DON'T STAPLE

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 NOT fo**
You cannot use this form t an alteration of manner of with accounting requireme

FRIDAY

AAZ1W1YJ
A06 04/03/2022 #86
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	02079337727

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 Insurance
Reinsurance

XL CATLIN SERVICES SE

AN AXA GROUP COMPANY

Annual Report and Financial Statements

Year ended
31 December 2020

Registered number: 659610

CONTENTS **PAGE(S)**

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

Directors
Marie-Louise Elhabre
Peter R. Kelly
Paul M. Murray
Ronan J. 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 LLP,
Chartered Accountants & Statutory Auditors,
7 More London Riverside,
London, SE1 2RT,
United Kingdom

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 Koln, Germany

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

XL Catlin Services SE, Mexico Branch
Felix Cuevas 366 — 2C, Tlacoquemecatl del Valle, 03200, CDMX, Mexico

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

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

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

Branch Offices (continued)

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, Zurich, Switzerland

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

Directors' Report for the year ended 31 December 2020

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 2020.

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 2020, of the arrangements and structures, referred to above.

Directors' Report for the year ended 31 December 2020 (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. The directors carefully considered and reviewed the responsibilities of the "audit committee" 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, Catlin Underwriting Agencies Limited, XL Catlin Insurance Company UK Limited, XL Re Europe SE and Catlin Re Switzerland. In addition, the Company provides non-underwriting services such as finance, legal, tax and HR support to AXA XL. The Company employs 4,290 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 and claims handling 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
Sale of UK Private Client Business
AXA XL division has decided to sell its UK private client business to Aviva Plc and the proposal is to transfer the private client team, currently employed by the Company, under TUPE terms on completion of the deal later this year.

Business Review
During the year under review, turnover was £1,117,273,436 (2019 restated: £1,087,140,796) and administrative expenses amounted to £1,064,109,300 (2019 restated: £1,022,268,883). 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 Company received capital contributions during the year of £2,662,838 (2019: £70,302,351) by way of gifting of AXA Matrix from its parent. The equity of the Company at 31 December 2020 amounts to £161,286,026 (2019: £140,692,827). The state of the Company's affairs as at 31 December 2020 is shown in the statement of financial position on page 20 and the notes to the financial statement from pages 21 to 42.

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:

	2020	2019
	£	£
Commission Income	686,414,872	653,792,743
Operating profit	53,164,136	64,871,913
Net cash resources	198,758,130	16,856,426
Net current assets	160,057,441	122,625,992
Total shareholders' funds	161,286,026	140,692,827

Results and dividends
The profit before taxation for the year amounted to £56,507,474 (2019: £66,031,474). The tax charge amounted to £17,821,346 (2019: £17,312,688) resulting in a profit for the year of £38,686,128 (2019: £48,718,786) which has been transferred to total equity. During the year, the Company recognised an actuarial loss of £8,221,515 (2019: £28,733,650) in the statement of comprehensive income, caused mainly by the French and German Defined Benefits Pension plans. The Administrative Organ ("Board") does not propose to pay a dividend for the year ended 31 December 2020 (2019: £nil).

Directors' Report for the year ended 31 December 2020 (continued)

Key Developments during the year
The Company completed the merger by cross border absorption of AXA Matrix after obtaining Irish Court approval and Central Bank of Ireland ("CBI") communicating no objection against the merger. Prior to the merger, the Company became the 100% owner of AXA Matrix, subsequent to XL Insurance (UK) Holdings Limited gifting all shares except one and the Company acquiring the remaining one share held by Vamopar, an AXA Group company located in France for a purchase consideration of €3.03. Employees attached to the AXA Matrix Singapore branch merged with the Company in Singapore have been moved to the Company on 31 October 2020 by operation of Law.

In the second half of 2020, the AXA XL division decided to implement a new Target Operating Model ("TOM") focusing on simplicity, empowerment and agility, as the core pillars, transforming from a global matrix organisation to a more regional organisational setup involving 3 business units viz. Americas (US/Canada/Bermuda/Latin America), APAC Europe (Europe/Asia Pacific); and the UK & Lloyd's market. Reinsurance segment is not impacted by the new TOM. The TOM change is not expected to have any material impact on the Company's profitability.

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 two non-executive directors (one of them is an independent director), meets five 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. The governance framework of the Company is constantly evolving, and work is ongoing to document further the specific governance framework of the Company, particularly in respect of the controls that currently exist within the AXA XL division and upon which the Company relies.

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 2020 had any interests in the Company, nor in any other undertaking requiring disclosure under the Companies Act 2014.

The individuals who served as members of the Administrative Organ during the period from 1 January 2020 to the date of this report are listed below:

Paul R. Bradbrook	(Chairman & Non- Executive Director, resigned on 30 April 2021)
Marie-Louise Elhabre	(Non-Executive Director, Appointed on 18 December 2020)
Peter R. Kelly	(Executive Director & Secretary)
Clynton J. Luttig	(Executive Director, resigned on 23 July 2020)
Sean McGovern	(Non-Executive Director, resigned on 23 July 2020)
Paul M Murray	(Independent Non-Executive Director, Appointed on 1 February 2020)
Ronan J. Redmond	(Executive Director)

Directors' Report for the year ended 31 December 2020 (continued)

Directors' and secretary's interests
None of the above directors or the company secretary have an interest in any Group company exceeding 1% 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 2020.

