FIDELIS

CLIMATEWISE
REPORT 2022

ClimateWise
Insuring a sustainable future

CONTENTS

Executive Summary

In 2022, Fidelis Insurance made meaningful progress on developing and embedding its sustainability framework. Climate was a key topic within this, spanning underwriting, investment and operational aspects of the business. Managing climate risk is core to what we do as an insurer and reinsurer and is therefore not a new consideration for our business.

In 2022, Fidelis:

- Formulated a sustainability strategy
- Articulated its priorities as well as commitments
- Put in place a governance framework to ensure accountability
- Started collecting a range of metrics and KPIs related to sustainability
- Implemented a regular management reporting process

One of the commitments we made was to begin disclosing according to a recognised standard such as the TCFD. We joined ClimateWise in order to meet this commitment, but also to connect with like-minded peers and to access a valuable forum for discussion of climate topics.

Climate considerations, particularly around physical risk, have been embedded in our core underwriting and risk management processes since our inception. This includes strong links to business strategy and financial planning, also taking into account climate scenario analysis. We explicitly factor climate into pricing decisions: the 'Fidelis View of Risk' was first formally defined in 2022, spanning all major perils. In addition, Fidelis increased its focus on transition risk as well as on exploring potential new underwriting opportunities linked to climate.

Climate factors were also incorporated into Fidelis' approach to its investments – for instance, through implementation of fossil fuel exclusions and the carrying out of stress tests in line with Bank of England-defined parameters. The carbon intensity of the investment portfolio was 26 tonnes CO_2e/\$m sales at the end of 2022, which compared very favourably to the custom Fidelis fixed income benchmark of 224 tonnes.

In 2022, Fidelis made a commitment to net zero underwriting and pledged to set a first concrete target in 2023. This was a major step on our decarbonisation journey.

2022 brought operational changes and office moves which will have a positive impact on the carbon footprint of the business going forward.

Fidelis has calculated its operational footprint and more than offset this with high quality carbon offsets since 2017 – in 2022, the scope of these calculations was significantly expanded. A full evaluation of supply chain emissions led to an increased footprint of close to 12,000 tonnes CO_2e, which included all relevant Scope 3 categories. This was offset at 110%.

Fidelis was active in industry discussions related to climate in 2022, participating in initiatives from PCAF (Partnership for Carbon Accounting Financials) to PPMI (Poseidon Principles for

Marine Insurance) and of course ClimateWise. We also joined the PSI (Principles for Sustainable Insurance) and began chairing the IUA (International Underwriting Association)'s ESG Committee. We participated in a range of panels and conferences on climate topics, and publicly disclosed our key new commitments as these were made (such as the net zero underwriting commitment and our new fossil fuel guidelines). We began to have discussions with clients and also key broker counterparts in order to lay the path for our decarbonisation initiatives.

The Fidelis Foundation fosters a culture of altruism and philanthropy aligned with the company's values – and provides additional opportunities to deliver on our sustainability principles. A number of charities supported in 2022 help to address climate-related issues: World Land Trust works to protect biodiversity which in turn helps to stabilise climate, while FareShare and FoodCloud tackle food waste which accounts for up to 10% of global emissions.

While this report is focused on climate, it should be understood in the broader context of Fidelis' commitment to sustainability. We believe that the insurance industry has a hugely important role to play in making change happen. We also believe that a robust sustainability framework leads to a better risk and return profile for our business as well as better long-term returns for our stakeholders.

ClimateWise Principles

Principle 1
Be accountable

Principle 2
Incorporate climate-related issues into our strategies and investments

Principle 3
Lead in the identification, understanding and management of climate risk

Principle 4
Reduce the environmental impact of our business

Principle 5
Inform public policy making

Principle 6
Support climate awareness amongst our customers/clients

Principle 7
Enhance reporting

ClimateWise
Insuring a sustainable future

Principle One

Be accountable

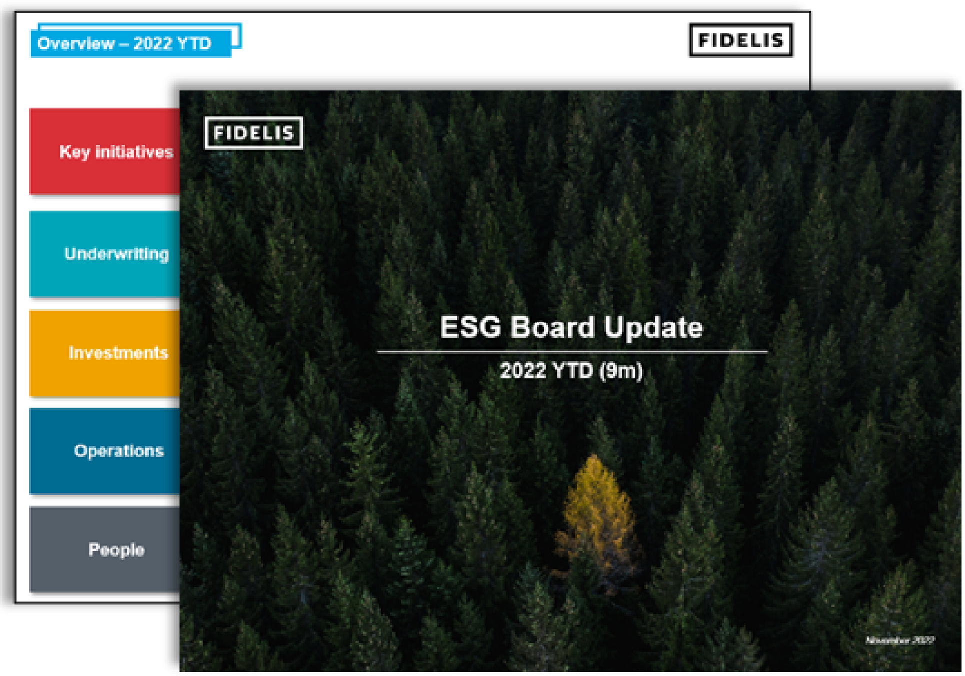
Principle One:
Be accountable

1.1 - Ensure that the organisation's Board is working to incorporate the Principles into business strategy and has oversight of climate risks and opportunities

Involving the Boards of Directors in sustainability
In 2022, Fidelis Insurance had a Board of Directors for each of its key legal entities:

- Fidelis Insurance Holdings Limited (FIHL)
- Fidelis Underwriting Limited (FUL)
- Fidelis Insurance Bermuda Limited (FIBL)
- Fidelis Insurance Ireland DAC (FIID)

After the formulation of its sustainability strategy and the articulation of Fidelis Insurance's priorities as well as commitments, sustainability was discussed with each of the Boards above in order to update them on progress and focus areas, obtaining their agreement to the strategy presented. This included a presentation by the Head of Sustainability to the group parent Board. This initial round of discussions at Board level was a key step in embedding sustainability within Fidelis' governance framework.



November 2022 Board pack on sustainability

Fidelis Insurance started collating various ESG metrics and KPIs in 2022, and these were included in Board updates to allow monitoring of implementation of our sustainability strategy. Content included updates on recent milestones or projects, metrics on the ESG referral process in underwriting, metrics on diversity and inclusion, metrics on the ESG profile of Fidelis' investments and metrics on sustainable operations initiatives. This was shared in advance as Board pre-read to allow time for reflection.

The Head of Sustainability reported to Charles Mathias, who in addition to being Group Executive Director and Director of Underwriting was also the dedicated Board member with responsibility for sustainability.

At the start of 2023, Fidelis Insurance split into Fidelis MGU and Fidelis Insurance Group – each with its respective Board structure. On a going-forward basis, the relevant Boards will be updated on a regular basis but the process will be different to 2022 (to be detailed in the respective ClimateWise reports for 2023).

Climate-related topics and the Boards of Directors
Climate-related topics were part of the regular Board updates on sustainability in 2022 – this included articulating Fidelis' fossil fuel underwriting guidelines and the decarbonisation commitments under the Poseidon Principles and other sustainability initiatives, as well as Fidelis' operational carbon footprint and the related carbon offsetting.

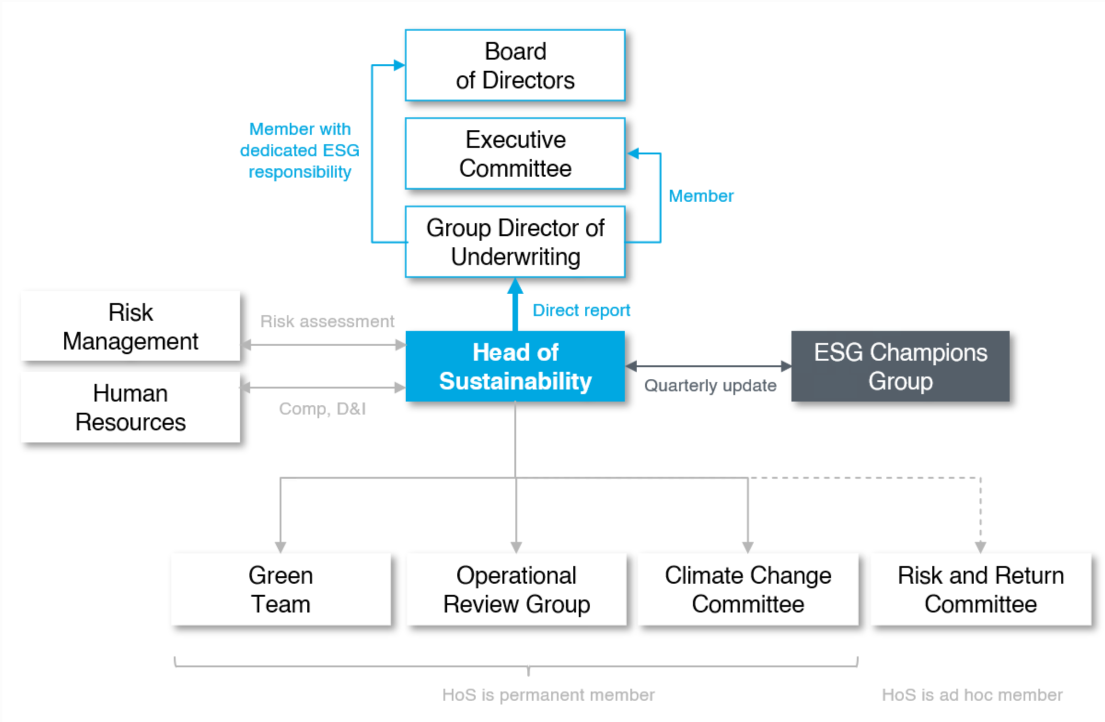
From a risk perspective, the outcome of the climate stress-testing carried out in 2022 was also shared with the relevant Boards – at the Group level as well as for each local entity. The focus of these interactions was to assure the Boards that the respective entities were operating within the pre-defined risk appetite and that capital adequacy was being maintained, even after taking into account climate stress tests.

