107

#### continued

#### **Non-Financial Risk**

#### **Operational risk** continued

#### Possible impact Impact continued initiatives

1 2 3

on the strategic The move to a hybrid working world poses risks to the culture that has underpinned Admiral's historical successes, both by increasing labour mobility and reducing the office-based activity that has been a cornerstone of Admiral's historic ways of working.

> Making poor business decisions due to lack of system availability and data integrity and/or data confidentiality.

Cyber events leading to loss of service, loss of data and potential ransom demands.

Reductions in earnings and/or value, through financial or reputational loss, from inadequate or failed internal/ outsourced projects, processes and systems, or from people related, hybrid working or external events.

#### Risk development in 2023

The risk has reduced during the year as hybrid working has been further embedded and large change projects have been navigated successfully.

#### Mitigating factors continued

- · People: Employing targeted recruitment and identifying potential leaders through internal development, talent management and retention processes for the purposes of succession planning; an ongoing commitment to diversity and inclusion.
- Culture: Admiral has embraced more flexible ways of working to hire, motivate and retain employees and is evolving hybrid working practices in ways that support and maintain the unique culture.
- **Technology:** Continuous investment in the Group's IT infrastructure, coupled with regular Executive Management and Board review of effectiveness given the strategic importance of technology in improving the customer journey and enhancing business decision making.
- Information security/cyber: Ongoing enhancement of the control environment to protect the Group from the continuously evolving cyber threat landscape. Significant investment continues to be made in ensuring that people, processes, and technologies are resilient to the wide-ranging tactics, techniques and procedures employed by threat actors. Focus is also given to ensuring there are robust mitigation plans in place to effectively handle any incident, with simulations completed to ensure prompt and effective response, containment,
- **Business continuity and operational resilience:** Staffing a Line-1 major incident team within IT which is tasked with maintaining system availability; business continuity and disaster recovery plans are in place and are regularly tested, alongside completion of an operational resilience work stream; data is regularly backed-up to allow for its recovery in the event of corruption.
- **Data Governance:** The Group is enhancing and further embedding its approach to data ownership, the ongoing review of data quality including responding to issues when they are identified, as well as having a consistent approach to the recording of data definitions and lineage so that the data is better understood.
- **Process:** Admiral's internal control framework is regularly monitored and reviewed within the three lines of defence model.
- **Outsourcing and Procurement:** Strategic reviews are periodically undertaken to align procurement and outsourcing arrangements with the wider business strategy and also in response to ongoing macroeconomic challenges; monitoring outsourced activities through ongoing supplier relationship and performance management and regular due diligence reviews.

Admiral also purchases a range of insurance covers to mitigate the impact of a number of operational risks; including Cyber Liability insurance subject to market capacity, Civil Liability insurance, and Employers' Liability insurance.

#### Non-Financial Risk continued



#### **Reputation risk**

#### Possible impact Risk initiatives

1 2 3

#### on the strategic Admiral could be exposed to an erosion in trust as a result of decisions, associations, actions or inactions, such that

A negative reputation could have a significant impact on customer trust, the share price and brand value, which can be difficult to recover from.

Admiral does not meet stakeholder expectations.

Reputational risk can be a secondary impact caused by failures in any part of the Group such as operational events. However it can also be a primary risk should the firm's perceived behaviours or communications not meet stakeholder expectations. In either case, a reputation event could impact Admiral's standing with customers, regulators, employees, suppliers and other stakeholders and could reduce profitability and investor support.

The impact can be wide ranging and reputational risk can impact customers, employees, shareholders, suppliers, regulatory bodies and/or the community and media.

Depending on the type of reputational risk event, the impact could include reduced sales, reduced profitability, a decline in share price, difficulty in recruiting and retaining talent, and increased regulatory focus.

#### Risk development in 2023

The risk has trended broadly stable during the year with no notable issues having a discernible impact.

#### Mitigating factors

Admiral has in place risk appetite statements that set out the level of risk the Group is willing to accept for each key risk, and the Group monitors associated metrics that inform reputational risk analysis for different stakeholder groups. This analysis includes social media metrics, staff surveys, and investor relation reports.

The Executive Management team is experienced, and reputational impact is considered across key decisions and major external events.

Given the breadth of events that could impact on Admiral's reputation, a number of the mitigating factors captured in the other principal risks and uncertainties would also mitigate reputational risk.

Admiral has a crisis response and communications plan that seeks to minimise the reputational and other impacts of an event once it has materialised.

#### **Emerging Risks**

The management of emerging risks is a key element of Admiral's strategic risk management, and emerging risks and opportunities continued to be reviewed throughout 2023.

Admiral Group identifies and monitors emerging risks, issues which may be potentially significant, but may not be fully foreseen, assessed or allowed for in insurance terms and conditions, pricing, reserving or capital setting, or strategic and business decisions. By their very nature, emerging risks are many and varied, with a high degree of uncertainty around the likelihood of occurrence, severity and/or timing. The broad analysis of a wide range of emerging risks and opportunities may lead to a change in strategy, management behaviour, ways of working or risk management and in turn, to a stronger and more robust business which better delivers on its commitments to customers, employees, and other stakeholders.

Emerging risks are identified via horizon scanning. This involves an extensive literature review, consultations with internal working groups, and interviews with internal stakeholders, subject matter experts, and external specialists. Emerging risks are assessed using an internally-developed framework, which includes qualitative and quantitative analysis to grade each emerging risk on a scale designed to be comparable across entities and compatible with management of operationalised risks. Evaluation of the potential impact to Admiral includes consideration of how the risk may interact with existing principal risks and uncertainties (PR&Us), as well as any new risks that could arise. It also covers the precautionary deployment of management actions and mitigating controls.

Admiral's Emerging Risk Radar captures an assessment of potential impact and time to crystallisation for emerging risks. It categorises each risk into four broad risk segments: (a) social, political & economic, (b) legal & regulatory, (c) technology and (d) environmental. Plotting emerging risks in this way can shed light on the macro trends with common drivers and effects.

Reporting on emerging risks and opportunities is provided to the GRC and relevant Boards, is incorporated into the Group ORSA Report, and is discussed with the senior management and entity risk teams.

## **Viability Statement**

## Reflecting ON INTERNAL MOBILITY AT ADMIRAL



Hola! I've been in the Admiral Group for 12 years and spent the last 8 of those years as CEO of our Spanish insurance business – Admiral Seguros.

As CEO of Admiral Seguros, I oversee a fantastic team of people, based mostly in Seville. We serve our 440k Spanish customers through the Qualitas Auto, Qualitas Classic and Balumba brands.

I originally joined Admiral as a Business Development Manager, reporting into Henry Engelhardt. Previous to Admiral I had been a senior manager in PwC Madrid, also completing an MBA at INSEAD. In my first day on the job Henry asked me if I would mind delaying my training and flying to the US, to support a team investigating what would later become Compare.com. Thus started an intense but fun-packed three years during which I worked closely with both Henry and David Stevens, running group projects and launching the UK telematics product.

In 2014 I had the chance to move to Paris and support the in-sourcing of our French operation, L'olivier. From there I moved to Seville and transitioned into leadership of the Admiral Seguros team at the time Cristina Nestares moved to the UK.

What struck me about Admiral when I first joined was its open culture, combined with a strong willingness to do things differently and to trust in people as a driver of results. I'm pleased to say that 12 years on, the Admiral culture is still very much prevalent across the Group.

It's been great to reflect during 2023 on everything the Group has achieved in the last 30 years. I look forward to continuing to build together on this success. "What struck me about Admiral when I first joined was its open culture, combined with a strong willingness to do things differently and to trust in people as a driver of results. I'm pleased to say that 12 years on, the Admiral culture is still very much prevalent across the Group."

**Sarah Harris** CEO, Admiral Seguros



In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three-year period, having referenced the Group's Own Risk and Solvency Assessment (ORSA), the Capital Plan, risk strategy, risk appetite, principal risks and uncertainties, key risk drivers, and ongoing risk management activities.

As per provision 31, Admiral considers three years to be a period of assessment over which it has a reasonable degree of confidence. Although the Group reviews financial projections that extend beyond the three-year time horizon covering the years up to 2028, Admiral considers that there is an inherent risk and uncertainty in projecting beyond this three-year period, as the degree of certainty in the impact of internal and external developments reduces greatly due to the nature of Admiral's primary business (one-year insurance policies). However, these financial projections contain no information which would cause different conclusions to be reached over the longterm viability of the Group.

At least annually, the Group produces an ORSA report, which is one of the sources of evidence used by the Board to assess viability. The ORSA report sets out a detailed consideration of the principal risks and uncertainties facing the Group and considers current and projected levels of solvency and liquidity over the short to medium term.

In addition to the ORSA, the Board utilises other relevant reporting, some of which is longer term in nature. Notably these include five-year financial projections reviewed twice a year, three-year solvency projections reviewed at least twice a year, and a one-year financial budget for the forthcoming 12 months approved on an annual basis.

Another source of evidence is the alignment of the financial and business planning process and the solvency assessment, referred to within Admiral as the capital plan. This makes sure that Admiral is appropriately capitalised at a fixed point in time as well as over the future planning time horizon, given Admiral's principal risks and uncertainties and a plausible range of potential stressed conditions. The capital plan is a key consideration for Group and Subsidiary Boards in assessing and approving the business strategy, business/financial plan, capacity to pay dividends, and key business decisions.

The quantitative assessment considers how the regulatory capital requirements, economic capital needs, own funds and solvency position of the Group are projected to change over the three-year horizon, with a requirement to maintain a solvency ratio above the approved capital risk appetite buffer throughout the projection.

As part of the ORSA process, a series of sensitivity, stress and scenario tests (S&STs) and reverse stress tests (RSTs) are examined and quantified based on the regulatory capital basis (which is the standard formula method with adjustments tailored to reflect Admiral's risk profile) to understand the potential impact on the Group's solvency, liquidity and profitability over a three-year period. In addition to these Group tests, there are also entity-specific scenarios, considered of lower materiality to the Group, that are performed by each subsidiary insurance entity as part of their ORSA processes.

The results of the stress tests form part of the process to set the Group's capital risk appetite, which seeks to hold a buffer on top of the Group's regulatory capital requirement that is sufficient to protect its regulatory capital position against a range of significant but plausible potential shocks and stresses.

Key strategic decisions, including the setting of dividend payments, consider the solvency impact against the Boardapproved capital risk appetite of 150%, which is a key criterion for the Board in assessing viability. Refer to the Strategic Report (page 54) for information on sensitivities to the reported 2023 solvency ratio position.

To assess the robustness of the Group to the impact of various risks, 13 S&STs and two RSTs have been quantified to understand the potential impact on the Group's solvency ratio. In 2023 a range of scenarios have been performed, capturing insurance risk, market/credit risk, strategic risk, natural catastrophe, climate change and cyber/operational risk.

The results provide comfort that Admiral has sufficient capital to withstand the extreme scenarios. Whilst the 150% lower trigger is breached in five instances – three severe inflation-based scenarios, a US banking crisis scenario and a liquidity stress, should such scenarios actually occur there are a number of management actions, including adjustments to shareholder dividends, that would be called on to alleviate capital pressures and improve the solvency ratio to bring it back above the 150% buffer. Another exception is an extreme RST, combining severe and extreme insurance and market risk scenario combinations with credit and liquidity risk. In the absence of management actions, this would result in a breach of the 100% solvency ratio but, as is the intention of the RST, it is considered to be an extremely remote outcome, being well in excess of a 1-in-200-year event. Overall, the Group is likely to remain adequately capitalised and liquid in future, given the results of

## **Viability Statement**

Risk management is an essential part of Admiral's operations, and successful risk taking is key to the Group achieving its business objectives. Risk management is therefore a key consideration when setting the Group's strategy, managing performance, and rewarding success. The current risks that are faced by the Group are captured in the Risk Universe, with the most notable risks captured in the Group's principal risks and uncertainties (page 98)<sup>29</sup>. In addition to these principal risks and uncertainties, the Group also considers a range of emerging risks that could impact the Group to varying degrees in the future, but which are not yet fully understood, including those related to climate change (page 107).

The Admiral Group Risk Strategy is considered and approved by the Board. The strategy is directly linked to the business plan and seeks to ensure that all risks are managed effectively to allow the Group to meet its strategic aims (page 22). Supporting this is the Admiral Group Risk Management Policy, which sets out Admiral's approach to risk management, as well as the governance of risk management across the Group. This approach ensures that there is appropriate oversight of the Group's risk profile, and that the Group remains within risk appetite in all its operations.

While each of Admiral's principal risks and uncertainties could have potentially impacted the Group's performance, during 2023 the following key risk drivers were seen to be of notable importance: changing economic outlook, geopolitical instability, technology, cyber and operational resilience, Consumer Duty, and climate change.

#### **Changing economic outlook:**

Admiral has reviewed and continues to monitor the Group's solvency and liquidity positions in response to market volatility and wider economic uncertainty, considering factors such as sustained high inflation, banking uncertainties resulting from the collapse of regional US banks and the UBS rescue of Credit Suisse. the wider impact of continued supply chain disruption, high energy prices, high interest rates, and the pressures on individual Household finances which have led to a cost of living crisis in many countries. Some of the current trends in risks most impacted by the changing economic outlook are highlighted below:

#### **Premium Risk and Catastrophe**

Risk: Global uncertainties, supply chain pressures and increasing vehicle repair and replacement costs have all contributed to claims inflation.

While labour shortages have generally eased, wages have also grown quickly to keep up with inflation, impacting large bodily injury claims. In most insurance markets, motor claims frequency has increased but is still noticeably below pre-pandemic levels. Admiral continues to manage these challenges with a disciplined, long-term approach to pricing and growth, with a focus on building the business for the long term.

**Credit Risk:** Cost of living pressure has seen growing demand for the "essentials" insurance product and a modest increase in the number of loan customers falling into arrears. Controls are in place to identify and support vulnerable customers on a case-by-case basis. Within Admiral Money, the screening process has been adjusted to include stricter creditworthiness and affordability checks to ensure that customers are resilient to ongoing inflation. The loan portfolio is subject to regular stress tests and the risk adjusted returns achieved indicate a resilient portfolio.

**Reserve Risk:** The Group has a prudent approach to reserving, which helps to minimise the impact of inflation and helps build strong, resilient businesses for the long term. Provision has been made for the impact of inflation on unsettled bodily injury (BI) claims, for which cost of care is the primary driver, ensuring that reserves capture excess inflation for all large BI heads of damage exposed to inflation, but particularly for wage inflation over the average time it takes for BI claims to settle. This continues to be reviewed, with best-estimates of these impacts being reflected in the reserves recognised as at the balance sheet date.

Operational Risk: While 2023 has seen the relative normalisation of working conditions following the pandemic-era, the business has continued to review the impacts and level of operational risk in the context of a modern, hybrid workforce. Admiral received real living wage accreditation in the UK in July which helped to support colleagues through cost of living concerns.

#### **Geopolitical instability:**

The escalation of geopolitical risk following the Russian invasion of Ukraine led to a review of potential exposure across the Group's PR&Us. At that time, both market risk and insurance risk were flagged as key areas to monitor.

Market Risk: The initial investment spread shock was of brief duration and there was very limited indirect exposure across the investment portfolio. Market risks are reviewed by the investments team and asset managers to ensure Admiral is adequately positioned in this rapidly changing environment.

Insurance Risk: The risk of reduced availability of co-insurance/reinsurance arrangements remains heightened due to tensions between Russia-Ukraine and an anticipated Ogden rate change in 2024, however monitoring is being undertaken to adequately react to any scenario.

More recently, Admiral reviewed its exposure to geopolitical conflict in response to the outbreak of the 2023 Israel-Hamas war. Initial analysis suggests there is no reason to believe Admiral will be materially impacted as a result of the conflict. The position is being monitored.

#### **Cyber and operational resilience:**

Admiral's strategy to drive continuous delivery of good customer outcomes includes effective and safe usage of technology and data. In support of this the Group Risk function has specialist staff which:

- Complete oversight, challenge and escalation of Technology and Information Security risks through regular engagement with each of the businesses within the Admiral Group;
- Monitor the risk position through setting and review of specific KRIs, with reporting and, where appropriate, escalation through to Committees;
- Ensure that there is an embedded Group Cyber Crisis management plan which includes all necessary stakeholders to ensure the effective response to a cyber crisis; and
- Work with the businesses to undertake deep-dive reviews of specific topics highlighted through threat intelligence and the key cyber risks facing the Group.

#### **Consumer Duty:**

The FCA's Consumer Duty came into effect on 31 July 2023. The Duty introduces higher and clearer standards of consumer protection across financial services and requires firms to focus on customer outcomes. This aligns with the Group purpose and commitment to delivering good customer outcomes for all customers. Admiral has worked hard to review critical customer communications and interactions, products and services, and customer journeys to align with the requirements of the Consumer Duty. Admiral has also had close engagement with external third parties and the FCA throughout the year on the Consumer Duty implementation and requirements. There is an ongoing focus to ensure that the Consumer Duty is fully embedded within the business and Admiral continue to monitor this to ensure that good outcomes are being delivered to customers.

#### Climate change:

Admiral remains committed to recognising and understanding the risks and opportunities posed by climate change to the Group, as well as to mitigate its impact on the environment. Climate-related risks can impact on all of Admiral's business lines, operations, investments, and reinsurance arrangements. Admiral Group recognises that while there are risks from delayed action, there are also opportunities from considering the challenges, including the potential to accelerate the Group's transformation, to build resilience, and to gain competitive advantage in new and existing markets.

As part of this work there is an ongoing Group focus on:

- Ensuring full compliance with existing and emerging regulatory and disclosure requirements
- Researching climate-change trends and assessing the risks and opportunities arising from climate change
- Incorporating climate-related risks into business-as-usual risk management and financial planning, such as enhancing Admiral's climate scenario testing capabilities, linking climaterelated targets and achievements against the directors' remuneration, and better reflecting climate change considerations in projections from the Business Plan and
- Continuing efforts to further reduce the Group's carbon footprint.

Admiral Group's strategy linked to climate change is discussed in more detail in the Task Force on Climate-related Financial Disclosures disclosure (page 73).

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, for the period up to and including December 2026.

#### **Strategic Report Approval**

The Strategic Report is approved for issue by the Board of Directors, and signed on behalf of the Board:

**Milena Mondini de Focatiis**Group Chief Executive Officer

6 March 2024

## Celebrating ADMIRAL'S CUSTOMER CHAMPIONS

We love to celebrate when our colleagues go the extra mile for a customer, to ensure we recognise and reward exceptional service. Every month our UK CEO Cristina selects a customer champion, a colleague that has gone above and beyond for a customer.

Nancy from our Canadian operation was awarded this title for her amazing service to a customer who had been in an accident. The customer was still on the roadside with a car that couldn't be driven and feeling very shaken up. The initial contact with our customers is usually a brief call to get them and their car home safely.

However, in this instance the customer had no one else to call for comfort so Nancy called the customer back after their initial call. She stayed on the line with the customer for 30 minutes supporting them until the recovery vehicle arrived.

We understand that customers can be in a state of anxiety or shock when they initially contact us, we accompany them on some of their worst days, which is why we always try to help make the process easier with a friendly voice at the end of the phone.





# CORPORATE GOVERNANCE

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## **Chair's Introduction to Governance**

## Building A DIVERSIFIED BUSINESS WITHIN AN EFFECTIVE **GOVERNANCE FRAMEWORK**

#### Dear Shareholder.

On behalf of the Board, I am pleased to present Admiral's Governance Report for the financial year ended 31 December 2023, my first as Chair of the Board. Through the course of my first year, I have been impressed with the focus that Admiral places on ensuring that an effective governance framework complements its unique culture and that both are embedded throughout the Group. This report describes the framework in place to ensure our Board and its Committees are operating effectively by supporting and challenging management to maintain high standards of governance across the Group as we continue to drive long-term value for all our stakeholders.

#### **Board changes**

2023 has been a year of considerable change for the Board of Admiral. I was honoured to take over the responsibility of Chair of the Board following Annette Court stepping down as Chair at the 2023 Annual General Meeting. You can find a full description of my appointment process in last year's Annual Report. Following the announcement of my appointment in January 2023, I went through a bespoke and comprehensive induction, details of this process are set out on page 151. Again, I would like to express my gratitude to Annette for her exemplary leadership of the Board. I can confirm that my fellow Board members and the wider Admiral Team are equally grateful for Annette's dedication and thoughtful guidance.

Jean Park retired from the Board and all her Admiral commitments with effect from 20 January 2023, having spent nine years on the Board. As I have previously mentioned, it was with great sadness we learnt that Jean had passed away



"The Board is focused on delivering Admiral's purpose and building its culture through a framework of good governance and established values which, in turn, will deliver long-term, sustainable returns to our shareholders."

> **Mike Rogers Group Chair**

in May 2023. Whilst Jean left prior to my joining the Board, I am well aware of the invaluable contribution she made to Admiral and the Board throughout her nine years' service, as well as the esteem within which she was held by her fellow Board Directors and our colleagues across the business.

Sadly, we also learned that our former Board colleague Keith James passed away in May 2023 after a short illness. Keith joined the Board in 2002 and served until 2012 overseeing huge growth and

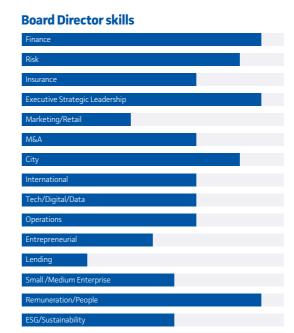
change across the Group. Following his resignation from the Board, Keith chaired and served on a number of subsidiary boards until he retired as a director in 2019. Keith then continued to undertake mentoring roles to many of the Admiral management team until shortly before his untimely death. Keith was universally liked, respected and admired by so many across South Wales and beyond and will be deeply missed by the whole Admiral community.

We were delighted to welcome Fiona Muldoon who joined the Board on 2 October 2023. Fiona was appointed as a new independent Non-Executive Director and member of the Audit Committee. Fiona's biography can be found on page 123. A description of the appointment process undertaken to find and recruit Fiona is set out on page 149.

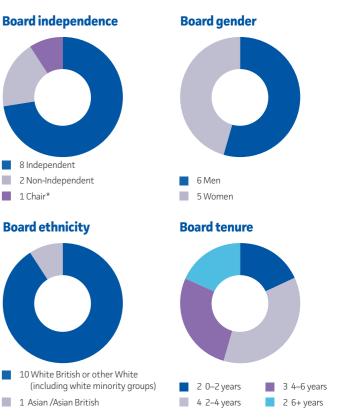
#### People and culture

One of the most significant and enduring observations from my first year as Chair is the sheer quality of people we have at Admiral and the passion they show for the business, this is demonstrated every day in the work they do. There is a special culture embedded throughout the Group, which I believe is unique to Admiral. We build our culture through our purpose and our values, these are not just words on paper, they are lived daily by our teams and integrated through everything we do as a business. On behalf of the Board, I would like to thank all our employees for the hard work, dedication and enthusiasm they have shown throughout the year. Our people and our culture are what sets us apart from other companies and are the reason why in 2023, Admiral was acknowledged as the best large Company to work for in the UK, and our Chief Executive Officer, Milena

#### **Governance at a glance**



\* Independent on appointment



Mondini de Focatiis, was recognised as the best leader of a big Company at the Best Companies to work for awards, see more at www.b.co.uk. You can find out more about our culture and why Admiral is considered a great employer throughout this report.

#### **ESG** and sustainability

ESG and sustainability considerations form part of the narrative to every decision we take as a Board and are integral to the formation of our wider Group Strategy. During the year, the Board considered the effects of the cost of living situation and, amongst other financial and non-financial measures taken to keep employees healthy, motivated and productive, declared a 5% salary increase for all our UK based employees. Further information on this can be found on page 129.

With regards to diversity, I am pleased to report that the Admiral Board exceeds the FTSE Women Leaders Review targets, with a range of 45% to 55% female Board representation during the year. We have a female CEO and Senior Independent Director and have met The Parker Review target for Director ethnicity at Group Board level. Whilst this is positive, we cannot rest on our laurels, there is still

much work we can do to ensure a fully inclusive environment sits alongside a diverse pipeline of talent to drive the business forwards. You can read more about our diversity and inclusion initiatives on pages 62 and 154.

Climate change and the wider environment are important considerations we take into account as a Board. You can read about how Admiral has taken steps to meet its environmental obligations through its TCFD and SECR reporting disclosures set out on pages 71 and 73.

As Chair, I am conscious that the Board is accountable to all our shareholders and wider stakeholders such as our employees, customers, partners, suppliers, communities and the environment. We maintain an active dialogue with our shareholders and have regular interaction with all our wider stakeholders. How we do this is set out in our section 172 statement on page 87 along with further details on page 136.

#### **Effectiveness**

The Board conducted an evaluation of its own performance and those of its committees in December 2023. In line with its three-year cycle, this review was conducted internally by the Company Secretary in conjunction

with myself. The findings from the 2023 evaluation along with an update on the progress made against those recommendations from the previous year's external review process can be found on page 158. This process gives a clear focus on what we can do as a Board to improve during the forthcoming year, however it did confirm that the Board and its committees are working effectively in ensuring the business is managed for the long-term benefit of all our stakeholders.

I would like to thank my fellow Board members for their insight and support during my first year as Chair. I look forward to our 2024 AGM, which will once again be held in person on 25 April 2024. Further details will be published in the Notice of Annual General Meeting. which will be sent or made available to shareholders on the Company's website.

#### **Mike Rogers**

6 March 2024

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## **Q&A** with the Chair

# PEOPLE LOOK AFTER THEIR FUTURE

#### We asked Mike Rogers to share some of his initial impressions and observations from his first year as Chair of Admiral.

#### How valuable did you find your induction process in preparing you for your role as Chair?

My induction process was incredibly helpful and insightful. One of my overwhelming impressions of Admiral is how knowledgeable and collaborative colleagues are across the UK and beyond. Admiral staff generally have a very long tenure and therefore the knowledge that they build up and are able to share is incredibly valuable. I believe that the way that Admiral colleagues collaborate so closely really adds to the overall competitive advantage that Admiral has been able to maintain for so many years. Meeting with management during my induction process has really reinforced this in my mind. On top of meeting management, I have also spent time listening to customer calls as well as spending time in a number of call centres with our front-line staff. Everyone I have met has been generous with their time and it is clear that people at Admiral love working here.

+ See page 151 for further information

#### What does effective governance mean to you and how is this demonstrated at Admiral?

Throughout my career I have seen how embracing effective governance, initiated at the most senior levels of a Company and cascaded down through the business, builds a culture where integrity and values are put at the very heart of how that business operates. This in turn allows trust to be built through accountability and transparency, which encourages investment and the building of stakeholder relationships with confidence and mutual respect. At Admiral, I have seen this integrity demonstrated through a strong sense of purpose and values, led by an effective Board who understand and espouse the benefits that effective governance can have on building a positive workplace culture and, ultimately, on the performance of the business. Whilst this in itself cannot quarantee Admiral's success, it certainly can create a strong base from which the Company is given the best opportunity to flourish.

+ See page 113 for further information

#### What have been your initial impressions of Admiral's culture during your first year?

Before I joined as Chair, I was aware of Admiral's reputation for its unique culture, this was a factor in guiding my decision to join the Company. Having spent my first year visiting all areas of the business and meeting a large cross-section of our colleagues, I can honestly say that I have not been disappointed. I believe I can sum up Admiral's culture with the following words: engaging, innovative, collaborative, inclusive, focused, conscientious and fun. The Board and senior management

team view our culture as the heart of what Admiral is, and what it stands for as a business. Admiral's culture is key to why the Company has been so successful in growing over the past 30 years to where we are today and, for this reason, should be protected at all costs. Amongst the many awards received which reflect our culture, we were delighted to be named Best Large Company to work for in 2023 and our CEO, Milena, was awarded Best Leader of a Big Company at the Best Companies Awards.

+ See page 132 for further information

#### How much consideration should the Board give to Admiral's purpose and values during its decision-making process?

On joining the business, Admiral's philosophy was explained to me in simple terms, we want to help people to look after their future, always striving for better together. This is our purpose, and in my relatively short time with the business I've been impressed in seeing how our colleagues embody this purpose every day through our values. With every discussion and decision we take as a Board, our purpose and values are at the forefront of our minds. Simply put, if the Board believes something does not measure up to the high bar we have set ourselves then it will be rejected. Our values are embraced through an open and inclusive workplace, where people can have fun, work hard, and be rewarded for their achievements. The Board and our senior management team lead from the front, truly believing that people who like what they do, do it better, and it is our customers and wider stakeholders who benefit as a result.

See page 132 for further information

#### **How important is diversity** and inclusion to the success of the business?

Embracing people from all areas of society and walks of life brings with it different experiences, skills and perspectives. This in turn delivers a stronger, more creative and capable workforce. Inclusive and diverse workplaces foster a keen sense of belonging and create an environment where employees feel their contributions are valued and respected, this enhances the culture of the Company. High quality candidates are attracted to diverse and inclusive companies and employees feel more comfortable and satisfied within inclusive environments, creating lovalty and reducing attrition. Equality is one of the four pillars of Admiral's culture and I've been impressed with the seriousness and focus the Group gives to ensuring diversity and inclusion, from the Board through to all levels within the Company. We have many forums throughout Admiral which focus on all aspects of diversity and inclusion, this is key to enhancing our culture and ultimately the success of our business. The team is proud of its diverse working culture – it's what makes us Admiral.

#### Why is stakeholder engagement important to Admiral?

Stakeholder engagement is a key responsibility for the Board, we value all our stakeholders and through understanding their individual needs the Board is able to create a balanced and fair approach to their varying, sometimes conflicting, interests. Engagement through effective communication builds trust, credibility and confidence, and we take into account our various stakeholder views and opinions to build a shared vision for the future. Engagement also brings clarity and alignment as to what the business wants to achieve and consensus as to how it should do this. Our stakeholders have a huge wealth of relevant knowledge and experience which we are able to tap into to help Admiral be more impactful, sustainable and successful, whilst at the same time assist in mitigating potential risks, conflicts and resistance to change. The Board understands the importance of these relationships and Admiral has an in depth understanding of who our stakeholders are and how best to engage with them for the benefit of the Company in the long-term.

+ See page 56 for further information

What does being a sustainable

business mean to the Admiral Board?

As a Board we understand that having an understandable, transparent and sustainable approach to business has environmental, economic and social benefits, not just for our stakeholders but for society as a whole. We have a duty to promote sustainable working practices and, where possible, to mitigate the negative aspects of any impact we have on our environment. Everyone benefits from working in a more sustainable environment and by doing our best to reduce emissions and promote equality, as a couple of examples amongst many, we can do our small part to help secure and build a society for future generations. As a Board, we understand that the perception from our stakeholders around Admiral's commitment to being a sustainable business has a bearing on our reputation, our customer loyalty, employee engagement and investment decisions. By continuing to integrate and embed sustainability and ESG practices throughout our business we are ensuring Admiral's success and resilience over the longer-term.



### **Board of Directors**

Our aim is to accelerate the evolution of our core businesses toward what we call Admiral 2.0, an organisation that leverages on Admiral's historical strengths whilst being even more agile and technology focused.



#### **Board skills matrix**

- Finance
- Insurance
- . City
- Technology/Digital/Data
- Entrepreneurial
- Remuneration/People
- ★ Executive/Strategic Leadership
- **A**&M ←
- International
- Operations
- Lending
- ESG/Sustainability
- Small/Medium Enterprise

#### **Committee Membership**

- Audit Committee member
- Remuneration Committee member
- Group Risk Committee member
- Nomination and Governance Committee member
- **c** Committee Chair
- Senior Independent Director



#### Mike Rogers C Chair

#### **Appointed**

Appointed as Chair of the Board on 27 April 2023.

#### **Current appointments**

· Chair of Experian plc

#### **Background and experience**

Mike was Group Chief Executive Officer of LV= Group from 2006 until 2016, during which time he grew the organisation into a significant player in the life and general insurance market. Before that, Mike was with Barclays plc for more than 20 years, holding a number of senior roles, most recently as Managing Director, UK Retail Banking. Mike was previously a Non-Executive Director of NatWest Group plc (where he Chaired its Group Sustainable Banking Committee and sat on the Group Performance and Remuneration Committee). He was also previously a Non-Executive Director of the Association of British Insurers.

#### **Contributions and reasons for appointment**

Mike was appointed as Chair of the Board based on his wide business, insurance and financial services knowledge and on him being someone who would make a strong strategic impact on the future of Admiral. Mike has over 30 years of international financial services experience holding the senior positions described above. Mike also has a wealth of Board experience, he is currently Chair of Experian plc, and stepped down as Non-Executive Director of NatWest Group plc immediately prior to joining Admiral and as Chair of Aegon UK on 22 January 2024. Mike's recent and relevant background and experience, and the skills he has developed over his significant and distinguished career made him the ideal choice as Chair to lead the Admiral Board and business through the next stage of its evolution.















#### Milena Mondini de Focatiis Chief Executive Officer (CEO)

#### **Appointed**

Appointed to the Board in August 2020 and became CEO on 1 January 2021.

#### **Current appointments**

- · Admiral Insurance Company Limited member (an Admiral Group subsidiary)
- · Able Insurance Services Limited Board member (an Admiral Group subsidiary)
- · Mentor for A-Road, Growth Capital

#### **Background and experience**

Milena joined Admiral in 2007 and was appointed CEO in January 2021. She has been a member of the leadership team throughout her time at Admiral, has extensive experience of the Group's operations and has attended and actively contributed at Board meetings as an observer since 2011. Her previous roles included being Head of UK and European Insurance and CEO of ConTe, Admiral's Italian insurance business which she founded in 2008. Before joining Admiral, Milena worked as a consultant for Bain & Co and Accenture. She holds an MBA from INSEAD and a degree in Telecommunication Engineering from Università degli Studi di Napoli Federico II.

#### **Contributions and reasons for appointment**

Milena leads a very strong and experienced management team and is an effective CEO who continues to build an even stronger Admiral for the future. In 2023 Milena was awarded the Best Leader of a Big Company at the 2023 Best Companies Awards.









#### **Geraint Iones** Chief Financial Officer (CFO)

#### **Appointed**

Appointed in August 2014.

#### **Current appointments**

- Admiral Financial Services Limited Board member (an Admiral Group subsidiary)
- Admiral Insurance (Gibraltar) Limited Board member (an Admiral Group subsidiary)
- Admiral Insurance Company Limited Board member (an Admiral Group subsidiary)
- Trustee and Chair of the Finance and Audit Committee of the Wales Millennium Centre
- Finance, Audit and Risk Committee member at the Football Association of Wales

#### **Background and experience**

Geraint joined Admiral in 2002 and held several senior finance positions including Head of Finance, before being promoted to Deputy CFO in January 2012 and CFO in August 2014. Geraint is responsible for finance, investments and investor relations. A Fellow of the Institute of Chartered Accountants in England and Wales, Geraint spent the early part of his career as an external auditor at Ernst & Young and KPMG.

#### **Contributions and reasons for appointment**

Geraint has worked for Admiral for over 20 years and has been Group CFO for nearly 10 years. He has a deep understanding of the Group's businesses and strategy, which, together with his significant financial and accounting experience and broad range of skills and commercial expertise, makes him a valuable contributor both to the Board and the wider Group. Geraint is also able to use his financial and accounting experience to provide insight into the Group's financial reporting and risk management reporting processes.



















## **Corporate Governance**

## **Board of Directors** continued



#### Michael Brierley Non-Executive Director

#### **Appointed**

Appointed in October 2018.

