In accordance with Regulation 32 of the Overseas Companies Regulations 2009.

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OS AA01

Statement of details of parent law and other information for an overseas company

Companies House

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is**
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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ❶	XL CATLIN SERVICES SE
UK establishment number	B R 0 2 3 3 8 9

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

❶ This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and audited.

Legislation ❷	Companies Act 2014 (Ireland)

❷ This means the relevant rules or legislation which regulates the preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box.

☐ **No.** Go to **Section A3**.

☑ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3**.

Name of organisation or body ❸	Financial Reporting Council

❸ Please insert the name of the appropriate accounting organisation or body.

A3 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	Irish Auditing and Accounting Supervisory Authority	

Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature	Signature X P. R. Kelly X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	ALEXIS METAXAS-TRIKARDOS
Company name	AXA XL
Address	20 GRACECHURCH STREET
Post town	
County/Region	LONDON
Postcode	E C 3 V 0 B G
Country	UNITED KINGDOM
DX	
Telephone	07816369261

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1

Northern Ireland:
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

XL CATLIN SERVICES SE

AN AXA GROUP COMPANY

Annual Report and Financial Statements

Year ended
31 December 2021

Registered number: 659610

CONTENTS

Members ("Directors") of the Administrative Organ ("Board") and Other Information

Directors
Marie-Louise Elhabre
Peter R. Kelly
Paul M. Murray
Paul-Henri Rastoul
Ronan Redmond

Company Secretary & Registered Office
Peter R. Kelly
XL House
8 St Stephen's Green
Dublin 2,
Republic of Ireland.

Company registered number: 659610

Independent Statutory Auditors
PricewaterhouseCoopers,
Chartered Accountants & Statutory Auditors,
One Spencer Dock,
North Wall Quay, Dublin 1

Branch Offices
XL Catlin Services SE, Austria Branch
Tuchlauben 3, 1010 Vienna, Austria

XL Catlin Services SE, Belgium Branch
Grote Steenweg 214, 2600 Antwerp, Belgium

XL Catlin Services SE, Denmark Branch
Bredgade 30, 1260 Kobenhavn K, Denmark

XL Catlin Services SE, France Branch
61, rue Mstislav Rostropovitch - 75017 Paris, France

XL Catlin Services SE, Germany Branch
Colonia-Allee 10-20, 51067 Cologne, Germany

XL Catlin Services SE, Italy Branch
Corso Como 17, 20154 - Milano (MI) Italia

XL Catlin Services SE, Mexico Branch
Félix Cuevas 366, Tlacoquemecatl del Valle, 03200, CDMX, México

XL Catlin Services SE, Netherlands Branch
De Cuserstraat 91, 1081 CN Amsterdam, Netherlands

XL Catlin Services SE, Norway Branch
C. Sundts gate 37, 5004 Bergen, Norway

XL Catlin Services SE, Poland Branch
ul. Kazimierza Wielkiego 3, 50-077 Wroclaw, Polska

Members ("Directors") of the Administrative Organ ("Board") and Other Information (continued)

Branch Offices (continued)

XL Catlin Services SE, Singapore Branch
138 Market Street, #10-01/04, Capitagreen, 048946, Singapore

XL Catlin Services SE, Spain Branch
Plaza de la Lealtad 4, Madrid 28014, Spain

XL Catlin Services SE, Sweden Branch
Kungsgatan 5, 2nd Floor, 111 43 Stockholm, Sweden

XL Catlin Services SE, Switzerland Branch
Limmatstrasse 250, 8005, Zürich, Switzerland

XL Catlin Services SE, UK Branch
20 Gracechurch Street, London, EC3V 0BG, UK

Directors' Report for the year ended 31 December 2021

The directors as members of the Administrative Organ present their annual report and audited financial statements of XL Catlin Services SE ("XLCSSE" or the "Company"), for the year ended 31 December 2021.

Statement of directors' responsibilities for the Annual Report and Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, comprising Financial Reporting Standard 102 (FRS102) *"The Financial Reporting Standard Applicable in the UK and Republic of Ireland"* (FRS 102) and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with FRS 102 and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:
- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' compliance statement

The directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as defined at section 225 of the Companies Act 2014.

The directors confirm that the following have been done in relation to the Company:
- A compliance policy statement has been drawn up setting out the Company's policies respecting compliance by the Company with its relevant obligations;
- Appropriate arrangements or structures have been put in place that are designed to secure material compliance with the Company's relevant obligations; and
- A review has been conducted, during the financial year ended 31 December 2021, of the arrangements and structures, referred to above.

Directors' Report for the year ended 31 December 2021 (continued)

Audit Committee
Consequent to the transfer of the Company's operations to Ireland from the UK on 25 October 2019, the Company met the criteria of a 'large company' pursuant to section 167 of the Companies Act 2014. Accordingly, the Company constituted an Audit Committee in 2020 chaired by the independent non-executive director and two other non-executive directors as members.

Principal activity
The principal activity of the Company is to act as an in-house insurance and reinsurance intermediary, with the main relationships being with the following carriers in AXA XL division ("AXA XL"): XL Insurance Company SE, AXA XL Underwriting Agencies Limited, AXA XL Insurance Company UK Limited, XL Re Europe SE and Catlin Re Switzerland Ltd. In addition, the Company provides non-underwriting services such as finance, legal, tax and HR support to AXA XL. The Company employs 4,113 employees, located in multiple jurisdictions across Europe, the UK, Singapore, and Mexico. After the acquisition and merger of the business of AXA Matrix Risk Consultants S.A. ("AXA Matrix"), the Company is also engaged in risk engineering business on a limited scale.

Accounting records
The use of appropriate systems and procedures and employment of competent persons secures compliance with the Company's obligation to keep adequate accounting records. The legal entity accounting records are kept at XL House, 8 St Stephen's Green, Dublin 2.

Future developments
AXA XL's reinsurance legal entity restructuring project is expected to be completed in 2022, which will directly impact the Company's reinsurance commission income as employees providing reinsurance underwriting and related services are moved out of the Company to reinsurance entities. As a result, the Company will recharge expenses to the reinsurance carriers on a cost plus mark-up model rather than a commission model. However, the commission amount will gradually come down as expenses move out of the Company.

The Company is also part of a division wide project that will start in 2022 to transform AXA XL's systems, tools and processes and driving efficiency and reducing expenses.

Both these initiatives are not expected to have significant impact on the Company's operating profit.

Business Review
During the year under review, turnover was £1,126,734,843 (2020: £1,117,273,436) and administrative expenses amounted to £998,031,158 (2020: £1,064,109,300). The turnover and staff costs (which represent the major part of administrative expenses) incurred are detailed in note 2 and note 3 of the financial statements. The equity of the Company at 31 December 2021 amounts to £270,652,742 (2020: £161,286,026). The state of the Company's affairs as at 31 December 2021 is shown in the statement of financial position on page 22 and the notes to the financial statement from pages 23 to 43.

Key financial indicators
Key financial indicators are factors by reference to which the performance or position of the business of the Company can be measured effectively. Management monitors the progress of the Company by reference to the following indicators:

	2021	**2020**
	£	**£**
Commission income	694,352,802	686,414,872
Operating profit	128,703,685	53,164,136
Net cash resources	177,134,989	198,758,130
Net current assets	256,037,725	160,057,441
Total equity	270,652,742	161,286,026

Directors' Report for the year ended 31 December 2021 (continued)

Results and dividends
The profit before taxation for the year amounted to £133,635,499 (2020: £56,507,474). The tax charge amounted to £30,908,759 (2020: £17,821,346) resulting in a profit for the year of £102,726,740 (2020: £38,686,128) which has been transferred to total equity. During the year, the Company recognised an actuarial gain of £19,380,129 (2020: loss £8,221,515) in the statement of comprehensive income, arising mainly out of the actuarial revaluation of the French and German Defined Benefits Pension plans assets and liabilities.

The Administrative Organ ("Board") recommends to pay a dividend of $220,000,000 (2020: £nil) for the year ended 31 December 2021, $160,000,000 out of retained earnings and $60,000,000 out of capital contribution reserve. Based on 31 December 2021 closing exchange rate, $220,000,000 is equivalent to £162,427,012.

Key Developments during the year
Merger with AXA Matrix Risk Consultants S.A.
Following the merger with AXA Matrix Risk Consultants S.A., the Company is engaged in providing risk engineering and claims management services on a limited scale to external parties.

UK Private Client business sale
With effect from 1 July 2021, the UK based private client business of XL Catlin Services SE and AXA Art Europe Ltd ("AXA Art") was sold to Aviva Insurance Ltd and employees working for private client team transferred under TUPE terms. A gain of £2.5m in relation to the sale is recognized in the Income Statement.

XLCSSE Mexico Employee Transfer
The Company's Mexico branch used to recover most of its expenses from the services provided to XL Seguros Mexico. Due to a portfolio transfer from XL Seguros Mexico to AXA Seguros, most of the employees were transferred out of the Company's Mexico branch to either AXA Seguros or XL Seguros Mexico. Going forward, the Company's Mexico branch will act as a service office primarily to provide risk engineering services and maintain existing relationships with network partners throughout South America which provide local policies on AXA XL Global programmes.

Governance
Corporate governance is focused upon the proper oversight of the management of the business, senior management responsibility and the effectiveness of systems and controls.

The Board of Directors (the "Board"), which is comprised of two members of the executive management team and three non-executive directors (one of them is an independent director), meets at least four times a year. The role of non-executive directors is to challenge management constructively, to help develop proposals on strategy and to bring strong professional judgement, knowledge and experience to the Board's deliberations.

Risk and Control Framework
The Board ensures that the Company operates within an established framework of effective systems of internal controls, risk management and compliance with policies, procedures, controls and regulatory requirements.

Branch operations
The Company has branch operations in Austria, Belgium, Denmark, France, Germany, Italy, Mexico, Netherlands, Norway, Poland, Singapore, Spain, Sweden, Switzerland and the UK.

Members of the Administrative Organ and their Interests
According to the Company's records, no member of the Administrative Organ who was in office on 31 December 2021 had any interests in the Company, nor in any other undertaking requiring disclosure under the Companies Act 2014.

