

# Sustainability at Convex

March 2023



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# Foreword from our Chairman

We founded Convex in 2019 with a clear ambition: to become the partner of choice for the insurance and reinsurance of complex specialty risks. The positive culture that we foster within our organisation and our commitment to our values in every facet of our business are fundamental to realising that ambition. They unite us as we strive to meet the evolving needs of our clients in a changing world, and together grow a business that will be relevant and resilient over the long term; a business that fulfils an essential social purpose in helping clients manage risks that might threaten their viability; and a business that recognises and responds to the need for everyone – individuals, companies and governments – to play their part in shaping a sustainable future.

Convex is a young and fast-growing organisation but one in which decisions are taken with a long-term perspective, informed by the extensive industry experience of the firm's founders and leaders as well as the insight that we derive from the superior data systems and resources that we are building, unburdened by the baggage of legacy systems.

My long record of supporting climate related research projects speaks to my belief in the need to tackle climate change, and to take a considered and properly informed approach to doing so. We recognise the need for urgent action and intend to be part of the solution, but at the same time appreciate the complexity of the challenges, so are instinctively suspicious of quick fixes: it is only by filling the gaps in our understanding that sustainable solutions will be found. So our support for climate research continues with the Convex Seascape Survey. This is a pioneering collaboration of world leading marine scientists, led by the University of Exeter and the Blue Marine Foundation, that aims over its five-year term to build a greater understanding of the properties and capabilities of the ocean and its continental shelves in the earth's carbon cycle.

Similarly, Convex itself will take a considered and well-founded approach to the way we operate and the business we conduct, recognising that this will need to evolve in tandem with changes in the external environment. Over the coming year we will deploy ESG tools and data to better understand the ESG profile of our underwriting and investments, and continue to strengthen our client proposition. We will also progressively develop Sustainable Underwriting and Investment Principles so that we can take a more holistic approach as we scale our business.

We recognise the imperative to achieve net zero by 2050 and are committed to supporting this. Over time, that will involve aligning with clients who have made at least the same commitment. We also expect the shape of our underwriting and investment portfolios to evolve to reflect the changing composition of the global economy, recognising that some higher impact sectors are themselves essential enablers of the transition. We will support these so long as they are demonstrating progress on their own decarbonisation journeys; while we are in no doubt about the need to decarbonise society, it is vital that this transition takes place in an orderly manner.

I started by underlining the importance of our culture and our values. These inform both the types of business that we will transact and the way we choose to operate as a business. The scale of the former accounts for the majority of our impact in the world, but it is driven by and dependent on the latter. Our culture and values also help make us more than the sum of our individual parts, and enable Convex to attract, engage and retain the talented individuals on whom the organisation depends.

This is about more than words on a page. It is about the practical actions that we take to look after the interests and wellbeing of our colleagues; our initiatives to recruit from diverse backgrounds to better reflect the communities in which we operate and find the best combination of talent for Convex; creating a stimulating working environment and supporting colleagues' ongoing professional development; and maximising our contribution, while minimising our footprint.

We are proud of what we have achieved, but recognise that our approach will need to continue to evolve together with the development of our business and the wider context in which we operate. We are confident that we have the right governance structures in place to grow Convex in a sustainable manner over the long term, and as you will see from our Sustainability Framework (page 5), we are clear on how we can make a difference and what we need to do.



**Stephen Catlin**

**Executive Chairman**  
March 2023



# 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.

## The Convex Group is comprised of:

- **Convex Group Limited (“CGL” or “the Group”):** a Bermuda company incorporated on 24 October 2018;
- **Convex Re Limited (“CRL”):** a wholly owned Bermuda subsidiary of Convex Group Limited, authorised and regulated by the Bermuda Monetary Authority (“BMA”) since April 2019;
- **Convex Insurance UK Limited (“CIL”):** a wholly owned UK subsidiary of Convex Re Limited authorised and regulated by the PRA and the FCA since April 2019;
- **Convex Europe SA (“CES”):** a wholly owned Luxembourg subsidiary of Convex Insurance UK Limited authorised and regulated by the Commissariat aux Assurances (“CAA”) since September 2021;
- **Convex Guernsey Limited (“CGU”):** a wholly owned subsidiary of Convex Re Limited authorised and regulated by the Guernsey Financial Services Commission since July 2021;
- **Convex North America Insurance Services LLC (“CNAIS”):** a wholly owned US subsidiary of Convex Insurance UK Limited regulated by the local Insurance Commissioner and other appropriate regulators, since June 2021;
- **Convex US Services Limited (“CSL”):** a wholly owned UK subsidiary of Convex Group Limited incorporated in February 2019.

## A responsible insurer of complex risks in a changing world

As an insurer and reinsurer of complex risks, sustainability is central to our business in that we play a vital societal role in helping clients manage risks that might otherwise threaten the viability of their businesses or act as an obstacle to their role in transition. So, we are critical enablers of business activity and help promote economic sustainability.

The importance of conducting business in a responsible manner has never been clearer, and the events of recent years – including the pandemic and the war in Ukraine – have only highlighted the complexity, fragility and relentless change in the natural and human systems of which we are part and on which we all depend. We hope profoundly to see a rapid end to the war, but expect no respite in the pace of change as society grapples with the immense challenges of making the transition to net zero over the coming decades.

Against this background, we are focused on building a resilient, responsible business in a transitioning world. Our approach to sustainability is shaped by our values and organised across all aspects of our business according to three guiding principles, supported by robust governance structures and a strong culture which together enable realisation of our ambitions.



## Convex’s commitment to Net Zero by 2050

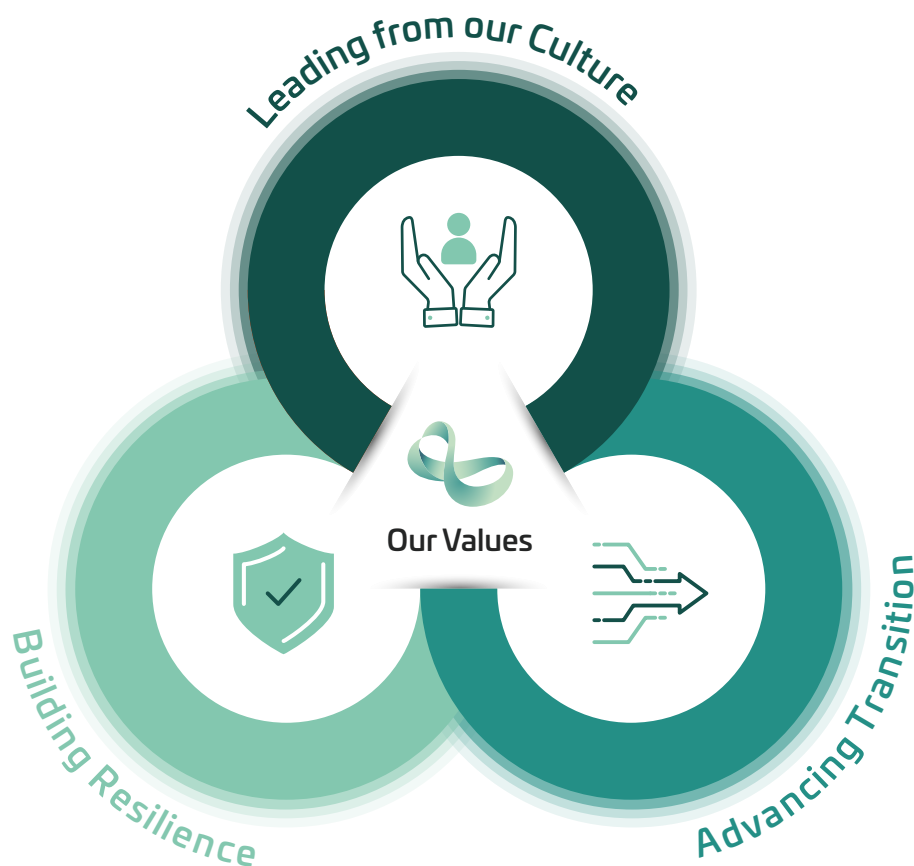
We are committed to achieving net zero in our own operations and in our business activities by 2050, with our initial interim targets to be determined in the coming year.

We are in the process of establishing full baseline data according to evolving industry standards to inform the development of our transition plans.



# Convex Sustainability framework

We have refined our Environmental, Social and Governance (ESG) strategy to three Guiding Principles



## Governance

### Building Resilience

- ✓ Leading customer resilience; insuring complex risks in a changing world
- ✓ Aligning our portfolio with businesses on a transition path
- ✓ Understanding risks and opportunities from climate change
- ✓ Reducing the footprint of our own operations
- ✓ Responsible and transparent reporting



### Leading from our Culture

- ✓ Being a values-led employer of choice
- ✓ Fostering a diverse and inclusive workplace
- ✓ Contributing to our local and wider communities
- ✓ Collaborating and forming enduring partnerships



### Advancing Transition

- ✓ Supporting industry driving transition
- ✓ Developing innovative solutions to address new and emerging risks
- ✓ Building and sharing climate knowledge
- ✓ Leveraging our investments to catalyse change





### Building Resilience

Our business exists to support the resilience of our clients' activities through insuring complex risks in what is a fast-changing world. We believe that Convex itself will be more resilient and achieve its own sustainability objectives by aligning itself in its underwriting and investment activities with businesses across industry sectors that hold themselves to high standards and are committed to transition paths that are at least in line with achieving net zero by 2050. As a business we need – together with our industry peers – to continuously advance our understanding of the risks and opportunities posed by climate change, and to develop appropriate methodologies for quantifying our impact so that we can focus our efforts on progressing to net zero by 2050. Ensuring that we are transparent about our challenges as well as our progress on the journey is critical to driving understanding and trust in our approach. We are committed to responsible and transparent reporting in line with relevant ESG and climate reporting standards.



### Leading from our Culture

Our culture and values define the way we do business – within the firm and beyond – as well as the types of business that we choose to transact. They are therefore central to the realisation of our ambitions for Convex, and support and inform our two other guiding principles. They are also critical to attracting, retaining, motivating and uniting the talented individuals that we need to succeed as a resilient business. We recognise that we operate in a competitive market for talent, and that we need to stand out as an employer of choice, in part through the integration of our values. We also seek to foster a diverse and inclusive workplace in which everyone feels welcome, where we look after the welfare of our colleagues, and where they can make the most of the full range of experience and capability that they bring to our firm. Convex does not exist in isolation – we are a part of the local communities where our offices are located and where our colleagues live – and as such, we make a strong commitment to local community and charitable initiatives as a further expression of our values. More broadly, we collaborate actively in and form enduring partnerships with industry groups which are working towards a more sustainable future.






