

# Sustainability at Convex





<b>1</b>	<b>Foreword</b>
<b>2</b>	<b>Introduction</b>
<b>6</b>	<b>Sustainability in our Business</b>
7	Sustainable Underwriting
9	Sustainable Investments
11	Climate Change Risk
<b>13</b>	<b>Sustainability in our Organisation</b>
14	People and Culture
18	Community and Charity
22	Sustainable Operations
25	Governance



# Foreword from CEO

We founded Convex in 2019 with a clear ambition: to become the partner of choice for the insurance and reinsurance of complex specialty risks. To realise this ambition, we must of course offer a compelling commercial proposition, together with market leading standards of service. With our extensive experience in the industry, we understand what this means in today's world, and the resilience a business needs to succeed.

Long-term sustainability is integral to our approach, starting from the fact that the very purpose of commercial insurance is to support the sustainability of business activities – to protect them against the risks that might otherwise threaten their survival.

But it is about more than that. Environmental and social issues have long been a personal focus – to the extent that I have actively supported the sponsorship of open-source environmental research projects with a view to improving understanding of the impacts of global warming on the Arctic and increasing sea temperature on the world's coral reefs, and introducing their findings into school curriculums to build awareness of these critical issues. Now, as we navigate the consequences of the pandemic and confront the challenges of managing the impacts of a changing climate and decarbonising the global economy, these issues are rising ever further up the geopolitical agenda.

We recognise that this is driving fundamental changes in society's expectations of business, just as it has changed our own, and this informs our approach to building Convex for long-term sustainability. Everything we do is shaped by our values (set out in the Introduction) which support our consideration of environmental, social and governance issues in our activities. The majority of our influence in the world comes about through the business we transact, but we apply the same approach in our own operations. We place great emphasis on maintaining a cohesive and positive culture at Convex because we see it as a key enabler of the long-term success of our business. It is essential to attracting, inspiring and retaining the high calibre, diverse and motivated colleagues that Convex needs to thrive. In short, it enhances every aspect of what we do, and importantly helps to reduce risk, thereby supporting the broad sustainability of Convex.

The business of insurance is fundamentally about managing risks, and we recognise not only the physical consequences of global warming such as the increased frequency and severity of extreme weather events but also the risks associated with the scale of transition. The magnitude and reality of systemic risk has also been made abundantly clear during the Covid 19 pandemic and with that the need for businesses and governments to learn from this crisis. Convex, alongside our industry peers, has an important role to play in helping mitigate the impact of these risks. Without insurance, businesses cannot make the changes needed to manage this transition on a global scale. Our underwriters are specialists in managing this kind of complexity and are supported by our modern and efficient data-driven operating model, which enables better decision making.

It is not just about risk. It is also about supporting and sharing in the benefits of the transition to a net zero economy. We recognise this as a vital change, and embrace it, seeing an important role for Convex in helping our clients to navigate the transition and embrace the opportunities it presents. It is in our culture to be innovative and to seek better ways to do business for our clients, stakeholders and colleagues. Just one example of how we are doing so is our development of Digital Underwriting, which will enable us to access a wider range of potential clients with greater efficiency and improved management of risk.

I am proud of what we have already achieved, but recognise that we are on a journey. The shift to a net zero economy will represent one of the greatest and most profound changes that humanity has ever had to navigate. Governments, businesses and individuals face great challenges for which the roadmap does not yet exist. The answers to these big questions are more complex and nuanced than many commentators suggest – inevitably involving social as well as environmental factors – and the process is rightly characterised as a transition as it would be naïve to imagine that the move to renewable energy can happen at the flick of a switch, or to suggest that society would accept the consequences of an immediate end to all high emissions industries. It also has to be a collective and joined up effort, and we are engaged members of industry groups such as ClimateWise and the Insurance Development Forum.

We will support our clients through the transition, and as Convex grows, we will continue to challenge ourselves to do better in all aspects of the business we conduct so as to play an active role, reduce the impacts of our business, and ensure that we make a positive contribution to this immense transformation of the global economy.



**Stephen Catlin**  
Chairman and CEO  
November 2021





# Introduction

## Convex Group

Convex is a property and casualty insurance and reinsurance firm launched in April 2019 and founded by Stephen Catlin and Paul Brand. It occupies a unique position in the insurance industry combining unrivalled experience, reputation and a strong balance sheet. It launched with an initial capitalisation of \$1.7bn, rising to over \$3.2bn following a further capital raise in January 2021.

Convex Group Limited (CGL) is headquartered in Bermuda, with entities and operations in Bermuda (regulated by BMA), UK (regulated by PRA / FCA) Guernsey (regulated by GFSC) and Luxembourg (regulated by the CAA).

Convex Group Limited has A.M. Best financial strength rating of A- (Excellent) and S&P financial strength rating of A-.

## Our Approach to Sustainability

Our approach to Sustainability is integral to and integrated in Convex's strategy, and is underpinned by Convex's values. We are clear that we will only deliver on our ambition to be the partner of choice for the insurance and reinsurance of complex specialty risks if we fully integrate environmental, social and governance considerations into how we run our organisation.

We believe strongly in the importance of behaving in a responsible manner, so as to promote environmental and social sustainability both within and beyond our organisation. We recognise the journey to net zero as presenting some of the most important challenges and opportunities of the coming decade and beyond, and we intend to play our part in enabling the transition.

We see a strong connection between the way in which businesses are governed and operate, their risk profiles and their resilience, which can make a real difference to the realisation of the transition. It is important to recognise that it will be a journey – for all of us as individuals, for businesses, and for society as a whole – and we will support clients on that journey as they decarbonise their own operations and become more sustainable.

Our leaders have built a business in the past of significant scale and stability based on long-term thinking, robust risk management and a responsible approach to internal and external stakeholders. We are taking the same approach now as we grow Convex, and have developed a methodology, the Convex Measurement Framework, to monitor our progress. We use it to track the evolution of our value at a number of levels, and our sustainability performance is integral to this. We are developing our assessment criteria to include our progress against ClimateWise principles as well as measures reflecting our performance in relation to our priority UN Sustainability Development Goals (UN SDGs).

