



The new section 172(1) statement – observations from first reporters

April 2020

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Executive summary

The section 172(1) statement is a new feature of company annual reports. This survey provides a snapshot of 25 December year end reporters to highlight and comment on emerging practice to assist those still preparing their statement. Of course, the impact of COVID-19 will require careful consideration in those statements yet to be published, both in terms of content and emphasis. Nevertheless, this survey provides some useful pointers and examples of good practice.

Overall:

- The section 172(1) matters relating to stakeholder engagement were covered within all statements, whereas other non-stakeholder matters have been missed more often. This may be driven by the focus of supporting guidance by BEIS on stakeholder engagement as a high priority for the new statement.

Location and signposting:

- All but one company presented a clearly identifiable statement, with 80% including it in the strategic report as is required.
- Half of companies prioritised the statement by placing it within the first twenty pages of their annual report, most often alongside a section outlining stakeholder engagement activities.
- One fifth of companies located their statement within their corporate governance disclosures. Of these, three included a clear heading and cross-reference in the strategic report.
- Some companies made their section 172(1) statement easy to find by including it in the list of contents for the annual report.

Structure of the statement:

- Rather than repeating information contained elsewhere, in most annual reports the statement was presented as a summary with cross-references to other relevant information.
- It is encouraging that, in general, cross-references were specific and effective, with companies pointing to relevant, useful additional information.
- A few reporters presented the statement as a self-contained disclosure with some minor cross-referencing.

Matters covered in the statement:

- The majority of reporters described or provided examples of how they had considered the impact of the company's material decisions on community, environment and other stakeholders and explained the matters that may affect company performance over the longer term.
- The more insightful disclosures described how they had considered trade-offs between different stakeholders over the longer term, weighing up and evaluating the decisions.
- A few companies made clear that engagement can take place at two different levels: operational and board. Examples of good practice drew out how the outcome of stakeholder engagement performed at an operational level was considered in the boardroom.
- Just over two-thirds of companies provided good examples of key issues affecting their stakeholders, by describing one or more concerns expressed by stakeholders.
- The environmental aspect has been well-addressed by some companies with detailed case-studies drawing attention to climate impact or engagement with relevant stakeholders.
- Clear examples of considerations affecting decision-making were included in 18 out of 25 companies, with one or more examples or case-studies provided describing key board decisions taken during the year in response to stakeholders' concerns.

1. Introduction

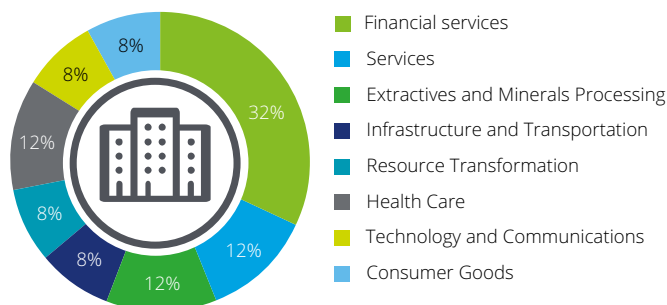
a. Purpose of the survey

This survey presents a picture of how the first wave of December year-end reporters have approached the new section 172(1) statement. It examines emerging practices and provides some example disclosures.

We hope you find this survey informative and a useful reference source to help you approach the new reporting requirement.

b. Scope of the survey

This survey is based on a sample of 25 annual reports published by UK listed companies with December 2019 year-ends. Of these companies, 18 are in the FTSE 100 and the rest are FTSE 250.



c. Reminder of the section 172(1) statement reporting requirement

All companies qualifying as large under the Companies Act 2006 are now required to disclose in their strategic report a “section 172(1) statement” describing how directors have had regard to the matters set out in sections 172(1)(a)-(f) of the Companies Act 2006 when performing their duty under the section.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the company.

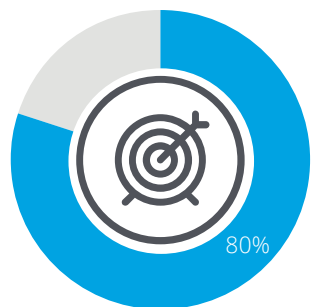
For further detail on the content requirements for the section 172(1) statement, see our publication



[‘Board briefing on the new Section 172\(1\) statement’.](#)

2. The statement

a. Location and signposting of the statement



80% disclosed their section 172(1) statement within the strategic report.

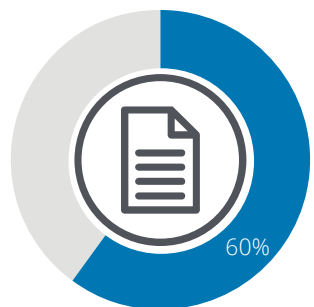
All but one company presented a clearly identifiable statement, with 80% including it in the strategic report as is required. Half of companies prioritised the statement by placing it within the first twenty pages of their annual report most often alongside a section outlining stakeholder engagement activities.

Half of companies specifically called it either “Section 172 statement” or “Section 172(1) statement”, which made it easy to locate.

One fifth of companies located their statement within their corporate governance disclosures. Of these, three included a clear heading and cross-reference in the strategic report.

Some companies made their section 172(1) statement easier to find by including it in the list of contents for the annual report (see Example: [Beazley plc](#)).

b. Structure of the statement



60% presented their statement as a summary with cross-references.

The purpose of the strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172(1). The Department for Business, Energy and Industrial Strategy (BEIS) introduced the new reporting requirement to focus very specifically on how directors were meeting this duty. It was expected that there might be an overlap between information already contained in the strategic report and that required to be included in the section 172(1) statement. As such providing specific cross-references within the section 172(1) statement is helpful and in the spirit of the new requirement.

The FRC’s Guidance on the Strategic Report¹ (FRC Guidance) encourages companies to avoid repetition, maintain the cohesion of the narrative contained within the strategic report and incorporate information into the section 172(1) statement by cross-reference where appropriate.

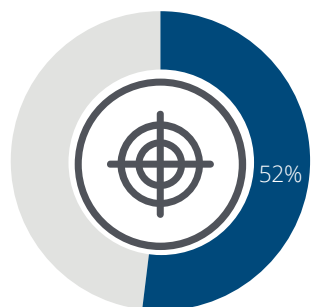
¹ FRC Guidance on the Strategic Report published in July 2018, for more details please follow the link: <https://www.frc.org.uk/getattachment/fb05dd7b-c76c-424e-9daf-4293c9fa2d6a/Guidance-on-the-Strategic-Report-31-7-18.pdf>

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In most reports the statement was presented as a summary with cross-references to other relevant information.

The summary statements varied from a couple of short paragraphs explaining the reporting requirement, and providing cross-references, to a more comprehensive overview of the board's approach to the section 172(1) duty.

Examples: [William Hill PLC](#) presented the statement as a summary with cross-references to the supporting information.



Cross-references used by **52%** of companies were specific

Another example of disclosure was the statement presented by [BP p. l. c.](#) which explained how the board addressed the section 172 duty and then cross-referred to elsewhere in the annual report to cover more specifically how each of the section 172(1) factors were addressed and how key stakeholder relationships were managed.

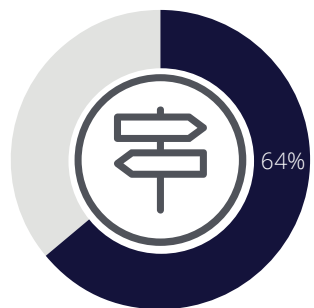
It is encouraging that, in general, cross-references were specific and effective, with companies pointing to relevant, useful additional information. In most statements, the content intended to comprise the statement was clearly identified with specific references, which helps readers to identify all relevant and intended parts.

Just over one third of companies were less precise in their references from their statements, pointing in some cases to whole sections of the strategic report.

A few reporters presented the statement as a self-contained disclosure with some minor cross-referencing.

[Travis Perkins plc](#) provided an example of a self-contained statement which was clearly identified with a title and minimal specific cross-references to further supporting information.

c. Matters discussed within the statement



64% reported on the likely consequences of decisions in the long term

Section 172(1) references six matters (a)-(f) that directors should consider; below we look at each of these in turn:

The likely consequences of any decision in the long term

The majority of reporters described or provided examples of how they had considered the impact of the company's decisions on community, environment and other stakeholders in the longer term.

Examples of decisions that were considered from a long-term perspective included pension policy, capital allocation or office location.

More insightful disclosures described how, during decision-making, the board had considered trade-offs between different stakeholders over the longer term, weighing up and evaluating the impacts upon each group.

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Examples: [Lloyds Banking Group plc](#), [Royal Dutch Shell plc](#), [Legal & General Group Plc](#) explained the impact of their decisions on different stakeholder groups.

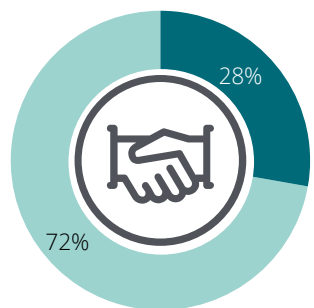
The consequences of decisions in the long term were often either missed out of the statement or not explained in a meaningful way. This is perhaps not surprising in view of the challenges the FRC has faced in encouraging companies towards a two-stage process for their viability statement² which calls for an assessment of longer-term prospects in addition to viability.

Example: [SEGRO plc](#) explained the impact of their decisions in the long term.

Stakeholder-related matters

These matters were commonly well-described, and included:

- 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.



28% of reporters discussed stakeholder engagement within the section 172(1) statement itself, **72%** cross-referred the disclosures on stakeholder engagement from their section 172(1) statement to another part of the annual report.

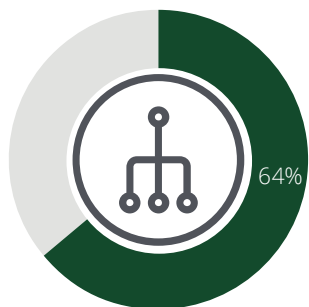
In discharging their section 172(1) duty, directors should have regard to the interests of stakeholders, thus they need appropriate information about the needs of stakeholders to make informed judgements. Obtaining this information is likely to involve stakeholder engagement, whether through day-to-day business interactions or through specific processes, structures or channels established for engagement.