1.2 - Management's role in assessing and managing climate-related issues

Establishing a sustainability governance framework
Fidelis Insurance took the first steps towards building out a sustainability governance framework in 2021, but major changes were made over the course of 2022 following the appointment of a new Head of Sustainability. This individual became responsible for defining the overarching strategic direction of the Sustainability function as well as ensuring alignment in implementation across investments, underwriting and operations.

In mid-2022, the sustainability framework became more tightly defined – with agreed strategic principles and key commitments, a publicly available presentation for communication purposes, a distinct budget and governance process.

Overview of Governance Structured Defined in 2022
(included in sustainability presentation on fidelis insurance website)



- The Sustainability function established an ESG Champions Group to enable the sharing of sustainability updates across different functions at Fidelis on a quarterly basis. The Group included representatives from across Underwriting, Claims, Risk, Investments, Human Resources, Communications, Operations and Actuarial.
- A close collaboration with Human Resources was established around topics such as Diversity & Inclusion and employee incentives.
- A regular risk assessment process was established together with Risk Management (following the same quarterly risk review process for ESG risks as for other risks Fidelis was exposed to).
- The Sustainability function became an active participant in the Green Team, which consisted of employees across functions and locations, meeting quarterly.
- The Sustainability function joined the Climate Change Committee, although due to changes in the operation of this Committee, activity in 2022 was limited.
- The Sustainability function also joined several other committees with related responsibilities (e.g. Risk & Return Committee, Organisational Review Group).

Accountability for sustainability

Having a dedicated Head of Sustainability with a clear reporting line to a senior member of both the Executive Committee and the Board of Directors gave clear accountability for these topics. When the sustainability strategic principles and commitments were developed, these were signed off by the entire Executive Committee (ExCo). This was also true of any major sustainability initiatives, such as signing up to the Poseidon Principles or the decision to update and publish details of ESG underwriting guidelines.

Governance and accountability for climate-related issues
Climate was one of the key topics covered by the sustainability framework and was therefore included in the governance processes already discussed. However, there were also additional elements of governance related to the physical risk aspects of climate risk – in particular, how we quantified these and included them in our pricing, as well as the impact on our exposure management.

As a result, the Risk Management and Actuarial functions were central to climate topics in a way which is not true for other, broader sustainability issues. In 2022, Risk Management and Actuarial continued to be the owners of the day-to-day incorporation of physical climate risk considerations into Fidelis Insurance's business - working closely with Underwriting to embed this into individual transactions.

Sustainability objective for all employees, including senior management
From the company's incorporation, all employees had a compulsory 'Fidelis ethos' objective which sought to reflect adherence to Fidelis Insurance's core principles. Over the course of 2022, ExCo agreed to expand this to a broader sustainability objective which would incorporate some of the previous behaviours (such as 'doing the right thing'), but also explicitly hold all employees accountable for supporting sustainable business operations.

These expanded objectives took effect in the 2023 calendar year for MGU employees, creating additional incentives going forward for all employees to promote, among other things, an increasingly climate-aware and climate-friendly business approach.

Policies and guidelines
Fidelis Insurance had a range of policies and guidelines in place in 2022 which provided guidance and held the company to account on sustainability-related matters. The key ones relevant to climate and environmental issues were specifically:

- **ESG underwriting guidelines:** To steer our daily underwriting decisions and form the basis of our ESG referral process, including coverage of our approach to environmental and climate issues (e.g. cases of damage to protected habitats and our stance on fossil fuels).
- **Investment guidelines:** Formed the basis of mandates issued to our investment managers and included restrictions on certain investments, relating for instance to coal and oil & gas.

Underwriting process
The ESG underwriting guidelines referred to above were enforced on a risk-by-risk basis as part of Fidelis' core underwriting approach. The Sustainability function was responsible for reviewing all relevant risks against the guidelines and providing guidance on whether the required standards were met. Where necessary, Fidelis declined to provide cover: for example, for thermal coal plants and projects adversely impacting protected areas or species.

All risks were ultimately signed off as part of Fidelis' daily underwriting call, which provided an additional layer of oversight.

Principle Two

Incorporate climate-related issues into our strategies and investments

Principle Two:
Incorporate climate-related issues into our strategies and investments

2.1 - Evaluate the implications of climate change for business performance (including investments) and key stakeholders

Implications for business strategy and financial planning
Both physical and transition risks are material to Fidelis' strategy and financial performance. As outlined in more detail below, the impacts of physical risk are already evident and quantifiable; consideration of transition risk is more recent and Fidelis Insurance started to assess this more strategically in 2022.

Fidelis also began to outline the different time periods relevant to the consideration of climate impacts. The exact impacts will be different for Fidelis MGU and Fidelis Insurance Group on a going-forward basis, but as of 2022 three perspectives were developed:

- **Short-term:** In the near term, a key priority was to maintain existing risk management and underwriting processes which integrated a view of physical climate risk into our day-to-day. A public climate commitment was also made to publish Fidelis MGU's first interim target towards net zero underwriting by the middle of 2023, with significant implications for strategy over time. Linked to this, work began on a climate transition plan and broader climate strategy to lay out the approach to all aspects of this complex issue.
- **Medium-term:** This would broadly correspond to the initial MGU decarbonisation target to be set in 2023, which would cover a period until 2030. Fidelis established that it would need to refine its data collection and methodology for assessing client transition plans, as well as its engagement strategy with relevant insureds. There would be an ongoing refinement of the decarbonisation target over time to cover a broader range of industries. This would lead to an evolving approach to climate risk within the underwriting portfolio, with a particular focus on transition risk.
- **Long-term:** In 2022, Fidelis Insurance made a commitment to net zero underwriting. In the long term, it was recognised this would lead to shifts in strategy e.g. the types of clients supported, the mix of lines of business and the specific products in the portfolio.

Physical climate-related risks and opportunities for underwriting
Fidelis Insurance (and going forward, both MGU and Insurance Group) was a specialist (re) insurance company, which was by the nature of its business activity exposed to climate risks. Although its underwriting was generally focused on low-frequency, high-severity losses worldwide, the frequency and unpredictability of such losses has significantly increased due to, among other things, changing climate conditions.

The frequency and severity of catastrophes has been rising globally in recent years, requiring rate increases to reflect the risk-based premium levels. We believe that the impact of a warming climate, increased atmospheric moisture and changing weather patterns will result in further increases to the frequency and severity of elemental catastrophe losses (risks related to the elements such as weather-related hail and storms). The frequent incidence of annual industry-wide natural catastrophe losses in excess of $100 billion during the period from 2018 to 2022 (including 2022 itself) led Fidelis to reshape its portfolio and reduce its exposure to certain perils, thereby reducing the volatility traditionally associated with the property (re)insurance classes.

Since 2021, we have developed a detailed view of climate risk informed by thorough analysis and discussions with meteorological experts. We have concluded, among other things, that the effects of climate on perils such as convective storm, flood and wildfire are not currently represented adequately in vendor models. As such, we have superimposed our own expectations of frequency and severity on these models to form a base for exposure and aggregation tracking. Our analysis shapes what we call the ‘Fidelis View of Risk,’ which was first formally defined in a consistent way within Fidelis Insurance in 2022 (driven by the Actuarial and Risk Management functions). Going forward, further adjustments will be made at least annually to incorporate our view of the trajectory of climate-driven changes, as well as on an ad hoc basis in response to recent or updated loss events. The proprietary View of Risk is thoroughly implemented throughout underwriting and pricing decisions, as well as stress testing for the purposes of capital modelling.

In 2022 Fidelis developed a View of Risk for all major perils and updated its Florida wind view following Hurricane Ian. A few concrete examples include:

- **North Atlantic hurricane:** Standard vendor models do not apply a forward-looking trend for continued climate warming. Fidelis conducted a study into determining an annual climate load factor by taking a scenario based on the PRA’s 2019 Climate Change General Insurance Stress Test (which roughly approximates a 2-degree change in global mean temperatures).
- **Australian bushfire:** Standard vendor models for this peril tend to be based on data which is several decades out of date. Fidelis looked at the implications of scientific studies which examine more recent trends, and which suggest significant adjustments needed to bring vendor models in line with today’s climate.
- **North American severe convective storm:** After observed periods of increased frequency and severity in most regions of North America, Fidelis adjusted its View of Risk to better align with actual losses, not just taking the unadjusted vendor model output. This adjustment varied by region and specific peril.