Convex is today a young organisation with a relatively compact operational footprint. The majority of our influence in the world comes about through the business we transact – that is the risks that we underwrite and the investments that we make – though we apply the same approach in our own operations. We seek to make a positive social and environmental contribution while also minimising our impacts across our business.





**Investments.** We believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios and that companies demonstrating sustainable business practices can enjoy competitive advantages over time. As such, we ensure that ESG issues are incorporated into investment analysis and decision making to better manage risks and improve long-term returns. As asset owners, we acknowledge that we have an ability to direct capital to investments that contribute to specific environmental or social outcomes, and we aim to explore these opportunities where appropriate for our risk and return objectives.



**Underwriting.** Our underwriters are specialist in managing complex risks and are well positioned to navigate the changing risk landscape; whether the increasing frequency, severity and economic impact of extreme weather events, or the new risks against which companies need protection as they seek to deliver the critical infrastructure, such as offshore wind or interconnectors, that is required to decarbonise the economy. They benefit from our modern and efficient data-driven operating model, which enables better decision making, and are well placed to support our clients in their transition to net zero.



**Our Organisation.** We live our values every day in our own operations, both in the approach we take with our people and in the management of the environmental impacts of our operations. We believe that by fostering a positive, inclusive and diverse culture, we enable our people to bring their 'whole selves' to work, helping them to fulfil their potential as they engage in fulfilling work, and therefore supporting the long-term sustainability of our business. We also strive to minimise our environmental footprint, choosing to occupy modern, high amenity, high environmental efficiency buildings and taking a responsible approach to our use of all resources. In addition, we make a positive contribution to those around us through community projects and charity partnerships.



## Convex Values

Our values are at the core of our business proposition and underpin all aspects of our work. At Convex we live our values in every facet of our business.



### **Earn our reputation**

Everything we do affects how others see us. Our success depends upon our reputation, for which all of us share responsibility.



### **Straightforward and fair**

We tell it like it is, with fairness, dignity and respect. We strive to do the right thing always, however hard it seems.



### **Determined to improve**

However good we are, we are not complacent. We know we can always be better and we never stop trying to improve.



### **Inspired by opportunity**

We come to the market and to every client engagement without baggage. There is no limit to what we can achieve together.



### **Enjoy being different**

We feel positive about change and we are not afraid to try new things in our quest for a better way for clients, stakeholders and colleagues to do business.



## UN Sustainable Development Goals (SDGs)

We believe that business has an essential role to play, alongside government, in addressing environmental and social issues. Convex's own sustainability approach is underpinned by the personal convictions of its founders and our values. The nature of the business we conduct, and the way in which we operate together mean that while our actions contribute to a broad range of the UN SDGs, we make the most substantive contribution towards realising the following five:



### SDG 3

#### Good Health and Well-Being

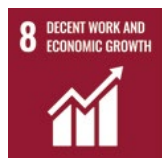
We underline the importance of wellbeing, both physical and mental, to our employees and wider society through a number of initiatives as outlined in the People section of this report.



### SDG 5

#### Gender Equality

We recognise the need for improved gender equality in the insurance sector as well as more broadly within society, and have a number of initiatives targeting this as detailed in the People section.



### SDG 8

#### Decent Work and Economic Growth

We are building a resilient, sustainable business and in so doing respect the responsibilities we have as an employer and as a corporate citizen.



### SDG 9

#### Industry, Innovation and Infrastructure

The deployment of our capital, our expertise and our progressive use of technology and innovation help advance SDG 9 and are crucial to our work in supporting the transition to a low carbon economy.



### SDG 13

#### Climate Action

As a global insurer, we are fully cognisant of not only the risks but also the opportunities entailed in the transition to net zero. We are well positioned to support industries in their transition and also to help develop solutions for communities especially affected by global warming.







# Sustainability in our Business

- 7 Sustainable Underwriting
- 9 Sustainable Investments
- 11 Climate Change Risk







# Sustainable Underwriting

The Convex values are at the heart of our business and inform our approach to underwriting just as they underpin every other aspect of our activities. As a recently founded insurer, building a new portfolio of business, we are in a strong position to ensure that a sustainable approach is integrated into our underwriting considerations from the outset – one that is consistent with our values and those of society, that serves our clients, that supports our growth over the long term, and that reduces the risks to our business.

Our Head of Sustainability is working to raise awareness of ESG issues across Convex, and as part of this initiative is collaborating with each underwriting function to develop a considered approach to supporting our clients in their transition to a low carbon economy and to ensure we are respectful of the values of a stakeholder economy. Through this engagement, addressing these complex issues, we are laying the foundations of our approach.

## The three main goals of our Sustainable Underwriting strategy are to:



Support clients through the transition to a lower carbon economy



Raise awareness of ESG and climate change related risks and opportunities amongst our underwriting employees, brokers and clients



Develop innovative solutions to address new and emerging risks

In particular, we recognise the enormity of the global transition to alternative energy sources that will be required to achieve net zero by 2050. Our transition strategy will be mindful both of the continued need for responsible insurance of hydrocarbon related activities as we transition away from them over time, and the growing need for a progressive and innovative approach towards renewable energy, with a recognition that there may be a significant overlap between these business categories. In this vein, we have recently appointed a senior Offshore Wind underwriter to develop this line of business, with a focus on nurturing the understanding and education of younger underwriters in this developing field. Other lines, such as casualty, are also growing their underwriting of renewable energy.

We have minor exposure to thermal coal and oil sands and their dedicated infrastructure in our direct underwriting portfolio which will not increase as a proportion of our business.

We are building our ability to identify and integrate ESG issues in our risk management and underwriting processes. As an example, we are currently piloting a process to reference and document specific ESG issues considered during the underwriting process and recording this information in our underwriting systems. We are also evaluating methods to assess ESG rating considerations from an underwriting perspective to allow us to monitor the support we provide to our insurance and reinsurance clients in their ESG journeys, and also to compare their progress against peers.

