

BRIT GROUP SERVICES LIMITED

SECTION 172 (1) STATEMENT

31 DECEMBER 2019

**Registered No. 02245562**

***This Statement is reproduced from Brit Group Services Limited's 2019 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 24 September 2020.***

## **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 and in our new brand purpose, launched in October 2019. The wider group 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.

## Staff engagement

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

The Board principally engages with its workforce through its Directors and through the Brit Group Executive Committee, on which it has representation. 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 2018. We had an excellent response rate of 91% and feedback was generally very positive.

The survey results were discussed at the executive level and then presented to all staff by the Group Chief Executive Officer.

Following this, an employee engagement group (EEG) was established, representing all areas of the business, to encourage free and open discussion and wider participation on employee engagement matters. Its primary objective is to further develop engagement strategy through the delivery of a number of initiatives, including targeted surveys and focus groups, and to make recommendations to the Executive Committee.

The survey results for each department were also made available and department heads were encouraged to enter into a two-way dialogue with their teams, with further initiatives encouraged at this level.

- 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 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 November 2019, Brit held its third 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 working inclusively, understanding the positives that arise from businesses who have diverse and inclusive employee populations, mental, physical and emotional well-being. The various sessions, mainly hosted by external specialists, were 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.

## 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 Group Services 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 clearly understood.</p>	<p>Brit Group Services Limited shares a number of Directors with Brit Insurance Holdings Limited and Brit Limited, and the Brit Executive Committee has two representatives on 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 Group Services Limited's strategy is aligned to and supported by our shareholder and the wider Brit Group. Such engagement also presents us with opportunities and to collaborate with other members of the Fairfax Group.</p>
<p><b>Key suppliers</b></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 Brit's criteria.</p> <p>Such suppliers include providers of IT systems, claims management, professional services, facilities and travel providers.</p>	<p>We determine 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>We have 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>There is also 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 market place;</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>
<p><b>Trustee and members of the Brit Group Services Limited Defined Benefit Pension Scheme</b></p> <p>The Company, on behalf of the Brit Limited Group, operates a funded defined benefit pension scheme. Engagement with the scheme's corporate trustee ensures the objectives of the trustee and the Company mutually understood, and the interest of the scheme's members protected.</p>	<p>The Company engages with the scheme through the corporate trustee of the scheme, Brit Pension Trustee Limited. The Company is represented on the trustee board by two Company nominated trustee directors.</p>	<p>The impact of this engagement was seen in 2019 during the successful discussions to agree a funding strategy and contribution schedule for the scheme.</p>

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

- **Approval of Infosys BPM Limited contract**

The Directors approved the renewal of the Group's outsourcing contract with Infosys BPM Limited, which provides business processing and information technology services to the Brit Group. The Directors concluded that entering into the revised contract was in the Company's and its key stakeholders' best interests, met its overall objectives and was consistent with their key responsibility of promoting the success of the Company.

- **Defined benefit pension scheme valuation**

During the year, the Directors approved the funding strategy and contribution schedule for the defined benefit pension scheme which it operates, following discussions with the scheme's Trustee. This followed a funding valuation of the scheme was undertaken as at 31 July 2018, which identified a funding surplus of £9.5m. The Company reaffirmed its commitment to pay additional contributes to support the Scheme in accordance with the agreed schedule of contributions. However, given the financial position of the scheme, it was agreed that these contributions be paid into a holding account, over which the trustee has a charge, and not directly into the scheme. The Directors concluded that this agreement was in the best interests of the Company, while safeguarding the interests of the members of the scheme.