The relationship with each stakeholder group will be different. More informative reports explained how the board gets comfortable that these relationships are managed effectively and demonstrated that there is sufficient visibility of relevant stakeholder engagement activities and their outcomes in the boardroom to inform decision-making and delivery of strategy.

A few companies made clear that stakeholder engagement can take place at two different levels: operational and board. Best practice disclosures made clear, where engagement took place at an operational level, how the outcome of this engagement with stakeholders was brought to the boardroom for consideration. [Standard Life Aberdeen plc](#) and [GlaxoSmithKline plc](#) drew out these two types of interaction – direct (by the board) and indirect (through other communication mechanisms within the company).

² The FRC's Financial Reporting Lab report, "Business model reporting; Risk and viability reporting", published in October 2018, gives some insight into disclosures that investors value most. The most useful viability statements describe how management balance the longer-term prospects of the company's business model with the risks and uncertainties that the company might be subject to. For more details please see: <https://www.frc.org.uk/getattachment/43c07348-e175-45c4-a6e0-49f7ecabdf36/Business-Models-Lab-Implementation-Study-2018.pdf>

Most reporters presented information about stakeholder engagement in a visually engaging way, being either a table or a diagram.



The stakeholders identified in the section 172(1) statement in **64%** of reports were broadly consistent with those identified in the business model.

Companies are also encouraged to explain how they engage with and consider any other stakeholders relevant to their business model. The list of stakeholders commonly consists of employees, customers, suppliers, shareholders, communities and environment. Many companies also included regulators and governments as key stakeholders.

Understanding stakeholders' concerns

The FRC³ expects that the section 172(1) statement should cover “the concerns raised by stakeholders, how companies have understood the issues, and how they have thought carefully about how these impact on the long-term success of the company”.

Just over two-thirds of companies provided good examples of key issues affecting their stakeholders, by describing one or more concerns expressed by their stakeholders.

Examples: [HSBC Holdings plc](#) and [Barclays PLC](#) explained different areas of concern for their stakeholders and the actions taken in response to those.

In the context of increasing societal understanding of climate change and the need to take action, investors and other stakeholders are seeking more informative disclosures about companies' environmental responses.

The FRC's Financial Reporting Lab's report “Climate-related corporate reporting” assists companies in their climate-related reporting to help them to meet investor expectations using the recommendations of the Task Force on Climate-related Financial Disclosures (‘TCFD’) framework⁴. So it was good to see that the environmental aspect has been addressed by most companies (92%) with some including detailed case-studies drawing attention to climate impact or engagement with relevant stakeholders and the Board's response.

Example: [Anglo American plc](#) draws attention to the environmental aspects of their project, outlining engagement with relevant stakeholders and key Board considerations.

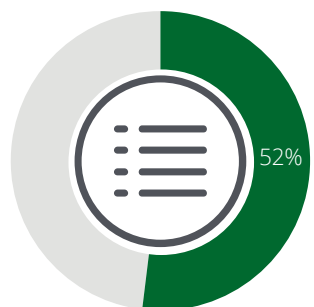
³ The FRC's report “Annual review of the UK Corporate Governance Code” published in January 2020. For more details, please see: https://www.frc.org.uk/getattachment/53799a2d-824e-4e15-9325-33eb6a30f063/Annual-Review-of-the-UK-Corporate-Governance-Code-Jan-2020_Final.pdf

⁴ The FRC's Financial Reporting Lab report “Climate-related corporate reporting” published in October 2019. For more details, please see: <https://www.frc.org.uk/getattachment/85121f9f-15ab-4606-98a0-7d0d3e3df282/FRC-Lab-Climate-Change-Final.pdf>

The desirability of the company maintaining a reputation for high standards of business conduct

Most reporters (84%) explained this matter by cross-referencing to their Corporate Governance Statements where there was further discussion of how the board established the company's ethical values and expectations.

Examples: [Rio Tinto Group](#) talks about trust and partnership with communities and governments plus customer and supplier relationships based on trust and transparency. [SEGRO plc](#) referenced to "Health and safety" and "Business ethics and modern slavery" sections, where they described company's policies and priorities in business conduct.



52% of companies reported on the need to act fairly between different groups of shareholders.

The need to act fairly as between members of the company.

The need to act fairly between members in public companies normally comes into play where there is potential asymmetry in shareholder interests or access to or ability to analyse information. This may arise for example where some shareholders have board seats or, as often is the case with institutional investors, are able to engage with companies directly on a regular basis. Also, minority shareholder interests and rights need additional consideration since these may not always align with those of the majority shareholders.

Just over half of reporters clearly acknowledged different groups of shareholders as members of the company and described how the interests of both groups are heard in the boardroom.

Example: [RELX PLC](#) identified different groups of shareholders and described how they had provided relevant information to them. [Legal & General Group Plc](#) held a meeting specifically for retail investors.

d. The Board's approach to decision-making

The interests of one group of stakeholders may not always be aligned with the interests of other stakeholders, or shareholders. In areas of conflict, or where the interests of one group have been prioritised over another, the section 172(1) statement should explain how the directors have considered the different interests and the factors taken into account in making that decision, or how the duty to act fairly has been executed.

18 statements identified one or more clear examples of decision-making or case-studies including key board decisions taken during the year in response to stakeholder concerns.

The FRC Guidance specifically calls out capital allocation and dividend policy as examples of principal decisions, but these were not frequently cited in the statements surveyed.

The most insightful examples of decision-making were those which were company-specific, where companies gave a real sense of the factors at play, how the decision could impact the company and how the board responded.

Examples: [Barclays PLC](#), [HSBC Holdings plc](#), [SEGRO plc](#) and [Travis Perkins plc](#) presented in a clear way examples of decisions taken during the year in response to stakeholder concerns raised.

3. Other observations

a. Workforce discussions

Section 172(1) calls for consideration of the interests of the company's employees by directors. However, the 2018 UK Corporate Governance Code speaks about the “workforce”, which is a term deliberately used to go beyond the Companies Act definition of employees to include contractors and others affected by the decisions of the board.

More than half of the companies appeared to use the terms interchangeably in the section 172(1) statement and elsewhere. In most cases they did not clearly explain in the annual report whether ‘workforce’ included others in addition to ‘employees’.

The FRC's Financial Reporting Lab's report on workforce-related corporate reporting⁵ encourages better disclosure in this area. The report provides a view from investors and companies about disclosures that can contribute to more informative workforce-related reporting.

b. Supplier payment practices

Government focus on establishing a responsible payment culture was echoed by the FRC as an example of stakeholder concerns that are relevant when complying with the section 172 duty. The FRC highlighted reporting on payment to suppliers in its October 2019 letter to CFOs and Audit Committee Chairs.

Board level monitoring of supplier payments and the payment culture in a company not only addresses supplier concerns but provides insight to a company's corporate culture itself. However, only 40% of companies mentioned supplier payment matters being considered by the board in the section 172 statement.

⁵ The FRC's Financial Reporting Lab report “Workforce-related corporate reporting” published in January 2020. Please see: <https://www.frc.org.uk/getattachment/59871f9b-df44-4af4-ba1c-260e45b2aa3b/LAB-Workforce-v8.pdf>

Examples

Signposting the statement

Beazley plc included the heading “Section 172 statement” in the list of contents for the annual report.

Strategic report

IFC	Highlights
	Our key performance indicators
01	Our key differentiators
02	Entrepreneurial spirit
03	Strong partnerships
04	Diversified business
08	Our business model
10	Navigating change
12	Management changes
16	Statement of the chair
18	Chief executive’s statement
22	Q&A with the chief executive
24	Chief underwriting officer’s report
28	Performance by division
30	Navigating change for 33 years
32	Financial review
32	Group performance
37	Balance sheet management
39	Capital structure
41	Operational update
44	Risk management
51	Responsible business
66	Section 172 statement
67	Directors’ report

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Summary statement with references

William Hill PLC described section 172(1) statement using cross-referencing to other relevant information.

The Board's Statement on s172(1)

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture. As part of the Board's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Illustrations of how s172 factors have been applied by the Board can be found throughout the Strategic Report. For example, information on how we respond to the changing global gaming market can be found on pages 17 – 19; for details on how we have considered the impact of the Company's operations on the community and environment see pages 48 – 49; for capital allocation and investment decisions, see pages 51 – 57; and for an example of how the Board considered the likely consequences of decisions in the long term see the Retail case study on page 73. The Non-Financial Information Statement on page 50, should also be used to identify information relevant to s172 factors including for example, how the Company maintains high standards of business conduct. The adjacent table sets out our key stakeholder groups, how we engaged with them throughout the year and how we measured the effectiveness of the engagement. Read more about how the Board consider the views of shareholders, employees, customers and other key stakeholders in their decision-making on pages 72 – 73.

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Self-contained statement

Travis Perkins plc is provided an example of a self-contained statement which was clearly identified with a title and minimal specific cross-references to further supporting information.

Section 172 statement

Engaging with stakeholders

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and working together towards shared goals assists us in delivering long-term sustainable success.

Our Group comprises a number of business units, all of which have extensive engagement with their own unique stakeholders as well as other businesses in the Group. The governance framework delegates authority for local decision-making at business unit level up to defined levels of cost and impact which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making.

The leadership teams of each business make decisions with a long-term view in mind and with the highest standards of conduct in line with Group policies. In order to fulfil their duties, the Directors of each business and the Group itself take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Reports are regularly made to the Group Board by the business units about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making. At Group level, the Board is well informed about the views of stakeholders through the regular reporting on stakeholder views and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. Details of the Group's key stakeholders and how we engage with them are set out below.

Shareholders

As owners of our Group we rely on the support of shareholders and their opinions are important to us. We have an open dialogue with our shareholders through one-to-one meetings, group meetings, webcasts and the Annual General Meeting. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including colleague surveys, forums, listening groups, face-to-face briefings, internal communities, newsletters and through our anonymous colleague concern line. Key areas of focus include health and well-being, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Board ensuring consideration is given to colleague needs. The newly formed "Colleague Voice Panel" will help in this regard.

Customers

Our ambition is to deliver best-in-class service to trade customers. We build strong lasting relationships with our trade customers and spend considerable time with them to understand their needs and views and listen to how we can improve our offer and service for them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands, with fixed range/fixed price models for small trade customers, and more flexible access to a wider product range with volume-related discounting in the Merchant businesses.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews and we also host regular conferences to bring suppliers and customers together to discuss shared goals and build relationships. Key areas of focus include innovation, product development, health and safety and sustainability. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis.

