

Having regard to the interests of our stakeholders

The Directors have regard to the interests of the Company's stakeholders with a view to promoting the success of the Group for the benefit of its shareholders as a whole, and pursuing initiatives for the benefit of wider stakeholders. This resonates with the Group's open and collaborative culture and corporate values.

Accordingly the Board has regard to matters including: the consequences of its decisions for the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; and the requirement to act fairly as between members of the Company.

The diagram below sets out some examples of activities undertaken by the Board and its Committees during the 2017 financial year to illustrate how the Board's decisions are informed by an understanding of, and have regard to, the interests and views of its shareholders and other stakeholders.

Understanding our stakeholders

Making insurance much easier and better value for our customers

- The Board has regularly reviewed the strategy, plans and progress of the multi-year transformation programmes to upgrade the Group's operating systems for Personal Lines and Commercial customers aimed at improving customer experience and covering pricing and other related data and digital systems across all products.
- During 2017 the Non-Executive Directors collaborated with Customer Assurance and Operations teams to understand the impact of recent training programmes on customer telephone calls and how this links to creating industry leading conversations and a better experience for the Group's customers.
- The Board listened to telephone calls between customers and employees and reviewed customer feedback to gain a deeper insight into matters including customer retention, complaints handling, overcoming price related problems and the use of telematics.
- The Remuneration Committee has incorporated customer metrics into its decision making process for the award of bonuses to management as part of the Group's AIP.

Investing in our people

- The Non-Executive Directors visited various office locations and participated in CONNECT activities. CONNECT is a development programme aimed primarily at supporting employees in having better customer conversations.
- As part of a Board visit to the Group's call centre in Doncaster, the Board awarded recognition prizes to employees for creating great customer experience and presented employees with accreditations from the Institute of Customer Service.
- A Leadership conference for circa 650 people managers was held in November 2017, which was attended by members of the Board and all members of the Executive Committee.
- The Group is a signatory to the Women in Finance Charter and the Board is committed to seeking to increase female representation in senior management to 30% by the end of 2019. As at 31 December 2017, female representation in the Group's senior management was 25%.
- The Remuneration Committee has incorporated people metrics into its decision making process for the award of bonuses to management as part of the Group's AIP.

Doing the right thing for the community and the environment

- The Directors have encouraged and supported management with Shotgun, which is the CSR campaign with the ambitious long term aim to reduce deaths of young people in their first 1,000 miles of driving to zero.
- As part of a Board visit to Doncaster, management presented to the Board on how the Doncaster office had delivered against the Group's CSR strategy, with a particular focus on the work undertaken in the local community and raising money for charities.
- In December 2017, the CSR Committee approved a new CSR strategy which has two overarching goals: 'Protecting Britain's road users' and 'Reflecting an ever-changing Britain'. The priority for each goal is Shotgun and diversity and inclusion respectively.
- The CSR Committee believes in the positive benefits from employee participation in fundraising and volunteering and has monitored and challenged progress against CSR KPIs including those relating to energy use, CO₂ emissions and waste. Further details are included in the CSR report on page 29 and are available at www.directlinegroup.com.