



Fairfax Financial Holdings Limited

Environment, Social & Governance (ESG)
Performance Report 2021

FAIRFAX
FINANCIAL HOLDINGS LIMITED

A Message from Our Chief Executive Officer

I'm excited to share our second ESG report with all of you. While the formality of it is still fairly new to the business world, Fairfax was actually built on the foundation of many of its key concepts back in 1985. Supported by the Guiding Principles we wrote in our early years, our company culture is rooted in the golden rule of treating people the way you want to be treated. We believe – and always have – in doing good, by doing well.

Our commitment to taking the long-term view has served our employees, customers, shareholders, and communities very well over the last 35 years. Rather than restricting ourselves to focusing on quarterly earnings, we always choose to see the bigger picture – creating the space and perspective necessary for transformative, sustainable growth.

Whether we apply that lens to our book value per share (compounded at 19% annually) or the amount of money we donate (compounded at 18% per year), you can see how we've always been invested in running Fairfax and its subsidiaries for the long-term benefit of our people and the places we operate in.

Like many of the issues covered in ESG reports – things like climate change require action now, but it is the long-term view that will help sustain the necessary action across future generations. As you go through our ESG report, you'll see several examples of the ways our operating companies are doing this, including weaving diversity and inclusion practices into all layers of the business, and incorporating environmental safeguards into their insurance products.

In our decentralized environment, our leaders – most of whom have been with their company for over 15 years – are empowered to run their companies locally, with little interference from our small head office team. Why? Because we trust them. Honesty and integrity are essential in all our relationships and will never be compromised.

Free from silos and bureaucracy, our leaders can focus on what matters and make the decisions best suited for their people and the places they operate in – all within the context of the Guiding Principles. With a focus on collaboration, and not competition, our leaders greatly benefit from their shared ecosystem of ideas, insights, and experiences.

If you go back and read my 1987 Letter to Shareholders, you'll see that I wrote, "many of you probably realize this already, but as the years go by, it seems to me that all business is, is people." Well, more than three decades, 15,000+ employees, and a global pandemic later – this continues to ring true. After safely transitioning all employees to remote working in early 2020, our companies continue to find new ways of honouring our Guiding Principles of having fun at work and working hard but not at the expense of our families.

It has been a gratifying experience to gather and capture the information in this report from Fairfax and all our operating companies. It helps show where we started, where we are today and where we're going.

As you know, we've been committed to running Fairfax for the long-term benefit of our employees, customers, shareholders, and community since our inception – and that's exactly what we intend on doing for the next 100 years.



Prem Watsa
Chief Executive Officer

Our Guiding Principles

Our Guiding Principles have not changed since Fairfax's inception in 1985. They are the foundation on which our company was built and in the 2016 Letter to Shareholders, Prem Watsa said they will never change.

Objectives

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

Structure

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

Values

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

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Survey Methodology

The contents of this report are the culmination of feedback from our standard Environmental, Social and Governance (ESG) survey. Our twenty consolidated operating companies¹ participated in this survey and actively engaged in the feedback and consultation process. We are committed to ESG as an activity and measurable deliverable both at the head office and at entity level and plan to develop a gap analysis and 'improvements action plan' for this critical business imperative over the months ahead. Throughout this document we will share our approach, progress, and key achievements across our operations globally. Moreover, we will highlight areas of focus and attention emanating from the data collected, all of which will inform 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, 2020.

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

OUR BUSINESS

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Our Business

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

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

Through fair and friendly acquisitions, Fairfax has grown into a leading global commercial lines insurance and reinsurance group, compounding book value per share by 18.7%+ annually since 1985, through a dual focus on underwriting profitability and total-return value investing.

Fairfax head office is led by Prem along with a small team of Officers. Our companies operate on a decentralized basis and are run by the Presidents except for performance evaluation, succession planning, acquisitions, financing, and

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

Over the last 35 years Fairfax has written cumulative premiums of \$175 billion, we are paying annual salaries and benefits to our employees all over the world of \$1.8 billion, we have made cumulative donations of \$239 million since we began our donations program in 1991 and over the last 35 years, we have paid cumulative taxes of \$3.1 billion.

Since inception, Fairfax has been focused on the long-term view and not on short-term earnings to the benefit of all shareholders. Prem reinforced this further throughout 2020 reminding us all that we are building Fairfax for the next 100 years!

For More Information

[2020 Annual Report](#)

[Annual Information Form](#)

[Management Information Circular](#)

[2020 AGM Presentation](#)

FAIRFAX
FINANCIAL HOLDINGS LIMITED



▪ Manager of global runoff business

\$19.0 Billion in Gross Premiums Written

Northbridge	ODYSSEY GROUP	CRUM & FORSTER	TheZenith	BRIT	ALLIED WORLD	FAIRFAX ASIA	Insurance & Reinsurance Other
\$1.7b	\$4.3b	\$3.1b	\$0.7b	\$2.4b	\$4.6b	\$0.4b	\$1.7b
▪ Major Cdn commercial P&C insurer	▪ Global multi-line reinsurer and specialty insurer	▪ Major U.S. commercial P&C insurer	▪ Leading workers comp insurer in U.S.	▪ Leading Lloyd's market operation	▪ Global specialty insurer and reinsurer	▪ Significant presence in Asia	▪ Strategic growth in attractive markets

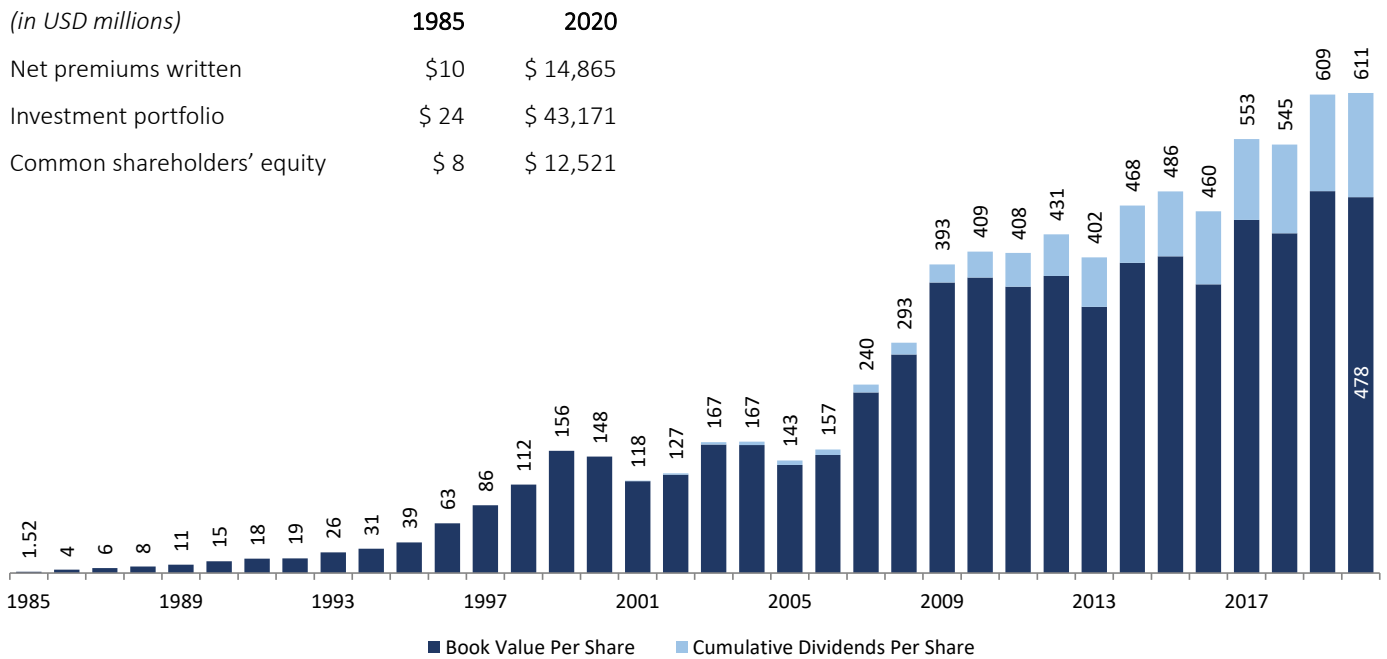
- Falcon (Hong Kong)
- Pacific (Malaysia)
- AMAG (Indonesia)
- Fairfirst (Sri Lanka)
- Digit (India)
- Alltrust (China)
- Falcon (Thailand)
- BIC (Vietnam)
- Bryte (South Africa)
- Fairfax Latam
- Fairfax Brasil
- Colonnade (CEE)
- Polish Re
- ARX (Ukraine)
- Universalna (Ukraine)
- Gulf Ins. (Kuwait)
- Eurolife FFH (Greece)
- Group Re

*All companies are wholly owned except for Allied World (71%), Pacific (85%), AMAG (80%), Fairfirst (78%), Fairfax Ukraine (ARX and Universalna) (70%), Digit (49%), Alltrust (15%), Falcon Thailand (41%), BIC (35%), Gulf Insurance (44%) and Eurolife FFH (50%).

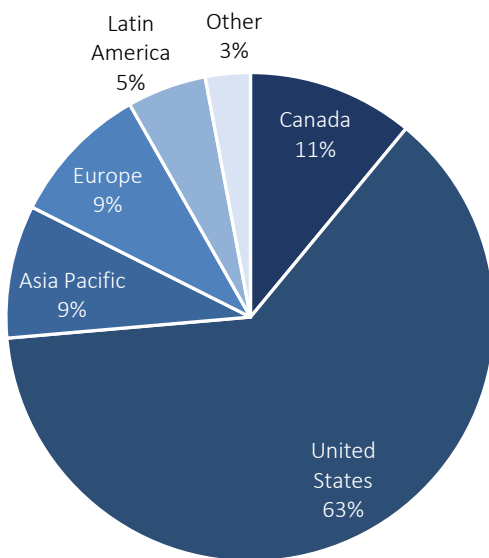
*For the purposes of this report we will only be reporting our consolidated companies (50%+ ownership).

A Fairfax Snapshot

Book Value Per Share

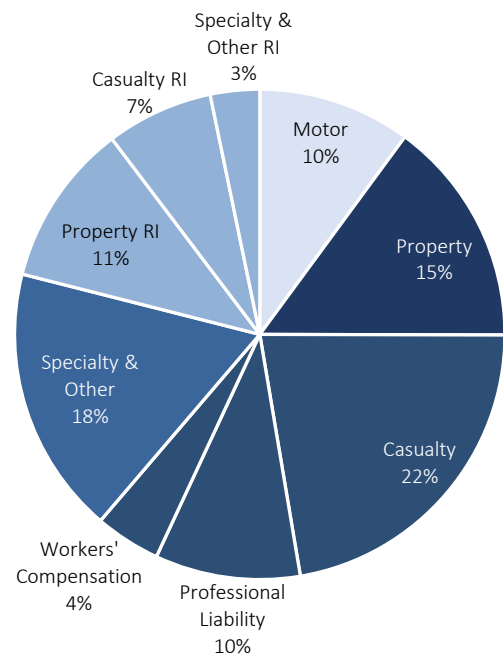


Diversified Underwriting Operations



*Asia Pacific includes Middle East.

*Other includes Africa and other American countries.



*Specialty & Other includes Accident & Health, crop, marine and fidelity/surety insurance.

