

## Section 172(1) Statement

***This Statement is reproduced from Brit Limited's 2024 Annual Report, which was approved by its Board on 27 February 2025.***

### ***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 ad hoc or annual reports.

## ***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 in discharging 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 2024 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 2024 we had 302 new joiners, and our net headcount increased by 193. This growth primarily related to the build of Ki's standalone capability. We have also continued to strengthen our core regulatory, compliance and support teams, including the opening of a Brit operation in India to help us grow and source technology and data talent, and have recruited to support our strategic growth of Brit Re in Bermuda.

We are committed to developing the capability, behavioural and leadership skills required for our teams to outperform. We continue to invest in the future of Brit through our leadership, graduate and intern programmes.

In 2024, we launched a new behavioural framework which sets out the behavioural expectations of leaders, managers and individual contributors aligned to our strategy.

Brit's Mental Health and Wellbeing commitment aims for everyone to proactively manage their mental and physical health in order to maintain healthy and productive lives. We encourage open conversations about mental and physical health in the workplace, provide opportunities to learn about common mental health signs and symptoms, have trained mental health first aiders and we offer a variety of benefits, policies and resources to support our teams and help everyone thrive.

Brit Syndicates Limited continues to have Chartered Insurer status through the Chartered Insurance Institute. This prestigious designation signifies to our colleagues and customers 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.

In 2024 voluntary staff turnover was 10.7% (2023: 12.0%).

At 31 December 2024, 26.7% (2023: 20.1%) of staff had completed at least five years of service and 12.0% (2023: 13.0%) 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.

<b>Clients and Intermediaries</b>		
<b>Why we engage</b>	<b>Form of engagement</b>	<b>Impact of engagement</b>
<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 66% 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>

<p><b>Reinsurers</b></p> <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>
<p><b>Investment managers</b></p> <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 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>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 perform annual due diligence on their operational processes.</p> <p>Investment managers regularly present to Investment Committee.</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>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><b>Capital providers</b></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 third-party shareholders of 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 incept, 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><b>Members</b></p> <p>Our aim is to provide long term sustainable value for our shareholder, Fairfax. Engagement ensures that our objectives are aligned and that our strategy, operating environment and performance are clearly understood.</p>	<p>Brit's ultimate shareholder is represented on the Brit Limited Board and there is regular contact between Brit executives and senior management and those of our shareholder.</p>	<p>This engagement helps ensure that Brit's strategy is aligned to and supported by our shareholder. It also presents us with underwriting and investment opportunities, including collaboration with other members of the Fairfax group.</p>

Regulators		
<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"> <li>• We understand their regulatory objectives and how they apply to Brit;</li> <li>• Regulators have a proper understanding of Brit's business model, strategy and risk appetite, and how they align to regulatory objectives.</li> </ul>	<p>Brit engages with its principal regulators through:</p> <ul style="list-style-type: none"> <li>• Regular meetings between supervisory teams, key decision-makers and authorised persons at Brit, including Directors;</li> <li>• Sharing of key business updates and internal documents to ensure regulators have a thorough understanding of Brit's business;</li> <li>• Responding to thematic reviews and information requests;</li> <li>• Engaging with Lloyd's across the business including around business planning and compliance; and</li> <li>• Ensuring the relevant boards are kept up-to-date on regulatory matters as communicated by regulators.</li> </ul>	<p>Engagement with regulators impacts Brit through:</p> <ul style="list-style-type: none"> <li>• The Periodic Summary and Close and Continuous supervision approach by the PRA enables Brit to respond promptly on any concerns or focus areas;</li> <li>• Engagement on thematic reviews and information requests enables Brit to contribute to regulators' understanding of the market;</li> <li>• Brit's regular engagement enables it to pro-actively plan its response to areas of regulatory focus, e.g. operational resilience;</li> <li>• Engagement assists Brit to meet the prudential and conduct standards required by regulators; and</li> <li>• Directors and employees understand their regulatory responsibilities.</li> </ul>
Key suppliers		
<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 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 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>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>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 stakeholders;</li> <li>• Enhance current operational processes, leading to better efficiencies and increased competitive advantage;</li> <li>• Comply with appropriate laws and regulations;</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>

