

## Board of Directors



### Non Executive Chairman

**Robert Childs** (Aged 71)  
Appointed Chairman: February 2013  
Appointed to the Board: September 2006

#### Relevant skills, experience and contribution

- Extensive knowledge of Hiscox, having worked for the Group for over 30 years.
- Significant expertise in insurance cycle management, having worked through unprecedented large loss events such as 9/11 and Hurricanes Katrina, Rita and Wilma.

Robert joined Hiscox in 1986 and has held a number of senior roles across the Group, including Active Underwriter for Syndicate 33 and Group Chief Underwriting Officer, before becoming Non Executive Chairman in February 2013. Robert is also Chair of the Nominations and Governance Committee, the Investment Committee, and the Hiscox Syndicates Limited Board. He joined the Council of Lloyd's in 2012 and served as Deputy Chairman of Lloyd's from 2017 to 2020.

#### External board appointments

None.



### Executive Director

**Joanne Musselle** (Aged 52)  
Group Chief Underwriting Officer  
Appointed to the Board: March 2020

#### Relevant skills, experience and contribution

- Considerable underwriting expertise, including experience of managing underwriting portfolios in our key markets.
- Significant knowledge of Hiscox, particularly Hiscox Retail, having worked for the Group for 20 years.

Joanne joined Hiscox in 2002 and has held a number of roles across the Group, including Head of UK Claims, Chief Underwriting Officer for Hiscox UK & Ireland, and Chief Underwriting Officer for Hiscox Retail. Joanne also sits on the Board of a number of Hiscox subsidiary companies. Prior to Hiscox, Joanne spent almost ten years working in a variety of actuarial, pricing and reserving roles at Axa and Aviva in both the UK and Asian markets.

#### External board appointments

Realty Insurances Ltd.



### Executive Director

**Aki Hussain** (Aged 50)  
Group Chief Executive Officer  
Appointed to the Board: September 2016

#### Relevant skills, experience and contribution

- Considerable experience of providing strategic, financial and commercial management and in-depth knowledge of the regulatory and compliance environment.
- Significant experience of driving business change.

Aki joined Hiscox in 2016 as Group Chief Financial Officer and became Group Chief Executive Officer in 2022. Aki also sits on the Board of a number of Hiscox subsidiary companies. Prior to Hiscox, Aki held a number of senior roles across a range of sectors, including Chief Financial Officer of Prudential's UK and Europe business, and Finance Director for Lloyds Banking Group's consumer bank division. Aki is a Chartered Accountant, having trained with KPMG.

#### External board appointments

Visa Europe Limited.



### Senior Independent Director

**Colin Keogh** (Aged 69)  
Appointed to the Board: November 2015

#### Relevant skills, experience and contribution

- Valuable financial services experience.
- Significant knowledge of how to run an international financial business.

Colin has spent his career in financial services, principally at Close Brothers Group plc where he worked for 24 years and served as CEO for seven years until 2009. Colin is Chair of the Hiscox Insurance Company Limited Board and also of the Remuneration Committee.

#### External board appointments

Ninety One Plc; Ninety One Ltd.



### Executive Director

**Paul Cooper** (Aged 50)  
Group Chief Financial Officer  
Appointed to the Board: May 2022

#### Relevant skills, experience and contribution

- Considerable experience of financial and commercial management within a complex regulatory and compliance environment.
- Qualified Chartered Accountant, with significant experience of both the retail and Lloyd's insurance markets.

Paul joined Hiscox in 2022 as Group Chief Financial Officer. With over 25 years of financial services experience, Paul has held a number of senior roles, including most recently Interim Group Chief Financial Officer at M&G Plc and Chief Financial Officer for The Prudential Assurance Company. Paul is a qualified Chartered Accountant, having trained with PwC, and sits on the board of a number of Hiscox subsidiary companies.

#### External board appointments

Association of British Insurers.



### Independent Non Executive Director

**Donna DeMaio** (Aged 64)  
Appointed to the Board: November 2021

#### Relevant skills, experience and contribution

- Extensive financial services experience, particularly in the USA.
- Proven expertise in overseeing global auditing activities.

Donna has over 35 years' financial services experience, gained across banking and insurance. She was AIG's General Insurance Global Chief Operating Officer and also served as their Global Chief Auditor. Donna was Chief Executive and Chair of the Board at United Guaranty, CEO and Chair of the Board at MetLife Bank and was a PwC Financial Services Partner. Donna serves on the board of Hiscox Insurance Company Inc. as a Non Executive Director and is Chair of the Audit Committee.

#### External board appointments

Azure; State Street Corporation.

- △ Member of the Audit Committee
- Member of the Nominations and Governance Committee
- Member of the Remuneration Committee
- Member of the Risk Committee
- ∕ Member of the Investment Committee

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Chair of Committee is highlighted in solid.

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**Independent Non Executive Director**

**Michael Goodwin** (Aged 64)  
*Appointed to the Board: November 2017*

**Relevant skills, experience and contribution**

- Significant knowledge of the Asian insurance market.
- Deep understanding of risk management as a trained actuary.

Michael has over 25 years' experience in the insurance industry, having worked in Australia and the Asia Pacific region for QBE Insurance Group for over 20 years. Michael started his career as an actuary, is a Fellow of the Institute of Actuaries of Australia and served as Vice President of the General Insurance Association of Singapore between 2006 and 2012. Michael serves on the DirectAsia Board as a Non Executive Director.

**External board appointments**

Partner Reinsurance Asia Pte Ltd; Steadfast Distribution Services Pte Ltd; NCI Brokers (Asia) Pte Ltd; Galaxy Insurance Consultants Pte Ltd; Enya-Lea Pte Ltd; Werombi Pte Ltd.

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**Independent Non Executive Director**

**Thomas Huerlimann** (Aged 59)  
*Appointed to the Board: November 2017*

**Relevant skills, experience and contribution**

- Considerable experience of leading a global business.
- Extensive knowledge of the European insurance market.

Thomas has 30 years' experience in banking, reinsurance and insurance. He was CEO Global Corporate at Zurich Insurance Group, a \$9 billion business working in over 200 countries. Prior to that, he held senior positions at Swiss Re Group and National Westminster Bank. Thomas serves on the Hiscox SA Board as a Non Executive Director.

**External board appointments**

Leadway Assurance Ltd, Nigeria.

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**Independent Non Executive Director**

**Anne MacDonald** (Aged 67)  
*Appointed to the Board: May 2015*

**Relevant skills, experience and contribution**

- Extensive marketing expertise, particularly in the USA.
- Sizeable experience in developing well-known global brands.

Anne has served as Chief Marketing Officer at four Fortune 100 companies, and been in charge of some of the most recognised brands in the world, including Citigroup, Travelers, Macys and Pizza Hut. Anne serves as the Employee Liaison for Hiscox.

**External board appointments**

Boot Barn Holdings, Inc.; IGNITE National; Visiting Nurse & Hospice of Litchfield County.

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**Independent Non Executive Director**

**Constantinos Miranthis** (Aged 59)  
*Appointed to the Board: November 2017*

**Relevant skills, experience and contribution**

- Deep understanding of Bermuda's (re)insurance industry.
- Senior leadership experience in the reinsurance sector.

Costas served as President and CEO of PartnerRe Ltd, one of the world's leading reinsurers, until 2015 and prior to that was a Principal of Tillinghast-Towers Perrin in London, where he led its European non-life practice. He is a Fellow of the UK Institute and Faculty of Actuaries and a resident of Bermuda. Costas serves on the Hiscox Insurance Company (Bermuda) Limited Board as a Non Executive Director.

**External board appointments**

Argus Group Holdings Limited; Pacific Life Re; Gatland Holdings Jersey Limited.

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**Independent Non Executive Director**

**Lynn Pike** (Aged 66)  
*Appointed to the Board: May 2015*

**Relevant skills, experience and contribution**

- Strong background in the US financial services sector.
- Significant knowledge of providing commercial solutions for small businesses, particularly in the USA.

Lynn worked in the US banking industry for nearly four decades, most recently as President of Capital One Bank. Before that, she was President of Bank of America's small business banking division, a multi-billion Dollar business with 110,000 clients and over 2,000 employees. Lynn serves on the Hiscox Insurance Company Inc. Board as a Non Executive Director and is Chair of the Risk Committee.

**External board appointments**

American Express Company (NYSE: AXP); American Express National Bank; Bankwork\$ Advisory; California State University Channel Islands Foundation.



**Group General Counsel and Company Secretary**

**Marc Wetherhill** (Aged 50)

Marc has significant legal and governance experience, and is the Principal Representative to the Bermuda Monetary Authority for the Hiscox Group. He previously served as Chief Legal Counsel and Chief Compliance Officer at PartnerRe Ltd, having trained as a solicitor in London, and is a member of the Bermuda Bar.

## Departures and appointments

### Executive appointments

Paul Cooper  
(effective 9 May 2022)

### Non Executive appointments

None.

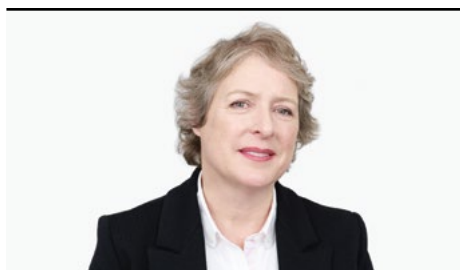
### Executive retirements

None.

### Non Executive retirements

Caroline Foulger  
(effective 12 May 2022)

## Retired Non Executive Director



### Independent Non Executive Director

**Caroline Foulger** (Aged 62)  
*Appointed to the Board: January 2013*

A resident of Bermuda, Caroline led PwC's insurance and reinsurance practice in Bermuda until her retirement in 2012. With a strong background in accounting, she is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Institute of Chartered Accountants of Bermuda and a member of the Institute of Directors. Caroline stepped down from the Hiscox Ltd Board at the 2022 AGM, following the conclusion of her nine-year term with the Company.



### Director duties

As a company incorporated under the laws of Bermuda, Hiscox complies with Bermuda Company Law and as such the UK Companies Act 2006 and associated reporting regulations do not apply. Although there is no prescription of statutory duties in Bermuda, Directors are bound by fiduciary duties to the Company and statutory duties of skill and care. This includes exercising care, diligence, and skill that a reasonably prudent person would be expected to exercise in a comparable circumstance. The Directors act in a way that they consider in good faith would be most likely to promote the success of the company for the benefit of its members as a whole.

# Board statistics



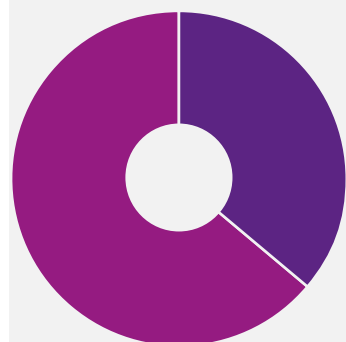
Read more about gender and ethnic diversity at Hiscox.