Political donations
The Company did not make any political donations during the year (2019: £nil).

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

Financial risk management

- Financial risk management objectives

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".

- Interest rate risk

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 liabilities.

- Credit risk

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.

- Liquidity risk

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.

- 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 assumption 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.

Directors' Report for the year ended 31 December 2020 (continued)

Capital Management
The Company is regulated as an insurance and reinsurance intermediary in the Republic of Ireland by the Central Bank of Ireland ("CBI") and the Company maintained positive net assets position excluding goodwill and intangible assets at all times during the year as required by CBI.

Compliance
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. The risk management department interacts with these functions, to ensure that any risk and control information is exchanged between functions to help improve the overall effectiveness of internal control.

Human resources
XLCSSE employs the majority of AXA XL division staff in the European Union ("EU") who act on behalf of certain EU (re)insurance carriers in the AXA XL division. XLCSSE 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.

XLCSSE 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.

XLCSSE employees are subject to the AXA XL divisional 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 and International Performance 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.

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

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.

COVID-19 Outbreak
The COVID-19 Pandemic is continuing globally, and its ultimate impact is highly uncertain. The Pandemic had limited impact on the Company's profitability in 2020. The Company continues to monitor the Pandemic and it is taking countermeasures to minimise the impacts on the financials so that any adverse impacts do not affect its ability to remain as a going concern. More information on COVID-19 Outbreak and its impact on the Company is provided on Note 22.

Directors' Report for the year ended 31 December 2020 (continued)

Non-financial information statement
XL Catlin Services SE (the "Company") 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 2020 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 entities to which services are provided.

Corporate social responsibility
In 2018, the AXA XL division, which the Company is part of, developed a new division-wide Corporate Social Responsibility ("CSR") strategy to be delivered by 2021. The Company relies upon the AXA XL division for much of its work concerning CSR.

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 our Enterprise Risk Management (ERM) framework. We conduct environmental due diligence when securing new office space/renovating existing premises as well as consider risks associated with natural perils as part of our Business Continuity Management planning.

Measuring our carbon footprint
AXA XL is committed to introducing measures to reduce its organizational carbon footprint. In 2020 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% over the next five years, aligning us with industry-practice standards. To this end, we've 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.

Across the Company's main offices, we work with landlords to reduce our energy consumption. We have a number of ongoing energy reduction initiatives, such as the replacement of all of the open-plan office fluorescent lighting panels with LED lighting at 20 Gracechurch Street London. This included upgrading existing perimeter LED lighting to a more efficient LED light. Additionally, in 2020, AXA XL introduced a Green Contribution scheme where a charge will be applied for every ton of CO_2 emission associated with business air travel. The funds raised will be used to support internal initiatives across AXA XL that will reduce their environmental footprint.

A number of offices within AXA XL's real estate portfolio are LEED certified, including our London site (Silver LEED). LEED certification provides independent verification of a building or neighbourhood's green features, allowing for the design, construction, operations, and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings.

Directors' Report for the year ended 31 December 2020 (continued)

Non-financial information statement (continued)
Environmental matters (including the impact of the Company's business on the environment) (continued)
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.

From 2020 onward, AXA Group is committed to offsetting carbon emissions for all AXA entities. The scope of offsetting includes power consumption, car fleet and business travel with technology hardware, devices and public clouds also being considered. On an annual basis AXA Group will compensate for its previous year's emissions.

Private public partnerships
Given the magnitude of the challenge, collaboration between our 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. We 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.

AXA XL's Environmental team in France is working to support our clients in assessing biodiversity-related risks. Clients are invited to complete environmental risk prevention audits with measurable criteria, and those with industrial sites are encouraged to carry out initial biodiversity diagnostics and integrate the results into their risk management plan.

Establishing Responsible Procurement standards
Our commitment to acting responsibly is evident in AXA XL's Responsible Procurement guidelines, which are defined and implemented in a collaborative effort with the divisional Sustainability department and key stakeholders across AXA XL and AXA Group. These guidelines are embedded in the AXA XL procurement policy.

AXA XL's 2020 achievements are:

- A Sustainability clause is now expected to be included in all new contracts and in General Terms & Conditions of Purchase when a purchase order is issued;
- We conducted an awareness session for all Global Sourcing and Procurement (GSP) colleagues to build a greater understanding of our commitment to responsible procurement and ensure it is considered in every purchase process;
- We have defined Wave 1 of the Ecovadis Evaluation Corporate Responsibility Assessment of 171 providers; and

  All GSP full-time employees have signed our Code of Ethics to confirm their commitment to these guidelines.

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.

Directors' Report for the year ended 31 December 2020 (continued)

Non-financial information statement (continued)

Establishing Responsible Procurement standards (continued)

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

AXA XL are developing a Coastal Risk Index to incorporate the flood protection benefits of coastal ecosystems into risk models. 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. 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 2020, The Stimson Centre launched the Climate and Ocean Risk Vulnerability Index (CORVI) with AXA XL's development and research support. CORVI assesses climate risk in coastal cities of emerging economies to pinpoint areas to build resilience.

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% 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.