#### **Current appointments**

- · Chair of Admiral Financial Services Limited (Admiral Money) (an Admiral Group subsidiary)
- Director, Trustee and Chair of Finance and Risk Committee of the Rose Theatre Trust
- Non-Executive Director and Chair of Audit Committee and Risk and Compliance Committee at Alpha Bank London Limited

#### **Background and experience**

Michael was CFO of Metro Bank Plc between 2009 and 2018, helping lead the business from start-up to profitability and listing on the FTSE. He spent seven years at Capital One Europe in various roles including CFO Europe, CFO UK and Chief Risk Officer Europe. He has also served as CFO for Royal Trust Bank, Financial Controller at Industrial Bank of Japan (London Branch), Director Business Risk at Barclaycard and was co-founder, Deputy Managing Director and CFO of Gentra Limited. Michael is a Fellow of the Institute of Chartered Accountants in England and Wales.

#### **Contributions and reasons for appointment**

Michael brings a depth of knowledge from working at senior levels across multiple financial services sectors. jurisdictions and markets. As a result of his extensive financial and commercial experience, Michael is able to contribute effectively as a Non-Executive Director, and in his role as a member of the Audit and Remuneration Committees. Through his recent and relevant financial experience, he is able to effectively challenge management on the financial reporting and internal control matters that come before the Audit Committee. Michael demonstrates full commitment to the responsibilities that go with his Board and Committee roles and offers appropriate challenge and guidance in respect of the matters considered in these forums.







#### Karen Green C Non-Executive Director

#### **Appointed**

Appointed in December 2018.

#### **Current appointments**

- Non-Executive Director, Senior Independent Director and Chair of the Sustainability Committee, member of the Nominations and Remuneration Committees, Phoenix Group Holdings plc
- Non-Executive Director, member of the Audit, Nomination and Remuneration Committees. Great Portland Estates PLC
- Non-Executive Director, and Risk and Audit Committee Chair and member of the Remuneration Committee of Miller Insurance Services LLP
- Non-Executive Director. Chair of the Risk Committee and member of the Remuneration Committee, Asta Managing Agency Ltd
- Advisor role for Insurtech, Cytora Limited
- Supervisory Board member and Audit Chair for the
- Charity Trusteeship, Wellbeing of Women

#### **Background and experience**

Karen Green is the former CEO of Aspen UK. Other senior Aspen positions included Group Head of Strategy, Corporate Development, Office of the Group CEO and she was a member of the Group Executive Committee for 12 years. Prior to that, she held various corporate finance, M&A and private equity roles at GE Capital Europe and Stone Point Capital having started her career in investment banking at Baring Brothers and Schroders.

#### **Contributions and reasons for appointment**

Karen has substantial financial services experience and has a deep understanding of insurance and reinsurance. Karen also has a strong background in strategic planning and corporate development and the relevant financial and industry expertise to be Chair of the Audit Committee. She demonstrates the commitment required to discharge effectively the responsibilities attached to this role and to challenge management on the Group's financial reporting and risk management processes.





#### Justine Roberts, CBE **Non-Executive Director**

#### **Appointed**

Appointed in June 2016.

#### **Current appointments**

- · CEO and Founder, Mumsnet.com and Gransnet.com
- · Non-Executive Director of The Open Data Institute
- · Non-Executive Director of Boring Money
- · Non-Executive Director and Chair of Remuneration Committee of the English Football League

#### **Background and experience**

Justine founded Mumsnet in 2000 and is responsible for creation, strategic direction and overall leadership. In May 2011, Justine founded Gransnet, a sister site to Mumsnet, for the over-50s. Before that Justine was a freelance football and cricket journalist for the Times and Daily Telegraph, after working for Warburgs and Deutsche Bank as an economist, strategist and head of South African Equities in New York.

#### **Contributions and reasons for appointment**

As CEO of the successful Mumsnet and Gransnet brands, Justine has strong digital and customer experience insights that she is able to bring to the Board decision-making process. Justine also has a strong background in driving change through digital capabilities and brings a fresh and insightful perspective to the matters for consideration by the Board. Justine is also an effective member of the Nomination and Governance Committee and demonstrates full commitment to the role as well as performing the role of Senior Independent Director.















#### Andy Crossley C Non-Executive Director

#### **Appointed**

Appointed in February 2018.

#### **Current appointments**

- Chair of EUI Limited (an Admiral Group subsidiary)
- Non-Executive Director, member of Remuneration Committee, Risk Committee and Chair of Audit Committee at Vitality Health Ltd (Vitality Health Ltd, Vitality Life Ltd, Vitality Corporate Services Ltd) and Senior Independent Director of Vitality Life Ltd.

#### **Background and experience**

Andy was CFO at Domestic & General Group from 2014 to 2017. He spent 14 years at Prudential Plc from 2000 as Director, Group Finance; Group Chief Risk Officer, and CFO and Deputy Chief Executive of Prudential UK. He previously held senior manager roles at Legal & General Group Plc, where he was Group Financial Controller, and Lloyds Bank Plc. Andy is a Fellow of the Institute of Chartered Accountants in England

#### **Contributions and reasons for appointment**

Andy has held a variety of senior roles relating to financial planning, strategy and risk across UK financial services. He has a wealth of accounting and financial experience and provides progressive insights to the matters that come before the Board. Andy is a valuable contributor to the Board and as a member of the Audit Committee and Chair of the Group Risk Committee. Through his recent and relevant financial experience, he is able to effectively challenge management on the financial reporting matters that come before the Audit Committee.

## **®A⊕A⊕A⊕B®®P2**









<sup>\*</sup> Ceased to be a member of the Audit Committee on 7 March 2024

## **Board of Directors** continued



#### Jayaprakasa Rangaswami Non-Executive Director

#### **Appointed**

Appointed in April 2020.

#### **Current appointments**

- · Non-Executive Director and member of Remuneration Committee (joint with both Allfunds entities) of Allfunds Bank SA and Allfunds Group Plc
- Non-Executive Director and member of Remuneration and Nominations, Audit and Risk Committees at Daily Mail and General Trust Plc (DMGT)
- Board Member and Chair Quarterly Security Forum of Harmsworth Media
- Non-Executive Director and member of Audit Committee. Human Resources and Remuneration Committee and Chair, Sustainability, and Innovation Committee of National Bank of Greece S.A.
- Member and Chair, Business Development Committee, Board of Trustees, Cumberland Lodge
- · Member, Board of Trustees, Web Science Trust

#### **Background and experience**

Jayaprakasa Rangaswami (JP) has a wealth of large-scale IT operational experience gained through his roles as Chief Information Officer (CIO) with Dresdner Kleinwort (2001 to 2006) and Managing Director/Chief Scientist at BT Group (2006 to 2010). JP has also been Chief Scientist with Salesforce (a US cloud-based software Company) (2010 to 2014) and was Chief Data Officer (CDO) and Group Head of Innovation with Deutsche Bank (2015 to 2018).

IP is also a former global CIO of the Year as well as European Innovator of the Year.

#### **Contributions and reasons for appointment**

IP brings a wide range of technology and digital experience which helps to complement and enhance the existing skills around the Board table. He has operated in financial services for over ten years and understands the challenges of working in a regulated environment. He is also able to effectively contribute to the Board debate and demonstrates full commitment to the role. JP is also a member of the Group Risk Committee, a role for which he has the relevant experience and capability.





#### **Evelyn Bourke** Non-Executive Director

#### **Appointed**

Appointed in April 2021.

#### **Current appointments**

- Non-Executive Director, Chair of the Audit and Risk Committee and member of the Nomination Committee at Marks and Spencer Group Plc
- Non-Executive Director, member of the Nominations Committee, Sustainability Committee, Remuneration Committee and Workforce engagement NED at Bank of Ireland Group plc.
- Non-Executive Director, Senior Independent Director, member of Audit Committee, Risk and Compliance Committee and Nominations Committee at AJ Bell Plc

#### **Background and experience**

Evelyn was Bupa Group's CFO between 2012 and 2016, before becoming Bupa's Group Chief Executive Officer from 2016 to 2020. Evelyn has held several senior leadership roles during her career including Chief Commercial Officer at Friends Life UK (2011 - 2012), CFO at Friends Provident (2009 – 2010), CFO at Standard Life Assurance (2006 - 2008), and CEO at Chase de Vere (2004). Evelyn is a qualified actuary and holds an MBA from London Business School.

#### Contributions and reasons for appointment

Evelyn brings valuable general management, finance and strategy experience from life and health insurance, internationally. She complements and enhances the range of skills currently on the Board. Evelyn has held several leadership positions in financial services organisations and has the appropriate skills, knowledge and experience to perform her roles as Non-Executive Director and Chair of the Remuneration Committee.

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#### Bill Roberts Non-Executive Director

#### **Appointed**

Appointed in June 2021.

#### **Current appointments**

- · Advisor at Hi Marley
- · Independent Non-Executive Director Elephant Insurance Company (EIC) (an Admiral Group subsidiary)

#### **Background and experience**

Bill Roberts has a wealth of insurance, underwriting and marketing experience gained during his time at US insurer, GEICO, which he joined in 1984. Whilst at GEICO, Bill held several Executive appointments, including COO and President and CEO for all GEICO Insurance Companies, a position he held from 2018 until he was promoted to Vice Chairman, GEICO Insurance Companies in 2020. Bill held this role until he retired from GEICO in December 2020.

#### **Contributions and reasons for appointment**

Bill brings valuable insurance experience and insight on the US insurance market having held several senior executive positions with US insurer, GEICO. Bill contributes and challenges effectively on the matters that come before the Board. His extensive US insurance experience and insight is of specific value to the Group's US business as it seeks to continue to develop and grow. Bill does not currently have any other Executive or Non-Executive Director commitments that would impact the time commitment requirements for his Admiral Non-Executive Director role and member of the Nomination and Governance Committee and has capacity to fulfil the duties and responsibilities for these roles.











#### Appointed in October 2023. **Current appointments**

- Non-Executive Director, Chair of the Risk Committee and member of the Audit Committee at Beazley plc
- · Chair of Sretaw PE DAC

#### **Background and experience**

Fiona has thirty years' experience in the insurance industry. Fiona was the CEO of FBD Holdings plc, a listed general insurer in Ireland, from 2015 to 2020. Prior to that Fiona was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland, the Irish regulator. Fiona spent 17 years of her career with XL Group in various progressively senior finance and general management positions, in Dublin, London, and Bermuda. She is a Fellow of the Institute of Chartered Accountants in Ireland.

#### **Contributions and reasons for appointment**

Fiona has acquired extensive experience of the insurance sector during her 30+ years' career in financial services. Fiona has built a compelling portfolio in the financial services sector, demonstrating an ability to leverage her financial and commercial skills to make a useful contribution to board discussions. Fiona was a Non-Executive Director of Bank of Ireland Group for eight years, also sitting on the board of New Ireland Assurance Company, the bank's wholly owned life insurance, pension and investment business. She additionally serves on the board of Beazley; a FTSE 100 specialist insurer and she chairs the board of Sretaw DAC a private equity Company based in Ireland.





#### 124 Corporate Governance

## **Board of Directors** continued



## **Dan Caunt**Group Company Secretary and General Counsel

#### **Appointed**

Appointed in May 2022.

#### **Background and experience**

Dan trained at Field Fisher where he qualified into the IP disputes team in 2005. Dan relocated to Cardiff in 2008. He spent two years in the IP/commercial litigation team at Osborne Clarke before joining Admiral's in-house legal team in September 2010. Dan became Group Company Secretary and General Counsel at Admiral in May 2022 and leads the in-house Group Legal and Company Secretarial teams within the business. Dan is secretary to the Admiral Group Board and all Group Board Committees.

"As Company Secretary of Admiral Group PLC, my role is focused on ensuring that the Group conforms to the highest standards of corporate governance practice as well as ensuring compliance with all of its legal and regulatory requirements."

#### **Dan Caunt**

Group Company Secretary and General Counsel

#### **Our Culture**

**Engagement** 

#1

Best Big Company to Work for in the UK

Voted the best big Company to work for in the UK in 2023 by the Best Companies to Work For awards. www.b.co.uk

#### **Diversity**

**95%** 

of our employees believe Admiral is a diverse and inclusive employer.

**GPTW Survey** 

#### **Our Culture**

**87%** 

of our colleagues are proud to tell others that they work for Admiral.

**GPTW Survey** 

#### Community

88%

of employees feel good about how Admiral contributes to the community.

**GPTW Survey** 

#### **Equality**

#3

Admiral was recognised as the 3rd best workplace for women in the UK by Great Places to Work. www.greatplacetowork.co.uk

## **Board Leadership and Company Purpose**

#### **UK Corporate Governance Code**

The UK Corporate Governance Code ('the Code') available at www.frc.org.uk, applied to Admiral throughout the year ended 31 December 2023. At the heart of the Code is a set of principles which emphasise the value that good corporate governance can have on the longterm sustainable success of a business. By applying the principles, and following the more detailed provisions of the Code, the Board can demonstrate to Admiral's stakeholders how the creation of an effective, transparent and accountable corporate governance framework, aligned to the purpose and values of the Company, assists the Board in building our special Admiral culture and delivering the business strategy within the relevant legal and regulatory landscapes in which the Group operates.

Admiral is required to report to shareholders on how it has applied the principles and provisions of the Code during the year and, where we have not, the reasons for not doing so. The Board confirms that Admiral has complied with all of the provisions set out in the Code for the year ended 31 December 2023, with the exception of Provision 19. This is explained in further detail below.

Details on how Admiral has applied the principles set out in the Code and how governance operates throughout the Group have been summarised throughout this Governance section and elsewhere in this Annual Report and are set out in the table below.

Provision 19 of the Code states that 'The chair should not be in post beyond nine years from the date of their first appointment to the Board. Annette Court was appointed as Board Chair in April 2017, having spent five years as a Non-Executive Director of the Board. Annette reached her nine-year tenure as Non-Executive Director on the Board in March 2021. As reported in the 2021 Annual Report, the Board considered and agreed, having consulted shareholders, that Annette should remain in post to facilitate an effective succession process for both CEO in 2021 and Chair in 2023. Mike Rogers was appointed Chair at Admiral's AGM held on 27 April 2023. at which time Annette stood down from the Board.

#### **Compliance with Corporate Governance Code Principles**

1	Board leadership and Company purpose	Pages
A	Effective Board	118
В	Purpose, values and culture	8, 132
С	Governance framework	113
D	Stakeholder engagement	56, 87, 136
E	Workforce policies and practices	96, 132
2	Division of Responsibilities	
F	Board roles and responsibilities	118, 140
G	Independence	118, 152
Н	External commitments and conflicts of interest	143, 154
	Board resources	144
3	Composition, Succession and Evaluation	
J	Appointments to the Board	118, 146
K	Board skills, experience and knowledge	153
L	Annual Board evaluation	158
4	Audit, Risk and Internal Control	
М	External Auditor and Internal Auditor	163
N	Fair, balanced and understandable review	161, 201
0	Internal financial controls and risk management	98, 161, 168
5	Remuneration	
P	Linking remuneration to purpose and strategy	172
Q	Remuneration policy review	176
R	Performance outcomes 2023	185

Provision 19 of the Code states that 'To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time.' Annette's re-election was supported by shareholders at the 2022 AGM (99.3% votes in favour) and her 2022 performance review, led by the Senior Independent Director, concluded that she continued to perform effectively as Board Chair, continued to exercise objective judgement and promoted constructive challenge amongst Board members. Following Annette stepping down and the appointment of Mike Rogers as the new Chair in April 2023, Admiral has been in full compliance with the Code.

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## **Board Leadership and Company Purpose**

#### continued

#### Principal areas of focus How the Board spent its time during 2023.

In 2023, the Board held seven scheduled meetings, in addition there were a number of ad hoc Board meetings to deal with significant matters that were unable to wait until the next scheduled meeting. A Board planner is in place which sets out those items to be reviewed on an annual basis at scheduled Board meetings in accordance with the Matters Reserved for the Board Schedule. The items below are not exhaustive but demonstrate some of the key areas of the Board's focus during the year ended 31 December 2023.

#### Strategy and business plan

- Received regular updates around key areas of business strategy across the Group including progress against current plan and strategic priorities for the business going forward
- A two-day Board strategy meeting took place at Admiral's Swansea office in October where the Group's business strategy, 5-year plan, Admiral 2.0, capital allocations and diversification were discussed
- Consideration of individual business strategies within the Group business presented by divisional CEOs, evaluating how these tied into the wider Group strategy
- Approval of acquisitions and disposals including disposal of Compare.com to Insurify, Inc., and the acquisition due to complete in 2024 of UK direct home and pet personal lines insurance operations of RSA, review of M&A processes and lessons learnt – see principal decision page 128
- Review of ESG, sustainability and community strategies and how these are integrated throughout the wider business strategy
- · Brand, technology and digital programme updates.

## Operational performance, financial and risk management

- Review of the operational performance of the business through regular reports from the CEO and presentations from CEOs and senior management from across business divisions
- Regular updates from the CFO on the Group's financial performance against strategic objectives, business plans, capital allocation and budgets, tax planning and international tax considerations, planning liquidity and adequacy of solvency thresholds and prudential buffers considering market conditions, analyst forecasts and financial and non-financial KPIs
- Approval of significant debt refinance see principal decision page 129
- Review and approval of the half year and full year results and consideration and approval of interim and final dividends
- Consideration of fair, balanced and understandable requirements in the half and full year financial reports, along with going concern and viability statements following review by the Audit Committee
- Reviewed and approval of risk framework, policy and appetite for the Group through the Group Risk Committee
- Integration of new technology see principal decision page 130
- Oversight of internal control environment and framework through updates from Audit Committee and Risk Committee including Cyber Risk, ORSA, Solvency II and Group Governance framework.

#### **Culture and stakeholders**

- Consideration of how the Group purpose and values have been imbedded throughout the business
- Review of how Admiral's culture continued to develop including analysis of feedback from Great Place To Work® (GPTW) survey results, working groups, culture scorecard and Diversity and Inclusion Policy review - see more on pages 56 and 132.

- Consideration of stakeholder map and respective stakeholder updates throughout the year, including engagement mechanisms - see more on pages 56, 87 and 136
- Employee welfare review and considerations including cost of living analysis and hybrid and remote working practice considerations - see pages 129 and 132
- Presentations and discussion from the Chairs of the UK and Overseas Employee Consultation Groups see page 138
- Overview of Group reward strategy including review of share-based awards and approval of Directors Remuneration Policy through the Remuneration Committee – see page 172
- Talent management and succession planning throughout the Group
- Review of Investor Relations reports
- · Group health and safety updates.

## Society, environment and sustainability

- Oversight of Group ESG and sustainability strategy to ensure alignment with the Group's wider strategic objectives and culture – see page 79
- Review of climate change strategy, related activities and risk management including progress towards climate commitments and understanding the evolving expectations of stakeholders
- Updates on progress against sustainability targets
- Analysis of suppliers and partners and the communities within which Admiral operates
- Updates on volunteering and charity propositions within the Group as part of a wider community outreach strategy including sponsorship of community events, charitable giving, volunteering and fundraising
- Updates on the customer journey, customer engagement and ensuring fair and reasonable claim outcomes for all customers with special consideration of vulnerable and disadvantaged groups within society

#### **Governance and Regulatory**

- Received regular reports from the Chairs of the Audit, Risk, Nomination and Governance and the Remuneration Committee's
- Consideration of the work of the Nomination and Governance Committee on Board composition and succession planning, including approval of the appointments of Mike Rogers as Chair and Fiona Muldoon as Independent Non-Executive Director
- Regular updates and consideration of new regulatory requirements including implementation mechanisms for the new Consumer Duty regulation and oversight and education on the integration of IFRS 17 reporting framework - see page 131
- The fostering of good relations and open and constructive dialogue with regulators
- Discussions around conclusions of the external Board evaluation findings and agreed areas of focus and Board objectives for 2023
- Consideration of skills, experience and time requirements for Directors and recommendations to shareholders regarding their reappointment
- Discussions around The Parker Review disclosure requirements for senior management ethnicity through Nomination and Governance Committee and the implications for succession planning
- Review and approval of Group policies including Board members' potential Conflicts of Interest, Modern Slavery and Anti-Bribery considerations and approval of Admiral's Modern Slavery Statement
- Considered and approved the Notice of 2023 Annual General Meeting (AGM) for issue to shareholders
- Reviewed matters reserved for the Board and the committees' respective terms of reference.

## Principal areas of focus for the Board for 2024

- Continued focus on accelerating the evolution of Admiral's core business and competencies toward 'Admiral 2.0', leveraging the Group's historical strengths whilst being even more agile and technology focused
- Oversight of progress of the Group's diversification strategy to ensure long-term resilience within the business whilst strengthening and complementing existing customer propositions
- Monitoring the ongoing embedding of culture and values throughout the business, including closely monitoring the effects of hybrid working to ensure that the uniqueness of Admiral's culture is maintained and developed
- To continue focus in relation to the Admiral internal model, supporting a planned regulatory pre-application and subsequent full regulatory application
- Provide steering and oversight for capital management and reinsurance
- Embedding the Group's sustainability strategy ensuring that it continues to be integral to the Group's wider strategy
- Focus on Board composition and skills in conjunction with Nomination and Governance Committee along with executive team succession planning
- Ensure diversity and inclusion objectives are embedded throughout the Group and continued progress is made in respect of ethnic diversity
- Monitoring progress against key pledges for climate change and community
- Continued deepening of the Board's understanding of external risk factors
- Ongoing oversight of FCA's Consumer Duty regime implementation across the business.

## Strategic THINKING AT ADMIRAL

Whilst a significant proportion of the Board's time is focused towards addressing the short to medium term business considerations required in managing a business such as Admiral, it is also important that the Board is allowed the opportunity to take a step back and assess the bigger picture, to promote discussion and strategic planning over the medium to long term in order to identify and address those significant opportunities and risks that may present themselves. As well as being part of every Board meeting, Admiral annually dedicates two full days to focus on its strategy. In 2023, the Board was taken to Admiral's Swansea office for their annual strategy meeting, at this meeting the following items are examples of some of those issues the Board addressed.

- Group-wide strategy and objectives
- Admiral 2.0
- $\cdot \ \, \text{Diversification strategy}$
- Motor evolution strategy
- UK insurance strategy
- · Organic versus inorganic growth
- · International business strategy
- · Five-year plan
- Strategic opportunities
- · Organisational requirements.



2

full days each year to focus on strategy

Admiral Group plc Annual Report and Accounts 2023

Admiral Group plc Annual Report and Accounts 2023

## **Board Leadership and Company Purpose**

continued

#### s172 Principal decisions

Our section 172 statement, set out on page 87, highlights how the Board considers those matters set out under s172. On the pages that follow are examples of some of the key discussions and decisions taken by the Board during the year along with details around how those considerations set out under s172 were taken into account during the Board's decision-making process.

#### **Key: Board considerations as** defined under s172:

- A Long-term impact
- Interests of employees
- C Fostering business relationships
- Impact on community and environment
- E Maintaining reputation for high standards of business conduct
- F Treating stakeholders fairly















#### **Principal decision 1 Acquisitions** and disposals

The strategic objectives the Board considers when evaluating potential acquisitions and disposals are:

- 1. To accelerate Admiral's diversification strategy: to increase the pace of growth of non-motor products, such as Household, Pet and Travel in the UK
- 2. To build new capabilities: acquiring knowledge in fields where Admiral has not yet developed the required competencies
- 3. A path to scale: opportunities identified where Admiral is able to drive incremental value through pricing and claims expertise and driving cost efficiencies
- 4. To divest from non-attractive markets: generating value from adjusting the portfolio to focus on markets where we see long-term growth potential.

In alignment with Admiral's strategy of diversification of its product offering into insurance products beyond Motor, the Board was pleased to announce the acquisition of the More Than direct Home and Pet personal lines insurance business from RSA in December 2023. This transaction will see Admiral welcome c.300 new colleagues as well as the transfer of the renewal rights and the 'More Than' brand.

The proposal to engage in the process to acquire the More Than business was first presented to the Board in September 2023, and then on a number of occasions at milestone points throughout the process. Board deliberations focused on:

- Strategic fit: The Board concurred with management that the acquisition represented a strong strategic fit and achieved the objective of diversification in the UK by accelerating the scale and market share of both Admiral's Home and Pet products
- · Impact on core business: The Board considered the impact on the core/ existing business, particularly in terms of management time, and felt that this could be mitigated by a properly structured, funded and resourced integration team

- · Comparison of organic versus inorganic growth: An alternative approach of investing in organic growth was considered. The Board agreed that there was no alternative opportunity equivalent to the increase in scale for the Home and Pet businesses which would be achieved by this acquisition
- Brand reach: The Board agreed to offer RSA customers an Admiral Home product and discontinue the More Than brand for home insurance. Admiral would continue to offer the More Than brand to RSA Pet customers at renewal and to sell new business under this brand, whilst also maintaining the Admiral brand.

A key consideration for the Board in respect of the More Than acquisition was the impact on all stakeholders in the short and the longer terms. This was factored into the Board's evaluation and decisionmaking process. In such situations, key stakeholders will be identified, for example, employees, customers and shareholders, and analysis is undertaken to understand any relevant issues specific to each stakeholder group. The Board will balance the often-conflicting interests of stakeholders whilst, at the same time, ensuring all receive equitable treatment. In the case of the More Than business, after in-depth analysis the Board agreed that this was a strategic fit with the existing Admiral business and its stakeholders, and approved the acquisition as being in the long-term best interests of the Admiral Group.

During the year, Admiral said goodbye to our colleagues at Compare.com in the US, as the final step in our exit from the comparison market. The sale of Compare.com Insurance Agency LLC to Insurify, Inc., a US-based virtual insurance agent, was completed in March 2023 and demonstrated the Boards divestment strategy to focus on markets Admiral has identified as having the potential for longer term growth.

#### **Key s172 criteria considered** A B C D E F

Relevant stakeholders considered











#### **Principal decision 2** Liquidity/ **Refinancing of** subordinated debt

In June 2023, Admiral Group successfully priced a GBP £250 million 10.5-year Tier 2 bond issue, this was the second bond issue in its history. The bond issue was accompanied by a tender for Admiral's existing £200 million 5.5% subordinated Tier 2 notes, due to mature in July 2024, which attracted participation in line with expectations.

The Board considered the Tier 2 bond issue to be an important part of the Company's active management of its debt profile and capital base and took the opportunity to refinance, prudently well ahead of the maturity date in July 2024. The proceeds of the new notes were to be used to fund general business and commercial activities of the Group and to allow the Group to refinance its existing notes well in advance of maturity. The success of the new bond issue, which was oversubscribed, and the refinancing demonstrated the strength of Admiral's credit and investor confidence in the Group.

The Board sought external advice as to the most opportune timing for the proposed new issue and tender given the maturity date of the existing Tier 2 notes. The Board approved the refinance of the notes in June 2023 subject to favourable market conditions and pricing, given inflationary pressures and an uncertain global economic backdrop, in the best interests of the business and its stakeholders.

#### Key s172 criteria considered A B C E F

**Relevant stakeholders considered** 







#### **Principal decision 3**

## **Employee** welfare and the cost of living

Admiral takes great pride in looking after its colleagues by helping them to look after their future, this is especially important in challenging economic times. In 2023 the Board continued its focus on maintaining a workforce which was healthy, motivated and productive, whilst also ensuring that the required talent and skills were built on to equip Admiral for the future. During the year, the Board oversaw investment in multiple initiatives to build on pre-existing employee engagement, believing that employees who feel supported during uncertain times, were better equipped to deal

In H1 2023, conscious of the ongoing cost of living situation in the UK, the Board oversaw a one-off maximum salary uplift of 5% to all directly employed UK based colleagues. In addition, the timing of this increase was accelerated to ensure colleagues received benefit from the uplift for the majority of the year rather than awaiting the annual pay review date. Admiral also committed to paying the Real Living Wage for all of UK roles, to continue to support those impacted by the ongoing increased cost of living. This rate was paid from March 2023 and Admiral will be making the increase to £12, effective from 1 March 2024. This was approved at the EUI Board, the main UK trading business.

In addition to multiple health, wellbeing, diversity and inclusion and career initiatives - see pages 62 and 132, examples of additional initiatives overseen by the Board to specifically assist employees with the cost of living have included a canteen subsidy of 50% for food and drink covering approximately 2000 people a day and a car park subsidy

resulting in 743 free parking spaces. The Board also approved a free share award to employees to ensure a sense of shared ownership in the success of the business. As a result of these and multiple other initiatives overseen by the Board, attrition rates continued to see improvements, overall absenteeism continued to see small reductions and recruitment performed well with increases in application volumes and strong acceptance of offers. The Board was also pleased to see an increase in the hiring of internal candidates for

senior positions.

Employees were able to feedback to the Board through the Employee Consultation Group (ECG), where topics such as the cost of living, employee engagement and morale were discussed. Engagement scores across the Group remained strong, signposting areas for continued focus. Pleasing results were noted around inclusion, bolstered by external recognition and accreditation across several areas such as the government's Disability Confident Leader and the gold Corporate Health Standard. The Board was delighted that the work carried out by the team during the year was recognised with Admiral achieving multiple awards for its workplace culture see page 13.

#### **Key s172 criteria considered** A B C D E F

Relevant stakeholders considered









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#### **Board Leadership and Company Purpose** continued

#### **Principal decision 4** New technology

#### New technology

A strategic priority for the Board is to accelerate the evolution of Admiral's core business and competencies toward 'Admiral 2.0', leveraging the Group's historical strengths whilst being even more agile and technology focused to ensure that it continues to put the customer first. To support the journey to Admiral 2.0 the Board is overseeing the building of next generation architecture, leveraging cloud, data, analytics and digital to continually improve the customer experience.

Following the implementation of the Guidewire Claims Centre platform in 2022, this year the Guidewire Policy Centre and Billing Centre were migrated to the cloud and at the same time updated to the latest version. Policy Centre and Billing Centre has been used by Admiral in the UK since 2016 but the cloud deployment and updates to the latest version allows the business to benefit from new features, mitigate technology and security risk, further improve the speed of release by shifting to an 'environments on-demand' model, and reduce the overall total cost of ownership of the estate. There were also improvements in customer contact, supported by the scaled deployment across the business of a new cloud contact centre platform which allows Admiral to utilise new technologies to enhance the customer telephony experience. In addition to telephony, Admiral is also modernising the customers' digital experience through a new web portal and mobile applications. Work has also commenced on the implementation of a new customer master database, which will provide a single customer view across the Admiral Group.

Moving to Admiral 2.0 is a strategic priority for the Board. Board oversight around the introduction of new technology and the migration of systems to the cloud will assist the business in meeting this objective. The roll out of new technologies brings modern, capable platforms that allow Admiral to create great features and experiences for customers, a faster time to market, improved scalability, stability and resilience, whilst also assisting in addressing the increasing risks around the protection of customer data and cyber security. The Board received updates and presentations from the business in addition to oversight of project milestones and agreed targets. As a result of the changes made as part of this transformation journey, Admiral aims to become a much more digitally diverse business both to customers and employees and the changes will also help in meeting sustainability targets.

#### **Key s172 criteria considered** A B C D E F

#### **Relevant stakeholders considered**











#### **Principal decision 5** Regulatory

decisions

IFRS 17. the new insurance contracts accounting standard, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, including information about a Company's financial position and enhanced disclosures in respect of claims reserves, was effective from 1 January 2023. The new standard applies to the Group and its insurance subsidiaries in the UK and Gibraltar.

During 2023, the Group Board continued to closely monitor the implementation of IFRS 17 and discuss and approve key information including accounting policy decisions, the impact on the transition balance sheet, 2022 comparatives, and projected future results, proposed revisions to key performance indicators.

In August 2023 the Board, in conjunction with the Audit Committee oversaw the successful conclusion of the IFRS 17 implementation programme, delivering the first external reporting under IFRS 17 as part of Admiral's interim results. Given the significance of the changes in reporting, external stakeholders were provided with supplementary information within the presentation, and additional opportunities to discuss the results in order to clarify the impact of the reporting changes.

#### **Consumer Duty**

The FCA's Consumer Duty regime came into effect on 31 July 2023. The Duty introduced higher and clearer standards of consumer protection across financial services and required firms to focus on customer outcomes. This new requirement aligned with Admiral's wider Group purpose and commitment to delivering good customer outcomes for all our customers.

The Board oversaw the implementation of the Consumer Duty regime through its relevant regulated subsidiary entities who fell under the scope of the new regime. Subsidiary board Non-Executive Directors were appointed as Consumer Duty "champions" in their respective businesses and implementation plans were approved. The FCA attended a Group Board meeting in April 2023 where constructive discussions were held around Consumer Duty implementation expectations, which were then fed back to the relevant subsidiary boards. The Group Board attained oversight and assurance through reports from the Group Risk Committee, Group Compliance Committee and Consumer Duty Steering Committee that appropriate implementation plans were in place to ensure the Group would meet its obligations which came into effect in July 2023, and that monitoring processes were in place to ensure effective embedding within the business and the continued delivery of requirements to customers in line with the Group's purpose and values.

#### Internal model

The Board along with the Group Risk Committee continued its focus on the Admiral internal model during the year, receiving regular reporting to help drive key discussions and decisions in relation to the model. The Board oversaw the updating of the UK Car model in 2023 to address limitations identified during prior independent validation reviews. This will help to ensure that the model is well placed to support a regulatory pre-application - see pages 33 and 169 for further information.

#### **Key s172 criteria considered** A B C E F

#### Relevant stakeholders considered







## **Board Leadership and Company Purpose** continued

#### **Culture**

An important part of the Board's role is to lead from the front in promoting and safeguarding Admiral's unique culture. This is achieved through establishing purpose and values and is especially important in times where there may be significant challenges and changes to how the business operates.

The Code emphasises the importance of the role of the Board regarding culture, with specific recommendations that the Board assesses and monitors culture, and ensures that workforce policies, practices and behaviours are aligned with the Company's purpose, values and strategy.

At Admiral we believe that our culture is the real essence of what our business is; how we act, what makes us different, our character and personality, and how

we treat our employees, customers and other key stakeholders. Our culture is a culmination of the implementation of our purpose through our values. The Board sets the tone and leads by example, this permeates through the business and creates a culture lived daily by colleagues as well as our wider stakeholders. We strongly believe that Admiral's culture is unique as we aim to demonstrate throughout this report. It is fundamentally important that Admiral's culture evolves

and adapts as the business environment changes. It is even more critical that those parts of our culture that we see as our competitive advantage and a key driver of our success to date, are fiercely protected, especially during continuing periods of change.

## Aligning our culture with our purpose, values, strategy, policies and practices

Admiral's culture is strongly aligned to our purpose to 'Help more people to look after their future. Always striving for better, together'. Providing customers with great products and services, whilst caring for our people and other important stakeholders is key to what we do.

Our Four Pillars of Culture are built into the fabric of our training, communication, policies and the way we do business. During the year, the Board received assurance from management that the Group purpose continued to be embedded within the operational process and policies and that there continued to be alignment with its rewards and incentives. Maintaining culture was a key part of Admiral's Board discussion throughout the year and will continue to be at the forefront of its decision-making rationale through the year to come.

#### **Guiding and promoting culture**

Our Board has the responsibility to act with integrity, to lead by example and to promote the desired culture. The Board does this through its governance framework, its decision-making processes and its everyday interactions. We also ensure that any policies which apply to Directors are consistent with those equivalent policies for the workforce.

Many initiatives take place during the year to promote Admiral's unique culture, examples of these are shown below:

## TO BE A GREAT PLACE TO WORK

Admiral has been recognised as the best big Company to work for in the UK in 2023 by the Best Companies awards, as well as being in the top 15 best multinational companies to work for in Europe by 'Great Places to Work' a global authority on workplace culture.



#### $\label{lem:lementing:continuous} \textbf{Implementing our purpose through our four pillars of culture}$

At Admiral we implement our purpose through our unique workplace culture. This is reinforced by our values – the 'Four Pillars of our Culture'.

#### **Equality**

95% of employees believe Admiral is a diverse and inclusive employer and 96% believe that Admiral's culture is open to different sensibilities and backgrounds.