Directors' Report for the year ended 31 December 2021 (continued)

Members of the Administrative Organ and their Interests (continued)
The individuals who served as members of the Administrative Organ during the period from 1 January 2021 to the date of this report are listed below:

Paul R. Bradbrook	(Chairman & Non- Executive Director, resigned on 30 April 2021)
Marie-Louise Elhabre	(Chairman & Non-Executive Director, Appointed on 18 December 2020)
Peter R. Kelly	(Executive Director & Secretary, Appointed on 25 October 2019)
Paul M Murray	(Independent Non-Executive Director, Appointed on 1 February 2020)
Paul-Henri Rastoul	(Non-Executive Director, Appointed on 9 September 2021)
Ronan Redmond	(Executive Director, Appointed on 25 October 2019)

Directors' and secretary's interests
None of the above directors or the company secretary have an interest in any Group company exceeding 1.00% of its nominal share capital and none of the directors or company secretary have an interest in the share capital of the Company.

Transactions involving directors
There were no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the year ended 31 December 2021.

Political donations
The Company did not make any political donations during the year (2020: £nil).

Ultimate Holding Company
The Company's ultimate parent undertaking is AXA SA, a company incorporated in France.

Financial risk management

- <u>Financial risk management objectives</u>

The Company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are interest rate risk, credit risk, liquidity risk, assumptions risk and foreign exchange risk. The Company's exposure to cash flow risk is addressed under the headings of "Credit risk" and "Liquidity risk".

- <u>Interest rate risk</u>

Interest rate risk is the risk that movements in interest rates payable or receivable would materially affect the Company's financial statements. The Company does not hold any variable interest rate investments, nor does it have any variable rate lending to either internal or third-party companies which would materially affect the results of the Company. However, the Company is exposed to interest rate risk associated with the defined benefits pension assets/liabilities.

- <u>Credit risk</u>

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to credit risk from AXA XL division companies and external clients unable to honour their liabilities with the Company. The Company strives to minimise this risk by ensuring that receivables are reviewed regularly and are settled in a timely manner.

- <u>Liquidity risk</u>

Liquidity risk is the risk that cash might not be available to pay obligations when due at a reasonable cost. The Company manages liquidity risk by regular cash flow forecasting and the availability of AXA XL division treasury.

Directors' Report for the year ended 31 December 2021 (continued)

Financial risk management ***(continued)***

- Assumptions risk

The Company makes key assumptions relating to defined benefit pension liabilities, tax computations and expenses accruals. The estimates made by the actuaries on the defined benefit pension liabilities are based on various assumptions like, discount rate, inflation rate, consumer price index, mortality rate etc., being volatile in nature. The Company establishes tax provisions where appropriate, on the basis of the amounts expected to be paid to the tax authorities. The Company is managing this risk by closely monitoring the finance market conditions and demographic changes.

- Foreign exchange risk

The Company is exposed to currency risk in respect of its monetary assets and liabilities denominated in foreign currencies. The Company strives to minimise this risk by ensuring that settlements are made in a timely manner.

Compliance

The Company is regulated as an insurance and reinsurance intermediary in the Republic of Ireland by the Central Bank of Ireland ("CBI") in respect of activity within the scope of Ireland's European Union (Insurance Distribution) Regulations 2018. It is not however customer facing as such. The Company maintained positive net assets position excluding goodwill and intangible assets at all times during the year as required by CBI, as well as mandatory Professional Indemnity insurance.

The Company requires a high standard in its compliance with ethical, legal and regulatory obligations and the compliance, legal and finance departments play a central role in ensuring that expectations are met. The Company, as a member of the AXA SA Group ("AXA Group or the "Group") is subject to the AXA Group Compliance & Ethics Code as well as the AXA XL Code Supplement. As the Company provides services to AXA XL regulated (re)insurers in the UK and Europe any regulatory guidance in this respect is considered.

Human resources

The Company employs the majority of AXA XL division staff in the European Union ("EU"), Switzerland ("CH") and the United Kingdom ("UK") who act on behalf of certain EU, CH and UK (re)insurance carriers in the AXA XL division. The Company's employees holding regulated roles ("controlled functions") are subject to the CBI Fitness and Probity Regime and the Company is obliged to satisfy itself, on an ongoing basis, that all controlled functions are fit and proper to hold their regulated position.

The Company is aligned to AXA XL's Global Policy on Dignity at work, which commits to equal opportunities in all aspects of employment. This global policy unequivocally states AXA XL's commitment to prohibiting discrimination in the workplace.

Consultation with employees or their representatives takes place at all levels as required, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and so that all employees are aware of the financial and economic performance of their business units and of the AXA XL division as a whole.

The Company's employees are subject to the AXA XL Remuneration Policy, which applies to all employees across AXA XL division. Centralising the governance and process around remuneration and managing via the Human Resources Departments' Centre of Excellence for Total Rewards ensures consistency in remuneration practices. AXA XL applies a "pay-for-performance" approach, with a remuneration structure which is designed to provide balance and avoid excessive risk taking. AXA Group operates stock-based performance incentive programs namely, the AXA France International Performance Shares and International Restricted Shares programs, which award certain employees rights to free acquisition of AXA Shares. The AXA XL awards are subject to approval by the AXA XL Remuneration Committee and ultimately the Board of Directors of AXA SA.

Directors' Report for the year ended 31 December 2021 (continued)

Operational risks
Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems, or from external events. The Company closely manages its operational risks and their potential impact on the financial position of the Company through its risk register, internal reporting and governance processes. Primary activities to strengthen our operations include ongoing enhancement of business processes and structures, business continuity plans, information security and anti-fraud monitoring.

Operational risks have been considered within financial risk management section on page 7 of this report.

War in Ukraine
On 24 February 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank. As a consequence, the Ruble has significantly weakened and the Russian economy is facing a major crisis with repercussions on the global economy.

Under a new law signed by Russia in early March 2022, Russian insurers have been banned from entering into transactions with foreign insurers, reinsurers and brokers from a group of "unfriendly countries" that includes every EU state, Japan, Switzerland, the UK and the US. The ban also applies to the transfer of funds by Russian insurers under contracts that were agreed prior to the new rules coming into effect. The newly introduced law will currently be in effect until 31 December 2022. The Company, being an insurance intermediary deriving commission income based on the premium written by certain AXA XL (re)insurers may have potential adverse impact on its business from these measures.

Non-financial information statement
XL Catlin Services SE (the "Company" or "XLCSSE") is required by sections 325 and 327 of the Irish Companies Act 2014 and Statutory Instruments 360/2017 and 410/2018 to include a non-financial information statement as part of its directors' report.

The Company presents its non-financial information statement for the year ended 31 December 2021 in the form set out below.

The Company's business model
The majority of the Company's revenue is in the form of commissions, and it incurs costs relating to underwriting, policy administration, claims handling and performing other intermediary services. The Company receives commission on a fixed commission rate based on the premium booked to the (re)insurance entities to which services are provided.

Sustainability
In 2018, the AXA XL division, which the Company is part of, developed a new division-wide Sustainability strategy which has been delivered by 2021. The Company relies upon the AXA XL division for much of its work concerning Sustainability.

Environmental matters (including the impact of the Company's business on the environment)
Climate change risk management
Across the AXA XL division, climate change risk is a significant consideration in its Enterprise Risk Management (ERM) framework. The Company conducts environmental due diligence when securing new office space/renovating existing premises as well as considers risks associated with natural perils as part of our Business Continuity Management planning.

In 2021 a Head of Climate was appointed for the Division, responsible for integrating climate-related matters related to AXA XL's governance, strategy, and risk management frameworks across Underwriting and Operations.

Directors' Report for the year ended 31 December 2021 (continued)

Non-financial information statement (continued)

Environmental matters (including the impact of the Company's business on the environment)(continued)

Measuring our carbon footprint

AXA XL is committed to introducing measures to reduce its organisational carbon footprint. In 2020 the AXA XL division launched its five-year carbon reduction strategy, outlining AXA XL's overarching decarbonization goal, the objectives established to drive progress toward that goal and the roadmap to be followed.

AXA XL has set targets that limit its contribution to global warming to 1.5°C by reducing its environmental impact by 25.00% over the next five years, aligning us with industry-practice standards. To this end, the Company identified three main pillars within AXA XL's direct environmental impact:

- the energy we use;
- the movement of our people; and
- the resources we consume.

2021 saw a 49.80% reduction in our Location Based Carbon Footprint, compared with our 2019 baseline.

Since 2020 AXA XL has had a Green Contribution scheme where a charge is applied for every ton of CO2 emission associated with business air travel, with the funds raised being used to support internal activities across AXA XL that will reduce its environmental footprint. In 2021 the funds were used to develop a carbon reduction modelling tool (and training on how to use it) for regional stakeholders who are responsible for the implementation of carbon emission targets.

Offsetting carbon emissions

AXA XL offset its Scope 3 emissions by working with its carbon offsetting partner, The Nature Conservancy (TNC), a global environmental non-profit. AXA XL use carbon credits to support the Rio Bravo Climate Action Project, one of the first Reducing Emissions from Deforestation and Forest Degradation (REDD) projects in the world. Today, the project, managed by TNC, protects 15,500 acres of tropical rainforest in Northwest Belize, keeping 1.6 million tons of CO2e (carbon dioxide equivalent) out of the atmosphere (since 2002) as well as preserving the habitats for a wide variety of flora and fauna, and unique vegetation and supporting the economic development of local communities.

Improving understanding of climate change risks and impacts through research and development

Since 2018 AXA XL has led a project in conjunction with TNC, focused on the feasibility of "Blue Carbon Resilience Credits". These value the combined carbon sequestration and resilience benefits provided by coastal wetland ecosystems. Coastal wetlands—such as mangroves, seagrasses, and tidal marshes—capture and store billions of tons of carbon from our atmosphere at concentrations up to five times greater than terrestrial forests. They are also a continuous carbon sink: layers of soil accumulate, enabling new plants to grow above. This blue carbon can remain in the soil for thousands of years, making it one of nature's longest-term solutions to climate change. Recognition of this blue carbon benefit provides a unique investment opportunity to support climate mitigation and climate resiliency. In 2021 TNC created the world's first seagrass carbon credits thanks to funding from the Company.

