

KI FINANCIAL LIMITED
SECTION 172 (1) STATEMENT
31 DECEMBER 2021

Registered No. 12594708

This Section 172 (1) Statement is reproduced from Ki Financial Limited's 2021 'Strategic Report, Directors' Report and Financial Statements' document which was approved by its Board on 27 April 2022.

Introduction

The Ki Financial 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 Ki Financial 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).

Our strategy

The Board is responsible for a number of key strategic decisions, including approving the business plans, objectives and strategy of the Company. It is also responsible for on-going performance monitoring, 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.

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.

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 it promote the long-term success of the Company.

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.

Our stakeholders

The Board recognises the importance of engaging with both its shareholders, Blackstone and Brit Limited, and its broader stakeholder base. The broader stakeholder base includes Lloyd's of London, Fairfax, Google Cloud, University College London, its clients, broking partners, reinsurers, investment managers, bankers and suppliers.

Key decisions made by the Directors during the year

- **Share issues**

During 2021, the Board agreed to a number of new share issues. These issues totalled 31,000,000 class A shares, 46,500,000 class B shares, and 77,500,000 class C shares. The class A shares were acquired by Brit Limited for a contribution of \$31.0m, and the class B and C shares were acquired by Blackstone for \$124.0m.

- **Additional capital requirements for revised 2021 business plan**

The Directors approved the additional funding required to support the revised 2021 business 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. After due discussion, the Directors concluded that the revised business plan, and attaching capital requirements, positioned the Company well for the remainder of 2021 and the longer term.

- **2022 business plan and capital requirements**

The Directors approved the 2022 business plan, together with the capital needed to support that plan. This plan included the Group's underwriting and investment strategies. 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. After due discussion, the Directors concluded that the business plan, and attaching capital requirements, positioned the Company well for 2022 and the longer term.

- **Letter of credit facility**

The Board considered and approved amendments to the letter of credit facility, extending it by two years to cover the 2022 and 2023 underwriting years, with pricing linked to the ESG rating of Ki's investment portfolios.

The Board discussed the terms of the revised facility. They concluded that the facility appropriately supported Ki's future plans and was in the interests of its shareholders, employees and wider stakeholder base. It also concluded that the structure of the facility was aligned to its ESG objectives, those its capital providers, and Lloyd's.