

ESG

An overview of Hiscox's approach



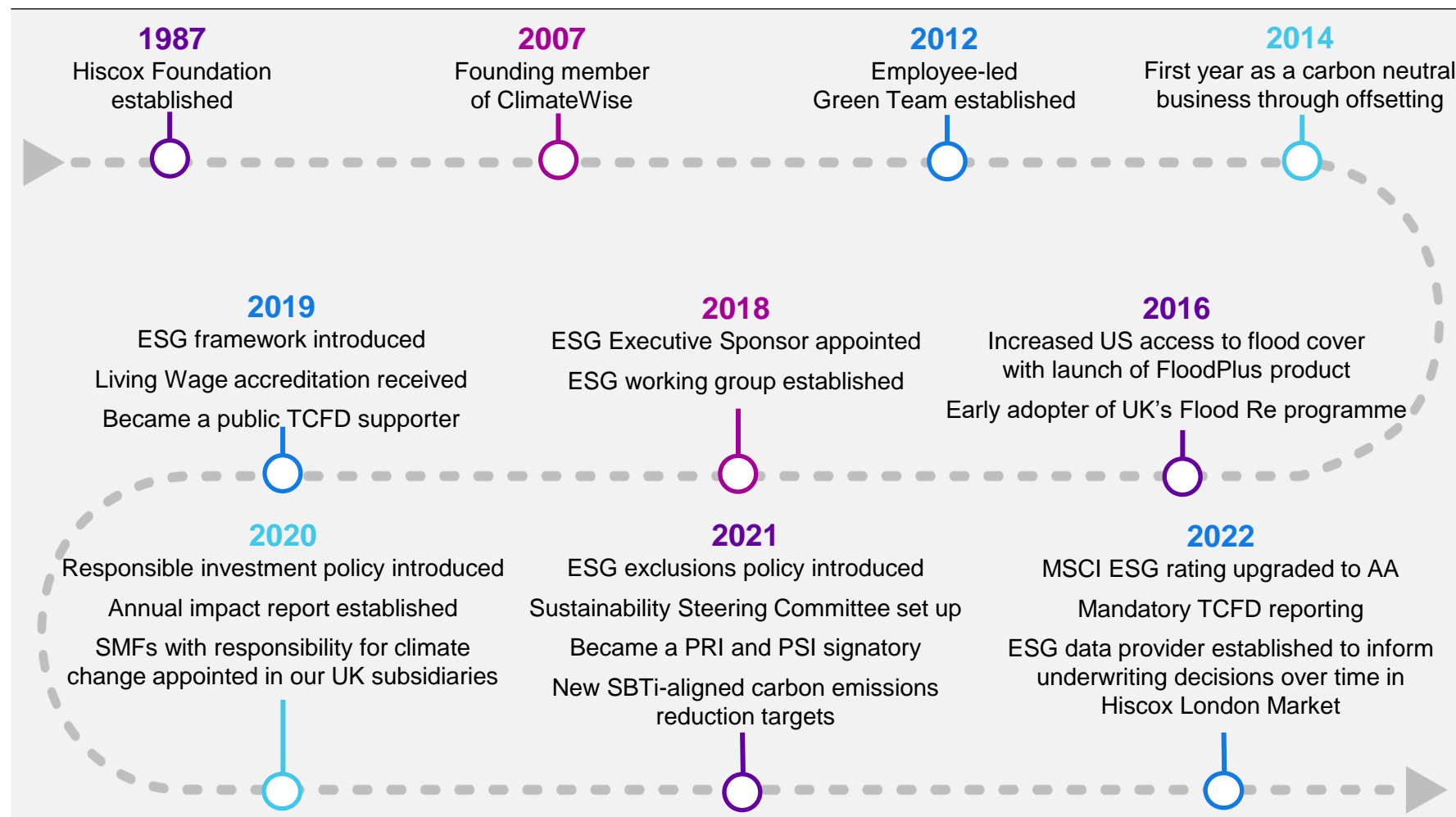
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Our ESG journey

A long-term focus on where we can make a difference



How we think about ESG

A pragmatic approach

We take our role in the world seriously and want to play a responsible part in society. Being an insurer our customers can rely on really matters to us, and if we do our job well, our customers and society benefit when times are tough.

