

## Chairman's statement



**It has been a pivotal year for Hiscox, with new leadership and an evolved strategy being tested by a turbulent operating environment, and I am very pleased with our performance.”**

Robert Childs  
Chairman

Before I provide my usual commentary on the business, we have announced with our 2022 results that I will be stepping down as Chairman during 2023, and the Board has commenced the search for my successor.

After 37 years at Hiscox and 50 in the industry I am very happy that I will be passing the baton when the business is in such a good place – excellent leadership, strongly capitalised, with favourable market conditions and huge opportunities ahead.

An important job for any Chairman is overseeing a Chief Executive transition and I have been glad not only to ensure a seamless transition from Bronek to Aki, but also to work more closely with

Aki in this, his first year as Group Chief Executive Officer. Aki has brought new insights and developed a strong talented Executive team, and when the time comes, I will retire a happy shareholder.

And now for the balance of my report.

### Performance

It has been a pivotal year for Hiscox, with new leadership and an evolved strategy being tested by a turbulent operating environment, and I am very pleased with our performance.

Although it has been an active year for catastrophes, both man-made and natural, we have made a strong underwriting profit of \$269.5 million thanks to the discipline of our teams.

This good performance has been offset by unrealised investment losses on our bond portfolios, but we expect these to unwind as our bonds mature.

An important job for any Chairman is overseeing a Chief Executive transition and I have been glad not only to ensure a seamless transition from Bronek to Aki, but also to work more closely with Aki in this, his first year as Group Chief Executive Officer. Aki has brought new insights and developed a strong, talented Executive team. Aki has embedded a refined strategy that is reducing the volatility profile for the Group. He has also assembled an impressive team who are delivering technological and operational changes that are being well received by both business partners and our people.

### People

We had to navigate a challenging employment market during the year, as the war for talent continued. I am therefore pleased that we have not only maintained top talent, but also attracted many more.

Aki's first key appointment was Paul Cooper, our Group Chief Financial Officer, who joined the business in May. He has over 25 years of financial services experience across both the retail and Lloyd's insurance markets and is already bringing valuable external perspectives to our organisation. I remember Paul from his previous time at Hiscox, when he was Finance Director for Hiscox UK and Europe, and have enjoyed working with him again.

After 15 years with the Group, Amanda Brown, our Chief Human Resources Officer retired during 2022, and I would like to thank her for her sage counsel and





I am extremely proud that we are reporting our best employee engagement score for ten years. Not only do the overwhelming majority of our people feel proud to work at Hiscox (84%), they would also recommend Hiscox as a great place to work.”

clarity of thought over the years, which I have personally valued and so too has our Board. She has been succeeded by Nicola Grant, who joined us from ING Group and brings a wealth of experience in engaging and leading large workforces across multiple markets.

