

SUSSEX CAPITAL UK PCC LIMITED

SECTION 172 (1) STATEMENT

31 DECEMBER 2021

Company number PC000002

This Section 172 (1) Statement is reproduced from Sussex Capital UK PCC Limited's 2021 'Annual Report' document which was approved by its Board on 29 June 2022.

Introduction

The Directors' key responsibility is to promote the success of the Company. Each Director is cognisant that in discharging this key responsibility, they must have regard to matters set out in s172(1)(a-f) of the Companies' Act. The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company.

The Board's approach to section 172(1) and decision making

The Board's terms of reference clearly articulate the Board's responsibilities, the role of the Chair and matters reserved for the Board. The Chair ensures that these terms of reference are adhered to and, by doing so, ensures that Directors have due regard for all appropriate factors during the decision-making process, including the need to act fairly between each preference shareholders or Noteholders of each cell.

Our strategy

The Board is responsible for implementing risk transformation activities in accordance with its Scope of Permission and on-going performance monitoring. The Directors' assessment of long-term value creation considers the Company's resilience. They determine and monitor risk appetites and tolerances, and they ensure the Company has an effective risk management framework in place.

Board information

The Board receives information on a range of relevant topics and receives information on other areas as requested by the Directors from time to time.

Our policies and practices

All relevant factors are appropriately addressed by the Board when considering the matters of the Company. It ensures that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business, in order to help promote the long-term success of the Company.

Our stakeholders

The Board recognises the importance of engaging with its stakeholder base. The Company's primary stakeholder is its cedant, Lloyd's Syndicate 2987, with whom management actively engage.

Regulators are key stakeholders for any regulated business and the Company is pro-active in ensuring that it meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives. Interaction with regulators includes meetings with supervisory teams, sharing business updates and responding to information requests as required.

More broadly, the Company's stakeholders also include providers of capital, being preference shareholders and Noteholders. The successful implementation of the Company strategy is dependent on developing strong relationships with providers of capital, which supports the growth of the Company.

Employee interests

The Company has no employees and outsources its various operational functions to qualified service providers, where scope of work is covered under service provider agreements.

Relationships with customers and suppliers

The Company has a single cedant, Lloyd's Syndicate 2987. Financial obligations to the cedant are fully collateralised.

Agreements are in place with service providers, including companies connected to the cedant.

Reputation and business conduct

The Company has in place a policy manual incorporating policies for all key risks and processes. This policy manual was reviewed by the Company's regulators, FCA and PRA prior to authorisation as a PCC pursuant to the Risk Transformation Regulations 2017 (the "Regulations"). The Company believes it has appropriately qualified service providers to fulfil its ongoing obligations under the Regulations.

The Company believes it has minimal environmental impact, especially as it has no dedicated physical premises.

Key decisions made by the Directors during the financial year

The Board of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. This report sets out how we have applied and complied with, the referenced section.

The Company formed its third protected cell (the "2021-1 Cell") to enter into a collateralised quota share agreement for the reinsurance of s Lloyd's Syndicate 2987.

The Directors approved the financial statements for the year ended December 31, 2020, on October 15, 2021.

The Directors approved the payment of dividends amounting to \$5,296,453 that were paid during the year ended December 31, 2021.

Purpose and consideration of the consequences of decisions for the long term

The Company is a limited purpose vehicle that will enter into approved reinsurance transactions. In entering current and future transactions, the Board will ensure that the terms will provide for the ability of the Company to meet its current and future obligations.

Management continues to assess the impact of COVID-19 event on the Company, and has concluded that the ability of the Company to continue to maintain its operational functionality will not be significantly compromised.