It's this philosophy – and our values – that underpins our approach to ESG.

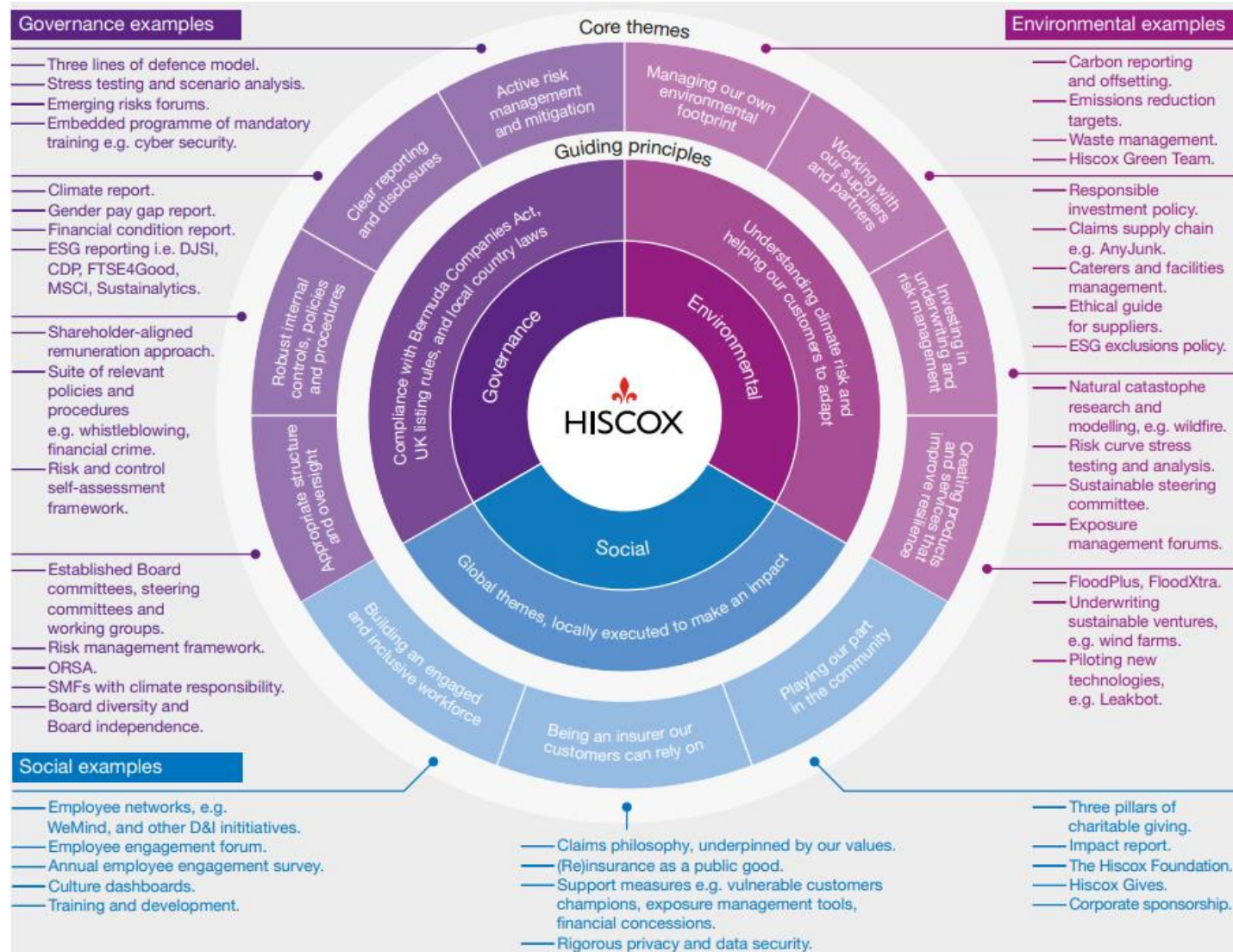
ESG issues touch many different parts of our business. In some, such as catastrophe modelling and research, we want to be market leading. In others, we want to keep pace with regulation and public interest.