Fidelis increasingly deployed reinsurance capital across large-scale, well-resourced national accounts away from smaller regional underwriters, who (we believe) are less able to adjust and manage large catastrophe events. We reduced our exposure to the middle layers of treaty accounts which are more exposed to increased frequency and severity of losses as a result of climate and secondary perils associated with floods and wildfires, without commensurate increases in rates. Over time, we expect the impact of these changes to improve the quality of our natural catastrophe-exposed portfolios and reduce volatility.

Continual understanding of and adaptation to physical climate risk is therefore at the heart of our risk management as well as our underwriting, both in terms of defining risk appetite and pricing.

Fidelis continues to utilize risk transfer wherever available, in particular accessing the growing catastrophe bond market: at the end of 2022 Fidelis Insurance was a top 20 global catastrophe bond sponsor (and 5th among global reinsurers). Catastrophe bonds provide Fidelis with flexible, long term capital protection allowing it to offer climate risk solutions to its clients while protecting its shareholders from the potential downside of major events.

In terms of opportunities, the escalating impacts of climate mean there is likely to be a growing demand for (re)insurance solutions in order to support both climate mitigation and adaptation. We expect there will be an increase in the amount of protection needed, as well as a need for new and innovative products. In 2022, Fidelis therefore began to explore opportunities to offer additional capacity to these types of products – for instance, natural catastrophe-related disaster relief products, including for humanitarian organisations.

Transition and liability climate-related risks and opportunities for underwriting
Thinking about transition and liability risks is less mature in comparison to physical risk – which as described above, has been core to our underwriting and risk management for a number of years. In 2022, Fidelis Insurance made its first underwriting-related climate commitments and started working on a formal climate strategy which brings in these aspects.

The key risks identified were:

- **Transition risk:** This relates to both ongoing exposure to sectors/industries which will be heavily impacted (strategically and financially) by the transition to a greener economy, and the risk of missing out on transition-related opportunities which could subsequently adversely impact our market position. The majority of Fidelis' business has a short tail and is subject to an annual renewal cycle, minimising the risk of becoming locked into coverage for stranded assets. Underwriting guidelines were adjusted in 2022 to reduce exposure to fossil fuels (confirmed in a public press release), and for the business still written Fidelis committed to encourage companies to adopt best practice around transition, for instance by requiring robust decarbonisation plans. In addition, Fidelis committed to ensure it is evolving in line with the broader economy by increasing exposure to renewables and green energy. This addresses a potential risk as well as presenting the company with a significant opportunity, i.e. the ability to support emerging new technologies and develop new products to meet emerging client needs.
- **Litigation risk:** Fidelis does not have legacy exposure to liability business, including Directors' & Officers' (D&O) insurance, which is most at risk from climate litigation. Ongoing trends should be monitored to assess any potential relevance to property lines of business, however, giving the evolving nature of climate litigation. Given a general reluctance to write long-tail and liability lines, the opportunities here for Fidelis appear to be less significant although we will continue to evaluate these.

Climate risk within investment strategy
In 2022 Fidelis Insurance outsourced management of its investments to several asset managers. Fidelis considered ESG factors such as climate in its investment process, in the selection of third-party investment managers and in setting the investment guidelines the investment managers had to adhere to. From 2021 onwards, Fidelis incorporated both negative ESG related screens and a minimum required allocation to green bonds within the core fixed income guidelines. Throughout 2022, Fidelis' Chief Investment Officer (CIO) was responsible for overseeing this and ensuring compliance with the defined investment guidelines. The CIO and the wider investment team met regularly with the third-party managers to discuss the portfolio's ESG positioning, ESG outlook, ESG ratings and any specific holdings requiring an ESG view within the portfolio.

Within the scope of investment activities:

- **Physical risk:** Less of a direct concern compared to the relevance of this to Fidelis' underwriting operations. Since Fidelis did not hold large, concentrated stakes in individual companies but rather had a broadly diversified portfolio, the main issue here would have been from any systemic impact of physical climate risk on financial markets.
- **Transition risk:** This was a significant consideration for the structure of Fidelis' portfolio, with a need to ensure manageable exposure to businesses that could be negatively impacted by transition while also ensuring the exposure to relative winners grew over time. Screens and exclusions for coal and oil & gas were one measure in place to address the first point, whereas more active investment in green business models is something that can be done going forward to address the second.

Climate risk impact on operations
The impact of climate was considered within business continuity planning across all Fidelis locations (London, Bermuda and Dublin). In particular, situations which could result from changes in climate were translated into scenarios which were in turn covered by the planning process.

For instance, the London offices (as well as the Fidelis data centre) could be impacted by a flood or storm event, combined with a potential failure of the Thames Flood Barrier. Such an event would restrict access to the building(s) as well as causing physical damage. The Bermuda office had an emergency action plan relating to hurricane events, the incidence of which may increase due to climate impacts.

Fidelis aims to review these impacts on an annual basis going forward and to ensure that the right contingency plans are in place should climate-related scenarios materialise.

2.2 - Measure and disclose the implications of climate-related issues for business performance (including investments) and key stakeholders

Metrics and targets related to climate

Over the course of 2022, Fidelis Insurance started measuring and reporting various metrics linked to sustainability within its underwriting.

- **Business declined on ESG grounds:** This included a record of the relevant issue driving the declinature. One potential issue related to environmental damage and another related to guidelines around fossil fuels. This metric was tracked by recording data around risks referred to the Sustainability function and logged in our underwriting system.
- **ESG-positive business written:** The definition was business that supports the achievement of sustainable outcomes, as defined broadly by reference to the UN Sustainable Development Goals (SDGs). Included was therefore business that supported the green economy and transitional activities. As above, this metric was tracked by recording data around risks referred to the Sustainability function and logged in our underwriting system.

Since this was a new framework introduced in 2022, no comment can be provided on changes compared to prior periods. There were also no associated targets that were in place in 2022, but we will be able to comment on any developments in future reports.

What Fidelis Insurance committed to in 2022 was to achieve a net zero carbon footprint for its underwriting portfolio by 2050 at the latest, with the first interim target to be published in 2023. In addition, Fidelis Insurance formally adopted a commitment to offset more than 100% of its operational carbon footprint through the use of high quality, verified offsets.

Link to performance and remuneration

In 2022, there was no formal link between sustainability (including climate topics) and performance/remuneration. However, this was discussed with the MGU Human Resources function as something that would be incorporated from the 2023 performance year. We will be able to update on the implementation of this in next year's report.

Investments

Fidelis Insurance in 2022 had embedded ESG considerations into its investment process, selection of investment managers and in setting its investment guidelines. The core fixed income portfolio guidelines included negative screens which limited investment in companies whose activities could have a harmful impact on the environment (such as oil & gas or coal). The core fixed income portfolio guidelines also included a requirement to hold a minimum allocation in securities which were expected to have a positive impact on the environment or from a wider ESG perspective (Green, Social and Sustainability bonds, GSS).

2.3 - Incorporate the material outcomes of climate risk scenarios into business (and investment) decision-making

Scenario analysis – Overview
As part of its risk management framework, Fidelis Insurance conducted annual scenario and stress testing analysis to inform strategic planning and determine the impact of the financial risks from climate on its overall risk profile and business strategy. Scenario analysis was also used to explore the resilience and vulnerabilities of the firm's business model to a range of outcomes.

The scenario analysis performed included, where appropriate, a:

- Short-term assessment which set out Fidelis' exposure to the financial risks from climate within its existing business planning horizon, including, where appropriate, the quantification of these risks.
- Longer-term assessment of Fidelis' exposure, based on its current business model, of a range of different climate-related scenarios. For example, scenarios based around average global temperature increases consistent with, or in excess of 2℃ were applied, as well as scenarios where the transition to a low-carbon economy occurred in an orderly versus a non-orderly manner. The time horizon of this long-term assessment was in the order of decades. As with other types of scenario analysis, this was not intended to be a precise forecast, but a qualitative exercise used to inform strategic planning and decision making.

Fidelis used scenarios to understand the impact of the financial risks from climate on its solvency, liquidity and ability to pay policyholders. In 2022, scenario analysis was carried out both in underwriting (assessing primarily the impact of physical risk) and investments (again, focused on physical risk). No formal scenario analysis was done covering litigation risk aspects of climate.

The scenarios applied were based on the Bank of England General Insurance Stress Test parameters across both underwriting and investments, therefore covering both sides of the Fidelis Insurance balance sheet. The impacts identified were added together for final assessment and disclosure in relevant statutory filings for each legal entity (ORSAs, including Bermuda CISSA/GSSAs). The 2021 scenarios were used for underwriting while the 2019 scenarios were deemed to be more directly applicable to the Fidelis portfolio.

We note that in 2022 Fidelis was not under a regulatory obligation to disclose the details of the scenario analysis performed. The analysis provided a stress test, particularly of the company's capital adequacy.

Underwriting and risk management
For the Fidelis underwriting portfolio in 2022, we carried out climate stress tests for our ORSAs which applied a charge to different sectors and countries. This approach was modelled on the parameters set out by the Bank of England (PRA 2021 General Insurance Stress Test).

