

Corporate Governance Statement

For the year ended 31 December 2023, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website) 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.

Principle 1 - Purpose and Leadership

AXICL UK writes general insurance and reinsurance business through offices in the UK and its licences around the world and is a member of AXA XL, a division of the AXA S.A. group of companies. The strategy of the Company is to provide AXA XL with a UK platform outside of the Lloyd's of London market and AXICL UK is pursuing sustainable and disciplined growth through commercial Property, Casualty, Specialty and Financial Lines of business.

The Company adopts the AXA Purpose "Act for human progress by protecting what matters", delivering through its values to put the customer first, act with integrity, have the courage to speak our mind and act as "One AXA" to make things happen. As part of the AXA XL Division, the Company also has a mission "To be your trusted expert and global partner in complex risk, protecting what matters to our customers, our colleagues and society". The directors consider AXA's purpose and values appropriate to the Company and apply them to the business where relevant. The Company's strategy is owned and set by the Board, while the Executive Committee is responsible for the development and implementation of the strategy.

Principle 2 - Board Composition

The Board of AXICL UK comprises an Independent Chair, four Independent Non-Executive Directors (of varying tenure), two Non-Executive Directors from another part of AXA Group, the Chief Executive Officer, Chief Financial Officer and Chief Underwriting Officer. All directors have equal voting rights. The roles of Chair and Chief Executive Officer are separate to ensure that the balance of responsibilities, accountabilities and decision-making abilities are upheld. This separation places the Chair in an independent position which facilitates a better environment for Board, director and management effectiveness.

The Company's Non-Executive Directors bring a wide range of experience and skills to the Board. They continue to keep their knowledge, skills and familiarity with the business current and up to date by engaging with senior management, attending appropriate business awareness briefing sessions, and partaking in an annual Board Training plan, which is approved by the Board and its progress monitored by the Board's Governance Committee. All new directors undergo an individually tailored induction (depending on their current skillset, experience and knowledge). This is also designed to ensure that the collective Board has the correct tools to address and balance stakeholders' interests with the Company's business needs. The Company Secretary is the first point of contact for directors seeking advice and services. Directors can also take professional advice at the Company's expense.

The Company has adopted a Board Diversity policy which is reviewed by the Board on an annual basis. The Board's Governance Committee is responsible for supporting the Board on matters relating to Board composition, appointments and succession and makes recommendations to the Board regarding any changes. Consideration is given to the composition of the Board as a whole and membership is regularly reviewed, with a review of the tenure of Non-Executive directors undertaken at least annually.

The Board undertakes an independent external Board Effectiveness Review every three years, the last being undertaken in 2021, and an internally facilitated Board Effectiveness in the interim years. This continuous focus on the effectiveness of the governing body is designed to help the Board identify opportunities to improve its operation and ensure that it remains an effective governance forum. During 2023, an internal Board Effectiveness Review was undertaken 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 Board's Governance Committee.

Principle 3 - Director Responsibilities

The Board's role includes setting strategy and risk appetite within the context of the AXA Group plan and to align with AXA XL Division strategy, delegating to management and to others as provided in the Board's Terms of Reference, exercising accountability to the shareholder and being responsible to other relevant stakeholders. The Board delegates a wide range of tasks to Committees and individuals, although the Board itself retains ultimate responsibility for the affairs and management of the Company. Matters Reserved to the Board refer to activities which must be dealt with by the Board and must not be delegated to a sub-committee or individual. A full list of Matters Reserved to the Board is included within the Board's Terms of Reference, which is reviewed at least annually and reapproved by the Board each year.

Each director has a clear understanding of their accountability and responsibilities. The Board has a programme of at least six meetings every year with further meetings held as necessary. The Company Secretary maintains a Register of Director's Interests, which is updated when a change occurs. All directors complete a conflicts of interest questionnaire annually and are regularly reminded of their statutory duties and personal obligations to avoid conflicts. An extract of the Register of Interests is reviewed by the Board at least annually so that directors can confirm that the information is correct or disclose any additional interests of which the Board should be aware.

The Board of Directors is supported by an Audit Committee, Board Claims and Reserves Committee, Board Risk and Compliance Committee and a Governance Committee, each of 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.

Principle 4 - Opportunity and Risk

The Board seeks out opportunity whilst mitigating risk and is responsible for strategic decision-making and risk management. The Board has delegated authority to the Board Risk and Compliance Committee (BRCC) to assist in its oversight of risk.

The BRCC meets at least quarterly, comprises of Non-Executive Directors and is attended by members of senior management. Key responsibilities of the BRCC includes advising the Board in relation to material risk issues relating to, or arising from, the Company's strategy, risk appetite and tolerances, providing review and challenge to the risk management framework including risk strategy, risk appetite, stress testing, oversight arrangements, material transactions, risk culture and oversight of the executive management of risk, overseeing and challenging the Risk Management and Compliance functions and the management of compliance and risk management, and overseeing compliance with legal and regulatory requirements. Risk Management provide formal Second Opinions in certain key areas of risk to support the Board in its decision making.

The Chair of the BRCC is responsible for providing independent, effective leadership to the committee and for leading the committee in fulfilling the duties set out in its ToRs. The Chair of the BRCC is also the Consumer Duty Champion for the Board.

Principle 5 - Remuneration

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.

Principle 6 - Stakeholders

The Board understands that good governance and effective communication are critical factors to ensure that the Company's brand, reputation and relationships with all stakeholders, including its people, brokers, policy-holders, intermediaries, suppliers, regulators, shareholder and the community within which it operates are effective and supportive of the way in which the Company wants to work.

The Company's key stakeholders and how it engages with them are described in the Company's section 172 statement.