

Directors' report

The Directors have pleasure in submitting their Annual Report and consolidated financial statements for the year ended 31 December 2022.

Management report

The Company is a holding company for subsidiaries involved in the business of insurance and reinsurance in Bermuda, the USA, the UK, Guernsey, Europe and Asia. The information found on pages 24 to 37, 44 to 47, 166 to 230 and 232 fulfils the requirements of the management report as referred to in Chapter 4 of the Disclosure Guidance and Transparency Rules (DTR). This includes additional explanation of the figures detailed in the financial statements and the office locations of the Group in different countries.

The key performance indicators are shown on pages 4 to 5. Details of the use of financial instruments are set out in notes 3.3 and 17 to the consolidated financial statements. An analysis of the development and performance of the business during the financial year, its position at the end of the year, any important events since the end of the year and the likely future development can be found within the Chief Executive's report on pages 24 to 37. The Chief Executive's report also describes the main trends and factors likely to affect the future development, performance and position of the Company's business. A description of the Company's strategy and business model is set out on pages 6 to 7. The Company is not involved in any research and development activities. A description of the key risks and uncertainties and how they are managed or mitigated can be found in the key risks section on pages 8 to 11 and the risk management section

on pages 44 to 47. In addition, note 3 to the consolidated financial statements provides a detailed explanation of the key risks which are inherent to the Group's business and how those risks are managed.

Compliance with the UK Corporate Governance Code 2018 (the Code)

Details of how the Company has applied the principles set out in the Code and the extent to which it has complied with the provisions of the Code are set out on pages 88 to 93.

Emerging and principal risks

The confirmation required by Provision 28 of the Code in relation to the Board's robust assessment of the Company's emerging and principal risks (referred to in this document as key risks) can be found on page 46.

Corporate governance statement

The information that fulfils the requirements of the corporate governance statement as referred to in DTR 7.2 can be found on pages 83 to 87 in this report.

Diversity

The diversity of the business is outlined in the Nominations and Governance Committee report on pages 94 to 98 and on page 59.

Financial results

The Group delivered a pre-tax profit for the year of \$44.7 million (2021: \$190.8 million). Detailed results for the year are shown in the consolidated income statement on page 166.

Going concern

A review of the financial performance of the Group is set out in the Chief Executive's report on pages 24 to 37.

The financial position of the Group, its cash flows and borrowing facilities are included in the capital section on pages 42 to 43. The Group has considerable financial resources and a well-balanced book of business.

The Board has reviewed the Group's current and forecast solvency and liquidity positions for the next twelve months and beyond. As part of the consideration of the appropriateness of adopting the going concern basis, the Directors use scenario analysis and stress testing to assess the robustness of the Group's solvency and liquidity positions. Scenarios and stresses assessed include economic downturns/shocks, higher inflation, cyber attacks, reinsurance default and natural catastrophe events. A number of potential mitigating factors and management actions have been identified to address the potential adverse effects on the Group's solvency and liquidity. Stress and scenario testing is based on expert opinion and as such is highly subjective. Multiple experts within the business review the provisional results in order to reduce individual biases and to try and ensure all possibilities are considered and captured.

In undertaking this analysis, no material uncertainty in relation to going concern has been identified. This is due to the Group's strong capital and liquidity positions, which provide resilience to shocks, underpinned by the Group's approach to risk management which is described in note 3 on pages 182 to 192.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of at least 12 months from the date

of this report. For this reason, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

Longer-term viability statement

The preparation of the longer-term viability statement includes an assessment of the Group's long-term prospects in addition to an assessment of the ability to meet future commitments and liabilities as they fall due.

It is fundamental to the Group's longer-term strategy that the Directors manage and monitor risk, taking into account all key risks the Group faces, including insurance risks, so that it can continue to meet its obligations to policyholders. The Group is also subject to extensive regulation and supervision including Bermuda Solvency Capital Requirement.

Against this background, the Directors have assessed the prospects of the Group in accordance with Provision 31 of the UK Corporate Governance Code 2018, with reference to the Group's current position and prospects, its strategy, risk appetite and key risks, as detailed in the key risks section on pages 8 to 11 and the risk management section on pages 44 to 47, as well as note 3 to the consolidated financial statements.

The assessment of the Group's prospects by the Directors covers the three years to 2025 and is underpinned by management's 2023-2025 business plan. It includes projections of the Group's capital, liquidity and solvency and reflects the Group's risk profile of a portfolio of diversified short-tailed and medium-tailed insurance liabilities. In making the viability statement, the

Board carried out, as part of the Group's solvency self-assessment process, a robust assessment using scenario analysis and stress testing to consider the Group's capacity to respond to a series of relevant financial, insurance-related or operational shocks should future circumstances or events differ from these current assumptions. The adequacy of the liquid resources of the Group's parent company has been assessed by considering stress scenarios that would result in additional calls on central liquidity by the Group's business units. A 1-in-200 US and Caribbean hurricane was assessed to be the most severe liquidity stress. Under this scenario the Group was shown to have access to sufficient liquidity sources to remain above risk appetite, after taking into account the Group's \$600.0 million undrawn revolving credit facility. This analysis allows the Board to review and challenge the risk management strategy and consider potential mitigating actions. Based on these assessments, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period. Longer term, the Group's viability is underpinned by the Group's strategy of balancing big-ticket with retail business, market growth opportunities and underwriting expertise. See pages 6 to 7 for further details of the business model and longer-term prospects.

