AXA XL Insurance Company UK Limited
Registered Number: 05328622

Statement By the Directors of their performance of their statutory duties in accordance with Section 172(1) of Companies Act 2006 for the Year Ended 31 December 2024

The Board of Directors of AXICL UK consider that both individually and collectively, they have discharged their statutory duties under Section 172 of the Companies Act 2006 by acting 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 (having regard to the Company's relevant stakeholders and matters set out in Section 172 of the Companies Act) in the decisions taken during the year ended 31 December 2024.

When discharging their duties and making decisions, Section 172 of the Companies Act requires the directors to have regard, amongst other things, to the:

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

The Directors comply with Section 172 as part of the Companies Act 2006 and fulfil their duties in various ways including, partly through a governance framework that delegates day to day decision making to executive and senior management of the Company.

An overview of how the Directors have discharged their statutory duties and engaged with the Company's key stakeholders, is detailed below. The Company's key stakeholders are diverse and include its people, brokers, policy-holders, intermediaries, suppliers, regulators, shareholder and the community within which it operates.

Engaging with stakeholders

The Board is cognisant of the stakeholders of the Company and the importance of strong relationships coupled with appropriate levels of communication and engagement.

People

The Company, in line with AXA XL Division, strives to create a diverse and inclusive workplace that values and encourages individual differences and treats all employees with dignity and respect. It acknowledges that the workforce's culture, values, behaviours, performance, and engagement drive how the Company serves its customers.

To facilitate this, and to provide equal opportunities to all employees, regardless of 'protected characteristics', there is a robust Diversity, Equity and Inclusion ("DE&I") strategy and roadmap in the UK. The roadmap and governance are set and monitored by the UK DE&I Board. Several mechanisms are in place to support the DE&I strategy, including:

- All employees set an annual DEI goal to ensure they too have an opportunity to contribute to DEI as a strategic business priority.
- A global 'Dignity at Work' policy to protect against harassment and discrimination, ensuring colleagues feel safe, valued, and respected.
- Initiatives and charters to support diversity at all levels enhanced by specific talent and development programmes for traditionally underrepresented groups, such as 'Women in Finance', and a 'Race at Work Charter'.
- Five global Business Resource Groups ("BRGs") - LEAD, Pride, Rise, EnAble and Inclusion Committees drive innovation, collaboration, and business goals to promote DE&I at AXA XL.
- A Diverse Slate policy for all roles across all levels, including the Board. The global policy requires a 50/50 gender split of candidates shortlisted for interview by hiring managers.
- Inclusive Futures Coalition founding partner, working with Lloyd's and London Market firms to deliver the programme's three flagship initiatives: higher education bursaries, an early careers talent pool and a Board-level talent pool. Supporting black and ethnically diverse individuals to participate and progress from the classroom to the boardroom.
- Early careers programmes and selected partnerships in the UK Insurance market and educational institutions to enhance the diversity of our workforce.

- Applications for employment by disabled persons are always fully considered, and equal opportunities given. The Company provides reasonable adjustments to applicants and colleagues where required to ensure they are appropriately supported.
- AXA XL's We Care programme; providing colleague support including a Focus on Families, Dependents Care Leave and Domestic abuse support.
- Regular webinars and live sessions are offered to colleagues supporting DE&I education.

The Company's Board monitors people-related items through regular reports to its Governance Committee with topics including people strategy, succession planning, remuneration, employee engagement surveys and annual UK Gender & Ethnicity Pay Gap reporting. The Company is committed to engaging with its workforce, with representatives from the workforce contributing and participating in decisions where appropriate, facilitated via regular Town Halls with Q&A, Engagement & Inclusion Surveys and the Employee Representative Body, representing the colleague voice.

Customers
The Company believes that fostering business relationships with its brokers and clients is important to the Company's success.