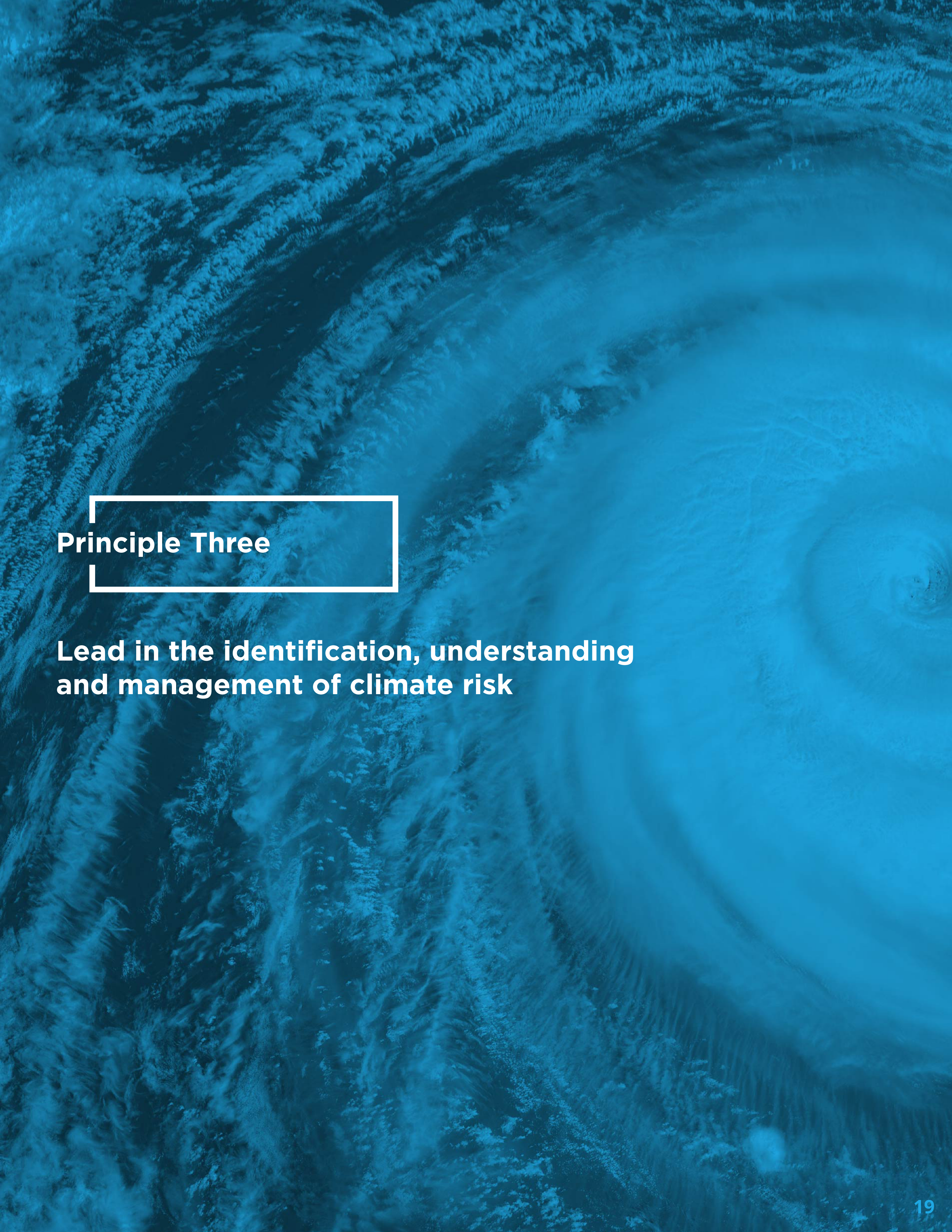
Based on the stress test exercise in 2022, Fidelis Insurance had more than sufficient capital to cover a shock scenario. This was deemed to be acceptable and a validation of Fidelis' existing underwriting risk management strategies. No further action or remediation was undertaken as a result.

Rather than being a one-off exercise, such stress testing is reviewed following notable View of Risk updates.

Investments
For the Fidelis investment portfolio in 2022, we carried out climate stress tests for our ORSAs which applied a charge to different sectors and countries. This approach was modelled on the parameters set out by the Bank of England (PRA 2019 General Insurance Stress Test).

Both physical and transition risk elements were considered. Physical risk was hard to estimate as Fidelis Insurance did not hold location-specific investments (but rather sovereign, multi-national corporate bonds or highly diversified securitised investments such as mortgage-backed securities). Transition risk was also assumed to be low as the investment strategy was to turn over nearly all of the portfolio within around three years. In addition, almost the entire portfolio was fixed income and therefore the investment risk to Fidelis was of failing to get the principal back in the event of an issuer default (unlikely due to transition risk in the time frame we were exposed to).

Based on the stress test exercise performed in 2022, the sensitivity to physical risk was deemed to be acceptable and no concrete action or remediation was undertaken as a result.



Principle Three

Lead in the identification, understanding and management of climate risk

Principle Three:
Lead in the identification, understanding and management of climate risk

3.1 - Ensure processes for identifying and managing climate-related risks and opportunities are integrated within the organisation

Overall risk identification and assessment process
The Fidelis Risk, Capital and Solvency Management Framework operated across the Fidelis Insurance Group and its operating entities in 2022. The framework built upon the risk management and Own Risk and Solvency Assessment ('ORSA') principles set out under the Solvency II Directive even though these regulatory requirements did not apply to all Fidelis entities.

The Risk, Capital and Solvency Management approach was delivered through a series of dynamic business processes operated with a frequency designed to provide on-going management of the changing risk profile and capital position on both a current and projected basis. This was intended to be proportionate to the risk and capital profile whilst addressing minimum stated regulatory reporting requirements.

The Framework document detailed in particular:

- The foundational elements of the Framework, which included a clearly defined risk universe, risk culture and associated appetite and tolerances.
- The regular optimisation of risk and capital levels through the business cycle within the constraints of approved tolerances.
- The processes applied to the on-going monitoring, management and reporting of risk levels across the full universe of risks.
- The on-going monitoring of regulatory, rating agency and economic capital requirements and associated actions to maintain adequate solvency levels consistent with tolerances.
- Periodic strategic and business planning incorporating forward-looking analyses of the risk and capital / solvency profile and supported by standard and reverse stress testing.
- The role of the Board and management committees including the Group Underwriting and Investment Committees, the Group Risk & Return Committee and Risk & Capital Committees.

Managing and reviewing climate-specific risks
The specific processes in place for Fidelis to identify financial risks from climate included but were not limited to:

- Undertaking a qualitative assessment on an annual basis to identify the areas of the business (e.g. underwriting, investments and operations) and the lines of business that were potentially most impacted from either a physical, transition or liability aspect.
- Undertaking scenario analysis and stress testing to inform the risk identification process and understand the short- and long-term financial risks to our business model from climate. As part of this process Fidelis considered future trends in catastrophe exposure.

As part of the ORSA process, Fidelis included:

- All material exposures relating to the financial risks from climate
- An assessment of how Fidelis had determined the material exposure(s) in the context of its business

The following circumstances were examples of what would trigger a review of Fidelis' strategy for addressing the financial risks from climate:

- A material change in either the projected impact or time frame for the financial impacts of climate to materialise
- A change in Fidelis' underwriting strategy such that it would materially increase its exposure to the financial impacts of climate
- A change in Fidelis' investment strategy such that it would materially increase its exposure to the financial impacts of climate
- A change in Fidelis' operational footprint or outsourcing arrangements such that it would materially increase its exposure to the financial impacts of climate

Where the potential impacts of the financial risks from climate were assessed to be material (for example as a result of scenario analysis), the risk management Framework mandated the implementation of evidenced measures to mitigate these financial risks, as well as the creation of a credible plan or policies for managing these exposures. This could include actions to reduce concentrations of risk.

The Framework also mandated that Fidelis should consider whether there is an excessive accumulation of financial risks from climate (particularly those likely to crystallise via the transition risk factor) in its investment portfolio and consider mitigants when this was the case.

Climate risk management within underwriting
Fidelis Insurance took a four-pronged approach to pricing and managing climate risk within the underwriting process.

- **Superior risk selection:** Fidelis actively avoided high frequency perils, with a preference for higher layers on natural catastrophe-exposed programmes. There was a strong preference for occurrence structures and limited appetite for aggregates. There was also a high barrier to entry for coverage against perils such as wildfires, flood or convective storm – which are the most clearly impacted by climate. The portfolio was generally weighted towards residential risks, avoiding complex commercial exposures which could be difficult to understand in terms of their climate risk.
- **State-of-the-art catastrophe risk modelling:** Fidelis used as a starting point the most recent natural catastrophe models with the calibrations most reflective of observed real-world events.
- **Prudent model adjustment:** Fidelis researched and applied climate loads where clear trends were identified. For instance, California wildfire risks were significantly loaded to reflect the clear increase in fire size and severity in recent years, partly due to climate impacts.
- **Reality check:** Fidelis did not rely solely on model pricing, weighting to experience that was most appropriate. For instance, the active 2017-2022 years provided a stress test against model results.