We endorse initiatives for a sustainable approach to insurance claims and will use the positive influence of insurance to support lower carbon rebuilding to help to enable the transition.

Our underwriting standards support our continued commitment to responsible underwriting and include strict adherence to compliance and regulatory obligations underpinning global efforts to combat terrorism, corruption, corporate and organised crime and human rights violations.



Our customer support; 2021 has seen a year of renewed material catastrophe activity. A cornerstone of our client offering is to ensure a responsive claims unit to engage immediately and exhaustively with brokers and clients to ensure quick and attentive responses in time of crisis.



## Sustainable Underwriting – Opportunity and Innovation

In recognising the position of insurers to influence the net zero transition we are cognisant of the opportunities this affords. We will use an innovative approach to support the new risks transition presents and, with care, will seek to grow our capacity where required.

Convex has made significant investment in systems to enable sophisticated data analysis, derive strong insights and improve portfolio and risk management. Our technological advances importantly also mean we can be at the forefront of evolving digital methods of distribution to grow our InsurTech offering. In our pursuit of efficiency, and as we seek to access the broadest range of customers and markets, we have invested in Digital Underwriting and will be expanding the number of business lines using this distribution method. Our ambition is to build a sophisticated suite of modules, bringing sustainable, forward looking technology to Convex and our distribution partners as we develop new growth opportunities in the specialty market.

We recognise that the Protection Gap – that is the uninsured geographies and perils which can lead to a significant difference between economic loss and insured loss – is a focus area for the industry and we will support initiatives to address this. Our CEO was the founder Chair of the Insurance Development Forum (IDF), an organisation whose mission is to extend the use of insurance and its related risk management capabilities across communities and businesses vulnerable to disasters. Convex joined the IDF in 2021, and we look forward to supporting the advances the IDF is making and are excited by the new opportunities and markets this creates.







# Sustainable Investments

At Convex, our approach to ensuring the sustainability of our investments is founded on three key principles:

1

We believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios and that companies demonstrating sustainable business practices can enjoy competitive advantages over time while operating with reduced risk. As such, we require our managers to incorporate ESG issues into investment analysis and decision making, to better manage risks and improve long-term returns.

2

This ESG integration supports monitoring and mitigation of any unintended duplication of exposures across both sides of the balance sheet by identifying risks not yet fully reflected in the asset liability management models through additional sustainability screening.

3

As asset owners, we acknowledge that we have an ability to direct capital to investments that contribute to specific environmental or social outcomes, and we aim to explore these opportunities where appropriate for our risk and return objectives.

## What this means for our investment process

Convex maintains a relatively small in-house investment team. Located in London, the team is led by the Head of Investments, who has overall responsibility for investment strategy, manager selection and optimisation of Convex's investment portfolio in line with its policies and targets.

The primary objective of the investment function is to create economic value for the group whilst maintaining appropriate liquidity to meet claims and expenses as they fall due. Within this overall objective, all investment decisions aim to maximise risk-adjusted returns while respecting all regulatory and rating capital considerations and constraints, and are also subject to a comprehensive internal risk limit framework.

Convex currently outsources the day-to-day management of the company's investment assets to external investment managers, who are responsible for managing portfolios in line with Convex's defined guidelines. The majority of invested assets are held in high quality, short duration fixed income securities, in portfolios managed by two core fixed income specialist firms.

Our external managers maintain a sharp focus on investing in companies with good governance practices, and to embed ESG factors into their research, risk processes and investment decision making. This approach is integrated into their fundamental assessment of corporate and municipal issuer credit profiles. ESG factors are addressed throughout the investment process, including research, company engagement and portfolio construction. Their analysts incorporate ESG considerations into their evaluation to gauge the sustainability of a business, the quality of management and the risks posed to minority holders. Our external managers do not explicitly exclude individual securities based on ESG criteria alone, instead taking a holistic

view on the overall fundamentals of a business, but ESG factors could influence their level of conviction and therefore impact portfolio weightings of individual securities. Precise methodologies will vary but ESG factors are considered throughout.

As Convex's enterprise-wide approach to sustainability initiatives and climate risk matures over time, we anticipate refining our assessment of our portfolio exposures through the adoption of new tools to improve data collection and enable enhanced monitoring of ESG metrics.

As part of their commitment to ESG themes, our core managers are signatories of the UN Principles for Responsible Investment (PRI) and are also committed to reporting in line with the TCFD (Task Force on Climate-Related Financial Disclosures) requirements.

We rely on our external managers to embed ESG principles in their investment processes, and as part of our investment governance and oversight, we conduct an annual review of our core fixed income managers. In this, a key focus is the effectiveness of their integration of ESG considerations and their disclosure and reporting on ESG risk factors in their portfolios, with a particular emphasis on climate-related risks.

Alongside the core fixed income investments, a portion of the portfolio is also held in select risk asset mandates, similarly managed by external investment managers. As part of the selection process in appointing new external investment managers, the investment team explicitly considers the manager's approach to incorporating ESG factors into the investment process, alongside their approach to reporting and disclosing ESG risk factors in the portfolio.





As part of their commitment to ESG themes, our core managers are signatories of the UN Principles for Responsible Investment (PRI) and are also committed to reporting in line with the TCFD requirements.

### Future consideration of impact investing

The investment team at Convex believes that ESG factors can have an impact on risk and returns across asset classes, sectors, geographical regions and companies and therefore we will continue, through our external managers, to embed sustainability criteria in the investment decision making process.

