

BRIT

writing the future

ClimateWise

report 2021





writing the future – Brit's ESG strategy

We have an important role in fighting climate change, and we believe firmly that insurance is a social good.

Our ESG Committee oversees our approach and reports directly to our Executive Committee.

We're active members of ClimateWise and IcebreakerOne.

We're also taking part in ESG initiatives within the Lloyd's market and the Fairfax group.

There are five parts to our ESG strategy:

- 1 Working with our clients and business partners to understand and mitigate the impact of climate change
- 2 Putting the environment at the centre of our investments and underwriting strategy
- 3 Transitioning to be a net-zero business
- 4 Ensuring we manage the risks to Brit
- 5 Placing inclusion and diversity at the heart of everything we do



our ClimateWise report for 2021

Introduction

We're a leading global specialty insurer and reinsurer focused on underwriting complex risks.

We're an influential and respected presence at Lloyd's of London, with one of the largest and most diverse portfolios. In 2020 Brit Group GWP was \$2.4bn.

Ki is the first fully digital algorithmically driven syndicate in collaboration with Google and UCL. Ki will be the largest syndicate launch in the history of Lloyd's, having raised \$500m of capital from Blackstone and Fairfax.

Brit is fully owned by Fairfax. While Brit operates a hybrid working model to support staff well-being and reduce commuting, the "home office" for the majority of the work force is a modern, energy-efficient building on Leadenhall in EC3, London.

The Brit Group

Ambridge – one of the world's leading managing general underwriters of transactional insurance products.

Brit – lead an extensive range of insurance and reinsurance programmes.

Brit Global Specialty Bermuda – this arm complements our distribution network.

Brit Re – our A-rated reinsurer, based in Bermuda.

Camargue – an underwriter of niche insurance products, providing risk management to a broad range of industries.

Ki – the first algorithmically driven syndicate, in collaboration with Google and UCL.

Sussex – our leading insurance-linked investment management platform, backed by the Fairfax Group.

contents

principles



Principle 1	Be accountable	5
Principle 2	Incorporate climate-related issues into our strategies and investments	9
Principle 3	Lead in the identification, understanding and management of climate risk	16
Principle 4	Reduce the environmental impact of our business	20
Principle 5	Inform public policy making	26
Principle 6	Transparency	31
Principle 7	Enhance reporting	34

A photograph of an offshore wind farm. Several white wind turbines with yellow and red accents are visible in the distance over a blue sea under a grey sky. In the foreground, a worker wearing an orange high-visibility jacket and a white hard hat is standing on a service vessel, looking at a mobile device. The vessel has various equipment, including a satellite dish and antennas.

principle 1

be accountable

Making the ClimateWise Principles part of our strategy, and how we oversee climate risks and opportunities.

1.1 Our key priorities and accountabilities

At Brit, when it comes to climate change and the risks/opportunities it presents, each operating unit in the business considers it within their business strategies.

Climate change is an emerging and evolving risk. We work to understand the facts and uncertainty of climate change, and are determined to keep up with the science and use industry-leading ESG data.

Brit's priorities

In May 2021 it became a key priority to establish an ESG strategy that can be embedded in the business and shared externally. We also discussed:

- **Immediate priorities (2021)**
No new insurance cover for thermal coal-fired power plants, thermal coal mines, oil sands or Arctic energy exploration from 1 January 2022.
- **In the medium-term (2021 – 2022)**
Develop the ESG strategy further than the Lloyd's stance.
- **In the longer-term (2022 – 2023)**
Work towards ensuring ESG is at the forefront of underwriters' minds.

Ki's priorities

Ki only started underwriting in 2021, but we've established our ambitions for ESG. These include:

- Exploring B Corporation certification, aiming to achieve status in 2022.
- Setting up a framework to make sure we manage financial risks from climate change.
- Setting up an I&D working group to manage and make this a priority in the business.

The Brit Group

The Sussex Board recently agreed to implement ESG considerations into the Sussex platform, including UN PRI membership and adopting their principles and guidance.

On the investment side, an ESG-badged ETF asset allocation solution has been implemented for the Specialty Fund. An ESG lead has been appointed for Sussex, Karl Grieves (Finance & Operations Director).

Ongoing board engagement

We're focusing on a small number of key areas, then we'll be meeting in early 2022 to review our plan and include insights from COP-26. This day will include a review of progress and strategy, along with an external speaker with a strong background in sustainability.

The role of the Risk Oversight Committee (ROC) in more technical oversight

The ROC oversees climate change risk, especially since the frequency and level of detail of reporting on climate change-related risks has increased. The committee receives updates on the PRA's SS3/19 compliance, and will go through the CBES stress and scenario testing.

BSL Investment Committee

Below are the dates that there has been climate risk / ESG on the BSL Investment Committee agenda since 2020.

- 27 August 2020: Climate Risk Update
- 8 February 2021: ESG update
- 27 April 2021: ESG Update

On 16 September 2020, we provided Board training to the BSL Board on responsible investment including the financial risks of climate change.

Board member experience

Brit's board members have confirmed it's crucial for senior management and board members to develop a deeper understanding of ESG.

