

Sustainability at Fidelis MGU

To be different and make a difference

July 2023



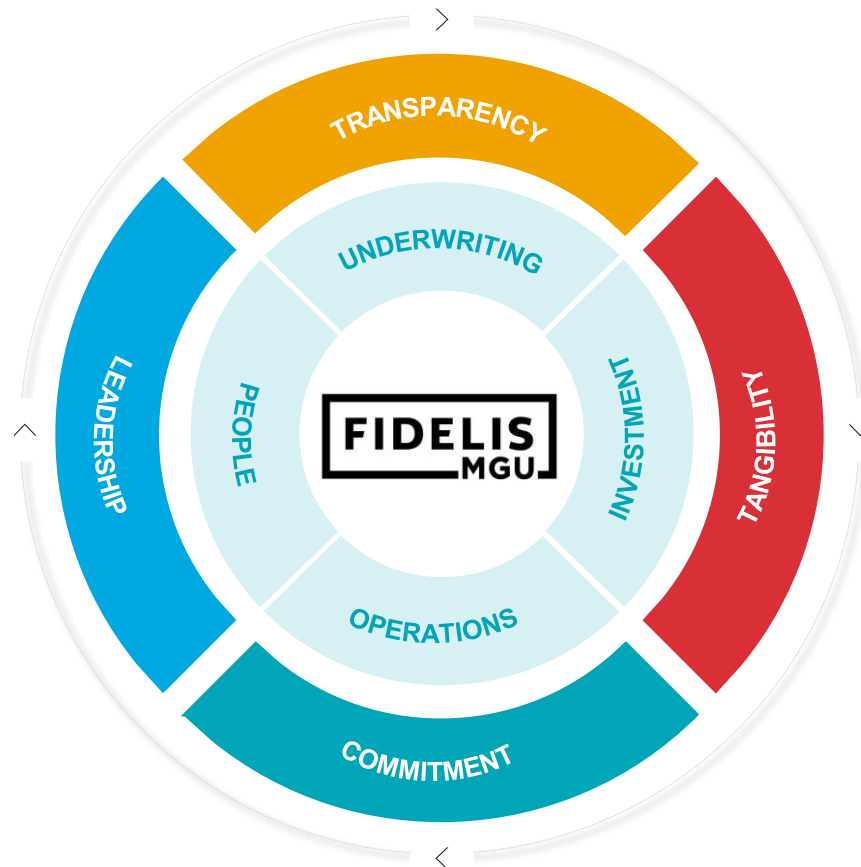
We are committed to setting and meeting ambitious, tangible goals in order to make a difference – here and now. We won't get everything right but we won't be half-hearted and we will shape our business by our values



- Take **real steps** towards implementing sustainable business principles and practices: we do not simply adopt long term timelines but focus on tangible near and medium term actions with concrete timelines



- Apply sustainability constraints to **reduce risk** while **simultaneously improving returns** for our stakeholders – we see this as good risk management and believe we have empirical evidence of the link between sustainability and insurance loss performance