At COP26 in Glasgow, AXA XL launched the Coastal Risk Index ("CRI"), an innovative tool which maps potential flood hazards along the world's coastlines, showing flooding in current coastal conditions, as well as projections to 2030 and 2050 in various climate change scenarios. The CRI also has integrated a technology that allows AXA XL to quantify the importance of mangroves and coral reefs in reducing flooding and protecting vulnerable communities. The Index will help expand AXA XL's understanding of the impacts of climate change on coastal flood hazard to help vulnerable communities build resilience through nature-based solutions.

Improving understanding of climate change risks and impacts through research and development(continued)

AXA XL also run an Ocean Risk Scholarships programme, which supports PhD research on various aspects of how the ocean is changing, including increasing harmful algal blooms, and melting Greenland ice. This programme aims to improve understanding of how these ocean and climate risks impact the current and future risk landscape. In 2021 the students produced papers on ocean acidification and predicting iceberg risk.

Directors' Report for the year ended 31 December 2021 (continued)

Non-financial information statement (continued)

Environmental matters (including the impact of the Company's business on the environment) (continued)

Encouraging sustainable practices through our products

AXA XL is continually seeking ways to help its clients address insurance challenges that also align with AXA XL's sustainability commitments. While the Company does not provide underwriting capacity, the broader AXA XL insurance activities are relevant to the Company's external reputation and internal support/systems for AXA XL's underwriting practices. AXA's coal divestment and underwriting restrictions, initiated in 2015, have been strengthened over the last few years to apply underwriting restrictions to power generation and mining clients developing new coal capacity or with significant coal business, and coal industry partners.

In 2021 AXA introduced new underwriting policies focused on limiting deforestation, protecting world heritage sites, and extending oil and gas exclusions in order to support the move to a low-carbon energy transition.

Since 2017, AXA has been a signatory to the Oceana and United Nations Environment Programme Finance Initiative (UNEP FI) Insurance Industry Statement Against Illegal, unreported, and unregulated (IUU) Fishing which, among other things, outlines best practices for insuring fishing vessels. Throughout 2021 AXA XL has been working with the Ocean Risk and Resilience Action Alliance to help improve the way vessels are evaluated for insurance purposes and to ensure that criteria on IUU fishing are included in underwriting guidelines. AXA XL has included additional checks in its Marine Underwriting Rules and Guidelines, such as requiring vessels to hold proper licensing, validating them against IUU fishing blacklists and confirming their tracking systems have not been deactivated for unexplained periods.

In 2021 AXA XL developed a Risk Scanning tool that allows risk managers in Europe to generate assessments of their company's sites by region, country, or environmental peril. It is designed to help better understand potential exposures and implement measures to work toward reducing and mitigating risks. This digital platform combines the expertise of AXA XL's risk consultants, claims experience, machine learning and artificial intelligence applications to convert environmental and climatological data from a variety of sources into actionable risk insights.

Private public partnerships

Given the magnitude of the challenge, collaboration between AXA XL's industry and regional multilateral development banks, UN agencies, NGOs and other actors is critical to closing the insurance protection gap (the difference between economic and insured losses). AXA XL, through its membership and proactive work with the Insurance Development Forum (IDF), drives development of public private partnership (PPP) projects to design and develop efficient risk transfer mechanisms for sovereign and sub-sovereign governments. AXAXL also fund and contribute to research in this area and help drive the public-private collaboration necessary to help achieve the objectives of UN Sustainable Development Goals (SDGs), close the protection gap, support development, and increase resilience.

Establishing Responsible Procurement standards

AXA XL's commitment to acting responsibly is evident in its responsible procurement guidelines, which are defined and implemented in a collaborative effort with the sustainability team and key stakeholders across AXA XL and AXA Group. These guidelines are embedded in the AXA XL procurement policy and ensure that its actions reflect our written commitment. AXA XL will continue acting conscientiously and advancing its processes to help ensure that responsible procurement is central to all of its purchases.

The Company's employees

Inclusion & Diversity Policy & Practices (I&D)

We aspire to become the most inspiring company to work for. The Company does this in three ways:

- Drive an Inclusive Culture: Create a global workplace that works for everyone, with a culture that values all individuals, backgrounds, and ideas, and where every colleague feels safe, valued, and respected;
- Diversify Our Workforce: Increase the representation of women in leadership, achieving 50.00% by 2023, and focus on underrepresented populations by region, positioning the Company as an employer of choice for all talent; and
- Support Our Marketplace & Community: Support our communities and visibly and thoughtfully champion equity around the globe.

Directors' Report for the year ended 31 December 2021 (continued)

Non-financial information statement (continued)

The Company's employees(continued)

Inclusion & Diversity Policy & Practices (I&D)(continued)

Key Initiatives to Date

- Established Metrics & Accountability: AXA XL established and cascaded I&D goals to every Leadership Team member and held them directly accountable for reaching these goals;
- Fostering Dignity & Respect: AXA XL launched our global Dignity at Work policy to protect against harassment and discrimination and ensure everyone feels safe, valued, and respected and can bring their full selves to work every day. In support of this, all colleagues are required to complete annual training to promote awareness of inclusive behaviours and channels available for reporting;
- Attracting Diverse Talent: Our Diverse Slate Policy strives to achieve gender balance by requiring all hiring managers to have 50.00% women on their short list of finalists that they interview for all roles across all levels globally. This approach applies to roles being sourced with both internal and external candidates. AXA XL track compliance with the Policy, conversion rates and hold leaders accountable. This Policy helped to increase the number of women hired across the organisation;
- Developing Historically Underrepresented Talent: Our Empower initiative provides tailored development support and senior leader visibility and sponsorship to high-potential colleagues from historically underrepresented groups with the goal of accelerating their career advancement. In 2021, 103 employees participated in this initiative from across the organisation; and
- Engaging Colleagues in Driving Change: Our Business Resource Groups (BRGs) are colleague-led initiatives with executive sponsorship that drive our people strategy forward. AXA XL have five global BRGs with a total of 27 chapters around the world: LEAD (gender), PRIDE (LGBTQ+), RISE (race/ethnicity), EnAble (disability), and Inclusion Committees. By participating in these BRGs, colleagues develop professionally, expand their networks, gain visibility with senior leaders, and experience stretch opportunities they might not have in their day-to-day positions. BRGs are critical to fostering a culture where everyone feels they can bring their full selves to work and have an equal opportunity to be successful. To ensure AXA XL are hitting the mark, AXA XL track colleague engagement in BRGs through our company-wide pulse surveys. In December 2021, 31.00% of all colleagues were actively involved in a BRG and they scored higher in every engagement category in the survey compared to colleagues not involved in a BRG.

As the Company includes employees mainly based in the UK, we have contributed to the following UK based initiatives:

- UK Gender Pay Gap Report 2021: Effective April 2017, the UK government passed legislation requiring companies to report on certain key statistics relating to gender pay. Employers with 250 or more employees must publish and report specific figures about their gender pay gap. The Company's UK 2021 mean gender pay gap was 27.10% and the median gender pay gap was 33.70%. The Company's 2021 UK gender pay gap report is available to download. The report outlines a series of steps intended to close the gender pay gap;
- UK Ethnicity Pay Gap Report 2021: With a mission to create a culture of Know You Can that is inclusive of all colleagues and further demonstrates our commitment to I&D, we were pleased to publish our first UK ethnicity pay gap report in 2021. Our reporting is based on the same data and methodology as our UK gender pay gap reporting but analysed for our UK workforce based on their ethnicity information. Download our 2021 UK ethnicity pay gap report; and

As the Company includes employees based in the UK, we have contributed to the following UK based initiatives: (continued)

- UK Women in Finance Charter: In 2018, AXA XL signed up to the Women in Finance Charter, a pledge to work towards gender balance across financial services in the United Kingdom. At that time, we had 32.00% representation of women in senior management roles and set a target of achieving 35.00% by 2023. As of September 2021, we've seen this increase to 40.00% - an improvement from our position last year at 32.00%, and an early achievement of our target. We remain focused on taking proactive action to continue to increase this representation.

Directors' Report for the year ended 31 December 2021 (continued)

Non-financial information statement (continued)

Social matters

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 we operate.

The Company considers its principal risks in this area to be reputational-related and mitigate these in a number of ways including (but not limited to): conducting vetting and due diligence on our prospective non-profit partners; preparing partnership agreements outlining each party's deliverables; having additional approval controls for donations above a certain threshold; and evaluating the outcomes and impacts of key Sustainability programmes.

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

Supporting At Risk Youth

City of Dublin YMCA was given a grant of USD $15,000 in 2021 to fund their PlusOne project. PlusOne is an early intervention Mentoring programme for at risk Youth (Aged 11-17). Typically, from disadvantaged communities, mentees risk factors include problems at home/school, substance misuse, peer pressure and poor mental health. Mentoring has proven to have a positive impact on mentees' behaviour, perceptions and situations in multiple ways. This grant was made as part of AXA XL broader annual Regional Grant program where AXA XL donates over $750,000 to non-profits working in the communities in which AXA XL operates globally. Donations are awarded by AXA XL colleague-led "Hearts in Action" committees, with over 200 employees volunteering to manage local charitable giving.

Creating Water Security

The Company recognizes the importance of access to clean water in ensuring a safe and healthy future for all and the need to focus on finding innovative solutions to water security. AXA XL are now two years into a three-year partnership with international charity WaterAid, to bring safe drinking water to more than 10,000 people in rural India. Since the start of the project, WaterAid, in partnership with the government, have reached 6,000 people with a piped water supply. Alongside this intervention, they are also delivering clean water to communities through well restoration and rainwater harvesting which they are training community members to manage through repairs, cleaning and water-quality testing.

In 2021 AXA XL published a Future Water Risks Report, identifying issues to allow corporate water users to take action to mitigate and adapt to these risks, an essential component of building resilience.

Following AXA XL's Water Resilience Roundtable in 2020, in 2021 AXA XL engaged the participants to create a Water Advisory Group (WAG). The WAG is made up of AXA XL's clients, NGOs and water institutes to provide steer on AXA XLs water initiatives and give advice as to how AXA XL can best support organizations to become more water resilient.

