

Section 172(1) Statement

This Statement is reproduced from Brit Limited's 2023 Annual Report, which was approved by its Board on 26 March 2024.

Introduction

The Brit Limited Directors' key responsibility is to promote the success of the Company, and the broader Brit Group. 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 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 Group. It is also responsible for managing Group capital, including the setting of Group Capital Policy and the recommendation of dividends to shareholders.

The Group's strategy and business plans are approved annually by the Board. The Board also assesses how the strategy underpins long-term value creation, and on-going performance is discussed and monitored at Board meetings.

The Directors' assessment of long-term value creation also considers the Group's resilience. Directors monitor relevant underwriting, reserving, business, operational, credit, market and liquidity risk appetites and tolerances, and ensure the Group has an effective risk management framework in place.

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.

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 managers of its principal subsidiaries' boards including those of Brit Syndicates Limited, Brit Reinsurance (Bermuda) Limited and Ki Financial Limited. 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'.

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.

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

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 people

Our people are our greatest asset and managing our talent appropriately contributes significantly to our success.

During 2023 we continued to strengthen our highly committed team. Through the attraction and recruitment of new talent and the ongoing development of existing expertise, we continued to live our culture and increase performance. In 2023 we had 210 new joiners, 113 of which joined Ki. A number of these strengthened Ki team at a senior management level including Catherine Barton (Commercial Director), Jan Christiansen (Chief Financial Officer) and Anita Woods (Director of Product).

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.

In 2023, we continued to invest in updating our behavioural and management courses to strengthen our focus on driving performance whilst ensuring a strong cultural environment to work in.

Health and wellbeing has continued to be a focus throughout 2023. We are committed to embedding a long-term positive culture across the organisation, where employees recognise that their mental health and physical health are equally supported. This focus reduces stigma, builds confidence and encourages open conversations. It also raises awareness of mental health matters, including the ability for employees and managers to recognise the signs of common mental health issues, while empowering people with long-term mental health issues to thrive in the workplace.

Brit Syndicates Limited continues to have Chartered Insurer status through the Chartered Insurance Institute. This prestigious designation signifies to our customers – and the market – that we are committed to the pursuit of the highest standards and demonstrates our adherence to ethical good practice.

Brit's cross-functional Social Committee has continued to organise a range of social, sports, community and charitable events for employees during the year. We have an active football and netball team who regularly play friendly and competitive matches as well as running and cycling clubs.

The 2023 staff turnover rate excluding retirements and redundancies was 12.0% (2022: 14.0%).

At 31 December 2023, 20.1% (2022: 29.8%) of staff had completed at least five years of service and 13.0% (2022: 12.0%) had served at least ten years.

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.

Clients and Intermediaries		
Why we engage	Form of engagement	Impact of engagement
<p>We work with brokers and partners to share expertise and deliver a seamless service for our clients.</p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. Engagement and building strong relationships with them are 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>Any new intermediary is subject to a robust on-boarding process.</p> <p>Brit underwriters engage with intermediaries in a number of ways, including in person and by electronic means.</p> <p>To maximise our intermediary relationships, Brit has entered into Board-approved strategic partnership agreements with seven of our largest brokers, covering over 63% of our premium income. Under these agreements Brit pays an annual fee, which gives access to a range of services.</p>	<p>Broker surveys consistently highlight Brit's efficient client engagement, and proactive communications.</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.</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 see every claim as an opportunity to help our clients move forward.</p>	<p>When a client has a claim we engage directly with them or their intermediary to ensure their needs are met. Following a major loss event, we instigate additional measures including 24/7 contact with claims administrators, 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>
Reinsurers		
<p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency.</p> <p>We also engage when we make recoveries.</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. These tend to be with our largest reinsurance counterparties.</p>	<p>This engagement allows Brit to access up to date market information and a broad range of reinsurance counterparties and products, thereby effectively managing its risk appetite.</p> <p>When we make recoveries, such engagement helps to expedite the process.</p>
Investment managers		
<p>We manage 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 have regular discussions with our managers to monitor performance and assess the outlook for investment markets. We also receive regular written investment reports.</p> <p>We have regular and ad-hoc discussions to review new investment opportunities. We also</p>	<p>Engaging with our investment managers allows us to ensure that assets are managed within our risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our investment managers enhance our strategy and performance.</p>

