

KI MEMBER LIMITED

SECTION 172 (1) STATEMENT

31 DECEMBER 2023

Registered No. 07400039

This Section 172 (1) Statement is reproduced from Ki Member Limited's 2023 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 5 September 2024.

Introduction

The Ki Member Limited Directors' key responsibility is to promote the success of the Company. This principle 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 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 the Company 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).

Our strategy

All material decisions regarding Syndicate 1618 were taken by the syndicate's managing agency, Brit Syndicates Limited ('BSL'). The BSL Board is responsible for a number of key strategic decisions, including approving the business plans, objectives and strategy of the Syndicate. It is also responsible for on-going performance monitoring. The Company Board is responsible for recommending dividends and for setting dividend policy.

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.

Employees

The Board acknowledges people are essential to the delivery of our strategy. The Company has no immediate employees but during 2023 regularly engaged with BSL to ensure that the interests of its employees are appropriately considered when taking decisions.

Business Relationships

The Board recognises that relationships with our key stakeholders are key to delivery of our strategy. During 2023, the Board regularly engaged with the key executives of BSL.

Community and Environment

The Board engaged via BSL to encourage, support and foster a positive relationship with the community and environment.

Business Conduct

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of our strategy and aspires to complete honesty and transparency in all activity.

Our stakeholders

The Board recognises the importance of engaging with its broader stakeholder base. Key stakeholders are set out below, together with why and how we engage with them and the outcomes of that engagement.

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 overleaf, together with why and how we engage with them and the outcomes of that engagement.

Why we engage	Form of engagement	Impact of engagement
<p>Members and the wider Brit Group Our aim is to provide long term sustainable value for our shareholders and the wider Brit and Fairfax Groups. Engagement ensures that our objectives are aligned and that our strategy, operating environment and performance are clearly understood.</p>	<p>Ki Member Limited shares a Director with Brit Limited and Ki Financial Limited. There is also regular contact between Brit Limited executives and senior management and those of our ultimate shareholder.</p>	<p>This engagement helps ensure that Ki Member Limited's strategy is aligned to and supported by our shareholder and the wider Brit Group. Such engagement also presents us with underwriting and investment opportunities and can result in favourable collaboration with other members of the Fairfax Group.</p>
<p>Investment managers As at 31 December 2023, the Company's investments are wholly related to the 100% participation on Syndicate 1618.</p> <p>The investment strategy for the Syndicate assets is set by the BSL Board and third-party managers are used to implement the strategy.</p> <p>The strategy is reviewed to take account of changes in market and business conditions.</p> <p>Assets backing liabilities are broadly matched by duration and currency with the primary focus being the protection of policyholders and supporting claim payments in line with the Prudent Person Principle.</p> <p>Capital assets are set within a longer-term return target whilst ensuring that all regulatory requirements are met.</p>	<p>The activity of third-party managers is monitored regularly to ensure that they comply with their Investment Management Agreements and portfolio performance is monitored as part of this review.</p> <p>Environmental, social and governance (ESG) is an important aspect of the investment strategy and has formed the basis of manager selection, mandate construction and portfolio oversight.</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.</p> <p>Specific reporting on ESG consideration is made to the respective Boards as well as monitoring of regulatory developments and requirements.</p> <p>Separate reviews are conducted into the operational framework to manage operational risk and operational resilience, which are reported to the Board.</p>
<p>Reinsurers Ki Member Limited purchases whole account quota share reinsurance from two segregated accounts of Sussex Re Limited (a Bermudan segregated account company), whereby all business of Ki Member Ltd is reinsured by these two segregated accounts. In exchange, the segregated accounts provide funds-at-Lloyd's (FaL) on behalf of Ki Member Limited to support its participation on S1618. Engagement ensures the terms of the contract meets our needs and that an appropriate premium is charged.</p>	<p>Ki Member Limited engages directly with Sussex Re Limited.</p>	<p>This engagement facilitates the provision of FaL to support KMLs participation on S1618.</p>

<p>Key suppliers Key suppliers of the Company include companies within the Brit Limited Group, for example Brit Syndicates Limited (the Managing Agent for Syndicate 1618) and Brit Group Services Limited, as well as Ki Digital Services Limited.</p> <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 the Company's criteria.</p> <p>Such suppliers include providers of IT systems, claims management, professional services, facilities and travel providers.</p>	<p>The Company 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>The Company 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>The Company 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"> • Provide a better service to and satisfy the needs of our customers and other stakeholders; • Enhance current operational processes, leading to better efficiencies and increased competitive advantage in the marketplace; • Comply with appropriate laws and regulations, by implementing suitable controls and measures; • 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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Key decisions made by the Directors during the year:

- **Provision of Funds at Lloyd's.** During the year, the Directors made various administrative decisions to ensure the continued provision of Funds at Lloyd's to support Syndicate 1618 as it continues to grow to scale.
- **Financial Statements.** The Directors reviewed and approved the Company's statutory financial statements for the year ended 31 December 2022. In approving those financial statements, the directors were satisfied that they gave a true and fair view of the assets, liabilities, financial position and results of the Company.