



Fairfax Financial Holdings Limited (Fairfax)

Environment, Social & Governance (ESG)

Performance Report 2022

FAIRFAX

FINANCIAL HOLDINGS LIMITED

A Message from Our Chief Executive Officer

At Fairfax, the values we embrace are fully aligned with the concepts underpinning ESG. While the formality of the reports and their related ratings are still fairly new, Fairfax was built on the foundation of many of ESG's key concepts back in 1985. As supported by our Guiding Principles, our company culture is rooted in the philosophy of "doing good, by doing well" and have enshrined a value-based approach to business, consistent with the objectives that ESG seeks to promote.

Fairfax and our subsidiaries have always operated for the long-term benefit of our employees, customers, shareholders, and communities. For 37 years, we've taken a long-term, value-based approach to everything that we do – because as trends tend to come and go, we know true sustainability requires a deep sense of purpose, dedication, and the foresight to build for future success.

Through our decentralized structure, each of our operating companies pursue the goals of environmental stewardship, social justice and responsible governance in a manner appropriate to their sphere of activity. With nearly two dozen companies operating on the ground in over 40 countries, you will find an impressively diverse collection of initiatives tailored to local needs and conditions.

I am delighted to share our updated report, which illuminates the many ways in which our companies support and advance the objectives on which ESG is focused.

I hope you enjoy our report, and find it revealing of the commitment we have to operate our businesses with a deep sense of social responsibility.

Thank you,



Prem Watsa

Chief Executive Officer

Our Guiding Principles

Our Guiding Principles have not changed since Fairfax's inception in 1985 and they are the foundation on which our company was built.

Objectives

- We expect to compound our mark-to-market book value per share over the long-term by 15% annually by running Fairfax and its subsidiaries for the long-term benefit of customers, employees, shareholders, and the communities where we operate – at the expense of short-term profits if necessary.
- Our focus is long-term growth in book value per share and not quarterly earnings. We plan to grow through internal means as well as through friendly acquisitions.
- We always want to be soundly financed.
- We provide complete disclosure annually to our shareholders.

Structure

- Our companies are decentralized and run by the Presidents except for performance evaluation, succession planning, acquisitions, financing, and investments, which are done by or with Fairfax. Investing will always be conducted based on a long-term value-oriented philosophy. Cooperation among companies is encouraged to the benefit of Fairfax in total.
- Complete and open communication between Fairfax and subsidiaries is an essential requirement at Fairfax.
- Share ownership and large incentives are encouraged across the Group.
- Fairfax will always be a very small holding company and not an operating company.

Values

- Honesty and integrity are essential in all our relationships and will never be compromised.
- We are results oriented – not political.
- We are team players – no “egos”. A confrontational style is not appropriate. We value loyalty – to Fairfax and our colleagues.
- We are hardworking but not at the expense of our families.
- We always look at opportunities but emphasize downside protection and look for ways to minimize loss of capital.
- We are entrepreneurial. We encourage calculated risk taking. It is all right to fail but we should learn from our mistakes.
- We will never bet the company on any project or acquisition.
- We believe in having fun – at work!

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About this Report

The contents of this report are the culmination of feedback from our Environmental, Social and Governance (ESG) survey. Our 22 consolidated operating companies¹ participated in this survey and actively engaged in the feedback and consultation process. We are committed to ESG as an activity and measurable deliverable, both at the head office and entity level, and have developed a gap analysis and action plan for this critical business imperative. Throughout this report, we share our approach, progress and key achievements across our operations globally. Moreover, we highlight areas of focus and attention emanating from the data collected, all of which forms our ESG Progression Strategy. For convenience, all currency related items are in U.S. dollars unless otherwise noted. This report presents both established and more recent initiatives for the fiscal year ending December 31, 2021.

¹These consolidated operating companies include: Allied World, ARX, Brit, Bryte, Colonnade, Crum & Forster, Eurolife FFH, Fairfax Asia (AMAG, Fairfirst, Falcon - Hong Kong, Pacific, and Singapore Re), Fairfax Brasil, Fairfax LATAM (Meridional, SBI, SBS, and Southbridge), Northbridge, Odyssey Group, RiverStone, Universalna and Zenith.



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Our Business

Fairfax is a holding company which, through its subsidiaries, is primarily engaged in property and casualty (P&C) insurance and reinsurance and the associated investment management. Fairfax’s corporate objective is to achieve a 15% growth in book value per share over the long-term. Fairfax seeks to differentiate itself by combining disciplined underwriting and investing its assets on a long-term, value oriented total return basis, believing that this approach will provide above-average returns over the long-term.

Fairfax was founded in 1985 by the present Chairman and Chief Executive Officer, Prem Watsa (Prem). Prem refinanced a small Canadian insurance company and changed the name to Fairfax Financial, which was derived from the principles of *fair and friendly acquisitions*, based on the golden rule of ‘treating others as we would like to be treated ourselves’.

Through fair and friendly acquisitions, Fairfax has grown into a leading global commercial lines insurance and reinsurance group, compounding book value per share by 18.2%+ annually since 1985 - all with a dual focus on underwriting profitability and long-term return value investing.

Fairfax head office is led by Prem, along with a small team of 11 Officers who, on average, have been with Fairfax for 23 years. Our companies operate on a decentralized basis and are run by the Presidents, except for performance eval-

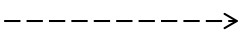
uation, succession planning, acquisitions, financing and investments, which are done by or with Fairfax. The holding company is also responsible for financial reporting requirements, aggregating the total risk across insurance operations and promoting corporate culture throughout our operating companies.

Over the last 36 years, Fairfax has written cumulative premiums of \$200 billion and has donated more than \$262 million since beginning its donation program in 1991.

Since inception, Fairfax has been focused on the long-term view, and not on short-term earnings – to the benefit of all shareholders. Prem reinforced this further throughout 2021, reminding us all that we are building Fairfax for the next 100 years!

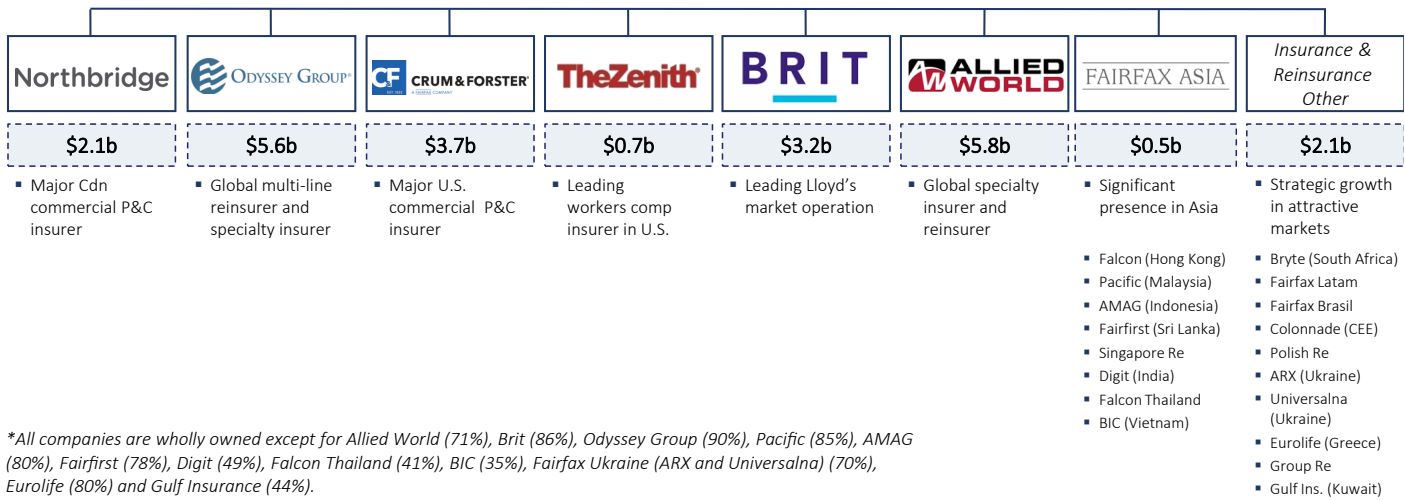
For More Information:

- [2021 Annual Report](#)
- [Annual Information Form](#)
- [Management Information Circular](#)
- [2021 AGM Presentation](#)



▪ Manager of global runoff business

\$23.8 Billion in Gross Premiums Written

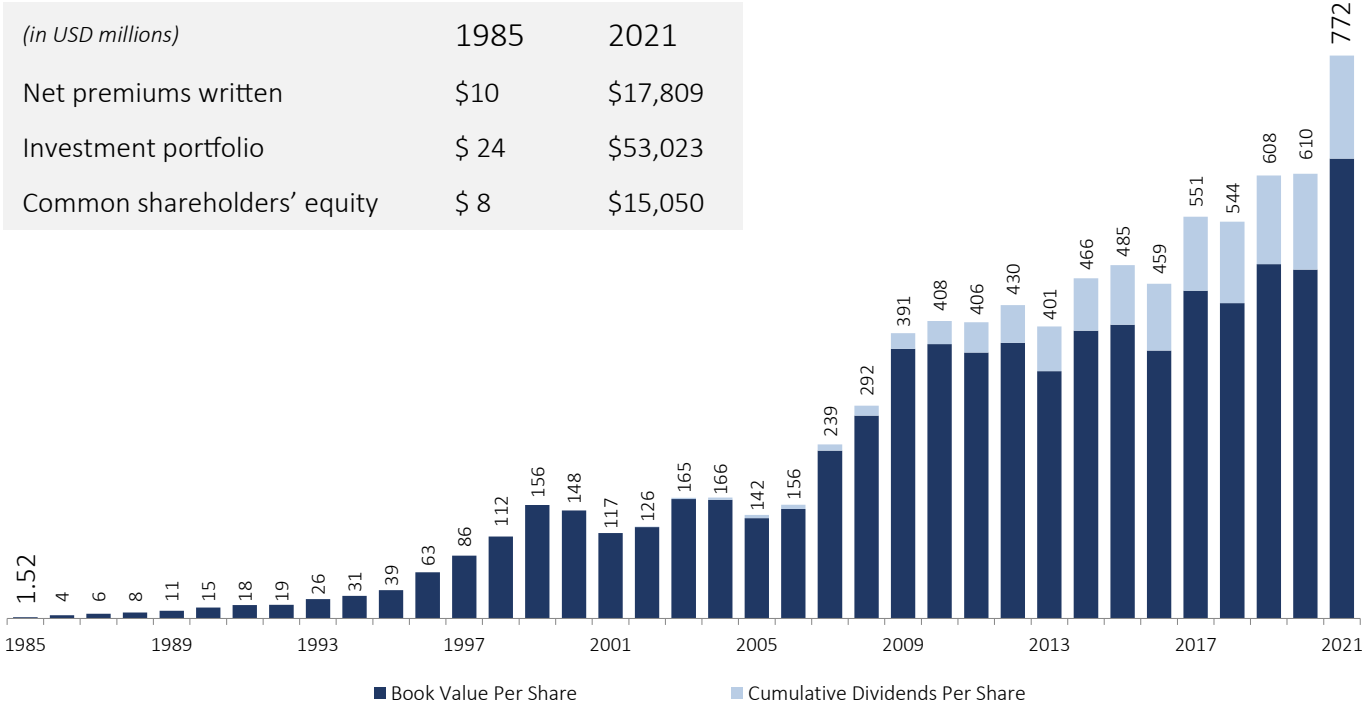


**All companies are wholly owned except for Allied World (71%), Brit (86%), Odyssey Group (90%), Pacific (85%), AMAG (80%), Fairfirst (78%), Digit (49%), Falcon Thailand (41%), BIC (35%), Fairfax Ukraine (ARX and Universalna) (70%), Eurolife (80%) and Gulf Insurance (44%).*

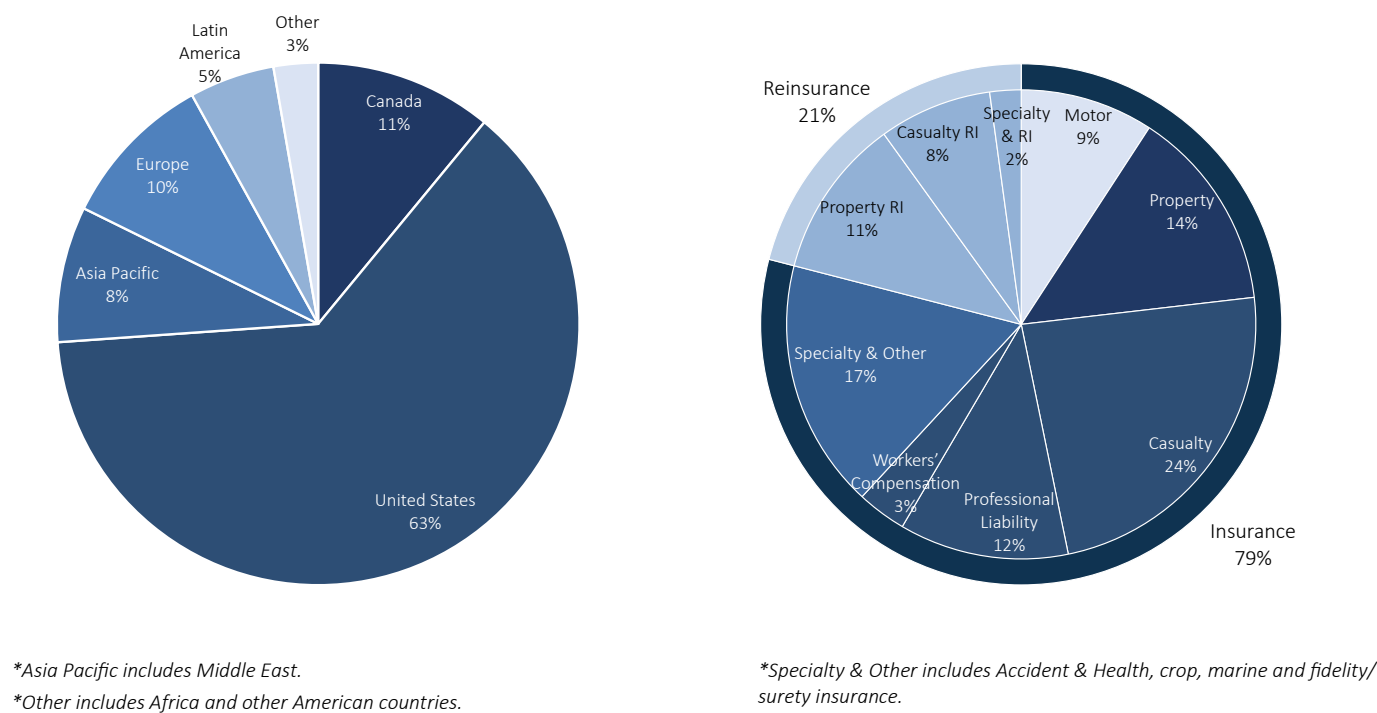
**For the purposes of this report we will only be reporting our consolidated companies (50%+ ownership).*

A Fairfax Snapshot

Book Value Per Share



Diversified Underwriting Operations



OUR BUSINESS

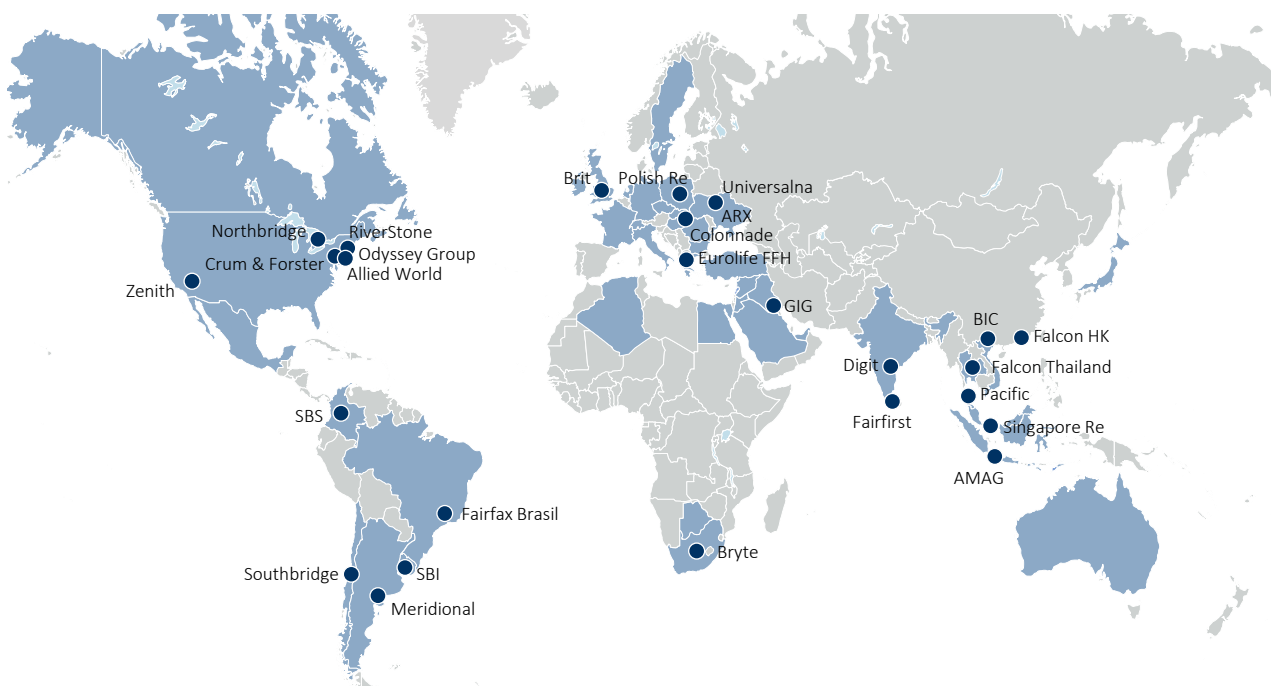
Insurance Operations

Built over 35+ years, Fairfax has over 22 insurance operating companies across the world with exceptional Presidents responsible for running these companies with the Fairfax culture. Together, our companies have an established presence in over 40 countries, across six continents and wrote \$24 billion in gross premiums in 2021. They provide a full range of P&C products, maintaining a diversified portfolio of risks across all classes of business, geographic regions and types of insureds. We have attracted and retained an exceptionally strong and talented leadership team. This capability is further reinforced by the long-term tenure of our Presidents, averaging 14 years, with three of our Presidents being with us for over 25 years!

Investment Operations

Hamblin Watsa Investment Counsel Ltd. (Hamblin Watsa) is a wholly owned subsidiary of Fairfax, serving as the investment manager for Fairfax, the insurance and reinsurance operations, Run-off, and Fairfax India Holdings Corporation. Hamblin Watsa operates as a separate investment management entity and is responsible for making investment decisions, subject to applicable regulatory guidelines and constraints.

Our Global Presence



*All companies are wholly owned except for Allied World (71%), Brit (86%), Odyssey Group (90%), Pacific (85%), AMAG (80%), Fairfirst (78%), Digit (49%), Falcon Thailand (41%), BIC (35%), Fairfax Ukraine (ARX and Universalna) (70%), Eurolife (80%) and Gulf Insurance (44%).

*For the purposes of this report we will only be reporting our consolidated companies (50%+ ownership).

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Responsible Investment Process

Hamblin Watsa's investment practices have been aligned with Fairfax's Guiding Principles and culture since inception. Our goal has always been to operate for the long-term benefit of our customers, employees, shareholders, and communities. We believe successful investing is dependent on a long-term view (our signature style since the beginning), as sustainable cash flow requires sustainable business practices that pave the way to success over the long run.

As ESG continues to become more defined, we continue to find similarities between its key concepts and the ones we've always operated under. We did a comprehensive review of our ESG policies and procedures in 2022 and found that evaluating the risks and opportunities of an investment's business practices is, in fact, already embedded – and essential in our work.

After taking time to understand the ways ESG and its related measurements already overlapped with our existing investment process, we wanted to figure out how best to communicate our findings to the team and the ways we could document and archive our work. Our solution involved providing comprehensive ESG training to every member of Hamblin Watsa in 2022 – including its investment committee, traders, analysts, and portfolio managers.

We also have a Chief Research Officer at Hamblin Watsa, who, with the support of the Investment Committee and senior management, is coordinating the implementation of our updated ESG processes and procedures, as well as formally incorporating them into our decision-making process.

A summary of our process, as it pertains to ESG considerations for all fixed income, equity, including private equity, emerging markets, as well as mortgages and real estate investments, is described below:

- Together with our Legal and Compliance teams, we identify any “red flags” and ensure that: (i) investments are cleared from an anti-money laundering, anti-terrorist financing and sanctions perspective; and (ii) investments do not appear on our investment exclusions list.

- Hamblin Watsa focuses on the long-term cash flows of the underlying business or asset and sustainable business practices. Consequently, in 2022, we began highlighting the ESG component of our investment evaluation, paying particular attention to the risks and opportunities of environmental, social and governance factors.
- Hamblin Watsa also conducts our investment business with a focus on social and economic development within the countries in which we invest. Deficiencies or excessive environmental, social or governance risks will result in the rejection of investment opportunities or the sale of existing positions. With any investment, good governance and the honesty and integrity of management is a fundamental requisite and will never be compromised for short-term gains or benefits.
- For all material investments, we document our assessment of ESG factors on a quarterly basis, communicate our assessment to the Investment Committee (which includes our Chairman and CEO), and we archive our analysis. The investment committee, in turn, reports directly to the Fairfax Board of Directors (the Board) through our Chairman and CEO.
- In addition, all of Fairfax's insurance and reinsurance subsidiaries have investment management policies mandating that all investments satisfy all regulatory requirements, including ESG factors. Hamblin Watsa also has a proxy voting policy, which establishes requirements to ensure that we meet our fiduciary obligations by voting delegated proxies in the best interest of our clients.

Hamblin Watsa is committed to enhancing our ESG policies, processes, and training over time to further promote ESG principles within our company.

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Sustainable Investment Highlights

Many of Hamblin Watsa's portfolio companies have sustainable initiatives – and we wanted to highlight two in particular: Kennedy Wilson and AGT Foods and Ingredients. Both companies have successfully incorporated sustainability into their business strategy, and below you'll find examples of some specific ways they've implemented on this.

