

**Brit Limited**  
**section 172(1) statement**  
2020



**BRIT**

writing the future

## Section 172(1) Statement

***This Statement is reproduced from Brit Limited's 2020 Annual Report, which was approved by its Board on 16 February 2021.***

### Introduction

The Brit Limited Directors' key responsibility is to promote the success of the Company. This principle is embodied in the Board's terms of reference and is the cornerstone of their discussions and decision making. Each Director is cognisant that in discharging this key responsibility, they must have regard to:

- The likely consequences of any decisions in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

The Directors of Brit Limited 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 for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act).

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

The Board's terms of reference, which are reviewed annually, clearly articulate the Board's responsibilities, the role of the Chair and matters reserved for the Board. They also set out which of the Board's powers and responsibilities may be delegated to other committees and the governance mechanisms by which the Board monitors those committees' activities and performance. 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.

### Our strategy

The Board is responsible for a number of key strategic decisions, including approving the business plans, objectives and strategy of the Company. It is also responsible for conduct risk strategy and appetite, for recommending dividends and for setting dividend policy.

The Company's strategy and business plans are approved annually by the Board. The Board also assesses how the strategy underpins long-term value creation by discussing and approving a three-year plan. Such matters are also discussed at the Group's annual strategy review and planning day, in which the Directors of the Company and its principal subsidiaries participate. On-going performance is discussed and monitored at Board meetings.

The Directors' assessment of long-term value creation also considers the Company's resilience. The Directors determine and monitor underwriting, reserving, business, operational, credit, market and liquidity risk appetites and tolerances. They ensure the Company has an effective risk management framework in place, approve its conduct risk strategy and appetite.

### Board information

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

During 2020, the Board has received and discussed regular comprehensive updates on the impact of COVID-19. These updates have included a general update on the pandemic, its impact on financial and capital markets, and the impact on Lloyd's and the wider insurance market. It also included an overview of key developments at Brit, an update from each key functional area, scenario analysis and an assessment of key risks.

The Board receives regular formal reports on the operations and performance of the Company from the Group Chief Executive Officer and the Group Chief Financial Officer. The Board also receives regular reports from the chairs of the committees of the Board such as the Audit Committee, Remuneration Committee and Nomination Committee, and from the chairs of its principal subsidiaries' boards including those of Brit Syndicates Limited and Brit Reinsurance (Bermuda) Limited. It also receives the minutes of meetings of these bodies. Each of these reports provides an update on areas necessary to help the Directors promote the success of Brit Limited.

In addition, the Board receives and considers a number of annual reports, such as the 'Whistleblowing Annual Report'.

From time to time the Board receives detailed reports on specific areas for it to consider. During 2020, such reports included a 'Group Capital Update' and a 'Group Investment Update'.

## Our policies and practices

All relevant factors are appropriately addressed by the Board when considering matters reserved for it, as set out in its terms of reference.

The Board also ensures that appropriate consideration is given to relevant factors by the committees to which it delegates responsibilities. The Board reviews the terms of reference of such committees on an annual basis, and receives regular updates and reports from those committees' chairs.

The Board also reviews the Company's key policies on an annual basis, ensuring that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business. These policies help to promote the long-term success of the Company by focusing on areas such as the key operations of the Company.

The Board reviews its key stakeholder map on an annual basis. New key stakeholder relationships are identified through information received and considered by the Board on a regular basis, or through the Board's consideration and approval of substantial contracts and commitments.

## Training

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. They have received a number of in-depth briefings on specific relevant issues.

For the wider workforce, there is a comprehensive staff development programme tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud and cyber risk.

## Our culture

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture.

In October 2019, we launched our new brand purpose. Our brand purpose informs everything we do, from how we communicate, to how we develop and deliver our services, to how we work together.

Our purpose informs our core philosophies:

- We provide a risk service, not sell insurance products;
- We treat people fairly – conducting ourselves with honesty and integrity at all times;
- We think proactively to help us (and our clients) live life on the front foot;
- We always speak with openness, consistency and clarity;
- We take time to make thoughtful and disciplined decisions; and
- We put innovation at the heart of our business.

