

KI FINANCIAL LIMITED  
SECTION 172 (1) STATEMENT  
31 DECEMBER 2020

**Registered No. 12594708**

***This Section 172 (1) Statement is reproduced from Ki Financial Limited's 2020 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 28 April 2021.***

### ***Introduction***

As Directors, our key responsibility is to promote the success of the Company. This principle is the cornerstone of our discussions and our decision making. 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.

### ***Our strategy***

The Board is responsible for a number of key strategic decisions 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 matters. 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.

### ***Training***

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. For the wider workforce who provide operational services under outsourcing arrangements with other Brit Group companies, there is a comprehensive staff development program 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. The wider workforce is subject to 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 stakeholders***

The Board recognises the importance of engaging with both its shareholders, Blackstone Tactical Opportunities (Blackstone) and Brit Limited, and its broader stakeholder base. The broader stakeholder base includes Lloyd's of London, Fairfax, Google Cloud, University College London, its clients, broking partners, reinsurers, investment managers, bankers and suppliers.

## **Key decisions made by the Directors during the year**

- **Fund raising and capital structure**

The Board approved the plans for a capital raising in 2020, including the investment proposition, the amounts to be raised and the potential investors to be approached. The Board also approved the final capital structure of the Group and the rights of each investor. The Board concluded that the final capital structure and the agreement between shareholders best considered the needs and expectations of the Company's shareholders and broader stakeholder base.

- **The structure of the Ki group**

The Board approved the legal structure of the Ki Group. The Board considered various proposals before agreeing the final structure which included the establishing Lloyd's Syndicate 1618, the use of a dedicated Lloyd's corporate member, and investments in two segregated accounts of a Bermuda-based structured entity. The Board determined that the chosen structure was most aligned to it achieving its long-term strategic objectives.

- **Board and Officer appointments**

During the year, the Company made a number of Board appointments, as set out on the 'Company Information' page of this report. It has also appointed a number of key executive officers of the Company, including Mark Allan (CEO), Dan Hearsom (Managing Director), Alan Tua (Portfolio Director), James Birch (Development Director) and Keith Parker (Operations Director). In approving these appointments, the Board was mindful of the skillsets required to enable it to deliver on its strategic objectives, in both the short and longer terms.

- **Outsourcing agreements with Brit group companies**

During the year, the Company entered into agreements with various Brit Group company to provided services to the Ki Group. These agreements included:

- A management agreement with Brit Syndicates Limited to act as managing agent for Ki Syndicate 1618 for the 2021 underwriting year; and
- An agreement with Brit Group Services Limited to provide a range of administration services.

In entering into these agreements, the Board considered the most efficient manner in which the Ki business model could be serviced, together with the skills and experience embedded within the Brit Group companies' proposals.

- **Appointment of investment managers**

During 2020, the Directors appointed two investment managers, Goldman Sachs Asset Management International to manage the Funds at Lloyd's supporting Ki's underwriting and PIMCO Europe Ltd to manage the assets of Syndicate 1618. In making these appointments, the Board considered each manager's experience and expertise in relevant asset classes and in managing environmental, social and governance (ESG) orientated portfolios.

- **2021 business plan and capital requirements**

On 7 November 2020, the Directors approved the 2021 business plan, together with the capital needed to support that plan. This plan included the Group's underwriting and investment strategies. 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. After due discussion, the Directors concluded that the business plan, and attaching capital requirements, positioned the Company well for 2021 and the longer term.