

# ESG Report

ENVIRONMENTAL | SOCIAL | GOVERNANCE





# About This Report

The contents of this report are the culmination of feedback from our Environmental, Social and Governance (ESG) survey. Our 26 consolidated insurance companies<sup>1</sup> 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, 2023, with some initiatives from 2024 included as well.

This report and the information contained herein are provided only for informational purposes and not to promote, whether directly or indirectly, any business interest.

<sup>1</sup> For the purposes of this report we will only be reporting our consolidated insurance operating companies (50%+ ownership). These consolidated operating companies include Allied World, ARX, Brit, Bryte, Colonnade, Crum & Forster, Eurolife FFH, Fairfax Asia (AMAG, Fairfirst, Falcon Hong Kong, Falcon Thailand, Pacific, and Singapore Re), Fairfax Brasil, Fairfax Latam (La Meridional, Southbridge Chile, Southbridge Colombia, and Southbridge Uruguay), Gulf Insurance Group, Northbridge, Odyssey Group, Polish Re, RiverStone, Universalna, Wentworth, and Zenith.

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## A Message From Our CEO



Since Fairfax was founded in 1985, we have operated with ESG principles in mind. So while we only started officially reporting on our ESG performance a few years ago, the principles are something we have adhered to since day one.

Back then, we didn't call it ESG – we operated for the long-term benefit of our employees, customers, shareholders, and communities because it was the right thing to do.

Our ESG approach is all there in our Guiding Principles, a carefully considered set of strategic values that have been the same since our inception. For close to 40 years, we've taken a long-term, value-based approach to everything we do. Because while trends may come and go, we know true sustainability requires a deep sense of purpose, dedication, and the foresight to build for future success.

The only change to our Guiding Principles has been our recent addition of the Golden Rule – the idea that we treat others with kindness, empathy, and care – in business and in life. In other words, we treat each person we encounter with the consideration we would want them to show us as well.

### A culture of “doing good by doing well.”

The idea that financial success can be a force for good is the cornerstone of our company's values – one that is consistent with ESG principles. It is a philosophy that has helped us grow, and as we have done so, allowed us to increasingly support causes that are making a difference in the world.

### One company. Many approaches.

Through our decentralized structure, our operating companies each focus on environmental stewardship, social justice, and responsible governance in a way that is appropriate to their business and local needs. So you can imagine that with 25+ insurance companies operating in over 50 countries, these pages hold a rich, diverse array of initiatives that make for a fascinating, inspiring read.

I am delighted to share our report with you, and hope you find it a fitting reflection of our deep commitment to operating with an eye to the future – and a genuine sense of social responsibility.

Thank you,

V. Prem Watsa  
Chief Executive Officer



### A warm welcome to GIG and GIG Gulf

In late 2023, we doubled our stake in this Middle East insurance powerhouse from 44% to 90%. And while they have already been part of the family for a number of years, this marks their transition to being one of our operating companies. You may notice a difference in some of our ESG numbers in this report – GIG and GIG Gulf are big contributors to that evolution.



## Highlights



### Operating Sustainably

We have operated with ESG principles in mind for 40 years.

#### 100% taking action

100% of our companies have environmental initiative in place.<sup>1</sup>

#### B Corp certification

Southbridge Chile has achieved B Corp certification.

#### GHG reporting

Our GHG accounting engine is enabling companies to report Scope 1 and 2 emissions and prepare capacity for Scope 3 reporting.<sup>2</sup>

#### Award-winning offices

Colonnade Hungary's new office awarded for sustainability, accessibility, and employee-friendly design.



### Engaging Employees

Our fair and friendly culture is our greatest competitive advantage.

#### 585,000+ hours

Over 585,000 training hours have been made available to employees.

#### 57 DEI groups

Fairfax has 57 DEI affinity groups, diversity councils, and mentorship programs and groups across our organization.

#### 100% access to benefits

100% of employees have access to health benefits.

#### 100% access to learning

100% of companies offer meaningful employee learning and development opportunities.



### Supporting Customers

Our companies engage with their customers to help them mitigate risk.

#### Help for Ukraine

Our companies in Ukraine offer assistance to people impacted by war.

#### Support for agribusiness

Zenith delivers tailored info to agribusiness customers, helping them stay safe and run their farms more effectively.

#### Microinsurance

Several Fairfax companies operating in emerging markets offer microinsurance to low-income populations.

#### Automated processes

Northbridge Insurance offers an automated submission and quoting process for small business customers.



### Doing Good by Doing Well

Giving back is part of Fairfax's DNA.

#### 2% donated

Fairfax contributes a combined target of 2% of pre-tax earnings to charitable causes.

#### 1% company directed

1% of company giving is directed by Fairfax, the other 1% by individual companies.

#### \$95m in 2024

In 2024, Fairfax donated a total of \$95 million to charity or to the Fairfax Foundations.

#### \$480m since 1991

Fairfax has donated \$480 million since our donations program began in 1991.



## Guiding Principles



### 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 follow the Golden Rule: we treat others as we would want to be treated.
- 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!



***Our Guiding Principles are the foundation on which our company was built.***

**PREM WATSA**



*Prem Watsa, Fairfax Chairman & CEO, and Peter Clarke, Fairfax President and COO answer questions at the AGM.*



## Fairfax: Taking the Long-Term View

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.

Its corporate objective is to achieve 15% growth in book value per share over the long term through disciplined underwriting and long-term, value-oriented total return investing – with the belief that this approach will provide above – average, long-term returns.

Founded in 1985 by current Chairman and CEO Prem Watsa, Fairfax – named for its focus on “fair and friendly acquisitions” – has grown into a Global Fortune 500 company and a leading global commercial lines insurance and reinsurance group, with cumulative premiums of \$290 billion since inception and over \$480 million in charitable donations.

Instead of being focused on short-term earnings, Fairfax has always taken a long-term view – an approach that has benefitted all their shareholders, compounding book value per share by 18.7%+ annually since 1985 through underwriting profitability and long-term return value investing.

### Decentralized operations

Fairfax head office is led by Prem and a small team of 10 Officers who have been with Fairfax for an average of 20 years. Our structure is decentralized, with our operating companies run by their respective Presidents with minimal involvement from Fairfax, with the exception of:

- performance evaluation
- succession planning
- acquisitions
- financing
- investments
- financial reporting
- aggregating total risk across insurance operations
- promoting corporate culture throughout our operating companies

### Key Metrics

(In USD Millions)

#### Net premiums written

1985 \$10  
2024 \$25,336

#### Investment portfolio

1985 \$24  
2024 \$67,366

#### Common shareholders' equity

1985 \$8  
2024 \$22,960

### Learn More

🔗 [fairfax.ca](https://fairfax.ca)

🔗 [2024 Annual Report](#)



Fairfax is a Fortune  
500 company.





## Insurance Operations

Built over almost 40 years, Fairfax has over 25 insurance operating companies across the world, with exceptional Presidents responsible for running these companies with the Fairfax culture.

Our companies, which have a presence in over 50 countries across six continents, wrote \$32.5 billion in gross premiums in 2024. 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 leadership team of Presidents who have an average tenure of 18 years.


























Insurance Operations (cont’d)

Fairfax Operating Companies

All Fairfax operating companies are wholly owned except where indicated with a percentage below.

 A FAIRFAX Company	<b>Allied World:</b> Provides property, casualty and specialty insurance and reinsurance solutions, with principal locations in the U.S., Bermuda, London, Singapore, and Canada. (83%)
 A FAIRFAX Company	<b>AMAG:</b> Writes all classes of general insurance in Indonesia. (81%)
 A FAIRFAX Company	<b>Brit:</b> Market-leading global Lloyd’s of London specialty insurer and reinsurer.
 A FAIRFAX Company	<b>Bryte:</b> Writes property and casualty insurance in South Africa and Botswana.
 A FAIRFAX COMPANY	<b>Colonnade:</b> Writes general insurance through its branches in the Czech Republic, Hungary, Slovakia, Bulgaria, Poland, and Romania and through its Ukrainian insurance company.
 A FAIRFAX COMPANY	<b>Crum &amp; Forster (C&amp;F):</b> National commercial property and casualty insurance company in the U.S. writing a broad range of commercial, principally specialty, coverages.
 A FAIRFAX Company	<b>Eurolife FFH:</b> Writes general insurance in Greece and Romania. (80%)
 A FAIRFAX COMPANY	<b>Fairfax Latam:</b> Provides property and casualty insurance through Southbridge Chile, Southbridge Colombia, La Meridional, and Southbridge Uruguay.
 A FAIRFAX Company	<b>Fairfax Brasil:</b> Writes general insurance in Brazil.
 A FAIRFAX COMPANY	<b>Fairfax Ukraine:</b> Comprised of ARX and Universalna, primarily writes property and casualty insurance in Ukraine.
 A FAIRFAX COMPANY	<b>Fairfirst:</b> Writes general insurance in Sri Lanka, specializing in automobile and personal accident lines of business. (78%)

 Falcon Insurance Company (Hong Kong) Limited A FAIRFAX Company	<b>Falcon Hong Kong:</b> Writes property and casualty insurance in niche markets in Hong Kong.
 บริษัท ฟอลคอนประกันภัย จำกัด (มหาชน) A FAIRFAX Company	<b>Falcon Thailand:</b> Writes property and casualty insurance in Bangkok. (97%)
 A FAIRFAX Company	<b>Gulf Insurance Group (GIG):</b> Writes general risk insurance and life and medical insurance across the Middle East and North Africa region through its subsidiaries. (97%)
 A FAIRFAX company	<b>Northbridge Financial (Northbridge):</b> Provides property and casualty insurance products in the Canadian market through its Northbridge and Federated brands.
 A FAIRFAX Company	<b>Odyssey Group:</b> Underwrites treaty and facultative reinsurance and specialty insurance, with locations in the U.S., Toronto, London, Paris, Singapore, and Latin America. (90%)
 A member of the Fairfax Group	<b>Pacific Insurance:</b> Writes all classes of general and medical insurance in Malaysia. (85%)
 A FAIRFAX Company	<b>Polish Re:</b> Writes reinsurance in the Central and Eastern European regions.
 A FAIRFAX COMPANY	<b>RiverStone:</b> Manages run-off businesses in the U.S.
 A FAIRFAX Company	<b>Singapore Re:</b> Underwrites general property and casualty reinsurance in the Asian region.
 A FAIRFAX Company	<b>The Zenith:</b> Primarily engaged in the workers’ compensation insurance business in the U.S.



## Investment Operations

### 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 and we also apply a long-term mindset to investments.

Hamblin Watsa focuses on the assets underlying each investment and the health of their cash flows. Our process has always considered a range of risks and opportunities that could impact these flows. This includes any material ESG factors.

To further embed ESG analysis into our processes, we provided ESG training to everyone in Hamblin Watsa, including traders, analysts, portfolio managers, and those on its Investment Committee. The Investment Committee reports directly to the Fairfax Board of Directors (the Board) through our Chairman and CEO.

Hamblin Watsa also has a Chief Research Officer who coordinated the implementation of our updated process with the support of the Investment Committee and senior management.

The following is a summary of our process as it pertains to ESG considerations:

- Working with our Legal and Compliance teams, we identify any red flags to ensure investments are clear from an anti-money laundering, anti-terrorist financing, and sanctions perspective, and do not appear on our investment exclusions list.
- Hamblin Watsa focuses on the long-term cash flows of the underlying business or asset. This includes material ESG related risks and opportunities.
- Deficiencies or excessive environmental, social or governance risks 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 fundamental and will never be compromised for short-term gains or benefits.
- For all material investments, we communicate our assessment to the Investment Committee, which includes our Chairman and CEO. Board discussion includes investment risks and opportunities, including those associated with ESG.
- All Fairfax insurance and reinsurance subsidiaries have investment management policies mandating that all investments satisfy applicable regulatory requirements, including ESG factors. Hamblin Watsa has a proxy voting policy with requirements that ensure we meet our fiduciary obligations by voting delegated proxies in the best interest of our clients.

Hamblin Watsa continually enhances its ESG policies, processes, and training.



### 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.



## Fairfax Investments: Sustainable Initiatives

Many of the companies we invest in have notable sustainability initiatives – for more information, please visit their websites and/or read their ESG reports.



**AGT Food & Ingredients:** One of the world's largest suppliers of plant-based products, with a focus on sustainable farming practices, distribution, and tackling food security issues. [agtfoods.com](https://agtfoods.com)



**Atlas Corp:** A leading global asset management company, differentiated by its position as a best-in-class owner and operator with a focus on deploying capital to create sustainable shareholder value. [atlascorporation.com](https://atlascorporation.com)



**Dexterra:** Strong ESG principles for facilities management and operations, food services, workforce accommodations, energy services, and forestry. [dexterra.com](https://dexterra.com)



**Eurobank:** Eurobank is supporting long-term prosperity by financing sustainable development, creating positive economic, social and environmental impacts and delivering value to their people, stakeholders, and communities. [eurobank.gr](https://eurobank.gr)



**Fairfax India:** Read about their initiatives to protect the environment, work with communities, and maintain highest levels of governance. [fairfaxindia.ca](https://fairfaxindia.ca)



**Foran Mining:** A net positive community partner delivering critical resources to support global decarbonization. [foranmining.com](https://foranmining.com)



**Kennedy Wilson:** A global real estate investment company with a focus on ESG best practices. [kennedywilson.com](https://kennedywilson.com)





# Environment

Climate Risk Mitigation	12	Climate change is a substantial risk for insurance organizations, and Fairfax is no exception.
Sustainable Underwriting	15	That's why we continually monitor exposures from climate change, with particular attention to its effects on the frequency and severity of weather patterns. We monitor the effects of climate change on our customers and help our companies mitigate their exposure to climate risk.
Engagement with Insureds	16	
Environmental Initiatives	17	Our company and subsidiaries are working hard to adapt, implementing environmental actions such as recycling efforts, risk mitigation strategies, partnerships with eco-focused organizations, and tracking our Green House Gas emissions.
Calculating GHG Emissions	18	





## Climate Risk Mitigation

Understanding climate change is critical to managing risk at the Fairfax level – and identifying opportunities arising from those risks. The Fairfax strategy for managing climate-related risks is set by senior management and reviewed by the Board.

### Strategy

We are very aware of the potential physical and transitional risks associated with climate change and take a rigorous approach to how we manage and monitor our exposure over a range of time horizons.

To do so, we examine both the physical and transitional risks associated with climate change. Physical risks arise from changing exposures due to weather-related events, while transition risks come from changes in legal policies and market behaviour during the transition to a low-carbon economy.

### Governance

Climate risk is a key component of senior management's overall responsibility within risk management, which includes setting and monitoring our risk tolerance at the Fairfax group level.

The Audit Committee, a subcommittee of the Board, receives quarterly reports from the Fairfax Enterprise Risk Management (ERM) team that include climate-related risks and opportunities.

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 overall strategic plan.

Together, senior management and our actuarial and ERM teams aggregate our company-wide exposures and compare them to our established risk tolerance. Management constantly reviews climate-related risks with the operating companies and at the management level.

### Risk Management

Fairfax has a three-pronged approach to managing risk:

- **At the operating company level:**  
Each company manages their climate-related risks on an individual basis.
- **At the group level:**  
Fairfax's actuarial and risk management teams perform independent global oversight of our operating companies. They carefully evaluate and manage 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.
- **At the Board level:**  
The Board regularly reviews key risk indicators from across the Fairfax group to ensure we are meeting rigorous risk management standards.

### Operating company level

Our companies manage their catastrophe exposure by being scrupulous in selecting risks. They assess risk location (including historical and 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.

They 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 risk tolerance guidelines. These guidelines are checked and updated often to monitor risk and take advantage of opportunities.

They also closely monitor their transition risks as the economy shifts to a low carbon outlook, carefully assessing underwriting risks and opportunities as the economy develops. Given the annual nature of most policies, they can continue to adapt 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. They regularly scrutinize the appropriateness of these tools and models to ensure they remain fit for purpose in the changing risk landscape. After careful analysis of scientific studies, climate data, historical trends and future expectations, they make accommodations and allowances to capture the ever-changing risk map.





Climate Risk Mitigation (cont'd)

Many also perform scenario analysis of climate-related risks, including those suggested by 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 not.

Group level

Fairfax manages 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. This rigour is to ensure our companies will be here to serve our clients and communities for the long-term.

Additionally, since 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 accordingly.

Our approach allows us to manage our risk exposure and refine our pricing and risk appetite. While refinements are based on current trends and innovations, like everything else in our business, we take a long-term view, which we adjust over time.

TIME	RISKS	OPPORTUNITIES
Short-term	Unpredictability of frequency, severity, and nature of severe weather events (physical).  Changes in regulatory requirements for current products (transition).	Increased demand for insurance as fundamentally changing weather events drive public awareness (physical).  Increased opportunities for insuring green technology and renewable energy sources (transition).
Medium-term	Increase in exposures due to a variety of climate change factors such as sea level rise, inland flooding, droughts, and wild-fire zones (physical).  Climate change litigation costs (transition).	New market sectors emerging as a shift to a low carbon economy occurs (transition).
Long-term	The devaluation of assets that we hold in sectors susceptible to transition risk (transition).	Using our expertise to help our clients adapt to the changing markets by developing strategies & technology (transition).