The Company also maintains a 'Code of Conduct' setting out the standard we expect from all of our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

Our culture is communicated and lived through an established framework that identifies and rewards strong performance. Business plan goals are aligned to our Group vision and used to determine individuals' objectives, ensuring that all employees understand the part they play in the Group's success.

We are committed to developing the technical, behavioural, management and leadership skills required for our teams to outperform – both individually and collectively. We continue to invest in the future of Brit through our leadership, graduate and intern programmes and succession and talent mapping exercises, all of which aim to grow expertise from within and ensure robust succession plans.

At Brit we talk about 'writing the future' and to be able to do this we strive to ensure equal opportunity is part of how we conduct ourselves as a business and as a team. We continue to work hard on this topic. The simple message is that discrimination in all its forms will not be tolerated at Brit.

Advancing inclusion and diversity at Brit has been a priority for the Executive Committee for some time, and in 2020 we have continued to make progress.

- Working with an external consultancy, we completed work on our I&D maturity index and our progress towards total inclusion. Following five internal I&D focus groups, Brit has been benchmarked based on 100 companies to highlight where we need to improve and to showcase what best practice looks like.
- Following this, in July 2020 we launched the Brit People Forum. The Forum signals our intention and commitment to developing and nurturing an inclusive culture within our organisation. It will provide the opportunity for us to come together and learn from the personal stories of the widest spectrum of the Brit community and make inclusion and diversity 'business as usual' for Brit.

## Our people

Our people are key to our success. We want to engage with our employees and invest in their future so that they do not just progress, but thrive – both professionally, and emotionally. By developing and retaining a highly skilled, engaged and motivated workforce, we can generate value for them, the Company and our other stakeholders.

During 2020, with our people working remotely for most of the year, engagement has been more important than ever. As well as our usual engagement activities continuing in the virtual environment, a significant amount of additional engagement has taken place, focussing on staff wellbeing and the challenges we have all faced in 2020.

The Board principally engages with its workforce through its executive Directors. Brit believes in two-way communication between Directors, managers and all staff. It has a number of initiatives and processes designed to support and encourage this, including:

- An employee engagement survey, which takes place every two years across the Group. This is a key mechanism for assessing the views of our staff and leads to further engagement with them. The most recent engagement survey was held in late 2020. We had an excellent response rate of 89% and our overall engagement score increased by 7pps to 76%. The survey results were discussed at the executive level and then presented to all staff by the Chief Executive Officer. The findings were also presented to the Board. In the first quarter of 2021, we will be cascading the departmental results and each team will be encouraged to develop their own action plan to focus on their engagement priorities.
- Brit People Forum, focussing on inclusion and diversity, was launched in 2020.
- Executive Blogs – These blogs provide a useful medium through which the Executive Committee and other members of senior management can update employees on matters such as the Group's performance, initiatives and other developments, charitable activities and market conditions. All employees are encouraged to respond with a question or comment to help facilitate understanding and debate.
- Town Halls – Each month, a member of the Executive Committee presents on their area of focus. All staff are invited to these presentations, which are followed by questions and discussion. These presentations are recorded and made available to those unable to attend.
- Spotlight series – These in-depth interviews are circulated to all staff and are a way to highlight new initiatives and projects. Recent topics have included the engagement survey and a series highlighting cross functional staff moves.
- Team Meetings – At Brit, team meetings are encouraged both at a macro and micro level.
- Intranet – The Brit intranet site, relaunched during 2020, provides a central point of information, news and announcements to support working lives at Brit and provide access to tools and systems essential to people performing their roles.
- Email announcements – To communicate significant or high-profile news to all employees or groups of employees.
- In October 2020, Brit held its fourth annual 'Celebrate the Difference week', which provided a focus on individuals making a personal difference both to themselves and others. It concentrated on a variety of topics from overcoming adversity, coping with addiction, managing work and home balance and having a positive self-image. The various sessions, hosted by external specialists, were held virtually and were very well attended and well received.