Key Initiatives:

- Development and Advancement: To meet the Company's goal of increasing the percentage of underrepresented talent in senior leadership roles, we have a focus on sponsoring women and other underrepresented talent into critical on-the-job development opportunities that accelerate advancement. Through the Company's succession planning process, we are committed to highlighting talent from diverse backgrounds;
- Recruitment: In addition to promoting talent from within, recruitment is a critical driver for increasing the representation of women in senior leadership positions. All hiring managers consider a highly qualified, diverse candidate slate prior to making a hiring decision. For all roles across all levels, hiring managers must interview a slate that comprises at least 50% women. This approach applies to roles being sourced with both internal and external candidates. Our flexible working arrangements and family-friendly leave policies enable our employees to achieve work-life effectiveness;
- Engagement: AXA XL's business resource groups (BRGs) are colleague-led initiatives with executive sponsorship that drive our people strategy forward. There are 5 global groups with 25 chapters around the world: LEAD (gender), PRIDE (LGBTQ+), RISE (race/ethnicity), EnABLE (disability), and Inclusion Committees. By participating in these BRGs, colleagues have the opportunity to develop professionally, expand their networks, gain visibility with senior leaders, and experience stretch opportunities they might not get in their day-to-day roles and responsibilities. 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; and
- In 2020 the Company joined the Business in the Community (BITC) Race at Work Charter, an initiative designed to improve outcomes for black, Asian and minority ethnic employees in the UK.

Directors' Report for the year ended 31 December 2020 (continued)

Non-financial information statement (continued)

The Company's employees (continued)

UK Gender Pay Gap Report 2020

- The Company's UK's 2020 mean Gender Pay Gap was 29.6% and the median Gender Pay Gap was 32.3%, both showing a year-on-year improvement compared with 2019. The mean Gender Pay Gap reduced by 10%, while the median gap reduced by 6.3%. The Company's 2020 UK gender pay gap report is available to download. The report outlines steps intended to close the gender pay gap through development and advancement, recruitment, and employee engagement;
- 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. During 2020, we narrowed the 'senior management' definition to ensure consistency with the insurance market and other UK entities and to more effectively develop a pipeline of women that can move into the most senior roles in the coming years. We achieved 32% of women holding senior roles in the UK in 2020, against the Women in Charter goal of 35% by 2023. As such we remain on track to meet this target; and
- To learn more about how the Company is closing the gender pay gap, read "Narrowing the gap our drive towards gender parity" by Sean McGovern, CEO, UK & Lloyd's market.

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.

AXA XL consider our 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:

Empowering disabled children and adults

Enable Ireland, a non-profit that works with children and adults with disabilities to achieve independence, choice, and inclusion in communities across Ireland, was given a grant of $10,840 in 2020. The funds will facilitate the development of a network of self-advocates and peer mentors in Assistive and Accessible Technology (AT). This project helps individuals gain confidence and competence as self-advocates and peer mentors. They can then choose how best to address issues relating to their services, support for AT in their own lives, and in the lives of those they in turn, mentor. The Advotech Sessions are now up and running online with participants from all over the country who have important representational roles on Enable's National Service Owner Council.

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 over a year into a three-year partnership with international charity WaterAid, to bring safe drinking water to more than 10,000 people in rural India. Already AXA XL's funding has restored six hand pumps and 14 dug wells with rainwater harvesting systems in the region, and WaterAid have delivered community training on water testing and basic hydrology so that communities can manage and sustain the new infrastructure into the future. Although some parts of the project were disrupted by COVID-19 restrictions, WaterAid were able to adapt and set up 'Soap Banks' for marginalized families, as well as share digital hygiene messaging through social media, to encourage and support handwashing as a defence against COVID-19.

In 2020, AXA XL conducted one-on-one conversations with clients, who represent various industries that rely on available water supplies, to learn more about their water risks. A Water Resilience Roundtable was hosted to help flesh out our priorities — areas where we could help clients build their water resilience.

AXA XL are also funding research with Pennsylvania State University to explore how drought impacts different livelihoods and if we can create more tailored solutions to support humanitarian response to this weather hazard.

Directors' Report for the year ended 31 December 2020 (continued)

Non-financial information statement (continued)
Social matters (continued)
Giving back through our Virtual Day of Giving and Corporate Responsibility Week
At AXA XL division we provide as many opportunities as possible for colleagues to support the needs of their neighbourhoods.

In 2020, AXA XL delivered the first ever Virtual Day of Giving, where colleagues were encouraged to donate time and skills, virtually, in support of non-profits around the world. More than 2,400 colleagues around the world collectively donated more than 2,000 hours to 55 Virtual Day of Giving projects.

Activities ranged from writing to isolated senior citizens, reading to children via video to improve literacy, giving career advice to young people, to tracking animal movements for zoological research.

Additionally, AXA XL celebrated AXA Group's 10th Corporate Responsibility Week by delivering a range of activities focusing on AXA XL's strategic focus on climate, and the programs and partnerships that underpin that. Activities included webinars, environmental and conservation-focused volunteering opportunities, the launch of our first ever Carbon Reduction Strategy, thought leadership articles and the celebration of colleague-led 'green' behaviours and contributions globally.

Empowering colleagues to make a difference
Through 28 Regional Charity Committees made up of more than 230 employees, AXA XL employees are empowered to make a difference in ways that matter most to our people. These committees are responsible for charitable giving at a local level, which includes grant giving, fundraising, awareness raising, and donation drives. In 2020 grants were awarded totalling approximately $750,000 to nearly 90 non-profits across three focus areas- social inclusion, health, and the environment.

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.