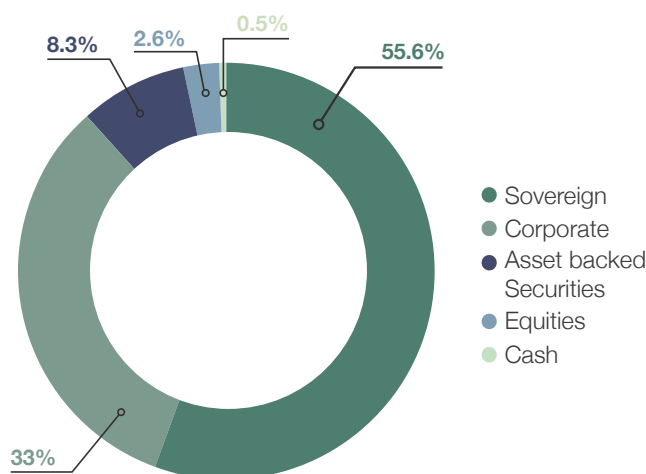
We strongly recognise the need for greater investment into areas that incorporate social and environmental impacts and are therefore committed to reviewing opportunities to invest in products that have a tangible impact, as long as their overall characteristics fit with our asset-allocation requirements and risk appetite. To this end, we are already exploring certain asset classes such as infrastructure, where we can target sustainability themes, and may also look to allocate to targeted impact investment strategies as our portfolio evolves.

### Portfolio profile and ESG monitoring

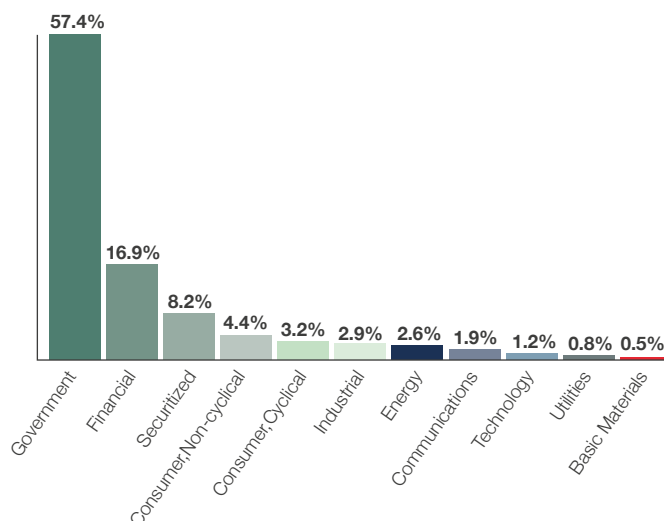
Convex's total investment portfolio is valued at c. \$3.0bn as at 30 June 2021. The majority of this is held in government securities (56%) and corporate bonds (33%). In terms of industry sector and geographic distribution, nearly 75% of the portfolio is allocated to government and financial sectors while 89% of the total securities are issued in the US, with the remainder in Canada, UK and Western Europe.

The role of investment in the transition to a decarbonised future is very important to Convex and our view is that companies demonstrating a commitment to sustainable business practices should benefit from competitive advantages over time, generating stronger and more stable returns. In order to understand and quantify our overall risk exposures to ESG and climate related themes, our asset managers provide us with quarterly reporting which includes an assessment and rating of our investment portfolio on carbon intensity and ESG metrics against a relevant benchmark. Our managers use a combination of proprietary and vendor sourced ESG and climate change metrics in conjunction with the assessment of their internal credit research teams to derive their respective ratings. This allows the investment team to monitor how exposure to ESG and climate risks in the portfolio are evolving over time and enables us to engage in dialogue with our managers over particular issuers or sector concentrations which may detract from the overall sustainability of the portfolio.

#### Portfolio Breakdown %



#### Portfolio Breakdown by Industry Sector %





# Climate Change Risk



The effects of climate change and global warming are increasingly apparent, as evidenced by increased heatwaves, erratic rainfall and greater weather extremes. The significance of the transition to a net zero pathway and in particular the impact of the need to halve GHG emissions in the coming decade to meet the targets set at COP21 in Paris exacerbates these changing global dynamics.

The risks to insurers associated with such changes are complex and need to be considered alongside other developing risk factors such as inflation and urbanisation. However, the resulting increasing loss costs to insurers from weather-related events such as Californian wildfires, European floods, or the increased frequency and severity of hurricanes are becoming increasingly evident and mean we need to continually enhance our ability to assess this changing risk profile. We also need to better understand the potentially systemic nature of such risks.

From Convex's perspective we view climate-related risks in the following risk categories;



## Physical Risk

An increase in the frequency and severity of specific weather events which occur as a result of climate change e.g. floods, heatwaves and wildfires; or longer terms shifts in the climate such as a rise in the sea level or rising mean temperatures.



## Transition Risk

The process of adjustment towards a low carbon economy e.g. the impact on business models from the emergence of disruptive technology, as well as changes in government policy and consumer preferences.



## Liability Risk

The risk of parties who suffer loss from climate change seeking to recover those losses from those who they believe may have been responsible, which may be insurers or their assureds.

Other associated risks such as **reputation risk** and other emerging risks are identified and monitored through our emerging risk management process.





We need to continually enhance our ability to assess this changing risk profile and also to better understand the potentially systemic nature of such risks.



## Risk Identification and Management

### Underwriting Risk

We use AIR, a stochastic model, as a key tool in our evaluation of natural catastrophes. AIR gives a sensitivity consideration for more recent climate-related trends which can be helpful for highlighting areas of particular sensitivity. Whilst we value this analysis as part of our risk mitigation, we recognise that models are chiefly based on historic data, and we therefore enhance our modelled work with deterministic scenarios, which we anticipate developing for our climate risk evaluation.

Maintaining a regular cycle of stress testing and scenario analysis is important to ensure we manage risk well and evolve at the same pace as our business grows. This year, our Risk Management function led the process of undertaking a series of scenarios to evaluate the impact of global warming and selected to use the new climate-related events that form part of the PRA's General Insurance Stress Test (GIST).