## Board statistics

Board diversity at 8 March 2023

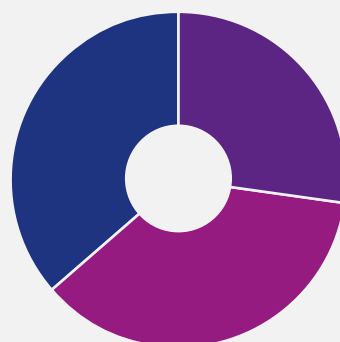
### Gender

Female	4
Male	7



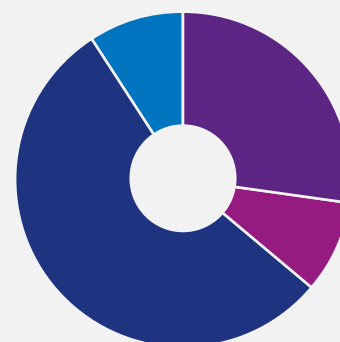
### Age

46-55	3
56-65	4
66-75	4



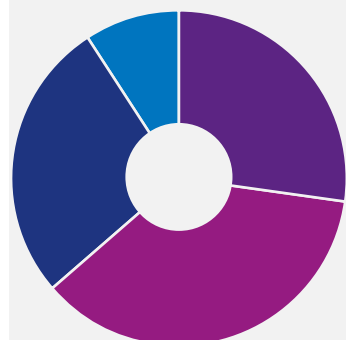
### Location

USA	3
Bermuda	1
Europe	6
Asia	1



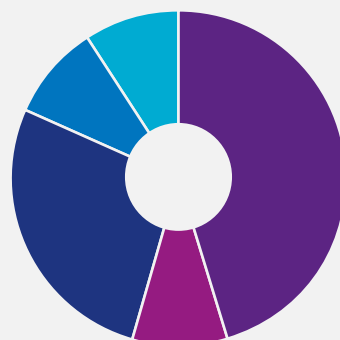
### Tenure

0-3 years	3
3-6 years	4
6-8 years	3
8+ years	1



### Nationality

British	5
Bermudian*	1
American	3
Swiss	1
Australian	1



\*Includes those Directors who hold a Permanent Residency Certificate.

## Group Executive Committee



**Aki Hussain**  
Group Chief Executive Officer  
*Joined Hiscox: September 2016*

**Relevant skills, experience and contribution**

- Considerable experience of providing strategic, financial and commercial management and in-depth knowledge of the regulatory and compliance environment.
- Significant experience of driving business change.

Aki joined Hiscox in 2016 as Group Chief Financial Officer and became Group Chief Executive Officer in 2022. As such, Aki leads the Group Executive Committee in realising the strategy, delivering the business plan, and driving the Company through its next phase of growth. Prior to Hiscox, Aki held a number of senior roles across a range of sectors, including Chief Financial Officer of Prudential's UK and Europe business, and Finance Director for Lloyds Banking Group's consumer bank division. Aki is a Chartered Accountant, having trained with KPMG.



**Paul Cooper**  
Group Chief Financial Officer  
*Joined Hiscox: May 2022*

**Relevant skills, experience and contribution**

- Considerable expertise of financial and commercial management within a complex regulatory and compliance environment.
- Qualified Chartered Accountant, with significant experience of both the retail and Lloyd's insurance markets.

Paul joined Hiscox in 2022 as Group Chief Financial Officer to lead our team of 400 finance experts around the world and ensure robust financial systems and continued capital efficiency. With over 25 years of financial services experience, Paul has held a number of senior roles, including most recently Interim Group Chief Financial Officer at M&G Plc and Chief Financial Officer for The Prudential Assurance Company. Paul is a qualified Chartered Accountant, having trained with PwC.



**Robert Dietrich**  
Chief Executive Officer, Hiscox Europe  
*Joined Hiscox: June 1997*

**Relevant skills, experience and contribution**

- In-depth knowledge of the European insurance market.
- Significant experience of bringing niche insurance products to market.

Robert served as Managing Director for Hiscox Germany for many years, driving disciplined expansion and building it into the flagship European business it is today. In 2021, he took on wider responsibility for Hiscox Europe, whose operations span eight countries, overseeing critical cross-country systems transformation and redefining its long-term vision.



**Hanna Kam**  
Group Chief Risk Officer  
*Joined Hiscox: February 2015*

**Relevant skills, experience and contribution**

- Qualified actuary with in-depth enterprise risk management and insurance expertise.
- International property and casualty insurance industry experience gained within corporates and consultancies across the UK and Australia.

Hanna leads our global team of risk and compliance experts, located in our key geographies and jurisdictions. She has Group-wide responsibility for Hiscox's enterprise risk management and regulatory compliance, and manages our relationships with regulators.



**Kevin Kerridge**  
Chief Executive Officer, Hiscox USA  
*Joined Hiscox: December 1996*

**Relevant skills, experience and contribution**

- Significant expertise in, and at the forefront of, how digital is reshaping our industry landscape.
- Multi-market, ground-up experience of building omni-channel retail businesses.

Kevin has held a number of strategic planning, leadership and operational roles across the Group and was an early pioneer of our eCommerce approach, having set up and run our UK Direct business before relocating to establish our digital operations in the USA. He has led Hiscox USA since 2021, which now spans nine offices and over 500 employees, overseeing product and service innovations and a programme of technology re-platforming that can support our significant growth ambitions in the region.



**Kate Markham**  
Chief Executive Officer, Hiscox London Market  
*Joined Hiscox: June 2012*

**Relevant skills, experience and contribution**

- Strong experience of building customer-focused businesses.
- Track record of establishing operational and digital infrastructures that support profitable growth.

Kate originally joined Hiscox to run our UK Direct business, and was promoted to Chief Executive Officer of Hiscox London Market in 2017. She leads our team of 300 London Market underwriters, analysts and support functions in the UK, Guernsey and the USA. In addition, Kate is the Group's Executive Sponsor for diversity and inclusion.



### Jon Dye

Chief Executive Officer, Hiscox UK  
Joined Hiscox: September 2022

#### Relevant skills, experience and contribution

- In-depth knowledge of the UK insurance market.
- Track record of building sustainable, profitable retail insurance businesses.

Jon joined Hiscox in 2022 from Allianz UK, where he was Chief Executive Officer. He leads our UK retail insurance business, which spans eight offices and over 800 employees and oversees the development of our established broker business, as well as our partnerships division and direct-to-consumer offerings. Jon is responsible for building on our long-term broker relationships, distinguished brand and deep expertise in underwriting and digital distribution with new capabilities as we continue to drive scale.



### Stéphane Flaquet

Group Chief Operations and Technology Officer  
Joined Hiscox: March 2010

#### Relevant skills, experience and contribution

- Strong financial services background.
- Sizable insurance industry experience gained within a range of European territories.

Stéphane originally joined Hiscox as Chief Operating Officer for Europe, and has since held a number of other senior roles including Group Chief Information Officer, Chief Executive Officer of Hiscox Europe, Chief Transformation Officer and Interim Chief Executive Officer for Hiscox UK. In his new role, created during 2022, he oversees a number of critical Group functions including claims, technology, change, property services, procurement and marketing to ensure the continued effective and efficient delivery of core services while also driving process maturity and digital transformation.



### Nicola Grant

Group Chief Human Resources Officer  
Joined Hiscox: September 2022

#### Relevant skills, experience and contribution

- Deep expertise in developing and implementing HR strategies across multiple geographies.
- Significant experience of global performance and reward management, robust talent and succession planning and HR transformation.

Nicola joined Hiscox in 2022 from ING Group where she held a number of senior HR positions. She leads our team of 95 HR professionals around the world and drives the Group's people strategy as we focus on attracting, retaining and developing great people to support the next phase of the Group's growth. This includes oversight of our HR policies and procedures, employee rewards and benefits, recruitment, learning and development, and our approach to remuneration including executive compensation.



### Joanne Musselle

Group Chief Underwriting Officer  
Joined Hiscox: April 2002

#### Relevant skills, experience and contribution

- Considerable underwriting expertise, including experience of managing underwriting portfolios in our key markets.
- Significant knowledge of Hiscox, particularly Hiscox Retail, having worked for the Group for 19 years.

Joanne joined Hiscox in 2002 and has held a number of roles across the Group, including Head of UK Claims, Chief Underwriting Officer for Hiscox UK & Ireland, and Chief Underwriting Officer for Hiscox Retail. Joanne also sits on the Board of a number of Hiscox subsidiary companies. Prior to Hiscox, Joanne spent almost ten years working in a variety of actuarial, pricing and reserving roles at Axa and Aviva in both the UK and Asian markets.



### Kathleen Reardon

Chief Executive Officer, Hiscox Re & ILS  
Joined Hiscox: January 2021

#### Relevant skills, experience and contribution

- Extensive experience of building reinsurance businesses throughout the cycle.
- In-depth knowledge of the Bermuda reinsurance market.

Kathleen leads our reinsurance and ILS business, which operates in London and Bermuda. She is responsible for ensuring the 110-strong team of underwriting, analytics and asset manager experts take advantage of changing market conditions and seize opportunities as they present themselves, as we continue to build both specialist reinsurance capability and our position as an expert alternative capital manager in the ILS space.

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# Q& A:

with Jon Dye  
Chief Executive Officer, Hiscox UK

## Going places

Hiscox UK is a well-established retail brand with a strong culture and considerable expertise, and its opportunities for growth are plentiful. >







Jon Dye joined Hiscox in September 2022 after working in a number of senior roles within the insurance industry, most recently as Chief Executive Officer of Allianz UK. He also served as Chair of the ABI between 2019 and 2021. In his new post, he is responsible for leading the next phase of growth for Hiscox's flagship UK retail business.



## Q&A:

with Jon Dye  
Chief Executive Officer, Hiscox UK

### **Q: You've had a long career in the insurance industry. What was it that drew you to it initially?**

A: I'm a law graduate, but I was always pretty certain that I didn't want to join the legal profession. One of my lecturers said: "If you're interested in the law and you want to change things, don't be a lawyer, because their role is to follow their clients' instructions. What you need to do is work for one of the compensators". That means basically the insurance industry and the government. You hear lots of senior people say: "I fell into insurance. It was an accident". I didn't fall into insurance. I chose to come to insurance because I thought it was a fascinating and important business, which it is.

### **Q: As well as several Chief Executive Officer roles, you've also had a recent stint as Chair of the Association of British Insurers (ABI). What did you take from that experience?**

A: I took a huge amount from that role and it was all in the timing. I was appointed in the summer of 2019,

when none of us knew what was just around the corner. Covid was one of our industry's biggest challenges for lots of reasons, and being the ABI Chair as the industry faced those challenges was such a valuable experience. Everybody had different views of the same problem and we really did have to work together to navigate through it.

### **Q: What was your impression of Hiscox from the outside?**

A: My impression was that it had managed to build a clearly differentiated position in the market, which is a very difficult thing to do in insurance. There's no IP in your product, because it's there on sale, for all to see. To differentiate yourself is really quite hard, but I think Hiscox has done that spectacularly well. Good people, clever products, fantastic claims service – that's what I perceived from the outside and that is exactly how it is. The culture runs through Hiscox in a way that is genuinely tangible. Every business says it's customer-centric, every business says it's entrepreneurial, but living up to that can be quite hard. If you haven't got that culture, creating it is really difficult. And if you have got it, wow – that's a great advantage!

### **Q: What attracted you to this particular role?**

A: It's an opportunity to grow not just the business, but also my own skills and experiences. We have an energetic new Group Chief Executive Officer who has big ambitions for us, who wants to see the UK retail operation move forward and is prepared to put money into that in terms of brand investment, change investment and broad support for what we're trying to do. There's no issue in terms of headroom. Are we banging

our head on the maximum that you can achieve in terms of market share in key products? No. It's all in our gift. That's the great attraction. Through the channels we're already working in, we can do things better and bigger than we do today.