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 2020, AXA XL supported RedR UK to adapt its Climate Change Adaptation and Disaster Risk Reduction (CCADRR) course for humanitarian organizations that work in vulnerable communities. The funding enabled RedR UK to undertake a learning needs assessment project to analyse the changing landscape in which the course would be operating. The two climate-vulnerable countries that were chosen for the 2020 project were the Philippines and Bangladesh because they were simultaneously responding to the ongoing COVID-19 outbreak while also preparing for seasonal cyclones and typhoons.

The assessment found a clear opportunity to expand the existing health part of the CCADRR training and incorporate preparedness and response to health epidemics into it, so that health systems and communities can work toward being climate and pandemic adaptive and resilient. As a result, RedR UK developed a series of e-facilitated Covid-19 training modules, first delivered to a UK audience, and subsequently contextualized for international delivery. In 2020, over 1,000 direct and indirect beneficiaries were supported through this program.

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/2019-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.

Directors' Report for the year ended 31 December 2020 (continued)

Non-financial information statement (continued)

The 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. 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

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

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 potential interaction of the third party with public officials. 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 2020 (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 2020 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
A resolution will be proposed at the next board meeting and annual general meeting of shareholders for the appointment of PricewaterhouseCoopers LLP (Ireland) as statutory auditors for the year ended 31 December 2021.

ON BEHALF OF THE BOARD

Ronan Redmond

Ronan J. Redmond
Director
28 May 2021

P.R. Kelly

Peter R. Kelly
Director and Secretary
28 May 2021

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

Report on the audit of the financial statement

Opinion

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

- give a true and fair view of the company's assets, liabilities and fmancial position as at 31 December 2020 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, which comprise:

the Statement of Financial Position as at 31 December 2020;
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 other than the fmancial 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 fmancial 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:

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

Reporting on other information (continued)

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 2020 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 Directors' Responsibilities Statement, 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 fmancial 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 fmancial statements.

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-968 f-a98202dc9c3 a/De scription_of auditorsresponsibilitiesforaudit.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.

Other required reporting

Companies Act 2014 opinions on other matters

As required by the Companies Act 2014, we report that:

- 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.
- In our opinion information and returns adequate for our audit have been received from branches of the company not visited by us.
- 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.

Andrew Moore

Andrew Moore

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Audit Firm
London
28 May 2021

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2020

	Note	Year ended 31 December 2020	Year ended 31 December 2019 (Restated)
		£	£
Turnover	2	1,117,273,436	1,087,140,796
Staff costs	3	(560,970,473)	(508,764,725)
Other administrative expenses		(503,138,827)	(513,504,158)
Administrative expenses		(1,064,109,300)	(1,022,268,883)
Operating profit	4	**53,164,136**	**64,871,913**
Other interest receivable and similar income		7,320,787	5,476,646
Interest payable and similar expenses	5	(3,977,449)	(4,317,085)
Profit before taxation		56,507,474	66,031,474
Tax on profit or loss on ordinary activities	6	(17,821,346)	(17,312,688)
Profit or loss on ordinary activities after taxation		38,686,128	48,718,786

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	Year ended 31 December 2020	Year ended 31 December 2019
		£	£
Profit or loss on ordinary activities after taxation		38,686,128	48,718,786
Effect of currency translations, net of tax		(9,381,661)	(1,875,598)
Actuarial loss recognised on defined benefit pension schemes	12	(8,221,515)	(28,733,650)
Actuarial loss recognised on other defined employee benefit schemes	13	(6,720,275)	(2,346,088)
Tax on actuarial loss recognised in defined benefit pension schemes	14	3,567,684	6,359,660
Total comprehensive Income for the year		**17,930,361**	**22,123,110**

Results for the year are attributable solely to continuing operations.

The notes on pages 21 to 42 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

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 01 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)
Deferred tax on actuarial loss recognised on defined benefit 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**

For the year ended 31 December 2019

	Called up Share Capital Presented as Equity	Capital Contribution Reserve	Other Reserves	Profit and Loss Account	Total Equity
	£	£	£	£	£
Balance at 01 January 2019	13,171,653	18,243,790	14,447,184	2,404,739	48,267,366
Capital Contribution		70,302,351			70,302,351
Profit for the year				48,718,786	48,718,786
Effect of currency translations				(1,875,598)	(1,875,598)
Actuarial loss recognised on defined benefit pension schemes				(28,733,650)	(28,733,650)
Actuarial loss recognised on other defined employee benefit schemes				(2,346,088)	(2,346,088)
Deferred tax on actuarial loss recognised on defined benefit pension schemes (Note 14)				6,359,660	6,359,660
Total Comprehensive Income	—	—	—	**22,123,110**	**22,123,110**
Balance at 31 December 2019	**13,171,653**	**88,546,141**	**14,447,184**	**24,527,849**	**140,692,827**

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020	2019
		£	£
Fixed Assets			
Tangible assets	7	71,678,137	78,476,317
Intangible assets	8	32,973,499	45,257,466
		104,651,636	123,733,783
Current Assets			
Debtors	9	241,806,345	334,919,793
Cash at bank and in hand		198,758,130	16,856,426
		440,564,475	351,776,219
Current Liabilities			
Creditors: amounts falling due within one year	**10**	(280,507,034)	(229,150,227)
Net Current Assets		160,057,441	122,625,992
Total Assets less Current Liabilities		264,709,077	246,359,775
Long Term Liabilities			
Creditors: amounts falling due after more than one year	11	(51,723,966)	(57,107,445)
Net Assets excluding pension deficit		212,985,111	189,252,330
Pension deficit	12	(51,699,085)	(48,559,503)
Net Assets including pension deficit		**161,286,026**	**140,692,827**
Capital and Reserves			
Called up share capital presented as equity	15	13,171,653	13,171,653
Capital Contribution Reserve		91,208,979	88,546,141
Other reserves		14,447,184	14,447,184
Profit and loss account		42,458,210	24,527,849
Total Equity		**161,286,026**	**140,692,827**