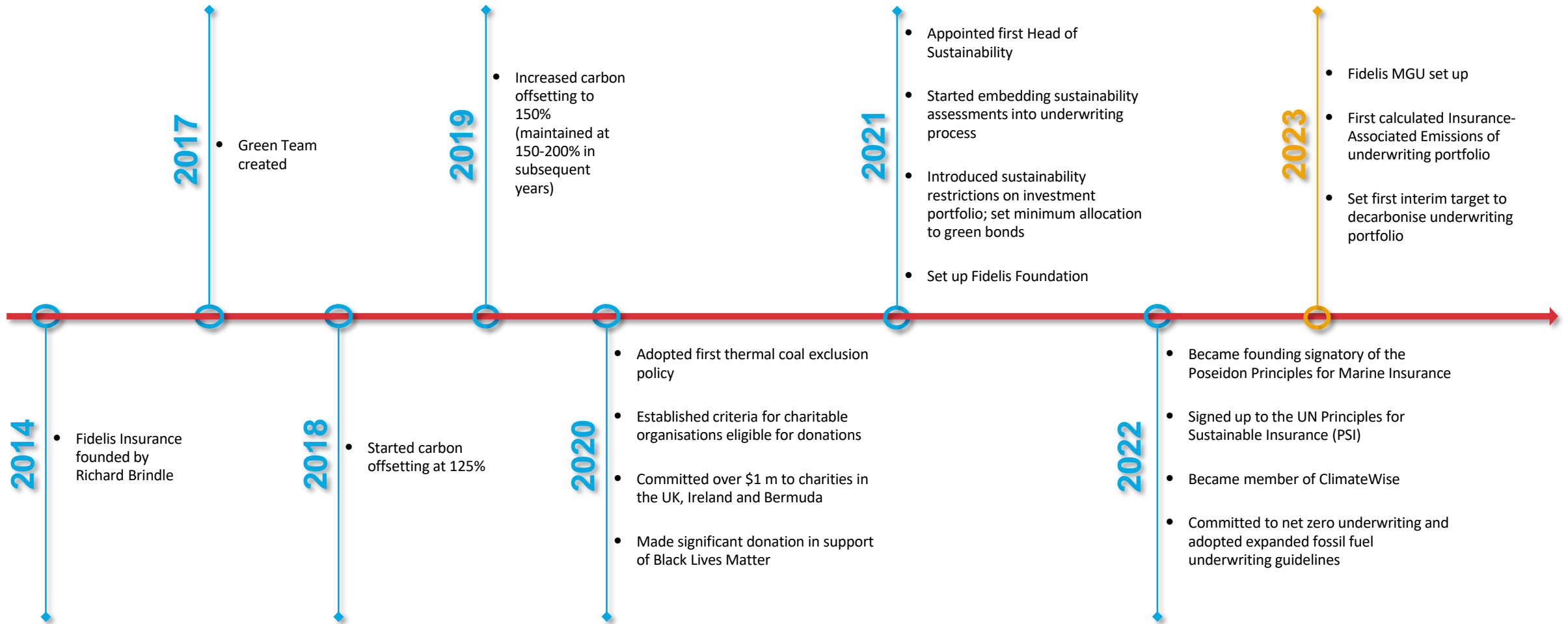
- **Actively promote** sustainability in the industry, including underrepresented social issues. This includes leveraging our soft and real power to engage with clients, brokers and peers, to encourage (where necessary require) more sustainable behaviour



- **Seek out new opportunities** through which we can actively support sustainable outcomes, in particular the energy transition and decarbonisation of the economy (for example supporting renewable energy insurance)

Our journey so far

We progressively broadened the scope of sustainability at Fidelis Insurance and continue to do so at Fidelis MGU



Key commitments

We have tangible sustainability commitments, which we have aligned with the Sustainable Development Goals of the UN

Underwriting

- Implement sustainable underwriting policies (e.g. fossil fuel exclusions) through daily underwriting calls attended by the Head of Sustainability
- Measure and improve over time the sustainability profile of our underwriting portfolio (e.g. alignment with the UN SDGs)
- Measure our portfolio carbon footprint and reduce this from 2023, with the ambition to reach net zero well before 2050

Operations

- Monitor our carbon footprint and reduce it from 2023 onwards
- Continue to offset more than 100% of our operational emissions in order to be climate positive

Diversity, Equity & Inclusion (DEI)

- Target equal opportunities across all stages of the hiring process and monitor implementation of this
- Measure pay gaps and seek to minimize these where reasonably possible
- Insofar as possible, ensure the composition of our workforce reflects the make-up of the local community (by gender and ethnicity)

Disclosure

- Provide annual updates on key metrics and performance, with disclosure according to a recognised industry standard (ClimateWise) from 2023

Contribution to SDGs



We have embedded sustainability into our governance structure as appropriate, with clear responsibilities allocated

Accountability

- We have a Head of Sustainability reporting into the Deputy Chairman, who is also the dedicated Board member with responsibility for sustainability