Communities

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at a site level to raise awareness and funds. The key issues and themes across local communities are reported back to the Board. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of plastic and how this might be minimised.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Further information on the ways in which the Board engages with stakeholders is set out in the Governance Report on pages 75 to 79 including the ways in which it plans to strengthen the employee voice at Board level and further information on environmental considerations can be found in the Sustainability Report on pages 52 to 66.

Strategic report
Governance
Financial statements
Shareholder information

Travis Perkins plc continued

Section 172 statement continued

Decision-making in practice

One of the major decisions made by the Group this year was to demerge the Wickes business. In making this decision the Board considered the interests of and the impact on all stakeholders. To provide insight into the approach taken by the Board, a summary of stakeholder views and conclusions is set out below.

Stakeholder	Stakeholder views	Conclusions
Shareholders	Our shareholders want us to maximise returns in a responsible way and support our strategic aims to focus on advantaged trade businesses and to simplify the Group.	The demerger will create two separately listed and focused groups, each with separate boards and management teams and the autonomy to execute its own distinct strategy and allocate capital to its customer proposition and growth opportunities with a clear focus maximising the long-term success of both groups.
Colleagues	Our colleagues want to be kept informed of changes to the business and to be listened to in relation to changes which will affect them and their teams. They also want the business to provide security and opportunities to develop.	<p>The Wickes business has historically operated relatively standalone with its own largely independent management team so the majority of colleagues will not be materially impacted by the demerger.</p> <p>Overall, the demerger will result in a small increase in roles. It has also created opportunities for colleagues to move between Wickes and the Group and both parties have fully supported colleague moves between them.</p> <p>Views of colleagues across the Group affected by the demerger have been sought. This has resulted in action being taken to mitigate the impacts of the demerger and maximise opportunities resulting from it. For example, the Board intends to undertake a share consolidation immediately after the demerger to minimise the impact on colleague Share Schemes.</p>
Customers	Our customers want propositions that work for them and for the business to operate in an ethical way.	<p>The propositions required for trade customers and consumers are different and there is minimal overlap between the Travis Perkins business and the Wickes business and their respective customer bases. The Group will focus on providing a best-in-class service to trade customers whereas Wickes has most experience and advantage in delivering on the consumer segments of Do-It-For-Me ("DIFM"), DIY and local trade customers.</p> <p>Demerging into two separate groups, each with autonomy to execute its own distinct strategy with a clear focus, will allow each business to develop its own proposition tailored specifically for its own customer base.</p>
Suppliers	Our suppliers want to understand the impact of the demerger on their relationships and contractual arrangements. They are mindful of the potential impact on their revenues and margins but also see an opportunity for future growth.	<p>The Wickes business has historically operated relatively standalone and has built its own strong relationships with suppliers. Suppliers unique to Wickes and those unique to the rest of the Group will not be impacted by the demerger.</p> <p>There are a number of shared suppliers across the Group, resulting in the need to separate contractual arrangements for the demerger. The Board agreed a programme of engagement, working with shared suppliers to agree separate contracts in an open and constructive way.</p>
Communities	Our communities want our continued support with local causes and issues.	The work that both Wickes and the Group do in the community will not be affected as a result of the demerger.
Government and regulators	The government and regulators want us to operate in an ethical way and comply with laws and regulations.	<p>The demerger will maximise the long-term success of Wickes and Travis Perkins which is in the public interest.</p> <p>The Group has appointed relevant expert advisers to ensure that all obligations relevant to Wickes and Travis Perkins in relation to the demerger are fulfilled.</p>

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BP p. l. c. has described how the board addresses the section 172 duty and explains examples of board decision making, providing a structure for the other elements of their section 172(1) statement with concise cross-references to elsewhere in the annual report.

Section 172 statement

How the board complied with its Section 172 duty.

The board welcomes the new reporting requirement as an opportunity to explain how dialogue with stakeholders has informed and helped to shape its decisions. For example the board’s engagement with Climate Action 100+ in the lead up to the 2019 AGM.

Following the announcement of Bernard Looney’s appointment as chief executive officer (CEO) in October 2019, the board engaged with Bernard and the leadership team to develop the company’s new purpose, net zero* ambition and aims. This was supported by extensive dialogue with investors, governments, employees and other stakeholders.

Through working collaboratively with management and listening to feedback from the company’s many stakeholders, the board believes that BP is well positioned to respond to increasing uncertainty. We are embarking on a period of change to deliver on our purpose to reimagine energy for people and our planet, while reinventing BP so that we can succeed over the long term. This means continuing to deliver our investor proposition, while responding to society’s expectations.

Delegation of authority

The board believes governance of BP is best achieved by delegation of its authority for the executive management of BP to the CEO, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The board has adopted a long-standing corporate governance framework, which includes principles outlining:

- The board’s relationship with shareholders and executive management.
- The conduct of board affairs and the tasks and requirements for board committees.
- The board’s focus on activities that enable it to promote shareholders’ interests, including development of strategy, monitoring of executive action and ongoing board and executive management succession.

The framework is being reviewed to ensure it is best suited to support the evolving strategy and BP’s new purpose, ambition and aims.

The current framework covers the following principal areas:

1. **Company purpose:** pursuing BP’s purpose and accountability to shareholders for the company’s actions. This means focusing primarily on strategic issues, while having regard to economic, political and social issues and other relevant external matters which may influence or affect the development of BP’s business and exemplify through the board principles (including the executive limitations), its expectations for the conduct of the BP business and its employees.
2. **Strategy:** responsibility for establishing and reviewing the long-term strategy and the annual plan (the plan) for BP, based on proposals made by the CEO for achieving BP’s purpose.

3. **Monitoring decisions and actions of the CEO and the performance of BP:** including implementation of, and performance against, the strategy and the plan; and the exercise of authority delegated to the CEO. The board satisfies itself that emerging and principal risks to BP are identified and understood, systems of risk management, compliance and controls are in place to mitigate such risks and expected conduct of BP’s business and its employees is reflected in a set of values established by the CEO.
4. **Succession:** ensuring systems and processes are in place for succession, evaluation and compensation of the CEO, executive and non-executive directors and key members of senior management.

Those delegated to by the directors to take decisions have access to functional assurance support to identify matters which may have an impact on a proposed decision.

The Companies Act 2006 (CA2006) sets out a number of general duties which directors owe to the company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section 172(1)(a) to (f) of the CA2006 (s172 factors). In 2019 the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the company on behalf of its shareholders through the BP board.

Further information as to how the board has had regard to the s172 factors:

Section 172 factor	Key examples	Page
Consequence of any decision in the long term	New ambition and purpose	6
	Investment process	19
	Strategy	16
Interests of employees	Engagement, below and page	88
	Sustainability ‘Our people’	47
	Parental leave	89
	Alignment of ACB and option to carbon offset	34, 41, 44
Fostering business relationships with suppliers, customers and others	Engagement, below and page	88
Impact of operations on the community and the environment	New ambition and purpose	6
	See our support for CA100+ resolution and response	6
	Engagement, below and pages	40-45, 48
Maintaining high standard of business conduct	Governance, pages	81-99, 101
	Sustainability	40-49
Acting fairly between members	Stakeholder engagement, below and page	88
	Balanced long-term decision making	67
	Investor proposition	18

How we engage and foster strong relationships with some of our key stakeholders

Customers	Employees	Government and regulators	Investors and shareholders	Partners and suppliers	Society
<ul style="list-style-type: none">• Original equipment manufacturers collaborations.• Global customer brand tracking.• Customer events.	<ul style="list-style-type: none">• Pulse survey.• Town halls.• Helios awards.	<ul style="list-style-type: none">• Country economic impact reports.• Multi-stakeholder groups.• Government lobbying.	<ul style="list-style-type: none">• Annual engagement programme.• Quarterly and year-end results.• Annual general meeting.	<ul style="list-style-type: none">• Industry events and memberships.• Supplier workshops and training.• University collaborations.	<ul style="list-style-type: none">• Social media.• Community workshops and training.• Social investment programmes.
1 See bp.com/sustainabilityreport .	1 See Sustainability on page 47 and Corporate governance on page 88.	1 See bp.com/tradeassociations and bp.com/tax .	1 See Corporate governance on page 88.	1 See bp.com/technology .	1 See Sustainability on page 39 and bp.com/sustainabilityreport .

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Stakeholder engagement

Lloyds Banking Group plc presented in a very concise way what types of interactions they had with stakeholders, what concerns have been identified as a result of this engagement and what decisions have been made in response to those, consistently referring to the long-term implications.