Kennedy Wilson

Kennedy Wilson (NYSE:KW) is a global real estate investment company that owns, operates, and invests in real estate on their own and through their investment management platform across the Western United States, United Kingdom, and Ireland. They primarily focus on multifamily and office properties as well as industrial and debt investments in their investment management business. Fairfax and Kennedy Wilson began their relationship in 2010 when Fairfax made a \$100 million equity investment in the company. Since then, Fairfax has invested over \$1 billion in real estate and, more recently, over \$2.5 billion in first mortgage loans in partnership with Kennedy Wilson. Fairfax currently has an equity ownership interest in Kennedy Wilson of approximately 17.5% if all of Fairfax's warrants in Kennedy Wilson are converted.

Sustainability Priorities in Direct Real Estate Portfolio

Together, with our long-standing partner Kennedy Wilson, we have direct real estate interests in seven commercial properties in the United States (U.S.) and the United Kingdom (U.K.). Kennedy Wilson provides ongoing management of this portfolio, including ensuring ESG best practices are implemented. All these assets are included in Kennedy Wilson's "Measure and Manage" program, where energy, water, and waste usage as well as Scopes 1 and 2 of their carbon emissions are measured and managed on a quarterly basis. Set out below is a case study of the work done at one of the portfolio assets, The Heights in the U.K. As a co-investor with Kennedy Wilson, we have been pleased to support an investment program which is already delivering significant ESG and investment benefits.

Enhancing Value at The Heights

The Heights, located in Weybridge, a commuter town just outside of London, is a prestigious and well-established office destination, comprising five office buildings across a 25-acre campus. Home to renowned brands, tenants are attracted to the area's excellent transport links, considerable leisure amenities and thriving business community.



Aerial view of The Heights's 25-acre campus.

Built in 2000, the five buildings offer just under 350,000 square feet (sq ft) of Grade A flexible open plan office space, set within extensive landscaping and amenities such as an on-site café and gym, car parking provision, a dedicated estate management team and tenant app, and shower and cycling facilities. Since acquisition in 2019, the Kennedy Wilson team have implemented continuous improvements including a campus-wide LED lighting upgrade program and a Cat A fit-out refurbishment of almost 70,000 sq ft of vacant space in buildings one and five, replacing the plant in each building under lifecycle replacement for a modern efficient equivalent, and reusing existing fixtures and fittings as much as possible. Therefore, improving those areas Environmental Performance Certificate (EPC) ratings from an E to a B.

Solar photovoltaic systems have been installed on the roofs of all five buildings in 2022 (installed capacity of 847 kilowatts peak (kWp)) designed for generated electricity to be prioritized for use within each building, with any surplus exported to the grid. To date, more than 99% of the generated electricity is being used by the buildings and in 126 days, 62 tCO₂ was avoided, the equivalent to planting 936 trees.

At Building Four, Kennedy Wilson seized an opportunity to complete a more comprehensive refurbishment to improve its environmental credentials, attract sustainability conscious tenants and enhance the value of the asset. A high-efficiency variable refrigerant flow ventilation system was installed to remove any dependency on natural gas and ultimately, reduce energy costs. Due to reach practical completion in December 2022, this is the first building on the campus to be fully electric, also benefitting from the newly installed onsite solar photovoltaic systems on the lower and upper roofs with an installed capacity of 218 kWp. As a result, the building's EPC rating is expected to improve from an E to an A.

OUR BUSINESS

Throughout the work, measures were taken to limit the embodied carbon associated with the refurbishment process, from maintaining the existing building structure including the façade and roof, sourcing local materials and minimizing waste to repurposing fittings and donating unused items and materials to local organizations. As a result, 99.6% of refurbishment and demolition waste is targeted to be diverted from landfill. The project's whole life embodied carbon target has been calculated as between 509-560 kgCO₂e/m² by an expert third-party, which is equivalent to an A+ Low Energy Transformation Initiative (LETI) rating and exceeds both LETI and Royal Institute of British Architects 2030 design targets.

Building Four is also targeting BREEAM Excellent², Fitwel 3-star, ActiveScore Gold and WiredScore Gold. These credentials demonstrate its strong environmental performance and management of energy and water efficiency, health and well-being benefits to occupants, circular economy principles, sustainable transport access, support of local biodiversity and resilience to risks such as climate change and digital connectivity. Once operational, the asset will implement best practice environmental management, in line with ISO 14001, and energy consumption data will be closely monitored and optimized through sub-metering.



Building 1's terrace.

Key targets from the refurbishment and fit-out of Building Four:

- 99.6% refurbishment and demolition waste diverted from landfill
- 509-560 kgCO₂e/m² whole life embodied carbon
- BREEAM Excellent²
- Fitwel 3 Star
- EPC A

To support lower emission commuting choices, Kennedy Wilson have commenced the rollout of electric vehicle (EV) chargers. In 2022, 20 EV fast chargers were installed at two of the buildings, with rollout planned to continue at the remaining buildings in 2023. This is a timely project as Kennedy Wilson have one tenant already in the process of transitioning to an electric fleet and anticipate further demand for this infrastructure. They have also installed 10 electric bike chargers and offer tenants' employees the use of an onsite bike share scheme, with 40 bikes available to book through a dedicated tenant app for transport between campus and Weybridge train station.



Building 5's reception.

²BREEAM UK Non-Domestic Refurbishment and Fitout 2014 for Offices.

OUR BUSINESS

AGT Foods & Ingredients

AGT Food and Ingredients (AGT) is one of the largest suppliers in the world of plant-based products, including value-added pulses, staple foods, and food ingredients. They operate over 45 facilities located in the best agricultural growing regions in Canada, the U.S., Turkey, Australia, and South Africa – and their offices in India, Europe, China, and grain origination offices in key growing regions, ship their products to over 120 countries.

Fairfax first invested in AGT in 2017, and then acquired a controlling interest in 2019, as part of a management led take-private transaction. As of December 31, 2022, Fairfax holds a 58% equity interest in AGT.

Sustainability From the Ground Up

For most of its history, Western Canadian agriculture typically would summer fallow (not planting a crop for one year) every second year, and generally alternating between cereals and oilseeds in those growing years to preserve long-term soil nutrient and moisture levels. In the 1990s and 2000s, new zero/no till farming technologies and agronomy practices could enable the move away from summer fallow if legumes such as peas, lentils and chickpeas were included into a three-crop rotation with cereals like wheat and oilseeds like canola. Legumes would not only stabilize nutrient needs, but also actively sequester nitrogen into the soil, increasing long-term yields while simultaneously reducing the amounts of input fertilizers used.

AGT emerged in 2007 from its origins as Saskcan Pulse Trading in 2001 with sustainability in mind from the start, with its focus on marketing pulses – dried legumes grown by farmers on the Canadian Prairies – to incentivize the adoption of the three-crop rotation and establish more sustainable farming practices. This approach was successful, and pulse production in Canada rose from two to three million metric tonnes per year in the late 1990s and early 2000s to just over eight million metric tonnes in the 2020 crop year. Quantification of the carbon emissions impact of this change is imprecise, but one study found that adoption of pulses alone likely reduced the carbon footprint of Canadian agriculture by over one million tonnes of CO₂e per year³ (approximately two percent of Canadian Agriculture emissions). Since its founding, AGT has grown into one of the largest suppliers of plant-based products including value-added pulses, staple foods, and food ingredients in the world.

Research and Development Driving Sustainable Growth

AGT operates their Research, Development and Commercialization division primarily to support the ingredient division of



AGT's sustainable food product lines.

their business, which produces flours, proteins, starches, and fibres derived from plant-based sources for use in sustainable food ingredients and branded feed products, including pet food and aquaculture. Their Research and Development (R&D) activities include customer-facing product development; applied research efforts to improve the taste, texture, and functionality of their product lines; and novel processing techniques to create unique and innovative products.

AGT is an active member of Protein Industries Canada (PIC), the industry-led, not-for-profit organization created to position Canada as a global source of high-quality plant protein and plant-based co-products. AGT was instrumental in championing the establishment of PIC and has invested significantly along with PIC funds for three collaborative R&D projects, each focusing on the production of novel plant-based products.

One of these PIC-funded projects is a collaboration that began in 2019 between AGT and Vancouver-based Lucent Biosciences (Lucent) towards the creation of a “smart” micronutrient fertilizer. This partnership developed an innovative fertilizer (Soileos) that binds bioavailable nutrients (such as iron, manganese, copper, and boron) to the otherwise “waste” cellulose pea, lentil, and oat hull that AGT regularly produces large volumes of during their pulse cleaning processes. This process ensures that the nutrients do not leach into the soil but stay in the rootzone, allowing the plant to take up nutrients throughout their growth cycle. This is unlike current synthetic fertilizers, which simply release a stream of nutrients for a limited time, regardless of whether the plant requires them or not. Soileos not only returns 300 kg of carbon back to the soil per tonne of application – making it more than carbon neutral – but also allows greater nutrient uptake by the plant, resulting in healthier and more nutrient-dense crops. Longer-term, this may allow farmers to reduce the amount of synthetic fertilizer they use while maintaining yields.

³MacWilliam, S. et al. 2018. A meta-analysis approach to examining the greenhouse gas implications of including dry peas (*Pisum sativum* L.) and lentils (*Lens culinaris* M.) in crop rotations in western Canada. *Agricultural Systems*, 166:101-110.

OUR BUSINESS

Earlier this year, AGT and Lucent built upon this PIC-supported R&D to announce a \$19 million joint-venture to construct a manufacturing facility in Rosetown, Saskatchewan (SK), which will produce 6,500 metric tonnes of Soileos annually.

From Farm to Fuel and Back Again

On the agriculture sector’s path to Net Zero by 2050, electrifying heavy industrial machinery such as tractors, combines and swathers is likely not efficient or possible. Renewable drop-in fuels for this machinery are one of the best pathways for lowering emissions. Federated Co-operatives Limited (FCL), which owns and operates an oil and gas refinery and a wide fuel distribution network in Western Canada, has taken up this challenge and announced construction of a 15,000-barrel-per-day renewable diesel plant as a part of an Integrated Agriculture Complex in Regina, SK.

AGT has partnered with FCL to construct and operate a canola crushing plant at this Integrated Agriculture Complex. AGT will source 1.1 million metric tonnes of the lowest carbon intensity canola available each year, minimizing transport emissions by leveraging their bulk rail transportation network, as the feedstock for this renewable diesel destined to go back to the producers themselves, lowering their Greenhouse Gases (GHG) emissions.

AGT is also currently investigating novel methods of processing the canola meal produced by this crush plant. If this R&D process is successful, AGT would economically process canola meal originally destined for cattle feed into a low-carbon canola protein concentrate used for aquafeed, pet foods and human consumption. Such a protein facility would be built by AGT alongside the canola crush and renewable diesel plants at the Integrated Agriculture Complex, demonstrating that locally produced canola can be processed into both lower carbon intensity fuel and food, at a scale that is both economic and sustainable.

Feeding the World

In a world where nearly 20 people are forcibly displaced every minute, AGT’s work in food security is more important than ever before. Over the last few decades, conflicts in Iraq, Afghanistan, Syria, and Yemen have displaced millions of people who have been forced to migrate elsewhere through no fault of their own. This year, the armed conflict in Ukraine led to more than five million refugees, with another seven million Ukrainians displaced within the country—and all of them need to be fed every day.

In 2016, AGT went to the United Nations’ World Food Programme and the International Red Cross and Red Crescent Movement to propose using AGT’s facilities in Turkey, along with their superior logistics and supply chain management, to



Canola field.

produce complete food parcels that can be easily distributed to the people in need and create financial and other efficiencies for these partner not-for-profits.

Each of these parcels assembled by AGT has all the staples including pulses, pasta, rice, vegetable oil, flour, and other food items families need. Since AGT started the program, the company has put together millions of these parcels, providing hundreds of millions refugee meals to people in need. Hundreds of thousands of parcels were delivered into Ukraine and surrounding countries this year, with a production capacity of over 100,000 parcels per day.

In providing these parcels, AGT saved their partner organizations like the World Food Programme millions of dollars through efficient procurement and distribution and by minimizing their loss of products, freeing up money that could be put to better use helping people in need. AGT sees this as the power of compassionate entrepreneurship, leveraging the power of business to create opportunities that help the world’s most vulnerable people and help to solve the problems of society.

Others

In addition to the above, a substantial number of our other investee companies have sustainability initiatives which are either published on their websites or outlined in their own ESG reports. For convenience, we have included links to this information for eight more of our portfolio companies below:

Recipe Unlimited	Atlas
Stelco	Blackberry
Eurobank	Foran Mining
Dexterra	Farmers Edge

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Environment

Our long-term approach to business views climate change as being a substantial risk for our organization over the long-term. We consistently monitor the effects of climate change on our customers, including assistance with and mitigating exposure to climate risk. In addition, we continually monitor exposures from climate change, with particular attention to the effects it has on weather patterns from a frequency and severity perspective.

We have worked hard to adapt, embracing, and bringing forward several environmental actions, including the acceleration of paperless initiatives across the group through new technologies. We remain mindful of the environment in construction and refurbishment projects, an example being the eco-design of Crum & Forster’s new head office. As we continue to focus on the reduction of our carbon footprint, several of our operations have also been proactive in partnering with ecological organizations.

Climate Change Risk Mitigation

Governance

The strategic plan for the direction of Fairfax associated with climate related risks is set by senior management and reviewed by the Board. Climate risks are a major component of senior management’s responsibility within risk management which includes setting and monitoring our risk tolerance at the Fairfax group level. The Audit Committee, a sub-committee of the Board, receives quarterly reports from the Fairfax Enterprise Risk Management (ERM) team, including climate related risks and opportunities, where the President and COO and other members of the Executive Committee attend every Audit Committee meeting to ensure adequate risk controls are in place and the risk management process is effective.

While our operating companies carefully manage their own climate related exposures and risk appetite, Fairfax senior management also closely monitors them to ensure they are in line with the strategic plan. Through the work of senior management and our actuarial and ERM teams, we aggregate our company wide exposures and compare this to our established risk tolerance. Management constantly discusses and reviews climate related risks with the operating companies and at the management level. Understanding climate change is not only critical to managing risks at a Fairfax level but also the opportunities arising from them.

Strategy

We examine both physical and transitional risks associated with climate change. Physical risks arise from changing exposures due to weather-related events, whereas transition risks arise from changes in legal policies and market behaviour during the transition to a low-carbon economy. We are very aware of the potential risks, both physical and transitional, associated with climate change – and that’s why we take a rigorous approach to how we manage and monitor our exposure over a range of time horizons.

Risk Management

Fairfax uses a three-pronged approach to risk management. The first prong is our operating companies who, with our decentralized structure, all manage their climate related risks on an individual siloed basis. The second prong is at a group level where the actuarial and risk management team at Fairfax head office performs independent global oversight of our operating companies. We carefully evaluate and manage the aggregate risk across the group to ensure we are within an acceptable risk tolerance as set out by senior management and reviewed by the Board. The final prong of risk manage-

Time Horizon	Risks	Opportunities
Short-term	<ul style="list-style-type: none">Unpredictability of frequency, severity, and nature of severe weather events (<i>physical</i>).Changes in regulatory requirements for current products (<i>transition</i>).	<ul style="list-style-type: none">Increased demand for insurance as fundamentally changing weather events drives public awareness (<i>physical</i>).Increased opportunities for insuring green technology and renewable energy sources (<i>transition</i>).
Medium-term	<ul style="list-style-type: none">Increase in exposures due to a variety of climate change factors such as sea level rise, inland flooding, droughts, and wildfire zones (<i>physical</i>).Climate change litigation costs (<i>transition</i>).	<ul style="list-style-type: none">New market sectors emerging as a shift to a low carbon economy occurs (<i>transition</i>).
Long-term	<ul style="list-style-type: none">The devaluation of assets that we hold in sectors susceptible to transition risk (<i>transition</i>).	<ul style="list-style-type: none">Using our expertise to help our clients adapt to the changing markets by developing strategies and technology (<i>transition</i>).

OUR ENVIRONMENT

ment is done by the Board who regularly reviews key risk indicators from across the Fairfax group to ensure we are meeting rigorous risk management standards.

Our operating companies manage their catastrophe exposure first by being scrupulous selecting risks, including but not limited to, assessing risk location (including historical and ever evolving flood and wildfire risk), construction type, local building codes and rebuilding costs while also providing expert hazard and risk management services to their insureds once risks are bound. Our operating companies also diversify catastrophe risk across geographic regions, catastrophe types and lines of business, factoring in reinsurance protection availability, adjusting the amount of business written based on capital levels and adhering to risk tolerance guidelines. These guidelines are monitored frequently and updated regularly to monitor the risk and take advantage of opportunities.

Along with our operating companies' strict methods for evaluating their physical risks, they also closely monitor their transition risks as the economy shifts to a low carbon outlook. They do this by carefully assessing underwriting risks and opportunities as the economy continues to develop. Given the annual nature of most policies, they can continue to adapt to the transition and ensure we are consistently innovating and meeting current trends.

To stress test their portfolios, our operating companies use state of the art, industry recognized tools, including geospatial capabilities, to monitor and quantify risk exposures. Additionally, many perform scenario analysis of climate related risks including suggested scenarios from government bodies such as the *Bank of England Climate Biennial Exploratory Scenario (CBES)*. These scenarios are also used to calculate the Climate Value at Risk to quantify the size of loss attributed to climate related financial risks by comparing scenarios in which climate change is present versus climate change not being present.

At a group level, we prioritize managing climate related risks by evaluating exposure limits by product and geography in aggregate. We use a 1-in-250-year event as our benchmark for risk tolerance but also consider and assess events with more remote probabilities. Our rigor is to ensure our companies will be here to serve our clients and communities for the long-term. Additionally, given the (re)insurance contracts we issue are generally annual in duration – we can monitor

the risks carefully. Due to the perpetual and dynamic nature of climate change and the (re)insurance market, we know it is something that will play out over time, and we weigh the risks and opportunities. Our approach allows us to manage our risk exposure and refine our pricing and risk appetite. While we make refinements to our process based on current trends and innovations, like all our business, we take the long-term view which we adjust over time.

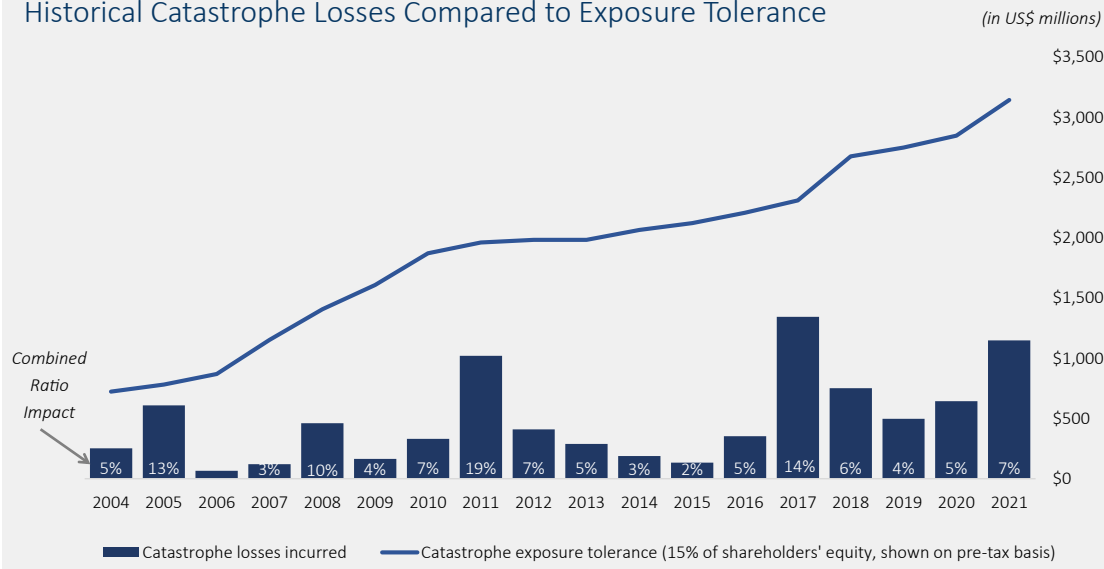
For the third prong, the Board provides top level oversight of our risk management strategies and execution. The Board strongly supports comprehensive risk management policies with formal reporting. Risk management review is set in the Board agenda quarterly, including climate related risks, or more frequently if issues of significance are identified. The Board and senior management are familiar with the process employed to identify, assess, monitor, interpret and forecast risk.

Metric and Targets

In our 35-year history, catastrophic losses have never represented a significant number relative to Fairfax capital and earnings, or those of any of our operating companies. At the Fairfax level, senior management has set our risk tolerance to one year's worth of normalized net earnings before income taxes (15% return on common shareholders' equity, adjusted to a pre-tax basis). The modeled probability of aggregate catastrophe losses in any one year exceeding this amount is targeted at more than once in every 250 years.

In this changing landscape we are continually assessing our exposures, and which risks and opportunities are accepted while supporting our clients' needs. We approach this by carefully deploying our capital and capacity in the face of the uncertain impacts of climate change, always keeping in mind the long-term sustainability of the company.

Historical Catastrophe Losses Compared to Exposure Tolerance



Sustainable Underwriting

In addition to managing climate change risk, our companies consider other environmental and sustainable factors within their underwriting processes to reduce risk.

Allied World, our largest operating company, is committed to playing their part regarding global climate change. To reduce the impact of thermal coal on our planet, they are aligning their underwriting guidelines with the Paris Agreement. They will generally not provide coverage on risks related to the construction and operation of new coal-fired plants, to insureds that derive over 30% of their projected revenue from thermal coal mining, or to insureds that generate more than 30% of their energy production from coal, taking into consideration the alternative energy sources available within the respective territory. Any remaining in-force coverage for insureds that do not meet these thresholds will be phased out by 2024 or sooner, or non-renewed.

Additionally, Allied World's underwriters understand that an important aspect of undertaking any risk, including those with environmental considerations, is to consider potential moral and reputational risks associated with the company. As such, in addition to its position on coal described above, Allied World has limited its exposure to oil (tar sands), and Arctic energy exploration. Additionally, its Global Market Insurance division has put in place underwriting guidelines for its Europe and Asia Pacific operations consistent with the Paris Climate Agreement objectives to reduce carbon dioxide emissions, increase renewable energy and increase energy efficiency. This division comprises about 20% of Allied World's gross premiums written.