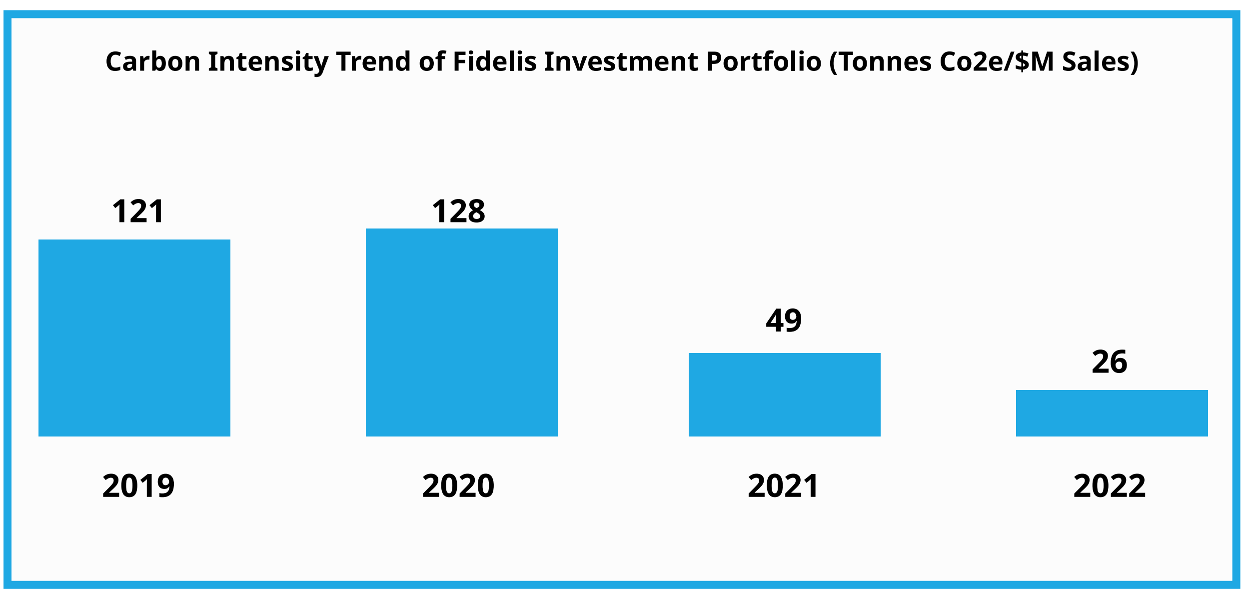
Additionally, Fidelis carefully managed its net risk profile to mitigate climate risk.

- **Probable Maximum Loss ('PMLs') were at historically low levels:** Each underwriting team actively managed exposures in order to ensure these remained manageable. This reduced the impact of climate on the Fidelis Insurance balance sheet.
- **Extensive outwards reinsurance:** Quota share capacity grew year-on-year in 2022 while generating significant fee income. Fidelis was increasingly active in buying catastrophe bond coverage, including on a multi-year and aggregate basis. This provided more efficient capacity with greater certainty when compared to traditional retro deals. Aggregate coverage provided valuable protection against unexpected frequency as well as severity.

Climate risk management within investments
In 2022 Fidelis Insurance outsourced management of its investments to several asset managers. Fidelis' Chief Investment Officer (CIO) was responsible for overseeing this and ensuring compliance with defined investment guidelines, which included ESG provisions.

Within these, some of the key aspects were as follows:

- **MSCI screening across all investments:** Quarterly reports tracked the ESG rating of the core portfolio, with an exclusion on holdings rated below CCC by MSCI (unless the investment manager had a favourable forward-looking ESG view). At the end of 2022, the blended average rating of the portfolio was MSCI A.
- **Exclusions:** Several sectors were not permitted, including coal and oil & gas (where companies derived more than 25% of revenues from this).
- **Carbon intensity:** This was tracked and reported on a quarterly basis. At the end of 2022, the intensity of 26 tonnes CO2e/$m sales compared very favourably to the benchmark of 224 (custom Fidelis fixed income benchmark).
- **Minimum allocation for sustainable investments:** There was requirement to hold a minimum of 3% of the core fixed income portfolio AUM in Green, Sociable or Sustainable (GSS) Bonds.



Compliance with current and emerging regulatory requirements
The 2022 regulatory requirements around climate risk, given Fidelis' jurisdiction, were relatively limited.

- **Bermuda:** The Bermuda Monetary Authority (BMA) issued new guidance on climate disclosures in early 2023, and going forward, the Fidelis Insurance Group will need to comply within its regulatory filings (GSSA/CISSA). In 2022, compliance with requirements was on a best-efforts basis. In 2022, climate-related scenario testing was run over short, medium, and long-term horizons on both the underwriting and investment portfolios as part of the GSSA/CISSA filings. Based on the latest results of these tests, it was concluded that the Fidelis Insurance Group has sufficient capital and liquidity to comply with contractual obligations and regulatory requirements upon experiencing such scenarios.
- **UK:** The 2022 ORSA report for Fidelis' UK entities contained commentary on the exposure to climate risk, alongside details of the scenario analysis performed using the PRA's General Insurance Stress Test parameters (2019 and 2021). The analysis concluded that climate presents an increasing material risk to Fidelis' UK entities, with potential financial impacts from underwriting and investment activity and reductions in reinsurance appetite due to increased volatility and elemental losses as a result of climate.
- **Ireland:** The 2022 ORSA report for Fidelis' Irish entities contained a high-level commentary on the exposure to climate risk. A risk assessment was carried out on the basis of EIOPA's October 2020 Consultation Paper 561, mapping climate-related risks to prudential risk categories for both the physical risk and transition risk sub-categories. The analysis concluded that there was limited, non-material exposure to climate risk across all categories, based on a 1-3 year time horizon. It was also noted that climate risk may crystallise and become more material over a longer time period (10+ years).

3.2 - Support and undertake research and development to inform current business strategies on adapting to and mitigating climate-related issues

Product innovation to support mitigation and adaptation
Insurance and reinsurance play a key role in helping communities recover following natural disasters – a role which is becoming more important given the impact of climate. Particularly through its coverage of natural perils in the property and reinsurance lines of business, Fidelis therefore naturally helps to support resilience and adaptation. In addition, Fidelis has a sizeable portfolio of political risk and contract frustration business supporting governments in developing countries. In many cases, the financing that is enabled by these transactions supports social infrastructure which leads to – among other things – more resilient communities.

Fidelis expanded its renewable energy offering in 2022 by starting to underwrite solar power - in addition to growing its existing portfolio covering wind projects. At the end of 2022, we supported 11.55 gigawatts of new offshore wind construction projects across Europe, the US and Asia, as well as covering several new inter-country cable connectors which enhanced energy security and energy system resilience.

Some of Fidelis' insurance products address climate issues in less direct ways: for instance, in 2022, we insured the production of rechargeable zinc batteries for industrial use, conservation forestry and a portfolio of conservation easements.

In 2022, Fidelis began to explore new product options related to climate mitigation and adaptation – in particular, related to carbon markets. Fidelis evaluated several MGAs in this space. Discussions with key broker counterparts also took place around new technologies such as hydrogen and carbon capture, and how Fidelis could start to develop expertise in this area. Additionally, we explored several opportunities to support transition through our structured finance and collateral protection insurance product.

No new product initiatives were launched as a result of this exploratory work, but efforts continued in 2023 to develop a more structured approach to this.

Research and data quality issues
In 2022 Fidelis carried out its own analysis to develop and implement its View of Risk. This was generally linked to scenarios developed by regulators which were in turn based on research by international climate bodies like the Intergovernmental Panel on Climate Change (IPCC). Fidelis did not carry out its own fundamental research and does not currently have academic or similar partnerships in this area. However, we did obtain input from a respected climatologist when defining our View of Risk. We discuss and exchange information on these topics with some of our key stakeholders, for instance core quota share partners.

Principle Four

Reduce the environmental impact of our business

Principle Four:
Reduce the environmental impact of our business

We note that Fidelis moved offices in both London and Dublin in 2022. The policies and practices in place for significant parts of the year are therefore no longer applicable, and new ones are now in force. We will be able to report on these in detail in our 2023 submission. The relocations have combined with the hiring of a new Global Facilities Management team which drove significant new initiatives in 2023, including spearheading a relaunched Green Team to focus on environmental issues (with the support and involvement of the Sustainability function).

We note that sustainability considerations were taken into account when fitting out the new offices. For example, our new London office, 22 Bishopsgate, uses 100% certified renewable gas and electricity supply and our new waste and recycling supplier, Bywaters, provides educational programmes, interactive tours, and bespoke audits to help customers make better environmental choices.

