

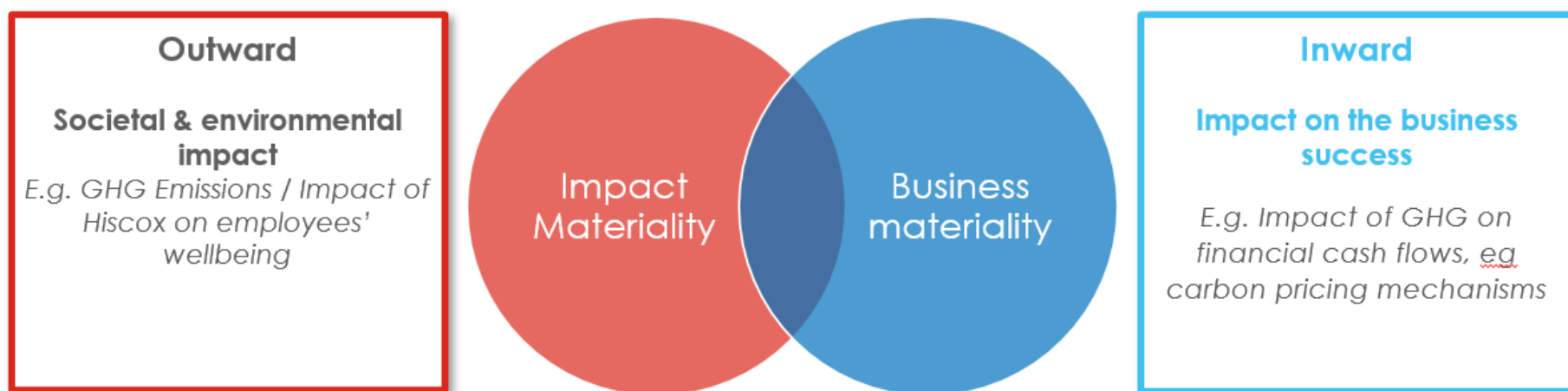
Double materiality assessment

An overview of Hiscox's approach



About double materiality

Outwards vs inwards impact



Double materiality aligns with best practice



Understanding double materiality

What it is vs. what it isn't

Double materiality is:

- An assessment of environmental and social topics that are of most relevance to Hiscox and its stakeholders
- A process of gathering stakeholder input
- A process to prioritise topics to make informed decisions about strategy, future actions and disclosure requirements

Double materiality is not:

- An assessment of the entire universe of topics or views
- An assessment of performance against specific topics
- A static process – organisations and society will continue to evolve and so too will the outcome of future materiality assessments

Topics less relevant to Hiscox are not included in the assessment

Entire universe of topics

All identified topics are important, but some may be more significant today than others

The process

Stakeholder identification and engagement

Shareholders

*One-to-one
interviews*

Brokers

*One-to-one
interviews*

Investment
managers

*One-to-one
interviews*

Customers

Surveys

Workforce

*One-to-one
interviews and
focus groups*

The process

Issues identification



Double materiality themes

13 Group-wide themes identified

Being a great place to work

- Maintaining an open and collaborative corporate culture
- Nurturing talent through growth opportunities
- Training and skills development
- Measure the engagement and satisfaction of our people and responding to it
- Continued focus on employee wellbeing including mental health and work-life balance
- Flexible ways of working
- Rewarding good performance and offering distinctive benefits in line with our ambitions to be an employer of choice within our sector

Biodiversity and our impact on nature

- Assessing and understanding our impact on nature
- Articulating our position on biodiversity
- Enhanced nature-related reporting and disclosures over time
- Consideration of natural capital revenue and other nature positive investment choices

Corporate governance and business ethics

- Effective governance structures
- Robust internal controls/policies/procedures
- Regulatory compliance
- Clear timely and accurate reporting and disclosures
- Independent audit and assurance
- Appropriate management structures
- Human rights and labour rights including safe working conditions, adequate wages, freedom of association, and collective bargaining agreements.

Climate change

- Understanding climate change through market-leading modelling and research
- Adapting our strategy and risk appetite as appropriate based on stress testing and scenario analysis insights
- Supporting our customers with risk transfer and risk mitigation
- Managing the risks associate with the transition to a low carbon economy including but not limited to litigation and reputational risks
- Responding to evolving climate-related regulation

Customer and broker experience

- Being easy to buy from, with a choice of straightforward routes to purchase, simple policy wordings and clear pricing information
- Being true to our word by delivering an exceptional claims experience, ensuring accessibility and social inclusion, and maintaining strong customer and broker satisfaction scores

Data privacy and information security

- Robust data integrity and data privacy standards
- Appropriate cyber security and cyber risk management,
- Data & AI ethics
- Embedded programme of information security training and awareness, third party testing and audits.