## Climate Risk Mitigation (cont'd)

### Board level

The Board provides top-level oversight of our risk management strategies and execution, supporting comprehensive risk management policies with formal reporting. Board members and senior management are familiar with the process used to identify, assess, monitor, interpret, and forecast risk.

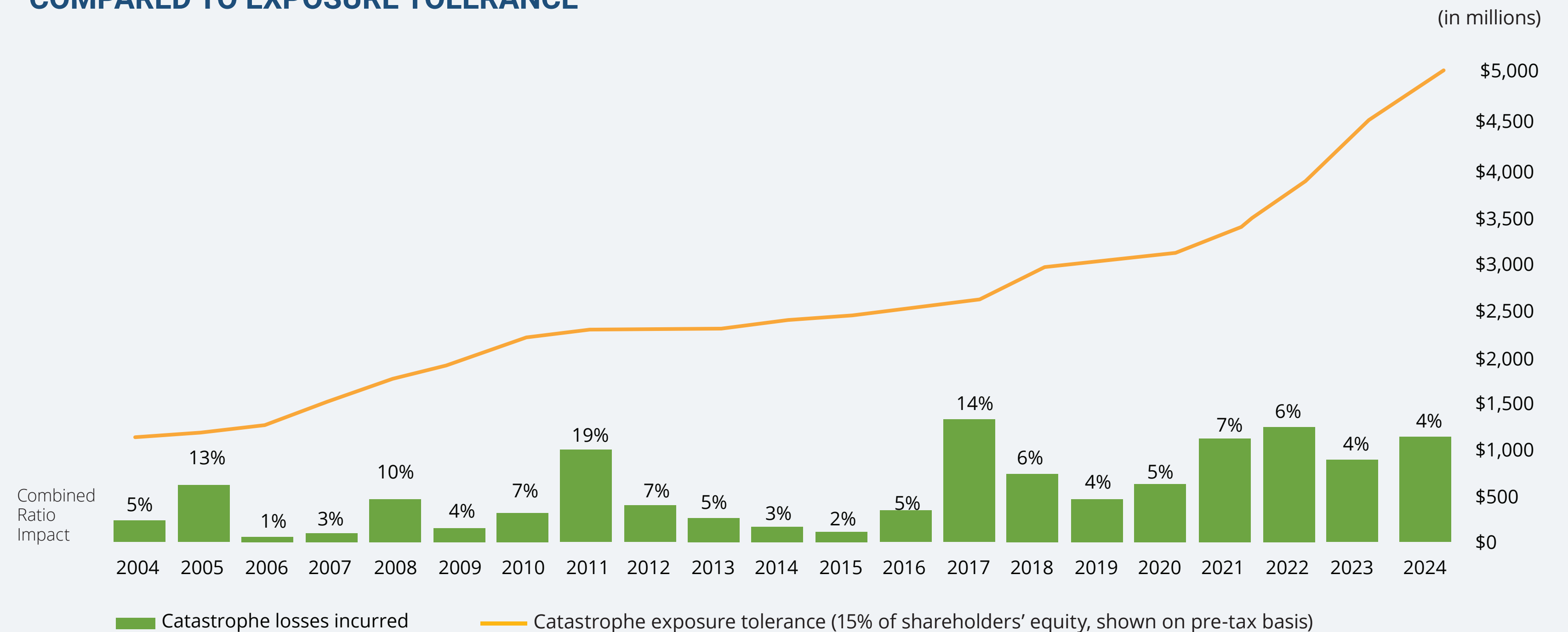
Risk management review is set in the Board agenda quarterly, including climate-related risks, or more frequently if significant issues are identified.

### Metrics & Targets

Catastrophic losses have never been significant relative to Fairfax capital and earnings or those 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 every 250 years. We continually assess our exposures and accepted risks and opportunities while supporting our clients' needs, carefully deploying our capital and capacity in the face of the uncertain impacts of climate change, always keeping the long-term sustainability of the company in mind.

## HISTORICAL CATASTROPHE LOSSES COMPARED TO EXPOSURE TOLERANCE





## Sustainable Underwriting

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

### Allied World: Underwriting aligned with Paris Agreement

Allied World will generally not provide coverage on risks related to the following: 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 alternative energy sources available within the respective territory into consideration. Any remaining in-force coverage for insureds that do not meet these thresholds has been phased out or not renewed.

### Brit: Leveraging ESG data to understand risk

In 2023, Brit was involved in a trial initiative led by Lloyd's Lab and supported by Moody's Analytics to investigate the Scope 3, Category 15 emissions attributable to their underwriting portfolio. The trial provided useful insight and information on emissions accounting.

Brit also signed up to the Space Sustainability Principles developed by the Earth & Space Sustainability Initiative (ESSI), the principles of which will form the UK government's Space Sustainability Standards. Minister George Freeman asked ESSI to produce a summary set of the Principles for signature and presentation at the Space Symposium in June 2023, which Brit signed and supported.



# 85%

of our companies have implemented at least one of the following into their underwriting processes:

- Commitment to integrating environmental standards into underwriting
- Managerial responsibility for integrating environmental standards into underwriting
- Environmental risk assessment
- Underwriting operating guidelines that include environmental factors
- Employee training and awareness on environmental factors
- Monitoring and measurement of environmental impacts

### Southbridge Chile, a certified B corporation

Southbridge Chile became the first B Corp-certified insurance company in Latin America in 2022.

They have high standards around things like inclusion, diversity, accountability, and transparency: B Corp companies have a personal, institutional, and legal commitment to making decisions that consider the long-term consequences of their actions on the community and the environment.

### B Impact Score

The B Impact assessment earned Southbridge Chile an overall score of 87.7 (80 qualifies for B Corp Certification). The median score for traditional businesses who complete the assessment is 50.9.

As a result of this certification, Southbridge Chile has implemented a continuous improvement plan to increase sustainability awareness and performance through a sustainability committee and other initiatives mentioned throughout the report.

[Learn More](#)



## Engagement with Insureds to Mitigate Risk

Each of our companies engages with its customers on the benefits of incorporating sustainability considerations into its operations, and educating them on environmental factors and risks.

### Brit: Better understanding climate risk

Brit supports MSc projects at local universities to investigate U.S. compound demand surge and exposure trends. They also mentor Vayuh, a Lloyd's Lab AI research company, on seasonal severe convective storm prediction, which is being evaluated to develop a short-term view of risk for risk selection.

They have a commercial agreement with Lambda Climate to develop a climate-oriented adjustment for Japanese Typhoon to assess capital adequacy. They have also partnered with Lighthill Risk Network on the Imperial College Storm Model (IRIS), further informing Brit's view on North Atlantic hurricane risk.

### C&F: Mitigation resources

C&F's Commercial Lines & Executive Risk Division completed over 900 service visits to insureds in 2023, with all visits including customer-focused risk mitigation consultation.

Their Surplus & Specialty Division partners with loss prevention vendors to conduct comprehensive account surveys and identify potential enhancements to safety protocols, and their Environmental Team operates

a 24/7 Spill Reporting Program, enabling swift spill response by mobilizing local contractors in an effort to minimize environmental impact.

C&F gives insureds access to a wealth of tools, resources, safety guides, and practical advice to fortify their programs. Complimentary training materials are available, along with discounts on external resources and training programs through strategic industry partnerships.

### Northbridge: Transportation & logistics

Northbridge affiliated with SmartWay, a program administered by Natural Resources Canada to help trucking customers navigate green freight considerations. Northbridge engages trucking customers to understand their green freight journey and raise awareness about green freight considerations and a reduced carbon footprint.

### Zenith: Loss control for policyholders

Zenith emphasizes the advantages of solar and wind power in mitigating overall energy costs and operational risk profiles. They identify exposures to climate and weather-related hazards, and highlight the importance of disaster planning and recovery programs, given their customers' exposure to earthquakes, wildfires, windstorms, tornados, floods, and hurricanes.

## Climate Change Research

### Allied World: Learning from nature

For many years, Allied World has worked with the National Wildlife Federation (NWF) to develop research reports related to the environment, including *The Protective Value of Nature*, which synthesizes the latest science from across the U.S. to evaluate 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 *Harnessing Natural Infrastructure to Protect the Built Environment*, a joint podcast with Allied World's Environmental team and NWF's top scientists, republished by Risk & Insurance.

Allied World's President has co-authored several opinion pieces with the NWF's President & CEO:

- *Sow Nature's Lessons, Reap Better Protection* was republished by publications The Hill and Risk & Insurance.
- *Nature is the environment's original infrastructure plan: use it to make us more resilient* was published in the Miami Herald.
- *A natural ally for climate resilience, disaster mitigation* was published by The Hill.

Allied World's engagement with the NWF has helped them gain a better understanding of how natural systems can be used as a risk mitigation tool.

### Eurolife FFH: Athens Climate Lab

This initiative provides a forum to discuss climate change in Athens, with a network of people working together to address local, regional, and global challenges. The project is comprised of four workshops with representatives from both citizens and public institutions, highlighting key action areas including coastal erosion, extreme weather phenomena, air pollution, and forest fires, and educating the public and mitigating risk through continuous education, accurate information, and citizen participation.





## Environmental Initiatives

Whether it's using solar power in California or supporting local biodiversity in Brazil, Fairfax companies continue to undertake environmental initiatives. All our companies have these initiatives in place, with a few notable examples included here.

### Colonnade: Sustainable office design

Colonnade Hungary recently completed a new office space designed for improving energy efficiency, accessibility, and productivity. This comfortable, inspiring work environment fosters efficiency and long-term balance for Colonnade employees and was awarded Medium-sized Business Office of the Year by Az Év Irodája (the Office of the Year organization).

It features:

- inclusive and ergonomic design
- intelligent lighting, heating/cooling, and ventilation systems
- recycled, recyclable, locally sourced materials
- eco-friendly, sound-absorbing finishes
- advanced meeting technology
- flexible spaces to accommodate diverse work styles and collaboration needs

### Northbridge: Planting greener communities

Since 2014, Northbridge has worked with Tree Canada to plant and maintain 6,922 trees across Canada. The trees have helped green communities in need, increased urban forests, added trees to schoolyards, and helped orchards flourish.

Northbridge launched their Employee Environmental Working Group, with over 40 passionate employees working together to develop eco-conscious strategies and employee resources.

### Fairfax Brasil: Reintroducing jaguars

Fairfax Brasil supports and works closely with the Onçafari Jaguar Conservation program, which rehabilitates and reintroduces jaguars into the wild.

Their goal is to help save critically endangered jaguar populations such as those in the Atlantic Forest. Increasing the jaguar population improves biodiversity, but also increases ecotourism, with associated benefits to local communities.



# 100%

of our companies have at least one of these environmental initiatives in place:

- Waste reduction scheme
- Recycling facilities
- Travel reduction targets
- Employee commute reduction targets
- Commitment to reduce paper
- Environmental training and awareness
- Energy efficient appliances
- Environment-focused employee events



## Calculating GHG Emissions

As a global holding company, which through its subsidiaries is primarily engaged in property and casualty insurance and reinsurance and the associated investment management, we recognize the impact that climate change has on our business operations, our customers, and the communities where we operate. Therefore, Fairfax is working with its operating companies to help facilitate their reporting of ESG matters in every jurisdiction where such reporting is required.

In addition, Fairfax is taking several measures in respect of greenhouse gas (GHG) emissions reporting. We are supporting our operating companies in building their capacity for Scope 1 and 2 disclosures. We are also actively preparing for the disclosure of the Scope 1 and 2 GHG emissions of Fairfax and all our operating companies and will be prepared to meet any future reporting deadline that may be proposed by the Canadian Securities Administrators.

Our approach to GHG emissions is driven by several key factors:

- 1. Accuracy and Consistency:** Crucial to our process is ensuring accurate, reliable, and comparable data across our organization and time periods. Therefore, we adhere to standardized methodologies and have developed a portal to ensure consistent reporting.
- 2. Collaboration:** To ensure a cohesive approach, we have implemented mechanisms for collaboration and information sharing amongst our operating companies. This includes the formation of several specialized working groups, each focused on different aspects of GHG management.

- 3. Regulatory Compliance:** As GHG emissions reporting requirements come into effect, Fairfax and our operating companies will align with compliance requirements.

### GHG Portal

To streamline the collection and management of GHG emissions data across our operating companies, we have developed a custom portal that is in line with the GHG Protocol. This platform is designed to facilitate efficient data collection, enhance data accuracy, and support comprehensive reporting across our decentralized organization.

By leveraging this custom portal, we enhance our ability to collect, analyse, and report GHG emissions data in a consistent way, supporting regulatory compliance.

### Methodology

To ensure the accuracy and transparency of our GHG emissions reporting, Fairfax utilizes the GHG Protocol methodology. This globally recognized standard provides a robust framework for measuring and reporting our emissions across various scopes and ensures our reporting is comprehensive and aligned with industry best practices.

The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage GHG emissions. It provides comprehensive guidelines for calculating emissions from direct and indirect sources, including Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from the

generation of purchased energy), and Scope 3 (all other indirect emissions from activities such as business travel and supply chains).

There is particular difficulty associated with the calculation and disclosure of Scope 3 GHG emissions, including difficulties in obtaining the necessary data to support that disclosure. Regarding financed emissions specifically, the quantification of financed emissions is emerging and one of the most difficult categories to accurately measure. To build our capacity for Scope 3 financed emissions we are staying consistent with our approach of accuracy and consistency, collaboration and regulatory compliance. We have also integrated the Partnership for Carbon Accounting Financials (PCAF) methodology into our GHG Portal.

The PCAF methodology complements the GHG Protocol by offering detailed guidance for financial institutions to measure and disclose the GHG emissions associated with their loans and investments.

### Regulatory Compliance

Fairfax remains committed to supporting its operating companies in their Scope 1 and 2 disclosures and preparing for a Fairfax-wide disclosure. We will be ready to meet Canadian regulatory requirements in respect of GHG emissions disclosures, if and when implemented, including in respect of Scope 3 financed emissions if required by such Canadian regulations. Several of our operating companies have already begun to disclose, starting with our largest North American operating companies, which have been reporting to their local regulator for the last two years.





# Social

Employees

20

Customers

34

Community & Philanthropy

38

At Fairfax, people matter. We wouldn't be who we are without prioritizing our employees, our customers, and our communities.

**Employees.** Investing in people's growth and well-being is key to a satisfied, engaged, productive workforce that drives a strong culture and positive customer experiences.

**Customers.** Customers are at the core of all our service offerings. By enhancing their satisfaction and loyalty, our operating companies create value, build long-term relationships, foster innovation, and drive sustainable growth, all of which are essential to our success and the broader impact of our ESG initiatives.

**Community & Philanthropy.** We believe in doing good by doing well. Serving others through volunteering and corporate and employee contributions brings the company's values to life.





# Employees

As a people-first organization, Fairfax puts significant focus on retaining talent and helping our employees learn, stay engaged, grow their careers, and focus on wellness and balance. We do this in the following ways.

**Learning and development.** Fostering professional growth is a priority across Fairfax companies, with a significant focus on training and education for everyone from executives to students and early career employees.

**Employee engagement.** Fairfax runs a number of global engagement initiatives, and every company tackles it its own way, contributing to a culture where people feel valued, empowered, connected – and know they can make a difference in their role.

**Employee well-being.** From health webinars to fitness challenges to mental health support, Fairfax and our companies offer a wide variety of health-related resources and initiatives to help people stay physically and mentally healthy.

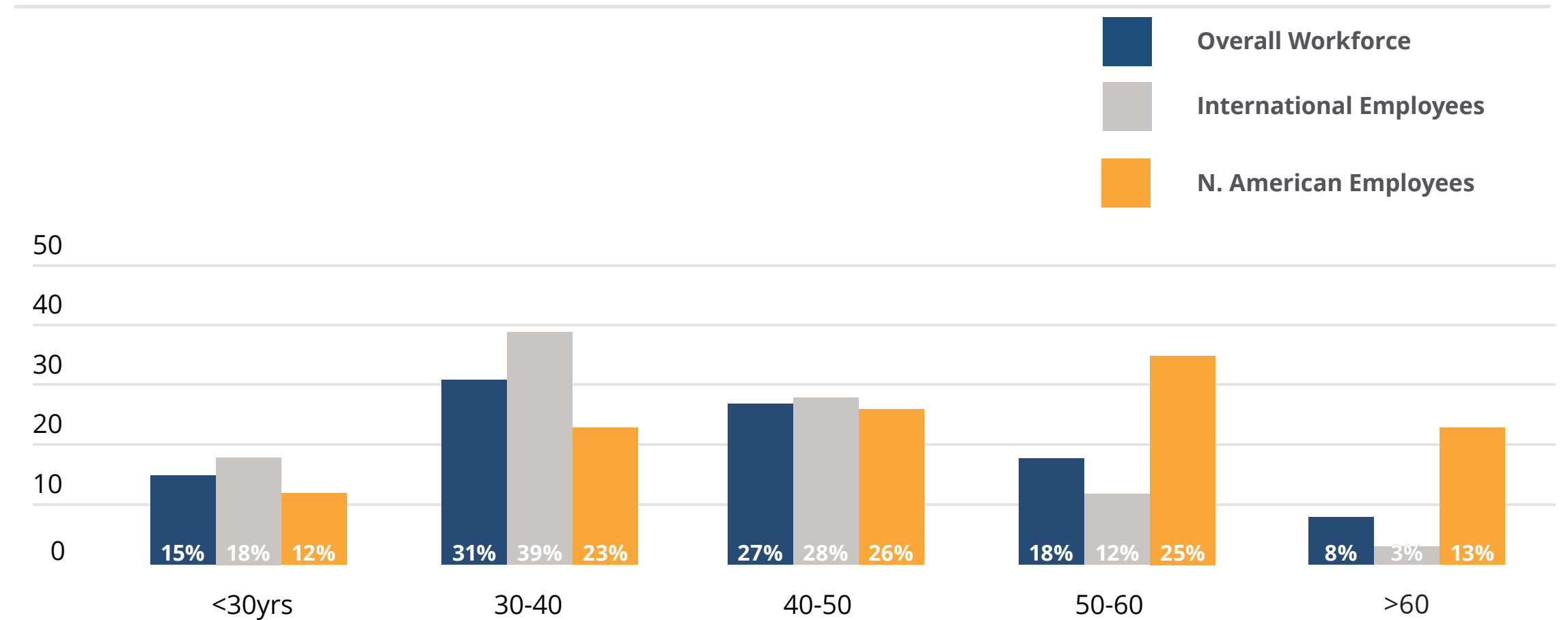
**Diversity, equity & inclusion (DEI).** We value diversity of opinion, insight, and skills, and our companies have many initiatives in place to encourage diversity in our employee base and our thinking and foster a sense of belonging in every employee.