4.1 - Encourage our suppliers to improve the environmental sustainability of their products and services and understand the implications these have on our business

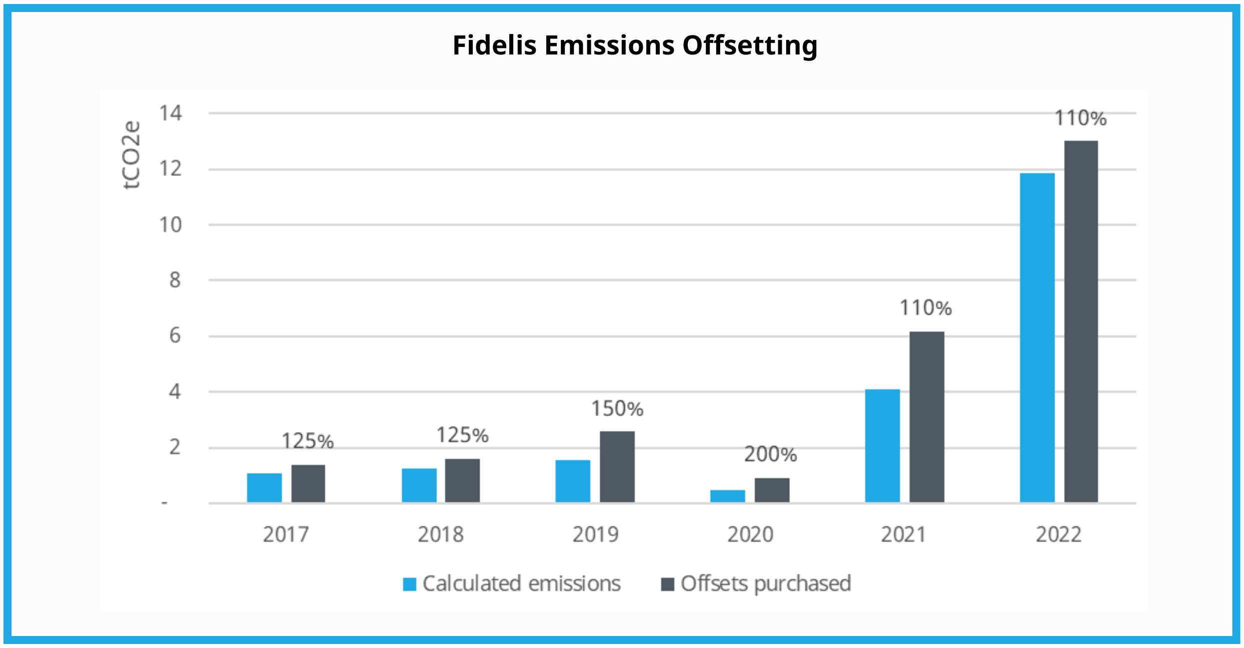
In 2022 Fidelis Insurance did not have a Group-wide environmental/sustainable procurement policy, although this is being addressed in 2023.

What was done in 2022 was recognising that we should comprehensively measure the carbon footprint of all suppliers across our value chain – as a consequence, we launched a deep-dive assessment of our Scope 3 operational emissions. This was carried out together with our partner and offset provider, C Level. This was an important step towards understanding the environmental impact of the business more holistically and identifying potential areas for improvement going forward.

4.2 - Disclose our Scope 1, Scope 2 and Scope 3 GHG emissions using a globally recognised standard

From 2017 onwards, Fidelis worked with third-party consultancies to calculate its operational carbon footprint and to source high quality carbon offsets (Climate Partner in 2027, 2018, and 2019 and C Level in 2020, 2021 and 2022).

From the outset, all identified emissions were offset at more than 100%, with the coverage ratio varying over time.

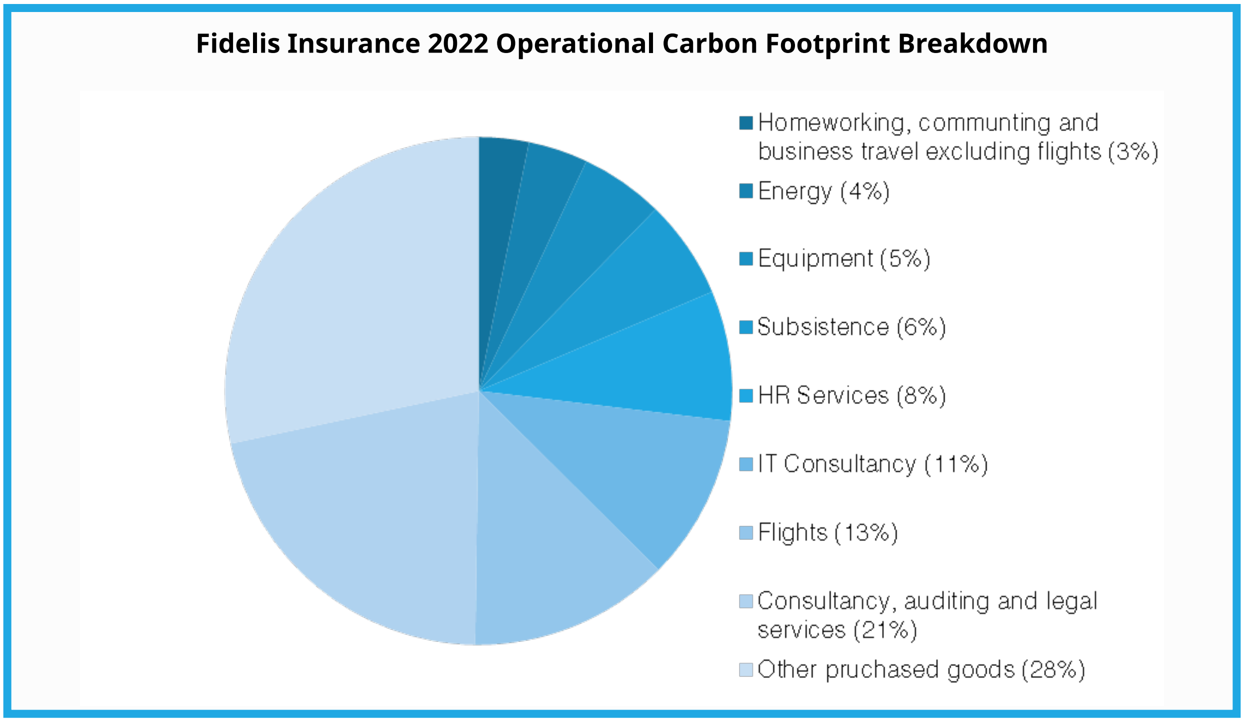


The scope of the calculation evolved between 2017 and 2022, meaning that the trend in calculated numbers cannot be assessed.

- A major change to the methodology was made in 2021, when the calculation of Scope 3 emissions was expanded to include a number of categories of purchased goods and services (previous calculations had only incorporated business travel within Scope 3).
- A further major revision was made in 2022, when following a deep-dive assessment, a full Scope 3 calculation was included based on relevant spend items from within the Fidelis accounts. This calculation evaluated all the relevant categories of Scope 3 emissions according to the GHG Protocol (categories 1-14, with category 15 emissions being addressed separately under investments and underwriting).

The work to expand the coverage of our carbon foot printing was carried out together with C Level and reflected Fidelis' commitment to have a robust quantification of our greenhouse gas emissions. This expanded coverage to all Scope 3 categories means that the footprint for 2022 was materially higher than for previous years.

The chart below shows a breakdown into the various elements of our operational emissions for 2022. Scope 3 accounted for 96.8% of the total, Scope 2 for 2.7% and Scope 1 for 0.5%.



Fidelis did not have any explicit targets around its operational emissions in 2022, although our stated ambition was to reduce these from 2023 onwards.

In the meantime, we purchased high quality carbon offsets certified by Plan Vivo to more than compensate for our footprint. In 2022, even with the higher baseline that comprehensively addressed Scope 3, we offset 110% (13,000 tonnes).

The carbon credits purchased by Fidelis supported the following projects:

- CommuniTree: Reforestation in Central America.
- Yaeda-Eyasi Landscape REDD project: Avoided deforestation and local conservation in Northern Tanzania, supporting the Hadza hunter-gatherer and Tatoga pastoralist communities.
- Trees for Global Benefits: Agroforestry projects and ecosystem services in Uganda.

4.3 - Measure and seek to reduce the environmental impacts of the internal operations and physical assets under our control

As noted previously – a number of the practices related to our environmental impacts have changed significantly during 2022 and in 2023.

The key areas of focus outside of emissions were:

- **Recycling and waste management:** A target that was tracked in the past was recycling over 90% of waste across all locations. We began tracking the rate of recycling for our new Dublin and London offices in 2022. The scope to recycle is more limited in Bermuda as office waste is managed by the landlord and there are restrictions on what can be recycled on the island (tin, aluminium and glass only). All waste from the Bermuda office in 2022 was incinerated at a waste-to-energy facility (plastic and paper) or recycled where possible. Going forward, we are working towards putting in place a monitoring framework to maintain our recycling objectives.
- **Plastics:** In 2022, Fidelis continued to work towards eliminating single-use plastics from its London and Dublin offices, for instance by introducing glass bottles in the office.
- **Water usage:** In 2022 we began tracking water usage in our Dublin and London offices whilst the water used in the Bermuda office was sourced from rainwater collected on site.

4.4 - Engage our employees in our commitment to address climate change, helping them to play their role in meeting this commitment in the workplace and encouraging them to make climate-informed choices outside work

Fidelis has had an employee Green Team since 2017, operating across all locations (London, Dublin, Bermuda) and involving employees across various functions. This was a global initiative in 2022, although local representatives drove the implementation of projects to make these relevant to all employees. The focus of Green Team projects was on issues such as nature, cleaner energy and recycling, with an emphasis on increasing employee engagement.

In 2022, examples of Green Team and other employee engagement initiatives included the following:

- **London:** In the new office, moving away from suppliers with single-use plastics.
- **Bermuda:** Partnering with Big Brother Big Sisters on a beach clean-up day and partnering with the Bermuda National Trust on a tree-planting day.
- **Global:** Hosting employee 'lunch & learn' sessions throughout 2022 on topics related to inequality and sustainability. This included UK-based charity FareShare and FoodCloud in Dublin, both of which were supported by The Fidelis Foundation. The charities redistribute surplus food in an effort to fight hunger and tackle food waste. According to FareShare, if food waste were a country it would be the world's third biggest greenhouse gas emitter.

The Green Team has been relaunched in 2023 following the various office moves as well as the separation into Fidelis MGU and Fidelis Insurance Group. This provided an opportunity to refresh membership and governance, and a dedicated budget as well as action plan are now in place. More details will be available in our 2023 update.