Risk

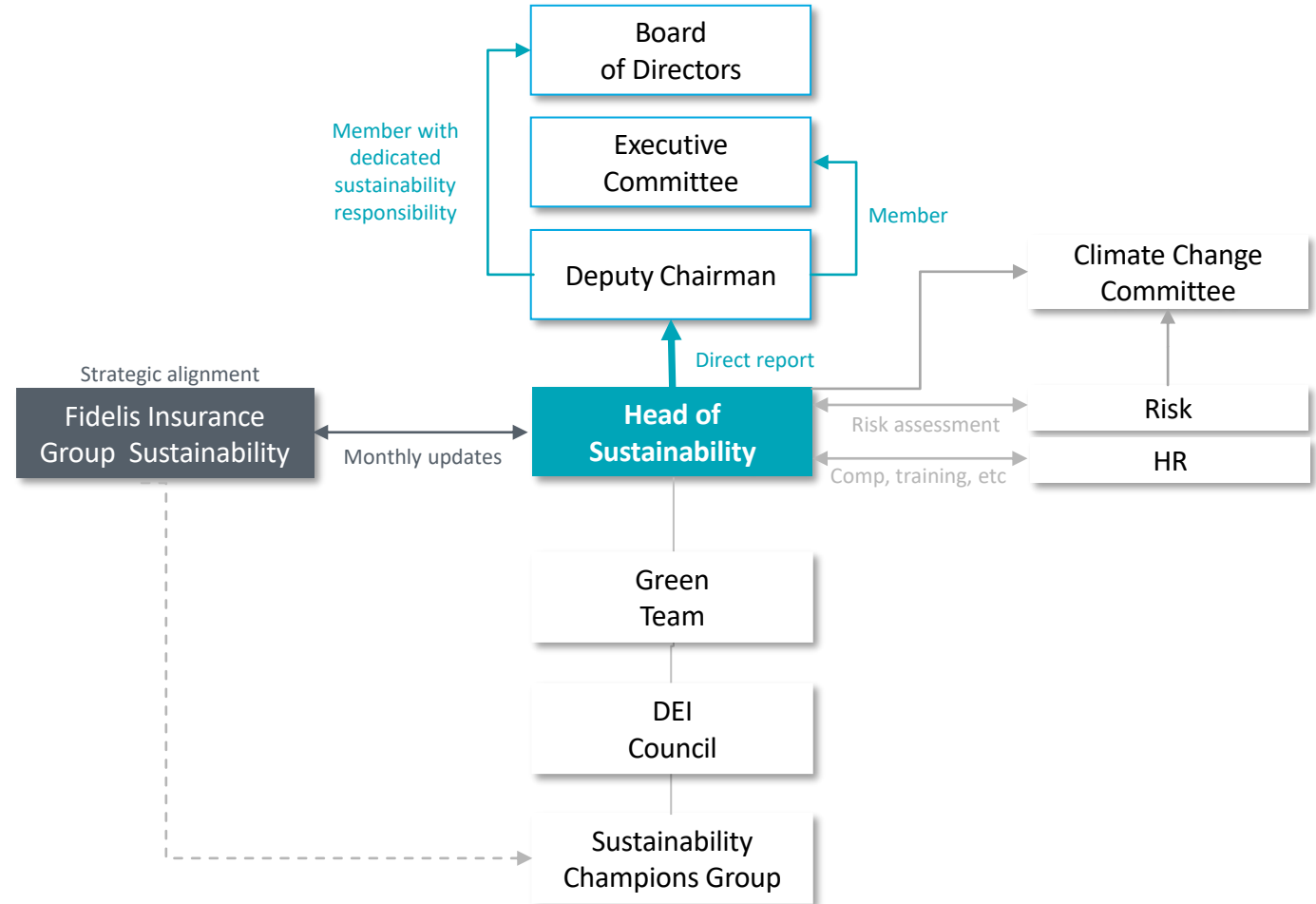
- Sustainability risk is monitored through quarterly reviews with Risk Management
- Sustainability function is part of Climate Change Committee

Strategy & operations

- Sustainability is engaged in strategic and operational topics, e.g. around new products and greener operations
- This includes strategic alignment with Fidelis Insurance Group