Engagement with our staff allows us to assess the extent to which they are motivated. Such motivation contributes to the success of our organisation. Engagement also identifies areas we need to focus on to continue to develop staff motivation. High engagement results have a positive impact on our team performance and employee retention, our service quality (both internally and externally), and our overall business performance, ultimately benefitting all stakeholders.

## Our stakeholders

The Board recognises the importance of engaging with its broader stakeholder base. The Company's key stakeholders, as identified by the Board, are set out below, together with why and how we engage with them and the outcomes of that engagement. Engagement has continued and indeed been strengthened in 2020, with Brit's virtual engagement capabilities coming to the fore.

<b>Clients and Intermediaries</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>We care deeply about our clients' needs and work with brokers and partners to share expertise and deliver a seamless service for the end insured.</p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. In London, the majority of this is via Lloyd's brokers and in BGSU via both wholesale and retail intermediaries.</p> <p>Engagement and building strong relationships with our intermediaries is crucial for us to source business and to deliver the best service and products for our insureds.</p> <p>Intermediaries also provide a range of services to Brit, for which we remunerate them via brokerage and commissions.</p>	<p>Intermediary engagement commences before any formal relationship is entered into, with a robust on-boarding governance process.</p> <p>Post on-boarding, Brit underwriters engage with intermediaries in a number of ways. During 2020 this has predominantly been via electronic means.</p> <p>To maximise our intermediary relationships, Brit has entered into strategic partnership agreements with six of our largest brokers, covering over 50% of our gross premium. Under these agreements Brit pays an annual fee, which gives access to a range of services including regular engagement and introductions, data provision and consultancy. All new and renewal agreements require full Board approval.</p> <p>In 2020, Ki has also onboarded its first trading partners, a leading group of Lloyd's brokers. It has agreed to provide valuable capacity to each trading partner in 2021, giving their clients immediate security about placing business in Lloyd's.</p>	<p>During 2020, Brit has received excellent feedback. Marsh and Lockton rated Brit the number one carrier for services provided in the London Market, while AJG ranked us third in the London Market and Aon ranked us third out of 34 carriers.</p> <p>By engaging with clients and intermediaries we provide a risk service that helps clients not only prepare for but manage and mitigate the risks they face.</p> <p>By building stronger and deeper relationships with our intermediaries, we believe we put ourselves in a stronger position to quickly take advantage of new opportunities and understand and satisfy changing customer needs. The data provided to us by brokers allows us to have more informed discussions and make more informed decisions.</p> <p>One of our key areas of focus is the management of acquisition costs. We are working with a number of our major broking partners to explore ways we can work together via digital platforms to reduce overall cost and improve efficiency for our mutual business models.</p>
<p>When a client has a claim, their life or business has been disrupted, or even put in peril, they expect their insurance to deliver. It is our responsibility to fulfil that commitment. At Brit, we do not treat claims as a process; we see every claim as an opportunity to help our clients move forward.</p>	<p>When a client has a claim we adopt a proactive approach. We engage directly with them or their intermediary to ensure their needs are met. Following a major loss event, we instigate additional measures including establishing 24/7 contact with claims administrators, extending deployment of Brit claims adjusters from London and swiftly establishing dedicated loss funds.</p>	<p>Engagement with our clients, intermediaries and other service providers after an event reinforces our provision of a risk service that helps people not only move on from an event but helps them to move forward rapidly with confidence.</p>

<b>Reinsurers</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency.</p> <p>Brit's risk appetite is defined by its outwards reinsurance strategy and plan, which is approved as part of the annual business planning process.</p> <p>We also engage when we make recoveries under the cover we have purchased.</p>	<p>Brit uses its appointed brokers for the majority of reinsurer interactions, allowing us to benefit from their expertise.</p> <p>Brit also engages directly with reinsurers, such as when there is a need to achieve broader strategic aims which would involve more than one broker. These tend to be with our largest reinsurance counterparties.</p>	<p>This engagement allows Brit to access up to date market information and to access a broad range of reinsurance counterparties and reinsurance products, thereby managing its risk appetite in the most effective way. It also aids the administration of reinsurance products and may give Brit access to a range of advisory functions on contract wordings, financial modelling and ancillary functions.</p> <p>When we make recoveries, such engagement helps to expedite the recovery process.</p>