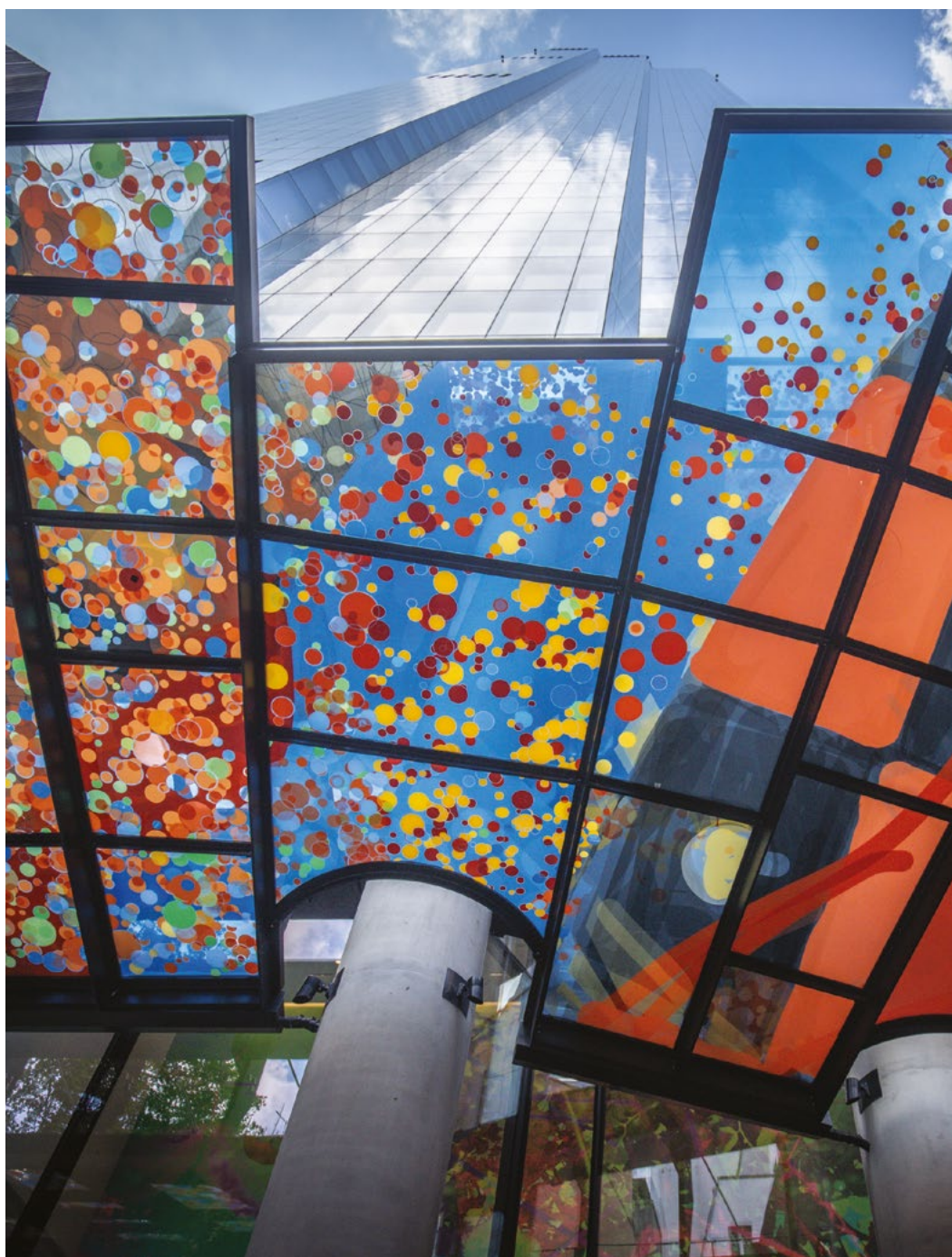
At the same time, Jon Dye joined as Hiscox UK Chief Executive Officer. Jon is a recognised industry leader with solid CEO experience and a fantastic track record of building profitable businesses. His broker relationships, leadership and energy are already making a difference.

These appointments, along with the promotion of Stéphane Flaquet to Group Chief Operations and Technology Officer, have resulted in a very capable new Group Executive Committee formed under Aki's leadership.

Beyond the top team, I am extremely proud that we are reporting our best employee engagement score for ten years. Not only do the overwhelming majority of our people feel proud to work at Hiscox (84%), they would also recommend Hiscox as a great place to work (81%) and believe that Hiscox has an outstanding future (76%). Aki has to take a lot of credit for this, along with his leadership team.

### Environmental, social and governance (ESG)

In a year of pronounced geopolitical and macroeconomic challenges, ESG has not been far from our minds and conversations. Aki will cover in his Chief Executive's report the environmental and governance aspects that the business has been thinking about, and the huge amount of work that has been done to support





our colleagues on the 'social' side of ESG. But as Chair of the Hiscox Foundation in the UK, our charitable foundation, I am especially proud that we have donated \$1.8 million to good causes this year.

This has included one-off support and multi-year partnerships, in line with our three strategic pillars of charitable giving, as well as targeted donations that recognise the Russia/Ukraine conflict, floods in Pakistan, and the rising cost of living where – to reflect the rising costs that charities are facing – we increased our donations to multi-year partners in line with inflation for the current financial year. It is also why we are working with MyBnk for an extended period to support their delivery of expert-led financial education to school children and young people across the UK, recognising the importance of learning financial capability skills from a young age.

I know that playing an active part in our communities matters to our people too because they spent over 1,400 hours volunteering during 2022, supporting not only some of our office charity partners such as Spear Bethnal Green and Colchester Foodbank, which are chosen by employees, but also causes that are personally important to them.

### Outlook

We live and work in turbulent geopolitical times and this is where the insurance market can come into its own. As a specialist insurer offering coverage across classes that include political violence, kidnap and ransom, cyber, the full range of professional indemnity and property damage, we are well placed to help customers manage their

risks. The opportunities in our big-ticket businesses are huge and the rating environment is with us in a way that you could argue we haven't seen for decades. We will still be trimming the sails in various places, recognising our lower volatility profile, but there is nothing like a price rise to reduce volatility.

The opportunities are equally huge in our retail businesses, where the hard work over the last three years to replace core systems is reaching a point where they can propel these businesses in their next growth phase. With new leadership in Hiscox UK and strengthened leadership in Hiscox USA and Hiscox Europe, each business is attractively positioned for what lies ahead.

In concluding this, my last Chairman's statement, I truly believe we are on the cusp of something great – ready to make the most of the excellent markets before us.

**Robert Childs**  
Chairman  
8 March 2023