

UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE  
PRINCIPLES FOR SUSTAINABLE INSURANCE  
Annual disclosure 2023/2024

As a signatory to the UNEP FI Principles for Sustainable Insurance (PSI), The Fidelis Partnership (TFP) is required to provide annual disclosure on progress made in implementing the Principles over the preceding year.

TFP is a privately owned Bermuda-based holding company, which, through its subsidiaries, is a global provider of speciality insurance and reinsurance products. We have a diversified business mix across both line of business and geography, built on a three-pillar strategy of Speciality, Bespoke and Reinsurance lines.

Signing up to the PSI in 2022 coincided with a step-up in our efforts to embed sustainable practices across our business. In the past year, we have made material progress in advancing the application of the Principles to our day-to-day operations.

**Principle 1 - We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

TFP's culture is defined by [our ethos](#), which is embedded in the performance objectives of all employees. This ethos includes the following statement:

*"We believe sound ethics make for good business. We deliver value for our customers, investors and communities while actively avoid trading with industries that cause harm to people, the environment and animals."*

In 2022, we first laid out an overall set of principles governing our approach to sustainability and articulated our key commitments across underwriting, investments and operations. This framework has evolved and been refined since then (including adjustments to governance following the bifurcation into The Fidelis Partnership (formerly trading as Fidelis MGU) and Fidelis Insurance Group, and the more recent launch of our Lloyd's syndicate) – but the core principles of the approach have not changed.

The Sustainability function brings together all the different strands of our approach and reports directly into a senior member of the Executive Committee and the Board. Among other things, the function is responsible for collecting and reporting various metrics to senior management on a regular basis: e.g. key underwriting metrics every month and broader quarterly update reports which are shared with the Board.

The main pillars of TFP's approach are disclosed in our [sustainability presentation](#) which is available on our website. This document highlights that sustainability is something we factor in across our entire business: underwriting, actuarial, risk management, finance, operations, legal, compliance and HR are all involved across different aspects.

Underwriting is the heart of what we do, and embedding sustainability has involved developing a set of clear guidelines as well as a process for ensuring all the risks we write meet our ESG standards. This covers both environmental and social issues. We have put in place a monitoring approach for our referrals, tracking key metrics on both the referral process itself and the ESG profile of our underwriting portfolio.

From a risk management perspective, climate risk is key given our business profile: within this, physical risk is of particular importance owing to TFP's exposure to natural perils. Modelling the impacts of climate-related events on our portfolio and translating this into risk loading for pricing purposes is therefore a critical activity

carried out by our underwriting, actuarial and risk teams. In the past year, Sustainability has also worked closely with our new Chief Risk Officer to progress the thinking around climate risk in line with evolving requirements and best practice. This includes explicit consideration of transition and liability risks, as well as more extensive scenario analysis.

In 2022 we made a commitment to net zero by 2050 at the latest. In 2023, we announced our first interim decarbonisation target (covering energy and aviation clients) as a tangible step towards delivering this commitment, supported by the establishment of our own underwriting criteria, including exclusionary criteria. In support of our climate strategy, we also made public our fossil fuel exclusions which cover thermal coal, tar sands, Arctic exploration & drilling as well as fracking. More recently, we published updated insured emissions metrics for 2022 and 2023, with notable improvements made to the calculation and reporting process compared to our first attempt.

TFP actively seeks out business opportunities which support sustainable outcomes, whether through its significant renewables portfolio or, its political risk products which enable important social infrastructure projects in developing countries or its support for humanitarian and disaster relief initiatives. We continue to explore ways in which we can better support the multiplicity of new technologies that will be needed to achieve a green economy. This is now embedded into the recently rebranded energy MGA, Tiomanta Specialty Limited (Tiomanta), which focusses on transitioning our Energy portfolio over time.

TFP seeks to operate sustainably when it comes to its physical impact as well as its people and culture. We have a Green Team dedicated to environmental issues and improving the footprint of our operations, as well as global and local Diversity, Equity & Inclusion (DE&I) committees. The latter help ensure that an ESG focus is maintained in relevant recruitment, training and employee communication practices. We continually seek ways to boost employee engagement in these topics, including also active participation in philanthropy through the charity partnerships we have in the Fidelis Foundation. Through the Fidelis Foundation, we also continue our support for humanitarian and disaster relief initiatives.

TFP does not currently manage its own investment portfolio. However, there is alignment with the sustainability approach of our balance sheet company, Fidelis Insurance Group, which has defined ESG parameters for its investments and monitors key metrics relating to this on a quarterly basis.

## **Principle 2 - We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.**

As part of our day-to-day operations, we typically engage with our broker counterparts on sustainability topics – both on specific business transactions and at a more strategic level, seeking ways in which we could further support sustainable practices through our (re)insurance offering. As part of these discussions, we frequently provide feedback on our sustainability assessment of particular insureds or individual risks – in particular, how their performance screens against our defined ESG underwriting guidelines. Where appropriate, we include details of how concerns could be addressed and the actions the insureds can take in order to reach an improved assessment. By applying this approach consistently, we not only ensure the business we write complies with our desired sustainability standards – we also highlight to intermediaries what issues we believe are important and how progress is possible.