#### **Recognition and reward**

85% of employees believe that good work and extra effort is appreciated. All colleagues in the business will receive up to the equivalent of £3,600 of shares in Admiral during the year.



#### Fun

84% of employees perceive Admiral as being a fun place to work and 93% of employees believe that they work in a friendly environment.

#### Communication

90% of employees believe their managers are approachable and easy to talk to and 85% believe they are kept informed on important issues and changes.

#### Fun

We want our people to look forward to coming to work, to celebrate who they are, and to feel happy and supported enough to give that little bit extra.

What makes Admiral a fun place to work can be found throughout our Strategic Report on page 14 and in our Corporate Governance Report on page 132.

#### **Communication**

We encourage effective and transparent communication at all levels. This is aided by accessible management and opportunities to encourage feedback across the Group. Further information on our channels of communication can be found on pages 89 and 136.

#### Equality

We work hard to promote a sense of fairness and equality. Everyone has the opportunity to succeed, backed up by multiple focus and working groups supporting diversity, inclusion and social mobility. Further information as to how we do this can be found in our Strategic Report on page 62 and the Nomination and Governance Committee Report on page 154.

#### **Recognition and reward**

A job well done should be appropriately rewarded. At the heart of this pillar is our share ownership scheme, which rewards employees with a stake in the Company. The Group's approach to investing in and rewarding its workforce can be found in our Strategic Report on pages 17, 89, 129 and 172.

#### Admiral's cultural initiatives

Fun and inclusive activities: Our 30th Flexible working arrangements. anniversary celebrations included, Empowering teams to define their own optimum working blueprint and self-organise in amongst other things, an allemployee 'Admiral Olympics' and the most effect way, whilst coming together to staff music festival called 'MultiFest' share key moments Department and team away days A compensation and promotion structure based including spending allocated time on meritocracy, including a 5% increase in giving back to the community salary to all UK employees during the year and excellent employee benefit offers Employee induction workshops Star lunches where colleagues are recognised focusing on Admiral's culture for their performance and are invited to attend a lunch with a senior manager Diversity and inclusion working Excellent opportunities for career development throughout the business leading to high groups and initiatives retainment of employees Group Top 10 competition: Health and wellbeing initiatives to encourage departments compete in a Groupemployees to speak up if they needed support, a weekly health and wellbeing bulletin, yoga wide competition which includes and meditation classes, choirs, running clubs, a presentation to a panel of senior managers on a different subject each webinars and art classes, amongst many year in order to be awarded other things the best department Annual manager awards Local reward and recognition programmes Encouraging use of training High five feedback programmes, where employees can submit feedback on colleagues opportunities for work and across departments who have given great service personal development The Ministry of Fun organises Regular Group-wide updates on business performance and matters of importance from events and entertainment throughout the Group. Executive Directors and senior management.

## Sharing OUR EXPERIENCES

In October 2023, Jayaprakasa Rangaswami (JP), our Group Non-Executive Director, held an all-employee forum on diversity and inclusion along with a question-and-answer session at our head office in Cardiff. This included his experiences growing up from an ethnically diverse background and the challenges and opportunities he faced throughout his career. This session was well attended by colleagues across the business, both in-person and online.



#### \_\_\_\_\_

## **Board Leadership and Company Purpose** continued

## How the Board monitors and assesses culture

#### People and culture scorecard

The people and culture scorecard continues to provide a good analysis of the key people and culture metrics in order to help management and the Board's assessments of the overall health of the Group's culture. It also supports the identification of any trends in the evolution of the Group's workforce and culture, including any associated risks which could impact the execution and support of the Group's strategy.

The Group continues to view the following people and culture metrics that are derived from the annual Great Place To Work® (GPTW) survey and Admiral's regular internal pulse surveys as the lead indicators for people and culture at Admiral. The GPTW survey is an external survey which collates anonymised question responses from all colleagues to provide an overall result, as well as departmental results.

#### Index

#### **GPTW Trust Index:**

The Trust Index comprises 60 questions from the GPTW survey, which are stable over time, benchmarked against the best companies in each market, and highly representative of the overall people sentiment of a positive culture.

## **85**%

2022: 84%

Score

#### **GPTW Engagement Index:**

The Engagement Index is a specific measure comprising nine questions from the GPTW survey relating to willingness to go the extra mile, intention to stay with the business and likelihood of being an employer brand promoter. It is also benchmarked and stable over time and has a proven correlation with business performance. According to the GPTW institute research, the drivers that are most correlated to higher engagement scores are: (i) teamwork, (ii) career development, (iii) values and ethics, (iv) empowerment and accountability, and (v) innovation.

## 83%

2022: 82%

#### **GPTW Culture Index:**

The Culture Index is a specific measure comprising of eight questions from the GPTW survey relating to employee perception of the workplace as friendly, fun and welcoming.

**87**%

2022: 89%

#### **Pulse surveys:**

Pulse surveys are undertaken four times a year and ask the same questions of our people to enable management to track any trends.
Pulse survey results in 2023 demonstrated that colleagues at Admiral continued to feel well supported by their managers. Hybrid working arrangements were welcomed by employees and communication was scored highly.

**87**%

of our people feel they are well supported by their manager\* 2022: 86%\*\*

84%

of our people think we are truly customer focused\* 2022: 86%\*\*

88%

of our people think that important knowledge and information is shared with them by their manager\* 2022: 88%\*\*

92%

of our people believe Admiral Group is a diverse and inclusive employer\* 2022: 92%\*\*

#### Other people metrics:

Recruitment, gender balance, headcount, absence, attrition.

Scores pertaining to culture continue to be very high across the Group demonstrating the strength and impact of the Admiral culture. During the year Admiral was recognised as the best big Company to work for in the UK in 2023 by the Best Companies awards, as well as being in the top 15 best multinational companies to work for in Europe by 'Great Places to Work' a global authority on workplace culture. Admiral was also placed 3rd in the UK's Best Workplaces for Women award in 2023.

The Board received an update on the people and culture scorecard metrics during the year, this included a review as to how hybrid and remote working were impacting on Admiral's unique culture and how this potential risk to the Company's culture should be managed. This oversight was achieved by focusing on several key metrics across the Group, including recruitment, engagement, productivity, absence and attrition trends, which were closely associated with the risks to culture heightened by a move to a more permanent model of hybrid working.

The Board agreed that a hybrid working model was an effective working model for Admiral in the current climate, however close attention should be maintained as to the effects that this was having on the culture of the business, and more 'office based moments' should be encouraged whilst, at the same time, empowering teams to set their own blueprint for working patterns and avoiding mandated days in the office.

## How Admiral retains its unique culture whilst offering flexibility in working practices

For a Company of Admiral's size there can be no 'one size fits all' solution to working practices. The Board understands that a post Covid world has increased the opportunity and expectation for greater flexibility within the working environment, with a hybrid working model becoming more common practice. At Admiral, individual business functions and departments are empowered to define their own blueprint and self organise their teams in a manner which they believe creates maximum benefit for the business, whilst, at the same time, ensuring that our special culture is retained and enhanced. For example, at a Group level a guide as to where and when colleagues should be spending time together is driven by our 'Admiral Moments' model, these are key moments when it matters for colleagues to be together in-person. The Board enables each business division to interpret these principles in their own way to maximise workplace efficiencies and enhance culture throughout the Group.

#### **Admiral Moments**

Admiral promotes a hybrid working model, empowering business functions and departments to organise their own working arrangements in a manner that creates maximum benefit for the Group. However, our 'Admiral Moments' model below sets out examples where we encourage in-person or 'face to face' engagement amongst our teams, to ensure that Admiral's unique culture is retained and enhanced.



<sup>\*</sup> Q3 2023 Pulse survey results

<sup>\*\*</sup> Q3 2022 Pulse survey results



#### **Board Leadership and Company Purpose** continued

#### Other tools

In addition to employee participation in regular monthly surveys and the annual GPTW survey, there are several other mechanisms used by the Group and the Board to monitor and assess culture. For example, culture audits conducted by the internal audit function: 'Meet the Manager' meetings: the 'Ask Milena' scheme; regular online manager chats; ECG and IECG meetings (see page 137), mandatory training completion rates; health and safety data; whistleblowing and grievances; and customer net promoter score (NPS). All are felt to be valuable methods of capturing the mood of our people and to gauge the health of our culture.

The Board Committees also help the Board monitor and assess culture through their respective responsibilities, some examples of which are highlighted below.

#### **Nomination and Governance Committee**

- Succession and talent management strategies, along with a diversity and inclusion strategy and policies and progress against targets to ensure alignment with the Group's strategy and values.

**Remuneration Committee** – Monitoring of alignment of workforce remuneration policies to culture and strategy, risk events reported to it by the Risk Committee under the malus and claw back framework.

Audit Committee - Whistleblowing, Internal Audit, Group Minimum Standards.

**Group Risk Committee** – Risk events that would impact remuneration from a malus and claw back perspective, financial crime and misconduct risks.

As well as receiving updates on the Group's culture at Board meetings, Directors utilise other mechanisms to assess and monitor culture, such as attending meetings of the UK ECG. subsidiary boards and performing site visits across the different entities within the Group which, during their discussions with a cross-section of colleagues, enables the Directors to gauge the culture for themselves. In 2023, Mike Rogers, the Board Chair visited L'olivier offices in Paris and Lille, the Admiral Seguros office in Seville and Madrid, and the Admiral Europe Compañía de Seguros S.A.U. (AECS) in Rome for meetings with the management team and employees.

#### Whistleblowing

The Board has in place arrangements by which employees can raise concerns in confidence and, if necessary, anonymously. During the year, the Board received an update on the Group's whistleblowing arrangements from the management team. The Audit Committee, chaired by the Group's Whistleblowing Champion, Karen Green, was satisfied that the update was proportionate for independent internal investigation of the matters raised and supported an ethical business culture where colleagues felt safe raising concerns. In addition, and on an exceptions basis, the Board is updated in respect of reports arising from matters that have been raised by employees under the Policy. The Audit Committee receives more regular updates in respect of whistleblowing matters, see page 161 for further information

#### **Shareholder engagement**

The Board has continued to focus on effective engagement with its stakeholders during the year, to ensure that their interests are taken into account in its decision-making processes. Detailed information is set out in the Strategic Report on pages 56 and 87 outlining how the Board has discharged its duties under s172(1) of the Companies Act, including further information on the ECG and IECG see page 137, which constitute formal workforce advisory panels under the Code.

Communication and interaction with shareholders remains very important and engagement occurs on a regular basis. Open and frequent dialogue enables shareholders to fully understand the Group's strategy, objectives and governance processes. The Investor Relations team has day-to-day primary responsibility for managing communications with institutional shareholders through a combination of briefings to analysts and institutional shareholders, both at the half-year and full-year results and on other occasions such as roadshows and conferences. Meetings, briefings and conferences with investors have taken place both in-person and virtually, with investor visits generally taking place twice a year. In addition, the Chair, CEO and Chair of the Remuneration Committee held meetings during the year with major shareholders to understand their views on governance, for example the proposed Remuneration Policy, and also Admiral's performance against strategy and reported to the Board on any significant issues raised with them. During 2023, there were over 80 separate engagements held with institutional shareholders.

Meetings with investors are supplemented by regular feedback to the Board. The Investor Relations team produces a report on their activities in the previous quarter which is circulated to the Board for their consideration. The report contains an analysis of share price performance, a summary of analyst reports received during the month, and of meetings that have been held with investors and analysts, together with details of any significant changes to the shareholders' register.

The Senior Independent Director has specific responsibility to be available to investors who have any issues or concerns, and in cases where contact with the Chair. Chief Executive Officer and Chief Financial Officer has either failed to resolve their concerns, or where such contact is inappropriate. No such concerns have been raised in the year under review.

All shareholders are invited to attend the Company's Annual General Meeting (AGM) in person. The 2023 AGM was held on 27 April 2023 with the required quorum. Shareholders were able to vote on the important customary annual business and encouraged to submit questions to the Board in advance of the AGM. The Chairs of the Audit. Remuneration. Nomination and Governance, and Group Risk Committees attend the AGM along with the other Directors and are available to answer shareholders' questions on the activities of the Committees they chair. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Details of proxy voting by shareholders, including votes withheld, are made available on request and are placed on the Company's website following

The Group maintains a corporate website (www.admiralgroup.co.uk) containing a wide range of information of interest to institutional and private investors. The major shareholders of the Company are listed in the Directors' Report on page 199.

The regular channels of communication with both the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) that existed throughout the year were supplemented by the regulators being invited to attend Board meetings. The FCA attended the Board remotely in April 2023, which gave the Board an opportunity to directly hear their views on specific areas such as Consumer Duty, as well as wider market issues. The PRA had previously attended a meeting of the Board in December 2022. The Board is also kept up to date with the regular communications between the Admiral Insurance (Gibraltar) Limited Board and the Gibraltar Financial Services Commission as well as contact between the Group's other insurance subsidiaries and respective regulators.

#### **Employee Consultation Group Purpose**

The Board recognises the importance of engaging with its workforce and does so through a combination of formal and informal channels. To ensure a twoway communication platform and an effective means by which the views of the workforce can be heard, the Board established a UK Employee Consultation Group (ECG) in 2019 with the aim of enhancing and formalising its pre-existing employee engagement arrangements. For the purposes of Provision 5 of the Code, the ECG is a formal workforce advisory panel.

#### **Membership and attendance**

Membership of the UK ECG comprises elected colleague representatives and the remit of the ECG is to act as a forum for employee consultation, gathering colleague opinion and fostering a safe environment to raise matters of interest and generate ideas. There is a democratic member election process and members are provided with an induction to ensure that there is clarity about the role and remit of the ECG, as well as their role as members.

Non-Executive Directors are invited to attend ECG meetings on a rotational basis and report back to the Board on matters discussed, as well as actions agreed at the ECG meeting. Taking this approach ensures that each of the Non-Executive Directors can engage with the workforce directly and hear first-hand the issues and matters that are affecting the workforce.

To ensure that the meetings remain a two-way mechanism, Non-Executive Directors are also asked to comment on any insights from ECG meetings at the following Board meeting and the Chair of the UK ECG is regularly invited to attend Board meetings to report on matters discussed by the ECG and highlight any areas of concern. Minutes of the ECG meetings are also published on the intranet for all employees to view. Non-Executive Directors also provide an update at ECG meetings on recent matters discussed by the Board.

**Corporate Governance** 

## **Board Leadership and Company Purpose** continued

#### **Areas of focus for the Employee Consultation Group**

During 2023, the Employee Consultation Group (ECG) forum remained focused on important issues for employees, such as hybrid and remote working, remuneration and the cost of living, the performance management and appraisal processes, ideas on how to improve engagement, employee morale, attrition and absence, proposals to support mental health and wellbeing, staff survey results and improving diversity. There were four scheduled ECG meetings during 2023, with a wide range of topics discussed. There were also a number of ad hoc meetings where important one-off items were brought to the ECG's attention that required an 'employee voice' prior to being presented to the Board. Presentations on the following topics were given to the ECG during the year, the results of these discussions were presented to the Board by the ECG Chair:

Meeting	Main presentations and key topics discussed	Outcome/impact					
February 2023	Group strategy refresh	The Group CEO attended the meeting to discuss Group strategy, diversification, investments, technological advancements and elements the international business. Members were able to direct questions to the CEO to gain a greater understanding of how business strategy was align with Admiral's purpose and values.					
	Director remuneration	The Chair of the Remuneration Committee took the meeting through the current Director's Remuneration Policy to ensure the ECG had full transparency around executive reward structure. Questions were asked around alignment with the wider workforce.					
May 2023	UK Insurance, customer outcomes	The ECG was updated on the steps Admiral was taking to deliver first class customer outcomes and experience, how these were benchmarked, and measures taken to ensure the customer was always treated fairly.					
	Operational resilience	A discussion was held around Admiral's ability to prevent, adapt, respond to, and learn from operational disruptions in line with FCA and PRA requirements. Admiral's important business services were identified together with what the priorities were for the remainder of the year.					
September 2023	New representative orientation	New employee appointed representatives were welcomed and inducted to the ECG. $ \label{eq:equation:equation} $					
	Share dividends	A presentation and discussion was held around share dividends and how new tax treatment may impact employees, along with focus on Admiral's dividend reinvestment scheme.					
October 2023*	Hybrid working	The ECG discussed the impact of hybrid working on the business and actions being taken to preserve the Admiral culture in an evolving working environment.					
November 2023*	Remuneration Policy	A presentation was made on the proposed amended Remuneration Policy to be put to shareholders at the 2024 AGM for approval.					
December 2023	Climate change update	A presentation was made on the increasing expectations and regulatory reporting requirements for banks and insurers on climate change, the ambitious targets Admiral had set itself on net zero and the initiatives being rolled out to meet these targets.					
	Group sustainability	The meeting discussed how Admiral had a long track record of delivering on key sustainability and ESG issues. A new Group wide approach was being embedded into the core strategy and governance framework of the business led by a recently appointed new Group Head of Sustainability.					

<sup>\*</sup> Ad hoc ECG meetings to address important one-off items that required an 'employee voice' prior to being presented to the Board.

Whilst recognising that this engagement mechanism will evolve over time, the Board continues to believe that the operation of the ECG has been, and continues to be, an effective means of engaging with the workforce, to help the Board understand matters that concern the workforce and their specific interests, whilst having regard to these matters in the discussions and decisions that take place at the Board. The Board will ensure that the ECG continues to develop as an effective, formal workforce advisory panel and that regular interaction between the Board and the ECG is maintained.

#### International Employee Consultation Group (IECG)

The International Employee Consultation Group has been formally meeting since 2022, and is Chaired by Costantino Moretti, Head of International Insurance.

 $This year, five \ IECG\ meetings\ took\ place\ in-person\ across\ the\ international\ offices\ of\ ConTe,\ L'olivier,\ Admiral\ Seguros\ together\ with$ Admiral Tech, AECS and Elephant alongside the Admiral Europe Compañía de Seguros (AECS) Board meetings. The meetings were attended by candidates chosen on a voluntary basis, with an agenda created to incorporate employee interests, questions and proposals

Entity/Meeting	Topics discussed	Outcome/Impact					
AECS – February 2023	Insurance market developments	Discussions were held around how the insurance market had developed in recent years through advancements in technology, new competitors entering the market, and new regulatory requirements.					
	Challenges faced by employees	Concerns were shared regarding challenges being experienced by employees and potential improvements that could be made were discussed.					
	Talent and opportunities	Members discussed the opportunities Admiral offered in terms of professional development, for example taking temporary opportunities in other Group entities.					
L'olivier – March 2023	Admiral culture	Members shared their views on Admiral's culture and how this was evolving with changing working practices.					
	L'olivier growth over the year	Discussions took place around the progress and growth of the busines over the year when compared to the other European countries. It was confirmed that much had been achieved already, however developme and improvements were still required.					
	Product diversification	Members discussed how the insurance market had changed in recent years and how, through a strategy of expanding into different products, Admiral continued to evolve to meet future consumer requirements.					
	The importance of being eco-friendly	It was agreed that social and ecological issues were of growing importance for brands and customers, in step with this was an increasing demand for transparency and accountability. Admiral's initiatives in this area were discussed.					
Admiral Seguros and Admiral Tech – September 2023	Main challenges for the future	A discussion was held around what members regarded to be the three main challenges for the businesses over the next few years and how these should be addressed.					
ConTe – November 2023	ESG and sustainability	The meeting discussed how the evolving Group strategy was incorporating ESG and sustainability trends.					
	EU collaboration	Members agreed that greater collaboration between businesses in EU countries could add value to the Admiral Group.					
	Diversification	The meeting discussed how a key element of the Group strategy was focused on the diversification of products and channels.					
	New technologies and hybrid working	The new technologies introduced to both improve the customer experience and also assist in the work life balance of employees were highlighted. Members confirmed that employees had benefitted from the versatility that came from a hybrid working model.					
Elephant – November 2023	Strong culture and working practices	Members agreed that there was a strong culture within the business, where they felt valued, listened to and trusted by management. Flexibility in working arrangements was viewed positively and assisted in easing concerns around cost of living.					

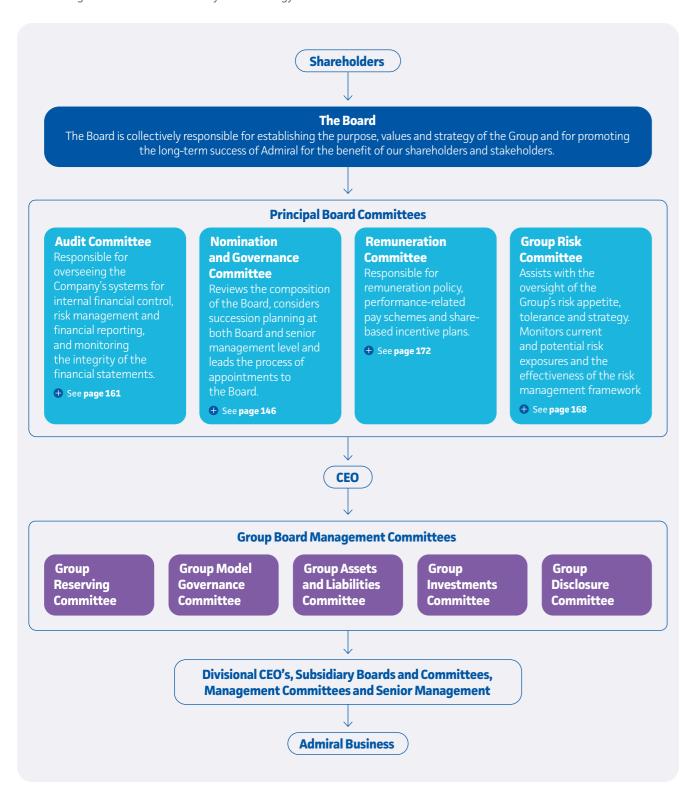
**Corporate Governance** 

## **Division of Responsibilities**

Through the strong governance framework that it has in place, the Board is able to deliver on its strategy and, in doing so, provide strong, sustainable financial and operational performance for our shareholders and wider stakeholders.

#### **Board and Committee framework**

Our Board and Committee framework supports the development of the highest standards of governance practices across the Group which is integral to the successful delivery of our strategy.



Our CEO, Milena Mondini de Focatiis was awarded the Best Leader of a Big Company at the 2023 Best Companies Awards. You can find out more at **www.b.co.uk** 

#### **Board roles and responsibilities**

The Chair is primarily responsible for leading the Board, setting its agenda, promoting a culture of openness and debate and monitoring its effectiveness. The Chair is supported by the Senior Independent Director, who acts as a sounding board and serves as an intermediary for the other Directors if required. Neither are involved in the day-to-day management of the Group. Save for the matters reserved for the Board, the Chief Executive Officer (with the support of the Chief Financial Officer and the senior executives) is responsible for proposing the strategy to be adopted by the Group, running the business in accordance with the strategy agreed by the Board and implementing Board decisions.

It is the Non-Executive Directors' role to provide constructive challenge, strategic guidance, offer their respective specialist advice and hold management to account.

It is the role of the Company Secretary to support the Chair and administer the workings of the Board and Committees, ensuring Directors have precise and timely information to enable an effective decision-making process, whilst providing governance, legal and statutory advice and ensuring a record of decisions and actions is clear and attributable.

The Board has approved a statement that sets out the clear division of responsibilities between the Chair, Chief Executive Officer and SID. This and Matters Reserved for Decision by the Board are reviewed annually and are available to review on Admiral's website at www.admiralgroup.co.uk.

#### Chair

- · Runs the Board and sets its agenda, with an emphasis on strategic issues.
- Ensures the Board has effective decision-making processes, demonstrating objective judgement and applying sufficient challenge to proposals.
- Facilitates constructive Board relations, including effective contributions from Non-Executive Directors.
- Ensures the Board has an appropriate balance of skills, knowledge, experience and diversity.
- Leads the induction and development plans for new and existing Board members.
- Communicates with major shareholders and ensures the Board understands their views
- Ensures the Board receives accurate, timely and clear information.
- Leads the annual Board evaluation.

#### **Senior Independent Director**

- Supports the Chair in the delivery of their objectives.
- Acts as a sounding board for the Chair and serves as an intermediary for the other Directors.
- Available to shareholders if they have concerns that cannot be resolved through the normal channels.
- Works with the Chair and other Directors/shareholders to resolve significant issues where necessary.
- · Leads the annual performance evaluation of the Chair.
- Leads the Chair appointment process.

#### **Chief Executive Officer**

- Runs the Group's business and delivers its commercial objectives.
- Proposes and develops the Group's strategy, in close consultation with the Group's senior management, the Chair and the Board.
- · Implements the decisions of the Board and its Committees.
- Ensures operational policies and practices drive appropriate behaviour, in line with the Group's culture.
- $\,\cdot\,\,$  Leads the communication programme with key stakeholders, including employees.
- Ensures management provides the Board with appropriate information and necessary resources.

## **Division of Responsibilities**

#### continued

#### Role of the Board

The Board is responsible for promoting the long-term, sustainable success of the Group, generating value for shareholders, taking into consideration all of its stakeholders and contributing to the wider society in which Admiral operates its business. The Board is the principal decision-making forum for the Group, providing entrepreneurial leadership, both directly and through its committees, and delegating authority to the Executive Directors and the senior management team for the day-to-day operation of the business.

The Board has determined the Group's purpose, to 'help more people to look after their future. Always striving for better, together'. This is embedded in the culture of the business through our aligned values and strategy. Part of the Board's role is to promote the Group's culture and, in particular, ensure that its uniqueness is safeguarded. This has been especially important in recent years where there have been significant challenges to how the business operates and its culture, such as the recent Covid-19 pandemic (see page 132).

The Board is responsible for organising and directing the affairs of the Group in a manner that generates and preserves value over the long-term. Through the strong governance framework that it has in place, the Board is able to deliver on its strategy of providing strong sustainable financial and operational performance. The Board is also accountable for ensuring that in carrying out its duties, the Group's legal and regulatory obligations are being met; and for ensuring that it operates within appropriate risk parameters.

The Group's UK-regulated entities are accountable to the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) for ensuring compliance with the Group's UK regulatory obligations and that dealings with the FCA and PRA are handled in a constructive, co-operative and transparent manner. Similar provisions apply in respect of the Group's international businesses with regard to the relevant regulatory authorities, such as the Gibraltar Financial Services Commission and Dirección General de Seguros y Fondos de Pensiones in Spain.

#### **Board and Committee meetings**

Directors are expected to attend all meetings of the Board and the Board committees on which they serve and to devote sufficient time to the Group to perform their duties. Where Directors are unable to attend meetings, they receive papers for that meeting, giving them the opportunity to raise any issues with the Chair in advance of the meeting. The number of scheduled Board and Board committee meetings attended by each Director during 2023 is provided in the table below.

In addition to the scheduled meetings of the Board set out in the table below, the Board also held a number of additional late notice, ad hoc meetings to discuss matters that were of sufficient importance that they could not wait until the following scheduled Board meeting. All Directors are invited to participate in such meetings which, by their nature, are arranged at short notice. Where they are unable to do so due to pre-existing commitments, Directors are given the opportunity to contribute their views to the Chair prior to the meeting. The Board also delegates authority to a Board sub-committee for the approval of final drafts of announcements and proposals which had already been considered by the Board or its committees. The Board met in-person for all seven of its scheduled meetings held during the year, including its strategy meeting (and October Board) which was held over two days in the UK.

Board and Committee meeting attendance	Board	Audit Committee	Group Risk Committee	Nomination and Governance Committee	Remuneration Committee
Mike Rogers¹ (Chair)	4/4	-	_	4/4	_
Milena Mondini de Focatiis (Chief Executive Officer)	7/7	_	_	_	_
Geraint Jones (Chief Financial Officer)	7/7	_	_	_	_
Karen Green	7/7	8/8	8/8	_	1/12
Justine Roberts	7/7	_	_	6/6	5/73
Andy Crossley	7/7	7/84	8/8	_	_
Michael Brierley	7/7	8/8	_	_	7/7
Jayaprakasa (JP) Rangaswami	7/7	_	8/8	_	_
Evelyn Bourke	7/7	_	_	_	7/7
William (Bill) Roberts	7/7	_	_	6/6	_
Fiona Muldoon <sup>5</sup>	2/2	2/2	_	_	_
Annette Court <sup>6</sup>	3/3	_	_	2/2	_
Jean Park <sup>7</sup>	1/1	_	1/1	1/1	_

- 1 Mike Rogers joined the Board on 27 April 2023
- 2 Karen Green was appointed to the Remuneration Committee on 2 October 2023
- 3 Justine Roberts joined the Remuneration Committee on 31 January 2023, she missed two Committee meetings due to pre-existing engagements made prior to her joining the Committee.
- 5 Fiona Muldoon joined the Board and Audit Committee on 2 October 2023.
- 6 Annette Court stepped down from the Board on 27 April 2023.
- 7 Jean Park stepped down from the Board on 20 January 2023.

#### **Matters reserved for the Board**

The Board has adopted a formal schedule of matters reserved for the Board's consideration. This is monitored by the Company Secretary and reviewed by the Board on an annual basis. Specific matters reserved to the Board include the approval of:

- The Group's long-term objectives and corporate strategy
- Operating and capital budgets, financial results, and any significant changes to accounting practices or policies
- · The Group's capital structure
- · Results and financial reporting
- The system of internal control and risk management
- · The Group's overall risk appetite
- Changes to the structure, size and composition of the Board, including new appointments
- Succession plans for the Board and senior management
- Dividend policy and proposals for dividend payments
- Major acquisitions, disposals, and other transactions outside delegated limits
- The annual review of its own performance and that of its Board Committees
- Annual review of selected Group policies
- The review of the Group's overall corporate governance arrangements.

#### **Board Committees**

The Board has delegated authority to several permanent committees to deal with matters in accordance with written Terms of Reference. The principal committees of the Board – the Audit, Remuneration, Risk, and Nomination and Governance Committees all comply with the requirements of the Code.

All committees are chaired by an independent Non-Executive Director, except for the Nomination and Governance Committee, which is chaired by the Chair of the Board, and comprise a majority of independent Non-Executive Directors. In accordance with the Code, all members of the Audit Committee are independent Non-Executive Directors. Appointments to the Committees are made on the recommendation of the Nomination and Governance Committee and are for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent and they are annually reappointed to the Board by shareholders. The committees are constituted with written Terms of Reference that are reviewed annually to ensure that they remain appropriate and reflect any changes in good practice and governance. These Terms of Reference are available on request from the Company Secretary and can also be found on the Company's website: www.admiralgroup.co.uk.

Directors are fully informed of all committee matters by the committee Chairs who report on the proceedings of their committee at the subsequent Board meeting. Copies of committee minutes are also distributed to the Board. Committees are authorised to obtain outside legal or other independent professional advice if they consider it necessary. The Chair of each committee attends the Annual General Meeting to respond to any shareholder questions that might be raised on the committee's activities. An evaluation of the performance of each committee against the duties set out in each Terms of Reference is carried out annually.

#### **Group conflicts of interest**

In compliance with the requirements of the Companies Act 2006 regarding Directors' duties in relation to conflicts of interest, the Group's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits as it thinks fit. The Group has a Conflicts of Interest Policy which deals with conflicts of interest, and this was reviewed and approved by the Board in October 2023. The Policy sets out the process and procedure by which the Board manages potential conflicts of interest that may arise at Board level, within Board Committees, and within the Group's Subsidiary Boards. Following this review, the Board concluded that the process continued to operate effectively.

In addition, each Board member is asked to complete, annually, a conflicts of interest questionnaire that sets out any situation in which they, or their connected persons, have, or could have, a direct or indirect interest that could conflict with the interests of the Company. Any current directorships that they, or their connected persons hold, any advisory roles or trusteeships held, together with any companies in which they hold more than 1% of the issued share capital are also disclosed. The Board is satisfied that none of the Directors had any potential conflicts of interest during the year which could not be authorised by the Board.

## **Division of Responsibilities**

#### continued

#### Information flows to and from the Board Agendas and papers

Agendas and papers are circulated to the Board electronically in a secure manner in preparation for Board and Board committee meetings. The Board agenda is structured by the Chair in consultation with the Company Secretary and CEO. An annual schedule of agenda items is reviewed and updated regularly to ensure that items are considered at the appropriate point in the financial and regulatory cycle.

Meetings are structured so as to allow for consideration and debate of all matters. Routine Board papers are supplemented by information specifically requested by the Directors from time to time.

At each scheduled meeting, the Board receives updates from the Chair, the CEO and CFO as to the financial and operational performance of the Group and any specific developments of which the Board should be aware. In addition, there is an update provided at each Board on the matters discussed and considered

at each of the Group's principal subsidiary Board meetings. Additional meetings are called as and when required and there is contact between the Board, Board committees, subsidiary boards and management, where necessary, to progress the Group's business.

#### **Board and Board committee meeting preparation process**

The Company Secretary manages a yearly planner of scheduled agenda items for the Board and Board Committees.

The Company Secretary liaises with the Chair, Executive Directors, committee Chairs and key members of senior management in advance of each respective meeting to confirm agenda items and required attendees.

Board and committee papers are drafted by relevant authors throughout the business and are subject to an established review process ahead of submission.

Board and committee papers are circulated electronically at least one week prior to the meeting.

The Chair will meet with Executive Directors and Non-Executive Directors ahead of the meeting to ascertain any areas of particular concern or focus.

Standardised Board reporting templates and report cover sheets are in place and training has been given to those producing Board and Committee reports to ensure there is consistency, clarity and conciseness in approach.

#### **Attendees**

The CEO of UK Insurance (Cristina Nestares), together with the Chief Risk and Compliance Officer (Keith Davies), the Head of International Insurance (Costantino Moretti) and the CEO of Admiral Money (Scott Cargill) are invited to attend every Board meeting and regular Board dinners. This has proved an effective means of ensuring that senior managers below Board level have exposure to and gain experience of the operation of the Board.

#### **Dynamics**

All Board and committee meetings during the year were held in an open atmosphere conducive to robust and constructive challenge and debate. All Directors have therefore been able to bring independent judgement to bear on issues such as strategy, risk management, performance, and resources.

#### **Cross-committee membership**

As shown on pages 118 and 142, committee membership is composed in a way that ensures that there is cross-committee membership, which allows items of importance to be flagged from committee to committee in a timely manner. This complements the committee briefings that the Board receives on the key points of discussion following each committee.

#### Advice

All the Directors have access to the advice and services of the Company Secretary, who has responsibility for ensuring that Board procedures are followed and for advising the Board, through the Chair, on governance matters. The Company Secretary provides updates to the Board on regulatory and corporate governance issues, new legislation, and Directors' duties and obligations. The appointment and removal of the Company Secretary is one of the matters reserved for the Board. Dan Caunt has held the position of Company Secretary since 1 May 2022, his biography can be found on page 124.

The Directors are also given access to independent professional advice at the Group's expense, should they deem it necessary to carry out their responsibilities.



#### Other information flows

The Board Chair met with a wide range of Admiral colleagues and visited various parts of the business during 2023 as part of his induction process. The Non-Executive Directors are invited to visit areas of the business for in-person on site visits to meet employees and review business functions.

As referenced within the commentary on employee consultation on page 137, the Non-Executive Directors are invited to attend ECG meetings and participate in the two-way engagement with employees.

The Non-Executive Directors met in-person during the year without the Executive Directors being present. From April 2023, Non-Executive Directors individually met with the Chair for discussion ahead of each Board meeting and also met with the CEO for a debrief at the conclusion of each scheduled Board meeting.

The Chair holds one-to-one meetings with members of the Group's senior management team either in-person or on a virtual basis. Members of the senior management team were invited to join Board dinners which allows the opportunity for informal interaction between Directors and the senior management team.