OUR BUSINESS

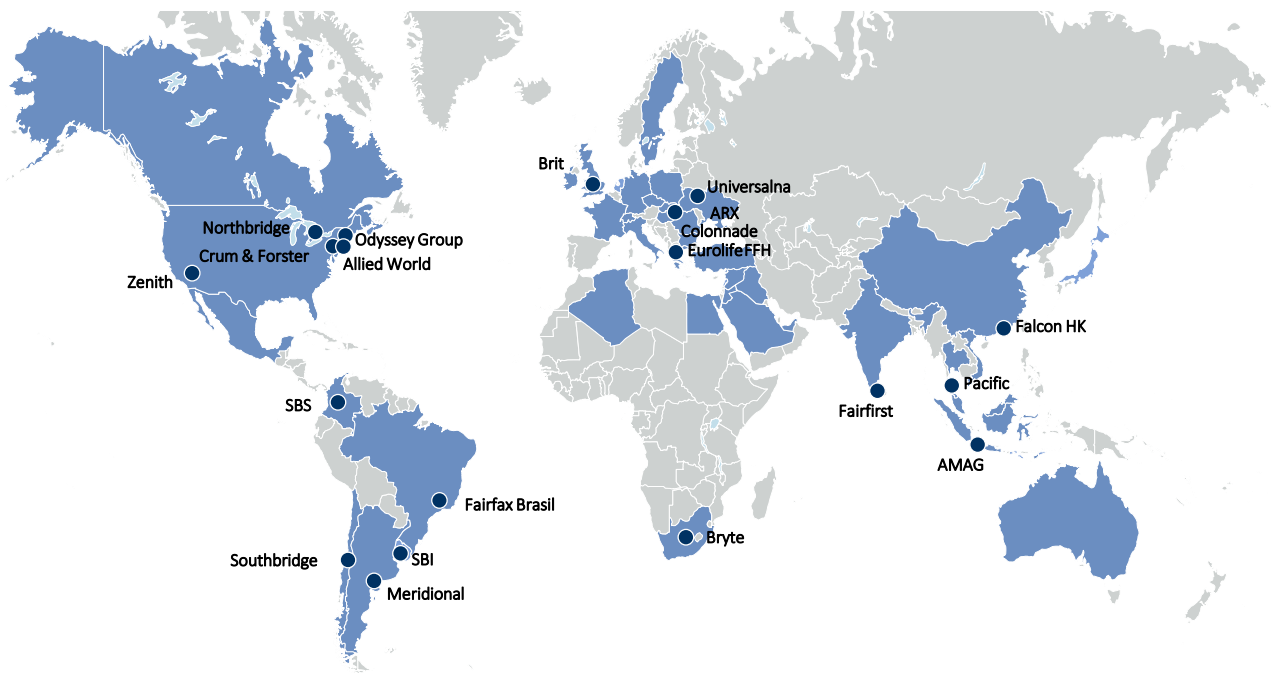
Insurance Operations

Built over 35 years, Fairfax has over 20 insurance operating companies across the world with exceptional Presidents responsible for running their own companies with the Fairfax culture. Together, our companies have an established presence in over 40 countries, across six continents and wrote over \$19 billion in gross premiums written in 2020. They provide a full range of P&C products, maintaining a diversified portfolio of risks across all classes of business, geographic regions, and types of insureds. We have attracted and retained an exceptionally strong and talented leadership team. This capability is further reinforced by the long-term tenure of our Presidents, averaging 16 years, with three of our Presidents with Fairfax for over 25 years!

Investment Operations

Hamblin Watsa Investment Counsel Ltd. (Hamblin Watsa) is a wholly owned subsidiary of Fairfax, serving as the investment manager for the holding company, the insurance and reinsurance operations, Run-off, and Fairfax India. Hamblin Watsa generally operates as a separate investment management entity, with Prem and one other Fairfax Officer serving as members of Hamblin Watsa's seven-member investment committee. The investment committee is responsible for making investment decisions, subject to relevant regulatory guidelines and constraints, with oversight by Hamblin Watsa management and the operating companies.

Our Global Presence



Our Brands



OUR BUSINESS

Responsible Investment Process

Our commitment to ESG is fundamental to Hamblin Watsa's investment analysis and decision-making process. Hamblin Watsa conducts our investment business with a sharp and sustained focus on lasting social and economic development within the countries in which it invests. Deficiencies or excessive environmental, social or governance risks will result in the rejection of investment opportunities or the sale of existing positions. Good governance and the honesty and integrity of management is a fundamental requisite for a potential investment and will never be compromised for short term gains or benefit.

Hamblin Watsa has an individual coordinating, with the support of the Investment Committee and senior management, the implementation of our updated ESG processes and procedures and formally incorporating them into our decision-making process. It is anticipated that this will result in the further enhancement of our ESG investment processes and procedures. A summary of our process, as it pertains to ESG considerations for all fixed income, equity, including private equity, emerging markets, as well as mortgages and real estate investments are described below:

- Together with our Legal and Compliance teams, preliminary "red flag" reviews are performed to ensure that: (i) investments are cleared from an anti-money laundering, anti-terrorist financing and sanctions perspective; and (ii) investments do not appear on our investment exclusions list.
- Once an investment has passed the preliminary "red flag" review stage, the ESG team evaluates key ESG risks by following Hamblin Watsa's ESG screening and due diligence questionnaire. Our ESG team will unreservedly recommend the rejection of any investment that has raised any material "red flags".
- Hamblin Watsa's ESG screening and due diligence questionnaire is broad in scope and focuses, among other things, on health and safety, employment conditions, wages, diversity and inclusion within the workforce, respect for human rights, environmental considerations, and climate risk.
- Additionally, throughout the lifecycle of an investment, Hamblin Watsa's ESG team continues to oversee and manage ESG issues with annual reviews to ensure compliance, track action plans developed at the investment stage and to identify any areas for improvement.

In addition to the processes and procedures described above, each insurance and reinsurance subsidiary has an investment management policy in place with Hamblin Watsa mandating that all investments must satisfy all regulatory policies and limits established in the relevant jurisdictions in which we do business, including ESG factors. Hamblin Watsa also has in place a proxy voting policy, which establishes guidelines and requirements to ensure that Hamblin Watsa meets its fiduciary obligations by voting delegated proxies in a manner that is in the best interest of its clients.

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

Sustainable Investments

Within its portfolio, Hamblin Watsa has significant investments in sustainable companies. For example, Foran Mining, the world's first carbon neutral copper development project and Farmers Edge, that uses advanced technology to substantially reduce farms' environmental impact and generate high-quality carbon offsets.

Foran Mining Corporation

Fairfax has invested \$100 million into Foran Mining, a copper-zinc-gold-silver exploration and development company committed to supporting a greener future. Foran's goal is to build the first mine in Canada designed to be carbon neutral from inception. It is currently in the feasibility stage of development for their flagship McIlvenna Bay project in eastern Saskatchewan.

Foran Mining has announced its purchase of carbon offsets to cover emissions relating to the McIlvenna Bay project over the past 10 years, including emissions from fuel and exploration. This purchase allowed McIlvenna Bay to become the "world's first carbon neutral copper development project". Moreover, it funded carbon offset projects in Newfoundland and Labrador and Zimbabwe, choosing each because "they are verified to a high standard and incorporate Canadian and international projects".

For more information, visit Foran's [website](#).



OUR BUSINESS

Sustainable Investments (Cont'd)

Farmers Edge

Farmers Edge uses advanced technological innovations, leading-edge research, connected field sensors and big data analytics to develop a comprehensive farm-specific program that marries sound agronomy with regenerative land management practices and water stewardship for high-intensity, low-impact crop production. This approach is applied to every aspect of farm management, including seed, fertilizer, water use, crop protection and equipment efficiency planning. The integrated set of digital tools allows for easy and effortless implementation, monitoring, and management. Advanced analytics make it easy to measure progress and benchmark the improvements of a farm's yields, soil health, water management and efficiencies, proving that sustainability, productivity, and profitability come together.

Effective data management and seamless data integration create synergies among the different areas of farm management, substantially reducing environmental impact and generating high-quality carbon offsets. The goal is not just to drive the implementation of low-input, low-emissions practices on the farm, but to ensure that these practices are truly sustainable and profitable over the long term.

For more information on Farmers Edge's Carbon Program, visit their [website](#).



Sustainable Investment Initiatives

In addition to the above, many of Hamblin Watsa's portfolio companies have sustainable initiatives as outlined below.

Dexterra

Since 1985, Dexterra, through their Forestry Services division has been providing safe, professionally run reforestation solutions to many different industries. Their operations span across Canada and are now one of the country's largest reforestation contractors, supporting the sustainability of Canada's forestry industries. Every year they plant more than 40 million trees and have planted more than 2 billion trees across Canada.

For more information on Dexterra's Sustainability initiatives, read their [2020 ESG Report](#).



Seaspan

Seaspan, a subsidiary of Atlas Corporation, continues to strengthen its environmentally conscious activities and ambitions through its innovative sustainable financing efforts. These efforts include issuing \$500 million of sustainability-linked bonds (one of the first such bond issuances in the container shipping industry), \$750 million of Blue Transition Bonds, and a \$2.5 billion sustainability-linked portfolio financing program, which includes a \$500 million private placement. These financings support Seaspan's sustainability objectives with bespoke structures based on carbon emissions, sustainability-linked charters, and ambitious investment targets for decarbonization. Seaspan's \$200 million sustainability-linked portfolio financing loan was awarded the "The Asset Triple A Sustainable Capital Markets Regional Awards 2020 – Best Sustainability-Linked Loan."

For more details on Atlas Corporation's Sustainability, view their [2020 Sustainability Report](#).



OUR BUSINESS

Sustainable Investment Initiatives (Cont'd)

Blackberry

In June 2020, Blackberry announced its expanded commitment to the United Nations Global Compact (UNGC) Sustainable Development Goals (SDGs), investing in initiatives that enable access to clean water for the global communities the company serves. In addition, it set a goal to be carbon neutral by 2021 and has reduced its carbon emissions by 88% since 2013. Plastic elimination and recycling efforts also continue at BlackBerry, evidenced through a reduction in global waste from operations by 45.3%, resulting in savings of 27.6 MT CO₂e since 2018.

For more information on Blackberry's Corporate Social Responsibility initiatives, visit their [website](#).



Others

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

[Recipe Unlimited](#)

[Stelco](#)

[Eurobank](#)

[Resolute](#)

[Kennedy Wilson](#)



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Environment

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

Alongside dealing with the COVID-19 challenges throughout 2020, we have worked hard to adapt, embracing, and bringing forward several environmental actions, including the acceleration of paperless initiatives across the group through new technologies. We remain mindful of the environment in construction and refurbishment projects, an example being the eco-design of Crum & Forster's new head office. As we continue to focus on the reduction of our carbon footprint, a number of our operations have also been proactive in partnering with ecological organizations.

Climate Change Risk Mitigation

We are very aware of the potential risks associated with climate change – and that's why we take a rigorous, long-term approach to how we manage and monitor our exposure. Climate change is affecting the unpredictability surrounding the frequency, severity and general nature of weather-related catastrophes. In terms of our climate change exposed property insurance portfolio, our primary concerns are the impacts these changes will and have had on windstorms, wildfires, flooding, and other severe weather event losses.

Unlike the perpetual and dynamic nature of climate change, our policies are generally annual in duration – so as we monitor the risks carefully, we know it is something that will play out over time, which allows us to manage our risk exposure and refine our pricing and risk appetite accordingly. As with all our business, we take the long-term view.

All our operating companies develop and apply strict underwriting guidelines for catastrophe exposure it may assume for any one risk and location and these guidelines are monitored frequently and updated regularly.

To stress test their portfolios, our companies use state-of-the-art, industry recognized tools, including geospatial capa-

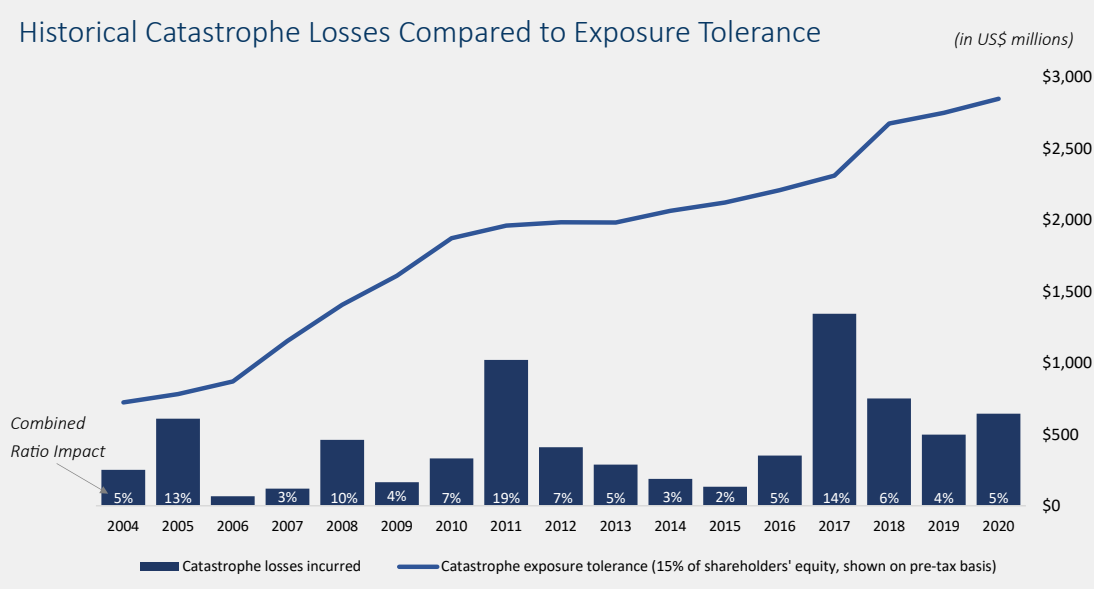
bilities, to monitor and quantify risk exposures. We use a 1/250-year event as our benchmark for risk tolerance but also consider and assess events with more remote probabilities, to ensure our companies will be here to serve their clients and communities for the long-term.

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

While our operating companies carefully manage their own catastrophe exposures and risk appetite, we closely monitor them at the Fairfax level. Across the group, we aggregate our company-wide exposures and compare it to our risk tolerance of 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 generally more than once in every 250 years.

In our 35-year history, catastrophic losses have never represented a significant number relative to Fairfax capital and earnings, or those of any of our operating companies. In this changing landscape we are continually assessing our exposures, and which risks are accepted while supporting our clients' needs. We approach this by carefully deploying our capital and capacity in the face of the uncertain impacts of climate change, always keeping in mind the long-term sustainability of the company.

