

Corporate governance

Our robust governance framework underpins our business model and continues to serve us well, including during the Covid-19 pandemic.

Board composition

The Board has responsibility for the overall leadership of the Group and its culture.

The Board comprises the Non Executive Chairman, three Executive Directors, and seven independent Non Executive Directors including a Senior Independent Director. The operations of the Board are underpinned by the collective experience of the Directors and the diverse skills which they bring. Biographical details for each member of the Board are provided on pages 52 to 53. Notable changes during 2020 include Joanne Musselle, Group Chief Underwriting Officer, being appointed to the Board in March 2020. In accordance with the Company's Bye-laws and the Code, all Directors will seek re-appointment at the 2021 Annual General Meeting and no issues have arisen that would prevent the Chairman from recommending the re-appointment of any individual Director. More information on the role of the Board can be found on pages 52 to 53.

Leadership of the Company

The Board as a whole is collectively responsible for the success of Hiscox Ltd and the Group.

The Hiscox Ltd Board of Directors:

- 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; and
- approve the business plans and budgets.

Director role responsibilities

To ensure that the Board operates efficiently, each Director has role responsibilities. The role of the Chairman, Senior Independent Director and Chief Executive are distinct to demonstrate the segregation of responsibilities.

Chairman

- Leadership of the Board.
- Ensuring effective relationships exist between the Non Executive and Executive Directors.
- Ensuring that the views of all stakeholders are understood and considered appropriately in Board discussions.
- Overseeing the annual performance evaluation and identifying any action required.
- Leading initiatives to assess the culture of the Company and ensure that the Board leads by example.

Senior Independent Director (SID)

- Advisor to the Chairman.
- Leading the Chairman's performance evaluation.
- Serving as an intermediary to other Directors when necessary.
- 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.

Chief Executive

- Proposing and delivering the strategy as set by the Board.
- Facilitating an effective link between the business and the Board in support of effective communication.
- Leading the Executive Committee, which delivers operational and financial performance.
- Representing Hiscox internally and externally to stakeholders, including shareholders, employees, government and regulators, suppliers and contractors.

The Board has delegated a number of its responsibilities to its Audit, Nominations and Governance, Remuneration and Risk Committees

Audit Committee	Nominations and Governance Committee	Remuneration Committee	Risk Committee
<ul style="list-style-type: none"> — Advises the Board on financial reporting. — Oversees the relationship with internal and external audit. — Oversees internal controls including reserving and claims. 	<ul style="list-style-type: none"> — Recommends Board appointments. — Succession planning. — Ensures an appropriate mix of skills and experience on the Board. — Promotes diversity. — Manages any potential conflicts. 	<ul style="list-style-type: none"> — Establishes remuneration policy. — Sets Chairman, Executive Director and senior management remuneration. — Oversees workforce remuneration-related policies and practices across the Group. — Oversees alignment of rewards, incentives and culture. 	<ul style="list-style-type: none"> — Advises the Board on the Group's overall risk appetite, tolerance and strategy. — Provides advice, oversight and challenge to embed and maintain a supportive risk culture throughout the Group.
The Audit Committee report can be found on pages 71 to 73.	The Nominations and Governance Committee report can be found on pages 68 to 70.	The remuneration report can be found on pages 80 to 93.	More information on risk management can be found on pages 12 and 36 to 39.

This structure is supported by the Executive Committee, Investment Committee and a number of other management committees. Certain administrative matters have been delegated to a committee comprising of two Directors and the Company Secretary.



More information on our approach to corporate governance, including the Board and Committee terms of reference can be found at hiscoxgroup.com/investors/corporate-governance

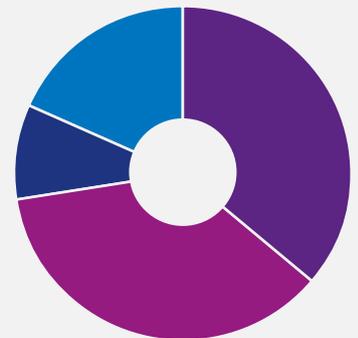
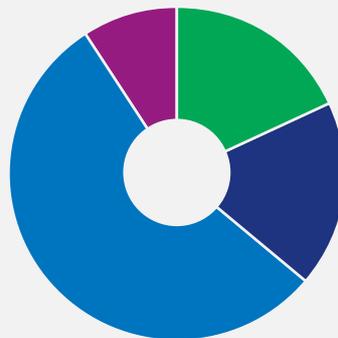
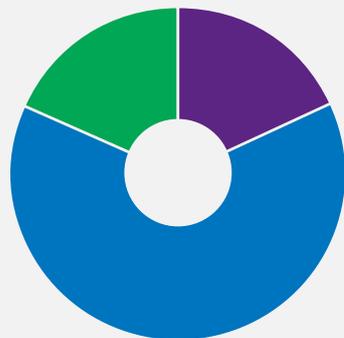


Read about our going concern and viability statements in our Directors' report.