## Training and professional development

The development and training of Directors is an ongoing process and is considered throughout the year. The Directors are regularly updated on the Group's business; legal matters concerning their roles and duties; the competitive environments in which the Group operates; and any other significant changes affecting the Group and the industry of which it is a part. During the year, the Board received deep dive updates, briefings and training on the following topics: Admiral internal model (AIM), IFRS 17, Chat GPT education session (Large Language Models), Pioneer Toolbox SME Market overview, Consumer Duty training provided by KPMG, amongst several business deep dives.

## **Nomination and Governance Committee Report**

## Overseeing OUR BOARD **COMPOSITION**



continued our focus on the composition, skills and experience of the Board and Board committees to ensure these reflect the current requirements of the Admiral business and meet the expectations of our stakeholders.



**Dear Shareholder,** 

On behalf of the Board, I am pleased to present my first report as Chair of the **Nomination and Governance** Committee (the Committee). The Committee plays a key role in overseeing Admiral's **Board composition, ensuring** it has the optimum balance of skills, experience and knowledge, as well as ensuring diversity in the broadest sense on the Board and all of its committees. The Committee also ensures that the **Group operates within** a robust and transparent governance framework. This report sets out the Committee's main activities, along with how it has discharged its responsibilities throughout the year ended 31 December 2023.

Succession planning was a key focus for the Committee during 2023. As I discussed on page 114, I succeeded Annette Court as Chair following the 2023 AGM in April. My induction process, which began following the announcement of my appointment in January 2023, was bespoke and comprehensive. Further details on this are set out on page 151. In addition to myself as Chair, the Board, on recommendation from the Committee, also appointed Fiona Muldoon as a new Non-Executive Director in October 2023. The full search and recruitment process for Fiona's appointment is set out on page 149.

As a Committee, we have continued our focus on the composition, skills and experience present on the Board and Board committees to ensure these reflect the current requirements of the Admiral business and meet the expectations of our stakeholders. To effectively oversee this process, the Committee has maintained and refined a skills matrix which maps those skills currently present on the Board and those required to ensure the effective delivery of our business strategy. Where gaps in skills and experience are identified these are reviewed and addressed by the Committee and the necessary recommendations are made to the Board.

Diversity and inclusion were key topics for Committee discussion during the year. The Committee ensured that the Board continued to meet the FTSE Women Leaders Review target that 40% of the Board should be female, in addition to The Parker Review's target that the Board should include at least one director from an ethnic minority background by 2024. The evolving requirements of The Parker Review at a senior management level were discussed in detail, and the Committee ensured that the Group's

policy on diversity and inclusion was reviewed during the year and continued to be embedded throughout the Group. Where necessary, changes were implemented to the appointment and succession processes to ensure that evolving diversity considerations were key to discussions during these processes. More details on this and wider considerations around diversity and inclusion in the workplace are set out on page 154.

Following an external review of the Board and Board Committee's effectiveness in 2022, the 2023 annual review of the Committee's effectiveness, which took place in December, was carried out by way of an internal review led by myself in conjunction with the Company Secretary. This review concluded that, overall, the Board and its committees remained effective but noted some areas for improvement for 2024. These are outlined on page 160 of this report, along with progress against the previous year's recommendations set out on page 159.

In line with the requirements of Solvency II, the Senior Insurance Manager Regime, and in accordance with the Group's Senior Managers & Certification Regime Policy, I have also carried out the process of assessment for the Group CEO, Group Non-Executive Directors, and the Chairs of the Group's material, regulated subsidiaries; EUI Limited, Admiral Insurance Company Limited, Admiral Insurance (Gibraltar) Limited, and Admiral Financial Services Limited (Admiral Money), Able Insurance Services Limited (Admiral Pioneer), Elephant Insurance Company (USA), and Admiral Europe Compania de Seguros - AECS (Europe) to ensure they meet the requirements in terms of qualifications, capability, honesty and integrity.

The rest of this Report sets out in more detail the activities of the Committee during 2023. I would like to thank the Committee members for their continued contributions and support throughout

#### Mike Rogers

Chair of the Nomination and Governance Committee

6 March 2024



#### **Committee Membership** and Meeting Attendance

The Committee is chaired by Mike Rogers, in addition to Mike, the Committee comprises two independent Non-Executive Directors: Iustine Roberts and Bill Roberts. Individual meeting attendance and changes to membership during the year are detailed below.

Member	Attendance <sup>1</sup>
Mike Rogers <sup>2</sup>	4/4
Justine Roberts	6/6
Bill Roberts	6/6
Annette Court <sup>3</sup>	2/2
Jean Park <sup>4</sup>	1/1

- Scheduled meetings only, additional ad hoc Committee meetings took place during the year.
- 2 Mike Rogers joined the Committee as Chair on
- 3 Annette Court retired from the Board and all of her committee memberships following the 2023 AGM
- 4 Jean Park retired from the Board and all of her

#### Composition

The Committee met formally six times during the year. The membership of the Committee at the year-end was Mike Rogers (Chair), Justine Roberts and Bill Roberts. Mike Rogers was appointed as Chair of the Committee following the 2023 AGM on 27 April 2023, replacing Annette Court who stood down from the Committee and the Board at this time. Jean Park retired from the Committee and the Board on 20 January 2023. Justine Roberts and Bill Roberts are independent Non-Executive members of the Committee, in accordance with the Code which requires that the majority of members should be independent Non-Executive Directors.

#### **Committee meetings** held during the year

The Committee meets at least twice per year, in accordance with its Terms of Reference, and at such other times as the Chair may require. During 2023, the Committee held six formal scheduled meetings. The Committee Chair agrees the meeting agendas for each meeting with the Company Secretary, items covered during the year are linked to an agenda planner covering the responsibilities of the Committee.

#### **Attendees at Committee meetings**

The above table shows the attendance of Committee members at meetings during 2023. The Company Secretary acts as Secretary to the Committee. Other individuals, such as the Chief Executive Officer, the Group Head of People Experience and representatives of different parts of the Group, may be invited to attend all or part of any meeting, as and when appropriate.

#### **Role and responsibilities** of the Committee

The Committee reviews the leadership and succession needs of the Board and ensures appropriate procedures are in place for nominating, training and evaluating Directors. It also oversees the governance of the Group to ensure the business is operating within a transparent and accountable framework.

#### 148

## **Nomination and Governance Committee Report** continued

The Nomination and Governance Committee is primarily responsible for:

Reviewing the structure size and composition of the Board as a whole, along with consideration of the balance of skills, knowledge, experience, time commitment and diversity of the Board and its committees.

Succession planning for Executive Directors and Non-Executive Directors and leading the process for Board appointments by making recommendations regarding Board vacancies.

Make recommendations to the Board on refreshing the membership of the Board's principal committees.

Overview of succession planning at executive and senior management level throughout the Admiral Group, ensuring there is an experienced and diverse pipeline for succession.

Devising the selection criteria for the role, skills, capabilities and experience required for a particular appointment and engagement with independent, third-party recruitment experts.

Consideration of results of the Board evaluation and consideration of the proposed annual re-election of Directors to the Board at the AGM.

Review of Admiral's governance framework to ensure transparency and accountability, and to consider developing corporate governance matters to bring to the attention of the Board where necessary.

Consideration of the Committee's draft report for inclusion in the Annual Report and Accounts.

The Committee is regularly updated on proposed senior appointments and governance changes across the Group, as well as key developments within the corporate governance landscape. The terms of reference of the Committee include all the relevant matters set out under the UK Corporate Governance Code, they are reviewed annually by the Committee and are available to view on the Company website in the investor relations section.

#### Key activities of the Committee during the year

A description of the activities the Committee has focused on during the year ended 31 December 2023 is outlined under the following headings:

#### Non-Executive Director appointment process and appointments made during 2023

Appointments to the Board are the responsibility of the Board as a whole, acting on the advice and recommendations of the Nomination and Governance Committee. The Committee seeks to balance the retirement and recruitment of Non-Executive Directors well ahead of relevant deadlines so as to avoid a dislocation of Board process by losing experience and skills. The Committee is mindful of the need to promote diversity and inclusion in appointments to the Board and throughout the Group. Appointments are made on merit and against objective criteria, having due regard to the benefits of diversity, and with a view to ensuring the Board has the appropriate mix of personalities, skills and experience.

The policy on Board appointments involves the Committee developing an appropriate job specification that identifies the required skills and experience for the role and, in most instances, engaging external recruitment consultants, to lead the search process and identify suitable candidates. Interviews of the shortlisted candidates are held with the Chair and members of the Committee. After consideration by the Committee, a recommendation is made to the Board to appoint a preferred candidate. Further details of how this process worked effectively during the year are set out below. The Committee is satisfied that this constitutes a formal, rigorous and transparent process for the appointment of new Directors to the Board and its subsidiaries, embracing a full evaluation of the skills, knowledge and experience required of new Directors.

**Mike Rogers, Chair: Appointed 27 April 2023.** Mike Rogers joined the Board as Chair following the 2023 AGM. Mike was also appointed as Chair of the Nomination and Governance Committee at this time. The search and recruitment process for Mike was set out in detail in the Committee Report in the 2022 Annual Report and Accounts. Annette Court, the Board and Committee Chair until the 2023 AGM, played no part in the recruitment process of the replacement Board Chair. This process was led by Justine Roberts, the then Interim Senior Independent Director. Justine was appointed as the Senior Independent Director on a permanent basis with effect from 31 January 2023.

**Fiona Muldoon, Non-Executive Director: Appointed 2 October 2023.** Fiona Muldoon joined the Board as Non-Executive Director and, having specific and relevant financial experience, became a member of the Audit Committee on 2 October 2023. A summary of the recruitment process for Fiona is set out below.

#### **External Recruitment Consultant**

Heidrick and Struggles ('H&S') was engaged as the external independent recruitment search consultant in the appointments of both Mike Rogers and Fiona Muldoon. H&S is committed to promoting diversity in the candidates that it presents on an annual, global and cumulative basis and this was reflected in the candidates it identified for the appointments of Mike and Fiona. H&S has no other connection with the Admiral Group or its Board Directors.

## **Fiona Muldoon Non-Executive Director search and recruitment process**

#### Candidate criteria and search

January – February 2023

#### STEP 1 Identification of role requirements

The Committee, led by the Chair, gave consideration as to the skills, experience, knowledge and diversity of the Board and those required for optimal Board and Committee composition. During this process the Committee canvased the views of the Board and senior Admiral management. From this, Non-Executive Director (NED) candidate criteria requirements were agreed at the Committee meeting in January 2023.

#### STEP 2 Engagement of third party advisor

Heidrick and Struggles ('H&S'), experts in the field of search and recruitment, were engaged by the Committee to assist with the search for potential NED candidates. H&S was asked to ensure the search identified candidates from a diverse range of backgrounds and industries. Alongside the Committee, H&S prepared the Admiral Group plc Non-Executive Director role specification, this included a requirement for relevant financial experience to allow the candidate to be considered for membership to the Audit Committee.

#### STEP 3 Initial search process

A sub-committee of the Committee was formulated consisting of the Chair, Non-Executive Directors and the Head of People Experience to oversee the recruitment process. H&S commenced a wide-ranging search process and regular updates on progress were given to the sub-committee.

#### **Shortlist and interview**

March - June 2023

## STEP 4 Shortlisting candidates

H&S prepared an initial longlist of candidates which was presented to the Committee in March 2023. Shortlisted candidates were then reviewed at the Committee meeting held in April 2023. Following the meeting, shortlisted candidates were contacted to establish interest and an initial interview was undertaken by H&S.

#### STEP 5

#### **Interview process**

Following further discussions, the leading three candidates were interviewed by the sub-committee and two additionally met the CFO. The merits and suitability of the candidates were scrutinised at each stage during this process against the candidate specification. Fiona Muldoon emerged as being the Committee's preferred candidate given her strong and relevant skills and experience, including relevant financial experience. It was agreed that she would be a good cultural fit, and had the capability to contribute effectively to the Group Board. Fiona subsequently met with the Group CEO.

## Approval and appointment

## July – October 2023

## STEP 6 Committee recommendation and Board approval

Following the satisfactory receipt of references, the Committee met to discuss a proposal to recommend to the Board the appointment of Fiona Muldoon as Non-Executive Director and member of the Audit Committee. The Board considered and accepted the recommendation of the Committee. A formal offer was put to, and accepted by, Fiona.

## STEP 7 Appointment

Fiona was appointed to the Admiral Board and as a member of the Audit Committee with effect from 2 October 2023. Fiona immediately embarked on a personalised and in-depth induction process. Her appointment will be put before shareholders for approval at the 2024 AGM.



### **Nomination and Governance Committee Report** continued

#### **Non-Executive Director induction**

Upon appointment, our Non-Executive Directors embark on a bespoke and comprehensive induction programme, comprising common elements for all Non-Executive Directors, as well as elements tailored to the individual depending on their role, skills, knowledge and experience. The induction process, led by the Company Secretary, covers topics such as the role of a Non-Executive Director and their responsibilities, the workings of the Board and the Group's subsidiary boards, and the Company's operations. Non-Executive Directors are provided with a suite of background reading materials before induction sessions are arranged with individuals from each of the Group businesses, again, depending on the individual's induction requirements. Ongoing professional development needs of newly appointed Non-Executive Directors are then monitored via annual individual Director evaluations and the Committee's oversight of the Non-Executive Director skills matrix.

Inductions took place for both Mike Rogers, Chair, and Fiona Muldoon, Non-Executive Director, during the year. Outlined opposite is a summary of Mike Rogers' induction process at Admiral. Fiona also received a comprehensive and bespoke induction similar to that outlined opposite.

#### Board Committee changes, term extensions and internal appointments addressed by the Committee during 2023

The Board, on recommendation from the Committee, agreed to the following proposals/changes during the year:

- Jean Park retired from the Board including all of her committee memberships on 20 January 2023
- · The appointment of Justine Roberts as permanent Senior Independent Director and permanent member of the Remuneration Committee was made effective from 31 January 2023
- · Annette Court retired as Chair of the Board including all of her committee memberships following the 2023 AGM held on 27 April 2023
- · Mike Rogers was appointed as a Chair of the Company and Chair of the Committee effective from 27 April 2023
- The extension of JP Rangaswami's three-year term as Non-Executive Director became effective on 29 April 2023
- · Fiona Muldoon was appointed as a Non-Executive Director and member of the Audit Committee effective 2 October 2023
- · Karen Green was appointed as a member of the Remuneration Committee effective 2 October 2023
- · The appointment of Andy Crossley as Chair of the Group Risk Committee was made permanent on 23 October 2023
- · Approval of internal senior subsidiary board and non-executive appointments
- · Approval of additional external appointments for existing Board Directors
- · Consideration of and recommendation for reappointment of all Directors at 2023 AGM.

#### **Annual re-election**

As set out in the Group's Articles of Association, all Directors should retire and offer themselves for re-election at each AGM, in accordance with the UK Corporate Governance Code (the Code) and the Company's current practice. Therefore, all Directors will be submitting themselves for election or re-election by shareholders at the forthcoming AGM.

Following a full review and evaluation during the year, the Board is satisfied that all Directors are properly qualified for their election or re-election by virtue of their skills and experience and their contribution to the Board and its committees. Further details of why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success is provided on page 118 and within the notes to the Notice of the 2024 Annual General Meeting.



#### Mike Rogers **Chair induction process**

#### **Previous Chair**

Prior to Annette Court stepping down as Chair, she met with Mike to facilitate the smooth transition of the responsibilities of Chair. She gave an overview as to the workings of the Board and its committees, her key thoughts from a cultural and governance perspective, and the challenges and opportunities facing Admiral. This also included her work as Chair of the Committee.

#### **Senior Independent Director**

As Senior Independent Director, Justine Roberts works closely with the Chair providing a sounding board and additional perspective into Board matters. Justine was able to give Mike the benefit of her seven years of service on the Admiral Board.

#### CEO

Mike and Milena Mondini de Focatiis met frequently to discuss key areas of focus for the Company and the Board. Milena briefed Mike on Group matters including an overview of Group strategy, operations, risks, people and culture, markets and succession planning.

#### CFO

Geraint Jones briefed Mike on all Group finance matters including; financial performance and projections, investor feedback, market analysis, investments, capital management, budgets, reporting and control processes.

#### **External advisors**

Mike met with many of Admiral's key external advisers including our external auditor, lawyers and brokers to obtain external perspectives of the business.

#### Senior management

Mike met with key members of Admiral's senior management team including the Chief Executives of each of our UK and overseas business divisions along with the department heads of Investor Relations, Compliance, Finance & Actuarial, Risk Management, Internal Audit, IT, Pricing, IT Security and People Services to understand these key areas of businesses.

during his first year and met with management and colleagues across the business as part of his induction process, this included our UK sites in South Wales, as well as L'olivier offices in Paris and Lille, the Admiral Seguros office in Seville, AECS in Madrid and ConTe in Rome.



Chair Mike joined Admiral as Chair following the 2023 AGM held on 27 April 2023. Mike was subject to a comprehensive and bespoke induction programme designed to provide him with the necessary information to effectively take on the role as Chair, this process began following the announcement of his appointment on 31 January 2023.

#### **Company Secretary**

Dan Caunt, spent time with Mike explaining the Group governance framework; this included all operational aspects of the Board and its committees as well as engagement with stakeholders, Admiral's AGM process, Director duties, UK Corporate Governance Code requirements, Board policies, the results of the most recent Board evaluation and areas of Board focus for the coming year.

Mike met and has continued to meet individually with each of the Non-Executive Directors who gave their insight into Board dynamics. culture and governance as well as highlighting their backgrounds and areas of expertise. Mike also met with the Chairs of our subsidiary Boards and overseas businesses. Board Committee Chairs brought Mike up to speed on their respective Committee's business.

Non-Executive Directors

#### Site visits

Mike undertook various site visits

#### Significant shareholders

Mike has met with a number of Admiral's significant shareholders, including the founders of the Company, Henry Engelhardt and David Stevens, to understand their views on the business. Mike regularly meets with employee shareholders throughout the business and the opportunity for individual retail shareholders to meet the Chair takes place annually at the AGM.

## Information and educational

A comprehensive suite of educational materials was provided to Mike by the Company Secretary including, for example; Admiral's business plan and strategy, key roles and responsibilities of the Board, its committees, Directors, quidelines and policies for a UK Listed insurance Company regulated by the FCA and PRA, minutes of meetings, terms of reference etc.

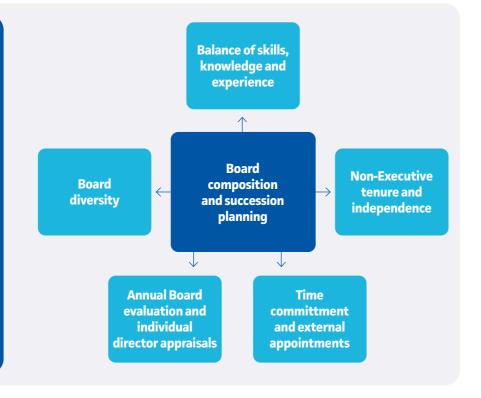
## **Nomination and Governance Committee Report** continued

#### Our Board composition and how we plan for succession

The composition of the Board is kept under constant review by the Committee. As at 31 December 2023, the Board comprised 11 Directors: The Chair (who was independent on appointment), two Executive Directors, and eight independent Non-Executive Directors see page 118.

The Committee carefully considers the independence, composition and balance of skills and knowledge of the Board. As a result, the requirement to refresh Board and committee memberships in an orderly manner is continually monitored so as to maintain the continuity of Board process and the strength of personal interaction which underlies the effectiveness of the Board.

Our Board has a broad range of skills and experience which it uses to bring independent judgement to bear on issues of strategy. performance, risk management, resources and standards of conduct which are integral to the success of the Group.



#### **Tenure and independence**

The table below details the length of service of the Chair and each of the current Directors. It illustrates the balance between experience and bringing in fresh perspective, as well as the independence of each of the Non-Executive Directors.

#### **Board tenure**

Director	Date of appointment	Length of service as a Director as at 31 December 2023	Independence
Non-Executive Directors			
Mike Rogers (Chair)	27 April 2023	8 months	On appointment
Justine Roberts	17 June 2016	7 years 6 months	Independent
Andy Crossley	27 February 2018	5 years 10 months	Independent
Michael Brierley	5 October 2018	5 years 3 months	Independent
Karen Green	14 December 2018	5 years	Independent
JP Rangaswami	29 April 2020	3 years 8 months	Independent
Evelyn Bourke	30 April 2021	2 years 8 months	Independent
Bill Roberts	11 June 2021	2 years 6 months	Independent
Fiona Muldoon	2 October 2023	3 months	Independent
<b>Executive Directors</b>			
Milena Mondini de Focatiis	Director – 11 August 2020 CEO – 1 January 2021	3 years 4 months	Executive Director
Geraint Jones	13 August 2014	9 years 4 months	Executive Director

The Chair, Senior Independent Director and independent Non-Executive Directors are currently appointed for fixed periods of three years, subject to election by shareholders. The initial three-year period may be extended for two further three-year periods subject to performance review and annual re-election by shareholders. JP Rangaswami's term of appointment as Non-Executive Director was extended by a further three-year period during the year, subject to annual re-election by shareholders. Letters of appointment may be inspected at the Company's registered office or can be obtained on request from the Company Secretary.

The tenure of the previous Group Board Chair, Annette Court, came to an end at the 2023 AGM held on 27 April 2023. Annette had no involvement in the recruitment of her successor, Mike Rogers, as Chair. An explanation as to why Annette's tenure extended beyond the nine years recommended by the Code is provided on page 125. Mike Rogers appointment as Chair of the Board became effective following the AGM held on 27 April 2023. On appointment, the Board considered that Mike met the independence criteria set out in provisions 9 and 10 of the Code. The Chair's biography can be found on page 118.

The independence of each Non-Executive Director has been assessed during the year, in line with the independence criteria contained within provision 10 of the Code. The Board has identified on page 152 which Directors it considers to be independent. The Board considered all the Non-Executive Directors to be independent during the year. For the year ended 31 December 2023, 80% of the Board, excluding the Chair, were considered independent Non-Executive Directors. The number of independent Non-Executive Directors meets the requirements set out under provision 11 of the Code which requires that at least half of the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent.

#### **Balance of skills, knowledge and experience**

The Directors have a broad range of skills, knowledge and experience and can bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Group.

The Committee understands that a wide range of complementary skills on the Board will assist in the meeting of Board objectives and the delivery of Company strategy. The Committee regularly reviews the Board skills matrix, particularly in the context of succession planning and skills that are potentially lost at the end of a Director's tenure on the Board. The current skills and experience on the Board are outlined below and an explanation regarding how this feeds into succession planning follows later in this report.

Director	Finance	Risk	Insurance	Executive/Strategic Leadership	Marketing/Retail	M&A	city	International	Tech/Digital/Data	Operations	Entrepreneurial	Lending	Small/Medium Enterprise	Remuneration/ People	ESG/Sustainability
Non-Executive Directors	5														
Mike Rogers (Chair)															
Justine Roberts	•			•											
Andy Crossley				•							•				•
Michael Brierley															
Karen Green															•
JP Rangaswami															•
Evelyn Bourke															
Bill Roberts															•
Fiona Muldoon				•											•
<b>Executive Directors</b>															
Milena Mondini de Focatiis	•	•	•	•	•		•	•	•	•	•		•	•	•
Geraint Jones	•	•	•	•		•	•	•	1			•	•	•	•

## **Nomination and Governance Committee Report** continued

#### **Time commitment and external appointments**

On appointment, all Directors are advised of, and requested to make, the necessary time commitment required to discharge their responsibilities effectively. This time commitment is also outlined in the letters of appointment issued to the Chair and Non-Executive Directors. When making new appointments, the Committee takes into account other demands on the Directors' time. Prior to appointment, significant commitments are disclosed by Directors to the Committee and the Board.

As part of the annual performance evaluation each Director is appraised on their time commitment dedicated to the Company. The Committee also reviews the time commitment required of all Non-Executive Directors at least annually to consider whether the guidance on time commitment of certain roles needs to be extended due to market or responsibility changes. The Board is satisfied that all Directors have dedicated the required amount of time to the Company to effectively fulfil their roles, and that the Company has given the Non-Executive Directors sufficient time to perform the duties required of them.

As well as considering the demands of a Director's time upon appointment, as required under provision 15 of the Code, there is in place a formal procedure for the approval of additional external appointments for Directors through the Committee and the Board. The Committee and the Board are satisfied that the external commitments of all the Non-Executive Directors do not conflict with their duties and commitments as Directors of the Company.

#### **Overall assessment of composition**

The Board, through ongoing assessment and annual performance review, remains satisfied that it has the appropriate balance of skills, experience, independence and knowledge of the Group to enable it and its committees to discharge their duties and responsibilities effectively, as required by the Code. In addition, the Directors are aware of their legal duties under s172 of the Companies Act 2006 to act in a way they consider, in good faith, will be most likely to promote the success of the Company for its shareholders, as well as considering the interests of wider stakeholders. Further details of how the Board fulfils its duty in this regard are outlined on page 87.

#### Board and senior management diversity and inclusion

The Listing Rules and Disclosure Guidance and Transparency Rules were amended to include new disclosure requirements for listed companies for financial years starting on or after 1 April 2022. As required under the amended requirements, a table setting out gender and ethnicity diversity at Board and senior management level is included on page 156. The Board diversity targets, which are in-line with the targets set by the FTSE Women Leader's Review and the Parker Review, are: at least 40% of the board are women; at least one of the senior board positions (Chair, SID, CEO and CFO) is held by a woman; and at least one member of the Board is from a minority ethnic background. As set out below, the Committee is content that Admiral meets the targets set out in the Listing Rules and Disclosure Guidance and Transparency Rules 9.8.6(9)(a).

#### **Gender diversity**

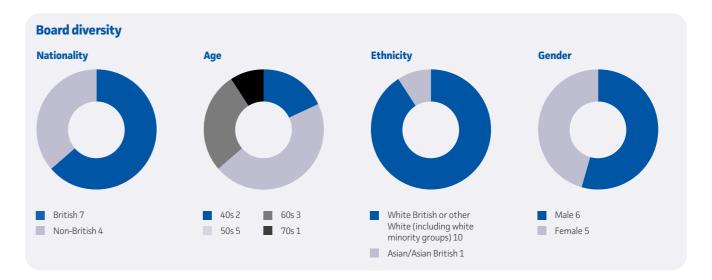
Diversity and inclusion and the variety of perspectives that it brings has been proven in studies to increase innovation and creativity, and, as a result, improves performance. It also has other positive impacts, such as providing greater awareness, widens the talent pool and challenges the views or practices that may have become embedded over time. Admiral depends on all of the above, which are enhanced through having a diverse workforce, to successfully implement its business strategy.

During the year, the Committee reviewed the Board Diversity and Inclusion Policy and discussed the appropriateness of the measurable targets to increase diversity and inclusion at Board, Subsidiary board and senior management level. The wording of our policy has been updated to increase the breadth of diversity we aim to see in our business, this includes wording explicitly referencing additional diversity aspects such as "ethnicity, sexual orientation, disability and socio-economic background (in addition to the aspects of age, gender or educational and professional backgrounds)" and "approach, skills and experience, race, age, gender, educational and professional background and other relevant personal attributes". The Committee seeks to ensure that a clear recruitment strategy for Board and senior management appointments is in place and is aligned to this policy.

Measures that are covered under the Policy, including progress updates against each, include:

- (i) Having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion at Group level. Cristina Nestares (EUI CEO) is the accountable executive for gender diversity
- (ii) Setting internal targets for gender diversity in senior management. Progress against the Group's target of 40% of women in senior management by 2023 is detailed below
- (iii) Publishing progress annually against these targets in reports on the Group's website. Progress updates on the UK business' progress against the HM Treasury's Women in Finance Charter commitments are provided on an annual basis on the Group's website
- (iv) Linking the pay of the EUI CEO to the progress made against internal targets on gender diversity. The Remuneration Committee has also approved the linkage of progress against the Women in Finance target within the non-financial performance measures of the EUI CEO, Cristina Nestares.

Women on the Board represented five (46%) of its 11 Director membership as at 31 December 2023, compared with six (55%) as at 31 December 2022. Admiral continues to be one of only a few FTSE 100 companies where the Board positions of CEO and Senior Independent Director are held by women, demonstrating Admiral's continued strong support for the progression of women in senior leadership roles. Official data published by the FTSE Women Leaders (succeeding the Women on Boards Report and Hampton Alexander Review), issued in February 2023, reported that the percentage of women on FTSE 100 Boards was 40.5% improving from 39.1% in 2022, this demonstrates Admiral's outperformance when compared with the average of the FTSE 100.



As a result of the continued progress to balance gender diversity at Board level and to align with the Women in Finance Charter's aim of increasing female representation at the UK senior executive level to 40% by the end of 2023, and the FTSE Women Leaders target of 40% representation by 2025, the Committee has aligned the annual target of women in senior management positions at 40%. The aim is to achieve this level of gender diversity at an aggregate level across the subsidiary boards too. As at 31 December 2023, women represented 33% of all of the subsidiary board appointments. Focus will continue to improve gender diversity at this level during 2024. Female representation was 40% of our Senior Executives (Executive Committee equivalent) and 34.4% of their direct reports. Admiral is working to ensure it continues to achieve the 40% target by the end of 2025. As at 31 December 2023, the gender diversity split across the Admiral Group was 50% female / 49% male. The remaining 1% included non-binary and other genders, and colleagues who'd prefer not to say.

#### **Ethnic diversity**

The Committee continues to monitor the requirements of The Parker Review's report on ethnic diversity in the context of the composition of its Board and the new reporting requirements for senior management. It also monitors the initiatives that are being implemented across the Group to increase diversity, along with consideration as to how measures to develop a diverse pipeline of talent for Board and senior management appointments should be developed and monitored. The Board includes one Director from an ethnic minority background, which meets one of The Parker Review's key recommendations for FTSE 100 companies, as well as Listing Rules and Disclosure Guidance and Transparency Rule 9.8.6(9)(a). Further information on how the Group is developing a pipeline of ethnically diverse candidates is outlined below.

The Group remains strongly supportive of the principle of boardroom diversity, of which gender and ethnicity are important, but not the only, aspects. What is also important is diversity of thought, experience and approach and each new appointment must complement what already exists around the Board table.

Ethnic diversity amongst senior management and the wider workforce is something that Admiral continued to focus on throughout 2023. Admiral produced its first ethnicity pay gap report in the UK during the year, further demonstrating its commitment to ethnic diversity in the workplace. Whilst the Committee recognises that the workforce is not always comfortable with voluntarily sharing such personal information, there have been initiatives introduced to encourage more people to make such voluntary disclosures. As a result, we have seen an increase this year to 84% disclosure in the UK. As set out in the table below, the percentage of ethnic diversity at senior management levels is 3%. The Committee has discussed The Parker Review recommendations to implement a target for ethnic diversity representation at senior management level within the Group by 2027 and will be updating shareholders in this regard in due course.

## **Nomination and Governance Committee Report** continued

#### Activity to improve diversity and inclusion in the talent pipeline

Examples of the work Admiral has undertaken to improve its diversity pipeline during the year are set out below, for further information see pages 62 and 132.



Admiral's recruitment strategy aims to increase the number of candidates from ethnically diverse backgrounds and women onto shortlists for leadership roles. The 'Get Discovered' programme focuses on developing talented women within the Group to become the leaders of tomorrow.



Admiral is designing a talent and development program, in partnership with McKinsey which focuses on finding talented employees from ethnically diverse backgrounds at different levels and supporting these employees into leadership roles.



Admiral has signed several pledges such as the Menopause Pledge, Endometriosis Friendly Employer, Neurodiversity Friendly Employer and continued a commitment to the Race at Work Charter by signing up to their extended initiatives.



Admiral has completed its third year of the Admiral Aspire Programme, an internship aimed at offering students from ethnically diverse backgrounds and Women in STEM (Science, Technology, Engineering and Mathematics) valuable work experience over 12 weeks.



Admiral has partnered with a global diversity and talent consultancy called Green Park to undertake an in-depth 'Culture and Inclusion' audit, focused on Equality, Diversity and Inclusion (EDI).



Admiral's focus on culture and inclusion was demonstrated by winning the best UK Company at the 2023 Best Companies awards, being named the 6th best super large workplace (1,001+ employees) in the UK by the Great Place To Work® Institute, the global authority on workplace culture. Admiral also placed 3rd in the UK's Best Workplaces for Women award in 2023.

Admiral remains committed to providing equal opportunities, eliminating discrimination, and encouraging diversity amongst its employees both in the UK and overseas. A breakdown of the gender and ethnicity of Directors and senior employees at the end of the financial year together with details of the Group's Equality, Diversity and Dignity at Work Policy are set out in the tables below.

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management
Men	6	55%	2	48	65%
Women	5	45%	2	26	35%
Other Category	-	_	-	_	_
Not specified/prefer not to say	_	_	_	_	_

Ethnicity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management
White British or other White (including					
minority white groups)	10	91%	4	72	97%
Mixed/Multiple Ethnic Groups	_	_	-	_	_
Asian/Asian British	1	9%	_	2	3%
Black/African/Caribbean/Black British	_	_	_	_	_
Other Ethnic group, including Arab	_	_	_	_	_
Not specified/prefer not to say	_	_	_	_	_

#### **Succession planning**

The Committee oversees the succession planning strategy and appointment procedure for new Director's on behalf of the Board. The Committee reviews those skills present on the Board in order to understand where there are strengths and potential weaknesses, and where there may be the opportunity to bring in complementary skills to improve the functionality and depth of experience of the Board. These requirements are then fed through to an independent consultant who will seek out candidates matching the skillset provided and draw up a diverse shortlist of candidates for the Committee to review. The Committee will also consider senior management appointments on behalf of the Board and consider where these appointments fit in with established Board succession planning strategy. Any new recruitment process for the Board is based on merit and assessed against objective criteria. The Committee considers diversity in all of its forms as a central consideration to this process. Further information around Admiral Board's recruitment process can be found in the appointment process for Fiona Muldoon set out on page 149.

#### **Non-Executive Directors**

Non-Executive Director succession planning is split into short, medium and longer-term horizons to ensure that all eventualities, as far as possible, are planned for.

#### **Horizon: Emergency cover**

#### Description

There are emergency succession plans to ensure that there is sufficient short-term cover or a plan in place for key roles of the Board, namely, the Chair, the SID, committee Chairs and, in turn, Committee members if a Committee Chair's absence is longer than expected. These plans take account of any requirements under the respective Committee's Terms of Reference, as well as any Code requirements.

#### **Horizon: Medium term (3–6 year tenure)**

#### escription

The Committee's medium-term succession planning involves considering the replacement of Non-Executive Directors over time to refresh the Board. The Committee considers (i) each Director's period of tenure and aims to have staggered departure dates, (ii) the skills and experience gaps that will be created as each Director's tenure comes to an end, and (iii) the diversity gaps that might also become present.

#### Horizon: Longer term (6-9 year tenure)

#### Description

The Committee's longer-term succession planning involves the consideration of the skills, experience, and diversity that the Board will need over the longer-term, taking into account the Group's strategy and the main trends and factors that are likely to affect the Group's long-term success.

The regular review of these succession plans provides an opportunity for the Committee to discuss the insights provided by the data in order to inform the desired mix of skills, experience and diversity that the Board needs now and in the future, in the context of the Group's strategic objectives.

#### **Executive Directors and senior management**

The responsibility for making appointments within senior management rests with the CEO, with direction from the Committee. Talent management continues to be a key area of focus for the Committee to ensure that there is a diverse pipeline of talent for senior management and Executive Director succession.

