2026

SUSTAINABILITY AT THE HANOVER

Delivering Enduring Value



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A message from our president and chief executive officer



JOHN C. ROCHE
President and chief executive officer

For nearly 175 years, we have been focused on building a leading property and casualty company, guided by honesty and integrity, and committed to delivering lasting value for our stakeholders.

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At The Hanover, our purpose extends well beyond the insurance policies we issue. It is reflected in the many ways we show up for those who depend on us—in our business and in our local communities. Every day, our 4,900 employees bring this commitment to life—protecting what matters most for our customers and agents, and strengthening the trust that has defined our company for generations.

As a result, we have established an enviable reputation as a leading provider of innovative and responsive insurance solutions, an employer of choice, and an active and responsible corporate citizen. Sustainability is integral to how we think, operate and evolve. In a world marked by dynamic market conditions and increasing economic complexity, sustainable success depends on our ability to anticipate and respond to change, effectively manage risk and deliver on our promises.

In recent years, sustainability has remained a priority for us. We have advanced a wide range of initiatives that provide our customers with the high-quality insurance protection they expect and deserve, expanding our product and services capabilities, helping to predict risks and support risk prevention efforts using technology, data, analytics, and state-of-the-art risk management practices. At the same time, we have taken our risk selection, financial and exposure management to the next level with things like enhancements to our sophisticated catastrophe models and business planning tools, and risk prevention through IoT sensors and telematics programs.

Equally important is the work environment we create for our employees. We remain committed to fostering a workplace defined by belonging, respect and opportunity, where employees feel valued, supported and empowered. We invest in our team, and truly believe our people are our greatest asset.

Our commitment in this area has been recognized often, including our recent selection as one of the World's Best Companies by TIME, one of the Best Companies to Work For by U.S. News & World Report, and one of America's Best Insurance Companies by Forbes.

Together, we continue to make a difference in the communities we call home—through volunteerism, charitable giving and strategic partnerships—investing in initiatives that promote education, workforce development, health and safety. These efforts continue to help build stronger, more resilient communities and deliver lasting impact.

Today, we are incredibly proud of our team, and we are very excited about our future. As we look ahead, we are focused on taking our company to new heights and to further advancing our goal to be the premier property and casualty franchise in the independent agency channel. I am confident we have what it takes to achieve greater success and to drive meaningful value for all our stakeholders going forward.

Sincerely,



Our integrated approach to sustainability

As a premier property and casualty insurance company, we understand the value of sustainability.

Over our long, proud history, we have leveraged our inherent strengths: a clear vision and strategy, a strong financial foundation, an experienced and committed team, and the ability and willingness to embrace change. Along the way, we have established a reputation for fairness and integrity.

This report outlines some of the many ways we position our company for long-term success and support the sustainability of the world we live in. It places a particular focus on the areas we believe are the most meaningful to our organization and to our stakeholders.

While developing this report, we focused mainly on 2025 data and information, and evaluated numerous sustainability frameworks recommended by various sustainability advocates, and determined we should continue to report a GRI-referenced content index that has been prepared referencing GRI standards. Our latest GRI index can be found on hanover.com.

Additionally, we publish an index, located on our website, that indicates where information and content is specifically aligned to the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). We intend to continue publishing our sustainability report on a bi-annual basis, with our next anticipated publishing in 2028.

For questions about this report or our sustainability practices, please contact sustainability@hanover.com.





EMPLOYEES ACROSS THE ORGANIZATION ARE COMMITTED TO **ADVANCING OUR VISION:** TO BE THE PREMIER PROPERTY AND CASUALTY FRANCHISE IN THE INDEPENDENT AGENCY CHANNEL.

Our business

The Hanover Insurance Group, Inc. (NYSE: THG) is the holding company for several property and casualty insurance companies, which together constitute one of the largest insurance businesses in the United States.

The organization provides exceptional insurance solutions for small and mid-sized businesses, as well as for individuals and families, through a select group of the best independent insurance agents and brokers in the country.

Headquartered in Worcester, Mass., The Hanover employs 4,900 employees nationwide. With 48 offices across the country, the company maintains a strong local presence and fosters close collaboration with agents and customers in every market we serve.

Our vision and strategy

Employees across the organization are committed to advancing our unique business strategy and vision: *To be the premier property and casualty insurer in the independent agency channel.*

As we drive our vision forward, we recognize our industry will continue to face challenges, from shifting market conditions and changing weather patterns, to economic forces, evolving customer expectations, emerging competition, and more.

It's our key competitive advantages that set us apart in this dynamic environment—our distinctive agency partnerships, our specialized products and capabilities and our customer-driven approach. At the same time, we continue to strengthen the qualities that define our company: agility, innovation and a reputation as an employer of choice.



Our success is driven by deep, longstanding, mutually beneficial partnering relationships with top independent agents across the country. Supported by continued investment in our agency distribution capabilities, our network of 2,150 independent agencies represents a powerful and enduring foundation for our business strategy in an evolving, competitive landscape.