## Our Employees at a Glance<sup>1</sup>

Employees worldwide	19,000+
Women	52%
Women in management	44%
Women executives	25%
Average employee tenure	8
Average executive tenure	12
Voluntary turnover rate	9%
Overall turnover rate	12%
Employees hired	3,090
Average employee age	42

## Employees Age Demographics<sup>1</sup>



<sup>1</sup>Reflects the full-time employees of Fairfax's consolidated insurance operating companies.



# Learning & Development

Attracting, retaining, and developing employees is key to employee success and our success as a company.

We continuously implement recruitment, leadership, and learning and development programs that address employee needs from the moment they start with us to the day they retire. Fairfax invests in its people, ensuring progression and long-term retention through meaningful development at every level of seniority.

We recognize employee requirements vary depending on subsidiary, department, and specialty, and therefore rely on individual companies to ensure flexible, local, personalized programs appropriate to their workforce. Each entity identifies the most suitable learning for their workforce through an annual, iterative training needs analysis.

Fairfax companies made over 585,000 training hours\* available to employees across our operations in 2023. We are satisfied with the substantial level of training and associated senior management support throughout our global companies.

At the Fairfax level, we continue to host our annual Leadership Workshop, facilitate the Fairfax Co-op Program and Fairfax secondment program, and investigate other ways we can support our companies with the development of their employees.

## Initiatives & Programs

Percentage of employees who have access to the following development opportunities:

Employee training	100%
Talent & leadership development	97%
New employee or graduate programs	93%
Educational assistance	94%
Professional fee assistance	94%

## Training Programs

Percentage of employees who have access to training in these areas:

Business skills	97%
Technical skills	99%
Management skills	97%
Soft skills	100%
Personal skills	99%
Legal or compliance	100%

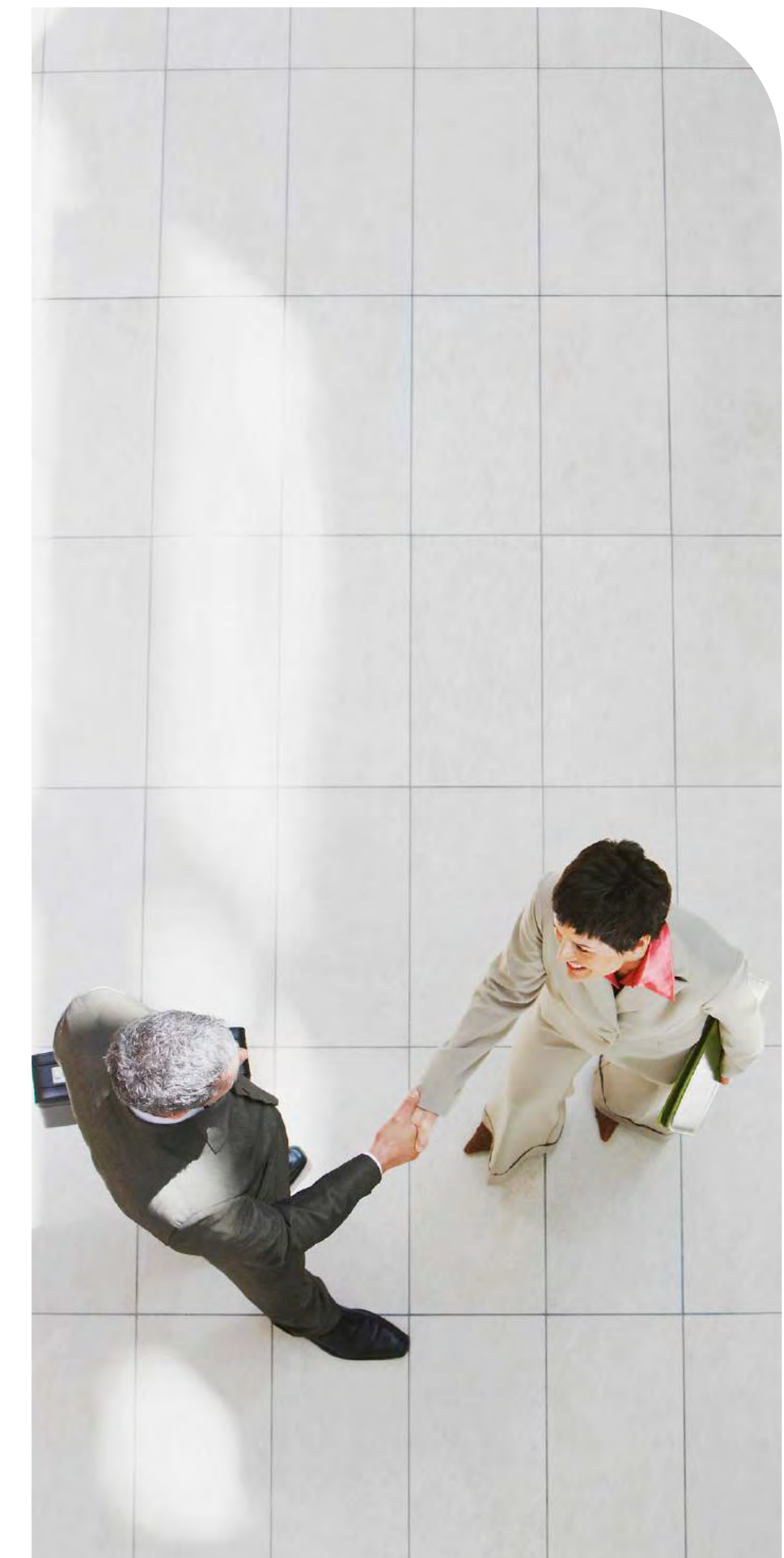


## Southbridge Chile: Fostering Women's Success

The EmpowerHer initiative equips female employees with tools for professional growth, focusing on leadership and strategic career development. In 2023, it included four leadership-focused workshops and two dedicated to strategic career planning. Participants were also invited to events organized by the Women's Economic Forum Chile.

In 2022, women represented just 36% of Southbridge Chile's workforce. By 2023, this figure rose to 43%, with women comprising 50% of management and director levels – exceeding industry averages in Chile.

The company has set an ambitious goal for 2025: achieving 50% gender equity across the entire organization.





## Learning & Development (cont'd)

### Students & Interns

Students bring new ideas and fresh perspectives, challenging the status quo, driving creativity, and infusing our workplaces with energy and enthusiasm. Co-ops, internships, and summer jobs also help us build a hiring pipeline, ensuring a continuous influx of skilled professionals. These are a few examples of how our operating companies are fostering future talent.

#### Bryte: Levelling the playing field

Bryte's Learnership Program selects youth from disadvantaged backgrounds for a work induction program that includes business etiquette, communication, and technical skills, with the goal of transitioning them into roles within Bryte. They also run a graduate program that offers hands-on experience in key areas of the business, aligning with a broader strategy of fostering technology and meeting customer needs.

### Odyssey Group: Hands-on experience

Odyssey Group recognizes the importance of attracting talent to the industry and is committed to hiring interns into a robust internship program each year. Interns gain hands-on experience in their discipline, along with training that prepares them to enter the workforce.

Odyssey Group's U.S. Insurance Division, Hudson Insurance Group, also runs the Hudson Education Leadership Program, a work-study program that targets students from disadvantaged communities and educates participants about the insurance industry and its opportunities.

For existing employees, 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% for books. This program alleviates the pressure of the high cost of post-secondary education for employees seeking additional or advanced degrees.

### Zenith: Supporting Thrive Scholars

Over the last decade, Zenith has been an engaged corporate partner to Thrive Scholars, whose mission is to provide high-achieving students of colour from economically under-resourced communities the opportunities they need to thrive at top colleges and in their chosen careers. Zenith has sponsored, mentored, and provided internships for dozens of Thrive Scholars, several of whom are now full-time Zenith employees.

During their college years, mentors help them navigate academic and personal obstacles, foster strong relationships, and introduce them to networks and professional development opportunities that foster early career exploration. Zenith employees can also volunteer their time mentoring Thrive Scholars.

Zenith also partners with collegiate risk management programs through roundtable industry discussions with students, board member support, and creation of a future talent pipeline.

### RiverStone: Feeding the talent pipeline

RiverStone offers a generous scholarship opportunity to selected students at St. Anselm's College. Upon graduation, students take part in a graduate rotation program that gives them experience in various parts of the company. To date, two scholarship recipients have completed the program and are both full-time RiverStone employees.

RiverStone's Summer Intern Program also offers opportunities to local residents attending university across the U.S.



### Partner Schools

Fairfax companies partner with over 70 universities and post-secondary institutions across 15 countries. These relationships keep us up to date and market focused with competency development. They have also enabled a consistent intake of well-educated talent through several well-established internships and co-operative education programs.



## Learning & Development (cont'd)

### Fairfax Co-op Program

The Fairfax Co-op Program, run in partnership with the University of Waterloo, was established in 2013 to enhance talent acquisition development across the Fairfax group. Our quality, long-term partnership with the University is at the core of its success: their co-op offering is one of the most extensive and well-regarded in the world, attracting the highest-calibre students.

Since inception, over 1,000 students have been placed across Fairfax companies in eight countries, with students completing four- or eight-month terms in a growing number of locations around the world.

### How the Fairfax Co-op Program works

The University of Waterloo is well-known for its Co-op program: 25,000+ students from 120+ programs participate each year, alternating between study and work terms. Each work term runs for 12-16 weeks.

Students get to solve real-life problems, gain valuable work experience, start building a network in their chosen industry, and, if the fit is right, may even be hired full-time once they graduate. They can also explore other Co-op opportunities within Fairfax: several have worked at multiple Fairfax companies.

## Early Career

By offering structured development opportunities, mentorship, and career growth pathways to employees starting off their careers, Fairfax cultivates a skilled and motivated workforce and fosters a culture of continuous learning and adaptability. Here are a few examples:

### AMAG: Developing potential

AMAG offers sponsorship for Actuarial, Insurance, and other professional certifications and for overseas training. Interest-free loans are also available to help employees with university admission and tuition fees.

AMAG also has a Management Trainee Program that targets new graduates from well-known universities who have the potential to be developed as future leaders, putting them through a rigorous selection process. The program builds a strong foundation through structured induction programs, rotational experiences, and mentorship opportunities, and helps develop essential skills like emotional intelligence, sales enablement, and industry knowledge.

### Bryte: Learning through the Bryte Academy

Bryte provides resources and opportunities to empower their employees to excel in their roles and build rewarding careers. The Bryte Academy is at the heart of their learning and development efforts, with a range of training programs designed to keep employees at the forefront of the insurance industry.

### Crum & Forster: Welcoming new hires and supporting diverse talent

C&F launched its "Welcome to C&F Onboarding Experience," a two-day immersive event for recent hires. 150 new joiners from across eight business divisions heard from senior leaders, participated in a Showcase where company products were explained and Employee Resource Groups were spotlighted, and took part in a community service activity.

Attendees were invited to attend a networking event to connect with their division leader, team members, and fellow new hires.

Feedback was overwhelmingly positive, and this event is now being held three times a year.

C&F also has joined the Insurance Industry Charitable Foundation's (IICF) new Mentoring Alliance program, which pairs industry mentors with emerging insurance leaders from underrepresented communities. The alliance is as an industry-wide program aimed at inspiring, preparing, and empowering diverse talent, pairing rising professionals with role models and allies from leading companies across the industry.





## Learning & Development (cont'd)

### Fairfirst: Developing valuable skills

The Fairfirst Academy offers programs in three certification stages, leveraging the knowledge of internal and external subject matter experts. Employees can develop their technical insurance knowledge within claims, underwriting, sales and branch management, marketing, HR, finance, legal, risk, compliance, IT and customer service. The Academy also hosts sessions on wellness, health and safety, and soft skills.

### Northbridge: New grad training

Northbridge offers a seven-month intensive trainee program for new university graduates looking to pursue an insurance career. Each year, 12 to 14 trainees specialize in claims or underwriting, completing four Chartered Insurance Professional courses and spending three months within a business unit. Upon completion, successful candidates are offered a permanent placement.

### Odyssey Group: Rewards for actuarial designations

An actuarial designation is vital for anyone pursuing an actuarial career. Odyssey Group's Actuarial Student Program offers new employees paid study time and bonuses for passing actuarial exams.

Programs tailored to local actuarial designations provide paid time for 25-45% of expected study time per exam, bonuses for passing exams on the first attempt, and/or salary increases associated with attaining designations.

### Southbridge: Fostering young professionals

Southbridge Chile proudly launched their Young Professionals Program, a strategic initiative to develop employees under 35. This program offers tailored training sessions and exclusive invitations to industry

seminars, fostering a culture of continuous learning and professional growth.

The program has significantly improved Southbridge Chile's standing in the "Employers for Youth, Next Chile 2024" survey, moving from 139<sup>th</sup> place in 2022 to 45<sup>th</sup> in 2023, culminating in second place in 2024.

### Zenith: Robust trainee programs

More than 200 individuals have participated in training programs focused on claims, underwriting, premium audit and claims legal. A combination of classroom and on-the-job training paired with accelerated salary and promotional reviews have ensured participant success over the long-term.

## Management & Leadership

A strong, successful culture requires strong leaders. Our companies have a variety of programs to help leaders and executives grow, succeed, and effectively motivate those around them. Here's a look at what a few of them are doing:

### Brit: Mini MBA and more

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.

The modules, written in collaboration with Brit's executive team, focus on strategic thinking and strategy, organizational leadership, and innovation and decision making. 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.

From e-learning courses to in-person workshops and certification programs, Bryte offers study assistance to improve risk management, develop leadership skills, and ensure people are up to date with industry regulations.

They have also launched Train-the-Trainer sessions with employees from various departments, conducting engaging sessions on different topics, with excellent feedback from participants.

### Eurolife FFH: Giving leaders the skills they need

Eurolife FFH extended coaching sessions for N-2 and N-3 level managers and supervisors from several divisions. They offered women's leadership programs

to employees promoted into key managerial roles, supporting their growth and leadership journey.

Eurolife FFH also conducted a two-day workshop on Crisis Management for supervisory-level employees in the Eurolife Experience Center (contact center) and Operations divisions, providing them with crucial tools to navigate their demanding daily responsibilities.

### Pacific: Nurturing better leaders

Pacific held the Right and Bright Leadership Program to allow top management teams to explore the concept of "Right Leadership," delving into the dynamic interplay between achieving results and nurturing relationships.





## Learning & Development (cont'd)

Leaders learned to employ appropriate leadership dynamics, styles and methods, gaining practical insight through engaging presentations, discussions, interactive assessments, and facilitation.

They also hosted the Excellence in Supervisory Leadership Program, a two-day activity-based training program that empowers leaders to bring out the best in themselves and others by exploring critical leadership success factors.

### GIG Kuwait: Tailored leadership programs

GIG Kuwait offers leaders a three-day Design Thinking Bootcamp, Customer Journey Mapping, and Building an Effective Business Case. They also deliver a twice-yearly, seven-course program to 40 emerging leaders.

## 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 succession planning.

All our entities engage in talent programs with a focus on competency and career progression. We review this progression annually and collect data on key successors for each entity, having associated conversations with the Presidents on suitability and readiness.

This approach ensures adequate bench strength across the group in the event of the unforeseen loss (permanent or temporary) of any of our leaders.



Leaders and participants in the 2024 Fairfax Leadership Workshop in Toronto.



## Fairfax Leadership Workshop

Since 2012, Fairfax has been hosting an annual Leadership Workshop, with participants invited from across the globe. High-potential leaders from across Fairfax companies come together for an intensive week of leadership interventions and training.