During 2023, the Committee considered progress in improving talent management and succession planning within the Group. The Committee strongly believes that an effective internal talent management process will ensure the preservation of Admiral's unique culture as far as possible. During the year, the Committee received an update on the succession planning framework which is used across the Group. This framework encourages more structured thinking about opportunities across departments and internationally, even in circumstances where this is a well embedded practice already within Admiral. Discussions on success profiles have also helped to visualise how success will look in the future for the critical senior management roles, whilst also providing future talent with visibility on what future development might look like for them.

## **Nomination and Governance Committee Report** continued

The review of succession planning undertaken during the year concluded that there was a healthy pipeline of talent across the Group, with no immediate risk in respect of leadership continuity, and the right level of talent to execute our 'internally grown leaders' strategy. The Group continues to work to ensure that all areas of the business are working to achieve Admiral's commitment to diversity at all levels in all its forms. The Committee will continue to monitor levels of diversity across the business through 2024 and will work to improve the ethnic diversity of entities located in geographies where such diversity should be better represented. For further information as to what the Company is doing in relation to diversity see page pages 62 and 154.

The Committee remains satisfied that effective succession plans for Directors and senior management are in place to ensure the continued ability of the Group to implement strategy and compete effectively in the markets in which it operates.

The Committee also regularly reviews the Group's governance arrangements, including any changes to the subsidiary board or committee structure, changes to the UK Corporate Governance Code and FCA Listing Rules, as well as oversight of the regulatory applications made under the Senior Managers Regime.

#### **Committee effectiveness review**

The Committee's 2023 annual review was conducted by way of a self-assessment, overseen by the Company Secretary, this involved completion of a wide-ranging questionnaire. The questionnaire asked a set of questions designed to provide objective assessment of the Committee's performance, including its effectiveness in monitoring Board composition, consideration of Executive and Non-Executive Director succession, overseeing talent management, senior management succession planning and developing directors' knowledge.

The Committee discussed the output from this performance review at its meeting in December 2023 and concluded that, overall, the Committee had performed effectively during the year under review. Areas of focus for the Committee in 2024 were identified, this included ensuring effective governance around Admiral's subsidiary board structure and further oversight in the areas of talent management and executive succession planning.

#### **Evaluation of the effectiveness of the Board, Board committees and individual Directors** How we assess our Board's effectiveness

Each year Admiral conducts an evaluation to assess the skills, experience, independence and knowledge of the Board to confirm it has been able to discharge its duties and responsibilities effectively. The composition and diversity of the Board and its committees and how well the Directors are working together is considered, as well as the individual performance of the Directors and the Chair. In line with the provisions of the Code, Admiral undertakes an externally facilitated evaluation every three years. In the two intervening years, internal reviews of the Board, its committees and individual Directors are carried out. This year the process was facilitated internally by way of questionnaire led by the Chair in conjunction with the Company Secretary. The 2022 Board evaluation was conducted by way of external evaluation by Bvalco Ltd. Progress against the Board objectives that stemmed from the 2022 Board evaluation process are set out opposite.



#### **Progress against 2022 Board evaluation recommendations**

In December 2022, the Board undertook an externally facilitated Board, Board Committee and individual Director evaluation of its performance for the year ended 31 December 2022, carried out by Bvalco Ltd. Bvalco Ltd had no other connections with the Group or its Directors. The results of the evaluation were discussed at the Board meeting in January 2023, they demonstrated a Board that appeared to be functioning well, with some identified opportunities for improvement. The recommendations from the Board evaluation fed into the Board's agreed objectives for 2023 and were detailed in the 2022 Annual Report as "Principal areas of focus for the Board in 2023". At the June 2023 Board meeting, the Board received a six-month update on progress against these agreed areas for focus. The Board discussed the 2022 Board evaluation recommendations at their meeting in December 2023 and agreed good progress had been made against all recommendations during the year. This progress is set out in the table below. It was agreed that, where appropriate, the Board would continue to focus on these recommendations during 2024 to ensure these were fully implemented and embedded.

Areas of focus during 2023	Progress update Progress update
To review the quality of information presented to the Board to ensure improved decision-making processes.	The overall quality of information presented to the Board in terms of clarity and context continued to improve throughout the year enabling improved Board discussions and effective challenge around key items of business resulting in better decision-making processes.
Review the balance of allocated Board agenda time between strategy and governance/regulatory matters.	Agenda planners for the Board and Board committees were reviewed and redrafted during the year to ensure that the balance between strategic and governance/ regulatory matters was appropriate. Terms of reference were reviewed and updated to allow for further delegation of non-strategic matters to Board committees and subsidiary boards where appropriate.
To ensure Non-Executive Directors have opportunities to meet together outside of scheduled Board time and also with executive management.	Non-Executive Directors have the opportunity to meet with the CEO following each Board meeting and also have a separate Non-Executive Director only debrief session. Board members and other senior management are invited to attend Board dinners, this allows for informal conversations to take place outside of normal Board activities. A Non-Executive Director session on mobility took place during the year. Opportunities for further engagement continue to be considered.
Review the value of Board strategy sessions and ensure the Board has early involvement in the development of strategic proposals.	The October Board strategy session was well received with Directors having the opportunity for early involvement in the strategic planning process along with the option to contribute to the development of the specific proposals. The Board provided constructive feedback on individual presentations and topics. The format of Board strategy sessions will continue to be reviewed and updated to ensure alignment with the requirements of the business.
Ensure required metrics and milestones are present to allow the Board to hold executives to account on strategic implementation.	The Capital Allocation Framework alongside budgets and the five-year plan were presented to the Board and discussed in detail during the year to enable the measurement of the implementation of strategy against plan and ensure management was held to account.
Consideration of the value of an overarching approach to ESG initiatives.	A new Group Head of Sustainability was recruited during the year to ensure the co-ordination of ESG initiatives. Significant focus was given to ESG through strategy discussions, reporting and risk management which will continue throughout 2024.
The executive team should be canvased on key skills required when considering Board appointments.	Executive management's views had been canvassed in respect of the key skills required when considering all new Group Non-Executive Director appointments and senior management hires during the year.
Review how hybrid meeting arrangements could be improved to allow the full participation of all participants in meetings.	Scheduled Board and Board committee meetings generally take place in person, therefore it is rare for Board members to attend virtually. However, where this is necessary, for example where ad hoc, late notice meetings are required, updates to technology allow for effective attendance and participation where a member cannot attend in person. Where Board members were unable to attend meetings, they were able to submit questions and comments in advance to the Chair.
Contributors to Board agenda items to be reminded of the guidelines as to form, content and paper submission deadlines.	The Company Secretary and his team continued to drive improvements in the content and delivery of Board papers throughout the year. Improvements in the Board and committee meeting preparation process were acknowledged by the Board.



## **Nomination and Governance Committee Report** continued

#### 2023 Board evaluation

Having carried out an external Board evaluation in 2022 in accordance with the Code requirement that FTSE 350 companies should carry out an externally facilitated evaluation of the Board at least every three years, the 2023 Board evaluation process was facilitated internally, led by the Chair with the support of the Company Secretary. The evaluation used a questionnaire developed by the external consultancy Independent Audit, who has no other connection with the Group or its Directors. The online questionnaire was used to evaluate the Board's performance and dynamics throughout 2023 and was sent to all Board members as well as regular Board attendees in November 2023, it considered:

- Board dynamics and the interaction between the Chair, Non-Executive Directors and executive management to achieve the Board's objectives
- · Leadership and succession planning, including the oversight of the Group's processes for managing, developing and retaining talent
- · Understanding by the Board of the prevailing culture within the Group
- · Quality, timeliness of delivery and presentation of Board papers and Board support
- · Time management and operational performance of Board and Committee meetings
- · Risk management and the effectiveness of the Board in considering the Group's risk management framework and internal controls
- · The effectiveness of the Board's strategic and operational oversight
- · Priorities for change that would enhance Board performance.

The results of the evaluation were collated by the Company Secretary and discussed at the December 2023 Board meeting. The overall impression from the evaluation process was that the Admiral Board and its committees continued to be performing strongly and function effectively. The Board was open and inclusive and supported the culture of the Admiral Group with some opportunities for improvement identified. A summary of the main recommendations resulting from the 2023 Board evaluation process are set out in the table below. Recommendations have fed into the Board's agreed objectives for 2024 and are detailed under the 'Principal areas of focus for the Board in 2024' section on page 127.

Outcomes and areas of focus for 2024  Culture	To improve understanding around the impact of hybrid working on the Group's culture and the associated risks.
ESG	Focus on environmental, social and governance considerations, including ensuring the Board has the correct information to monitor ESG performance, and the setting of ESG targets that reflect the Group's values.
Control framework	Review of control framework to ensure appropriate focus on compliance and changes to the regulatory risk outlook and associated risks.
Board reporting	To ensure standard reporting templates are rolled out across all committees and subsidiary Boards for consistency of approach.
Informal Board interactions	Consideration of further opportunities for informal Board and management interactions to ensure management was able to benefit from Non-Executive Director insight and experience. Group Board Non-Executive Directors to have further engagement with subsidiary Board Non-Executive Director's to ensure sharing of knowledge and experience

#### 2023 Board Committee effectiveness reviews

Further information on each of the Board Committee's evaluations of their own performance can be found within the respective Board Committee reports.

#### **Individual Director evaluation**

The performance of the CFO is appraised annually by the CEO, to whom he reports. The Chair, taking into account the views of the other Directors, reviews the performance of the CEO. The Chair also carries out the performance assessments of each of the Non-Executive Directors. Each of the Directors were determined to have continued to effectively contribute to the work of the Board in 2023.

The performance of the Chair is reviewed by the Board led by the Senior Independent Director. The latest review took place in December 2023 and was reported to the December Board. The Senior Independent Director considered and discussed with the Chair the comments and feedback that had been received from the Directors as part of the Chair's evaluation questionnaire and was able to confirm that the performance of the Chair from his time of appointment in April 2023 was effective.

## **Audit Committee Report**

# Overseeing THE IMPLEMENTATION OF IFRS 17



"The Committee dedicated a significant amount of time to understanding and assessing the impact of IFRS 17 on the Group's results."

**Karen Green**Chair of the Audit Committee



#### **Members Attendance**

Member	Attendance
Karen Green (Chair)	8/8
Andy Crossley <sup>2</sup>	7/8
Michael Brierley	8/8
Fiona Muldoon	2/2

- 1 Based on scheduled meetings.
- 2 Andy Crossley missed one meeting due to a pre-existing arrangement.

## Dear Shareholder, I am pleased to set out

#### in this report an update on the main activities of the Committee in 2023.

## Areas of focus in the reporting period

The Committee considered the economic backdrop facing the Group, including the geopolitical backdrop and supply chain challenges. It gave particular consideration to current UK inflationary pressures and the impact on the key accounting and actuarial judgements made by management in relation to the valuation of insurance contract liabilities and credit loss provisions, as well as the potential impact on going concern and viability assumptions. The Committee also dedicated a significant amount of time to understanding and assessing the impact of the new IFRS 17 (Insurance Contracts) accounting standard on the Group's financial results and ensuring appropriate disclosure in the financial statements. The Committee monitored the continued effectiveness of the Group's key internal controls in a hybrid working environment, in particular given the implementation of various new important systems.

#### **Significant financial reporting issues**

The setting of insurance contract liabilities in accordance with the Group's agreed reserving methodology is a key accounting judgement in the Group's financial statements (as set out in note 2 to the financial statements), and the Committee continues to place considerable focus on this area. The Committee challenged the key reserving assumptions and judgements, movements, emerging trends and analysis of uncertainties underlying the analysis of outstanding claims for the UK Car Insurance business proposed by management alongside that of the Group's external independent actuarial advisers. In 2023, this included the impact of inflation on the claims reserves as set out in more detail below, future scenarios for the Ogden discount rate and ensuring the accuracy of claims data following the transition to the new claims management system. It also focused on management's selection of a confidence level for the IFRS 17 risk adjustment held within the liability for incurred claims. The Committee also received reports on the claims reserving processes performed for insurance businesses other than UK Car and recommended to the Board the aggregate claims reserves for inclusion in the Group's financial statements.

In addition to claims reserving, the Committee spent time reviewing management's support for a number of other significant financial reporting matters including the expected credit loss provision held in relation to the Loans receivable balance held by the Group's consumer lending business Admiral Money, other potential provisions and contingent liabilities, and the results of impairment testing performed in relation to the Group Parent Company's investments in Group subsidiaries.



## **Audit Committee Report**

#### continued

#### **IFRS 17 (Insurance Contracts)**

The Group successfully implemented the new IFRS 17 (Insurance Contracts) accounting standard ahead of the 1 January 2023 implementation date. Given the fundamental changes to the Group's financial statements, the Committee dedicated a significant amount of time to understanding and assessing the impact of the standard on the Group's financial results. The Committee reviewed and challenged key judgements and accounting considerations, as well as the financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and related accounting disclosures.

## Corporate governance and reporting changes

The Committee was kept informed of the Group's engagement with the Department for Business, Energy & Industrial Strategy (BEIS) consultation on 'Restoring trust in audit and corporate governance: proposals on reforms' during 2023 including the proposed changes to the UK Corporate Governance Code and will continue to monitor developments in this area. The Committee also oversaw, in conjunction with the Group Risk Committee, the Group's progress in further aligning reporting with the Taskforce on Climate-related Financial Disclosures (TCFD) published recommendations. The Committee received a report from the Group's external auditor on TCFD and other climate-related reporting and trends in the market.

#### **Internal controls**

The Committee has continued to review the effectiveness of the internal control systems across the Group, in particular given the implementation of various system changes, including areas of potential weakness highlighted through audit and other assurance reports.

I hope you find the above summary, and the more detailed report, both useful and informative.

#### **Karen Green**

Chair of the Audit Committee

6 March 2024

## How the Committee operates Membership

Membership of the Committee at the end of the year was: Karen Green (Chair), Andy Crossley, Michael Brierley and Fiona Muldoon.

Two of the Committee's members are Fellows of the Institute of Chartered Accountants in England and Wales, and one is a Fellow of the Institute of Chartered Accountants in Ireland. Given the insurance and financial services experience of the members of the Committee, the Board considers that they have a broad range of skills, experience and knowledge of the insurance and financial services sector, which represents the principal market in which the Group operates, and also the area of consumer lending in which the Group has a growing business, such that they are able to effectively analyse, challenge and debate the issues that fall within the Committee's remit. The Board is satisfied that the Committee as a whole has competence relevant to the sectors in which the Group operates and further considers that a number of its members have recent and relevant financial experience.

#### Attendance at meetings

The Company Secretary acts as Secretary to the Committee. The Group Chief Financial Officer, Group Chief Risk Officer. Director of Group Finance & Chief Actuary and Group Head of Internal Audit routinely attend all Committee meetings (other than certain private sessions). Other individuals, such as the Chair of the Board, Chief Executive Officer, Head of Group Compliance, and representatives of different parts of the Group, may be invited to attend all or part of any meeting as and when appropriate. The Chairs of the Audit Committees of the Group's European insurer and US subsidiary also attend at least one meeting each year to present on their activities.

The external auditor was invited to attend all of the Committee's meetings held in 2023, except in respect of those agenda items when its own performance, reappointment and fees were reviewed and discussed, or where any other conflict was identified.

#### **Meetings held**

The Committee meets at least six times per year and has an agenda planner linked to events in the Company's financial calendar and other significant issues that

arise throughout the year, which fall for consideration by the Committee under its remit. The Chair of the Audit Committee agrees the agenda for each meeting.

There were eight scheduled Committee meetings held during the year (with two of these meetings focused on reserving matters in conjunction with the half year and full year reporting and another on the approval of the Group's Solvency and Financial Condition Report). Two additional meetings were held during the year, focused on various matters relevant to the Committee's remit.

Details of member attendance at the Committee meetings held during the year are outlined on page 162.

## How the Committee keeps up to date

The Committee is kept up to date with changes to Accounting Standards and relevant developments in financial reporting, Company law, and the various regulatory frameworks through presentations from the Group's external auditor, Group Chief Financial Officer, Group Chief Actuary and Group Company Secretary. In addition, all members attend relevant seminars, briefings and conferences provided by external bodies. The Committee also receives tailored reports from management and the Group's external auditors from time to time. Topics included the Task Force on TCFD and other climate-related reporting proposed changes to the UK Corporate Governance Code in 2023.

The Terms of Reference of the audit Committee include all the matters required under the Code and are reviewed annually by the Committee.

The Chair of the Audit Committee meets with the Group Head of Internal Audit, Group Chief Financial Officer, Director of Group Finance & Chief Actuary, Head of Reserving, the external auditors and UK Head of People Services (who has overall responsibility for coordinating the Group's whistleblowing arrangements) on a regular basis. The Committee also held (i) two private meetings with the Group Head of Internal Audit, (ii) one private meeting with the Chief Financial Officer, and (iii) two private meetings with the external auditor during the year.

## Role and responsibilities of the Committee

The Audit Committee's primary responsibilities are to:

#### **Financial reporting**

- Monitor the integrity of the Group's financial statements and any formal announcement relating to the Group's financial performance, including the Group's Solvency and Financial Condition Report, reviewing any significant financial reporting judgements which they contain, including that of the Group's Going concern status
- Provide advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- Oversee the Group Risk Committee's work on climate-related financial disclosures.

#### Internal controls and internal audit

- Keep under review the effectiveness of the Company's internal financial controls, internal control and risk management systems
- Monitor and assess the role and effectiveness of the Group's internal audit functions in the context of the Group's overall internal control and risk management systems.

#### **External audit**

- Make recommendations to the Board, to be put to shareholders for their approval at the Annual General Meeting (AGM), in relation to the appointment, reappointment and removal of the Group's external auditor
- Approve the remuneration and terms of engagement of the Group's external auditor
- Review and monitor the Group external auditor's independence and objectivity, and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements

 Review the policy on the engagement of the Group external auditor to provide non-audit services, ensuring that there is prior approval of non-audit services, considering the impact this may have on independence and taking into account the relevant ethical guidance in this regard.

#### Other

- Oversee the Group's procedures for handling allegations from whistleblowers
- Report to the Board on how it has discharged its responsibilities.

## Summary of key activities during 2023

During the year the Committee reviewed the following:

#### **Financial reporting**

- The Group Annual Report and interim results announcement, including key accounting judgements and disclosures
- Parent Company financial statements (both annual and interim), and related key accounting judgements and disclosures, including impairment testing of the Parent Company's investments in subsidiaries
- Reports from the Chair of the Group Risk Committee on the principal risks faced by the Group and the work undertaken by the Group Risk Committee to ensure risk is appropriately managed
- Reports from the Chair of the Admiral Insurance Company Limited (AICL) and Admiral Insurance (Gibraltar) Limited (AIGL) Audit Committees on the financial statements for AICL and AIGL at HY 2023, including key accounting judgements and disclosures
- The Group Solvency and Financial Condition Report, including disclosures specific to AICL and AIGL
- Presentations from the Group's actuarial reserving team and independent external actuarial experts to assist the Committee in concluding on the adequacy of the Group's IFRS reserves and Solvency II technical provisions
- Information supporting the Group's Going concern assumption
- Information prepared by management demonstrating risk transfer within reinsurance contracts in line with the requirements of IFRS 17 (Insurance Contracts)

- Updates from the Group's consumer lending business on the IFRS 9 (Financial Instruments) expected credit loss provision
- Reports assessing the accounting and disclosure impacts of risk events arising across the Group
- Information supporting the accounting treatment of a historic Italian
   tax matter
- The financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) (further detail on the Committee's work in relation to IFRS 17 is set out below)
- The Group's disclosures relating to climate risk, including those disclosures required by the TCFD and CFD, and received a report from the external auditor on regulatory developments in climate-related disclosure requirements.

#### Internal audit and internal controls

- Reports from the internal audit functions within the Group on the effectiveness of the Group's risk management and internal control procedures and progress against the 2023 Audit Plan, approval of changes requested to the 2023 Plan and the Audit Plan for 2024 including resourcing levels, details of key audit findings, and actions taken by management to manage and reduce the impact of the risks identified
- Performance and effectiveness of the Internal Audit function
- A summary of the key findings from all reports from Internal Audit, including management responses to the conclusions set out in the reports
- Reports on the controls in place, including significant breaches or incidents, across the Group and its overseas subsidiaries
- European insurance internal audit updates, including an update from the Chair of the European Audit Committee (of the Group's subsidiary Admiral Europe Compañía de Seguros, S.A., (AECS) which underwrites the Group's European insurance businesses) on the activities of that Committee

## **Audit Committee Report**

#### continued

- US insurance internal audit updates, including an update from the Chair of the Audit Committee of the Group's US subsidiary Elephant, on the activities of that Committee
- Reports on the output of the assessments of adherence to and embedding of the Group Minimum Control Standards' framework and planned developments in relation to that framework
- Reports on the various improvements underway to the Group's control environment including regular updates on work to strengthen the Group's IT access control management and plans to further enhance the Group's Fraud and Financial Crime Framework.

#### **External audit**

- Reports from the external auditor highlighting system and control recommendations, key accounting and audit issues and conclusions on the half year and full year reporting
- · Confirmation of the external auditor's independence
- Reports from Deloitte, the external auditor, on their proposed audit scope and plan
- Proposed external audit fee and the drivers of the year-on-year increase.

#### Other

- Updates on tax matters supporting the Group Tax Strategy which is available at www.admiralgroup.co.uk
- Progress updates on the BEIS consultation relating to audit and corporate governance reforms, including updates received from the external auditor
- The effectiveness of the Group's Whistleblowing Policy, which sets out the arrangements for raising and handling allegations from whistleblowers, and receiving regular reports on instances of whistleblowing that have been raised
- · The Committee's terms of reference
- · The Committee's effectiveness.

## Significant issues considered by the Committee

After discussion with both management and the external auditor, the Audit Committee determined that the key risks of misstatement of the Group's financial statements, as in prior years, related to the valuation of insurance contract liabilities under IFRS 17. This key risk of misstatement can be separated into the best estimate of future cashflows required to fulfil insurance contracts, and the methodology and measurement of the risk adjustment for non-financial risk. In addition, given the inflationary environment referenced above, a specific significant risk was agreed in relation to inflation assumptions applied to UK Car bodily injury claims reserves given the long-tail nature of the claims and the current higher inflationary environment.

The implementation of IFRS 17 in the period also gives rise to a key audit matter given that the standard introduces a number of new key accounting judgements.

Furthermore, the IFRS 9 provision for expected credit losses in relation to the Group's lending business, Admiral Money, and the impairment testing exercise performed in relation to the Group Parent Company investments in Group subsidiaries were significant financial reporting issues considered by the Committee.

These significant issues were discussed with management during the year and with the external auditor at the time the Committee reviewed and agreed the external auditor's Group audit plan, when the external auditor reviewed the interim financial statements in August 2023 and also at the conclusion of the external audit of these full year financial statements.

## Valuation of insurance contract liabilities

The Committee continued to spend significant time reviewing and challenging the approach, methodology and key assumptions adopted by management in setting reserves for insurance liabilities in the financial statements to ensure consistency with the Group's stated accounting policies, which have been updated following the implementation of IFRS 17.

In this context, the Committee challenged management on the important judgements and assumptions used in estimating the best estimate of future claims cashflows, including specific focus on inflation assumptions applied in relation to UK Car bodily injury claims, and the measurement of the risk adjustment for non-financial risk. Further information is set out in more detail in the critical accounting estimates section of note 2 to the financial statements.

As in previous periods, the Committee held meetings specifically focused on reserving, receiving presentations on UK Car Insurance reserves from the internal actuarial reserving and finance teams, as well as the independent external actuarial advisors. At these meetings management provided further information on the projected best estimate claims reserves. as well as payment patterns used to estimate the resulting future claims cashflows. Management also presented to the Committee on the measurement of the risk adjustment for non-financial risk including the methods used to estimate the reserve risk probability distribution and the selection of the confidence level in line with the Group's stated 85th – 95th percentile accounting policy. The Committee also received presentations from the external actuarial firm that performed independent validation of the best estimate claims reserves and the external Big Four firm that performed independent validation of the reserve risk distribution and the appropriateness of the risk adjustment at the target confidence level. Management were challenged by the Committee on the key assumptions and judgements made in these processes and justification for the movement in confidence level since the start of

The Committee reviewed and discussed the effects of inflationary pressures on claims reserves in relation to both damage and bodily injury claims. In addition, the move to a new claims system was considered as well as scenarios in relation to the future Ogden rate and updates regarding the FCA's multi-firm review of motor total loss claims. The Committee also reviewed management's assessment of the level of uncertainty inherent in the claims reserves, and changes to that assessment from previous periods as well as the results of management's reserve stress and scenario testing.

The Committee also received updates from the Group's external auditor, Deloitte, on its work in relation to this significant audit risk. This included reviewing management's actuarial data quality assessments, best estimate reserve projections and the risk adjustment for non-financial risk, as well as assessing management's qualitative and quantitative support for gross insurance contract liabilities included in the financial statements. Based on this work, the auditor was satisfied that the financial statement reserves remain appropriate and consistent with the Group's accounting policy.

The Committee also received reports on the reserving processes for the Group's insurance businesses other than UK Car Insurance. Management presented an overview of the claims reserving processes and resulting recommendations for the UK Household and UK Van lines of business as well as European and US motor businesses, including the results of actuarial best estimate reserving processes and justification for the risk adjustment for non-financial risk for each business.

Whilst acknowledging that the setting of reserves for claims which will settle in the future is a complex and judgemental area and having had the opportunity to challenge management's proposal in respect of both best estimate reserves and risk adjustment held above best estimate to cover unforeseen deteriorations in the best estimate, the Committee is comfortable that an appropriate process has been followed, and that there has been sufficient scrutiny, challenge and debate to give confidence that the reserving levels set incorporate a risk adjustment for the uncertainty in the best estimate which is consistent with the Group's stated IFRS 17 accounting policies.

## Inflation assumptions applied within valuation of UK motor bodily injury claims reserves

The Committee placed focus during the year on reviewing and challenging the approach, data inputs, methodology and key assumptions adopted by management in determining an allowance for excess inflation on bodily injury claims, included in claims reserves. Whilst acknowledging that ultimate outcome is highly uncertain, the Committee had the opportunity to

challenge management's judgements in respect of selected projections of inflation, in particular future wage inflation as well as the elements of bodily injury claims that will be subject to this excess inflation. The Committee concluded that the data and underlying methodology used in calculating excess inflation was reasonable, and in line with market practice and that the inflation assumptions adopted were appropriate.

## Other financial reporting issues IFRS 17 implementation

IFRS 17 is the new insurance accounting standard that came into effect from 1 January 2023. Given the fundamental changes to the Group's financial statements and systems and processes that have arisen because of the new standard, the Committee dedicated a significant amount of time during previous financial reporting periods to understanding and assessing the impact of the standard on the Group's financial reporting process and the progress of implementation of chosen software solutions.

In 2023, the Group presented interim and full year financial statements under the new standard, including a transition balance sheet as at 1 January 2022, a full restatement of 2022 primary financial statements and related notes to the financial statements as well as revised accounting policies and other disclosures.

Throughout the year the Committee continued to dedicate significant time to the subject and received regular updates on implementation activities, as well as reviewing and approving accounting policies, methodologies and judgements relating to the new standard. Activities of the Committee included:

- Regular updates as to the programme status, ahead of the first reporting under IFRS 17 in the Group's interim financial statements including progress against plans for individual workstreams and other issues such as resourcing levels
- Review and approval of the Group's transition balance sheet as at 1 January 2022, including the work of the external auditor Deloitte in respect of the transition

- Review and approval of the Group's restated 2022 interim and full year financial statements under IFRS 17, including the work of the external auditor Deloitte in respect of the restatement
- Review and approval of all IFRS 17 related policies including accounting policies and those related to accounting judgements and materiality
- Review and approval of the Group's revised methodology for estimating co-insurance profit commission, which is recognised under the accounting standard for revenue, IFRS 15.

  Whilst not directly impacted by IFRS 17, the loss ratio inputs to the calculation were amended to ensure consistency with the new standard
- Reports setting out management's assessment of key technical accounting matters as part of the review of 2023 interim and final financial statements, including the status of the work of the external auditor Deloitte in respect of those technical issues
- Updates from the Group's external auditor on their audit of the Group's IFRS 17 work and IFRS 17 developments in the market generally.

The critical accounting judgements reviewed by the Committee in relation to IFRS 17 included management's justification for the use of the simplified 'Premium Allocation Approach', the lowest unit of account under IFRS 17 and the classification and presentation of reinsurance contracts under the standard. The Committee, having reviewed management's supporting papers and hearing from external auditor Deloitte on the matters, concluded that the judgements were reasonable and appropriate.

The Committee was pleased to note the positive findings of the FRC's thematic review of companies' disclosures relating to IFRS 17 'Insurance Contracts' in the interim accounts, which highlighted the Group's disclosures as an example of better practice.

## **Audit Committee Report**

#### continued

## IFRS 9 provision for expected credit losses

During the year, the Committee has continued to review and challenge the IFRS 9 provision for expected credit loss arising through the Group's loans business, Admiral Money. Areas of focus included the potential impact of UK inflationary pressures and the increase in UK market interest rates on default experience, the assessment of circumstances indicating a significant increase in credit risk and underlying forward-looking economic assumptions.

Further information on the provision and key assumptions are found in note 7 to the financial statements.

On the basis of the work performed and having had the opportunity to challenge management's proposal in respect of the provision for expected credit losses, the Committee was comfortable that an appropriate process has been followed, noting the continued enhancements made to the provisioning methodology reflecting the increasing maturity of the business, and that there has been sufficient scrutiny and challenge to give confidence that the provision has been set in line with the IFRS 9 requirements and included appropriate allowance for uncertainties arising from the current macro-economic environment.

## Impairment testing for the Group's investment in subsidiaries

During the year, the Committee considered management's work in relation to the Group Parent's investment in subsidiary entities. Under the relevant accounting standard, IAS 36 'Impairment of Assets' management identified entities with indicators of impairment and performed detailed impairment testing in relation to those investments, calculating recoverable amounts primarily through the use of discounted cashflow calculations.

Management proposed the recognition of non-cash impairment losses in respect of investments in Elephant, the Group's US insurer, as well as subsidiary entities supporting the Group's newer growth businesses in the UK and in Italy. The impairment charge relating to Elephant followed a similar approach to previous periods and was the more material of the impairment losses, reflecting the reduction in net assets of the business (used as a proxy for fair value less costs to sell) arising from losses incurred during 2023.

The Committee challenged management's proposal for recognition of impairment losses as well as conclusions for other subsidiary entities where indicators for impairment were present but no impairment was deemed necessary as a result of recoverable amounts being in excess of the carrying value of investments.

#### **Misstatements**

No material unadjusted audit differences were reported by the external auditor. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and appropriate professional scepticism.

After reviewing the presentations and reports from management and consulting, where necessary, with the auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key sources of estimation uncertainty (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

#### **External audit**

#### **External auditor appointment**

The Group last completed an audit tender during 2020/21 when, following the completion of a transparent and independent audit tender process, Deloitte LLP were recommended to shareholders as the Group's auditor at the Annual General Meeting (AGM) in April 2021 and a resolution was passed to that effect. Deloitte LLP's overall tenure up to and including the 2023 financial year is eight years. The Committee confirms it is in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation Order 2014.

On the recommendation of the Committee, the Board approved that Deloitte should be recommended to shareholders for reappointment as the Group's auditors at the 2024 AGM. A resolution to that effect will be proposed at the AGM.

#### Audit fed

During 2023, the Committee reviewed and approved the audit fee proposal for the 2023 year end Group audit. The agreed fee for the audit and other assurance related services for 2023 is £3.48 million (2022: £2.76 million), with the increase reflecting inflation in line with market increases, the impact on ongoing audit work required relating to IFRS 17 (Insurance Contracts) and the impact on audit work required in relation to new financial systems.

The Committee approved the fee increase having discussed with the auditor the rationale for the proposal.

In addition to the agreed fee for 2023, the Group incurred a one-off audit fee during 2023 of £0.83 million relating to the transition to IFRS 17 and the representation of the Group's 2022 financial statements under the new standard.

## Safeguarding the external auditor's independence and objectivity

The Committee reviewed and approved its policy on non-audit services in February 2023 and was satisfied that it continued to align with current regulatory guidance. Under the policy, the Group's statutory auditor will only be engaged to carry out non-audit services in prescribed circumstances or where there is a regulatory request, and where agreed by the Committee. This is to ensure that the independence and objectivity of the external auditor is safeguarded.

The Committee will continue to monitor regulatory developments in this area to ensure that its policy on non-audit fees adheres to current guidance.

## Effectiveness of the external audit process

The Committee undertakes an annual review to assess the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements, the progress achieved against the agreed audit plan, and the competence with which the auditor handled the key accounting and audit judgements.

As part of its review, the Committee considered, among other things, the following: submissions by the external auditor relating to their continued independence, the output of a questionnaire completed by all Committee members and relevant members of the Group's Finance and Internal Audit functions and the findings of the FRC Audit Quality Reviews (AQR) published in July 2023. Following this review, the Committee concluded that the external auditor, Deloitte LLP, remained independent and that the external audit process remained effective.

#### Internal audit

The Group Head of Internal Audit attended all Audit Committee meetings and provided a range of presentations and papers to the Committee, through which the Committee monitored the effectiveness of the Group's material internal controls, including financial, operational and compliance controls on behalf of the Board.

The Group Head of Internal Audit also carries out an annual review of the effectiveness of the Group's systems of internal control and risk management and reports on the outcome of this review to the Committee. In February 2024, the Group Head of Internal Audit reported an adequate level of assurance in relation to the Group's arrangements for risk management, control infrastructure, governance and fraud prevention controls This was supported by a summary of the assurance activity performed by the Line 2 Risk and Compliance functions and an annual assessment of internal controls by Line 2.

The Committee reviewed and approved the Group Internal Audit Policy, which includes the Group Internal Audit Terms of Reference setting out the role, objectives, reporting lines and accountability, authority, independence, and objectivity of the Internal Audit function. The Committee also monitored and discussed the evolution and development of the Internal Audit function, and considered the role, competence and effectiveness of each internal audit function across the Group. The Group Head of Internal Audit continues to have responsibility to ensure the quality of the internal audit activities in the Group's overseas locations. The Chairs of the European and US Audit Committees each updated the Committee on their respective activities during the year.

Members of the Committee also receive all issued internal audit reports, enabling them to challenge the reports' content, including the rating, and related recommendations. The Committee approves the internal audit plan at the start of each calendar year and any inflight amendments to that plan, whilst the effectiveness and workload of the internal audit functions and the adequacy of available resources are monitored throughout the year.

The European operations in Spain, Italy and France have a dedicated internal audit team and the US business also has its own locally based team. All reports are evaluated by the Group Head of Internal Audit to ensure the quality and effectiveness of the reported findings, and a summary of the key findings of each completed audit is provided to the Committee as part of the Group Head of Internal Audit's regular Committee update. In addition, the UK internal audit function carries out high-level governance reviews of all foreign operations, assessing the internal control frameworks and system of risk management.

#### **Committee effectiveness review**

As part of the Committee's annual review of its own performance and processes, each Committee member completed a comprehensive questionnaire designed to provide objective assessment of the Committee's performance, including its effectiveness in monitoring internal and external audit.

The Committee discussed the results of the review at its meeting in December 2023 and concluded that the Committee continued to operate effectively and within its remit. There were a number of areas identified for further improvement, such as ensuring that issues and risks were prominently presented in Committee papers.

Priorities for the Committee for 2024 include ensuring that the Committee is appropriately briefed on the UK Corporate Governance Code change and climate-related reporting, requesting the relevant business managers to attend Committee meetings to answer questions on significant internal audit reports and reinforcing the use of more effective summaries to highlight the issues and risks that the Committee needs to focus on.