### **Q: Presumably, your relationship with brokers will be vital to that growth. How is that relationship changing as technology evolves?**

A: Technology is important. A lot of our change budget is pointed at digital initiatives with brokers. Brokers want us to be easy to deal with, and for smaller, more straightforward risks, that's got to be digital. I think we've got a real opportunity here to steal a bit of a march on the market and move ourselves into a leading position if we invest intelligently. We're on a journey there and I think quite an exciting one.

But in other ways, working with brokers is no different to how it was in January 1989, when I started. People trade with people they know and trust. And that works all the way up and down the business. It's a partnership and our success depends on our ability to build and leverage those relationships. One of the big advantages at Hiscox is that we've got a very flat structure. Brokers can easily get to the decision-makers who are executing on the strategies that we've laid down. We're actually looking to devolve even more decision-making to frontline specialists, allowing them to deliver at pace and in this market that's quite unusual.

### **Q: What do you think your priorities will be in the coming year?**

A: We're known in the market for our strong underwriting talent and we'll continue to strengthen and build this



**The launch of our new Hiscox Underwriting Academy is going to be important as it will enhance our ability to grow and train our own talent. We'll continue to recruit market experts where appropriate, particularly those with specialist expertise in profitable growth segments.”**



**We have an energetic new Group Chief Executive Officer who has big ambitions for us, who wants to see the UK retail operation move forward and is prepared to put money into that in terms of brand investment, change investment and broad support for what we're trying to do. There's no issue in terms of headroom.”**

core capability. The launch of our new Hiscox Underwriting Academy is going to be important as it will enhance our ability to grow and train our own talent. We'll continue to recruit market experts where appropriate, particularly those with specialist expertise in profitable growth segments.

We'll also be investing in technology – that's really important. As well as building our digital trading capability, we also need to simplify and digitise our own processes and automate simple tasks. And we're investing in technology to improve the customer journey – we need to ensure our people have all the tools they need to exceed customer expectations.

**Q: How important is it to have a high-performing claims service?**

A: I spent the first 18 years of my career working in claims, and for me it's the moment of truth in our industry. People buy a promise, and they only know if it was a good purchase or a bad purchase when they need to make a claim. Seeing customers as people rather than numbers is absolutely vital and it's something that Hiscox is famously brilliant at. Our claims service is genuinely a major differentiator – we continue to deliver a superb service, with really strong customer satisfaction.

**Q: What have you seen so far at Hiscox that makes you optimistic about the future?**

A: I think the fundamentals of the business are completely solid. The unique culture, the differentiated brand, the great people, the clever products, that's all there. It's actually been quite helpful to have someone come in from the outside and point out some of the things that we're really good at,

because there are lots and lots of them. So that's what makes me most optimistic. The fundamentals of this business offer a brilliant foundation on which we can build a bigger and better business, and that's what I intend to do.

**Q: Outside of work, what gives you energy?**

A: I play squash. I whack a little rubber ball around a room and burn a lot of energy in a short space of time. And it's great. Hiscox is actually very good at encouraging people to take a break, do some exercise or just get out in the fresh air, so when I do get the opportunity to have a lunchtime game I find that I come back to work feeling revived and ready to go again. ■

# Chairman's letter to shareholders

## Dear Shareholder

2022 has been another year of focus when it comes to ensuring we have robust governance arrangements that are equipped to manage not only the risks we face but also the opportunities. The corporate governance report that follows will cover the detail of what this encompasses at Hiscox, but below are some key points from the year.

### Board changes

Caroline Foulger stepped down from the Board in May, following the conclusion of her nine-year term. Pleasingly, we have experienced a smooth transition from Caroline to Donna DeMaio, who not only serves as an Independent Non Executive Director on the Board but also as Audit Committee Chair. I would like to thank Caroline for her counsel and constructive challenge over the years, which I have personally valued immensely and which the business has significantly benefitted from.

In addition, Paul Cooper joined the Board as well as the Group Executive Committee in May, following his appointment as the Group's Chief Financial Officer. Paul has over 25 years of financial services experience, including across both the retail and Lloyd's insurance markets, and joined with strong knowledge of the Group – having served as Finance Director for Hiscox UK and Europe from 2006 to 2011 during a key phase of growth. We are benefitting immensely from his experience and insights.

As we announced with our 2022 results, I will be stepping down as Chairman during 2023 following 37 years of service to the Group, including ten years as Chairman, and the Board has commenced the search for my

successor. An update on this search and on the succession process will be provided to the market in due course.

### Embedding the new Group Executive Committee

During his first year as Group Chief Executive Officer, Aki has established a Group Executive Committee with a combination of business unit and functional expertise, institutional knowledge and fresh thinking. This team of our most senior leaders has worked collaboratively and effectively over the course of the year to deliver strong progress against our 2022 business priorities, particularly when it comes to building connected teams with shared values and mindset, which is reflected in our best employee engagement scores for ten years (see page 3).

### Listening to our people

We are now in the fourth year of our Employee Engagement Network, led by Independent Non Executive Director Anne MacDonald in her capacity as Employee Liaison. This network comprises a representative group of colleagues, with diversity of geography, business area, age, race and tenure, and meets twice yearly, with anonymised insights reported back to the Board.

These are rich discussions, which in 2022 have included rewards and benefits, hybrid working, ESG, feedback for Aki in his new role, and what our people want to see from new Group Executive Committee members. As a result, the views of our people have constructively helped to shape Board discussions, for example around employee engagement as we review and refine our employee proposition, and our approach to hybrid working.

### Pragmatism in ESG

The accountability and oversight structures we have established for ESG continue to drive healthy debate on our role in the transition to a net-zero economy (see page 60). We take a pragmatic approach to ESG, including climate-related issues, which can be seen not only in the progress we are making to reduce our exposure to some of the worst carbon emitters as we adapt to our ESG exclusions policy, but also in our work with clients to ensure an orderly transition. We also recognise the importance of comparable disclosures, which is why we continue to contribute to a range of independent indices, and this year we were particularly pleased to see our MSCI ESG rating upgraded from an A to an AA. Our second year of TCFD disclosure, in line with the FCA requirements, can be found on pages 60 to 67.

I trust that the information set out in this report will give you a strong understanding of our corporate governance arrangements and assurance that Hiscox continues to be focused on the importance of maintaining a robust corporate governance framework.

**Robert Childs**  
Chairman

## Corporate governance

### Corporate governance framework

The corporate governance framework throughout Hiscox supports the delivery of our values, culture, strategy and business objectives.

The Board's formal corporate governance framework includes the Board, the Hiscox Group subsidiaries and the Executive internal governance structures, which together ensure the governance requirements for the Group are robust and fit for purpose. As a company listed on the London Stock Exchange, the UK Corporate Governance Code (the Code) is applicable to Hiscox, and an overview of the Company's compliance with the Code is detailed on pages 88 to 93.

The Board has a formal schedule of matters reserved for the Board's determination that covers areas including: setting the Group's purpose and strategic vision; monitoring performance of the delivery of the strategy; approving major investments, acquisitions and divestments; risk oversight and setting the Group's risk appetite; and reviewing the Group's governance. The Group governance manual (the Manual) details the wider corporate governance framework including the overall legal entity structures and relationship with the business units, the division of responsibilities between Group and principal subsidiary boards, Board process and procedures for issues such as Non Executive Director appointments, diversity requirements and Board evaluations, and the principles to be applied to the wider subsidiary management. The Manual is approved by the Board and regularly reviewed. The Company also benefits from a strong governance framework at a

subsidiary level. The Manual and the supporting subsidiary governance manuals ensure that the underlying processes throughout the subsidiary boards follow consistent and effective governance practices. The division of responsibility between the Board and the boards of the Group's principal subsidiaries is understood throughout the Group and is visually represented in the Hiscox Group governance model (available at [hiscoxgroup.com/investors/corporate-governance](https://hiscoxgroup.com/investors/corporate-governance)).

The model shows the relationship between the Board exercising strategic direction and oversight of the Hiscox Group, and the subsidiary boards' delivery of their respective entity's responsibilities. This is further detailed in explicit terms of reference and governance manuals for the principal subsidiaries – ensuring alignment to the overall Group approach to values, purpose, culture of risk awareness, ethical behaviour and Group controls. Informal interaction, information flows and collaboration between Group and the principal subsidiaries are also delivered by Board Non Executive and Executive Director representation on the boards of the principal insurance carrier entities.

The Executive's internal governance structures support decision-making at the Executive level between the Group Executive Committee, the business units and the functional departments. Membership of the Group Executive Committee was refreshed in January 2022 following a review of existing leadership structures by the incoming Group Chief Executive Officer, and the resulting Group Executive Committee members are detailed on pages 76 to 77.

### Supporting policies and processes

The corporate governance framework complements the Company's internal controls framework and its supporting framework of policies and processes. Key policies for the Group are published online and available to view at [hiscoxgroup.com/about-hiscox/group-policies-and-disclosures](https://hiscoxgroup.com/about-hiscox/group-policies-and-disclosures).

The Board is satisfied that the internal control and risk management systems relating to the financial reporting process are strong, with the Audit Committee and the Risk Committee forming the central points of review and challenge. Further detail can be found in the Audit Committee report on pages 99 to 101 and in the risk management section on pages 44 to 47.

In addition, the Board and the Audit Committee – whose Chair also serves as the Group's whistleblowing champion – have oversight of whistleblowing matters and receive reports arising from its operation. The Company's whistleblowing policy is designed to ensure that the workforce feel empowered to raise concerns in confidence and without fear of unfair treatment. The structures and processes in place allow for the proportionate and independent investigation of any such matters, and for appropriate follow-up action to be taken where necessary.

### Board composition

The Board has responsibility for the overall leadership of the Group and its culture. The operations of the Board are underpinned by the collective experience of the Directors and the diverse skills which they bring. The Board comprises the Non Executive Chairman, three Executive Directors, and seven independent Non Executive Directors including a Senior Independent Director.

Notable changes in the reporting period include the appointment of Paul Cooper as Group Chief Financial Officer, effective 9 May 2022, and Donna DeMaio's appointment as Audit Committee Chair, following the retirement of Caroline Foulger at the AGM in 2022, after the conclusion of her nine-year term with the Company. Biographical details for each member of the Board are provided on pages 72 to 73.

In accordance with the Company's Bye-laws and the Code, all Directors will seek appointment or re-appointment (as applicable) at the 2023 Annual General Meeting. No issues have arisen that would prevent the Chairman from recommending the re-appointment of any individual Director. In addition, the Senior Independent Director has reviewed the position of the Chairman with the Non Executive Directors, and recommends the re-appointment of Robert Childs, confirming that the Chairman continues to show the independence of character and judgement necessary to chair the Board effectively. This will be the last time Robert will seek reappointment, having announced with the Group's 2022 results that he will step down as Chairman during 2023 following 37 years of service to the Group, including ten years as Chairman. The search for a successor is underway and an update will be provided to the market in due course.

The Board is satisfied that it has the appropriate balance of skills, experience, independence, and knowledge of the Company to enable it to discharge its duties and responsibilities effectively, and that no individual or group dominates the Board's decision-making. Additional

details on Board composition and succession planning can be found in the Nominations and Governance Committee report on pages 94 to 98.

