joint broker alongside long-established Panmure Gordon. Following the issuance of a Tier 2 bond in 2022, the company also meets with existing and prospective debt investors. These include specific meetings for the debt investor community as well as ad hoc meetings arranged either directly or through investor conferences. A significant proportion of the company's shareholders are retail investors and, in order to ensure that they have access to relevant information, the company maintains a detailed website for investors which includes access to equity research. Management also undertake webinars on the company's prospects that are publicly available to private investors.

Annual and interim reports are published and those reports, together with a wide range of information of interest to existing and potential shareholders, are made available on the company's website, www.chesnara.co.uk

All shareholders are encouraged to attend the Annual General Meeting (AGM) at which the results are explained and an opportunity is provided to ask questions on each proposed resolution.

At our AGM on 16 May 2023 all resolutions were passed, with votes for ranging from 72.64% to 99.98% (votes against ranging from 0.01% to 27.35%). The lowest support was for Resolution 2 on the Directors' Remuneration Report (DRR), the next least supported resolution passed with 95.46%. Since the AGM, the Remuneration Committee has engaged with the company's major shareholders and proxy agencies to help understand the reasons for votes cast against Resolution 2.

Three areas were identified to which our proposed response will be to i) introduce Core Surplus Emergence as a target for the Long-Term Incentive Plan for senior management; ii) to disclose prospectively all LTIP performance targets; and iii) to replace the Strategic Scorecard (30% weighting) with an ESG metric (5% weighting) and a Strategic Activity Scorecard (25% weighting) which focuses on the assessment of value-enhancing strategic activities. These are touched on further in this year's DRR.

Our next AGM is to be held on 14 May 2024 and details of the resolutions to be proposed can be found in the Notice of the Meeting on pages 265 and 266. It is intended that the meeting be held in person, with the chairs of the board and its committees available to answer such questions as appropriate. Shareholders are nonetheless encouraged to submit in advance any questions that they may have in order that the chairs of the board committees can answer them on the day.

TCFD and CFD

In accordance with Listing Rules, we have compiled our third report covering the broad range of climate-related information to be disclosed under the four overarching pillars (Governance, Strategy, Risk Management and Metrics & Targets) of the TCFD, of which the full report is contained on pages 71 to 91. In addition, Chesnara plc has complied with the new CFD requirements by including climate-related financial disclosures consistent with the requirements under sections 414CA and 414CB of the Companies Act 2006.

Company Secretary

Amanda Wright is Chesnara's Group General Counsel & Company Secretary and is responsible for advising the board, through the Chair, on all governance matters. The directors had access to the advice and services of the Company Secretary throughout the year.

Remuneration Committee

Full details of the composition and work of the Remuneration Committee are provided on page 108.

Audit & Risk Committee

Full details of the composition and work of the Audit & Risk Committee are provided on pages 120 to 127.

Nomination & Governance Committee

Full details of the composition and work of the Nomination & Governance Committee are provided on pages 103 and 104.

The attendance record of each of the directors at scheduled board and committee meetings for the period under review is:

	Scheduled board ¹	Nomination & Governance Committee	Remuneration Committee	Audit & Risk Committee
Luke Savage – Non-Executive Chair	11 (11)	4 (4)	10 (10)	n/a
Steve Murray – Executive Director	11 (11)	n/a	n/a	n/a
David Rimmington – Executive Director	11 (11)	n/a	n/a	n/a
Jane Dale – Non-Executive Director	11 (11)	4 (4)	n/a	6 (6)
Mark Hesketh – Non-Executive Director	11 (11)	4 (4)	n/a	6 (6)
Eamonn Flanagan – Non-Executive Director	11 (11)	n/a	10 (10)	6 (6)
Karin Bergstein – Non-Executive Director	11 (11)	4 (4)	n/a	6 (6)
Carol Hagh – Non-Executive Director	11 (11)	4 (4)	10 (10)	n/a

The figures in brackets indicate the maximum number of scheduled meetings in the period during which the individual was a board or committee member.

Notes.

1. The number of scheduled board meetings includes 3 meetings that were called at short notice to discuss ad hoc/subject specific matters.

CORPORATE GOVERNANCE REPORT

THE BOARD IS RESPONSIBLE FOR THE GROUP'S SYSTEM OF INTERNAL CONTROL AND REVIEWING ITS EFFECTIVENESS.