They gain a deeper understanding of Fairfax's history and culture, connect with senior leaders, explore leadership styles, build relationships, and gain an appreciation of how our Guiding Principles support and sustain strong business into the future. This intensive five-day program takes participants through an array of topics centred around the Guiding Principles, touching on themes

including leadership, culture, entrepreneurialism, being results-oriented, collaboration and "Doing Good by Doing Well."

Prem Watsa along with top executives from Fairfax and the operating companies, run sessions that give participants a taste of differing leadership styles, encouraging self-reflection and highlighting the value of embracing their own authentic, unique approach to leadership. To date, 286 senior Fairfax leaders have attended, with all past participants meeting annually for a one-day Leadership Reunion. Participants are typically VP level and above and are selected by the President of their respective company.



## Employee Engagement

A strong culture with integrated employee engagement programs keeps us connected to our workforce. Our goal is to have employees who feel they are a valued part of Fairfax, their employer company, and their immediate team. Continuous engagement with our workforce is an ongoing priority for Fairfax and our companies, with several key initiatives highlighted here.

### Engagement at Fairfax

#### CEO Town Halls

Fairfax values regular check-ins with employees, with Prem Watsa and President and COO Peter Clarke hosting regular in-person and virtual town halls with our operating companies to keep them connected and engaged.

Always energetic, open, and inspiring, they talk about Fairfax, share personal stories, remind employees of our long-term vision, and answer questions.

#### Fairfax Newsfeed

The Fairfax Newsfeed is a communication hub that keeps the employees in all our decentralized companies connected, informed, and engaged with company values. Content is focused on a number of key themes including ESG, wellness, industry trends, company initiatives, our people, innovation, and collaboration.

From articles detailing acquisitions to infographics detailing the ways we give back to our communities, the newsletter explores and celebrates the people and operations that make up Fairfax.

The Newsfeed also serves as a content repository for recordings, resources and news, making it an ideal onboarding resource for new hires.

To keep employees in the know, Fairfax sends out a biweekly news email with links to stories on the Newsfeed and in external news sources, reminders to register for Cleveland Clinic wellness webinars and Knowledge Sharing sessions, and more.

#### Collaborative Working Groups

While our companies operate independently, they share many common issues and challenges. To address these challenges and enable greater connectivity, cooperation and idea sharing, we have created a number of inter-company working groups focused on areas ranging from HR to IT, claims to cybersecurity, with new groups being formed as needs arise.

Subject matter experts from across Fairfax operations meet regularly to connect with each other in practical ways. They discuss areas of common interest, share knowledge and experiences, build peer support networks, and leverage scale for procurement cost savings.

Each working group has unique goals, with collaboration and information sharing at the heart of all their activities.

#### CEO Meetings

The Presidents of our operating companies gather regularly with the Fairfax executive team to connect, collaborate, and share leadership insights. Virtual calls occur monthly, with twice-yearly in-person meetings.



#### Knowledge Sharing

There is a tremendous amount of knowledge within each of Fairfax's global operating companies. Fairfax Knowledge Sharing sessions tap into that rich resource with monthly webinars. Each one is an opportunity to learn what other companies are doing, gain insights into industry-related issues, and connect with colleagues around the globe. Knowledge Sharing sessions are recorded and shared on the Newsfeed to make it accessible to interested employees in different time zones.

#### Employee Share Ownership Plan (ESOP)

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



Employee Engagement (cont'd)

Engagement at the Company Level

AMAG: Staying connected

AMAG regularly organizes activities around community efforts, sports, art, music, and photography with the goal of encouraging participation and engagement, strengthening team spirit, and fostering core Fairfax values.

Bryte: Peer-to-peer learning

Bryte hosts webinars on key business topics and provides peer-to-peer learning opportunities like a development forum run by the actuarial team.

Employee roadshows enable leaders to connect with teams and share updates directly, and mentorship programs and recognition events keep people engaged, motivated, and supported.

Colonnade: Giving back together

Doing good as a group is a great way to make employees feel engaged – and to support the community. Colonnade organized the Colonnade Together event, a friendly competition with 14 teams accumulating points that were converted into Euros to support 14 charitable organizations in Poland, Romania, Bulgaria, Hungary and the Czech Republic.

C&F: Working together, better

To keep its decentralized workforce connected, C&F introduced BERTI, a modern intranet platform designed around five core themes: Business Information, Employee Connections, Rewards and Recognition, Tools and Apps, and Idea Exchange.

BERTI emulates familiar social experiences to foster community, seamlessly integrates essential business resources, promotes a culture of peer recognition, and enhances collaboration through common interest groups. This forward-thinking solution not only boosts productivity but also maintains a cohesive culture amidst the changing workplace landscape.

Northbridge: Having fun, staying informed

Northbridge fosters a vibrant workplace culture with fun events like foosball competitions, golf tournaments, ice-cream socials, Halloween costume contests, kids’ holiday parties, and bingo, just to name a few.

To keep employees connected and informed, Northbridge sends weekly newsletters and maintains an intranet with essential job-related information.

They conduct an anonymous Pulse Survey twice a year to gauge employee satisfaction, and the President hosts all-employee town halls across the country, sharing results and future direction.

Fairfax Asia: Awards and recognition

The Fairfax Asia Ambassador Awards recognize employees in our Asia operations who truly embody Fairfax Guiding Principles and consistently go above and beyond in their work. It’s a prestigious recognition program that is about showcasing some of our most dedicated people – and inspiring all of us to embrace the best parts of our culture.

Engaging Our Employees

Percentage of employees who have access to the following engagement initiatives:

CEO Town Halls	100%
Fairfax News	100%
Employee engagement surveys	81%
Anonymous feedback	91%





# Collaboration



## Working together



Our companies are decentralized and run locally by their respective Presidents – except for performance evaluation, succession planning, acquisitions, financing, and investments, which are done by or with Fairfax.

This structure is critical to who we are as a company – and to our success. It empowers our leaders to run their businesses and allows us to attract top talent looking for ownership and accountability, and because Presidents don't have to navigate layers of bureaucracy, they can respond quickly to market dynamics.

But decentralized doesn't mean disconnected: we value collaboration, sharing knowledge, harnessing resources across companies, and taking advantage of economies of scale.



## Common tools

The Fairfax Portal enables global collaboration with tools that include:

- GHG accounting engine
- Groupwide surveys for regulatory reporting
- Hub for Ukraine support



## Shared ideas

Global working groups foster connectivity and cooperation:

- Actuarial
- Claims
- Cyber
- Digital
- Human Resources
- Internal Audit
- IT
- Legal
- Reinsurance
- Risk Services



## Engagement

Chairman & CEO Prem Watsa and President & COO Peter Clarke host in-person and virtual town halls to keep employees informed and engaged.



## Knowledge

Monthly Knowledge Sharing webinars enable subject matter experts to present on a wide variety of high-value topics.



## Learning

The Fairfax Co-op program brings top students into Fairfax companies and feeds our talent pipeline.



## Information

The Fairfax Newsfeed is an info hub that keeps our decentralized operations connected with regular, timely communications.



## Health

Our partnership with the Cleveland Clinic gives our employees access to wellness resources, a global cardiac care initiative, and more.



## Inspiration

The Fairfax Innovation Award highlights technology initiatives with a positive and transformative impact.



## Being decentralized yet collaborative works

We are always finding new ways to connect, share information, and leverage knowledge.



## Employee Well-Being

Fairfax and all our operating companies run a variety of mental, physical, and financial well-being initiatives, including medical insurance, subsidized healthy meals, fitness facilities, healthy living resources, and more.

### Cleveland Clinic Partnership

Fairfax partners with Cleveland Clinic Canada to develop and disseminate employee health and wellness solutions. They provide executive physicals, assess current programs, and offer virtual care and professional second opinions. They also host monthly wellness webinars, available to all Fairfax employees, on topics ranging from heart health to menopause.

This strategic partnership, paired with our companies' investments in and focus on employee well-being, demonstrates our commitment to the well-being of our employees and their families.



### Brit: Focus on mental health

Brit's focus was on normalizing well-being conversations in the business. Their Mental Health Group and Mental Health First Aiders (MHFA) shared tips on managing well-being, using Blue Monday in January as an occasion to talk about how to reset when you're feeling low and creating "my whole selfie" images promoting My Whole Self Day in March.

For Mental Health Awareness Month in May, they hosted training around anxiety, the MHFA England Mental Health Theme for 2023, with a webinar focused on moving "from anxious to calm."

To support better mental health conversations in the office, they delivered "courageous conversations" training for Line Managers to build confidence around discussing mental health with their team members. Brit Mental Health Aiders also offered "anxietea" drop-in sessions to give people a chance to chat about their mental health. All managers attend "Managing Mental Health" training.

### Eurolife FFH: Fostering wellness and safety

Eurolife FFH has three wellness and safety pillars:

- TEAM Fit – Onsite fitness and wellness events and sessions, plus tips and healthy recipes on a dedicated internal channel.
- TEAM Parent – Parental counselling and group therapy by a child psychologist to help employees balance work and family life.
- TEAM Care – Fire safety training, with more initiatives to follow.

### Odyssey Group: Award-winning well-being

In 2023, Odyssey Group was awarded the Gold level of the Cigna Healthy Workforce Designation for its employee-focused well-being programs.

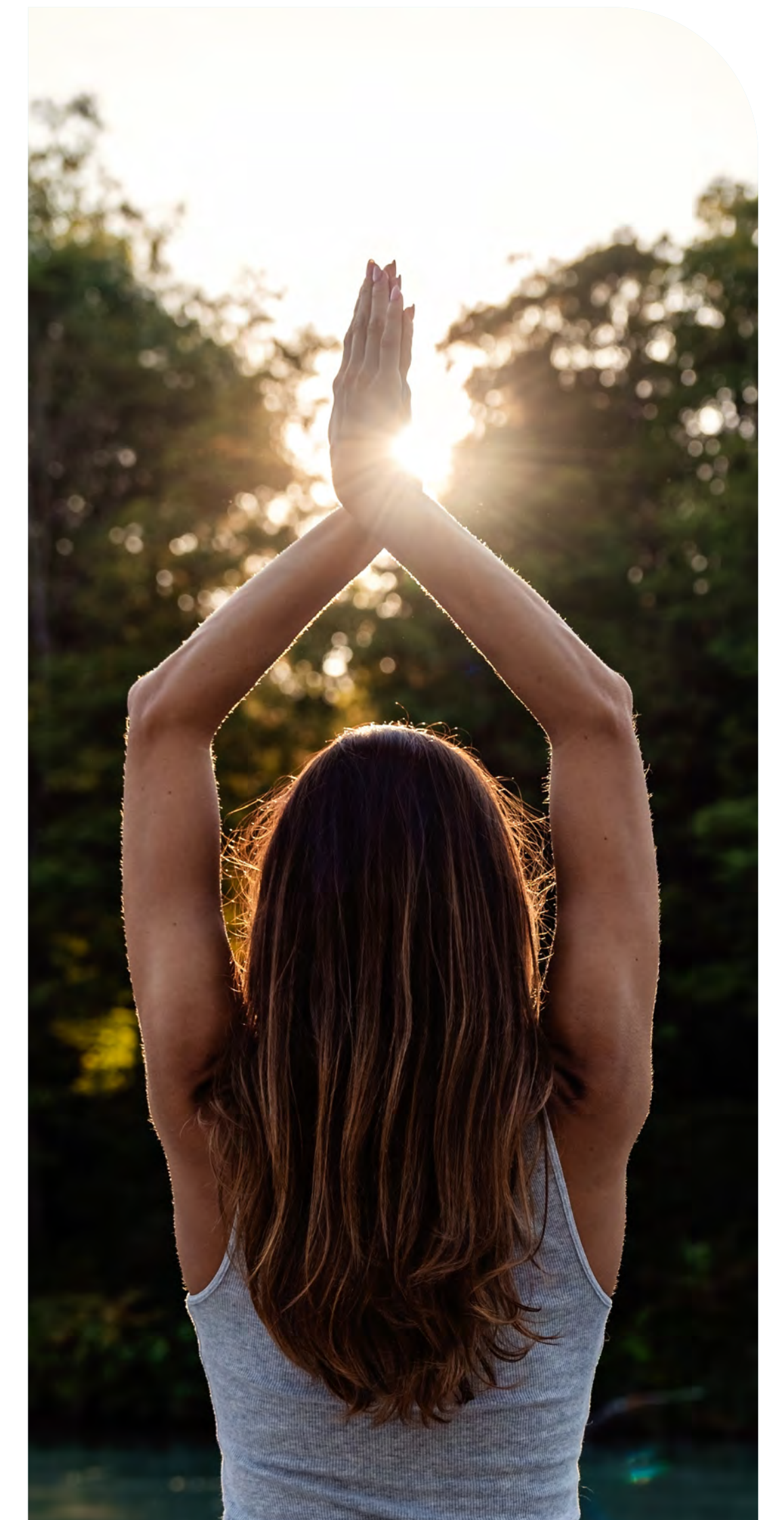
The program includes their popular global virtual fitness challenge, which encourages employees from offices worldwide to engage with each other and work towards their individual goals.

Odyssey Group also partners with the Cleveland Clinic, Atlantic Corporate Health, and Merrill Lynch to deliver programs on physical, mental, and financial wellness.

### Zenith: Creating a culture of health

Zenith's fully integrated medical and wellness plan includes preventative care, physical activity, and knowing their health numbers. It has successfully managed their health care cost trends and kept employee contributions flat for eight years while adding valuable benefits such as fertility coverage, hearing aids, and telemedicine for mental health.

Their robust benefit programs cover four key areas: physical, financial, emotional and community. Examples include expert financial advisory for employees, an emergency loan program, teen suicide prevention and eldercare resources, and a company-paid vendor that helps identify college savings programs.







Great Place To Work

The Great Place To Work Institute (GPTW) is widely considered 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.

Based on rigorous criteria around employee feedback and workplace practices, Great Place To Work®, certification recognizes companies that excel in creating an environment where employees feel valued, trusted, and empowered. A number of our operating companies have achieved this prestigious certification, including RiverStone.

RiverStone has been certified each time the survey has been conducted since 2012. GPTW called out RiverStone’s strengths in making people feel welcome as well as the integrity of the management team.

The company consistently earns high engagement scores thanks to flexible work arrangements, employees’ ability to take time off when needed, a commitment to diversity, equity, and inclusivity, and participation in community initiatives.

GPTW provided a detailed response as to why they selected RiverStone, calling out the integrity of the management team and the company’s strengths in making people feel welcome.



87% of RiverStone associates responded to the survey, providing overwhelmingly positive feedback. Notably, 85% of survey participants believe RiverStone is a great place to work, compared to 59% for the average U.S. company.

In addition to RiverStone, C&F, GIG Kuwait, Southbridge Chile, Southbridge Colombia, and Southbridge Uruguay are all GPTW certified.



Employee Benefits

We recognize and reward our people in line with performance, adopting a total compensation model across all our operations. Salaries are benchmarked with the market, benefits are strong and competitive, and our discretionary bonus scheme is simple, non-bureaucratic and based on company and individual performance.

External benchmarking is used on an entity basis to ensure fair, competitive, results-focused compensation.

Percentage of employees who have access to the following benefits:

Part-time working options	82%
Flexible hours	100%
Employee assistance programs	86%
Onsite gym or membership subsidy	75%
Work from home arrangements	100%



## Diversity, Equity & Inclusion

Fairfax and our companies have implemented many diversity, equity and inclusion (DEI) initiatives that encompass national origin, language, race, colour, disability, ethnicity, gender, age, religion, sexual orientation, gender identity, socioeconomic status, veteran status, and family structure. The following highlights just some of these high-value programs and partnerships.

### Brit: Making work accessible and equitable

Brit is certified as a Disability Confident Committed Employer. This means the company commits to an inclusive, accessible recruitment process, which includes:

- Communicating and promoting vacancies
- Anticipating and providing reasonable adjustments as required
- Supporting any existing employee who acquires a disability or long-term health condition, enabling them to stay at work
- At least one activity that will make a difference for disabled people

### Brit & Ki: Encouraging women in tech

Brit, Ki (digital Lloyd's of London syndicate that was incubated by Brit) and FFH Management Services partner with Code First Girls (CFG) to help more women get into technology careers. Through this, they have supported candidates through their CFG degrees and provided opportunities for them to take part in industry-leading insurance projects. CFG has helped many aspiring data analysts and software engineers find successful and exciting careers.

### RiverStone: Fair, competitive compensation

RiverStone has embarked on a salary transparency journey that included a compensation study with a market-leading consultant and the formalization and communication of RiverStone's compensation philosophy. Each associate's compensation was benchmarked to market data and placed within the market range based on experience, skill level and development opportunities. Market compensation was shared with each associate for their specific role, and RiverStone continues to evaluate pay equity on multiple diversity dimensions.

In preparing for their 25<sup>th</sup> anniversary, RiverStone introduced an updated vision, mission and values. They launched two inaugural Employee Resource Groups: Women at RiverStone and Black Indigenous People of Color, with extensive opportunities for engagement, including TED talks, guest speakers, fireside chats, book clubs, and trivia.

RiverStone's Diversity, Equity, Inclusion and Belonging (DEIB) team also delivered an education series guided by a DEIB expert, which included micro-learning sessions to deeper focus meetings.