#### Whistleblowing

On behalf of the Board, the Committee considered and reviewed the Group's whistleblowing policy and received quarterly updates on the use and effectiveness of the policy, whistleblowing metrics and the instances of whistleblowing that had been raised across the Group during the year. During the year, the Committee concluded that the Group's current whistleblowing arrangements were an appropriate means by which employees could raise concerns in confidence and anonymously.

## **Group Risk Committee Report**

## Managing RISK EFFECTIVELY



"The Group Board is of the view that the Group's risk management and internal control systems have operated effectively during the year."

**Andy Crossley** 

Chair of the Group Risk Committee



#### **Committee members**

Members	Attendance
Andy Crossley (Chair)	8/8
JP Rangaswami	8/8
Cristina Nestares <sup>1</sup>	7/8
Karen Green	8/8
Jean Park <sup>2</sup>	1/1

- 1 Cristina Nestares missed one meeting due to a
- Jean Park retired from the Board and all of her Committee memberships on 20 January 2023.

The Committee held eight scheduled meetings, with an additional meeting also taking place.

#### **Dear Shareholder,** As Chair of the Group Risk

### **Committee, I am pleased** to present the Committee's report for 2023.

The Committee has received updates on each of the Group businesses as part of the Group's Enterprise Risk Management Framework (ERMF). Developments considered by the Committee throughout the year included:

- Admiral's risk strategy and approach to risk management including regular reviews of the Group's risk strategy and risk appetite, monitoring a suite of Key Risk Indicators, and oversight of the management of material risk events
- Ongoing risk assessment and monitoring of the impact of inflation, market volatility, and economic outlook on capital and liquidity risks across the Admiral Group
- · The implementation of Consumer Duty
- · Oversight of work required to ensure Admiral is prepared to meet the challenges of climate change
- · Oversight of material projects and change programmes
- Oversight of Admiral's technology and Information Security work, including the future technology strategy
- Discussions on people risk and risk culture
- · The continuing development of the Admiral internal model

Risk strategy and approach to risk management: During the year the Committee has discussed and considered proposals to enhance the risk strategy and the approach to risk management in order to continue supporting the effective and efficient delivery of the Group's overall strategy. The Committee continues to monitor a suite of Key Risk Indicators with associated triggers and

The ongoing focus on monitoring and reporting customer outcome risks continues with the Committee reviewing the Group Conduct Risk Framework (aligned with the ERMF). The Committee also received updates on the Group Minimum Standards which continue to be enhanced and embedded.

limits against the Group risk appetite.

The Committee has spent time on key risks that affect the Group as well as reviewing the management and outcomes of notable risk events reported during the year.

Capital management: The Committee has reviewed the Group's proposed dividend level, capital plan and capital buffer in line with the Capital Policy. The review considered the expected impact on the Group's solvency ratio due to a range of different sensitivities, and stress and scenario tests. The Group continues to make use of Undertaking Specific Parameters (USPs) in Admiral Insurance (Gibraltar) Limited (AIGL) and the Volatility Adjustment (VA) in AIGL and its UK insurance entity. Admiral Insurance Company Limited (AICL). The Committee discussed the capital add-on, and received updates on the process and outcome during the year.

**Economic uncertainty:** The Committee has reviewed and continues to monitor the Group's solvency and liquidity positions in response to market volatility and wider economic uncertainty. considering factors such as changes in inflation, the wider impact of supply chain disruption, banking events, high interest rates, and the pressures on individual household finances.

**Consumer Duty:** The Committee received regular updates on the delivery of Consumer Duty implementation during 2023. Since the Duty came into effect in July 2023, the Committee has continued to receive regular updates, focusing on how the Duty is embedding and on the delivery of good customer outcomes.

**Climate change:** The Committee has received updates on the work being undertaken relating to climate change to ensure that Admiral is meeting current requirements and is appropriately preparing to meet future challenges. These updates include commentary on risk management, ongoing climaterelated strategic developments, and the changes that may be necessary for compliance with emerging regulatory requirements. This is further described in the Viability Statement (page 109), and additional information on Admiral's approach to climate change can be found in the Task Force on Climate-related Financial Disclosures (page 73).

**Geopolitical instability:** The Committee has been apprised of geopolitical developments over the course of the year. In particular, the Committee has considered the effects of the 2022 Russian invasion of Ukraine, which continues to drive cost of living pressures and put supply chains under strain, and the added uncertainty from the more recent Israel-Hamas conflict. The Committee has also considered potential exposure to disruption in the global electric vehicle (EV) manufacturing industry, which is dominated by China, if a geopolitical conflict were to develop between China and Taiwan or the United States.

Material projects and change **programmes:** As a result of the Committee's oversight of individual Group entities, combined with the oversight afforded by the Group's project governance framework, the Committee has considered and challenged updates

relating to material projects and change programmes within the Group, including those designed to accelerate existing products. The Guidewire migrations in the Group have been the topic of focused sessions at GRC, in particular to ensure consideration of the published lessons learnt from an incident at a peer.

#### **Technology and information security:**

The level of oversight of technology risks including operational resilience has continued to increase over the year with regular reporting and discussion of the risk position at GRC. The Committee has received regular updates on relevant topics including the future technology strategy.

**People risk and risk culture:** The Committee has considered the potential impact on people and culture when reviewing strategic decisions. In addition, a number of the Key Risk Indicators and supporting commentary are focused on people risk.

**Progress of Admiral internal model** (AIM): The Group Risk Committee and Board have maintained their focus in relation to the Admiral internal model during 2023, and have continued to receive regular reporting to help drive key decisions in relation to the model. The UK Car model has been updated in 2023 to address limitations identified during prior independent validation reviews. This will help to ensure that the model is well placed to support a planned regulatory pre-application. The new UK Car model will be subject to another cycle of independent validation to ensure that the updates have been successfully implemented prior to the pre-application regulatory submission. In parallel, the project is continuing a programme to expand the model to produce Solvency Capital Requirements for Admiral Group, AIGL and AICL and to expand its scope to include UK Household, UK Van, Travel and Pet products. This expanded scope partial internal model will be the basis of a regulatory full application. Regular communications with the PRA and GFSC are being held both at senior management and project levels to align delivery for the pre-application and full-

#### **Andy Crossley**

Chair of the Group Risk Committee

application regulatory reviews.

6 March 2024

#### **Duties and responsibilities** of the Group Risk Committee

The duties and responsibilities of the Committee are set out in the Committee's Terms of Reference, and were reviewed and approved by the Admiral Group Board.

The main responsibilities of the Committee are:

- · Overseeing the development, implementation and maintenance of the Group's overall Risk Management Framework and ensuring that it is in line with emerging regulatory, corporate governance and best practice guidelines
- Considering and recommending to the Board for approval the Group's risk appetite, as well as ongoing monitoring and review of the Group's risk exposures
- · Monitoring the Group's prudential risk exposure, which includes ensuring that the Group's capital resources and liquidity profile are appropriate to its needs, whilst meeting minimum regulatory requirements, including overseeing and challenging the design and execution of the Group's stress and scenario testing
- · Reviewing the Group's capacity to pay interim and final dividends
- · Reviewing the annual Group ORSA Report and any required interim ORSA Reports, with recommendations being provided to the Board for approval
- Reviewing and approving the Solvency II Actuarial Function Reports on Risk Management, Reinsurance and Underwriting each year
- Reviewing the Group's progress towards approval of the Group's internal capital model
- · Monitoring the adequacy and effectiveness of the Group's Risk and Compliance functions
- · Approving the annual plans and resourcing for the Group Risk and Compliance functions which include reviewing regulatory developments and any planned meetings between the PRA and FCA and the business
- · Reviewing any significant risk issues that have a material impact on the customers of the business and/or concern the regulator

#### **Group Risk Committee Report** continued

- · Ensuring the adequacy and effectiveness of the Group's systems and controls for the prevention of financial crime, and data protection systems and controls
- · Reviewing the Group's compliance with Solvency II
- · Annually reviewing and approving the Group Minimum Standards Framework and required standards
- · Reviewing compliance with Group policies, including the Group's Reinsurance Policy, Group ORSA Policy, and Group Underwriting Policy
- · Reviewing the proposed risk-based adjustments to remuneration for senior managers and making subsequent recommendations for approval to the Group Remuneration Committee, as well as providing feedback on the Directors Remuneration Policy, and commenting on remuneration metrics to help ensure there is no conflict with risk management objectives
- · Reviewing reports from the Group Risk, Group Compliance, Group Data Protection and Privacy, and Group Internal Audit functions
- · Formally reporting to the Group Audit Committee to facilitate their recommendation of the Annual Report and Accounts to the Board on the following key areas and disclosures; principal risks and uncertainties, risk management and internal control, viability, risks associated with material transactions and/or strategic proposals, and the Taskforce on Climate-related Financial Disclosures.

The Committee Chair reports formally to the Board on the Committee's proceedings after each meeting, on all matters within its duties and responsibilities, as set out in previously circulated minutes to the Board. The Committee Chair also reports on the activities of the Committee in a formal written report that is submitted to and discussed by the Board annually.

The work of the Committee is supported by more detailed work undertaken by subsidiary Boards and/or executive Risk Management Committees in each of the Group's operational entities. At each meeting, the Risk Management Committees consider notable: movements in the operation's risk profile; risk events; and emerging risks. Risk Management Committees also assess

and monitor regulatory issues, ensuring that their resolution and the actions taken are appropriately recorded. The Risk Management Committees receive regular information on Conduct Risk. such as complaint handling reports and other related management information. The Group Risk Management function reviews and collates information from across the Group for consideration by the Committee.

In addition, to ensure that the Committee is operating effectively, it conducts a periodic review of its performance (last reviewed in November 2023) and at least annually reviews its constitution and terms of reference (last reviewed in December 2023). Any changes it considers necessary are recommended to the Group Board for approval. As part of the Committee's annual review of its own performance and processes, all Committee members and regular attendees were invited to complete an online evaluation designed to provide objective assessment of the Committee's performance, including its effectiveness.

The Committee discussed the results of the review at its meeting in January 2024 and concluded that, overall, the Committee remained effective with feedback from the Committee being largely positive. Areas of focus and improvement for the Committee in 2024 included greater focus on change risk and further examination of the business's ability to manage key/strategic risks.

#### **Summary of key Group Risk Committee activities in 2023**

During the year the Committee:

- · Reviewed the Group's updated risk strategy, and ongoing enhancements to the risk appetite framework in the context of the Group's agreed strategic objectives
- Recommended the 2023 Group ORSA Report and ORSA Policy for Board approval prior to submission of the report to the regulator
- Reviewed the Group's capacity to pay dividends, capital plan and capital buffer in line with the Capital Policy
- Received updates on the Group's regulatory capital add-on review as part of the Solvency II capital requirements
- Received regular updates on customer outcome risk, the Group Minimum Standards, and Policy Framework

- · Received in-depth updates of individual Group entities, Admiral Europe Compañia de Seguros (AECS), EUI, Admiral Money (AFSL), Elephant
- · Considered in-depth analysis of a number of the Group's most significant risk areas, via stress and scenario testing and reverse stress testing
- · Considered the adequacy of risk mitigation measures and contingency planning including a review of the Group's reinsurance provisions
- Dedicated a significant amount of time to developing the Admiral internal model, receiving regular updates on the progress of the project and providing challenge to key project work streams
- Monitored climate change-related initiatives, including continued progress to reduce Scope 1 and 2 emissions, progress to validating Scope 3 emissions, and submitting sciencebased targets
- Received regular risk monitoring reports on performance of Key Risk Indicators within the overall risk management framework
- · Received updates on the impact of notable risk events throughout 2023
- · Received regular updates in relation to key programmes of work including Identity and Access Management, Guidewire Upgrade and Consumer Duty, as part of the Group's project governance framework
- · Considered the annual renewal of the Group's corporate insurance coverage
- · Assisted the Group Board in its oversight of M&A opportunities, including the acquisition due in 2024 of the UK direct Home and Pet personal lines insurance operations of RSA.

#### **Principal risks and uncertainties**

The Board of Directors confirms that it has performed a robust assessment of the Group's principal and emerging risks. These risks, along with explanations of how they are being managed and mitigated, are included in the Strategic Report, page 98.

Information on how key risk drivers have impacted on the Group's principal risks has been included within the Viability Statement, page 109.

#### **Risk management and internal** control systems

The system of risk management and internal control over Admiral's insurance. operational, market, credit and group risk is designed to manage rather than eliminate the risk of failure to achieve business objectives and breaches of risk appetites.

Furthermore, risk management can only provide reasonable and not absolute assurance against material misstatement or loss. The Group Board is ultimately responsible for the Group's system of risk management and internal control and the Group Audit Committee (GAC) has reviewed the effectiveness of this system (a summary of GAC duties and responsibilities, as well as key GAC activities in 2023 is available on page 161

The Group Board is of the view: that there is an ongoing process for identifying, evaluating and managing the Group's risks and internal controls; that it has been in place for the year ended 31 December 2023 and that it has operated effectively; and that, up to the date of approval of the Annual Report and Accounts, it is regularly reviewed by the Group Board and accords with the internal control guidance for Directors provided in the 2018 UK Corporate Governance Code.

The Group Board confirms that it has performed a robust assessment of the Group's principal and emerging risks. These risks, along with explanations of how they are being managed and mitigated, are included in the strategic report on page 98, with key risk drivers impacting Admiral's principal risks and uncertainties being further discussed in the Viability Statement on page 109. The Group Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. This assessment supports the Group Board in monitoring the integrity of the Group's reported financial statements.

The Group Board meets at least seven times a year to discuss the direction of the Group and to provide oversight of the Group's risk management and internal control systems.

The Group Board has delegated the development, implementation and maintenance of the Group's overall risk management framework to the Group Risk Committee (GRC). The GRC reports on its activities to the Group Board and the GAC, supporting the overall opinion provided by the GAC that the Group's internal control, risk management and compliance systems continue to operate effectively.

The Group Board has delegated to the GAC the review of the adequacy and effectiveness of the Company's internal financial controls, and internal control and risk management systems.

The Group operates a "three lines of defence" approach to Risk and Internal Control.

1st Line of Defence: The Group Board recognises that the day-to-day responsibility for implementing policies for risk identification, assessment and management lies with the senior management, whose operational decisions must take into account risk and how it can be controlled effectively.

2nd Line of Defence: The "second line of defence" is led by the Group Chief Risk and Compliance Officer and comprises the Corporate Governance functions and Committees that are in place to provide oversight of the effective operation of the internal control framework. The Corporate Governance functions facilitate the oversight and operation of the Group Policy Framework and Group Minimum Standards, covering risk management and controls for all notable risks to the Group. The Corporate Governance functions perform second line reviews, including reviews of the capital modelling and business planning processes to support the Group Board's assessment of the Group's ongoing viability. Regular reviews of risks are undertaken in conjunction with senior management, with the results of these reviews recorded in risk registers and reported to the appropriate governance forums and Boards

3rd Line of Defence: The "third line of defence" comprises the independent assurance provided by the Group Internal Audit function, overseen by the GAC. Internal Audit undertakes a programme of risk-based audits covering all aspects of both the first and second lines of defence. The findings from these audits are reported to all three lines, i.e. Management, the Executive and oversight Committees, and the GAC.

The Subsidiary Boards, GRC, and entity Risk Committees receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms that are embedded within the operational units. They, together with the GAC, also receive regular reports from the Internal Audit function, which include recommendations for improvement of the control and operational environments.

The Chair of the GRC provides a written report to the Group Board of the activities carried out by the Committee on an annual basis (a summary of GRC duties and responsibilities, as well as key GRC activities in 2023 is available on page 168). In addition, the Group Board receives regular reports throughout the year from the Chairs of the GRC and GAC as to their activities, together with copies of the minutes from Subsidiary Board meetings, the GRC and the GAC.

The GAC's ability to provide an opinion to the Group Board depends on the provision of periodic and independent confirmation, primarily by Group Internal Audit, that the controls established by Management are operating effectively and where necessary provides a highlevel challenge to the steps being taken by the GRC to implement the risk management strategy.

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## **Remuneration Committee Report**

# Ensuring OUR PEOPLE ARE SUPPORTED



"We are recommending policy changes which we believe make the Executive Directors' packages more competitive, while reinforcing the strong alignment with shareholders' interests and maintaining fairness of reward approach to reinforce Admiral's unique culture."

#### **Evelyn Bourke**

Chair of the Remuneration Committee



Seven meetings in 2023

#### **Committee members**

Member	Attendance
Evelyn Bourke (Chair)	7/7
Michael Brierley	7/7
Justine Roberts <sup>1</sup>	5/7
Karen Green <sup>2</sup>	1/1

#### Dear Shareholder,

#### On behalf of the Remuneration Committee, I am delighted to present the Directors' Remuneration Report for the year ended 31 December 2023.

I would like to thank shareholders for supporting Admiral's Annual Report on Remuneration at the April 2023 AGM with a vote of 88.5%. I look forward to welcoming you at our AGM in 2024 and to your continued support.

#### 2023 business context

2023 has been a landmark year for the Group, celebrating thirty years in business, however, it has not been without its challenges – both macroeconomic and geopolitical.

As Milena has made clear in her statement this year, we have continued to deliver the right products and service to our customers. This is evidenced in 6% growth in customer numbers and profit of £443m, a solid performance given the challenging context. We have been able to deliver this performance due to reacting quickly and navigating the changing market conditions well.

During 2023 we have continued to ensure that our people are supported through the ongoing cost-of-living challenges. We are clear that the continuing success of Admiral is possible due to the hard work and dedication of the people who work for us, and we will continue to ensure they are supported for the year ahead.

- Justine Roberts joined the Remuneration Committee on 31 January 2023, she missed two meetings to pre-existing engagements made prior to her joining the Committee.
- Karen Green was appointed to the Remuneration
   Committee on 2 October 2023.

#### **Remuneration for 2023**

Taking into account the approved remuneration structure and Admiral's business performance, the Committee made the following decisions during 2023.

## 2021–23 Discretionary Free Shares Scheme (DFSS)

Based on our performance for the period 2021-2023, 43.76% and 43.73% of the DFSS award granted in 2021 will vest to Milena Mondini de Focatiis and Geraint Jones, respectively. This is the lowest vesting performance in recent times.

As the 2021 DFSS awards were granted during the pandemic period, we needed to consider whether windfall gains have occurred, as this was a period where share prices were generally lower than prior years for most companies. The Committee is satisfied that no such windfall occurred on the basis that the share price at the end of the performance period is materially lower than the grant price, and that DFSS awards are allocated as a fixed number of shares, as opposed to a percentage of salary.

The full details of the vesting outcomes are on page 187.

#### 2023 DFSS bonus

Milena Mondini de Focatiis and Geraint Jones will receive a DFSS bonus of £296,071 and £172,676 respectively. This bonus is equivalent to dividends which would have been paid during the year on all outstanding DFSS and salary shares awarded, but not yet vested, plus a 6.43% adjustment for performance against a scorecard of Non-Financial Metrics. In addition, the DFSS bonus is subject to a potential downward adjustment to take account of any risk events considered to have a material customer, regulatory or financial impact. For this year there were no such risk adjustments. The full details of the DFSS bonus calculations are on page 189.

#### 2023 DFSS award

On 28 September 2023, Milena Mondini de Focatiis was granted an award of 90,000 shares and Geraint Jones was granted an award of 52,500 shares under the DFSS. Using the share price on the date of the grant of £23.72, this is the equivalent to £2,134,800 or 290% of Milena's base salary and £1,245,300 or 287% of Geraint's base salary respectively.

The awards will vest based on:

- · EPS 26.67% weighting;
- TSR vs. FTSE 350 (excluding investment companies) – 26.67% weighting;
- RoE 26.67% weighting; and
- the average outcomes of the scorecards of Non-Financial Metrics used to assess DFSS bonus adjustments over the performance period – 20% weighting.

There will also be the potential for downwards adjustment subject to an assessment which will take account of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period. Further details can be found on page 187.

#### **2024 Remuneration Policy review**

The Remuneration Policy was last approved by shareholders at the 2021 AGM, effective for a maximum of three years. Consequently, the Committee is seeking shareholder support for a revised Remuneration Policy at the 2024 AGM.

In arriving at the planned changes to the Remuneration Policy the Committee sought to maintain the positioning of fixed pay towards the lower end of the market while ensuring that the variable elements would deliver significant extra reward for outperformance. The Chair of the Committee consulted extensively with shareholders, who were generally very supportive of the changes.

There are three proposed changes to highlight:

- Annual bonus we propose to remove the DFSS Cash bonus in favour of an annual bonus plan. The maximum bonus potential for the Executive Directors is proposed to be 200% of base pay, with 40% of any bonus earned being deferred into shares for a period of three years. Bonus payments will be subject to potential downwards adjustments to take account of risk events, and are subject to malus and clawback provisions, in line with the Group's Malus and Clawback Framework. Full details of the plan can be found on page 193.
- Pension there is no change proposed to the contribution rate (which is consistent with that available to UK employees), but we propose the removal of the absolute cap on the amount of Company contributions.
- Dividend equivalent on unvested DFSS and invested annual bonus share awards we propose to give the Committee the flexibility to apply dividend equivalent shares to the Executive Directors' unvested awards. This would only be deployed for Executive Directors if it were also being applied across the whole population who receive DFSS awards.

#### 2024 remuneration arrangements

Executive Director remuneration arrangements for 2024 will operate in line with the 2024 Remuneration Policy, subject to shareholder vote.

We propose to increase Milena Mondini de Focatiis' salary by 4.97% to £774,000 and Geraint Jones' salary by 7.27% to £465,000, effective from 1 January 2024. For Milena, this increase is in line with the proposed base pay changes across the UK workforce of the Group, where we anticipate the average increase for colleagues to be of the order of 5% as we continue to support our people through the impact of the high inflationary environment. For Geraint, the increase

begins to address the competitiveness of his base pay relative to the lower quartile of the market. The Remuneration Committee intends to increase his salary to the lower quartile of the market by the end of this policy period, in increments. The Remuneration Committee will review his increase each year to ensure it is appropriate and moves his positioning as intended. This means that the increase for Geraint may be ahead of those generally given to colleagues for the duration of the policy.

We propose that Milena Mondini de Focatiis be granted an award of 95,000 shares and Geraint Jones be granted an award of 55,000 shares under the DFSS for 2024. The Committee will review these awards prior to the September grant date to ensure the quantum remains appropriate.

The Committee reviewed the metrics that will apply to DFSS and Annual Bonus awards for 2024. Further details are shown on page 191.

#### In summary

The proposed Remuneration Policy will be put to shareholders at the AGM in 2024 and is subject to a binding vote. Both the Committee and the Board strongly believe that the proposed Remuneration Policy will continue to serve the Group's strategic ambitions and incentivise executives to create value for our shareholders. The Annual Report on Remuneration (subject to an advisory vote) will also be put to a shareholder vote at the AGM. The Committee and I hope that you vote in favour of both the report and policy. I am happy to discuss our Remuneration Policy and Annual Report on Remuneration with shareholders.

#### **Evelyn Bourke**

Chair of the Remuneration Committee 6 March 2024

## **Remuneration at a Glance**

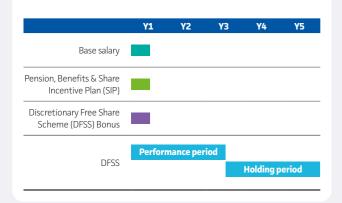
"I would like to thank shareholders for supporting the Annual Report on Remuneration at the April 2023 AGM with a vote of 88.5%."

#### **Evelyn Bourke**

Chair of the Remuneration Committee

#### **Overview of the Directors' Remuneration Policy**

The following chart shows the operation of the key elements of the Directors' Remuneration Policy for the 2023 performance year:



## How did we perform during 2023? 2022 restated IFRS17: £361m Earnings per share (pence) 2022: 124.3p 2022 restated IFRS17: 95.4p Return on equity (%) 36% 2022: 35% 2022 restated IFRS17: 29% Full year dividend per share (pence) 103.0p 2022: 112.0p 33.1%

#### How are remuneration outcomes linked to Group Purpose and Strategy?

The table below details how each of the performance measures link to our Group Purpose and Strategy.

			Group Purpose			Strategy		
	Performance measures	Great Customer Experiences	Successful Business	Positive impact on society	Great place to work	Accelerating towards Admiral 2.0	Diversification	Evolution of Motor
Financial	EPS		•					
performance	ROE		•					
	TSR		•					
Non-financial	Strategic Assessment		•			•	•	•
performance	Customer Feedback	•						
	Customer Outcomes	•						
	Trust Index				•			
	Diversity			•	•			
	Inclusion			•	•			

The Committee is committed to ensuring remuneration outcomes for the Executive Directors are commensurate with performance and are aligned to the Group purpose, strategic priorities, and shareholders' interests. Variable pay is subject to stretching performance outcomes and is delivered primarily through shares to ensure a long-term focus and alignment with shareholders.

#### How was performance determined in 2023?

#### DFSS awards vesting on performance to 31 December 2023

A summary of the outcomes for the Executive Directors in respect of the 2021 DFSS award:

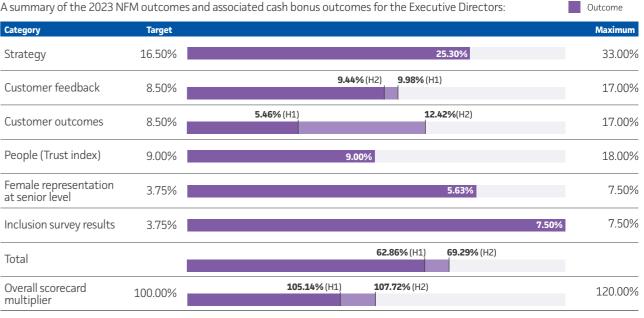
	Performance range				
Financial Performance measure	Threshold	Maximum	Actual outturn	Outcome as % of maximum	Vesting Contribution
EPS growth (33.33%)	0.50%	36%	-37.70%	0.00%	0.00%
TSR vs. FTSE 350 (33.33%)	Median	Upper quartile	56th percentile	45.20%	15.07%
Return on Equity (33.33%)	25%	55%	41.50%	66.40%	22.13%
Vesting			-		37.20%

	Milena Mondini de Focatiis	Geraint Jones
Non-financial performance (20% weighting)	69.98%	69.83%

	Milena Mondini de Focatiis	Geraint Jones
Total financial performance vesting at 80% weighting	29.76%	29.76%
Total non-financial performance vesting at 20% weighting	14.00%	13.97%
Overall Vesting	43.76%	43.73%

#### **DFSS bonus in respect of 2023**

A summary of the 2023 NFM outcomes and associated cash bonus outcomes for the Executive Directors:



<sup>\*</sup> The Committee did not apply discretion to the outcome of the performance measures

#### What did our Executive Directors earn in 2023?

- · Pension, benefits and SIP include the 2023 pension contribution of £15,000 for the CEO and CFO, respectively.
- · DFSS bonus of £296,017 and £172,676 for the CEO and CFO, including an adjustment for performance against the scorecard of non-financial measures.
- DFSS value for the CEO and CFO relates to 43.76% and 43.73% of their 2021 DFSS awards vesting, respectively.



## **Directors' Remuneration Policy**

#### **Compliance Statement**

This Remuneration Report has been prepared according to the requirements of the Companies Act 2006 (the Act), Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2018, the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and other relevant requirements of the FCA Listing Rules. In addition, the Board has adopted the principles of good corporate governance set out in the UK Corporate Governance Code (the Code) and the guidelines issued by its leading shareholders and bodies such as ISS, the Investment Association, and the Pensions and Lifetime Savings Association.

Unless otherwise stated, information contained within this Remuneration Report is unaudited.

The following Remuneration Policy (the "2024 Policy") will come into effect, subject to shareholder approval, from the April 2024 AGM. The policy table below summarises the changes from the Remuneration Policy approved at the 2021 AGM (the 2021 Policy).

#### **Key Principles of Admiral Remuneration Arrangements**

The Group is committed to maximising shareholder value over time in a way that also promotes effective risk management, excellent customer outcomes while ensuring that there is a strong link between performance and reward. This is reflected in the Group's stated Remuneration Policy of paying competitive, performance-linked and shareholder-aligned total remuneration packages. These comprise basic salaries coupled with participation in performance-based share schemes to generate competitive total reward packages for superior performance.

This policy has been reviewed in 2023 as part of the usual three-year cycle and will be put to a shareholder vote at the 2024 AGM.

The Board is satisfied that this revised policy continues to meet the objectives of attracting and retaining high quality executives across the Group.

The Committee reviews the remuneration framework and packages of the Executive Directors and senior managers and recognises the need to ensure that the Remuneration Policy is firmly linked to the Group's strategy, including its risk management approach. In setting the Policy and making remuneration decisions, the Committee takes into account pay and conditions elsewhere in the Group. The main principles underlying the Remuneration Policy are:

- · Competitive total package the Group aims to deliver total remuneration packages that are market-competitive, taking into account the role, job size, responsibility, and the individual's performance and effectiveness. Prevailing market and economic conditions and developments in governance are also considered, as are general salary levels throughout the organisation. There is sufficient opportunity within the variable pay of Executive Directors to reward outstanding levels of performance, taking into account the market context, with upper quartile remuneration outcomes;
- Significantly share-based our base salaries are typically targeted towards the lower end of market but are combined with meaningful annual share awards that vest on long-term performance to ensure strong alignment with shareholders and the long-term interests of the Group. Executives are also encouraged to build up significant shareholdings in the Group to maximise shareholder alignment;
- Long-term perspective a significant part of senior executives' remuneration is based on the achievement of appropriate but stretching performance targets that support the delivery of the Group's strategy and shareholder value. The extended performance and vesting horizons promote a long-term perspective that is appropriate to the insurance sector;
- Effective risk management incentives are designed to ensure they do not encourage excessive risk-taking. They are aligned with the delivery of positive customer outcomes and reinforce the Group's risk policy;
- Open and honest culture the Group has a strong culture of focussing on collective success, whilst recognising individual contribution to the Group's performance, and this is reflected in our remuneration structure across the business; and
- · Transparency for stakeholders the remuneration structure is designed to be easy to understand, and all aspects are openly communicated to employees, shareholders, and regulators.

#### **Remuneration Policy table**

This table describes the key components of the remuneration arrangements for Executive Directors

Purpose and link to strategy	Operation	Opportunity and performance metrics	Changes	
	Salaries are reviewed annually or following a significant change in responsibilities.	Any salary increases are applied in line with the outcome of the review.  For current Executive Directors, that	No changes.	
appropriate for the business.	<ul> <li>Salary levels/increases take account of:</li> <li>Scope and responsibility of the position.</li> <li>Individual performance and effectiveness, and experience of the individual in the role.</li> <li>Average increase awarded across the Group.</li> </ul>	increases in cash salary will not normally exceed the increase for the general employee population over the term of this Policy. More significant increases may be awarded in certain circumstances including, but not limited to: where there has been a significant increase in role size or complexity, to apply salary progression for a newly appointed Executive Director, or where the Executive Director's salary has fallen significantly behind market.	Ι,	
		Where increases are awarded in excess of that for the general employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.		
<b>Pension</b> To provide retirement penefits.	The Group operates a Personal Pension Plan, a Defined Contribution Scheme. This is available to all employees following completion of their probationary period.	Executive Directors may receive an employer contribution consistent with that received by UK employees (currently matched contribution up to 6% of base salary) or the equivalent value in cash. Base salary is the only element of remuneration that is pensionable.	No change to contribution rate (which is consistent with that available to UK employees) but the absolute GBP cap has been removed.	
		The pension provision and rules are the same for Executive Directors and the main body of UK staff.		
Other Benefits	Includes (but not limited to):	Benefits may vary by role.	No changes.	
To provide competitive benefits.	Death in service scheme     Private medical cover  Permanent health incurance	None of the existing Executive Directors received total taxable benefits exceeding 5% of base salary during the most recent		
	· Relocation, at the	financial year, and it is not anticipated that the cost of benefits provided will exceed this level over the term of this Policy.		
	All benefits are non-pensionable	The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g., relocation), or in circumstances driven by factors outside the Company's control (e.g., material increases in healthcare insurance premiums).		

Admiral Group plc Annual Report and Accounts 2023 Admiral Group plc Annual Report and Accounts 2023

Corporate Governance

Changes

provided.

No changes other

than providing

### **Directors' Remuneration Policy** continued

### Purpose and link to strategy

#### **Annual Bonus** To motivate and reward the delivery of stretching near-term financial and nonfinancial targets based on the

business strategy.

#### Operation

Bonus payments are determined after the year end and will be based on performance achieved against targets over the financial year.

40% of any bonus will be deferred into shares for a period of three years, with the remaining portion paid in cash. Any bonus earned is non-pensionable. Where any bonus is deferred, dividend equivalent shares may be accrued on awards during the deferral period, only receivable on shares which vest at the end of the period.

Bonus payouts are subject to a potential downwards adjustment based on an assessment of risk events considered to have a significant customer, regulatory or financial impact over the course of the performance period.

Bonus payouts are subject to malus and clawback provisions, i.e., forfeiture or reduction of unvested awards and recovery of vested awards. Events which may lead to the application of malus and clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage and corporate failure.

The Remuneration Committee has discretion to adjust the formulaic vesting outcome to ensure the final outcome is a fair and true reflection of underlying business performance, both financial and non-financial.

### Opportunity and performance metrics

Maximum annual bonus potential for Executive Directors is 200% of base salary.

For a Threshold level of performance, a bonus of 25% of the maximum potential award is payable and for target performance 50% of maximum is payable.

Bonuses will be based on a combination of financial and non-financial performance targets. The Committee has the ability to determine the relevant metrics, weightings and targets each year based on evolving business priorities.

#### Changes

The annual bonus is a new arrangement which will replace the previous **DFFS Bonus** arrangement.

### Purpose and link to strategy **Discretionary Free**

To motivate and reward longer term performance, aid long term retention of key executive talent, use capital efficiently, grow profits sustainably and further strengthen the alignment of the interests of shareholders and staff.

#### Operation Executive Directors may be granted awards annually at the discretion of

the Committee.

**Opportunity and performance metrics** 

Maximum opportunity: A maximum face

applies. Threshold performance will result

DFSS shares are granted as a fixed number

of shares (subject to the quantum limits of

the plan, as described above). The number

granted is reviewed and may be adjusted

by the Committee, for example, if there

Vesting of DFSS awards is subject to the

Group's performance over a three-year

performance period. The performance

measures may include EPS growth, ROE,

Details of the measures, weightings and

grants are included in the relevant year's

metrics selected by the Committee.

Annual Report on Remuneration.

relative TSR and a scorecard of non-financial

performance targets used for specific DFSS

has been a significant change in share price.

in vesting of up to 25% of the maximum

value on award of 500% of base salary

A two-year holding period applies

Awards are subject to a potential downwards adjustment based on an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period.

Awards are subject to malus and clawback provisions, i.e., forfeiture or reduction of unvested awards and recovery of vested awards. Events which may lead to the application of malus and clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage, and corporate failure.

The Remuneration Committee has discretion to adjust the formulaic vesting outcome to ensure the final outcome is a fair and true reflection of underlying business performance, both

Dividend equivalent shares may be accrued on awards during the vesting period, only receivable on shares which vest at the end of the period.

#### **Approved Free Share** Incentive Plan (SIP)

To encourage share ownership across all employees, using HMRC approved schemes for eligible UK employees.

All eligible UK employees participate in the SIP after completing a minimum of 12 months' service. Grants are made twice a year based on the results of each half year and vest after three years subject to continued employment.

The SIP is an all-employee scheme and No changes. Executive Directors participate on the same terms as other employees. The acquisition of shares is therefore not subject to the

satisfaction of a performance target.

Maximum opportunity is in line with

HMRC limits.

## **Share Scheme (DFSS)**

Awards may be in the form of nil or nominal priced options or conditional shares. Awards are normally granted on an annual basis and vest after a minimum of three years subject to Group performance and continued employment.

to vested awards, during which time Executive Directors may not sell the vested awards except to cover tax liabilities.

financial and non-financial.