### Using our AIR platform, these scenarios stress tested our exposure associated with certain key peril regions as follows;

- a scenario with a sudden collapse in asset values in exposed assets as a result of a sudden transition to maintain global warming below 2°C (a 'Minsky moment')
- a long-term orderly transition scenario that is broadly in line with the Paris Agreement
- a scenario with failed future improvements in climate policy, reaching a temperature increase in excess of 4°C, by 2100

For each scenario, we examined the impact to our business model, the impact on capital, and potential reinsurance recoveries. The scenario analysis helps improve our understanding of the impact of different climate change outcomes and the results are reviewed and reported through our GSSA/ORSA process.

We expect to expand our scenario analysis across physical, transition and liability risks to further identify our material exposures. We have started to embed the results into our business processes, and we continue our development of appropriate responses.

Our focus going forward will be to use the analysis to highlight the drivers of the key risks we face and develop metrics and targets to help us regularly assess these. An area of particular relevance is developing our analysis of the near-term influences of climate change and distinguishing these from longer term projections. The former may lead to altered decision making in the shorter term while the latter is an area to monitor and act upon as analysis and evidence develops.

This will inform how we continue to incorporate consideration of climate change in key processes and decision making, such as within business planning, how underwriting decisions are made in terms of both risk selection and pricing, and the identification of opportunities as well as risks.

Climate change related risks, across all risk categories, have been added to the Convex Risk Management Framework and its risk registers, and are monitored and assessed regularly.

### Investment Risk

Similarly, for our investments, we have undertaken climate-related scenario analysis, in particular on our fixed income portfolio (97% of total) using the GIST scenarios. When looking at the exposure of the combined transition and physical risk in each of the three scenarios, there was a minor negative effect on the total value of our classified portfolio due to the overall low exposure of our portfolio to climate critical sectors like fossil fuels, steel, aviation and automotive, and its high sovereign allocation.

Our risk position is mitigated through the shorter dated tenor of our investments contrasting with the potentially longer-term horizon of climate transition and physical risks. At the issuer level, exposures are well diversified and issuers that have the highest carbon intensity metrics represent only a very small proportion of the portfolio (c. 0.1%). As detailed in the Investments section, we also engage in regular dialogue with our external managers around issuers and sectors within the current portfolio.

In line with the projected growth of the portfolio in the next few years and the potential for more diversification, we anticipate further refining our assessment of portfolio exposures in future through new tools and advisory services.







# Sustainability in our Organisation

14 People and Culture

18 Community and Charity

22 Sustainable Operations

25 Governance



# People and Culture

At Convex we strive to create an environment in which Convexians can learn, grow, have fun and do great work with people they like, trust and respect. The Convex values are the bedrock of our culture and are embedded in every aspect of our work. Our People policies reflect our Convex value of being straightforward and fair, doing things in the right way for our fellow Convexians and ensuring that we are all well supported. Each of our personal objectives are linked to one or more of the five Convex values, which allows our values to underpin our work in a tangible, measurable way, including our focus on valuing diversity and inclusion.

## Belonging at Convex

At Convex, we employ a full spectrum definition of the term 'diversity', incorporating, amongst other considerations, gender and sexuality, national and religious identity, and physical as well as neurological differences. Our approach goes beyond diversity and inclusion to focus on 'belonging', to mean celebrating difference and valuing everyone.



In order to improve how we work together, we use the Herrmann Brain Dominance Instrument (HBDI) to facilitate discussion of our similarities and differences when it comes to cognitive style and thinking preferences.

With input from our employees we have developed four Pillars of Belonging, which have helped create a solid foundation to nurturing the Convex Culture and encourage us to think differently about all that we do.

### Pillars of Belonging

1. Curiosity & Continuous Improvement
2. Connectivity & Contribution
3. Individuality & Accountability
4. Safety & Security



## Employee Engagement - Spark'd!

### How do we know we are on the right track?

We asked our Convexians in our first engagement survey in partnership with Spark. This focused on employee engagement as an outcome and how we feel about our culture.

For our first engagement survey, Convex achieved a 94% employee response rate and our results rivalled 'best in class' organisations. One of our top overall strengths was how positive our employees feel about our people-friendly policies and strong belief in our values and vision.







## Putting it into Practice

Since Convex was established, we have hired over 400 colleagues, with over 250 of these employed since the first Covid-19 lockdown. We recognise that the market for the high-quality talent that we require is competitive, and we are sharply focused on attracting, motivating and retaining a diverse workforce.

Imperative to our success will be our ability to develop and sustain the culture which reflects our values. For that reason, our approach to Talent Acquisition is key to reinforcing our values and culture right from the outset. To help assess this, early on we introduced an applicant tracking system which allows us to monitor our progress both in attracting a diverse pool of applicants and in bringing them into Convex. Further, to help mitigate implicit and explicit bias, we have a process which allows us to conduct blind reviews of CVs where appropriate.

We think differently about hiring and have a more targeted approach in how we attract candidates. A great example of this is how we have hired for our intern and graduate programmes. We wanted to ensure we developed the best future pipeline of talent for Convex from diverse backgrounds; we went to iCAN (Insurance Cultural Awareness Network), partnered with schools in less privileged areas, connected with refugee candidates, worked with a disability recruitment firm and went to 'Exceptional Individuals', a neurodiversity enterprise to help partner with us. The results of this changed approach are compelling and resulted in a truly diverse set of candidates.

We further gained accreditation as a Disability Confident Committed employer, and are keen to ensure we make the most of the talents disabled people can bring to our workplace.



## Gender Equality

We recognise the need for strengthened gender diversity in our industry. In this vein, we have run a successful 'Returner Programme' aimed at accessing high calibre, motivated people who have typically taken a career break of two or more years. As the vast majority of those who take career breaks are female, it is our expectation this programme could be a powerful tool for our gender diversity in more senior roles. Based on the success of our first Returner Programme we are looking to welcome additional Returners to Convex going forward.