### Zenith: Launching Business Resource Groups

Zenith restructured from an Employee Diversity Council to Business Resource Groups (BRGs) to encourage greater alignment with their business strategy and connect employees with common interests, backgrounds, and goals.

The new BRGs are for emerging and experienced professionals. Together, they leverage the talent and skills of employees from various cultures, support Zenith's business initiatives, enhance the company's

brand, encourage innovation and multicultural marketing insights, improve collaboration and information sharing, offer employees a sense of community, belonging, and familiarity with the organizational culture, and increase employee satisfaction and retention.

### BlackNorth Initiative

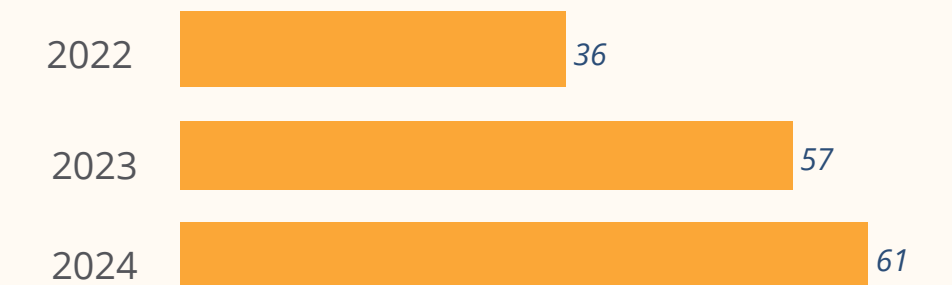
Founded in 2020 by Dr. Wes Hall, the BlackNorth Initiative was born out of a critical need to address and dismantle the systemic barriers faced by Black Canadians. Their pledge is to foster a Canada where systemic anti-Black racism does not exist, and to create opportunities for Black Canadians to thrive. The initiative is focused on driving social change, establishing opportunities and dismantling barriers for underrepresented communities.

The BlackNorth Initiative's pledge commits organizations across Canada to specific actions and measurable outcomes aimed at ending systemic anti-Black racism. This includes increasing the representation of Black Canadians in boardrooms and executive positions, implementing hiring practices that reflect our diverse society, and fostering an inclusive environment where all employees can thrive.

Fairfax recognizes the important work being done by the BlackNorth Initiative and is pleased to support their efforts through both our pledge and our personal commitments. We are proud to be a part of the conversation – and an active driver of change.

### DEI Groups

Growth of affinity groups, diversity councils and mentorship programs across Fairfax operations:



# 93%

of employees have access to one or more of the following diversity initiatives:

- Managerial or board responsibility for diversity
- Training and guidance around DEI topics
- Equitable path for all employees to qualify for advancement
- Diversity council
- Mentorship programs
- Employee resource, affinity, or networking groups
- Diversity monitoring or audits



# FAIRFAX BLACK INITIATIVES ACTION COMMITTEE

In 2020, Fairfax launched the Fairfax Black Initiatives Action Committee (BIAC) tasked with developing recommendations on what Fairfax could do to address anti-Black systemic racism.

1

## FOUNDATIONAL

- Established D&I Committee
- Hosted listening sessions with employees
- Policy language prohibiting any form of discrimination and process for reporting
- Provide employee assistance programs for support discussing experiences
- Conducted a employee engagement survey including perception of inclusion and diversity
- Diversity resource hired or consultant engaged

### HIGHLIGHTS



Launched voluntary self-identification demographic data collection  
(Odyssey and Northbridge)



Launched Employee Resource Groups (ERGs)  
(Brit, Crum & Forster, Riverstone, Zenith and Northbridge)

2

## EXPANDING THE TALENT POOL

- Increased recruitment activities/partnerships with colleges, universities (in U.S. HBCUs), professional associations, non-profits that are focused on black and visible minority groups
- Enhanced external careers page with diversity and inclusion messaging
- Internship/apprenticeship programs created or enhanced to increase diverse representation

### HIGHLIGHTS



Provided anti-bias training for recruiters and hiring managers and/or removed bias from recruitment practices  
(Crum & Forster, Northbridge, Riverstone and Brit)



Launched Employee Resource Groups (ERGs)  
(Brit, Crum & Forster, Riverstone and Northbridge)

3

## MENTORING/ COACHING

- Mentorship program created or enhanced to attract historically under-represented groups

### HIGHLIGHTS



Implemented reverse mentoring programs  
(Brit, Odyssey and Zenith)

4

## COMMUNITY ALLIANCES & PARTNERSHIPS

- Support charitable organizations that provide support for diverse communities

### HIGHLIGHTS



Review of procurement process completed to ensure D&I principles are being applied  
(Allied World, Brit, Crum & Forster, Northbridge and Riverston)



Provided scholarships for visible minority youth  
(Crum & Forster and Northbridge)



Zenith donated \$1M to Thrive Youth programs



Mentorship for high school students from at risk backgrounds in partnership with Foundation for C.H.O.I.C.E  
(Allied World)

5

## EDUCATION

- Communications/events celebrating Black History Month and other cultural awareness celebrations

### HIGHLIGHTS



Unconscious bias training  
(Brit, Northbridge, Odyssey, Riverstone and Zenith)



Monthly micro-learning sessions  
(RiverStone)

6

## PROMOTION & ENRICHMENT

- Implemented DI&B strategies with long term focus of diversifying talent pipeline and driving representation in leadership

### HIGHLIGHTS



Sponsored four employees in the Lloyd's leadership program  
(Brit)



Partnered with NAAIA/Korn Ferry Leadership U; a six month three-phase leadership program  
(Crum & Forster)



## Gender Equity

Fairfax is focused on ensuring gender pay equity within our head office and across our operating companies. We work continuously to address the gender pay gap at all levels: the following are examples of two approaches that have been taken by our operating companies.

### Fairfax Latam

Fairfax operations in Argentina, Chile, Colombia, and Uruguay have eliminated the gender pay gap within their organizations. To achieve this, they implemented a specific DEI policy along with a yearly payroll review to validate that all employees are remunerated in an egalitarian manner.

Notably, Fairfax Latam is also close to achieving a 50/50 split in all key management positions. This milestone reflects their dedication to fostering an inclusive workplace and empowering all employees.

### RiverStone

RiverStone is committed to ensuring gender pay equity and provides training and guidance to all employees to achieve this goal. To monitor their progress and stay accountable, they perform an annual gender pay gap audit and compensation review.

RiverStone subscribes to an annual international benchmarking survey, which provides market-specific data within the U.S. and internationally. They also consider 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 they remain market competitive and fair.





## Customers

Fairfax companies deliver a customer-centric experience by putting their customers' needs at the heart of all their service offerings.

In addition to paying claims, our operating companies help mitigate risk for customers and their employees.

We maintain an open, interactive relationship with our customers and brokers through educational material, surveys, and feedback initiatives that give us a deep understanding of their evolving requirements. Our companies also provide their employees with customer service training to ensure effective communication and quality service.



## Risk Services

A number of Fairfax insurance companies provide value-added risk control services that support underwriting excellence, claim cost reduction, and customer experience. Many employ safety and risk control professionals 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, 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 consult with customers to help them keep their businesses safe and productive. They periodically visit customer locations and meet with management to define and address risk control priorities, and provide value-added technical assistance, training, and recommendations to help customers prevent incidents and control their claims costs.

Our operating companies also offer their customers comprehensive safety and risk control information, tools, and resources through online platforms, giving them 24/7 self-serve access to employee training programs, sample policies, forms, checklists, compliance tools, program templates, and best practices guides.

Below are some examples of the work risk services teams at our operating companies do to prevent client losses.

### C&F: Building risk knowledge

CF Connect is a free website with safety, fire protection, and regulatory compliance resources for contractors, restaurants, hotels, and healthcare. C&F also provides free SafetyFirst 800# driver comment banner services and telematics support to auto liability customers.

They have expanded property protection services to include sprinkler impairment, fire watch programs, manufacturing special hazards protection, and hospitality fire suppression and water damage potential risk improvement.

To ensure with training and educational programs/tools, C&F sent 2,000 customer surveys to solicit feedback and identify additional training opportunities.

### Northbridge: Helping customers manage risk

Northbridge's Risk Services team includes almost 70 risk management and loss prevention professionals. This group of industry-specific experts work proactively to help their customers understand and manage their risks.

During the year, their Risk Services experts complete nearly 6,000 risk assessments and service visits for Canadian businesses. During these assessments, risk consultants help customers develop best practices, detect potential hazards and identify where operations may not be compliant with codes and industry standards.

### Zenith: Risk management resources

Zenith's safety and health consultants identify employee injury and illness exposures and provide workers' compensation workplace safety services. They recognize workplace hazards and implement corrective actions before injuries occur, review policyholder employee management practices, and enhance safety controls to help policyholders reduce claims and overall business costs.

The Zenith Solutions Center is a web-based suite of policyholder tools and resources that provide comprehensive risk management and safety resources to industry-specific customers with training programs, regulatory compliance tools, government-mandated training, and HR management best practices. It helps insureds automate critical tasks and keeps employees safe and informed.

"Ask the Expert" gives customers free access to professional risk control advice on topics like workplace safety, health, claims, and return to work.

Zenith University has live training seminars and webinars, and Zenith's Vendor Discount Program offers discounted pricing with external vendors that provide valuable safety and risk control-related products and services.



## Improving Customer Experience with Technology

Our companies continually improve customer experience and enhance operations with technology, introducing cutting-edge machine learning tools to tailor each individual customer’s experience. Here is a sampling of the programs and advancements our organizations have in place to optimize the customer experience.

### Universalna: Discounts for good drivers

Universelna has built a modern telematics system to measure driving behaviour. There’s no need to install a device in the vehicle: users can download it directly onto their smartphones. Then, based on their driving style and frequency of vehicle use, they can earn discounts on their auto insurance.

### Northbridge: Streamlined quoting process

In 2022, Northbridge Insurance launched its largest digital investment for their broker partners.

Partnering with leading Broker Management System (BMS) vendors, they successfully launched an automated submission and quoting process for small business customers.

This innovative investment delivers full submission and quote integrations using API (Application Programming Interface) connectivity and enables brokers to obtain a bindable quote within their management systems. For customers, this translates to a streamlined quoting process so they can get fast, simple, and fair coverage.

### Zenith: Customer-focused apps

The MyZenith app provides 24/7 customer access to claim updates and notes. Users can access their policy, report a claim with one click, find a medical provider, access loss runs, pay premiums, report payroll, get custom alerts, and automatic reminders, empowering customers to make informed decisions and manage their claims more efficiently.

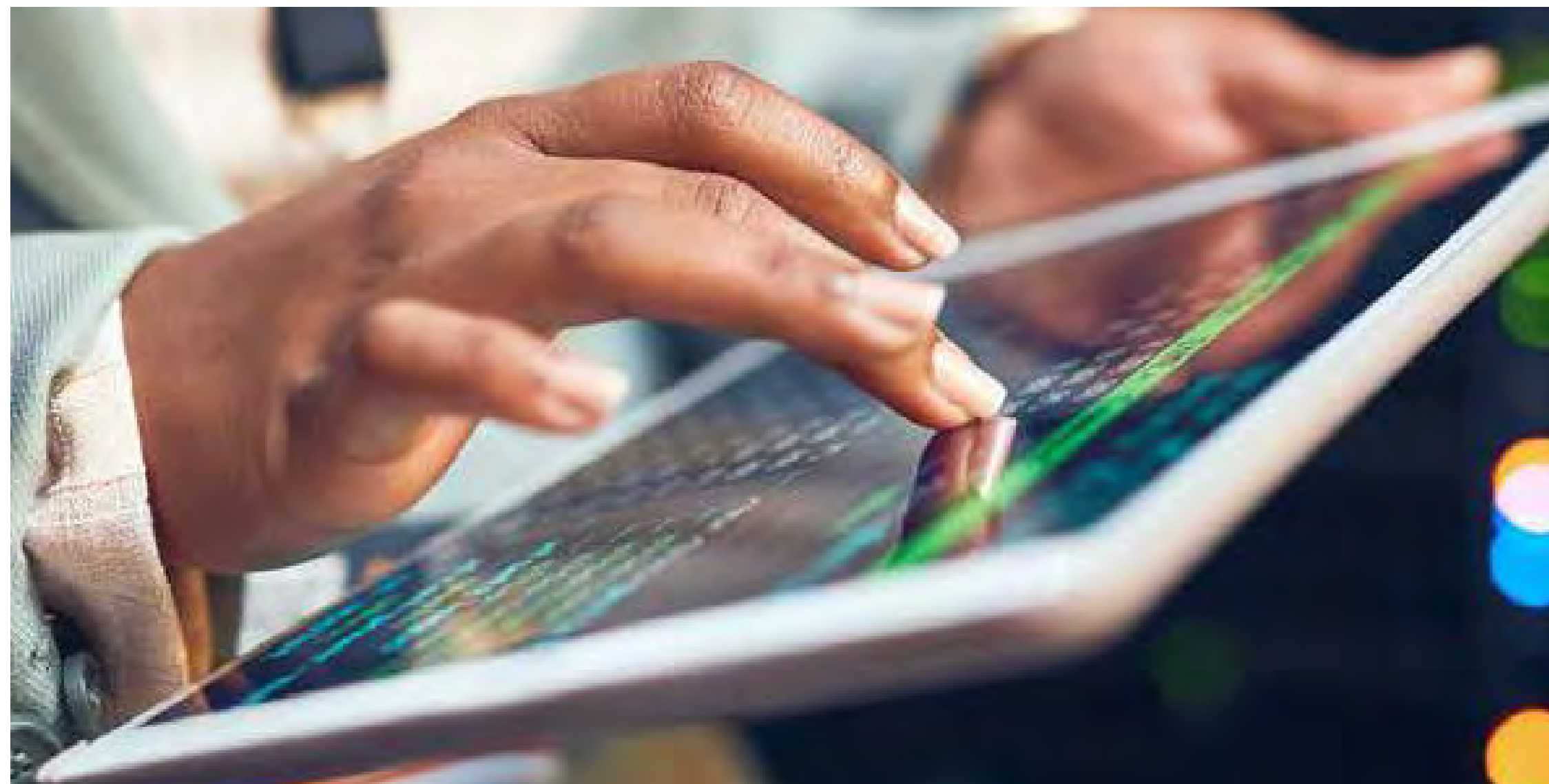
The ZConnect app lets injured workers communicate with their claim examiner via text, upload documents, and access medical appointments and benefit payment information. Employers can quickly access claims information, benefit payment dates, and payment history. Built-in translation software allows Spanish-speaking employees and claim examiners to communicate without a third-party translator. Users can also access health articles and videos to help them heal and get back to living their lives.



### Customer Initiatives

Percentage of companies engaged in the following initiatives:

Customer satisfaction or post-claim surveys	83%
Loss control or risk services	92%
Perform risk surveys for insureds	92%
Offer training courses for insureds	63%
Educational materials for insureds	88%



### Brit: Claims Initiative of the Year

Brit’s Faster Claims Payment initiative is a transformative solution that allows delegated claims administrators to make payments on request, drawing on Lloyd’s managing agents’ funds directly. Faster Claims Payment has been adopted by the Lloyd’s Market and is now benefiting a wider group.

This innovation won for Best Use of Technology at the British Claims Awards, and Claims Initiative of the Year at the Insurance Times Claims Excellence Awards.



## Fairfax Innovation Award

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 2023, we received 45 submissions from 15 Fairfax companies from around the world, representing a diverse range of innovative projects designed to improve customer experience.

### WINNER: Ki Open Market Digital Follow

Brit set up Ki in 2020 to pioneer the digitization of the Lloyd's market, expecting that others would follow in its footsteps to create a digital marketplace. When that didn't happen, Ki established partnerships with three leading syndicates to offer Open Market Digital Follow on their behalf.

By offering their platform to other syndicates, Ki now generates revenue by taking a percentage of the premiums those other companies write, without bearing any of the risk associated with writing the premiums themselves. This innovation is scalable and well-positioned to attract even more partners and increased revenue.

### FINALIST: Allied World SCAPULA

SCAPULA (Security Class Action Predictions of Underlying Losses and Alae) uses machine learning to predict the frequency and severity of Security Class Actions. It evaluates risks pertaining to the U.S. Public Directors and Officers (D&O) book of business

at individual and portfolio levels, and is one of the first predictive pricing models for US Public D&O to be developed successfully in the U.S. market.

### FINALIST: Crum & Forster FleetIns

FleetIns is an online portal and API platform that has allowed C&F to be a strong competitor in the multi-billion-dollar non-fleet trucking market. It ties together multiple technological and business initiatives to deliver a best-in-class solution with accurate pricing, flexible rates, speed, seamless integration and tremendous growth potential.

This innovative solution shortens the submit to quote process to under five minutes, giving the FleetIns team an edge with their pricing model.

### FINALIST: Northbridge Statement of Values AI

Northbridge receives statement of values for properties from their brokers: these are crucial for assessing risk and determining pricing before providing quotes.

Because brokers submit this information in a variety of formats, processing was manual and time-consuming. Northbridge developed a proprietary solution in-house using generative AI to streamline the operation, improve speed to market on quoting, create a better broker experience – and increase the chances of building new business.

