

**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 2022**

The Board of Directors of AXA XL Underwriting Agencies 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 2022.

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, 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 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.
- The Company is committed to engaging with its workforce at all levels of the organization and representatives from the workforce contribute to and participate in decisions where appropriate, including through regular Town Halls with Q&A, Engagement Surveys and the Company's formal Employee Representative Body, which represents the colleague voice.
- 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.
- There is a robust inclusion and diversity (I&D) 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, with regular input from the Inclusion & Diversity Steering Committee. To support the I&D strategy, the following mechanisms are in place:
  - The Diverse Slate Policy is implemented for all roles across all levels, including the Board. The Diverse Slate policy strives to achieve gender balance by requiring all hiring managers to have 50% women on their shortlist of interview candidates for all roles globally.
  - 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.
  - Five global Business Resource Groups (BRGs) and networks - LEAD, Pride, Rise, EnAble and the Inclusion committees - play a critical role in driving an inclusive and diverse culture at AXA XL. Through them, innovation, collaboration, and ultimately, the business goals, are advanced. The focus on gender is supported by the LEAD BRG's objective which is Leading, Empowering and Advancing Diversity, seeking to engage both women and men to accelerate gender equality at AXA XL and nurture a culture of inclusion for all colleagues.
  - An Annual Inclusion Survey
  - All colleagues have an I&D goal (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 arranged.

**Customers**

- The Company believes that fostering business relationships with its brokers and customers is important to the Company's success.
- The Company strives to build trusted relationships with clients and brokers and to always treat them fairly, providing commitment to its clients that the business delivers against 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 client and broker, and other external stakeholders such as the regulators and media.

- Claims are dealt with promptly and efficiently, with regular communication and status updates throughout the lifecycle of the claim.
- All efforts are made to pay 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 customer be dissatisfied with any part of the claim outcome.
- The Company maintains a close presence with its brokers and clients through events such as BIBA and AIRMIC.
- Virtual and in person events and personal communications are fostered to deepen relationships with our partners and create interactions that provide an update on core business initiatives, appetite, and value proposition.
- Regular insights and feedback are collated through our broker partners as well as independent Gracechurch Street surveys to provide knowledge on how broker experience and engagement can be improved to ensure the Company is relevant and useful to its clients and brokers.

### Suppliers and Third Parties

- 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 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.

### The Community and the Environment

Striving to achieve a balance between environmental, social and governance ("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 has regard for the impact its operations have on the community and the environment.

- As part of the AXA Group, the Company is influenced by 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 26Bn 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.
- AXA XL is contributing to the commitment to have an increased share of green insurance products<sup>1</sup> which will encompass a framework for measuring green insurance products and setting growth targets for these.
- AXA XL focusses on understanding and providing risk management solutions to complex issues including climate change, water security and financial resilience, which contribute to the AXA Group priorities of Climate Leadership and Inclusive Protection. This not only enables the Company to best serve clients but also to help make a sustainable impact on the future.
- The UK & Lloyd's Business Unit implemented the UK & Lloyd's ESG Forum comprising of members from the UK leadership team and assigned colleagues, which is responsible for setting, monitoring and managing the UK & Lloyd's ESG strategy, and is accountable for its execution. The Forum covers the business operations of the business unit across all functions and business underwritten on 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. 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 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.
- 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 2022, 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 2022, 415 UK colleagues took part in 31 Global Day of Giving projects.
  - The colleague-led "Hearts in Action" charity working groups empower colleagues to manage charitable giving for their locations, including grant-giving, fundraising and awareness raising. The UK Committee awarded USD \$95,000 in 2022 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).

### Regulators

- The Company aims to maintain strong and effective relationships with regulators through regular open and transparent engagement to enable effective supervision. The primary regulatory engagement for the Company is with the Prudential Regulation Authority (PRA), Lloyd's of London and the Financial Conduct Authority (FCA) supervisory teams and senior management.
- The PRA engages directly with the Board following the issue of their annual Periodic Summary Meetings feedback letter.

---

<sup>1</sup> Green products are defined by AXA as P&C insurance coverage and services, which have a positive impact on the environment by contributing to at least one of the following four objectives: Climate Change Mitigation, Climate Change Adaptation, Transition to a circular economy and / or Limitation of biodiversity loss and pollution. For more information, please see [https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/befe0836-b990-4709-a04b-90b8266e8ab8\\_Green\\_Insurance\\_Memo\\_External\\_vf.pdf](https://www-axa-com.cdn.axa-contento-118412.eu/www-axa-com/befe0836-b990-4709-a04b-90b8266e8ab8_Green_Insurance_Memo_External_vf.pdf)

## 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 General Insurance (GI) in the UK to demonstrate our combined offering as "One AXA" and to assess opportunities for mutual growth. Particular focus has been on the development of a joint approach to addressing the client segment gap between AXA GI in the UK and AXA XL UK & Lloyd's.

## 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, which drive 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

Key examples of where the Board has considered the likely consequences of any decision in the long term for the financial year ended 31 December 2022 included but were not limited to:

- 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 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 2022 at which the Board of Directors considered operational and financial planning matters for the Company. The Board of Directors approved the Syndicates' 2023 Business Forecasts at its meeting in September 2022.
- During the year the Directors have been monitoring the Russia Ukraine conflict closely to identify potential exposures arising out of underwriting but also to investments, operational issues including potential cyber attacks, impacts from sanctions and the Directors have considered expansion or changes to the conflict.
- In May 2022, the Board approved its annual Slavery and Human Trafficking Statement pursuant to Section 54 of the UK Modern Slavery Act 2015.
- In June 2022, the Board approved the payment of a distribution in specie of assets with an aggregate value of £84,518,439.30 to its sole shareholder. The dividend was satisfied out of the retained earnings of the Company and in accordance with the principles and practices of the Capital Management Policy of the Company, which the directors consider appropriate to the Company.
- In October 2022 the Board approved the Company's strategic asset allocation for the next three years having reviewed the effects of inflation, increases in global interest rates and economic slowdown on expected returns.
- In October 2022, the Board approved the split of the Board Risk and Reserving Committee into separate forums with the establishment of the Board Claims & Reserves Committee and the Board Risk & Compliance Committee. The decision was taken on the basis that the split would enable greater focus and oversight of the Risk, Reserving, Compliance and Claims functions and allow more time for questioning and discussion at meetings.
- In October 2022, the Board approved the Company's implementation plan for the FCA's new Consumer Duty requirements and the appointment of the Chair of the Board Risk & Compliance Committee as the Consumer Duty Champion for the Company and continues to closely monitor the implementation of the plan.