



# *ARAG Law Limited's Section 172(1) Statement* **for the year ended 31st December 2025**

The below Section 172 (1) Statement was approved by the Board of ARAG Law Limited ('the Company') 27 March 2026 and signed on 09 April 2026 for disclosure on the Company's website in respect of the 2025 year-end.

## **Section 172(1) Statement**

The Directors of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006, which is summarised as follows:

A director of a company must act in the 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 (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

All members of the Board recognise their duty to the Company. The Company is a subsidiary of ARAG UK Holdings Limited and is managed on a unified basis with that company's other subsidiaries. The following paragraphs summarise how the Directors fulfil their duties:

## **Consequences of any decisions in the long term**

Each year, the Board undertakes a review of the Company's strategy. Once approved by the Board, the strategy forms the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of these decisions in the long term and its long-term reputation.



The ARAG UK Chief Executive Officer is responsible for delivering the plans and strategy agreed by the Board, with authority delegated to executive managers but subject to all decisions being made on the basis of the values and standards mandated.

As the Company is a law firm, it is regulated by the SRA; and the Company is therefore required to gain a full understanding of all of its risks and put in place a robust risk management and governance system which continually evolves. The Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of ARAG UK.

The Company manages its business risks and uncertainties via the ARAG UK's Enterprise Risk Management Framework ('ERMF'), which includes the following key components:

- Risk Culture;
- Risk Governance (based upon "three lines of defence" principles);
- Risk Strategy;
- Risk Appetites;
- Policy Framework; and
- Risk Cycle (Risk Identification, Risk Assessment & Measurement, Risk Steering, Risk Monitoring & Reporting)

The Solicitors Regulation Authority ('SRA') requires the Company to appoint a Compliance Officer for Legal Practice ('COLP') and Compliance Officer for Finance and Administration ('COFA'). These individuals are responsible for ensuring the correct systems and controls are in place to ensure regulatory and legislative compliance. Risk management for the Company ultimately falls under the direction of the COLP, and although supported by the ARAG UK's risk function, this cannot be discharged to ARAG UK. The Company also falls within the remit of the ARAG UK's Audit and Risk Committees.

The principal risks and uncertainties identified within the business are reviewed and documented by the COLP, COFA and the Company's Board of Directors. Some risks will be wholly owned by the Company, though ARAG UK risks will often be attributable to all ARAG UK companies. The COLP reports on risk and uncertainty to the Board on a bi-annual basis and also attends ARAG Law Board Meetings. In addition, to ensure that the COLP has the opportunity to escalate concerns outside of the Board forum, the COLP has weekly meetings with a Director.

All risks are monitored regularly and risk registers reviewed and updated on a quarterly basis or as and when it is necessary to do so. The COLP also reports to, and attends, group risk forums including the Executive Management Governance Committee, at which both ARAG Law risks and ARAG UK risks are discussed.



## Interests of the Company's employees

There are no individuals employed directly by the Company; all personnel are employed by a fellow subsidiary

## Business Relationships

The Company needs to be aligned to its main business partner ARAG LEI, as it is an integral part of the value chain offered to the end customer by ARAG LEI.

## Community and Environment

The Company's approach is to use its position of strength to create positive change for the people and communities with which it interacts.

The Company wants to leverage its expertise and enable colleagues to support the communities around it.

## Business Conduct

As part of the Group all employees, including Directors, were required to complete regular training and awareness activities. There are policies in place around key areas of business conduct including Gifts and Hospitality, and Bribery and Corruption. There are additional robust processes in place for Complaints and Whistleblowing. In addition, the Company is required to comply with the SRA Standards and Regulations (including the Code of Conduct for Firms and Accounts Rules) as it is regulated by the SRA. Robust controls are in place to ensure that the Company meets the necessary conduct standards. All members of the Board recognise their duty to the Company in respect of the Company's conduct.

## Acting fairly

The Company only has one shareholder, its immediate parent undertaking, ARAG UK Holdings Limited. The Company's parent company and the wider Group of companies of which it is a part are considered in business decisions, although all members of the Board recognise their duty to the Company.