### Advancing Transition

We believe, given the complexity and systemic nature of the climate challenge, that it is for government to develop the policies that will drive the transition, but that there is nonetheless a clear role for bottom-up action by individuals and companies. Convex will play its part by supporting technologies and industries that are driving forwards the transition, and by developing innovative insurance solutions to address new and emerging risks. In addition, we will build and then share our knowledge and understanding of the mechanics and impacts of climate change. Finally, we will leverage our investments to catalyse change, allocating a proportion of our investment portfolio towards attractive investment opportunities which contribute to specific environmental or social outcomes, including technologies and companies driving forward the transition.



# Our Progress and Objectives

	Highlights of our achievements 2022	Key focus areas for 2023/4
 <b>Building Resilience</b>	<p><b>Reporting</b></p> <ul style="list-style-type: none"> <li>Completed first TFCF reporting in Aug '22 according to ClimateWise framework, scoring 63%</li> </ul> <p><b>Understanding</b></p> <ul style="list-style-type: none"> <li>Developed Climate Change Risk Assessment Framework for targeted risk focus</li> <li>Completed 'Project Berlin' physical risk assessment of key peril exposures</li> </ul> <p><b>Aligning</b></p> <ul style="list-style-type: none"> <li>Key ESG metrics established and incorporated in Franchise Value of CMF</li> <li>ESG baseline assessment of UW exposure</li> </ul> <p><b>Minimising</b></p> <ul style="list-style-type: none"> <li>Commitment to Net Zero by 2050</li> <li>Carbon reduction through purchase of offsets (Gold Standard/Plan Vivo)</li> </ul>	<ul style="list-style-type: none"> <li>Transition plan; establish baselines and set interim targets</li> <li>Develop ESG data profiling for underwriting and investment portfolios</li> <li>Embed Sustainable Underwriting and Investment Principles</li> </ul>
 <b>Leading from our Culture</b>	<p><b>Fostering a diverse and inclusive workplace</b></p> <ul style="list-style-type: none"> <li>Graduate and intern programmes well balanced by gender and ethnic diversity</li> <li>Successful ongoing partnership with Women Returners</li> </ul> <p><b>Strong colleague engagement</b></p> <ul style="list-style-type: none"> <li>Over 90% completion rate of 2022 engagement and inclusion surveys</li> <li>Gracechurch survey; Convex rated 2nd in Employer Brand Monitor</li> </ul> <p><b>Contributing to our local and wider communities</b></p> <ul style="list-style-type: none"> <li>Became lead partner of the Bermuda End to End: the island's largest fundraiser</li> <li>Key sponsor of Insurance Development Forum (IDF)/ Global Risk Modelling Alliance (GRMA)</li> </ul>	<ul style="list-style-type: none"> <li>Further embed sustainability in our culture</li> <li>Develop Leadership Curriculum to focus on Inclusion module</li> <li>Lead sustainable underwriting workshops to enhance awareness</li> </ul>
 <b>Advancing Transition</b>	<p><b>Building and sharing our climate knowledge and understanding</b></p> <ul style="list-style-type: none"> <li>Convex Seascope Survey: sponsoring a pioneering 5 year research programme to address a significant gap in global carbon quantification</li> <li>Supporting fully funded internship at BIOS (Bermuda Institute of Ocean Sciences)</li> </ul> <p><b>Leveraging our investments to catalyse change</b></p> <ul style="list-style-type: none"> <li>Created Impact Investment Strategy; Targeting high risk adjusted returns generating measurable impact</li> <li>Investment executed in European high impact fund</li> <li>Two investments in due diligence phase</li> </ul> <p><b>Supporting drivers of transition</b></p> <ul style="list-style-type: none"> <li>Grew offshore wind business in Energy and Casualty lines – including innovative, leading wording</li> <li>Joined Fly Green Alliance to help advance understanding on sustainable aviation</li> </ul>	<ul style="list-style-type: none"> <li>Socialise and inform our broader insurance and environmental community of the Convex Seascope Survey</li> <li>Drive forward Impact Investment strategy</li> <li>Further client and broker engagement in transition</li> </ul>





## 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 six:



### 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 and solutions towards transition.



### SDG 14

#### Life Below Water

Our Convex Seascape Survey seeks to quantify the role of the coastal seascape in the global carbon cycle to build inform this critically overlooked area.



# Governance

Convex is aware that effective management of climate risk is critical to the long-term success of its business. Accordingly, primary responsibility for climate risk is vested in the Convex Group Board, which is responsible for directing the ESG strategy (including towards climate risk) across the Group. The Group strategy is further adapted by local Boards as appropriate.

## 2022 Progress

- Climatewise Report (TCFD aligned) in Aug 2022
- Established Convex ESG Working Group
- ESG metrics identified within Sustainable Value of CMF (Convex Measurement Framework)



## 2023/4 Objectives

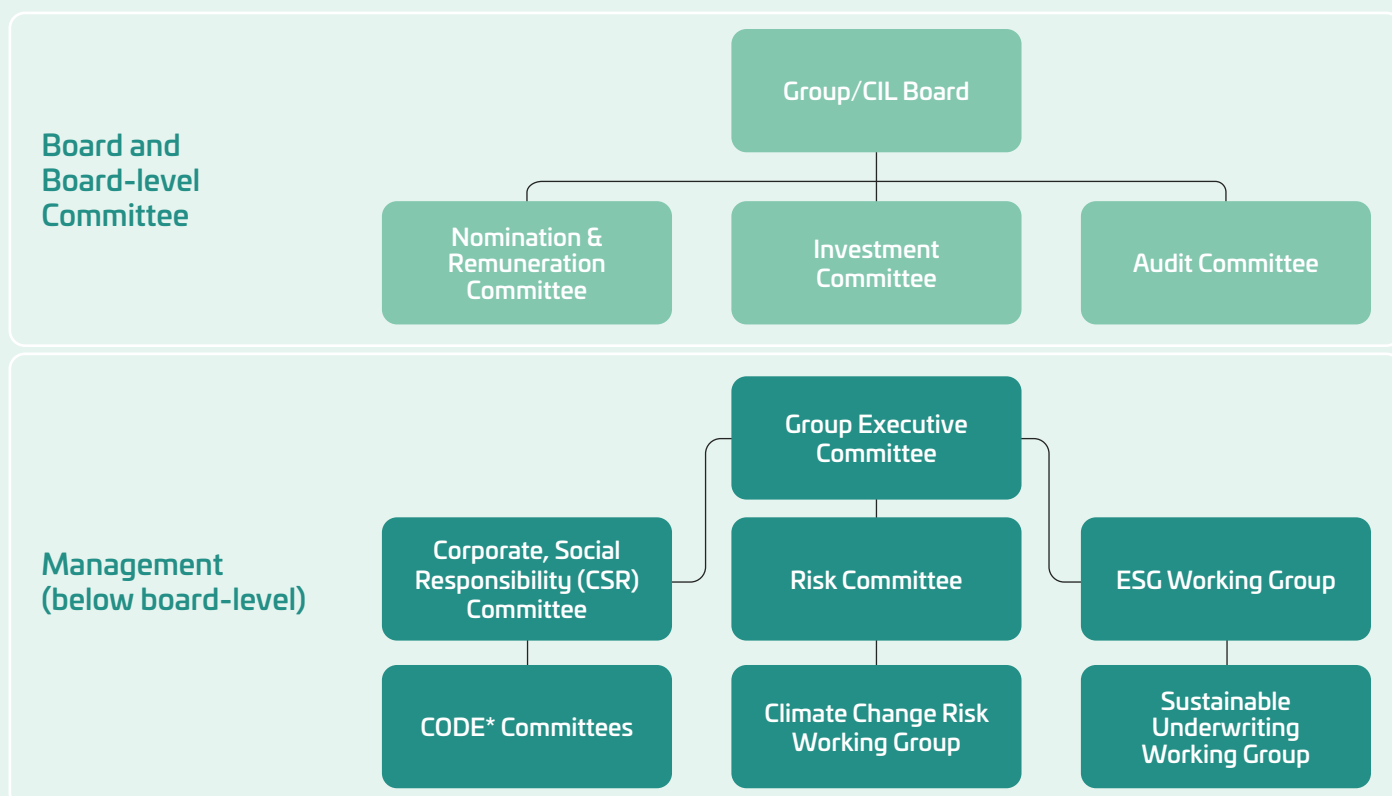
- Develop Net Zero plan to meet UK Transition Plan Taskforce expectations
- Further develop CMF linked ESG metrics
- Develop initial CSRD (Corporate Sustainability Reporting Directive) plan for Convex Europe SA (CES)



## Governance Structure, Roles and Responsibilities

The Board is supported by three board committees (Figure 1) and the Group Executive Committee. These committees may focus on specific aspects of climate change risk e.g., the Investment Committee oversees the ESG profile of the investment portfolio. The Board, however, delegates the day to day management of Climate Change risk to the Group Executive Committee and its sub-committees and working groups as set out in Figure 1.

**Figure 1 – Convex Group Sustainability Governance Structure**



\*Charity, Outreach, Diversity and Engagement





### Climate Risk Strategy and Board oversight

**A key responsibility of the Board is to agree the strategic approach to address the risks and opportunities facing the Group, including climate change risk, and to monitor progress against the strategy.**

The Group GSSA (Group Solvency Self-Assessment, as required by the Bermuda Monetary Authority ('BMA')) and the CIL ORSA (Own Risk and Solvency Assessment, as required by the PRA), are the processes adopted to monitor and report on strategy from a risk and solvency perspective. The GSSA, ORSA and associated risk management processes form an integral part of the Convex Risk Management Framework ("RMF").

The 2022 GSSA and ORSA reports include separate sections comprehensively setting out the Group's proposed approach to the financial risks of climate change, including amendments to the Risk Management Framework, and the findings of the initial scenario analysis exercise on the balance sheet impacts of climate-related risks.

The Board monitors progress of the ESG strategy and reviews priorities through the Quarterly ESG Summary prepared by the Head of Sustainability.

The ESG Working Group has been established to manage the implementation of the Sustainability Strategy as set by the Board(s) and guided by the Group and entity Executive Committees.

In 2021, Convex launched the Convex Measurement Framework (CMF) to help measure progress towards long-term goals across three pillars. This aims to provide a framework for the Group (and the Board) to measure progress on long-term objectives, to give comparison against peers and to contextualise financial results. Convex sees its approach to Climate Change risk and opportunities as integral to its resilience as a business and has identified 'Sustainable Value' as one of the sub-pillars of Franchise Value within the CMF.

In 2022 a number of ESG metrics were established within Sustainable Value, including the Convex ClimateWise score, identified as an independent measure of progress towards climate related goals and importantly aligned to TCFD (Taskforce for Climate Related Financial Disclosures).

Convex submitted its first TFCF reporting in Aug '22 according to ClimateWise framework and scored 63% as independently assessed by Deloitte/ClimateWise, considered a strong score for a first time report. A copy of the ClimateWise Report can be provided on request.