### **Board independence and Director duties**

The Nominations and Governance Committee reviews the independence of each Non Executive Director, taking into account, among other things, the circumstances set out in the Code that are likely to impair, or could appear to impair, their independence. The Committee remains of the view that the most important factor is the extent to which they are independent of mind.

Each Director has undertaken to allocate sufficient time to the Group in order to discharge their responsibilities effectively. Each Non Executive Director's letter of appointment outlines the commitments expected of them throughout the year and this is further detailed in the Manual. Executive Directors are prohibited from taking more than one additional non executive directorship in a FTSE 100 company. Each year, as part of the Director review process, the Directors are required to provide a complete list of all third-party relationships that they maintain. This is analysed to determine if there is any actual or potential conflict of interest and that appropriate time continues to be available to devote to the Company. The Nominations and Governance Committee reviews the findings and determines if there is any conflict of interest. The Committee determined that there were no relationships which could cause an actual or potential conflict.

Additionally, there were no concerns regarding overboarding and all Directors had adequate time available to carry out

their duties. Where Directors accepted additional Board positions during the year, these were reviewed as part of our corporate governance processes and were not deemed to be significant to the extent that they would overburden that Director's time. Approval occurs prior to a Director undertaking additional external appointments.

### **Onboarding and Board training**

On joining the Board, all Non Executive Directors take part in a full, formal induction programme which is tailored to their specific requirements. More information on this can be found in the Nominations and Governance Committee report on pages 94 to 98.

The Board also has an ongoing training programme with regular items on topical issues. In 2022, this included, among other things: sessions on ESG horizon scanning; the impact of IFRS 17; strategic planning; redefining our employment proposition; workforce engagement; information security strategy; and control environment training. Items for training are identified in the Board, Committee and Director reviews, as well as through specific requirements and individual requests, and can be delivered via the frequent programme of Board informational sessions.

### **Board structure and decision-making**

The Board operates within an established structure which ensures clear responsibilities at Board level, transparent, well-informed and balanced decision-making, and appropriate onward delegations to effectively deliver the Company's purpose, values and strategy.

The Board has delegated a number of its responsibilities to its Audit, Nominations

and Governance, Remuneration and Risk Committees. Each Board Committee operates within established written terms of reference and each committee Chair reports directly to the Board. The formal schedule of matters reserved for Board decision and the Committee terms of reference were reviewed in late 2022 as part of the annual review of terms of reference, and copies of each can be found at [hiscoxgroup.com/investors/corporate-governance](https://hiscoxgroup.com/investors/corporate-governance). To ensure that the Board operates efficiently, the role of the Chairman, Senior Independent Director and Chief Executive are distinct to demonstrate the segregation of responsibilities.

### Board cycle

The Board receives appropriate and timely information to enable Directors to review business strategy, trading performance, business risks and opportunities. Executive Directors and senior management from the business are invited to present on key items, allowing the Board the opportunity to debate and challenge initiatives and proposals directly.

The Board agenda is set by the Chairman following discussion with the Group Chief Executive Officer and Company Secretary, and taking into consideration feedback from the individual Directors. Board agendas focus on strategically important issues, key regulatory items and regular reports from key business areas. Board papers are circulated in advance of each meeting to ensure Directors have appropriate time to review them, and to seek clarification where necessary. The management reports follow a short standard format which aids discussion and understanding. The quality of Board papers is kept under regular review.

At each meeting, the Board receives an update from the Committee Chairs to keep them abreast of the items discussed, the outcomes agreed, and to summarise recommendations for Board approval from the Committees.

The scheduled meetings follow an agreed format; agendas are developed from the Board's annual plan of business, with flexibility built in to ensure the agendas can accommodate relevant upcoming issues. Each quarterly cycle typically covers a series of decisions, discussions and regulatory items either at the Board, during Committee discussions, or during informal informational sessions, depending on the nature of the matter. Items for discussion may be identified from actions from previous meetings, issues escalated from management, items requested either formally or informally by Non Executive Directors, ongoing regulatory topics throughout the Group, and horizon scanning including review of the competitive landscape. Agendas are built to ensure that the most appropriate method of progressing an item is utilised. The Chairman and Non Executive Directors usually meet at the start or end of each Board meeting without the Executive Directors, creating an opportunity for Non Executive Directors to raise any issues privately. Owing to this system, the Group has an effective Board which supports a culture of accountability, transparency and openness. Executive and Non Executive Directors continue to work well together as a unitary Board and debate issues freely. The Board culture is congenial; however, both Non Executive Directors and Executive Directors continually challenge each other in order to deliver our shared aim. In the context of unitary Boards, Non Executive Directors provide

Executive Directors with support and guidance, not just challenge, and our Non Executive Directors are close enough to the business to do this.

### Board attendance in 2022

In line with the agreed meeting schedule, the Board held four comprehensive meetings in 2022 (these meetings comprise meetings of the Board and of each of the Committees of the Board). In keeping with the practices developed during the early stages of the pandemic, there were an additional seven informational calls between Board meetings. These informational calls provided an opportunity to ensure the Board was kept informed of any business developments and allowed the Directors to monitor exposures, emerging issues and opportunities.

The Company's Bye-laws prohibit any Director who is in the UK or the USA from counting towards the quorum necessary for the transaction of business at a Board meeting. This restricts the ability of the Company's Directors based in the UK or USA to participate in Board meetings by telephone or other electronic means.

All Directors were able to fulfil their fiduciary responsibilities during 2022 and attended all Board and Committee meetings that they were eligible to attend (that is, those Board and Committee meetings that they were not precluded from attending as a result of the Company's Bye-laws). With respect to the four comprehensive Board meetings in 2022, the Directors' attendance (and the number of meetings that they were eligible to attend) was as follows: Robert Childs, Michael Goodwin, Thomas Huerlimann, Colin Keogh, Anne MacDonald, Costas

Miranthis, Lynn Pike, Joanne Musselle, Aki Hussain (4/4); Paul Cooper (3/3); and Donna DeMaio (2/3). In November 2022, Donna DeMaio was involved in a medical emergency which prevented her from attending the November Board meeting. The Deputy Chair of the Audit Committee, Thomas Huerlimann, fulfilled her responsibilities for the meeting.

There were also four meetings of each of the Committees of the Board during 2022. All of the Company's Independent Non Executive Directors are members of each of the Audit Committee, Nominations and Governance Committee, Remuneration Committee, Risk Committee and Investment Committee and their attendance (and the number of meetings that they were eligible to attend) was as follows: Michael Goodwin, Thomas Huerlimann, Colin Keogh, Anne MacDonald, Costas Miranthis, Lynn Pike (4/4); and Donna DeMaio (2/3, for the same reason as described above). Robert Childs is a member of the Nominations and Governance Committee, Risk Committee and Investment Committee and he attended all four of the meetings that he was eligible to attend. Aki Hussain and Joanne Musselle are members of the Investment Committee and attended all four meetings. Paul Cooper is also a member of the Investment Committee and attended the three meetings he was eligible to attend.

Outside of the formal Board and Committee meetings and informational calls, Non Executive Directors have unfettered access to employees at all levels of the business, regularly liaise with management on activities aligned to their key skills, and attend appropriate management strategy and training events. They also have the

opportunity to attend briefings with Group Executive Committee members and senior management, to understand key issues and conduct deep dives on specialist subjects.

### Board activity in 2022

Board activity in 2022 was suitably focused to ensure it covered the appropriate strategy, performance and governance items and considered the needs and concerns of our key stakeholders. This included:

- strategy and business performance, including approval of the 2023 business plan, the agreement of business priorities for the year ahead, oversight of capital management measures taken (including legacy portfolio transactions and debt refinancing), embedding the Group's strategic evolution, and further optimising operational effectiveness;
- culture and engagement, including reviewing the annual employee engagement survey, oversight of the employee proposition work done to date, and gaining new insights from the Employee Engagement Network facilitated by the Board's Employee Liaison;
- governance, including updates on key underwriting exposures, and approval of the updated risk limits framework;
- oversight of all key risks, compliance, internal controls and governance matters, as outlined on pages 44 to 46, 94 to 98 and 99 to 101.

More information on Board activities is covered as part of the annual Board evaluation process outlined on pages 97 to 98.

### Board engagement with stakeholders

A key element of the corporate governance framework is open and transparent communication with stakeholders at all levels including Board level. As such, the Board regularly discusses stakeholder matters including shareholder matters, employee engagement, customers, and the Group's impact on, and relationship with, wider society.

The Board is kept abreast of stakeholder feedback and issues through reports from a variety of sources, including the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Employee Liaison, senior management and external consultants. This feedback loop is complemented by the regular dialogue that the Board maintains with the Group's key stakeholders, with the support of Executives and senior management.

The chair of each Committee of the Board is available for engagement with shareholders when required and an example of this during 2022, in relation to our remuneration policy review, can be found on page 132.

More information on how the Board engages with key stakeholders can be found on pages 48 to 49.

### Board evaluation 2022

The Board encourages a culture of continuous improvement, and an important part of this is the annual review of the Board, its Committees and each Director. The Board evaluation in 2022 was internally facilitated, the details of which can be found in the Nominations and Governance Committee report on pages 94 to 98.

### Board remuneration

The remuneration of Independent Non Executive Directors is determined by the Nominations and Governance Committee and is regularly benchmarked to ensure it reflects the time commitment and responsibilities of each role; there are no performance-related elements. The Chairman's remuneration is determined pursuant to the remuneration policy.

More information on Board remuneration can be found in the remuneration section on pages 106 to 143.

## The role of the Board

The Board as a whole is collectively responsible for the success of Hiscox Ltd and the Group. Its duties are to:

- set the Group's strategic direction, purpose and values and align these with its culture;
- oversee competent and prudent management of internal control, corporate governance and risk management;
- determine the sufficiency of capital in light of the Group's risk profile and business plans;
- approve the business plans and budgets.

This structure is supported by the Group Executive Committee, Investment Committee and a number of other management committees.

Certain administrative matters have been delegated to a committee comprising two Directors and the Company Secretary.