<b>Investment managers</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>We are responsible for managing the assets which support our underwriting and ensure that clients' claims can be paid. We manage those assets with a long-term view and aim to maximise return while controlling the level of market risk.</p> <p>We implement our investment strategy using the expertise of investment managers, whose mandates are set out in investment management agreements (IMAs).</p> <p>We engage with our investment managers to monitor their performance and to ensure assets are managed within the restrictions set out in the IMAs.</p> <p>We also gain additional insights and expertise by engaging with investment managers.</p>	<p>We have regular discussions with our managers to monitor performance and assess the outlook for investment markets. We also receive regular written investment reports covering positioning, investment performance and outlook.</p> <p>We have regular and ad-hoc discussions with managers to review new investment opportunities and to assess their suitability for our portfolio.</p> <p>Investment managers regularly present to the Board and Investment Committee Board.</p> <p>We also perform annual due diligence meetings to review the operational aspects of the investment managers' processes.</p>	<p>Engaging with our investment managers allows us to ensure that the assets are managed within our risk tolerances and guidelines and that any changes are implemented in a timely fashion. We receive insights from our investment managers which enhances our investment strategy and performance.</p> <p>Engagement allows us to discuss potential new opportunities with our investment managers, adding diversification and resilience to our portfolio. Discussions also help us to understand their approach to environmental, social and governance issues, including climate risk and stranded assets, validating the sustainability of the portfolio.</p> <p>Our operational reviews confirm assets are managed robustly and controls the risk of fraud within the investment managers and other third parties.</p>

<b>Capital providers</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>Working with third-party capital providers on Ki, Syndicate 2988 and Sussex creates the opportunity to increase Brit's leadership footprint and proposition to clients. It also leverages our operational infrastructure resulting in a more expense efficient model for both us and our capital providers.</p> <p>Engagement with third-party capital providers also supports our growth strategy for those vehicles.</p>	<p>Brit regularly engages with the third-party capital providers on Ki. It also engages with current and prospective third-party capital providers ahead of an underwriting year, to market the Syndicate 2988 and Sussex propositions and to understand investor appetite and capacity.</p> <p>After an underwriting year incept, Brit formally meets each provider regularly to discuss performance, outlook and any other relevant matter. Ad-hoc queries and requests for information are also welcomed. Most interaction is via face-to-face discussion or by conference call.</p>	<p>The successful implementation of the Ki, Syndicate 2988 and Sussex strategies is dependent on developing strong relationships with third-party investors and institutions. Such engagement helps facilitate this.</p> <p>The insight we gain from our regular interactions and feedback helps Brit to ensure that our propositions can continuously evolve in line with investor appetite.</p>

<b>Regulators</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>Regulators are key stakeholders for any regulated business and Brit's Board is pro-active in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.</p> <p>Brit engages with regulators to ensure that:</p> <ul style="list-style-type: none"> <li>• We understand their regulatory objectives and how they apply to Brit;</li> <li>• Regulators have a proper understanding of Brit's business model, strategy and risk appetite;</li> <li>• Regulators understand how Brit's business model, risk appetite and operational processes and controls are aligned to regulatory objectives.</li> </ul>	<p>Brit engages with its principal regulators through:</p> <ul style="list-style-type: none"> <li>• Regular meetings between supervisory teams, key decision-makers and authorised persons at Brit, including executive and non-executive Directors;</li> <li>• Sharing of key business updates and internal documents including board and committee papers to ensure regulators have a thorough understanding of Brit's business and the opportunity to ask questions about it;</li> <li>• Responding to thematic reviews and information requests as required;</li> <li>• Engaging with Lloyd's across the business including around business planning and compliance with Minimum Standards;</li> <li>• Ensuring the Board is kept up-to-date on regulatory matters as communicated by regulators.</li> </ul>	<p>Engagement with regulators impacts Brit through:</p> <ul style="list-style-type: none"> <li>• The Periodic Summary and Close and Continuous supervision approach by the PRA enables Brit to respond promptly to the PRA's regulatory concerns and areas of regulatory focus;</li> <li>• Engagement with regulators on thematic reviews and information requests enables Brit to contribute to regulators' understanding of how the market operates and best practice;</li> <li>• Brit's regular engagement with regulators enables it to pro-actively plan its response to areas of regulatory focus, e.g. operational resilience;</li> <li>• Engagement with regulators assists Brit to meet the prudential and conduct standards required by regulators;</li> <li>• Directors and employees understand their regulatory responsibilities.</li> </ul>