In addition to voluntary engagement activities, Fidelis employees were also required to adhere to the ‘Fidelis ethos’ – this was already included in the performance review process in 2022, but the decision was made to expand this to explicitly refer to sustainability from 2023 onwards. Part of the ethos statement in 2022 included the following:

> *“We are underpinned by a strong ethical belief with a desire to add value not only to our customers and investors but also to our broader stakeholders. We actively avoid trading with industries that cause harm to people, the environment and animals. We provide development opportunities to our employees, taking action to advance diversity and inclusion, being environmentally responsible, and volunteering for and supporting charitable activities in our communities and worldwide.”*

Principle Five

Inform public policy making

Principle Five:
Inform public policy making

5.1 - Promote and actively engage in public debate on climate-related issues and the need for action. Work with policy makers locally, regionally, nationally and internationally to help them develop and maintain an economy that is resilient to climate risk

Engagement in climate-related initiatives
In 2022 Fidelis became involved in multiple market initiatives promoting sustainability and also specifically decarbonisation. This included the Poseidon Principles for Marine Insurance (PPMI) – Fidelis was the first London Market insurer to join this – as well as becoming a member of ClimateWise. Fidelis also started chairing the International Underwriting Association's new ESG Committee in late 2022.

In addition to entailing various specific commitments, these initiatives provided a valuable forum for engagement and debate around climate topics. Fidelis participated actively in a number of such debates over the course of the year, including joining the founding meeting of the PPMI in Copenhagen in April 2022.

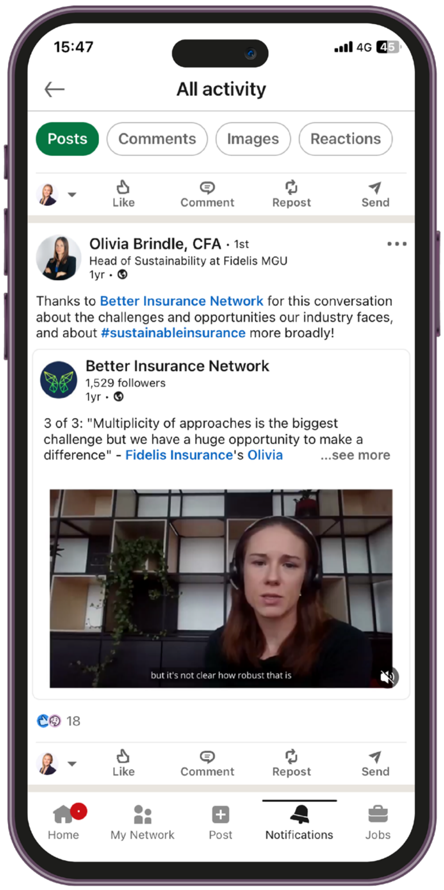
Fidelis also responded to various consultations relating to sustainability and climate: for instance, the Partnership for Carbon Accounting Financials (PCAF) methodology consultation and the Climate Data Steering Committee's Draft Recommendation for the Net-Zero Data Public Utility.

While being active in these various initiatives, Fidelis did not directly engage public policy-makers on climate topics.

Participation in conferences and other media appearances
Fidelis' Sustainability function was represented in a number of insurance industry events related to sustainability and climate in 2022: for instance, speaking at a panel at the 2022 Insurance Insider London Market Conference which involved a large audience across various insurance industry practitioners. We believe that discussing these topics with a broad audience and making them aware of the priorities as well as challenges is of huge importance.

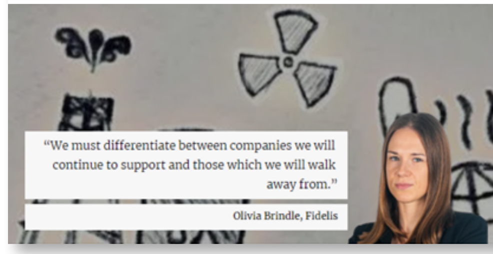
In addition to larger organised events, Fidelis also commented on climate topics in dedicated interviews (e.g. with Better Insurance Network) and trade press articles (e.g. in Bermuda:Re+ILS).

In the Press



Climate & environment

Inspire and be inspired: insurers and the global effort towards net zero



Reinsurance News

Richard Brindle, chairman and group chief executive officer of Fidelis, said: "The insurance industry has a hugely important role to play in holding companies to account and making change happen – but nothing changes unless we are prepared to walk away from activities that are harmful to the environment, people, society, and animals."

He added: "We don't see enough of this yet, but we hope that insurers – and brokers – will increasingly engage with their clients to ensure that the insurance industry is not supporting damaging business practices."

InsuranceERM

The online resource for enterprise risk management

Fidelis said it stopped providing direct insurance for thermal coal plants, projects and infrastructure in 2020, but the latest guidelines broaden the restrictions around fossil fuels.

The firm added it was "fully committed to supporting clients in the energy sector on their journeys towards net-zero" but will now not insure any company whose revenues from thermal coal account for more than 20% of revenues.

Fidelis said it will only insure metallurgical coal – e.g. for the steelmaking industry – if there are clear commitments and a timeline for achieving net-zero emissions. From the start of 2024, any oil and gas companies it insures will be subject to the same criteria.

5.2 - Support and undertake research on climate change to inform our business strategies and help to protect our customers' and other stakeholders' interests. Where appropriate, share this research with scientists, society, business, governments and NGOs in order to advance a common interest

Involvement in research related to sustainability and climate
In 2022 Fidelis started a collaboration with Howden to explore the links between sustainability (or ESG scores) and underwriting performance. The initial phase of analysis led to interesting results which were publicly shared by both parties through a joint press release. The findings suggested that there is indeed a link between good ESG ratings (representative of more sustainable businesses) and lower insurance losses. In particular, there was a stronger correlation with Environmental scores compared to other elements of the ratings examined. Fidelis and Howden committed to continue their work to better understand the drivers of these correlations.

The collaboration in 2022 covered more data than other similar exercises in the industry to date, but also triggered some other peers to seek to carry out similar analysis. As and when a better understanding of these links between sustainability and underwriting emerges, it will become easier for insurers to justify factoring ESG into pricing and capacity decisions – this includes better reflection of insurers' performance on environment and climate, where this can be linked to loss history.


Reinsurance News

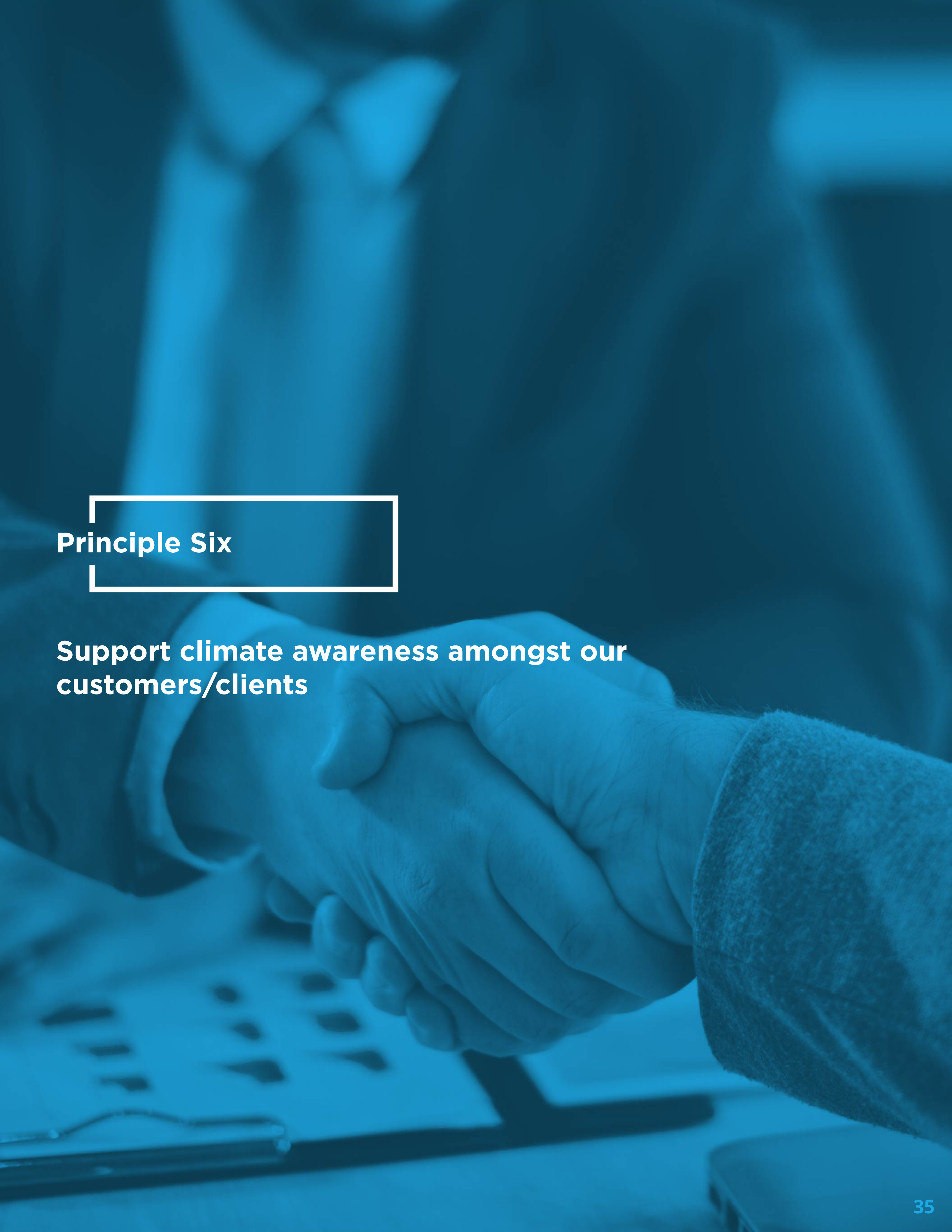
Howden & Fidelis study shows ESG ratings lead to improved underwriting

2nd December 2022 - Author: Jack Willard

A joint study between international insurance broker, Howden and leading specialty insurer and reinsurer, Fidelis, shows that higher ESG ratings lead to better underwriting performance.