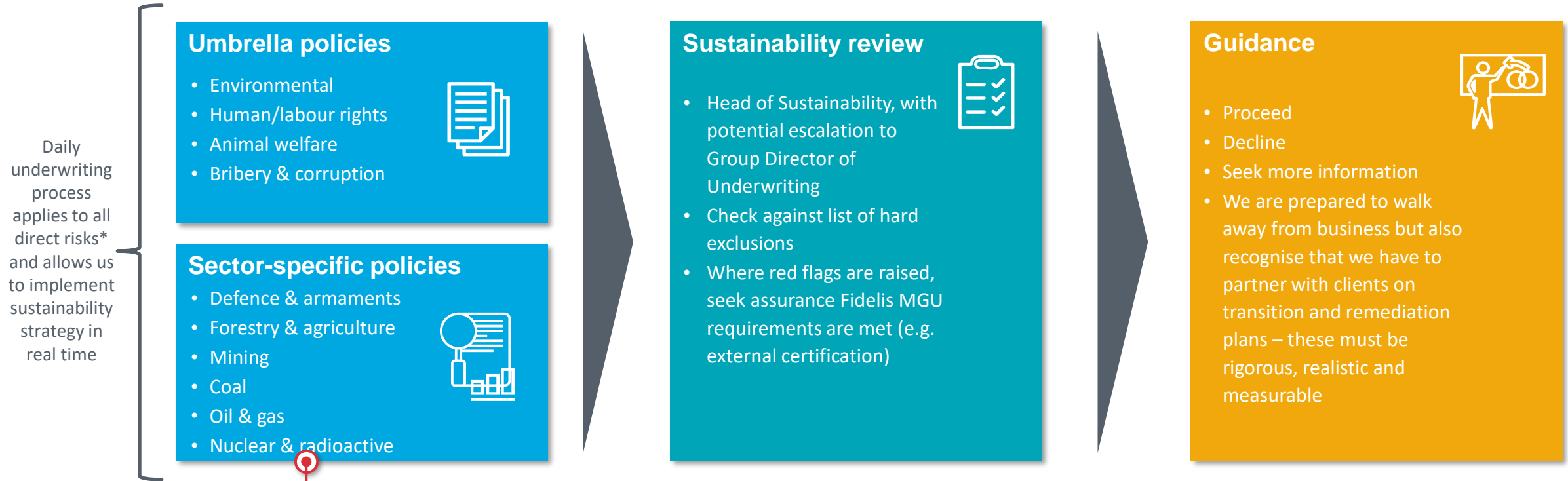
Compensation

- We will link sustainability performance to employee compensation at all levels (effective from 2023)



MGU cross-functional forum with Insurance Group participation to facilitate knowledge sharing

There isn't always a clear right and wrong but we do our diligence and decline business where requirements are not met – or where no credible, measurable transition or remediation plan is in place



Highlights of coal and oil & gas policies

- **Coal:** Exclude thermal coal (except where not directly covered and <20% of revenues)
- **Oil & gas:** Strict exclusions for tar sands, oil shale and Arctic exploration/drilling. From 1/1/2024, traditional oil & gas companies will need clear commitments and a timeline for reducing emissions, aligned with Paris Agreement goals



(*) Current focus is on direct insurance, with an approach for treaty reinsurance being explored

Fidelis recognises it cannot maximise impact by acting alone, but also challenges industry timelines for taking action

Support for industry-wide initiatives

Fidelis is collaborating with others on sustainability

- Signatory to Principles for Sustainable Insurance
- Member of ClimateWise*
- Supporter of Willis Towers Watson Climate Transition Pathways



Driving change in specific issues

Fidelis also actively promotes more specific initiatives

- Founding member of Poseidon Principles for Marine Insurance
- Developed Forced Labour Clause for high-risk industries and works closely with Anti Slavery International**



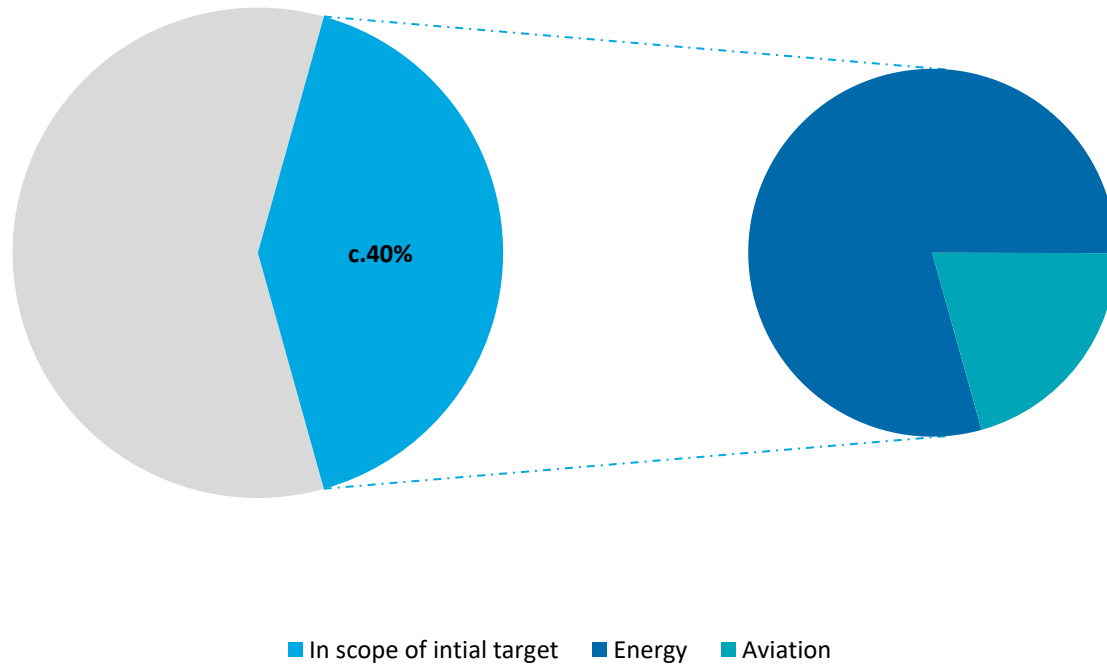
(*) Fidelis MGU and Fidelis Insurance Group are both members of ClimateWise