# Sustainable Underwriting





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 with our clients and brokers**

**Develop innovative solutions to address new and emerging risks as well as facilitate transition efforts**

We want to align our insurance portfolio with businesses that are working constructively towards a net zero transition path and on the right side of material ESG issues in line with the expectations of our business, people, counterparties, industry and wider society. We believe this is not only the right thing to do but also the right long-term strategy for our business.

We are actively building the processes, guidelines and data needed to help our underwriting teams – who work across a wide range of speciality insurance sectors – make day-to-day decisions about their business. Our Head of Sustainability continues to work closely with our underwriting teams to develop awareness of ESG issues across our underwriting community and their brokers, supporting our clients in their transition to a low carbon economy.

### 2022 Progress

#### Sustainable Underwriting Principles

- ESG exposure assessment undertaken to inform development of Sustainable Underwriting Principles

#### ESG Data

- Pilot project on ESG ratings on Energy portfolio
- ESG ranking on our Reinsurance portfolio

#### Advancing transition

- Sponsored Sustainable Aviation Futures Conference and joined Fly Green Alliance
- Offshore wind wording leadership
- Established Strategic Risk Solutions initiative



### 2023/4 Objectives

- Develop baseline emissions data on at least 25% (premium volume) of our insurance portfolio
- Expand ESG rating analysis across at least three other business classes
- Implement Sustainable Underwriting Principles in Convex direct underwriting
- Socialise the intelligence and learnings from Convex Seascope Survey to our Underwriting community



### Net Zero Underwriting

We are building our underwriting transition plan to align with the Paris Agreement by 2050 and will be developing underwriting targets in this regard.

We are conscious of the changing energy needs driven by the Ukraine/Russia war and how this impacts certain sectors and geographies. This may influence how we evaluate clients' shorter-term goals (and the consequent impact on our own target development). Our plans will emphasise the necessity of progress against realistic and viable short-term goals as well as ambitious medium to long-term targets.

As is further described in this section we are committed to supporting innovation and the role of insurance in the development of renewable energy and other de-carbonisation efforts.

A key part of our net zero commitment is to develop our understanding of the environmental commitments and the transition pathways of our re/insurance clients. Our focus in 2022 and continuing in 2023 is to develop and integrate the underlying data to enable target setting towards ensuring our underwriting portfolios meet net-zero emissions by 2050.

In this regard, we are supportive of the work being done by the PCAF (Partnership for Carbon Accounting Financials) to develop a methodology for insurance associated GHG emissions, and contributed to the scoping phase of this project.

### ESG Data development

As described above, we are developing our use of ESG data, including ratings and emissions data, to inform the sustainability and transition profile of our re/insurance clients.

We have licensed a rating agency ESG module for this purpose and have started to introduce this data at client and portfolio level. As a pilot project, we have taken certain ESG data of our material reinsurance clients to inform our client ranking process. In this exploratory phase of this project, we have taken five different contributory factors to build our own view of their ESG profile.

In a further pilot study, we undertook an ESG rating analysis of our Energy portfolio. We aim to enhance this work across all our lines with further environmental data, where available.

### Sustainable Underwriting Principles

Our Sustainable Underwriting Principles are in development and led by a dedicated working group. As an initial step, in 2022, we undertook a comprehensive assessment of our ESG sensitive underwriting across our direct insurance lines. This has given us an estimate of our exposure to sectors of particular relevance to our stakeholder community and where we now are focused on developing our policy.

### Our Sustainable Underwriting Commitments

#### Energy

We are fully committed to supporting clients in the energy sector on their transition paths. As highlighted below we are developing our data resources to allow us to evaluate the transition plans being developed by our clients. This will consider their emissions profile and targets as well as other factors such as the geographies and social environments in which they operate.

#### Thermal coal

Convex has a very minor exposure to thermal coal and its dedicated infrastructure in our direct underwriting portfolio and is committed to not increasing this. To ensure transparency of exposures, we have established a monthly monitoring process.

We have further committed that we will not insure the construction or operation of any new thermal coal mines and/or their dedicated infrastructure in our insurance underwriting.

#### Oil Sands

We have a very minor exposure to oil sands and its dedicated infrastructure in our direct underwriting which we have further committed to not increasing. This is similarly monitored regularly.

#### Arctic Oil

Our exposure to arctic oil is very minor and we do not underwrite offshore exploration north of 70 degrees latitude excluding PSA regulated activities in the Norwegian and Barents Sea.

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.

#### Human rights

In our underwriting, we seek to abide by our broader corporate principles on human rights (see Convex Modern Slavery Statement). If human rights risks are identified during the underwriting risk assessment, risk mitigation measures are discussed and agreed.

#### Controversial weapons

We will not knowingly directly insure companies currently involved in the development, production, or sale of controversial weapons such as cluster weapons and anti-personnel mines.





# Opportunity and Innovation

Convex has taken some material steps to ensure we are engaged in and supporting the opportunity, together with the new risks, presented by the transition to a low carbon economy.

## Energy Transition

Convex has taken a leading position in the Underwriting of Offshore wind across both energy and liability lines, as outlined in the case study in the inset box.

### Offshore Wind Underwriting

Convex is growing and shaping the underwriting of offshore wind both in its Energy and Casualty lines. A notable example is where Convex has led the construction liability component of the largest offshore wind project in the US. Convex took a lead role in the development of this placement where the client was looking for a lead insurer to address a particular issue where existing markets were proving inflexible. Convex wrote bespoke clauses and wording endorsements to create a more tailored solution to solve for the issue of traditional Onshore WELCAR wording not fitting for the particular type of cover.

For physical damage we now lead one of the principal offshore wind developer operating programs with multiple windfarms. In addition, we have prominent positions on almost all the large programs, and those of many of the offshore transmission operators. We continue to support the energy transition for offshore wind and currently participate on 18 construction projects globally and aim to grow this as industry constraints permit.

Other examples of insuring the transition include our advances with electric vehicle insurance where our Casualty team have recently led the liability programmes for a number of new EV manufacturers. A notable example is a manufacturer of electric and hydrogen powered trucks which is also developing and partnering on the installation of hydrogen re-fuelling infrastructure along key freight corridors in California and elsewhere. This is largely seen as the only viable solution for green trucks which need to travel long distances where batteries simply don't have the energy density to meet those demands.

Another manufacturing client of Convex is pioneering the build out of battery recycling facilities seen as a crucial step in transitioning battery technology to a more sustainable footing.

## Aviation Transition

We recognise the challenges – and also the opportunity – of the need for the aviation sector to de-carbonise. As a leader in this market, our Head of Aviation, together with our Head of Sustainability have made considerable efforts to understand and raise awareness of the evolving sustainable aviation world:

- Convex was the sole insurer sponsor of the 'Sustainable Aviation Futures' conference in Amsterdam, in June 2022, which brought together airlines, Sustainable Aviation Fuel ('SAF') manufacturers and industry bodies to progress the development of sustainable flight.
- Convex is a material supporter of 'BVLOS' (Beyond Visible Line of Sight) drone insurance. These drones perform remote tasks delivering medicine, inspecting power lines, delivering cargo etc, replacing traditional transport means such as helicopter.
- Convex Joined Fly Green Alliance – supporting industry insights and news on SAF/sustainable aviation.
- Convex was a sponsor of the SAF Mechanism Report – supporting aviation to decarbonise.
- Our Head of Sustainability joined a number of industry panels in 2022 on the subject of Sustainable Aviation.

## Carbon Credits

We are closely attentive to the growing opportunities in the carbon credit market and the demand from risk averse financial entities seeking risk mitigation solutions from insurers.

We believe that, as with other commodities, there is a role for insurance. Our appetite will be driven by each underwriting line of business as the existing products are sold in this manner.

## Strategic Risk Solutions (SRS)

Our Strategic Risk Solutions initiative has been created to work with brokers and clients looking for solutions to risks that can't be addressed by conventional insurance products. We engage on unique, seemingly hard-to-solve problems, especially if they have an impact on achieving strategic priorities for clients. Key objectives of SRS:

- Address the risks relating to projects and initiatives of strategic importance to our clients, but for which insurance solutions do not yet exist
- Enable new projects to get off the ground by creating greater certainty from a business case perspective
- Help reduce the cost of capital for capital intensive projects



### InsurTech

Convex has made significant investment in systems to enable sophisticated data analysis and to permit us to grow our InsurTech offering. Our technological advances importantly mean we can be at the forefront of evolving digital methods of distribution. 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. We are progressing well with our ambition 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.

### Claims

A cornerstone of our client offering is to ensure a responsive service from our claims team to engage immediately and exhaustively with brokers and clients to ensure quick and attentive responses in time of crisis.

**We are proud to have been recognised by Gracechurch as No1 for Claims Service provision.**

We endorse initiatives for a sustainable approach to insurance claims and are looking to develop more sustainable approaches to the claims process. For example, Convex joined the Geospatial Insurance Consortium ('GIC'), a collaborative technology platform for insurers, which combines high resolution satellite imaging with AI decision making to expedite and simplify claims processing. Importantly, as well as improving customer satisfaction, by enabling remote assessment of damage, the technology also reduces the need for loss assessors to travel to the site, thus reducing Scope 3 GHG emissions from claims processing. Convex used this technology to assess claims during the 2021/2 US hurricane seasons.

### Protection Gap

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 support initiatives to address this. We are active members 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. See Partnerships section for more detail.







# Sustainable Investments





## 2022 Progress

- Established Impact Investment Strategy and executed first transaction
- Defined ESG investment metrics within Convex Measurement Framework (CMF)
- Assessed requirements for financed emissions per PCAF methodology and identified emissions reporting provider
- Conducted assessment of ESG data providers



## 2023/4 Objectives

### Key future initiatives and recommendations

- Implement ESG investment data provision for fixed income and risk asset portfolios
- Secure source for Scope 3 finance emissions data provision and pilot PCAF reporting
- Establish base line for investment CO<sub>2</sub>e intensity metrics
- Advance and implement Sustainable Investment Principles
- Drive forward Impact investment strategy



## 1. Our approach to responsible investments

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

### Building on our commitment to sustainable investments:



At Convex we incorporate ESG issues into investment analysis and decision making because we believe in the importance of investing in companies and initiatives that support the transition to a de-carbonised future and a more equal world. Our view is that companies demonstrating a commitment to sustainable business practices can benefit from competitive advantages over time while operating with reduced risk, and can therefore generate stronger and more stable returns.



### Integrated ESG approach:

The ESG integration aims to monitor and mitigate any unintended duplication of exposure across both sides of the balance sheet by identifying risks not yet fully reflected in the asset liability management models through the sustainability lens.



### Doing well while doing good:

Convex recognises the potential for investments to generate financial returns while also creating positive, measurable social impact. Through our impact investing strategy, we aim to deploy capital into initiatives that intentionally and measurably contribute to addressing the world's most pressing environmental and social challenges.



