

## Statement of corporate governance arrangements

The Companies (Miscellaneous Reporting) Regulations 2018 introduced a number of new reporting requirements for financial years beginning on or after 1 January 2019. One of the new requirements was for companies of a significant size to disclose their corporate governance arrangements in the Directors' report. The financial year ended 31 March 2020 is the Company's first reporting year under the new requirement. The Company is required to state which formal governance code, if any, it applied during the year (and how it was applied) or, if it has not applied any corporate governance code, explain why one was not applied and the corporate governance arrangements for the year.

During the previous financial year ended 31 March 2019, the Board received a corporate governance update which outlined the upcoming new requirement, including the options available to the Company. The Board subsequently received a more detailed briefing, including the matters that had been reviewed and considered by management in making a recommendation to the Board.

The Board considered and discussed the recommendation of management, noting that it was a wholly-owned subsidiary of a FTSE100 premium-listed company (Experian plc) that applies the UK Corporate Governance Code (the "Code"), and the existing high governance standards in the Group (which are equally applicable to the Company, and which include a Global Delegated Authorities Matrix, supported by regional matrices, and robust governance structures within the Group (including the Group Operating Committee, the Executive Risk Management Committee, the Assurance Steering Committee, the Security & Continuity Steering Committee, the Tax & Treasury Committee and the Global Strategic Projects Committee)). The Board noted that these Group governance forums were in place in some form at a regional level, and were comprised of the most senior regional executives, and in addition that there were already robust governance structures in place within the Company itself, which include: -

- a. A Board which includes independent Non-Executive Directors/Chairman.
- b. Audit and Remuneration Committees comprised of independent Non-Executive Directors.
- c. A formal Schedule of Matters Reserved to the Board, and formal committee terms of reference.
- d. A UK & Ireland Executive Governance Manual.
- e. The UK & Ireland Risk Management Committee, which is comprised of senior regional executives and oversees the management of regional risks.

With all the above in place, the Board concluded that the adoption of a formal governance code would not materially enhance the corporate governance of the Company itself, and it resolved that the Company would not adopt a corporate governance code and instead explain the arrangements for corporate governance that were applied by the Company during the year ended 31 March 2020.

The aim of this report on corporate governance arrangements is to explain in clear terms the governance processes and procedures that are in place in the Company, which are essential for the delivery of the long-term sustainable success of the Company. These processes ensure we report in line with all applicable laws and regulations and consider the requirements of our relevant stakeholders in Board discussions and decision-making.

## The Board

The Board is made up of two independent Non-Executive Directors and three Executive Directors. During the year ended 31 March 2020, Steven Cooper was appointed as a Director and Chairman (28 February 2020), and Jose Luiz Rossi (7 April 2020) and David Bates (6 March 2020) were appointed as Executive Directors. Roger Davis (former Chairman), Charles Butterworth and Malcolm Pape stepped down as Directors of the Company on 28 February 2020, 3 February 2020 and 10 March 2020 respectively.

The Chairman of the Company is Steven Cooper, an independent Non-Executive Director. The other members of the Board are Jose Luiz Rossi (Managing Director), David Bates (Chief Financial Officer), Julia Cattnach (Chief Risk Officer) and Stuart Deane (independent Non-Executive Director). Stuart Deane is the chairman of both the Audit and Remuneration Committees, and both independent Non-Executive Directors are the only members of both the Audit and Remuneration Committees.

Independent Non-Executive Directors receive a comprehensive induction upon appointment. The induction for Steven Cooper during the year ended 31 March 2020 included business sessions (including Business-to-Business, Consumer Services and the Data Office). Sessions were also provided on risk management, legal, compliance and regulation, People, internal and external audit, and a financial overview. Various product demonstrations were also provided to Mr Cooper as part of a visit to the new Customer Innovation Experience centre in London. The Board is responsible for setting the Company's strategy and ensuring that the necessary resources are available for long-term sustainable success. During the year, senior management discusses the proposed strategic plan with the Board, including clarity of purpose around the key roles that Experian plays in society and our associated responsibilities. This working session allows the Non-Executive Directors to provide their expertise and experience as the strategy is being developed, before considering it for approval.