(**) Fidelis applies the forced labour clause by default to marine cargo (adopted on c.90% of the portfolio) and property policies covering the garments industry

Fidelis MGU is committed to net zero underwriting and has set a first interim target towards this

2022 Insurance-Associated Emissions

1.2 million tonnes CO₂e (Scopes 1, 2 and 3)**



- 2022 baseline Insurance-Associated Emissions (IAEs) calculated using globally agreed methodology (developed by the Partnership for Carbon Accounting Financials, PCAF) with limited assurance by Crowe UK LLP
- Fidelis MGU made a commitment to net zero underwriting in 2022, and has now set a first interim decarbonisation target towards this:

26-49% reduction of IAEs by 2030 for energy and aviation insureds*

- The immediate years will be focused on enhancing emissions data quality and building a time series of client progress against their commitments – over time, a clear approach will be put in place to assess this and determine an appropriate underwriting response

(*) Energy and Aviation are defined by the assured's underlying industry irrespective of the insurance coverage provided. 'Energy' relates to assureds across upstream, midstream and downstream energy with the exception of those assureds that exclusively operate renewable energy projects.

(*) 45% of this relates to Scope 3

Fidelis MGU leads the insurance industry on addressing forced labour and modern slavery in the supply chain

90% of Fidelis MGU marine cargo risks carry an explicit Forced Labour clause: contrary to concerns, discussing sustainability with clients creates positive engagement. These are issues they are already addressing and often have a story they are pleased and proud to tell

2017

- First Modern Slavery Statement issued
- Started work on a Marine Cargo Clause to support fight against modern slavery

2018

- Fidelis Insurance was the first insurer to sign the Anti-Slavery Charter
- First market meeting organised by Fidelis Insurance with brokers, marine insurers and Anti Slavery International (ASI; world's oldest anti-slavery charity)

2019

- Worked with Lloyd's Market Association (LMA) to produce the first Forced Labour Clause (JCC 2019-08)

2020

- New Marine Cargo Insurance Clause announced for London Market (requiring confirmation of compliance with forced/child labour regulations) and Lloyd's and International Underwriting Association (IUA) endorse the approach

2021

- Arranged market briefing by ASI on "Forced Labour in the Global Supply Chain" attended by both brokers and insurers

2022

- Involved UK Independent Anti Slavery Commissioner (IASC) and arranged a market meeting to draft a 'Commitment from insurance organisations on combatting modern slavery,' which has been adopted by three London Market companies and is under consideration across the market

We aim to run our operations sustainably and work towards a progressive reduction of our environmental footprint

Green Team

- Made up of employees across our locations
- Focus on energy, recycling and engagement
- Drives regular communications and employee activities (e.g. topical campaigns, volunteering, regular lunch & learn sessions)
- We aim to eliminate all single use plastics from London and Dublin offices and are working towards recycling 90% of our waste (by 2023)



Carbon footprint

- 2022 carbon footprint of 11.8 tonnes,* following deep-dive assessment of Scope 3
- 110% offset in 2022*: continue to target over 100%
- Offset through Communitree (reforestation in Nicaragua), Hadza Hunter Gatherers (indigenous land rights in Africa) and Trees for Global Benefits (agro forestry in Uganda)
- Offset projects certified by Plan Vivo



Procurement and code of conduct

- We confirm that all our property managers as well as our investment managers comply with anti-slavery and human trafficking laws
- This requirement also applies to other material service contractors, e.g. IT and actuarial
- All employees are required to uphold the Fidelis MGU's ethos which acts as a set of guiding principles in how to conduct business activities