In certain cases, we also engage directly with our insureds in order to communicate more detail about our approach as well as learning more about their priorities. This is typically either in cases where we have concerns that require a deeper discussion, or where insureds are fundamentally interested in sustainability topics and keen to understand our approach to this. One prominent example in the last year involved a large forestry client who was willing to engage with us at a senior level in order to address our initial ESG concerns. We have received positive feedback on several occasions from insureds who are making advances in their sustainability work and who are delighted to be able to have a discussion with their insurer representatives about these topics.

The engagement with Energy clients and brokers has stepped up in the past year, as TFP has started building out its approach to transition. While this is still in an early phase, we have taken steps to communicate clearly on our direction of travel and changing requirements, and to inform key stakeholders on metrics that will be important going forward. A more detailed framework is being developed and will be incorporated into future iterations of TFP's transition plan. Underwriting actions taken through Tiomanta will be closely aligned with this.

In general, in our interactions with brokers and clients, we adopt the [Fidelis ethos](#): we focus on results, innovation, inclusion, unity and responsiveness. We aim for interactions which are efficient and effective, we seek to communicate transparently at all times and to ensure that we are dependable partners including how we deal with any claims.

TFP continues our engagement with reinsurers regarding ESG issues. In a small number of cases, we have responded to questionnaires from these counterparts; in other cases, we have an ongoing dialogue. We include key information about our practices in the materials used for reinsurance renewal discussions. The same is true for our interactions with investors and potential investors – sustainability is always an important topic for discussion with these stakeholders.

We have been involved in the development of training and development content on sustainability topics, specifically on modern slavery for Themis (for use across financial services) as well as more broadly on the importance of sustainability in insurance for Better Insurance Network.

When it comes to our suppliers and contractors, we have a robust process for ensuring compliance with anti-slavery and forced labour standards. Over time we have also been increasing our focus on the environmental credentials of our suppliers. As part of the efforts of our Green Team and Facilities Management, we have addressed the sourcing of a range of office products (from paper to beverages and snacks), opting for more sustainable alternatives. In the past year, the Sustainability function has worked more closely with the new Procurement function to refine the approach to these topics.

### **Principle 3 - We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

TFP is a member of a number of associations which support the achievement of sustainable business outcomes. Over the past 12 months, we have been members of ClimateWise, Partnership for Carbon Accounting Financials (PCAF), the Poseidon Principles for Marine Insurance, and the International Underwriting Association's ESG Committee. We are also founding members of the UN-led and convened Forum for Insurance Transition – launched in April 2024 – and have worked with the UN Environment Programme team to help shaping this initiative in order to create a multistakeholder forum for dialogue around transition. A key component of this is engagement with regulators, NGOs and academics to create a shared understanding of the insurance industry's role in driving transition, as well as providing a means of finding solutions to shared challenges.

TFP has responded to a number of consultations on sustainability-related matters, particularly linked to climate as well as regulatory initiatives in the UK (driven by the FCA or HM Treasury).

TFP has had exploratory discussions with several academic institutions regarding ways in which we could support research into sustainability topics.

TFP has been active in participating in conferences and webinars, as well as contributing to written media on sustainability-related topics in insurance. We have discussed our views on sustainable underwriting, embedding ESG into the day-to-day of insurance as well as specific topics like climate or modern slavery. We have taken part in events hosted by Moody's, Better Insurance Network, InsuranceERM, and the Insurance Supper Club – addressing audiences from across the industry. Some of these events have had a mentoring

focus targeting junior sustainability professionals, and promoting knowledge-sharing as well as talent development within the industry. We also contributed to a report by Oxbow Partners and Kita on the topic of carbon credits, in order to promote the role of insurance in driving the market.

TFP has always had a strong commitment to philanthropy and through the Fidelis Foundation, 1% of EBITDA every year go toward supporting our charity partners. Our support spans across environmental and social topics, including nature (e.g. World Land Trust), mental health (e.g. Mind), poverty (e.g. International Care Ministries) and education (Bermuda College Foundation). A new Foundation partner for 2024, Rewilding Britain, will allow TFP to boost its support for nature conservation and biodiversity protection.

**Principle 4 - We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.**

TFP publishes a [Sustainability Presentation](#) on its website. This outlines the key strategic principles behind our approach to sustainability, our commitments across the business and a number of metrics demonstrating our progress. The presentation includes reference to our commitment to the PSI as well as the alignment of our commitments with the UN Sustainable Development Goals.

TFP is a member of ClimateWise and made its first submission against the initiative's principles in the second half of 2023. A publicly available version of the report is available on the TFP website. The ClimateWise framework is already aligned with TCFD principles, and is being expanded to incorporate elements of other emerging frameworks as well (such as TNFD). By continuing to produce and publish ClimateWise reports, TFP will therefore incrementally improve its transparency in line with evolving best practice.