## 2. ESG Integration

At a high level, there are three elements to our \$3.6bn investment portfolio.

1

The first is our core fixed income portfolio which accounts for around 95% of the total investment portfolio.

2

The second is our risk asset portfolio, which represents around 5%.

3

The third is our impact investments, which are today at a nascent stage.

Our overarching approach is informed by our three key principles, but the integration of sustainability considerations is distinct to each portfolio component.

### 2.1 Core Fixed Income portfolio

The primary objective of the investment function at Convex 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, 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's approach to responsible investing means integrating ESG risk factors through the explicit and systematic inclusion of ESG considerations in investment analysis and decisions. ESG risks within the investment portfolio are overseen by the Investment Committee, which receives a quarterly report of the ESG profile of the portfolio. ESG considerations are articulated in the Convex Group Investment Guidelines which is in line with the Convex Financial Market Risk Framework.

Convex maintains a relatively small in-house investment team located in London and outsources the day-to-day management of the company's investment assets to its external asset managers who are responsible for sector allocation and security selection, within the defined parameters set out in the guidelines. These asset managers incorporate ESG considerations into their decision making process and provide details on ESG ratings and factors. There is a strong focus on investing in companies with good governance practices, and they embed ESG factors into their research, risk processes, investment decision making and portfolio construction. This approach is integrated into their fundamental assessment of corporate and municipal issuer credit profiles. 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.

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 TCFD requirements.

The investment team at Convex 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 ESG review of all existing managers, with additional evaluations if material issues arise. 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.

### 2.2 Risk asset portfolio

Alongside the core fixed income investments, a portion of the portfolio – around 5% at the end of 2022 – is held in select risk asset mandates, similarly managed by external investment managers. Where allocations to new risk assets mandates are proposed, the New Manager Approval Process and associated selection criteria and due diligence review process and questionnaire explicitly include a review of the manager's approach to climate and ESG related considerations, alongside processes for reporting and disclosing climate and ESG related metrics for the portfolio. We also continue to actively screen and analyse new products and strategies that have a dedicated ESG or climate change related focus, in particular those that can have high impact to key climate or social themes.



### 3. Portfolio profile and ESG metrics

Convex's total investment portfolio is valued at c. \$3.6bn as at 31 December 2022. The majority of this is held in government securities (41%) and corporate bonds (32%). In terms of industry sector and geographic distribution, circa 58% of the portfolio is allocated to government and financial sectors while 82% of the total securities are issued in the US, with the remainder in Canada, UK, Australia, Western Europe and Japan.

The investment portfolio has some longer-term exposures such as investments in closed-end investment funds, but the majority of invested assets are held in high quality, short duration fixed income securities (1.64 year duration at end of December 2022). In addition, as our portfolio predominantly comprises sovereign debt, with some high-grade corporate bonds (and importantly, minimal equity investment), our transition risk exposures are in any case limited. These results were confirmed by the stress test exercise that we conducted in January 2023.

In order to understand and quantify our overall risk exposure 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. They 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 exposures 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. The quarterly update on ESG trends and concentration across the portfolio is included in the investment report from the Head of Investments to the Investment Committee.

**The investment team receive all the following ESG and climate change metrics at group and entity level from our core external managers:**

1

**Carbon intensity score and appropriate benchmark expressed as Tons CO<sub>2</sub>e/\$mm sales**

2

**Average ESG rating and appropriate benchmark (aggregate and pillar level)**

3

**Portfolio and benchmark ESG rating distribution, grouping into Leaders/Average/Laggard**

4

**Top 10 contributors to Carbon intensity metrics**

5

**Top 5 and Bottom 5 ESG rated holdings**

Convex considers its aggregate climate change risk and ESG exposure in the portfolio to be moderately low, manageable and in line with its risk appetite. There are no significant concentrations given the low aggregate exposure to fossil fuels and the overall high quality and short duration of the fixed income securities. At the issuer level, portfolio exposures are well diversified and issuers that have the highest carbon intensity metrics represent only a very small proportion of the portfolio.

The MSCI carbon intensity for the covered combined portfolio of 106.1 is considered moderate and is well below the benchmark score of 173 reflecting the overall low exposure of our investments to carbon intensive activities.





# Corporate Bond Portfolio

## ESG portfolio rating

As at 31 December 2022

The overall ESG score aggregates issuer-level ESG scores, to provide an indication of the overall portfolio-level ESG score. The ESG Quality score is based on the weighted average ESG score of the holdings of the portfolio. It is then adjusted based on MSCI's assessment into the portfolio's ESG track record – looking at exposure to holdings with a positive or worsening rating trend. Finally, MSCI review the portfolio's exposure to holdings with worst-in-class to derive the overall ESG Quality Score.

Convex Portfolio: 7.0 ▼



Benchmark: 6.7 ▲

	Market Value \$	% of account with MSCI data	MSCI ESG Score	MSCI ESG Rating	MSCI E Pillar	MSCI S Pillar	MSCI G Pillar
<b>Convex Fixed Income Portfolio*</b>	<b>3,404,816,387</b>	<b>33.1%</b>	<b>7.0</b>	<b>A</b>	<b>6.9</b>	<b>5.4</b>	<b>5.8</b>
Benchmark		86.0%	6.7	A	6.9	5.3	5.7

\*MSCI ratings apply only to the corporate bonds share of the core fixed income portfolio

The weighted combined MSCI ESG score of 7.0 (which applies only to corporate bonds as Treasuries and Structured products are not covered by MSCI data) is slightly above the benchmark score of 6.7 and is considered an average ESG rating, with more than 81% of the analysed securities rated A or above. Securities classified as ESG Laggards account for 1.2% of the analysed portfolio, essentially in line with the benchmark of 0.9%.

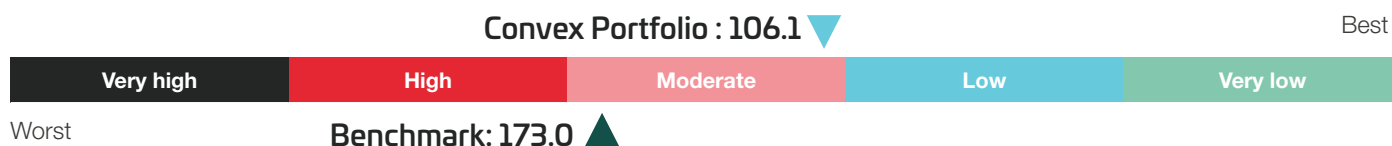
## ESG rating distribution and breakdown

		Convex	Benchmark
Leader	AAA	4.6%	3.5%
	AA	25.1%	23.0%
Average	A	51.9%	43.7%
	BBB	10.0%	13.3%
	BB	3.0%	4.3%
Laggard	B	1.2%	0.7%
	CCC	0.0%	0.1%
Not rated		4.3%	11.2%
		100%	100%



## Portfolio Carbon Intensity Score

As at 31 December 2022



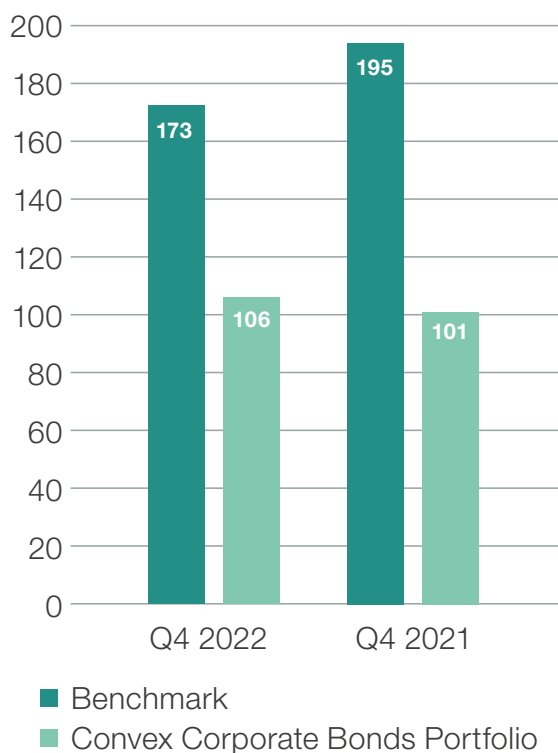
	Market Value \$	% of account with MSCI data	MSCI Weighted average carbon intensity (Tons CO <sub>2</sub> e/\$mm sales)
<b>Convex Fixed Income Portfolio*</b>	<b>3,404,816,387</b>	<b>33.1%</b>	<b>106.1</b>
Benchmark		86.3%	173.0

\*MSCI ratings apply only to the corporate bonds share of the core fixed income portfolio

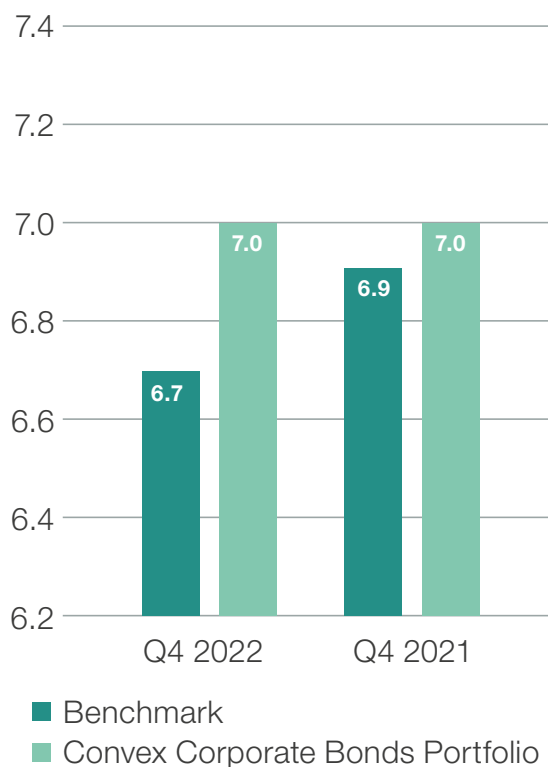
**Carbon intensity score:** Carbon Intensity Score represents the weighted average carbon intensity of the portfolio and measures a portfolio's exposure to carbon intensive companies. The figure is the sum of the security weight multiplied by the security Carbon Intensity. Short positions, sovereigns, derivatives, securitized products and bonds issued by trusts are excluded from MSCI's carbon risk analysis.

## Progression metrics

**MSCI Carbon Emissions Intensity Score**  
Convex Corporate Bonds Portfolio  
(in Tons CO<sub>2</sub>e/\$mm sales)



**MSCI ESG Score (0-10)**  
Convex Corporate Bonds Portfolio



## 4. Impact Investing strategy

### 4.1 Our approach

Launched in July 2022, the Convex Impact Investing strategy seeks to target attractive investment opportunities which contribute to specific environmental or social outcomes.