Digital transformation and operational excellence

- Realising efficiencies through automation
- Building effective online customer experiences
- Responsive digital tools (e.g. cyber risk calculator)
- Enhanced employee self-service capabilities

Diversity, Equity and Inclusion (DEI)

- Continued focus on recruiting and retaining diverse talent
- Commitment to Board, Executive and wider workforce diversity
- Fair and inclusive workplace practices including but not limited to equal pay for work of equal value, and equal treatment and opportunities for all
- Consideration of DEI in our products and services and in our procurement processes and supply chain management

Positively contributing to our communities

- Volunteering and charitable giving
- Economic contributor as a major local employer in some locations
- Active participant in industry initiatives that drive sector progress (e.g. through the ABI, Lloyd's and others)
- Practical support for SMEs (e.g. Hiscox Business Club)
- Providing new opportunities to build a career through internship and graduate programmes

Reducing our environmental footprint

- Carbon management strategy including greenhouse gas reduction plans and carbon offsetting,
- Monitoring and actively managing CO₂ emissions, waste, water and pollution impact
- Embedding good environmental practices across our offices, understanding and where possible influencing the environmental practices of our suppliers / partners

Resilience to volatility – market, political, economic, social, other

- Ability to Respond & Trade through National & Global Events e.g. Pandemics, Conflicts, Economic Downturn, Cost of Living Crisis/ Inflation
- Supply Chain Disruption & Resilience

Responsible investment

- Clear investment policies (e.g. responsible investment, ESG exclusions)
- Relevant targets including net zero targets
- Monitoring and measurement (e.g. ESG investment dashboard)
- Adherence to internationally recognised ESG standards (e.g. PRI)
- Impact investing
- Engagement on material issues including ESG with portfolio companies

Responsible underwriting

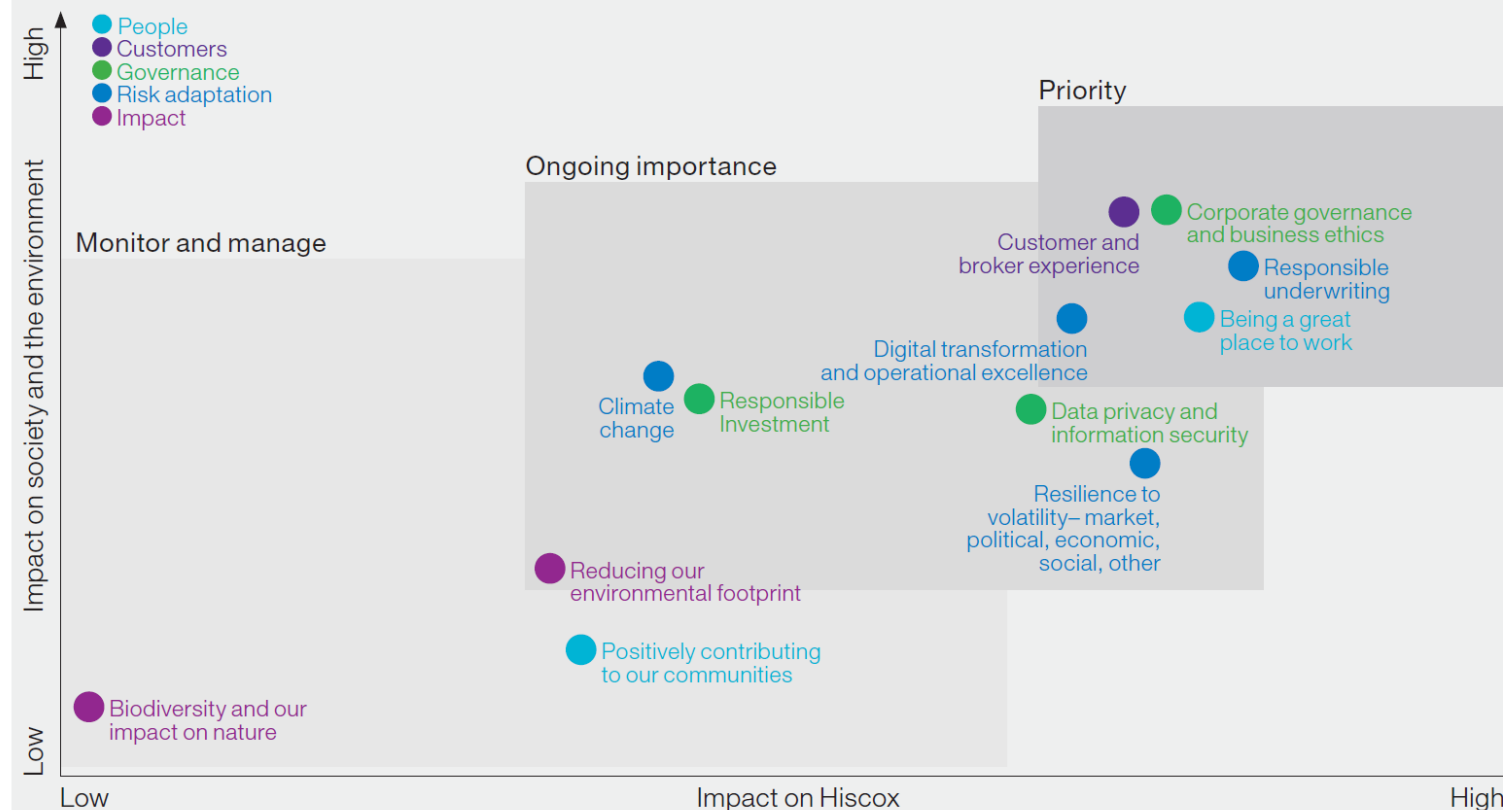
- Sustainable underwriting strategy
- Supporting the transitioning economy through underwriting (e.g. ESG syndicate 2033)
- Adherence to internationally recognised ESG standards (e.g. PSI)
- Credible partnerships that add value (e.g. Leakbot)
- Identifying and addressing undeserved risks in line with risk appetite (e.g. US flood)