<b>Key suppliers</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>Supply chain integrity is a critical part of our business, as we rely on a number of key suppliers of goods and services to help us meet the needs of our customers and those of other stakeholders.</p> <p>On-going engagement with such suppliers helps us ensure that those needs are met and ensures that the standards set by those suppliers meet Brit's criteria.</p> <p>Such suppliers include providers of IT systems, claims management, professional services, facilities and travel providers.</p>	<p>Brit determines the risk of the potential engagement by investigating the potential spend value, criticality of the services to be provided and personal information to be shared between parties.</p> <p>Brit has strong partnerships with a number of critical suppliers. These partnerships are fostered by a range of activities including ongoing dialogue and meetings at both executive and function owner level. We also engage with key suppliers in areas such as technical and product roadmaps, integration planning and disaster recovery.</p> <p>Brit also has a rigorous on-boarding process for new suppliers.</p>	<p>Such supplier engagement enables us to:</p> <ul style="list-style-type: none"> <li>• Provide a better service to and satisfy the needs of our customers and other stakeholders;</li> <li>• Enhance current operational processes, leading to better efficiencies and increased competitive advantage in the marketplace;</li> <li>• Comply with appropriate laws and regulations, by implementing suitable controls and measures;</li> <li>• Improve the Company's technological resilience; and</li> <li>• Ensure the robustness and integrity of our suppliers, such as their compliance with the Modern Slavery Act 2015.</li> </ul>

<b>Members</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<p>Brit Limited's 100% ultimate shareholder is Fairfax Financial Holdings Limited (FFHL).</p> <p>Our aim is to provide long term sustainable value for our shareholders. Engagement ensures that our objectives are aligned and that our strategy, operating environment and performance are clearly understood.</p>	<p>Brit's ultimate shareholder is represented on the Brit Limited board and there is regular contact between Brit executives and senior management and those of our shareholder.</p>	<p>This engagement helps ensure that Brit's strategy is aligned to and supported by our shareholder.</p> <p>Such engagement also presents us with underwriting and investment opportunities, and can result in favourable collaboration with other members of the Fairfax Group.</p>



## Community and environment

The Board recognises the importance of not only generating value for shareholders but also to contribute to wider society. We do this through a number of initiatives. We also monitor and manage our environmental impact, as set out below.

### **Social and community**

We are committed to supporting the communities in which we operate and charities that are meaningful to employees. Our objective is to select charitable giving and community projects based on three criteria: projects should be for a good cause and operate in an area relevant to us, financial involvement should be for the benefit of the good cause, and projects should offer alignment with our strategic priorities.

Following a gift of US\$200k from our ultimate parent, Fairfax, for COVID-19 related charitable purposes, we donated £100k to The Captain Tom Foundation ([www.captaintom.org](http://www.captaintom.org)) as founder donor. The Captain Tom Foundation supports causes which help combat loneliness, support hospices and help those facing bereavement across the UK, including The Royal British Legion, MIND, Willen Hospice and Helen & Douglas House. The remainder of the money was split between four further charities: Childline ([www.childline.org.uk](http://www.childline.org.uk)), Compudopt ([www.compudopt.org](http://www.compudopt.org)), Refuge ([www.refuge.org.uk](http://www.refuge.org.uk)), and The Silverline ([www.thesilverline.org.uk](http://www.thesilverline.org.uk)).