Giving back through our AXA Week for Good and Global Day of Giving

At AXA XL we provide as many opportunities as possible for colleagues to support the needs of their neighbourhoods through company-sponsored volunteering and awareness raising activities.

AXA XL celebrated AXA Group's Week for Good by delivering a range of initiatives to educate and engage our colleagues in sustainability. We hosted three webinars with our charity partners, launched a fundraising campaign where AXA XL double matched colleagues' donations, and updated colleagues about AXA XL various sustainability initiatives via email and colleague blogs.

Directors' Report for the year ended 31 December 2021 (continued)

Non-financial information statement (continued)

Social matters(continued)

Creating Water Security(continued)

During AXA Week for Good we also hosted our annual volunteering day, Global Day of Giving, where colleagues were encouraged to donate their time and skills to support non-profits that operate in the communities in which they live and work. Over 3,000 AXA XL colleagues around the world collectively donated nearly 14,000 hours to Global Day of Giving projects. Activities included in person volunteering such as beach cleaning and after flood restoration, and virtual volunteering such as tracking animal movements for zoological research.

Empowering colleagues to make a difference to causes that matter to them

AXA XL's Matching Gifts programme offers colleagues the opportunity to have their donations to non-profit organizations matched up to a total of $800 per colleague per year. In 2021 over $135,000 was matched by AXA XL.

Helping vulnerable communities respond to disasters

The Company recognizes the importance of helping disaster-prone communities develop preparedness strategies. Since 2017 we've partnered with RedR UK, an international capacity-building non-governmental organization (NGO) to better prepare vulnerable communities for when disasters hit. In 2021, AXA XL continued to support RedR UK to run its Climate Change Adaptation and Disaster Risk Reduction (CCADRR) course for humanitarian organizations that work in vulnerable communities, training them to be able to align climate change adaptation and disaster risk reduction approaches to better prepare for the changes and hazards that climate change presents. In 2020 RedR UK's training and research revealed a significant demand for CCADRR learning in East Africa; therefore in 2021 AXA XL's funding supported the development of a CCADRR course suitable for these audiences. Over the year the course was delivered three times in East Africa as well as twice in South Asia. In addition, in 2021 AXA XL funding allowed RedR UK to develop five advanced extension short courses for alumni of the core CCADRR course, on topics that were identified as specialist knowledge gaps, such as gender mainstreaming. These courses were each run three times across the year.

Respect for human rights

The Company complies with the requirements of the UK Modern Slavery Act 2015, publishing an annual Slavery and Human Trafficking Statement ("MSA Statement"). The MSA Statement can be viewed at: https://axaxl.com/-/media/axaxl/files/pdfs/about-us/corporate-responsibility/2020-axa-xl-msa-statement-final.pdf The MSA Statement sets out the Company's standards, policies, due diligence processes and principal risks in more detail concerning the respect for human rights.

The MSA Statement explains that the Company is subject to AXA Group's Compliance and Ethics Code ("Code"), which is communicated to all employees.

Acting with Integrity and Speaking Up

The Company is subject to the AXA Group Compliance & Ethics Code and the AXA XL Code Supplement. These provide guidance on compliance with applicable rules and ethical standards, as well as on acting with integrity. Topics such as Financial Crime, Data Privacy, Conflicts of Interest, Insider Trading, Dignity at Work and Anti Competition are addressed. The Company's employees complete an online acknowledgement form annually to confirm compliance with the Code and the Code Supplement.

Anti-bribery and corruption matters

AXA XL's policies with respect to anti bribery and corruption matters are contained in the Code and the Code Supplement.

Directors' Report for the year ended 31 December 2021 (continued)

Non-financial information statement (continued)

Anti-bribery and corruption matters(continued)

The Company prohibits bribery and improper payments of any kind, including bribery of public officials and commercial bribery. Facilitation payments are also prohibited by the Company. The Company's employees, agents and representatives are required to comply with all applicable anti-corruption and anti-bribery laws in the jurisdictions where the Company does business, including the Bribery Act 2010 and French Sapin II legislation. The Company's employees are also required to follow the Gifts and Hospitality policy which includes criteria for disclosure and/or approval in respect of gifts and hospitality both offered and received.

The pillars of the Company's policies in this area include:

- No employee, agent, representative, vendor or any third party with which the Company works shall make, offer, promise or authorise, directly or indirectly, any payment or provision or anything of value to any person in order to improperly secure any advantage;
- No employee, agent, representative, vendor or other third party which the Company appoints shall make, offer, promise or authorise, directly or indirectly, any payment or anything of value to any person if there is any reason to believe that the recipient or anyone else will use what is offered, promised or authorised to secure any improper advantage, including obtaining or retaining business, or directing business to any person or entity;
- The Company's employees, agents and representatives are required to make and maintain adequate books, records, and accounts, which, in reasonable detail, accurately and fairly reflect Company transactions;
- A Speaking Up or Whistleblowing policy which applies to all entities within the AXA XL division of AXA Group SA, (although there are local law variations that affect the application of some parts of this policy in a particular jurisdiction). Violations of the Code are reported through the "speaking up" hotline or the Company's compliance function. Company policy prohibits retaliation for good faith reporting;
- An annual anti-bribery and corruption risk assessment that is carried out; and
- Training provided to all employees on the Company's anti-bribery and corruption policies.

Risk based due diligence guidelines and procedures are issued and updated from time to time by the Company's compliance function. In addition, the Company's employees are required to follow any specific due diligence requirements that may apply under local law and regulation.

Before retaining or engaging a third party, the Company requires appropriate risk based due diligence to be conducted, taking into account a range of factors, including (i) the services provided and the location of those services, (ii) the background of the third party, and (iii) the results of due diligence assessments that include financial crimes (anti-money laundering, anti-bribery and corruption) topics. The Company negotiates appropriate contractual protections in the relevant contract and the commercial relationship is then subject to ongoing monitoring.

Employees are audited on awareness of, and adherence to, the Company's policies. Failure to comply is taken very seriously and may result in disciplinary action, including dismissal.

The principal risk in this area is harm to the Company's reputation, which could give rise to a material adverse effect on the Company's operations.

Directors' Report for the year ended 31 December 2021 (continued)

Statement of disclosure of information to auditors

Each person who is a director at the date of this report confirms that:

- As far as each director is aware, there is no information relevant to the audit of the Company's financial statements (as defined in section 330 of the Companies Act 2014) for the year ended 31 December 2021 of which the auditors are unaware; and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined in section 330 of the Companies Act 2014) and to establish that the Company's auditors are aware of that information.

Statutory Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated they will be resigning as auditors of the Company in accordance with the provisions of Section 383 of the Companies Act 2014.

ON BEHALF OF THE BOARD

Ronan Redmond

Ronan J. Redmond
Director
31 May 2022

P. R. Kelly

Peter R. Kelly
Director and Secretary
31 May 2022

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Independent auditors' report to the members of XL Catlin Services SE

Report on the audit of the financial statements

Opinion

In our opinion, XL Catlin Services SE's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the annual report and financial statements, which comprise:

- the statement of financial position as at 31 December 2021;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the annual report and financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the directors' report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Paraic Joyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
31 May 2022

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2021

	Note	Year ended 31 December 2021	Year ended 31 December 2020
		£	£
Turnover	2	1,126,734,843	1,117,273,436
Staff costs	3	(540,174,073)	(560,970,473)
Other administrative expenses		(457,857,085)	(503,138,827)
Administrative expenses		**(998,031,158)**	**(1,064,109,300)**
Operating profit	4	**128,703,685**	**53,164,136**
Other interest receivable and similar income		8,582,059	7,320,787
Interest payable and similar expenses	5	(3,650,245)	(3,977,449)
Profit before taxation		**133,635,499**	**56,507,474**
Tax on profit on ordinary activities	6	(30,908,759)	(17,821,346)
Profit on ordinary activities after taxation		**102,726,740**	**38,686,128**

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	Year ended 31 December 2021	Year ended 31 December 2020
		£	£
Profit on ordinary activities after taxation		102,726,740	38,686,128
Effect of currency translations, net of tax		(10,255,012)	(9,381,661)
Actuarial gain/(loss) recognised on defined benefit pension schemes	12	19,380,129	(8,221,515)
Actuarial gain/(loss) recognised on other defined employee benefit schemes	13	2,714,106	(6,720,275)
Tax on actuarial (gain)/loss recognised on defined benefit pension schemes	14	(5,199,247)	3,567,684
Total comprehensive Income for the year		**109,366,716**	**17,930,361**

Results for the year are attributable solely to continuing operations.

The notes on pages 23 to 43 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called up Share Capital Presented as Equity	Capital Contribution Reserve	Other Reserves	Profit and Loss Account	Total Equity
	£	£	£	£	£
Balance at 1 January 2021	13,171,653	91,208,979	14,447,184	42,458,210	161,286,026
Profit for the year	—	—	—	102,726,740	102,726,740
Effect of currency translations	—	—	—	(10,255,012)	(10,255,012)
Actuarial gain recognised on defined benefit pension schemes	—	—	—	19,380,129	19,380,129
Actuarial gain recognised on other defined employee benefit schemes	—	—	—	2,714,106	2,714,106
Tax on actuarial (gain)/loss recognised in defined benefits pension schemes (Note 14)	—	—	—	(5,199,247)	(5,199,247)
Total Comprehensive Income	—	—	—	**109,366,716**	**109,366,716**
Balance at 31 December 2021	**13,171,653**	**91,208,979**	**14,447,184**	**151,824,926**	**270,652,742**

For the year ended 31 December 2020

	Called up Share Capital Presented as Equity	Capital Contribution Reserve	Other Reserves	Profit and Loss Account	Total Equity
	£	£	£	£	£
Balance at 1 January 2020	13,171,653	88,546,141	14,447,184	24,527,849	140,692,827
Capital contribution from AXA Matrix merger	—	2,662,838	—	—	2,662,838
Profit for the year	—	—	—	38,686,128	38,686,128
Effect of currency translations	—	—	—	(9,381,661)	(9,381,661)
Actuarial loss recognised on defined benefit pension schemes	—	—	—	(8,221,515)	(8,221,515)
Actuarial loss recognised on other defined employee benefit schemes	—	—	—	(6,720,275)	(6,720,275)
Tax on actuarial loss/(gain) recognised in defined benefits pension schemes (Note 14)	—	—	—	3,567,684	3,567,684
Total Comprehensive Income				**17,930,361**	**17,930,361**
Balance at 31 December 2020	**13,171,653**	**91,208,979**	**14,447,184**	**42,458,210**	**161,286,026**