Brit, our global market-leading Lloyd's of London operation, actively encourages its underwriters to consider, assess and take note of the ESG approach of risks within

their current portfolio. Together with this, protocols are implemented to ensure a suitable level of due diligence is undertaken within their underwriting process. Notably, ESG considerations are expanding as part of each product's underwriting philosophy and will be increasingly influential in their appetite and growth strategy going forward. Brit has been working with Dunn & Bradstreet (D&B) who are a provider of commercial data, analytics, and insights for businesses. D&B already provide Brit with a range of data services and have been scoping a bespoke data set for ESG scoring. The ESG score can be broken down into individual E, S and G scores for accounts with DUNS codes, to inform underwriting decisions and better understand Brit's ESG status. This scoring framework will provide Underwriters with more tangible information when deciding to write a risk and aid portfolio management and optimization for both performance and reporting purposes. It will also allow Brit to track progress against ESG objectives.

Crum & Forster, our national commercial P&C insurance company in the U.S., has an Environmental profit centre where underwriters are charged with grading the quality of a business with respect to its potential impact to the environment. Coverage can be provided to those who remediate, monitor, and clean up environmental issues, to facilities that might have an environmental release, or to other aspects of the management of environmental liabilities. Underwriting incorporates several analytical points, including benefits for clients with good environmental practices and protocols.

73% of our companies have implemented at least one or more of the following into their underwriting processes:

- Commitment to integrating environmental standards within underwriting
- Managerial responsibility for the integration of environmental standards within underwriting
- Environmental risk assessment
- Underwriting operating guidelines includes environmental factors
- Employee training and awareness on environmental factors
- Exclusion of clients based on environmental factors
- Monitoring and measurement of environmental impacts



Engagement with Insureds to Mitigate Risk

Each of our companies engage with their customers on the benefits of sustainable operations as well as provide education on environmental factors and risks to their operations. Below we outline a few examples from our companies.

Allied World's Environmental Risk Management Group develops online webinars and white papers for clients, risk managers and brokers on the topics of environmental risk and the impact it has to their operations. These resources are available online year-round to customers and brokers at Allied World's Risk Management Educational Portal. These value-added, thought leadership publications cover topics of environmental interest that readers can use to improve their understanding of associated risk and exposures. Topics include 'Waste Not, Want Not — An In-Depth Introduction to Universal and Electronic Waste' (Webinar); 'Severe Weather Checklist' (Resource); and 'Environmental Considerations for Retail Shopping Malls' (White Paper). When customers express additional interest, this Risk Management Group provides additional resources or direct access to environmental subject matter experts as needed to mitigate the frequency and severity of those risks.

Redwoods, a division of Crum & Forster, insures community and youth-serving organizations throughout the U.S. Many of these insureds, particularly summer residential and day camps, have operations in areas with ever-increasing exposure to wildfires or hurricanes. Redwoods has taken substantial steps to inform insureds of their operations' increasing exposure to wildfires and coastal wind and has provided numerous risk consulting services to impacted insureds to help mitigate exposure to such perils. The information campaign has included mass-marketing and targeted electronic communications, personalized interactions with specific insureds, and public-facing educational campaigns done largely through webinars. Redwoods has encouraged insureds to implement wildfire and hurricane mitigation practices such as routine arborist inspections, thoughtful property management, developing environmental-risk specific emergency action plans and establishing close relationships with local emergency services, regular inspections of facilities to ensure adequate drainage and roof integrity, and application of fire-retardant products to roofs and buildings.

Climate Change Research

Allied World is committed to protecting people and property and natural approaches have been proven to be an effective and sustainable way to reduce risk, while also protecting wildlife and natural habitats. For many years, Allied World has worked alongside the National Wildlife Federation (NWF) to develop research reports related to the environment. The new report, '[The Protective Value of Nature](#)', synthesizes the latest science from across the U.S., evaluating the performance of natural systems such as wetlands and forests in the face of hurricanes, floods, wildfires, and other natural disasters.

The lessons from the report were further amplified in a joint podcast with Allied World's Environmental team and NWF's top scientists, titled '[Harnessing Natural Infrastructure to Protect the Built Environment](#),' which was republished by [Risk & Insurance](#). Additionally, Allied World's President, has co-authored several opinion pieces with the President & Chief Executive Officer of the NWF. '[Sow Nature's Lessons, Reap Better Protection](#)', was republished by The Hill and Risk & Insurance publications; '[Nature is the environment's original infrastructure plan. Use it to make us more resilient](#)' was published by the Miami Herald; and '[A natural ally for climate resilience, disaster mitigation](#)' was published by The Hill. Overall, Allied World's engagement with the NWF has enabled Allied World to gain a better understanding of how natural systems can be used as a risk mitigation tool.

Additionally, Eurolife FFH, our market leading insurer in Greece, supports the Athens Climate Lab, an initiative addressing climate change in Athens, organized by a network of people working together to address local, regional, and global challenges. Eurolife FFH has been the Lab's exclusive supporter. The project comprised of four workshops among citizens and public institutions' representatives, showcasing the main challenges in Athens around climate change and highlighting key action areas towards mitigating coastal erosion, extreme weather phenomena, air pollution, and forest fires through continuous education, accuracy of information, and citizens' participation.

OUR ENVIRONMENT

Zenith, our workers' compensation insurer based in California presents the advantages of both solar and wind power to assist in mitigating their overall energy costs to its commercial P&C customers. Additionally, Zenith, as part of their loss control services to commercial P&C policyholders in the agriculture industry, continuously investigates if a facility has exposure to weather-related hazards. The importance of disaster planning and recovery programs is emphasized given its role in large natural disasters, such as earthquakes, windstorms, tornados, floods, wildfires, etc.

Environmental Initiatives

Across Fairfax, our companies and employees are proud to do what they can to help keep our planet healthy. Whether it's utilizing solar power in California or supporting local biodiversity in Brazil, the Fairfax family continues to find new and innovative ways to give back to our planet. All of our companies have green initiatives in place, a number of which are outlined below.

Zenith has many ongoing green initiatives including projects that utilize solar energy and reduce employee commuting and business travel. To conserve water, Zenith employs several strategies at many of its offices. For example, at its corporate offices Zenith uses a controlled irrigation system and landscape design that groups plants with similar water needs together enabling efficient water usage. Recently, Zenith installed solar parking covers for the main campus in Woodland Hills that will generate over one gigawatt of energy at peak performance. Zenith expects to offset at least 40% of its current electricity bill using solar, and the project will – over its expected 25-year lifespan – reduce total carbon output by 62 million pounds. Additional-

ly, following a successful COVID-19 hybrid system, employees can now primarily work from home, resulting in less commuting, less consumption of paper and other office products and less business travel as the workforce continues to leverage the technology that enables remote work.

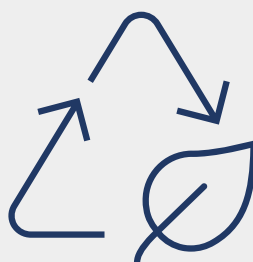
Fairfax Brasil, based in Brazil, supports, and works closely with the Onçafari: Jaguar Conservation program. This program conserves biodiversity in the places where they are located and was focused on Pantanal, the World's largest tropical wetland. The daily work of monitoring jaguars allows for the collection of data never observed. This data is important to better understand the relationship between species enabling improved strategies for biodiversity conservation. The work of rehabilitation and reintroduction of jaguars into the wild may be the key to saving critically endangered jaguar populations, such as those in the Atlantic Forest. The program succeeded for the first time in history to successfully reintroduce a big feline into the wild evidenced through the confirmation of the birth of baby jaguars to these parents over the last year. Notably, the increased jaguar population increases tourism and particularly ecotourism with associated benefits to entire communities. This program has expanded to three other Brazilian biomes: Amazon, Cerrado and Atlantic Forest with a goal of reaching all biomes, extending to the Pampas and the Caatinga in the near future.

In 2021, Southbridge, a Fairfax LATAM entity based in Chile, focused on forestry initiatives centering on native trees in Chile and the impact of climate change. Southbridge implemented an initiative that for each purchase of a policy that a client made using the company's digital platform, a contribution was made to the reforestation cause. Southbridge

also held a volunteering and donations day to help with the maintenance of native trees recently planted on a mountain where the vegetation was previously destroyed by a forest fire.

95% of our companies have in place at least one or more of the following environmental initiatives:

- Waste reduction scheme
- Recycling facilities
- Travel reduction targets
- Employee commute reduction targets
- Commitment to reduction of paper
- Environmental training & awareness
- Energy efficient appliances
- Environmental employee events



OUR ENVIRONMENT

Calculating Green House Gas Emissions

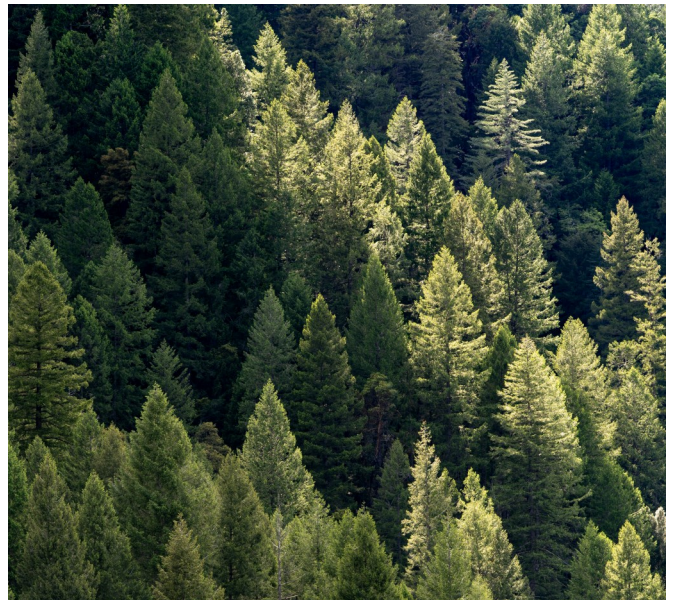
In 2023, we expect securities law to mandate the disclosure of Scopes 1, 2, and parts of 3 carbon emissions. Fairfax will ensure its compliance with all applicable GHG reporting obligations.

In preparation of this carbon disclosure requirement, we have begun the process of calculating Fairfax's carbon footprint. To date several of our subsidiaries have calculated their GHG emissions.

After much investigation and consideration, Fairfax will be fully compliant with the Greenhouse Gas Protocol when reporting our GHG emissions. Consultation over the appropriate Intergovernmental Panel on Climate Change (IPCC) recognized emission factors have been finalized for most of our entities which will enable comparable GHG emissions reporting across our entities. We expect our GHG platform to be live in 2023 and will enable Fairfax to report global emissions seamlessly and consistently for all Fairfax entities.

Last year we featured Brit's carbon footprint journey in our ESG report. This year we have highlighted below how Southbridge in Chile has calculated all three scopes and offset their carbon emissions. Several of our other subsidiaries have also calculated their Scope 1 and Scope 2 emissions. Throughout 2023 we will work with all our operating subsidiaries required to report emissions in 2024.

In 2021, Southbridge became Chile's first carbon-neutral insurance company by measuring and offsetting their carbon footprint. To calculate their carbon footprint, Southbridge worked with Carbon Neutral, an organization focused on the development of climate change strategies and carbon neutrality certification through the CarbonNeutral® protocol and certification. The evaluation included Scopes 1 and 2 carbon emissions and some dimensions of Scope 3. To offset their emissions, Southbridge financed the "Degraded Land Afforestation" project, which uses fungi's natural power to restore degraded land in rural Chile.



Southbridge has also been working on different carbon footprint management initiatives to reduce their environmental impact. A voluntary group of employees developed several initiatives including the implementation of an environmental policy, sustainability awareness campaigns and training to incentivize more sustainable practices within the company. Additionally, Southbridge has implemented a free parking benefit for employees who come to the office carpooling. This benefit incentivizes employees who live in the same district to go to the office with a single car. Therefore, reducing Southbridge's carbon footprint by decreasing the number of cars travelling to their offices and generating more positive connections between teams and employees as they are commuting in the same vehicle. It is also fully aligned with Southbridge's triple impact strategy as a certified B Corporation (see [page 43](#) for more details).



SOCIAL

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Our Employees

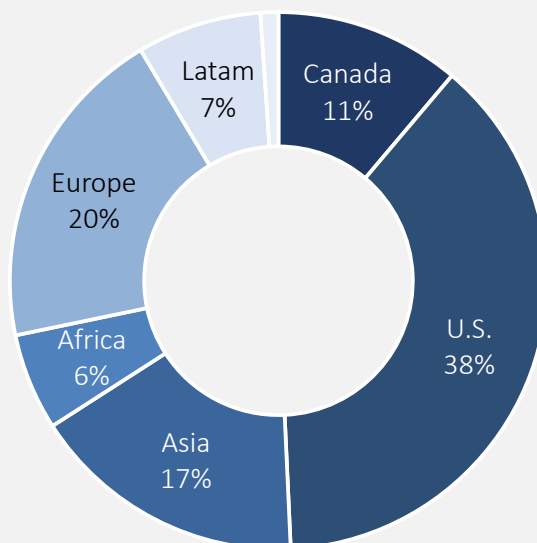


15,200+
Employees Worldwide



2,082
Full-time Employees
Hired in 2021

42
Overall Average
Age



+2.0%
Growth in Total Workforce



54% Women

45% Management Level Positions Held by Women

26% Executive Level Positions Held by Women



8 years
Average Employee
Tenure

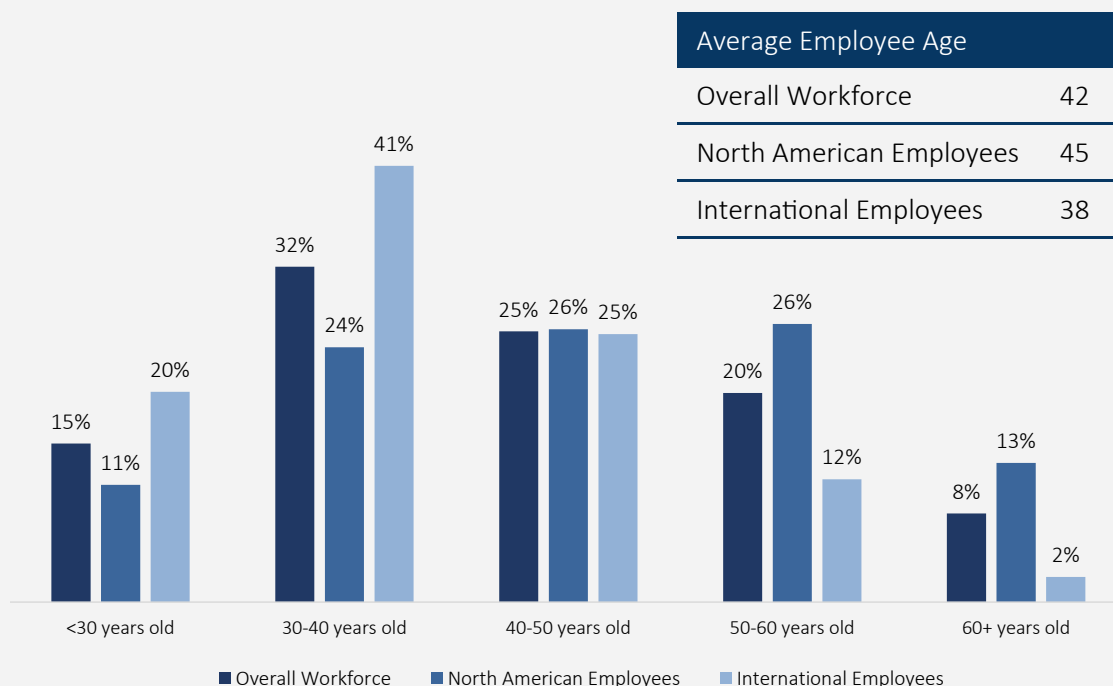
12 years
Average Executive
Level Tenure



9.2%
Voluntary
Turnover Rate

11.8%
Overall Turnover
Rate

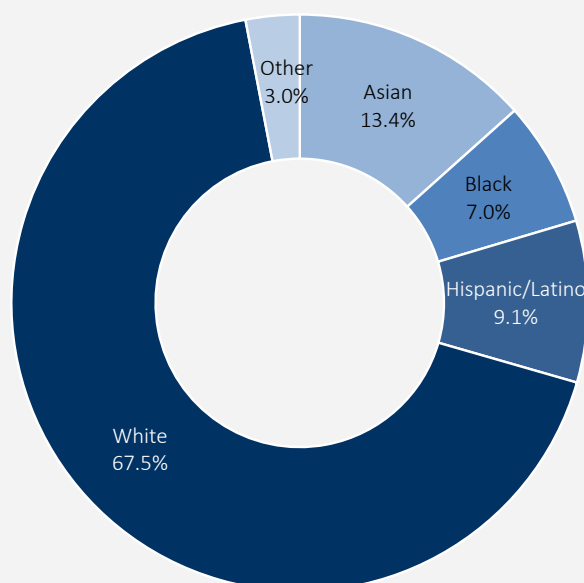
Employee Age Demographics



North America includes Allied World, Crum & Forster, Northbridge, Odyssey Group, RiverStone and Zenith.

International includes ARX, Brit, Bryte, Colonnade, Eurolife FFH, Fairfax Asia (AMAG, Fairfirst, Falcon - Hong Kong, Pacific, and Singapore Re), Fairfax Brasil, Fairfax LATAM (Meridional, SBI, SBS, and Southbridge), and Universalna.

U.S. Companies' Ethnic Demographics



Includes employees at Allied World, Crum & Forster, Odyssey Group (only U.S. based employees), RiverStone and Zenith, that makes up ~42% of our employees.

Other includes other races not listed and employees who have not disclosed race/ethnicity.

OUR EMPLOYEES

Learning & Development

Fairfax continually invests in its employees to ensure the ongoing progression and long-term retention of our workforce by providing meaningful development. In 2021, Fairfax continued to develop its people with over 280,000+ training hours being made available throughout our operations. All our operating companies provide employee training, however, not all companies completely capture their total training hours, which will be an area of focus for us going forward. Notwithstanding this, we are satisfied with the substantial levels of training and associated senior management support throughout our global companies.

Over the last several years, we’re proud to have partnered with over 50 leading universities and other post-secondary institutions across 14 countries. These relationships have been invaluable in enabling us to remain updated and market focused, in terms of competency development. Moreover, it has made possible a consistent intake of well-educated talent through several well-established intern and Co-operative programs.

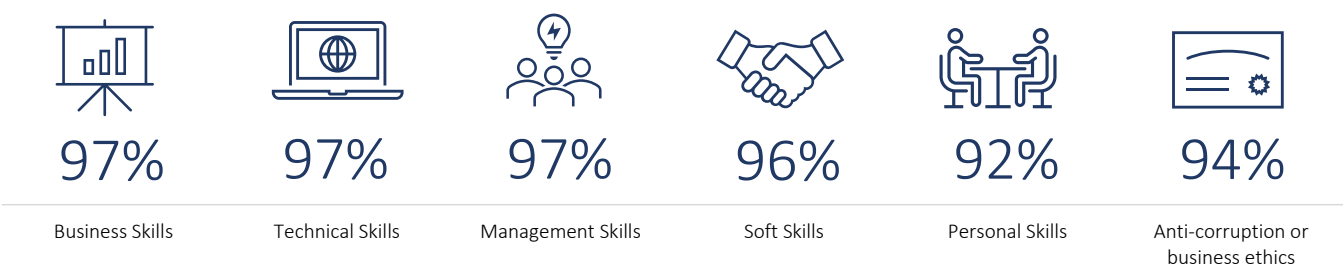
Human Capital Development Initiatives & Programs

Below shows the percentage of our total workforce that have access to the following types of human capital development initiatives and programs.



280,000+ Training Hours Completed in 2021

All our operating companies provide training to their employees. Below shows the percentage of our total workforce that have access to the following types of employee training programs.



Partnered Universities & Other Post-Secondary Institutions

Operating Company	Institution	Institution Location
Allied World	Dublin City University	Ireland
ARX	Kiev National Trade & Economic University	Ukraine
ARX	Kyiv National Economic University	Ukraine
ARX, Universalna	Taras Shevchenko National University of Kyiv	Ukraine
Brit	University of Chicago	USA
Bryte	Henley Business School	South Africa
Bryte	Maharishi Institute	South Africa
Bryte	University of the Witwatersrand	South Africa
Colonnade	National University of Kyiv - Mohyla Academy	Ukraine
Colonnade	University of Warsaw	Poland
Colonnade	Warsaw School of Economics	Poland
Colonnade	Warsaw University of Technology	Poland
Crum & Forster	Caldwell University	USA
Crum & Forster	Rutgers University	USA
Crum & Forster	Susquehanna University	USA
Crum & Forster, Odyssey Group	St. John's University	USA
Eurolife FFH	American College of Greece	Greece
Eurolife FFH	Athens University of Economics & Business	Greece
Eurolife FFH	Harokopio University of Athens	Greece
Eurolife FFH	University of Piraeus	Greece
Fairfax Brasil	Brazilian School of Insurance	Brazil
Fairfax Brasil	Inspere Learning Institution	Brazil
Fairfax Brasil	Universidade Presbiteriana Mackenzie	Brazil
Fairfax, Northbridge, Crum & Forster, Odyssey, RiverStone, Zenith	University of Waterloo	Canada
Falcon - Hong Kong	Lingnan University	Hong Kong
Falcon - Hong Kong	The Hong Kong Polytechnic University	Hong Kong
Meridional Seguros	Instituto Tecnológico de Buenos Aires	Argentina
Meridional Seguros	Universidad Argentina de la Empresa	Argentina
Meridional Seguros	Universidad del Belgrano	Argentina
Meridional Seguros	Universidad del Salvador	Argentina
Northbridge	British Columbia Institute of Technology	Canada
Northbridge	George Brown College	Canada
Northbridge	Humber College	Canada
Northbridge	McMaster University	Canada
Northbridge	Seneca College	Canada
Northbridge	University of British Columbia	Canada
Northbridge	University of Calgary	Canada
Northbridge	University of Toronto	Canada
Northbridge	York University	Canada
RiverStone	St. Anselm College	USA
RiverStone	University of New Hampshire	USA
SBI	Universidad de Montevideo	Uruguay
SBS	Instituto Colombiano de Aprendizaje	Colombia
SBS	Universidad de Medellín	Colombia
SBS	Universidad Ean	Colombia
SBS	Universidad Javeriana	Colombia
Singapore Re	Nanyang Technological University	Singapore
Singapore Re	National University of Singapore	Singapore
Singapore Re	Singapore University of Social Science	Singapore
Southbridge	Universidad Andrés Bello	Chile
Universalna	National University of Life & Environmental Sciences of Ukraine	Ukraine
Universalna	National Aviation University	Ukraine
Zenith	Bethune-Cookman University	USA
Zenith	California State University (Chico, Fresno, Northridge, Sacramento, San Diego)	USA
Zenith	Cheyney University of Pennsylvania	USA
Zenith	Fayetteville State University	USA
Zenith	Florida A&M University	USA
Zenith	North Carolina Central University	USA
Zenith	Pepperdine University	USA
Zenith	University of Texas	USA

OUR EMPLOYEES

Four Stage Learning & Development Map

At Fairfax, we work hard to ensure that our employees have access to strong learning and development programs at every level of seniority. We recognize employees' requirements vary depending on subsidiary, department, and specialty, therefore we rely on our decentralized structure to ensure flexible, local, and personalized programs appropriate to the workforce of the particular entity. Below we outline examples of such programs.