## **Community and environment**

The Board recognises the importance of not only generating value for our shareholder 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 2024, Brit donated \$4.0m (2023: \$1.7m) under its charitable initiatives. In addition to this, Brit employees completed 122.5 volunteering days (2023: 99.5 days);
- Supported ten charities chosen by employees. We donated a sum of money to each charity at the start of the year and continued donations with fundraising activities through the year;
- Further promoted 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 the Soweto Academy, a school that educates boys and girls from the age of five to 18 in Kibera, the largest slum in Africa;
- Donated \$2.6m to Bloodwise, a charity supporting all types of blood cancer research;
- Supported Team BRIT, a team of disabled motor racing drivers, since 2017. In 2024, we continued our contract with Team BRIT, as title sponsor, to support their racing academy and success on the racetrack;
- Brit participated in The City Giving Day in September 2024 raising \$9k;
- Donated \$127k to Articulation, in association with the National Gallery which supports young children from predominantly secondary schools across the UK who do not get much opportunity to learn the art of speaking publicly or with confidence. The 'Articulate' programme encourages children to enhance their speaking skills through discussing pictures and paintings at the Gallery; and
- Continued to run a payroll giving scheme and match any money raised by employees participating in charitable events. In 2024 we paid out over \$281k through payroll and gave \$521k 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 fourth report in 2024, 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. Throughout 2023 we developed our ESG strategy and framework with the support of external consultancy, and at the start of 2024 we appointed a Head of ESG to lead the implementation of our strategy across the organisation.

#### **Governance**

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.

The Brit Syndicates Limited (BSL) board receives quarterly ESG updates, and has nominated one of its non-executive directors to provide Board oversight to 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 committees have embraced climate-related issues as follows:

- **BSL Audit Committee:** The Audit Committee is responsible for overseeing internal controls, 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 Risk Oversight Committee (ROC):** Oversees the financial risks arising from climate change. Its review focuses on natural catastrophe, liability and transition risk. It oversees key initiatives and, where necessary, makes risk-related recommendations to the BSL Board.
- **Brit Re Risk Oversight Committee:** Regularly considers climate change related risks

### **Management oversight**

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

- **Executive Committee (EC):** The EC has overall responsibility for ESG matters and is extensively involved in key strategic decisions involving climate change.
- **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 ROC.
- **ESG Steering Committee (ESGSC):** The ESGSC reports to the EC and has responsibility for delivering the ESG strategy. It is chaired by the Head of ESG and includes senior representation from Underwriting, Investments, Finance, Risk, Claims, Legal and Communications.
- **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'.
- **Responsible Underwriting Working Group** is a subcommittee of the ESGSC, with specific focus on ESG related underwriting activities, including developing Brit's approach and framework to responsible underwriting, and embedding climate-related processes into Brit's underwriting guidelines, policies and operations.
- **ESG Data Working Group:** The ESG Data Working Group is a sub-group on the ESGSC. It has a specific focus on developing and analysing data, metrics and reporting, and ensures that all requests for ESG-related information are adequately and consistently responded to.

### **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, an area for further growth in 2025;
- **Cargo:** Our Marine Cargo team insure an increasing amount of parts and equipment that is destined for use in number of green energy power plants, including solar, wind and hydro plants;
- **Financial Institutions and Directors and Officers:** We are using external data platforms for financial and ESG information about prospective clients. ESG scores are factored into the underwriting decision process; and
- **Financial Institutions:** In 2024 we partnered in a new facility offering cover for the risks relating to fraud within the Carbon Credit market.

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.

We have also developed guidance for our underwriters when underwriting risks in these industries, and will be monitoring the impact this has on portfolio ESG scores.

In 2024 we reviewed our underwriting in a number of ESG sensitive industries, to ensure we are best positioned to support insureds in their transition to net-zero. This support includes developing our understanding of their transition plans, and monitoring trends to assess how realistic those transition plans are.

### ***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, and we include ESG guidelines in our external manager mandates. We aim to have 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.

We focus on asset classes where ESG considerations can be most impactful, such as equity and corporate bonds. Where we select commingled 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) (page 34) 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 risk 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 Risk Management Framework applies to all risks faced by the Group including climate change, biodiversity and nature related risks.

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.