## **Directors' Remuneration Policy**

Purpose and link to strategy	Operation	Opportunity and performance metrics	Changes
In-employment Shareholding Requirement To align interests of Executive Directors with shareholders.	Guideline to be met within five years of the later of the introduction of the guidelines and an Executive Director's appointment.	400% of base salary.	No changes.
Post-termination Shareholding Requirement To further align the interests of Executive Directors with shareholders and encourage a focus on long-term sustainable performance.	Shareholding required to be maintained at the in-employment requirement (or number of shares held at time of termination, if lower) for a period of two years post termination.	400% of base salary (or number of shares held at time of termination, if lower).	No changes.

The Committee is satisfied that the above Remuneration Policy is in the best interests of shareholders and does not promote excessive risk-taking. The Committee retains discretion to make changes required to satisfy legal or regulatory requirements and other non-significant changes to the Remuneration Policy without reverting to shareholders.

#### **Notes to the Remuneration Policy table**

#### **Payments from Existing Awards**

Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the 2024 Remuneration Policy. This includes all outstanding awards under the previous 2018 and 2021 Remuneration Policies, or any awards made prior to appointment to the Board. Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

#### **Selection of Performance Measures**

Vesting under the DFSS is linked to the following financial measures: EPS growth, ROE, and relative TSR.

EPS growth has been selected as a performance measure as the Committee feels it is a strong indicator of both long-term shareholder return and the underlying financial performance of the business. It is transparent and highly visible to executives.

ROE has been selected as the Committee believes that a returns metric reinforces the focus on capital efficiency and delivery of strong returns for our shareholders, thereby further strengthening the alignment of incentives with Admiral's strategy.

Relative TSR has been selected to reflect value creation for Admiral's shareholders as compared to comparative alternative investments.

Since the 2019 award, vesting of DFSS awards is also linked to non-financial measures which may include strategic, customer and other measures. The Committee believes that the additional emphasis on these measures reinforces Admiral's focus on our customers and on other non-financial Group priorities, whilst also more clearly demonstrating alignment of Group remuneration practices with the requirements of Solvency II.

The specific performance measures and their respective weightings for each DFSS award may vary to reflect the strategic priorities at the time of the award.

For the annual bonus, forward-looking performance measures, weightings and targets are selected near the start of the year covering financial and non-financial measures to align with the Group's strategic objectives.

Performance targets are set taking into account the Company's strategic priorities and the economic environment in which the Company operates. The Committee believes the performance targets are stretching and motivational, and that maximum outcomes are available only for outstanding performance.

#### **Remuneration Policy for Other Employees**

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the role size, complexity, experience required, individual performance and pay levels in comparable companies.

In general, the Remuneration Policy which applies to other senior executives is consistent with that for Executive Directors. Remuneration is typically linked to Company and individual performance in a way that reinforces shareholder value creation.

Around 4,300 employees from across the Group, including the Executive Directors, participate in the DFSS. The Committee determines DFSS awards for those executives within its remit and on an aggregate basis for all other participants in the DFSS. For the Executive Directors, all DFSS share awards are subject to performance conditions. For other senior managers and employees, a proportion of awards (ranging from half to two-thirds) are subject to performance, with performance conditions either in line with those described above or set based on key performance drivers of the individual's relevant business unit, and the remainder has no performance conditions attached other than the requirement that the recipient remains an employee of the Group at the date of vesting. Award sizes vary by organisational level and an assessment of both financial and non-financial performance.

Most holders of DFSS awards receive a DFSS cash bonus, which is equivalent to the dividend on unvested DFSS share awards. The bonus for a number of senior managers is adjusted for performance against a scorecard of customer and other non-financial metrics.

The Company operates a personal pension scheme which is available to all UK employees once they have completed their probationary period. For all employees, including the Executive Directors, the Company matches the employee contribution up to a maximum of 6% of salary or provides the equivalent value in cash.

All UK employees who have served a minimum tenure at Admiral are eligible to participate in the SIP on the same terms. Most overseas employees receive an equivalent award to the UK SIP awards and these awards have no performance measures attached.

#### **Service Contracts and Leaver/Change of Control Provisions**

The Company's Policy is to limit payments upon termination of employment to pre-established contractual arrangements. In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Under normal circumstances, Executive Directors are entitled to receive termination payments in lieu of notice based on base salary and compensation for loss of benefits. The Company has the ability to pay such sums in instalments. The notice period for all Executive Directors is one year.

Executive Director	Date of appointment	Contract duration
Geraint Jones	13 August 2014	Rolling contract, 12-month notice period
Milena Mondini de Focatiis	11 August 2020	Rolling contract, 12-month notice period

There is no provision in the Executive Directors' contracts for compensation to be payable on early termination of their contract over and above the notice period element. The Executive Directors' service contracts are available to view at the Company's registered office.

When considering termination payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the DFSS and Annual Bonus scheme are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion.

# Corporate Gover

## **Directors' Remuneration Policy**

#### continued

Plan	Scenario	Treatment of awards	Timing of vesting
DFSS	Resignation.	Awards lapse under most circumstances e.g., dismissal for cause or resignation.	n/a.
	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine.	Any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at termination, and performance, unless the Committee determines otherwise.	Normal vesting date.
	Change of control.	Unless the Committee determines otherwise, any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at change of control, and extent to which the Committee determines that the performance conditions have been met or are likely to be met at the point of change of control.	Immediately.
Annual bonus	Resignation.	Eligibility forfeited under most circumstances, e.g., dismissal for cause or resignation.	n/a
	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine.	Any bonus payable will be pro-rated for time with reference to the portion of the performance period remaining at termination, and performance, unless otherwise determined at the discretion of the Committee.	Normal payment date.
	Change of control.	Unless the Committee determines otherwise, any bonus eligibility will be pro-rated for time with reference to the proportion of the performance period remaining at change of control, and extent to which the Committee determines that the performance conditions have been met or are likely to be met at the point of change of control.	Immediately.

For all leavers (with the exception of termination for cause), vested DFSS awards that are still subject to a holding period will normally be released in full at the end of the holding period, though the Committee has discretion to determine otherwise, taking into account the circumstances at the time.

#### **Non-Executive Directors**

The Company has entered into letters of appointment with its Non-Executive Directors (NEDs). Summary details of terms and notice periods are included below.

NED	Term	Initial date of appointment	Commencement of current contract	Notice period
Mike Rogers	3 years	1 February 2023	1 February 2023	Three months
Justine Roberts	3 years	17 June 2016	17 June 2023	One month
Andy Crossley	3 years	27 February 2018	27 February 2024	One month
Michael Brierley	3 years	5 October 2018	5 October 2021	One month
Karen Green	3 years	14 December 2018	14 December 2021	One month
Jayaprakasa Rangaswami	3 years	29 April 2020	29 April 2023	One month
Evelyn Bourke	3 years	30 April 2021	30 April 2021	One month
Bill Roberts	3 years	11 June 2021	11 June 2021	One month
Fiona Muldoon	3 years	2 October 2023	2 October 2023	One month

The NEDs are not eligible to participate in the SIP, DFSS or Annual bonus scheme and do not receive any pension contributions.

Details of the 2024 Policy on NED fees are set out in the table below:

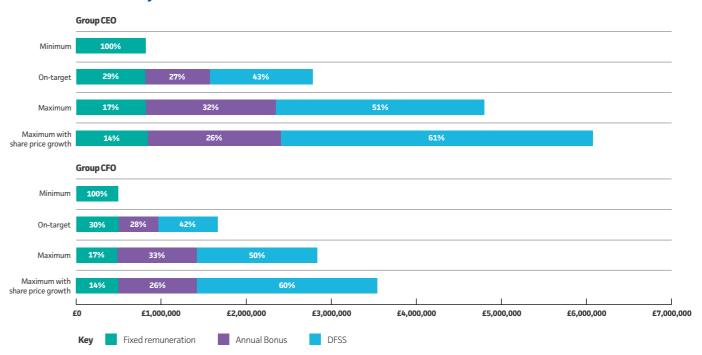
Purpose and link to strategy	Operation	Opportunity and performance metrics
To attract and retain NEDs of the highest calibre with experience relevant to the Company	Fees are reviewed annually.	Fee levels are set by reference to NED fees at companies of a similar size and complexity.
	The Group Chair fee is determined by the Committee after consultation with the Executive Directors. The NED fees are determined by the Group Chair together with the Executive Directors.	In the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a NED role, the
	Additional fees are payable for acting as Senior Independent Director or as Chair or member of a Board Committee and may be payable as appropriate in relation to other additional responsibilities (e.g., attending meetings overseas).	Board has discretion to make an appropriate adjustment to the fee level.  The maximum aggregate annual fee for NEDs is capped at the limit provided for in the Company's Articles of Association.
	Fees are paid in a mix of cash and Company shares for the Company Chair, and in cash for other Non-Executive Directors.  The Board retains discretion to vary the mix or determine that fees are paid entirely in cash or Company shares.	

There are no changes to the 2024 Policy on NED fees from the 2021 version.

#### **Pay-for-Performance: Scenario Analysis**

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of pay under different performance scenarios in a given year.

#### **Illustrative Scenario Analysis**



The value of DFSS awards is calculated based on the average share price in the last three months of 2023 £25.69 and the number of DFSS shares to be awarded in 2024 (95,000 and 55,000 shares respectively).

## **Directors' Remuneration Policy**

The performance scenarios are based on the following assumptions:

Fixed remuneration	Comprising the 2024 base salary, benefits (based on the annualised 2023 single figure for the Group CEO and CFO) and a 6% pension contribution (uncapped).
On-target remuneration	Fixed remuneration plus the value of the Annual Bonus and DFSS achieving on-target performance of 50% of maximum.
Maximum remuneration	Fixed remuneration plus the value of the Annual Bonus and DFSS achieving maximum performance.
Maximum remuneration with 50% share price appreciation	Maximum remuneration increased to assume a 50% increase to the value of the shares granted under the DFSS since the point of grant.

#### **Approach to Remuneration Relating to New Executive Director Appointments**

#### **External Appointments**

When appointing a new Executive Director, the Committee's policy is to set the remuneration package for a new Executive Director in accordance with the approved Remuneration Policy at the time of the appointment.

In determining the appropriate remuneration for a new Executive Director, the Committee will consider all relevant factors to ensure that arrangements are in the best interests of the Company and its shareholders. Where an individual is appointed on an initial base salary that is below market, any shortfall may be managed with phased increases over a period of time, subject to the individual's performance and development in the role. This may result in above-average salary increases during this period.

The Committee may also make an award to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider relevant factors including any performance conditions attached to the forfeited awards and the likelihood of those conditions being met to ensure that the value of the buy-out award is no greater than the fair value of the awards it replaces. The Committee may also avail itself of Listing Rule 9.4.2 R if appropriate for the buy-out of incentive arrangements (i.e., if the terms of participation for the prospective Executive Director are similar to all, or substantially all employees who participate in the plan, then approval by ordinary resolution of the shareholders of the listed Company in general meeting is not required).

#### **Internal Appointments**

Remuneration for new Executive Directors appointed by way of internal promotion will similarly be determined in line with the Policy for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour these arrangements. Incentive opportunities for below-Board employees are typically no higher than for Executive Directors, but measures may vary if necessary.

#### **Other Directorships**

Executive Directors are permitted to accept appointments as Non-Executive Directors of companies with the prior approval of the Group Board. Approval will be given only where the appointment does not present a conflict of interest with the Group's activities, and where the wider exposure gained will be beneficial to the development of the individual.

#### **Considerations of Conditions Elsewhere in the Group**

The Committee considers the pay and employment conditions elsewhere in the Group when determining remuneration for Executive Directors.

#### **Considerations of Shareholder Views**

When determining remuneration, the Committee takes into account best practice guidelines issued by institutional shareholder bodies. The Committee is open to feedback from shareholders on the Remuneration Policy. It will continue to monitor trends and developments in corporate governance and market practice to ensure the remuneration structure for our Executive Directors remains appropriate.

#### **Considerations of Regulatory Requirements**

The Committee regularly reviews the Remuneration Policy and structure in the context of Solvency II remuneration guidance, and EBA, PRA, and FCA expectations regarding the supervision of insurance firms. The Group Chief Risk Officer periodically attends Committee meetings as part of this process and provides support to the Committee in understanding any risk-related implications of remuneration decisions. Whilst the Remuneration Policy includes several features which help ensure compliance with current regulatory guidance, the Committee reserves the discretion to adjust the Remuneration Policy, and its execution, to take into account any developments in such regulatory guidance.

### **Annual Report on Remuneration**

This section of the report provides details of how Admiral's Remuneration Policy was implemented in 2023 and how the Remuneration Committee intends to implement the proposed Remuneration Policy in 2024 (subject to shareholder approval).

#### **Remuneration Committee Membership in 2023**

The Board sets the Group's Remuneration Policy and, through the authority delegated to it by the Board, the Committee is responsible for making recommendations to the Board on the implementation of the Remuneration Policy. Its remit includes recommending the remuneration of the Group Board Chair and the Executive Directors; approving the remuneration of senior management; and determining the composition of and awards made under the performance-related incentive schemes.

At the end of 2023 the Committee comprised Evelyn Bourke, Michael Brierley, Justine Roberts and Karen Green. The Committee had seven scheduled meetings and it also held a number of ad hoc/late notice meetings to deal with specific issues in a timely manner.

The Group Chair, CEO, CFO and CRO are invited to meetings where the Committee considers it appropriate to obtain their advice on Group strategy and performance and senior executive pay strategy. The Group CEO typically attends all meetings. No director is involved in deciding their own remuneration outcome. The members of the Committee do not have any personal financial interests (other than shareholdings), or any conflicts, that relate to the business of the Committee. The Committee members do not have any day-to-day involvement in the running of the Group.

#### **Committee activities**

During the year ended 31 December 2023, in addition to its regular activities, the Committee also:

- Reviewed and proposed revisions to the Remuneration Policy in anticipation of the upcoming binding vote by shareholders at the AGM in 2024:
- · Reviewed the implementation of a set of group-wide non-financial performance measures for the DFSS;
- · Reviewed the performance ranges for the financial measures for the 2023 DFSS; and
- · Reviewed the design of annual incentives as part of the ongoing work on the Group's reward strategy.

As mentioned in the Governance Report, during the year ended 31 December 2023, the Committee also performed its regular activities:

- Reviewed the DFSS vesting and bonus arrangements for Executive Directors, senior management and relevant staff (Material Risk Takers) covered under Solvency II;
- · Reviewed Admiral's Gender Pay Gap reporting statistics;
- · Reviewed risk events and their impact on variable pay:
- · Undertook an evaluation of the Committee's performance during the year;
- · Reviewed the Committee's terms of reference;
- · Reviewed the Group's Malus and Clawback Framework; and
- · Reviewed external remuneration trends and market conditions.

Remuneration topics were discussed with employees at the Employee Consultation Group (ECG), which met four times over the year. Key themes discussed at the ECG were: Executive Director compensation, Real Living Wage, the ongoing cost of living crisis, employee benefits and changes to the HMRC dividend allowance.

On 1 March 2024, the Chair of the Remuneration Committee and Group Head of Reward met with the ECG to discuss the remuneration for the Executive Directors and the proposed changes to the 2024 Directors' Remuneration Policy. The detail of the Policy was be covered in depth, with time set aside for members of the ECG to give feedback and ask any questions they felt were relevant. There was some good discussion about how the remuneration for Executive Directors linked to wider colleague pay.

#### Shareholder engagement on the 2024 Directors' Remuneration Policy

In October of 2023, we wrote to our top 35 shareholders, outlining the proposed changes to the Directors' Remuneration Policy and the rationale for the changes. This distribution covered around 70% of the shareholder base. Our brokers considered this level of engagement to be very thorough. We consulted with our brokers on the list and overall coverage before issuing the letter.

The Committee Chair held follow up meetings with eight investors, received with written responses from two shareholders, and 'no need to meet or positive' responses from a further five. A further meeting was held in February 2024 with one investor. Additionally, a letter was issued to the four main proxy agencies, with meetings happening in January and February 2024.

The overall summary of the feedback from shareholders shows broad support for the policy changes which are being proposed. There was a good deal of feedback focusing on the implementation of the policy changes, including ensuring that measures and targets in the DFSS and new Annual Bonus Plan are relevant and stretching. Shareholders commented on the distinctive culture of Admiral with its high level of share ownership and wanted assurance that the Policy would not lead to unfairness between Executive Directors and the wider population. This has been taken into consideration.



## **Annual Report on Remuneration** continued

#### **Committee effectiveness review**

As part of the Committee's annual review of its performance and processes, each Committee member and regular attendee completed a questionnaire designed to assess the Committee's performance, including the activities and general operation of the Committee. The Committee discussed the results of the review at its meeting in December 2023 and concluded that, overall, the Committee remained effective.

To help improve its performance over the coming year, the Committee highlighted the importance of discussing key issues in a timely fashion and getting management engagement earlier to ensure sufficient time for management to change direction where needed or implement a new plan. It was noted that Committee support had improved.

#### **Advisors to the Committee**

During the year, to enable the Committee to reach informed decisions, we obtained advice on market data and trends from independent consultants Willis Towers Watson (WTW). WTW reported directly to the Committee Chair and are signatories to and abide by the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). WTW also provided advice to the Company on capital modelling, claims metrics, and pricing.

The fees paid to WTW for work supporting the Committee in 2023 (based on time and materials) totalled £75,818.

The Committee undertakes due diligence periodically to ensure that advisors remain independent of the Company and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided by WTW is independent.

#### **Summary of Shareholder Voting at the 2023 AGM**

The table below shows the results of the advisory vote on the 2022 Annual Report on Remuneration.

		For	Against	Total votes cast	Abstentions
Annual Report on Remuneration	Total number of votes	225,445,845	29,282,756	254,728,601	4,420
	% of votes cast	88.50%	11.50%		

#### Total Single Figure of Remuneration for Executive Directors (audited)

The table below sets out the total single figure remuneration received by each Executive Director for the years ended 31 December 2023 and 31 December 2022:

Executive Director		1. Base salary	2. Benefits	3. Pension	Total fixed pay	4. SIP	5. DFSS	6. DFSS bonus	Total variable pay	Total remuneration
Milena Mondini	2023	£737,326	£455	£15,000	£752,781	£3,605	£1,011,775	£296,017	£1,311,397	£2,064,178
de Focatiis	2022	£715,850	£480	£15,000	£731,330	£3,589	£1,139,007	£399,085	£1,541,681	£2,275,511 <sup>7</sup>
C : t	2023	£433,472	£455	£15,000	£448,927	£3,605	£589,791	£172,676	£766,072	£1,214,999
Geraint Jones	2022	£416,800	£480	£15,000	£432,280	£3,589	£637,324	£260,516	£901,429	£1,333,709

The figures have been calculated as follows:

- 1. Base salary: amount earned for the year.
- 2. Benefits: the taxable value of annual benefits received in the year.
- 3. Pension: the value of the Company's contribution during the year.
- 4. SIP: the face value at grant.
- 5. DFSS: the value at vesting of shares vesting on performance over the three-year periods ending 31 December 2023 and 31 December 2022. For the 2023 figures, given that vesting occurs after the 2023 Directors' Remuneration Report is finalised, the figures are based on the average share price in the last three months of 2023 of £25.69. The 2022 figures have been trued up based on the actual share price on vesting of £22.62 for Milena Mondini de Focatiis and £23.92 for Geraint Jones. For 2023, unfavourable movements of -£348,942 and -£203,408 are included in the DFSS value, attributable to a decrease in the share price over the vesting period for Milena Mondini de Focatiis and Geraint Jones, respectively. For 2022, an increase of £9,567 of the DFSS value is attributable to share price appreciation over the vesting period for Milena Mondini de Focatiis. For Geraint Jones, a decrease of £100,981 is attributable to share price depreciation over the vesting period. For the purpose of clarity, it should be noted that the awards for the Executive Directors were made at different points in 2020, which has led to the difference in these figures.

- 6. DFSS bonus: the bonus is equivalent to dividends that were paid in respect of the performance year on all outstanding DFSS shares awarded but not yet vested. The bonus is paid in two tranches annually:
  - i) for H1 2023: a bonus of £144,778 was paid to Milena Mondini de Focatiis, based on 270,000 unvested shares, a scorecard outcome of 105.14% and the interim dividend of 51p per share; and a bonus of £84,454 was paid to Geraint Jones based on 157,500 unvested shares and a scorecard outcome of 105.14% and the interim dividend of 51p per share.
  - ii) for H2 2023, due for payment in May 2024: a bonus of £148,330 is due to Milena Mondini de Focatiis, based on 270,000 unvested shares, a scorecard outcome of 107.72% and the final dividend of 52p per share; and a bonus of £86,526 is due to Geraint Jones based on 157,500 unvested shares and a scorecard outcome of 107.72 % and the final dividend of 52p per share.

The payments for H2 2023 are subject to completion of internal governance procedures.

7. Milena Mondini de Focatiis received an Anniversary award of £2,500 during 2022 which is included in the total remuneration number. Anniversary payments are made to all colleagues who reach significant milestones in their employment with the Group.

#### Total Single Figure of Remuneration for Non-Executive Directors (audited)

The table below sets out the total single figure remuneration received by each NED for the years ended 31 December 2023 and 31 December 2022.

	Total fees						
	2023		2022				
Director	Fees	Taxable benefits10	Fees	Taxable benefits <sup>10</sup>			
Annette Court <sup>1</sup>	£82,136	£879	£346,084	£1,739			
Mike Rogers <sup>2</sup>	£270,042	£889	_	_			
Karen Green	£113,000	£2,205	£103,750	£808			
Jean Park <sup>3</sup>	(£1,477)	-	£153,000	£130			
Justine Roberts <sup>4</sup>	£106,045	£1,253	£87,875	£769			
Andy Crossley <sup>5,6</sup>	£188,000	£5,166	£170,667	£1,918			
Michael Brierley <sup>6</sup>	£152,000	£4,806	£140,000	£992			
Jayaprakasa Rangaswami <sup>7</sup>	£85,955	£932	£93,583	£528			
Evelyn Bourke	£95,000	£3,605	£95,000	£1,659			
Bill Roberts <sup>8</sup>	£103,352	£25,161	£75,000	£8,135			
Fiona Muldoon <sup>9</sup>	£20,928	-	_	_			

- 1 The 2023 fee for Annette Court is £82,136 (a cash fee of £57,495 and a share fee of £24,641) and is reflective of her leave date of 27 April 2023.
- 2 Mike Rogers was appointed as the Group Chair on 27 April 2023.
- 3 Jean Park's fees for 2023 are reflective of her retiring from the board on 20 January 2023. Additionally, there was an overpayment of fees in 2022, which were corrected and paid back in 2023, leading to the negative fee showing for 2023.
- 4 Justine Roberts joined the Group Remuneration Committee on 31 January 2023. In addition, Justine was confirmed as Senior Independent Director on a permanent basis effective 31 January 2023, having undertaken the role on an interim basis since 22 February 2022.
- 5 Andy Crossley was appointed Chair of the Group Risk Committee effective from 23 October 2023. This followed a period as interim Chair since 22 February 2022.
- 6 The fees for Andy Crossley and Michael Brierley include additional fees in relation to their positions as Chair of the EUI Limited Board of Directors and Admiral Financial Services Limited Board of Directors, respectively.
- $7\quad \text{Jayaprakasa Rangaswami left the Group Remuneration Committee as an interim member on 31 January 2023}.$
- 8 The fee for Bill Roberts includes an additional fee in relation to his position as a NED of the Elephant Board of Directors, which he was appointed to on 1 February 2023.
- 9 Fiona Muldoon was appointed as an independent Non-Executive Director and member of the Group Audit Committee on 2 October 2023
- 10 Taxable benefits represent those expense reimbursements relating to travel, accommodation and subsistence in connection with the attendance at Board, Subsidiary and Committee meetings during the year, which are deemed by HMRC to be taxable. The amounts in the table are 'grossed-up' to include the UK tax paid by the Company on behalf of the Non-Executive Directors.

  Non-taxable expense reimbursements have not been included in the table.

#### Incentive Outcomes for Financial Year to 31 December 2023 (audited)

#### **DFSS Awards Vesting on Performance to 31 December 2023**

On 23 September 2021, Milena Mondini de Focatiis was granted an award under the DFSS of 90,000 shares with a value at the date of award of £3,109,500 (based on a grant date share price of £34.55).

On 23 September 2021, Geraint Jones was granted an award under the DFSS of 52,500 shares with a value at the date of award of £1,813,875 (based on a grant date share price of £34.55).

Vesting of the award was based 80% on the achievement of financial performance measures and 20% on a scorecard of non-financial measures.

## **Annual Report on Remuneration**

#### **Financial performance outcomes**

The performance measures applicable to these awards are, EPS growth, TSR vs. FTSE 350 (excluding investment companies), and ROE, weighted equally and all measured over the three-year period 1 January 2021 to 31 December 2023.

Over this period there was solid return for our shareholders, with TSR slightly above median vs the FTSE350 benchmark, and with ROE of 41.60%. This is in contrast to an EPS growth of -37.7%, which was impacted by the very high EPS for 2020, which was impacted by the pandemic period. The combination of these shareholder returns, and EPS growth contributes to a vesting of 37.20% for the financial measures. The Committee reviewed this vesting outcome and concluded that it was appropriate.

The table below details the Company's performance against the performance range.

		Performance ra	inge	_	Vesting Contribution
Performance measure	Threshold	Maximum	Vesting schedule	Actual outturn	(% of maximum)
EPS growth	0.5% growth	36% growth	10% for achieving threshold with straight line relationship to 100% for maximum performance	-37.70%	0.00%
TSR vs. FTSE 350 (excluding investment companies)	Median	Upper quartile	25% for median, with straight line relationship to 100% for upper quartile	56th percentile	45.20%
Return on Equity (ROE)	25%	55%	25% for achieving threshold with straight line relationship to 100% for maximum performance	41.60%	66.40%
Vesting					37.20%

#### **Non-financial performance outcomes**

The individual vesting contribution of the non-financial measures for Milena Mondini de Focatiis and Geraint Jones are set out in the table below. These aggregated to an overall rating across the 3 years of 69.98% and 69.83% respectively and have a weighted outcome of 14.00% and 13.97%, respectively.

Further details of the scoring for 2023 can be seen on page 190.

#### **Overall Vesting**

The combined vesting outcomes for Milena Mondini de Focatiis and Geraint Jones can be seen in the below table.

	Award Wei	ghting	Performance	Performance outcomes Ves		esting (% of maximum)	
DFSS Vesting Component	Milena Mondini de Focatiis	Geraint Jones	Milena Mondini de Focatiis	Geraint Jones	Milena Mondini de Focatiis	Geraint Jones	
Financial performance measures: EPS growth, TSR vs. FTSE 350 (excluding investment companies) and Return on Equity (ROE)	80.00%		37.20%		29.7	6%	
Non-financial performance measures	20.0	0%	69.98%	69.83%	14.00%	13.97%	
Total	100.0	0%			43.76%	43.73%	

The Committee reviewed the vesting outcomes and concluded that they were appropriate, and that no adjustments were required.

Based on performance and scorecard outcomes the total amount that will vest in September 2024 to Milena Mondini de Focatiis will therefore be 43.76% (i.e., 39,384 shares), and the total amount that will vest to Geraint Jones will be 43.73% (i.e., 22,958 shares), subject to their continued employment on the vesting date.

Vested DFSS awards are subject to clawback provisions. Events which may lead to the application of clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage or corporate failure.

#### **DFSS bonus for 2023**

In line with the Remuneration Policy, the Group paid a bonus to all holders of DFSS shares in 2023, which was equivalent to the dividend payable on all outstanding DFSS shares awarded but not yet vested. The 2023 Bonus for Executive Directors also includes a potential +/-20% adjustment to the DFSS bonus based on performance of a set of non-financial performance metrics, which for 2023 was grouped into three categories: Strategy, customer and ESG.

For the customer and ESG strategic pillars, relevant quantitative data was used to assess performance and an outcome was determined. For the strategy, the Board members derived a collective view on the progress against the strategic priorities.

Details of the measures used in the scorecard and outcomes are summarised in the table below:

				Outc (% out weighting	
Category	Metrics	Target	Maximum	H1	H2
Strategy	Overall scoring from the Board on scorecard of measures around:				
	<ul> <li>Progress towards Admiral 2.0</li> </ul>				
	<ul> <li>Diversification – existing non-motor product development (both top line and KPIs), in particular Household and Lending</li> </ul>	16.50%	33.00%	25	.30%
	<ul> <li>Diversification – development of new products</li> </ul>				
	<ul> <li>Progress towards defining motor mobility strategy</li> </ul>				
Customer	Customer Feedback (NPS)	8.50%	17.00%	9.98%	9.44%
	Customer Outcomes (CRMI)	8.50%	17.00%	5.46%	12.42%
ESG	People (Trust Index)	9.00%	18.00%	9	.00%
	Diversity (Female representation at Senior level)	3.75%	7.50%	5	.63%
	Inclusion (Inclusion survey results)	3.75%	7.50%	7	.50%
Total		50.00%	100.00%	62.86%	69.29%
Overall scorecard multiplier		100.00%	120.00%	105.14%	107.72%

The Admiral Group Board makes an annual judgment based on its collective view of progress against the stated strategic measures. The Board was satisfied that progress against strategic aims continued to be solid, and having reviewed business context and supporting data, assessed this progress was worthy of 76.67% of maximum.

Customer outcome and feedback scoring is measured against entity set targets, with results assessed for each half year. Customer outcomes for the UK business improved markedly in H2 2023 to 70% of maximum vs. 20% for H1 2023, as the pressure on claims processing and staff numbers eased through the year. Customer feedback was generally steady through the year, with a slight fall in outcomes for Admiral Money and Elephant between the half years; Admiral Seguros' outcomes for H2 fell below threshold, with 0% outcome, compared with 55% for H1.

Trust Index scores are measured relative to the benchmark from the Great Place To Work® (GPTW) survey annually, with outcomes determined mechanically relative to benchmark. For 2023, the Group's score was up 1% compared with 2022, moving to 85% from 84%. However, the GPTW benchmark score also increased by 1% from 2022 to 87% for 2023. This means that the score remains 2% below the benchmark, giving an outcome of 50% for the 2023 performance year.

The Inclusion survey results are scored on a similar basis to the Trust Index, relative to the GPTW benchmark. Scores improved for 2023 in comparison to 2022, with all responses coming at or above the benchmark, meaning 100% outcome for this element.

The Diversity measure outcome based on mechanical scoring against set targets – is slightly down on last year due to headcount movements, with a year-end position of 35.29%, which equates to an outcome of 75% of maximum.

The overall outcome of the scorecard was assessed as a 105.14% multiplier to the DFSS bonus paid for H1 2023 and a 107.72% multiplier to the DFSS bonus for H2 2023 (to be paid in 2024) for Milena Mondini de Focatiis and Geraint Jones.

In addition, the Executive Directors' DFSS bonus is subject to a further risk adjustment (downwards only) to take account of risk events considered to have a material customer, regulatory or financial impact.

During the year, and in addition to the above, the Committee took into account relevant trigger events as part of the established risk adjustment process, and determined it was not appropriate to apply a downwards adjustment on that basis.

DFSS bonus payments are subject to malus and clawback provisions.

### **Annual Report on Remuneration** continued

#### **Scheme Interests Granted in 2023 (audited)**

On 28 September 2023, Milena Mondini de Focatiis was granted an award of 90,000 shares and Geraint Jones was granted an award of 52,500 shares under the DFSS. Using the share price on the date of the grant of £23.72, this is the equivalent to £2,134,800 or 290% of Milena's base salary and £1,245,300 or 287% of Geraint's base salary respectively.

The three-year period over which performance will be measured is 1 January 2023 to 31 December 2025. The award is eligible to vest on the third anniversary of the date of grant i.e., September 2025, subject to performance and to continued employment. Vested awards will be subject to an additional two-year post-vest holding period.

The award will vest on EPS growth, TSR vs. FTSE 350 (excluding investment companies), ROE and a scorecard of strategic, customer and other non-financial measures, inclusive of customer outcomes, ESG and strategic measures. There will also be the potential for downwards adjustment subject to an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period. The performance conditions are summarised in the table below:

	Performance range							
Award Element	Performance	measure	Description	Weighting	Threshold	Stretch	Maximum	Vesting
Financial Performance	Return on Equity (ROE)  Total Shareholder Return (TSR)		EPS growth over the performance period	26.67%	Growth of 0%	Growth of 10%		25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
			ROE over the performance period	26.67%	25%	35%	45%	25% for reaching Threshold 75% for achieving Stretch and 100% for Maximum performance.
			TSR ranked on a relative basis vs FTSE 350 comparator group	26.67%	Median	N/A		25% for reaching Threshold and 100% for Maximum performance.
Non-financial Performance	Strategy	Strategic Assessment	The Board's assessment of progress towards strategic aims.	6.60%	N/A	N/A	N/A	Vesting of between 0% and 100% based on the outcome of the Board's assessment.
	Customer	Group NPS	The outcome of the Group NPS, weighted by entity customer headcount.	6.80%	35	48	55	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	ESG	Diversity	The proportion of women in senior management roles.	3.30%	30%	36%	40%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
		Inclusion	The Group's Inclusion scores from the GPTW Survey, scored on a basis relative to the benchmark.	3.30%	>10% below bench- mark	N/A	bench-	20% for reaching Threshold, 40% for >6% below benchmark and 100% for Maximum performance.

DFSS awards are subject to malus and clawback provisions, which are set out in the Group's Malus and Clawback Framework.

#### **Setting the 2023 DFSS Financial Performance Ranges**

The financial performance targets for the 2022 DFSS scheme were changed more significantly than in previous years due to the exceptional earnings per share achieved during 2021 and the impact of the Group's diversification strategy on ROE. The Remuneration Committee chair met with a number of shareholders to hear their views. While understanding the unique circumstances of 2020 and 2021, most shareholders preferred reversion to the target setting approach of the past. The proposed 2023 DFSS financial performance targets are set out below:

#### **Earnings Per Share**

The EPS measure was changed to an absolute EPS target range for the 2022 DFSS scheme because a growth target was considered unsuitable due to the exceptionally high EPS achieved during 2021. Following feedback from shareholders, the proposed target for the 2023 scheme has reverted to an EPS growth target.

#### **Return on Equity**

The 2023 scheme performance range has been set considering the Group's strategic objective of long-term growth and diversification, which is projected to increase equity and result in a flatter ROE over the next few years. Recognising shareholder feedback, the proposed ROE targets for the 2023 scheme are more challenging than the 2022 scheme, with higher targets set for threshold, stretch and maximum in the performance range, moving from 20-40% for 2022 to 25-45% for 2023.

#### **Total Shareholder Return**

TSR is assessed on relative performance and is therefore considered an appropriate measure of the Group's return to shareholders. Consequently, no changes to the measure were proposed for the 2023 scheme.

In March 2023, Milena Mondini de Focatiis and Geraint Jones were granted awards under the SIP of 95 shares with a face value of £1,787.43, which will mature on 13 March 2026, subject to continued employment.

In August 2023 Milena Mondini de Focatiis and Geraint Jones were granted awards under the SIP of 77 shares with a face value of £1,817.97, which will mature on 21 August 2026, subject to continued employment.

#### **Exit Payments (audited)**

No exit payments were made to an Executive Director during the year.

#### **Payments to Past Directors (audited)**

Following stepping down from the role of CEO on 31 December 2020, David Stevens has continued as an adviser to the Group in a parttime capacity. During 2023, he earned a salary of £60,090.

He also sits as a Non-Executive Director on the Board of Admiral Financial Services Limited for which he receives no fee.