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021	2020
		£	£
Fixed Assets			
Tangible assets	7	57,560,564	71,678,137
Intangible assets	8	32,244,132	32,973,499
		89,804,696	104,651,636
Current Assets			
Debtors	9	387,641,624	241,806,345
Cash at bank and in hand		177,134,989	198,758,130
		564,776,613	440,564,475
Current Liabilities			
Creditors: amounts falling due within one year	10	(308,738,888)	(280,507,034)
Net Current Assets		256,037,725	160,057,441
Total Assets less Current Liabilities		345,842,421	264,709,077
Long Term Liabilities			
Creditors: amounts falling due after more than one year	11	(45,744,444)	(51,723,966)
Net Assets excluding pension deficit		300,097,977	212,985,111
Pension deficit	12	(29,445,235)	(51,699,085)
Net Assets including pension deficit		**270,652,742**	**161,286,026**
Capital and Reserves			
Called up share capital presented as equity	15	13,171,653	13,171,653
Capital Contribution Reserve		91,208,979	91,208,979
Other reserves		14,447,184	14,447,184
Profit and loss account		151,824,926	42,458,210
Total Equity		**270,652,742**	**161,286,026**

These financial statements on pages 20 to 43 were approved by the board on 31 May 2022 and signed on its behalf by:

Ronan Redmond

Ronan Redmond
Director
31 May 2022

P. R. Kelly

Peter R. Kelly
Director and Secretary
31 May 2022

Notes to the Financial Statements
For the year ended 31 December 2021

1. Summary of Significant Accounting Policies
(a) General Information
(i) Basis of preparation
XL Catlin Services SE ("XLCSSE" or the "Company") is incorporated as a company limited by shares. For the period to 24 October 2019, the Company was incorporated in the United Kingdom (registered number- SE 000103) and the registered office was 20 Gracechurch Street London EC3V 0BG United Kingdom. Effective 25 October 2019, the Company changed its incorporation to the Republic of Ireland and registered office to XL House, 8 St. Stephen's Green, Dublin 2, Republic of Ireland (collectively "the re-domestication"). The registered number of the Company in Ireland is 659610.

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit or loss.

These financial statements are presented in pound sterling, which is the Company's functional currency. The functional currency of each branch is its local currency and transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued into the functional currencies at the rate of exchange ruling at the balance sheet date. Exchange differences arising from transactions are taken to the profit and loss account.

(ii) Statement of Compliance
The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2014. The entity financial statements comply with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102).

(iii) Going Concern
After making necessary analysis on the risks associated with COVID-19 pandemic, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these entity financial statements have been prepared on a going concern basis.

The significant accounting policies used in the preparation of the financial statements are set out below. These policies have been consistently applied to all financial years presented.

(b) Exemption from preparing a cash flow statement
The Company has availed itself of the exemption under FRS 102 on the grounds that it is a wholly-owned subsidiary whose ultimate parent company is AXA SA (registered in France) which prepares Group consolidated financial statements which are publicly available and include a Group consolidated cash flow statement. Accordingly, no cash flow statement is presented.

(c) Exemption from disclosing related party transactions
As the Company is a wholly-owned subsidiary whose ultimate parent company is AXA SA (registered in France), the Company has taken advantage of the exemption contained in FRS 102 from disclosing related party transactions with entities which form part of the AXA SA Group and key management personnel compensation.

(d) Exemption from certain share-based payments disclosures
The Company has availed itself of the exemption under FRS 102 on the grounds that it is a wholly-owned subsidiary whose ultimate parent company is AXA SA (registered in France) which prepares Group consolidated financial statements which are publicly available and include the share-based payments disclosures required by FRS 102.

(e) Exemption from financial instruments disclosures
The Company has availed itself of the exemption under FRS 102 on the grounds that it is a wholly-owned subsidiary whose ultimate parent company is AXA SA (registered in France) which prepares Group consolidated financial statements which are publicly available and include the financial instrument disclosures required by FRS 102.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

1. Accounting Policies (continued)
(f) Revenue Recognition
(i) Turnover
Turnover, which is stated net of value added tax, represents mainly income earned from the commission received for underwriting services provided by the employees of the Company to risk bearing AXA XL division entities and recharge of costs, including where appropriate an additional mark-up to AXA XL division companies. Commission income is calculated by applying commission rates, which are set annually by underwriting year, to premiums and recognised in full when premiums are recognised in the risk bearing entities.

Turnover includes transactions where the Company receives expense recharges from other service companies and passes it onwards to the service recipients. There is no impact on the operating profit as the amount recognised in Turnover is offset by the equal amount recognised in Administrative expenses. The recognition is based on the Company acting as a principal and assuming credit risk for such transactions.

Fee Income
The Company is recognising income from risk engineering services and Claims management services as a result of AXA Matrix merger. Fee income is presented as part of turnover in the profit and loss account. The revenue is recognised over the period during which the service is performed.

(ii) *Other Income*
Interest Income
Interest income is recognised using the effective interest method. Interest income is presented as 'other interest receivable and similar income' in the profit and loss account.

Sublease Income
The Company is recognising income on subleasing building under finance lease. Sublease income is presented as part of turnover in the profit and loss account.

(g) Tangible fixed assets
Tangible fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets (except Art and Antiques) at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life as follows:

Leasehold improvements	life of lease
Furniture and fittings	5 years
Telecom equipment	3 years
Computer hardware	3 years
Capital lease asset (building)	life of lease
Art and Antiques	non depreciable

(h) *Intangible fixed assets*
Software costs, Computer Licenses and Goodwill are classified as intangible fixed assets. Amortisation is provided on all such intangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of the intangible asset evenly over its expected useful life. The typical useful life of Software and Computer Licenses is 3 Years.

Goodwill recognised represents the excess of directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. No reversals of impairment are recognised.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

1. Accounting Policies (continued)
(i) Leased assets
Where assets are financed by leasing agreements that transfer substantially all the risks and rewards of ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term determined at the inception of the lease plus any initial direct costs. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the effective interest method. Depreciation on the relevant assets and interest on the obligation are charged to the profit and loss account. All other leases are operating leases and the rentals are charged to operating profit on a straight-line basis over the lease term.

(j) Impairment of non-financial assets
At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is estimated.

The recoverable amount of the asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset and from its ultimate disposal. In measuring value in use estimated cash flow before interest and are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset is less than the carrying amount of the asset the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss, unless the asset has been revalued. If the asset has been revalued the impairment loss is recognised in other comprehensive income to the extent of the revaluation gains accumulated in equity in respect of that asset. Thereafter any excess is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account, unless the asset is carried at a revalued amount.

(k) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

(l) Taxation
Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

1. Accounting Policies (continued)
(l) Taxation (continued)
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

(m) Foreign currencies
The functional currency of each branch is its local currency. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued into the functional currencies at the rate of exchange ruling at the balance sheet date. Exchange differences arising from transactions are taken to the profit and loss account. The Company's presentation currency is sterling. The results and financial position of each branch are translated into the presentation currency as follows:

- assets and liabilities are translated at the balance sheet date;
- income and expenses at the average rate of exchange during the year; and
- all resulting exchange differences are recognised through the statement of comprehensive income.

(n) Employee Benefits
(i) Short Term Employee Benefits
Short-term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-Employment Benefits
The Company operates various pension schemes which are either defined benefit or defined contribution in nature. For the defined contribution schemes, the pension costs charged in the profit and loss account represent the contributions payable to the various schemes during the year.

For the defined benefit schemes, the pension cost is recognised as follows:

a. The change in the net defined benefit liability arising from employee service rendered during the year in the profit and loss account;
b. Net interest on the net defined benefit liability during the year in the profit and loss account;
c. The cost of plan introductions, benefit changes, curtailments and settlements in the profit and loss account and
d. Remeasurement of the net defined benefit liability in the statement of comprehensive income. Remeasurement of the net defined benefit liability comprises:
   i. Actuarial gains and losses; and,
   ii. The return on plan assets, excluding amounts included in net interest on the net defined benefit liability.

The fair value of plan assets out of which the obligations are to be settled is measured in accordance with the Company's accounting policy for financial assets. For most plan assets, this is the quoted price in an active market. Where quoted prices are not available, appropriate valuation techniques are used to estimate the fair value. In calculating the defined benefit pension liability, the Company made key assumptions concerning the future, and other key sources of estimation uncertainty at the year end. The nature of these and the carrying amount of the liability are disclosed in note 12. The deferred taxation on the remeasurement of the net defined benefit liability is shown separately in the statement of comprehensive income.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

1. Accounting Policies (continued)
(n) Employee Benefits (continued)
(iii) Share-Based Payments
The Company's employees participate in share-based payment arrangements established by the ultimate parent company AXA SA. Certain key officers and executives of the Company are eligible to participate in the Performance Share plan awards granted by AXA SA. AXA SA grants 3 types of performance share awards to executive officers and other Key employees. 1. AXA Performance Shares (PS), granted to eligible employees residing mainly in France; 2. AXA International Performance Shares (PSi), granted to selected employees residing mainly outside of France and 3. AXA Retirement Performance Shares (PSR), granted to designated senior executives in France. The fair value of the performance shares is measured at the grant date. The Company recognises share-based payment expenses in profit and loss account, based on the grant date fair value of the performance shares, on a straight-line basis over the vesting period.

(o) Capital Contribution Reserve
The Capital Contribution Reserve is held in respect of amounts provided by the parent company, XL Insurance (UK) Holdings Limited, as capital to the Company. Contributions are made without the requirement for consideration by the Company, without condition, and not in return for any right, shares or change over the assets or surplus of the Company. The amounts can be utilised for the Company's corporate purposes at the sole discretion of the Directors.