Several of our Board members have extensive experience in this area, including:

Pinar Yetgin – non-executive director and Chair of Risk Oversight Committee, Brit Syndicates Limited Board

Pinar is involved in a number of climate-related roles at NatWest

Pinar is also a Climate Zero member and has recently started the Certificate in Green and Sustainable Finance programme.

Gordon Campbell – non-executive Chairman, Brit Limited Board

Gordon has been involved in climate change activities for several decades, first as Mayor of Vancouver and subsequently as the Premier of British Columbia. Some notable efforts in those roles include:

- The Clouds of Change report in the early 90s for Vancouver.
- Climate Change strategy introduced in British Columbia in 2007-2008.
 - This included North America's first revenue-neutral Carbon tax and a comprehensive set of policies that encourages people and local governments to make positive climate choices.
 - It strives at putting together a strategy for action that encouraged people, companies and benefits to the climate. Companies had a reason and relatively inexpensive way of making productivity gains and reducing emissions.
- Ensuring government offices were all zero net carbon buildings within three years of the program.

It's crucial for senior management and board members to develop a deeper understanding of ESG.



1.2 Management's role in assessing climate-related issues

ESG Committee

This includes representation for Underwriting, Underwriting oversight, Investments, Risk, Operations, Facilities and Communications. Members are from all departments and include a mix of senior management and more junior staff.

The committee meets monthly with an agenda that covers our five themes as well as AOB for any new topics. If discussion points are too detailed for the committee, they're assigned to a sub-group. For example, in Q2 2021 we created a sub-group which reviews any complex ESG requests from third parties.

The committee deliberately doesn't include members of our Executive Committee (EC) to facilitate broad discussion. The committee reports to the EC regularly.

EC oversight

Each of the five ESG themes has an EC member responsible for it:

- Investments – Gavin Williamson, CFO
- Underwriting – Christiern Dart, CUO
- Financial Risk – Shane Kingston, CRO
- Brit as a business – Lorraine Denny, Chief Engagement Officer
- Strategy & external engagement – Mark Allan, CEO of Ki

These EC members are responsible for ensuring that climate-related issues are embedded into the relevant operating division committees.

Climate Change Risk Working Party

Their focus is on collaboratively managing the financial risks arising from climate change through our risk management framework. The Working Party meets at least twice a year.

ESG External Engagement working group

This group was created in Q2 2021 in response to the growing number of ESG queries from external third parties. The group meets monthly if there are items for consideration. These would include requests for information not covered by our standard responses, or a line of questioning that an underwriter (or other member of staff) wanted senior sign-off on. The ESG Committee can meet at short notice for time-critical queries.

EC members are responsible for ensuring that climate-related issues are embedded into the relevant operating division committees.

A woman with long brown hair, wearing a white lab coat over a blue shirt and yellow rubber boots, is crouching in a field of young green plants. She is holding a black laptop in her left hand and looking down at it. The field is filled with rows of small green plants growing in dark, cracked soil. The background shows more rows of plants stretching into the distance under a clear sky.

principle 2

incorporate climate-related
issues into our strategies
and investments

We look at this from three perspectives: natural catastrophe risks, liability claims and investment losses.

2.1 Finding out how climate change affects businesses, investments and key stakeholders:

We're constantly reviewing the full range of risks, and have been moving from a qualitative assessment to quantitative measures and implications. With the rapid increase in relevant data, we expect to see increasingly detailed quantitative analysis.

Our focus is on both the risks and opportunities.

Our view of the climate change risk – managed by our Enterprise Risk Management (ERM) team

Climate change will have a major impact on multiple parts of our business, and on all our stakeholders, so we make it part of all of our business decision. We always look at suggestions from Lloyd's, Fairfax, and the regulators on additional aspects we should consider.

We're managing climate risks with our Risk Management Framework ("RMF") and are embracing the latest regulatory guidance.

The more extreme climate-related risks are medium to long term, however changes are already having a noticeable impact. If there's a sudden change in government policy or legal precedent, or sudden change in societal expectations, this could create a market-wide shock in a short space of time.

The three main areas of risk are:

- **Natural catastrophe risks** – the increased frequency and severity of weather-related natural catastrophes like hurricanes and wildfires.

2020 was the most active Atlantic hurricane season on record. 30 in total, with 12 making landfall in the US, 6 of which were category 3 hurricane strength or higher. These either equal or set new records.

2020 was also a record year for wildfires, with California seeing its first ever 'gigafire', a blaze that burns at least a million acres of land. US windstorm and wildfire catastrophe losses in 2021 are also expected to be above average. This is expected to lead to more claims.

- **Liability claims:** For example, there's potential for claims against firms for their contribution to climate change.
- **Investment losses** have the potential to arise from exposure to industries perceived to be contributing to climate change or from the transition to a low-carbon economy. We've got a well-diversified investment portfolio, with the majority of assets being cash, government bonds and investment grade corporate bonds. This significantly mitigates the risk of investment losses.

Underwriting view

Lloyd's published its initial Environmental, Social and Governance (ESG) report in December 2020, with a plan to becoming a sustainable insurance marketplace. The focus of the report was the impact of climate change and ethical business practices.

At Brit, we also started developing our own strategy around sustainability in 2020, aligning it with the core principles in the Lloyd's statement.