Internal control

The board is ultimately responsible for the group's system of internal control and for reviewing its effectiveness. In establishing the system of internal control, the directors have regard to the significance of relevant risks, the likelihood of risks occurring and the methods and costs of mitigating risks. It is, therefore, designed to manage rather than eliminate the risks, which might prevent the company meeting its objectives and, accordingly, only provides reasonable, but not absolute, assurance against the risk of material misstatement or loss.

In accordance with the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. This process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the board and accords with the guidance.

In accordance with the regulatory requirements of the PRA, local regulators and SII, the relevant business divisions have maintained and enhanced their risk and responsibility regime. This ensures that the identification, assessment and control of risk are firmly embedded within the organisation and that there are procedures for monitoring and update of the same. The Audit & Risk Committee regularly reviews and reports quarterly on risks to the board.

The group also maintains a principal risk register, which ensures identification, assessment and control of the significant risks subsisting within the company and its business units CA, Waard Group, Movestic and Scildon. The principal risks and uncertainties of the group can be found on pages 63 to 70.

The maintenance of the principal risk registers is the responsibility of senior management, who report on them quarterly to the respective divisional Audit & Risk Committees and to each Chesnara Audit & Risk Committee meeting. The divisions maintain a risk and responsibility regime, which ensures that:

- the boards and Group Chief Executive have responsibility for ensuring that the organisation and management of the operation are characterised by sound internal control, which is responsive to internal and external risks and to changes in them;
- the boards have responsibility for the satisfactory management and control of risks through the specification of internal procedures;
- there is an explicit risk function, which is supported by compliance; and
- the Internal Audit functions provide independent assurance that the risk management, governance and internal control processes are operating effectively.

As an integral part of this regime, detailed risk registers are maintained to identify, monitor and assess risk under appropriate classifications. It includes climate change risk.

With regards to Countrywide Assured plc, Waard Group, Scildon and Movestic, the group ensures that effective oversight is maintained, by way of the membership of Chesnara directors on their local boards and quarterly reporting to the Chesnara plc Audit & Risk Committee.

In addition, the Chesnara board confirms that it has undertaken a formal annual review of the effectiveness of the system of internal control for the year ended 31 December 2023, and that it has considered material developments between that date and the date of approval of the Annual Report and Accounts. The board confirms that these reviews took account of the findings by the Internal Audit and Compliance functions on the operation of controls, internal financial controls, as well as management assurance on the maintenance of controls, and reports from the external auditor on matters identified in the course of statutory audit work.

Conclusions of the Audit & Risk Committee's annual review of effectiveness of the group's risk management and internal control systems is reported in more detail in the Audit & Risk Committee Report as set out on pages 120 to 127. The board is not aware of any significant deficiencies in the effectiveness of the group's systems of internal control and risk management for the year under review. That said it acknowledges that there are a number of live IT change programmes that exist across the group. These include the planned migrations for the majority of the UK's outsourced operations to SS&C, Scildon's IT improvement project, the integration of Conservatrix into the Waard group and the finalisation of the implementation of the group's financial reporting consolidation tool. These are expected to enhance the IT control environment across the group. There has been no change of status to this up to the date of approval of this report.

Financial reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes.

The group has comprehensive planning, budgeting, forecasting and reporting processes in place. A summary of the group's financial results supported by commentary and performance measures are provided to the board on a quarterly basis.

In relation to the preparation of the group financial statements, the controls in place include the finance governance team:

- reviewing new developments in reporting requirements and standards to ensure that these are reflected in group accounting policies; and
- developing the group's financial control processes and procedures which are implemented across the group.

The group financial statements are presented for the first time at a year end following the introduction of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. The multi-year implementation project regarding these standards is now complete, with all reporting processes and controls now substantially embedded across the group.

The reporting process is supported by transactional and consolidation finance software. Reviews of the application of controls for external reporting purposes are carried out by senior finance management. The results of these reviews are considered by the board as part of its monitoring of the performance of controls around financial reporting. The Audit & Risk Committee reviews the application of financial reporting standards and any significant accounting judgements made by management.

Going Concern and Viability Statement

The Statement on Going Concern is included in the Directors' Report on page 130 and the Long-Term Viability Statement is set out on page 60.

Financial crime and whistleblowing

Amongst others, the company operates policies for Anti-Bribery & Corruption as well as Anti-Fraud in order to manage risks such as financial crime, money laundering, fraud, corruption and terrorist financing. Related to this, a Whistleblowing Policy is also operated to facilitate the communication of wrongdoing or suspected wrongdoing with clear communication lines highlighted to enable individuals to advise of their concerns in a safe and confidential manner. No instances of whistleblowing or financial crime were noted during the year. These policies are all reviewed annually and staff are asked to attest to their embedding and understanding. A Gifts & Hospitality Register is maintained and no breaches were recorded during the year.