<p>We implement our investment strategy using the expertise of investment managers and we engage with them to monitor their performance, to ensure terms of the investment management agreements are met and to gain additional insights.</p>	<p>perform annual due diligence on their operational processes.</p> <p>Investment managers regularly present to Investment Committee.</p>	<p>Engagement allows us to discuss new opportunities, helps us understand their approach to ESG issues, validates the sustainability of our portfolio and helps us confirm assets are managed robustly and with effective controls in place.</p>
<p>Capital providers</p>		
<p>Working with third-party capital providers, primarily on Ki and Syndicate 2988, creates the opportunity to increase Brit's footprint and proposition to clients.</p> <p>Engagement with third-party capital providers also supports our growth strategy for those vehicles.</p>	<p>Brit regularly engages with the thirdparty capital providers on Ki. It also engages with current and prospective providers ahead of an underwriting year, to market Syndicate 2988, and to understand investor appetite. After an underwriting year incepts, Brit formally meets each provider regularly to discuss performance, outlook and any other relevant matter.</p>	<p>The successful implementation of the Ki and Syndicate 2988 strategies is dependent on developing strong relationships with third-party investors. Such engagement helps facilitate this.</p> <p>The insight we gain from interactions and feedback helps us ensure that our propositions can continuously evolve in line with investor appetite.</p>
<p>Members</p>		
<p>Our aim is to provide long term sustainable value for our shareholders, Fairfax (86.2%) and OMERS (13.8%). Engagement ensures that our objectives are aligned and that our strategy, operating environment and performance are clearly understood.</p>	<p>Both of Brit's ultimate shareholders are represented on the Brit Limited Board and there is regular contact between Brit executives and senior management and those of our majority shareholder.</p>	<p>This engagement helps ensure that Brit's strategy is aligned to and supported by our shareholders.</p> <p>It also presents us with underwriting and investment opportunities, including collaboration with other members of the Fairfax group.</p>
<p>Regulators</p>		
<p>Regulators are key stakeholders and Brit's relevant Boards are 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"> • We understand their regulatory objectives and how they apply to Brit; • Regulators have a proper understanding of Brit's business model, strategy and risk appetite, and how they align to regulatory objectives. 	<p>Brit engages with its principal regulators through:</p> <ul style="list-style-type: none"> • Regular meetings between supervisory teams, key decision-makers and authorised persons at Brit, including Directors; • Sharing of key business updates and internal documents to ensure regulators have a thorough understanding of Brit's business; • Responding to thematic reviews and information requests; • Engaging with Lloyd's across the business including around business planning and compliance; • Ensuring the relevant Boards are kept up-to-date on regulatory matters as communicated by regulators. 	<p>Engagement with regulators impacts Brit through:</p> <ul style="list-style-type: none"> • The Periodic Summary and Close and Continuous supervision approach by the PRA enables Brit to respond promptly on any concerns or focus areas; • Engagement on thematic reviews and information requests enables Brit to contribute to regulators' understanding of the market; • Brit's regular engagement enables it to pro-actively plan its response to areas of regulatory focus, e.g. operational resilience; • Engagement assists Brit to meet the prudential and conduct standards required by regulators; • Directors and employees understand their regulatory responsibilities.
<p>Key suppliers</p>		
<p>Supply chain integrity is critical as we rely on a number of key suppliers of goods and services to help us meet the needs of our customers and other stakeholders.</p> <p>On-going engagement helps us ensure that those needs are met and</p>	<p>Brit determines the risk of the potential engagement by investigating the potential spend value, criticality of the services to be provided. Brit has a rigorous on-boarding process for new suppliers.</p>	<p>Such supplier engagement enables us to:</p> <ul style="list-style-type: none"> • Provide a better service to, and satisfy the needs of, our stakeholders; • Enhance current operational processes, leading to better

<p>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 has strong partnerships with a number of critical suppliers, fostered by a range of activities including ongoing dialogue and meetings. We also engage with key suppliers in areas such as technical and product roadmaps, integration planning and disaster recovery.</p>	<p>efficiencies and increased competitive advantage;</p> <ul style="list-style-type: none"> • Comply with appropriate laws and regulations; • Improve the Company's technological resilience; and • Ensure the robustness and integrity of our suppliers, such as their compliance with the Modern Slavery Act 2015.
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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, as set out below. 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.