The Hiscox ESG framework helps us stay focused and make an impact where it matters most.



Our ESG strategy

The Hiscox ESG framework



Embedding sustainability in how we do business



Investments

- Established processes: net-zero wording in segregated investment manager mandates; emerging market bond portfolio with enhanced ESG credentials; ESG dashboard for Investment Committee reporting
- Sustainable assets including green/ ESG bonds now over \$300 million – over 5% of bond portfolios in green/ESG-labelled bonds
- Good progress towards 2025 interim GHG target, with c.20% of our corporate bond portfolio having net-zero/ Paris-aligned targets at year-end 2022



Underwriting

- A balanced approach to supporting the net-zero transition:
 - Reducing exposures to worst emitters in line with ESG exclusions policy – all risks monitored by ESG profile in Hiscox London Market and Hiscox Re & ILS, with new restricted risks declined or non-renewed
 - Growing exposure to renewables and other ESG positive risks through Hiscox ESG 3033 sub-syndicate – first risks written in H1 2023



Operations

- Continued embedding of SBTi-aligned net-zero GHG targets; improving GHG data quality through new half-year footprint process
- Commenced a pilot with a global provider of business sustainability ratings, as part of our work to further reflect sustainability in our procurement practices
- Reflecting sustainability in our customer research including brand tracking

Governance structure

ESG working group and Sustainability Steering Committee, with Executive and Board oversight



Contributors to our ESG story



Our employee networks
Run by employees for employees.

Performance and measurement

Public scores, memberships and accreditations



2022: 83%
2021: 72%



2022: B
2021: B-



2022: 45/100
2021: 40/100



2022: AA
2021: A



2022: 28.7%
2021: 27.1%

Memberships and accreditations



Ambitious GHG targets for the Group

Net-zero, Paris-aligned

- Reduce our Scope 1 & 2 emissions by 50% by 2030, against a 2020 baseline*
- Reduce our Operational Scope 3 emissions by 25% per FTE by 2030, against a 2020 baseline*. We will remain operationally carbon neutral, as we have been since 2014
- Transition our investment portfolios to net-zero GHG emissions by 2050
- Engage with our suppliers, brokers and reinsurers on our net-zero targets and on their plans to adopt Paris-aligned climate targets
- Monitor emerging standards around underwritten emissions and collaborate across our industry on their development, aligning with best practice as it emerges

GHG emissions

While we saw a 28% decrease in our operational GHG emissions in 2022 against our 2020 baseline year, our total operational footprint increased by 13% in 2022 when compared to 2021. While some of this increase relates to emissions arising from one-off capital goods spend – such as those generated as a result of our London office move – there are other areas where we have seen an increase in emissions due to continued improvements in data accuracy as we continue to enhance our data collection processes. We also saw an increase in upstream transport and distribution emissions, as we have this year started to account for transport emissions related to purchased goods and services and capital goods as part of our Scope 3 footprint. Business travel emissions this year also reflect the expected rebound in travel-related emissions that we reported last year, as work patterns continue to normalise.