1

Students & Interns

Allied World supports students with an annual eight-week internship program focused on insurance for college students. This U.S.-based program is open to third-year undergraduate students looking to pursue a career in insurance. The program has grown dramatically from two interns in 2019 to 19 in 2022, working in offices across the U.S. and Bermuda. To attract applicants from all backgrounds, Allied World partnered with a wide range of universities. Qualified students from majors beyond insurance and risk management were considered – and hired. Each intern received personalized support from a Technical Lead for their underwriting skills and a Buddy to learn about the company. Interns also had the chance to meet and present to senior leadership. Interns successful in securing a permanent position are placed in Allied World's 'Our World' program, immersing these candidates in their culture and values.

Northbridge, one of the largest Commercial P&C insurers in Canada based on gross premiums written, offers a seven-month intensive trainee program for new university graduates wishing to pursue a career in insurance. Each year, 12 to 14 trainees join the program and choose to specialize in either claims or underwriting. They complete four Chartered Insurance Professional courses during the program and spend three months on-the-job within a business unit to gain exposure to the work they'll do upon graduation. Upon completion, a permanent placement is offered to successful candidates.

Odyssey Group, our largest reinsurance company, recognizes the high cost of post-secondary education in the U.S. and the burden this often places on students entering the workforce. To alleviate this pressure and attract top talent, Odyssey Group offers tuition reimbursement to full-time employees after one year of tenure, paying up to 90% for business-related degrees at accredited universities and 100% book cost reimbursement.

Fairfax Co-op Program

The Fairfax Co-op Program was established in 2013 with the goal of fostering enhanced talent acquisition development across the Fairfax group. This involved the establishment of a quality, long-term partnership with the University of Waterloo, which has one of the most extensive co-op programs in the world and attracts the highest caliber of students. Since inception, over 1,000 students have been placed across Fairfax companies with students travelling to a number of countries for their four or eight-month terms. Over 57 students were placed in 2021, successfully completing their terms working remotely.

2

Early Career Employees

Northbridge developed an internal portal that furthers employee education and learning by implementing a 70-20-10 approach - 70% of the employee's educational time is spent on role specific training, 20% is allotted to coaching and mentoring by other employees and the remaining 10% is allocated to course feedback. The portal is offered in partnership with LinkedIn Learning to bring accessible, high-quality, and personal learning modules to all employees ensuring that both soft and hard skills are continually developing.

OUR EMPLOYEES

Odyssey Group facilitates an Actuarial Student Program that encourages new employees to gain further education by offering paid study time and bonuses for passing actuarial exams. Attaining an actuarial designation (country specific) is an important endeavor for anyone pursuing an actuarial career and is necessary to achieve higher level actuarial positions. Odyssey Group has several programs that are tailored to the local actuarial designations available with each providing paid study time for 25-45% of the expected study time per exam, bonuses for passing exams on the first time, and/or salary increases associated with attaining designations.

AMAG, our Fairfax Asia operation in Indonesia offers sponsorship for Actuarial, Insurance, and other professional certifications as well as sponsorship for overseas training. This is in addition to an interest-free loan facility to financially assist employees with university admission fees. Additionally, AMAG developed a unique 'Management Trainee Program' to attract fresh graduates with strong potential with the goal of developing these candidates to become future leaders within AMAG. AMAG also offers a sponsorship for underprivileged students wishing to undertake further studies in insurance, and welcome undergraduate students looking for an internship opportunity.

The 'Learnership Program' at Bryte, our operating company in South Africa, has been in place for many years – selecting young people from severely disadvantaged backgrounds with an associated absence of education to participate in a work induction program incorporating basic etiquette, communication, and technical skills. The aim of this program is to transition these participants into roles within Bryte.

Management

Brit partnered with the University of Chicago Booth School of Business to offer a tailored three module 'Brit Mini MBA' to provide senior managers with sharp business judgement and the confidence to make high stakes decisions that create lasting value. Chicago Booth believes leadership development must be grounded in an understanding of business fundamentals: how markets work, the organization's function, and how people behave. The modules focus on 'Strategic Thinking and Strategy', 'Organizational Leadership', and 'Innovation and Decision Making'. The modules were written in collaboration with Brit's executive team. 36 senior managers from across all business areas at Brit have completed the program and are looking at new ways to support the business using the knowledge and experiences gained.

Zenith offers internally developed managerial and leadership training programs that provide employees at different levels of seniority with the core skills required to progress throughout the company. For more than a decade, Zenith has offered 'Steps to Success,' a year-long, cohort-based learning and development program that readies high potential, new and emerging supervisors with the knowledge and skills needed to continually progress both personally and from a career perspective. 'Leadership Ladder' is a similar program for directors and above that broadens perspectives while participants work on real-world business problems.

To support its management, Eurolife FFH, launched an initiative for managers and supervisors to advance their coaching and feedback skills. The program lasted two months and gave participants the opportunity to learn fundamental methods and coaching tools, to apply them in real cases and to return to the classroom with feedback and examples to share with the team. This way, knowledge and experience was shared among participants, while at the same time they realized that all managers face similar challenges. At the end of the course, a team of six participants were given the opportunity to participate in additional one-on-one coaching sessions with an external trainer, to work on specific areas. Following the successful completion of the program, new cycles have been organized for other participants.

3



Leaders

Fairfirst, a Fairfax Asia entity based in Sri Lanka, developed the 'Fairfirst Academy' in 2016, with programs in three certification stages. The training courses provide employees with an opportunity to develop their technical insurance knowledge within claims and underwriting, as well as sales and branch management and support services areas Marketing, HR, Finance, Legal, Risk, Compliance, IT and Customer Service. The Fairfirst Academy was built by combining the expertise and capabilities of internal and external subject matter experts. Training is provided in a preferred language of choice with Sinhala, Tamil, and English as options. Audio recordings are also available in the e-learning portal. In addition to extensive modules on insurance, Fairfirst Academy also hosts sessions on other essential life skills, including wellness, mental and physical well-being, health and safety, and other soft skills.

Bryte Academy was launched in 2019 and continues to see great success as it focuses on leadership and development and building employees core skills required to excel as leaders. The focus of their leadership development programs is to enable leaders to thrive, achieve excellence in the new world of work and develop a leadership pipeline. Since the launch of the Bryte Academy, they have introduced a number of programs that are aligned with the culture they want to drive as an organization and ensure that their leaders are qualified.

Throughout 2021 and 2022 Fairfax Asia brought 68 of its senior leaders through a Fairfax Strategy Program which has been hugely beneficial in terms of enhancing leadership capability and immersing those participants in the Fairfax culture. Prem actively contributed to every session making strong inputs on topics such as 'doing good, by doing well' and business being 'a force for good'.

Fairfax Leadership Workshop

Since 2012, an annual Fairfax Leadership Workshop takes place with invitees from across the globe. The Fairfax Leadership Workshop was created to enable high potential leaders across Fairfax companies to come together for one week for leadership interventions and training. The focus of this workshop is to gain an understanding of Fairfax's history and culture, connect with Fairfax's senior leaders, explore Fairfax leadership styles, and gain a greater appreciation of how our Guiding Principles can support and sustain strong business into the future. The workshop is also meant to create a meaningful opportunity for participants to network and build close relationships with peers across the globe. Undoubtedly, relationships emanating from this program have been a catalyst in mobilizing significant collaborative initiatives in recent years.

This intensive five-day program guides participants through an array of topics and principles centered around the Guiding Principles and several interconnected themes such as Leadership, Culture, 'Doing Good, by Doing Well', Entrepreneurialism, 'Being Results Orientated' and Collaboration. Prem and top executives at Fairfax and the operating companies run sessions with the participants that give them access to differing leadership styles, encouraging self-reflection, and highlighting the value and importance of participants embracing their own, authentic, unique, and differentiated leadership style. To date, 225 senior Fairfax Leaders have attended this program. The past participants of this program also meet annually through a one-day Leadership Reunion.

OUR EMPLOYEES

Learning & Development Planning

In summary, we believe that attracting, retaining, and developing our employees are the key factors to both our employees’ personal success as well as our success as a company. We will continue to develop and implement recruitment, learning and development and leadership programs that address these factors from the beginning of an employee’s career until they retire. Each entity will continue their process of identifying the most suitable learning initiatives and programs for their workforce through an annual and iterative training needs analysis. We will continue to host our annual Leadership Workshop and facilitate the Fairfax Co-op Program as well as continually investigate other ways that we can support our companies with the development of their employees.

Learning & Development Risks and Mitigation Strategies

A key risk mitigation strategy undertaken throughout our North American and International entities within learning and development is the creation of a Human Resources (HR) Working Group. These groups are made up of key HR management from each of our companies and is an opportunity for them to share ideas, challenges, and opportunities, enabling companies to learn from one another and replicate or iterate pre-existing initiatives. One such example of this is the recent Fairfax Asia leadership program, the content of which has been shared through the working group model with a view of it being adopted by other companies throughout the group.

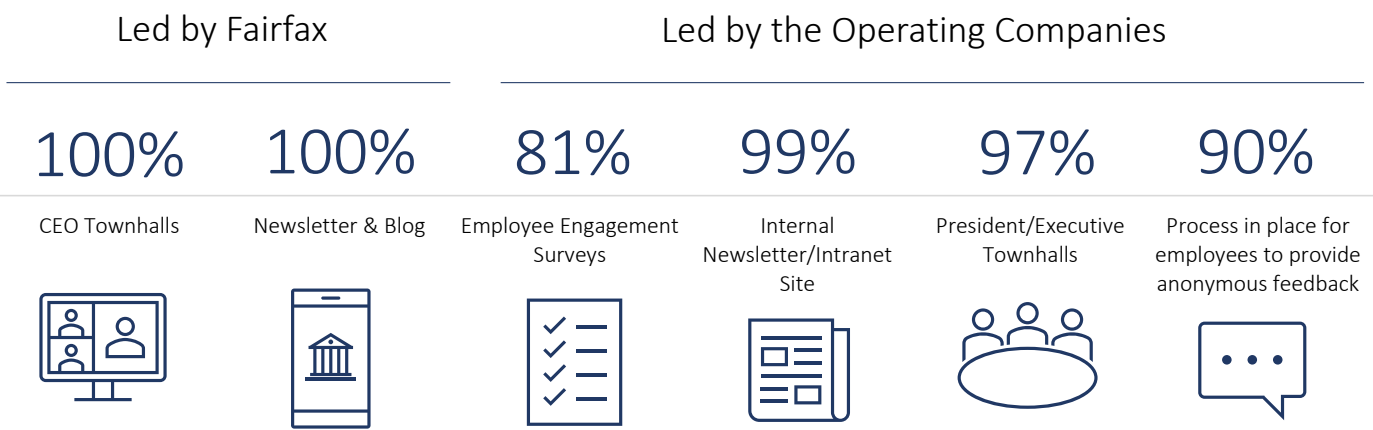
Other risk mitigation strategies include strengthening relationships with current and additional educational partners to ensure we have a strong talent base to recruit from and continually supporting our employees with new learning and development programs to ensure they are progressing.

Succession Planning

While we operate on a decentralized basis and allow our Presidents to manage their operations independently, Fairfax manages and holds ultimate responsibility for the succession planning process. As discussed above, all our entities engage in various key talent programs with an ongoing focus on competency and career progression. We annually review this progression and collect data on key successors for each entity along with associated conversations and engagement with the Presidents on suitability and readiness. This ensures adequate bench strength across the group in the event of the unforeseen loss, whether permanent or temporary, of any of our leaders at any of our companies.

Employee Engagement

In addition to the risk mitigation strategies listed above, there are strong employee engagement programs in place throughout the group. Integrated employee engagement programs together with a strong culture have helped us to stay connected to our workforce and enables our valued employees to feel part of Fairfax, their employer and to each other. Continuous engagement with our workforce will continue to be a priority for Fairfax evidenced through multiple initiatives, some examples of which we have shared below.



Percentage of total employees that have access to the above employee engagement initiatives.

OUR EMPLOYEES

Fairfax Employee Engagement Initiatives

CEO Townhalls

Fairfax values the opportunity to check in with employees and welcome them into the Fairfax family. After an acquisition, or some time has passed since his last visit, Prem hosts town halls with our operating companies. Always energetic, open, and inspiring, Prem generally gives an overview of Fairfax, shares personal stories, and reminds employees of our long-term vision. Employees also can ask him any questions they may have.

With COVID-19 restrictions and precautions in effect around the world, Prem took his town halls virtual starting in 2020. Meeting with about one company per week since early June, he made his way through the North American companies in just over a month and met with employees at ARX, Brit, Colonnade, Digit, Fairfax LATAM, Fairfax Asia, Fairfax Brasil, and Universalna.

A major benefit of hosting the town halls online is that they provide more employees with the opportunity to have access to the conversation. Since town halls are usually hosted at the head offices of our companies, employ

ees who work in other regions with smaller offices are often not able to participate. Additionally, it is much more efficient for Prem as he can meet with all the companies in a year rather than taking two years to visit every company. We expect to continue with these virtual town halls, supplementing them with in-person visits over time.

Fairfax Newsletter & Blog

With 15,000+ employees across 22+ companies in 40+ countries, our Fairfax Newsletter and blog are one of the ways we help keep our employees connected to one another and engaged with our company values. Whether it's a Q&A series with our Presidents, topics on mental health or specific company initiatives, we strive to tell stories with purpose.

From articles on acquisitions to infographics detailing the ways we give back to our communities, the newsletter explores and celebrates the people and operations that make up our Fairfax family. In our decentralized environment, our newsletter provides a unique space for our employees to share their stories across continents.

Employee Share Ownership Plan

We encourage all employees to be owners of our company through our Employee Share Ownership Plan (ESOP). Employees purchase Fairfax shares by way of payroll deduction and are supplemented by contributions from their employer. Our ESOP is open to all employees of our consolidated operating companies.

OUR EMPLOYEES

Employee Well-being

Fairfax has a goal of being the healthiest workforce in the world. All of our companies address well-being at both a strategic and tactical level offering a variety of initiatives, including focused mental, physical, and financial well-being initiatives, medical insurance, subsidized healthy meals and collaborative fitness facilities. Fairfax has partnered with Cleveland Clinic Canada over the last number of years. Cleveland Clinic continues to educate and partner with us in the development and dissemination of innovative solutions for employee health and wellness programs. These include assessments of current programs, executive physicals, virtual care and offering professional second opinions. In addition, Fairfax worked with Cleveland Clinic to develop a program entitled “Trailblazer” that focuses on improving employee, team and organizational performance through health and wellness. The program consists of multiple 90-minute sessions that can be done virtually or in person. Our companies’ investments and focus on employee well-being together with these strategic partnerships demonstrate our commitment to the well-being of all our employees and their families’.

An excellent example of our focus on well-being is Crum & Forster's well established and fully integrated five-pronged program. Crum & Forster worked alongside their employees to understand their needs and currently offer three

healthcare plans, each having different levels of affordability providing tailored choices to their employees. In addition, there is extensive healthcare support up to \$2,000 a year towards a health care savings account and a \$20 monthly medical plan premium credit for those earning less than \$50,000 per annum. Additionally, in 2021, Crum & Forster continued enhancing their mental health services offerings, adding virtual telemedicine visits for behavioural health issues, and expanding the number of free counseling sessions under their Employee Assistance Program. This program provides confidential assistance with smoking cessation, stress management, weight loss, hypertension, and diabetes, to name a few. Crum & Forster is committed to helping their employees and their families meet their wellness goals by providing programs such as Weight Watchers®, healthy maternity program and team activity challenges. Crum & Forster was recognized by leading organizations for their employee-focused programs. Awards included American Heart Association 2021 Workplace Health Achievement, 2021 Aetna Inspiring Change Bronze Level Well-being Award, The Dave Thomas 100 Best Adoption Friendly Workplaces 2021, and Great Place to Work 2021.

Great Place to Work Certification

RiverStone, a manager of global run-off business in the U.S., received certification from Great Place to Work® (GPTW), recognized as the global authority on benchmarking workplace culture. For more than 30 years, GPTW has been in the business of reviewing organizational programs, practices, and communications to identify what makes a great workplace.

RiverStone is committed to making RiverStone a great place to work and has been certified each time the survey has been conducted, since 2012. Flexibility in work arrangements, employee’s ability to take time off when necessary, maintaining a commitment to the spirit of diversity, equity, and inclusivity, and participating in a range of community initiatives are some of the reasons RiverStone has consistently earned high engagement scores. All associates are engaged in crafting action plans to maintain and improve the culture and work environment when results of the survey are released.

GPTW provides a detailed response as to why a company has been selected and particularly called out RiverStone’s strengths in making people feel welcome, and the integrity of the management team. 96% of RiverStone associates responded to the survey. With the overwhelmingly positive feedback received from the employees who participated in the GPTW survey. Notably, 80% of survey participants believe RiverStone is a great place to work, compared to just 59% for the average U.S. company.

In addition to RiverStone, Crum & Forster, Southbridge (Chile) and SBS (Colombia) are GPTW certified.

OUR EMPLOYEES

In 2021, Allied World started their Healthy Body and Mind Webinar Series for their employees in the U.S. Each month, a different online session is hosted featuring fitness classes, health talks or workshops – topics have included “Bring Your Whole Self to Work”, “Perspective Meditation”, “Pilates” and “Zumba”. The company also started their Allied World Amazing Race Challenge, where employees do their preferred type of exercise and translate it into a miles-ran equivalent, for a friendly competition in a virtual race across London in 2021 and around the world in 2022. Allied World has also offered a Financial Wellness Webinar Series for U.S. employees since 2021, held in partnership with experts from Prudential Life Insurance.

Northbridge offers a comprehensive well-being program that aims to help their employees be their best selves every day at home and at work. The program focuses on four pillars of health: Physical, Mental, Social, and Financial. In 2021, some of the key initiatives included: launching “Live Well” – a health and well-being app that creates a personalized well-being experience for employees to meet their unique needs; introducing Well-being Days to encourage employees to rest and recharge; launching Mental Health in the Workplace training for people leaders as they play a critical role in supporting a healthy workplace and employee well-being; updates on disability in the workplace, and managing mental health challenges. Northbridge also initiated their first ever Well-being Survey, where they asked their employees what matters to them and will use this information to plan future initiatives.

Employee Communication

Employee communication is a key focus throughout Fairfax, evidenced through numerous multifaceted communication initiatives within our companies. Two-way communication is facilitated throughout Fairfax through a commitment to scheduled performance conversations supplemented by informal catch-ups and communication sessions with our employees. One further example of a strong communication initiative within Fairfax is outlined below.



Since 2019, Eurolife FFH has implemented an initiative called ‘PLAE’ which stands for Plan - Learn - Adapt - Enjoy. The scope of the initiative is to transform the way the company works, collaborates, and operates. With the use of lean and agile methodology tools, employees are empowered and trained to reassess and improve long-established processes through a collaborative feedback process that engages all levels of the organization. The goal of this initiative is to prioritize sharing of feedback, information, and opinions to continually transform the way Eurolife FFH operates.

Employee Benefits

We are clear on the need to recognize and reward our people in line with performance, adopting a total compensation model across all of our operations. We offer basic salaries benchmarked with the market, strong, competitive benefits and a discretionary bonus scheme that is simple, non-bureaucratic and based on company and individual performance. External benchmarking is utilized on an entity basis to ensure competitive and fair results focused compensation.

100%	86%	70%	75%	99%	99%
Healthcare benefits	Employee assistance programs	Part-time working options	On-site fitness center or provide subsidy towards gym membership	Flexible working hours	Working from home arrangements

OUR EMPLOYEES

Diversity & Inclusion

We highly value our employees' diversity of opinion, invaluable insight, and dynamic skills within our organization. With over 54% of our global workforce being female, we understand the importance of the multifaceted insight, talent, and diversity of opinion each of our employees bring to Fairfax.

BlackNorth Initiative

Fairfax has worked hard to drive the [BlackNorth](#) Initiative forward in a meaningful way. Established in June 2020 by Wes Hall, the BlackNorth Initiative seeks to drive social change starting in Canadian boardrooms. To ensure maximum accountability, the pledge was signed not only by each participating company, but by the President as well. Companies and Presidents all over the world have opted to take local responsibility to use this platform to make a difference and Fairfax is proud to be a part of the conversation and to help drive change.



Fairfax Black Initiatives Action Committee

After speaking with Black employees throughout the Fairfax family, Fairfax launched the Fairfax Black Initiatives Action Committee (BIAC) in 2020. Based on conversations with employees and Fairfax's commitment to BlackNorth, Craig Pinnock, Chief Financial Officer of Northbridge, was tasked to chair the committee and develop recommendations on what Fairfax could do to address anti-Black systemic racism.

After some tremendous conversations among committee members where personal stories were shared, and deep thinking required, the BIAC came up with the following areas to focus their efforts on, along with specific deliverables. Each President was presented with the areas of focus and associated recommendations and have undertaken the task to incorporate these items into their local diversity and inclusion initiatives.

1. Foundational
2. Expanding the Talent Pool
3. Mentoring/Coaching
4. Community Alliances & Partnerships
5. Education
6. Promotion & Enrichment

BIAC Update

Over the year, our companies continued to make progress in line with the BIAC recommendations related to anti-Black systemic racism. While we do not list all actions, below we focus our update on the six areas outlined above highlighting notable progress.