During 2023, Brit:

- Donated \$1.7m (2022: \$1.8m) under its charitable initiatives. In addition to this, Brit employees completed 99.5 volunteering days (2022: 66 days);
- Supported ten charities chosen by employees. We donated a sum of money to each charity at the start of the year and continued with fundraising activities through the year;
- 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;
- 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;
- Donated \$125.0k to the Red Cross supporting the Libya Floods Appeal, Morocco Earthquake appeal and Syria/Turkey Earthquake appeal;
- Supported Team BRIT, a team of disabled motor racing drivers, since 2017. In 2023, we continued our contract with Team BRIT, as title sponsor, to support their racing academy and success on the racetrack; and
- Continued to run a payroll giving scheme and match any money raised by employees participating in charitable events. In 2023 we paid out over \$670k through payroll and gave \$500k through sponsorship matching.

Environmental responsibility

Overview

Climate change will have a major impact on our business and on all our stakeholders. Brit actively considers the potential implications of climate change and sustainability on its investment and underwriting strategies, how it should engage more widely on environmental and ethical issues, and its own sustainability initiatives.

We remain committed to responsible business practices and aim to act in unison with our regulator and the rest of our industry. We are active members of ClimateWise, submitting our third report in 2023, and we participate in ESG initiatives within the Lloyd's market and the wider Fairfax group. Brit has also worked to incorporate guidance issued by the Taskforce of Climate Change-Related Financial Disclosures (TCFD) into its reporting. In late 2022, an external consultancy was commissioned to spearhead the faster implementation of measurable ESG targets and to assist us develop our ESG strategy and framework.

Governance

Board oversight

Since 2014, climate change has been on our Board's agenda. From this point, the Board has focused on developing its understanding of the uncertainty associated with climate change and climate-related risks and opportunities.

While retaining direct oversight of climate change and ESG-related matters, the Board has delegated responsibility to subsidiary boards and committees.

From Q4 2023, the BSL Board will receive quarterly ESG updates. BSL has also made one of its non-executive Directors (and chair of the BSL Risk Oversight Committee) responsible for driving forward Brit's ESG roadmap. BSL's Chief Risk Officer is responsible for overseeing Brit's response to managing financial risks arising from climate change.

The BSL Board is supported by the following committees:

- **BSL Audit Committee:** The Audit Committee is responsible for overseeing internal control, adherence to reporting requirements, and approval of climate-related disclosures.
- **BSL Investment Committee:** ESG/Climate risk has been a standing agenda item since 2021. Climate risk metrics are provided on a monthly basis which are considered in strategic decisions as relevant.
- **BSL Underwriting Committee:** Receives management information on natural catastrophe risk including regions and perils impacted by climate change. It is responsible for managing this risk in line with business appetite, and for reviewing the Brit View of Risk.
- **BSL Risk Oversight Committee (ROC):** Oversees the financial risks to Brit's syndicates arising from climate change, focusing on natural catastrophe, liability and transition risk. It oversees key initiatives where necessary, recommends risk to the BSL Board.

Management oversight

Brit has implemented the following climate-related Committees and Working Groups:

- **Executive Committee (EC):** The EC has overall responsibility for ESG matters.
- **Climate Change Risk Working Party (CCRWP):** The multidisciplinary CCRWP is responsible for managing financial risks arising from climate change and it provides a forum for identifying and escalating any material risks that require further investigation. It reports to the BSL Risk Oversight Committee (ROC).
- **ESG Steering Committee (ESGSC):** The ESGSC reports to the Executive Committee and has responsibility for delivering the ESG strategy. It is chaired by the Chief Engagement Officer and includes senior representation from Underwriting, Investments, Finance, Risk, Operations, Facilities and Communications.
- **ESG Data Working Group:** The ESG Data Working Group is a sub-group on the ESGSC, and ensures that all requests for ESG-related information are adequately and consistently responded to.
- **Responsible Underwriting Working Group** is a sub-committee of the ESGSC, with specific focus on ESG related underwriting activities, including embedding climate-related processes into Brit's policies and operations.