Theme	
	Environment
	Social
	Governance

The output

Our first double materiality assessment for the Group

Hiscox materiality map



Key

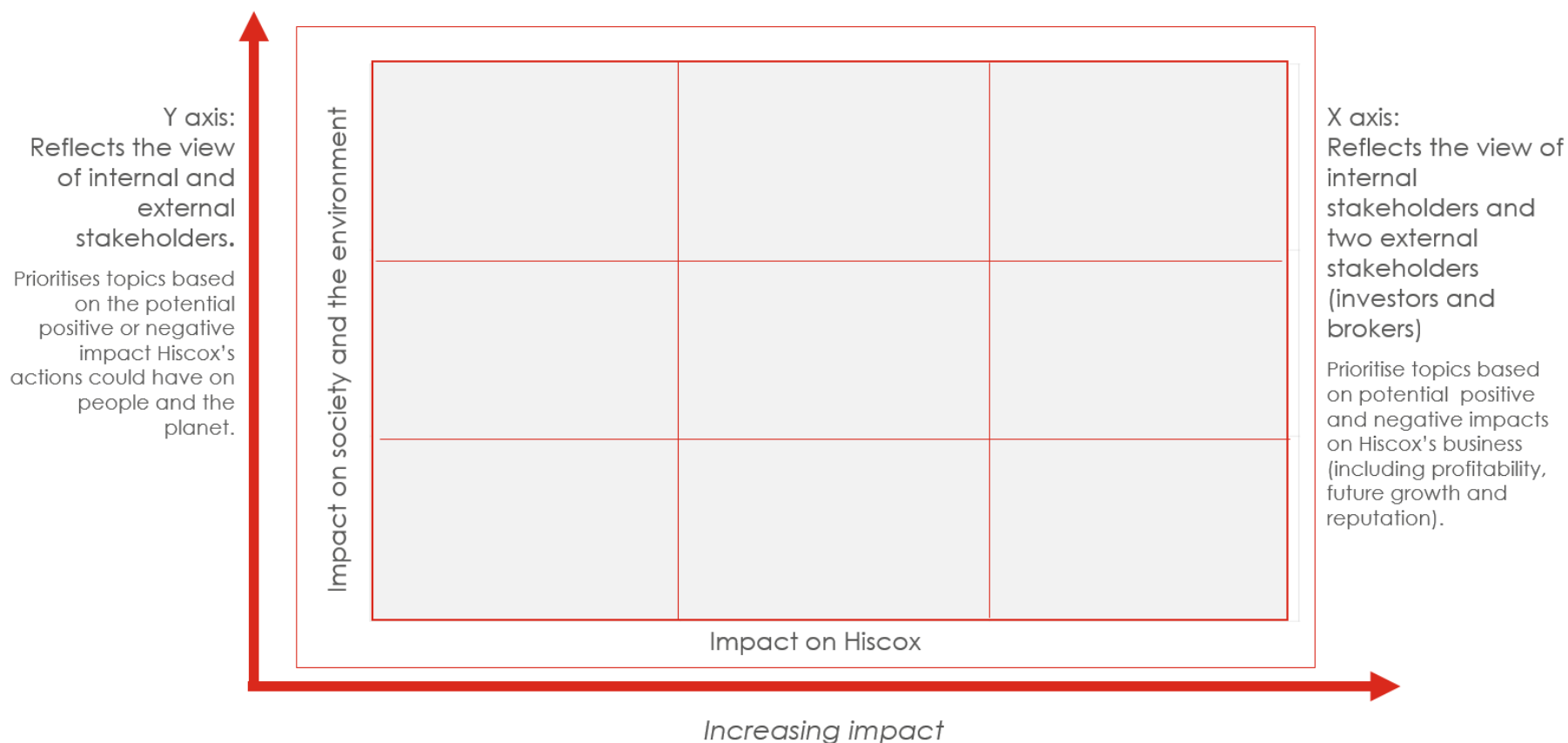
Manage and monitor: topics of relatively lower impact at the point of assessment, but which are managed and monitored with a readiness to adapt to evolving internal and external requirements.

