

FIDELIS UNDERWRITING LIMITED
Annual report and financial statements
For the year ended 31 December 2022

Section 172 statement

The directors have considered and applied their statutory duty to promote the success of the Company under S172 of the Companies Act 2006, and in so doing, have regarded the issues, factors and stakeholders relevant to each of the following:

The likely consequences of any decision in the long term

As part of the business planning process, which is reviewed three times a year, the possible consequences of decisions made including those in the longer term, are considered. These decisions are also considered on an ongoing basis within the ORSA report, looking three years forward. Additionally, the Company will undertake an ORSA if there is a material change to the risk profile of the organisation. All strategic decisions, including changes to FUL's capital, corporate and Board structures, dividend declarations and changes to accounting and outsourcing policies, are approved by the Board as per the Board Terms of Reference and Matters Reserved for the Board.

The interests of the Company's employees

A set of legally compliant, culturally appropriate and best practice human resources policies underpins the interests of the Company's employees. The human resources function delivers an annual performance management and compensation review which includes the benchmarking of employees' salaries against market data and a calibration of fairness and consistency across multiple variables including function, gender, and ethnicity. The performance management system in particular takes a balanced scorecard approach which includes assessment against the Fidelis ethos; a key element of the working culture. Ownership for professional development sits with employees and is supported by managers and by the human resources infrastructure which includes a learning and development portal housed on the Group's intranet. The Company has a vision for diversity and inclusion, "Bring Your Whole Self to Work". This vision, and the associated diversity and inclusion strategy and annual plan is intended to establish a culture whereby all employees can thrive and share in the rewards of a successful business.

The need to foster the Company's business relationships with suppliers, customers and others

Statistics regarding our adherence to supplier payment terms are regularly reviewed and published. We track the speed of claims payments to our customers and review this on a monthly basis. As a regulated financial services company, FUL is obliged to treat its customers fairly at all times.

The impact of the Company's operations on the community and the environment

FUL has a commitment to its communities, which we recognise includes environmental responsibilities. We measure our operational carbon emissions (scopes 1, 2 and 3) with the help of an external consultancy, C Level, and are committed to continuing to offset more than 100% of these emissions through the purchase of high-quality offsets (our current offsets are Plan Vivo certified). We had 150% coverage of our emissions in 2021 and have committed to continuing to offset more than 100% going forward with 2022 carbon usage still being calculated, therefore not yet available. Through the development of best practices in our business, the Group aims to use no more consumables than are necessary and recycle the maximum of those we do use. The Group also believes that embedding environmental awareness throughout the organisation will be supported by a continuous programme of employee engagement. Other commitments that have been made publicly are detailed in the Fidelis ESG Presentation, available on our website. The Sustainability function is working on various aspects of climate-related strategy and targets, including around understanding the carbon footprint of our underwriting portfolio. The Group is aware of climate laws and regulations in respect of both the ones that are in force and those that are expected to be enacted in the future for jurisdictions the Company operates in.

FUL takes account of environmental, social and governance issues in its underwriting. In September 2022 we publicly announced the adoption of new ESG underwriting guidelines, detailing in particular the approach to fossil fuels. For instance, we avoid direct involvement in the extraction of coal and any infrastructure specifically supporting coal as a source of energy, as well as excluding direct coverage of tar sands. The FUL business plan uses loss ratios which include a view of risk that accounts for our expected impact of climate change on relevant lines of business. The Company also applies restrictions in its investment portfolio to align with the underwriting approach, with e.g. revenue limits on coal or oil & gas. Furthermore, we are committed to a minimum 3% allocation of the core fixed income portfolio to green, social and sustainability (GSS) bonds.

Further details of FUL's Sustainability initiatives and commitments can be found in the aforementioned ESG Presentation, available on our website ([fidelisinsurance.com](https://www.fidelisinsurance.com)) and within the director's report on page 9/10.

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The desirability of the Company maintaining a reputation for high standards of business conduct

FUL has a compliance function which seeks to be a trusted advisor to the business, driving and supporting innovation whilst partnering with the business and regulators to ensure regulatory obligations are met. The compliance function seeks to ensure that FUL's culture and behaviours put clients' interests at the heart of its business activities and that FUL acts with integrity in the market.

The need to act fairly between members of the Company

All interactions with other Group entities are carried out at arm's length and are governed by service level agreements.