NOMINATION & GOVERNANCE COMMITTEE REPORT

THE MAIN FOCUS OF THE NOMINATION & GOVERNANCE COMMITTEE CONSIDERS THE **MIX OF SKILLS AND EXPERIENCE** THAT THE BOARD REQUIRES TO BE EFFECTIVE AND WITH FOCUS ON TALENT DEVELOPMENT AND SUCCESSION PLANNING ACROSS THE GROUP.



MARK HESKETH, CHAIR

Nomination & Governance Committee

During the period under review, the committee comprised Mark Hesketh, who also served as Chair of the committee, Jane Dale, Luke Savage, Karin Bergstein and Carol Hagh. No individual participated in discussion or decision making when the matter under consideration related to themselves.

The committee Chair reports material findings and recommendations from each meeting at the next board meeting.

The Terms of Reference for the committee can be found on the company website, www.chesnara.co.uk

The role of the Nomination & Governance Committee is to:

- keep under review the balance, structure, size, diversity and composition of the board and its committees, ensuring that they remain appropriate;
- assess the independence of each NED and any circumstances that are likely to impair, or could impair, their independence;
- be responsible for overseeing the board's succession planning requirements including the identification and assessment of potential board candidates and making recommendations to the board for its approval;
- scrutinise and hold to account the performance of the executive directors against agreed performance objectives and advise the Remuneration Committee of their assessments;
- keep under review the leadership needs of, and succession planning for, the group in relation to both its executive directors and other senior management;
- identify and nominate, for the approval of the board, candidates to fill board vacancies as and when they arise;
- manage the search process for new directors, recommending appointments to the board; and
- evaluate the balance of skills, knowledge, experience and diversity of the board.

This includes consideration of recommendations made by the Group Chief Executive for changes to the executive membership of the board.

During the period, the committee met four times and attendance at those meetings is shown on page 101. By invitation, the Group CEO and Group Chief of Staff attend the Nomination & Governance Committee, as under their role does the Group General Counsel & Company Secretary but none were present when matters relating to their own performance were discussed.

The composition of the board

The committee has continued to focus on succession planning, with a view to maintaining an appropriate composition for the board and its committees to support the continued development of the group. The review also identified areas where the board should evolve to meet any expected future business and strategic direction of the group.

During 2023 the committee managed the process that led to the announcement that Tom Howard would succeed David Rimmington as the Group's future Chief Financial Officer.

Of particular note is:

- Pauline Derkman being appointed Scildon CEO; Jackie Ronson being appointed Chesnara UK CEO; and Sara Lindberg being appointed Movestic Livförsäkring CEO.

The development of talent below board level is vital and an area of focus for the board. The company continues to both build an internal leadership pipeline for senior roles and ensure that the necessary skills and experience exist within the business to deal with challenges and to achieve set objectives. The appointment of Sara and of Chief Risk Officer Gavin Hughes taking the responsibility of Group Chief Actuary are examples of this.

NOMINATION & GOVERNANCE COMMITTEE REPORT

Board appointment process

The committee adopts a formal and transparent procedure for the appointment of new directors to the board.

The board's typical process may include the use of independent external recruitment consultants for appointing directors. The company will provide a brief of the candidate desired, along with a role profile, to the recruitment consultant. As part of the appointment process, these external recruitment consultants would be asked to provide candidates from a diverse range of backgrounds. Details of candidates who are deemed suitable, based on merit and against objective criteria, are submitted to the committee and the committee will review a short list of suitable candidates and put forward for interview by the board and the executive management team those most suitably qualified. Any candidate deemed suitable for appointment will, if necessary, first have to go through the fit and proper assessment process as outlined in the FCA Senior Managers & Certification Regime (SMCR).

The board engaged the services of Teneo as independent external recruitment consultants in its search for Chesnara's prospective Chief Financial Officer. With their support in that capacity, Tom Howard was, on 7 December 2023, announced to be joining no later than the beginning of May and we can confirm that Tom's appointment as a director and Group CFO designate is now expected to be on 15 April 2024. Current Group Finance Director David Rimmington will step down as a director of Chesnara at the conclusion of the 2024 AGM, but has overseen the group's year end reporting process and will continue to support an orderly transition until that date. On that date, Tom will be appointed Group CFO, subject to regulatory approvals.

Diversity

The committee is mindful of the corporate governance developments in the areas of diversity and gender balance, including the requirements under the Disclosure and Transparency Rules.