These financial statements on pages 21 to 42 were approved by the board on 28 May 2021 and signed on its behalf by:

Ronan Redmond

Ronan J. Redmond
Director
28 May 2021

P. R. Kelly

Peter R. Kelly
Director and Secretary
28 May 2021

Notes to the Financial Statements
For the year ended 31 December 2020

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 2020

1. Accounting Policies (continued)
(t) 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 XLCSSE 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 XLCSSE 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 2020

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 2020

1. Accounting Policies (continued)
(l) Taxation (continued)

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(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 2020

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.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

1. Accounting Policies (continued)
(s)Provisions and contingencies
(0 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.

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

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 2020	Year ended 31 December 2019 (Restated)
	£	£
UK	543,344,419	634,975,089
France	162,651,202	187,477,254
Ireland	159,419,011	46,523,638
Switzerland	79,501,721	34,789,939
Germany	71,258,955	79,654,773
Italy	22,210,132	26,538,381
Spain	19,417,368	20,456,341
Poland	18,711,630	15,126,136
Netherlands	13,493,561	13,781,607
Austria	9,614,398	9,745,003
Sweden	7,862,179	9,871,190
Others	9,788,860	8,201,445
Total	1,117,273,436	1,087,140,796

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

2. *Turnover (continued)*

Distribution of Turnover based on nature of revenue:

	Year ended 31 December 2020	Year ended 31 December 2019 (Restated)
	£	£
Commission Income	686,414,872	653,792,743
Expense Recharges	418,118,543	426,742,300
Fee income	6,637,843	
Other Income	6,102,178	6,605,753
Total	1,117,273,436	1,087,140,796

3. *Staff Costs*

Post-merger, the employees of AXA Matrix, Singapore have moved to the Company and reported in the numbers below.

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 £723,372 (2019: £383,737).

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

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Wages and salaries	415,674,053	373,795,156
Social security costs	69,480,633	63,211,969
Other pension costs (Note 12)	42,946,406	40,345,620
Other staff costs	30,332,247	29,044,540
Recruitment and training	2,537,134	2,367,440
Total	560,970,473	508,764,725

The monthly average number of employees for the year ended 31 December 2020 is 4,290 (2019: 4,030). This is broken down by various functions as follows:

	Year ended 31 December 2020		Year ended 31 December 2019	
	Headcount	Costs (£)	Headcount	Costs (£)
Support Functions	3,039	353,083,684	2,864	330,587,521
Insurance Underwriting	1,073	175,566,609	1,008	153,174,001
Reinsurance Underwriting	178	32,320,180	158	25,003,203
Total	4,290	560,970,473	4,030	508,764,725

Of the total staff costs £4,183,198 (2019: £3,433,613) has been capitalised into fixed assets.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

4. *Operating Profit*

Operating Profit is stated after (crediting)/charging:

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Fees payable to the Company's auditors:		
For the audit of the Company's financial statements	128,852	100,851
Other non-audit services	7,163	10,000
Total	**136,015**	**110,851**
Depreciation and Amortisation (note 7 and 8)	28,721,732	25,181,398
Operating lease expense	10,072,019	9,512,565
Foreign exchange losses/(gains)	1,581,021	(8,645,480)
Directors' remuneration		
- for management services	472,504	279,244
- pension contributions	38,081	18,346
- long term incentive schemes	212,787	86,147
Total	723,372	383,737

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 2020	Year ended 31 December 2019
	£	£
Interest expense related to finance lease	3,977,404	4,275,277
Interest payable on overdrafts	45	41,808
	3,977,449	**4,317,085**

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

6. Current Tax

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
(a) **Tax expense included in profit or loss**		
Current tax:		
Total corporation tax on profit for the year	17,505,728	17,383,894
Double taxation relief	(2,715,796)	
Total corporation tax on profit for the year	14,789,932	17,383,894
Adjustments in respect of prior year	5,394,086	(2,673,850)
Total current tax	20,184,018	14,710,044
Deferred tax:		
Origination and reversal of timing differences	2,597,947	1,055,112
Impact of change in tax rate	(1,475,188)	683,691
Adjustments in respect of previous years	(3,485,431)	863,841
Total deferred tax	(2,362,672)	2,602,644
Tax on profit on ordinary activities	17,821,346	17,312,688

(b) Reconciliation of tax charge

Tax assessed for the period is higher than the standard rate of corporation tax in Ireland for the year ended 31 December 2020 of 12.5% (2019: UK 19%). The differences are explained below:

	Year ended 31 December 2020	Year ended 31 December 2019
	£	£
Profit before taxation	56,507,474	66,031,474
Profit multiplied by standard rate of corporation tax in Ireland of 12.5% (2019: UK 19%)	7,063,434	12,545,980
Effects of:		
Expenses not deductible for tax purposes	3,311,120	5,893,026
Other timing differences	2,453,739	
Foreign current taxes	7,275,382	
Double tax relief	(2,715,796)	
Adjustments to tax charge in respect of prior periods - current tax	5,394,086	(2,673,850)
Adjustments to tax charge in respect of prior periods - deferred tax	(3,485,431)	863,841
Re-measurement of deferred tax - change in UK tax rate	(1,475,188)	683,691
Tax charge for the year	17,821,346	17,312,688

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.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

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 2020	26,159,484	6,196,345	592,003	40,565,209	94,828,090	22,566	168,363,697
Business acquisition	43,094	683		1,478			45,255
Additions	82,916	(17,748)	-	8,752,140		-	8,817,308
Disposals/Impairments	(6,034,236)	(1,712,629)	(16,706)	(2,792,373)		—	(10,555,944)
Currency Translation	838,348	185,497	13,560	81,872		1,089	1,120,366
At 31 December 2020	21,089,606	4,652,148	588,857	46,608,326	94,828,090	23,655	167,790,682
Accumulated Depreciation:							
At 1 January 2020	9,966,869	4,709,070	577,909	13,372,338	61,261,194		89,887,380
Business acquisition	26,188	582	-	1,479	-		28,249
Depreciation expense	2,786,808	625,539	2,314	6,061,203	3,949,008		13,424,872
Disposals/Impairments	(4,879,103)	(1,672,804)	(16,706)	(1,247,851)			(7,816,464)
Currency Translation	344,591	156,862	12,925	74,094	36		588,508
At 31 December 2020	8,245,353	3,819,249	576,442	18,261,263	65,210,238	-	96,112,545
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**
Net book value at 31 December 2019	**16,192,615**	**1,487,275**	**14,094**	**27,192,871**	**33,566,896**	**22,566**	**78,476,317**

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

8. *Intangible Assets*

	Computer Software	Computer Licences	Goodwill	Total
	£	£	£	£
Cost:				
At 1 January 2020	62,569,495	721,534	23,565,151	86,856,180
Additions	12,021,150			12,021,150
Disposals and Impairments	(11,049,644)			(11,049,644)
Currency Translation	1,100,661		683,068	1,783,729
At 31 December 2020	64,641,662	721,534	24,248,219	89,611,415
Accumulated Amortisation:				
At 1 January 2020	36,229,632	656,052	4,713,030	41,598,714
Amortisation	15,282,067	41,419	4,849,644	20,173,130
Disposals and Impairments	(6,169,761)			(6,169,761)
Currency Translation	899,218	1	136,614	1,035,833
At 31 December 2020	46,241,156	697,472	9,699,288	56,637,916
Net book value at 31 December 2020	**18,400,506**	**24,062**	**14,548,931**	**32,973,499**
Net book value at 31 December 2019	**26,339,863**	**65,482**	**18,852,121**	**45,257,466**

Goodwill:

Prior year Goodwill is in relation to the BTAs with AXA CS, AXA Art and AXA Matrix effective 1 February 2019 as a result of which employees, non-technical assets and liabilities were acquired for a consideration in excess of the net assets value, resulting in a goodwill of £ 23,565,151.

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 2020 requiring impairment review.

The following table summarises the consideration received by the Company, the fair value of assets acquired, and liabilities assumed at the acquisition date:

Details of BTA transactions as at 1 February 2019	**Amount**
	£
Goodwill	23,565,151
Computer software and licences	8,852,475
Tangible fixed assets	8,848,094
Other assets	4,564,744
Liabilities	(57,134,358)
Cash consideration	**(11,303,894)**

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

9. *Debtors*

	31 December 2020	31 December 2019
	£	£
Amounts owed by Group undertakings	193,282,702	302,670,136
Other debtors	37,972,034	19,658,679
Prepayments	9,371,277	12,002,249
Deferred tax asset (Note 14)	1,180,332	588,729
	241,806,345	334,919,793

10. *Creditors: Amounts Falling Due Within One Year*

	31 December 2020	31 December 2019
	£	£
Accruals	179,262,046	156,720,815
Other creditors including tax and social insurance	94,479,696	65,896,118
Finance lease charges payable	5,383,480	4,830,540
Trade creditors	1,381,812	1,702,754
	280,507,034	229,150,227

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

	31 December 2020	31 December 2019
	£	£
Finance lease - 70 Gracechurch building - due more than one year (details below)	51,723,966	57,107,445
	51,723,966	57,107,445

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

	31 December 2020	31 December 2019
	£	£
Within one year	9,028,142	8,807,943
In more than one year, but not more than five years	38,426,736	37,489,499
After five years	25,983,957	35,949,336
Total gross payments	73,438,835	82,246,778
Less: finance charges allocated to future years	(16,331,389)	(20,308,793)
Total finance lease	57,107,446	61,937,985
Net due within one year (Note 10)	5,383,480	4,830,540
Net due more than one year	51,723,966	57,107,445
Total finance lease	57,107,446	61,937,985

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

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

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 the Company for the year was £42,946,406 (2019: £40,345,620) 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 2020	31 December 2019
	£	£
Defined benefit scheme in Germany	(24,450,785)	(24,654,152)
Defined benefit schemes in France	(22,231,160)	(21,246,030)
Winterthur "no worse than final salary pension" guarantee	(2,250,990)	(1,454,990)
XL London Market Services Limited "Brockbank" scheme	(2,766,150)	(1,204,330)
Total	(51,699,085)	(48,559,502)

The total cost relating to defined benefit plans for the year recognised in the profit and loss account was £1,031,746 (2019: £5,629,842).

