

Being a responsible business matters to us, and our Group-wide responsible investment policy sets out our position and vision regarding investments as part of the Group's ESG strategy. Our responsible investment policy is applicable across all Hiscox subsidiaries.

We believe ESG factors can have an impact on risk and returns across asset classes, sectors, geographical regions and companies, and should be integrated into our investment process.

The policy sets out the high-level responsible investment principles implemented within Hiscox's investment portfolio by our in-house investment team, under the supervision of the Hiscox Investment Group. It also guides our appointed external asset managers and informs other company stakeholders. Day-to-day management of our assets is outsourced to selected asset management firms, with our in-house investment team retaining responsibility for management and oversight of external asset managers, including their approach to ESG issues.

We expect our appointed asset managers to integrate ESG considerations in their investment processes and stewardship activities and, ultimately, to invest in companies that have sound ESG practices. Organisations that understand and successfully manage material ESG factors and associated risks and opportunities tend to create more resilient, higher-quality businesses and assets, and are therefore better positioned to deliver sustainable value over the long term.

In-depth evaluation of external managers' ESG integration forms a fundamental element of our manager selection and monitoring processes, including:

- adherence to internationally recognised ESG standards such as the Principles for Responsible Investment (PRI), and annual confirmation of continued adherence;
- ESG policies, procedures and resources to integrate ESG issues into decision-making;
- supporting Hiscox with the provision of TCFD-compliant portfolio data;
- engagement on ESG issues with portfolio companies on our behalf;
- ESG disclosure and reporting on ESG issues and engagement.

Where Hiscox has direct control over portfolios investments, exclusions are applied as laid out in our [ESG exclusions policy](#). Where Hiscox invests indirectly via pooled funds and has no direct control over portfolios, desired exclusions are shared with the investment manager and applied if possible.

We also ask our managers to respect human rights, including the avoidance of investments that would contravene the human rights, labour, environment and anti-corruption principles of the United Nations Global Compact.

In addition, we consider allocating capital to impact and sustainable investments, providing they integrate within the overall portfolio risk/return objectives and liquidity guidelines, while incorporating sufficiently high standards of impact definition, measurement and reporting.