

Corporate Governance Statement for the year ended 31 December 2023

Pursuant to the Companies (Miscellaneous Reporting) Regulations 2018, the Company is required to include a statement of corporate governance arrangements in its Directors' Report, which states which corporate governance code the Company has applied in the financial year. 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) as relevant to the Company.

As the corporate member at Lloyd's and the sole member of Syndicate 2003 (the "Syndicate"), the Company relies on the governance framework of AXA XL Underwriting Agency Limited ("AXUAL"), the managing agent of the Syndicate.

Principle 1 - Purpose and Leadership

The Company's principal activities are described in its Strategic Report. The Company, as part of the AXA XL Division, 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.

Principle 2 - Board Composition

The Board of the Company comprises three Executive Directors, including the Chief Executive Officer and Chief Financial Officer of AXUAL, and one other Executive Director. The Directors consider the size and composition of the Board to be proportionate to the scale and nature of the business. All directors have equal voting rights.

The Directors continue to keep their knowledge, skills and familiarity with the business current and up to date by engaging with senior management and attending appropriate business awareness briefing sessions. 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.

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, exercising accountability to the shareholder and being responsible to other relevant stakeholders. The Board delegates a wide range of tasks, although the Board itself retains ultimate responsibility for the affairs and management of the Company.

Each director has a clear understanding of their accountability and responsibilities. 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.

AXUAL's Board is supported by an Audit Committee, Board Claims & Reserves Committee, Board Risk & 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 of AXUAL 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 Risk & Compliance Committee of AXUAL meets at least quarterly, comprises of Non-Executive Directors and is attended by members of senior management. Key responsibilities of the Board Risk and Compliance Committee includes advising the Board of AXUAL in relation to material risk issues relating to, or arising from, the Syndicate'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.

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 of AXUAL reviewed the remuneration framework for AXUAL as 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 Syndicate. The Governance Committee of AXUAL also provided input into the performance appraisals and remuneration of senior management and considered all matters relating to remuneration required by AXUAL'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 shareholders, regulators, brokers 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.