We provide our agent partners and customers with innovative and high-quality insurance products delivered with consistent and disciplined underwriting, and clear pricing expectations. And, we place a significant emphasis on serving the broad needs of our customers, taking into account their property and casualty needs, and bundling coverages for holistic insurance solutions.

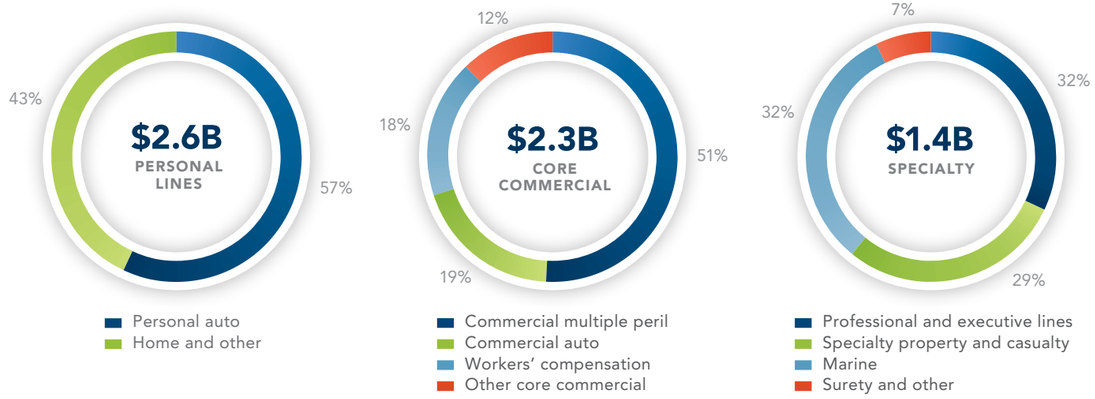
At the same time, we are committed to delivering an efficient and supportive claims experience. Every day, our experienced team of claims professionals helps people get back on the road, back into their homes and back to their businesses after the unexpected happens. This level of consistent care and attentiveness has earned high satisfaction ratings, with nine out of 10 customers who have filed a paid auto, home, or business claim reporting a positive claims experience.

Over the past decade, we have modernized our technology to support a more sustainable, agile and data-driven organization, positioning us to scale analytics and artificial intelligence (AI) responsibly, and in ways that enhance operational efficiency and long-term performance, streamlining processes and building scalability, flexibility, and resilience. With smarter use of emerging technologies, we can reduce manual work for greater focus on what matters most: people, relationships and impact.

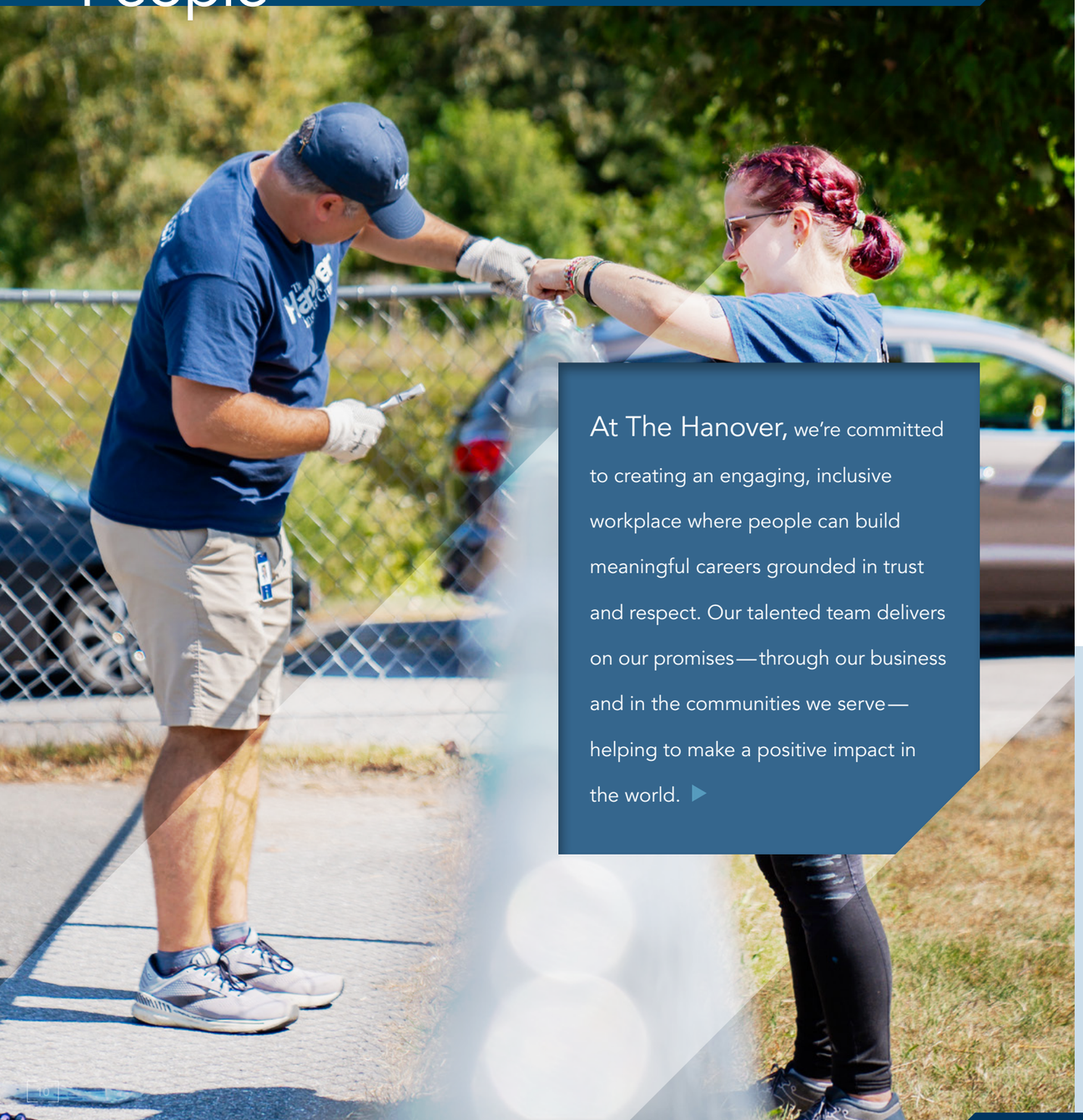
For example, in claims, new technologies are positioning us to better streamline workflows and expand adjuster capacity. From intake and triage, to summaries and codifying data, and beyond, we are investing in ways that drive greater growth and enable us to compete more effectively.