(p) Other reserves
During 2016, three entities: XL Services UK Limited (United Kingdom), Catlin Europe SE (Germany) and Catlin Shared Services (Europe) Sp z o.o.(Poland) have been merged into the Company. This transaction has been recorded using merger accounting principles, effective 1 July 2016, the effective date of the merger. All the then existing assets and liabilities of the merged entities were transferred to the Company at their carrying values on the effective date. The difference in value between the then existing capital of the merged entities and the capital issued as consideration by the Company to their previous owners has been recorded as a merger reserve by the Company.

The Company chooses to adopt merger accounting method to account for group reconstructions whenever entities around the AXA Group are merged with the Company. This policy has been used to account for the merger of AXA Matrix Risk Consultants S.A..

(q) Use of estimates and judgements
The preparation of these financial statements required the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

(r) Financial instruments
The Company has adopted Sections 11 and 12 of FRS 102 in respect of financial instruments:
- Cash and cash equivalents

Cash and cash equivalents include cash in hand or with banks. Cash and cash equivalents are initially measured at transaction price.
- Other financial assets and liabilities

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price.

(s) Provisions and contingencies
(i) Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

1. Accounting Policies (continued)
(s) Provisions and contingencies(continued)
(i) Provisions (continued)
Provisions are measured at the present value of the best estimate of the amount required to settle the obligation, discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar expenses' in the financial year in which it arises.

(ii) Contingencies
Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the Company will be required to transfer economic benefits in settlement of the obligation, or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable

(t) Distributions to equity holders
Dividends and other distributions to the shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

2. Turnover
Turnover, which is stated net of value-added tax, represents income earned from International Office commission, the recharge of costs, including where appropriate an additional mark-up, to AXA XL division companies and the Fee income on risk engineering and claims handling services, as well as rental income earned from non-Group companies.

Distribution of Turnover based on geographical location:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
UK	542,649,304	543,344,419
Ireland	159,805,301	159,419,011
France	150,248,105	162,651,202
Switzerland	84,618,286	79,501,721
Germany	75,625,363	71,258,955
Italy	26,526,040	22,210,132
Spain	21,953,306	19,417,368
Poland	18,274,202	18,711,630
Netherlands	15,706,272	13,493,561
Sweden	11,057,458	7,862,179
Austria	10,799,861	9,614,398
Mexico	3,945,936	2,703,027
Others	5,525,409	7,085,833
Total	1,126,734,843	1,117,273,436

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

2. Turnover (continued)

Distribution of Turnover based on nature of revenue:

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Commission Income	694,352,802	686,414,872
Expense Recharges	408,305,126	418,118,543
Fee income	18,670,286	6,637,843
Other Income	5,406,629	6,102,178
Total	1,126,734,843	1,117,273,436

3. Staff Costs

The costs of all employees are recognised in the financial statements of the Company with a corresponding management fee or cover holder commission charged to fellow AXA XL division risk bearing companies for services provided by the Company's employees. Directors' emoluments for services to the Company are £598,267 (2020: £723,372).

Staff costs and numbers relating to these employees have been included in the details shown below:

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Wages and salaries	404,320,729	415,674,053
Social security costs	65,258,027	69,480,633
Other pension costs (Note 12)	42,839,996	42,946,406
Other staff costs	23,947,433	30,332,247
Recruitment and training	3,807,888	2,537,134
Total	**540,174,073**	**560,970,473**

The monthly average number of employees for the year ended 31 December 2021 is 4,113 (2020: 4,290). This is broken down by various functions as follows:

	Year ended 31 December 2021		Year ended 31 December 2020	
	Headcount	Costs (£)	Headcount	Costs (£)
Support Functions	2,944	335,393,452	3,039	353,083,684
Insurance Underwriting	994	171,095,466	1,073	175,566,609
Reinsurance Underwriting	175	33,685,155	178	32,320,180
Total	4,113	540,174,073	4,290	560,970,473

Of the total staff costs £1,438,890 (2020: £4,183,198) has been capitalised into fixed assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

4. Operating Profit

Operating Profit is stated after charging:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Fees payable to the Company's auditors:		
For the audit of the Company's financial statements	154,957	128,852
Other non-audit services	6,836	7,163
Total	**161,793**	**136,015**
Depreciation and Amortisation (note 7 and 8)	31,262,819	33,707,989
Operating lease expense	16,549,816	10,072,019
Foreign exchange losses	6,937,701	1,581,021
Directors' remuneration		
- for management services	404,686	472,504
- pension contributions	29,203	38,081
- long term incentive schemes	164,378	212,787
Total	**598,267**	**723,372**

Executive directors do not receive emoluments for their appointment except as shown above. As employees of AXA XL companies, certain executive directors participate in group defined contribution pension and long-term incentive schemes available to employees.

5. Interest Payable and Similar Expenses

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest expense related to finance lease	3,644,663	3,977,404
Interest payable on overdrafts	5,582	45
	3,650,245	3,977,449

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

6. Tax on profit or loss on ordinary activities

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
(a) Tax expense included in profit or loss		
Current tax:		
Total corporation tax on profit for the year	54,051,386	17,505,728
Double taxation relief	(7,582,305)	(2,715,796)
Total corporation tax on profit for the year	46,469,081	14,789,932
Adjustments in respect of prior year	(3,050,396)	5,394,086
Total current tax	43,418,685	20,184,018
Deferred tax:		
Origination and reversal of timing differences	(12,324,795)	2,597,947
Impact of change in tax rate	(1,119,279)	(1,475,188)
Adjustments in respect of previous years	934,148	(3,485,431)
Total deferred tax	(12,509,926)	(2,362,672)
Tax on profit on ordinary activities	30,908,759	17,821,346

(b) Reconciliation of tax charge

Tax assessed for the year is higher than the standard rate of corporation tax in Ireland for the year ended 31 December 2021 of 12.50% (2020: 12.50%). The differences are explained below:

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Profit on ordinary activities before taxation	133,635,499	56,507,474
Profit before taxation multiplied by standard rate of corporation tax in Ireland of 12.50% (2020: 12.50%)	16,704,437	7,063,434
Effects of:		
Expenses not deductible for tax purposes	501,122	3,311,120
Other timing differences	(7,099,434)	2,453,739
Foreign current tax in relation to the current period	31,309,336	7,275,382
Double tax relief	(7,582,305)	(2,715,796)
Chargeable gain	311,131	—
Adjustments to tax charge in respect of prior periods - current tax	(3,050,397)	5,394,086
Adjustments to tax charge in respect of prior periods - deferred tax	934,148	(3,485,431)
Re-measurement of deferred tax - change in tax rate	(1,119,279)	(1,475,188)
Tax charge for the year	30,908,759	17,821,346

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

6. Tax on profit or loss on ordinary activities (continued)
In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate will increase to 25.00%. Legislation was substantively enacted on 24 May 2021 and the rate rise has been taken into account in calculating the net assets of the Company's UK branch at 31 December 2021. Please note that there were no other tax rate changes in other jurisdictions.

To the extent available, corporation tax receivable/payable will be group relieved at full value. The assessment for group relief will be completed at the time of filing the appropriate tax returns.

7. Tangible Assets

	Leasehold Improve-ments	Furniture and Fittings	Telecom Equipment	Computer Hardware	Capital Lease Asset (Building)	Art and Antiques	Total
	£	£	£	£	£	£	£
Cost:							
At 1 January 2021	21,089,606	4,652,148	588,857	46,608,326	94,828,090	23,655	167,790,682
Additions	4,677,641	—	—	13,839,619	—	—	18,517,260
Reclassification	—	—	—	(11,446,946)	—	—	(11,446,946)
Disposals/Impairments	(730,526)	(363,839)	(27,706)	(9,444,391)	—	—	(10,566,462)
Currency Translation	(852,238)	(210,920)	(25,617)	(117,842)	—	(1,467)	(1,208,084)
At 31 December 2021	24,184,483	4,077,389	535,534	39,438,766	94,828,090	22,188	163,086,450
Accumulated Depreciation:							
At 1 January 2021	8,245,353	3,819,249	576,442	18,261,263	65,210,238	—	96,112,545
Depreciation expense	2,702,426	479,392	2,213	8,767,782	3,949,044	—	15,900,857
Disposals/Impairments	(315,052)	(338,231)	(27,706)	(5,125,622)	—	—	(5,806,611)
Currency Translation	(379,368)	(186,341)	(24,847)	(90,349)	—	—	(680,905)
At 31 December 2021	10,253,359	3,774,069	526,102	21,813,074	69,159,282	—	105,525,886
Net book value at 31 December 2021	**13,931,124**	**303,320**	**9,432**	**17,625,692**	**25,668,808**	**22,188**	**57,560,564**
Net book value at 31 December 2020	**12,844,253**	**832,899**	**12,415**	**28,347,063**	**29,617,852**	**23,655**	**71,678,137**

At the onset of 2021, AXA XL adopted SAP Asset Accounting module as the sub ledger for accounting of fixed asset & software related items. During this transition, three General Ledger accounts are exclusively mapped to software whereas in the previous software (PeopleSoft) application these accounts had mixed usage for both software & hardware. Hence, a one-time adjustment was made to transfer the 2020 opening balances of these accounts from hardware to software.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

8. Intangible Assets

	Computer Software	Computer Licences	Goodwill	Total
	£	£	£	£
Cost:				
At 1 January 2021	64,641,662	721,534	24,248,219	89,611,415
Additions	5,660,665	—	—	5,660,665
Reclassification	11,446,946	—	—	11,446,946
Disposals and Impairments	(11,652,585)	(123,750)	—	(11,776,335)
Currency Translation	(1,376,849)	—	(735,877)	(2,112,726)
At 31 December 2021	68,719,839	597,784	23,512,342	92,829,965
Accumulated Amortisation:				
At 1 January 2021	46,241,156	697,472	9,699,288	56,637,916
Amortisation	10,929,781	24,063	4,849,644	15,803,488
Disposals and Impairments	(9,957,486)	(123,750)	—	(10,081,236)
Currency Translation	(1,332,806)	(1)	(441,528)	(1,774,335)
At 31 December 2021	45,880,645	597,784	14,107,404	60,585,833
Net book value at 31 December 2021	**22,839,194**	**—**	**9,404,938**	**32,244,132**
Net book value at 31 December 2020	**18,400,506**	**24,062**	**14,548,931**	**32,973,499**

Goodwill:

An amount of £23,565,151 relation to the Business Transfer Agreements ("BTAs") with AXA Corporate Solutions Assurance ("AXA CS"), AXA Art Europe Limited ("AXA Art") and AXA Matrix Risk Consultants S.A. ("AXA Matrix") is kept as Goodwill in the books of the Company from the year 2019.