COLLEAGUES	KEY BOARD DECISION CHANGING OUR REMUNERATION POLICY
<p>The Group has around 65,000 colleagues, who take pride in working for an inclusive and diverse Group and, with their support, we are building a culture in which everyone feels included, empowered and inspired to do the right thing for customers. Through our strategy we have made our biggest ever investment in colleagues to ensure that we continue to attract, develop and retain these skills and capabilities.</p> <p>Colleague priorities</p> <ul style="list-style-type: none"> Customer and value led culture Investment in training and IT Compelling colleague proposition Attractive reward structure <p>Direct engagement</p> <p>We work to maintain an open dialogue with our colleagues. During the year the Board communicated directly with colleagues through videos, webcasts, and our Group intranet, detailing the Group's performance, changes in the economic and regulatory environment and updates on our key strategic initiatives. We also hosted regular Ask Me Anything sessions providing the opportunity for colleagues and contingent workers to ask questions and receive real time responses directly from members of the Board.</p> <p>The Board places great importance on opportunities to engage directly with colleagues. The Board visited office locations throughout the UK, taking the opportunity to hear directly from colleagues about their work and their successes, passion, drive and commitment to improve the business for the benefit of the Group's customers.</p> <p>The Chairman also held a number of Town Hall sessions in locations across the country, meeting with colleagues and answering their questions about the Group and its business, in addition to regular and informal lunches and breakfasts with members of the senior leadership team to discuss business issues.</p> <p>The Group held its biggest signature annual event, Helping Britain Prosper LIVE, which was attended by over 5,000 colleagues and was broadcast live to all colleagues.</p> <p>This event, hosted by the Group Chief Executive with support from key members of the executive leadership team, provided the opportunity for our colleagues to hear and see first-hand how we are progressing our strategy and Helping Britain Prosper every day.</p> <p>The Board participated in the transforming ways of working labs, providing them with the opportunity to see first-hand the activity underway in support of improving the customer and colleague experience.</p> <p>Indirect engagement</p> <p>We held meetings throughout the year with our recognised unions, attended by the Chair of the Remuneration Committee and the Group Chief Executive. Key topics included the Living Wage, which applies to our whole workforce.</p> <p>In 2019, the Board agreed how they would engage with the workforce. The definition of workforce, was agreed by the Board as: Our permanent colleagues, contingent workers and third-party suppliers that work on the Group's premises delivering services to our customers and supporting key business operations.</p>	<p>The Group's Remuneration Policy was last approved by shareholders at the AGM in 2017 and has been in operation for the last three years. We have published our proposed revised Remuneration Policy within the Directors' Remuneration Report on pages 98 to 123.</p> <p>We have thought carefully about the purpose of remuneration and believe this is an opportune time to propose a simplified reward package that provides greater alignment with the Group's strategy and the experience of customers, colleagues and shareholders.</p> <p>The proposed policy comprises:</p> <ul style="list-style-type: none"> A significant reduction in executive pension contributions The introduction of a new long-term (restricted) share plan Continued simplification of the balanced scorecard <p>Our engagement process</p> <ul style="list-style-type: none"> Proactive engagement took place throughout 2019 with key stakeholders including shareholders, colleagues and the regulator to understand some of the drivers for change Our Remuneration Committee Chair consulted with shareholders representing over 30 per cent of our issued share capital on initial proposals and continued the dialogue as the policy evolved Consultations with our recognised unions took place to discuss key changes to colleague pension provisions Management have been focused on ensuring key proposed changes in variable reward structures are fit for purpose for colleagues across the Group as part of a fair and consistent reward package <p><small>Please see page 99 and 101 for further information on key areas of focus discussed with stakeholders.</small></p> <p>A workplan was discussed and agreed in February 2019 and as a result, the Board now receives a quarterly Workforce Engagement report which comprises two component parts:</p> <ul style="list-style-type: none"> A summary of the Board's engagement activity with colleagues Key themes raised by colleagues and trends on people matters, including, for example absence or attrition <p>The Board considers that the above arrangements are invaluable in giving them an understanding of the views of the workforce and encouraging meaningful dialogue between the Board and the workforce.</p> <p>The Board are committed to improving the transparency of workforce disclosure, and the Group participates in the Workforce Disclosure Initiative.</p> <p>In June 2019, the Group People and Productivity Director, presented to the Board on people and transforming ways of working, providing them with an update on the Group's people strategy, read more on page 19. The Board also receives regular updates on culture, read more on page 24.</p> <p>Our decision process</p> <p>The engagement that has taken place in 2019 has heavily influenced the decisions made by the Remuneration Committee. Further details of the feedback we received can be found on page 99. The Remuneration Committee has been mindful of the trend towards pay simplification across UK organisations. Shareholders have previously voiced that the Group's current construct is overly complex. Our new proposed Remuneration Policy has been designed to deliver a simplified variable reward approach. In addition to wholesale change of some reward structures, such as the introduction of the Long Term Share Plan, the Committee also decided to maintain some existing components considered important parts of the overall package. We have agreed to maintain the existing Balanced Scorecard structure which is considered a transparent and effective tool to drive and assess performance. To provide further understanding for shareholders, an explanation alongside the Policy as to why the measures included in the scorecard provide good strategic alignment is provided within the Directors' Remuneration Report.</p> <p>Long-term implications</p> <p>We believe the revised reward structure will incentivise long-term stewardship and promote good governance through a simple alignment with shareholders. Reductions in fixed pay and potential variable reward payouts will support reducing the gap between colleague and executive remuneration.</p> <p>We offer a competitive and fair reward package. Colleagues are also eligible to participate in HMRC approved share plans which promote share ownership by giving colleagues an opportunity to invest in Group shares. Further information can be found on page 116 in the Directors' Remuneration Report.</p> <p>Link to strategic priorities</p> <ul style="list-style-type: none"> Maximising Group capabilities <p>The Group believes that a diverse workforce is critical to performance and regular progress updates are provided to the Board.</p> <p>As well as its own engagement survey, the Group also takes part in the Banking Standards Board assessment on a yearly basis, which provides member firms with the evidence, support and challenge to help them achieve and maintain high standards of behaviour and competence both individually and collectively. There are five parts to the assessment: an online employee survey, a set of Board questions, interviews with Executive and Non-Executive Directors and employee focus groups.</p> <p>Our response to colleague priorities</p> <ul style="list-style-type: none"> Improved employee engagement Fair and competitive pay and remuneration structure Championing Britain's diversity <small>Read more on page 34</small> Transforming ways of working <small>Read more on page 19</small> EU exit preparations

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The new section 172(1) statement – observations from first reporters

Royal Dutch Shell plc presented principal decisions in a comprehensive way, clearly describing the impact on different stakeholders and the actual outcomes.

Approval of Shell's Operating Plan 2020-2022 (OP19)

The approval of OP19 followed an in-depth review by the Board of proposals on capital allocation, capital investment outlook, competitive outlook, operating expenses, return on average capital employed and shareholder distributions. This includes reviews in October 2019 as an advance engagement on OP19 while it was under preparation, and in December 2019 for final approval.

How were stakeholders considered

OP19 discussions included a full review against Shell's three strategic ambitions: thriving in the energy transition, world-class investment case, and strong societal licence to operate. The Directors and Executive Committee balanced the priorities in the operational plan versus the strategy by using feedback received as part of continuous engagement with investors, discussions with equity and debt market analysts and commitments made regarding share buybacks, gearing and organic free cash flow.

The plan was discussed extensively and included commitment to continue investing in the energy transition, which is a reflection of the importance that communities and interest groups were likely to place on key societal contributions/efforts regarding carbon-neutral offerings for mobility customers, growth in Nature-Based Solutions, support for Net Carbon Footprint ambition reductions and published government plans related to the energy transition.

In the assessment, the interests of investors and capital markets received particular focus and featured heavily in many discussions, and potential differing interests of debt and equity investors was observed. This was balanced against the importance of the value placed on Shell by society (including communities, employees, customers, suppliers) for the services provided by the business and the way in which we conduct business.

Information on employees and our organisational structure featured as part of OP19. The plan maintained the approach to salaries, benefits, health, worker welfare, focus on employee experience and training.

Metrics agreed within OP19 underpin the 2020 organisational scorecard, against which all employee bonuses are calculated. Both the Board and the Remuneration Committee discussed these metrics at length to ensure they are suitably stretching and motivating, support the right culture within the business and align to the strategic ambitions.

What was the outcome

Following the review of the draft plan, the Board requested further information on specific matters such as capital allocation, new energies and organisational aspects, several of which included certain stakeholder groups. Responses were provided on these items and changes were incorporated into the plan where appropriate.

The early review of the plan identified weaker macroeconomic conditions and challenging outlooks. Although an unwelcome message for stakeholders, this was communicated to the market at the end of the third quarter and reiterated it in the fourth quarter results.

The overall outcome of this decision is an operating plan that the Board believes underpins Shell's strategic ambitions and has taken into account different stakeholder views, realising that not all stakeholder views can nor will completely align with OP19.

While stakeholder opinion may differ on Shell's approach, OP19 is based on the demand for products and services by society. OP19 supports the Company maintaining a reputation for high standards of business conduct, Health, Safety, Security and Environment and maintained the approach to employee remuneration and benefits to pensioners. OP19 seeks to reward our investors with returns and maintaining long-term financial strength to invest in more and cleaner forms of energy and meet the current and future needs of society.

Investing in new business and acquisitions

Over the course of the year, the Board discussed and approved several new opportunities and projects across the different segments. The Board focused on Power and discussed and approved the continued implementation of the Power Strategy. It made certain recommendations to Management and appraised potential investment opportunities which comprised wholly-owned acquisitions and joint-venture opportunities. The Board receives regular updates and maintains oversight of the operations of the New Energies business even though many of the investments in this area are below the threshold for Board decision.

How were stakeholders considered

The Board obtained a clearer perspective on the pace of local energy transitions, regulation, changing customer needs and technology. This enhanced awareness was used to evaluate the possible impact on stakeholders and risks to its reputation in relation to certain stakeholder groups.

Oil and Gas – During the year Shell has secured new opportunities in a number of regions, some of which were considered and approved by the Board. The Directors carefully reviewed new significant entries and risk and rewards of new projects. During these discussions, the Board was cognisant that some stakeholders may not agree with Shell's strategy to continue to invest in oil and gas during the energy transition.

Purchase of ERM – Although below the normal threshold of investments for Board approval, the discussion was the result of earlier Board requests to enhance its understanding of the New Energies investments, customer demand, the alignment with the Shell strategy and the Board's commitments to its stakeholders including investors. During discussions, particular attention was paid to the alignment of assets owned by ERM with Shell's overall long-term ambitions, and stakeholder views. The discussions and considerations for the purchase of this listerity covered its business, assets and people, assets and synergies, fit with the Shell Power strategy and the ability to generate returns while playing a role in the transition to a lower-carbon future. The Board also reflected on the Shell brand and its ability to retain ERM customers under new ownership.

Eneco – The attempted purchase of Eneco is a clear example of the Board's reflections on feedback received from equity and debt market analysts and its statements made regarding the share buybacks, gearing and organic free cash flow. Further free cash flow reflects Shell's desire to increase its operations in this area. Significant engagement was undertaken as part of the bid preparation, which included understanding customer sentiment, government and local municipality opinion and the ability to retain Eneco employees following transfer of ownership in the event of a winning bid. The outcome of this engagement was provided to the Board.

For both proposals, the Board considered the interests of investment partners and potential organisational, cultural differences. Customer relationships, local regulatory knowledge and other stakeholder relationships including local community views were also discussed. The Board also discussed how the potential deal(s) could be received by investors and the equity analyst community. The Board was particularly cognisant that investors would want to understand how acquisitions would fit within the existing financial framework and the impact if any on: expected outturns, the share buyback programme, cashflow; and capital investment.