Our business strategy represents a unique competitive advantage, positioning our company to deliver strong, sustainable profitability and outstanding value for our shareholders and stakeholders over the long term.

2025 BUSINESS MIX — $6.3B TOTAL NET PREMIUMS WRITTEN



People



At The Hanover, we're committed to creating an engaging, inclusive workplace where people can build meaningful careers grounded in trust and respect. Our talented team delivers on our promises—through our business and in the communities we serve—helping to make a positive impact in the world.

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As a company dedicated to being an employer of choice, we empower creativity and innovation, fostering a culture where the contributions of all individuals are recognized and valued.

We provide competitive compensation and benefits, interesting work, opportunities to learn, and a safe and supportive work environment where our employees can build rewarding careers.

At the same time, our commitment to bringing our organization's CARE values to life, building a positive work environment, and making a difference in our communities strengthens our vision to be the premier property and casualty company in our space.

Our company and our employees support a wide range of nonprofit and social services organizations, helping to address critical needs in our local communities, placing a special emphasis on youth and education, ultimately making our home communities stronger, healthier and more vibrant.



Our care values

Collaboration: We bring a positive attitude and a passion for working together. We are supportive, inclusive and rely on the contributions of all team members to achieve results no matter what the challenge.

Accountability: We do the right thing by being responsive, demonstrating ownership and showing courage. We hold ourselves to the highest standards of excellence and honor our commitments to agents, customers, shareholders, communities and one another.

Respect: Integrity and honesty are at the heart of everything we do. We create an environment of trust by listening and welcoming diverse perspectives, while embracing and promoting inclusion and belonging.

Empowerment: We help our employees develop their careers and we encourage them to be creative, entrepreneurial and resilient. We believe in the power of people to innovate and take calculated risks to drive our company's future.

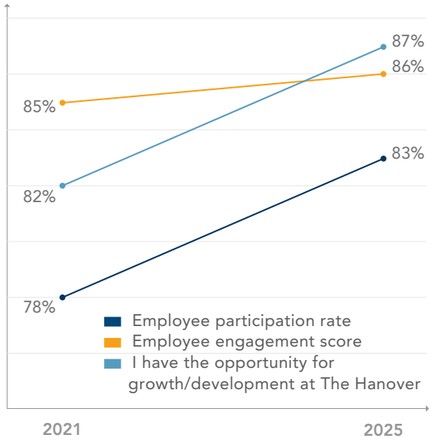
An employer of choice

We recognize the investments we make today to engage, support and motivate our employees will drive our future success.

The overall satisfaction and experiences of our team members hinge on a vibrant, rewarding corporate culture—one where individuals' talents are developed, rewarding careers are built and competitive salaries and benefits are offered in a flexible work environment.

We have established a thoughtful listening strategy to foster ongoing, two-way communication with our employees. To maintain an engaging work environment, we conduct a confidential, biennial, third-party employee engagement survey to solicit candid feedback that helps us identify what matters most to our employees and to continuously enhance the employee experience. We also periodically seek input through targeted pulse surveys. We hold quarterly employee meetings and create an open forum for employee questions and answers. Our goal is to ensure employee voices are heard.