From an underwriting standpoint, we continue to review our products to make sure they promote improvements in ESG standards.

Our Energy Division is offering capacity to support the development and operation of renewable energy producers, infrastructure and operations.

Our Property Division has confirmed they won't provide insurance coverage to any new mining operations.

The renewable energy products are targeting Gross written premium (GWP) of \$3.4m in 2021 and \$10.0m in 2022.

Additionally, we encourage our underwriters to understand the ESG risks within their portfolio. They're also considering ways to make sure there's a suitable level of due diligence in the underwriting process, so we can reduce exposure to businesses which have poor sustainability practices.

Natural catastrophes are an area of future uncertainty. Our Exposure Management department continually strive to identify and quantify their potential impact.

We're constantly reviewing the opportunities to support our clients while they transition,

as well as the increased need for anyone who has new, or increased, climate-related natural disasters.

We are working hard to understand the availability and application of ESG benchmarking to better understand our portfolio and individual insured.

Working with Lloyd's as part of the Climate Transition Measurement Framework working group to establish best practice for measuring climate transition across underwriting portfolio's within the Lloyd's market.



Our Energy Division has launched a product providing insurance coverage for renewable energy producers.

Investments

We're integrating ESG considerations into our investment guidelines, our mandates with external managers and our reporting. Sustainability is key to our long-term investment approach, and considers the potential for economic loss, including the impact of climate change.

Our investment approach also considers potential opportunities. This allows investments in companies that may currently be lagging from an ESG perspective, but only if they are improving.

To fully integrate ESG into the investment strategy, it's important to understand our portfolio exposures. We're enhancing our ESG reporting to understand the portfolios managed on our behalf. We're also reviewing the equity positions in our portfolios, to make sure we understand if companies aren't making positive changes to mitigate climate change and move towards a lower carbon future.

Our ESG investment initiatives are part of our ongoing conversations with Fairfax which also gives us insight into the approach of the full Fairfax family.

R&D

We're working with external parties on ESG-related products.

Prompting action around investments

We're in the process of integrating ESG considerations into our investment mandates.

- During manager selection, potential managers have to have strong ESG credentials.
- Our new multi-asset mandate includes a portfolio average minimum BBB MSCI ESG rating restriction, as well as revenue screens on specific ESG concerns such as oil sands, thermal coal and controversial weapons.
- We're expanding similar guidelines to other external mandates, and some will also include a lower carbon intensity to the index and an aim to reduce carbon intensity.
- Where we select comingled funds or exchange traded funds, we assess the ESG restrictions in the funds, and invest in funds with specific ESG criteria.
- We focus on asset classes where ESG considerations can be most impactful, such as equity and corporate bonds, although we recognise the vital role governments have in implementing policy in this area.

Investment manager selection for Ki/S1618

In 2020, we performed manager selection exercises for Ki. Both exercises included the manager's ESG capabilities and how ESG is integrated into the mandates.

External engagement through partner-interactions, and reporting and disclosure

We work with our suppliers to enhance their climate disclosures and research. This includes working with our natural catastrophe modelling software providers (AIR) to ensure they appropriately allow for climate change within their modelling. We've also engaged with our investment managers to develop climate change-related reporting and metrics.

Our Climate Change Risk Working Party performed a gap analysis in 2020 on Brit's disclosures against the TCFD framework which was presented to the ESG Committee and shared with the Finance team. As a result, the YE2020 climate change related disclosures were strengthened in comparison to YE2019.

2.2 Measure and share the implications of climate-related issues for business performance (including investments) and key stakeholders

Risk

A key part of risk management at Brit is setting tolerances and appetite.

- Risk tolerances is the maximum amount of risk Brit is willing to accept to meet its strategic objectives.
- Risk appetite reflects the maximum amount of risk Brit wants to take in the current market environment.
- The actual amount of risk taken is monitored against the tolerances and appetites.

Our Risk Management Framework (RMF), including the risk tolerances and appetite, reflects our strategy, and aims to make sure

that risk is accepted in the areas which are expected to maximise shareholder value, while continuing to protect policyholders against extreme events.

We're also taking part in the PRA's Climate Change Biennial Exploratory Stress Test ("CBES"). This exercise will help measure the risks associated with climate change. We're looking at 12 peril regions including wildfire, flood, hurricane, severe storm etc. and investigating how our modelled losses might change by 2030 and 2050 based on a 'no action' or 'action' scenario. 'Action' is large scale intervention to reduce greenhouse gas emissions.

A key part of risk management at Brit is setting tolerances and appetite.

Physical risk

Physical risk from natural catastrophes is controlled through Board tolerances and management appetites.

We continuously monitor scientific studies, regularly review the completeness of existing models and how we apply risk, considering historical natural catastrophe trends, as well as future expectations.

Liability risk

Brit's exposure is limited through limits on gross underwriting exposure and through the purchase of reinsurance. Adherence to these limits is monitored quarterly.

Brit is currently undergoing a detailed underwriter-led risk identification exercise to better understand liability risk associated with climate change following which the need for relevant metrics will be further explored. The exercise involves review of historical contract wording in material potential exposed lines of business. The exercise will also enable underwriters to further strengthen their client assessment in relation to possible exposure to climate related litigation risk.