What was the outcome

As a result of discussion and decisions in this area, the Board obtained insights on renewables growth, customers' priorities (around price and interest in clean power), as well as information on anticipated market direction and regulatory frameworks. The Board also committed a large part of its annual strategy event and committed further time later in the year to enhancing its understanding of New Energies and the opportunities in Power through, for instance, site visits with companies, governments, regulators, academics and potential customers. (Read more on page 122)

Oil and Gas – The Board recognises that societal views vary widely in this area. However, it must also bear in mind that global demand for energy is still growing. Although renewable resources will meet a growing share of the rising energy demand, Shell and other experts believe there continues to be a need for oil and gas for many years to come through the energy transition. The Directors also appreciate that it is this business that provides the capital to invest in the energy transition.

Purchase of ERM – Following discussion in the early part of the year, the Board was keen to better understand New Energies' investments, their alignment with the Power Strategy and the new opportunities being potentially pursued. It now receives summary information of smaller deals and clarifications on the strategic and business alignment of the larger deals. The Directors asked questions and shared their expertise when provided with these updates.

Eneco – The Eneco discussion covered many Board meetings, with questions coming from each discussion and further research and understanding provided back to the Board. As Management and the Board have been clear that they will only pursue ambitions in this area at the right cost, the bid from the Shell consortium was lower than that of its competitors and therefore unsuccessful.

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Legal & General Group Plc presented stakeholder impact analysis addressing the risks stakeholders face as a result of decisions taken.

Looking at one of the decisions in more detail: Sale of the GI business

In April 2019 the Board approved the sale of the General Insurance business (comprising principally our home insurance and pet insurance businesses) to Allianz, subject to receipt of the necessary regulatory and competition authority approvals, with the sale subsequently completing on 31 December 2019. The sale included a substantial workforce and required the establishment of transitional services arrangements.

Our stakeholder impact analysis identified the following risks and benefits to our key stakeholders:

Risk	Mitigant/Benefit
The Legal & General employees dedicated to the General Insurance (GI) business may be negatively impacted as a result of the sale	In order to secure jobs and benefits for the employee workforce dedicated to the GI business we negotiated for all such employees to be transferred to the purchaser's group with protection of their contractual terms and conditions, and continuity of service as part of the transaction, avoiding to the extent possible any negative impact of the sale on the affected workforce. We also ensured communication and consultation was opened up to the whole impacted workforce directly rather than solely with their representatives, thereby exceeding our legal obligations. In recognition of the personal uncertainty for our people, we ensured they had access to regular town hall briefings and a dedicated mailbox for any questions. We consulted extensively with our trade union, Unite, as well as our Management Consultative Forum.
Customers may be unsettled or treated differently as a result of the sale	The impact on customers was a key consideration when agreeing the sale. In particular, the Board considered metrics illustrating the level of customer satisfaction with the buyer, which reflected a strong track record with regards to customer service in the UK market. Additionally, Legal & General customers will benefit from becoming part of a corporate group for which general insurance is a strategic focus.
Existing suppliers suffer disruption or detriment	As part of the sale, and following engagement with our suppliers, it was agreed that transitional support of certain supplier contract management services would continue to be provided by Legal & General to allow an extended period to arrange an orderly migration for suppliers.
Regulatory risk	There was proactive engagement and dialogue with both the PRA and FCA throughout the sale process.

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Long-term considerations in decisions

SEGRO plc explained the long-term implications of their decisions.

INVESTING FOR THE LONG TERM

Much of the Board's decision making is focused around ensuring that the Company is sustainable in the long term. This is particularly relevant as we celebrate our centenary.

- Each year, the Board considers our Medium Term Plan, which assesses the opportunities and risks for the Company over the following five years, and forms the basis of our Viability Statement.
- Once a year, the Board takes two days to consider the long-term strategy of the business, incorporating presentations and discussions on longer-term opportunities and threats to the business. In particular, this has focused on emerging technologies which have the potential to disrupt our business model.
- Throughout the year, the Board reviews the Company's approach to Risk and takes a keen interest in how risks rise and fall in importance and what measures the Company is taking to mitigate the near- and longer-term risks to the business.

Real estate is an inherently long-term business and the Board therefore takes a long-term approach to all of its decision-making. For example, in 2011, when the Board approved the current strategy, particularly the need to reposition the portfolio, the results have been felt over the past few years, and are reflected in the strong share price performance, high customer retention rates, low vacancy and consistently strong employee engagement scores.

To have survived in business for 100 years is testament to our reputation for integrity, maintaining high standards of business conduct and nurturing a supportive culture, anchored by a strong Purpose and set of Values.

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The new section 172(1) statement – observations from first reporters

Board engagement with stakeholder issues

Standard Life Aberdeen plc presented in a clear manner two types of interaction with stakeholders – direct and indirect

Stakeholder engagement

The Board recognises that the long-term success of our business is dependent on the way it interacts with a large number of stakeholders. The table below sets out the Board's focus on our key relationships and shows how the relevant stakeholder engagement is reported up to the Board or Board Committees.

Who are our key stakeholders?	How does the Board engage with them/understand their views directly?	How does the Board engage with them/understand their views indirectly (via information from management)?	How does that engagement support the Board's decision-making?
Clients and customers  Read more on pages 12 to 17.	<ul style="list-style-type: none"> The Chairman, CE and Vice-Chairman meet directly with key clients and report to the Board Board met with clients during its visit to Philadelphia 	<ul style="list-style-type: none"> Global Head of Distribution reports at each Board meeting on key client engagement, support programmes and client strategies Specific Board report on key client management Reasons for client wins/losses reported Results of client perceptions survey/customer sentiment index reported 	<ul style="list-style-type: none"> Engagement supported the development of the key client management process, the Wealth business, and initiatives such as the 'students of clients' programme
Our people  Read more on pages 18 to 21.	<ul style="list-style-type: none"> Meet the NEDs sessions and NED engagement dinners Employee engagement NED appointed CE and CFO 'Town Hall' sessions 	<ul style="list-style-type: none"> Updates from Melanie Gee on a wide range of employee engagement activities Full specific programme supported by the Board (see page 58) 	<ul style="list-style-type: none"> Engagement feedback recognised in Board discussions
Business partners/supply chain  Read more on pages 22 to 27.	<ul style="list-style-type: none"> Risk and Capital Committee review the number of suppliers and how they are managed Audit Committee leads on assessment of external audit performance and service provision Engagement with FNZ in relation to the Platforms business 	<ul style="list-style-type: none"> COO attends each Board meeting and reports on key supplier relationships Supplier surveys undertaken Tendering process include smaller level firms Access and audit rights in place to key suppliers Modern slavery compliance process in place Procurement/payment principles in place Certain key suppliers regularly discussed at Audit Committee, Risk and Capital Committee, Board and SLSL Board 	<ul style="list-style-type: none"> The Platforms strategy, IT and transformation discussions have included a focus on the quality, service provision, availability and costs of relevant suppliers
Society Communities  Read more on pages 22 to 27.	<ul style="list-style-type: none"> Chairman/NEDs/EDs attend relevant events Board support for EDs taking up outside appointments 	<ul style="list-style-type: none"> Stewardship/sustainability teams report regularly to the Board Feedback on annual Sustainability and TCFD Reports Review of charitable giving strategy ESG presentations to the Board 	<ul style="list-style-type: none"> Considered as input to the Group's culture and strategic drivers
Regulators/policymakers/governments  Read more on pages 22 to 27.	<ul style="list-style-type: none"> Regular engagement with CE, Chairman and Committee Chairs FCA presents to the Board at least annually 'Dear Board/CE' letters Relevant CE engagement with regulators in overseas territories (MAS, CSSF, CBI, SEC) 	<ul style="list-style-type: none"> Chief Risk Officer (CRO) updates at every Board meeting Reports on the results of active participation through industry groups 	<ul style="list-style-type: none"> Relevant Board decisions recognise regulatory impact and environment
Strategic partners  Read more on pages 28 to 33.	<ul style="list-style-type: none"> CE on Board of HDFC Asset Management and CFO on Board of HDFC Life ED direct meetings 	<ul style="list-style-type: none"> Specific updates in CE report As appropriate, reports to Board/Committees from representative Directors Two ELT members serve on the Phoenix Board 	<ul style="list-style-type: none"> The development of our business through our relationships with Strategic partners is an important element of the Board's strategy
Shareholders  Read more on pages 28 to 33.	<ul style="list-style-type: none"> Results, AGM presentations and Q&A Chairman, CE and CFO meetings with investors Remuneration Committee Chair meetings with institutional investors Publication of Shareholder News Dedicated mailbox and shareholder call centre team Chairman/CE/CFO direct shareholder correspondence 	<ul style="list-style-type: none"> Regular reports from the Investor Relations Director/Chairman/Chairman of Remuneration Committee summarising the output from their programmes of engagement Weekly Investor Relations reports distributed to the Board As relevant, feedback from corporate brokers 	<ul style="list-style-type: none"> Engagement supported various decisions including the final terms of the CFO Deferred Share Plan award in 2019

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GlaxoSmithKline plc described the alternative ways in which the Board engages with stakeholders.

To further improve their understanding of stakeholder matters, Board members are also encouraged on an individual level to meet with employees, shareholders and other key stakeholders as part of their induction and thereafter on an ongoing basis for business awareness. They are encouraged to report to the Board on their experiences where relevant and material.

The Board is also advised of stakeholder views in a number of different ways, including:

- The CEO’s Board Report
- Monthly stakeholder perception reports
- Businesses updates
- Business development analysis and justifications
- Board and Committee evaluations
- Remuneration policy reviews and the wider workforce pay perspective
- Culture and Succession planning updates
- Workforce Engagement Director’s updates
- Annual Governance Meeting
- Annual General Meeting
- Employee survey reports
- Briefings during Annual Strategy meetings
- The Annual Budget and Business planning process and
- Corporate governance and regulatory development updates

During the year, the Board received and considered independent research into stakeholder perceptions of GSK’s corporate reputation and views on its approach to ESG issues.

Stakeholder concerns

HSBC Holdings plc explained what actions have been taken in response to different stakeholders’ areas of focus.