Historical Catastrophe Losses Compared to Exposure Tolerance



OUR ENVIRONMENT

Sustainable Underwriting

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

Brit, our global market-leading Lloyd's of London operation, actively encourages its underwriters to consider, assess and take note of the ESG approach of risks within their current portfolio. Together with this, protocols are implemented to ensure a suitable level of due diligence is undertaken within their underwriting process. Notably, ESG considerations are expanding as part of each product's underwriting philosophy and will be increasingly influential in their appetite and growth strategy going forward. Brit is currently engaged with various data providers to access both quantitative and qualitative ESG scoring of their portfolio. It plans to provide underwriters with some structured external ESG assessment tools when selecting insureds. Brit has also hosted external speakers, including Clyde & Co, to run ESG awareness sessions to discuss the physical and transitional risk of climate change and the possible implications for insurance and underwriting.

Additionally, throughout 2020, Brit worked with Lloyd's of London on the Bank of England's 'Climate Biennial Exploratory Scenario' (CBES) pilot which is made up of a group of ten managing agents. CBES is a stress test which allows Brit to work alongside policy makers to form a response to climate related issues. CBES is requiring Brit to engage with the climate science and look how they can adjust catastrophe modelling to represent our changing climate at varying time horizons.

Crum & Forster, a national commercial P&C insurance company in the United States, has an Environmental profit centre where underwriters are charged with grading the quality of a business with respect to its potential impact to the

environment. Coverage can be provided to those who remediate, monitor, and clean up environmental issues, to facilities that might have an environmental release, or to other aspects of the management of environmental liabilities. Underwriting incorporates several analytical points, including benefits for clients with good environmental practices and protocols. Many of Crum & Forster's underwriters come from engineering and scientific backgrounds enabling better understanding of the technical and regulatory environmental issues at hand.

ARX, our Ukraine operation has created an Environmental and Social Risk management policy. The objective of the policy is to manage environmental and social risks associated with ARX business activities and to promote good environmental and social business practices among their clients. As a result, the assessment of environmental and social risks was integrated into underwriting and policy wordings of ARX.

Allied World, our largest operating company, is in the process of formally integrating environmental standards into their underwriting procedures. As part of that process, they are assessing the opportunities to support policyholders to transition to a low-carbon economy. Its underwriters understand that an important aspect of undertaking any risk, including those with environmental considerations, is to consider potential moral and reputational risks associated with the company. As such, Allied World has limited its exposure to nuclear energy, construction of new thermal-coal mines and Arctic energy exploration. Additionally, its Global Market Insurance division has put in place underwriting guidelines for its Europe and Asia Pacific operations consistent with the Paris Climate Agreement objectives to reduce carbon dioxide emissions, increase renewable energy and increase energy efficiency. This division comprises about 20% of Allied World's gross premiums written.

65% of our companies have implemented at least one or more of the following into their underwriting processes:

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



OUR ENVIRONMENT

Engagement with Insureds to Mitigate Risk

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

Allied World's Environmental Risk Management Group develops online webinars and white papers for clients, risk managers and brokers on the topics of environmental risk and the impact it has to their operations. These resources are available online year-round to customers and brokers at Allied World's Risk Management Educational Portal. These value-added, thought leadership publications cover topics of environmental interest that readers can use to improve their understanding of associated risk and exposures. In 2020, topics included: 'Waste Not, Want Not — An In-Depth Introduction to Universal and Electronic Waste' (Webinar); 'Severe Weather Checklist' (Resource); and 'Environmental Considerations for Retail Shopping Malls' (White Paper). When customers express additional interest, the Risk Management Group provides additional resources or direct access to environmental subject matter experts as needed to mitigate the frequency and severity of those risks.

Northbridge, one of the largest Commercial P&C insurers in Canada based on gross premiums written, provides technical bulletins on wildfire, flooding, and roof load and snow issues to their insureds. It has also recently developed a supporting document to their 'Risk Insight on Flooding' that speaks to flood mitigation devices (physical barriers) that can be installed on properties to aid in holding back water. In recent years Northbridge has worked on a project that helps customers quickly identify roof issues (primarily snow) using sensors. Additionally, the Northbridge catastrophe team identifies wildfire concerns, calculates the proximity to customer properties and communicates this to the brokers and agents who provide these customers with Northbridge's Risk Insight document together with contact information.

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



Climate Change Research

Allied World is committed to protecting people and property and natural approaches have been proven to be an effective and sustainable way to reduce risk, while also protecting wildlife and natural habitats. For many years, it has worked alongside the National Wildlife Federation (NWF) to develop research reports related to the environment. The new report, 'The Protective Value of Nature', synthesizes the latest science from across the U.S., evaluating the performance of natural systems such as wetlands and forests in the face of hurricanes, floods, wildfires, and other natural disasters. As the 2020 hurricane season was beginning and the risk of wildfires and Midwest flooding were mounting, this report made strong recommendations on how to increase community resilience.

Allied World's engagement with the NWF in recent years has enabled Allied World to gain a better understanding of how natural systems can be used as a risk mitigation tool. In addition to an excellent research report, Lou Iglesias, President of Allied World also contributed to an opinion piece with Collin O'Mara, CEO of NWF. That piece, 'Sow Nature's Lessons, Reap Better Protection', was republished by The Hill and Risk & Insurance publications.

OUR ENVIRONMENT

Environmental Initiatives

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

Zenith has many ongoing green initiatives including plans in place to utilize solar energy and reduce employee commuting and business travel. To conserve water, Zenith has installed 'Flushometers' in restrooms and automatic water dispensing sinks in their corporate office. Additionally, a controlled irrigation system and landscape design that groups plants with similar water needs together enables efficient water usage. Currently planning is in progress to install solar parking covers for the main campus in Woodland Hills and will generate just over one gigawatt of energy at peak performance. Zenith expects to offset at least 40% of their current electricity bill using solar, and the project will – over its expected 25-year lifespan – reduce total carbon output by 62 million pounds. Additionally, following a successful COVID-19 hybrid system, employees can now work from home 3-5 days a week, resulting in less commuting, less consumption of paper and other office products and less business travel as the workforce continues to leverage the technology that enables remote work.

Fairfax Brasil, based in Brazil, supports, and works closely with the Onçafari: Jaguar Conservation program. This program conserves biodiversity in the places where they are located and was focused on Pantanal, the World's largest tropical wetland. The daily work of monitoring jaguars allows for the collection of data never observed. This data is important to better understand the relationship between species enabling improved strategies for biodiversity conservation. The work of rehabilitation and reintroduc-

tion of jaguars into the wild may be the key to saving critically endangered jaguar populations, such as those in the Atlantic Forest. The program succeeded for the first time in history to successfully reintroduce a big feline into the wild evidenced through the confirmation of the birth of baby jaguars to these parents over the last year. Notably, the increased Jaguar population increases tourism and particularly ecotourism with associated benefits to entire communities. This program has expanded to three other Brazilian biomes: Amazon, Cerrado and Atlantic Forest with a goal of reaching all biomes, extending to the Pampas and the Caatinga in the near future.

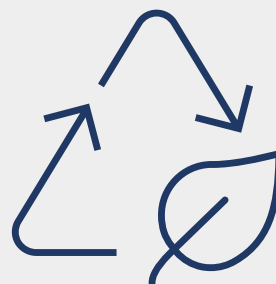
Calculating Green House Gas Emissions

We continue to be invested in learning more about our organization's carbon emissions and are committed to calculating our Green House Gas (GHG) emissions by 2023. One example of how we are tracking and calculating our Carbon Footprint today is the carbon emission work done by Brit.

Brit calculates its GHG emissions, and their carbon offset program is run through ClimateCare through a portfolio of activities, namely donating Gyapa efficient cooking stoves in Ghana, burn efficient cook stoves in East Africa, Aqua Clara in Kenya (removing the need to burn wood to boil and purify water), bondhu chula stoves in Bangladesh and providing grid scale renewable energy to regions of India. Brit plans to share an environmental e-Learning module to the entire workforce in 2022. This module will focus particularly on the climate and what employees can do to reduce their own carbon footprint and will be rolled out on a mandatory basis. There are already compulsory regular training modules for social and governance risks, such as exposing bribery and corruption, preventing financial crime, awareness of modern slavery, good governance, and ethical business.

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

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





SOCIAL

In This Section

18 Our Employees

33 Our Customers

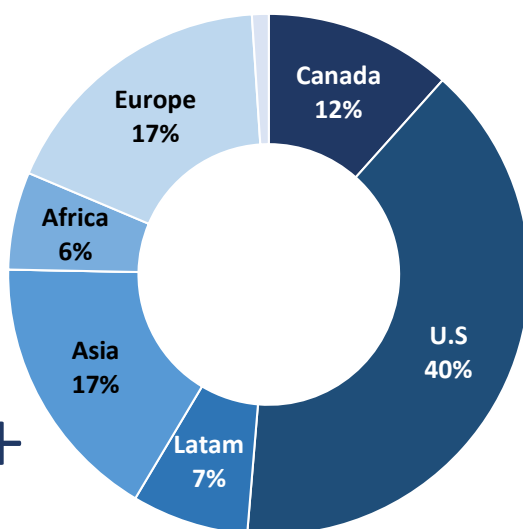
36 Our Community

Our Employees



15,000+

Employees
Worldwide

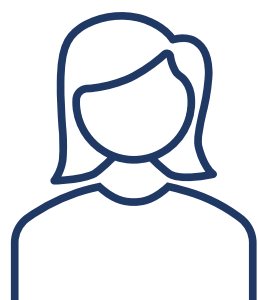


1,596

Full-time Employees
Hired in 2020

Overall
Average Age

42



54% Women

23% Executive
Level Positions
Held by Women



6.5%

Voluntary Turnover Rate

8.8%

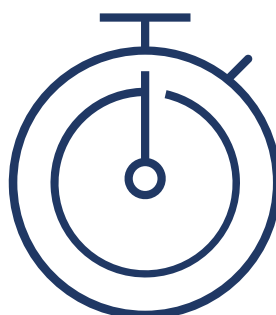
Overall Turnover Rate

Average Employee
Tenure

8 years

Average Executive
Level Tenure

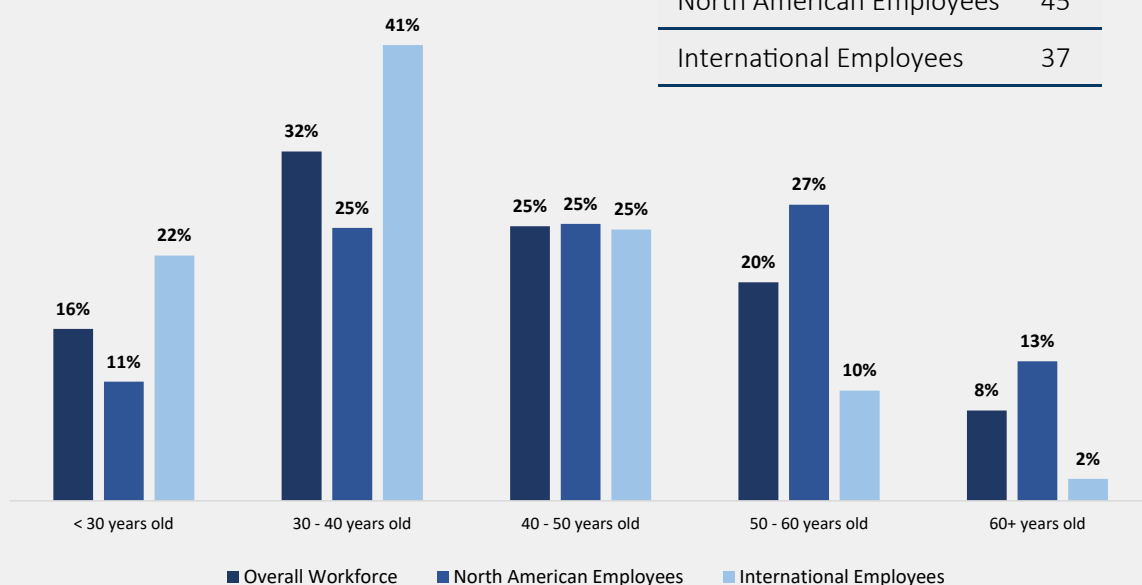
12 years



Employee Age Demographics

Average Employee Age

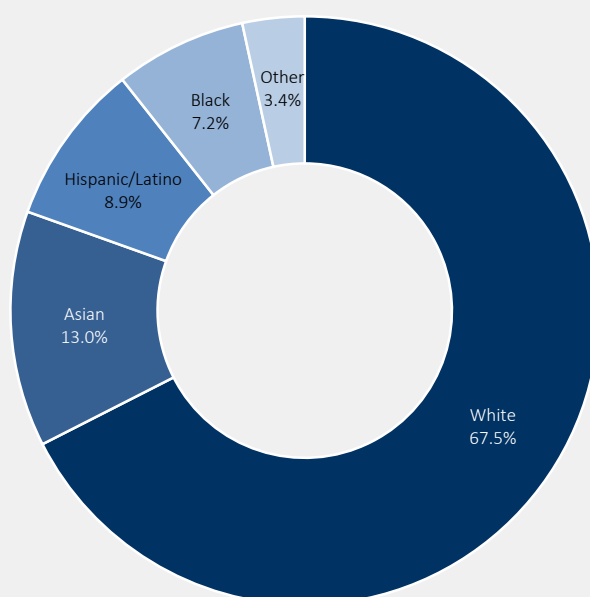
Overall Workforce	42
North American Employees	45
International Employees	37



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

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

U.S. Companies' Ethnic Demographics



Includes employees at Allied World, Crum & Forster, Odyssey Group (only US based employees), RiverStone and Zenith, that makes up ~45% of our employees.