Audit Committee	Nominations and Governance Committee	Remuneration Committee	Risk Committee
<ul style="list-style-type: none"> <li>— Advises the Board on financial reporting.</li> <li>— Oversees the relationship with internal and external audit.</li> <li>— Oversees internal controls including reserving and claims.</li> </ul> <p>The Audit Committee report can be found on pages 99 to 101.</p>	<ul style="list-style-type: none"> <li>— Recommends Board appointments.</li> <li>— Succession planning.</li> <li>— Ensures an appropriate mix of skills and experience on the Board.</li> <li>— Promotes diversity.</li> <li>— Manages any potential conflicts of interests.</li> </ul> <p>The Nominations and Governance Committee report can be found on pages 94 to 98.</p>	<ul style="list-style-type: none"> <li>— Establishes remuneration policy.</li> <li>— Oversees alignment of rewards, incentives and culture.</li> <li>— Sets Chairman, Executive Director and senior management remuneration.</li> <li>— Oversees workforce remuneration-related policies and practices across the Group.</li> </ul> <p>The remuneration report can be found on pages 112 to 121.</p>	<ul style="list-style-type: none"> <li>— Advises the Board on the Group's overall risk appetite, tolerance and strategy.</li> <li>— Provides advice, oversight and challenge to embed and maintain a supportive risk culture throughout the Group.</li> </ul> <p>More information on risk management can be found on pages 8 to 11 and 44 to 47.</p>

## To ensure that the Board operates efficiently, each Director has distinct role responsibilities.

Chairman	Senior Independent Director (SID)	Chief Executive	Independent Non Executive Directors
<ul style="list-style-type: none"> <li>— Leadership of the Board.</li> <li>— Ensuring effective relationships exist between the Non Executive and Executive Directors.</li> <li>— Ensuring that the views of all stakeholders are understood and considered appropriately in Board discussions.</li> <li>— Overseeing the annual performance evaluation and identifying any action required.</li> <li>— Leading initiatives to assess the culture of the Company and ensure that the Board leads by example.</li> </ul>	<ul style="list-style-type: none"> <li>— Advisor to the Chairman.</li> <li>— Leading the Chairman's performance evaluation.</li> <li>— Serving as an intermediary to other Directors when necessary.</li> <li>— Being available to shareholders and other stakeholders if they have any concerns which are unable to be resolved through normal channels, or if contact through these channels is deemed inappropriate.</li> </ul>	<ul style="list-style-type: none"> <li>— Proposing and delivering the strategy as set by the Board.</li> <li>— Facilitating an effective link between the business and the Board in support of effective communication.</li> <li>— Leading the Group Executive Committee, which delivers operational and financial performance.</li> <li>— Representing Hiscox internally and externally to stakeholders, including shareholders, employees, government and regulators, suppliers and contractors.</li> </ul>	<ul style="list-style-type: none"> <li>— Active participation in Board decision-making.</li> <li>— Advising on key strategic matters.</li> <li>— Critiquing and challenging proposals and activities, and approving plans where appropriate.</li> </ul>



## Compliance with the UK Corporate Governance Code 2018

As a company listed on the London Stock Exchange, the UK Corporate Governance Code (the Code) is applicable to Hiscox. The Board is pleased to report that the Company has applied the principles and complied with all its provisions, except in relation to Provision 9 on Chair independence; Provision 19 on Chair tenure (as explained below) and part of Provision 25 regarding the Chairman's membership of the Risk Committee.

The corporate governance statement (pages 83 to 87), the remuneration report (pages 112 to 131) and the Directors' report (pages 148 to 151), together with the cross references to other relevant sections of the Annual Report and Accounts, explain the main aspects of the Company's corporate governance framework and seek to give a greater understanding as to how the Company has applied the principles and reported against the provisions of the Code. The Code itself can be found at [frc.org.uk](http://frc.org.uk).

### Chair independence and tenure

The Company complied with all of the provisions of Section 2 with the exception of Provision 9 and 19 regarding Chair independence and tenure respectively. As previously disclosed, the Chair, Robert Childs, was not deemed to be independent upon his appointment as Chairman in 2013. The Chairman has been in post since 2013 and as announced with the Group's 2022 results, will step down as Chair during 2023. Prior to 2013, the Chair served as an Executive Director (Chief Underwriting Officer for the Group) and, as such at the time of appointment major shareholders were consulted ahead of the Chair appointment and the Board set out its reasons for his appointment. The Board continues to believe that the Chairman's




experience and expertise in underwriting and risk management remain a valuable asset in the performance of its functions.




In 2019, following the introduction of the new provision of the Code, a more robust annual process was introduced which allows the question of the Chairman's independence and Board tenure to be discussed in a specific session with the Non Executive Directors (without the Chairman being present). This process is led by the Senior Independent Director. The meeting took place in November 2022 and, having also considered the views of the Executive Directors, the meeting determined that the Directors continue to highly value the Chair's skills and experience, and that he demonstrates independence, constructive challenge and engagement in the Board, as well as valuable guidance to senior management. The Board is therefore satisfied that the Chair continues to show the independence of character and judgement necessary to chair the Board effectively in this, his final year as Chair.




Separately, there are a number of further measures to ensure the robustness of these arrangements including: a strong Senior Independent Director in place; an annual review of independence of mind as part of the effectiveness review, and oversight of this at the Nominations and Governance Committee; the Chair is not a member of the Remuneration Committee or the Audit Committee; and a majority of Board Directors are independent Directors. A key focus of the 2020 externally facilitated Board evaluation was an assessment of the independence of the Board, the role of the Chairman and the robustness of the Non Executive Director succession plan;

the results of which were positive. This will also be a focus again in the 2023 externally facilitated Board evaluation. A similarly positive result was found in the 2021 and 2022 Board evaluations as detailed on pages 97 to 98. The Board therefore retains complete confidence in the Chair's ability to act independently, and unanimously supports his re-election at the AGM. This will be the last time the Chair will seek reappointment, having announced with the Group's 2022 results that he will step down as Chairman during 2023, following 37 years of service to the Group including ten years as Chairman. The search for a successor is underway and an update will be provided to the market in due course.




The Company complies with all of the provisions in Section 3 (audit, risk and internal control) except for part of Provision 25. The role and functions of the Audit Committee are set out in Section 3 of the Code. This includes certain risk-related responsibilities. These risk-related responsibilities are undertaken by the separate Risk Committee at Hiscox. The composition of the Risk Committee does not comply with Provision 25 of the Code, which states that the Audit Committee should comprise Independent Non Executive Directors and that the Chair should not be a member of the Audit Committee. This is because the Chairman sits on the Risk Committee. However, the Board considers the Chairman's expertise in underwriting and risk management remains a valuable asset and the Chairman is a valuable member of this Committee because of the insight he brings, which the Board considers to be beneficial to that Committee.

Requirements	Operation and practices	Additional detail on provisions:	Compliance
 <p><b>Section 1 of the Code: Board leadership and Company purpose</b></p>	<p><b>A: Board's role</b>  <b>Code:</b> A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.  <b>Hiscox:</b> The Board is collectively responsible for the stewardship and long-term success of the Company. There is a robust decision-making process in place with constructive challenge and debate. Pages 24 to 37 demonstrate the Company's strong performance and position. In the corporate governance overview on pages 83 to 87, we detail the governance arrangements in place which contribute to the delivery of our strategy.</p> <hr/> <p><b>B: Purpose and culture</b>  <b>Code:</b> The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.  <b>Hiscox:</b> Having a clear purpose and strong set of values has always been important at Hiscox as they act as a culture barometer by which the Board and wider workforce can hold each other to account (see pages 2 to 3). Procedures for regulation of Board conduct are detailed in the Group governance manual and individual appointment letters, and is overseen by the Chair of the Board.</p> <hr/> <p><b>C: Resources and controls</b>  <b>Code:</b> The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.  <b>Hiscox:</b> One of the key roles of the Board is to oversee the delivery of strategy and annual operating plans, holding management to account on their delivery of those plans. This is assisted by a robust internal control and risk management framework (see pages 44 to 46). The Board and its Committees have unfettered access to the resources they deem necessary to fulfil their obligations.</p> <hr/> <p><b>D: Stakeholder engagement</b>  <b>Code:</b> In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.  <b>Hiscox:</b> The Board regularly considers the Group's relationship with various stakeholder groups including shareholder matters, employee engagement, customers, and the Group's impact on, and relationship with, wider society, examples of which can be found on pages 48 to 49. The Board continues to engage with the workforce through the pre-existing infrastructure and via the employee engagement network. This ensures Hiscox is motivating and engaging employees in an effective way. The Employee Liaison is responsible for providing a summary of findings at Board meetings.</p> <hr/> <p><b>E: Workforce engagement</b>  <b>Code:</b> The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.  <b>Hiscox:</b> Comprehensive and robust policies and procedures are in place. Having a supportive and inclusive culture is important to us and we track how employees feel about working at Hiscox through our annual global employee engagement survey. More information on our 2022 results can be found on page 3. The Board also engages with the workforce through its established employee engagement network, which supports the pre-existing engagement infrastructure.</p>	 <p><b>Provision 1:</b> pages 44 to 47 (risk management), pages 6 to 7 (business model).</p> <p><b>Provision 2:</b> page 86 (Board activity), pages 106 to 143 (chapter 4, remuneration).</p> <p><b>Provision 3:</b> pages 48 to 49 (shareholder engagement).</p> <p><b>Provision 4:</b> No AGM votes below 80%.</p> <p><b>Provision 5:</b> pages 48 to 49 (stakeholder engagement), page 86 (Board activity).</p> <p><b>Provision 6:</b> page 83 (corporate governance framework).</p> <p><b>Provision 7:</b> pages 83 to 86 (Non Executive Director time, corporate governance framework).</p> <p><b>Provision 8:</b> Group governance manual and Director appointment letters.</p>	 <p>The Company applied all of the principles and complied with the provisions of Section 1.</p> <p>Provision 5 refers to Section 172 of the UK Companies Act which is not applicable to Hiscox as a Bermuda-incorporated company. However, the material provisions of Section 172 of the UK Companies Act are substantively covered by the Bermuda Companies Act, which is the applicable legislation that the Company is required to comply with under Bermuda law. Compliance against Bermudian Director duties is detailed on page 74.</p>

Requirements	Operation and practices	Additional detail on provisions:	Compliance
 <p><b>Section 2 of the Code: Division of responsibilities</b></p>	<p><b>F: Role of the Chair</b>  <b>Code:</b> The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.  <b>Hiscox:</b> The Chair is responsible for the leadership and overall effectiveness of the Board. The Chair drives a boardroom culture which encourages openness and debate and ensures constructive relations between Executive and Non Executive Directors, see Board cycle on page 85. The Chair, with the support of the General Counsel and Company Secretary, delivers high-quality information to the Board to enable a strong basis for decision-making. Pages 83 to 86 detail the corporate governance structures in place.</p> <p><b>G: Composition of the Board</b>  <b>Code:</b> The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.  <b>Hiscox:</b> There is a clear division of responsibilities between the Chair, Chief Executive Officer and Senior Independent Director (see page 87). No individual or small group has unfettered powers of decision. The Board has a majority of independent Directors.</p> <p><b>H: Role of Non Executive Directors</b>  <b>Code:</b> Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.  <b>Hiscox:</b> The Group governance manual and the Directors' letters of appointment detail the requirements for the Non Executive Directors regarding their role and time expectations. These factors are subject to ongoing review, which is overseen by the Chair of the Board, and is formally reviewed in the annual Director reviews conducted by the Nominations and Governance Committee (see page 94). The duties of the Board are detailed in our Matters reserved for the Board policy, which aligns to the requirements of this principle and includes the key role of appointing and removing Executive Directors. The Matters reserved for the Board is available in the Board terms of reference at <a href="https://www.hiscoxgroup.com/investors/corporate-governance">hiscoxgroup.com/investors/corporate-governance</a>.</p> <p><b>I: Role of the Company Secretary</b>  <b>Code:</b> The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.  <b>Hiscox:</b> The Group General Counsel and Company Secretary acts as a trusted advisor to the Board and its Committees, and ensures there are appropriate interactions between senior management and the Non Executive Directors. He is responsible for advising the Board on all governance matters and all Directors have access to him for advice.</p>	 <p><b>Provision 9:</b> page 88 (Chair independence and tenure), page 87 (CEO and Chair separate roles).</p> <p><b>Provision 10:</b> page 72 to 73 (Board of Directors).</p> <p><b>Provision 11:</b> page 72 to 73 (Board composition).</p> <p><b>Provision 12:</b> page 72 to 73 (Board composition), page 97 to 98 (Board evaluation).</p> <p><b>Provision 13:</b> page 85 (Board cycle).</p> <p><b>Provision 14:</b> page 87 (structure of Board decision-making), page 85 to 86 (Board attendance in 2022).</p> <p><b>Provisions 15 and 16:</b> Group governance manual and Director appointment letters.</p>	 <p>The Company applied all of the principles and complied with the provisions of Section 2 except for Chair independence within Provision 9 (see page 88).</p>