Strategy

Overview

In 2023 we refreshed our ESG Strategy, which is closely linked to our business strategy, and in January 2024, we appointed our first Head of ESG. Our vision centres on 'Writing the future', responsibly – leveraging our culture and products to help deliver positive outcomes for people, the planet and our business. Our strategy has four key pillars as defined through a materiality assessment:

- Reducing our Environmental Footprint
- Enabling the Net Zero Transition
- Responsible Product Deployment
- An inclusive culture for our people

Climate change has the potential to create more vulnerable geographies, policyholders and investment sectors. Care needs to be taken when underwriting risks in areas potentially exposed to climate change to ensure they are priced appropriately and overexposure to these areas is avoided. Brit recognises the potential for increased frequency and severity of natural catastrophes due to climate change, and our underwriting and exposure management teams work together to identify and quantify the potential impact of increasingly frequent events. Our investment strategy takes a long-term view focusing on identifying sustainable businesses.

Underwriting strategy

Brit's underwriting guidelines encourage an appropriate level of due diligence within the underwriting process at a product level, reducing exposure to businesses with poor sustainability practices. In the longer term, these will form part of a referral framework which will influence our business appetite and growth strategy. In addition, underwriters are actively encouraged to consider and assess ethical, sustainable and governance approach of insureds within their portfolio. We review our ESG appetite and underwriting criteria on an annual basis.

Across the business, we have undertaken various initiatives to align ourselves to the broader Lloyd's market, and have implemented products that promote improvements in ESG standards across our client base. These include:

- *Renewable Energy*: In Specialty, we identified opportunities to provide insurance cover for climate-transitioning business (e.g. the renewable energy sector). Brit continues to provide coverage for renewable energy producers, a planned growth area in 2024;
- *Cargo*: We insure an increasing number of green energy power plants, including solar, wind and hydro plants; and
- *Financial Institutions and D&O*: We are using external data platforms for financial and ESG information about prospective clients. ESG scores are factored into the underwriting decision process.

Brit has been progressing the integration of externally sourced ESG scores into the underwriting process. The work to date has allowed Brit to better understand the composition of its portfolio and to better understand the drivers of these scores. In the longer term these insights will shape a key input to the Brit Underwriting Strategy, helping to optimise risk selection and business mix. Brit is participating in a Moody's and Lloyd's pilot in using these scores.

Investment strategy

ESG considerations are integrated across our investment strategy to ensure we fully understand the portfolio exposure.

We regularly review the sector exposure of our portfolios to ensure we monitor and fully understand the portfolio exposures to climate exposed sectors, and supplement this with detailed reports from external managers on the ESG positioning of the portfolios managed on our behalf along with the engagement they have with investee companies on our behalf. These reports include details on the carbon intensity of the portfolios and exposure to carbon sensitive sectors. We also undertake annual ESG reviews of the equity positions in our portfolios.

When undertaking manager selection exercises, we ensure selected managers have strong ESG credentials and integrate ESG into their security selection processes. We include ESG guidelines in our external manager mandates, including having an average minimum BBB MSCI ESG rating restriction, revenue screens on specific ESG concerns such as oil sands, thermal coal and controversial weapons as well as the aim of having a lower carbon intensity index and to reduce carbon intensity through time. We have incorporated ESG into our annual due diligence reviews of the investment managers since 2019 and hold regular discussions on the managers' ESG capabilities, and their engagement with companies.

With regards to asset classes, we focus on asset classes where ESG considerations can be most impactful, such as equity and corporate bonds. Where we select comingled funds or exchange traded funds, we assess the ESG restrictions in the funds, and invest in funds with specific ESG criteria meeting our ESG approach.

Risk management

Risk Management Framework

Climate change has been recognised as an emerging risk in Brit's ORSAs since 2014 and has been an area of focus since having been identified as a high priority in the 2018 emerging risks analysis.

Brit's Risk Management Framework (RMF) sets out the methodology by which Brit identifies, measures, and manages risks associated with climate change. Brit considers natural catastrophe risk, liability risk and investment risks to be the most material risks. Using Board tolerances and management metrics, exposure to the above risk types is managed and monitored on an ongoing basis.

The RMF is reviewed annually, and regulatory developments are monitored on an ongoing basis. All Brit syndicates have been compliant with PRA Supervisory Statement SS3/19 since 2021 which sets expectations for firms regarding their consideration of climate risk.