Foundational

Northbridge conducted its second annual anonymous and voluntary Diversity, Inclusion and Belonging (DI&B) metrics survey. The survey is directly focused on gathering data on race, ethnicity, identity as LGBTQS+, identity as having a disability, and then asked questions on inclusion and belonging. The first survey identified the opportunity to launch an updated Mentorship program which is in place, and this second survey has identified an opportunity to pilot their first Employee Resource Group for Black & Visible Minority employees to start in 2023.

Zenith further embedded anti-racism into their values with a Senior Leadership pledge and mission statement. An external communication strategy is in process to publicly promote their values and inclusive culture.

RiverStone enhanced its onboarding process to include Diversity, Equity, Inclusion, and Belonging (DEIB). In the DEIB presentation, it is explained that RiverStone is a community of diverse individuals who are treated with fairness and encouraged to be their genuine selves. Included in the presentation is a short video [#inclusionstartswithi](#).

Expanding the Talent Pool

Allied World revamped their Summer Internship Program in 2021 with a Diversity & Inclusion (D&I) lens. The program started with five interns who came from historically under-represented minority backgrounds. In 2022, the program grew dramatically to 19 interns, working across the U.S. and Bermuda. Allied World attended more than a dozen university career fairs throughout the U.S. and qualified students from majors beyond insurance and risk management were considered and hired. Each intern received personalized support from a Technical Lead for their underwriting skills and a "Buddy" to learn about the company. Interns successful in securing a permanent position are placed in Allied World's 'Our World' program, immersing these candidates in Allied World's culture and values.

Northbridge's external facing career page has been updated to reflect their stance and commitment on DI&B and has implemented DI&B onboarding and exit interview questions to gather data that directly assists with helping Northbridge retain and build diverse talent.

OUR EMPLOYEES

Odyssey Group established their Corporate Associate Internship program to increase their employment opportunity pipeline by focusing on talented college level students from underrepresented groups. The first Corporate Intern who started in 2021 was hired full time and completed a year-long rotation in 2022. She is also the recipient of the Odyssey Group Scholarship. Two additional Corporate Associates were placed during the summer of 2022.

Zenith conducted a recruitment town hall and created resources to facilitate a more diverse hiring process.

Mentoring & Coaching

Brit has started a Reverse Mentoring Program that acknowledges that everyone brings a unique set of skills and expertise to the table. Senior leaders are mentored by a colleague who is different from them from a DI&B perspective and has a different experience in the organization. To-date, 10 pairings have been made and promotional videos are being created to promote the benefits of this partnership.

Crum & Forster launched an internal Mentorship Program, which brought together 44 mentees with 38 mentors of diverse backgrounds, ethnicities, genders, and tenure. In addition, they are now part of the Insurance Industry Charitable Foundation (IICF) industrywide networking alliance to mentor emerging leaders from underrepresented communities with diverse role models and allies across the insurance industry; two mentees and one mentor from Crum & Forster with their Diversity, Equity & Inclusion (DE&I) leader supporting as internal coach to Crum & Forster participants.

Allied World's Mentor Program is targeting historically under-represented groups with guidelines and education for mentors and mentees.

Community Alliances & Partnerships

Crum & Forster uses its Charitable Impact Committee which has diverse representation to support several organizations that directly benefit the Black community and other diverse communities. Some examples of this support include the support of the "Sisters Network", sponsors of the National African American Insurance Association (NAAIA) and support of the "All Star Project".



RiverStone's Claims Counsel Team has now incorporated questions about DI&B efforts and initiatives of its partner law firms. In addition, it has sponsored a number of events in support of DEIB including the Global Citizens Circle event, the National Association for the Advancement of Colored People (NAACP) Manchester Annual Fundraising Dinner, Queen City Pride event, along with food banks that assist underrepresented groups.

Zenith supports local communities in lifting up young students from at-risk backgrounds through partnerships with: Thrive Scholars, Gamma Xi Boule Foundation, Visible Men Academy, Take Stock in Children, Ailey Camp, and Second Chance - Last Opportunity. Zenith's "Give Together" campaigns also include support for diverse needs.

Odyssey Group's Hudson Education Leadership Program (HELP) is a work-study program designed to create a pipeline of future talent, and targets students that are the first in their family to go to college. Nine people have benefited with another three lined up for 2023.

Education

Brit's Race and Belonging Employee Resource Group activity contributes to education and awareness, both internally and externally, via social media channels and it provides a safe space for members to share their experiences. During the year it has hosted several successful celebrations and events such as Black History Month celebrations, a "Let's Talk about Race" workshop, and a "Sip and Paint" event, where colleagues were invited to come along and paint significant historical Black figures.

OUR EMPLOYEES

Crum & Forster added to its “Belonging@C&F” intranet page, links to educational materials, studies, podcasts, and articles about the black experience which included a “Did You Know” segment to help further educate, bring awareness, and build allyship. Juneteenth was celebrated as an official company holiday and the programming to support it included bringing in an external guest speaker, Jennifer Jones Austin.

Zenith completed unconscious bias training with senior leaders and continued its “In My Shoes” series spreading awareness of “lived experiences” through the power of employee sharing. A series of listening sessions was hosted to encourage active dialogue and feedback from employees.

RiverStone’s executives and entire company participated in Deep Dive Discovery sessions around Disparity, Racism, Privilege, Personal Identity and Gender facilitated and run by a selected global diversity and inclusion group. Mandatory unconscious bias training for all Executives, Leaders, Directors, and Managers was conducted by a local DEIB consultant, The Mars Hill Group.

Promotion and Enrichment

Brit has sponsored four employees in the Lloyd’s Leadership Program which targets talent from Black, Asian, and minority ethnic (BAME) backgrounds. Each participant has an executive sponsor from Brit who engages with them throughout the program.

Other Diversity & Inclusion Initiatives

Allied World is committed to a diverse and inclusive workplace putting in place policies and procedures to ensure their progress made within diversity and inclusion in the workplace continues. Nine employees were selected from different regions and departments to lead a Diversity and Inclusion (D&I) Taskforce. The taskforce’s goal is to develop and execute D&I initiatives, supporting responsible growth to strengthen the Allied World organization. Since creating the Taskforce, Allied World has instituted several new and continuing initiatives, including a partnership with DE&I systems provider Clear Assured to review HR policies, procedures and hiring policies and guidelines to ensure diversity and inclusion-compliant practices; a Flexible Work Arrangement that offers employees the flexibility they may need to maintain a healthy, balanced work and family life; curated learning resources for all managers to build inclusive and engaged teams; regular internal communications to celebrate and educate employees on D&I, as well as an intranet D&I resource site; and evaluations of workforce diversity and compensation with respect to equality throughout the year.

89% of our employees have access to at least one or more of the following diversity initiatives:

- Managerial or board level responsibility for diversity initiatives
- Targeted recruitment
- Training and guidance regarding diversity
- Employee affinity groups or networking groups
- Diversity councils
- Mentorship programs
- Diversity monitoring or audits



OUR EMPLOYEES

Brit has a D&I Committee, with a dedicated Head of D&I to lead all their work, supported by regular People Forum webinars with subject matter experts, five Employee Resource Groups and a Mental Health & Well-being Group. The People Forum topics have included Race and Belonging, Well-being, LGBTQ+, Visible and Non-Visible Disabilities, Gender, Faith, and the Multigenerational workplace. Brit has also implemented many inclusive HR policies, including Workplace Adjustments, Transitioning at Work, Career's and Culture and Diversity days. Other D&I initiatives at Brit includes installation of a wishing tree for Lunar New Year, panel event for International Women's Day (celebrating Brit's most senior females), and Back to Basics LGBTQ+.

Crum & Forster has established seven Employee Resources Groups focused on Women, LGBTQ+, Asian American and Pacific Islanders, Parents and Caregivers, Black and African Americans, LatinX, and Differing Abilities. In addition, it has set up an Inclusivity Council consisting of 12 senior leaders tasked with setting out the diversity and inclusion agenda. Moreover, Crum & Forster are heavily involved in supporting transgender individuals and, through its Aetna medical plan, provides coverage for confirmation surgery and other medical and mental health services for transgender individuals. Crum & Forster also recognizes the importance of unconscious bias training, which 100% of managers completed in 2021.

The entity-based initiatives outlined above represent Fairfax's commitment to diversity and inclusion with over 89% of our employees being exposed to at least one diversity and inclusion initiative annually. Notably, our North American companies have led the way with 100% of employees having access to diversity and inclusion programs.

Gender Equality

We are committed to ensuring that gender pay equality exists within our head office as well as in all of our operating companies. We have worked continuously to address the gender pay gap at all levels of our institutions and there are many examples of how gender pay equality is achieved in our companies.

RiverStone is committed to ensuring equity within gender pay and provides training and guidance to all employees to achieve this goal. To monitor their progress and stay accountable RiverStone performs an annual gender pay gap audit and compensation review. To inform this process, RiverStone subscribes to an annual international benchmarking survey which provides market specific data not only within the U.S. but also internationally. In addition, RiverStone considers other factors such as market data surveys provided by other sources and economic factors such as skills shortages and labour demand. RiverStone uses this data as a guide when reviewing compensation within their organization to ensure that they remain market competitive and fair.

Fairfax LATAM, which provides general insurance through its subsidiaries located in Argentina, Chile, Colombia, and Uruguay, has successfully eliminated the gender pay gap within their organization. To achieve this, they have implemented a specific DE&I policy, and a yearly payroll review to validate that all employees are remunerated in an egalitarian manner. Notably, Fairfax LATAM is close to achieving a 50/50 split in all key management positions.



Our Customers

Fairfax continues to deliver a customer-centric experience by placing the customer’s needs at the heart of our service offerings. We achieve this by maintaining an open and interactive relationship with all of our customers and brokers by conducting surveys and engaging in two-way feedback initiatives enabling a greater understanding of their evolving requirements. Below we outline a few examples of how our companies continually are engaging with their customers.

Northbridge is invested in continuously refining their customers’ experiences whether it’s after a claim has been settled, after a customer has attended one of their Risk Services training sessions, or following a visit with one of their Risk Services consultants. They proactively ask for feedback with their “Northbridge Listens” program. Through data modelling, sentiment analysis, and other analytics, the response data from this program enables Northbridge to make improvements to deliver the best possible experience for their customers.

Odyssey Group frequently engages with its customers by providing educational material. In addition, a variety of programs are delivered by live webinars on timely subjects, such as emergency preparedness programs. They also have a risk management portal for their clients where clinical, legal, and regulatory updates and information is shared. Additionally, Odyssey Group provides a substantial amount of online and in-person training to U.S. crop insurance agents.

RiverStone seeks frequent informal feedback in place of the typical formal annual feedback. They solicit customer input on the services they provide through a combination of daily communication with claim stakeholders, informal check-ins with client team leaders, scheduled calls with claim leadership wherein progress, trends and goals are set, measured, and discussed. In conjunction with this, roundtables with stakeholders and post-mortem claim discussions are held with internal and external claims teams. Overall results remain positive, and areas of continuous improvement typically flow from these meetings.

Risk Services

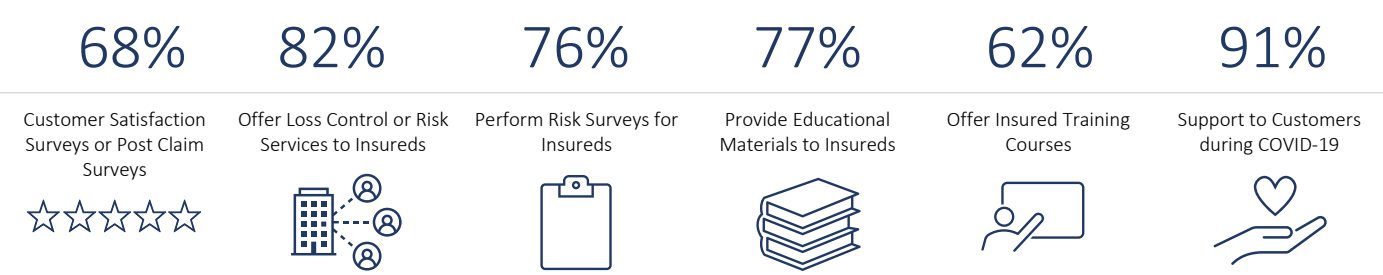
Several Fairfax insurance companies provide value-added Risk Control services that support underwriting excellence, claim cost reduction, and customer experience. Many of our operating companies employ safety and risk control professionals who operate with a blend of deep technical skill, industry knowledge, and customer focus.

Risk Control teams contribute to sound risk selection and pricing by providing Underwriters timely and comprehensive risk profiles of prospect, new, and renewal customers. This gives Underwriters valuable insight into policyholder business operations, management, hazards, prior claims, and the adequacy of safety controls.

Risk Control professionals also consult with customers to help them keep their business safe and productive. They periodically visit customer locations and meet with management to define and address risk control priorities. Value-added technical assistance, training, and recommendations are provided to help customers prevent incidents and control their claims costs.

In addition to on-sight consultation, our operating companies also offer customers comprehensive safety and risk control information, tools, and resources through online, virtual platforms. This gives current customers 24/7 self-serve access to valuable employee training programs, sample policies, forms, checklists, compliance tools, program templates, and Best Practices guides. Below are two examples of Risk Services Teams at our operating companies and the work they do to prevent client losses.

In 2021, Crum & Forster’s risk engineers conducted over 3,000 surveys with insureds to evaluate individual risk profiles and design customized programs outlining loss prevention focus areas. To maintain risk awareness, Crum & Forster provided its customers with training courses and educational



Percentage of operating companies engaged in the customer initiatives listed above.

OUR CUSTOMERS

materials to keep them abreast of risk trends and to mitigate the potential for claims. The Commercial Lines division offered educational materials to its insureds on topics that included safe driving practices, property loss mitigation, and fire prevention techniques, and its risk engineers issued daily safety culture messages to insureds to keep loss prevention controls front of mind. Commercial Lines provided video safety training portals to its customers with hundreds of quizzes and built-in leadership guides on defensive driver and distracted driver, accident investigation, back injury prevention, blood borne pathogens, and slip and fall prevention. In-person group training was conducted at client sites on request, with 25 sessions completed on topics that included general group safety, ergonomics instruction, golf cart safety, fire safety, hazard communication, personal protective equipment selection and use, and defensive driving. In 2021, Crum & Forster's Redwoods division conducted over 173 thousand training courses to more than 300 insureds (which are youth serving organizations, such as YMCA's) on abuse prevention, aquatics safety, and transportation safety. To be sure its insureds were satisfied with its training and educational programs/tools, Crum & Forster sent 1,000 customer surveys to solicit feedback and identify additional training opportunities.

Northbridge has a Risk Services team that includes almost 70 dedicated risk management and loss prevention professionals. This group of industry-specific experts work proactively to help customers understand and manage their risks. In 2021, their Risk Services experts completed nearly 6,000 risk assessments and service visits for Canadian businesses. During these assessments, risk consultants assist customers with developing best practices, detecting potential hazards, and identifying where opera-

tions may not be compliant with codes and industry standards. Northbridge's customers trust them to help build out comprehensive strategies that help protect their businesses. Additionally, Northbridge's team has conducted assessments over the phone and developed new resources, such as on-demand webinars and downloadable infection control guides, to help customers navigate new challenges.

Sustainable Insurance Initiatives

At Fairfax, we pursue various types of sustainable insurance initiatives including affordable insurance schemes that serve low-income social groups in developed and/or developing countries as well as others that support the environment. Many of our companies have these types of initiatives in place. Below we provide details on examples of what our companies have implemented.

Fairfax Brasil provides coverage for small farmers who participate in the National Program for Strengthening Family Agriculture, who receive special support from the public and private sectors to keep small production regions sustainable. Fairfax Brasil also provides better rates for farmers that protect the forest areas of rivers. Working in tandem with another Fairfax company, Farmers Edge, they utilize satellite technology to monitor farmland and ensure the proper usage of water. The other strategic ESG advantage they offer is aimed at helping jaguars – who hold a significant role at the top of the food chain. For farmers in Brazil, jaguars are a threat to their livestock. Usually, insurers will start to pay after 50 losses, so farmers often kill jaguars to protect their livestock. To protect the endangered animal, Fairfax Brasil offers coverage starting with the first loss.

Northbridge Small Business Relief Grant Program

In support of Northbridge's small business customers, Northbridge distributed over C\$2 million in relief grants in 2021 to assist businesses that were directly affected by the pandemic. These grants provided a one-time payment of up to C\$5,000 to eligible customers to help cover COVID-19 related expenses, such as the purchase of Personal Protective Equipment, renovation of facilities to comply with re-opening guidelines, website and e-commerce enhancements, and other expenses related to operating and sustaining their business during the pandemic. In addition, Northbridge contributed another C\$1 million to the Canada United Small Business Relief Fund to support other small businesses across the country. Between these two programs, over 1,000 Canadian small businesses received grants.

OUR CUSTOMERS

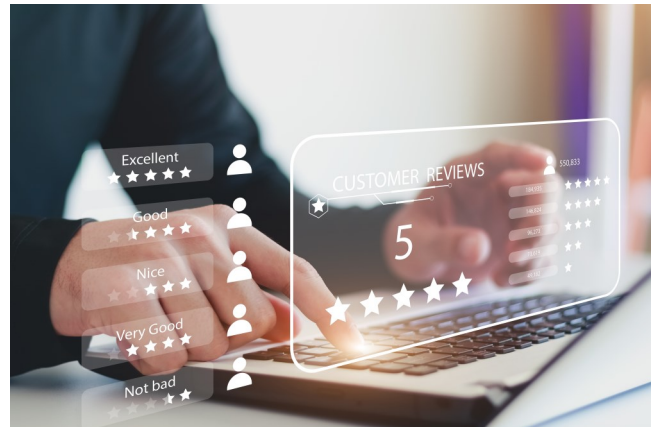
Redwoods (part of Crum & Forster) exclusively insures community and youth-serving organizations, the majority of which are mission-driven non-profits that focus on creating positive change within their local communities. Because of this narrow focus on specific, socially responsible customer groups, Redwoods has developed underwriting standards that require an investigation into both the community-focused mission of the insured/potential insured, as well as their operational and governance practices. Specific factors investigated include the organization's employment practices, leadership involvement in the organization's mission, and the demographic groups served by the organization. This investigation is generally done pre-quote as a means of integrating factors regarding ethical and socially conscious business practices into the underwriting process and decision.

Colonnade, which writes general insurance through its branches in the Czech Republic, Hungary, Slovakia, Bulgaria, Poland, and Romania and through its Ukrainian insurance company, is offering in Ukraine an affordable auto insurance scheme granting a 50% premium discount to pensioners, disabled people, persons affected by the Chernobyl disaster and war combatants.

Improving Customer Experiences with the Use of Technology

In addition to the innovations mentioned below, many of our companies continue to improve their customer experiences and enhance their operations using technology, introducing cutting-edge machine learning tools to optimize and tailor each individual customer's experience. Below we discuss some of the unique programs and technological advancements our organizations have put in place with a clear focus on our customers.

Brit partnered with the Geospatial Insurance Consortium, an aerial imagery provider that produces high-resolution images before and after a natural catastrophe, such as a hurricane or tornado. Brit's Data Science team then applies machine learning techniques to these images which then classifies the extent of damage to Brit's property exposures following the catastrophe. Setting up a collaborative working group across Data Science, Claims and Risk Aggregation teams, a solution was designed to run in the aftermath of a hurricane or tornado over Brit's entire impacted portfolio. This classification would provide Underwriting, Claims, and Actuarial teams with a high-level understanding of the extent of the damage in a short



timeframe and provide a valuable dataset to support delegated adjusters. By understanding the level of a catastrophe sooner, Brit can pay claims quicker, allocate resources more efficiently and provide faster and more objective support to underwriters.

With a strong emphasis on exceptional service and innovative products, Northbridge continues to seek new ways to help Canadian businesses and brokers succeed. By partnering with leading Broker Management System (BMS) vendors, Northbridge has been working to offer broker partners an automated submission and quoting process for Small Business customers through their preferred BMS. Northbridge's investment in this solution will build full submission and quote integrations utilizing Application Programming Interface (API) connectivity and enable brokers to obtain a bindable quote within their management systems. For customers, this translates to a streamlined quoting process so they can receive fast, simple, and fair coverage. Additionally, Northbridge has put artificial intelligence to work with chatbots to help their customers outside of business hours and offer a direct connection to their agents during the day.

Fairfax LATAM has introduced robotic process automation for its quoting and reinsurance application. The automated issuing process eliminates the need for manual work and accelerates the delivery of policies to the end customer.

Universalna, a P&C insurer based in Ukraine, has built a modern telematics system that users can download onto their smartphone for measuring driving behaviour. This innovation means there is no requirement for an additional installation of a device in the vehicle and the client can receive auto insurance discounts for driving style and frequency of vehicle use.

Fairfax Innovation Award

Innovating with Customers in Mind

The Fairfax Innovation Award was created in 2017 to recognize teams at Fairfax operating companies whose innovations have had a transformative and positive impact on their organizations. In 2021, an impressive 28 initiatives from 15 Fairfax companies around the world were submitted. A diverse range of innovative projects were received, and it was evident that technology is being used to improve the customer experience by several of our companies. At the 2022 Annual General Meeting, Prem announced Odyssey Group as the 2021 Fairfax Innovation award winner. Below are more details on the finalists and how they support our customers.



Odyssey Group - Financial Lines Underwriting Model | Our 2021 Fairfax Innovation Award Winner

Odyssey Group's internally developed model is designed to make the process of generating insight from public Directors & Officers submission data easier, faster, and more accurate. It has enhanced their Financial Lines underwriting and is now utilized by core business functions, including internal portfolio management and client engagement. It's also a key competitive advantage within the Financial Lines marketplace and has supported company-wide strategic growth at Odyssey Group by increasing gross premiums written by over \$60 million.

Brit - Machine Learning GIC Imagery

Brit partnered with the Geospatial Insurance Consortium, an aerial imagery provider that produces high-resolution images before and after a natural catastrophe, such as a hurricane or tornado. By understanding the level of a catastrophe sooner, Brit can pay claims quicker, allocate resources more efficiently and provide faster and more objective support to underwriters.