Investment

Brit has a diversified investment portfolio, with limits on exposure to individual issuers. Exposure to concentrated positions is monitored and reported quarterly to the Investment Committee and Board. Brit is developing metrics to strengthen its understanding of the potential impacts of climate change on its investments.

In 2021 we began to receive ESG reports from some investment managers and are discussing enhanced ESG reporting with other managers. These reports concentrate on understanding the carbon intensity of the portfolio, along with wider ESG scores.



ESG scoring

We are currently engaged with various data providers in an attempt to access both quantitative and qualitative ESG scoring of our portfolio. We hope to provide underwriters with some structured external ethical, sustainable & governance assessments to consider when selecting insureds.

Once a suitable data provider has been identified and incorporated into the underwriting framework, we plan to re-analyse the book of business. We then plan to illustrate the ESG position of the current portfolio and identify immediate trends to better plan progress towards a desired portfolio mix.

Monitoring performance

The quantitative metrics are monitored quarterly by the ERM team and reported to the respective committees. Board tolerances are also reported to the Risk Oversight Committees and Boards.

The 2021 Underwriting Risk Board and Management appetites and methodology to calculate them can be found in the "ORSA extract – RMF, UW risk and Market risk.pdf" attachment.

The 2021 Investment Risk Board and Management appetites and methodology to calculate them can be found in the "ORSA extract – RMF, UW risk and Market risk.pdf" attachment.

Incorporating objective measures of ESG-related behaviour into policies and practice

The Board is responsible for overseeing our risk management and internal control systems, which management is responsible for implementing.

There's a strong risk governance framework. The Board, Risk and Audit Committee agendas are designed to make sure all significant areas of risk are reported on and discussed. The Risk Oversight Committees monitor and review the risk profile and the effectiveness of all risk management activities and, in particular, monitor adherence to agreed risk limits noted earlier

Our Internal Audit function provides assurance to the Risk Oversight Committees, Audit Committees and Boards, while external experts are regularly used for independent assessments.

principle 3

lead in the identification,
understanding and
management of climate risk



Our established framework helps us identify key climate-related risks, so that we can monitor the market and internal developments.

3.1 Ensure processes for assessing and managing climate-related risks and opportunities are integrated into the business (including investments)

Our view of risk

The CCRWP was launched after the PRA's Supervisory Statement on managing financial risks associated with climate change (SS3/19) to make sure compliance with the regulatory requirements. We expect to be fully compliant with the SS3/19 requirements by the end of 2021 as required by the PRA.

We have an established emerging risks framework which involves:

- Research of key publications.
- Brainstorming of potential emerging risks.
- Prioritisation of key risks.

Once identified as a key risk, the market and internal development are then monitored.

Brit has remained actively engaged with emerging regulatory requirements and requests.

Underwriting

Underwriters are encouraged to consider risks and opportunities related to climate change through two processes.

- 1 Their ongoing review by underwriters of their books of business.
- 2 The challenges and advice from their peers during regular Divisional meetings and Quarterly Business Review sessions.

In addition, the annual business planning process with Lloyd's has an analysis of emerging risks and opportunities. Climate-related changes has been considered there informally for several years, and formally during 2021.

We make sure our plans fit the current Lloyd's requirements, but we also work on likely emerging requirements from the regulator to make sure we're ready to implement those.

Claims

On the claims side we have two streams of work, linking with broader industry discussion on these topics.

Reduce the impact of handling physical damage claims. This is driven by a desire to reduce the time to handle claims but has a valuable by-product of reducing the travel of claims adjusters. We can use images to identify where buildings are total losses, plus we make sure claims in nearby locations are handled by the same adjuster. This work is a live partnership with GIC, a not-for-profit organisation covering the whole of the US and beginning to supply imagery for other geographies. In 2022 we will start to estimate the specific environmental saving this makes.

We're also involved in discussions around "green claims" so we can do more environmentally. We want to encourage this to be discussed more broadly, and use our position in the market to influence our industry to see the value in doing this.

3.2 Support research and development to inform current business strategies (including investments) on adapting to and mitigating climate-related issues

Our underwriting teams work with our clients and business partners to understand and try to mitigate the impact of climate change as we attempt to transition to a low-carbon, environmentally-conscious business model. Examples include:

- Offering products to help clients make the energy transition, such as through our Renewable Energy offering.
- Our Marine & Energy Liability team is leading the way in the development of hybrid policies covering both traditional and new energy solutions.
- We're committed to simplifying the claims process with faster payments and the use of drone images to make dynamic and immediate loss adjusting. Using drones removes the need to travel or the amount of trips we need to make overall.
- The cross-departmental Climate Change Risk Working Party is focussed on collaboratively managing the financial risks of climate change through the risk management framework.
- Climate change risks are captured within the ORSA and discussed at the EC and Board Level, with feedback loops into underwriting for any ideas or new proposals

Our brokers are becoming more and more knowledgeable about climate risks, so can deal with growing levels of queries.

Climate-related data

Much of the underwriting of climate-related risks suffers from a lack of clear data, either due to a changing environment which makes the historic data less relevant, or new types of risks (e.g., renewables, hydrogen-powered ships etc) where there's no historic data.