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

OUR EMPLOYEES

Learning & Development

Fairfax continually invests in its employees to ensure the ongoing progression and long-term retention of our workforce by providing meaningful development. Throughout the pandemic, Fairfax continued to develop its people with over 197,000 training hours being made available throughout our operations. All our operating companies provide employee training however, only two thirds of our companies formally record training hours, an area of focus going forward. Notwithstanding this, we are satisfied with the substantial levels of training and associated senior management support throughout our entities across the globe.

Of further significance is how we have partnered with over 50 leading Universities and other post-secondary institutions across 13 countries over the last number of years. These relationships have been invaluable in enabling us to remain updated and market focused, in terms of competency development. Moreover, it has made possible a consistent intake of well-educated talent through several well-established intern and co-operative programs.

Human Capital Development Initiatives & Programs

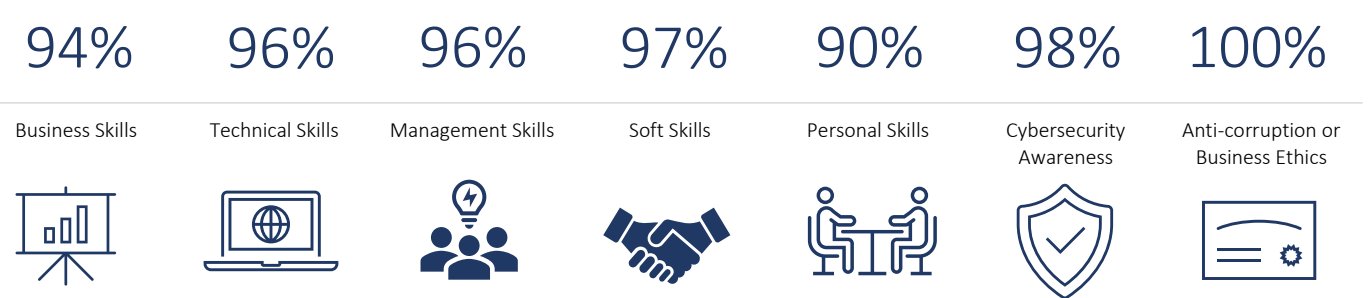
Below shows the percentage of our total workforce that have access to the following types of human capital development initiatives and programs.



197,000+ Training Hours Completed in 2020

All our operating companies provide training hours to their employees. 100% of our employees have access to at least three or more of the following types of training programs presented below.

Below shows the percentage of our total workforce that have access to the following types of employee training programs.



Partnered Universities & Other Post-Secondary Institutions

Operating Company	Institution	Institution Location
Allied World	Dublin City University	Ireland
ARX	Kyiv National Economic University	Ukraine
ARX	Taras Shevchenko National University of Kyiv	Ukraine
ARX, Universalna	Kyiv National University of Trade & Economics	Ukraine
Brit	University College London	England
Brit	University of Chicago	USA
Bryte	Maharishi Institute	South Africa
Bryte	University of Johannesburg	South Africa
Bryte	University of Pretoria	South Africa
Bryte	Witwatersrand University	South Africa
Colonnade	Kozminski University	Poland
Colonnade	University Of Warsaw	Poland
Crum & Forster	Appalachian State University	USA
Crum & Forster	Columbia School of Insurance Management	USA
Crum & Forster	Dillard University	USA
Crum & Forster	Kent State University	USA
Crum & Forster	Monmouth University	USA
Crum & Forster	Stark State Community College	USA
Crum & Forster	University of Akron	USA
Crum & Forster, Odyssey	St. John's University	USA
Fairfax, Northbridge, Crum & Forster, Odyssey, RiverStone, Zenith	University of Waterloo	Canada
Fairfax Brasil	Escola Nacional de Seguros	Brazil
Fairfax Brasil	Fundação Escola de Comércio Álvares Penteado	Brazil
Fairfax Brasil	Universidade Anhembi Morumbi	Brazil
Fairfax Brasil	Universidade Cruzeiro do Sul	Brazil
Fairfax Brasil	Universidade de São Paulo	Brazil
Fairfax Brasil	Universidade Paulista	Brazil
Fairfax Brasil	Universidade Presbiteriana Mackenzie	Brazil
Fairfax LATAM	Universidad Argentina de la Empresa	Argentina
Fairfax LATAM	Universidad del Salvador	Argentina
Fairfax LATAM	Universidad de Chile	Chile
Fairfax LATAM	Universidad de Santiago de Chile	Chile
Fairfax LATAM	Javeriana University	Colombia
Fairfax LATAM	SENA (Servicio Nacional de Aprendizaje)	Colombia
Fairfax LATAM	Universidad EAFIT	Colombia
Fairfax LATAM	Universidad de Montevideo	Uruguay
Northbridge	Centennial College	Canada
Northbridge	Humber College	Canada
Odyssey Group	Queen Mary University London	England
Odyssey Group	Howard University	USA
Odyssey Group	Princeton University	USA
Odyssey Group	Stony Brook University	USA
Odyssey Group	Temple University	USA
Pacific	USCI University	Malaysia
RiverStone	St. Anselm College	USA
RiverStone	University of Connecticut	USA
RiverStone	University of New Hampshire	USA
Universalna	Lviv Polytechnic National University	Ukraine
Universalna	University of the State Fiscal Service of Ukraine	Ukraine
Zenith	California State University, Chico	USA
Zenith	California State University, Fresno	USA
Zenith	California State University, Northridge	USA
Zenith	California State University, Sacramento	USA
Zenith	Florida A&M University	USA
Zenith	San Diego State University	USA
Zenith	State College of Florida	USA
Zenith	University of Texas	USA

OUR EMPLOYEES

Four Stage Learning & Development Map

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

1

Students & Interns

Allied World supports students with an annual eight-week internship program focused on insurance for college students. This U.S.-based program is open to third-year undergraduate students looking to pursue a career in insurance. In 2020, students worked in the Philadelphia and New York offices and moving forward will expand across the U.S with a focus on diversity and inclusion. Interns successful in securing a permanent position are placed in Allied World's 'Our World' program, immersing these candidates in their culture and values.

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

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

Fairfax Co-op Program

The Fairfax Co-op Program was established in 2013 with the goal of fostering enhanced talent acquisition development across the Fairfax group. This involved the establishment of a quality, long-term partnership with the University of Waterloo which has one of the most extensive co-op programs in the world and attracts the highest caliber of students. Since inception, 968 students have been placed across Fairfax companies with students travelling to a number of countries for their four or eight-month terms. 104 students were placed in 2020, successfully completing their terms working remotely.

2

Early Career Employees

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

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

OUR EMPLOYEES

AMAG, our Fairfax Asia operation in Indonesia offers sponsorship for overseas training in addition to an interest-free loan facility to financially assist employees with University admission fees. Additionally, AMAG developed a unique 'Management Trainee Program' to attract fresh graduates with strong potential with the goal of developing these candidates to become future leaders in AMAG.

The 'Learnership Program' in Bryte, whilst somewhat restricted during COVID-19, has been in place for many years selecting young people from severely disadvantaged backgrounds with associated absence of education to participate in a work induction program incorporating basic etiquette, communication, and technical skills. The aim of this program is to transition these participants into roles within Bryte.

3

Management

Brit partnered with University of Chicago Booth School of Business to offer a tailored three module 'Brit Mini MBA' to provide senior managers with sharp business judgement and the confidence to make high stakes decisions that create lasting value. Chicago Booth believe leadership development must be grounded in an understanding of business fundamentals: how markets work, organization's function, and how people behave. The modules focus on 'Strategic Thinking and Strategy', 'Organizational Leadership' and 'Innovation and Decision Making'. The modules were written in collaboration with Brit's executive team. To date, 36 senior managers from across all business areas at Brit have completed the initial two modules with the third taking place in early 2022.

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

Northbridge carries out a competitive month-long program for up to 24 employees to develop leadership skills via an active hands-on approach, building confidence and skills amongst employees to foster an environment of great leaders. The group learns about strategy, change, innovation, strong presentation skills, and has a chance to grow their network across the company. The program finishes up with a final project presentation.

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

*Eurolife FFH Insurance Group (Eurolife FFH) was not a consolidated company in 2020, however Fairfax increased its ownership in 2021 and became a consolidated company. For the purposes of this report we included them in the qualitative examples only.

4

Leaders

Fairfirst, a Fairfax Asia entity based in Sri Lanka developed the 'Fairfirst Academy' in 2016, a compulsory program for executives and branch heads. Training courses within the program include claims management, finance, legal and risk compliance, marketing and digital solutions, underwriting portfolio and re-insurance and operations. The Fairfirst Academy was built by combining the expertise and capabilities of internal and external subject matter experts. Training is provided in a preferred language of choice with Sinhala, Tamil, and English as options. In addition to extensive modules on insurance, Fairfirst Academy also hosts sessions on other essential life-skills including wellness and mental wellbeing.

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

Throughout 2021 Fairfax Asia brought 68 of its senior leaders through a Fairfax Strategy Program which has been hugely beneficial in terms of enhancing leadership capability and immersing those participants in the wider Fairfax culture and context. Prem actively contributed to every session making strong inputs on topics such as 'doing good, by doing well' and business being 'a force for good'. Planning is currently underway to progress with Phase II of this training throughout 2022 and beyond with full support from all.

Fairfax Leadership Workshop

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

This intensive five-day program guides participants through an array of topics and principles centered around the Guiding Principles and several interconnected themes such as Leadership, Culture, 'Doing Good, by Doing Well', Entrepreneurialism, 'Being Results Orientated' and Collaboration. Prem and top executives at Fairfax and the operating companies run sessions with the participants that give them access to differing leadership styles, encouraging self-reflection, and highlighting the value and importance of participants embracing their own, authentic, unique, and differentiated leadership style. To date, 199 senior Fairfax Leaders have attended this program. The past participants of this program meet annually through a one-day Leadership Reunion which, after a COVID-19 hiatus, will be reinstated along with the Leadership Workshop as soon as it is safe.

Learning & Development Planning

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

OUR EMPLOYEES

Learning & Development Risks and Mitigation Strategies

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

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

Succession Planning

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

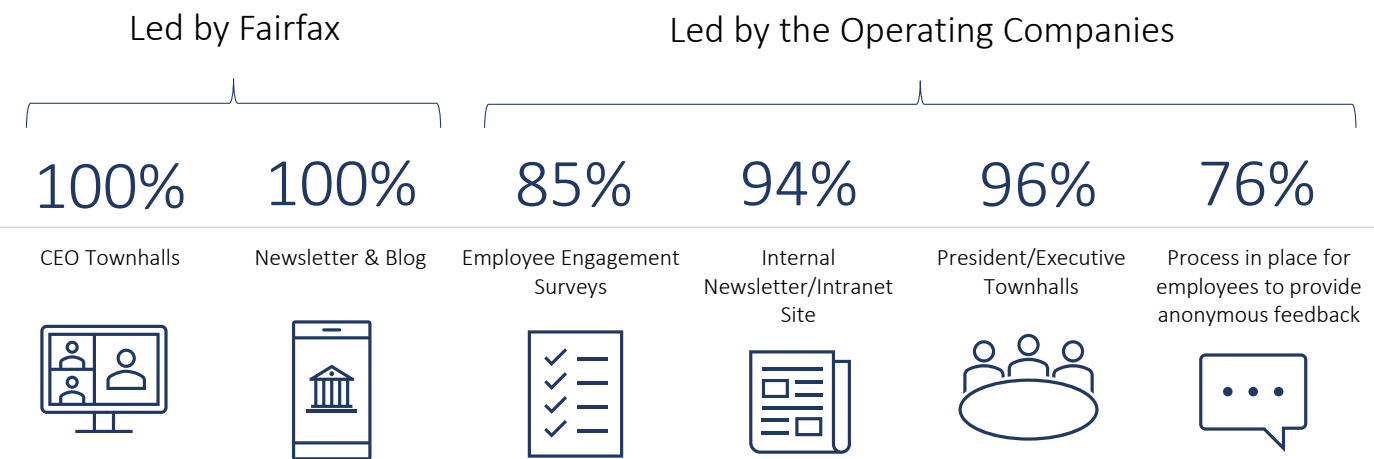
Employee Engagement

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

Employee Turnover



Our total turnover rate from 2020 is 8.8% of which 6.5% was voluntary. Throughout the COVID-19 pandemic, we continue to be committed to protecting our employees and preventing any unnecessary redundancies. These efforts are evidenced through an increase in the workforce of 2.5% in 2020. As part of our ongoing focus on employee progression and retention, all entities are focused on continuing to hire and internally promoting, where possible.