During 2020 we again supported ten charities chosen by employees. The charities selected for 2020 were SWAN UK, Stroke Association, Lakeview Pantry, Dogs on the Streets, Ignite the Spirit, Friends of Essex and London Homeless, Hospice UK, Hand Of and The Ocean Cleanup. We donated a sum of money to each charity at the start of the year and continued with fundraising activities through the year, including an additional payment at the start of the COVID-19 pandemic to recognise that many of their fundraising activities had been cancelled. A further ten staff-nominated charities have been selected to receive our support in 2021.

Our Social Committee also organised a number of volunteering days in the local community. We further promote staff involvement in the community by granting every employee two additional days of paid leave a year to volunteer their time to a registered local charity.

In 2020 we continued our support for a school that educates boys and girls from the age of five to 18 in Kibera, the largest slum in Africa. The school does not discriminate between religion or tribal allegiance but instead believes in its motto that 'knowledge is power'. A group of Brit employees were able to volunteer at the school in February 2020 and we look forward to continuing our support in 2021.

We have supported Team BRIT, a team of disabled motor racing drivers, since 2017. In 2020, we continued our contract with Team BRIT, as title sponsor, allowing them to launch their racing academy. This has allowed it to successfully offer any disabled driver the opportunity to access expert tuition and coaching, to allow them to gain a race licence.

In July 2019 we announced that we were delighted to be supporting Great Ormond Street Hospital (GOSH) as one of our chosen corporate charities. GOSH is a world leading children's hospital based in London. In 2020, Brit employees helped raise funds for GOSH and we now sponsor a treatment room on one of their wards.

Following the killing of George Floyd in Minnesota we took some time to reflect and listen to each other as individuals, teams and as a business. We raised over US\$14k for the National Urban League (<https://nul.org>), a charity that supports education, jobs, housing, healthcare and a range of social justice issues.

We also run a payroll giving scheme and match any money raised by employees participating in charitable events.

During 2020, Brit donated US\$1.1m (2019: US\$0.6m) under its charitable initiatives. In addition to this, Brit employees completed 69 volunteering days (2019: 104 days).

### **Environmental responsibility**

At Brit we take our environmental responsibilities very seriously and continually seek to improve the sustainability of our business. In 2020, we have continued with our initiative to offset all our carbon emissions through ClimateCare ([www.climatecare.org](http://www.climatecare.org)). For every tonne of carbon generated we fund the equivalent reduction through ClimateCare's carbon reduction projects – neutralising our impact and helping to address climate change. For 2020, we have purchased further tonnage to offset additional emissions generated by our employees while working from home. At 31 December 2020 we remained fully Energy Saving Opportunities Scheme (ESOS) compliant.

Our offices closed on 18 March 2020, as we followed government advice on the outbreak of COVID-19. As a result, our consumption of materials has been significantly reduced compared to 2019, as have levels of business travel.

We continue strive to reduce the levels of recyclable and non-recyclable waste we generate. During 2020 we recycled 4.5 tonnes of paper waste (2019: 7.6 tonnes) and we sent 3.6 tonnes of general waste to energy recycling (2019: 16.6 tonnes). In 2020, we also recycled 0.3 tonnes of glass (2019: 1.4 tonnes), 1.6 tonnes of cardboard (2019: 5.1 tonnes) and no food waste (2019: 0.2 tonnes). During 2020, in conjunction with our building managers, we continued to work hard to reduce waste sent to landfill.

We continue to use a business dining and internal hospitality provider that is committed to the principles of sustainable food procurement. It recognises that it is important to the future wellbeing of the UK that farming communities are supported and able to contribute to their supply chains.

We measure and monitor our carbon footprint. In 2020 our carbon emissions per employee before offset were 2.4 tonnes (2019: 7.1 tonnes), which reduced significantly after offset to a negative 2.1 tonnes per employee (2019: positive 0.6 tonnes). The negative figure reflects our purchase of further tonnage to offset additional emissions generated by our employees while working from home in 2020. The sources of these emissions were as follows:

<b>Emission source</b>	<b>2020 CO2 (tonnes)</b>	<b>2019 CO2 (tonnes)</b>
Gas	339	357
Electricity	511	385
Business travel – air	959	3,862
Business travel – hotels	20	–
Business travel – other	–	5
Total carbon footprint before offset	1,829	4,609
Offset	(3,373)	(4,220)
Total carbon footprint after offset	(1,544)	389
Number of employees at 31 December, excluding NEDs	748	645
Carbon footprint per employee before offset	2.4	7.1
Carbon footprint per employee after offset	(2.1)	0.6