Brit's Research and Development team within the Risk Management function are responsible for developing the natural catastrophe modelling. Vendor models such as 'Verisk' and 'KatRisk' (developed by scientists and specialists) are used 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 outputs. Brit continuously monitors scientific studies, and regularly reviews both the completeness of existing models and the application of the Brit View of Risk.

The natural catastrophe modelling is leveraged in pricing, outwards reinsurance purchasing and the risk appetite framework. 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.

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. This is therefore a key area of 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. These scenarios provided valuable information for ongoing risk management given the long-term nature of climate change as a peril.

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.

### ***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.

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 2024 we have continued to focus on greenhouse gas (GHG) reduction, carbon management, staff engagement and data collection for our scope 3 emissions.

We have plans for 2025 to set targets for scope 1 and 2, and aspects of scope 3. We also plan to investigate the process of having targets checked and validated by the Science Based Targets initiative (SBTi) during the next financial year.

### ***Carbon management***

#### ***2024 focus***

Our carbon management focus during 2024 was as follows:

- **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. During 2025, we plan to work with our supply chain to identify and measure those suppliers who contribute most significantly to our Scope 3 Category 1 emissions. This will allow us to set a baseline and begin to work with our suppliers to deliver improvements.
- **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.
- **Employee commuting:** During 2024 we ran our first commuting survey for UK based employees. This allowed us to baseline average commuting (scope 3, category 7) emissions, which we plan to disclose in our 2025 report. We encourage employees to commute using public transport, offering a season ticket loan scheme and a cycle to work scheme.
- **Waste management:** During 2024, we changed our waste management supplier. Our intention is to disclose 2025 metrics in our 2025 annual report.
- **Internal hospitality:** We continue to use a hospitality provider that is committed to sustainable food procurement.
- **Staff engagement:** During 2024, Brit continued to engage our employees in ESG matters and initiatives. We ran three volunteering days with an environmental and biodiversity focus and celebrated five ESG days.

## Measurement and offset

We have continued with our initiative to offset our scope 1 and 2 carbon emissions through ClimateCare ([www.climatecare.org](http://www.climatecare.org)). For every tonne of carbon generated we fund the equivalent reduction through ClimateCare's carbon reduction projects. At 31 December 2024 we remained fully Energy Saving Opportunities Scheme (ESOS) compliant.

We measure and monitor our carbon footprint covering scope 1, 2 and 3 (category 6). In 2024 our carbon emissions per employee covering scope 1, 2 and 3 (category 6), before offset, were 1.9 tonnes (2023: 3.2 tonnes), all of which has been offset (2023: all offset).

The sources of our emissions were as follows:

Emissions Source	2024 CO2 (tonnes)	2023 CO2 (tonnes)
Gas (note 1)	139	196
Electricity (note 1)	199	222
Business travel – air (note 2)	1,621	2,455
Business travel – hotels (note 2)	33	45
Business travel – other (note 2)	12	17
Total carbon footprint before offset	2,004	2,935
Offset	(2,004)	(2,935)
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	1,045	911
Carbon footprint per employee before offset	1.9	3.2
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. The figures do not currently include RF (Radiative Forcing).*

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

	2024		2023	
	kWh	GHG (CO2 tonnes)	kWh	GHG (CO2 tonnes)
Scope 1	755,422	139.4	1,072,927	196
Scope 2	703,248	178.7	1,106,717	222

*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: All UK electricity used is 100% renewable, and as such we utilised the GHG conversion factors published by the UK Government on 8 July 2024 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 2024 and 2023.

### ***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 continue the process of developing an internal 'ESG scorecard' for our underwriting portfolio, and have climate risk metrics for our investment portfolio.

Brit has been working on integrating ESG scores from an external data provider into its underwriting processes, and are trialling an internal ESG dashboard to monitor ESG scores and CO2 analysis at the portfolio and class level.

We also have a set of key climate change-related underwriting and investment metrics that are being monitored on a quarterly basis, and reported to the CCRWP on a half-yearly basis. These include board tolerance levels, the number of climate change related litigation notifications, and the investment exposure to higher risk industries.