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

OUR EMPLOYEES

Fairfax Employee Engagement Initiatives

CEO Townhalls

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

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

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

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

Fairfax Newsletter & Blog

With 15,000+ employees across 20+ companies in 40+ countries, our Fairfax Newsletter and blog are one of the ways we help keep our employees connected to one another and engaged with our company values. Whether it's a Q&A series with our Presidents, topics on mental health or specific company initiatives, we strive to tell stories with purpose.

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

Employee Share Ownership Plan

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

OUR EMPLOYEES

Employee Wellbeing

Fairfax has a goal of being the healthiest workforce in the world. All our companies address wellbeing at both a strategic and tactical level offering a myriad of initiatives including focused mental, physical, and financial wellbeing initiatives, medical insurance, subsidized healthy meals and collaborative fitness facilities. Fairfax, at the holding company level, has partnered with Cleveland Clinic Canada over the last number of years. Cleveland Clinic continues to educate and partner with us in the development and dissemination of innovative solutions for employee health and wellness programs. These include assessments of current programs, executive physicals, virtual care and offering professional second opinions. Our companies' investments and focus on employee wellbeing together with these strategic partnerships demonstrate our commitment to all our employees and their families' wellbeing.

An excellent example of our focus on wellbeing is Crum & Forster's well established and fully integrated five-pronged program. Crum & Forster worked alongside their employees to understand their needs and currently offer three healthcare plans, each having different levels of affordability providing tailored choices to their employees. In addition, there is extensive healthcare support up to \$2,000 a year towards a health care savings account and a \$20 monthly medical plan premium credit for those earning less than \$50,000 per annum. Additionally, in 2020, Crum & Forster enhanced their mental health services offerings, adding virtual telemedicine visits for behavioral health

issues and expanding the number of free counseling sessions under their Employee Assistance Program. This program provides confidential assistance with smoking cessation, stress management, weight loss, hypertension, and diabetes, to name a few. Crum & Forster is committed to helping their employees and their families meet their wellness goals by providing programs such as Weight Watchers®, healthy maternity program and team activity challenges. Pre-pandemic, Crum & Forster had regular onsite fitness programming and once COVID-19 began, they were able to shift to virtual and include ongoing health virtual challenges to engage their employees. Crum & Forster was recognized by leading organizations for their employee-focused programs. Awards included American Heart Association 2020 Workplace Health Achievement, 2020 Aetna Inspiring Change Bronze Level Well-being Award and The Dave Thomas 100 Best Adoption Friendly Workplaces 2020.

Northbridge offers a comprehensive and holistic wellbeing program. The program focuses on four pillars of health: Physical, Mental, Social, and Financial. Northbridge partners with Sun Life, offering free, ongoing monthly webinars geared towards helping employees reach their financial goals and achieve financial wellness. In addition, they offer a corporate discount on fitness memberships, and have recently launched 'Live Well' - a mobile-friendly platform that creates a personalized wellbeing experience for all employees. Prior to the pandemic, Northbridge also had created a hybrid work from home model to improve their employees work-life balance.

Great Place to Work Certification

Crum & Forster received certification from Great Place to Work® (GPTW), recognized as the global authority on benchmarking workplace culture. For more than 30 years, GPTW has been in the business of reviewing organizational programs, practices, and communications to identify what makes a great workplace. Crum & Forster has been on a multi-year mission to make Crum & Forster a great place to work. Through enhancing its learning and development programs; bolstering its benefits and wellness efforts; maintaining a commitment to the spirit of diversity, equity, and inclusivity, and participating in a range of community outreach initiatives, Crum & Forster has consistently earned high engagement scores. Importantly, Crum & Forster also provides its colleagues with the tools that enable them to navigate their career path.

As part of its methodology, GPTW provides a detailed response as to why a company has been selected and particularly called out the overwhelmingly positive feedback received from the employees who participated in the GPTW survey. Notably, 93% of Crum & Forster's survey participants stated that Crum & Forster is a great place to work, compared to just 59% for the average U.S. company.

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

OUR EMPLOYEES

Employee Wellbeing (Cont'd)

Fairfax LATAM provides general insurance through its subsidiaries located in Argentina, Chile, Colombia, and Uruguay, and offers a wide range of employee benefits. Among them include Dental, Life, Disability, Business Travel, COVID-19 and Health and Medical Insurance, special additional holidays (i.e., birthdays, moving, special events), university tuition and financing solutions, special/discount agreements for vacations, wellness support and assistance on mental health and mindfulness, biweekly yoga and physical conditioning sessions, free Friday afternoons, market competitive vacation days, retirement plans and a flexible working environment.

Zenith’s multifaceted, holistic, and proactive employee well-being program, built over several years, includes financial, physical, and mental wellbeing programs. Additionally, Zenith will always support their employees in every way possible through a period of illness, understanding the multitude of challenges facing a family during a health crisis.

Employee Communication

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

Since 2019, Eurolife FFH has been implementing an initiative called ‘PLAE’ which stands for Plan - Learn - Adapt - Enjoy. The scope of the initiative is to transform the way

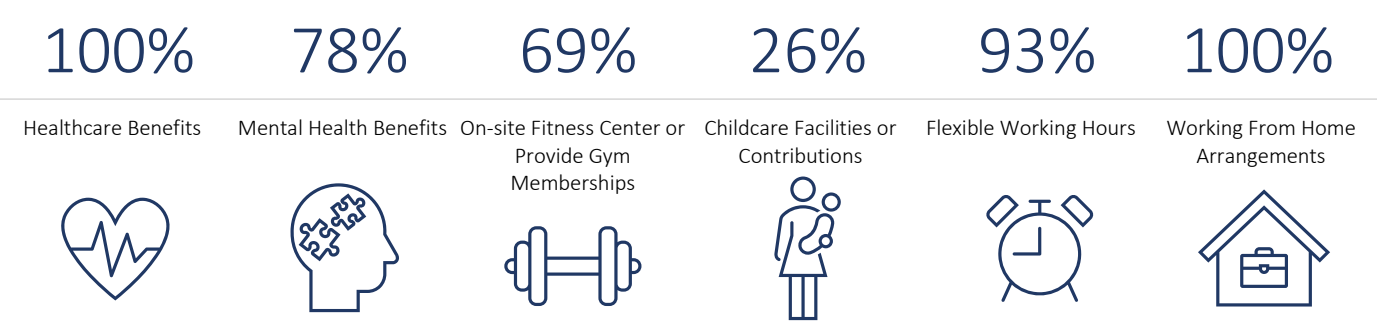


the company works, collaborates, and operates. With the use of lean and agile methodology tools, employees are empowered and trained to reassess and improve long-established processes through a collaborative feedback process that engages all levels of the organization. The goal of this initiative is to prioritize sharing of feedback, information, and opinions to continually transform the way Eurolife FFH operates.

Employee Benefits

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

Below outlines the percentage of total employees that have access to the following non-salary benefits.



OUR EMPLOYEES

Supporting Our Employees Through the COVID-19 Pandemic

2020 was a real-life test as we all had to work from home and be responsible for our decentralized operations all over the world. Our company is built on trust with a long-term focus. When the COVID-19 pandemic hit in March/April 2020, Fairfax took the lead on its approach and commitment to its people by stating that there would be no layoffs arising out of COVID-19. Full support from all Presidents globally ensued as reported by Prem in his 2020 Letter to the Shareholders. He commented “we have a responsibility for looking after our employees and with credit to our Presidents, we met it!”

All our entities responded extremely well to the health challenges created by COVID-19 during 2020. Our exceptional human resources professionals, led by their Presidents and supported by the team at Cleveland Clinic, worked together to provide our people with the help, guidance and support they needed through this difficult time. Daily updates, educational programs, wellness initiatives and webinars, and more were available across the group. Throughout the COVID-19 period, many of our subsidiaries created additional internal programs focused on employees’ physical and mental wellbeing. Below are several examples of programs offered since March 2020.

Allied World partnered with Titan Wellness to provide its global workforce with programs designed to empower employees to improve their wellbeing and make better choices in all areas of their lives. The company ran two programs, one for Europe, Bermuda and North America, and another for employees in Asia Pacific for a period of four weeks each with more than 500 employees participating. The programs included e-learning modules, working groups, weekly e-zines, and expert speakers, covering the key areas of sleep, nutrition, mindfulness, mental wellbeing, and physical activity. Data and insights gathered are helping design future health and wellbeing initiatives throughout Allied World. Notably, employees self-reported these percentage improvements in their wellbeing after participation: sleep, 5.12%; mental, 6.71%; nutrition, 9.97%; and physical, 9.94%.

Crum & Forster helped their employees navigate the transition from office work in their 35 client-facing offices around the U.S., to working from home. A Flexible Workplace Program was designed in 2020 which supported both the personal and professional lives of more than 3,000 employees enabling continued high levels of superior service to its customers. Remote work required Crum & Forster to quickly provide resources and tools to ease the transition. Crum & Forster created many virtual training sessions that included all around wellbeing. Sessions ranged from managing others virtually, general tips and tricks for working remotely and resources for staying healthy, being mindful and managing stress.

Fairfirst developed an employee assistance program providing free virtual healthcare with unlimited video and audio consultations with healthcare professionals. This is offered in conjunction with weekly ‘Get Fit’ zoom classes every Friday aimed at keeping those working from home fit and healthy.

During the pandemic, Brit provided their colleagues with opportunities and toolkits to assist them in managing their mental and physical wellbeing. This included a weekly pulse survey to check in and offer support to those requesting it, quarterly wellbeing newsletters, manager training and access to learning modules through their Learning Management System including ones on yoga, mindfulness, resilience, sleep, and stress. An internal program, ‘Keeping Brit Brit’ was also arranged with the aim of involving everyone in protecting and enhancing Brit’s culture as they moved to a work from home environment and subsequently a hybrid one.



OUR EMPLOYEES

Vaccination Programs

COVID-19 vaccines and related information can vary dramatically from one part of the globe to another. We are delighted that each of our entities helped employees and their families connect with the information and resources needed. Below are some examples from Ukraine, Indonesia, and Colombia.

In Ukraine, with access to the Fairfax cross-company HR working group and our partners at the Cleveland Clinic, our companies in Ukraine were able, through translation, to share this information among employees at ARX, Colonnade Ukraine and Universalna. In addition to sharing reliable information about the vaccines, ARX and Universalna also offered employees and their families the opportunity to get their first and second dose at their offices. With restricted access for those outside of the medical and educational sectors, along with overall limited supplies, each President deemed it was critical to offer all employees practical help and vaccine access.

In Indonesia, AMAG also took steps to help their employees and their families receive their vaccinations. The Gotong Royong initiative involved private sectors working with the government to encourage herd immunity through vaccination. Through this initiative, AMAG partnered with a private hospital in Jakarta to carry out independent vaccinations. Other initiatives involved participating in the financial services industry vaccination program held by Indonesian General Insurance Association in collaboration with the Financial Services Authority. AMAG also actively promoted COVID-19 vaccination to their employees.

In Colombia, SBS, a Fairfax LATAM company, has been a pioneer in helping people get vaccinated with employees, their families, and contractors able to receive the vaccine

through their support much earlier than by the government. The service was made possible through a government program that allowed private companies to offer the vaccine through an alliance with the National Business Association of Colombia.

Cleveland Clinic Programs Through COVID-19

From daily COVID-19 Pulse updates, to joining our leadership calls and hosting information webinars to our companies, the Cleveland Clinic has been providing timely and sharp insights to the Fairfax family throughout the pandemic. Always understanding where our organizations are, and the types of challenges being faced, these updates and resources have been incredibly valuable for our employees. Some examples of the resources include coping with teenagers while working from home, re-opening guidelines for employers and steps on how to do chair yoga for better posture.

Additionally, in recognition of the significant impact COVID-19 can have on emotional and physical health, Cleveland Clinic hosted an informative four-part wellness series for not only the Fairfax team in Toronto but our employees around the globe. Over the course of four weeks, a team of subject matter experts led a virtual one-hour session to enable employees to navigate their new normal in a healthy manner. By the end of the program, employees had a solid understanding of the impact COVID-19 was having on their health and wellbeing, the interconnectedness between nutrition, mental health, and physical wellbeing, together with clear and practical support strategies.

As the vaccines were approved, the Cleveland Clinic released five webinars with doctors answering questions from Fairfax employees about the vaccines. These webinars, along with additional informational handouts, were distributed to all our employees through the Fairfax Blog.



OUR EMPLOYEES

Diversity & Inclusion

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

Black North Initiative

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



Fairfax Black Initiatives Action Committee

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

After some tremendous conversations among committee members where personal stories were shared, and deep thinking required, the BIAC came up with the following areas to focus their efforts on, along with specific deliverables.

