

BRIT UW LIMITED

SECTION 172 (1) STATEMENT

31 DECEMBER 2021

**Registered No. 03217775**

***This Section 172 (1) Statement is reproduced from Brit UW Limited's 2021 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 21 September 2022.***

### ***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 reserved for it, as set out in its terms of reference. 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.

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.

## Stakeholder engagement

The Board recognises the importance of engaging with the Company's key stakeholders.

| Why we engage   | Form of engagement   | Impact of engagement  |
|---|--|---|
| <p><b>Members and the wider Brit Group</b></p> <p>Brit UW Limited is owned by Brit Insurance Holdings Limited, and ultimately by Fairfax Financial Holdings Limited. Our aim is to provide long term sustainable value for our shareholder 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>Brit UW Limited shares a number of Directors with Brit Insurance Holdings Limited and Brit Limited, and the Brit Executive Committee has two representatives on the Brit UW Limited Board. There is also regular contact between Brit executives and senior management and those of our ultimate shareholder.</p> | <p>This engagement helps ensure that Brit UW 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><b>Investment managers</b></p> <p>We implement our investment strategy using the expertise of investment managers. We engage with them to monitor performance and to ensure guidelines are adhered to.</p>   | <p>Brit UW Limited is supported by the Brit Investment Department and is represented on the Brit Investment Committee. Brit has regular discussions with its managers to monitor performance and assess market outlook, and receives regular reports.</p>  | <p>Such engagement ensures assets are managed within risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our managers enhance our investment strategy and performance.</p>   |
| <p><b>Reinsurers</b></p> <p>Brit UW Limited purchases a fully collateralised material reinsurance contract from another Group company, Brit Reinsurance (Bermuda) Limited. Brit UW Limited has a material reinsurance contract with Swiss Re. Engagement ensures the terms of the contacts meets our needs and that an appropriate premium is charged.</p>  | <p>Brit UW Limited, in conjunction with the Brit outwards reinsurance team, engages directly with Brit Reinsurance (Bermuda) Limited and Swiss Re. We also employ the services of third party experts to validate the terms and cost of the policies.</p>  | <p>This engagement allows us to ensure we have the appropriate level of protection purchased at an appropriate price.</p>   |
| <p><b>Key suppliers</b></p> <p>We rely on a number of key suppliers to help us meet the needs of our customers and those of other stakeholders. On-going engagement helps us ensure that those needs are met and standards are maintained. Such suppliers include Brit Group Services Limited.</p>  | <p>Brit has a rigorous on-boarding process for new suppliers. Partnerships with critical suppliers are fostered by a range of activities including ongoing dialogue and face to face meetings. We also engage in areas such as technical and product roadmaps, integration planning and disaster recovery.</p>       | <p>Such engagement helps us to:</p> <ul style="list-style-type: none"> <li>• Provide a better service to and satisfy stakeholders needs;</li> <li>• Enhance operational processes, leading to efficiencies and increased competitive advantage;</li> <li>• Comply with laws and regulations;</li> <li>• Improve technological resilience;</li> <li>• Ensure supplier robustness and integrity.</li> </ul> |

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

- **Reinsurance contract with Brit Reinsurance (Bermuda) Limited**

During the year, the Company renewed a fully collateralised material reinsurance contract with a Group company, Brit Reinsurance (Bermuda) Limited, the benefit of which is charged in favour of Lloyd's, for a premium of \$63.3m (2020: \$71.5m). In approving this contract, the Directors considered the limits and terms of this contract and approved the premium payable for this contract.

- **2022 business plan and capital requirements**

The Directors reviewed and approved the 2022 business plan. The plan included the Company'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 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 2022 and the longer term.

- **Capital injection**

Brit Insurance Holdings Limited injected \$100m of capital into the Company to replenish the capital position, with sufficient headroom for further volatility.

- **Loan facility**

The Directors reviewed and approved the proposal for the company to amend its loan facility, in order to extend the term, and to make certain changes to the provisions of the facility to reflect the transition away from LIBOR as a benchmark rate.