BIENNIAL, THIRD-PARTY EMPLOYEE ENGAGEMENT SURVEY — KEY HIGHLIGHTS:



- 86% employee engagement* score exceeded U.S. financial services/insurance norms and U.S. norm (all industries)

94%
of employees recommend The Hanover**



**Employee engagement measures employees' attachment to a company, how supported they feel to be productive in their jobs and how energized they are in roles and work.*
*** Employee engagement survey found 94% of employees would recommend The Hanover as a good place to work.*

Recognition and awards

America's Best Insurance Companies, Forbes

World's Best Companies, TIME

Best Companies to Work For, U.S. News & World Report

Property-Casualty Top Performers, Ward's 50

Leader in LGBTQ+ Workplace Inclusion, Human Rights Campaign Foundation

WELL Health-Safety Rating

Best Place to Work for Disability Inclusion, Disability Equality Index

Largest Corporate Charitable Contributors, Boston Business Journal

3+ Company, Women on Boards

Early Talent Award Winner, Handshake

Best Place to Work for Supporting Family Caregiving, U.S. News and World Report

Growth and career development

At The Hanover, we promote a culture of continuous learning where individuals learn through new experiences and advance their careers at all levels. We're committed to providing the resources and educational opportunities that help our employees develop skills for both their current and future roles.

Development is a major factor in employee engagement, retention and succession planning. We encourage all employees to actively participate in creating their own development plans, talking openly about career progression and working to establish clear performance goals and career paths. Similarly, all leaders are asked to help support the development of their team members, helping them chart paths for growth.

Learning solutions

Learning solutions are designed to focus on skills-based capabilities for employees' current and desired roles. Educational opportunities are offered in a multitude of ways, including:

- Utilizing robust online learning platforms that accommodate various schedules and diverse learning styles
- Engaging in experiential learning through growth assignments and special projects
- Attending virtual and classroom workshops
- Intentional goal setting throughout the year
- Conducting robust employee evaluations

100%
of employees receive an annual performance review



Leadership development

Developing leadership is a key component of our employees' growth. Our Leadership 5 initiative identifies the expectations and behaviors for leaders at all levels of our organization. These capabilities are strategic drivers that help us attain long-term success and are an integral part of our annual goal setting and evaluation processes.

Leadership 5
SHAPING THE HANOVER'S FUTURE

Inclusive Decision Makers | Talent Developers | Agile Innovators | Composed Change Agents | Enterprise Integrators

We offer engaging training programs for all team members designed for various stages of leadership:

- **Keys to Success**—An eight-month program that focuses on the skills required for frontline managers and combines live events, simulations, coaching circles and a capstone project
- **Leadership Accelerator**—This program offers formal workshops, peer learning and customized development resources to help advance employee leadership skills
- **Hanover Business School**—A cross-business leadership development program designed to increase business acumen and strategic thinking, this program helps develop leadership skills to create and sustain high-performing teams
- **Personalized Leadership Coaching**—Personalized six-month virtual 1:1 coaching through an external partnership designed to support leaders in taking an individualized approach to building new skills and capabilities required for success in their current and/or future roles



Encouraging growth through mentorship and learning

We believe learning from peers and colleagues creates important development opportunities for all. As such, our enterprise-wide mentorship program, The Grid, helps individuals expand their networks while creating lasting connections and promoting an environment of trust and belonging.

Team members can serve as mentors and/or mentees in the program. In 2025, more than 900 individuals participated in The Grid.

We also offer tuition reimbursement and reimbursement for coursework that leads to professional designations for team members who are interested in enhancing their knowledge, skills and performance. Similarly, easy-to-access online educational opportunities are available to all employees to cultivate skills critical to employee growth and our company's success.

900 INDIVIDUALS PARTICIPATED IN THE COMPANY'S FORMAL MENTORING PROGRAM

THE GRID
The Hanover's Mentorship Program



Internship program





As part of our commitment to creating an inclusive and diverse workforce, we proudly offer an innovative internship program that provides rising college juniors and seniors with both in-person and remote working opportunities. College students across the country participate in this program each year, and many receive offers to join the company upon graduation.

We offer guidance and networking with experienced insurance professionals, including:

- Cross-organizational job shadow opportunities
- Industry education
- Training courses and programs to help chart a desired career path

Additionally, interns are introduced to our culture of community engagement, taking part in our annual intern community challenge, which provides them with the opportunity to collaborate and gain a broader understanding of the challenges facing our local communities through partnerships with nonprofits.

Our interns work together with our community relations team to develop solutions for local nonprofits, helping them address barriers and obtain grants to further their missions.



Employee benefits for total well-being

We are committed to helping our employees achieve total well-being to meet their personal and professional goals. With that in mind, we offer a broad suite of employee benefits and a work environment that supports our team members.

Our compensation philosophy is centered around a market-based merit system where employees are paid for their performance and recognized for their unique talents and contributions.

- We are committed to providing competitive, fair and equitable total compensation that includes base pay and short- and long-term incentives competitive with others in our industry, while also promoting internal equity across our organization
- A majority of employees receive short-term incentive compensation based on annual goals
- Additionally, our senior leaders receive long-term incentive compensation in the form of equity awards

We also offer medical, dental, life and vision insurance programs, a comprehensive 401(k) retirement savings program, paid and unpaid time off, flexible work arrangements, and more.