As awareness of and focus on the impact of investments has grown over time, and in line with the belief that as an asset owner Convex has an ability to direct capital to investments that contribute to specific environmental or social outcomes, the investment team has established a strategic framework for the identification, screening and allocation of impact investments.

The approach here is structured around two distinctive pillars, each of which displays clear and distinct expectations in terms of risk appetite, impact goals, ownership, returns and overall purpose.

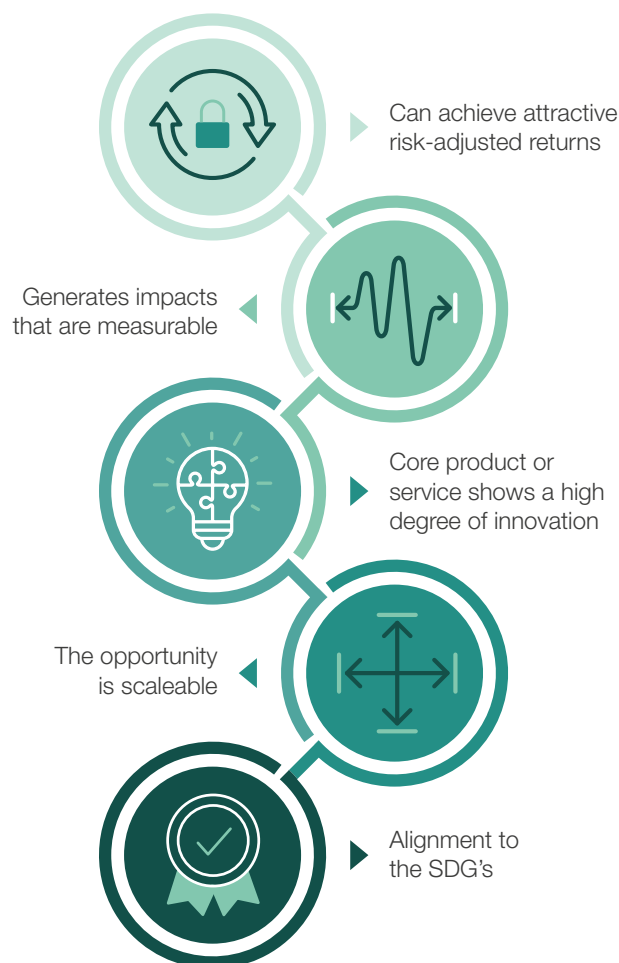
- **Pillar one** is owned and managed by the investment team, with the aim of evaluating impact investments typically in private markets and within the context of specific themes and asset classes, delivering sustained alpha, seeking financial return while achieving targeted impact on environmental and social issues. The portfolio will be invested in market-rate impact investments, which along with traditional investments are used to support the company's insurance and shareholder's liabilities and are aligned with Convex's overall investment strategy.
- **Pillar two** defines our approach to a catalytic portfolio to support innovative sustainable projects which have the potential to break new ground or have significant social or environmental impact for instance on the communities in which Convex operates. This is owned and managed by a cross-functional working group including the Head of Sustainability and the Head of Investments.

### 4.2 Pillar one – Investment Selection criteria

Convex seeks to invest in opportunities where commercial and impact success go hand in hand, and we have developed a rigorous approach to integrate impact and ESG considerations throughout the investment process. This approach adds an intentional and consistent focus on investing in credible solutions to relevant environmental and social challenges. To qualify for an investment and as a first step to screen opportunities and filter the universe, the investment team have developed a scorecard model which rates each opportunity on key investment criteria that need to be satisfied.



## Our key investment criteria



### 4.3 Latest Impact Investment highlights

#### Pillar 1 Impact Investment Highlights:

1 transaction executed in Dec 2022 focused on fund of European high impact potential start ups

2 investments in due diligence phase

5 UN SDGs supported through our executed and near completion investments

1 dedicated investment team member supported by Head of Investments and Head of Sustainability and other stakeholders

Strong pipeline of deals for 2023 with a diversified range of opportunities







# Climate Change Risk





Climate Risk is integrated within Group Risk Management Framework.



## 2022 Progress

- Undertaken deep dive on near term physical risk assessment of Convex key perils (Project Berlin)
- Climate Change Risk Assessment Framework (CCRAF) developed with working group
- Climate risk included in horizon scanning series of scenario-based workshops with key stakeholders



## 2023/4 Objectives

- Execute actions resulting from Project Berlin
- Deep dive projects to be undertaken on litigation risk and reputation risk
- Adapt CCRAF for investment portfolio



The business of insurance is fundamentally about managing risks, and Convex recognises not only the physical consequences of global warming, such as the perceived increased uncertainty of extreme weather events but also the risks associated with the scale of transition. We believe that the journey to net zero presents some of the most important challenges and opportunities of the coming decade and beyond, and Convex recognises its role in enabling a responsible transition. Key tenets of Convex's approach to building a resilient business are our long-term thinking and robust risk management, a progressive approach to technology, and a responsible approach to our internal and external stakeholders.

## How climate risk is relevant to Convex

The risks to insurers associated with climate changes are complex, material and potentially systemic in nature. The primary financial risks we face relate to Physical Risk, Transition Risk and Liability Risk:



### 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 material risks such as **reputation risk** are identified and monitored through our emerging risk management process.



### Climate Change Risk Assessment Framework

At portfolio level we have undertaken a high-level risk assessment, using an internal risk scoring methodology, the Climate Change Risk Assessment Framework (CCRAF), of the impact of transition and climate change to our lines of business. The purpose of this is to bring a framework to our assessment of differing degrees of exposure to physical risk and/or impacts of transition. The scoring system uses qualitative criteria to grade the exposure of underwriting liabilities to each of the three main categories of climate risk. Liabilities are scored on a five-point scale: Very high, High, Medium, Low and Very Low. The scoring system will continue to be developed and adjusted as our understanding of climate related risk grows.

This process helps inform and drive management action such as further scenario analysis, deep dives into specific risk areas, such as Project Berlin (outlined below) and other business planning considerations. We will continue to assess our risks at portfolio level in this way and expect to bring this analysis more deeply into our overall underwriting portfolio management.

During 2023, transition and litigation risk stress testing will be undertaken and is likely to follow a similar approach to physical risk, where Convex will explore the risk in more depth first to develop reasonable assumptions on which to base stress testing.

An area of particular focus is on developing our analysis of the near-term impacts of climate change and distinguishing these from longer term projections. 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.

### Physical Risk Deep Dive

As an initial step to quantifying our exposure to the financial risk from climate change, we formed a working group in 2021 to develop the firm's identification, management, and quantification of climate related risk, including undertaking the PRA's General Insurance Stress Test (GIST) scenario analysis exercise. The purpose of this was to look at the long-term potential impact of climate change given the GIST assumptions.

As concerns physical risk, Convex is principally a short-term insurer with the majority of policies having a term of 12 months, providing the scope to adjust terms and conditions annually. Upon review of the longer-term scenario analysis referred to above, it was decided to do a deeper dive analysis on the near-term implications focusing on the key peril regions. This is explained more fully in the Project Berlin case study below.

### Case study: Project Berlin



During 2022, Convex commissioned consultants Maximum Information (MI) to conduct "Project Berlin"; a deep dive analysis into Convex's physical risk exposures from climate change in key peril regions, considering a shorter-term time frame than is typically considered in climate studies.

This project involved reviewing the latest scientific research of climate change on natural hazards, drawing significantly on the latest IPCC reports.

#### The project was based around five key sections:

- 1. Hazard Ranking:** Current and Projected Trends in Median Frequency and Intensity of Hazards, ranked according to Convex exposure
- 2. Uncertainty & Volatility:** Evaluation of the uncertainty and volatility in frequency and intensity of hazard per peril region ranked for Convex portfolio.
- 3. Vendor Model Adequacy:** High-level scientific reviews of vendor models to assess views of present-day risk for certain hazards/peril regions
- 4. Normalisation Studies:** Normalising economic losses from historic events for changes in exposure and vulnerability to consider trends
- 5. Convex Impacts/Actions:** Summary of key messages and follow-on actions to flow into the business, from both portfolio management and risk strategy perspectives.

The conclusions of this work undertaken through 2022 were presented to internal stakeholders such as Property Cat Underwriting, Reinsurance Underwriting, Ceded Reinsurance to discuss the findings as they evolve and allow stakeholders input and queries to guide the analysis.

The final output of the Project is a comprehensive written report, also condensed into a summary report for internal distribution together with the proposed management actions from Section 5.





### Support for collaboration on Climate Risk across the Industry

We are supportive of the ground-breaking work on climate risk modelling being undertaken by Dr Tom Philp of Maximum Information (who led Project Berlin) and in this vein, we were pleased to fully support his successful application for a UK Centre for Greening Finance and Investment (CGFI) grant for climate change related modelling initiatives, by agreeing to be on the steering committee for the project. Our exposure and catastrophe risk management functions are currently providing active support and data in this project.

### Investment Climate Change Risk Assessment

ESG risks within the investment portfolio are overseen by the Investment Committee, which receives a quarterly report of the ESG profile of the portfolio.

As more fully described in the Investment section of this report, Convex outsources much of the investment process to third party asset managers, who are responsible for asset allocation while adhering to our Investment Guidelines. 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 TCFD requirements.

Climate risk and ESG considerations are also embedded in the credit ratings that Convex sources from external providers giving another way to manage climate risks within the asset selection process.

### Emerging risks

Convex also uses horizon scanning to identify and monitor emerging risks, a process which is overseen by the Group Executive Risk Committee. The role of horizon scanning in climate risk scenario planning is discussed in more detail in the case study in the breakout box to the right.



### Case study: Horizon scanning; climate risk scenario planning



Over the course of a nine-month period in 2021/22, Convex commissioned the Oracle Partnership to consider and socialise a series of scenarios.

The Convex Risk Committee reviewed a horizon of ten scenarios and identified four for the work to focus on, with Climate Risk being one of these.

The project leaders then undertook a series of workshops with key stakeholders exploring scenarios and focusing on developing hedging and strategic options. The work sought to answer three questions

- 1. Scenarios exploring the question  
'What might happen?' over the next decade.**
- 2. The hedging and strategic options  
'What might we do?'**
- 3. The strategy, made up of the priorities,  
forms the strategy and answers the question  
'What will we do?'**

The project has at its core the objective of enhancing resilience, looking to recommend a portfolio of hedging and strategic options that will work in the worst-case scenarios but also take advantage of emerging opportunities.

The recommendations in terms of actions were considered by the Risk Committee in July 2022. Scenarios impacts are monitored on a monthly basis.





# 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 workspace. 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.

