

Statement by the Directors of their performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006 for the year ended 31 December 2021

The Board of Directors of AXA XL Insurance Company UK Limited 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 2021.

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 as between members of the company.

The Directors comply with Section 172 as part of the Companies Act 2006 and fulfil their duties 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 shown below. The Company's key stakeholders are diverse and include its people, shareholder, policy-holders, intermediaries and the community within which it operates.

Engaging with stakeholders

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".

People

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 it and its Governance Committee on people strategy, succession planning, remuneration, inclusion and diversity, the results of regular employee engagement surveys and other items, such as annual Gender Pay Gap and Ethnicity Pay Gap reporting in the UK. Given the COVID-19 pandemic, a key focus area for the Board in the year has been the mental and physical health of colleagues and support mechanisms provided by AXA XL.

There is a robust inclusion and diversity strategy and roadmap in place in the UK to ensure that concrete goals are set and leaders are held accountable for achieving them. The Diverse Slate Policy is implemented for all roles across all levels, including the Board. Commitments have also been made to several Charters and initiatives to support progress in bringing more diversity into the organisation at all levels, including Women in Finance, 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 also offered to colleagues to help with inclusion and diversity education, together with inclusive leadership and inclusive hiring manager training, among other activities.

Community and the Environment

In alignment with other entities in the AXA XL Division, the Company has regard for the impact its operations have on the community and the environment.

As part of the AXA Group, the Company contributes to the AXA for Progress Index, a tool to measure progress and reinforce the impact of the AXA Sustainability strategy built around climate and inclusive protection with seven measurable commitments:

- Achieve Carbon Neutrality by 2025.
- Make employees leaders of the transformation by training our teams in Climate issues by 2025.
- Increase our share of green insurance products.
- Promote inclusive insurance for vulnerable populations.
- Reach EUR 25Bn in green investments by 2023.
- Decrease the carbon footprint of AXA's general account assets by 20% by 2025.
- Maintain AXA's position in the Dow Jones Sustainability Index.

The Company is contributing to the commitment to have an increased share of green insurance products which will encompass a framework for measuring green insurance products and setting growth targets for these.

The UK & Lloyd's Business Unit undertook a review of the Financial Risks of Climate Change impact for each of its products, covering all products written by the Company. This has educated our teams from both a risk and impact perspective of how our clients' needs may change as we globally tackle the climate crisis through the energy transition and how these changes may impact the Company.

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. We are now working with clients and seeking to offer appropriate risk transfer and services to those that need support as they transition on their own environmental, social and governance ('ESG') journeys. We are increasingly engaging with clients on these topics as the Company considers the clients it wants to service, while clients consider their insurance companies as part of their supply chains and the ESG credentials of their partners.

Striving to achieve a balance between economic, social, and environmental activity is in the long-term interests of the Company, the wider AXA XL Division, and the communities in which the Company operates.

The following initiatives demonstrate the Company's commitment to its local communities:

- The annual "AXA Week for Good", event brings colleagues across all AXA entities together to support social and environmental causes. In 2021, this included AXA XL's Global Day of Giving, where colleagues are encouraged to donate time and skills in support of non-profit organisations in their communities and around the globe. In 2021, 308 UK colleagues took part in 30 Global Day of Giving projects.
- The colleague-led "Hearts in Action" charity committees empowers colleagues to manage charitable giving for their locations, including grant-giving, fundraising and awareness raising. The UK Committee donated USD \$95,000 in 2021 to charities supporting young people with diverse needs as well as senior citizen care.
- AXA XL's Matching Gifts programme offers colleagues the opportunity to have their donations to non-profit organizations matched up to a total of USD \$800 per colleague per year.
- The Company also has a Volunteering Leave Policy, designed to enable colleagues to donate time and skills to local communities at a time of their choosing. Colleagues are entitled to take time to volunteer in addition to annual participation in the company's volunteering day (Global Day of Giving).

Shareholder

A Non-Executive Director from another part of the AXA Group is a member 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 GI in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth. A number of revenue synergies were realized in the year through cross-selling and targeting existing relationships to further progress our combined ambition to move from 'payer to partner'.

Suppliers, customers and others in a business relationship with the company

The Company believes that fostering business relationships with these stakeholders is important to the Company's success and the Company's strategy to provide risk management solutions and claim handling services.

The Company is committed to acting conscientiously and advancing processes to make certain 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 XL responsible procurement guidelines which are embedded in 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.

Maintaining a reputation for high standards of business conduct

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 the Board of Directors reviews on an annual basis. Policies with respect to anti-corruption and anti-bribery are contained in the Code of Conduct. Failure to comply with these policies is taken very seriously and may result in disciplinary action, including but not limited to dismissal.

Consideration of the consequence of decisions for the long term

During the year, the Board took a number of strategic decisions following due consideration of the Company's shareholder and key stakeholders. These included the decision to sell the Company's UK private client business as part of a strategic realignment. For this decision, an analysis of the stakeholder impact was undertaken by the Board and a detailed report

presented to the Board by management outlining the impact on the long-term interests of the Company, its shareholder and other stakeholders including employees, customers and brokers.

The Company's annual strategic planning cycle is designed to consider the most appropriate actions the Company should take over the longer-term, which will contribute to the Company's success. Performance against key strategic metrics are monitored and assessed for appropriateness by the Board, at regular intervals. The Company holds an annual strategy day in June at which the Board of Directors reviews and considers the Company's strategic priorities, purpose and parameters. The Board of Directors agreed the Company's key strategic priorities for the remainder of 2021 at its meeting in September 2021. The Board fully supports the three core strategic pillars of the 3-5 year plan for the Company and the initiatives under these required to deliver sustainable and profitable growth throughout the pricing cycle.

As part of its responsibility to maintain the success of the Company, the Board completed its annual planning process, which included an annual planning day held in November 2021 at which the Board of Directors considers operational and financial planning matters for the Company. The Board of Directors approved the Company's 2022 Financial Plan at its meeting in December 2021.

Equal Opportunities

The Company, in line with the AXA XL Division is committed to providing equal opportunities to all employees (irrespective of gender, marital status, creed, colour, race, age, ethnic origin or disability). The Company supports inclusion and diversity and is committed to building a global workplace that works for everyone, and one in which all employees are treated with dignity and respect and where individual differences are encouraged and valued.

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 members of staff becoming disabled, every effort is made to ensure that their employment with AXA XL continues and the appropriate training is arranged. It is the policy of AXA XL that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.