The Company operates six (2019: 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 2020 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 2020 by independent consulting actuaries.

The cost for the year charged to the profit and loss account relating to this scheme is £779,066 (2019: £1,463,310).

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

12. Pension Deficit (continued)

DB Pension Schemes in France

As part of European employee move from AXA CS, AXA ARTS and AXA Matrix to the Company on 01 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% of the Average End-of-Career Salary (AECS) in Tranche A and 4.5% 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.

Actuarial valuation of these DB Pension Plans has been done by the inhouse Actuaries of AXA **GI**, a Group entity using the projected unit credit basis at 31 December 2020.

The cost for the year charged to the profit and loss account relating to these DB pension plans is £76,681 (2019: £4,026,533).

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 2020 (2019: 2 members). The valuation has been based on the most recent independent actuarial valuation of the liability at 31 December 2020.

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 2020 is £2,250,990 (2019: £1,454,990).

The cost for the year included in the profit and loss account is £135,000 (2019: £125,000).

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

12. Pension Deficit (continued)

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 Investment Solutions 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 2020.

The cost for the year in the profit and loss account relating to this defined benefit scheme is £41,000 (2019: £15,000).

The principal actuarial assumptions were:

	Germany	**France**	**Winterthur**	**Brockbank**
	31 December 2020	**31 December 2020**	**31 December 2020**	**31 December 2020**
Rate of increase in salaries	2.50 %	1.86 %	4.20 %	n/a
Inflation assumption	1.75 %	1.86%	3.20%	3.20 %
Rate of increase in pensions payment	1.75 %		3.20 %	3.20 %
Rate of increase in deferred pension	1.75 %		2.27 %	2.27 %
Discount rate	0.45 %	0.38 %	1.30 %	1.30 %
Mortality assumptions				
Longevity at age 65 for current pensioners (France-at age 64 & Winterthur-at age 60)				
- Men	20	25	26	22
- Women	24	29	29	24
Longevity at age 65 for future pensioners (France-at age 64 & Winterthur-at age 60)				
- Men	20	28	27	22
- Women	24	32	29	25

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

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

	Germany 2020 £	France 2020 £	Winterthur 2020 £	Brockbank 2020 £
At 1 January	29,423,495	29,318,973	3,094,000	11,210,000
Transfer	485,212			
Current service cost	535,397	1,670,597	99,000	14,000
Interest cost	243,669	172,057	63,000	222,000
Contributions by scheme participants		(4,649)		
Benefits paid and curtailments	(434,696)	(4,774,226)		(209,000)
Net actuarial losses taken to the statement of comprehensive income	4,074,919	6,465,280	952,000	2,308,000
Foreign currency exchange rate gain on schemes measured in a currency different from the entity's presentation currency	1,419,351	1,415,140		
At 31 December	35,747,347	34,263,172	4,208,000	13,545,000
Less:				
Fair value of defined benefit scheme assets/ underlying defined contribution scheme assets*		(4,289,922)	(1,429,000)	(10,130,000)
Deficit in scheme	35,747,347	29,973,250	2,779,000	3,415,000
Related deferred tax asset	11,296,563	7,742,090	528,010	648,850
Net pension deficit	**24,450,784**	**22,231,160**	**2,250,990**	**2,766,150**

*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 £43,000 (2019: £161,000).

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

	French Schemes 2020 £	French Schemes 2019 £
At 1 January	712,954	975,058
Interest income on scheme assets	10,925	11,952
Contribution made by the employer	5,297,759	
Benefits paid	(1,751,877)	(361,489)
Actuarial (loss)/gain in statement of comprehensive income	(14,250)	87,433
FX gains	34,411	
At 31 December	**4,289,922**	**712,954**

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

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

	Value at 31 December 2020	Value at 31 December 2019
	£	£
Equities	257,395	23,312
Diversified growth funds	446,152	135,420
Gilts	3,238,891	390,131
Corporate bonds	274,555	208,775
Others (cash)	72,929	(44,684)
Total market value of assets	4,289,922	712,954

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 loss of £3,325 (2019: gain of £99,385).

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

	Winterthur 2020	Winterthur 2019
	£	£
At 1 January	1,341,000	1,137,000
Interest income	27,000	31,000
Net actuarial gains in statement of comprehensive income	16,000	130,000
Contribution made by the Company	45,000	43,000
At 31 December	1,429,000	1,341,000

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

	Brockbank 2020	Brockbank 2019
	£	£
At 1 January	9,759,000	9,151,000
Interest income on scheme assets	195,000	240,000
Contributions paid by employer	150,000	150,000
Benefits paid	(209,000)	(669,000)
Actuarial gain in statement of comprehensive income	235,000	887,000
At 31 December	10,130,000	9,759,000

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

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

	Value at 31 December 2020	Value at 31 December 2019
	£	£
Equities	4,218,000	4,215,000
Diversified growth funds	1,555,000	1,524,000
Gilts	813,000	751,000
Corporate bonds	1,068,000	957,000
Multi-Asset Funds	2,408,000	2,246,000
Others (cash)	68,000	66,000
Total market value of assets	10,130,000	9,759,000

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 £430,000 (2019: £1,127,000).