#### **Implementation of Remuneration Policy for 2024**

#### **Executive Directors**

#### Salary, Pension and Benefits

Salaries for the Executive Directors in 2024 have been determined in line with the proposed Remuneration Policy, subject to shareholder approval. Milena Mondini de Focatiis' salary was increased by 4.97% to £774,000 effective 1 January 2024 and Geraint Jones' salary was increased by 7.27% to £465,000 effective 1 January 2024.

Consideration was given to ensure these increases are fair relative to the proposed increases for employees across the Group for 2024. The average pay review in 2024 is expected to be in the region of 5% as we continue to support our people through the impact of the cost of living challenges. The benchmarking of the fixed elements of remuneration for Milena and Geraint indicated that their salaries were significantly lower than the lower quartile of peer companies across the FTSE 100 and major UK and European insurers. The proposed salary increases are designed to align their salaries more towards the lower quartile of peer salaries.

The Remuneration Committee notes the increase for Geraint Jones is above that which is expected for most colleagues. This increase begins to address the competitiveness of his base pay relative to the lower quartile of the market. The Remuneration Committee intends to increase his salary to the lower quartile of the market by the end of this policy period, by increments. The Remuneration Committee will review his increase each year to ensure it is appropriate and moves his positioning as intended. This means that the increase for Geraint may be ahead of those generally given to colleagues for the duration of the policy.

The Executive Directors will continue to participate in the Group Personal Pension Plan on a consistent basis with other employees, where employee contributions are matched up to a maximum 6% of base salary. The Company will offer individuals a choice between pension contributions and cash in lieu. Both Executive Directors will continue to receive benefits in line with the Policy. Both will benefit from the removal of the cap of £15,000 on the absolute amount of contribution.

The Committee intends to make awards under the DFSS to Milena Mondini de Focatiis and Geraint Jones in September 2024 of 95,000 and 55,000 shares, respectively. The Committee will confirm the size for each of the 2024 DFSS awards closer to the award date. In determining whether the award size should differ from the above number of shares, the Committee will consider any large share price change over the prior year, and in particular whether this is due to external factors out of management control. The actual 2024 DFSS awards will be disclosed in the 2024 Annual Report on Remuneration.

## **Annual Report on Remuneration** continued

It is currently anticipated that the vesting of 2024 DFSS awards for Milena Mondini de Focatiis and Geraint Jones will continue to be assessed across the three-year performance period using an 75% performance weighting on EPS growth, TSR (measured on a relative basis, equally split between the FTSE100 and a subset of insurance peers with substantial general insurance segments) and ROE, and a 25% weighting on a scorecard of strategic, customer and other non-financial metrics. The measures and performance ranges for the 2024 DFSS are set out in the table below.

					Perf	ormance range	•	
Award Element	Performance	measure	Description	Weighting	Threshold	Stretch	Maximum	Vesting
Financial Performance	Earnings per share (EPS)		EPS growth over the performance period	25.00%	0%	35%	45%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	Return on	Equity (ROE)	ROE over the performance period	25.00%	30%	N/A%	45%	25% for reaching Threshold, and 100% for Maximum performance.
Total Shareholder Return (TSR)		TSR ranked on a relative basis vs FTSE 100 and insurance peer comparator group	25.00%	Median	N/A		25% for reaching Threshold and 100% for Maximum performance.	
Non-financial Performance	Strategy	Strategic Assessment	The Board's assessment of progress towards strategic aims.	8.25%	N/A	N/A	N/A	Vesting of between 0% and 100% based on the outcome of the Board's assessment.
	Customer	Group NPS	The outcome of the Group NPS, weighted by entity customer headcount.	8.50%	35	48	55	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	ESG	Diversity	The proportion of women in senior management roles.	2.06%	30%	36%	40%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
		Inclusion	The Group's Inclusion scores from the GPTW Survey, scored on a basis relative to the benchmark.	2.06%	>10% below bench- mark	N/A		25% for reaching Threshold, 40% for >6% below benchmark and 100% for Maximum performance.
		Carbon emissions	tbc¹	4.13%	tbc¹	tbc¹	tbc¹	tbc¹

<sup>1</sup> Carbon emissions target to be confirmed, subject to work of base lining the Company's carbon emissions as set out below.

The Committee intends that this set of financial measures applies to the DFSS awards made throughout this policy period, which is to say the awards for 2024, 2025 and 2026.

It has been an aim of the Committee to include carbon emissions targets as part of the NFM scorecard to support the delivery of the Group's net zero targets. For the 2024 scheme, the non-financial measures will comprise, Group NPS, Diversity, Inclusion and carbon emissions targets. This is subject to the work of base lining the Company's carbon emissions which has been delayed due to the agency having a back log.

There will be the potential for downwards adjustment subject to an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period.

#### **Annual Bonus**

Under the 2024 Policy, subject to shareholder approval, Milena Mondini de Focatiis and Geraint Jones will be eligible to participate in an Annual Bonus in 2024. The bonus opportunity will be 0-200% of base pay for the Executive Directors, with an on-target award of 100%. Performance will be based on the following measures and weightings:

	****
Measure	Weighting
Financial Measures (75% of total)	
Profit	67.5%
Turnover	7.5%
Non-financial Measures (25% of total)	
Trust Index (people)	12.5%
Customer Outcomes (CRMI)	12.5%
Total	100%

The profit measure will be profit before tax. Turnover is the total value of the revenue generated by the Group. Both Profit and Turnover values are reported in the ARA annually, and the values used to determine Annual Bonus outcomes will be consistent with the reported figures.

Customer Outcomes comprise customer measures and associated outcomes from the Group entities for the performance year, in which outcomes are scored relative to entity-set performance ranges, with mechanical outcomes based on performance for each month. The Trust Index is the average of employee responses to the core survey questions in the Great Place To Work® ("GPTW") survey. This is scored relative to the benchmark of the world's 25 best workplaces provided by GPTW.

The Remuneration Committee will follow a two-phase methodology for determining Executive Director Annual Bonus outcomes; the formulaic outcome against the measures detailed above followed by a holistic review of the extent to which that formulaic outcome is reflective of the overall performance of the Group.

**Phase 1: Formulaic Review.** At the end of the performance period, the final performance against each measure is assessed on a standalone basis. Data for the measures is taken from the Group's financial reports which are reviewed by the Audit Committee and approved by the Board.

**Phase 2: Holistic Review.** The Committee will then consider the overall fairness of the formulaic Group scorecard outcome in the context of the business performance in the prevailing market conditions, which can be assessed against a non-exhaustive basket of measures such as:

- · Executive Director personal performance
- · Dividend and/or share price performance
- · Impact on strategic delivery
- · Risk appetite adherence
- Loss and/or combined ratio outcomes
- · Financial stability of the Group
- · Wider ESG performance
- Inclusion and diversity measures
- · Delivery of technology milestones.

The Committee will be able to carefully determine a final bonus outcome for each Executive Director that is fair and appropriate for the year's performance and is in the best interests of shareholders.

A detailed summary of the factors used to determine bonus outcomes for the Executive Directors will be disclosed in the DRR following the performance period.

In line with the position set out in the Policy, 40% of any bonus earned will be subject to deferral into Admiral Group shares for a period of three years.

There will be the potential for downwards adjustment subject to an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period.

## **Annual Report on Remuneration**

#### **Chair and Non-Executive Directors**

Fees for the Board Chair and other Non-Executive Directors were reviewed in January 2024 having previously been last reviewed in 2023. Increases were made, effective 1 January 2024, to reflect the increased time commitment of these roles.

	2024 fee (p.a.)	2023 fee (p.a.)
Chair <sup>1</sup>	£386,250	£375,000
NED base fee	£73,500	£70,000
Additional fee for chairing:		
· Audit Committee	£26,250	£25,000
· Group Risk Committee <sup>2</sup>	£45,150	£43,000
· Remuneration Committee	£26,250	£25,000
Nomination and Governance Committee	£10,500	£10,000
Additional fee for membership of:		
· Audit Committee	£15,750	£15,000
· Group Risk Committee	£15,750	£15,000
· Remuneration Committee	£12,600	£12,000
Nomination and Governance Committee	£8,400	£8,000
Additional fee for being Senior Independent Director	£17,850	£17,000

- 1 The 2023 fee shown is for the new Chair, Mike Rogers. The Board Chair does not receive any additional fees (e.g., for committee membership) as these are included in the overall Chair fee
- 2 The fee payable for 2024 for Chairing the Group Risk Committee continues to include an additional fee in recognition of the increased time commitment required due to the Admiral Internal Model process. It comprises a base fee of £26,250 and an additional fee of £18,900.

#### **New Group Chair Arrangements**

It was announced on 31 January 2023 that Mike Rogers was to be appointed as Admiral Group Chair subject to regulatory approval and shareholder approval at the Admiral AGM. His fee was set at £375,000. In June 2023, Mike Rogers entered into a Share Acquisition Agreement with the Group to purchase an annual amount equal to 30% of the gross amount of the fee, which will continue on this basis until he achieves a shareholding equal to 150% of his annual fee. This will be assessed annually, and the agreement contains a top up mechanism; if the value of the purchased shares is less than 150% of the gross amount of the fee, the Chair will purchase additional shares to maintain a shareholding of 150% of the gross fee.

#### **CEO** pay ratio

The table below sets out the pay ratios for the CEO for the periods ended 31 December 2022 and 31 December 2023.

Year	Method	Lower quart	le Median	Upper quartile
2023	Oution A	75	:1 64:1	43:1
2022	Option A	80	:1 69:1	45:1

The lower quartile, median and upper quartile employees were determined using calculation methodology A which involved calculating the actual full-time equivalent remuneration for all UK employees for 2023. From this analysis, three employees were then identified as representing the 25th, 50th and 75th percentile of the UK employee population. Admiral chose this method as it is the preferred approach of the Government and investor bodies and Admiral had the systems in place to apply this method. It is also consistent with the approach used to calculate the ratios for 2018 to 2022.

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst our UK workforce. The three individuals identified were full time employees during the year. None received an exceptional incentive award which would otherwise inflate their pay figures. No adjustments or assumptions were made by the Committee with the total remuneration of these employees calculated in accordance with the methodology used to calculate the single figure of the CEO. It should be noted that the lower quartile employee was in receipt of DFSS bonus and/or DFSS vesting in the year.

The employee pay levels for 2023 are detailed below:

	CEO	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
Salary	£737,326	£21,392	£26,164	£42,000
Total Remuneration <sup>1</sup>	£2,064,178	£27,382	£32,050	£48,397

<sup>1</sup> The single figure of remuneration for the CEO includes actual salary and pension costs paid during 2023, in line with The Companies (Miscellaneous Reporting) regulations 2018. For other graphics salary and pension costs are included on an FTE basis, in line with the legislation. While the basis of calculation differs between CEO and other employees, management considers this a fair comparison of remuneration.

The pay ratio has fallen over the course of 2023. This is due to the slight fall in CEO pay in 2023, compared with 2022. The underlying data for employee pay levels is broadly flat compared with 2022, despite an increase in population of c.9%, the majority of which will have been at more junior levels of the workforce.

A significant proportion of Milena Mondini de Focatiis' remuneration is dependent on the Company's performance and therefore it may vary more materially, resulting in movements in the CEO pay ratio from year to year. However, the reward policies and structures applying to the CEO are broadly aligned with those of the wider workforce and therefore consistent performance is likely to lead to a broadly consistent CEO pay ratio.

#### **Relative Importance of Spend on Pay**

The table below shows the percentage change in dividends and total employee remuneration spend from the financial year ended 31 December 2022 to the financial year ended 31 December 2023.

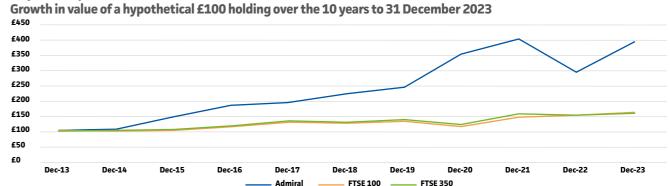
	2023 £m	2022 £m	% change
Distribution to shareholders	309	465	-34%
Employee remuneration	501	452	11%

The Directors are proposing a final dividend for the year ended 31 December 2023 of 52 pence per share bringing the total dividend for 2023 to 103 pence per share (2022: 157 pence per share).

#### **Pay for Performance**

The following graph sets out a comparison of Total Shareholder Return (TSR) for Admiral Group plc shares with that of the FTSE 100 and FTSE 350 indices, of which the Company is a constituent, over the ten-year period to 31 December 2023. The Directors consider these to be the most appropriate indices against which the Company should be compared. TSR is defined as the percentage change over the period, assuming reinvestment of income.

#### 10 year TSR performance: Admiral vs. FTSE100 and FTSE350 indices



CEO	2014	2015	201	6	2017	2018	2019	2020	2021	2022	2023
									Milena	Milena	Milena
	Henry	Henry	Henry	David	David	David	David	David	Mondini de	Mondini de	Mondini de
Incumbent	Engelhardt	Engelhardt	Engelhardt <sup>1</sup>	Stevens <sup>2</sup>	Stevens	Stevens	Stevens	Stevens	Focatiis <sup>4</sup>	Focatiis	Focatiis
CEO single figure of Remuneration	£393,260	£397,688	£148,776	£246,023	£395,019	£403,662	£413,724	£421,285	£2,082,191 <sup>4</sup>	£2,275,511 <sup>5</sup>	£2,064,178
DFSS vesting outcome (% of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	98.57%	59.24%	<b>43.76</b> % <sup>7</sup>

CFO CFO	201	4	2015	2016	2017	2018	2019	2020	2021	2022	2023
Incumbent	Kevin Chidwick	Geraint Jones³	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones
CFO single figure of Remuneration	£1,204,164	£363,551	£539,704	£599,139	£1,184,445	£1,461,813	£1,773,303	£2,329,513	£1,737,805	£1,333,709 <sup>6</sup>	£1,214,999
DFSS vesting outcome (% of maximum)	70.00%	85.00%	69.00%	50.00% and 0.00%	74.20%	87.60%	88.8%	98.5%	93.08%	59.21%	<b>43.73</b> % <sup>7</sup>

- 1 Henry Engelhardt stepped down from the Board on 13 May 2016. His 2016 remuneration includes salary and benefits for his service as CEO.
- 2 David Stevens was appointed as the CEO on 13 May 2016. His 2016 remuneration includes salary, pension and benefits for his service as CEO.
- 3 Geraint Jones was appointed to the Board as CFO on 13 August 2014. His 2014 remuneration includes salary, pension and benefits for his service as CFO, his full year DFSS and his full year DFSS bonus.
- 4 Milena Mondini de Focatiis was appointed as the CEO on 1 January 2021. Her 2021 remuneration includes salary, pension and benefits for her service as CEO.
- 5. This figure has been trued up since the 2022 report for the value of the 2020 DESS based on the actual share price on vest of £22.43.
- 6 This figure has been trued up since the 2022 report for the value of the 2020 DFSS based on the actual share price on yest of £27.71.
- 7 43.76% of Milena Mondini de Focatiis' and 43.73% of Geraint Jones' 2021 DFSS award will vest in September 2024, subject to their continued employment on the vesting date.

There are no annual bonus outcomes to report in the table as the Admiral DFSS bonus is not structured as a traditional annual bonus scheme and consequently a vesting outcome (as a percentage of maximum) is meaningless. This will be different for the 2024 Annual Report with the new structure of Annual Bonus

### **Annual Report on Remuneration** continued

#### Annual change of each director's pay compared to the annual change in average employee pay

The following table summarises the annual percentage change of each director's remuneration compared to the annual percentage change of the average remuneration of the company's employees, calculated on a full-time equivalent basis.

Financial year-ended 31 December 2023		2023 (% change)	
Director's remuneration	Base salary/fees	Taxable benefits	DFSS bonus
<b>Executive Directors</b>			
Milena Mondini de Focatiis	3.00%	(5.21%)	(25.83%)
Geraint Jones	4.00%	(5.21%)	(33.72%)
Non-Executive Directors			
Annette Court	(76.27%)	(49.45%)	N/A
Mike Rogers	N/A	N/A	N/A
Evelyn Bourke	0.00%	117.30%	N/A
Karen Green	8.92%	172.90%	N/A
Jean Park	(100.97%)	(100%)	N/A
Jayaprakasa Rangaswami	(8.15%)	76.52%	N/A
Justine Roberts	20.68%	62.94%	N/A
Andy Crossley	10.16%	169.33%	N/A
Michael Brierley	8.57%	384.46%	N/A
Bill Roberts	37.80%	209.30%	N/A
Fiona Muldoon	N/A	N/A	N/A
Percentage change in employees' remuneration	9.01%	(5.31%)	(43.58%)

The percentage increases for the Non-Executive Director taxable benefits relate to expenses for travel, accommodation and subsistence.

The percentage change in employee base pay is a view across the whole group and is inclusive of colleague internal movements and promotions throughout 2023.

#### **Dilution**

The Company has previously used newly issued shares to fund the DFSS and SIP shares. The Company has controls in place to ensure that shares awarded under the incentive schemes operated by the Company within any rolling ten-year period do not exceed 10% of the number of ordinary shares in the capital of the Company in issue at the time of each award. It is currently anticipated that a combination of attrition and actual vesting will result in dilution of less than 10%. As required by the rules of our share schemes, the Company will in any event ensure that the actual dilution level does not exceed 10% in any rolling ten-year period by funding of any vested (and future) share scheme awards as appropriate with market-purchased shares.

In 2024 the Company will change the way the employee share schemes are funded. Initially shares already assigned to the trust will be used to fund the schemes and then the Company will move to a market purchase funding model (likely from 2026 onwards).

#### **Interests held by Directors (audited)**

The Company has adopted Executive Director shareholding guidelines whereby all Executive Directors are required to acquire and retain a beneficial shareholding in the Company equal to at least 400% of base salary (excluding salary shares, where applicable), which can be built up over a period of five years from the later of the introduction of the quidelines and the individual's date of appointment. Both Executive Directors meet the shareholding requirement.

As at 31 December 2023, the Directors held the following interests:

		Shares held		Shareholding	Current	
Director's remuneration	Beneficially owned outright <sup>s</sup> em	Subject to continued ployment only	Subject to performance conditions	requirement (% of 2023 salary)	shareholding (% of 2023 salary)	Requirement met? <sup>3</sup>
Milena Mondini de Focatiis <sup>4</sup>	108,154 <sup>1</sup>	39,384 <sup>2</sup>	180,000	400%	>400%	Yes
Geraint Jones	143,841 <sup>1</sup>	22,958 <sup>2</sup>	105,000	400%	>400%	Yes
Mike Rogers	4,813					
Evelyn Bourke	7,459					
Jayaprakasa Rangaswami	_					
Justine Roberts	-					
Andy Crossley	4,984					
Michael Brierley	4,287					
Karen Green	_					
Bill Roberts	9,245					
Fiona Muldoon	_					

- 1 Total includes SIP shares both matured and awarded.
- 2 Total reflects shares from the 2021 DFSS award (performance test has been applied, and award is due to vest in September 2024).
- 3 The final column in the above table relates to meeting the current Remuneration Policy requirement of 400% of salary, based on a share price of £26.84 at closing on 29th December 2023
- 4 Milena Mondini de Focatiis has 5 years from her appointment as Executive Director (11 August 2020) to meet the guideline.

There have been no changes in the Directors' holdings in the share capital of the Company, as set out in the table above, between 31 December 2023 and the date of this Report<sup>1</sup>.

None of the Directors had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of

#### **Executive Directors' Interests in Shares under the DFSS and SIP and salary share awards (audited)**

	At start	Awarded	Vested/ matured	At end	Price at	Value at award date	Value at 31 December 2023 or maturity	Date of	Final vesting/ maturity
Туре	of year	during year	during year	of year	award (£)	(£)	(£)	Award	date
Milena Mondin	i de Focatiis								
DFSS	85,000	_	50,354	_	£22.43	£1,906,550	£1,138,905	24/04/2020	24/04/2023
DFSS	90,000	-	-	90,000	£34.55	£3,109,500	£2,415,600	23/09/2021	23/09/2024
DFSS	90,000		_	90,000	£21.59	£1,943,100	£2,415,600	22/09/2022	22/09/2025
DFSS		90,000		90,000	£23.79	£2,141,100	£2,415,600	28/09/2023	28/09/2026
SIP	88	_	88		£20.58	£1,811	£1,683	13/03/2020	13/03/2023
SIP	68	_	68	_	£26.40	£1,795	£1,612	02/09/2020	02/09/2023
SIP	61	_	_	61	£29.44	£1,796	£1,637	12/03/2021	12/03/2024
SIP	50	_	_	50	£36.11	£1,806	£1,342	01/09/2021	01/09/2024
SIP	72	_	_	72	£24.81	£1,786	£1,932	11/03/2022	11/03/2025
SIP	81	_	_	81	£22.25	£1,802	£2,174	24/08/2022	24/08/2025
SIP	_	95	_	95	£18.82	£1,787	£2,550	13/03/2023	13/03/2026
SIP	_	77	_	77	£23.61	£1,818	£2,067	21/08/2023	21/08/2026
<b>Geraint Jones</b>									
DFSS	45,000	_	26,644	_	£27.71	£1,246,950	£637,324	24/09/2020	24/09/2023
DFSS	52,500	_	_	52,500	£34.55	£1,813,875	£1,409,100	23/09/2021	23/09/2024
DFSS	52,500	_	-	52,500	£21.59	£1,133,475	£1,409,100	22/09/2022	22/09/2025
DFSS		52,500		52,500	£23.79	£1,248,975	£1,409,100	28/09/2023	28/09/2026
Salary Shares	2,500		2,500		£20.58	£51,450	£46,265	13/03/2020	13/03/2023
Salary Shares	2,500	_	2,500	_	£26.40	£66,000	£59,537	02/09/2020	02/09/2023
SIP	88			88	£20.58	£1,811	£1.683	13/03/2020	13/03/2023
SIP	68		_	68	£26.40	£1,795	£1,612	02/09/2020	02/09/2023
SIP	61		_	61	£29.44	£1,796	£1,637	12/03/2021	12/03/2024
SIP	50			50	£36.11	£1,736	£1.342	01/09/2021	01/09/2024
SIP	72		_	72	£24.81	£1,786	£1.932	11/03/2022	11/03/2025
SIP	81			81	£22.25	£1,802	£2,174	24/08/2022	24/08/2025
SIP	- 01	95	_	95	£18.82	£1,787	£2,550	13/03/2023	13/03/2026
SIP		77			£23.61	£1,818	£2,067	21/08/2023	21/08/2026
J11		11		1.1	123.01	11,010	12,007	L1/00/2023	L±/ 00/ L020

<sup>1</sup> The value at maturity relates only to shares vested.

The closing price of Admiral shares on 29 December 2023 was £26.84 per share.

By order of the Board,

Chair of the Remuneration Committee

6 March 2024

<sup>2</sup> For SIP and Salary Shares, the price at award reflects the average closing share price over the five days prior to the award date.

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## **Directors' Report**

#### The Directors present their Annual Report and audited Financial Statements for the year ended **31 December 2023.**

#### **Group results and dividends**

The profit for the year, after tax but before dividends, amounted to £337.2 million (2022: £285.3 million, restated following the adoption of IFRS 17). The Directors declared and paid dividends of £307.1 million during 2023 (2022: £658.3 million). Refer to note 12b for further details.

The Directors have proposed a final dividend of £156 million (52 pence per share). Subject to shareholders' approval at the 2024 Annual General Meeting (AGM), the final dividend will be paid on 7 June 2024 to shareholders on the register at the close of business on

Further information on the Group's dividend policy is located in note 3 on page 236 and on page 37 of the Strategic Report.

#### **Research and development**

Details of costs incurred in respect of research and development can be found in note 11c on page 297.

#### **Political donations**

No political donations were made during the year.

#### **Interest capitalised**

No interest was capitalised by the Group during the year.

#### Significant contracts of material interest to shareholders

The Group considers its co-insurance and reinsurance contracts to be significant and of material interest to shareholders. A number of the Group's contractual arrangements with reinsurers include features that, in certain scenarios, allow for reinsurers to recover losses incurred to date. The overall impact of such scenarios would not lead to an overall net economic outflow from the Group. No other contractual arrangements are considered to be significant to the running of the Group's business.

#### **Financial instruments**

The objectives and policies for managing risks in relation to financial instruments held by the Group are set out in note 2 to the Financial Statements.

#### **Directors and their interests**

The present Directors of the Company are shown on page 118 of this Report, whilst Directors' interests in the share capital of the Company are set out in the Remuneration Report on page 196. A list of Directors in the financial period to 31 December 2023 is shown on page 142.

#### Going concern

Under Provision 30 of the 2018 UK Corporate Governance Code, the Board confirms that it considers the going concern basis of accounting appropriate. In considering this requirement, the Directors have taken into account the factors below.

In particular, as part of this assessment the Board considered updated projections of performance and profitability a number of times throughout the year, with some key highlights including:

- The Group's profit projections, including:
- Changes in premium rates and projected policy volumes across the Group's insurance businesses
- The impacts of the continued elevated inflationary environment on the cost of settling claims across all of the Group's insurance businesses
- The return of motor claims frequency towards pre-pandemic levels
- Projected trends in other revenue generated by the Group's insurance business from fees and the sale of ancillary products
- Projected contributions to profit from businesses other than the UK Car insurance business
- Expected trends in unemployment in the context of credit risks and the growth of the Group's consumer lending business
- The More Than acquisition due to complete in the first half of 2024
- Assessment of wider market risk and changes in investment performance given the changing interest rates toward the end of 2023.
- · The Group's solvency position, which has been closely monitored through periods of market volatility. The Group continues to maintain a strong solvency position above target levels
- · The adequacy of the Group's liquidity position after considering all of the factors noted above
- · The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume severe adverse economic, credit and trading stresses
- The regulatory environment, focusing on regulatory guidance issued by the FCA and the PRA in the UK and regular communications between management and regulators
- · A review of the Company's principal risks and uncertainties and the assessment of emerging risks, including climate related risks.

Following consideration of all of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Further information is shown in the Viability Statement on page 109.

#### Share capital, AGM and related matters

#### **Major shareholders**

Other than as stated below, as far as the Company is aware, there are no persons with significant direct or indirect holdings in the Company. Information provided to the Company pursuant to Rule 5 of the FCA's Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website.

The Company received notifications in accordance with the FCA's DTRs of the following notifiable interests in the voting rights in the Company's issued share capital:

	As at 31 Decer	As at 31 December 2023		
Shareholder	Number of Shares	% voting rights		
Mawer Investment Management Ltd.	21,727,558	7.2%		
Henry Engelhardt & Diane Briere de l'Isle	20,277,027	6.7%		
BlackRock Inc.	17,849,752	5.8%		
Moondance Foundation	15,400,000	5.1%		
Rothschild and Co Wealth Management UK Limited	15,322,698	5.0%		
Vanguard Group Holdings	12,560,052	4.1%		
FMR LLC	11,711,392	3.9%		
David & Heather Stevens	8,422,950	2.8%		
Münchener Rückversicherungs- Gesellschaft AG	5,297,781	1.7%		

The percentage of voting rights detailed above were calculated at the time the relevant disclosures were made in accordance with the DTRs. The DTRs require notification when the percentage voting rights (through shares and financial instruments) held by a shareholder reaches, exceeds or falls below an applicable threshold. The information provided below was correct at the date of notification; however, the date the notification was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Notifications received by the Company in accordance with the FCA's DTRs in the period from 31 December 2023 to 6 March 2024 were as follows:

Shareholder	Date of notification	Number of shares as at date of notification	% of voting rights as at the date of notification
Rothschild and Co Wealth Management UK Limited	3 January 2024	15,310,942	4.99%
Rothschild and Co Wealth Management UK Limited	5 January 2024	15,316,355	5.00%
Rothschild and Co Wealth Management UK Limited	26 January 2024	15,296,742	4.99%
Rothschild and Co Wealth Management UK Limited	22 February 2024	15,320,057	5.00%
Rothschild and Co Wealth Management UK Limited	28 February 2024	15,315,212	4.99%
Rothschild and Co Wealth Management UK Limited	6 March 2024	15,321,078	5.00%

There are no people who hold shares carrying special rights with regard to control of the Company.

Further information on the rights attaching to shares under the employee share schemes are provided in the Remuneration Report.

#### **Shares held in Employee Benefit Trust (EBT)**

The EBT does not use its voting rights in respect of the shares it holds in the EBT at general meetings, however, it may choose to do so if recommended by the Company via a letter of wishes. If any offer is made to shareholders to acquire their shares, the trustee will not be obliged to accept or reject the offer in respect of any shares which are at that time subject to subsisting awards, but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above, the trustee may take action with respect to any offer it thinks fair. The trustee has waived its right to dividends on the shares held in the trust.

Corporate Governance

## **Directors' Report**

#### **Additional information for shareholders**

The following provides the additional information required for shareholders in accordance with the Takeovers Directive and the respective UK law.

At 31 December 2023, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the share capital and shares issued during the year can be found in note 12d. The rights and obligations attached to the Company's ordinary shares are set out in the Articles of Association of the Company, copies of which can be obtained from Companies House.

If a poll is called at a general meeting, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- · Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws)
- · Pursuant to the Listing Rules of the FCA whereby certain employees and Directors of the Company require the approval of the Company to deal in the Company's securities.

The Company has not purchased any of its own shares during the period.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occur because of a takeover bid.

There are a number of agreements that alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts (entered into in the normal course of business). None are considered to be significant in terms of their impact on the business of the Group as a whole.

#### **Powers of the Company Directors**

The Directors are responsible for managing the business of the Company and may exercise all powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Company's Memorandum and Articles. The Articles, for example, contain specific provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of new shares and buyback of shares are also included in the Articles and such authorities are renewed by shareholders at the Annual General Meeting each year.

#### **Power to issue shares**

At the last Annual General Meeting, held on 27 April 2023, authority was given to the Directors to allot unissued relevant securities in the Company up to a maximum nominal amount of £202,157 representing the Investment Association's Guidelines limit of approximately two thirds of the issued share capital as at 17 March 2023. This authority expires on the date of the Annual General Meeting to be held on 25 April 2024 and the Directors will seek to renew this authority for the following year.

A further special resolution passed at that meeting granted authority to the Directors to allot equity securities in the Company (up to a maximum of 5% of the issued share capital of the Company) for cash, without regard to the pre-emption provisions of the Companies Act 2006. This authority also expires on the date of the Annual General Meeting to be held on 25 April 2024 and the Directors will seek to renew this authority for the following year.

The Board is aware of the principles published by the Pre-Emption Group in November 2022, and their template resolutions published on 4 November 2022, allowing a Company the ability to seek authority over a further 10% of the issued ordinary share capital on a non-preemptive basis subject to certain conditions. The Board has set out its proposal, in line with the Pre-Emption Group principles, regarding its requested authority to allot shares in the Notice of Meeting for the 2024 AGM.

#### **Appointments of Directors**

The Company's Articles of Association (the Articles) give the Directors power to appoint and replace Directors. Under the Terms of Reference of the Group Nomination and Governance Committee, any appointment must be recommended by the Group Nomination and Governance Committee for approval by the Board of Directors. The Articles provide that all Directors will retire and offer themselves for re-election at each Annual General Meeting, in accordance with the UK Corporate Governance Code and the Company's current practice. Therefore, all Directors will be submitting themselves for either election or re-election by shareholders at the forthcoming AGM.

#### **Articles of Association**

The Articles may only be amended by special resolution of the shareholders.

#### **Directors' indemnities and insurance**

Directors and Officers insurance cover is in place for all Directors to provide cover against certain acts or omissions on behalf of the Company, A Deed Poll of Indemnity was executed in October 2015, indemnifying each of the Directors, and Company Secretary, in relation to certain losses and liabilities that they might incur in the course of acting as Directors of the Company. The Deed Poll of Indemnity is categorised as qualifying third party provisions as defined by Section 234 of the Companies Act 2006 and remains in force for all past and present Directors of the Company.

The Board is of the view that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of such indemnities. Neither the Deed Poll of Indemnity nor insurance cover would provide any coverage in the event that a Director is proved to have acted fraudulently or dishonestly.

#### Annual General Meeting (AGM)

It is proposed that the next AGM be held at Tŷ Admiral, David Street, Cardiff, CF10 2EH on Thursday 25 April 2024, notice of which will be available to shareholders alongside, or at a date near to the publication of the Annual Report.

#### Reporting, accountability and audit

#### **UK Corporate Governance Code**

Admiral is subject to the UK Corporate Governance Code (the Code), published by the Financial Reporting Council (FRC) in July 2018 and available on their website, www.frc.org.uk. The Company's Annual Report and Accounts, taken as a whole, addresses the requirements

The Code was applicable for the Group during the year under review, and the Group has applied the principles and complied with the provisions of the Code except with regard to non-compliance with provision 19 for part of the year from 1 January 2023 to 27 April 2023, from this date to the 31 December 2023 the Company was in full compliance with the requirements of the Code, as set out in the Corporate Governance Report on page 113.

Admiral has reviewed the changes to the revised Code which the FRC published on 22 January 2024 and intends to be effective for companies with financial reporting periods beginning on or after 1 January 2025. Admiral intends to be fully compliant with the revised Code from 1 January 2025 and will disclose the measures introduced to ensure compliance with the new Code in the 2025 Annual Report and Accounts to be published in 2026.

The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Board is ultimately responsible for the Group's system of risk management and internal control and, through the Audit Committee, has reviewed the effectiveness of the Group's internal control and risk management arrangements relating to the financial reporting process and the principal risks facing the business. The Board is satisfied that the Group's internal control and risk management framework is prudent and effective and that, through the Audit Committee and Group Risk Committee, risk can be assessed, managed and assurance given that all material controls are reviewed and monitored.

Information on the composition and operation of the Board and its Committees is located in the following sections:

- · Corporate Governance Report on page 113 in respect of the Board
- · Nomination and Governance Committee Report on page 146
- · Audit Committee Report on pages 161
- · Group Risk Committee Report on page 168
- · Remuneration Committee Report on page 185.

The Group's gender diversity information for the financial year, together with an explanation of the policies related to diversity, are set out in the Strategic Report on page 62 and in the Nomination and Governance Committee Report on page 154.

The Group has several branches located in Canada, India, France and Italy, through its subsidiary structure. Further details of the Company's subsidiaries, associated undertakings and branches are contained in note 12e.

#### **Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

 $Company\ law\ requires\ the\ Directors\ to\ prepare\ Group\ and\ Parent\ Company\ financial\ statements\ for\ each\ financial\ year.\ Under\ that\ law\ prepare\ financial\ prepare\ fin$ they are required to prepare the Group Financial Statements in accordance with United Kingdom adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- · Select suitable accounting policies and then apply them consistently
- · Make judgements and accounting estimates that are reasonable and prudent
- · For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the UK

### **Directors' Report** continued

- · For the Parent Company financial statements, state whether applicable UK accounting standards, including FRS 101 Reduced Disclosure Framework, have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- · Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Responsibility statement

The Directors confirm that to the best of their knowledge:

- · The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- · The Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties.

#### **Disclosure of information to auditor**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

Following the Board's approval of the Audit Committee's recommendation to reappoint the Company's auditor, Deloitte LLP has indicated willingness to continue in office and resolutions to reappoint it and to authorise the Directors to fix its remuneration will be proposed at the AGM.

#### **Index of disclosures**

Information included in the Strategic Report: As permitted by legislation, some matters required to be included in the Directors' Report have instead been included in the Strategic Report as the Board considers them to be of strategic importance. These are identified with an asterix (\*) in the table below.

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<sup>\*</sup> Information required to be disclosed in the Annual Report under Listing Rule 9.8.4R is marked with an asterisk (\*).

Approved by the Board of Directors and signed on its behalf by

8 Count

Company Secretary

6 March 2024

**Geraint Jones** Chief Financial Officer

6 March 2024