We also have a number of industry leading family friendly policies:



**Enhanced parental leave** for all



**Transition coaches** to support employees through parental leave



**Dependents leave** - up to five days' paid leave to deal with unexpected events concerning dependents.





## Raising Awareness

An important aspect of promoting belonging at Convex is in raising awareness by bringing fresh perspectives into our organisation. We have exciting plans for future events and have, in our first two years, had the privilege of hearing from high profile speakers such as Historian David Olusoga, who spoke about 'Black History, Black Identity'.

We celebrated International Women's Day with panel discussions including our Non-Executive Director, Fiona Luck; and recognised International Men's Day with a powerful story from a senior Convex employee about their journey with depression.

We run a fortnightly lunch and learn series which has included presentations on subjects such as Neurodiversity and Alzheimer's, alongside business topics.



## Personal Growth and Performance

At Convex, we celebrate the ability to improve. We recognise that capabilities aren't fixed – that they are in fact fluid – and we give ourselves permission to fail and to make mistakes or missteps, and to reframe these as 'Insights for Improvement'.



**We encourage continuous learning and development, and provide all employees with a 'learning wallet' to spend on their individual personal development.**



**We recognise that giving and receiving feedback are essential for growth and progression. We use feedback to fuel improvement and we seek to provide it in the spirit of individual aspirations.**



**We celebrate positive performances in our online forum 'Convex Celebrates'**







### Creating the right environment

Dedicated Wellness Rooms in the London and Bermuda offices offer a quiet space for new mothers, medical treatment or for anyone needing a quiet space.



## Health and Well Being

Creating the right environment for Convexians to thrive and be themselves is critical to us. In our offices in London and Bermuda we have incorporated dedicated Wellness Rooms, which are well equipped private spaces with secure storage. These might, for example, be used by new mothers to express milk; by those requiring medical treatment at work; or by anyone needing a quiet space to meditate or to manage anxiety or depression.

Convex is committed to protecting the health, safety and welfare of all Convexians. We promote positive mental health, educating on mental health issues and addressing any stigmas by creating an environment where Convexians are able to talk openly about their mental health. Among other initiatives:

- We run regular sessions focused on our mental health and wellbeing, which look at mental resilience and the health benefits from diet and exercise
- We have 35 certified Mental Health First Aiders within Convex
- We have partnered with a recognised provider to give Convexians an independent, confidential employee assistance programme.

We have been particularly conscious of the increased mental burden on our colleagues during the pandemic, and of its impact on their physical fitness, particularly during lockdowns. During this time we conducted three well being surveys to understand how employees were impacted, what they needed, and how we could help provide for them. We created a number of help groups for employees, such as parents groups for children in different age brackets; and we also implemented The Convex Workout, a twice weekly virtual live fitness session.

More broadly, we encourage physical well being with a number of employee incentives such as Cycle to Work scheme, bike storage, lockers and showers in our London and Bermuda offices to facilitate cycle commuting; and employee led fitness groups such as Run Club.

In the summer of 2021, we launched our first virtual 'Race to Bermuda' in which teams of Convexians ran, walked, swam, cycled or rode the equivalent distance from London, via our Luxembourg office to Bermuda and raised both awareness and sponsorship for Alzheimer's UK in this mission.



## Convex Race to Bermuda

Summer House Challenge  
1 July - 31 August





## Community and Charity

We recognise that we do not operate in isolation but interact constantly with the wider world, particularly our local communities, and those of our fellow Convexians. We aim to make a positive contribution to our local communities, providing both financial support and enabling our people to contribute their time and experience to causes which matter to them. Our clients and brokers are of course also an essential part of our wider community, and through the pandemic we have adapted the ways in which we engage with them (as highlighted further in this section).





During 2020 we launched our Bermuda and London **Charity, Outreach, Diversity and Engagement (CODE) Committees**. These two committees are made up of volunteer members from across the business whose aim is to support the local community through charitable giving and outreach, build open dialogue and initiatives relating to diversity as well as being a forum for social engagement within the local offices.



#### Our Bermuda CODE Committee has focused in 2020 on supporting three local charities:

**The Reading Clinic** - Maths Programme. This initiative is aimed at helping young students with numeracy learning differences to develop number sense, to strengthen their understanding, and to think and reason mathematically.

**The Kaleidoscope Arts Foundation** - KAF Garden Programme. This teaches children traditional maths, science and life skills through gardening.

**The Coalition for Protection of Children** - Grateful Bread Programme. This provides food and grocery vouchers for families.



#### Our London CODE Committee is supporting;

**XLP**, a London-based charity whose aim is to engage in long-term relationships that empower young people from disadvantaged backgrounds to complete their education, avoid anti-social behaviour and ultimately become independent and confident contributors within their communities. XLP operates across nine inner-city boroughs around London, working with over 4,500 young people each year through education, mentoring, sport and the arts.



### Group level Charity and Outreach

At group level, in line with our focus on mental health, in 2020 we selected Alzheimer's Research UK (ARUK), as our corporate charity partner. We worked with ARUK throughout 2020 and 2021 to both educate Convexians, brokers and clients about dementia and Alzheimer's as well as fundraise for the Early Detection of Neurodegenerative Diseases (EDoN) project. This is the largest such initiative in the world that will collect, share and analyse clinical and digital health data to detect diseases like Alzheimer's.



Make breakthroughs possible

### Convex and the Arts

Convex is a corporate sponsor of the Royal Academy of Arts in London and we encourage all Convexians to get involved in both learning opportunities and exhibitions. We also host an annual private viewing of the Summer Exhibition for our brokers and clients.

### Volunteer days

Convexians are encouraged to volunteer to help our communities or take part in charitable activities. Each Convexian is given three paid volunteer days per year to support one of our chosen charities or a charity of their choice.





### Fund matching scheme

Convex operates a fund matching scheme which acknowledges the voluntary work and fund-raising efforts of its employees. The scheme is designed to recognise money raised through employees' personal endeavours such as running in marathons or organising special events.

Under the scheme Convex will donate, usually up to a maximum of \$500 per employee per annum, in support of any Convexians' fund-raising activity and in recognition of volunteering commitments.