Climate risk management

Natural catastrophe risk

Natural catastrophe risk relates to the physical risks of increased frequency and severity of weather-related natural catastrophes. This could result in additional claims. Climate change to date may already be affecting present-day weather events and therefore claims.

Natural catastrophe modelling is leveraged in pricing and outwards reinsurance purchasing decisions. Brit seeks to ensure a balanced and well diversified portfolio (including exposure to weather perils), Brit has reviewed its property underwriting strategy in recent years and has sought to reduce exposure in peak catastrophe regions.

Natural Catastrophe risk is assessed using software provided by Verisk (developed by scientists and specialists) for the most material and established perils. The modelling is supplemented using the 'Brit View of Risk' which is a set of in-house adjustments used to apply Brit's view of risk to vendor model output. We continuously monitor scientific studies, and regularly review both the completeness of existing models and the application of the Brit view of risk.

Brit's exposure to natural catastrophe risks at an overall and peril-region level at key return periods is monitored on an ongoing basis by the Risk Management Function. Board limits are in place to ensure Brit is not over-exposed to natural catastrophe risk, and reinsurance is purchased to manage tail risk.

Liability risk

Climate change could result in liability claims arising from litigation against Brit's clients. For example, claims could arise from firms being held responsible for directly contributing to climate change, not taking climate change into account in business decisions or inadequate disclosures.

Brit's exposure is managed by use of limits on gross underwriting exposure, contract wording and through the purchase of reinsurance. There is uncertainty over whether courts rule against insurers and if so, over what time horizon. The number of climate change litigation related claims notifications is monitored to enable early identification of any material increase.

Market risk

Investment losses have the potential to arise from exposure to industries contributing to climate change whose market value could reduce as the economy transitions away from fossil fuels. This transition risk could occur over the short or long-term depending on government policies and financial market movements.

Brit has a diversified investment portfolio, with limits on exposure to individual issuers. Additionally, Brit has developed metrics to monitor investment exposure to potentially 'at-risk' industries such as oil and gas or transport. An annual review of equity holdings is conducted which includes a review of the ESG strategy of the underlying companies.

Other risks

There may be reputational risk to firms if customers deem they are insufficiently responsive to concerns about climate change. Brit has developed an ESG strategy, as discussed above, which seeks to address this.

Climate scenario analysis and understanding climate risk

Climate scenario analysis is key to understanding the potential impact of climate-related risks. Analysis performed to date has identified physical risks arising from natural catastrophes as having the highest potential for losses therefore this is an area of greater focus.

PRA stress tests

Brit Syndicate 2987 participated in the PRA Climate Change Biennial Exploratory Stress Test (CBES) in 2021. The exercise was designed to assess the impact of climate change on physical and asset risks over a 30-year time horizon in three policy action scenarios. It also required general insurance participants to consider the impact of seven PRA-designed litigation scenarios on liability classes as well as articulation of Brit's current and future risk management actions.

Internal scenario analysis

In addition to the above, Brit performs climate change related scenario analysis in each syndicate's ORSA which encompasses natural catastrophe, market and liability risk.

Building on CBES, a more detailed climate change related litigation risk scenario analysis was also performed in 2022. This considered the potential gross and net impact of climate change related litigation under three hypothetical scenarios.

The findings from the scenarios have been integrated into:

- The internally developed 'Brit View of Risk' which is used to supplement natural catastrophe modelling software;
- Brit's Property catastrophe underwriting strategy, identifying the regions and perils most sensitive to climate change;
- Industry level exposure monitoring for Brit's asset portfolio for 'high risk' sectors;
- Clarity on potential losses to be accounted for in underwriting and business planning decisions; and

- The ORSA process, to ensure climate change related risks are considered across relevant areas of the business.

Metrics: Climate and Environment

Energy management and Greenhouse Gas reduction:

As part of our dedication to our environmental responsibilities we continually seek to improve the sustainability of our business. In 2023 we have continued to focus on greenhouse gas (GHG) reduction, carbon management, staff engagement and data collection for our scope 3 financed emissions.

Carbon management

We have continued with our initiative to offset our carbon emissions through ClimateCare (www.climatecare.org). For every tonne of carbon generated we fund the equivalent reduction through ClimateCare's carbon reduction projects. At 31 December 2023 we remained fully Energy Saving Opportunities Scheme (ESOS) compliant.