(*) Scope 1, scope 2 and scope 3 operational footprint; note these are figures relating to combined Fidelis MGU and Fidelis Insurance Group operations in 2022

Our commitment to social issues naturally extends to our own employees

Diversity, Equity & Inclusion (DEI) in our workforce



- Insofar as possible, we aim to ensure the composition of our workforce reflects the make-up of the local community (by gender and ethnicity).
- This is a particular focus in Bermuda, where we engage actively with local organisations (e.g. BFIS, ABIC) to source diverse talent and provide coaching/mentoring for underrepresented groups
- 43% of total workforce is female (mid 2022)*
- 24% of senior management is female (mid 2022)*
- 20% people of colour in workforce (mid 2022)*
- 14% of senior management are people of colour (mid 2022)*

Equal opportunities



- We aim to maintain a focus on equal opportunities across all stages of hiring process (by gender and ethnicity) and monitor this
- We measure and minimise the pay gap where possible (by gender and ethnicity)
- Specific programmes in both London and Bermuda to support diversity within hiring process, e.g. internship and scholarship award programmes

(*) Note these are figures relating to combined Fidelis MGU and Fidelis Investment Group entities

The Fidelis Foundation fosters a culture of altruism and philanthropy aligned with the company's values

- The Foundation was established in December 2020 to provide a platform for staff to contribute to a culture of altruism and philanthropy aligned with the company values
- Fidelis MGU contributes 1% of annual profits (up to a maximum of \$2m) to the Foundation
- Fidelis MGU has long-standing relationships with its charities and also supports mentoring programmes for several of them. All selected charities have an employee advocate responsible for continuing engagement, including reporting on progress against targets for delivery and impact
- The governance process is driven by advocates (all Fidelis MGU staff members can propose new charities), the Foundation Working Group (comprising of Fidelis staff), and The Fidelis Foundation Board of Trustees (which includes two independent members)



Human Rights



Education & Empowerment



Environmental



Poverty



Animal welfare



Mental health



The other charities currently supported are: Bermuda College Foundation, Child Bereavement UK, Down Syndrome Ireland, Dublin Rape Crisis Centre, FoodCloud, International Care Ministries, Irish Children's Rights Alliance, Irish Refugee Council, National Museum of Bermuda, Noah's Ark Children's Hospice, St Giles Trust, Eliza DoLittle Society, Mind, Mercy Ships, The Ocean Clean-Up

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This Presentation includes reference to the Company's "steady state". "Steady state" means when the ratio of net earned premium to net written premium equals approximately 94%, which management currently expects will be achieved in 2022. There can be no assurance that the "steady state" as described herein will be achieved in 2022.

The statements and estimates in relation to the Company's "adjusted book value" and "additional value" are based on a number of key assumptions. In particular, the earn-out of unearned premium reserve is based on the projected earning patterns of the Company's Bespoke business written as at December 31, 2019 and is on a net of reinsurance basis; future estimated Bespoke profit is based on the future earned premium less expected claims and acquisition costs, and is net of reinsurance, expenses and tax; estimated future claims are based on the initial expected ultimate loss ratios applied to the net earned premium for each underwriting year; acquisition expenses are already paid but the release of the deferred acquisition expenses asset reduces future Bespoke profit; expenses are calculated based on an estimate of management expenses required to run off the in-force policies in a manner consistent with the Bermuda Monetary Authority regulatory model; future profits are not discounted to be consistent with how the claims liabilities are presented under US GAAP; the impact of future lapses is not included; and the estimated future Bespoke profit is on an after-tax basis and is based on the average effective tax rate over the forecast period for the Group. There can be no assurance that the expected losses and expenses for the Company's Bespoke business will ultimately result in line with current expectations.

The Company's reserves and management's best estimate reflected in historical loss ratios and other financial information is based on the management's then current state of knowledge and explicit and implicit assumptions relating to the incurred pattern of claims, the expected ultimate settlement amount, inflation and dependencies between lines of business. The Company's reserves are prepared on the basis of US GAAP accounting and for the Company's own purposes and for no other purpose. Such financial information is subject to important assumptions which are likely to be the subject of future change, amendment, update, completion and review, as necessary. The Company's estimate of natural catastrophe losses involves the exercise of considerable judgement and is based, amongst other factors, on a review of individual treaties and policies to be impacted, information available as at the relevant date from clients and brokers, initial loss reports, modelled loss projections and exposure analysis. The Company's actual losses from any loss events may differ materially from estimates provided and reserves currently held.

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