1. Expanding the talent pool
2. Mentoring/coaching
3. Community alliances and partnerships
4. Education
5. Promotion and enrichment

Each President was presented with the areas of focus and associated recommendations and have undertaken the task to incorporate these items into their local diversity and inclusion initiatives.

Other Diversity & Inclusion Initiatives

Allied World's commitment to a diverse and inclusive workplace is exemplified by its sponsorship of a table at Illinois State University's inaugural diversity and inclusion event titled 'The Power of an Inclusive Workforce'. In 2020, 200 students were in attendance, representing eight diverse student organizations. Allied World's sponsorship also included an informational table to educate and connect with students. Furthermore, they have put in place policies and procedures to ensure their progress made within diversity and inclusion in the workplace continues. The executive team has selected nine employees from different regions and departments to lead a Diversity and Inclusion Taskforce. The taskforce's goal is to develop and execute diversity and inclusion initiatives, supporting responsible growth to strengthen the Allied World organization. The team has outlined a strategic roadmap with four distinct pillars: Recruitment and Retention, Best Practices and Guidelines, Training and Tools, and Awareness.

Brit has created a six-person taskforce, similar to that of Allied World, with the aim of promoting and supporting Mental Health, LGBTQ+, minority groups and employees with disabilities. Brit identified one of the leading issues within diversity and inclusion to be unconscious bias. To combat this, a half-day workshop was created titled 'Managing Unconscious Bias', which over 80% of employees attended. In addition, Brit created a new annual leave policy to allow flexibility for taking days off, recognizing and reflecting employees' different cultures, as not everyone celebrates the same national holidays.

Northbridge continues to demonstrate its pledge to diversity and inclusion through its involvement with the Canadian Centre for Diversity & Inclusion (CCDI), a trusted advisor for workplace diversity and inclusion. The experts at CCDI have been instrumental to date in optimizing and improving the Northbridge policies in place. In addition, Northbridge carries out annual Diversity, Inclusion and Belonging surveys with all employees. They are also a generous supporter of The Black Youth Helpline.

Crum & Forster has established seven Employee Resources Groups focused on Women, LGBTQ+, Asian American and Pacific Islanders, Parents and Caregivers, Black and African Americans, LatinX, and Differing Abilities. In addition, it has set up an Inclusivity Council consisting of 12 senior leaders tasked with setting out the diversity and inclusion agenda. Moreover, Crum & Forster are heavily involved in supporting transgender individuals and through its Aetna medical plan provides coverage for confirmation surgery and other medical and mental health services for transgender individuals. Like Brit, Crum & Forster also recognizes the importance of unconscious bias training, which 100% of managers completed in 2020.

OUR EMPLOYEES

Diversity & Inclusion Initiatives (Cont'd)

In 2020, Zenith displayed their continued support for the Black community by officially recognizing Juneteenth as an official company holiday. This was carried out in conjunction with distributing information on its historical significance, local events to engage in and experience Black culture, and a listing of local Black-owned businesses to support while off work for the day.

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

Gender Equality

We are committed to ensuring that gender pay equality exists within our head office as well as in all our operating companies. Throughout 2020 we have worked to address the gender pay gap at all levels of our institutions and there are many examples of how gender pay equality is achieved in our companies.

RiverStone, a manager of global run-off business in the U.S., is committed to ensuring equity within gender pay and provides training and guidance to all employees to achieve this goal. To monitor their progress and stay accountable RiverStone performs an annual gender pay gap audit and compensation review. To inform this process, RiverStone subscribes

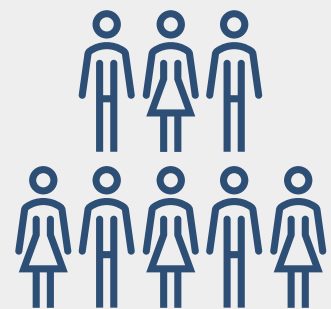


to an annual international benchmarking survey which provides market specific data not only within the U.S. but also internationally. In addition, RiverStone considers other factors such as market data surveys provided by other sources and considers economic factors such as skills shortages and labour demand. RiverStone uses this data as a guide when reviewing compensation within their organization to ensure that they remain market competitive and fair.

Fairfax LATAM has successfully eliminated the gender pay gap within their organization. To achieve this, they have implemented a specific Diversity, Equality & Inclusion policy, and a yearly payroll review to validate that all employees are remunerated in an egalitarian manner. Notably, Fairfax LATAM is close to achieving a 50/50 split in all key management positions.

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

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



Our Customers

Fairfax continues to deliver a customer-centric experience by placing the customer's needs at the heart of our service offerings. We achieve this by maintaining an open and interactive relationship with all our customers and brokers by conducting surveys and engaging in two-way feedback initiatives enabling a greater understanding of their evolving requirements. Of our companies that deal directly with customers, 78% sought direct feedback from customers, sending out annual customer satisfaction surveys or post-claim surveys. Below we outline a few examples of how our companies continually are engaging with their customers.

Odyssey Group frequently engages with its customers by providing educational material. In addition, a variety of programs are delivered by live webinars on timely subjects, such as COVID-19 specific risk programs and an emergency preparedness program. They also have a risk management portal for their clients where clinical, legal, and regulatory updates and information is constantly added or updated. Additionally, Odyssey Group provides a substantial amount of online and in-person training to U.S. crop insurance agents.

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

Universalna, a P&C insurer based in Ukraine, has utilized Net Promoter Score measuring using an interactive voice robot. This technology helps Universalna ask clients for continual feedback about the quality of the services automatically without the interaction of their employees.

Sustainable Insurance Initiatives

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

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

Northbridge offers a Business Choice Environmental Upgrade, a program they developed to cover the additional costs of upgrading a building using Green Certified products after a property loss. They also offer an environmental upgrade extension under their core property wording that allows a customer to rebuild using 'green certified' products (products, materials or modes of construction that are Energy Star or Canada Green Building Council/LEED Canada rated or accredited). These costs would normally be outside the definition of replacement cost and not covered.



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

OUR CUSTOMERS

Sustainable Insurance Initiatives (Cont'd)

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

Bryte has launched a product that provides insurance specifically for renewable energy producers' construction and operational exposures. Risk Engineers look at the fire risk, risk security and advise the clients on the appropriate risk management aspects that need to be implemented and other suggestions to assist the business in risk management. This will differ from one risk to another. These risk management techniques assist the business in reducing exposure to various business risks related to insurance cover and business continuity. There is a part that Bryte requires and then there is also a value-added offering whereby they offer further Risk Management advice on specific large risks.

Improving Customer Experiences with the Use of Technology

In addition to the innovations mentioned below, 2020 saw many of our companies improve their customer experiences and enhance their operations using technology, introducing cutting-edge machine learning tools to optimize and tailor each individual customer's experience. Below we discuss some of the unique programs and technological advancements our organizations have put in place with a clear focus on our customers.

Brit utilizes Geospatial-Intelligence Centre technology to advance our property claims adjusting capabilities by capturing high-resolution images of properties affected by events ranging from tornadoes in Nashville to Hurricanes Laura, Sally and Zeta. By using this technology, losses are immediately referred to Brit's Direct Compensation Agreements for payment, where covered damage(s) can be determined, even when local field adjusters have not yet accessed affected areas. Therefore, this technology speeds up the claims process, ultimately reducing the time taken to pay valid claims to customers. Brit has also created 'Brit Direct Pay' that provides customers with the option of self-directing their payment through a custom app directly to their Visa bank card so that the amount of their claim can be transferred within hours or sooner. This is the first of its kind in the London market.

Fairfax Innovation Award

Innovating with Customers in Mind

The Fairfax Innovation Award was created in 2017 to recognize teams at Fairfax operating companies whose innovations have had a transformative and positive impact on their organizations. In 2020, an impressive 27 initiatives from 13 Fairfax companies around the world were submitted. A diverse range of innovative projects were received, and it was evident that technology is being used to improve the customer experience by several of our companies. At the Annual General Meeting, Prem announced Brit as the 2020 Fairfax Innovation award winner. Below are more details on the finalists and how they support our customers.



Brit - Ki | Our 2020 Fairfax Innovation Award Winner

Ki is the first fully digital and algorithmically driven Lloyd's of London syndicate. A follow-only syndicate, Ki offers an instant capacity that can be accessed through an easy-to-use online platform, providing unparalleled service to brokers and clients anywhere, anytime.

Colonnade - YourPass

Colonnade partnered with YourPass, a technology start-up that provides a complex digital wallet solution - from card creation through integration and consultancy. YourPass is focused on insurance, financial services, retail, and government sectors and operates globally.

Northbridge - Water IoT Project

The Water IoT Pilot was a pilot project designed to validate whether Internet-of-Thing's solutions would be effective in helping reduce Northbridge customers' risk and build their brand reputation as an innovative risk management leader in the construction sector. The pilot objectives included testing IoT solutions' effectiveness in monitoring, detecting, and mitigating water leaks in high-rise condominium buildings during construction, as well as evaluating the experience of these IoT systems for their customers and broker partners.

OUR CUSTOMERS

Improving Customer Experiences with the Use of Technology (Cont'd)

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

RiverStone employs an enterprise content management system (OpenText) and robotic process automation to automatically route claim materials to claim files and adjusters. This shortens initial claim response times to customers. Further, RiverStone utilizes an e-discovery platform, which provides pattern identification, advanced analytics, and machine learning, further improving the customer experience.

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

Crum & Forster's Accident & Health Division offers travel and pet insurance directly to consumers. Travel products are sold and managed through mobile apps

and online portals, where functionality includes policy issuance and claim reporting. The pet team's consumer-facing member portal provides customers with self-service options that include changing coverage at renewal and uploading documents (such as medical records, supporting information, and missing invoices) for prompt claim handling.

Zenith has recently developed a new customer-friendly quoting platform for small businesses called 'Zenith' that uses neural networks to assist customers in choosing the best options to engage with Zenith while also affording access to licensed agents. Zenith is currently increasing the use of machine learning technologies such as neural networks to optimize the service given to each client. This newer technology is envisioned as an ultimate replacement to Zenith's current rate and quote system over time.



Our Community

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

Brit's Outreach Program is run in partnership with GT Scholars, working with young people in schools (aged 11-16), giving them exposure to insurance as a future career choice through gamification. This program gives back to our communities by targeting children from Black, Asian and minority ethnic backgrounds, mostly in lower socio-economic geographies. Brit also provided employment to over 200 people in East Africa, over half of whom were women, by providing and sponsoring the provision of environmentally friendly burn efficient cookstoves.

AMAG participated in a project to ensure constant, efficient, and sustainable access to clean water in the southernmost province of Indonesia by funding the construction of facilities for access to clean water, sanitation, and hygiene.

Falcon, based in Hong Kong and is a part of Fairfax Asia, has created many initiatives to give back to the community, such as 'Skip Lunch Day', where employees give their lunch away to the homeless in the community.

Northbridge supports and encourages its employees to give back to the community through its Volunteer Grant program. The program rewards any employee who commits 40 hours of their spare time to a charitable initiative by donating \$500 to that organization.

Volunteerism

Our organizations and employees take an active role in volunteerism by joining various community initiatives and organizing events to raise donations. We empower and encourage our employees to engage in our communities by volunteering actively. Our North American companies have led the way within Fairfax as 100% of our employees in the region are offered volunteer days to give back to their local communities or charitable organizations, they feel passionate about. Globally over 72% of our employees are also offered the same benefit.

In February 2019, 14 Brit employees travelled to Africa to volunteer in Kibera - the largest slum in Kenya. Since 2017 Brit has assisted in designing and building a brand-new living space for the girls of the Soweto Academy. This space is a purpose-built environment where high school girls can be educated, feel safe and feel empowered to drive future change and better their community. Due to COVID-19, Brit has been unable to continue this annual trip but looks forward to restarting the initiative once safe to do so.

Additionally, since 2017 Brit has partnered with Team BRIT, a competitive motor racing team consisting of drivers who have disabilities or long-term conditions. Many are ex or serving military troops who have sustained serious physical and mental injuries and are disabled. Team BRIT is an offshoot of KartForce, an organization set up to inspire people with disabilities, post-traumatic stress disorder, and mental health issues, by demonstrating what can be achieved through motorsport. It aims to show injured military personnel that they can achieve what they never thought possible, that they can compete again at the highest level, and to equip them with a wide range of personal and professional skills through understanding the business of motorsport.

Since 2015, Odyssey Group employees have joined the Covenant House Annual (Re)Insurance Sleep Out in New York City. The Sleep Out Movement is designed to show homeless children that they are neither alone nor forgotten in their struggle. To demonstrate support, individuals and organizations abandon all luxuries and spend a night on the street to raise money for those in need. To date, 28 employees have taken part in the annual event. Since the 2020 event was virtual, Odyssey made a \$25,000 donation and encouraged employees and their families to participate remotely.