We measure and monitor our carbon footprint. In 2023 our carbon emissions per employee before offset were 3.2 tonnes (2022: 2.1 tonnes; 2021: 0.7 tonnes; 2020: 2.4 tonnes), all of which has been offset (2022: all offset).

The sources of our emissions were as follows:

Emissions Source	2023 CO2 (tonnes)	2022 CO2 (tonnes)
Gas (note 1)	196	203
Electricity (note 1)	222	254
Business travel – air (note 2)	2,455	1,498
Business travel – hotels (note 2)	45	39
Business travel – other (note 2)	17	2
Total carbon footprint before offset	2,935	1,996
Offset	(2,935)	(1,996)
Total carbon footprint after offset	-	-

Emissions per employee were as follows:

	2023 CO2 (tonnes)	2022 CO2 (tonnes)
Number of employees at 31 December, excluding NEDs	911	947
Carbon footprint per employee before offset	3.2	2.1
Carbon footprint per employee after offset	-	-

Note 1: Where Brit operates from offices which form part of a larger commercial development, usage and emission data has been supplied by the building manager. Where data was unavailable, estimates have been used. Where Brit operates out of serviced office suites, it has no control over the management of utilities, with that responsibility falling to the landlord. Such serviced accommodation is considered out of scope for this purpose.
Note 2: For all travel including air, hotels and rail, data has been provided from our travel agent partner, through whom travel is arranged.

In 2023 there was a decrease in gas and electricity consumption and related carbon emissions, reflecting the disposal of the Ambridge Group in May 2023.

The increase in travel related emissions for 2023, reflects a return to normal travel pattern following COVID-19 and a strong desire for employees to resume face to face interactions with key internal and external stakeholders.

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

	2023		2022	
	kWh	GHG (CO2 tonnes)	kWh	GHG (CO2 tonnes)
Scope 1	1,072,927	196	1,113,902	203
Scope 2	1,106,717	222	965,285	197

Note 1: The scope of table differs from the carbon emissions reported above, in that it only covers UK based operations, in accordance with SECR requirements for unlisted companies.

Note 2: Gas and Electricity values for the fourth quarter were estimated by using the values from the first quarter as the seasonality of the data for those quarters are closely aligned.

Note 3: Brit utilised the GHG conversion factors published by the UK Government on 10 June 2023 for these calculations.

Note 4: For all travel including air, hotels and rail, data has been provided from our travel agent partner, through whom travel is arranged.

Note 5: In the UK, Brit operates out of an office which forms part of a larger commercial development. Usage and emission data has been supplied by the building manager.

Note 6: Includes gas purchased for consumption in Brit's UK office, for which data has been supplied by the building manager.

Note 7: Includes electricity purchased for consumption in Brit's UK office, for which data has been supplied by the building manager.

Brit had de-minimis Scope 3 emissions from business travel in rental or employee-owned vehicles in both 2023 and 2022.

- **Net-zero:** We are on our own journey to net-zero. We are reviewing our operations to actively reduce our emissions, waste and water consumption. We currently offset our carbon emissions through ClimateCare.
- **Supply chain:** Work continues to streamline our supply chain, as we seek to minimise our carbon footprint, through analysis of our business activities, waste management and energy consumption.
- **Travel:** Brit's travel policy encourages booking lower carbon-intensive flights. Brit has heavily invested in transforming the way it works by introducing flexible working and by upgrading its digital and video conferencing systems.
- **Waste management:** During 2023, we recycled 12.1 tonnes of paper waste (2022: 0.0 tonnes) and we sent 19.0 tonnes of general waste to energy recycling (2022: 7.1 tonnes). In 2023, we also recycled 3.2 tonnes of glass (2022: 1.3 tonnes), 3.1 tonnes of cardboard (2022: 2.0 tonnes) and 10.2 tonnes of food waste (2022: 4.0 tonnes).
- **Internal hospitality:** We continue to use an internal hospitality provider that is committed to sustainable food procurement.
- **Staff engagement:** During 2023, Brit provided detailed ESG training to all members of the ESG Steering Committee as well as training on the ESG strategy to all of Brit's employees.