Our benefit offerings continue to evolve to reflect market changes and the feedback of our employees. Each year, we carefully review our offerings to ensure our programs are competitive so we can attract, retain and reward talented and committed professionals. This includes an expanded flexible work policy to provide thoughtful, inclusive work arrangements. Options include hybrid work, compressed work weeks and flexible working hours.

100%
of employees are eligible for bonus compensation



Comprehensive benefits program

Financial

- Competitive and fair pay practices
- Bonus and incentive compensation programs
- 401(k) 6% match on pre-tax and Roth savings plans
- Employee stock purchase plan
- Financial education and planning resources—family, home, vacation, college, retirement
- Company-paid disability, life and AD&D insurance
- Dependent life insurance
- Health savings and health/dependent care flexible spending accounts
- Discounts on personal insurance
- Legal assistance
- Travel assistance program
- Identity theft protection

Work

- Professional development courses, accreditations and certifications
- Flexible work arrangements
- Mentorship program and leadership trainings
- Tuition reimbursement and professional designation bonus programs
- Business resource groups
- Annual employee giving campaign
- Employee discounts
- Employee appreciation events
- Employee reward and recognition programs
- Commuter benefits

Life

- Generous paid time off
- Purchased paid time off
- Company-paid holidays, including a floating Cultural Appreciation Day
- Employee assistance program
- Paid parental and caregiver leaves
- Dedicated mother's rooms*
- Adoption and surrogacy assistance programs
- Subsidized backup childcare programs, including nationwide accredited centers, camps and in-home care
- Subsidized backup eldercare programs
- Military leave services
- Volunteer opportunities
- Matching gifts program
- Employee scholarship program
- Pet insurance

Health

- Comprehensive medical, dental and vision coverage
- Accident, critical illness and hospital indemnity coverage
- Supplemental disability, life and AD&D coverage
- Fitness center and coaching*
- Health advocacy services
- Weight loss and healthy eating programs
- Virtual mindfulness workshops and meditation tools
- Cafeteria*
- Stress management programs

• Location specific

Inclusion and belonging

We take great pride in the work we've done—and continue to do—to cultivate and enhance our culture of belonging. We aim to foster an environment where each and every individual feels heard, valued, and respected.

To this end, we have been committed to building and maintaining an inclusive environment for individuals of all backgrounds and experiences. With a more diverse group of voices at the table, we are more productive and more successful. When we foster belonging in these ways, our team members and our business thrive.

92%
of employees feel they can be themselves at work*

KEY HIGHLIGHTS

- Conducted our biennial employee engagement survey, which demonstrated continued strong inclusion and engagement scores
- Recognized as one of the best places to work for disability inclusion by the Disability Equality Index and a leader in LGBTQ+ Workplace Inclusion by the Human Rights Campaign Foundation
- Named to U.S. News & World Report's list of Best Companies To Work For, Supporting Family Caregiving and Handshake's list of Early Talent Award Winners
- Offer a Cultural Appreciation PTO day each year
- Formal inclusion advisory council supports company's ability to sustain and advance inclusion and belonging
- Offer dedicated inclusivity learning plans and resources for all employees and leaders



*92% of employees said they can be themselves at work without worrying about being accepted, compared to the U.S. norm of 86%

Our business resource groups

Business resource groups (BRGs) at The Hanover are voluntary, employee-led groups that encourage belonging by providing networks, opportunities and development. All employees are welcome to participate. Aligned to our business priorities and objectives, our BRGs serve as both a resource for our employees and our business, helping support our unique culture and driving our business forward. Our BRGs have made an impact in our local communities through our BRG Impact Fund, which reflects The Hanover's commitment to supporting our BRGs by making enhanced investments in initiatives that align with their strategic focus areas: professional development, cultural awareness, and community engagement.



ABLE: A community for employees who identify as neurodivergent and/or disabled or are caregivers or allies.

Hanover Asian American Pacific Islander (H.A.A.P.I.): A community for employees who identify as Asian American, Native Hawaiian, Pacific Islander and their allies.

Hanover United Professionals (UP): A community for early-in-career employees and their allies.

Kinship Village: A community for African-American employees and their allies.

Mi Familia: A community for Hispanic and Latinx employees and their allies.

Proud to Empower: A community for employees who identify as LGBTQIA+, have family and/or friends that do, or are an ally of the community.

Veterans Connection: A community for veterans and their allies.

Women@Hanover: A community for women and their allies.

Community support

At The Hanover, we're committed to being there when it matters most—in our communities and in our business.

Our mission is to drive meaningful and positive change in the lives of underserved children and youth—and to empower the difference makers who support them—with a focus on education, workplace development, health and safety.

We provide support to nonprofit organizations that work collaboratively in their communities, offering innovative programs that address barriers preventing children and youth from realizing their full potential.

Impact BY THE Numbers

In the past five years...

$13 million donated through grants, sponsorships, matching program, scholarships and capital investments.

