

## **Corporate Governance Statement for Allstate Northern Ireland Limited**

### **For the year ended 31<sup>st</sup> December 2019**

The Allstate Northern Ireland Limited Board of Directors (the “Board”) is committed to sound corporate governance policies and practices. At Allstate, we want our customers to understand our governance structure; and therefore, we have highlighted key information below.

For the year ending 31<sup>st</sup> December 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, Allstate Northern Ireland Limited (the “Company”) is required to state which corporate governance code, if any, it applied in the financial year and how it was applied. If the Company departed from such a code, it must report the respects in which it did so, and its reasons for so departing. For the year ending 31<sup>st</sup> December 2019, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (the “Principles”), published by the Financial Reporting Council (“FRC”) in December 2018 and available on the FRC's website.

We set out below how the Principles have been applied over the past year. The information in this statement will be reviewed annually.

#### **Principle 1 – Purpose and Leadership**

The Company's principal activity is to deliver information technology and business process solutions for its ultimate parent Company in the United States, The Allstate Corporation, and its subsidiaries.

The focus of the Board in 2019 has been the implementation of the Company's Operating Strategy, supported by our corporate goals and underpinned by [Allstate's values and leadership principles](#). The Company's Operating Strategy and corporate goals ensure that the Company's business model provides long-term sustainable value to The Allstate Corporation. As the Company's shareholders are fellow Allstate group companies, the goals of the Company align with our shareholder's goals. Shareholders are represented on the Board.

The Company issued a number of employee surveys throughout the year to gauge employee engagement levels and enable employee feedback to the senior leadership team and the Board. This employee engagement work links directly to our corporate goals. These results are added to operational data such as attrition, absence levels, and exit interview content and forms part of the material examined by the Board at each of its meetings.

In 2019, the results of employee surveys revealed that employees wanted closer insight and connection to the Company's overall strategy. Accordingly, this will be a focus area in 2020 and going forward, with the production of the Company's 2020 – 2023 strategic plan providing a framework for all employees to have visibility into the Company's strategy and plan for the next three years.

Employee consultation is addressed in the Directors' report – see section on “Employee Engagement”. Information about relationships with other stakeholders such as business partners, suppliers, community and government can be found in the Strategic Report on pages 4 – 7, in the section “Engaging with stakeholders - s172 statement”.

Allstate's Global Code of Business Conduct summarizes core values and principles that guide our business conduct and includes a Code of Ethics. Allstate's Code of Ethics applies to all board members, employees and officers of The Allstate Corporation and its subsidiaries. The Company is committed to operating its business with honesty, integrity, and the highest level of ethical conduct. Upon hire and annually thereafter, all board members, employees and officers of the Company must provide a documented acknowledgement that they have read and understood the Code of Ethics.

Consistent with our Code of Ethics, all directors must avoid conflicts of interest and act in the best interest of the Company. Annually, directors must complete a detailed questionnaire about their individual circumstances.

The Company follows the global Allstate "Speak Up!" program which encourages employees to report any illegal or unethical conduct, regulatory compliance matters, or Human Resource ("HR") concerns through a number of methods including a reporting hotline. The Company takes part in the annual global Allstate Integrity Index survey which measures the ethical strength of the organization.

The Company has a risk and compliance team which is augmented by the risk and compliance and internal audit functions of its ultimate parent Company.

## **Principle 2 – Board Composition**

The Board is currently comprised of six members – the Chair of the Board and Managing Director positions are held by different Board members, and the remaining Board members are individuals chosen from the Allstate group of companies. The Board considers its size and composition appropriate for the size and nature of the Company.

In 2019, Eric Huls joined the Board bringing experience in data analytics as well as business acumen, vision and strategic thinking. Mr. Huls' experience complements the strategic direction of the Company, moving into data analytics, artificial intelligence and machine learning.

The diversity of the Board is positive in terms of gender with two women and four men, and this is aligned with the Company's commitment to diversity and inclusion. Nominees are selected based on their diverse skills and experiences with an intention that each is well-versed in certain core competencies including strategic oversight, corporate governance and leadership. This diversity of experience and expertise facilitates robust and thoughtful decision-making by the Board.

Board members bring specific competencies based on their areas of expertise and roles within the Allstate Corporation. Ongoing professional development occurs within those business roles. In addition, specific training is provided for the Board in relation to Board duties and understanding of the UK Corporate Governance framework and environment. At a minimum, evaluation of board effectiveness and composition occurs when individuals rotate from the Board and new members are sought. This may occur more frequently as circumstances require.