### 2022 Progress

- Expanded carbon offset program to include innovative new carbon removal project
- Implemented emission reporting process to shareholders
- Included GHG emissions metric in Sustainable Value, CMF
- Completed pilot employee commute survey
- Recycling rate of 87% in UK office



### 2023/4 Objectives

- Determine baselines for Scope 1,2,3 emissions
- Develop interim targets for current reported emissions
- Implement a carbon budget per department and increase transparency of data
- Include employee commute in Scope 3 reporting



digestion process, where the food decomposes and releases methane in a sealed tank. This is captured, treated for purity and fed back into the National Grid, while the remaining material is used as high-quality fertiliser.

We also have substantive measures in place to ensure sustainable procurement in our UK offices where our catering and cleaning contractors are both ISO 14001 certified suppliers. Our catering contractor uses only locally sourced products to limit food miles travelled, uses 90% Vegeware food packaging to eliminate single use plastic, and are on a mission to achieve B-Corp certification. Our cleaning contractor is both ISO 14001 and ISO 50001 certified. They have been awarded a silver medal for their sustainability performance by EcoVadis, and use chemical-free cleaning and PVA products.

When it comes to the buildings we occupy, (in addition to renewable energy used in London) in our main offices in 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.

## 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 from 100% recycled sources. 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 87% in 2022 during which no waste was sent to landfill. In addition, our food waste undergoes an anaerobic

## Operational Resilience

Convex has strived to use advanced technology in its business, and operational resilience has been a key element when building these systems. The theme of operational resilience is an extension to business continuity, with a focus on the continuation of business services. Operational Resilience is part of our current and future Convex business strategies. The objective is to ensure Convex's clients suffer no intolerable harm during the system outages and to protect the safety and soundness of Convex and its influence on the broader market. Operational Resiliency has been integrated our frameworks including Outsourcing & Third Party Management framework, Business Continuity and the ERM framework.





## GHG Emissions tracking and reporting

Convex, as a new insurer has to date focused on ensuring the implementation of robust sustainable operational initiatives. We continue to solidify our approach to collating emissions data across the group as a whole in order to give us the complete picture upon which we can baseline our footprint. This includes new data sources such as our Cloud service providers, on which we will report in due course, and which we will use to inform the development of our operational sustainability targets.

As expected, 2022 has seen an increase in total emissions as the company has transitioned back to the office, as business travel increases, and as Convex continues to grow. As cited, we will use 2023 to develop baselines across our emissions scopes and to set our interim targets respectful of our commitment to net zero as these align with business strategy.

## Methodology

Our carbon emissions are reported using the Greenhouse Gas Protocol, a widely used international reporting tool. Greenhouse gas ("GHG") emissions are categorised into three scopes.

We commissioned an independent review of our emission reporting which provided guidance for ensuring we maintain an appropriate process going forward. This has given us some confidence that our approach to calculating GHG emissions,

### Consistent with the Greenhouse Gas Protocol, we report emissions under three Scopes:

- **Scope 1:** covers direct emissions from owned or controlled sources. Convex
- **Scope 2:** covers indirect emissions from the generation of purchased electricity, steam, heating and cooling, which we consume. 100% of electricity for our UK offices is certified from renewable sources.
- **Scope 3:** includes all other indirect emissions that occur in a company's value chain. Included in this calculation are business travel (rail, air, hotels, vehicles) and business waste.

including decisions over areas such as organisational and operational boundaries, is at least in line with peer and industry practices and appropriate for the current state of development of GHG reporting given availability and accuracy of data.

### The following data represents our energy consumption and carbons emissions for Convex Group Limited in 2022:

GHG metrics dashboard	2022	2021	Unit
<b>Scope 1</b>			<b>tCO<sub>2</sub>e</b>
Natural gas	46	35	tCO <sub>2</sub> e
<b>Total Scope 1</b>	<b>46</b>	<b>35</b>	<b>tCO<sub>2</sub>e</b>
<b>Scope 2</b>			
Electricity location-based	276	198	tCO <sub>2</sub> e
Electricity market-based	140	74	tCO <sub>2</sub> e
<b>Total Scope 2 (location-based)</b>	<b>276</b>	<b>198</b>	<b>tCO<sub>2</sub>e</b>
<b>Total Scope 2 (market-based)</b>	<b>140</b>	<b>74</b>	<b>tCO<sub>2</sub>e</b>
<b>Total Energy Consumption (kWh) - Elec &amp; Gas</b>	<b>1,248,698</b>	<b>993,081</b>	<b>kWh</b>
<b>Average emission intensity (Scope 1+2) per FTE (market Based)</b>	<b>0.32</b>	<b>0.26</b>	<b>tCO<sub>2</sub>e/FTE</b>
<b>Scope 3</b>			
Travel (flights, rail, taxi and hotel)	4,957	857	tCO <sub>2</sub> e
Waste	1.60	0.76	tCO <sub>2</sub> e
<b>Total Scope 3</b>	<b>4,958</b>	<b>857</b>	<b>tCO<sub>2</sub>e</b>
<b>Total Emissions (market-based)</b>	<b>5,145</b>	<b>966</b>	<b>tCO<sub>2</sub>e</b>
<b>Emission intensity per FTE (market-based)</b>	<b>11.69</b>	<b>2.30</b>	<b>tCO<sub>2</sub>e/FTE</b>
<b>Carbon Offsets</b>	<b>5,145</b>	<b>1,259</b>	
<b>Total Net Emissions</b>	<b>0</b>	<b>(293)</b>	





### Carbon Offsets

A significant proportion of our reported emissions is from corporate travel which will remain hard to abate for some time to come. For this reason, the purchase of offsets forms a part of Convex's transition strategy as we develop targets and strategies to reduce such emissions.

Our criteria for offsets are that they are of a recent vintage, certified by a reputable standard and are aligned with our priority SDG's.

#### For 2022 we have purchased offsets from the following projects:

- 1. Uganda reforestation:** A carbon removal project, verified by Plan Vivo and registered on its registry VCS (Verified Carbon Standard).

This community led initiative promotes sustainable management of forestry resources encouraging small-scale landholders to reforest and implement community-based forest management plans. This leads to increased biomass and carbon sequestration and reduces emissions from deforestation thereby restoring and conserving biological diversity, while at the same time enhancing social welfare.

- 2. Dominican Republic Solar Power:** A carbon avoidance project, verified by Gold Standard (CER registry).

This project consists of the installation of a 60 Megawatt photovoltaic Solar Energy Farm in the Monte Plata province in the Dominican Republic. It is the largest solar power plant in the Caribbean and a first of its kind in the region. It produces renewable, local produce electricity for around 50,000 households in the Dominican Republic per year.

- 3. Tanzanian Makame Savannah:** A carbon avoidance REDD project (Reducing Emissions from Deforestation and forest Degradation) giving forest and critical habitat protection.

Situated in a Wildlife Management Area (WMA), protects 364,322 ha dryland forests and conserves critical habitat for protected wildlife by engaging with the Masai to set up community land use plans that use seasonal grazing areas to keep their cattle, themselves, and the ecosystem healthy.

- 4. Enhanced Weathering (ERW):** A carbon removal project, based in the UK, certified by Puro.earth.

This innovative process aims to accelerate natural rock weathering during which carbon dioxide reacts with rocks. CO<sub>2</sub> is removed from the atmosphere and converted to bicarbonates and/or carbonates. As a carbon removal method, ERW involves finely grinding down silicate rocks to increase their surface area and spreading them over soil. Utilising natural rainfall and rock chemical reactions, it results in the long-term storage of large amounts of carbon dioxide, for thousands of years.

The vintage will be 2022 to 2026 hence in order to allow Convex to recognise the offsets we also purchase Verra verified reforestation removal offsets.



### 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. Day-to-day responsibility for the policy lies with Head of Procurement. However, as a step to ensure that sustainability considerations are being appropriately prioritised, the Head of Sustainability also reviews and approves the CSR/ESG profile and policies of all Tier 3 and material suppliers. 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.







# People and culture



## 2022 Progress

- 2nd year Returner programme implemented
- Achieved >90% participation rates in Inclusion and Engagement surveys
- 2nd Graduate and Intern programmes well balanced by gender and ethnic diversity
- Female representation on GEC increased from 20% to 25%
- Leadership Curriculum established dedicated to EQ followed by Feedback Loop for all staff
- Entered into partnership with a Clinical Psychologist supporting all Convexians



## 2023/4 Objectives

- Learnings/actions from Inclusion Index
- Leadership curriculum to focus on Inclusion module
- Drive forward D&I agenda to help address Gender pay gap
- Develop talent management
- Increase presence of Convex Allies, celebrating and fostering diversity



At Convex we strive to create a positive environment in which Convexians can learn, grow, have fun and do great work with people they like, trust and respect.

Our Values are a critical component of how Convexians behave and are linked to everyone's personal objectives. They underpin the distinctive culture of our firm and are therefore fundamental to the experience of being at Convex. We set out below just a few examples of what we have been focusing on to show what this looks like in practice.

## Our hiring

Our talent acquisition approach is key to reinforcing our values and culture right from the very start. Since Convex was established, we have hired over 430 employees, almost half of whom joined us during lockdown. Our proposition has proved to be highly attractive to potential applicants – with all roles significantly oversubscribed – but our job is never done, and we are not complacent. New entrants are coming into the market, and we recognise the constant need to attract, motivate and retain the high calibre individuals that are essential to the success of our organisation.

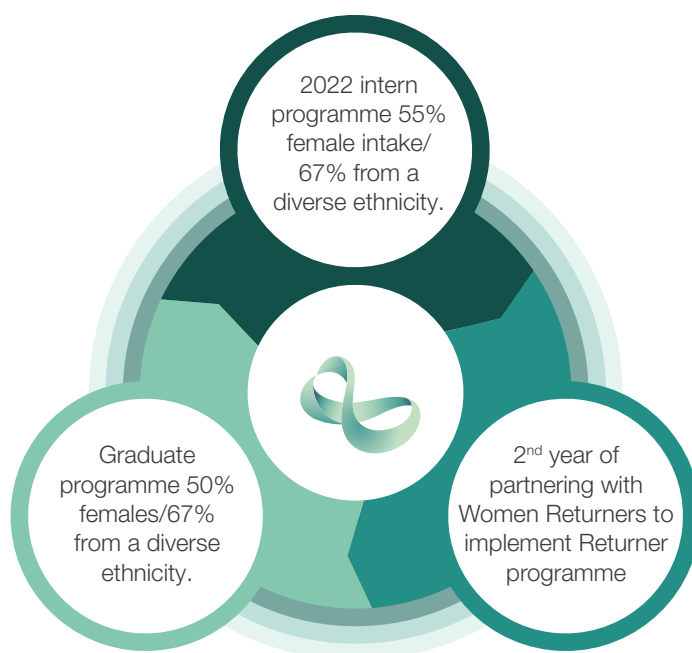
Attracting and selecting diverse teams is critically important to us, to ensure that our teams reflect the composition of the communities in which we operate and to provide us with the diversity of perspectives and thinking we need as business. We have implemented a number of initiatives to help us do this.