$5 million+ awarded as part of our annual employee giving program.

Nearly **$400,000** given in college scholarships.

In addition to serving youth, we also are active corporate citizens, helping drive projects considered key to local economic growth and vitality, responding to those in need, and attracting and retaining top talent.

Community grants

Provided support to the Insurance Industry Charitable Foundation (IICF), a nonprofit that unites the collective strengths of the insurance industry to help communities and enrich lives through grants, volunteer service and leadership.

Insurance Industry Charitable Foundation

BOYS & GIRLS CLUBS OF AMERICA

Funded multiple programs across the country, creating a new clubhouse, supporting the development of an innovation center, food pantry and trauma space for youth in our local communities.

Invested in a mobile health unit delivering dental care, physical exams and other medical care to communities in need.

Ronald McDonald House®

Community sponsorships

WESTRAN INSURANCE Scholarship Foundation

Encouraging college students to enter the insurance industry by providing scholarships to help them achieve their educational goals.

HANOVER THEATRE & CONSERVATORY

Played a lead role as a major corporate sponsor in the ground-up development of this theatre, now a thriving performing arts center.

WooSox

Served as a founding partner of our hometown team, the Worcester Red Sox, a Triple-A affiliate of the Boston Red Sox, recognized in 2025 as the best Triple-A organization in the minor league.

Employee involvement

We take great pride in our many employee volunteers, who are actively sharing their time and talents. We're committed to encouraging and supporting employee volunteerism through community-based team-building events, corporate social responsibility initiatives, and companywide engagement efforts.

Helping communities thrive

ADDRESSING BASIC NEEDS:

- Supported underserved youth and families by assembling care packages
- Restocked food pantries for schools, nonprofit organizations and after school programs

EMPOWERING THE NEXT GENERATION OF LEADERS:

- Engaged Hanover interns to learn about local nonprofits, provide volunteer support and develop grant proposals
- Built bikes and playhouses, and donated backpacks for the benefit of youth
- Awarded college scholarships to high school and college students

EMPOWERING EMPLOYEE GIVING:

- More than 82% of Hanover employees participated in our annual giving campaign
- $1.5 million+ raised annually for nonprofits, including the United Way
- Hundreds of employees participated in United Way Days of Action & Caring
- Hosted community service events at various company meetings

2025 IMPACT BY THE NUMBERS

- **$2.4+ million** to charitable organizations
- More than **$200,000** in in-kind donations
- Nearly **$240,000** in matching employee charitable gifts

Each year, our employees come together and create a lasting impact in our communities through our annual giving campaign, supporting thousands of nonprofit organizations across the country. In 2025, 82% of our team members contributed more than $1.5 million to over 2,000 organizations. Over the past five years, employees across the country have directed more than $5 million to nonprofits, making a lasting difference in communities nationwide.

Supplier diversity

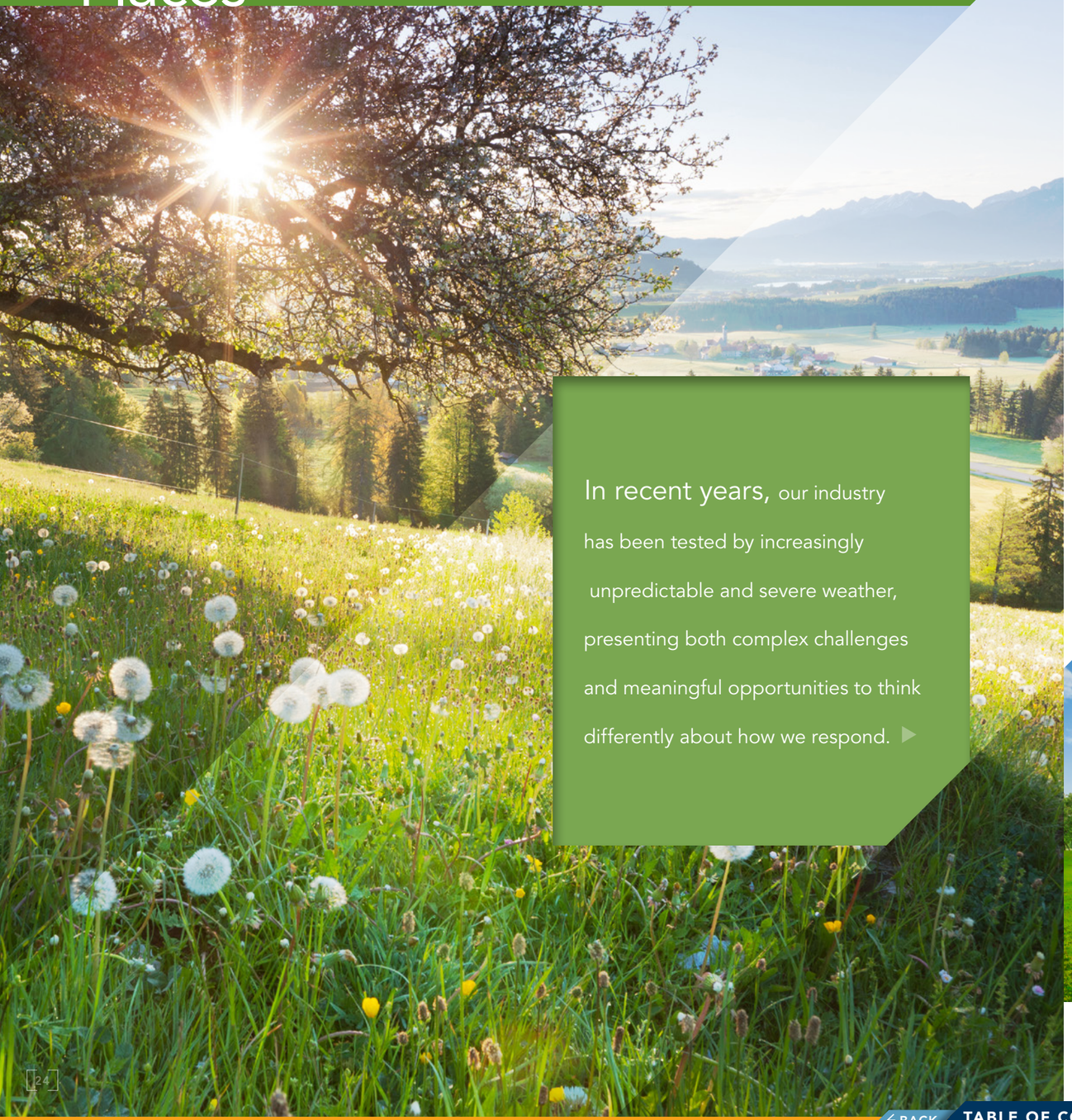
Our supplier program utilizes numerous external suppliers to support our operations. To create greater transparency in vendor selection, we routinely evaluate the diversity of our vendor pools. All requests for proposals valued at $250,000 or more are expected to include diverse suppliers, where possible.