The budget discussions during the year ensure that we have the right resources to deliver the agreed strategy, taking into consideration this year the changing economic outlook due to COVID-19. The Board monitors management and financial performance against the Company's objectives. To enable it to do this, the Board receives updates on financial matters, at and between every scheduled Board meeting, as well as important updates on regulatory matters. The Board is responsible for establishing procedures to manage risk, overseeing the internal control framework, and determining the nature and extent of the principal risks the Company is willing to take to achieve its strategic objectives.

The Board meets sufficiently frequent to discharge its duties and holds additional meetings when required, for example to review specific investment proposals. Board committee meetings take place on the same day as scheduled Board meetings. Spending this time together further enhances the effectiveness of the Board and its committees and contributes to the cohesive and collegiate Board culture. In addition to its formal meetings during the year ended 31 March 2020, the Board visited the Customer Innovation Experience in London and took part in a tour of the facility and received demonstrations.

## Attendance at Board and committee meetings

	Board	Audit Committee	Remuneration Committee
<b>Current directors</b>			
Steve Cooper (Appointed 28 February 2020)	2/2	1/1	1/1
José Luiz Rossi (Appointed 7 April 2020)	n/a	n/a	n/a
David Bates (Appointed 6 March 2020)	1/1	n/a	n/a
Julia Cattanach	9/9	n/a	n/a
Stuart Deane	9/9	4/4	4/4
<b>Past directors</b>			
Roger Davis (Resigned 28 February 2020)	7/7	3/3	3/3
Charles Butterworth (Resigned 3 February 2020)	6/6	n/a	n/a
Malcolm Pape (Resigned 10 March 2020)	5/6	n/a	n/a

The Board has reserved decisions about certain key activities to itself, including:

- A. Strategy and management – Formulating, approving and executing key policy and strategic matters, formulating, determining, approving, setting, monitoring, reviewing and altering the direction of the business.
- B. Customers - Evaluating the business of the Company to ensure that customers are consistently treated fairly and in such a way that they may have confidence when dealing with the Company.
- C. Structure and capital – Any increase in the share capital or loan capital of the Company or the issue of any warrants or other securities.
- D. Financial reporting and controls – The approval of the audited annual accounts.
- E. Contracts – Entering into any joint venture, alliance or collaboration agreement, or any similar agreement likely to have a material effect on the business, entering into any material outsource arrangement, the commencement of a new business line or any contract between the Company or any subsidiary or Director.
- F. Risk, Regulation, Compliance, Internal controls – Evaluating the risk profile of the Company and executing strategies to mitigate risk, reviewing the Company's compliance with regulation, reviewing reports from the Head of Compliance and Chief Risk Officer.
- G. Board membership/Delegation of authority/Corporate governance matters/Policies – approval of changes to Board composition, delegation to the Directors, the UK & Ireland Executive team and others certain responsibilities and powers of the Board, reviewing governance arrangements, establishing and reviewing policies for the recruitment, training and performance evaluation of employees and noting and approving relevant policies.

Activities of the Board during the year ended 31 March 2020: -

- Evaluated and discussed the proposed UK & Ireland strategic plan with senior management at the formulation stage, and later approved the UK & Ireland strategic plan.
- Reviewed operational and financial updates from the Managing Director and the Chief Financial Officer at each scheduled Board meeting
- Reviewed and discussed regulatory updates with the Chief Risk Officer at each scheduled Board meeting, and received regular updates on regulatory matters, including updates on ongoing engagement.
- Reviewed and approved risk appetite statements for the Company.

- Reviewed and approved the annual report and accounts and letter of representation, and considered dividend payment, entry into a loan note instrument, transfer pricing matters, reporting currency and Experian Group recharges.
- Received and discussed the FY20 Budget overview presentation, including productivity enhancements.
- At each scheduled meeting, discussed updates from management on risk management (including top risks and culture), information security, business continuity, and compliance (including financial crime reporting).
- Received updates and discussed with management the review by the Financial Conduct Authority of the Company's governance, systems and controls.
- Considered and debated briefings and updates from management regarding the ongoing discussions and engagement with the Information Commissioner's Office on the 2018 audit of several companies including the Company, under the EU General Data Protection Regulation (GDPR) on the use of data for marketing purposes.
- Requested a number of deep-dive updates from the business during the year, which were added to meeting agendas as appropriate:
  - Experian Consumer Services (ECS) FY20 Plan
  - Technology stability and security remediation initiatives
  - Customer Service and Technology reorganisation
  - The UK & Ireland Data Office
  - Transformation project work
  - Operational Resilience
- Considered new appointments to the Board, including the appointment of a new Chairman, and associated changes to committee composition.
- Reviewed and approved the Modern Slavery Act statement for publication on the Company's website.
- Reviewed the Company's Executive Governance Manual, and the Global Treasury Policy & Treasury Management standards and Risk Management Policy.
- Reviewed Directors' conflicts of interest, and corporate governance updates.