The Company strives to build trusted relationships with brokers and clients and to always treat them fairly, providing commitment to its clients that the business delivers on its purpose, to "act for human progress by protecting what matters". Delivering on this purpose helps to enhance AXA's reputation, both in the eyes of the brokers and clients, and other external stakeholders such as regulators, rating agencies and media.

Claims are dealt with promptly and efficiently, in line with local regulation and law, with regular communication and status updates throughout the lifecycle of the claim. All efforts are made to pay valid claims in full or alternatively to find amicable resolutions, avoiding litigation wherever possible. Declinatures are fully explained and delivered with empathy. The complaints process is clearly defined should the client be dissatisfied with any part of the claim outcome.

The Company maintains a close presence with its brokers and clients through events such as the British Insurance Brokers' Association ("BIBA") and the Association for Insurance and Risk Managers in Industry and Commerce ("AIRMIC"). Virtual and in person events and personal communications are fostered to deepen relationships with partners and create interactions to update them on core business initiatives, value proposition and appetite. Regular insights and feedback are collated through our broker partners and market surveys to improve broker experience and engagement ensuring relevancy to customers and brokers.

Suppliers and Third Parties
The Company is committed to acting conscientiously and advancing processes to ensure that responsible procurement is central to all its purchases. As part of the Division, the Company benefits from the use of the AXA Core Values and ethics (Guidelines), that are adopted by AXA XL and embedded into the AXA XL Procurement Policy.

The Company complies with the requirements of the Modern Slavery Act 2015. Together with other AXA XL companies to which the Modern Slavery Act 2015 applies, the Company publishes an annual Slavery and Human Trafficking Statement.

Community and the Environment
In alignment with other entities in the Division, the Company considers the impact that its operations have on the community and the environment. The Board of Directors consider the topics of Climate and Sustainability to be critical to the Company's long-term resilience and are committed to AXA Group's environmental ambitions and to understanding and mitigating the impact that climate change will have on customers and the business.

The Company has adopted a Climate and Sustainability Statement, which outlines the Division's Climate and Sustainability strategies, and the roles of the Board and senior management in overseeing and implementing these strategies.

Environment
AXA XL strives to help colleagues, clients and communities manage the impacts of a changing climate, promote greener practices, support the protection of natural assets and biodiversity and reduce carbon footprints. The AXA XL 2023-26 Sustainability Strategy, 'Roots of Resilience', focuses on protecting natural ecosystems, addressing climate change, and embedding sustainable practices across our operations.

The Company understands the importance of continuing to develop new products and services which will support clients and their changing needs in response to climate change and wider Environmental, Social and Governance ("ESG") topics.

The Company has adopted AXA Group consistent restrictions and exclusions within its underwriting and investment portfolios and its statements of intent on appetite for carbon intensive industries, such as the 2023 AXA Group Energy Policy. The Company is working

with clients and seeking to offer appropriate risk transfer and services to those that need support as they transition on their own sustainability journeys and is increasingly engaging with clients on these topics.

Community
The Company strives to play a positive role in society and actively supports the communities in which it operates. From volunteering and mentoring to fundraising and sharing business expertise, the Company encourages its workforce to get involved where possible.

The Company demonstrates its commitment to local communities through various initiatives such as the annual "AXA Week for Good", AXA XL's Global Day of Giving, "Hearts in Action" charity working groups, Matching Gifts program, and Volunteering Leave Policy.

Regulators
The Company strives to maintain strong and effective relationships with regulators through regular and transparent engagement to facilitate efficient supervision. Ensuring there is a collaborative and a transparent relationship with regulators is vital for AXA XL's business operations, customer reputation, as well as the recruitment and retention of senior staff.

The primary regulatory engagement for the Company is with the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") supervisory teams and senior management and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US situs business. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The PRA engages directly with the Board of Directors following the issue of their annual Periodic Summary Meetings ("PSM") feedback letter and meets regularly with senior management throughout the year.