Crum & Forster - Submission Intake Portal

Crum & Forster's Surplus & Specialty Lines reduced new business intake processing time by 50% and costs by 40% as a result of their new Submission Intake Portal (SIP). The SIP streamlines the intake process and reduces the time and cost to clear and triage new submissions using optical character recognition text extraction, automated business rules and response emails and API integrations with tools and systems.

Pacific Insurance - Enterprise Analytics

Pacific Insurance, based in Malaysia, has been able to realize meaningful savings by disrupting the decision-making process across the organization by adopting and implementing an Enterprise Analytics culture. Enabling daily business updates with near-real-time data, these business insights have enabled quick and timely decision-making by each department.

Our Community

We believe that, as a company, being successful also means supporting our people, our customers, and our communities. As family values lay at the center of Fairfax, giving back to those in need is part of Fairfax and all our subsidiaries' DNA. Below are some of the programs our companies have created to give back to their communities.

Zenith is dedicated to supporting the communities in which its employees, customers and agents live and work. Serving those most in need through volunteerism, employee contributions, regional events, matching gifts, and responses to disasters brings the company's values to life. Zenith holds an annual weeklong Give Together Campaign, during which employees participate in charitable engagement activities. The two charities chosen during the 2021 campaign reflect Zenith's continued commitment to racial and social equity initiatives and food insecurity. The Equal Justice Initiative challenges racial and economic injustice and is committed to ending mass incarceration and excessive punishment through its critically acclaimed research, educational materials, and recommendations to advocates and policymakers. Feeding America is not only the largest hunger-relief organization in America, providing meals to people in need, but it also raises awareness about hunger and poverty and conducts in-depth research to better understand these problems.

Brit's Outreach Program is run in partnership with GT Scholars, working with young people in schools (aged 11-16), giving them exposure to insurance as a future career choice through challenge gamification. This program gives back to our communities by targeting children from Black, Asian and minority ethnic backgrounds, mostly in lower socio-economic geographies. As a result of the program nearly 800 schools took part in the challenge and 25 winners spent a day at Brit's offices meeting employees, listening to presentations, and using the Geospatial Technology mentioned above to complete a new task. Brit also provided employment to over 200 people in East Africa, over half of whom were women, by providing and sponsoring the provision of environmentally friendly burn efficient cookstoves.

AMAG participated in a project to ensure constant, efficient, and sustainable access to clean water in the southernmost province of Indonesia by funding the construction of wells and sanitation facilities for access to clean water, sanitation, and hygiene. AMAG also participated in planting 1,000 mangrove seeds to maintain environmental quality, protect natural ecosystems as well as coastal areas from abrasion and tsunami threats.



Northbridge supports and encourages its employees to give back to the community through its Volunteer Grant program. The program rewards any employee who commits 40 hours of their spare time to a charitable initiative by donating C\$500 to that organization. Northbridge also has committed to match any employee donation for charities that fall within their donation guidelines, up to C\$1,000 annually. Just as they pledge to double their employees' donations, they increase the impact of contributions from their Inner Circle broker partners by matching the donations made by their brokerages up to C\$5,000 per year. Northbridge introduced the Broker Donation-Matching Program in 2015, and they've seen incredible results since it began. In 2021, they matched over C\$114,000 in donations.

Ukraine Support

Since the invasion of Ukraine began in early 2022, our three local Presidents in the country, Fairfax and our entire global network have been working to do whatever we can to support our employees, customers, shareholders, and communities – just as we always do.

With over 5,000 employees and family members in the country, our three insurance companies in Ukraine – Colonnade Ukraine (acquired in 2015), ARX, and Universalna (both acquired in 2019) – collectively form the largest property and casualty insurer in Ukraine, writing \$181 million in gross premiums in 2021.

Within days of the invasion, a Fairfax Ukraine Support Team was established to advise and assist our people in the country. *FFH Management Services* in Dublin spearheaded the operational arm of the team and, with the help of the Colonnade leadership group, rapidly built a digital portal and dashboard to organize support requirements, requests, and available resources throughout Eastern Europe.

OUR COMMUNITY

As the invasion expanded in both geographic span and casualty severity, Fairfax leadership reached out to key leaders across the Fairfax family who had extensive combat and crisis response experience – including a renowned former Canadian General, a former U.S. Special Operations Commander, and a team of global response and disaster management professionals. These experts were expeditiously integrated into the Fairfax Ukraine Support Team and assigned roles to advise and lead the ongoing joint support operation, collaborating directly with our Presidents in Ukraine and their respective teams.

At each of the three companies, a formal humanitarian operational structure was established, so that the local Presidents were able to do whatever they could to offer guidance and support to their employees and families, all while maintaining regular business operations.

Since the start, the three Presidents and the Fairfax Ukraine Support Team have been working together to help ensure the safety of their employees and the people of Ukraine. Their efforts can be categorized into three areas: contingency plans, relocation & resettlement, and equipment/logistics.

Contingency Planning

- Early on, the three Presidents and the Fairfax Ukraine Support Team created and implemented a robust contingency plan, including training and preparing for:
 - Evacuation protocol
 - Safe-house operations
 - Medical response
 - Contingency communications
 - Critical equipment procurement and distribution
- To further support the contingency plan, a specialized evacuation team was formed, capable of reaching the front lines of the war to provide emergency evacuation services or equipment delivery. The team consists of former Ukrainian military service members and is equipped to move through dangerous areas to distribute critical medical support or evacuate employee families.
- A sophisticated satellite communications network was also established, and equipment was issued to key Fairfax and local company stakeholders across the country to ensure communications capabilities remained intact in case the networks go down due to damage or signal jamming.

Relocation & Resettlement

- A housing and ancillary support infrastructure was established, both within Ukraine and across surrounding countries, to serve as safe havens for any displaced employees or family members. Fairfax has invited all Ukrainian employees and their families to utilize the housing portfolio, based on their own individual choice and comfort. Professional support coordinators have been assigned in most of the surrounding countries to provide wraparound services including both educational assistance and refugee family services.
- Coordinators have been on-boarded that can speak Ukrainian, as well as the native language of their respective country, to ease the transition for displaced employees and family members and to serve as resources to assist with relocation.
- In an effort to provide comprehensive support, the crisis response team organized three mental health therapy and medical training events, guided the structuring of seven mental health webinars, influenced the adjustment of Cornerstone's open source disaster ready mental health material to be translated to Ukrainian, translated Cleveland Clinic's mental health material into Ukrainian, coordinated host-nation language classes and schooling for children, and partnered with Krakow University to provide additional language training, career guidance, and professional development for displaced families.
- Two family day events were held in Ukraine, to provide exposure to personal wellness and trauma therapy education by a renowned Ukrainian trauma therapist and educator, as well as to provide critical medical skills training for the broader employee base. Over 230 employees and family members from the three companies trained and became certified in CPR and hemorrhage control.
- As of December 2022, we have officially evacuated 49 Fairfax families, including 11 families who were transported directly from the front-line. We've also assisted dozens of employees and their families with arranging and booking public transportation, private vehicle transportation, and special charter service, both to and from Ukraine.

OUR COMMUNITY

Equipment/Logistics

- Critical equipment is being sourced and provided at cost to the Ukraine insurance companies as well as their employees and families. Equipment ranges from medical supplies to mobile backup power, and from satellite communications equipment to backup heating systems for winter conditions in a degraded grid environment.
 - To date, 90 metric tons of food, medical/protective equipment, clothing, power, and communications equipment have been delivered throughout Ukraine.
 - Through requests from the Ukraine Presidents, the crisis response team has been able to source and deliver additional fuel, protective gear, gas masks/CBRN canisters, duodote auto-injectors, Geiger counters, winter clothing, generators, ultrasound machines for hospitals, Starlink terminals, wood burning stoves, propane heaters, and many more much-needed equipment.
 - To support these supply efforts, the team established a Ukrainian-based NGO to serve as a logistics partner to augment the relief team’s capacity to sustain cross-border and in-country operations.
 - Additional drivers remain on call with thousands of liters of diesel and gasoline (reserves) proactively compiled throughout Ukraine to facilitate the continuity of operations considering any supply chain difficulties.
- As the invasion continues, our thoughts and actions remain directed at supporting our employees and everyone in Ukraine. We’re very proud of the resilience and leadership our employees in the country have displayed since the start, and we’re so grateful for all the volunteers from across the Fairfax family who continue to give their time, resources, and energy toward serving our Ukrainian colleagues during this extremely difficult time.

Southbridge is the first insurance company in Latin America to be certified as a B Corporation

Building a more sustainable future has been at the heart of Southbridge’s strategy since joining the Fairfax family several years ago. With a clear focus on the economic, social, and environmental impact of their business – Southbridge has recently become the first B Corp-certified insurance company in Latin America.

With high standards around things like performance, accountability, and transparency – B Corp companies have a personal, institutional, and legal commitment to make decisions that consider the long-term consequences of their actions on the community and the environment.

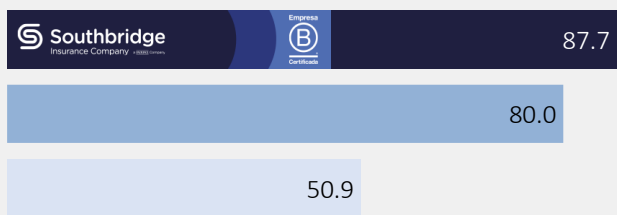
One of the ways Southbridge is putting its community first in Chile is by making insurance more accessible to people who don’t usually have access to it – including seniors, new immigrants, and single mothers. Not only are they developing new insurance products that are tailored to the needs of their community, but they’re also providing them access to an entire ecosystem of support.

By embracing the original purpose of insurance (to mitigate risk and to aid people in need), Southbridge is helping to build a more inclusive economy and a more sustainable future in Chile – and beyond.

B Impact Score

Based on the B Impact assessment, Southbridge earned an overall score of 87.7 (a score of 80.0 qualifies for B Corp Certification). The median score for ordinary businesses who complete the assessment is currently 50.9.

[Learn more about Southbridge’s B Corporation certification](#)



OUR COMMUNITY

Volunteerism

Our organizations and employees take an active role in volunteerism by joining various community initiatives and organizing events to raise donations. We empower and encourage our employees to engage in our communities by volunteering actively. Our North American companies have led the way within Fairfax as 100% of our employees in the region are offered volunteer days to give back to their local communities or charitable organizations, they feel passionate about. Globally, over 74% of our employees are also offered the same benefit.

For the last ten years, Zenith has been a committed partner to Thrive, which provides high-achieving students of visible minorities from low-income communities' opportunities and support to thrive at top colleges and in meaningful careers. Zenith has sponsored, mentored, and provided internships for dozens of Thrive Scholars, several of whom are now part of the Zenith family as full-time employees. The opportunity for Zenith employees to volunteer their time mentoring Thrive scholars is closely aligned with their community initiatives while also providing the employees with a rewarding experience.

The Odyssey Group Foundation's first global effort to highlight Breast Cancer Awareness Month around the world was an enormous success. More than a dozen global offices participated by raising money and wearing pink on October 25th. Donations were directed to various breast cancer research organizations including Susan G. Komen, Breast Cancer Now, Fundación CIMA and Breast Cancer Foundation. Including Odyssey's match, the total raised was \$24,806. In April, volunteers from Odyssey's Stamford office teamed up with Future 5 to support the Kosciuszko Park Pollinator Garden Project. This project was organized by Pollinator Pathway Stamford, a community group dedicated to establishing pollinator-friendly habitat and food sources for pollinating insects and wildlife along a series of continuous corridors throughout the City of Stamford.

In February 2019, 14 Brit employees travelled to Africa to volunteer in Kibera - the largest slum in Kenya. Since 2017 Brit has assisted in designing and building a brand-new living space for the girls of the Soweto Academy. This space is a purpose-built environment where high school girls can be educated, feel safe and feel empowered to drive future change and better their community. In 2021, Brit donated \$59,000 to fund teachers' salaries and classroom space and to provide masks and thermometers so that the Academy could continue its vital work, providing a safe haven from abuse and an education to help this generation escape the cycle of poverty. Due to the pandemic, Brit has been unable to continue its annual trip to Kibera but looks forward to restarting the initiative once safe to do so.

Philanthropy

With a target of 1-2% of our pre-tax earnings going to charitable causes, our donations program continues to thrive across the communities all over the world where we do business. In 2021, we donated \$23 million, for a total of \$262 million since we began our donations program in 1991. This excludes the personal donations and time given by our leaders and employees. Over the 31 years since we began our donations program, our annual donations have gone up approximately 134 times at a compound rate of 17% per year. Our history of donations is consistent and entrenched in our culture, further evidenced by strong employee engagement in our charitable initiatives and donations.

A core principle of our philanthropy effort is not just supporting causes but supporting our employees to support their causes. A mechanism we use to do this is through offering a donation matching program. In 2021, all our top seven companies offered donation matching programs.

Each organization has autonomy to decide which charity they would like to donate to, which results in our employees becoming engaged and passionate about raising funds for causes they feel strongly towards and often includes local causes. In 2021, we donated to over 1,500 distinct and exceptional causes across the world. These charities and organizations include: Captain Tom Foundation, GIVE Foundation, CARE Canada, American Red Cross, Thrive Scholars, Soweto Academy, Sick Kids Foundation, Black Youth Hotline, Boys and Girls Club, National Wildlife Federation, Alzheimer's Association, and the Heart & Stroke Foundation. In addition, there are numerous philanthropic efforts our organizations are proud of, several of which are detailed below.

Odyssey Group announced a philanthropic commitment of \$10 million from the Odyssey Group Foundation to Stamford Health for the construction of the new Odyssey Group Breast Center. The Odyssey Group Breast Center will offer Imaging (MRI and mammography), ultrasounds and biopsies, as well as high-risk surgery and breast cancer care, from diagnosis to reconstruction. In addition, the Odyssey Group Foundation was a key sponsor of The Actuarial Foundation's STEM Stars Actuarial Scholars Program, a new approach developed to increase diversity in the field of actuarial science. Through this program, The Actuarial Foundation identifies, recruits, and supports skilled high school students, providing help that extends into college and continues through a career. High school seniors are offered a scholarship as well as mentoring, tutoring, immersion experiences and are guaranteed internships. Odyssey has been a partner of The Actuarial Foundation since 2009.

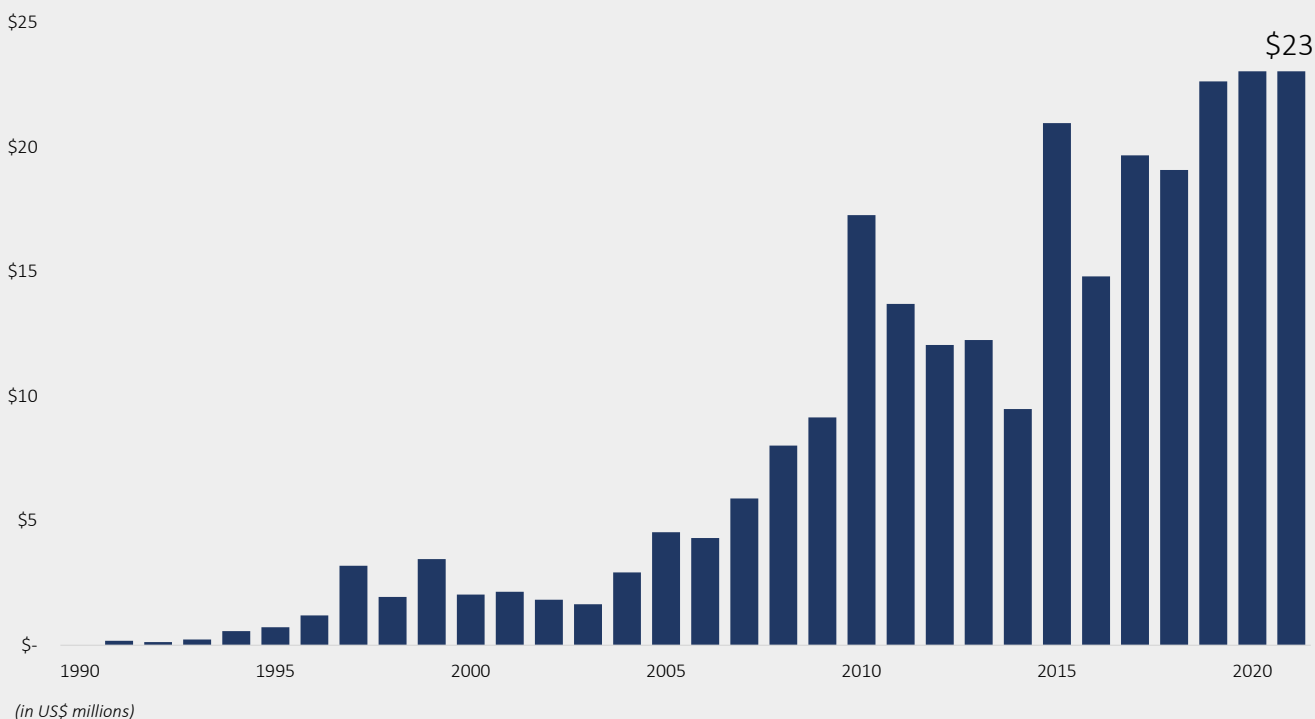
OUR COMMUNITY

Northbridge through their Northbridge Cares program, have always been committed to supporting the communities they live and work in. Through their partnerships with DAREarts, jack.org, Pathways to Education, SickKids, Tree Canada, and United Way, they have helped to support programs that help Canadian youth thrive in and give back to their communities. Additional organizations supported in 2021 include Black Youth Helpline, a national helpline and services provider for Canadian youth and families, and the Gord Downie & Chanie Wenjack Fund, which aims to build a cultural understanding and improve the lives of Indigenous people by building awareness, education, and connections between all people in Canada. Additionally, as Canadian communities continue to grapple with extreme weather events, Northbridge joined forces with other leading P&C insurers to support Ducks Unlimited Canada with a C\$50,000 donation. Ducks Unlimited Canada is a leading environmental non-profit organization specializing in wetland conservation and using nature to defend against, well, nature. Nature-based solutions like natural infrastructure (often referred to as green infrastructure) involve actively restoring and managing natural resources for positive outcomes including climate resilience, biodiversity, and water quality.

Crum & Forster is committed to supporting the local communities where its employees live and work and donated over \$1.6 million to charitable organizations throughout the U.S. in 2021. Corporate giving included continued support of a five-year pledge to the Foundation for the Morristown Medical Center to help add 55,000 square feet of clinical space, expand cardiac MRI capacity, and establish 72 new private patient rooms. The employee-led Charitable Impact Committee supported homeless shelters, animal rescues, LGBTQ+ centers and educational institutions. Crum & Forster’s seven Employee Resource Groups focused charitable giving on organizations aligned with their respective missions, including PFLAG (the largest organization for LGBTQ+ people, their parents, families, and allies), SHEWins (which provides free leadership to and supports social action for middle and high school girls affected by inner city violence) and JESPY House (which helps adults with intellectual and developmental disabilities achieve their full potential). Additionally, the Redwoods Foundation continued its sponsorship of sexual abuse and drowning prevention programs in YMCAs and other youth-serving organizations.

Annual Donations

Over \$262 Million Donated Since Inception



OUR COMMUNITY

In 2021, Brit donated \$100,000 to CARE for the India COVID-19 Relief Appeal to help create emergency hospital facilities for those in India suffering from COVID-19 and in need of urgent medical care. Further donations were made to the Captain Tom Foundation, supporting health service across the U.K., and to Conservation Without Borders, a charity actively involved in the fight against climate change. Additionally, since 2017 Brit has partnered with Team BRIT, a competitive motor racing team consisting of drivers who have disabilities or long-term conditions. Many are ex or serving military troops who have sustained serious physical and mental injuries and are disabled. Team BRIT is an offshoot of KartForce, an organization set up to inspire people with disabilities, post-traumatic stress disorder, and mental health issues, by demonstrating what can be achieved through motorsport. It aims to show injured military personnel that they can achieve what they never thought possible, that they can compete again at the highest level, and to equip them with a wide range of personal and professional skills through understanding the business of motorsport.

In 2021, Allied World supported charities and community service projects with a primary focus on education, healthcare and addressing social challenges such as food insecurity and homelessness. Benefitted organizations include the St. Baldrick's Foundation, the Lincoln Center for the Performing Arts, the Make-A-Wish Foundation, Food from the Heart, P.A.L.S. Bermuda, Citizens Committee for New York City and Habitat for Humanity Singapore. A significant donation was also given to the American Red Cross in response to devastating U.S. tornadoes. Allied World also continued supporting and partnering with the National Wildlife Federation to promote environmentally sound infrastructure, as well as with Career Ready, a social mobility charity focused on supporting young people who face barriers in education and employment due to their socio-economic situation.

Through a generous 3:1 donation matching program, a grant program, and an associate-driven community support committee, RiverStone donated over \$720,000 to a diverse range of organizations. These organizations work to reduce food insecurity, provide child advocacy, enable education opportunities, and support veterans' needs in the communities where RiverStone associates live and work. In addition to monetary donations, RiverStone once again provided meals for frontline healthcare workers as the Omicron variant surged across hospitals.

Colonnade contributed to the local communities where it operates through initiatives chosen by its employees and helped in causes its employees found important in Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, and Ukraine. The company's efforts included support of foundations focusing on child and student care and education, food bank supplies to people in need and hospital, school, and kindergarten renovations, through financial donations and many hours of volunteering. The company's teams have also supported hospitals and medical institutions in fighting COVID-19 by providing personal protective equipment.

Bryte supported various youth programs, including the provision of grocery vouchers and toiletries for abandoned, abused and HIV+ and AIDS affected babies and children. The civil unrest in parts of South Africa in July saw the Bryte team mobilize to support employees in affected areas.

In 2021, SBS Seguros, a Fairfax LATAM entity based in Colombia, as it does annually, held an event that focuses on corporate social responsibility, and supported Fundación Corazón Verde, which develops initiatives to improve the quality of life of widows and orphans of the National Police of Colombia with education, home, and psychological assistance programs. This year included a special donation for child education.