GHG emissions*

Scope	2022 (tCO ₂ e)	2021 (tCO ₂ e)	2020 (tCO ₂ e)	2022 vs. 2020 baseline
Scope 1	786	678	615	28%
Scope 2 (market-based)	927	866	1,111	-17%
Total Scope 1 and 2	1,713	1,544	1,726	-0.8%
Scope 3 (operational)	19,298	17,116	27,461	-30%
Scope 3 (operational) per FTE	5.83	5.80	8.91	-35%
Total operational footprint	21,011	18,660	29,187	-28%
Scope 3 (non-operational)	9,862	8,458	7,046	40%
Investments	127,497	125,156	135,275	-6%

Our Scope 1-3 emissions excluding investments are independently verified to a reasonable assurance level, with investment emissions verified to a limited assurance level. A copy of the verification statement can be found at hiscoxgroup.com/responsibility/environment.

*The 2020 baseline has been adjusted for Covid-19 to ensure it reflects a more normal year with regards to business travel, etc.

Key policies

Responsible investment and ESG exclusions

ESG exclusions policy

- Ambition to reduce steadily and eliminate by 2030 our insurance, reinsurance and investment exposure to:
 - thermal coal-fired power plants and coal mines,
 - Arctic energy exploration activities,
 - oil sands, and
 - controversial weapons
- Aligns with Lloyd's ESG ambitions
- Supported by a repeatable process of building climate risk into our products and stress testing
- Balanced by growing big-ticket exposure to sustainable ventures inc. renewables
- Complements our position as a PSI signatory

Responsible investment policy

- Guided by ESG exclusions policy
- Annual reviews of ESG integration and engagement with all third party managers
- ESG embedded in investment team objectives
- ESG training in place for senior investment team members
- Developing ESG data analytics tools across whole portfolio
- 100% of our third party managers currently signed up to PRI or equivalent – and we became PRI signatories in 2021

Environmental activity

An overview

Operations

- Long-standing annual cycle of carbon reporting (see 2022 Annual Report and Accounts)
- Operationally carbon neutral through offsetting
- Ambitious net-zero, Paris-aligned emission reduction targets for the Group, using SBTi methodologies
- Network of employee-led country Green Teams, driving local initiatives that promote recycling and reduce waste
- SMFs with climate change responsibility, and climate action plans in place, for HIC and HSL