The Company has decided to amortise goodwill over a period of 5 years based on FRS 102 which requires the Company to systematically amortise goodwill over its estimated useful life. The estimated life of 5 years is based on the expected attrition rate, regulatory changes, technology driven efficiency and simplification projects. There are no indicators of impairment in 2021 requiring impairment review.

9. Debtors

	31 December 2021	31 December 2020
	£	£
Amounts owed by Group undertakings	335,293,647	193,282,702
Other Debtors	31,807,099	37,972,034
Deferred tax asset (Note 14)	16,614,153	1,180,332
Prepayments	3,926,725	9,371,277
	387,641,624	241,806,345

10. Creditors: Amounts Falling Due Within One Year

	31 December 2021	31 December 2020
	£	£
Accruals	166,015,524	179,262,046
Other creditors including tax and social insurance	113,817,330	94,479,696
Amounts due to Group undertakings	15,431,740	—
Trade creditors	7,494,771	1,381,812
Finance lease charges payable	5,979,523	5,383,480
	308,738,888	280,507,034

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

11. Creditors: Amounts Falling Due After More Than One Year

	31 December 2021	31 December 2020
	£	£
Finance lease - 70 Gracechurch building - due more than one year (details below)	45,744,444	51,723,966
	45,744,444	51,723,966

Amounts Due Under Finance Lease
Future minimum payments under the finance lease are as follows:

	31 December 2021	31 December 2020
	£	£
Within one year	9,253,845	9,028,142
In more than one year, but not more than five years	39,387,405	38,426,736
After five years	15,769,443	25,983,957
Total gross payments	64,410,693	73,438,835
Less: finance charges allocated to future years	(12,686,726)	(16,331,389)
Total finance lease	51,723,967	57,107,446
Net due within one year (Note 10)	5,979,523	5,383,480
Net due more than one year	45,744,444	51,723,966
Total finance lease	51,723,967	57,107,446

All finance charges for the above finance lease of 70 Gracechurch building are capitalised and amortised over the term of the lease.

12. Pension Deficit
Most of the Company's active employees are eligible to become members of a defined contribution pension scheme except for certain former employees of XL London Market Services Limited and the German branch of XL Insurance Company SE ("XLICSE") who are members of defined benefit pension schemes (DB Pension). As part of the employees move from AXA CS, AXA Art and AXA Matrix to the Company at 1 February 2019, some defined benefit pension schemes were also moved to the French and German branches of the Company.

The total pension cost (for both defined benefit and defined contribution schemes) for the Company for the year was £42,839,996 (2020: £42,946,406) and there were no outstanding pension contributions at the balance sheet date. The Company has no significant exposure to any other post-retirement benefit obligations.

The details of these DB Pension scheme liabilities are provided below:

Net pensions deficit

	31 December 2021	31 December 2020
	£	£
Defined benefit scheme in Germany	(20,584,331)	(24,450,785)
Defined benefit schemes in France	(5,492,114)	(22,231,160)
Winterthur "no worse than final salary pension" guarantee	(2,026,620)	(2,250,990)
XL London Market Services Limited "Brockbank" scheme	(1,342,170)	(2,766,150)
Total	(29,445,235)	(51,699,085)

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

12. Pension Deficit (continued)
The total cost relating to defined benefit plans for the year recognised in the profit and loss account was £2,078,999 (2020: £1,031,746).

The Company operates six (2020: six) defined benefit pension schemes. They are:

DB Pension Scheme in Germany
The Company operates an unfunded defined benefit scheme for certain employees in the German branch of XL Insurance Company SE who were active employees on 1 January 2005, the date on which XL Services UK Limited took over the employees' service contracts from XL Insurance Company SE. These individuals are now employed by the Company following the merger of XL Services UK Limited in 2016. The pension commitments relating to members who had retired before this date remained with XL Insurance Company SE, and are disclosed in that company.

Some employees of legacy AXA CS moved to the German branch of the Company as part of the employee move, who were members of a defined benefit pension plan operated by AXA Group. The Projected Benefit Obligation relating to these employees under the DB pension scheme has also been transferred to the German branch. This DB pension plan liability is added to the existing DB pension obligation of the German branch of the Company and the actuarial valuation at 31 December 2021 is drawn, including this liability also.

An actuarial valuation of the German DB pension scheme, using the projected unit credit basis, was carried out at 31 December 2021 by independent consulting actuaries.

The cost for the year charged to the profit and loss account relating to this scheme is £818,811 (2020: £779,066).

DB Pension Schemes in France
As part of European employee move from AXA CS, AXA ART Versicherung AG ("AXA ARTS") and AXA Matrix to the Company on 1 February 2019, the Company took over three DB Pension plans. These plans are:

1. RRD: Directors' pension plan
The directors' pension plan is a plan for four directors moved from AXA CS to the Company, who are in active employment. The beneficiaries are eligible for the benefits of this plan, in addition to all pension rights acquired under mandatory and supplementary pension plans over the whole of their professional lives irrespective of the origin of such rights.

2. PRS: AXA minimum cover plan
The condition for benefiting from the AXA supplementary pension plan (PRS) is at least 15 years of service by the time of retirement. The level of cover is 4.00% of the Average End-of-Career Salary (AECS) in Tranche A and 4.50% in Tranche B. The annuity awarded under this minimum cover is a differential annuity. This means that the amount of the annuity is determined based on the difference between the level of cover and deductible amounts (the annuity derived from the occupational pension fund, the CRUAP (pension plan for former employees of UAP, a French company which has been absorbed by AXA) pension and the annuity awarded under the AXA defined contribution plan).

3. PSAD: Senior management and executive assistant plan
An exclusive pension plan for three retired company directors of AXA CS.

In application of the French decree number 2019-697, the rights of the beneficiaries have been crystalised with effective date 31 December 2019, making the plans RRD and PRS closed for new employees.

The Company holds an insurance contract with AXA Assurances Vie Mutuelle against its French employee DB Pension benefits giving the right for benefits payment reimbursement.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

12. Pension Deficit (continued)
The actuarial valuation of these DB Pension Plans has been performed by the in-house actuaries of AXA France IARD, a Group entity using the projected unit credit basis at 31 December 2021.

The cost for the year charged to the profit and loss account relating to these DB pension plans is £1,049,188 (2020: £76,681).

Winterthur "no worse than final salary pension" guarantee
Six employees of the Company in the UK were previously in a defined benefit pension scheme but transferred into a defined contribution scheme. These employees received a "no worse than final salary pension" guarantee whereby, in the event that they are employed by AXA XL division until retirement or redundancy, they will receive a top-up to their defined contribution pension to the level of pension that they would have been entitled to receive had they remained in the defined benefit scheme.

This guarantee is treated as an unfunded defined benefit scheme with 2 members at 31 December 2021 (2020: 2 members). The valuation has been based on the most recent independent actuarial valuation of the liability at 31 December 2021.

In conducting the valuation, the actuaries paid due regard to the expected performance of the assets and employer contributions to the defined contribution scheme of the members to arrive at the appropriate valuation for the cost of the guarantee. The pension liability recorded in the financial statements of the Company with respect to these individuals as at 31 December 2021 is £2,026,620 (2020: £2,250,990).

The cost for the year included in the profit and loss account is £167,000 (2020: £135,000).

XL London Market Services Limited "Brockbank" DB pension scheme
The Company operates a funded defined benefit scheme, which is closed to new members, for 82 former employees of XL London Market Services Limited, of whom 54 are active or deferred members of the scheme. In 2007 the accounting for this pension scheme was transferred from XL London Market Services Limited to XL Services UK Limited, which was subsequently merged into the Company during 2016. The assets are held separately from those of the Company, being invested with Mobius Life Ltd.

An actuarial valuation of this pension scheme, using the projected unit credit basis, was carried out at 30 June 2018 by independent consulting actuaries and updated to 31 December 2021.

The cost for the year in the profit and loss account relating to this defined benefit scheme is £44,000 (2020: £41,000).

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

12. Pension Deficit (continued)
The principal actuarial assumptions at 31 December 2021 and 2020 were:

	Germany		France		Winterthur		Brockbank	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Rate of increase in salaries	2.50 %	2.50 %	2.00 %	1.86 %	4.60 %	4.20 %	n/a	n/a
Inflation assumption	1.75 %	1.75 %	2.00 %	1.86 %	3.60 %	3.20 %	3.60 %	3.20 %
Rate of increase in pensions payment	1.75 %	1.75 %	—	—	3.60 %	3.20 %	3.60 %	3.20 %
Rate of increase in deferred pension	1.75 %	1.75 %	—	—	2.71 %	2.27 %	2.71 %	2.27 %
Discount rate	0.90 %	0.45 %	0.69 %	0.38 %	1.90 %	1.30 %	1.90 %	1.30 %
Mortality assumptions								
Longevity at age 65 for current pensioners (France-at age 64 & Winterthur-at age 60)								
- Men	20	20	25	25	27	26	22	22
- Women	24	24	29	29	29	29	24	24
Longevity at age 65 for future pensioners (France-at age 64 & Winterthur-at age 60)								
- Men	20	20	28	28	27	27	22	22
- Women	24	24	32	32	30	29	25	25

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

12. Pension Deficit (continued)
Reconciliation of the present values of the schemes' liabilities:

	Germany 2021 £	France 2021 £	Winterthur 2021 £	Brockbank 2021 £
At 1 January	35,747,347	34,263,172	4,208,000	13,545,000
Current service cost	728,304	1,023,986	130,000	—
Interest cost	90,506	41,108	56,000	175,000
Contributions by scheme participants	(261,955)	—	—	—
Benefits paid and curtailments	(499,850)	(2,944,995)	—	(210,000)
Net actuarial gains taken to the statement of comprehensive income	(3,170,544)	(14,536,161)	(313,000)	(796,000)
Foreign currency exchange rate gain on schemes measured in a currency different from the entity's presentation currency	(2,216,486)	(2,124,462)	—	—
At 31 December	30,417,322	15,722,648	4,081,000	12,714,000
Less:				
Fair value of defined benefit scheme assets/ underlying defined contribution scheme assets*	—	(8,317,883)	(1,579,000)	(11,057,000)
Deficit in scheme	30,417,322	7,404,765	2,502,000	1,657,000
Related deferred tax asset	9,832,991	1,912,651	475,380	314,830
Net pension deficit	**20,584,331**	**5,492,114**	**2,026,620**	**1,342,170**

Actuarial gain of £14,536,161 disclosed on the French defined benefit pension plan resulted mainly from the transfer of the pension assets and obligations relating to certain beneficiaries to another group company.