Metrics in Brit's operations

The setting of risk tolerances and risk appetite is a key part of risk management. We are focused on developing a metrics and targets framework to manage climate-related risks and opportunities. We are in the process of identifying a suitable 'ESG scorecard' for our underwriting portfolio and have set climate risk metrics for our investment portfolio. At the end of 2022, we appointed a consultancy to support us in defining our measurement framework.

Brit has been working on integrating ESG scores from an external data provider into its underwriting processes. In 2023, Brit has been trailing these scores across its Open Market portfolio and will continue its portfolio baseline assessment during 2024.

Key decisions made by the Directors during the year

IFRS17 results

During 2023, the Board has approved the Group's results on an IFRS17 basis. It approved the Brit Group opening balance sheet, and balance sheet at 31 December 2022. It also approved the Group's 2023 Interim Report, which was prepared on an IFRS17 basis for the six months ended 30 June 2023 and included the results for the comparative period. As part of this process, it also approved a number of key IFRS17 metrics such as the amount and confidence level of the risk adjustment. For purposes of reporting into its parent, Fairfax, the Board also approved IFRS17 submissions on a quarterly basis throughout 2023.

The Board considered the Company's statutory financial reporting obligations and those of its primary shareholder. It considered and approved the policy decisions taken by the Company and ensured they were aligned to its primary shareholder's expectations. The Board also ensured it had adequate training on IFRS17, and ensured it received periodic briefings throughout the implementation programme.

Capital re-organisation

On 1 November 2023, the Board approved a capital re-organisation. Under this re-organisation, \$500.0m was transferred from the share premium account to the retained earnings account. This had various benefits for the Company and its key stakeholders, including increasing the level of distributable reserves.

The directors carefully considered current structure of shareholders' funds on the Company balance sheet and how they could be re-organised for the benefit of key stakeholders. The financial position of the Company and the effect of the re-organisation of capital before approving it. They considered the solvency of the Company, taking into account all of the Company's liabilities, including any contingent or prospective liabilities, at the date of the re-organisation and for the following 12 months. They also consulted with the Company's two shareholders, considered the needs of those shareholders, and its obligations under the shareholders' agreement. It also considered the interests of other stakeholders, including its banking partners and sub-debt holders.

Dividends

During 2023, the Board considered and approved dividends of \$40.6m in respect of its class A shares, held by Brit's minority shareholder, OMERS, and dividends of \$373.0m in respect of its class B shares, held by Brit's majority shareholder, Fairfax.

In considering this decision, the Directors assessed Brit's ongoing underwriting strategy and capital requirements, its capital policy, the Shareholder Agreement, and its obligation to act fairly between members. It was mindful of its agreed obligations to both its minority shareholder and to its majority shareholder. Brit also liaised closely with its principal shareholder with regard to the dividend payments.

Ki Financial Limited

In September 2023, the Board approved the launch of the evolution of Ki's business model and a transformational change for the Lloyd's market, allowing brokers to access third-party digital capacity directly through the Ki platform from 1 January 2024.

The Board considered Brit's immediate and longer-term strategic priorities, as well as the interests of its shareholders, 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. Brit also liaised closely with its principal shareholder, with Ki management, Ki's other investor, Lloyd's and Ki's strategic partners.

2023 financial statements and reserving position

The Directors approved the financial statements for the year ended 31 December 2022, on 23 February 2023. 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 best estimate basis with a specific risk margin. 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.

2024 business plan and capital requirements

The Directors reviewed and approved the 2024 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 positioned the Company well for 2024 and the longer term.

Tax strategy and tax policy

In November, the Board reviewed and approved the Group's tax strategy and approved its publication on the Brit limited website. The Board also reviewed and approved an updated tax policy, which sets out responsibilities for specific activities, defined a clear escalation process for tax related matters, and sets out the rationale for making tax decisions.

In reviewing and approving the tax strategy and tax policy, the Board considered the statutory obligations. It also ensured the strategy and policy enabled the Company to meet expectations around tax governance and risk management, and ensured they facilitated an appropriate framework for managing the Group's tax risks. In addition, the Board considered the interests of its stakeholders, primarily those of its majority and minority shareholders.

Revolving credit facility

In May 2023, the Board considered and approved an extension to the Group's \$550.0m revolving credit facility, from 31 December 2025 to 31 December 2027.

The Board discussed the terms of the revised facility. They concluded that it the facility appropriately supported the Group's future plans and was in the interests of its members, employees and wider stakeholder base.