Products and partnerships

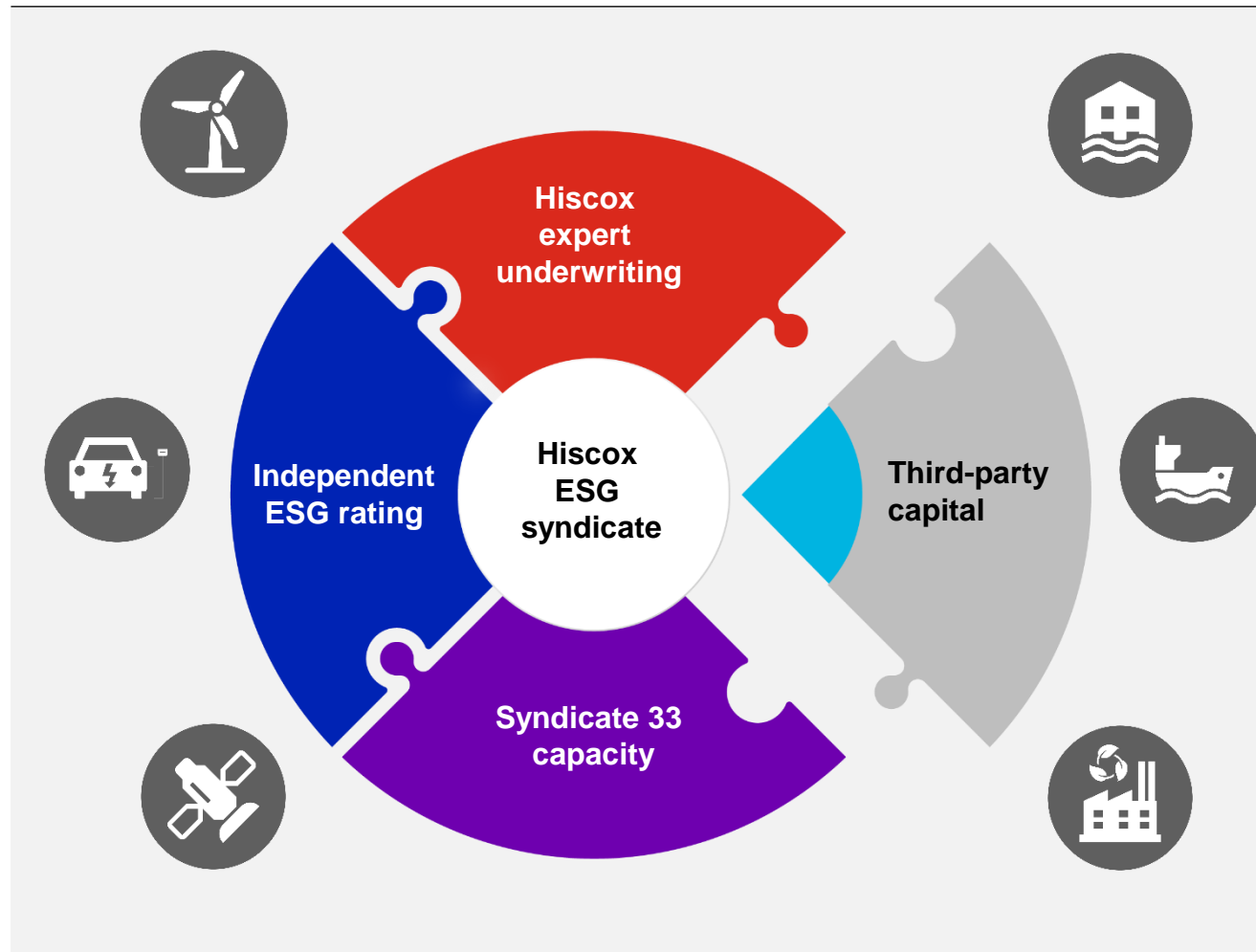
- Leading suite of US flood products – FloodPlus residential and commercial – and participation in Flood Re in the UK inc. Build Back Better initiative
- Services that improve resilience, e.g. Leakbot which we've provided to over 8,000 Hiscox UK insured homes to date
- Partnerships to reduce claims waste to landfill, e.g. AnyJunk

Research and insight

- Market-leading catastrophe research team, responsible for developing 'the Hiscox view of risk'
- Publish progress annually in our TCFD-aligned climate report
- Group CEO involvement in the Sustainable Markets Initiative Insurance Task Force
- Members of ClimateWise, Lloyd's Market Association ESG working group, and LightHill Risk Network – sharing insight across the industry

Hiscox ESG syndicate announced March 2023

Innovating into growth sectors



- New discreet sub-syndicate focused on ESG-positive risks*
- Will leverage the existing relationships complemented by developing deep in-house expertise in renewables and power, such as electric vehicles and infrastructure
- Partnering with external capital for further scale

*Nested within Syndicate 33 and leaning on its existing stamp capacity, but writing incremental risks.

Social activity

How we support customers, employees and communities

Customers

- Supporting SME growth through our DPD business
- Vulnerable customer champions to support UK customers requiring additional support when accessing Hiscox, and dashboard to monitor provision of services
- Products and tools to make our customers safer:
 - Hiscox CyberClear Academy, a NCSC-approved cyber training programme used by c.35,000 customers from c.7,000 businesses since 2017
 - Hiscox Cyber Exposure Calculator to help businesses understand and manage their cyber risk

Employees

- Annual employee engagement survey assess employee sentiment – with best engagement scores for 10 years in 2022
- Representative Employee Engagement Network (facilitated by Employee Liaison role) ensures workforce views on a range of issues inform Board decision-making
- Continued focus on enhancing gender and ethnicity disclosures (see 2022 Annual Report and Accounts)
- 18 employee network chapters, e.g. WeMind, LGBT+
- Ongoing focus on training and talent development – over 70,000 training hours completed in 2022
- Living Wage employee