GOVERNANCE

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Governance

Our decentralized company is led by a Board-appointed Lead Director to ensure the independent functioning of the Board and empowered Presidents running each of our 22+ operating companies independently at the local level. Being close to the business allows them to make the right decisions quickly versus relying on a disconnected home office. We believe there are many benefits to this somewhat unique structure. Not only does it reduce bureaucracy and headcount at the home office, but it also creates a separation of powers that enhances our spread of risk, gives each President operating control of that President's company, allows for internal peer review at each company and creates an unmatched breadth of global senior talent.

On a quarterly basis our Board of Directors (the Board) convenes to discuss long-term strategic objectives, fulfillment of responsibilities to stakeholders and to provide the direction and oversight of our business affairs. Other mandates of the Board include evaluating performance of our management team against the Guiding Principles and corporate objectives, succession planning and ensuring that it understands the principal risks of the business and that appropriate systems to manage these risks are in place and effectively implemented.

Fairfax has in place corporate governance practices that comply with all applicable rules and policies of the Canadian Securities Administrators and the practices set out therein.

To date, our Board has:

- Adopted a set of Corporate Governance Guidelines.
- Established an Audit Committee.
- Established a Governance and Nominating Committee and a Compensation Committee.
- Approved written charters for all its committees.
- Approved and implemented a Code of Business Conduct and Ethics.
- Approved and implemented an Anti-Corruption Policy.
- Approved and implemented a policy on Discrimination.
- Approved and implemented a policy on Accessibility.
- Approved and implemented a Whistleblower Policy.

All the above are applicable to all directors, officers, and employees of the company.

Enterprise Risk Management

Our primary financial risk management goals are to ensure that the outcomes of activities involving elements of risk are consistent with our objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting our consolidated balance sheet from events that have the potential to materially impair its financial strength. Our potential loss exposure from insurance and reinsurance operations and investment activities primarily relates to underwriting risk, credit risk, liquidity risk and various market risks. Balancing risk and reward are achieved through identifying risk appropriately, aligning risk tolerances with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties.

Financial risk management objectives are achieved through a two-tiered system, with detailed risk management processes and procedures at our primary operating subsidiaries and investment management subsidiary combined with the analysis of the company-wide aggregation and accumulation of risks at the holding company. In addition, although we and each of our operating subsidiaries have an officer with designated responsibility for risk management, we regard each President as the chief risk officer of his or her company; each President is the individual ultimately responsible for risk management for his or her company and its subsidiaries.

Our President & Chief Operating Officer, Peter Clarke, reports on risk considerations to the Fairfax Executive Committee and provides a quarterly report on key risk exposures to our Board of Directors. The Executive Committee, in consultation with Peter Clarke, approves certain policies for overall risk management, as well as policies addressing specific areas such as investments, underwriting, catastrophe risk and reinsurance. The Investment Committee approves policies for the management of market risk (including currency risk, interest rate risk and other price risk) and the use of derivative and non-derivative financial instruments and monitors to ensure compliance with relevant regulatory guidelines and requirements. A discussion of our risks and the management of those risks is an agenda item for every regularly scheduled meeting of the Board of Directors.

For More Information:

[2021 Annual Report](#)

See "Financial Risk Management" page 100 & "Risk Management" page 196.

Fairfax’s ESG Reporting Structure

The below diagram outlines the formal reporting structure that Fairfax has implemented for our six ESG pillars: ESG Oversight, Social Initiatives, Governance, Climate Risk, Cybersecurity, and Investments. Each of the six pillars has senior management oversight and is ultimately reported to the Board at a minimum annually.

The Fairfax ESG Team (ESG Team), led by a Fairfax executive oversees ESG processes within Fairfax and our operating companies, is responsible for producing this report and reports semi-annually to the Governance Committee as well as annually to the Board. The ESG Team has contact points with Fairfax senior management within the Governance, Climate Risk, Cybersecurity, and Investments pillars that report annually to the ESG Team supplemented with regular communication throughout the year.

To learn more about the Investments, Climate Risk, Governance, and Cybersecurity pillars and their reporting processes, please see the following pages:

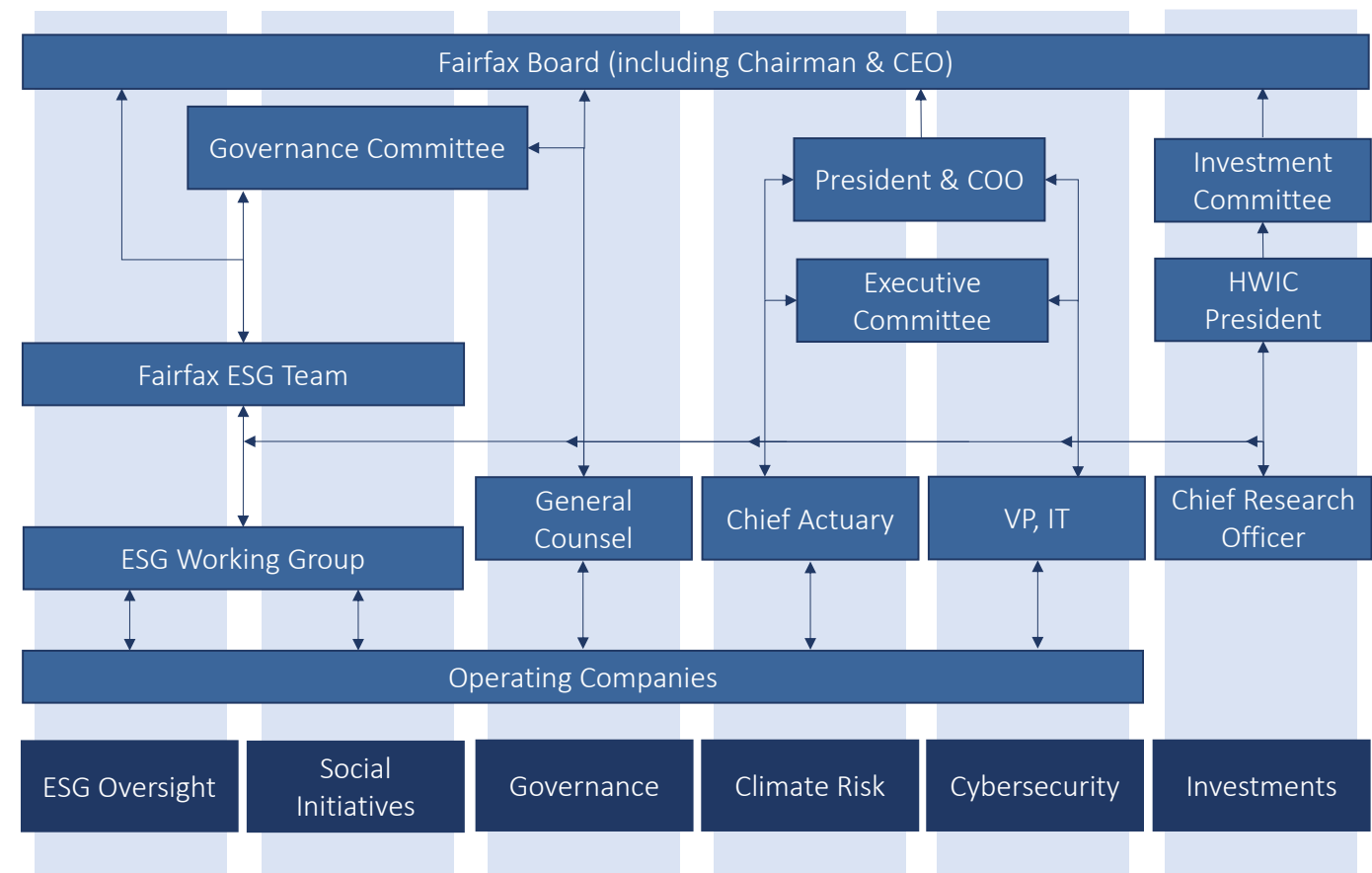
Investments – [page 9](#)

Climate Risk – [page 15](#)

Governance – [page 48](#)

Cybersecurity – [page 51](#)

The ESG Team also oversees the ESG Working Group that is comprised of representatives from each of our 22 operating companies. Each representative is responsible for overseeing and reporting their companies’ ESG programs and processes and this group facilitates the sharing of knowledge and best practices across our operating companies. Additionally, this group completes our annual ESG survey. The Fairfax ESG Team uses the results of this survey to not only produce this report but to help our operating companies understand where their strengths and areas of improvement are.



Communication within Fairfax

While there is a formal reporting structure (outlined above), we find informal, open, and regular interaction free of bureaucracy to be more meaningful and effective. Fairfax encourages open communication between the Board and Fairfax's executive team as well as operating company senior management. The Board has access to anyone within our organization – with no one being more than a phone call away.

Communication and collaboration are also highly encouraged between Fairfax senior management and our operating companies. While the formal process includes bi-weekly meetings and at least two annual off-site meetings, Fairfax's executives and Presidents talk regularly in a free and open manner. This type of complete and open communication is critical to the success of our decentralized model.

Our operating company senior management teams not only uphold our shared communication and collaboration style, but they also deeply appreciate it. In addition to the regularly scheduled meetings among our Presidents mentioned above, all our operating companies participate in various cross-company working groups that we've created over the last ten years. These working groups allow us to greatly benefit from the shared knowledge and talent within our global organization – all while preserving our decentralized structure.

As outlined in the Structure section of our Guiding Principles, complete and open communication is an essential requirement at Fairfax.

Supply Chain

Globally, we do our best to source supplies from local, ethical, and environmentally focused suppliers with associated commitment to ESG. This will be an area of increased focus in 2023 and beyond as we gather more detailed and comprehensive information regarding ethical supply chains.

Acquisition Philosophy

Fairfax has a long track record of successful acquisitions, underpinning its growth from a small Canadian trucking insurer 36 years ago into a leading global insurance and reinsurance group with operations in over 40 countries. As stated above, the Fairfax name is derived from the principles of fair and friendly acquisitions, based on the golden rule of treating everyone as we want to be treated ourselves. Therefore, following this, Fairfax does not under any circumstances take part in hostile takeovers, bidding wars, undue delays, or renegotiation tactics. Additionally, after an acquisition, the proven management teams of any acquiree (as applicable) continue to run their companies independently within Fairfax's decentralized structure. Fairfax believes this structure and reputation allows it to continually attract and retain exceptional management teams.

In addition, all acquisitions are done in accordance with Fairfax's Guiding Principles, meaning no acquisition should ever put the entire company at risk and the price paid should adequately compensate for the risks assumed. The company's decentralized structure limits the risks associated with integrating or merging the acquiree as forecasted synergies or expense savings typically do not form part of the strategy or valuation. Fairfax can also draw upon the 15,000+ employees in its insurance and reinsurance operations when selecting a due diligence team with the necessary skill set and experience to evaluate the operational risks associated with a prospective acquiree.

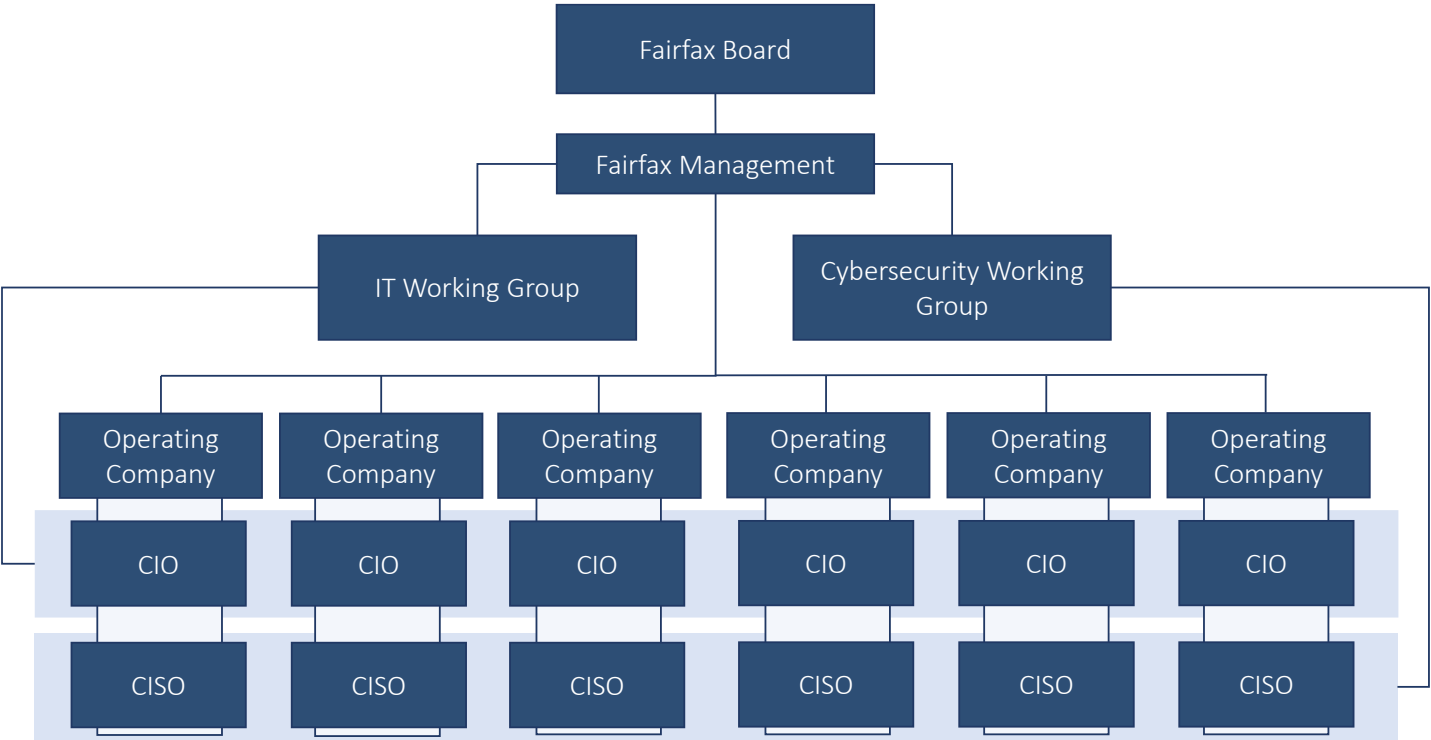
Given the size and scale of its operations today, Fairfax is focused on organic growth within its existing global underwriting platform.

Cyber Risk Management

Cyber threats are serious, ongoing concerns and Fairfax is committed to mitigating these risks to protect its enterprise. As a Top 20 provider of cyber insurance in the U.S., Fairfax has an innate understanding of the risk management requirements and intelligence tools needed to stay at the forefront of these exposures. By underwriting cyber risks around the world, Fairfax possesses best-in-class expertise and experience that provides a strong foundation for prevention and response strategies. While Fairfax operates on a decentralized basis, it does encourage its affiliate companies to share knowledge and best practices, and to collaborate when it comes to threats to one or more components of its enterprise. Cyber risk falls under this umbrella and an IT Working Group comprised of technology leaders across Fairfax convenes monthly. A subcommittee focused on Cybersecurity also meets monthly, while CISO (Chief Information Security Officer) Roundtable meetings occur on a weekly basis. The Cybersecurity committee directly reports to Fairfax management. Fairfax's decentralized technological infrastructure is a natural defense against systemic cyberattacks. The information below summarizes Fairfax's approach to security views and reporting, affiliate cybersecurity programs, training, and data protection.

Cyber Risk Oversight

Consistent with the decentralized business model, the subsidiaries of Fairfax are directly responsible for ensuring that their respective organization addresses cyber risk and the potential impact on their operations. Fairfax recognizes that each subsidiary is unique and because of such, a customized approach to cybersecurity will better mitigate the cyber risk exposure being faced by our insurance and reinsurance operations. In addition to having oversight of the cybersecurity function at the head office level, a member of the Fairfax management team also serves as the main conduit of information from the subsidiaries to the Fairfax senior management team and the Board of Directors. A defined communication process is in place to ensure that the head office is notified in a timely manner of any material cybersecurity incident that occurs at the subsidiary level. Every quarter, the senior management team and the Board of Directors receive a formal update of various cybersecurity related issues. The frequency of this reporting would increase if an incident were deemed significant enough to warrant such. At the subsidiary level, procedures are in place to ensure that their senior management team is informed of any relevant cyber risks which are impacting their operations. If an incident involves potential exposure of private personal information, each entity will adhere to the regulatory reporting requirements in their respective jurisdictions.



GOVERNANCE

Decentralized Structure

One of the primary benefits of the decentralized structure is the way in which it serves as a natural defense against systemic cyberattacks. The segregation of our networks, the use of a wide array of security products and external security parties which address the specific needs of the subsidiary combined with the open lines of communication established with the other members of the information technology leadership teams across Fairfax substantially mitigates the risk of a cyber incident impacting other entities within the group. Each organization has in place qualified individuals (CISO) who lead a team that has oversight of their cybersecurity initiatives. The CISO reports directly into the senior management team of their respective organization.

Working Groups

The manner in which Fairfax has embraced the importance of collaboration within its decentralized structure is demonstrated by the formation of working groups involving the leadership of its subsidiaries. With respect to information technology, there are two such groups.

The first is the Information Technology Working Group (ITWG) which is comprised of members of the senior IT leadership (at a Chief Information Officer level) from our core business entities. This group meets monthly, and topics covered range from shared procurement to cybersecurity issues to new trends and considerations within the IT world to personnel issues. All matters are discussed in a confidential manner to facilitate open dialogue.

The second working group is the Cybersecurity Working Group which is made up of the CISOs of our core businesses. The CISOs of our seven largest insurance and reinsurance subsidiaries meet on a weekly basis and the larger group encompassing all other core business entities meet once a month. The primary objective of the meetings is to facilitate discussion on cybersecurity issues which pose a threat to the organization. The collaborative nature of this group ensures that relevant security information discovered by one entity is shared immediately to the other CISOs to ensure appropriate actions can be taken. Similar to the ITWG, the manner in which the group members interact allow for lessons learned to be shared to the appropriate individuals across the entire Fairfax group of companies.

CIS

For the past several years, the insurance and reinsurance entities within Fairfax have performed an annual self-assessment exercise to a known cybersecurity standard. The purpose of this exercise is twofold – it provides the head office with an overall picture of the cybersecurity posture of its key subsidiaries and for the specific subsidiary, the exercise highlights potential vulnerabilities which need to be addressed.



As the importance of cybersecurity continued to increase in the business world, a decision was made in 2021 to migrate the standard to which we benchmark to The Center for Internet Security's Critical Security Controls Version 8 (CIS). In addition to CIS, we also leveraged other recognized standards to add in a section of assessment relating to information technology governance. Acknowledging the uniqueness of our organization and the size of the CIS framework, Fairfax engaged the CISOs of our largest insurance and reinsurance entities to identify the controls they would deem to be critical for all organizations within Fairfax to have in place. A customized five-point maturity rating scale has been developed and a total of 120 controls from the CIS (including the additional Governance section) are deemed as critical. In the event an organization does not obtain a pre-established minimum score, it must provide details of mitigating controls, an explanation as to why the control is not critical to their organization, or a roadmap to reach the minimum score in the future.

IT Infrastructure & Information Security Management Systems Audits

To ensure accuracy and consistency, an audit component has also been built into the CIS benchmarking process whereby a team of independent qualified cybersecurity specialists reporting directly into the head office, will audit each company's self-assessed score and after consulting with the CIO/CISO, adjust the scores accordingly.

Due to the sensitive nature of the information within the final report, its distribution is limited to select members of the senior management team. The content will highlight the various scores of the participants and for each entity, break down specific deficiencies that were noted and incorporate the entity's management response to the weakness. This exercise not only provides the head office with a clear view of our consolidated cybersecurity position but also allows the participants to direct their resources to address any exposure points.

GOVERNANCE

Certification to Widely Recognized Standards

As mentioned previously, the primary standard to which all core entities adhere is CIS. The Center for Internet Security provides mapping from CIS to other popular industry frameworks, including PCI DSS, SOC2, NIST 800, COBIT 19, HIPAA, ISO/ISC 27001, Mitre ATT&CK. In addition, CIS also includes mapping to regulatory frameworks such as NY DFS Part 500, CCPA, GDPR, and Cyber Essentials. The Secure Controls Framework is also used as a reference and provides mapping across over 100 statutory, regulatory, and contractual frameworks. Depending upon the organization, frameworks, and standards other than CIS are also used based on regulatory requirements, company need or preference.

Cybersecurity Programs

Under our decentralized model, Fairfax entrusts all cybersecurity related decisions to the qualified individuals at each organization and empowers each to determine the specific security products which are best suited to their environment. As discussed previously, minimum cybersecurity controls based on CIS and other known standards set a minimum level of controls for our core business operations to meet but, with that being said, it is up to the individual subsidiary to best determine how adherence is achieved.

The vast majority of the core business entities utilize the following techniques and solutions:

- Information security and privacy policies
- Annual third-party penetration testing
- End point protection
- Network security including multi-factor authentication
- Phishing protections
- Web filtering
- Data protection in transit and at risk
- Encryption
- Training programs to reinforce a security culture
- Intrusion detection and prevention
- Incident response, disaster recovery and business continuity plans

Training Programs

Fairfax recognizes that the first, and often best, line of defense in cybersecurity rests with our employees. We believe that it is imperative that we not only have a highly skilled and qualified team leading our cybersecurity initiatives at each company but also to have a general workforce which is cognizant of the existing threats that exist. Each entity is charged with ensuring that a suitable education program for their employees and contract workers is in place which can include such things as internal phishing exercises, in-person mandatory training sessions,

and on-line training modules. For their information technology professionals, each subsidiary follows a customized approach to ensure current qualifications are maintained and their team members receive relevant training each year. At the Head Office, all employees (full and part-time), contractors and interns participate in mandatory cybersecurity training sessions and are also required to complete on-line training which focuses on best security practices which can be applied to both their professional and personal lives. In addition, internal phishing exercises are conducted randomly throughout the year which allows our staff to put their training to practice.

Third Party

Whenever a new product is introduced into our environment, it is the responsibility of the individual organization to ensure proper due diligence surrounding security of the product is performed. If the product is already in use at another entity within the group, any due diligence already completed can be leveraged accordingly. At the Fairfax head office level, a security assessment of any significant product is performed by qualified cybersecurity professionals before contracts are signed. At a subsidiary level, compliance with the regulatory guidelines of the jurisdiction in which they operate is kept in mind when assessing their third-party vendor relationships particularly if the product would involve handling personal confidential information of their employees and customers.

