

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 2023

The Board of Directors of AXA XL Underwriting Agencies Limited (AXUAL) 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 2023.

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 the Company's Managed Syndicates, 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 workforce's culture, values, behaviours, performance, and engagement drive how the Company serves its customers and interacts with suppliers.

The Company operates within the framework of AXA XL's service company model and is the recipient of services provided by one of its sister companies. Although the Company does not have any direct employees, the Board monitors people-related issues for the Company through regular reports to its Governance Committee on topics including people strategy, succession planning, remuneration, inclusion and diversity, employee engagement surveys and annual Gender and Ethnicity Pay Gap reporting in the UK.

The Company is committed to engaging with its workforce and representatives from the workforce contribute to and participate in decisions where appropriate, including via regular Town Halls with Q&A, Engagement Surveys and the formal Employee Representative Body, which represents the colleague voice.

The Company, in line with the AXA XL Division, is dedicated to providing equal opportunities to all its employees, regardless of their 'protected characteristics'. The Company strives to create a diverse and inclusive workplace that values and encourages individual differences and treats all employees with dignity and respect. To facilitate this, there is a robust Diversity, Equity and Inclusion (D,E&I) strategy and roadmap in place in the UK to ensure that concrete goals are set and leaders are held accountable for achieving them. The roadmap and governance is set and monitored by the UK Inclusion & Diversity Board. To support the D,E&I strategy, the following mechanisms are in place:

- The Company implements the Diverse Slate policy for all roles across all levels, including the Board. The policy strives to achieve gender balance by requiring 50% of female candidates to be shortlisted for interview by hiring managers globally.
- Several initiatives and charters are in place to support diversity at all levels, such as 'Women in Finance', a 'Flexible Working Charter', a 'Race at Work Charter' and 'Race Action Through Leadership'.

- The global 'Dignity at Work' policy has been launched to protect against harassment and discrimination and ensure colleagues feel safe, valued, and respected.
- Regular webinars and live sessions are offered to colleagues to help with D,E&I education.
- Five global Business Resource Groups (BRGs) and networks - LEAD, Pride, Rise, EnAble and Inclusion committees which drive innovation, collaboration, and business goals to promote diversity and inclusion at AXA XL. The LEAD BRG's goal is to accelerate gender equality and foster a culture of inclusivity for all colleagues.
- An annual inclusion survey.
- A D,E&I goal for all colleagues (executive goals and link to performance and remuneration).
- Specific talent and development programmes for traditionally underrepresented groups.
- Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment with AXA XL continues and the appropriate support is provided.

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 AXA XL 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

Striving to achieve a balance between ESG activity is in the long-term interests of the Company, the wider AXA XL Division, and the communities in which the Company operates. In alignment with other entities in the AXA XL Division, the Company considers the impact that its operations have on the community and the environment, while the Board of Directors 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 UK & Lloyd's ESG Forum, comprising members from the UK leadership team and assigned colleagues, is responsible for setting, monitoring and managing the UK & Lloyd's ESG strategy, and is accountable for its execution.

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 ESG topics. One such product example is Excess Emissions Insurance (EEI) which was launched in July 2023.

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 2021 AXA Oil and Gas Policy Statement. 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 ESG 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 it operates in. 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 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 ended 31 December 2023 included but were not limited to:

- As part of its duty to customers, the Board regularly reviews key customer-related metrics and reports on complaints, enabling it to closely monitor how management is supporting customers and maintaining a Customer First Culture throughout the organisation. During the year, the Board has overseen the progress of the plan it approved in 2022 to comply with the FCA's Consumer Duty requirements and, led by the Consumer Duty Champion, has given input into the creation of the Company's Consumer Duty Management Information Dashboard developed to provide assurance for the delivery of set goals.

- In setting the business plan, the Board takes into account the impact of the Company's operations on the environment across underwriting, investments and operations, looking at both potential threats and opportunities; for example carbon metrics are integrated into investment decisions and AXA Group has made public commitments for 2024 - 2026 on the decarbonisation of the underwriting portfolio. The Board is supportive of the Company's pursuit of the key strategic growth initiatives including Energy Transition and the development of other sustainable product innovations to align with AXA Group objectives. During the year, the Board reviewed the Company's ESG strategy, tracked the progress using an ESG dashboard and received a dedicated training session on climate and sustainability.
- 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.

Non-financial information

The Company has no direct employees which provides an exemption in preparing non-financial information.