Board statistics

Board diversity at 3 March 2021

Gender		Age		Location		Tenure	
Female	4	46-55	2	USA	2	0-3 years	4
Male	7	56-65	7	Bermuda	2	3-6 years	4
		66-75	2	Europe	6	6-8 years	1
				Asia	1	8+ years	2



Corporate governance oversight

The Board operates within an established governance structure to ensure that through the delegations, strategy can be implemented effectively and this is supported by transparent, well informed and balanced decision-making. The Board's terms of reference include a schedule of matters reserved for Board decision, a copy of which can be found at hiscoxgroup.com/investors/corporate-governance. Each Board committee operates within established written terms of reference and each committee Chairman reports directly to the Board. The matters reserved for Board decision and the committee terms of reference were further reviewed in late 2020 as part of the annual review of terms of reference.

The Board is responsible for the success of the Company and the underlying Hiscox Group of companies and as part of this the Board sets the governance framework and the

overarching principles which should be applied across the Group. The framework is supported by a formal governance manual which explicitly sets out our corporate governance standards. The Group governance manual sets out the overall Group structures, the division of responsibilities between Group and principal subsidiary boards, operational requirements for the Board and the principles applied to subsidiary management. The Group governance manual and supporting subsidiary governance manual ensures that the underlying processes throughout the Group follow consistent and effective governance procedures.

Hiscox Group governance model

The Hiscox Group governance model shows the relationship between the Board exercising strategic direction and oversight of the Hiscox Group, and the subsidiary boards' delivery of their respective entities.



An alert service is available on hiscoxgroup.com to notify any stakeholder of new stock exchange announcements.

The model is divided into key themes, aligned to the division of responsibilities, and translated into explicit terms of reference for the principal subsidiaries – ensuring alignment to the overall Group approach to values, purpose, culture of risk awareness, ethical behaviour and Group controls.

The governance manual defines the Group-wide governance standards required of all legal entities, and supports the delivery of strategy and business objectives within a framework of good corporate governance practice.

Board meetings and attendance in 2020

The Group has an effective Board which supports a culture of accountability, transparency and openness. Executive management and the 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.

In line with the agreed meeting schedule, the Board held four comprehensive meetings in 2020 (these meetings comprise meetings of the Board and of each of the Committees of the Board). There were additional Board meetings which covered specific topics such as the approval of May's capital raise, the Company's response to Covid-19 and the insurance industry test case. During an unprecedented and rapidly evolving period, we also held an additional 17 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. Although the Company's February 2020 Board and Committee meetings were held in-person in Bermuda as scheduled, from March 2020, in-person Board activity was significantly disrupted due to government imposed Covid-19-related travel restrictions and guidance. As a result, it was not possible in many instances for our UK- and USA-based

Directors to travel to Bermuda or join the meetings as a result of restrictions on international travel and the airport in Bermuda being closed for periods of time. In light of this, the Board held an additional 17 informational calls which allowed for the continued sharing of information and ensured that all Directors had an opportunity to be apprised of all Board issues, even when, through no fault of their own, they were not able to attend the comprehensive Board meetings in person or, as a result of the prohibition in the Bye-laws, by telephone.

All Directors were able to fulfil their fiduciary responsibilities during 2020 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 Covid-19-related travel restrictions and guidance, and the Company's Bye-laws). With respect to the four comprehensive Board meetings in 2020, the Directors attendance (and the number of meetings that they were eligible to attend) is as follows: Caroline Foulger, Michael Goodwin, Thomas Hürlimann, Costas Miranthis (4/4); Robert Childs; Aki Hussain; Bronek Masojada; Joanne Musselle (3/3); Colin Keogh (2/2); Anne MacDonald, Lynn Pike (1/1). Joanne Musselle was appointed to the Board in March 2020 and, although not required, attended the February 2020 Board meeting.