Data Breach / Incident Response Plan

In the event of a data breach or other cybersecurity incident at a subsidiary level, the onus is placed on the CIO or CISO of impacted entity to ensure that the designated member of the Fairfax management team is immediately informed. That individual will then serve as a conduit of relevant information to other senior executives of Fairfax as well as to the Board of Directors. Any regulatory reporting requirements relating to the incident are handled by the legal team of the impacted entity who will also advise Fairfax's General Counsel of such. As soon as the relevant indicators of compromise are known, the CISO working group is informed and will take the necessary steps in case similar exposures exist within their respective environment.

At the Head Office, a formal business continuity plan is in place which is reviewed and updated on an annual basis. In addition, key members of the senior management and IT teams participate in roundtable discussions moderated by an external third party who have expertise in cybersecurity breaches. The objectives are to ensure that the leaders within the organization are prepared and understand their individual roles as well as to make sure that any areas where the existing plan is silent will be addressed within the next iteration of the plan.

Data Protection

Consistent with our decentralized structure, data protection, from both a data security and privacy perspective, is customized at the respective subsidiary level where it meets the regulatory requirements of the various jurisdictions in which they operate. The policies in place are shared both internally and externally and reviewed on a systematic basis to ensure ongoing relevance for the business from both an operational and regulatory perspective. Data protection is an important obligation owed to employees, clients, and business partners globally, and is key to protecting company and personal data. Each insurance group’s policies include relevant controls for data protection compliance and cover critical factors such as transparency, data minimization, data usage, security measures, vendor management, data transfers, data privacy rights and other aspects of data processing. In addition, our entire organization acknowledges the importance of providing timely responses to any investigation or required notifications should an incident arise, as well as to any data privacy access requests. Where relevant, some of our subsidiary entities have data privacy and/or data security officers to lead their data protection compliance and monitoring initiatives.

Data Protection Policies

Links to company specific policies:

Allied World	Northbridge
AMAG	Odyssey Group
Brit	Pacific
Bryte	RiverStone
Colonnade	SBI
Crum & Forster	SBS
Eurolife FFH	Singapore Re
Fairfax Brasil	Southbridge
Fairfirst	Universalna
Falcon - Hong Kong	Zenith
Meridional	



Our Guiding Principles and Core Values are the Foundation for our Corporate Governance Policies

For more than 35 years, Fairfax's Guiding Principles have been the foundation of our business and culture. The Guiding Principles include our core value that "honesty and integrity are essential in all our relationships and will never be comprised." This core value forms the underlying basis for our corporate governance policies.

- Our Code of Business Conduct and Ethics provides a detailed elaboration on this core value, including that competitive advantage or profit must not be sought through unlawful, dishonest, or unethical business practices, regardless of any impact on the bottom line. The Code requires every director, officer, and employee of Fairfax to report any violation of the Code which is known to or reasonably suspected by that individual. Directors, officers, and employees must report any other known or reasonably suspected improper conduct or incident in relation to Fairfax, including any questionable accounting, internal accounting controls or auditing matters or potential violations of the law. The Code provides an assurance from Fairfax that it will not carry out or, to the fullest extent reasonably within its power, permit any retribution or retaliation of any kind for reports made in good faith regarding known or reasonably suspected violations of the Code. All officers and employees are required to review and attest their understanding of, and compliance with, the Code on an annual basis. Fairfax's Board is ultimately responsible for monitoring compliance with our Code.
- Our Anti-Corruption Policy was adopted to provide concrete guidance regarding compliance with relevant anti-bribery laws and regulations. While the overarching message of this policy is that we always act with integrity and we never bribe, it also provides guidance on dealings with government, as well as political and charitable contributions. The Anti-Corruption Policy also outlines a reporting mechanism for any suspected violations of the policy and imposes an obligation to cooperate with related investigations. Finally, our Anti-Corruption Policy contains an assurance that Fairfax does not tolerate retaliation against anyone who has refused to violate the policy, reported a concern in good faith, or participated in an investigation related to potential misconduct.
- Our Whistleblower Policy imposes an obligation on directors, officers, and employees of Fairfax to report improper activities, including violations of our Code of Business Conduct and Ethics. The policy outlines the various reporting procedures available to individuals, as well as the applicable investigation procedures. All whistleblower complaints are thoroughly reviewed and investigated, as appropriate, and are ultimately reported to the Board and the Audit Committee on a quarterly basis. Our external auditor reviews all whistleblower reports on a quarterly basis. The policy is intended to encourage directors, officers, and employees of Fairfax to raise serious good faith concerns without fear of adverse consequences to them by virtue of raising those concerns. Accordingly, our Whistleblower Policy includes a commitment that Fairfax will not carry out or, to the fullest extent reasonably within its power, permit any retribution or retaliation of any kind against any individual for submitting any report in good faith.
- Our Anti-Money Laundering, Sanctions & Anti-Terrorist Financing Policy establishes requirements for employees to follow and to comply with applicable anti-money laundering, anti-terrorist financing and sanctions laws, regulations, and requirements.
- Our Policy on Workplace Violence, Harassment, Discrimination, Certain Relationships and Accessibility confirms Fairfax's commitment to human rights and to ensuring a respectful workplace and to providing work in a dignified, discrimination-free, respectful, accessible, violence-free, and harassment-free environment.

Our Board Members

Robert J. Gunn

Robert Gunn is an independent business consultant. Mr. Gunn's expertise and knowledge of the global property casualty insurance market is evident by his experience with the industry, previously serving as the CEO and COO of Royal & Sun Alliance plc, a diversified insurance company in London, England, from 2002 to 2003 and 2001 to 2002, respectively. He also served as Group Director, Americas, of Royal & Sun Alliance from 1998-2001. From 1990 to 2001, Mr. Gunn held the positions of President and Chief Executive Officer at Royal & Sun Alliance Canada.

The Right Honourable David L. Johnston

The Right Honourable David Johnston has held several distinguished management and leadership positions in academia and government, including acting as the 28th Governor General of Canada from 2010 to 2017. Mr. Johnston has extensive expertise in governmental affairs and ethics. Mr. Johnston has held several academic positions, including as principal and vice-chancellor of McGill University for fifteen years and as the President and Vice-Chancellor of the University of Waterloo. Mr. Johnston has also served on numerous provincial and federal task forces and committees, acted as President of the Association of Universities and Colleges of Canada (now Universities Canada) and of the Conference des recteurs et des principaux des universités du Québec. Mr. Johnston is a member of the Order of Canada and was promoted to companion, the Order's highest level, in 1997. Mr. Johnston was also the first non-U.S. citizen to be elected chair of Harvard University's board of overseers. Mr. Johnston holds degrees from Harvard, Cambridge, and Queen's. He is also a director of The BlackNorth Initiative.

Karen L. Jurjevich

Karen Jurjevich is Principal of Branksome Hall, a leading private International Baccalaureate World School for girls located in Toronto and is also the CEO and Principal of Branksome Hall Global. Prior to joining Branksome Hall in 1998, Ms. Jurjevich was a Principal in the Toronto District School Board and, from 1988 to 1992, taught at Havergal College in Toronto, Ontario. Prior thereto, Ms. Jurjevich held several teaching positions and was previously a member of the Board of the Canadian Accredited Independent Schools, the Board of the Conference of Independent Schools of Ontario, the International Baccalaureate and North American Independent Schools Task Force. Ms. Jurjevich graduated from the Stanford Executive Program at the Stanford Graduate School of Business.

R. William McFarland

William McFarland is our Lead Director. Mr. McFarland has clear in-depth accounting experience and expertise given his previous role as CEO and Senior Partner of PricewaterhouseCoopers (PwC) Canada from 2011 to 2018. Prior to that, Mr. McFarland was a member of the executive team at PwC Canada from 2005 to 2011, having been admitted to the partnership in 1992 and having led the Greater Toronto Area audit practice from 2002 to 2005. Mr. McFarland also previously served as Chair of the Board of Directors of The Conference Board of Canada. He is a Chartered Professional Accountant and a fellow of the Chartered Professional Accountants of Ontario.

Christine N. McLean

Christine McLean was the Director of Research at Sprucegrove Investment Management Ltd., a private investment advisor that provides discretionary investment management services to institutional investors. Prior to that, Ms. McLean was an Investment Analyst at Sprucegrove Investment Management, specializing in global equities. She holds a Bachelor of Science in Business Administration (Finance) from the University of Richmond, Virginia. Ms. McLean is the daughter of Prem.

Timothy R. Price

Timothy Price's area of expertise is asset management and investing, having served as the Chairman of Brookfield Funds, a division of Brookfield Asset Management Inc. since 1997 and was Chairman of Brookfield Financial Corporation until December 2004. Mr. Price serves on the St. Michael's Hospital Foundation Board and the Dean's Advisory Board at the Schulich School of Business. He also previously served as a director of Canadian Tire Corporation from 2007 to 2018.

Our Board Members (Cont'd)

Brandon W. Sweitzer

Brandon Sweitzer has extensive knowledge and expertise in the global insurance and reinsurance industry, currently serving as the Dean of the Maurice R. Greenberg School of Risk Management, Insurance and Actuarial Science at St. John's University. He was a director of the U.S. Chamber of Commerce from 2005 to 2011, and an Advisor and Senior Fellow from 2005 to 2011. Mr. Sweitzer became Chief Financial Officer of Marsh Inc. in 1981 and was its President from 1999 through 2000. From 1996 to 1999, Mr. Sweitzer served as President and Chief Executive Officer of Guy Carpenter & Company.

Lauren C. Templeton

Lauren Templeton's specific expertise is in value investing, as she is the Founder and President of Templeton & Phillips Capital Management, LLC, a registered investment advisory firm located in Chattanooga, Tennessee. Ms. Templeton received a B.A. in Economics from the University of the South. She is the Founder and former President of the Southeastern Hedge Fund Association, Inc. based in Atlanta, Georgia. Ms. Templeton is Chair of the Board of Trustees of the John M. Templeton Foundation and is a member of the Templeton World Charity Foundation and a Trustee of the Templeton Religion Trust. She also currently serves on the Board of Trustees at the Baylor School, and is an independent Director of Canadian Solar Inc.

Benjamin P. Watsa

Benjamin Watsa is the President and Founder of Marval Capital Ltd. (Marvel). Mr. Watsa has over two decades of experience in the investment industry. Prior to Marval, Mr. Watsa was a Partner and Portfolio Manager at Lissom Investment Management Inc., spent five years in New York as an investment banker in the Financial Institutions Group at Banc of America Securities and at Cochran Caronia Waller. Mr. Watsa sits on the advisory board of Impression Ventures and holds the position of director emeritus for his work and contributions as a director and Vice Chair of the Investment Committee for the Rideau Hall Foundation. Mr. Watsa holds a BA from Hillsdale College and a Chartered Investment Manager designation and is registered with the Ontario Securities Commission as a Portfolio Manager. Mr. Watsa is the son of Prem.

V. Prem Watsa

Prem Watsa has been the Chairman of our Board of Directors and our Chief Executive Officer since 1985. Mr. Watsa is the Vice Chairman of Hamblin Watsa Investment Counsel Ltd. since 2019, after serving as Vice President since 1984. Mr. Watsa is also a director of Blackberry Limited and The BlackNorth Initiative. Mr. Watsa formerly served as Vice President of GW Asset Management from 1983 to 1984 and in various positions, including as a Vice President with Confederation Life Investment Counsel from 1974 to 1983.

William C. Weldon

William Weldon is a member of the Board of Directors of CVS Health Corporation and HeartFlow, Inc. and serves as the Chairman of Board of Trustees for Quinnipiac University. Mr. Weldon bring tremendous expertise in leadership and wellness to our Board having served as the Chairman of the Board and Chief Executive Officer of Johnson & Johnson from 2002 to 2012. Mr. Weldon is a former member of the Board of Directors of ExxonMobil Corporation, JP Morgan Chase & Co., and The Chubb Corporation.

Board Composition, Diversity & Director Independence

Our Board of Directors currently consists of eleven (11) members. We believe a small board size provides the most effective governance mechanism for Fairfax. The Board has determined that six (6) of its eleven (11) Directors are independent in that each of them has no material relationship with Fairfax, that is, a relationship which could, in the Board's view, be reasonably expected to interfere with the exercise of the Director's independent judgment.

The Board appointed William McFarland as the Lead Director of Fairfax. The Lead Director is responsible for ensuring the independent functioning of the Board, including establishing, in consultation with our CEO, the agenda for each Board meeting, acting as spokesperson for the independent directors collectively in communications with the Chairman and presiding over meetings of the independent directors. All committees, including the Audit Committee, Compensation Committee and Governance and Nominating Committee, are composed solely of independent directors. All members of our Audit Committee are financially literate.

Over the past 10 years we have committed to tackling our Board's gender imbalance. From solely male directors in 2012 to 19% female directors in 2017, the board currently has three (27%) female directors. Additionally, one of our eleven executive officers is female and there are currently three directors (27%) on our Board who are members of visible minorities, and three of our eleven executive officers (27%) are members of visible minorities.

Through Prem and his participation in founding and becoming a member of the Canadian Council of Business Leaders Against Anti-Black Systemic Racism, in 2020 we joined, as founding members, The BlackNorth Initiative. Recognizing that diversity is essential and beneficial for introducing different perspectives into discussions and decision making, we have acknowledged the existence of anti-Black systemic racism and the need to create opportunities within our company for Black people.

Shareholder Rights, Ownership Structure & Director Elections

All Directors are elected by our shareholders to serve on the Board on an annual basis. Duration of board tenure is one year and if re-elected board members are permitted to serve consecutive terms. In uncontested elections, the Board has adopted a majority voting policy. If any nominee for director is not elected by at least a majority (50% + 1

vote) of the votes cast with respect to his or her election, he or she will immediately be, following the meeting, tender their resignation. The Majority Voting Policy outlines the process surrounding such resignations, but also requires the Governance and Nominating Committee to consider the resignation and recommend to the Board whether there are exceptional circumstances which would warrant rejecting such resignation.

Fairfax has two classes of voting securities: subordinate voting shares and multiple voting shares. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. As of March 4, 2022, there were 23,024,111 subordinate voting shares and 1,548,000 multiple voting shares outstanding. Since August 31, 2015, the votes attached to the multiple voting shares have been maintained at their then-current level of representing 41.8% of the votes attached to all outstanding multiple voting shares and subordinate voting shares. The subordinate voting shares currently represent 58.2% of the votes attached to all outstanding multiple voting shares and subordinate voting shares.

The continuing preservation of the 41.8% voting power of the multiple voting shares is subject to a majority of the minority shareholder ratification vote (i) at the annual meeting of shareholders following the period ending December 31, 2020 and any one or more consecutive five-year periods thereafter during which the number of our outstanding shares (multiple voting shares plus subordinate voting shares) has increased by at least 25%, or following any calendar year more than five years after the last ratification vote (or after August 31, 2015) if the number of our outstanding shares (multiple voting shares plus subordinate voting shares) has increased by at least 50% since the last ratification vote (or after August 31, 2015); (ii) if we intend to issue more than 50% of our outstanding shares in a single transaction; and (iii) within five years after Prem is, for whatever reason, neither our Chairman nor our CEO.

The Sixty-Two Investment Company Limited owns 50,620 subordinate voting shares and 1,548,000 multiple voting shares, representing approximately 41.9% of the total votes attached to all classes of our shares (100% of the total votes attached to the multiple voting shares and approximately 0.2% of the total votes attached to the subordinate voting shares). Prem, our Chairman and Chief Executive Officer, controls Sixty-Two and himself beneficially owns an additional 741,814 subordinate voting shares and exercises control or direction over an additional 2,100 subordinate voting shares. These shares, together with the shares owned directly by Sixty-Two, represent approxi-

mately 43.8% of the total votes attached to all classes of our shares (100% of the total votes attached to the multiple voting shares and approximately 3.5% of the total votes attached to the subordinate voting shares). To the knowledge of our directors and officers, there are no other persons who (directly or indirectly) beneficially own, or control or direct, shares carrying 10% or more of the votes attached to any class of our voting shares.

The multiple voting shares allow us to better control our future and focus on long-term growth. They limit the ability of activists and large external shareholders to pressure our senior leaders into short-sighted activity at the cost of long-term sustainability and growth.

Executive Compensation

Our executive compensation program is designed to align the interests of its executives and shareholders by linking compensation with Fairfax's performance and to be competitive on a total compensation basis to attract and retain executives. We evaluate the performance and compensation of executives and senior management by examining their accomplishments in conjunction with the Guiding Principles for Fairfax. The non-salary components of executive compensation are based on Fairfax's overall performance to align individual interests with the company's long-term interests and our overall business objectives. The Compensation Committee of the Board of Directors annually reviews the compensation of the CEO and senior executives. Key elements of our compensation program are outlined in more detail below:

- Compensation is principally linked to Fairfax's goals of underwriting profitability and long-term growth in book value of 15%. There are no incentives tied to premium volume or other top line incentives.
- Officer-level compensation is comprised of three components: (1) annual base salary; (2) cash bonus; and (3) long-term participation in our fortunes by ownership of shares through the equity compensation plan.
- The base salaries of Fairfax's executive officers are intended to be competitive but to remain relatively constant, generally increasing only when the executive assumes greater responsibilities. Prem's compensation varies from the other executive officers and is discussed below.
- Since 2000, Prem has agreed that his aggregate compensation from Fairfax will consist solely of an annual salary of Cdn\$600,000 (and standard benefits provided

to our executives generally), with no bonus or other profit participation, and no participation in any equity plans (other than the employee payroll share purchase plan). This arrangement will remain in effect until the end of 2025.

- A discretionary bonus as a percentage of base salary, if and to the extent appropriate, is awarded annually. Commencing with the bonuses for 2013, the annual bonus is generally paid partly in cash and partly in options on our previously issued subordinate voting shares. In awarding bonuses, the Compensation Committee considers the performance of Fairfax's executive team during the year considering its accomplishments and relative to Fairfax's Guiding Principles. The annual bonus is a percentage of the annual base salary, which percentage in any year is identical (except rarely in special individual circumstances) for all executive officers: there are no corporate (beyond the company's Guiding Principles) or individual performance goals or objectives set or evaluated.
- Bonus amounts are determined based on overall company performance, which mitigates the risk of an individual taking excessive risks to increase his or her bonus award. There is no formula to qualify for a bonus. The focus on long-term objectives is supported by executives who consider themselves long-term employees.
- With respect to equity awards, an award made to any individual (other than as part of an annual bonus) is on a one time or infrequent basis, with any additional award regularly reflecting an increase in responsibilities. Awards are not made upon accomplishment of a task while the risk to Fairfax from that task extends over a significantly longer period. Awards typically do not vest until at least five years have passed. Fairfax's directors and officers, as well as all other employees, are not permitted to purchase financial instruments that are designed to hedge or offset any decrease in market value of Fairfax's equity securities granted as compensation or otherwise held by the individual. The benefit of these awards over time will derive from long-term value creation rather than from short-term gains.

The combination of the above strategies is self-selecting to ensure key executives have significant personal wealth tied to the success of Fairfax.

Forward-Looking Statements

Certain statements contained herein may constitute forward-looking information (within the meaning of Canadian securities legislation) and forward-looking statements (within the meaning of the United States Private Securities Litigation Reform Act of 1995). These statements can be identified by expressions of belief, expectation or intention, as well as those statements that are not historical fact. Forward-looking statements are based upon assumptions, estimates, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant, and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Fairfax to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: a reduction in net earnings if our loss reserves are insufficient; underwriting losses on the risks we insure that are higher or lower than expected; the occurrence of catastrophic events with a frequency or severity exceeding our estimates; changes in market variables, including interest rates, foreign exchange rates, equity prices and credit spreads, which could negatively affect our investment portfolio; risks associated with the global pandemic caused by COVID-19, and the related global reduction in commerce and substantial downturns in stock markets worldwide; the cycles of the insurance market and general economic conditions, which can substantially influence our and our competitors' premium rates and capacity to write new business; insufficient reserves for asbestos, environmental and other latent claims; exposure to credit risk in the event our reinsurers fail to make payments to us under our reinsurance arrangements; exposure to credit risk in the event our insureds, insurance producers or reinsurance intermediaries fail to remit premiums that are owed to us or failure by our insureds to reimburse us for deductibles that are paid by us on their behalf; our inability to maintain our long-term debt ratings, the inability of our subsidiaries to maintain financial or claims paying ability ratings and the impact of a downgrade of such ratings on derivative transactions that we or our subsidiaries have entered into; risks associated with implementing our business strategies; the timing of claims payments being sooner or the receipt of reinsurance recoverables being later than anticipated by us; risks associated with any use we may make of derivative instruments; the failure of any hedging methods we may employ to achieve their desired risk management objective; a decrease in the level of demand for insurance or reinsurance products, or increased competition in the insurance industry; the impact of emerging claim and coverage issues or the failure of any of the loss limitation methods we employ; our inability to access cash of our subsidiaries; our inability to obtain required levels of capital on favourable terms, if at all; the loss of key employees; our inability to obtain reinsurance coverage in sufficient amounts, at reasonable prices or on terms that adequately protect us; the passage of legislation subjecting our businesses to additional adverse requirements, supervision or regulation, including additional tax regulation, in the United States, Canada or other jurisdictions in which we operate; risks associated with government investigations of, and litigation and negative publicity related to, insurance industry practice or any other conduct; risks associated with political and other developments in foreign jurisdictions in which we operate; risks associated with legal or regulatory proceedings or significant litigation; failures or security breaches of our computer and data processing systems; the influence exercisable by our significant shareholder; adverse fluctuations in foreign currency exchange rates; our dependence on independent brokers over whom we exercise little control; impairment of the carrying value of our goodwill, indefinite-lived intangible assets or investments in associates; our failure to realize deferred income tax assets; technological or other change which adversely impacts demand, or the premiums payable, for the insurance coverages we offer; disruptions of our information technology systems; assessments and shared market mechanisms which may adversely affect our insurance subsidiaries; and adverse consequences to our business, our investments and our personnel resulting from or related to the COVID-19 pandemic. Additional risks and uncertainties are described in our most recently issued Annual Report, which is available at www.fairfax.ca, and in our Base Shelf Prospectus (under "Risk Factors") filed with the securities regulatory authorities in Canada, which is available on SEDAR at www.sedar.com. Fairfax cautions readers not to place undue reliance on these forward-looking statements, which speak only as of their dates. Fairfax disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.