The board recognises the benefits of having diversity across all areas of the group – please see the Equal Opportunities section on page 73 for further detail. When considering the make-up of the board, the benefits of diversity are reviewed and balanced where possible and appropriate, along with the breadth of skills, sector experience, gender, race, disability, age, nationality and other contributions that individuals may make. In identifying suitable candidates, the committee seeks candidates from a range of backgrounds, with the final decision being based on merit against the role criteria set. Through its Board Diversity Policy, the board maintains its practice of embracing diversity and operates a measurable gender-based target of having at least 40% representation of both male and female membership on the board by 31 December 2025 in recognition of the recommendations of the FTSE Women Leaders Review. We acknowledge that we do not meet Listing Rule 9.8.6R of having at least 40% female directors but remain committed to achieving our 31 December 2025 target which will be achieved whilst taking account of the board's succession plans. Throughout 2023, the board comprised 37.5% female: 62.5% males in line with the Hampton-Alexander Review target of 33% for FTSE100 companies though a voluntary target for FTSE350 organisations. In addition, the company will target having a female appointee to at least one of the key senior roles of Chair; Senior Independent Non-executive Director; Group CEO or Group CFO by 31 December 2025 but has met this target for a number of years. Actual levels of gender diversity will be monitored and be reported upon in the Annual Report and Accounts. The board currently comprises five men and three women (37.5%) with the role of Senior Independent Non-Executive Director held by Jane Dale. Further details of our board's diversity, including our approach to collecting data, can be found at page 73 of the Strategic Report.

Further, Chesnara has determined that it will ensure that it continues to meet the measurable target of having at least one director from an ethnic minority on the board in line with the Parker guidance. In consideration of the longer term, the board has discussed increasing its range of knowledge and experience from outside financial services and also a broader geographical experience base but is satisfied with its current composition. The business operates to principles for other roles and is mindful that it has a small workforce and therefore considers that it needs to take associated staff turnover expectations into account. The diversity of the Senior Leadership Team is reported on page 104.

Review of effectiveness

The board and its committees undertook annual effectiveness reviews and the respective chairs discussed the findings in each forum. Other standard processes were also undertaken, including Fit & Proper assessments, Board Diversity Policy review, NED succession planning and the review of the effectiveness of the Chair. The evaluations did not identify any additional changes needed to board composition over and above those that had been initiated.

Any areas where increased focus and/or action was considered to be of potential value has either been addressed in 2023 or will be taken into account as appropriate during 2024. The 2023 board effectiveness reviews were internally facilitated in 2023 having been last led by an external third party (Nasdaq Governance Solutions) in 2022.

Succession planning

Succession planning is an important element of good governance, ensuring that Chesnara is fully prepared for planned or sudden departures from key positions throughout the group. The committee, in the year, has reviewed the succession plans for the board and senior executives across the group.

Mindful of the need for effectiveness and engagement, the committee through its ongoing review of board and committee memberships determined that a number of changes were appropriate as noted above. And the committee will continue to also have efficiency and value in mind when determining board membership and giving optionality for its longer-term composition as the group continues to change and succession plans are effected.

Non-executive director engagement

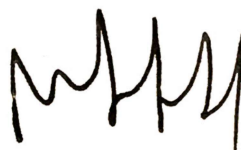
It is important to the board that non-executive directors are provided with training and development both within the business and at a group level. The board believes that ongoing training is essential to maintaining an effective and knowledgeable board. The Company Secretary supports the Chair in ensuring that all new directors receive a tailored and comprehensive induction programme on joining the board. Continuing education and development opportunities are made available to all board members throughout the year. In 2023, a number of development initiatives have continued, these included one-to-one sessions with key members of the senior management team and training sessions given by external providers as well as our own internal IFRS 17 and Sustainability project teams.

Directors standing for re-election

David Rimmington will stand down as a director at the company's AGM on 14 May 2023 at which time Tom Howard will be put forward for election. In accordance with the Code, all other directors will offer themselves for re-election at that time. Following the annual board effectiveness reviews of individual directors, as applicable and subject to re-election/election, the Chair considers that each director:

- continues to operate as an effective member of the board;
- has the necessary skills, knowledge and experience to enable them to discharge their duties and contribute to the continued effectiveness of the board; and
- has sufficient time available to fulfil their duties.

The board, on the advice of the Nomination & Governance Committee, recommends the election or re-election of each director so proposed at the 2024 AGM. The full 2024 AGM Notice can be found on page 265.



Mark Hesketh
Chair of the Nomination & Governance Committee
27 March 2024