

DAC Beachcroft Claims Ltd (the Company) – s172 statement for the year ended 30 April 2024

Section 172 statement

The Company forms part of the DAC Beachcroft LLP Group (the Group). The Group governance framework delegates decision making authority to the Company up to defined levels of significance and materiality which allows the Company Board to take account of the needs of their own stakeholders in decision making. Decisions above the defined levels are escalated to the LLP Group Executive (Group Executive) and the LLP Group Board (Group Board). The Company maintains a clearly defined list of the matters reserved to its Board. The Company's Board currently comprises seven Directors, some of whom are also members of the Group Executive and/or the Group Board.

The Company provides the Group Board with updates about the strategy, performance and key decisions taken which also gives the Group Board assurance that key stakeholders have been identified and proper consideration is given to their interests in decision making in accordance with section 172.

The Board of the Company meets about 8 times a year to monitor performance of the business, assess risk and take strategic decisions, including agreeing recommendations to the Group Executive or Group Board where applicable. The Board is also supported by an executive management committee.

The Directors of the Company are aware of their statutory duties and, in their decision making as members of the Board, do so in the best interests of the Company having regard to the stakeholder factors set out in the Companies Act 2006. The documentation and governance structure which supports the functioning of the Board has also been developed to promote individual and collective consideration of these factors when they are relevant and material.

In progressing the Company strategy, the Board has given consideration to stakeholder interests. Set out below are a number of examples:

- The introduction of further innovations in technology to continue to provide cost effective and efficient solutions for the benefit of clients, including in artificial intelligence, and process automation.
- A governance review which looked at Board composition, meeting schedules and matters reserved to support the long term success of the Company for its employees and clients.
- Employee interests have been considered when taking decisions relating to office leases.

Stakeholder engagement

Stakeholder engagement is managed at both Group and Company level. The Group and Company foster effective stakeholder relationships with key stakeholders in the following ways:

Employee engagement

On 1 March 2024, colleagues were transferred from another Group entity (DAC Beachcroft Services Limited) to the Company.

The Group and Company recognise the importance of a positive working culture which is responsive to the needs of colleagues and the business. The People strategy forms a core part of the business

strategy and aligns closely to the Group's cultural principles (Determined, Clear, Creative and Supportive). Being a people business, the input and feedback from colleagues is fundamental to how the Group is structured and evolves, ensuring individuals are supported to succeed and achieve their full potential.

Consultation and communication with colleagues is achieved by the Group through regular updates to the business via Town Hall meetings, a monthly e-newsletter, an internal-facing social media platform and messaging for key topics supported by a robust email and intranet cascade process to support visibility. This is underpinned by a wide range of formal and informal meetings, anonymous colleague engagement surveys twice a year and regular dialogue with a range of network groups. Colleagues are consulted regularly on a wide range of matters affecting their current and future interests to ensure they remain engaged and actively involved in shaping strategy.

The Company engages directly with its colleagues via weekly team Connect meetings, supported by updates on the Company, people, processes & systems and clients. This cascade process facilitates regular discussion, feedback and questions at a team level and enables colleague feedback to be taken into account. This is supported by a monthly Drive Time Teams session with a director of the Company (CEO of the Group's Claims Solutions Group) and invited guest speakers, who provide updates to all relevant colleagues. This live session offers an opportunity for colleagues to ask questions directly as part of a live session, supports their understanding of the strategy and how it relates to them, as well as providing more context around key business decisions to drive engagement.

Under the Group's Flex Forward policy and 'A Life that Works' approach, colleagues can adopt one of three modes of working: office-focused, hybrid, or fully flex, to offer the maximum flexibility possible for each colleague's role, subject to some agreed operating principles. This policy also allows for a more flexible approach to working hours, with core hours relaxed and colleagues able to 'glide' their time, enabling them to balance professional and personal commitments. As part of the wider engagement strategy the practicalities surrounding these working practices forms part of colleague engagement to ensure it remains aligned with business, colleague and client requirements.