Ongoing importance: topics of ongoing importance due to their influence on our strategy, performance and stakeholder relationships and so require continuous focus and active management.

Priority: Current mission-critical sustainability topics due to their potential to impact our reputation, financial performance, and ability to attract and retain customers, business partners and investors.

Understanding the output

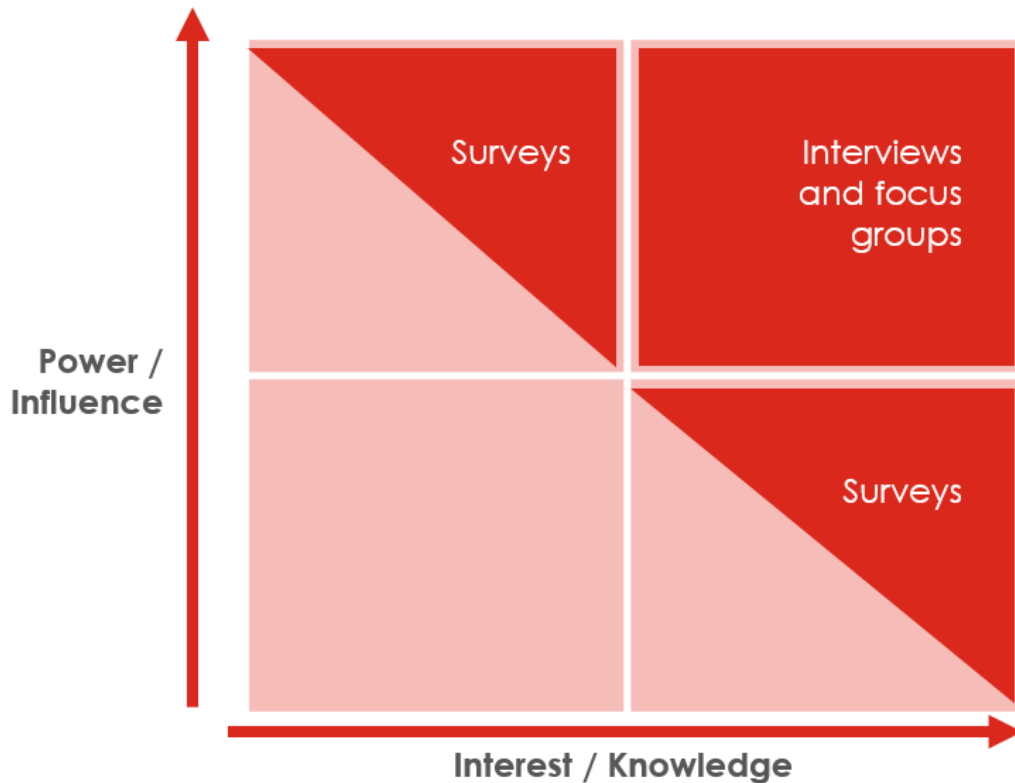
The axes



Understanding the output

Stakeholder prioritisation and weighting

Prioritisation



Weighting

- Weighting based on each stakeholder's power / influence and interest / knowledge on each sustainability topic
- Good practice ratios of weighting (internal vs. external) were used to weight responses:
 - Impact on society and the environment – 50:50
 - Impact on Hiscox – 70:30

Next steps

Embedding our materiality assessment

- Already informed our sustainability strategy and 2024 activity plans by considering high impact items.
- Longer-term alignment with established risk management processes.
- Driver of longer-term sustainability plans.
- Periodic review to reflect strategic priorities and societal shifts.