There were also four meetings of each of the Committees of the Board during 2020. All of the Company's 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) is as follows: Caroline Foulger, Michael Goodwin, Thomas Hürlimann, Costas Miranthis (4/4); Colin Keogh (2/2); Anne MacDonald, Lynn Pike (1/1). Robert Childs is a member of the Nominations and Governance Committee, Risk Committee and Investment Committee and he attended all three of the meetings that he was eligible to attend. Aki Hussain, Bronek Masojada and Joanne Musselle are members of the Investment Committee and attended all three meetings that they were eligible to attend.

All Directors intend to attend future Board and Committee meetings in person when circumstances allow.

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



“I have been very pleased with how our governance processes have stood up to the exceptional challenges that presented themselves in 2020. They have proven to be robust and effective. We made use of technology and additional informational sessions to ensure that we were not only able to understand how the challenges were impacting Hiscox, but were also able to contribute to the process by sharing thoughts and ideas.”



Colin Keogh
Senior Independent Director

Board activity and key themes

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 directly with Executive Directors and senior managers. Naturally, the impact of Covid-19 was a dominant feature in much of the Board’s discussion in 2020.

Key themes in 2020	Key activities and actions
Strategy, culture and business performance	<ul style="list-style-type: none"> — Approval of the 2021 business plan. — Agreement on business priorities and review of these within the context of Covid-19. — Oversight of work on the development of a robust and open culture. Ongoing monitoring and assessment of culture has been an area of focus for 2020, thanks to the piloting of a number of ‘culture dashboards’ within some of the subsidiary Boards, as detailed on page 48. — Continued review of the strategy development.
Engagement	<ul style="list-style-type: none"> — Board members met throughout the year with the Group regulator, the Bermuda Monetary Authority, in addition to key regulators in the principle subsidiaries, as part of an ongoing focus on cultivating open and transparent relationships with all key regulators. — The Board regularly considered the Group’s relationship with various stakeholder groups. It discussed shareholder matters, employee engagement, customers, and the Group’s impact on, and relationship with, wider society as detailed on pages 40 to 41 and 46 to 47. — The Board received regular updates on workforce engagement, via the Employee Liaison role (Anne MacDonald, Non Executive Director). Further details can be found on page 48.
Governance	<ul style="list-style-type: none"> — Approval of financial measures taken as a result of Covid-19 including: withdrawal of the 2019 final dividend, the 2020 interim dividend payment and 2020 share buybacks; the purchase of more than \$100 million of additional catastrophe reinsurance in the form of industry loss warranties; and a £375 million equity raise. — Appointment of the external facilitator for the 2020 Board evaluation and discussion of the outcomes of the Board evaluation review. Further details can be found on pages 68 to 70. — Approval of the Hiscox Responsible Investment Policy, the ESG exclusions policy and ongoing engagement with the ESG framework.
Risk, compliance and internal controls	<ul style="list-style-type: none"> — Oversight of all key risk, compliance, internal control and governance matters as detailed in the Audit Committee report on pages 71 to 73 and in the risk management section on pages 36 to 39. — Review of the changed control environment in the move to remote working due to Covid-19, which was found to be satisfactory. — Updates on key underwriting exposures (Hiscox view of risk), taking into account Covid-19.

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 Executive Committee members and senior management, to understand key issues and conduct 'deep dives' on specialist subjects. In 2020, among other things, this included: marketing and branding; strategic assessment; workforce engagement; and digitisation. Specific sessions are held for succession planning and strategy.

Board evaluation 2020

The externally facilitated Board evaluation in 2020 was facilitated by Lintstock, further details of which can be found in the Nominations and Governance Committee report on pages 68 to 70.

Board agenda planning in action

The Board agenda is set by the Chairman following discussion with the Chief Executive and Company Secretary, taking into consideration feedback from the individual Directors. Board agendas focus on strategically important issues 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 quality of Board papers is kept under regular review.

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.

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.

Each agenda is typically divided between special strategy items ('deep dives'), and management reports. Deep dive sessions are selected for a variety of reasons, including identified actions from previous meetings, issues escalated from management, and items requested either formally or informally by Non Executive Directors. Any issues highlighted will be addressed either at the Board, during Committee discussions, or during informal informational sessions, depending on the nature of the matter. The management

reports follow a short standard format which aids discussion and understanding. 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. Board agendas are also set out in line with the Committee agenda setting to ensure that the most appropriate method of progressing an item is utilised.

The agenda planner was refreshed during the year to ensure it covered the appropriate strategy, performance and governance items. The agenda planning also includes the review of external influences on the Board including ongoing regulatory review throughout the Group.

Director duties

As a company incorporated under the laws of Bermuda, Hiscox complies with the 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 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.