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

OUR COMMUNITY

Philanthropy

With a target of 1-2% of our pre-tax earnings going to charitable causes, our donations program continues to thrive across the communities worldwide where we do business. This year, in addition to our regular giving, we also donated \$4 million to help with pandemic efforts in the areas most vulnerable within the countries where we do business. In 2020, we donated \$23 million, and a total of \$239 million since we began our donations program in 1991. This excludes the personal donations and time given by our leaders and employees. Over the 30 years since we started our donations program, our annual donations have gone up approximately 130 times at a compound rate of 18% per year. Our history of donations is consistent and entrenched in our culture, further evidenced by strong employee engagement in our charitable initiatives and donations.

A core principle of our philanthropy effort is not just supporting causes but supporting our employees to support their causes. A mechanism we use to do this is through offering a donation matching program. In 2020, all of our top seven companies offered donation matching programs.

Each organization has autonomy to decide on which charity they would like to donate to with the result that our employees have become engaged and passionate about raising funds for causes they feel strongly towards, often local causes. Consequently, in 2020, we have donated to over 800 distinct and exceptional causes across the world. These charities and organizations include but are not limited to: The Ocean Clean Up, Stroke Association, Kibera Girls Education Fund, Canadian National Wildlife Federation, Ukrainian Ambulance Fund, Tulip Foundation (Bulgaria), Californian Agriculture Leadership foundation and the Bayt Abdullah Hospice for Children. In addition, there are numerous philanthropic efforts our organizations are proud of, several of which are detailed below.

Brit is very involved in supporting the Kibera Girls education fund based in Kenya. The fund works to rescue girls from the perils of sexual assault and early pregnancy by offering a safe space, ac-

commodation, and a nourishing environment within which the girls can flourish. In 2020, Brit donated \$200,000 to support the building of a dormitory at the school, which will be of vital help in their work to shelter these girls from some of the problems they face at home.

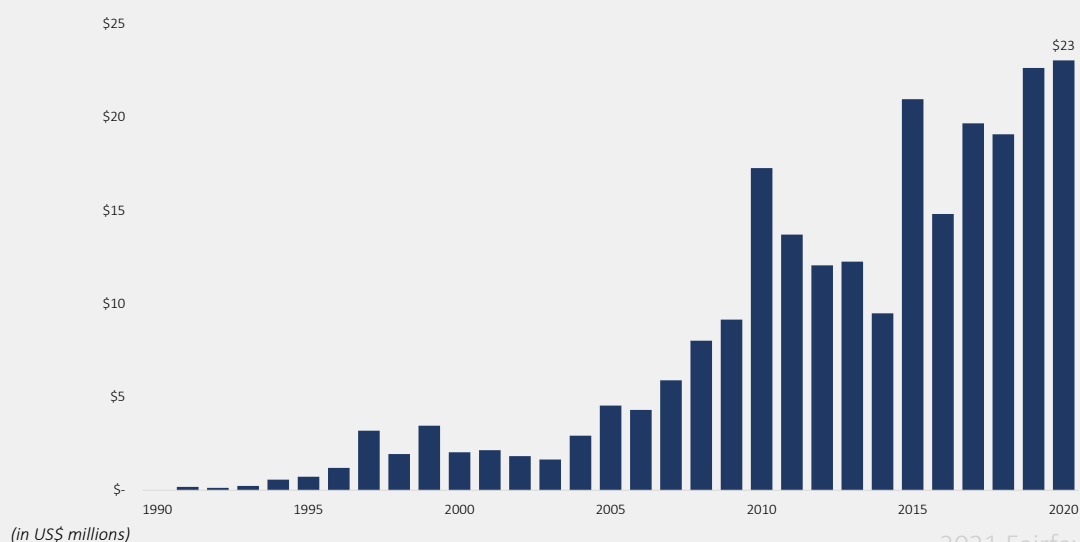
Colonnade works closely with a range of organizations from Bulgaria, Poland, Ukraine, Romania, Hungary, Slovakia, and the Czech Republic. One example of the charities that Colonnade provides strong support to is the Tulip Foundation. The Tulip Foundation's mission is to encourage social responsibility in the Bulgarian society by enhancing cooperation among civil society, the corporate sector, national and local authorities. The organization's primary goal is to improve the quality of life and developmental opportunities for the people of Bulgaria.

Fairfax Brazil has committed to donating a portion of its profits to support its agribusinesses in its local communities with existing crop-related clients. The goal is to invest in basic education and vocational-technical education in these communities.

The Odyssey Group's most significant philanthropic donation in 2020 was a \$1,000,000 donation to Stamford Hospital. This is a part of a long-term commitment of a \$10,000,000 grant payable over ten years that funded the construction of a new state-of-the-art emergency room and trauma center.

In 2021, Crum & Forster completed a five-year, \$250,000 pledge to the Atlantic Health System's Morristown Medical Center, one that has played a vital role in supporting the hospital's initiative to add two floors to the Gagnon Cardiovascular Institute, as well as offer peace-of-mind to dozens of heart patients. As a result of the ongoing philanthropic support from the community, Morristown Medical Center, the number one hospital in New Jersey, according to U.S. News & World Report, has been able to add more than 55,000 square feet of clinical space, expand cardiac MRI capacity with a new scanner and establish 72 new private patient rooms. The donations also proved critical during the peak of the COVID-19 pandemic, as many of the new rooms were temporarily converted to handle the overflow of patients.

Annual Donations - Over \$239 Million Donated Since Inception



OUR COMMUNITY

COVID-19 Donations & Community Support

As mentioned above, this year, in addition to our normal giving, we also donated \$4 million to help with pandemic efforts in the areas most vulnerable within the countries where we do business. Below we have outlined a number of such donations.

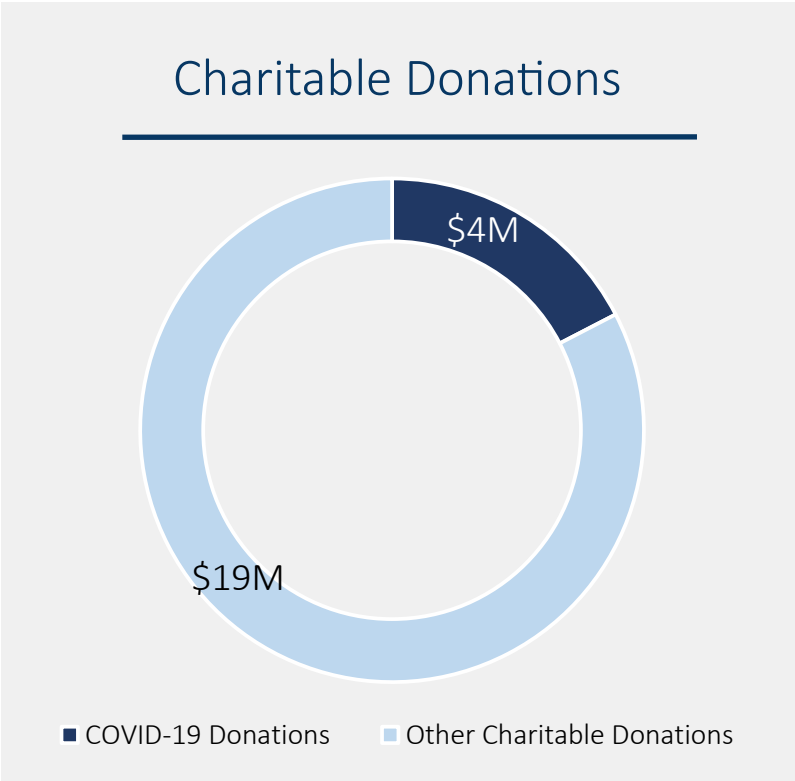
Brit, through a charitable gift from Fairfax, donated £100,000 to become the founder donor to the Captain Tom Foundation, supporting health service across the UK. At the height of the pandemic, Brit also donated £10,000 to each of Childline, Compudopt, Refuge and The Silverline, directly supporting the most vulnerable in society, protecting against child abuse and domestic abuse, assisting the elderly in isolation, and assisting children living in poverty. In addition, Brit continues to support its flagship initiative, the Soweto Academy, a school situated in Kibera, the largest slum in Africa. In 2020, it donated \$74,000 to provide additional services, equipment, and PPE, so the Academy could continue its vital work, providing a haven from abuse and an education to help this generation escape the cycle of poverty.

The Northbridge Cares program focuses on empowering, educating and supporting Canadian youth at risk to reach their potential by partnering with six national organizations. In 2020, additional corporate donations were made to support youth impacted by the pandemic and by racial injustice. In addition, \$3 million has been pledged to support Canadian small businesses to help ease the financial challenges faced because of the pandemic.

As a part of its philanthropy efforts, Zenith supports two organizations that tirelessly help young people from challenging or at-risk backgrounds. Thrive Scholars is a national organization that provides scholarships and mentoring programs designed for high-achieving low-income students of colour before and throughout college. Visible Men Academy in Florida delivers high-quality academic, character and social education to meet the specific needs of at-risk elementary school boys. With support from Fairfax, Zenith also made donations specifically for COVID-19 relief efforts to Thrive Scholars to assist students displaced because of the closing of their colleges, and to two food banks in communities where it does business: Central California Food Bank in Fresno, California and All Faiths Food Bank in Sarasota, Florida.

Crum & Forster supports a diverse group of charitable organizations through financial support and community service and engagement. In 2020, through corporate donations, matching gift programs and the employee-led Charitable Impact Committee, Crum & Forster donated \$1.5 million, primarily to communities affected by COVID-19 where the economic impact of the pandemic hit the hardest. With the support of a charitable gift from Fairfax, Crum & Forster gave \$200,000 to 13 food banks across the U.S., in the communities where its employees live and work. Additionally, donations were made to educational programs, organizations serving youth and many other programs affected by the disruption and financial uncertainty created by the pandemic.

The Odyssey Group Foundation supported numerous charitable organizations focused on worldwide disaster relief, cancer research, education and health and human services. In 2020, the Odyssey Group Foundation and affiliated companies also donated over \$1 million to support 70 global charities that were deeply impacted by COVID-19. In addition, with funds provided by Fairfax, Odyssey directed \$200,000 to Dr. Florian Krammer’s COVID-19 antibody research at Mount Sinai Health System in New York City.



COVID-19 Donations & Community Support (Cont'd)

In 2020, Allied World supported several charities and community service projects with a primary focus on education, healthcare, and the arts, including continued support to the N.Y. Police and Fire Widows' & Children's Benefit Fund, the St. Baldrick's Foundation, Lincoln Center for the Performing Arts, and the Spencer Educational Foundation. During this unusual year, it also supported Johns Hopkins Center for Health Security and Invisible Hands Deliver to aid in their COVID-19 related work.

RiverStone quickly responded to COVID-19 pandemic-related community needs, collectively providing more than 5,400 meals to local hospitals and making monetary donations to numerous COVID-19 relief efforts. They contributed to organizations on the front lines of COVID-19 response, including local food banks and first responders. Additionally, RiverStone supported multiple community organizations and outreach efforts providing education, supporting veterans, and helping with hunger abatement programs. RiverStone also continued their 3:1 charitable contribution plan, triple matching employee donations to the charities that matter most to them.

Through its subsidiaries, Fairfax LATAM was involved in a multitude of charitable initiatives aiming to assist communities impacted by the pandemic. Some of the benefited institutions were the Red Cross in Argentina; Fundación Las Rosas in Chile, which provides care of the most vulnerable and helpless elderly; Fundación Corazón Verde in Colombia, which aims to improve the quality of life of widows and orphans of the National Police; and Providencia in Uruguay, which provides education for low-income children. Fairfax LATAM's employees participated in selecting institutions and contributing along with their companies.

Our operating companies in central and eastern Europe, (Colonnade, ARX and Universalna) continue to support their local communities, assisting, through voluntary activities and financial donations, various foundations focusing on children and parents without shelter, food banks, kindergartens, and school renovations. In 2020, those companies increased their support and assisted hospitals and medical facilities involved in handling the pandemic with personal protection equipment.

Bryte Cares, which raised money through voluntary employee salary sacrifices and one-off donations which were matched by Bryte, as well as a generous donation by Fairfax, supported seven small tourist towns across South Africa with donations of food parcels to hundreds of families whose livelihoods were affected by the lockdown restrictions. Several schools in these communities were also provided with personal protective equipment. Bryte Cares also assisted 70 of its own employees whose families were affected by the pandemic by partnering with the Maharishi Institute to provide grocery store vouchers and support for other financial needs.

Fairfax Asia, through its operating companies and its employees, supported the fight against COVID-19 by funding the air ventilation system at the Infectious Disease Hospital in Sri Lanka, collaborating with a philanthropic institution in Indonesia to install antiseptic body chambers and hand wash stations in high COVID-19 prone zones and transporting and distributing food packs to self-isolated patients in suburban areas that account for the highest number of COVID-19 cases as well as distributing personal protective equipment to its employees. Falcon also donated food packs during the pandemic and volunteered with the Caritas Hong Kong organization to distribute to those in need.