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

#### **Ki Financial Limited**

During 2024, Brit and Ki successfully delivered an initiative to establish Ki as a standalone operation within the Brit Limited Group. Following the successful establishment of fully independent support and compliance functions for Ki, supported by a transitional services agreement with Brit Group Services Limited, and the transfer of all Ki staff to a new Ki service company, the Brit Limited Board approved the separation on 10 December 2024. The Board also approved the novation to Asta from Brit Syndicates Limited as Ki Syndicate 1618's managing agent, effective from 1 January 2025.

In arriving at this decision, the Board considered the success of the separation work that had been executed in 2024. The Board also considered Brit's and Ki's immediate and longer-term strategic priorities and their different business models, as well as the interests of their shareholders, and other stakeholders such as its employees and policyholders. It concluded that opportunities presented by this separation, while remaining within the Brit Limited Group, would position Brit and Ki well for the longer term. Brit also liaised closely with its principal shareholder, with Ki

#### **Dividends**

During 2024, dividends totalling of \$605.4m were paid. Of this, \$33.3m was paid to class A shareholder in accordance with the Brit Limited shareholders' agreement, and \$572.1m was paid to the class B shareholder.

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.

**2024 Brit Reinsurance (Bermuda) Limited Group (Brit Re) business strategy and 2025 business plan and capital requirements**

The Directors reviewed and approved the proposals to embark on a strategic plan to significantly expand its presence in Bermuda across Property, Casualty and Specialty reinsurance. The Board also approved the Brit Re 2025 business plan.

The Directors considered Brit Re's role in the Company's immediate and longer-term strategic priorities, how an expansion of Brit Re would impact together with the risks facing the business, and how such an expansion would complement our existing reinsurance underwriting capabilities in London. 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.

**Financial statements and reserving position**

The Directors approved the financial statements for the year ended 31 December 2023, on 26 March 2024. As part of this process, the Directors considered and approved the claims reserves held by the Group's underwriting entities. These financial statements were the first annual statements prepared on an IFRS 17 basis. As part of this process, it also approved a number of key IFRS 17 metrics such as the amount and confidence level of the risk adjustment. On 5 September 2024, the Board approved the Group's 2024 Interim Report.

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 IFRS 17. In considering these key factors and in approving the final reserving positions, 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 adjustment. 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.

**2025 Brit Group business plan and capital requirements**

On 5 November 2024, the Directors reviewed and approved the 2025 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 2025 and the longer term.

**Subordinated Notes due 2030 (the subordinated notes): Substitution of issuer**

On 30 October, the Board discussed and considered the substitution of the issuer of the subordinated notes. The Board resolved to delegate authority to approve this substitution to a sub-committee of the Board, to be convened in January 2025. This sub-committee met on 13 January 2025 and approved the substitution, with Brit Group Holdings Limited being substituted in place of Brit Limited as issuer and principal debtor with effect on and from 22 January 2025.

In approving the change of issuer, the Board considered the business needs of the two intermediate holding companies owned by Brit Limited, Brit Group Holdings Limited and Ki Financial Limited. It also considered the position of its shareholder, and of other stakeholders such as the holders and trustee of the subordinated notes.

**Audit tender and auditor appointment**

During 2024, as required under the Auditors and Third Country Auditors Regulations 2016 (SATCAR), the Audit Committee undertook an audit tender. Following the tender process, the Committee recommended the reappointment of PricewaterhouseCoopers LLP as the Group's and

Company's external auditor, effective for the year ending 31 December 2026. The recommendation of the Audit Committee was considered and approved by the Board on 10 December 2024.

In approving the recommendation of the Audit Committee and re-appointing PricewaterhouseCoopers LLP, the Board considered the quality of the firms participating in the tender based on a number of pre-determined weighted criteria, and the interests of the Company, its finance department and its principal shareholder.

#### **Tax strategy**

In October, the Board reviewed and approved the Group's tax strategy and approved its publication on the Brit limited website.

In reviewing and approving the tax strategy, the Board considered its 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 shareholders.

#### **Capital Policy**

In July, the Board considered and approved the Group Capital Policy.

In reviewing and approving the policy, the Board considered regulatory requirements in each of the jurisdiction in which it operates, and the internal and external reporting bases and requirements. It also ensured the policy facilitated an appropriate framework for managing the Group's capital requirements. In addition, the Board considered the interests of its stakeholders.