

## SECTION 172 STATEMENT

### Engaging with our stakeholders

As a company we have completed an exercise to determine who our key stakeholders are, the ways in which we can best engage with them and the issues that are most relevant to them. As a result, Directors regularly consider the interests of stakeholders, the Company's impact on the community, the environment and the Company's reputation when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. The Board will regularly review the Company's key stakeholders and the engagement strategy with each of them.

#### S172 statement

A director of a company must act in the way they consider, in good faith, would most likely promote the long-term success of the company for the benefits of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Company's engagement strategy and how feedback from stakeholders influences the Board agenda and decision-making is set out within the below table. Further details can be found within the Governance report on pages 64 to 65.

The Board has enhanced its methods of engagement with the workforce and appointed Margaret Snowden, OBE as the designated Employee Engagement Non-Executive Director who chairs the Employee Engagement Group. You can read more about the employee engagement strategy on page 66.

We aim to work responsibly with our stakeholders and develop strong business relationships with them, including our suppliers. You can read more about the Group's approach to bribery and corruption on page 38.

You can read about the Group's principal risks and key mitigations, including those in relation to clients, employees and suppliers, on pages 32 to 35.

Stakeholder	Board / Company engagement strategy	How feedback influences the Board agenda and decision-making
<b>Clients</b>	<ul style="list-style-type: none"> <li>The Company engages with clients through an annual client satisfaction survey, of which the Board reviews the results. The Board receives a monthly management report on newly won clients and clients at risk.</li> <li>The Company holds an Annual Client Conference and Annual Client Drinks reception, which are attended by Board members.</li> <li>The Company and the Directors also participate in industry and client forums.</li> <li>The Company prides itself on its excellent client care programme and continues to provide clients with training seminars and publications.</li> </ul>	Client impact is at the centre of the business and Board decisions give significant consideration to this.
<b>Employees/ Contractors</b>  <b>The Company details the employee engagement strategy on page 66 of the Governance report.</b>	<ul style="list-style-type: none"> <li>Employee engagement has been enhanced significantly during the year with the appointment of Margaret Snowden, OBE as the designated Employee Engagement Non-Executive Director. Margaret is chair of the Employee Engagement Group ('EEG'), attends the Diversity, Equality and Inclusion Group ('DEIG') and speaks at Partners meetings. The Board receives updates after each EEG and DEIG meeting.</li> <li>Employees complete an annual Employee Engagement Survey, the results of which are analysed in detail, shared with the Board of Directors and an action plan agreed.</li> <li>Board meetings are held at different offices throughout the year, and the Non-Executive Directors host informal Q&amp;A / networking sessions with employees, giving them the opportunity to raise any matters or ask any questions they desire.</li> <li>An external and anonymous whistleblowing hotline is available to employees 24/7. Any reports can be escalated to the Board as required.</li> </ul>	<p>The Employee Engagement Survey is used to identify and drive changes across the Group and adapt, improve and evolve Company culture. This year the survey results have led focus on:</p> <ul style="list-style-type: none"> <li>Clearer guidance around remuneration (including bonus, exceptional performance awards and total reward);</li> <li>Clearer guidance around performance reviews and career progression; and</li> <li>Improved communication between departments.</li> </ul> <p>A firm-wide plan was presented to the Board, and local action plans are in place as a result of the survey.</p> <p>The Employee Engagement Group was consulted on the updated Directors Remuneration Policy and no issues were raised.</p> <p>The acquisitions of Royal London Corporate Pension Services and Trigon Professional Services welcomed new employees to the Group. The smooth integration was paramount.</p>

### Shareholders

- The Board of Directors engages with Company shareholders in many ways and has increased its engagement during the year. Engagement methods include meetings with investors and results roadshows hosted by the Executive Directors, regular calls with investors and analysts through the Company's brokers and proxy advisers and at the Company's Annual General Meeting.
- The Board has appointed Sarah Ing as the Shareholder Engagement Champion. Sarah attends the Company's results presentations to the analysts and shareholders. Sarah often meets or speaks to shareholders or prospective investors.

During the AGM, roadshows and meetings, the Board members will listen and respond to views and will give feedback to the business as necessary.

The Board receives updates on investor perception through the Executive Directors and the Company's brokers. This influences decision-making at Board level. This year the Board and the Remuneration Committee have engaged with shareholders in detail regarding the updated Directors Remuneration Policy and the bolt-on acquisitions.

### Regulators

- The Company works with the regulators by responding to requests, consultations, submitting returns as required and attending industry meetings.

Margaret Snowdon, OBE is Non-Executive Director of the Pensions Regulator and regularly updates the Board on industry developments.

Discussion with regulators influences the Company's regulatory strategy and approach and business planning.

This year the Company engaged significantly with the Pensions Regulator to achieve approval of the National Pensions Trust.

### Suppliers

- This year the Company has increased and enhanced its engagement with suppliers through the appointment of a designated procurement team and an external company who engage with and carry out due diligence on suppliers.
- An annual review of existing suppliers, who provide services that are deemed as higher risk (i.e. process large amounts of our data or have access to our offices), is completed in addition to quarterly performance reviews with key suppliers.
- The Board annually approves the XPS Modern Slavery Statement.
- Our supplier Code of Conduct communicates what we expect from our suppliers.

XPS is committed to sourcing products ethically and sustainably, and establishing long-term, open and fair relationships with our suppliers.

### Communities, Charities and Environment

**Read more about the Company's engagement and commitment on pages 40 to 45.**

- XPS has partnered with the Mental Health Foundation, voted for by employees as the charity of choice in both 2019 and 2020.
- Local offices fundraise for local charities.
- The Company annually reviews energy and greenhouse gas impacts on the environment; and energy-saving opportunities and the resulting ability to reduce greenhouse gas emissions.
- An annual Energy Savings Opportunities Scheme ('ESOS') verification report is completed.

The Board receives updates on Corporate Social Responsibility biannually.

During the year, the Board reviewed the Company's materiality assessment report, which assessed the numerous potential environmental, social and governance issues that could affect the business. After discussion, they agreed the priorities most relevant for the Company and stakeholders.