

One of Hiscox's values is integrity. We are committed to maintaining an open culture which ensures transparency and accountability, and allows us to comply with all applicable laws and regulations designed to combat financial crime. Hiscox has a robust set of systems and controls which have been created to ensure that we manage the risk of financial crime appropriately. These are implemented in-line with the Group's financial crime policy, which was last approved by the Hiscox Ltd board in July 2020.

The policy covers the following areas:

- bribery and corruption;
- sanctions;
- terrorist financing;
- money laundering;
- facilitation of tax evasion; and
- fraud.

Bribery and corruption

The policy sets out the Group's zero-tolerance approach to bribery and corruption, including so-called facilitation payments, and describes the implications for broker remuneration, gifts and entertainment, and recruitment. It also includes definitions and examples of both bribery and corruption in order to facilitate understanding.

Sanctions

The policy sets out the different types of sanctions that could apply to the Hiscox Group or its clients, the customer due diligence steps that need to be taken (including enhanced steps for higher-risk jurisdictions), the approach to claims payments, underwriting steps to be taken to ensure sanctions compliance, and controls which need to be exercised over delegated authority underwriting and claims handling.

Terrorist financing, money laundering and tax evasion

The policy highlights the main risks to the business from these types of suspicious activities, and how they can be linked to each other. It also sets out the principal obligations on our people to deal with these risks, and steps to be taken for the reporting of suspicious transactions.

Fraud

The policy describes the different types of fraud (both internal and external) to which the Group is exposed, and steps business areas should take in order to protect both the company's and its customers' assets.

The policy includes broader obligations for staff on issues such as customer due diligence, and the avoidance of tipping-off, which cut across a number of different financial crime types. Financial crime is embedded in the Group's wider enterprise risk management framework, with regular risk and control assessments across the business, with reporting to risk committees and boards.

The policy is underpinned by an annual training programme on all aspects financial crime, completion of which is mandatory for all staff, along with targeted training for specific higher-risk groups of staff. The financial crime policy complements separate arrangements in place for the avoidance of conflicts of interest, insider trading, and whistleblowing.