We take a number of routes to overcome this, including looking at emerging risks differently, by partnering with insurance companies who are more experienced in space and engineering, as well as risk management firms with qualitative and quantitative experience. We then look to create new data sets.

We're committed to simplifying the claims process with faster payments and the use of drone images.

Lloyd's Lab

Brit has been involved in the Lloyd's Lab since its inception. The most recent cohort included a group of companies focused on climate related issues. Paolo Cuomo, our Director of Operations and a regular mentor of Lloyd's Lab participants, worked closely with one – CarbonChain – to introduce them to the Brit (and other) hull underwriting teams to understand how the unique supply chain data can support better understanding of the carbon footprint of different supply chains.

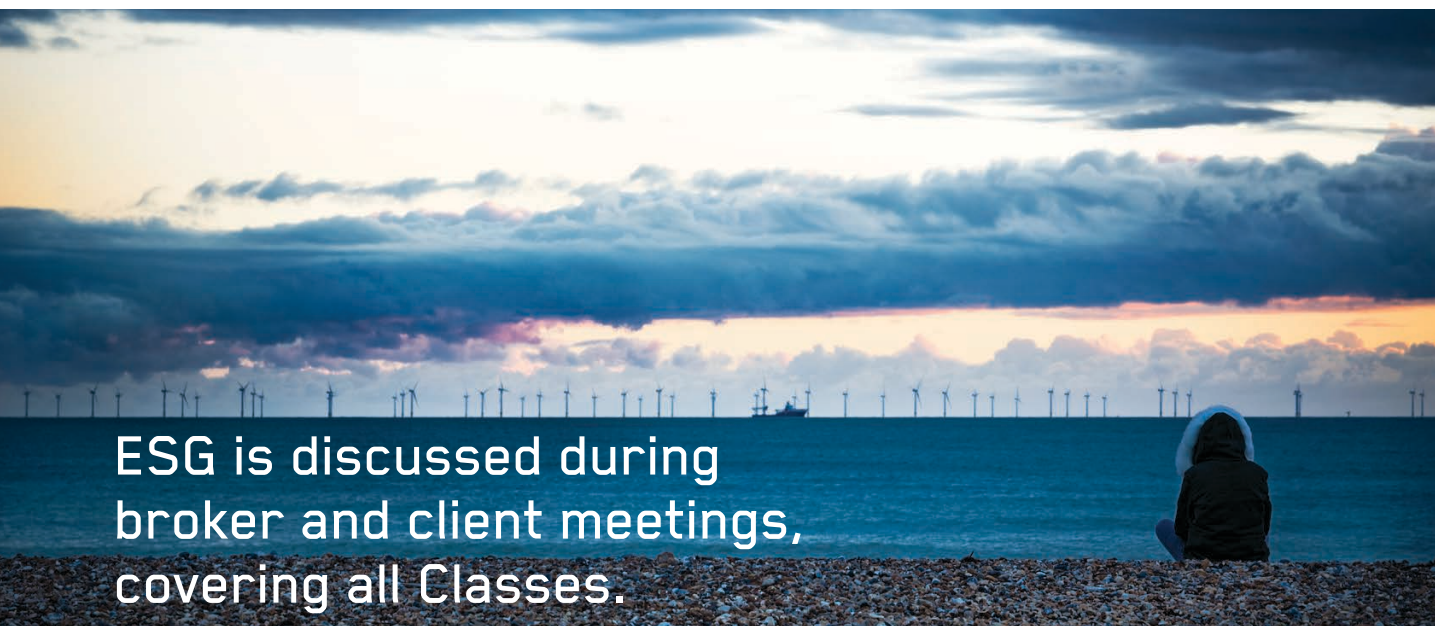
The FinTech Pledge

In April 2021 Brit signed the FinTech pledge (<https://www.britinsurance.com/financials-and-governance/working-with-fintechs-and-insurtechs>). This was driven by our desire to engage more rapidly with insurtechs offering new data and services, including those related to the ESG space. By signing the pledge, we are confirming our desire to act rapidly and fairly with start-ups. This increases the desire of the start-ups to engage with us on rapid pilots which is vital in areas like climate data where no-one has real experience around the best solutions, so it is vital to learn quickly together.

New products and partnerships

Across all Classes, ESG is discussed during broker and client meetings. Some specific examples from some classes are listed below:

- **Energy:** The team are working with the Joint Rig Committee and the Corporation to understand and clearly define 'Arctic drilling' and 'oil sands operations'. Growth of Renewable Energy Class.
- **Cargo:** Thermal coal power plant construction is written, and assureds are questioned on their ESG strategies.
- **Property D&F:** No new coal mining business is being written. This segment represents less than 3% of the in-force Property D&F portfolio.
- **General Liability:** Three live policies relating to thermal coal and one relating to oil sands will lapse on expiry.
- **D&O WW and FI:** No new clients with thermal coal mining, oil sands or arctic explorations exceeding the Lloyd's threshold.



ESG is discussed during broker and client meetings, covering all Classes.

principle 4

reduce the environmental
impact of our business



Brit's aim is to "write the future" sustainably. This has to consider both commercial and environmental aspects.