How we do business

Acting on feedback

Acting on customer feedback helps us to improve our services, processes and communication. Here are some examples of actions that we have taken in response to feedback:

Area of focus	Action
Making banking accessible	We use facial and touch authentication on Apple and Android devices in 18 markets. HSBC Voice ID, which is available to our telephone banking customers in five markets, had over three million registered users in 2019. In November 2019, over 89% of customer transactions globally were conducted via mobile or online channels. These included more than 32% of cards and deposit account sales and approximately 45% of loan sales. In the UK, Hong Kong and Mexico, we introduced new no-cost or low-cost bank accounts to help more people access financial services. In Hong Kong, we made it easier and faster to make payments through our PayMe app, using the Faster Payment System, a more intuitive design and the ability to top up with a non-HSBC bank account.
Making our processes easier	In the UK, our mortgage process simplification resulted in 75% of successful applications receiving an offer within 10 days, an improvement from 48% in 2018. We also made it easier for international customers to take out a mortgage through new specialist teams who provide customers one point of contact for guidance. In the UK and Canada, we launched digital investment advice platforms that offer low-cost multi-asset solutions tailored to customers’ risk profiles. In Hong Kong, we introduced FlexInvest, which provides a simple mobile journey for investment funds and makes investing accessible to more people through a low minimum investment amount and zero transaction fees.
Communicating more simply and proactively	For customers who find insurance products difficult to understand, we aim to use plain language. In Hong Kong, we launched an online platform that explains complicated insurance concepts through games, videos and articles. In the UK and Hong Kong, we are proactive in sending digital messages to support our customers and treat them fairly, from fraud prevention warnings to missed payment notifications to overdraft warnings. In the year to October 2019, we sent over 11 million SMS messages notifying UK customers to make a deposit to avoid overdraft charges, which were acted upon in 58% of cases in HSBC UK and 75% in our first direct brand. In 2019, some UK customers were not provided overdraft warnings because of a policy to not disturb customers during late night hours and a technical issue. We fixed this issue and will provide a refund to affected customers.

The new section 172(1) statement – observations from first reporters

Barclays PLC presented in a clear manner what areas of focus have been identified through the engagement process and how the company addressed those.

Barclays aims to create value for its stakeholders, balanced across both the short and the long term. We engage with our stakeholders to better inform them of our activities and to create mutually supportive opportunities and outcomes for them.

Who are our stakeholders?	Why we focus on these stakeholders?	How do we engage them?	What do they tell us?	How do we respond to them?
CUSTOMERS AND CLIENTS Our customers and clients are those stakeholders who use our products, services and financial expertise. See pages 20 to 27	Our customers and clients are central to our business – without them, we would not exist.	We engage and build our relationships with our customers and clients in a number of ways, from face-to-face interactions to the award-winning Barclays App. We conduct a wide range of customer and client research to better understand their interactions with, and expectations of, Barclays. This includes close analysis of our NPS and monitoring of customer complaints.	Based on data from millions of individual transactions and personal interactions, our customers and clients tell us they want: <ul style="list-style-type: none"> ▪ to be able to trust that our products and services meet their needs ▪ value for money ▪ to find Barclays easy to deal with. These insights help to inform our business decisions and improve our products and services.	In 2019, we developed our services following engagement with our customers and clients. These included: <ul style="list-style-type: none"> ▪ holding events for customers and clients ranging from our Eagle Labs to over 200 local clinics for UK SMEs to prepare for Brexit ▪ the upgrade of BARX as an integrated, cross-asset electronic trading platform to create a better experience for Investment Bank clients ▪ raising the unsecured lending limit to £100k for SME clients with a digital application process allowing clients to receive money within 24 hours.
COLLEAGUES Our colleagues embody our culture and provide excellent service to our customers and clients. See pages 28 to 31	Our people are our most valuable asset. They make a critical difference to our success, and our investment in them protects and strengthens our culture.	We have an established approach to engaging colleagues to ensure we take their perspectives into account in our decision-making and action plans, and share with them our strategy and progress. Our employee opinion survey formally captures their views and is a key part of how we track engagement. Our leaders engage face to face with colleagues locally and we engage collectively, including through an effective partnership with Unite, and the Barclays Group European Forum.	In the 2019 employee opinion survey, our colleagues <ul style="list-style-type: none"> ▪ overall colleague engagement score is 77% ▪ 88% say they are able to work dynamically, and 80% would recommend Barclays as a good place to work ▪ only 61% said the stress levels at work are manageable and only 53% believe that we have been successful in eliminating obstacles to efficiency. This data and other insights form an important part of our decision-making, and improving these scores is a key priority.	The results from our employee opinion survey help shape how we run the business and the areas that will make a real difference to our colleagues. <ul style="list-style-type: none"> ▪ we ensure everyone is kept up to date on the strategy, performance and progress of Barclays through a co-ordinated, multi-channel approach across a combination of leader-led engagement, and digital and print communication ▪ we are continuing to focus on tools and training for physical and mental well-being and we are investing in technology and in our premises.
SOCIETY Society is represented by the communities in which we serve as well as the world in which we live. See pages 32 to 35	Delivering long-term returns for all our stakeholders depends on deep and thoughtful engagement with the numerous individuals and interest groups representing wider society.	We engage in a continual dialogue with non-governmental organisations (NGOs) and other interest groups to improve our understanding of current and emerging environmental and societal topics. We participate in multiple sustainability and human rights forums and global and regional industry initiatives, engaging directly through Barclays' Sustainability and Environmental, Social and Governance (ESG) teams.	During 2019, our society stakeholders told us that they wanted to hear more about: <ul style="list-style-type: none"> ▪ supporting our customers and clients in the transition to a low-carbon economy ▪ responsible financing for companies in sensitive energy sectors ▪ managing our broader environmental and social impacts ▪ the support we're giving to the communities in which we operate. 	We responded on key topics in 2019 through a wide range of initiatives including: <ul style="list-style-type: none"> ▪ publication of our <i>Energy & Climate Change and Forestry and Palm Oil Statements</i> ▪ becoming a founding signatory of the United Nations Principles for Responsible Banking ▪ continued growth in our suite of green finance products ▪ maintaining ongoing dialogue with a wide range of NGOs ▪ further engagement on ESG with investors and broader stakeholders ▪ launching <i>Building Thriving Local Economies</i> pilots in the UK.
INVESTORS Our investor stakeholder group encompasses all parties interested in the success and sustainability of the business, from our shareholders and bondholders to regulators and public policy makers. See page 36	Delivering for our investors ensures the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders.	We conduct extensive engagement with our institutional equity and fixed income investors throughout the year. We have a collaborative and transparent dialogue with our regulators and work together to ensure we meet prudential and conduct based regulatory standards, contributing to a safe and robust banking system. Our AGMs give the Board the opportunity to engage with investors on the running of their company, and to receive feedback.	Discussions with our investors included: <ul style="list-style-type: none"> ▪ drivers of sustainable improvement in Group returns ▪ the macroeconomic environment and headwinds to the delivery of our strategy and targets ▪ our focus on cost efficiency and ongoing investment in digital and technology We continued to have constructive engagement with regulators, evidenced by positive stress test outcomes. ESG engagement increased during 2019, reflecting the pace of change in the industry and its importance to our investors.	We have responded to investors in a number of ways including: <ul style="list-style-type: none"> ▪ the new Chairman's 'listening tour', which helped to inform new deep-dive Board sessions ▪ passing the 2019 BoE and CCAR stress tests, giving regulators in the UK and US comfort in our capital position ▪ taking Barclays to its stakeholders, from 2020, the AGM will be held outside of London; our 2020 AGM will be held in Glasgow, where we are building a new strategic campus site.

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Environmental impact

Case study presented by Anglo American plc references stakeholder consultation when making a key decision.



▼ The Sakatti polymetallic project north of the Arctic Circle in Finland is currently at pre-feasibility stage.

Sakatti – responsible resource development

Sakatti is a wholly owned project, located 150 kilometres north of the Arctic Circle in Finnish Lapland, which we discovered in 2009. It lies on a rich polymetallic deposit containing base metals such as copper, nickel and cobalt, and also platinum, palladium, gold and silver. The high concentrations of these metals, combined with consistency of the deposit's mineralisation, make Sakatti a highly attractive deposit, with significant further exploration potential.

Though still at the pre-feasibility stage, Sakatti has seen substantial progress over the past decade in geological modelling, mineral resource estimation, updating of environmental studies, and an ongoing drilling programme over the asset's 240-kilometre² area.

Given the location of the Sakatti deposit, in a biodiversity-protected area, Anglo American is acutely aware of its responsibility to ensure minimal impact on the environment. We have established partnerships with Flora & Fauna International and Finnish biodiversity experts, as well as local and regional representatives, and continue to engage with NGOs who are concerned about the impact of a mine in such a pristine area, in order to ensure that we are implementing best practice in our biodiversity management approach.

For example, in collaboration with Finnish drilling contractor Oy Kati Ab, we developed a closed-loop drilling system that is designed to operate in an environmentally sensitive environment. The system has substantially reduced waste and water use and thus minimises our overall environmental footprint. And we have decided to build an access tunnel with the entrance five kilometres away from the ore deposit in order to reduce disturbance to the land above ground and the impact on reindeer herders.

We also worked closely with all of our stakeholder groups – residents, land and water rights holders, reindeer herders, environmental groups and recreational users, and municipal authorities and business – to identify the most suitable place to locate the mine's waste storage facilities and processing plant in order to protect the natural resources within the boundaries of the protected area and deliver net positive impact on biodiversity.

As the world shifts to cleaner energy, copper may well have the best fundamentals of any mined commodity for our cleaner, greener, more sustainable world of the future. Sakatti may still have a long way to go before it becomes an operating mine, but we believe it represents another big step, post-Quellaveco, in augmenting Anglo American's impressive copper-volume growth profile.

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High standards of business conduct

Rio Tinto Group described how trust, partnership and transparency is embedded through the interaction with different stakeholders: communities and government; investors; customer and suppliers.

Communities and governments

Introduction

Trust and partnership between us and the communities and governments that host our operations is vital.

Their interest in the potential impacts of our business both positive and negative, spans a wide range of issues. These include the taxes we pay and the jobs we create, as well as how our operations affect the local environment. Communities and governments seek our commitment to high standards in managing our operational footprint and respecting community and human rights. More recently, global trade, the transition to a low-carbon economy, renewables and energy, disclosure of mining contracts and taxes paid, the future of work, gender inclusion and Indigenous rights have been themes of focus.