Dividends

An interim dividend of 12.0 cents per share was paid on 20 September 2022 and, as in previous years, a Scrip Dividend alternative was offered. The Board is also proposing payment of a final dividend in respect of the year ended 31 December 2022 (subject to

shareholder approval) of 24.0 cents per share, to be paid on 13 June 2023 to shareholders on the register at 5 May 2023.

Bye-laws

The Company's Bye-laws contain no specific provisions relating to their amendment and any such amendments are governed by Bermuda Company Law and subject to the approval of shareholders in a general meeting.

Share capital

Details of the structure of the Company's share capital and changes in the share capital during the year are disclosed in note 22 to the consolidated financial statements. The ordinary shares of 6.5p each are the only class of shares presently in issue and carry voting rights. There is power under Bye-law 45 of the Company's Bye-laws for voting rights to be suspended if calls on shares are unpaid. However, there are no nil or partly paid shares in issue on which calls could be made. The Bye-laws also allow the Company to investigate interests in its shares and apply restrictions including suspending voting rights where information is not provided. No such restrictions are presently in place. The Company was authorised by shareholders at the 2022 Annual General Meeting (AGM) to purchase in the market up to 10% of the Company's issued ordinary shares. No shares have been bought back under this authority as at the date of this report.

Directors

The names and details of all Directors of the Company who served during the year and up to the date of this report are set out on pages 72 to 73. Details of the Chairman's professional commitments are included in his biography on page 72.

Major interests in shares

The Company has been notified of the following interests in voting rights in its ordinary shares in accordance with DTR 5:

	Number of shares	% of issued share capital as at 31 January 2023*
Fidelity Investments	33,069,818	9.54
Capital Research Global Investors	25,821,322	7.45

*There were 346,546,029 shares in issue (excluding Treasury shares) as at 31 January 2023.

As at 7 March 2023, no changes have been notified to the Company.

Disclosure under LR 9.8.4 of the Listing Rules

Details of long-term incentive schemes	Annual report on remuneration (pages 117 to 118)
Allotment of shares for cash pursuant to employee share schemes	Note 22 to the consolidated financial statements on employee share schemes (page 213)

The Bye-laws of the Company govern the appointment and replacement of Directors. In accordance with the Code, the Directors will submit themselves for re-election at the AGM.

Details of the Directors' share ownership is also set out on page 120.

Biographical details of the Directors are set out on pages 72 to 73, as are the reasons why the Board believes their contribution is (and continues to be) important to the Company's long-term sustainable success. This information will also be set out in the circular which will accompany the notice of AGM.

Major interests in shares

The Company has been notified of the interests in voting rights in its ordinary shares in accordance with DTR 5, which are outlined in the table above. Any acquisitions or disposals of major shareholdings notified to the Company in accordance with DTR 5.1 are announced and those announcements are available on the Company's website, hiscoxgroup.com.

Political donations and charitable contributions

The Group made no political donations during the year (2022: \$nil). Information concerning the Group's charitable activities is contained in the environmental, social and governance (ESG) section on pages 54 to 59 and at hiscoxgroup.com/responsibility.

Climate-related matters

In preparing and authorising this report, the Board has considered the relevance of material climate-related matters. Climate-related matters are discussed at all levels of the Company, including

Board level, in line with the ESG governance structure outlined on page 64.

The Company also aligns its climate-related activities to the TCFD framework, details of which can be found on pages 60 to 67.

Power of Directors

The powers given to the Directors are contained in the Company's Bye-laws and are subject to relevant legislation and, in certain circumstances (including in relation to the issuing and buying back by the Company of its shares), approval by shareholders in a general meeting. At the AGM in 2022, the Directors were granted authorities to allot and issue shares and to make market purchases of shares and intend to seek renewal of these authorities in 2023.

Disclosure under LR 9.8.4 of the Listing Rules

The information that fulfils the reporting requirements relating to the following matters can be found at the pages identified in the table above.

Annual General Meeting

The notice of the AGM, to be held on 11 May 2023, will be contained in a separate circular to be sent to shareholders. The deadline for submission of proxies is 48 hours before the meeting.

By order of the Board
Marc Wetherhill
 Company Secretary

Chesney House
 96 Pitts Bay Road
 Pembroke HM 08
 Bermuda
 8 March 2023

Directors' responsibilities statement

The Board is responsible for ensuring the maintenance of proper accounting records which disclose with reasonable accuracy the financial position of the Group. It is required to ensure that the financial statements present a fair view for each financial period. The Directors explain in the Annual Report their responsibility for preparing the Annual Report and Accounts.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors responsible for authorising the responsibility statement on behalf of the Board are the Chairman, Robert Childs, and the Group Chief Executive Officer, Aki Hussain. The statements were approved for issue on 8 March 2023.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position, performance, business model and strategy.

Advisors

Hiscox Ltd

Secretary
Marc Wetherhill

Registered office
Chesney House
96 Pitts Bay Road
Pembroke HM 08
Bermuda

Registered number
38877

Auditors
PricewaterhouseCoopers Ltd.
Washington House
4th Floor, 16 Church Street
Hamilton HM 11
Bermuda

Stockbrokers
UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

Registrars
Equiniti (Jersey) Limited
c/o Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
United Kingdom