### Give As You Earn

In the UK we operate a 'Give As You Earn' scheme, under which Convexians can authorise the Group to deduct from their monthly salaries contributions to their chosen charity.

### Bermuda Institute of Ocean Sciences (BIOS)

Through the BIOS Ocean Academy, we are sponsoring a student to undertake research into biodiversity in Bermuda with the Seagrass eDNA Biodiversity Assessment (SeBA).

The project aims to provide a representative picture of fish biodiversity associated with seagrass recovery by using a novel method for detecting fish presence through the collection of fish DNA directly from seagrass blades.

The loss of seagrass in Bermuda's coastal shores has galvanized local groups in public support of seagrass restoration efforts.



Underpinning each program within BIOS Ocean Academy is the drive to train today's youth to become tomorrow's leaders.

### Engaging with our business partners

The ongoing challenges that Covid-19 has imposed on our business and others, in particular the limitations on face to face meetings, encouraged us to find different ways to maintain engagement with our brokers and clients as we managed this new and distant way of conducting our business. An integral part of Convex's values is to support customers through times of crisis and uncertainty. We adapted by using innovative initiatives such as our virtual broker booths and social events to ensure high levels of service and continued strong communication throughout.



**The Convex Conversation** is a weekly podcast series we developed during lockdown, initially to engage employees on a diverse range of subjects that align closely to the UN Sustainable Development Goals. From the Chief Pilot of the London Air Ambulance through to 2020 GQ Humanitarian of the Year, Patrick Hutchinson, each informative episode creates a space for guests to discuss social issues, wellbeing and aspects of their lives which touch other people. We soon decided to make these thought-provoking podcasts available more widely on LinkedIn and via other social media to share the insights from these conversations and prompt debate among our extended community on a broader range of topical issues.







## The Convex Blue Carbon Seascape Survey

One of the critical, unsolved scientific questions of our time is how does the ocean impact climate change? The seascape is the ultimate sink for carbon emissions and, in a time of climate emergency, could be an immense ally in efforts to slow runaway warming.

Convex is sponsoring an ambitious, five-year global research programme that will seek to provide the answers the world needs to fully incorporate the ocean into efforts to slow climate change. It builds on two highly successful, high profile science programmes from the previous decade which supplied incontrovertible evidence that climate change was already the cause of major disruption: The Catlin Arctic Survey, and the Catlin Seaview Survey.

The Convex Blue Carbon Seascape Survey turns the focus onto an immense but neglected and misunderstood region of the ocean - the continental shelves - which could be an ally in action against climate change. This programme represents a natural fit for Convex. Like many of its customers and peers Convex is

acutely aware of the growing impact of climate change and the risks associated not only with its physical consequences, but also with the scale and rapidity of transition. As an insurer Convex' business is about managing risks, which means that robust data sources have enormous importance. For this reason Convex, working with Blue Marine and the University of Exeter, has identified the need for a significantly greater understanding of the properties and capability of the ocean and seabed in the Earth's carbon cycle.

The Survey will provide timely, accurate, open access data on the world's shelf seabed carbon stores, giving them long-overdue international attention and prominence





# Sustainable Operations

As part of our aspiration to be a truly sustainable business, Convex strives for excellence in all aspects of our operations, whether in our two primary offices in Bermuda and London, at our additional managed service sites in Luxembourg and Guernsey, or for colleagues who are working remotely.

We are committed to ensuring the environmental sustainability of our operations and recognise the importance of this to our employees alongside their need for high quality functional workspaces. This commitment directly informed our decisions to occupy space in Point House, Bermuda and The Scalpel, London; both modern, energy efficient buildings offering high standards of amenity, the latter in addition powered by 100% renewable energy.



We strive to minimise our environmental footprint, choosing to occupy modern, high environmental efficiency buildings and taking a responsible approach to our use of resources.





## Cultivating a Sustainable Workplace

As Convex grows, we continuously seek ways across our London and Bermuda offices to evolve traditional working practices and our office environment to better meet the needs of a more digital business world whilst also minimising our environmental footprint.

For example, we operate near paperless offices across our organisation, and when paper is used it is 100% recycled. In addition, our agile working practices involve minimal use of fixed monitors – available only in designated “library” areas – which helps to reduce electricity use. In our London office, we operate a waste recycling system, and achieved an average recycling rate of 62% in 2020 during which no waste was sent to landfill.

We also have substantive measures in place to ensure sustainable procurement, and our UK catering and cleaning contractors are a good example of this. As ISO 14001 certified suppliers, they use locally sourced produce to minimise their carbon footprint and make deliveries to Convex by cargo bike. Over 90% of their packaging is either biodegradable or recyclable, and we use coffee beans instead of pods to avoid waste. We use crockery and stainless steel cutlery in our catering to avoid single use plastic.

When it comes to the buildings we occupy, in both London and Bermuda we benefit from modern environmental measures such as energy efficient water management, motion sensor LED lights, glazing with a high UV rating to limit heat gain, and an EMS (Energy Management System) which is used to control zone air conditioning as well as lighting levels.

In our Bermuda offices, rainwater is collected on the roof and used to supply the needs of the tenants, being filtered and UV sterilized prior to distribution throughout the building.

## Operational resilience during the pandemic

From the outset we have invested heavily in technology, and this has served us well during the lockdowns and wider disruption to traditional working patterns caused by the Covid-19 pandemic. It has supported Convex's resilience, and our business operations have continued uninterrupted throughout, whether in the office, virtually, or in a hybrid working environment.

## Carbon and Energy use in 2020 (UK)

Convex, as a new insurer has to date focused on ensuring the implementation of robust sustainable operational initiatives. We are still developing our approach to collating emissions data across the group as a whole in order to give us the complete picture of our footprint, on which we will report in due course, and which we will use to inform the development of our operational sustainability targets.

A seamless company wide shift to remote working during national lockdowns in the UK alongside international travel restrictions naturally caused a significant reduction in our carbon footprint versus expected levels. As we make the transition back to the office, as business travel increases, and as Convex continues to grow, we recognise that our emissions will grow significantly. However, we will continue to endeavour to align our internal environmental goals with business strategy.