In 2025, The Hanover directed spend of $25.1 million to diverse suppliers, including women-owned, minority-owned, veteran-owned, disable-owned and LGBTQIA-owned businesses

Our policies

- Code of Conduct
- Human Rights Policy Statement
- Equal Employment Opportunity Statement
- Pay Equity

Places



In recent years, our industry has been tested by increasingly unpredictable and severe weather, presenting both complex challenges and meaningful opportunities to think differently about how we respond.

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We are committed to being an environmentally responsible company, monitoring emerging risks, maintaining financial discipline, refining our business model and supporting industry efforts to build more sustainable and resilient communities.

At the same time, we are determined to help protect our environment, reduce our carbon footprint and invest our assets in a responsible manner.

Resiliency and sustainability are at the forefront of our response to climate change. Our customers, our economy and our society depend on the property and casualty industry's risk management capabilities to mitigate exposure to weather-related losses, and they depend on the strength of our balance sheets to help them rebuild when they suffer these losses.

At The Hanover, we take our role as an advocate for a more sustainable and resilient planet very seriously. We help our customers understand weather-related risks and put in place preventative measures to safeguard their families, properties and financial security.

We also actively monitor the impact of our operations and take proactive steps to reduce greenhouse gases and manage our environmental footprint responsibly. We embrace sustainable practices across our organization, engaging our employees to help reduce their own environmental footprints, at work and at home, through various recycling and natural resource prevention initiatives, and we promote customer programs that provide more sustainable product offerings.





Weather volatility

Changing weather patterns and the increasing frequency and severity of extreme weather continue to present new and evolving risks for our industry, our company and our customers.

In response, we continue to take decisive action to improve our ability to anticipate and address emerging and future trends, and to spread our risks even more, by geography and by product line.

We continuously manage volatility and concentration risk through the advancement of internal aggregation tools and capabilities, by leveraging models and third-party scores to identify areas to address through pricing, as well as reinsurance protection.

We purchase facultative, property per-risk and catastrophe treaty reinsurance to protect areas of concentrated risk, as well as to mitigate the impact from possible extreme events. We will continue to evaluate our rate structure, underwriting guidelines and coverage offerings in response to changes in weather patterns, as well as developments in building and community resilience.

As an organization, we are taking prudent steps to anticipate risks, address the potential impact of climate change and manage our exposure to future severe weather events, while helping our customers reduce their risks, as well.

Risk management framework and governance

Property geographic concentration, which contemplates shifts in weather patterns, is one of the top issues on The Hanover's risk register, and is tracked, researched, analyzed and reported by our enterprise risk management (ERM) group. The Hanover's risk governance effort is led by our chief risk officer, with business unit risk structures supported by the ERM function. The chief risk officer updates our Board of Directors with a full report at least annually and provides quarterly interim reports to the board's Audit Committee.

The management of underwriting risk, including risks that pertain to climate change, begins with the corporate underwriting team. Together, they establish underwriting guidelines that apply to all lines of business.

Underwriting authority letters are granted to each underwriter and provide specified limits of authority and a clear escalation path, which is outlined as risks increase in size and complexity.