Communities

- Three pillars of charitable giving defined by the Hiscox Foundation:
 - social mobility/entrepreneurship
 - protecting and preserving the environment
 - causes our people are passionate about
- Donated over \$1.8 million to good causes in 2022, through one-off support and multi-year partnerships
- Employee-led fundraising and volunteering through Hiscox Gives, from beach clean-ups in Bermuda to helping primary school children with their reading in London – with over 1,400 volunteering hours completed in 2022

Employee networks

Finding new ways to connect and collaborate



UK Parents

WOMEN
AT HISCOX



Pan-African
The Hiscox employee network

PRIDE



Parents and
Caregivers



LATINO
The Hiscox Employee Network

GENERATION HISCOX



- 18 employee network chapters focused on:
 - mental health
 - parents and carers
 - generations
 - Latino
 - pan-African
- Driving initiatives including:
 - use of pronouns
 - an internal 'voices' campaign to promote the sharing of personal D&I experiences
 - expanded self-ID capability
- Promoting events such as International Women's Day, Black History Month and Mental Health Day

Governance activity

An overview of key areas of governance

Board structure and oversight

- Seven of 11 main Board members are independent, and independent NEDs also sit on our subsidiary boards and key committees
- Successful Group CEO transition during 2021, Group CFO and Audit Committee Chair transition during 2022, and Chairman transition during 2023
- Board and Executive management diversity data for 2022 disclosed in accordance with UK Listing Rules targets and associated disclosure requirements (see 2022 Annual Report and Accounts)

Remuneration

- Changing remuneration structure for middle management and below to increase focus on – and incentivise – individual performance
- Non-financial metrics for Executive Directors introduced in 2023 – reflecting the Group's wider strategic objectives and aligning with developing market practice among UK-listed companies.

Compliance

- Robust portfolio of policies guide our approach – from tax and the environment to underwriting and investment exclusions
- Comply with all relevant legislative and regulatory requirements, e.g. UK gender pay report, financial condition reports
- Embedded internal programme of annual stress testing, in addition to participation in the PRA's annual General Insurance Stress Test
- Established programme of mandatory training for all employees, e.g. financial crime, data privacy, information security

Board of Directors



Jonathan Bloomer
Chairman
Appointed to the Board: June 2023



Aki Hussain
Group Chief Executive Officer
Appointed to the Board: September 2016



Paul Cooper
Group Chief Financial Officer
Appointed to the Board: May 2022



Joanne Musselle
Group Chief Underwriting Officer
Appointed to the Board: March 2020



Colin Keogh
Senior Independent Director
Appointed to the Board: November 2015



Donna DeMaio
Independent Non Executive Director
Appointed to the Board: November 2021



Michael Goodwin
Independent Non Executive Director
Appointed to the Board: November 2017



Thomas Huerlimann
Independent Non Executive Director
Appointed to the Board: November 2017



Anne MacDonald
Independent Non Executive Director
Appointed to the Board: May 2015



Constantinos Miranthis
Independent Non Executive Director
Appointed to the Board: November 2017



Lynn Pike
Independent Non Executive Director
Appointed to the Board: May 2015

Group Executive Committee

Driving accountability and progress in all areas



Aki Hussain
Group Chief Executive Officer
Joined Hiscox: September 2016



Paul Cooper
Group Chief Financial Officer
Joined Hiscox: May 2022



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



Jon Dye
Chief Executive Officer, Hiscox UK
Joined Hiscox: September 2022



Stéphane Flaquet
Group Chief Operations and
Technology Officer
Joined Hiscox: March 2010



Nicola Grant
Chief Human Resources Officer
Joined Hiscox: September 2022



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



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



Joanne Musselle
Group Chief Underwriting Officer
Joined Hiscox: April 2002



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