Experian plc provides each subsidiary company with access to resources and provides policies in all key areas such as finance, risk, human resources and the environment. These central resources and policies are aligned to the Group's governance framework, which is consistent with the UK Corporate Governance Code. During the year, the Company complied with the Group's governance framework. The full details of the Group's wider governance framework can be found on page 82 of the Experian Annual Report.

### **Audit Committee**

Stuart Deane is the chairman of the Audit Committee and has chaired the Committee since it was established in 2016. Both members of the Committee are Independent Non-Executive Directors and the Board considers them to have an appropriate level of experience and expertise. The Committee met four times during the year, with each scheduled meeting timed to coincide with key dates in the financial reporting and audit cycle. Regular attendees at the meetings included the Executive Directors, Regional Head of Audit and representatives from KPMG LLP (the external auditor).

The Board believes the Audit Committee to be a central pillar for effective corporate governance by providing independent and impartial oversight of the Company's financial reporting, and internal and external audit. As a Committee, responsibilities include: -

- Monitoring the integrity of the financial statements and reviewing significant financial reporting judgments contained in them.
- Reviewing the effectiveness of the external audit process, including the independence and objectivity of the external auditor.
- Monitoring the Company's internal audit arrangements, including approval of the internal audit annual plan and ensuring that the function is adequately resourced and ensuring that the Company is responsive to audit findings.

The activities of the Committee during the year ended 31 March 2020 included: -

- An Internal Audit update was presented by the Regional Head of Internal Audit at each meeting, and discussed by the Committee, including the status of the audit plan, audit findings and themes in the reporting period, and progress on any overdue audit actions.
- Reviewed the terms of reference of Internal Audit and of the Committee.
- Evaluated the performance of Internal Audit.
- Considered the 2020 external audit plan with the external auditor, including its scope and materiality. The plan included the external auditor's response to developments in the business during the year, developments in the audit process, the Group's risk assessment and the coverage of the audit.
- Discussed and approved the 2019 annual report and accounts, and associated papers/management updates.
- Debated with the external auditor their review of the 2019 annual report and accounts, and reviewed the representation letter and independence considerations.
- Reviewed non-audit fees, and the Group's non-audit fee policy.
- Reviewed Confidential Helpline updates.
- Received and considered updates on access management and a loss event from senior executives.

### **Remuneration Committee**

Stuart Deane is also the chairman of the Remuneration Committee, which he has chaired since it was established in 2016. Both members of the Committee are independent Non-Executive Directors. The Committee met four times during the year. Regular attendees include the Managing Director and the HR Director UK & Ireland. Each year the Committee's terms of reference are reviewed and updated if considered appropriate.

The responsibilities of the Committee include: -

- Reviewing the Experian global remuneration policy, to ensure alignment to the Company.
- Applying and overseeing the implementation of any major changes in the Company's employee benefit structure.
- Ensuring control function employees of the Company are adequately and objectively remunerated.
- Reviewing and approving the remuneration packages of the Executive Directors.

During the year ended 31 March 2020, the Committee: -

- Received an update on the FY19 rating distribution for the UK & Ireland.
- Discussed and approved the UK & Ireland Reward Policy.
- Considered an update from management on driving high performance in the business.
- Reviewed and approved remuneration proposals (bonus outturn and outcomes, salary, long-term incentives) for the Managing Director, Chief Financial Officer and Chief Risk Officer.
- Agreed bonus metrics for compliance and risk employees of the Company, reviewed Company incentive plan measures, and considered interim bonus performance outcomes.
- Received and considered updates on Gender Pay Gap reporting and corporate governance developments.
- Reviewed remuneration arrangements for certain appointments and leavers.

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

The full details of the Group's risk management and internal control systems and processes can be found in the Risk management section of the Experian Annual Report (Strategic Report – page 64)