Since implementing the solution, the team has seen a 70-85% boost in efficiency, improved accuracy, and won a new piece of business as a result.

### FINALIST: Digit VRL

Digit VRL is India's first machine learning and analytics-based risk assessment tool. It rates risk based on severity in natural catastrophes, predicting risk exposure at a very granular level in real time. Built in-house at Digit, this tool is trained to identify, select, and score each risk parameter to rate a risk and ascertain the extent of damage that might occur.

Digit is the first insurer to implement an AI-based risk assessment that considers a geo-fence as small as 10m x 10m. In doing so, they are able to provide increased protection against unforeseen events, enhancing the overall customer experience.



*Innovation Award winners: Ki*



## Sustainable Insurance Initiatives

At Fairfax, many of our companies pursue sustainable insurance initiatives including affordable insurance schemes that serve low-income groups in developed and/or developing countries. The following are a few notable examples.

### Southbridge Colombia: Building resilience

Southbridge Colombia offers microinsurance to help Colombia's underrepresented populations weather hardship. With very low premiums (\$5 or \$10 a month) these policies can provide assistance to low-income policyholders in need after an injury or a flood.



One type of microinsurance is parametric insurance, a simple product with no exclusions, no deductible, and an automatic payout. Each policy covers a specific parameter: a certain amount of rain, an earthquake of a certain scale, a defined degree of drought.

Southbridge Colombia monitors for these parameters by satellite, and if a parameter is met in a specific place, Southbridge Colombia pays out all clients in that area automatically.

In their first two years offering microinsurance, Southbridge Colombia has built a portfolio of 21,000 parametric microinsurance policies and paid 27,000 claims.

### Southbridge Chile: Accessible insurance options

Southbridge Chile's strategy includes making insurance more accessible to the people who don't traditionally have access to it: seniors, new immigrants, and single mothers. They continue developing new insurance products tailored to the specific needs of their community.

To support the operation's risk management capabilities, they measure insurance products sold to purpose-driven organizations and vulnerable segments, with a target of 10% of net premiums written coming from organizations making a positive social or environmental impact.

### Zenith: Supporting California agriculture

Zenith is involved in over 100 agricultural associations, educational institutions, and community organizations in California in support of their largest business segment – California agriculture.

Zenith delivers tailored safety and HR information to local agribusiness customers to help them stay safe and productive.

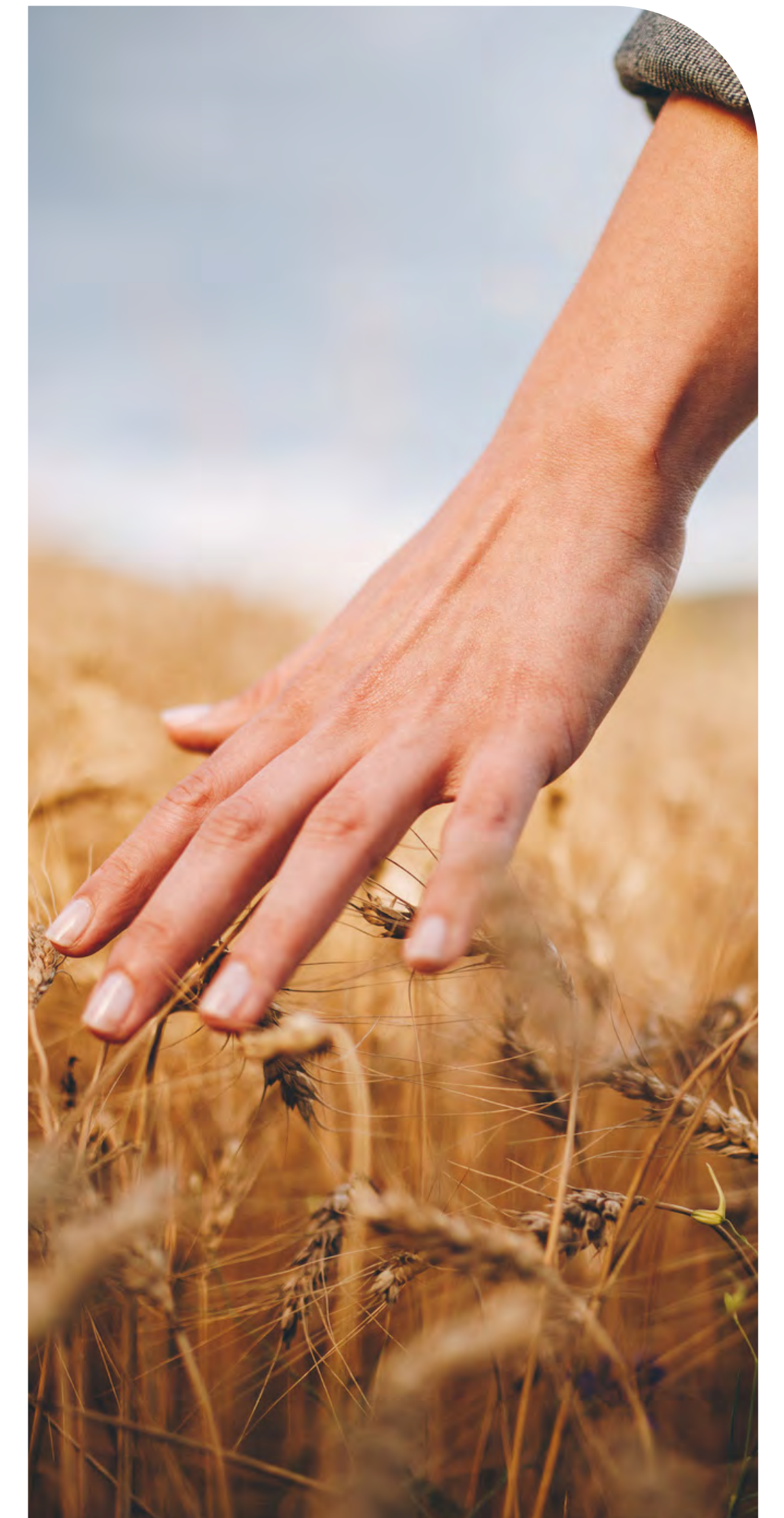
Zenith is active in the agriculture industry, staying abreast of key environmental, political, labour, economic and climate issues. They engage with agricultural associations to reach a diverse population, touching future agricultural leaders, farm workers, and various types and sizes of agricultural businesses, including small family farms.

### Universalna: Helping Ukrainian farmers

Universalna has partnered with PrivatBank and the United States Agency for International Development (USAID) to launch a groundbreaking program that supports micro, small, and medium-sized agribusinesses in Ukraine. This initiative provided approximately UAH 572 million (\$13.6 million) in financing for the agricultural sector in 2023, leveraging future harvest insurance as collateral for bank loans.

The program expands access to finance for Ukrainian farmers and agricultural companies by mitigating the bank's credit risk. Ukrainian farmers and agricultural enterprises can secure preferential bank loans from PrivatBank, backed by future crop insurance from Universalna. USAID contributes grant funds to facilitate the purchase of this crop insurance.

This innovative program is expected to generate additional financing for approximately 220 small agricultural producers, with an average loan amount of UAH 2.6 million (\$62,000).





# Community & Philanthropy

Giving back is part of Fairfax's DNA. A big part of how we define our success is in how we support the people who need our help. Treating others fairly and with kindness is ingrained in our culture, and Fairfax and each of our subsidiaries: committed to supporting the communities where our employees and customers live and work.

We believe in doing good by doing well, and the more successful we are as a company, the more good we can do in the world. Serving those in need through volunteering, corporate and employee contributions, regional events, matching gifts, and responding to

disasters brings the company's values to life. Because of the scope of these initiatives, we publish a separate report detailing how we "do good by doing well" at both the Fairfax and operating company levels. From supporting global healthcare initiatives to fighting food insecurity, donating to environmental causes to volunteering our time to making lives better, we are working to make a meaningful difference in the world.



We invite you to read our Charitable Giving Report for more details.



## Fairfax Giving Strategy

At Fairfax, our donations strategy takes a two-tiered approach – we donate through Fairfax directly, as well as through each of our individual insurance operating companies. We have a combined target of 2% of pre-tax earnings.

This giving strategy leverages our global scale to make meaningful contributions, gives companies the autonomy to decide which causes to support, and allows us all to be responsible corporate citizens who do their best to make the world a better place.

Within the holding company, we primarily make donations through Fairfax Foundations in the U.S. and Canada. This approach enables us to make larger donations globally.

Our insurance companies donate 1% of their pre-tax earnings towards charities of their choosing, with the other 1% of their 2% target going towards the Fairfax Foundations.

In 2024, Fairfax made a total of \$95 million in donations. Of that, \$45 million was donated to charities and the remainder to our foundations. It is a number that has increased each year along with the growth of our business.

Since our donations program began in 1991, we have donated over \$480 million, with annual donations increasing approximately 550 times at a compound rate of 20% per year.

The number above only includes direct charitable donations: our companies enthusiastically give a great deal more. It doesn't reflect the thousands of volunteer hours spent by employees, helping refugees, mentoring students, planting trees, helping with local cleanup efforts, and more. Or the hundreds of grassroots initiatives each of our companies are involved in, meeting specific needs that help their communities in impactful ways.





# Governance

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Fairfax prioritizes robust management and operational practices that ensure the integrity and sustainability of our company. Our governance framework is built on a foundation of strong board composition, safeguarding shareholder rights, and maintaining rigorous compliance standards.

We emphasize ethics, anti-corruption, and transparency in our policies, fostering a culture of accountability and trust. We proactively identify and mitigate risks to ensure business continuity, demonstrating our dedication to resilient and responsible corporate stewardship.





## Ethical, Responsible Operations

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 insurance 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.

Our Board convenes on a quarterly basis 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 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.
- Approved and implemented the Modern Slavery Policy.

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

Fairfax's Guiding Principles are the foundation of our business and culture and the basis of our comprehensive ethical framework. These operating guidelines include this core value: "honesty and integrity are essential in all our relationships and will never be compromised."

The company feels strongly that competitive advantage or profit must never be sought through un-lawful, dishonest, or unethical business practices. Fairfax expects legal and ethical business practices from all of its employees and subsidiaries, regardless of any impact on the bottom line.

## Responsible Business Practices

### Maximum working hours:

We see applicable maximum working hours as a basic legal right. However, we have also implemented a Fairfax Disconnecting from Work Policy.

Additionally, this focus on work/life balance is enshrined in our Guiding Principles, which state: "We are hard-working, but not at the expense of our families."

### Commitment to avoid child labour:

Fairfax's formal Modern Slavery Policy underscores Fairfax's commitment to avoid any form of child or forced labour in our operations or its supply chains.

### Commitment to non-discrimination:

The formal Fairfax Policy on Workplace Harassment, Discrimination, and Accessibility indicates that Fairfax has always been committed to a respectful workplace and work in a dignified, discrimination-free, respectful, accessible, violence-free, and harassment-free environment. The Policy prohibits discrimination on the grounds of race, colour, creed, gender (including pregnancy, childbirth or related medical conditions), gender identity, gender expression, sexual orientation, place of origin, ethnic origin, ancestry, citizenship, marital or family status, age, record of offences, and disability or perceived disability.

Fairfax Chairman and CEO Prem Watsa is a founding member of the Canadian Council of Business Leaders



### Corporate Governance Policies

- ✎ Anti-Corruption Policy
- ✎ Audit Committee Charter
- ✎ Code of Business Conduct & Ethics
- ✎ Compensation Committee Charter
- ✎ Corporate Governance Guidelines (including the Mandate of the Board of Directors)
- ✎ Governance & Nominating Committee Charter
- ✎ Modern Slavery Policy
- ✎ Whistleblower Policy



### *Ethical, Responsible Operations (cont'd)*

Against Anti-Black Systemic Racism and the BlackNorth Initiative. Fairfax has acknowledged the existence of anti-Black systemic racism and the need to create opportunities within our company for Black people. We have consequently made a commitment to appoint a Black individual to our Board of Directors and we have been actively pursuing efforts to find an individual who possesses the necessary qualifications.

#### **No corporal punishment or disciplinary practices:**

Workplace violence anywhere in our operations is prohibited under Fairfax's formal Policy on Workplace Harassment, Discrimination and Accessibility. At a minimum, we see any corporal punishment as unethical, immoral, and illegal. Further, it runs contrary to our Guiding Principles, which require us to follow the Golden Rule: "we treat others as we would want to be treated."

### **Supply chain**

Fairfax mandates and monitors supplier compliance in accordance with applicable law. The Fairfax Modern Slavery Policy formalizes our commitment to avoid slavery, forced labour, child labour, human trafficking, and other forms of exploitation in our operations, and supply chains.

The Policy outlines the expectation that subsidiaries will minimize the risk of modern slavery in their operations, including integrating these risks into supply chain processes. Fairfax mandates employee training around ethical supply chain practices, requires that subsidiaries adhere to both the policy and applicable laws, and requires attestations to this effect on a quarterly and annual basis.

### **Business ethics program**

Fairfax's employees receive annual training on the Code of Conduct every year, and are required to certify their understanding of, compliance with, and adherence to the Code of Business Conduct and Ethics.

#### **Managerial responsibility for business ethics:**

While the Board has approval and governance oversight over our Code of Business Conduct and Ethics, management has the operational and managerial responsibility to enforce it. This Code applies to all directors, officers, and employees of Fairfax and every subsidiary. Adherence to the Code is a strict condition of continued employment or association with Fairfax.

#### **Measures to deter non-compliance and reduce exposure to unethical opportunities:**

Together, the Fairfax Code of Business Conduct and Ethics and Whistleblower Policy act as a deterrent to unethical behaviour. More importantly, we live by our Guiding Principles.

The Fairfax Whistleblower program allows whistle-blowers to make complaints on a confidential and anonymous basis via a reporting hotline or by reporting directly to the independent lead director. Fairfax's reporting hotline is available 24/7.

The number of reports received, the types of misconduct and measures taken are reported to Fairfax's Audit Committee and our Board as part of our quarterly and annual audit cycle, with any material matters reported on an ad hoc basis.

### **Anti-bribery and corruption programs**

These programs are outlined in Fairfax's Anti-Corruption Policy. While the Board has approval and governance oversight of the Policy, operational and managerial responsibility for enforcing it falls to the management team.

Operating guidelines addressing record keeping, approval procedures, and appropriate behaviour – Fairfax's Anti-Corruption policy sets forth minimum base-line standards that apply to all subsidiaries of Fairfax as it pertains to bribery, corruption, business amenities, and dealing with government officials. Additionally, it specifies the circumstances in which clarifications or approvals should be sought, as well as imposes record-keeping and reporting requirements. Employees receive compulsory annual training on bribery and corruption and must certify their understanding of, compliance with, and adherence to the Anti-Corruption Policy

#### **Customer due diligence before starting a relationship:**

As a holding company, Fairfax has no clients. However, Hamblin Watsa Investment Counsel Ltd. (HWIC), the wholly owned investment management subsidiary that manages investments on behalf of Fairfax's insurance and reinsurance companies, has affiliated clients. Diligence checks, sanctions screening, etc. are a key part of their onboarding process. All HWIC clients in higher-risk countries are subject to a greater level of scrutiny and enhanced due diligence from an anti-money laundering (AML) and anti-terrorist financing (ATF) perspective.

In addition, our insurance and reinsurance company subsidiaries are required to conduct thorough due diligence on their customers at the time of underwriting, on an ongoing basis, and prior to payment of claims.

#### **Incident investigation and corrective actions:**

Any issues or allegations of non-compliance are investigated and reported to the Board/audit committee/auditor. More information is available in our Whistleblower Policy.

#### **Managerial responsibility for compliance:**

HWIC has appointed a Chief Compliance Officer. Additionally, each individual insurance and reinsurance subsidiary also has their own individual compliance departments and/or personnel.

#### **Monitoring existing business relationships:**

Fairfax performs ongoing sanctions monitoring and diligence of vendors and suppliers and has strict operating guidelines for reporting suspicious activity. Under applicable ATF/AML legislation and HWIC's AML/ATF policy, HWIC is required to report any suspicious transactions. The reporting mechanism is outlined in the policy.

#### **Reporting of irregularities:**

Any material irregularities are reported up the chain internally. As a minimum baseline, we receive quarterly compliance certificates from the CFO and CEO at our subsidiary companies.



*Ethical, Responsible Operations (cont'd)***HWIC Anti-Money Laundering, Sanctions & Anti-Terrorist Financial Policy**

While Fairfax itself is a holding company and thus does not have its own separate AML/ATF policy in place, HWIC is regulated by the Ontario Securities Commission and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), Canada's financial intelligence unit, and anti-money laundering and anti-terrorist financing supervisor. Their mandate is to facilitate the detection, prevention, and deterrence of money laundering and the financing of terrorist activities, while ensuring the protection of personal information under its control.

HWIC has a formal Anti-Money Laundering, Sanctions & Anti-Terrorist Financing Policy with processes and procedures for clients and investments. In addition, HWIC's clients (which are Fairfax's insurance and reinsurance subsidiaries) are all regulated and subject to applicable local AML/ATF and sanctions requirements. This policy contemplates the adoption of the following processes: (i) due diligence; (ii) client identification and beneficial ownership; (iii) detection, monitoring, and compulsory reporting of suspicious transactions; and (iv) ongoing risk assessments.