How we engage and communicate

- Our approach to communities is based on regular dialogue and engagement at every stage of the life of our assets. We openly discuss all impacts and seek community feedback and participation.
- The Board has engaged civil society organisations who support communities locally or through global advocacy.
- We have a regular dialogue with host governments at the national and provincial levels, and with international organisations such as the World Bank, the International Finance Corporation and multi-stakeholder groups like the Extractive Industries Transparency Initiative.

How the Board has taken account of these interests

- In 2019, directors and senior executives attended structured roundtables with civil society organisations in Canada and Australia to discuss support for communities locally, and global advocacy on issues such as human rights and Indigenous peoples' rights, climate change and extractives transparency.
- The Board maintains a regular discussion on social issues and the environment and, in October 2019, we announced a partnership with Chinese partners to explore ways to improve environmental performance across the entire steel value chain.
- When approving the \$463 million Zulu South Project at Richards Bay in South Africa, the Board carefully considered the relationships with provincial government, municipalities and host communities that will be critical to the success of the project.
- During 2019, following government and community concern in the wake of the tailings dam disaster at Vale S.A.'s Feijão mine in Brumadinho, Brazil, Rio Tinto disclosed additional information relating to its global tailings facilities. This included information regarding the construction, management and monitoring of facilities, and independent reviews. The Sustainability Committee oversaw these updates on the certification and assurance processes for both tailings and water storage facilities at all current and legacy sites. A tailings validation taskforce was established which conducted a programme of technical risk reviews of the Group's facilities, and reported its findings to the Sustainability Committee.
- The Board has agreed to step up its direct engagement with local communities when visiting Rio Tinto sites in 2020.

Customers and suppliers

Introduction

Mining is a long-term business, and both our customers and our suppliers have an interest in developing mutually beneficial partnerships built on trust and transparency; they want to know that we will do what we say we will do.

The impact of changes in technology, geo-political and economic power and increasing societal demands to address climate change are creating potential structural shifts in the market. Our Commercial group, working hand-in-hand with our product groups, works closely with customers and suppliers, and in doing so, brings their voice, and the needs of a dynamic market, into our operational, investment and production decisions.

How we engage and communicate

- By extending our supply chain optionality into Chinese ports, we have enabled just-in-time deliveries, inventory management solutions and value-added services to our customers.
- In Bauxite, we combined the strong technical skills in our refineries with our deep customer relationships and insights to build a new market for our products in China.
- We are working with industry partners on the Aluminium Stewardship Initiative, leveraging the low-carbon emissions of our Canadian assets to deliver a product that is valued by our customers, such as the auto industry.
- Our Commercial group has continued to enhance how we engage with our markets and customers, in part by using technology, data and analytics. We are continuing to pilot the latest technologies, including blockchain and paperless solutions, to innovate the way we conduct our business and make our transactions more efficient, safe and cost-effective.

How the Board has taken account of these interests

In July 2019, the Board received a detailed teach-in from Simon Trott, our Chief Commercial Officer, to deepen our understanding of the supply chain and our customers' needs. The Board heard how the Commercial team aims to enhance its activities and the optionality in our portfolio to respond more dynamically to changes in the supply of and demand for of our products.

At that same meeting, the Board heard from Denise Johnson, Group President, Resource Industries at one of Rio Tinto's largest suppliers, Caterpillar, which is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. Denise focused on three key areas: partnership, environmental and social trends and technology and innovation.

To strengthen its understanding of customers' needs, Commercial undertook a survey across its key commodities targeting 266 customer companies in 25 markets. The survey built on previous ad hoc customer surveys in some product groups. The results were presented to the Board in November 2019, and will form a baseline for the Board to measure future customer surveys. Key insights included that technical knowledge of our customers' needs is a strength, and there is an opportunity to partner further to understand the technical changes in customer operations to inform our product offerings. There is also an opportunity to further simplify our customer interactions as part of our own technology agenda, particularly related to documentation, and shipping and logistics management.

A dedicated survey of suppliers will be conducted in 2020 and the Board intends to visit major customers in Asia.

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SEGRO plc referenced to “Health and safety” and “Business ethics and modern slavery” sections, where they described company’s policies and priorities in business conduct.

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SEGRO plc continued



The focus on Health and Safety is at the core of our business.”

ANDY GULLIFORD
CHIEF OPERATING OFFICER



HEALTH AND SAFETY WORKING GROUP

In 2019, the Health & Safety Working Group was created to ensure further proactive collaboration and communication on important health and safety topics relevant to SEGRO's activities.

The Working Group is chaired by the Group Health & Safety Manager and consists of Health & Safety Representatives from each of the seven European businesses within the Group, alongside a Human Resource representative. The quarterly meetings include a site visit to an operational asset or construction site and external specialists providing topical training.

The Working Group's responsibilities include overseeing the effectiveness of the implementation of, and compliance with, the Group Health & Safety Policy and Safety Management System to ensure the health, safety and security of all employees,

visitors and contractors. The Working Group also provides relevant recommendations to the Operations Committee (chaired by the Chief Operating Officer) which remains SEGRO's Health & Safety Committee for the Group. The Working Group ensures the sharing of best practice across the business, the understanding of the latest regulations and standards from external bodies and the implementation and enhancement of SEGRO's overall Health & Safety policies.

During the year, the Working Group visited UK and Italian construction sites and worked collectively to update local level safety training, improve construction standards on SEGRO projects with supporting guidance and local level safety reviews, and continue to promote and improve the safety on our existing estates.

OUR COMMITMENT

It is our responsibility to ensure that we provide and promote a healthy, safe and secure environment in which our employees and customers can work; this extends throughout our supply chain, including development projects. We aim to achieve these high standards through a combination of risk mitigation, training and promoting a widespread awareness and culture of health and safety.

OVERSIGHT

Health and Safety is at the core of our business. The Board maintains a strategic oversight, discussing key topics and receiving regular reports throughout the year as well as an annual update from the Group Health and Safety Manager. The Executive Committee discusses health and safety on a monthly basis and receives annual training to continue its awareness

of key issues within the industry. The Chief Operating Officer takes responsibility for the implementation of our Health and Safety policies with the support of the Operations Committee, which represents all Business Units and is supported by the Group Health & Safety Manager and the Health and Safety Working Group.

In 2019, our Accident Frequency Rate for employees remained at zero. Inevitably, incidents will occur on our operational estates or development sites that do not meet our high standards of health and safety. Whenever this occurs, we fully investigate to understand the causes, involving external consultants where appropriate. Findings and learnings are disseminated across the Group, including to the Board and Executive Committee, to ensure that we (and where appropriate, third parties) respond and improve our processes where necessary.

SEGRO plc continued

REWARDING AND RETAINING TALENT

SEGRO believes in treating all employees equally, including in respect of pay. SEGRO's median pay gap is 50 per cent, broadly in line with 2018 (representing the average pay of all men compared to the average pay of all women we employ in the UK).

While our median pay gap in the UK has narrowed over the past two years, it remains wide and reflects a relatively small sample size (we employ significantly fewer than 250 people in the UK) and the make-up of our workforce (we currently employ more men in senior roles than women). As highlighted earlier, we are determined to increase the number of women in senior positions in the Company. In the meantime, we continuously monitor levels of pay to ensure that we do not pay men and women differently for doing the same or similar roles. There is no evidence of significant differences in pay on this basis.

Every permanent employee is entitled to variable compensation which is based on their own and the Company's performance against targets and objectives. In addition, the Company operates share incentive plans through which shares are awarded to employees based on the Company achieving profit targets against budget (see page 108 for more details). In 2019, 98 per cent of eligible employees chose to participate in the UK and Continental European plans, each receiving 439 SEGRO shares.

In addition to fixed and variable compensation, we provide every employee with health insurance and the opportunity to join a defined contribution personal pension scheme to which the Company contributes and will match a proportion of additional personal contributions.

We want our people to achieve great things during their time with SEGRO, supported by appropriate resources, training and coaching. This commitment is reflected in the delivery of 3,507 hours of training to our employees during the year.

Every employee has an interim and full year appraisal, at which their performance is reviewed and objectives are set, alongside training needs to achieve their objectives. Employees are encouraged to set personal as well as professional objectives and training is available to support both. Aside from the formal appraisal process, the management structure facilitates two-way communication between manager and team member throughout the year.

We believe that this approach to rewarding and developing talent, alongside a supportive and collaborative company culture, is reflected in our low employee turnover of 5 per cent (2018: 9 per cent).

BUSINESS ETHICS AND COMBATTING MODERN SLAVERY

SEGRO has long recognised the importance of respecting the human rights of all our stakeholders including our own employees, our suppliers and the wider communities in which we operate. It is core to how we do business. Our commitment to this is reflected in our Code of Ethics, which highlights the importance for all at SEGRO and all those associated with SEGRO, of behaving morally, legally and ethically, consistent with our Purpose and Values.

SEGRO EMPLOYEE CODE OF ETHICS

The Code of Ethics sets out the high ethical standards expected of all employees and gives guidance on how to put these standards into practice. It incorporates policies on bribery, corruption and fraud; gifts and hospitality; insider trading; confidentiality; conflicts of interest; relationships with stakeholders; political and charitable donations; raising serious concerns; and modern slavery and human trafficking. Compliance with the Code of Ethics is a condition of each employee's employment. There were no material reported incidents of breaches of the Code of Ethics in 2019.

All new employees receive information on the Code of Ethics and are required to complete training on it within a month of joining the Company. In addition, all employees must certify each year (and have certified for 2019) that they continue to understand and adhere to the Code of Ethics. As part of the certification, all employees are also asked to confirm their compliance with the Criminal Finances Act 2017 to help ensure that the Company and its employees have not, and are not, facilitating tax evasion.

We are committed to building our employee awareness on ethical business practices and our people and others who work with SEGRO are encouraged to speak up without recourse, either through the independent confidential whistle-blowing reporting service or by talking to their line manager or a member of the Executive Committee, if they are concerned that the Code of Ethics is not being followed. Any breaches of the Code of Ethics are fully investigated and managed accordingly by the General Counsel or Group HR Director as appropriate.

The Code of Ethics also requires that appropriate systems and controls are implemented to ensure any suppliers, partners, contractors and others representing SEGRO, are appointed and managed responsibly in accordance with the Code of Ethics.