### **Principle 3 - Director Responsibilities**

The primary responsibility of the Board is to oversee the affairs of the Company and to provide counsel and direction to the executive leadership of the Company and monitor Company performance. Its responsibilities include, but are not limited to, oversight of the Company's strategy, business performance and compensation programs. The Board also regularly reviews the Company's significant risk exposures and how those exposures are managed and mitigated.

The Board meets a minimum of three times each year. Notice of a meeting, which includes the agenda and advance review materials, is sent to the Board within a prescribed period prior to the meeting. The Managing Director reviews the content prior to the board meeting to ensure quality and integrity levels. Standing agenda items include review of all key aspects of the Company's business including financial performance, operational matters, stakeholder engagement feedback, risks and opportunities and regulatory matters. Attendance record is maintained for each meeting. The Board does not have any sub-committees, and it delegates operational leadership to the Managing Director and his leadership team which includes representatives from HR, Finance and senior leadership.

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### **Principle 4 - Opportunity and Risk**

The Board seeks out opportunity whilst mitigating risk. Principal risks and uncertainties including in relation to financial risk management are addressed in the Strategic and Directors' reports on pages 4 to 7 and pages 8 to 10 of the Company's annual report (and are denoted as principal risks below).

In addition, the Managing Director considers further risks as part of the day to day management of the business, reporting to the Board as part of the materials provided for each board meeting in the form of the ANI Risk Register:

- Cash flow (Principal risk)
- Credit (Principal risk)
- Liquidity (Principal risk)
- Appointing and retaining talent
- Systems, data protection and cybersecurity
- Brexit

Senior leadership assess the content of the Board materials in advance and include the status of significant risks and opportunities, Senior leaders bring awareness of opportunities for innovation and value-creation in their specific business areas to the management meetings, which flow to the Board based on relevance and significance.

The Company's group uses a principle-based approach to enterprise risk and resource management focusing on measurement, transparency and dialogue. This measures, monitors and reports on the major categories of enterprise risk across the group, including insurance, financial, investment, operational (including reputational) and strategic. These risk-return principles define how the Company and the Board operates and guides decision-making around risk and return. These principles state that our priority is to protect solvency, comply with laws, maintain a supportive political and regulatory environment, act with integrity, and protect information assets and technology. Building upon this foundation, we strive to build strategic value and optimize risk and return.

#### **Principle 5 - Remuneration**

The Company's compensation strategy is delegated by the Board to the HR and Finance groups who use external benchmarking programs to assist with this work. It is designed to recognize and reward contribution to successful achievement of the wider group's goals and objectives. The executive compensation program delivers pay in accordance with corporate, business unit and individual performance. The key components of our compensation philosophy are consistency, competitiveness, performance and transparency. An Annual Compensation Report is issued to all employees setting out information regarding the strategy.

#### **Principle 6 - Stakeholder Relationships & Engagement**

The Board understands that good governance and effective communication are essential on a day-to-day basis to deliver our purpose, and to protect the Company's brand, reputation and relationships with our various stakeholders including employees, suppliers and the local communities in which we work.

Senior leadership communicates to the Company's employees through Town Hall meetings, presentations, internal emails, newsletters, social media channels and intranet posts. Regular employee engagement surveys are conducted to highlight areas of improvement.

The Board considers the results of all employee engagement surveys to be a good indicator of the Company's strategic direction, optimism in the future and career opportunities; they also facilitate Board discussion of future strategy and proposals for change.

Our success is driven by invested engagement from our leaders and our workforce, fostering Inclusive Diversity, one of [Allstate's core values](#). Actively seeking out and leveraging the collective mixture of individual differences and similarities improves business outcomes for our workforce, the marketplace and our communities. The Company's diversity and inclusion program has successfully integrated diversity into the organizational culture. It is an ongoing, integrated corporate initiative that enhances the Company's ability to attract, motivate and retain a diverse pool of high performing employees. Employee Resource Groups are an intrinsic part of the Company's approach to inclusion and diversity. The Company is certified to Silver level by the Diversity Charter Mark NI, an important external validation of the Company's policies and performance in diversity and inclusion. The Company has a number of other stakeholder engagements in the areas of business networks, government, schools and universities and communities, environment and charities.

The Company follows the Allstate group auditing process, using the same external auditors as The Allstate Corporation and Allstate Insurance Company, currently Deloitte. The Board, the senior leadership team and the external auditors are committed to a positive working relationship that enhances the effective and efficient execution of the audit process.