We have continued to drive our Intern and Graduate programmes to sustainably grow our talent pipeline. The intake of our 2022 intern programme was 55% female and 67% from a diverse ethnicity, and our graduate programme attracted the same level of ethnic diversity and an even split of male and female candidates.

Those outcomes reflect the different ways in which we go about attracting candidates. For example, with our intern programme we take an intentional approach to ensuring that we find the best individuals for Convex from diverse backgrounds, going to iCAN (Insurance Cultural Awareness Network), partnering with schools in less privileged areas and working with a disability recruitment firm.

In addition, we have the facility to make CVs coming into Convex blind where appropriate. This is an important step, coming at the beginning of the recruitment process, in helping us to mitigate both explicit and implicit biases that can stand in the way of making the best talent decisions for the business.

## Fostering a diverse and inclusive workforce







## UK Gender Pay Gap (GPG)

The GPG is different to equal pay, which is the right for women and men to be paid the same when performing equal work. UK legislation requires UK employers to adhere to equal pay practices. The gender pay gap is a measure of the difference between the earnings (pay and bonus) of men and women, irrespective of role and seniority.



Our 2022 gender pay gap figures are shown below:

Convex	Mean hourly pay gap	Median hourly pay gap	Mean bonus pay gap	Median bonus gap	% of men receiving bonus	% of women receiving bonus
2022	23.4%	19.0%	38.7%	29.9%	95.1%	88.8%

A gender pay gap is created because of a gender imbalance within an organisation, particularly within more senior, highly paid roles. As many companies look to address systemic issues that are industry wide, there is a risk that the Gender Pay Gap can increase slightly over the short term. This is because, as the pipeline of women is increased, joining via graduate schemes or trainees, this can create an imbalance of women at the bottom of the organisation. At Convex we have a number of initiatives from our Graduate and Intern programmes right through to our Returner programme to help move the needle at all levels of the organisation, but this is a journey and will have an impact over time.

## Returners Programme

We have partnered with Women Returners to design a Returner programme for Convex. This is a focused initiative to access and hire into Convex high calibre, highly motivated and experienced individuals who have typically taken a career break for 2+ years. Individuals who take career breaks are more often females, and targeting this pool has enabled us to attract strong talent at mid and senior levels within Convex, while at the same time strengthening our gender diversity. Returners are supported through a structured programme on re-entering the workplace to ensure we are setting them up for success. Since launching the programme, we had significant interest from candidates and have received positive feedback even from those who were not successful.

## Parental Leave

A good example of the commitment we make to equal treatment of all colleagues can be seen in the support that we provide to parents, irrespective of how they take on this responsibility – whether naturally, via adoption, thanks to fertility treatment, or through surrogacy. We support parents with up to 52 weeks leave, and we also have a number of industry leading family friendly policies:

- Enhanced parental leave for all
- Transition coaches to support staff through parental leave
- Dependents leave – up to five days paid leave to deal with unexpected events concerning dependents.
- Menopause policy supporting Convexians through life changing events
- Fertility leave for all





## Our Employee Handbook (The Convex Codex)

We have created The Convex Codex, which is where colleagues can find any details relating to their employment with Convex. This is not your typical employee handbook and is not just about the way we work. It is also designed to demonstrate our commitment to create an environment where everyone is valued, and we really earn our reputation.

## Belonging@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. Belonging@Convex is not just a tag line, but is about creating and maintaining a positive environment for Convexians, which is set out in detail in a Belonging@Convex commitment made by Stephen Catlin and Paul Brand.

**We measure our progress annually through an Inclusion Index which helps us to better understand who our Convexians are but also to measure belonging in its broadest sense. In our most recent survey, we achieved a 90% participation rate. The results help us to identify where we need to focus to help improve Belonging@Convex for all our colleagues, reflecting our value of being 'Determined to improve'. In this vein, the key findings from the Inclusion Index survey are shared with all colleagues, and our CEO made the learnings a key focus of a Town Hall presentation in February 2023.**

## Our Benefits offering

We have a comprehensive benefits offering which not only covers all the usual things you would expect to see from a Company which truly values its employees but also some things which make us a little different. Some examples of these are:

- Our partnership with Tusker launches a scheme where Convexians can lease electric or hybrid cars.
- Emergency child or elderly care offered to all Convexians through a network of care providers, taking away the stress when their normal support lets them down or they simply want a break.
- Dream Pitch: an opportunity for all Convexians to pitch their dream which they have not been able to achieve because of funding, time or both. We make that a reality for one Convexian, once a year.



## Employee Engagement – Spark'd! – 91% completed survey in 2022

How do we know we are on the right track? We have a different take on Employee Engagement Surveys using Spark. Spark does not measure what our Convexians think about us – it measures how people feel about our culture and that is why it's important to us. Our results year on year continue to rival those of longer-established 'best in class' organisations with one of our top overall strengths being how positive Convexians feel about our people-friendly policies and strong belief in our values and vision.



### Employee Engagement 2022

- Spark'd! – 91% completed survey
- Inclusion Index: Achieved 90% participation rate



### Health and Wellbeing

Creating the right environment for Convexians to thrive and be themselves is critical to us. We are committed to protecting the health, safety and wellbeing 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 of diet and exercise
- We have 35 trained Mental Health First Aiders across Convex

Because Mental Health and Wellbeing is so important to us, we have also entered into a partnership with a **Clinical Psychologist** who can offer help to Convexians through life's challenges to help to achieve a better outcome and ensure they have the right support mechanisms in place. This offer was used by more than 15% of colleagues in the three months since launch, demonstrating the importance of addressing this need.

We have created offices equipped with **Wellness** rooms which can be used for new mums, for those undergoing medical treatments such as IVF or diabetes, or those simply needing a quiet place.

More broadly, we encourage physical wellbeing with a number of employee incentives such as a **Cycle to Work** scheme and 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 addition to these initiatives Convex gives each Convexian a **Learning and Wellbeing Wallet** which allows them to spend up to £1,300 per year on their personal development or wellbeing.

### Inspirational Leadership

Leveraging our strong values and aligning these with our leadership development will enable us to provide the kind of transparency and inspirational leadership that will set us apart. Convex leaders take responsibility and lead in their actions, not just in their words. Leading by example is an art, a continuous process, and the key to true leadership.

We have developed a **Leadership Curriculum** which will inspire, energise and invigorate Convexians across our business, creating an environment where our leadership stands out from our competition and has a reputation as the best in the market. The first of these modules was dedicated to EQ for all our leaders, followed by Feedback Loops for all Convexians. In 2023, we will focus on our Inclusion module which will be for everyone at Convex and promises to be a little different and certainly memorable.

Together with our more formal development programmes we offer mentoring for all Convexians and run an annual programme where we match mentors and mentees.

### Dream Pitch

Theresa Patricios, Head of Investments at Convex, had her dreams turned into a reality when she won the **Convex Dream Pitch award**. Every year Convex chooses a winner (all employees are eligible to participate) to help them realise a dream that would be otherwise be very difficult to achieve. Theresa had long held rowing the Pacific on her bucket list and is thrilled that she will join Pacific Challenge, in June 2023, as a team of 4 rowing from Monterey, south of San Francisco, to Hawaii.


"My dream was inspired by my desire to know myself in a more fundamental way - γνώθι σ'αυτόν - as the ancient Greek motto so wisely states- to discover more of my inner strength and experience challenges beyond the day to day. Once we launch, we will row day and night for 40 days: 2 hours on the oars and 2 hours off. We will sleep in cramped quarters, cross two time zones, consume over a million calories, and experience all the weather and waves the Pacific throws at us. We also hope to see 40 sunrises and sunsets, countless sea birds, and spend magical time with sea turtles, dolphins and whales."

Theresa and team are raising funds to support MIND, a UK-based charity supporting people with mental health difficulties to give more meaning and a broader benefit to the challenge.

Theresa team will also be linking with Convex Seascope Survey to help emphasise the challenges the globe faces with regard to the oceans.





 Bermuda

  
convex  
END<sup>to</sup>END



Celebrating the Convex  
End to End 2022

   #ConvexETE

## Partnerships





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 colleagues. We aim, as an organisation, to make a positive contribution to our local communities, both by providing financial support and by 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 and beyond, we have adapted the ways in which we engage with them.

In order to maximise our impact as an organisation and as individuals to our partnerships, we structure our activities according to three main categories.

1

**Group level charity and outreach programmes**

2

**Local community focused activities**

3

**Climate related partnerships**

When considering how to prioritise our resources, our focus is on supporting initiatives which are aligned with Convex values and thereby with the priority corporate SDGs we target and those identified herein.

### 2022 Progress



- Launched Convex Seascope Survey (page 40 – 42)
- Lead partner of the Bermuda End to End
- Embedded our focus on education through mentoring at Haverstock School (UK) and new provision at Elliot school (Bermuda)
- Continued our sponsorship of Alzheimer's Research UK to raise awareness of dementia amongst colleagues
- Raised our engagement with the Insurance Development Forum through dedicated sponsorship of the Global Risk Modelling Alliance (GRMA)

### 2023/4 Objectives



- Socialise and inform our broader insurance and environmental community of the Convex Seascope Survey
- Grow our engagement with schools in Bermuda and UK, with an emphasis on Sustainability and Climate Change education
- Encourage our staff volunteering days towards initiatives supporting our priority SDGs and track participation
- Further our engagement with IDF, with a focus on supporting risk modelling initiatives







**Convex Seascape Survey -  
more details can be found at:**

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

# Convex Seascape Survey

The Convex Seascape Survey is a five-year, pioneering research project, developing open source carbon data, to harness the potential of the seabed in mitigating climate change.

## Why this matters

One of the critical, unsolved scientific questions of our time is how the ocean impacts 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 planetary warming. The role of mangroves, seagrass and saltmarsh to sequester and store carbon is increasingly recognised and researched. But we have little idea of the carbon sequestration capacity of vast areas of the coastal shelf and the extraordinary animals and plants that live there, or how managing it differently could increase carbon storage. The sea is therefore critically undervalued and overlooked because of insufficient and inconclusive data.

## Introduction to the project

The Convex Seascape Survey seeks to address this. Blue Marine Foundation (BLUE), the University of Exeter and a global network of scientific partners seek to quantify the role of the whole coastal seascape in the global carbon cycle with a highly interdisciplinary five-year programme of leading-edge research – the Convex Seascape Survey.

The Convex Seascape Survey brings together the necessary interdisciplinary depth, global reach, bold ambition and resources needed to tackle such a challenging problem. This will be a truly global and collaborative approach, as the team undertake major expeditions and research projects the world over.