Brit's Streamlined Energy and Carbon Reporting (SECR) disclosures are as follows:

	<b>2020</b>	
	<b>kWh</b>	<b>GHG (CO2 tonnes)</b>
Scope 1	1,047,392	271
Scope 2	881,308	409
Scope 3	-	-
Total before offset	1,928,700	680
Per UK employee before offset	3,242	1.1

## Key decisions made by the Directors during the year

### Dividends and share issues

On 9 April, the Board approved a dividend payment of US\$20.6m to Brit's minority shareholder, OMERS.

During 2020, the Board agreed to a number of new share issues. These issues totalled 121,860,468 class B shares, which were acquired by Fairfax for a contribution of US\$524.0m.

In considering these decisions, the Directors assessed Brit's ongoing underwriting strategy and capital requirements, the impact of COVID-19 on Brit's underwriting and investment performance, and its obligation to act fairly between members. It was mindful of its agreed obligations to its minority shareholder and to its majority shareholder, Fairfax, whose ownership of Brit increased from 89.3% to 100.0% during the year.

### 2019 financial statements and reserving position

The Directors approved the financial statements for the year ended 31 December 2019, on 12 February 2020. As part of this process, the Directors considered and approved the claims reserves held by the Group's underwriting entities.

In considering these key factors and in approving the final reserving position, the Directors were mindful of the importance of maintaining the Group's policy of reserving on a conservative best estimate basis. This policy provides robust security to our policyholders, while ensuring the long-term financial strength of the Group, thereby protecting the interests of our key stakeholders including our clients, members and employees.

### Subordinated debt – call decision

Brit has in issue £135.0m subordinated debt (the Notes) which is listed on the London Stock Exchange and mature in 2030. The Notes were callable in whole on 9 December 2020. On 14 December 2020, Brit announced that it had determined not to exercise its call option to redeem the Notes.

In arriving at this decision, the Directors considered the interests and views of its shareholder. The Board concluded that maintaining this source of capital was in the best interests of Brit and its shareholder.

### Ki Financial Limited

In 2020, the Board approved the formation of, and an investment in, Ki Financial Limited.

The Board considered Brit's immediate and longer-term strategic priorities, as well as the interests of its shareholder, and other stakeholders, including Lloyd's and the wider market. It concluded that opportunities presented by this initiative would position the Group and other stakeholders well for the longer term.

### Sale of Commonwealth Insurance Company of America (CICA)

During 2020, the Board approved the sale of the Group's US admitted carrier, CICA. The transaction completed on 5 February 2021 for a consideration of US\$19.7m.

In arriving at this decision, the Board considered Brit's immediate and longer-term strategic priorities and the interests of its stakeholders. The Board concluded that the sale and redeployment of capital to support other opportunities was aligned to the Group's strategic objectives.

### 2021 business plan and capital requirements

The Directors reviewed and approved the 2021 business plan. The plan included the Group's underwriting and investment strategy, together with the capital needed to support the plan.

The Directors considered the Company's immediate and longer-term strategic priorities, together with the risks facing the business. They also considered the needs and expectations of the Company's shareholders, the interest of its clients and employees, and those of the wider stakeholder group. After due discussion, the Directors concluded that the plans and attaching capital requirements positioned the Company well for 2021 and the longer term.

### Approval of policies

During 2020, the Directors reviewed and approved the Company's key policies, including the Whistleblowing Policy and the Financial Crime Policy.

In approving these policies, the Directors considered whether they support the strategic aims of the Company, and whether all relevant considerations were satisfactorily embedded in the key operations of the business. Such integration helps ensure the Group's approved operational practices are clearly articulated and understood by all relevant employees, ensuring our reputation for high standards of business conduct is maintained. Such practices in turn will help ensure our longer-term strategic aims are delivered, in the interests of all our stakeholders.

**Brit Limited**

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