Defined Contribution Schemes
The cost of the contributions made to the defined contribution schemes during the year amounts to £41,914,660 (2019: £34,715,778).

/3. Actuarial 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. An amount of £6,720,275 (2019: £2,346,088) is recognised in the statement of Comprehensive Income as actuarial evaluation losses on the retirement bonus plan.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

14. *Deferred Tax*

	31 December 2020	31 December 2019
	£	£
The provision for deferred tax consists of the following deferred tax assets/(liabilities):		
Accelerated depreciation	5,029,280	2,563,153
Other timing differences	16,365,853	12,349,713
Total provision	21,395,133	14,912,866

	31 December 2020	31 December 2019
	£	£
Provision at start of year	14,912,936	7,867,405
Transfer in from other Group companies	1,370,945	3,353,754
Adjustments in respect of prior periods	3,485,431	(863,841)
Foreign exchange	(854,029)	(30,314)
Impact of change in tax rates	1,475,188	(683,691)
Deferred tax charge in profit & loss account for the year	(2,597,947)	(1,055,112)
Deferred tax credit/(charge) in other comprehensive income for the year	3,602,609	6,324,735
Provision at end of the year	21,395,133	14,912,936
Deferred tax asset offset against pensions and similar obligations:	(20,215,513)	(14,324,207)
Deferred tax asset (Note 9)	1,179,620	588,729

15. *Called Up Share Capital Presented as Equity*

	31 December 2020	31 December 2019
	£	£
Allotted, called up and fully paid:		
15,887,149 (2019: 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.

16. *Financial Commitments*
At 31 December 2020 the Company had financial commitments under non-cancellable operating leases as follows:

	Land & Buildings	Others	Land & Buildings	Others
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
	£	£	£	£
Within one year	7,826,972	1,773,102	6,440,787	1,755,923
Within two to five years	23,474,747	2,030,469	11,150,621	2,261,867
More than five years	7,292,574		2,985,051	
	38,594,293	3,803,571	20,576,459	4,017,790

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.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

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% 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.

19. Post Balance Sheet Events
Sale of UK Private Client Business
AXA XL division has decided to sell its UK private client business to Aviva Plc and the proposal is to transfer the private client team, currently employed by the Company, under TUPE terms on completion of the deal later this year. The legal formalities are progressing for this non-adjusting Post Balance Sheet Event.

20. Restatement of Comparative Amounts
As part of the pass-through expenses recharge process, the inter-branches charges were incorrectly included in the prior year's turnover and other operating expenses. This change has been corrected by restating each of the affected financial statement line items for the prior period in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to ensure presentation is on a comparable basis. The following table summarises the impacts on the financial statements.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

20. Restatement of Comparative Amounts (continued)
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019 (Restated)

	As previously reported	Adjustments	As restated
	£	£	£
Turnover	1,221,017,180	(133,876,384)	1,087,140,796
Staff costs	(508,764,725)		(508,764,725)
Other administrative expenses	(647,380,542)	133,876,384	(513,504,158)
Administrative expenses	(1,156,145,267)	133,876,384	(1,022,268,883)
Operating Profit	64,871,913	—	64,871,913
Other interest receivables and similar income	5,476,646		5,476,646
Interest payable and similar expenses	(4,317,085)		(4,317,085)
Profit before Taxation	66,031,474	—	66,031,474
Tax on profit	(17,312,688)		(17,312,688)
Profit for the year	48,718,786	-	48,718,786

The restatement of the 2019 financial statements impacted the following accounts within the relevant profit and loss account line items:

1. Turnover
2. Other operating expenses

21. 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 OBG. Copies of the audited financial statements of AXA SA can be obtained from 16 Avenue Matignon, 75008 Paris, France.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

22. Covid-19 outbreak

2020 saw the global outbreak of the COVID-19 pandemic, which first appeared in China in late 2019 before spreading to other countries and becoming a worldwide pandemic by March 2020.

China first put in place unprecedented lockdowns to contain the spread of the pandemic, and similar measures were imposed by most large economies from Mid-March. Worldwide, governments-imposed confinements, quarantines, travel restrictions, social distancing measures and more generally the closure of activities deemed non-essential to try and alleviate the severe strain experienced by local, national and supra-national medical institutions. This led to massive disruptions to the global economic output, notably manufacturing, trade and supply chains, which resulted in both lower economic activity and lower estimates of future economic growth. From May onwards, as the virus contagion started to show signs of abatement, governments started to ease the restrictions to alleviate the negative impacts on the economy.

However, the pace of the contamination accelerated during the third quarter, with the number of daily new cases reaching very high levels, mostly in Europe and in the United States. This situation has proven to be long-lasting, leading governments to strengthen again the sanitary measures after the relative easing during the summer. Although these measures were less stringent than in March, they weighed further on the economic environment. At the end of 2020, most of these restrictions were still in place and outlooks remain uncertain despite vaccines being rolled out to the population of many countries from the end of 2020.

In response, XLCSSE implemented specific cost countermeasures, such as travel and corporate events restrictions, and maintained its commitment to the modernization of IT systems, including support for remote working, IT security and controls, which meant Covid-19 had limited financial impact in 2020.

In this highly uncertain context, the AXA Group, the AXA XL division and the Company continue to closely monitor the pandemic and its exposures, including (i) the operational impact on its business, and (ii) the consequence of the deterioration in macroeconomic conditions, or of a slowdown in the flow of people, goods and services.