

Corporate Governance Statement for the year ended 31 December 2021

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to incorporate a statement of corporate governance arrangements in its Directors' Report, stating which corporate governance code the Company applied during the financial year, how it was applied and if it was departed from, the respects in which it did so and its reasons for so departing.

The Board of Directors has adopted the Wates corporate governance principles for large private companies subject always to the continuing applicability of, and compliance with, other sources of corporate governance identified by its regulators as being applicable to the Company. As a PRA regulated firm, the Company also complies with PRA Supervisory Statement 5/16 on Corporate Governance and PRA Policy Statement 15/18 on the extension of SM&CR to insurers.

The Company's section 172 statement demonstrates the fulfilment of many of the Wates corporate governance principles.

The roles of Chair of the Board of Directors and Chief Executive Officer are separate. The Chair of the Board of Directors was considered to be independent on appointment and was supported by three independent Non-Executive Directors during the financial year. The Company has adopted a Board diversity policy which is reviewed by the Board on an annual basis.

The Board of Directors is supported by an Audit Committee, a Board Risk and Reserving Committee and a Governance Committee which report to it and have terms of reference setting out the delegations of authorities to them. Risk and internal control frameworks are closely monitored by the relevant Board committees and the Board of Directors, where appropriate.

During 2021, the Board of Directors commissioned an independent external Board Effectiveness Review to assess the effectiveness of the work of the Board and of its committees. The progress made against the key action points arising from that review is monitored by the Board through delegation to the Company's Governance Committee.

As a subsidiary company, executive remuneration structures are largely controlled by its parent companies. However, in the financial year the Governance Committee reviewed the Company's remuneration framework set out as an addendum to the AXA XL Remuneration Policy to check its compliance and suitability with applicable local regulatory requirements and to ensure that the remuneration framework is in line with the risk strategies of the Company. The Governance Committee also provided input into the performance appraisals and remuneration of senior management and considered all matters relating to remuneration required by the Company's regulators.