Until 1 March 2024 the Company did not have any employees and in accordance with an agreement between DAC Beachcroft Services Limited ("Services") and the Company, employees were provided to the Company by Services. As such, the Group governance ensured employee interests were given due consideration.

Client engagement

The Company participates in the Group's Client Engagement Programme. The programme is designed to forge effective and sustainable client relationships and in so doing to gain insights enabling the delivery of a supportive, value-added and bespoke service now and in the future.

The Company participates in the Group's Client Listening Programme. Under this programme, formal feedback is sought from clients at all stages in their relationship with the Company (tender debriefs, on-boarding reviews, relationship reviews and post matter reviews). Feedback is considered and actioned at an individual client level after each review supporting a cycle of continual learning and improvement. Aggregated feedback and insights are shared with the Board to inform and support the Company's strategic decisions. Such insight also helps to drive and support innovation to ensure continued alignment with client requirements.

There is ongoing client collaboration around innovation, including AI. Specific innovative activities implemented in response to client engagement have included:

- Continued use and development of AiDan, a unique AI automated solution for property recovery triage.
- The launch of DACB Nexus, an innovative solution to assist clients with supply chain management. The platform provides organisations with lifecycle contract management and visibility across the supply chain.
- The launch of a new credit hire automation tool called Nightingale which accelerates the processing time for claims handlers, reduces avoidable litigation and improves indemnity savings.
- The launch of FoReCast, a digital forecasting costs tool to help insurers' claims teams accurately calculate legal costs permutations under the extended Fixed Recoverable Costs (FRC) rules.
- Regular publication of a Lawcast podcast, examining legal topics including a series on credit hire.

Supplier engagement

Fostering strong relationships with supply chain partners is of great importance to helping deliver one of the principal objectives of the Company strategy: operational excellence. Executive-level engagement is part of the supplier relationship framework, with Board and Group Board oversight on matters of strategic importance.

New suppliers are engaged through the Group service company in compliance with the internal procurement process. Emphasis is placed on ensuring appropriate commercial terms are agreed to support a mutually beneficial relationship.

There is a dedicated Group procurement team and has been continued investment in technology to help manage supplier relationships, contract compliance and early identification of risks (including sanctions, financial and cyber security).

A robust procurement process is followed at on-boarding and throughout the duration of the supplier relationship. Early clarity is sought on the required commercial terms for a mutually beneficial relationship and the protection of both parties, as well as detailed due diligence around supplier practices, with revalidation processes in place to ensure continued compliance with agreed standards.

ESG-related requirements have been introduced into standard supplier agreements and suppliers are expected to have appropriate ESG-related policies and procedures in place. The due diligence process seeks assurance on a wide range of commercial and other considerations, including modern slavery, diversity, sustainability and payment of the UK National Living Wage. The Modern Slavery Act statement applicable to the Company is available on the Group website.

Analysis of the sustainability and resilience of the supply chain is undertaken to assess the suitability of suppliers, and any significant risks or issues are escalated appropriately.

Supplier relationships are managed in a way that allows both parties to feed back on the relationship and discuss innovation and development in the products and services available.

As required, the Company's payment practices are published on a half-yearly basis on the Government's online facility.

Engagement with the Company's Regulators

In making strategic decisions, due consideration is given to the relevant regulatory environment in which the Company operates to ensure it is compliant with local legislation and regulation. There is regular dialogue with the Law Society as the Company's representative body and the SRA as its regulator. The Company works with them in respect of changes and initiatives impacting on the profession and the community.

Horizon scanning is undertaken to check for changes to other law and regulation which impact the Company to ensure that compliance is maintained through effective planning, response and implementation.

Community/environment engagement

The Company pursues the Group's Responsible Business Strategy. The Group has developed the Strategy with wider sustainability objectives, in recognition of its role in society. The strategy is available on the Group website. The Group Board and Group Executive (both of which include a Director of the Company) monitors progress against the Responsible Business Strategy.

The Company's responsible business activities are reflected in the way the Company conducts its business with clients and suppliers, its impact on local communities, and its environmental footprint, and supports delivery of the Group's wider ESG objectives.

The Group's energy and carbon report can be found in the Group report and accounts.