4.1 Encourage our suppliers to improve their environmental sustainability

We want to reduce our environmental imprint even more by streamlining our supply chain and minimising our carbon footprint through them.

- All material vendors supplying goods and services to Brit are asked to continuously improve the environmental and sustainability elements of their product.
- When we choose new suppliers, it's important they understand how their business affects the environment, and that they understand their corporate and social responsibilities. When they're part of our supply chain, they have to adhere to our best practises around ESG.

- We ask all material vendors to submit their ISO accreditations along with environmental and corporate social responsibility policies. We also ask for evidence of them promoting it in their business.
- Each supplier gets our ESG report annually, and we ask them to do the same. This will become a non-negotiable part of our vendor assessment criteria if they want to work with us.
- Paperless communication is now strongly encouraged throughout Brit and with all material vendors. This is being extended to travel booking and expense management.

We have already started this with one of our key suppliers – Sodexo – who supply all our catering. This includes working with them to ensure Red Tractor-assured produce, MSC certified fish, and a focus on food miles.

When we choose new suppliers, it's important they understand how their business affects the environment, and that they understand their corporate and social responsibilities.

4.2 Disclose our Scope 1, Scope 2 GHG emissions and Scope 3 GHG emissions using a globally recognised standard

Our offices are in The Leadenhall Building which won the PFM Sustainability award in 2020 for the efforts that the building management team contribute within this area.

Several initiatives have been implemented to reduce water consumption and improve the building's environmental performance. As a result, the building achieved ISO14001 certification with an outstanding score in 2019.

Water consumption was chosen as the key commodity to reduce.

To tackle this, a reverse osmosis plant has been installed to reclaim 1,768,509m³ of water over a 12-month period.

Rainwater has been harvested to be used for irrigation, reusing 149,45m³ of water in the first 12 months.

Consumption has decreased from 64,764kL in 2019 to 62,414kL in 2020 and we expect more reductions in the coming months and years.

Since we moved in late 2015, each floor has had segregated waste into different streams for food, recyclable materials, confidential waste, and general waste.



The Leadenhall Building won the PFM Sustainability award in 2020.

During the early part of 2020, we introduced specific bins for the recyclable cups used on the working floors, making sure the process was fully recyclable end to end.

Dishwashers and sinks were also installed on the working floors to encourage people to reduce the use of the same recyclable cups.

All cutlery has been replaced with biodegradable or metal cutlery and the vending machines on our working floors exclude plastic bottles to eliminate landfill waste.

Our Scope 1, Scope 2 and building-related Scope 3 emissions were calculated by Savills and are shown in the table below.

Type of emissions	Activity	tCO _{2e}	% of Total
Direct (Scope 1)	Natural Gas	209	41.61%
	Subtotal	209	41.61%
Direct (Scope 2)	Electricity	293	58.39%
	Subtotal	293	58.39%
Indirect (Scope 3)	Electricity – T&D	25	5.02%
	Road travel	–	0.00%
	Subtotal	25	5.02%
Total gross emissions (tCO_{2e})		502	100.00%

We also worked with Fello, our travel provider, to calculate air-travel-based emissions, though this has of course not been significant over the past 16 months, but our carbon offset purchase took into account a theoretical amount to reflect what we would have expected it to be.

Future Scope 3 calculations

We have not yet calculated our full Scope 3 emissions but are working with other insurance firms, including members of the Fairfax Group, to identify a consistent way of doing this so that all insurers' calculations can be compared.

4.3 Measure and seek to reduce the environmental impacts of the internal operations and physical assets under our control

We doubled our official carbon offset figure for 2020 to account for the vast majority of employees working from home during the pandemic.

Travel

We work with a travel provider so everything is centralised and we can easily create reports about business travel. They also make sure all duty of care requirements to travellers are met. They only use airlines on the EU Air Safety list.

Our global travel policy encourages lower carbon-intensive flights.

Since Covid 19 we've heavily invested in digital and video conferencing systems.

Using IT to reduce travel

There's been a full roll-out of laptops with Microsoft Teams. This reduces the need to commute to offices and to travel domestically or overseas.

Carbon Offset

For 2 years we've partnered with ClimateCare to offset carbon emissions from air travel, hotel stays and utilities. This has allowed Brit to contribute towards a number of different projects, including:

- Gyapa efficient cook stoves (Ghana)
- Burn efficient cook stoves (East Africa)
- Aqua Clara (Kenya)
- Bondhu Chula Stoves (Bangladesh)
- Grid Scale Renewable Energy (India)

We doubled our official carbon offset figure for 2020 to account for the vast majority of employees working from home during the pandemic.

We're also compliant with the UK's Energy Savings Opportunity Scheme (ESOS) Phases 1 and 2.

We'll continue to focus on all these areas and constantly review employee-proposed opportunities such as the Cycle to Work Scheme.

4.4 Engage our employees to tackle climate change

Brit Learning of the Week

We've committed to allocating an ESG E-Learning module to all employees. This mandatory module will focus on the climate and what we can all do to reduce our carbon footprint.