The study of loss ratios across 30,000 policies from both Howden and Fidelis' datasets, comprising a premium value of around $9 billion against third party ESG ratings, is the largest study that has ever been conducted to date to establish the link between these factors.

Collaboration with universities
Over the course of 2022, a number of potential avenues for collaboration emerged involving research faculties at universities. Fidelis started to explore these, with a view to developing a strategic relationship with a research institution on sustainability-related topics, which could include climate issues. Work remains ongoing to establish an approach that would be most suitable and beneficial to both Fidelis and the research institution.



Principle Six

Support climate awareness amongst our customers/clients

Principle Six:
Support climate awareness amongst our customer/clients

6.1 - Communicate our beliefs and strategy on climate-related issues to our customers/ clients

Public communication on climate-related issues
In September 2022, Fidelis released a statement on the updated underwriting criteria used which excluded thermal coal and required fossil fuel businesses to have decarbonisation plans from 1/1 2024. The public communication of Fidelis' ESG underwriting criteria made its position as an insurer clear to clients. The press release as well as Fidelis' Sustainability Presentation – which also contained a summary of Fidelis' policies – were available on the public website throughout Q4 2022.


Fidelis extends its ESG underwriting guidelines, including new fossil fuel restrictions

Home › Media › Historic Fidelis Insurance news › Fidelis extends its ESG underwriting guidelines, including new fossil fu restrictions

Fidelis extends its ESG underwriting guidelines, including new fossil fuel restrictions

22 Sep 2022

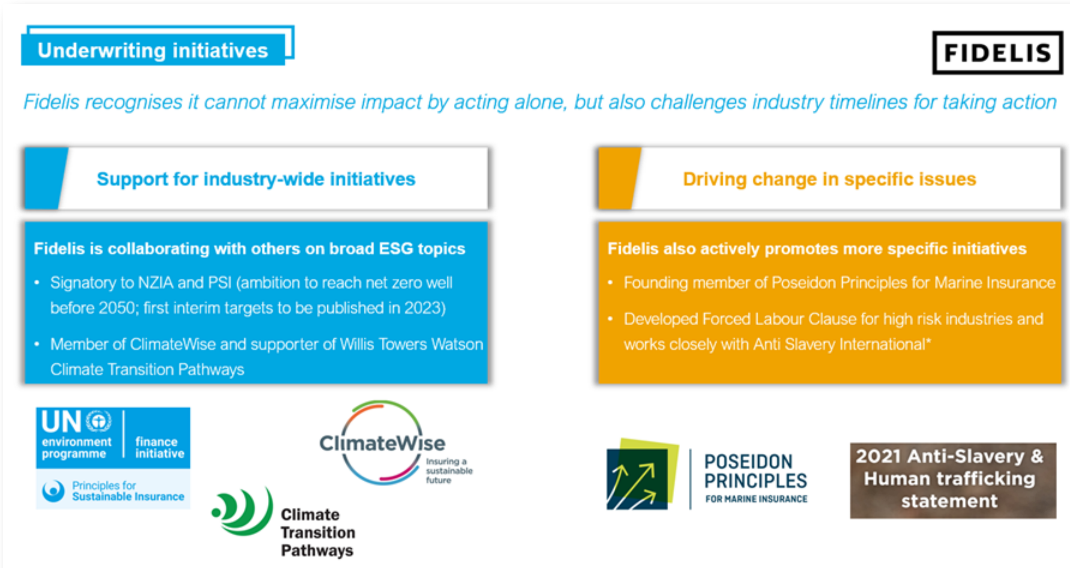
HAMILTON, BERMUDA — 22 September 2022 — Fidelis Insurance Holdings Limited ("Fidelis") is pleased to affirm its commitment to sustainability by implementing extended underwriting guidelines which cover a range of industries and issues relating to its insurance lines of business.

"We intend to reach the net zero target well before 2050 and... we will be publishing interim targets for this in 2023. We are already developing metrics in our underwriting, not just on carbon and environmental issues but on social and governance ones as well. We firmly believe that this makes our business more sustainable and profitable over time. "

Richard Brindle, Chairman and Group Chief Executive Officer

Full press release can be found here

Fidelis participation in industry initiatives (from 2022 sustainability presentation)



Fidelis also communicated with its stakeholders through industry media outlets and participation in industry panels on sustainability related topics (detailed in previous section). This expanded the range of communication beyond existing clients and day-to-day contacts, and made clear Fidelis' stance within the industry.

Day-to-day and strategic interaction with brokers

On a day-to-day basis, Fidelis started implementing its new guidelines as soon as these were agreed and communicated with brokers about these in numerous instances. Where potential issues were identified, Fidelis underwriters asked for more information from the broker, and if it was necessary to decline the risk (e.g. because thermal coal or tar sands were covered, or unmitigated environmental damage was identified) a clear rationale was provided for this.

As a supplement to risk-by-risk interactions, Fidelis leveraged its strong relationships with key brokers (such as Aon, Willis and Howden) to discuss climate-related topics at a more strategic level. Fidelis was a supporter of the Climate Transition Pathways initiative, for instance, providing feedback on the framework and exploring how it could be used within underwriting practice.

Engagement with individual clients

Engagement with clients in 2022 did not follow a structured plan – although such a plan was discussed and it was agreed it would be implemented as part of the net zero strategy development in 2023. Nonetheless, as a result of the communications around Fidelis' climate stance, a small number of insurers proactively sought engagement with us to better understand our thinking. One-on-one discussions took place with a key energy client, for instance, who was working on its emissions targets and welcomed input from Fidelis regarding how these should look.

Fidelis did not introduce any explicit tracking of client climate commitments in 2022, but developed a plan to do so as part of its net zero target setting from 2023 onwards.

6.2 - Inform our customers/clients of climate-related risk and provide support and tools so that they can assess their own levels of risk

Real changes in underwriting behaviour are needed to mitigate climate risk
Fidelis believes that underwriting behaviour must change to transition to a low-carbon economy. Through public disclosures and media statements already referred to in earlier sections, Fidelis made clear its belief that simply collecting information and engaging is not sufficient: insurers must start to change the way in which they deploy capital and factor climate considerations into their core underwriting processes.

Fidelis started implementing this view in 2022, stepping away from risks which did not meet its ESG underwriting guidelines. This did not yet include an assessment of emissions and transition plans, but it did cover other environmental topics such as involvement in deforestation, unmitigated pollution or damage to protected species and habitats. Fidelis also started to lay out how it will adjust underwriting behaviour for risks linked to highly emitting industries.

As mentioned previously, there was no formal engagement plan yet in 2022 to comprehensively address awareness-raising with clients, though this was placed firmly on the 2023 agenda. The more ad hoc engagements with clients that did take place (as described above) did meet the objective of knowledge sharing and encouraging these clients to give more consideration to climate topics. For instance, the engagement with a key energy client focused on what targets they could feasibly work towards setting.

Supporting clients in assessing climate risk
Fidelis operated predominantly through intermediaries such as brokers and did not offer direct services to insurers. For instance, the company did not share its own tools or methods for assessing climate risk. Since the company does not work with private clients and does not offer personal lines insurance, only commercial lines for corporate buyers, certain types of risk knowledge sharing were not relevant: Fidelis clients are typically already relatively sophisticated in their understanding of how they can mitigate climate risk.

Principle Seven

Enhance reporting

Principle Seven:
Enhance reporting

7.1 - Submission against the ClimateWise Principles

Fidelis provided disclosure against all applicable ClimateWise sub-principles for 2022, with timely submission against formal deadlines.

7.2 - Public disclosure of the ClimateWise Principles as part of our 7 annual reporting

This report is a public summary of the ClimateWise report submitted for 2022, following feedback from ClimateWise through the annual assessment process. It will be available on the website of the Fidelis MGU: Sustainability -Fidelis MGU

The appendix provides a mapping of the disclosures made in this report to the TCFD reporting framework.

As a private company, Fidelis Insurance did not produce an annual report for 2022

Appendix

TCFD Disclosure Mapping

TCFD Theme	Recommended Disclosure	Status	Reference
Governance	Describe the organisation's governance around climate-related risks and opportunities.	Disclosed	ClimateWise Principle 1.1
	Describe management's role in assessing and managing climate-related risks and opportunities.	Disclosed	ClimateWise Principle 1.2
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Disclosed	ClimateWise Principle 2.1
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Disclosed	ClimateWise Principle 2.1, 2.2
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Disclosed	ClimateWise Principle 2.1, 2.2
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	Disclosed	ClimateWise Principle 3.1
	Describe the organisation's processes for managing climate-related risks.	Disclosed	ClimateWise Principle 3.1

TCFD Theme	Recommended Disclosure	Status	Reference
Risk Management	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Disclosed	ClimateWise Principle 3.1
Metrics & Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Disclosed	ClimateWise Principle 2.2
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Disclosed	ClimateWise Principle 4.2
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Not disclosed: Plan to disclose in 2023	N/A

FIDELIS