The following data represents our energy consumption and carbon emissions for Convex Insurance Ltd, UK in 2020 using a market based approach.

### Carbon Emissions per employee:

Year	No UK Employees	tCO2 per UK employee (year end)
2020	192	2.2 tons

Greenhouse gas emissions are categorised into three groups or ‘Scopes’ by the most widely-used international accounting tool, the Greenhouse Gas (GHG) Protocol.

Scope 1 covers direct emissions from owned or controlled sources. Convex does not have any Scope 1 emissions as we are tenants in a serviced building where we are not in control of the operation of boilers, plant etc., and in 2020 we did not operate any fleet vehicles.

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling which we consume. Convex electricity in its UK offices is produced 100% from renewable sources with zero GHG emissions associated with it. The consumption references gas used centrally for heating.

### Total Consumption kWh

Total Consumption kWh	tCO2
238,090	43

Scope 3 includes all other indirect emissions that occur in the company's value chain. Included in this calculation are rail and air travel.

### Total transport metric tCO2

377
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Our vision is to leverage our data and derive insights from it to enable better decision making and management of risk.



## Data and Technology

Convex is investing significantly in the development of data and analytics capabilities, as we believe that these represent a real point of differentiation versus industry peers who are, in many cases, operating multiple legacy systems, and will be a source of profound commercial advantage for us. We treat our data as a strategic asset, and our capabilities in this domain will enable us to serve our existing and prospective customers more effectively and more efficiently, supporting Convex's sustainable growth over the long term. Our vision is to leverage our data and derive insights from it to enable better decision making and management of risk, as well as making it easier for us to meet our regulatory, risk, compliance and financial reporting obligations. This efficiency will make an important contribution to the critical strategic goal of a low expense ratio.

Starting with a blank canvas and building new systems from the ground up, we are confident to challenge the status quo and have deployed modern technologies that support agility, continuous integration and development, data availability and modularity. This facilitates scalability, and provides resilience to adapt to the demands of a growing organisation. Information security has been designed into our IT systems as well as our employee training, and data and technology are safeguarded in compliance with all relevant regulatory standards. We also have an absolute commitment to the ethical use of the data we collect.



## Procurement

Convex Insurance is a consumer predominantly of services, with limited requirements for physical or manufactured goods. As an overarching principle, Convex expects suppliers to behave with integrity, fairness and transparency on matters relating to ESG. The Convex Procurement function has developed processes that help drive corporate responsibility as a core criterion for evaluation of new and existing third-party suppliers, factoring in respective supply chains.

The approach has been designed to address the key issues in the pre-contract (bid) and post-contract (onward management) phases of a supplier relationship. There are specific mechanisms that have been developed in relation to what we regard as the key issues with potential and existing suppliers, including their policies with regard to Modern Slavery; Environmental Impact; Social Impact; Diversity, Equality and Inclusion.

Our Group Procurement Policy incorporates the parameters that inform our approach to Responsible Procurement in the supplier selection process. Our supplier evaluation criteria include: fair working conditions; diversity; fostering local economic development, entrepreneurship and innovation; promoting practices that reflect responsible environmental management; and preventing and mitigating potential and actual impacts on human rights.

A Corporate Responsibility questionnaire is issued to potential suppliers as part of pre-contract due diligence. The responses form part of our overall evaluation of supplier bids, helping us to ensure that contracts are awarded only to suppliers with robust standards.

Convex's Supplier Code of Conduct outlines the expected behaviours and engagement model for both Convex and our suppliers.





## Governance

The Convex Group Ltd (CGL) Board's role is to be collectively responsible for promoting the long-term sustainability of the company, generating value for shareholders in a manner which also allows it to discharge its responsibilities to its stakeholders whilst maintaining compliance with legal and regulatory requirements.

The CGL Board sets the purpose, strategy and values of the company and seeks to ensure that the culture within the company is aligned with these. The CGL Board is also responsible for setting the company's risk appetite and satisfies itself that financial controls and risk management systems are robust, while ensuring the company is adequately resourced. The CGL Board's responsibilities include taking account of other stakeholders including employees, policyholders and customers. This includes ensuring that an appropriate system of risk governance is in place throughout Convex. To discharge this responsibility, the CGL Board has established a robust governance and control framework that includes levels of authority, accountability, responsibility, oversight and challenge and is supported by a 'three lines of defence' model.

The CGL Board is responsible for directing ESG strategy across the Group. This is overseen by the Group Executive Committee (GEC) on behalf of the Board. In addition, the Investment Committee is responsible for overseeing the ESG strategy within the Investment function.

The broader ESG and Sustainability work is led by the Head of Sustainability, reporting to the Group CEO. Our ESG strategy and framework continues to be in development and concerns all aspects of ESG within the organisation.

Our Group Executive Risk Committee oversee risk matters concerning ESG issues, including climate change risk management. In CGL, climate change risk is owned by our Group CEO. On a day to day basis our Group CRO leads the risk management process around climate related risks.

Our Corporate, Social Responsibility (CSR) Committee oversee social, charitable and community initiatives including the work of our CODE Committees in Bermuda and London.







## Convex Group Limited

Point House, 6 Front Street, Hamilton HM 11 Bermuda

[convexin.com](http://convexin.com)

Convex Group is the trading name of Convex Group Limited, a company incorporated in Bermuda, and the ultimate parent company of the Convex Group of companies, as follows: Convex Re Limited, a company incorporated in Bermuda, which is a wholly-owned subsidiary of Convex Group Limited and licensed and supervised by the Bermuda Monetary Authority; Convex Insurance UK Limited, a company incorporated in England & Wales, which is a wholly-owned subsidiary of Convex Re Limited and authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority and the PRA; and Convex UK Services Limited, a company incorporated in England & Wales, which is a wholly-owned subsidiary of Convex Group Limited.