GOVERNANCE



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Governance

Our decentralized company is led by a Board-appointed Lead Director to ensure the independent functioning of the Board and empowered Presidents running each of our 20+ operating companies independently at the local level. Being close to the business allows them to make the right decisions quickly versus relying on a disconnected home office. We believe there are many benefits to this somewhat unique structure. Not only does it reduce bureaucracy and headcount at the home office, but it also creates a separation of powers that enhances our spread of risk, gives each President operating control of that President's company, allows for internal peer review at each company and creates an unmatched breadth of global senior talent.

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

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

To date, our Board has:

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

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

Enterprise Risk Management

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

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

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

For More Information

[2020 Annual Report](#)

See "Financial Risk Management" page 110 & "Risk Management" page 215.

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

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

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

Our Board Members

Anthony F. Griffiths

Anthony Griffiths is an independent business consultant. Mr. Griffiths served as the Chairman of Novadaq Technologies Inc. from 2002 to 2017 and a director of Corporate Catalyst Acquisition Inc. from 2010 to 2018. Mr. Griffiths was the Chairman of Mitel Corporation, a telecommunications company from 1987 to 1993, and from 1991 to 1993 assumed the positions of President and Chief Executive Officer in addition to that of Chairman.

Robert J. Gunn

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

The Right Honourable David L. Johnston

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

Karen L. Jurjevich

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

William McFarland

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

Christine N. McLean

Christine McLean was the Director of Research at Sprucegrove Investment Management, a private investment advisor that provides discretionary investment management services to institutional investors, from 2018 to 2020. Prior to that, Ms. McLean was an Investment Analyst at Sprucegrove Investment Management, specializing in global equities. She holds a Bachelor of Science in Business Administration (Finance) from the University of Richmond, Virginia. Ms. McLean is the daughter of Prem.

Our Board Members (Cont'd)

Timothy R. Price

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

Brandon W. Sweitzer

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

Lauren C. Templeton

Lauren Templeton's specific expertise is in value investing, as she is the founder and President of Templeton & Phillips Capital Management, LLC, a value investing boutique located in Chattanooga, Tennessee. Ms. Templeton received a B.A. in Economics from the University of the South. She is the founder and former President of the Southeastern Hedge Fund Association, Inc. based in Atlanta, Georgia. Ms. Templeton currently serves on the Board of Trustees at the Baylor School, The Board of Trustees at the Bright School, and the Atlas Economic Research Foundation Board of Overseers.

Benjamin Watsa

Benjamin Watsa is the Chief Executive Officer of Marval Capital Ltd. and a sub-advisor to Lissom Investment Management Inc. Mr. Watsa has been actively engaged in the investment industry for 17 years. He currently manages global small and mid-cap. investments through pooled funds and a separately managed account using a concentrated, conservative, long-term value approach. Prior to working in the investment management industry, Mr. Watsa spent five years in New York as an investment banker in the Financial Institutions Group at Banc of America Securities and at Cochran Caronia Waller. Mr. Watsa sits on the advisory board of Impression Ventures, and serves as a director and Vice Chair of the Investment Committee for the Rideau Hall Foundation which supports the Office of the Governor General of Canada. Mr. Watsa holds a BA from Hillsdale College and a Chartered Investment Manager designation and is registered with the Ontario Securities Commission as a Portfolio Manager. Benjamin Watsa is the son of Prem.

V. Prem Watsa

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

William C. Weldon

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

GOVERNANCE

Board Composition, Diversity & Director Independence

Our Board of Directors currently consists of twelve (12) members. We believe a small board size provides the most effective governance mechanism for Fairfax. The Board has determined that seven (7) of its twelve (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.

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

Over the past 10 years we have committed to tackling our Board's gender imbalance. From solely male directors in 2011 to 19% female directors in 2017, the board currently has three (25%) female directors. Additionally, one of our ten executive officers is female and there are currently three directors (25%) on our Board who are members of visible minorities, and three of our ten executive officers (30%) are members of visible minorities.

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

Shareholder Rights, Ownership Structure & Director Elections

All Directors are elected by our shareholders to serve on the Board on an annual basis. Duration of board tenure is one year and if re-elected board members are permitted to serve consecutive terms. In uncontested elections, the Board has adopted a majority voting policy. If any nominee for director is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, he or she will immediately be, following the meeting, tendering their resignation. The Majority Voting Policy outlines the process surrounding such resignations, but also requires the Governance and Nominating Committee to consider the resignation and recommend to the Board whether

there are exceptional circumstances which would warrant rejecting such resignation.

Fairfax has two classes of voting securities: subordinate voting shares and multiple voting shares. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. As of March 4, 2021, there were 25,247,616 subordinate voting shares and 1,548,000 multiple voting shares outstanding. Since August 31, 2015, the votes attached to the multiple voting shares have been maintained at their then-current level of representing 41.8% of the votes attached to all outstanding multiple voting shares and subordinate voting shares. The subordinate voting shares currently represent 58.2% of the votes attached to all outstanding multiple voting shares and subordinate voting shares.

The continuing preservation of the 41.8% voting power of the multiple voting shares is subject to a majority of the minority shareholder ratification vote (i) at the annual meeting of shareholders following the period ending December 31, 2020 and any one or more consecutive five-year periods thereafter during which the number of our outstanding shares (multiple voting shares plus subordinate voting shares) has increased by at least 25%, or following any calendar year more than five years after the last ratification vote (or after August 31, 2015) if the number of our outstanding shares (multiple voting shares plus subordinate voting shares) has increased by at least 50% since the last ratification vote (or after August 31, 2015); (ii) if we intend to issue more than 50% of our outstanding shares in a single transaction; and (iii) within five years after Prem is, for whatever reason, neither our Chairman nor our CEO. On August 31, 2015, the number of our outstanding shares (multiple voting shares plus subordinate voting shares) was 23,583,605.

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, our Chairman and Chief Executive Officer, controls Sixty-Two and himself beneficially owns an additional 741,625 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 43.6% of the total votes attached to all classes of our shares (100% of the total votes attached to the multiple voting shares and 3.1% of the total votes attached to the subordinate voting shares). To the knowledge of our directors and officers, there are no other persons who (directly or indirectly) beneficially own, or control or direct, shares carrying 10% or more of the votes attached to any class of our voting shares.

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

Executive Compensation

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

- Compensation is principally linked to Fairfax's goals of underwriting profitability and long-term growth in book value of 15%. There are no incentives tied to premium volume or other top line incentives.
- Officer-level compensation is comprised of three components: (1) annual base salary; (2) annual cash bonus; and (3) long-term participation in our fortunes by ownership of shares through the equity compensation plan.
- The base salaries of Fairfax's executive officers are intended to be competitive but to remain relatively constant, generally increasing only when the executive assumes greater responsibilities. Prem's compensation varies from the other executive officers and is discussed below.
- Since 2000, Prem has agreed that his aggregate compensation from Fairfax will consist solely of an annual salary of Cdn\$600,000 (and standard benefits provided to our executives generally), with no bonus or other profit participation, no participation in any equity plans (other than the employee payroll share purchase plan). This arrangement will remain in effect until the end of 2025.

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

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

Collaboration Amongst Insurance Operating Companies

Fairfax Working Groups

In 2011, Andy Barnard, President of the Fairfax Insurance Group along with members of the Executive Council, recognized the opportunity for Fairfax companies to collaborate and formed the Fairfax Working Groups. The Working Groups create an opportunity for key individuals to meet, share ideas and to pool talent and experience across the Fairfax companies.

There is such a unique environment at Fairfax and a deep base of talent, it was the consensus that while Fairfax would still have their companies operate autonomously, they could recognize opportunities for the greater good if their people were given the chance to communicate regularly and work together. And in line with the Fairfax philosophy of collaboration and decentralization, once the groups were created, it

was hands off from the top. Each working group has a charter that defines its mission and scope, along with a membership that meets regularly (at least once or twice a year) while continuing to manage their responsibilities at their respective companies.

Currently, there are over 10 working groups active across the Fairfax network, both in North America and internationally, including but not limited to human resources, IT, claims, legal, actuarial, reinsurance and learning and development.

Leadership Collaboration

In addition to the Working Groups, the G7 companies' leadership (six insurance companies plus Run-off) have a call every two weeks where problems (and opportunities) are discussed. Similarly, under the chairmanship of Bijan Khosrowshahi, the G10 companies' leadership (that encompasses all the other insurance companies) have a call as well. These video calls work remarkably well, and it is an effective way to generate cooperation among all our decentralized insurance companies.

Acquisition Philosophy

Fairfax has a long track record of successful acquisitions, underpinning its growth from a small Canadian trucking insurer 35 years ago into a leading global insurance and reinsurance group with operations in over 40 countries. As stated above, the Fairfax name is derived from the principles of *fair and friendly acquisitions*, based on the golden rule of treating everyone as we want to be treated ourselves. Therefore, following this, Fairfax does not under any circumstances take part in hostile takeovers, bidding wars, undue delays, or renegotiation tactics. Additionally, after an acquisition, the proven management teams of any acquiree continue to run their companies independently within Fairfax's decentralized structure. Fairfax believes this structure and reputation allows it to continually attract and retain exceptional management teams.

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

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

Cyber Risk Management

Cyber threats are serious, ongoing concerns and Fairfax is committed to mitigating these risks to protect its enterprise. As a Top 20 provider of cyber insurance in the U.S., Fairfax has an innate understanding of the risk management requirements and intelligence tools needed to stay at the forefront of these exposures. By underwriting cyber risks around the world, Fairfax possesses best-in-class expertise and experience that provides a strong foundation for prevention and response strategies.

While Fairfax operates on a decentralized basis, it does encourage its affiliate companies to share knowledge and best practices, and to collaborate when it comes to threats to one or more components of its enterprise. Cyber risk falls under this umbrella and an IT Working Group comprised of technology leaders across Fairfax convenes monthly. A subcommittee focused on Cybersecurity also meets monthly, while CISO Roundtable meetings occur on a weekly basis. The Cybersecurity committee directly reports to Fairfax management.

Fairfax's decentralized technological infrastructure is a natural defense against systemic cyberattacks. The information below summarizes Fairfax's approach to security views and reporting, affiliate cybersecurity programs, training, and data protection.



Security Reviews & Reporting

With the landscape of security threats in a state of constant state of flux, Fairfax recognizes the importance of, and is committed to, conducting annual security reviews, and employing industry-standard best practices.

Fairfax's implementation of annual cyber preparedness reviews dates to 2013 when the Canadian OSFI Self-

Assessment was introduced. Fairfax followed the OSFI Self-Assessment until it transitioned to CIS Critical Controls v8 framework in 2021. Outcomes from the annual security review process are reviewed with senior executives from Fairfax and affiliate companies. Additional reviews are conducted and reported at the affiliate company level and this collective knowledge is shared for the benefit of all. The IT Working Group Leadership across Fairfax's entities monitors and provides guidance.

Affiliate Cybersecurity Programs

Each Fairfax affiliate company manages and maintains its own Cybersecurity programs, employing industry standards and best practices. Most affiliate companies (representing over 95% of gross written premiums) utilize the following techniques and solutions:

- Information Security and Privacy Policies
- Annual Third Party Penetration Testing
- End Point Protection
- Network Security
- Phishing Protections
- Web Filtering
- Data Protections in Transit and At Rest
- Encryption
- Training Programs to Reinforce a Security Culture
- Intrusion Detection and Prevention
- Incident Response, Disaster Recovery and Business Continuity Plans

Certain affiliate companies are members of The Financial Services Information Sharing and Analysis Center (FS-ISAC) for situational awareness related to cyber threats and attacks.

Training

Most affiliate companies (representing over 95% of gross written premiums) conduct the following:

- Annual Employee Security Training
- Phishing Simulation
- Annual Penetration Testing by an External Third Party

Data Protection

Consistent with our decentralized structure, data protection, from both a data security perspective and a privacy perspective, is managed at the respective insurance group and operating company levels, meeting the regulatory requirements of the various jurisdictions in which they operate. The policies in place are shared both internally and externally and reviewed on a systematic basis to ensure ongoing relevance for the business.

Each insurance group reviews their policies regularly, updates their policies for new rules and regulations as implemented and provides training and awareness to its employees in relation to data protection and its policies for ongoing compliance.

Data protection is an important obligation owed to employees, clients, and business partners globally, and is key to protecting company and personal data. Each insurance group's policies include relevant controls for data protec-

tion compliance. Transparency, data minimization, data usage, security measures, vendor management, data transfers, data privacy rights and other aspects of data processing are covered as relevant in the respective policies. In addition, each insurance group aims to be responsive in a timely manner to any investigation or required notifications should an incident arise, as well as with respect to any data privacy access requests. Where relevant, the operating companies have data privacy and/or data security officers to assist with data protection compliance and monitoring.

Supply Chain

Globally, we do our best to source supplies from local, ethical, and environmentally focused suppliers with associated commitment to ESG. This will be an area of increased focus in 2022 and beyond as we gather more detailed and comprehensive information regarding ethical supply chains.



Forward-Looking Statements

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