Fairfax's insurance companies have their own local AML/ATF and sanctions policies and procedures in place, requiring them to screen clients prior to issuing insurance policies, as well as on an ongoing basis and prior to the payment of any claims.

Additionally, employees are trained on anti-money laundering, terrorist financing, and sanctions compliance. They are required to certify their understanding of, compliance with, and adherence to our Anti-Money Laundering, Sanctions & Anti-Terrorist Financing Policy.

**Political Involvement**

There is no political involvement of any kind on the company's behalf, including contributions, as part of our formal Anti-bribery and Corruption Policy, approved by senior management and the Fairfax Board of Directors. Political contributions may only be made with the approval of the Vice President and Chief Legal Officer, and only where permitted by law. Fairfax prohibits political involvement of any kind on behalf of the company. Covered persons may only participate in political activities of their choice on an individual basis, with their own money and time, in accordance with all applicable laws, unless a purpose of the political contribution is to obtain or retain business or to secure an improper advantage for Fairfax.

**Acquisition Philosophy:  
Fair and Friendly Acquisitions**

Fairfax has a long track record of successful acquisitions, underpinning its growth from a small Canadian trucking insurer in 1985 into a leading global insurance and reinsurance group with operations in over 50 countries.

The Fairfax name is derived from the principles of fair and friendly acquisitions – Fairfax does not take part in hostile takeovers, bidding wars, undue delays, or renegotiation tactics under any circumstances. Additionally, after an acquisition, the proven management teams of any acquiree continue to run their companies independently within Fairfax's decentralized structure, as applicable. Fairfax believes this structure and reputation allows it to attract and retain exceptional management teams.

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 acquired companies, as forecasted synergies or expense savings are typically not part of Fairfax's strategy or valuation.

Fairfax can also draw upon the 19,000+ employees in its insurance and reinsurance operations when selecting a due diligence team with the necessary skill set and experience to evaluate operational risks associated with a prospective acquisition. Given the size and scale of its operations today, Fairfax is focused on organic growth within its existing global underwriting platform.

**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 is 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 their company: each President is ultimately responsible for risk management for his or her company and its subsidiaries.

Our President & Chief Operating Officer 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 our President & Chief Operating Officer, 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, see "Financial Risk Management" and "Risk Management" in the 2024 Fairfax Annual Report.

 **2024 Fairfax Annual Report**



# ESG Reporting Structure

Each of our six ESG pillars – Oversight, Social Initiatives, Governance, Climate Risk, Cybersecurity, and Investments – has senior management oversight and is reported to the Board annually, at a minimum.

The Fairfax ESG team oversees ESG processes within Fairfax and our operating companies, is responsible for producing this report, and reports semi-annually to the Governance Committee and annually to the Board. Fairfax senior management within the Governance, Climate Risk, Cybersecurity, and Investments pillars 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 10](#)

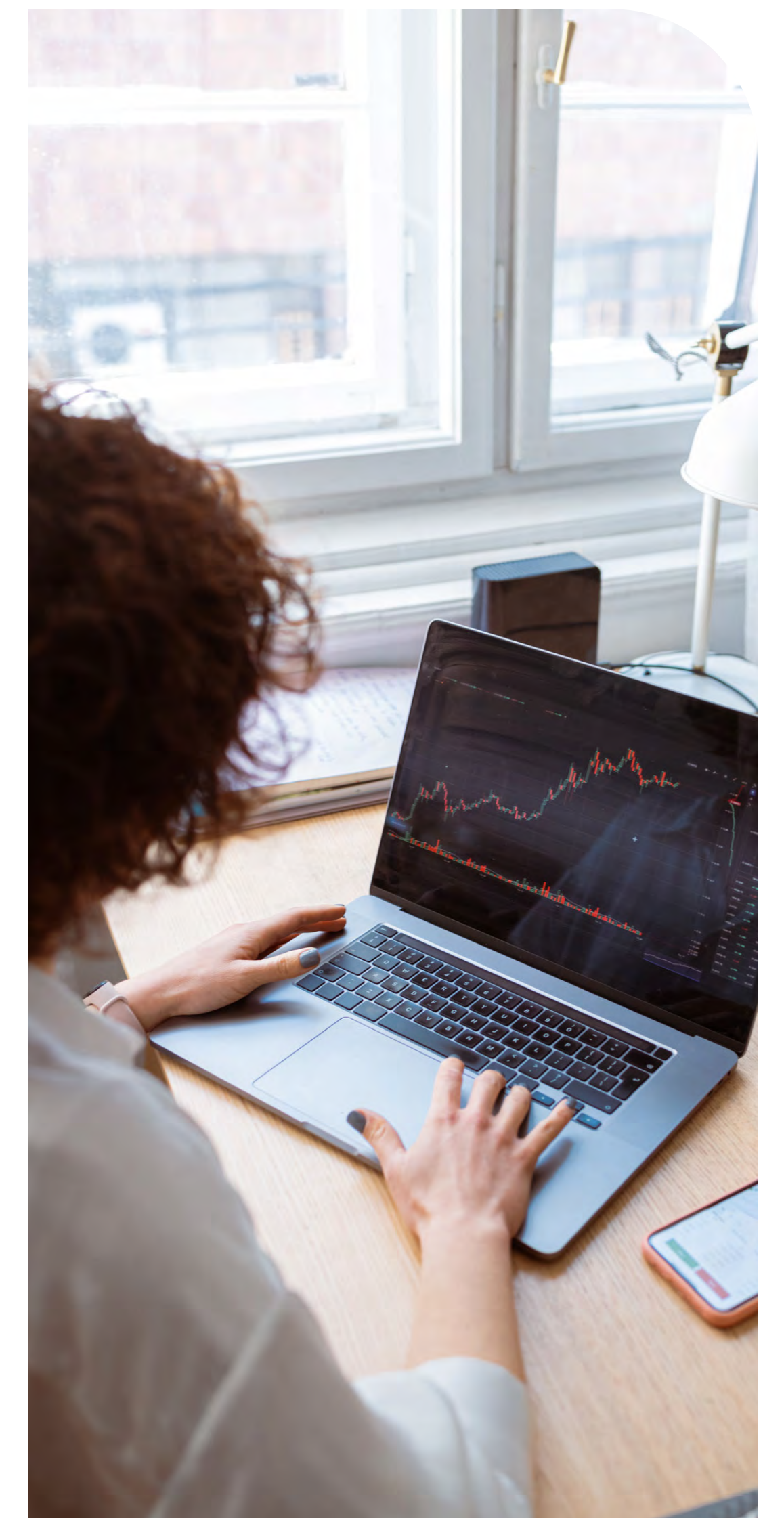
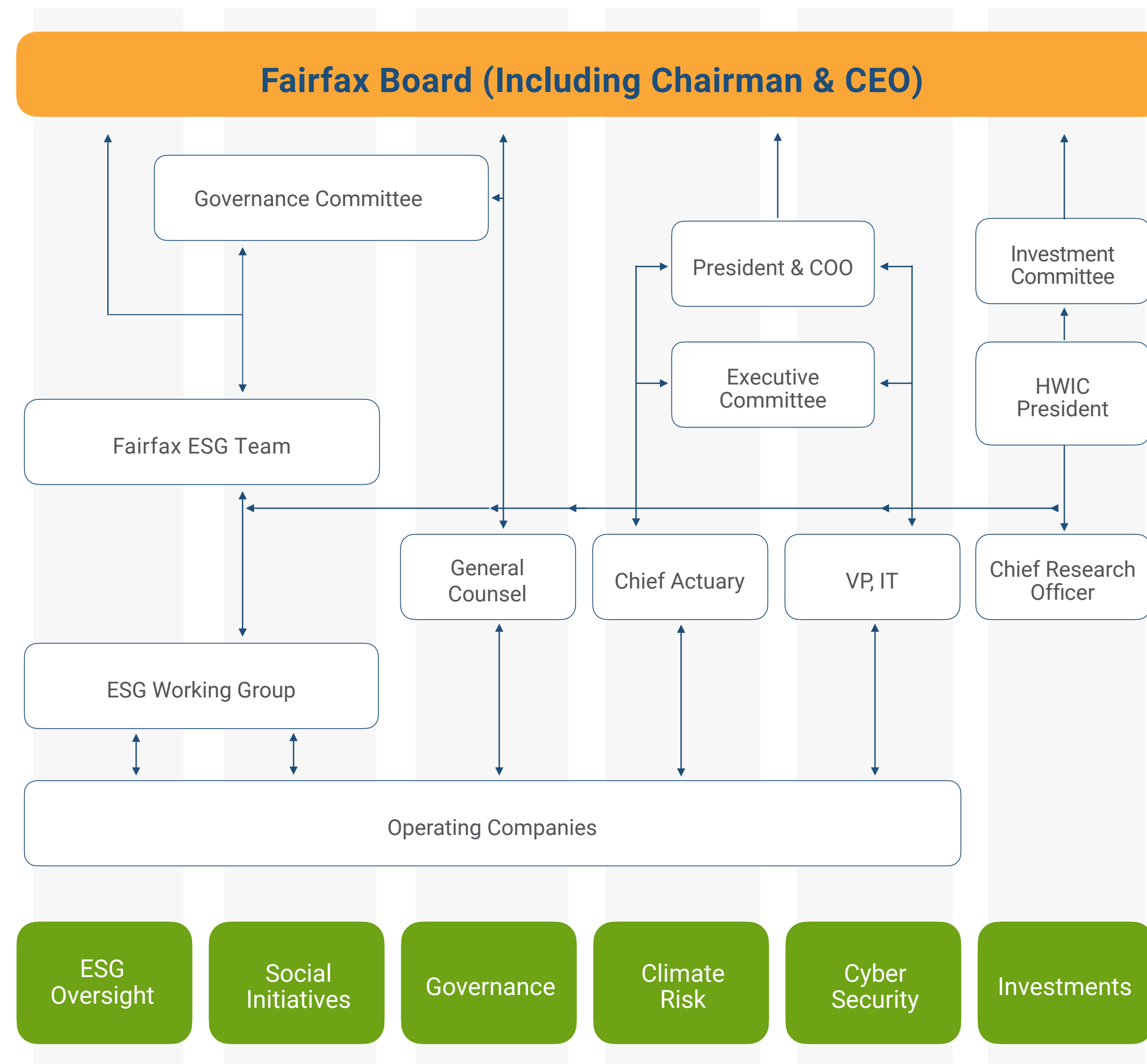
[Climate Risk – Page 12](#)

[Governance – Page 50](#)

[Cybersecurity – Page 45](#)

The ESG team also oversees the ESG Working Group, comprised of representatives from each of our operating companies. Each representative is responsible for overseeing and reporting their company's ESG programs and processes, and the group facilitates knowledge sharing and best practices across our operating companies.

The ESG Working Group also completes our annual ESG survey, which the Fairfax ESG team uses to produce this report and help our operating companies understand their strengths and areas of improvement.





## Open Communication

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

While Fairfax does have a formal reporting structure, 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 and 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 biweekly 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 open communication is critical to the success of our decentralized model.

### Active cross-company working groups

All our operating companies participate in various working groups focused on topics ranging from claims to artificial intelligence to human resources. These groups meet regularly to share insights on relevant topics, allowing us to benefit from the shared knowledge and talent across our global organization – all while preserving our decentralized structure.

## Cyber Risk Management

Cyber threats are serious, ongoing concerns and Fairfax is focused on mitigating these risks to protect its enterprise. As a top U.S. cyber insurance provider, 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 Information Technology (IT) Working Group comprised of technology leaders across Fairfax meets monthly. A committee focused on Cybersecurity also meets monthly, and CISO (Chief Information Security Officer) Roundtable meetings take place weekly. The Cybersecurity committee reports directly to Fairfax management.

The information below summarizes Fairfax's approach to security views and reporting, affiliate cybersecurity programs, training, data protection, and artificial intelligence (AI).

### Cyber risk oversight

Fairfax subsidiaries are directly responsible for ensuring that their respective organization addresses cyber risk and its potential impact on their operations. Fairfax recognizes that each subsidiary is unique and a customized approach to cybersecurity can better mitigate risk exposure.

In addition to overseeing 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 Fairfax senior management and the Board. A defined communication process ensures head office is notified of any material cybersecurity incident at the subsidiary level in a timely manner.

The senior management team and the Board of Directors receive a formal update of various cybersecurity related issues each quarter, with frequency increasing if an incident is deemed significant enough to warrant it.

All subsidiaries have procedures in place to ensure their senior management team is informed of any relevant cyber risks impacting their operations. If an incident involves potential exposure of private personal information, each entity will adhere to regulatory reporting requirements in their respective jurisdictions.

### Decentralized structure

Fairfax's decentralized structure serves as a natural defense against systemic cyberattacks. The segregation of its networks, the wide array of security products, and external security parties which address specific subsidiary needs – when combined with the open lines of communication established across Fairfax information

technology leadership teams – all substantially mitigate the risk of a cyber incident impacting other entities within the group.





## Ethical Responsible Operations (cont'd)

Each organization has a qualified individual (CISO) who leads a team that has oversight of their cybersecurity initiatives. The CISO reports directly into the senior management team of their respective organization.

### Working groups

Collaboration within Fairfax's decentralized structure is demonstrated by the working groups made up of leaders in our subsidiary companies. Information technology has two such groups:

#### The Information Technology Working Group (ITWG)

is made up of IT leaders from our core business entities. This group meets monthly, covering topics such as shared procurement, cybersecurity, personnel issues, and new considerations in the IT world. All matters are discussed in a confidential manner to facilitate open dialogue.

**The Cybersecurity Working Group** is made up of the CISOs of our core businesses. The larger group meets once a month, with many of the CISOs also participating in a weekly Roundtable meeting. The objective of the meetings is to facilitate discussion on cybersecurity issues that pose a threat to the organization. The collaborative nature of this group ensures relevant security information discovered by one entity is shared immediately to ensure appropriate actions can be taken by others to protect their respective environments. Similar to the ITWG, all matters are discussed in a confidential manner and lessons learned are shared to appropriate individuals across the entire Fairfax group of companies.

### CIS

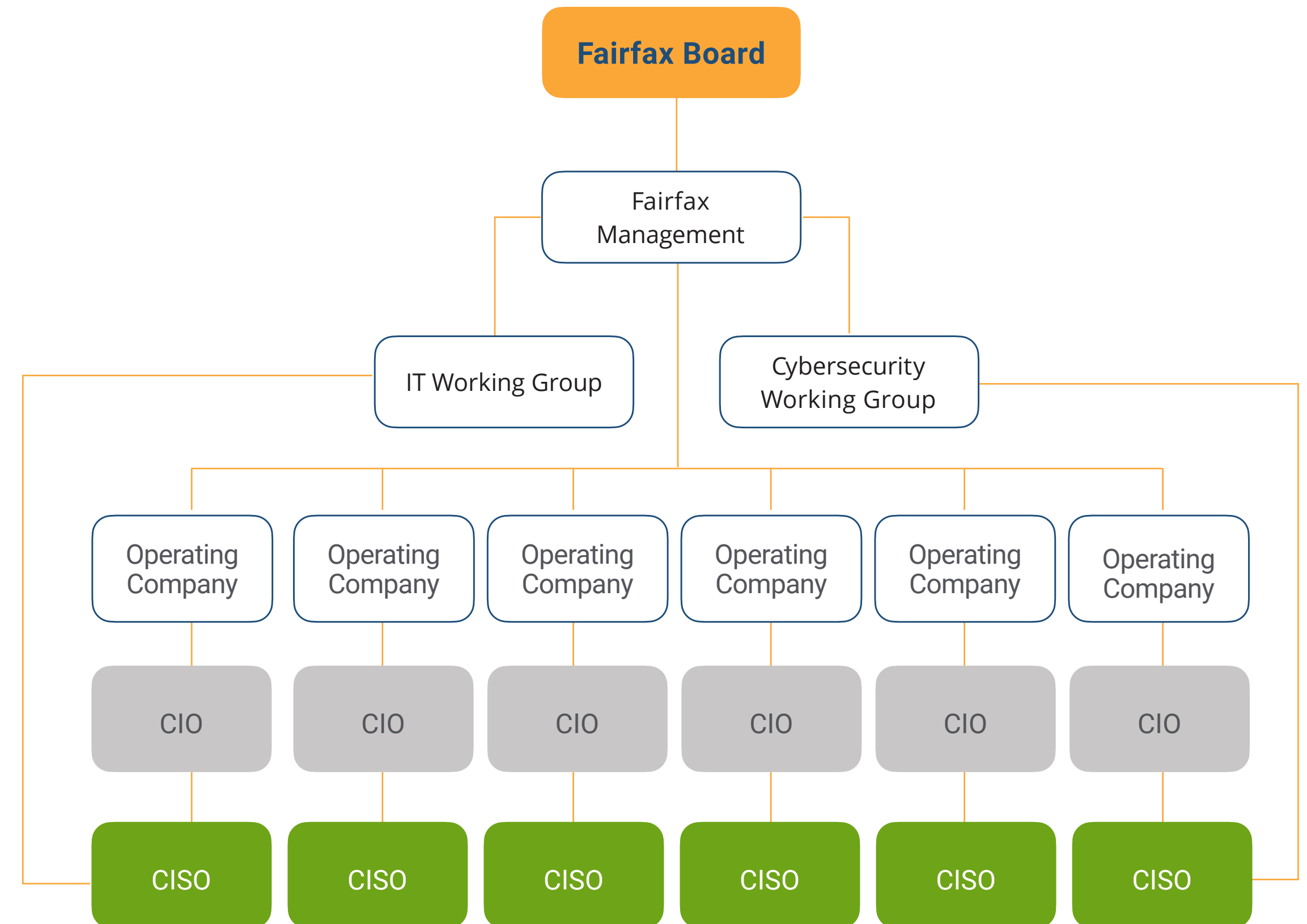
On an annual basis, Fairfax insurance and reinsurance entities perform a self-assessment exercise to a known cybersecurity standard – The Center for Internet Security's Critical Security Controls Version 8 (CIS). In addition to CIS, other recognized standards are leveraged to assess information technology governance. The purpose of this benchmarking exercise is twofold: it highlights potential vulnerabilities to be addressed by specific operating companies and provides the head office with an overall picture of the cybersecurity posture of its core business operations.