Requirements	Operation and practices	Additional detail on provisions:	Compliance
 <p><b>Section 3 of the Code: Composition, succession and evaluation</b></p>	<p><b>J: Appointment to the Board and succession planning</b>  <b>Code:</b> Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.  <b>Hiscox:</b> The Group governance manual details the commitment to a formal, rigorous and transparent procedure for appointments to the Board and effective succession planning for Board and senior management, both of which are based on merit and promote diversity. This is also detailed within the Matters reserved for the Board as part of the Board terms of reference and the terms of reference of the Nominations and Governance Committee, available at <a href="https://hiscoxgroup.com/investors/corporate-governance">hiscoxgroup.com/investors/corporate-governance</a>.</p> <p>The Board diversity and inclusion policy is detailed on pages 95 to 97. It details the parameters for appointments and succession planning, as well as oversight of Board and workforce diversity and inclusion policies and programmes. The Nominations and Governance Committee leads on the delivery of this principle on behalf of the Board as detailed on pages 94 to 98.</p> <hr/> <p><b>K: Skills, experience and knowledge of the Board</b>  <b>Code:</b> The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.  <b>Hiscox:</b> The current composition of the Board is set out on pages 72 to 73 and is considered to be an appropriate size for the business, with the right balance of Executive and Non Executive Directors with a wide range of skills and experience that contribute to the Board's performance. Length of service is considered as part of the succession planning process and this is delivered by the Nominations and Governance Committee on behalf of the Board as detailed on pages 94 to 98.</p> <hr/> <p><b>L: Board evaluation</b>  <b>Code:</b> Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.  <b>Hiscox:</b> The Board, Committee and Director evaluation process is a robust annual process which ensures that a thorough evaluation is completed each year. This internal evaluation process is supported by external evaluations, which are completed every three years, with the next external review scheduled for 2023 (see pages 97 to 98).</p>	 <p><b>Provision 17:</b> pages 94 to 98 (key responsibilities and membership, Nominations and Governance Committee report).</p> <p><b>Provision 18:</b> pages 72 to 73 (Board composition).</p> <p><b>Provision 19:</b> See explanation above (Chair independence and tenure).</p> <p><b>Provision 20:</b> pages 94 to 98 (talent review and Board composition and succession, Nominations and Governance Committee report).</p> <p><b>Provisions 21 and 22:</b> page 94 to 98 (Board evaluation, Nominations and Governance Committee report).</p> <p><b>Provision 23:</b> pages 94 to 98 (Nominations and Governance Committee report).</p>	 <p>The Company applied all of the principles and complied with the provisions of Section 3 except for Chair tenure within Provision 19 (see page 88).</p>

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Requirements	Operation and practices	Additional detail on provisions:	Compliance
 <p><b>Section 4 of the Code: Audit, risk and internal control</b></p>	<p><b>M: Internal and external audit</b>  <b>Code:</b> The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.  <b>Hiscox:</b> The Audit Committee oversees the relationships with the internal and external audit functions ensuring their independence and effectiveness. The Committee also has oversight of the relationship with the actuarial function. The three parties work together to provide assurances to the Audit Committee and Board on the integrity of the financial statements, with external audit also providing assurances in relation to the narrative statements. The Audit Committee report for 2022 can be found on pages 99 to 101.</p> <p>The Directors' responsibilities statement, going concern and viability statements are set out on pages 148 to 151.</p> <p><b>N: Fair, balanced and understandable assessment</b>  <b>Code:</b> The board should present a fair, balanced and understandable assessment of the company's position and prospects.  <b>Hiscox:</b> The Board is responsible for the preparation of the Annual Report and Accounts and for stating whether it considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and provides information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Audit Committee details how this is achieved on pages 99 to 101.</p> <p><b>O: Risk management and internal control framework</b>  <b>Code:</b> The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.  <b>Hiscox:</b> The Board is ultimately responsible for our risk management and internal controls, and for ensuring that the systems in place are robust and take into account the principal risks (referred to in this document as key risks) and the emerging risks faced by the Company. An overview of risk management can be found on pages 44 to 47. The Risk Committee leads detailed discussions on the principal and emerging risks of the Company on behalf of the Board, and recommends to the Board the appropriate risk management framework including risk limits, appetite and tolerances. The Risk Committee also oversees the independence and effectiveness of the risk and compliance functions.</p>	 <p><b>Provisions 24 and 26:</b> pages 99 to 101 (Audit Committee report).</p> <p><b>Provision 25:</b> Audit Committee terms of reference are available at <a href="https://hiscoxgroup.com/investors/corporate-governance">hiscoxgroup.com/investors/corporate-governance</a>. Risk Committee terms of reference are also available. The Chair of the Board sits on the Risk Committee as the Board considers that this brings value to that Committee.</p> <p><b>Provisions 27, 30 and 31:</b> pages 148 to 150 (going concern and viability statements, Directors' report).</p> <p><b>Provisions 28, 29 and 31:</b> pages 44 to 47 (risk management).</p>	 <p>The Company applied all of the principles and complied with the provisions of Section 4, except for part of Provision 25 as the Risk Committee membership includes the Board Chairman.</p>



A full copy of the Corporate Governance Code 2018 can be found at [frc.org.uk](http://frc.org.uk).

Requirements	Operation and practices	Additional detail on provisions:	Compliance
 <p><b>Section 5 of the Code: Remuneration</b></p>	<p><b>P: Remuneration policies and practices</b>  <b>Code:</b> Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.  <b>Hiscox:</b> Our remuneration policy and practices are developed by the Remuneration Committee in consultation with our shareholders. They are designed to support the Company's strategic aims, promote the long-term sustainable success of the Company, and attract and retain talent, while also being aligned with the Company's purpose, values, culture and vision (see pages 2 to 3).</p> <hr/> <p><b>Q: Executive remuneration</b>  <b>Code:</b> A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.  <b>Hiscox:</b> The Remuneration Committee is responsible for setting the remuneration for all Executive Directors and senior management. The remuneration report contains details of the procedures that have been established for developing the Company's policy on Executive pay and determining Director and senior management remuneration outcomes. No Director is involved in deciding their own remuneration outcome. The Remuneration Committee receives information on broader workforce remuneration policies and practices during the year which informs its consideration of the policy (see page 128).</p> <p>The remuneration policy was reviewed during 2022 and is being put to a shareholder vote at the May 2023 AGM. Changes are being proposed to reward the delivery of Hiscox's wider strategy by introducing a scorecard approach to the short- and long-term incentives. Bonus deferral and post-employment shareholding guidelines are being further aligned with market practice and the circumstances that may trigger use of malus and clawback have been extended. Major shareholders' views on proposed changes to the policy were sought and they have indicated broad support for the approach.</p> <p>The Employee Liaison facilitates discussion with respect to the content of the remuneration policy and how this aligns to wider Company pay policy, and shares feedback on this with the Board.</p> <hr/> <p><b>R: Remuneration outcomes and independent judgement</b>  <b>Code:</b> Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.  <b>Hiscox:</b> The Remuneration Committee leads on this area of work on behalf of the Board. Details of the composition and the work of the Remuneration Committee are detailed on pages 106 to 143. The Remuneration Committee comprises Independent Non Executive Directors only. The remuneration of Independent Non Executive Directors is determined by the Nominations and Governance Committee and is regularly benchmarked to ensure it reflects the time commitment and responsibilities of each role; there are no performance-related elements. The Board Chair's remuneration is determined in line with the remuneration policy and reviewed by the Remuneration Committee. The Remuneration Committee terms of reference can be found at <a href="http://hiscoxgroup.com/remuneration-committee-tor">hiscoxgroup.com/remuneration-committee-tor</a>.</p>	 <p><b>Provisions 32 and 33:</b> pages 106 to 109 (annual statement from the Chair of the Remuneration Committee).</p> <p><b>Provision 34:</b> pages 119 and 125 (Non Executive Director fees, Chair remuneration).</p> <p><b>Provisions 35:</b> page 126 (consultants are highlighted in chapter 4: remuneration).</p> <p><b>Provisions 36, 37, 38, 39:</b> pages 132 to 143 (remuneration policy).</p> <p><b>Provisions 40 and 41:</b> pages 106 to 143 (chapter 4: remuneration).</p>	 <p>The Company applied all of the principles and complied with the provisions of Section 5.</p>

## Nominations and Governance Committee report



Succession was a key area of focus for the Committee again in 2022, at both Executive Director level and in relation to key leadership positions. The positive effects of new talent and fresh perspectives are already being felt.”

Robert Childs  
Chair of the Nominations and  
Governance Committee

### Key responsibilities and membership

The Nominations and Governance Committee (the Committee) leads in the delivery of formal, rigorous and transparent procedures on appointments and succession, ensuring the development of a diverse pipeline of Board members and senior managers. This includes an annual review of succession plans for Executives and Non Executives, a process which is guided by the appointment and succession principles set out in the Group governance manual for Non Executive Directors and by our Group HR policies for Executive Directors and senior management. The Committee also reviews the Board evaluation process, Company strategy relating to diversity, equity and inclusion, and the gender balance of both the Board and senior management. In addition, the Committee carries out several other Group activities, including a review of intragroup conflicts of interest and the approval of Group policies.

The Committee is comprised of eight members, of which seven are Independent Non Executive Directors. The Chair of the Board is the Chair of the Nominations and Governance Committee; the Senior Independent Director leads on matters relating to the Chair. The Committee’s terms of reference are reviewed and approved annually and are available on the Company’s website at [hiscoxgroup.com/investors/corporate-governance](https://www.hiscoxgroup.com/investors/corporate-governance).

### Key activities of the Committee:

The Committee’s key priorities in 2022 were as follows.

- Board Director succession, which in 2022 included ensuring a smooth transition to a new Group Chief Executive Officer, Group

- Chief Financial Officer and Audit Committee Chair.
- Review of the Board evaluation outcomes.
- Ongoing diversity monitoring of the Board and senior management.
- Consideration around Chairman and Director succession planning.

### Talent reviews

The Committee leads on Executive succession planning via an established and robust talent review process. As required, the Committee reviews key talent plans throughout the Group. The Group review focuses on the Group Executive Committee, and their direct reports, and the Company Secretary. The outputs of the talent review process contribute to senior management performance development plans and include relevant diversity actions. This process is replicated at a business unit level to ensure a sufficient pipeline of talent in each area. Talent plans are also reviewed when vacancies arise.

### Board composition and succession

As part of the annual Board succession planning process, the Committee reviewed the composition of the Board in 2022. This included a skills and experience review – encompassing independence, length of service, the balance of skills and experience, diversity, and the capacity required to oversee the delivery of the Company’s strategy – and Board succession planning on an immediate and longer-term basis for the Chair and all members of the Board. The review focused on Non Executive succession was aligned to the talent reviews for the Executive Directors. Following these formal reviews, the Board remains confident that the current skills and

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expertise are in place to deliver value to the Company and its shareholders. This formal annual process is augmented by ongoing open dialogue between the Non Executive Directors on succession and the skills required to deliver the strategy.