Shareholder
Two Non-Executive Directors from other parts of the AXA Group are members of the Board, partly to allow for insight into operational thinking, practice and philosophy from a different part of the AXA Group, being the Company's ultimate shareholder.

The Company continues its work with the AXA Group and its network. Various initiatives were pursued throughout the year, including working with colleagues at AXA General Insurance ("GI") in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth.

Maintaining a reputation for high standards of business conduct
The reputation of the Company is fundamental to its long-term success. The Company is committed to maintaining the highest standards of ethical conduct, and this is reflected in the AXA Values: Customer First, Integrity, Courage and One AXA. Having a clear set of values and ethics guide behaviours drives good outcomes for all stakeholders.

The Company's commitment to ethical conduct is set out in more detail in the AXA Group Compliance and Ethics Code and AXA XL Division's Code Supplement ("Code of Conduct") which is reviewed by the Board of Directors on a regular basis. Policies contained in the Code of Conduct include treating customers fairly and professionally, anti-bribery and corruption, speaking up (whistleblowing) and dignity at work. Code of Conduct violations, or other misconduct, is taken very seriously and may result in disciplinary action, including dismissal.

Consideration of the consequence of decisions for the long term

The Board of Directors has made several key decisions during the year and Section 172 considerations were considered throughout the decision making process. Examples of where the Board has considered the stakeholder impact and the likely consequences of any decision in the long term for the financial year 31 December 2024 included but were not limited to:

- In July 2024, the Board decided to cancel the Company's share premium account of £352,508,000 in accordance with the principles and practices of the Capital Management Policy and by way of a share capital reduction (the "Reduction") using the out of court procedure set out in sections 642 to 644 Companies Act 2006. The Reduction was then approved by the Company's shareholder and accepted at Companies House on 31 July 2024, the effect of which was to release the share premium reserve to be treated as additional distributable profits.

  The directors took into account the Company's current and projected liquidity and solvency position and all relevant matters set out in sections 642 to 644 Companies Act 2006 and concluded that the Company would be able to pay (or otherwise discharge) its debts as they fell due during the year immediately following the making of the Solvency Statement.

- In November 2024, the Company declared an interim dividend of £35m to its shareholder (XL Bermuda Ltd) and the distribution was made in accordance with the principles and practices of the Capital Management Policy of the Company, which the directors consider to be appropriate. The directors took into account all relevant matters set out in Part 23, Chapter 1 of the Companies Act 2006 concerning the payment of dividends, including reviewing the Company's distributable reserves and its ability to pay its debts as they fall due, having regard to the entirety of the Company's

business and the actual and contingent liabilities (present and future) inherent in that business. The directors concluded, having given due consideration, inter alia, to the matters set out in Section 172 of the Act, that neither the long-term interests of the Company nor the interests of its creditors were prejudiced by payment of the interim dividend and that distributable reserves would remain sufficient.

- In November 2024, the Board approved the Company's adoption of a Climate and Sustainability Statement outlining the Division's Climate and Sustainability strategies and the Company's contribution. The Board also approved changes to the Board's and Board Risk and Compliance Committee's Terms of Reference to include the addition of responsibilities in relation to the oversight of climate and other material sustainability risks.

- As part of its duty to customers, the Board regularly reviews key customer-related metrics, enabling it to closely monitor how the Company is supporting customers by ensuring that good outcomes are achieved for Customers. In order to comply with the FCA's Consumer Duty, the Board is required to review and approve an assessment of whether the Company is delivering good outcomes for its Customers; the first of these reports was completed and approved by the Board in July 2024.

- During the year, the Board approved the annual Operational Resilience Self-Assessment, the Company's Important Business Services ("IBS") and impact tolerances for each IBS, taking into account forward looking business needs and ensuring the interests of customers are protected. The Board considers maintaining a reputation for high standards of business goes hand in hand with fostering strong business relationships with suppliers, customers and others. Together, these are critical to supporting effective operational resilience.