## What we want to find out

### Seascape carbon: Where is it? How and when did it get there? How big a part do shelf seas play in the carbon cycle?

We will identify the origins of carbon on the world's continental shelves and explore how it has accumulated and altered over time, discover where the biggest stores are found, molecularly fingerprint where they came from, and put the size of these carbon stores into context in the global carbon cycle.

### Human influences on seascape carbon: How does past and present human activity affect seascape carbon?

We will map the spread of multiple different human activities disturbing the seabed over two and half centuries to the present day. By overlaying disturbance maps with the distribution of carbon in the seascape, we will identify historic and contemporary patterns of human influence on blue carbon and determine its vulnerability to loss and re-release to the ocean and atmosphere.

### Marine life influence on seascape carbon: What role does marine life play in the uptake and storage of seascape carbon?

We will study and monitor the effects on wildlife and habitats of protection from seabed-disturbing human influences at multiple locations worldwide. We will measure how long it takes for carbon capture and burial to recover following protection and quantify the complementary benefits of protected areas to wildlife and people, in terms of ecosystem services, economic benefit and increased human wellbeing.

## Our impact

- **Providing robust open-access data on a vital area of carbon storage, not currently quantified:** We will gather high quality data on seascape carbon and make it publicly accessible, giving the scientific community (and beyond) the much-needed data to truly understand the potential of the seabed and its role in carbon sequestration.
- **Educating 5 million students on the connection between the ocean and climate:** We will build a learning programme based on Ocean and Climate and introduce any findings from the Survey to school curriculums. This will help build awareness of the ocean and its role in the carbon cycle and climate change which has not previously been included in the UK curriculum.

## Why Convex is supporting the seascape survey?

The world is acutely aware of the growing impact of climate change and the risks associated with it. When we learnt of the significant absence of well researched, evidence based quantification of the ocean and seabed carbon, we recognised this as an important area of the climate change picture needing focussed research and attention.

We do not underestimate the scale of the challenge and are thrilled to have the University of Exeter and Blue Marine Foundation leading the project. The Convex Seascape Survey is a demonstration of the power and impact of collaboration and how vital it is in the quest against climate change.

As a (re)insurer we bring to the partnership our experience of, and concern for, the physical consequences of climate change together with a deep appreciation of the necessity for robust, timely data to make informed decisions.

We also bring a passion in our contribution to scientific studies which will enhance the world's understanding of climate change. This passion is driven by our founder and Chairman, Stephen Catlin, who prior to forming Convex (during his tenure as CEO of Catlin Group) was instrumental in the establishment of two highly successful, high-profile science programmes – the Catlin Arctic Survey, and the Catlin Seaview Survey – which supplied incontrovertible evidence that climate change was already the cause of major disruption, years before this became accepted.

**Updates on our progress can be found on the website:**  
[www.convexseascapesurvey.com](http://www.convexseascapesurvey.com)







## 2022 Progress

- Presented the project on the world stage at COP 27 Sharm-el-Sheikh.
- Workstream project managers in place.
- Convex Seascape Survey Advisory Council appointed, chaired by Prof Michael Depledge, TBE FRCP, and first meeting held.
- Released a series of lessons on Ocean and Climate (introducing UK students to the role of the ocean in the carbon cycle and formally incorporating this in the curriculum).
- Created a global ice sheet reconstruction to show the distribution of carbon on the world's continental shelf.
- Review of literature and archives to identify gaps in the knowledge of the timing, patterns and spread of human influences on the seabed.
- Presented the project at Economist 10th World Ocean Summit in Lisbon (Feb 2023).



## 2023/24 Objectives Convex

- Communicate the context and objectives of Convex Seascape Survey to our partnership communities,
- Support further presentation of the project on the global stage.

### Example Project near terms objectives:

- First two fieldwork expeditions to take place in first half of 2023 – seabed disturbance experiment near Plymouth Sound, UK and Big British Bioturbation-athon 10 day field and lab experiment in the Firth of Clyde and Millport, Scotland.
- Carbon accumulation model, to be completed and applied to inform sampling plan, placing sediment carbon into the context of global carbon development of a project-specific carbon budget model, applied for three identified shelf-seas.
- Analysis of the bioturbation characteristics (the way that organisms disturb the sediment and aid the sequestration of carbon) of 50 different species of organisms that live on the ocean floor following the Big British Bioturbation-athon experiment.
- Analysis of the impact of trawling on sediment and animals from within the water – following Plymouth field experiment, to determine the effects of trawling on sediment fauna and biogeochemistry.
- Identification of overseas partners and pristine sites for sampling.
- Design of modular carbon sampling package that will be deployed to three overseas partners, building capacity in scientific institutions in the developing world.
- Ongoing development of a map of the human disturbance activities of the seabed over the past 250 years.
- Education and outreach workstream milestones.
- New website to go live, featuring latest techniques in computer animation and mixed reality features, to bring to life the story of ocean carbon and the work of Survey.



### 1. Group level Charity and Outreach

Since 2020, we have supported Alzheimer's Research UK (ARUK) as our group level corporate charity partner, in line with our focus on mental health. We have continued to work with ARUK both to educate colleagues, brokers and clients about dementia and Alzheimer's, and also to fundraise for its 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.

In November 2022, Convex designed and staffed a float for the London Lord Mayor's Parade in aid of ARUK.

In addition to our support of ARUK, in 2022 Convex became the lead partner of the **Bermuda End to End**: the largest annual island wide community fundraising event. The Convex End to End takes place in May each year. All pledges raised by participants are distributed amongst that year's selected charities. Event costs are funded through corporate sponsorship and participants' entry fees. In 2022 the Convex End-to-End raised a total of \$260,000 for local charities.

#### 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 and leverages 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.

**Through fund matching in 2022, we supported a number of causes including:**

- Ukrainian Fundraiser
- UNHCR
- DEC
- Save the Children
- Aid with Dignity
- Indigo Volunteer
- DEC Pakistan Floods Appeal

#### Supporting Afghan refugees

We have further supported four Afghan families who arrived in the UK following their exile from Afghanistan in August 2021. We have supported them in a variety of ways, from pairing them with Convex staff to help them with their settlement in the UK, to providing private English lessons. We also try to raise awareness of their situation – one of the members, previously an Afghan TV reporter was interviewed as part of Convex Conversations.

#### 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.



## The Convex Conversation

The Convex Conversation, our weekly podcast series that we developed during lockdown, continues to engage staff, brokers, clients and the wider public on a diverse range of subjects that align closely to the UN Sustainable Development Goals. From Holly Penalver, the Founder and CEO of Indigo Volunteers, talking about her charity's role at the Ukrainian border through to Julie Anderson the CEO of Plastics Ocean International talking about how communities have and can reduce plastic pollution.

**Search Convex Conversation on Apple, Spotify or Google podcasts.**





### 2. Local community focused activities

Our Bermuda and London Charity, Outreach, Diversity and Engagement (CODE) Committees continued to support their local communities through charitable giving and outreach, building open dialogue and managing initiatives relating to diversity as well as being a forum for social engagement within the local offices.

#### **Our Bermuda CODE Committee focused on supporting three local charities:**

- 1. Elliot Primary School** – The Convex office in Bermuda has adopted Elliot Primary school and has provided new Science equipment, helped to renovate the school garden, arranged for Dame Flora Duffy to visit the school to inspire the children, and planted a MicroForest in the school grounds.
- 2. Waterstart** – Bermuda charity Waterstart supports youth education programmes that promote environmental awareness and personal growth through hands-on educational opportunities in natural environments.
- 3. HOME** – Bermuda charity HOME help supports people out of homelessness for good and to help prevent new cases of homelessness in Bermuda.

#### **Our London CODE Committee is supporting:**

- 1. XLP** – In 2022 we supported this 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.
- 2. Haverstock School** – A London-based school that serves a community with a high level of deprivation. Haverstock is at the heart of the local community and has a 'Big Ambitions and a Big Heart' ethos. Our partnership, has three initiatives:
  - Mentoring** – offers 15 personal mentors from Convex to Year-12 students.
  - Convex Masterclasses and Futures Week** – sessions designed to teach students about the insurance industry, how to become part of it and help to equip them with the skills to get there.
  - Sponsorship** – Convex has committed to sponsor one student for the next three years to attend university.
- 3. London Youth Choir** – Convex has recently also sponsored London Youth Choirs, which aims to deliver musical excellence and support social change by working to remove barriers to access high quality choral singing.





### 3. Climate related partnerships

We engage with a number of partnerships and projects to help inform both the understanding of climate change and the collective effort to enable the transition to a less carbon intensive, sustainable world. We recognise that by collaborating with industry peers, our contribution will be all the more effective.

Our Head of Sustainability has undertaken Business Sustainability Management and Sustainable Finance courses at the University of Cambridge Institute for Sustainability Leadership (CISL) which has enhanced her understanding and awareness of sustainability challenges and opportunities, which supports our internal and external engagement in this domain. She has participated in a number of panel events across a range of ESG related themes such as the development of ESG data, ESG reporting, Sustainable Aviation and Blue Carbon.

Our leading climate related partnership is our work with University of Exeter and Blue Marine Foundation – see Convex Seascope Survey on page 40 – 42.



#### IDF

Stephen Catlin was a 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 to countries especially vulnerable to climate risk. Convex joined the IDF in 2021, and we have been an active member of both the Risk Modelling Working Group and the Sovereign and Humanitarian Working Groups since joining. Notably we are a key sponsor of IDF's partnership with Global Risk Modelling Alliance, a unique public-good partnership opening up private and public risk expertise, helping to build empowered, resourceful, climate and disaster-resilient communities.



#### ClimateWise

Convex's involvement with ClimateWise is another important example of collaboration. Our Chair, Stephen Catlin, has a long association with ClimateWise having been an active member of the Council since inception, helping steward its development and the acceptance of its Principles across the industry. Our Head of Sustainability, Rachel Delhaise joined the Management Committee in April 2022.



#### BMZ (Bermuda Zoological Society)

Convex has sponsored the planting of micro forests around Bermuda. BMZ Micro Forest is the first local project of its size helping to mitigate climate change by capturing and storing atmospheric carbon dioxide through photosynthesis. This project is fully aligned with the UN Principles of Sustainability and Biodiversity protection and enhancement.

An important feature of this project is community engagement: the project leaders work with students in public and private schools, youth clubs, homeowners, the Bermuda Parks Department, company employees, members of environmental groups, churches and clubs to engage them in creating their own micro forests, using the defined methodology.



#### UK Associates of the Bermuda Institute of Ocean Science (BIOS) Intern

Convex donated funds for a fully funded internship at BIOS for Amy Jackson, who is due to complete her Earth Sciences Master's degree at the University of Oxford this year. Amy will be working with the BIOS-SCOPE project, using automated imaging and genomic techniques and helping develop protocols for counting, measuring and analysing bacteria and viruses in seawater.





## Convex Group Limited

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[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.