Pages 72 to 73 demonstrate the nature and breadth of each Director's relevant skills and experience. Additionally, all Directors have demonstrated that they have adequate capacity to fulfil their duties.

As part of the discussions on the requirements of new Directors, the Committee determined that the Company has a strong Board which is sufficiently capable to meet the demands of the Group and future strategy.

### Diversity, equity and inclusion (DEI)

DEI has been a strategic priority for a number of years and remains critical to our development as a sustainable and resilient organisation. Hiscox operates in a global market and the success of our business is dependent on our people, which is why we want to build a workforce that reflects the make-up of our customers, the communities we serve, and the communities in which we live and work, ensuring that we have employees with different backgrounds, perspectives and experiences, with a working environment where all our people can thrive. Our belief is that diverse teams and an equitable and inclusive workplace are critical to resilience as well as sustainable growth, which in turn makes us a stronger partner for our customers. We believe it is important that the name of the function appropriately reflects the intent and work being done, which is why in 2022 we evolved from 'diversity and inclusion' to 'diversity, equity and

inclusion'. We have a Global Head of DEI and a DEI Executive Sponsor for the Group, who together drive our DEI strategy and progress. This includes our DEI approach to building culture, the alignment of policies and processes with inclusion principles, building community and belonging via employee networks, and ensuring alignment to credible external DEI commitments. In addition, each business unit Chief Executive Officer and functional leader has established a DEI action plan which is aligned to our Board-approved global DEI strategy and includes aspects such as recruitment, career development, and DEI skills and capabilities development. These plans are monitored centrally and also via specific local reports to subsidiary boards. This approach is supported by an annual report on DEI which this Committee receives.

### DEI policies, progress and disclosure

After we reviewed and updated our Board diversity policy in 2021, we built upon this in 2022 by refreshing our Group DEI policy which applies to our entire workforce to more clearly articulate DEI governance, refresh our principles and approach to DEI, and align with the Board DEI policy and other documentation. This iteration more appropriately reflects our intent and strategy and better meets the expectations of our industry and marketplace.

The Hiscox Ltd Board DEI policy and Group DEI policy are publicly available on our website at [hiscoxgroup.com/about-hiscox/group-policies-and-disclosures](https://www.hiscoxgroup.com/about-hiscox/group-policies-and-disclosures). Both reflect the ethos of the Company in advocating that opportunity should be limited only by an individual's ability and drive. The specific objectives of the Hiscox Ltd Board DEI policy, as well as how they have been

implemented and the results during the reporting period, are set out on page 96.

We have also fulfilled our UK obligations to report our gender pay gap ratios with respect to our UK subsidiaries, and published our sixth annual gender pay report during the year. This report sets out in detail the gender-related programmes and initiatives we pursued during 2022 and can be viewed at [hiscoxgroup.com/gender-pay-report-2022](https://www.hiscoxgroup.com/gender-pay-report-2022).

We voluntarily report our Board and Executive management diversity data as at 31 December 2022 in accordance with the new UK Listing Rules targets and associated disclosure requirements – see page 59 for further details.

As at 31 December 2022, the Board comprised 36% women and there was one Director from an ethnic minority background. None of the four FCA-specified positions on the Board (Chairman, Group Chief Executive Officer, Group Chief Financial Officer or Senior Independent Director) was held by a woman. However, the UK Listing Rules targets do not consider other executive roles in the context of these senior Board positions and one of the three Executive Directors on the Board, our Chief Underwriting Officer, is a woman.

The Board is fully committed to ensuring diversity at all levels of the Group, as evidenced by the existence of both the Board DEI policy and the Group DEI policy. The Board continues to work towards building a pipeline of diverse candidates and this, combined with the new UK Listing Rules targets, underlines the importance of the Company's efforts in this area. The Company will continue to monitor its progress against these





## Board DEI objectives and 2022 progress

Board objective	Implementation	Progress
<p><b>1. Ensure a diverse<sup>1</sup> and effective Board</b></p> <p><sup>1</sup>Diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<ul style="list-style-type: none"> <li>— Annually review the structure, size and composition of the Board, including the balance of skills, knowledge and experience to assist in the development of a diverse pipeline.</li> <li>— Annually review Board diversity as part of the Board evaluation process.</li> <li>— Ensure the values of the Company promote an open and inclusive environment.</li> </ul>	<p>Page 75 of the report demonstrates the diversity of our Board as at 8 March 2023.</p> <p>Via the delivery of our Board diversity, equity and inclusion policy, we have:</p> <ul style="list-style-type: none"> <li>— maintained a gender balance in line with the Davies and Hampton-Alexander reviews since 2015 and intend to work towards the current FTSE Women Leaders Review target and UK Listing Rules target for gender balance at Board level;</li> <li>— had one ethnic minority Director since 2016.</li> </ul>
<p><b>2. Ensure that all Board appointments are considered on merit within the context of the strategy requirements and diversity considerations</b></p>	<ul style="list-style-type: none"> <li>— At least annually review the succession plans for the Board and senior management and ensure the talent review process is in place for the wider workforce.</li> <li>— Gender and ethnic diversity will be taken into consideration when evaluating the skills, knowledge and experience desirable to fill each role and when considering the methods to attract diverse candidates.</li> <li>— A search firm will normally be engaged to assist in the review of the market and they should be committed to addressing gender and/or ethnicity diversity.</li> <li>— All appointments must be made on merit as aligned to the needs of the Board, the Company, and its strategy and values.</li> </ul>	<p>Each June, the Board and Committee review the talent plans for senior management and, each November, the Board succession plans. Diversity is taken into account as part of this process. Talent reviews are replicated throughout the business.</p>
<p><b>3. Ensure that the overall workforce is diverse and inclusive</b></p>	<ul style="list-style-type: none"> <li>— Review the execution of the Group diversity and inclusion policy<sup>2</sup>.</li> <li>— Ongoing Board and Committee review of matters relating to employee retention, engagement and culture.</li> </ul> <p><sup>2</sup><a href="https://hiscoxgroup.com/diversity-and-inclusion-policy">hiscoxgroup.com/diversity-and-inclusion-policy</a>.</p>	<p>The Committee has an annual report from the Global Head of DEI. We have a Head of DEI and a DEI Executive Sponsor for the Group, who together drive our progress which includes a commitment from every business unit and functional area leader to deliver on our employee DEI targets. These plans are monitored centrally and also via specific local reports to subsidiary boards.</p> <p>The tables on page 59 provide a breakdown of diversity at Hiscox.</p> <p>The Board and Committees receive reports relating to key workforce matters on an ongoing basis, including employee retention, engagement and culture.</p>

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targets over the course of 2023 and will provide a further update in the 2023 Annual Report and Accounts.

Our employee networks (ENs), which focus on building communities and support around a variety of employee populations, expanded in 2022 to include disabilities and neurodiversity. Along with our Pan-African, Generations, Latino, Parents and Carers, Pride (LGBT+), WeMind (mental health), and Women's ENs, these groups support our DEI strategy by helping to drive positive employee engagement and promoting a culture of inclusion.

We are committed to improving our diversity at all levels, to ensure our workforce reflects the customers and communities that we serve and the communities where we live and work. In some of the jurisdictions in which we operate, current laws mean it is not possible to collect ethnicity data from employees, but where we can we encourage employees to self-identify. In 2022, we expanded the diversity data we collect in Bermuda, the UK, and the USA to include more categories and expand some of the options within the categories for better coverage of diversity characteristics. Expanding the categories and options we offer helps us make the invisible more visible, build a more complete picture of our workforce (including intersectionality), understand our progress against our strategy, and better enables us to make smarter, more inclusive programme and policy decisions. As such, improving the volume of voluntary disclosure from employees remains a focus area and while that work continues we are pleased to be disclosing all-employee ethnicity data, as far as we are able to currently, for the first time in this report.

We will look to build on this good work in 2023 and beyond by strengthening our ability to leverage data and insights, building our DEI skills and capabilities, inspiring others with our story, and embedding DEI into business as usual. Together, these initiatives will strengthen the diversity measures we already have in place and build the maturity of the DEI landscape at Hiscox.

### Board evaluation

The Board and its Committees have a culture of continuous improvement and as part of this undertake a formal and rigorous annual evaluation of Board and Committee performance, the results of which help to inform action and development. Board and Committee effectiveness evaluations are carried out each year and the results are reviewed and discussed at the Board and its Committees – specifically the Nominations and Governance Committee, with a focus on Board composition.

### 2022 Board and Committee effectiveness review

Every third year, the Board evaluation is undertaken by an external evaluator. This was last undertaken in 2020 and is next scheduled for 2023. In the interim years, an internal evaluation is carried out which also reviews each Committee, the Board and individual Directors. The evaluation also assesses the completion of the prior year's actions. Each is addressed in turn below.

### 2022 evaluation

Building on the work of prior years, the interim year evaluation was carried out using our improved evaluation process of Board, Committee Chair and individual Director performance. The Board and Committee reviews focused on, among other things: Board

oversight of strategy; risk management performance and effectiveness of systems; Board accountability, focus and priorities for the coming year; Board composition; culture of the Board and the broader organisation; Board and Chair independence, expertise, decision-making and dynamics; succession planning; Board progress on diversity, climate change approach and digitalisation; communication with shareholders; clarity on purpose, direction and values; and Board support. The format of the evaluation was a confidential survey of the Board. This review was completed by all Directors, with the results analysed by the Company Secretary, shared with the Chairman and discussed with the Board.

Individual Director reviews are an opportunity to discuss individual skills, training requirements, succession and any other issues. Each Non Executive Director completes a self-assessment form which is followed by a detailed discussion on performance with the Chairman. The Senior Independent Director carries out the Chairman's review and this supports the annual review process of the Chairman. Individual objectives and action plans are agreed following each meeting where appropriate.

### 2022 Board review outcomes

The 2022 Board results demonstrated continued strong Board, Director, Chair, and Committee performance and re-affirmed the independence of the Board, the appropriate leadership provided by the Chair, and the robustness of the Non Executive Director succession plans and Executive Director talent reviews. Directors were fully engaged with the Board, Committee and Director evaluation process. The review

was positive with continued robust decision-making and a Board culture which fosters constructive discussion.

The Board continues to engage in continuous improvements with the annual review process being an explicit point of reflection on ongoing actions and new areas of focus. The Directors determined to focus on the following matters in 2023:

- **people and succession planning** – further focus on workforce DEI, employee engagement, and long-term succession planning for senior management, Independent Non Executive Directors and the Chairman;
- **strategy** – continue to review iterations of the strategy to further address risk, operations and the competitor environment in a fast-changing world;
- **IFRS 17** – oversight of IFRS 17 and understanding the business changes and peer positioning on this in addition to the financial changes;
- **ESG** – further focus on the development and communication of ESG initiatives in line with changing expectations and regulation. This will also include a continued focus on the diversity of the Board, particularly given that a number of Directors will be coming to the end of their term on the Board over the next three years.

Additional topics for review were identified as part of the Board evaluation which will influence the agendas and training plans for the year.

In light of the finding that the Board continues to perform well and function effectively, it is not anticipated that

there will be any changes to Board composition as a direct result of the Board effectiveness review conducted this year. However, as set out in more detail on page 96, the Board is cognisant of its commitment to diversity in all its forms and intends to work towards the current FTSE Women Leaders Review target and UK Listing Rules target for gender balance at Board level.