Environmental Volunteering Day

We have a strong track record of people doing charity days and aim to build on this by organising environmental volunteering days in 2021 and 2022. Unfortunately, due to challenges with Covid, we have delayed our initial plans until later in the year.

We've decided to work with Hands on London to give something back to London communities and ecosystems. We hope that by bringing Brit employees together to support the environment and climate action, it'll help reinforce the message that we all have a role to play in our commitment to make climate-informed choices outside of work.

Recycling

We encourage recycling and reducing plastic in the office. Globally across our offices, we recycle plastic. We've stopped buying plastic straws and stirrers and have phased out single-use plastic bags and polystyrene.





principle 5

inform public policy making

We're dedicated to, and engaged in a wide range of climate related activities and have taken part in a number of initiatives.

5.1 Promote and actively engage in public debate on climate-related issues and the need for action

Work with policy makers locally, regionally, nationally and internationally to help them develop and maintain an economy that is resilient to climate risk.

We're dedicated to promoting and actively engaging in the public debate about climate action and sustainability in our industry.

We're engaged in a wide range of climate-related activities and are playing a leadership role on many of these.

Committees / Focus-Groups / Associations

We've got representatives on the following:

- Lloyd's Climate Action campaign
- ClimateWise, including a committee member
- Fairfax ESG community

Lloyd's Climate Action campaign

This is an initiative by Lloyd's to focus on how the insurance industry can support its clients with decarbonisation.

There are three main objectives to the campaign:

- 1 Enhance understanding of ways to decarbonise.
- 2 Highlight success stories from the global (re)insurance industry.
- 3 Promote action within the Lloyd's market and global (re)insurance industry to support accelerating decarbonisation.



The campaign also consists of three focus areas, which are

- 1 Greener Industry.
- 2 Greener Transport.
- 3 Greener Energy.

We're represented in Lloyd's market discussions at a Managing Director level. This lets us play a pivotal role alongside London Market peers, in contributing to the success of the Lloyd's market as it takes the action that is required. The initiative allows us to partner with forward-thinking companies on:

We play a pivotal role alongside London Market peers, in contributing to the success of the Lloyd's market.

- 1 Construction of the first hydrogen fuelling station network in US history
 - Bringing the tangible reality of hydrogen fuelling stations to consumers in California.
 - Our client engineered and constructed 19 refuelling stations across the State.
- 2 Construction of the first-of-its-kind public charging station designed for medium/heavy duty electric vehicles
 - Demonstrated how charging infrastructure can be scaled for commercial trucks
 - Delivering zero-emission, high power charging infrastructure scaled to accommodate electric trucks and trailers
 - Featured 9 charging stations in Portland Oregon

Fairfax ESG Community

We're a leading member of this newly created community, working with our parent company Fairfax. Each Fairfax company, including us, will complete a survey to help form ESG direction across the group.

Surveys

We've also taken part in a number of external surveys like IAM Digital Edition and ESG Asset Owner Survey in December 2020 and an LMA survey on climate change.

Lloyd's CBES working group

Brit's CRO and Head of ERM met this year as part of a regular supervisory meeting which had climate change as a key agenda item. Further to this, Brit's ERM team worked with Lloyd's on the Bank of England's Climate Biennial Exploratory Scenario (CBES).

Other

- Several of our staff and NEDs are members of ChapterZero.
- Brit representatives attend the Lloyd's CRO Forum.

5.2 Support research on climate change to inform our business strategies and help our customers

Where appropriate, share this research with scientists, society, business, governments and NGOs in order to advance a common interest.

We've taken part in a number of initiatives:

- 'Feeling the Heat'
- SERI/IceBreaker One

Feeling the Heat

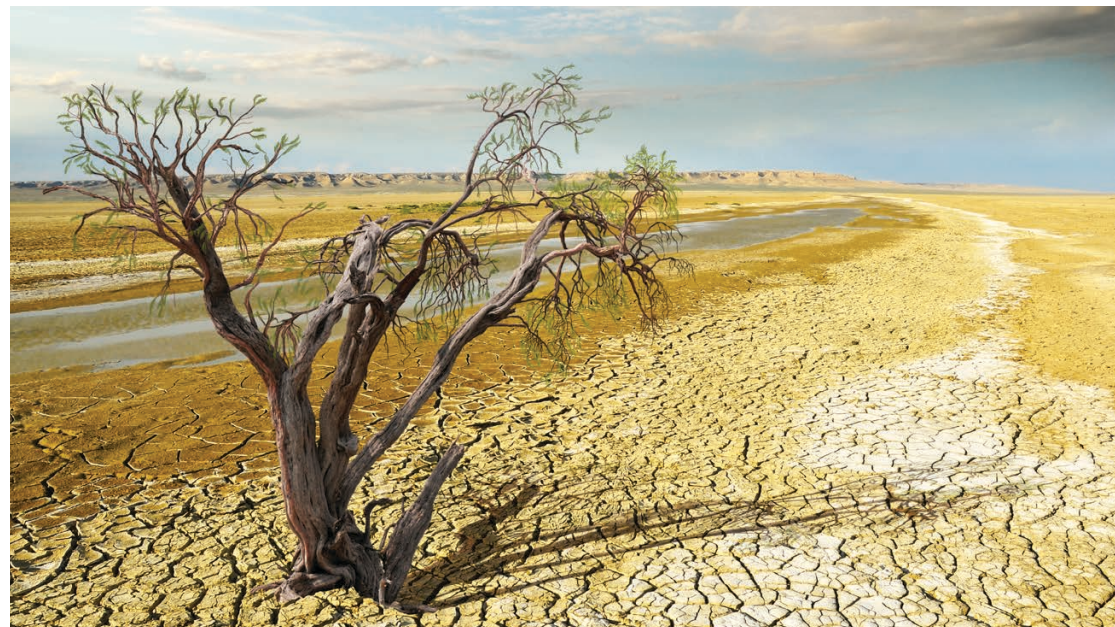
Our Financial Professions Managing Director and Financial Lines Class Underwriter were interviewed for this Cambridge University study to discuss "the role of liability insurance in preventing corporate responsibility for climate-related losses".