MODERN SLAVERY AND HUMAN TRAFFICKING

Our due diligence activities to combat slavery and human trafficking are risk based and correspond with the level of risk identified, reflecting the United Nations Guiding Principles on Business and Human Rights. We have systems and controls in place designed to ensure that modern slavery is not taking place anywhere within our organisation and throughout our supply chain. We require our suppliers, contractors and business partners to adhere to the principles in our Modern Slavery and Labour Standards Supplier Code, in accordance with our Anti-Slavery and Human Trafficking Policy, both of which can be found on our website, together with our latest annual Modern Slavery statement which was approved by the Board in May 2019. The Modern Slavery policies are supported by a clear statement that any person with concerns about modern slavery or human trafficking, either within SEGRO or within our supply chain, may report their concerns on a confidential basis to our General Counsel, our Group HR Director or to our independent confidential whistle-blowing reporting service.

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Need to act fairly between members of the company

RELX PLC described activities approved by the Board to act in the interests of all shareholders.

Acting fairly as between members of the Company (s.172)

The Board aims to understand the views of its shareholders and always to act in their best interests.


In 2019, the Board:

- Approved a range of activities designed to enhance value for all shareholders. These included a recapitalisation of the Company, overwhelmingly approved at the 2019 Annual General Meeting, to create long-term distributable reserves for future dividend payments; an ongoing share buyback programme; and a progressive dividend policy
- Received Investor Relations updates at every meeting and direct feedback from investors during specific consultation exercises and on publication of trading results and updates. The Annual General Meeting in 2019 provided an opportunity to understand the priorities and concerns of individual shareholders

Legal & General Group Plc held a meeting specifically for retail investors.

Engagement with our stakeholders

Shareholders

	<p>Overview</p> <p>Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.</p>	<p>Engagement</p> <ul style="list-style-type: none">• Full Board attendance at the AGM held in May 2019. Shareholders were given the opportunity to meet with the Board and ask any questions they had following the meeting.• The Chairman attended 16 investor meetings, covering topics such as group strategy, governance, the group's business lines and the wider macro-environment. Feedback from these meetings was shared with the wider Board.• In October 2019, Lesley Knox sent a letter to our largest investors requesting feedback on the directors' remuneration policy.• Investor Relations provides regular updates to the Board and engages the Board on shareholder-related matters. They also provide the Board with regular feedback on investors' views on business strategy and the market environment.• In order to provide better, direct access to retail shareholders, the Investor Relations team held a well-attended meeting with ShareSoc, an organisation of 5,000 retail investors. For those ShareSoc members unable to attend in person, the presentation was made available on the ShareSoc website.• We provide easy access for our shareholders to the company's announcements, results and investor information, via our company website which has a dedicated shareholder section. The website contains all London Stock Exchange regulatory announcements made by the company and a copy of all of our Annual Reports and related publications. A webcast of half-year and full-year results presentations are also made available via a link on the website which is permanently available.	<p>Outcomes</p> <ul style="list-style-type: none">• The retail shareholder meeting with Investor Relations (referred to on the left) took place on 18 November 2019 and was attended by 50 retail investors. The event was a success: 88% of respondents indicated they were more likely to invest in Legal & General following the presentation.• Five responses to Lesley Knox's letter regarding the remuneration policy were received from investors. This feedback was useful input into further developing the directors' remuneration policy.
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Decision-making

Barclays PLC described how the interests of different stakeholders have been considered when taking a decision.



Being accountable for our decisions

Our governance is designed to ensure that we take into account the views of all our stakeholders, so that our decision-making is collaborative and well-informed – both before and after we make our decisions public.

In October 2019, we announced that we would be withdrawing over-the-counter access to cash for our customers at Post Offices in the UK. This was a decision made after carefully balancing the economic impact of a significant increase in transaction fees, and our ability to put in place comprehensive plans to safeguard our customers' access to cash. Following our announcement, we continued to engage with customers, Members of Parliament, and the government. It became clear from this further engagement that our full participation in the Post Office Banking Framework is crucial to the viability of the Post Office network at this point in time.

As a result of that further engagement and debate, we reversed our decision. The Board has reviewed the planning and decision-making process around this issue. This has highlighted and reconfirmed, among other things, the importance of listening to all of our stakeholders, on an ongoing basis.

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HSBC Holdings plc specified which groups of stakeholders were considered in the Pension contribution decision.

Decision making

We set out below two examples of how the Directors have had regard to the matters set out in section 172(1)(a)-(f) when discharging their duties under section 172 and the effect of that on certain of the decisions taken by them.

Pensions contributions

The Board was required to consider and make a decision regarding an element of the UK defined benefit pension scheme in 2019. A group of current employees, ex-employees and pensioners of the HSBC Bank (UK) Pension Scheme, consisting of approximately 8,400 members, organised a 'Midland Clawback Campaign' group, which aimed to prevent HSBC and the pension scheme trustee from deducting an element linked to the UK state pension from the pension it provides to members when they reach state retirement age. State deduction, which is also referred to as 'pension integration' because it combines the UK scheme pension with the state pension to target an overall level of benefits, is a long-standing and recognised feature of schemes such as the HSBC Bank UK defined benefit pension scheme.

In making its decision on whether to remove the state deduction, the Board took into account the following information:

- HSBC had invited all scheme members subject to the state deduction to a town hall (with an audio line made available for those not able to attend in person) with senior management and an independent expert on the topic.
- HSBC had written directly to all 52,000 members of this section of the scheme, including a comprehensive set of frequently asked questions.
- HSBC met with committee members of the campaign group to discuss the communication to be sent by the Group, and the detail to be included in the frequently asked questions.
- HSBC had established, through its pension scheme administrator, a specific mailbox to receive and respond to any questions on this topic.
- HSBC had met with Unite and the chair of HSBC's employee representative body to explain the background to the state deduction and the comprehensive review that had been undertaken by the Group since this issue was raised by the campaign group.
- HSBC had responded to questions raised by, and met with, an all party parliamentary group formed in response to requests from the campaign group.
- HSBC had responded to informal enquiries presented by the Equality and Human Rights Commission further to requests from the campaign group.

This engagement ensured the Board understood the views of the campaign group, and could balance these views with the interests of the wider employee group and other relevant stakeholders in making their decision.

Having taken external legal advice on the implications of their request, after careful consideration the Board concluded that to further enhance the pension benefits to this group of members would be unfair to others whose pension arrangements are already less favourable.

As required by the campaign group, the Board included a resolution on the abolishment of the state deduction in the 2019 notice of AGM, with 96% of shareholders voting against abolishing the deduction.

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SEGRO plc provided a case study on the company's decision on relocation and described how the interests of employees were considered.

Effect on decisions: Set out below are some examples of how the Directors have considered s172 in their decision making.

The Company's move to a new London head office.

Noting the feedback from the 2018 Employee Engagement survey regarding the quality of our former London office, the Board reviewed a move to new, more modern premises. This included the re-location of 51 employees who had previously worked in our Slough office. When the Board considered the office move it took account of the impact for employees, along with the proposed changes to working practices and the financial assistance the employees re-locating from Slough would receive to help them to adjust to the new location. Shortly after the move, the Directors had lunch with the employees in the new London office in December to see how they were settling into the new environment.

Travis Perkins plc described how the interests of various stakeholders were considered when making a major decision.

Section 172 statement continued

Decision-making in practice

One of the major decisions made by the Group this year was to demerge the Wickes business. In making this decision the Board considered the interests of and the impact on all stakeholders. To provide insight into the approach taken by the Board, a summary of stakeholder views and conclusions is set out below.

Stakeholder	Stakeholder views	Conclusions
Shareholders	Our shareholders want us to maximise returns in a responsible way and support our strategic aims to focus on advantaged trade businesses and to simplify the Group.	The demerger will create two separately listed and focused groups, each with separate boards and management teams and the autonomy to execute its own distinct strategy and allocate capital to its customer proposition and growth opportunities with a clear focus maximising the long-term success of both groups.
Colleagues	Our colleagues want to be kept informed of changes to the business and to be listened to in relation to changes which will affect them and their teams. They also want the business to provide security and opportunities to develop.	<p>The Wickes business has historically operated relatively standalone with its own largely independent management team so the majority of colleagues will not be materially impacted by the demerger.</p> <p>Overall, the demerger will result in a small increase in roles. It has also created opportunities for colleagues to move between Wickes and the Group and both parties have fully supported colleague moves between them.</p> <p>Views of colleagues across the Group affected by the demerger have been sought. This has resulted in action being taken to mitigate the impacts of the demerger and maximise opportunities resulting from it. For example, the Board intends to undertake a share consolidation immediately after the demerger to minimise the impact on colleague Share Schemes.</p>
Customers	Our customers want propositions that work for them and for the business to operate in an ethical way.	<p>The propositions required for trade customers and consumers are different and there is minimal overlap between the Travis Perkins business and the Wickes business and their respective customer bases. The Group will focus on providing a best-in-class service to trade customers whereas Wickes has most experience and advantage in delivering on the consumer segments of Do-It-For-Me ("DIFM"), DIY and local trade customers.</p> <p>Demerging into two separate groups, each with autonomy to execute its own distinct strategy with a clear focus, will allow each business to develop its own proposition tailored specifically for its own customer base.</p>
Suppliers	Our suppliers want to understand the impact of the demerger on their relationships and contractual arrangements. They are mindful of the potential impact on their revenues and margins but also see an opportunity for future growth.	<p>The Wickes business has historically operated relatively standalone and has built its own strong relationships with suppliers. Suppliers unique to Wickes and those unique to the rest of the Group will not be impacted by the demerger.</p> <p>There are a number of shared suppliers across the Group, resulting in the need to separate contractual arrangements for the demerger. The Board agreed a programme of engagement, working with shared suppliers to agree separate contracts in an open and constructive way.</p>
Communities	Our communities want our continued support with local causes and issues.	The work that both Wickes and the Group do in the community will not be affected as a result of the demerger.
Government and regulators	The government and regulators want us to operate in an ethical way and comply with laws and regulations.	<p>The demerger will maximise the long-term success of Wickes and Travis Perkins which is in the public interest.</p> <p>The Group has appointed relevant expert advisers to ensure that all obligations relevant to Wickes and Travis Perkins in relation to the demerger are fulfilled.</p>



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