The Board welcomed the review's conclusions with the feedback directly linking to ongoing Board developments. The Chair owns the response to the findings, and will report on their delivery in the 2023 Annual Report and Accounts.

### 2021 Board effectiveness review – progress against identified actions

- The Board and its Committees have made tangible progress against the action points identified during 2022:
- focused on the succession of Executive Directors and other key leadership positions as detailed in this report, including ensuring a smooth transition to the new Group Chief Executive Officer, Group Chief Financial Officer and Audit Chair;
  - continued the review of the Group's strategy to further address risk, operations and competitor environment in a fast-changing world;
  - continued to drive accountability and excellence in execution, including the continued monitoring of progress against the Company's business priorities and key projects, and building on new management information to further increase the linkage between objective setting and monitoring;
  - continued discussions on strategy, including business mix and capital allocation;

- devoted time to considering changes in the external environment and their impact on Hiscox, including competitor activity in key markets, further work on the Company's strategic response to climate change and further deep dives on social and governance matters, as well as oversight of the Group's compliance with new accounting standards (IFRS 17) to understand the business and financial changes required, in addition to peer positioning; and
- maintained a focus on talent management, employee engagement and the retention of high performers including further focus on workforce DEI and employee engagement.

### Robert Childs

Chair of the Nominations and Governance Committee

## Audit Committee report

In relation to financial reporting, the primary role of the Audit Committee (the Committee) is to monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, and review significant financial reporting judgements contained within them.

The Committee meets four times a year to coincide with key points in the Company's financial calendar. Working with both management and the external auditor, the Committee reviewed the appropriateness of the interim and annual financial statements, concentrating on:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements and estimates have been applied or where there has been discussion with the external auditor; and
- any correspondence from third parties in relation to our financial reporting.

Following the transition of the Committee Chair role to Donna DeMaio in May 2022, the Committee is comprised of seven independent Non Executive members. The Committee has recent and relevant finance expertise and competence relevant to the insurance sector.

To aid the review, the Committee considered the key judgements and estimates in the financial statements as identified by the Chief Financial Officer, as well as reports from the external auditor on the outcomes of its annual audit and half-year review. The Committee ensured

that the external auditor, PwC, displayed the necessary professional scepticism its role requires. The significant issues considered by the Committee in relation to the 2022 Annual Report and Accounts were as follows.

### i) Reserving for insurance losses

As set out in our significant accounting policies on pages 179 to 180, the reserving for insurance losses is the most critical estimate in the Company's consolidated balance sheet.

The Chief Actuary presents a quarterly report to the Committee covering Group loss reserves which discusses both the approach taken by management in arriving at the estimates and the key judgements within those estimates. The Committee reviewed and challenged the key judgements and estimates in valuing the insurance liabilities.

During the year, the Group was impacted by two major events, Hurricane Ian and the Russia/Ukraine conflict. It is important that the Company can quickly, and with a reasonable degree of reliability, estimate the gross and net losses arising from these events. The Committee received presentations from the Chief Actuary and management on the process undertaken, and the judgements arrived at, to establish these key estimates. The Committee is satisfied with both the process that was conducted and the reporting and disclosure of the resulting estimates.

The Group is also impacted by the current high inflation environment, with explicit allowance for this added into reserves over the year. The Committee received presentations from the Chief Actuary and management on the process undertaken, and the judgements

arrived at, to establish these explicit loadings. The Committee is satisfied with both the process that was conducted and the reporting and disclosure of the resulting estimates. The Chief Actuary also detailed the remaining insurance risk given the significant uncertainty in future inflation rates, however, the Committee notes that the Group continues to adopt a prudent approach where uncertainty exists.

The Company continues to keep Covid-19 losses under review, continually evaluating loss estimates based on entity-specific historical experience and contemporaneous developments observed in the wider industry when relevant. The Committee received detailed presentations from the Chief Actuary and management relating to the latest information and the recommendations arising therefrom. The Committee is satisfied with both the process that was conducted and the reporting and disclosure of the resulting estimates. While there remains uncertainty around the final cost of these events to the Group, the Committee notes that the Group continues to adopt a prudent approach where uncertainty exists as to the final cost of settlement.

The Committee also reviewed the level of margin held within the insurance liabilities in the Group's balance sheet. Management confirmed that they remain satisfied that the claims reported and claims adjustment expenses, together with claims incurred but not reported liabilities included in the financial statements, provide an appropriate margin over projected claims costs to allow for the risks and uncertainties within the portfolio. As with prior years, the Committee also considers the report of the external auditor following its

re-projection of reserves using its own methodologies, and the independent actuary who reviews the estimates of insurance liabilities for the Hiscox Syndicates. On the basis of this work, it reported no material misstatements in respect of the level of reserves held by the Group at the balance sheet date. On the basis of these assessments and the consistent application of the Group's reserving principles, the Committee was satisfied that the valuation of insurance liabilities at 31 December 2022 was appropriate.

#### ii) The recoverability of reinsurance assets

The Committee received an update on the credit risk exposures to reinsurers. The reinsurer panel and associated exposures appear to be robust, and management are not aware of any material issues regarding concentration risk, credit risk or default risk. The Committee is satisfied with the approach taken and the recoverability of reinsurance assets.

#### iii) Going concern assessment and longer-term viability statements

The Committee noted the Group's going concern statements included in the Interim Statement and in this Annual Report and Accounts, and the assessment reports prepared by management in support of such statements. More information on the going concern and viability statements can be found on pages 148 to 149.

#### iv) Recoverability of goodwill and other intangible assets

Judgements in relation to impairment testing relate primarily to the assumptions underlying the calculation of the value in use of the Group's businesses, being the achievability of the long-term business plans and the

macroeconomic factors underlying the valuation process. The Committee received updates on impairment testing and the analysis performed by management, and assessed the appropriateness of the assumptions made. The Committee is satisfied with the approach taken and the recoverability of the goodwill and intangible assets.

#### v) Accounting for the defined benefit scheme

As explained in note 2.15 to the financial statements, the Group recognises the present value of the defined benefit obligation, less the fair value of plan assets at the balance sheet date. The Committee reviewed the key judgements and estimates used to measure the pension scheme net liability or asset position, and the results of the independent pension valuation report. A new funding agreement was signed in 2022 and the impact of this was assessed, with specific analysis of the minimum funding requirements of IFRIC 14 and the asset ceiling requirements of IAS 19. The Committee is satisfied that the assumptions used to measure the pension scheme are reasonable and that appropriate disclosures are provided in the Annual Report and Accounts.

#### vi) Valuation of the investment portfolio

The Group values and reports its investment assets at fair value. Due to the nature of the investments, as disclosed in notes 17 and 20, the fair value is generally straightforward to determine for most of the portfolio which is highly liquid. For the element of the portfolio held in equities and investment funds, a small proportion relies on a higher degree of judgement. The impact of the Ukraine conflict on a small number of investments was reported to the Committee.

The Committee, through the Investment Committee, receives reports on the portfolio valuation and is content with the process and the estimates reported. Sensitivity analysis on valuation of assets is captured within the financial risk section (note 3.3 to the financial statements) of the Annual Report and Accounts.

#### vii) The recoverability of deferred tax assets

A deferred tax asset can be recognised only to the extent that it is recoverable. The recoverability of deferred tax assets in respect of carry-forward losses requires consideration of the future levels of taxable profit which will be available to utilise the tax losses. The assumptions regarding recoverability of deferred tax assets remain consistent with prior years. The Committee reviewed the underlying assumptions for the recognition of deferred tax assets, principally the availability of future taxable profits and utilisation period.

#### Controls and corporate governance

The Committee received quarterly updates on the effectiveness of the financial control environment. In addition, the Committee was updated on expected changes to governance and audit with a focus on internal controls and enhancing the financial control framework. An approach to assess and implement the new requirements was proposed. The Committee was also given updates on various FRC papers published in 2022 on corporate reporting.

#### Environmental, social and governance (ESG) reporting

The Committee was updated on ESG reporting matters including external developments such as activity by the International Sustainability Standards Board (ISSB). As the demand for ESG-related disclosures increases, it is important that Hiscox demonstrates

its commitment to environmental, social and governance factors. The Committee will play a key role in assessing the controls and assurance over these disclosures going forward.

### Insurance contracts (IFRS 17) and financial instruments (IFRS 9)

The Committee received regular updates on the Group's IFRS 17 *Insurance Contracts* programme with an increasing focus on the preparedness of the Group to implement the new standard.

The Committee monitored the implementation of the systems, communication plan, processes and operating model to support the delivery of the new financial reporting requirements. In addition, the Committee reviewed and approved material methodologies, policies, assumptions and reporting metrics, supported by a number of Board technical training sessions. This included reviewing and challenging the methodology and key judgements underpinning the preparation of the opening balance sheet under IFRS 17. The Committee received regular updates from PwC in relation to the progress and findings from their assurance work.

The Committee concluded that the disclosures in respect of IFRS 17 included in note 2, basis of preparation, are appropriate for inclusion in the Annual Report and Accounts.

The accounting policy changes and implementation impacts of adopting IFRS 9 *Financial Instruments* from 1 January 2023 were presented to the Committee.

### Internal audit

The Group's Chief Auditor provided quarterly updates to the Committee on

the progress of the internal audit plan, the outcomes of recent audits, the progress of audit-related actions, and any other relevant activities including its key performance measures and the development of its resources. Updates on aspects such as the assessment of internal audit's effectiveness and the review of the internal audit policy are shared annually. The internal audit plan is derived using a risk-based approach. In 2022, key themes included core underwriting and claims controls, pricing, business and IT operations, change, financial control, data governance and controls, ESG and various regulatory themes.

### External auditor

PwC has been the Company's external auditor since 2016 following a tender process. PwC is invited to attend all meetings of the Committee and it is the responsibility of the Committee to monitor their performance, objectivity and independence. The Committee discusses and agrees with PwC the scope of its audit plan for the full-year and the review plan for the interim financial statements.

The Audit Committee receives reports from PwC at each meeting which include the progress of the audit, key matters identified and the views of PwC on the judgements outlined above. PwC also reports on matters such as their observations on the Company's financial control environment, developments in the audit profession, key upcoming accounting and regulatory changes and certain other mandatory communications.

To provide a forum in which any matters of concern could be raised in confidence, the Non Executive Directors met with the external and internal auditors throughout the year without management present.

To safeguard auditor independence and objectivity, non-audit services are not contracted with PwC unless it is clear that there is no practical alternative and there are no conflicts of interest or independence considerations.

Throughout the year, the Committee has assessed the independence, effectiveness and quality of the external audit process. This assessment considers the Committee's interactions with the external auditors and considers a variety of issues, including: the external auditors' experience and expertise; their professional scepticism and approach to challenging management where necessary; their efficiency in completing the agreed external audit plan; and the content, quality and robustness of their reports. The Committee also takes into account the perspectives of those in senior management who interact with the external auditors on a regular basis. This process forms the basis for the Committee's recommendation to shareholders to reappoint the external auditor and no substantive concerns were raised by the Committee this year.

### Fair, balanced and understandable

The Committee assessed whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. The Committee reviewed the processes and controls that underpin its preparation, ensuring that all contributors and senior management are fully aware of the requirements and their responsibilities.

### Donna DeMaio

Chair of the Audit Committee