The interview also explored how we see our clients responding to Brit's ESG strategy.

Self-study and research

Our Energy team have undertaken research on climate change and more specifically the energy transition, to inform our business strategies and help to protect our customers' and other stakeholders' interests. This has resulted in a focus on developing our renewable energy capabilities:

- Global renewables market: Understanding Demand – analysis of Brit's Energy book by Aon
- Energy Teams Core Appetite
- Renewable Energy Presentation



TCFD disclosure

From 2020, our climate-related financial disclosures have been aligned to those recommended by the TCFD.

Icebreaker One & SERI

We're a member of the cross-industry Standard for Environment, Risk and Insurance (SERI) initiative. As part of this, the SERI and Icebreaker One initiative has been a key focus for us, both to support the aims of the initiative and as a platform to encourage other insurers, and associated businesses, to engage with ESG. The vision is to encourage and enable net-zero, as well as develop climate-ready products.

This work resulted in a number of papers being written which looked at the role insurance plays in a changing climate as well as product innovation in the insurance sector. We also had the opportunity to attend the London Climate Action week.

Papers

- *"The role of insurance in a changing climate: How policy can support sustainable underwriting"* – Collaboration with ClimateWise.
- *"Climate product innovation within the insurance sector"* – Collaboration with Deloitte and ClimateWise.

Policy work

- Participation in industry forums, including the Coalition for International Platform on Climate Finance (IPCF).
- Engagement with other organisations, not-for-profits and standards bodies to develop and test our policy positions.
- Response to the UK National Data Strategy Consultation.

We're a member of the cross-industry Standard for Environment, Risk and Insurance (SERI) initiative.

principle 6

transparency

We're passionate about communicating our beliefs and strategy on climate-related issues to our customers.

6.1 Communicate our beliefs and strategy on climate-related issues to our customers and clients.

We've launched a dedicated ESG page on our Brit corporate website and also post articles on our LinkedIn page covering our IcebreakerOne membership and other climate-related issues.

Brit Website

The ESG page educates our customers and clients on our key objectives with the environment and climate change.

- Our five-part ESG Strategy
- Information on our internal responsible business practices and ESG committee
- Our ClimateWise and IcebreakerOne memberships
- How we put the environment at the centre of our investments and underwriting strategy
- Our target to transition to be a net-zero business
- Information on our cross-departmental Climate Change Risk Working Party which covers all three aspects of the PRA/Bank of England's framework.
- Our ESG statement

We've published our ESG strategy on our public-facing website and have made it available as a downloadable pdf for our clients.

LinkedIn Posts

We use social media platforms such as LinkedIn to communicate our beliefs and strategies on climate related issues to our customers. Lots of our employees are passionate about this, so we're able to share these views in our posts.

- ESG Greenwashing litigation being on the rise in an already hardened D&O market. (D&O UW Patrick Mitchell)
- Various Icebreaker One posts

We use social media platforms such as LinkedIn to communicate our beliefs and strategies.

6.2 Inform our customers and clients of climate-related risks and provide support and tools so that they can assess their own levels of risk

We try to help our insureds to understand and navigate climate-related risk depending upon the size and sophistication of the client.

We are beginning to differentiate between clients who have a strong response to climate-related risks, although we're more likely to decline to offer certain coverage if we're not satisfied with the answers.

Risk Management Services

We offer a number of Risk Management Services to clients to reduce both the likelihood and severity of incidents.





principle 7

enhance reporting

Insurers have a critical role to play in all aspects of ESG.

7.1 Submission against ClimateWise Principles

We believe insurers have a critical role to play in all aspects of ESG. The right approach allows us to support our clients as they transition to lower carbon business models.

Key elements of Brit's progress against the ClimateWise Principles will be included in our Annual Report.

We are pleased to share our responses against all seven Principles in our first ClimateWise submission.

We will also publish an external version of this ClimateWise report. This will cover all the principles but will exclude any commercial confidential elements. This will be actively referenced on our website, alongside our published ESG statement (<https://www.britinsurance.com/culture/esg>).

See our published ESG statement –
<https://www.britinsurance.com/culture/esg>



BRIT

writing the future

The Leadenhall Building
122 Leadenhall Street
London EC3V 4AB
UK

t: +44 (0)20 3857 0000

britinsurance.com