*As described earlier the cost of the guarantee of the unfunded Winterthur scheme takes into account the expected value of the members defined contribution pension scheme assets which is deducted from the present value of the scheme liabilities to arrive at the cost of the guarantee to the Company. The return on the defined contribution scheme assets for the year was £103,000 (2020: £43,000).

Reconciliation of the fair value of the French DB Pension scheme assets:

	French Schemes 2021 £	French Schemes 2020 £
At 1 January	4,289,922	712,954
Interest income on scheme assets	15,906	10,925
Contribution made by the employer	5,729,460	5,297,759
Benefits paid	(1,565,409)	(1,751,877)
Actuarial gain/(loss) in statement of comprehensive income	113,997	(14,250)
Foreign Exchange (losses)/gains	(265,993)	34,411
At 31 December	8,317,883	4,289,922

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

12. Pension Deficit (continued)
The assets in the French DB Pension Schemes were:

	Value at 31 December 2021	Value at 31 December 2020
	£	£
Equities	736,362	257,395
Diversified growth funds	736,582	446,152
Gilts	4,560,789	3,238,891
Corporate bonds	2,402,891	274,555
Others (cash)	(118,741)	72,929
Total market value of assets	8,317,883	4,289,922

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by the Company.

The return on plan assets for the year was a gain of £129,903 (2020: loss of £3,325).

Reconciliation of the fair value of the underlying defined contribution scheme assets for the Winterthur Scheme:

	Winterthur 2021	Winterthur 2020
	£	£
At 1 January	1,429,000	1,341,000
Interest income	19,000	27,000
Net actuarial gains in statement of comprehensive income	84,000	16,000
Contribution made by the Company	47,000	45,000
At 31 December	1,579,000	1,429,000

Reconciliation of the fair value of the Brockbank DB Pension scheme assets:

	Brockbank 2021	Brockbank 2020
	£	£
At 1 January	10,130,000	9,759,000
Interest income on scheme assets	131,000	195,000
Contributions paid by employer	166,000	150,000
Benefits paid	(210,000)	(209,000)
Actuarial gain in statement of comprehensive income	840,000	235,000
At 31 December	11,057,000	10,130,000

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

12. Pension Deficit (continued)
The assets in the Brockbank DB Pension Scheme were:

	Value at 31 December 2021	Value at 31 December 2020
	£	£
Equities	4,827,000	4,218,000
Diversified growth funds	1,904,000	1,555,000
Gilts	—	813,000
Corporate bonds	—	1,068,000
Multi-Asset Funds	4,254,000	2,408,000
Others (cash)	72,000	68,000
Total market value of assets	11,057,000	10,130,000

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by the Company.

The return on plan assets for the year was £971,000 (2020: £430,000).

Defined Contribution Schemes
The cost of the contributions made to the defined contribution schemes during the year amounts to £40,760,997 (2020: £41,914,660).

13. Actuarial Gain/(Loss) recognised on Other Defined Employee Benefit Schemes
The business transfer and employee move dated 1 February 2019 from legacy AXA CS, AXA ARTS and AXA Matrix to the Company included movement of certain employee defined benefit retirement plans. Retirement Bonus plan (IFC) is one such non defined benefit pension plans moved to the Company at 1 February 2019. A gain of £2,714,106 (2020: loss £6,720,275) is recognised in the statement of Comprehensive Income as actuarial evaluation adjustment on these non defined benefit pension plans.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

14. Deferred Tax

	31 December 2021	31 December 2020
	£	£
The provision for deferred tax consists of the following deferred tax assets/(liabilities):		
Accelerated depreciation	21,538,335	4,994,122
Employee related benefits	26,636,386	30,168,231
Intangible assets	323,691	186,732
Losses	391,938	467,049
Other timing differences	(19,740,345)	(14,421,001)
Total provision	29,150,005	21,395,133

	31 December 2021	31 December 2020
	£	£
Provision at start of year	21,395,133	14,912,936
Transfer in from other Group companies	—	1,370,945
Adjustments in respect of prior years	(934,148)	3,485,431
Foreign exchange	178,034	(854,029)
Impact of change in tax rates	1,119,279	1,475,188
Deferred tax credit/(charge) in profit & loss account for the year	12,324,795	(2,597,947)
Deferred tax (credit)/charge in other comprehensive income for the year	(4,933,088)	3,602,609
Provision at end of the year	29,150,005	21,395,133
Deferred tax asset offset against pensions and similar obligations:	(12,535,852)	(20,215,513)
Deferred tax asset (Note 9)	16,614,153	1,179,620

15. Called Up Share Capital Presented as Equity

	31 December 2021	31 December 2020
	£	£
Allotted, called up and fully paid:		
15,887,149 (2020: 15,887,149) ordinary shares of €1 each	13,171,653	13,171,653

The Company issued only a single class of ordinary shares and each carry one voting right. There are no restrictions on the distribution of dividends and the repayment of capital.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

16. Financial Commitments
At 31 December 2021 the Company had financial commitments under non-cancellable operating leases as follows:

	Land & Buildings 31 December 2021	Others 31 December 2021	Land & Buildings 31 December 2020	Others 31 December 2020
	£	£	£	£
Within one year	9,984,717	1,508,828	7,826,972	1,773,102
Within two to five years	22,480,558	2,102,184	23,474,747	2,030,469
More than five years	2,533,167	26	7,292,574	—
	34,998,442	3,611,038	38,594,293	3,803,571

The property at 70 Gracechurch Street, London is not included in the above as this is treated as a finance lease and is included within Note 11.

17. Share-Based Payments
The Company, as member of AXA Group of entities, participates in the AXA Performance Share award plans. Select managers and key employees are eligible to receive performance shares awards that once vested are settled with equity shares of AXA SA, the ultimate parent of the Company. AXA SA operates 3 types of Performance share plans as explained below:

1. **AXA Performance Shares (PS)**
Eligible employees residing mainly in France are the beneficiaries of this award plan. Performance criteria are established for this award and based on the AXA Group performance together with the performance of the beneficiaries' business unit/entity/region. These awards are granted yearly, and the vesting period is 3 to 4 years. On the vesting date, the beneficiaries receive AXA SA shares in settlement. The expenses are based on the grant date fair value of AXA SA shares and are expensed straight-line over the vesting period.

2. **AXA International Performance Shares (PSi)**
This plan is similar to the PS plan described above. The main difference is that PSi awards are issued to all eligible employees except those residing mainly in France.

3. **AXA Retirement Performance Shares (PSR)**
This plan is also like the PS plan described above. The beneficiaries include certain designated managers in France. Under this plan, the beneficiaries have the right to receive at settlement date, AXA SA shares based on the achievement of specified performance criteria. The costs of the award are expensed fully on the grant date unlike straight-line expensing over the vesting period in the case of the other 2 awards plans.

18. Merger of AXA Matrix
The merger of AXA Matrix Risk Consultants S.A. ('AXA Matrix') and XL Catlin Services SE was approved by the Irish Court and effective from 31 October 2020. The aim of the merger is to consolidate the operations of AXA Matrix and the Company into a single company as part of the AXA XL division's internal legal restructuring of its European services. The Company will provide the services directly to the clients and there will be no changes to the terms of the service contracts already in place at the time of the merger.

Prior to the merger, the Company became 100.00% owner of AXA Matrix, subsequent to XL Insurance (UK) Holdings Limited gifting all shares except one of that company and the Company acquiring the remaining one share held by Vamopar, an AXA Group company located in France for €3.03. The merger of AXA Matrix and the Company resulted in all activities, contracts, assets, and liabilities of AXA Matrix transferring to the Company at net book value and accounted following merger accounting method. The gift of AXA Matrix received from XL Insurance (UK) Holdings Limited, the parent of the Company has been treated as a capital contribution from the parent in the books of the Company.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

19. Parent Undertaking and Controlling Party
The Company's immediate parent undertaking is XL Insurance Holdings (UK) Limited, a company incorporated in United Kingdom. The ultimate parent undertaking and controlling party of the Company and the largest group in which the results of the Company are included, for which group financial statements are prepared is AXA SA, a company incorporated in France.

Copies of the audited financial statements of the immediate parent can be obtained from the Company Secretary, 20 Gracechurch Street, London, EC3V 0BG. Copies of the audited financial statements of AXA SA can be obtained from 16 Avenue Matignon, 75008 Paris, France.

20. War in Ukraine
On 24 February 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank. As a consequence, the Ruble has significantly weakened and the Russian economy is facing a major crisis with repercussions on the global economy.

Under a new law signed by Russia in early March 2022, Russian insurers have been banned from entering into transactions with foreign insurers, reinsurers and brokers from a group of "unfriendly countries" that includes every EU state, Japan, Switzerland, the UK and the US. The ban also applies to the transfer of funds by Russian insurers under contracts that were agreed prior to the new rules coming into effect. The newly introduced law will currently be in effect until 31 December 2022. The amount of commission income derived from Russian business is immaterial to the Company.

Although no material impacts have been reported at this stage, the Company closely monitors the Group's exposures to the conflict, including (i) the operational impact on its business, (ii) the consequences from a potential deterioration in macroeconomic conditions, (iii) exposure through its risk bearing division entities and (iv) change in asset prices and financial conditions (including interest rates).

21 Approval of annual report and financial statements
The directors approved the annual report and financial statements on 31 May 2022.