#### IT infrastructure & information security management systems reviews

Our insurance and reinsurance subsidiaries perform a self-assessment of their security posture when benchmarking against CIS, with results reviewed for consistency and reasonability. The review process involves a team of independent, qualified cybersecurity specialists, reporting directly into the head office who review each company's self-assessed score and, after consulting with the entity's CIO/CISO, adjust scores accordingly.

Due to the sensitive nature of the information in the final report, its distribution is limited to select members of the senior management team.

The content highlights the various scores of the participants and for each entity, breaks down specific deficiencies that were noted. As part of the self-assessment, for any scores which are deemed to be low, the entity's management team is expected to be able to provide any compensating controls which mitigate the risk, to explain why they do not deem the risk to be relevant to their organization and/or to





provide their plan to improve in that specific category. This exercise provides head office with a clear view of the consolidated cybersecurity position and allows participants to direct their resources to address any exposure points.

### Alignment with 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.

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 on the organization, frameworks and standards other than CIS are also used based on regulatory requirements, company need or preference.

### Cybersecurity programs

Under its decentralized model, Fairfax entrusts all cybersecurity related decisions to the qualified individuals at each organization and empowers them to determine the specific security products 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 it is up to the individual subsidiary to best determine how adherence is achieved.

The vast majority of our core business entities use the following:

- 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
- Managed security operations centre

### Training programs

Fairfax recognizes that the first, and often best, line of defense in cybersecurity rests with its employees. While it is imperative to have a highly qualified team leading our cybersecurity initiatives at each company, there is also a need to have a workforce that understands existing threats.

Each entity is therefore charged with ensuring a suitable education program for their employees and contract workers is in place. These can include internal phishing exercises, in-person mandatory training sessions, and online training modules.

For their IT professionals, each subsidiary takes a customized approach to ensure qualifications remain current and teams get relevant training each year. At Fairfax head office, all employees (full-and part-time), contractors, and interns participate in mandatory cybersecurity training and on-line training focused on best security practices for both their professional and personal lives. 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, it is the responsibility of the individual organization to ensure proper due diligence is performed around the security of the product. If the product is already in use at another entity within the group, any due diligence already completed can be leveraged accordingly.

At Fairfax head office, cybersecurity professionals perform a security assessment of any significant product before contracts are signed. In addition, for existing products already in the environment, cybersecurity professionals perform a periodic review of the products organization's cybersecurity posture to ensure there have not been changes since implementation which would impact the decision to continue with the use of set product. At the subsidiary level, compliance with local regulatory guidelines is a consideration when assessing third-party vendors, particularly if the product will be handling customer or employee personal confidential information.

### Data breach / incident response plan

In the event of a data breach or other cybersecurity incident at a subsidiary level, the onus is on the CIO or CISO of the impacted entity to ensure the designated member of the Fairfax management team is immediately informed. That individual will then serve as a conduit of relevant information to other Fairfax senior executives and to the Board. 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.

As soon as the relevant indicators of compromise are known, the CISO working group is informed and takes the necessary steps in case similar exposures exist within their respective environments.

Fairfax head office has a formal business continuity plan in place, which is reviewed and updated on an annual basis. Key members of the senior management and IT teams participate in roundtable discussions moderated by an external third party with expertise in cybersecurity breaches. These discussions ensure leaders are prepared and understand their individual roles and identify any areas in the existing plan that need to be addressed.



## Data Privacy & Security

Data protection is a global obligation. Due to our decentralized structure, each operating company implements data security and privacy measures to comply with local regulations.

Each company defines its own policies around relevant controls for data protection compliance, covering critical factors such as transparency, data minimization, data usage, security measures, vendor management, data transfers, data privacy rights, and other aspects of data processing. The policies in place are shared internally and externally and reviewed on a systematic basis to ensure ongoing relevance from operational and regulatory perspectives.

### Collection, use, sharing, and retention of data

It is the responsibility of each operating company to:

- Implement procedures, based on leading data protection standards, that limit the use and collection of data to what is strictly necessary for the specified purposes.
- Ensure transparency in data usage and uphold robust security measures to protect both company and personal data.
- Manage data privacy rights diligently and address all other aspects of data processing.

### Third parties, data transfers & vendor management

Each operating company is responsible for ensuring that third parties with whom data is shared adhere to our high standards of data protection. This involves careful vendor management and secure data transfer protocols to uphold the integrity and confidentiality of data throughout all operations.

### Data subjects: notification, consent, and rights

Operating companies must obtain data through lawful and transparent means, ensuring explicit consent where necessary. They must provide clear and accessible mechanisms for data subjects to raise privacy concerns, and enable them to manage their personal information actively, such as the rights to amend, rectify, or erase their data.

Fairfax acknowledges the importance of providing swift and appropriate responses, as required by applicable law, to any investigation or required notifications should an incident arise, and to any data privacy access requests. We support each operating company and ensure they fulfill their data protection obligations effectively.

### Employee training & governance

Each operating company is responsible for establishing governance structures tailored to their operations, focusing on privacy management. Regular training on data privacy is critical to ensuring all employees are knowledgeable and compliant with the latest data protection practices.

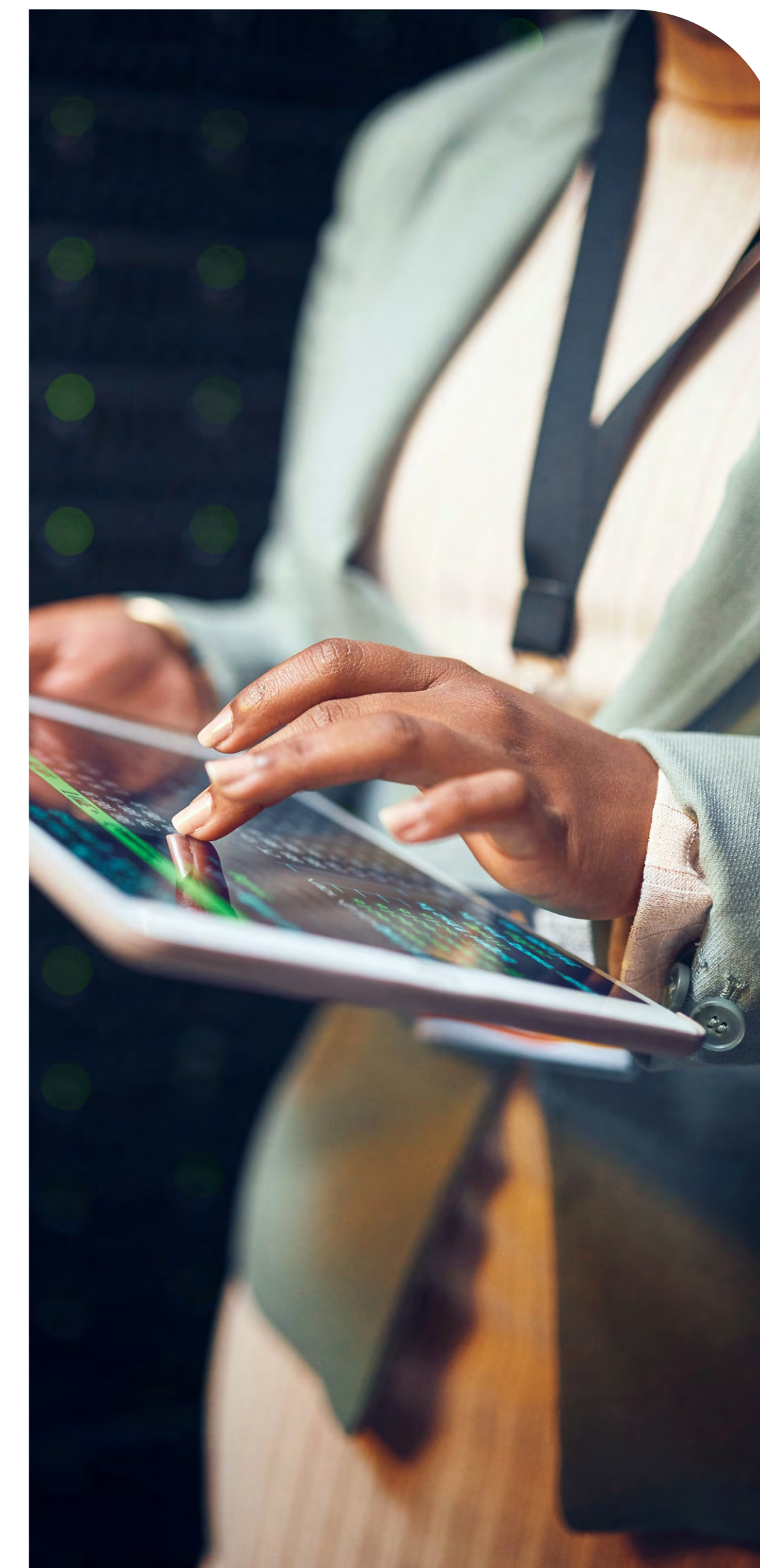
Each operating company is responsible for defining their own regular risk assessments and audit processes to monitor and evaluate the effectiveness of privacy practices, adapting as needed to emerging challenges and changes in regulatory requirements. Where relevant, some of our operating companies have data privacy and/or data security officers to lead their data protection compliance and monitoring initiatives.



## Data Protection Policies

### Links to operating company specific policies:

- |                    |                        |
|--------------------|------------------------|
| ✧ Allied World     | ✧ GIG Gulf             |
| ✧ AMAG             | ✧ La Meridional        |
| ✧ ARX              | ✧ Northbridge          |
| ✧ Brit             | ✧ Odyssey Group        |
| ✧ Bryte            | ✧ Pacific              |
| ✧ Colonnade        | ✧ RiverStone           |
| ✧ Crum & Forster   | ✧ Southbridge Chile    |
| ✧ Eurolife FFH     | ✧ Southbridge Colombia |
| ✧ Fairfax Brasil   | ✧ Southbridg Uruguay   |
| ✧ Fairfirst        | ✧ Singapore Re         |
| ✧ Falcon Hong Kong | ✧ Universalna          |
| ✧ Falcon Thailand  | ✧ Zenith               |
| ✧ GIG              |                        |





## Artificial Intelligence

Fairfax and its operating companies have a shared interest in the advancement and integration of AI technologies.

This interest is reflected at the individual operating company level, with each company exploring AI applications that best suit their operational needs and strategic goals. These initiatives cover a wide range of applications, from enhancing customer service to optimizing operational efficiency.

To harness this collective momentum and encourage knowledge sharing, Fairfax established an AI Working Group. They are tasked with fostering collaboration and information sharing among our operating companies with the following focus areas:

### Governance & Risk Management:

Collaboration on the development of robust frameworks to manage AI risks and ensure compliance with applicable laws and ethical standards at each operating company, with the goal of creating governance models that support sustainable and responsible AI development.

### Best practices:

Sharing insights and strategies that have led to successful AI implementations. By disseminating these best practices, the group aims to elevate the AI capabilities of all operating companies.

### Innovation:

Encouraging a culture of innovation, where operating companies can propose and refine new AI-driven solutions. This initiative is designed to keep the holding company at the forefront of technological advancements.

### Collaboration:

Facilitating regular interactions among AI teams across operating companies to discuss challenges, solutions, and advancements. This collaboration is intended to leverage diverse expertise and resources, enhancing the group's overall AI capabilities.

### Business Value & Implementation:

Value assessments, ROI Calculation Methodology and Implementation Strategy are discussed and shared.

### Data and Document Processing:

Best practices and standards: the AI Working Group encourages collaboration, allowing Fairfax's operating companies to not only advance in their own efforts, but also contribute to and benefit from a shared pool of knowledge and innovation company wide.

## Board Composition, Diversity & Director Independence

We believe a small board provides the most effective governance mechanism for Fairfax: our Board currently consists of 12 members.

The Board has determined that nine of its 12 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.

William McFarland is the Lead Director of Fairfax. He 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.

We have moved from solely male directors in 2012 to 19% female directors in 2017, with the current representation at 25% with three female directors. If all director nominees are elected at the Annual General Meeting, there will be four female directors serving on our Board (33%). Additionally, two of our

11 executive officers are female, three directors (25%) are members of visible minorities, and two of our 11 executive officers are members of visible minorities.

In 2020, we joined The BlackNorth Initiative as founding members, with Prem Watsa becoming a member of the Canadian Council of Business Leaders Against Anti-Black Systemic Racism.

Recognizing that diversity is essential to introducing different perspectives into discussions and decision making, we acknowledge the existence of anti-Black systemic racism and the need to create opportunities within our company for people of colour.

 Board biographies can be found at [fairfax.ca](https://www.fairfax.ca)



## Shareholder Rights, Ownership Structure & Director Elections

Directors are elected by our shareholders to serve on the Board on an annual basis. Board tenure is one year, and if re-elected, board members are permitted to serve consecutive terms. The applicable majority voting requirements under the *Canada Business Corporations Act* require that, in an uncontested election of directors, in order for a nominee to be elected as a director, they must receive more votes in favour of their election, than against. If a nominee fails to receive a majority of votes cast by our shareholders in favour of their election, they will not be elected and the Board position will remain open, except that an incumbent director will be permitted to remain in office until the earlier of (a) the 90<sup>th</sup> day after the day of the election or (b) the day on which their successor is appointed or elected.

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 7, 2025, there were 20,801,178 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 continued preservation of the 41.8% voting power of 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 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 Watsa 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 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 0.2% of the total votes attached to the subordinate voting shares). Prem Watsa controls Sixty-Two, and himself beneficially owns an additional 467,196 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 43.3% of the total votes attached to all classes of our shares (100% of the total votes

attached to the multiple voting shares and 2.5% 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

We align the interests of executives and shareholders by linking compensation with Fairfax's performance and making it competitive on a total compensation basis to attract and retain talent. We evaluate executive and senior management performance and compensation by examining their accomplishments in conjunction with Fairfax Guiding Principles. In conjunction with Fairfax Guiding Principles, the Compensation Committee of the Board of Directors annually reviews.

Non-salary compensation components are based on Fairfax's overall performance to align individual interests with the company's long-term interests and overall business objectives.

### Key elements of our compensation program

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:

- annual base salary
- cash bonus
- long-term participation in our fortunes via ownership of shares through the equity compensation plan

Base salaries of Fairfax executive officers are intended to be competitive but remain relatively constant, generally increasing only when the executive assumes greater responsibilities.

Prem Watsa's compensation varies from the other executive officers. Since 2000, his aggregate compensation from Fairfax consists solely of an annual

salary of Cdn\$600,000 (plus standard benefits provided to our executives), with no bonus or other profit participation, and no participation in any equity plans (other than the employee payroll share purchase plan). This arrangement remains in effect until the end of 2025.

A discretionary bonus as a percentage of base salary, is awarded annually where appropriate. As of 2013, this bonus is generally paid partly in cash and partly in options on 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, at a percentage identical for all executive officers (except rarely in special individual circumstances).

Beyond the Guiding Principles, there are no corporate 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, any 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 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 statements and are made pursuant to the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities regulations. Such forward-looking statements 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: our ability to complete acquisitions and other strategic transactions on the terms and timeframes contemplated, and to achieve the anticipated benefits therefrom; a reduction in net earnings if our loss reserves are insufficient; underwriting losses on the risks we insure that are higher than expected; the occurrence of catastrophic events with a frequency or severity exceeding our estimates; changes in market variables, including unfavourable changes in interest rates, foreign exchange rates, equity prices and credit spreads, which could negatively affect our operating results and investment portfolio; 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; an increase in the amount of capital that we and our subsidiaries are required to maintain and 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, Bermuda, Canada or other jurisdictions in which we operate; risks associated with applicable laws and regulations relating to sanctions and corrupt practices in foreign 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; operational, financial reporting and other risks associated with IFRS 17; financial reporting risks relating to deferred taxes associated with amendments to IAS 12; 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 risks associated with the conflicts in Ukraine and Israel and the development of other geopolitical events and economic disruptions worldwide. Additional risks and uncertainties are described in our most recently issued Annual Report, which is available at [www.fairfax.ca](http://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.sedarplus.ca](http://www.sedarplus.ca). 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.



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