The ERM function, in partnership with our Enterprise Risk Management Group (ERMG), identifies, monitors and analyzes material, corporate-level risks and emerging issues. This robust governance structure regularly engages with our business leaders, finance officers, underwriting professionals, actuarial staff and claims team, collaborating and providing prompt development of new risk management strategies and reporting tools to better inform risk selection and management across the enterprise.



THE HANOVER'S
RISK MANAGEMENT GOVERNANCE STRUCTURE



Our internal severe weather risk assessment

We conduct detailed risk analyses and modeling of our property portfolio using hurricane and other risk models on an ongoing basis. We enhanced our risk modeling and claims experience backtesting capabilities (to evaluate our actual claims experience against catastrophe model results), as well as our assessment of geographic and line of business contributions to the enterprise risk portfolio across a spectrum of potential outcomes. In developing our annual catastrophe plan, we allowed for additional prudence to account for data not fully contemplated in catastrophe models, including recent industry loss severity trends, social inflationary impacts and contractor behavior, demographic trends, and risks associated with an aging public infrastructure.

Through an internal risk assessment, we have concluded that the most material source of the physical risks of severe weather to our company would stem from potential changes to Atlantic hurricane patterns. Risk mitigation actions include:

- Continuing to actively manage coastal exposure
- Communicating proactively with customers and agents in real time before, during and after a severe weather event
- Driving adequate pricing and changes to terms and conditions throughout our portfolio
- Continuing to make strategic reinsurance purchases



Our actions

Sophisticated catastrophe and other risk assessment models help us effectively mitigate the potential effects of climate change on our business, informing our actions and the risk strategies we employ.

ACTIONS	RISK STRATEGIES
Reducing business concentrations in higher risk geographies	• Reduced micro-concentrations in the "tornado alley" of the Midwest and other regions • Limited growth in coastal areas and in wildfire-exposed regions, particularly in California, and updated coastal guidelines to better inform and guide underwriters regarding coastal risk, including hurricane and coastal flood • Reduced exposure to hail micro-concentrations in the Midwest
Leveraging financial and risk models, aggregation tools, and advanced data analytics	• Evaluated catastrophe costs in relation to profit margins across our business units, lines of business and geographic markets using a business planning tool, helping to allocate risk capacity efficiently and manage extreme risk outcomes while generating profitable growth • Informed the company's business plan with quarterly proforma catastrophe risk distributions
Adjusting pricing and risk mitigation measures	• Repriced products to reflect increased risk of catastrophic loss and implemented discounts that reflect risk mitigation actions taken • Expanded risk prevention capabilities to minimize the impact of increases in the frequency and severity of bad weather, including recommending that customers use water and temperature sensors to predict and prevent losses • Updated terms and conditions, including increased all-peril and wind and hail deductibles for selected coverages • Directed more capital to liability risks and expanded our specialty casualty business
Using traditional reinsurance and alternative sources of catastrophe risk protection	• Purchased facultative, property per-risk and catastrophe treaty reinsurance from a diverse panel of highly rated reinsurers to reduce earnings volatility and provide protection against extreme events • Determined the appropriate amount of catastrophe reinsurance based on an evaluation of the risks insured, exposure analyses prepared by advisers, our risk appetite and market conditions, including the availability and pricing of reinsurance • Mitigated losses from catastrophe risks with our per occurrence catastrophe coverage, which attaches at $200 million and exhausts at $2.05 billion for Northeast named storms, and up to $1.9 billion for all other defined perils, inclusive of catastrophe bonds as noted below • Enhanced catastrophe reinsurance protection, including coverage secured through the issuance of notes to unrelated investors, generally referred to as "catastrophe bonds"

Our environmental footprint

Throughout our long history, our industry and our company have acted as responsible stewards of our environment, helped preserve natural resources and conserved energy while educating our employees and customers about the risks to our planet.

SUSTAINABILITY INITIATIVES FOR OFFICE LOCATIONS

- **Completed HVAC upgrades** to improve the efficiency and resiliency of our building systems
- **Maintained Energy Star certification** at our two largest offices, in Worcester, Mass., and Howell, Mich., recognizing energy performance in the top 25% of similar facilities



- **Diverted approximately 111 tons (46%)** of our total waste stream from landfills through recycling and composting programs
  - ✓ **Managed 49 tons** of single stream recycling
  - ✓ **Composted five tons** of biodegradable material
  - ✓ **Recycled 42 tons** of document waste
  - ✓ **Recycled 15 tons** of construction and demolition materials from building renovation and maintenance projects
- **Earned WELL Health-Safety Rating** at the company's offices in Worcester, Mass., and Howell, Mich., each year since 2021



- **Purchased energy that is matched** with the environmental benefits of renewable wind resources for 100% of our electricity consumption at our corporate headquarters in Worcester, Mass.
- **Optimized HVAC Building Management System** to proactively monitor and provide notification when a system is running abnormally
- **Reduced our leased field office portfolio** to efficiently meet the needs of hybrid work. This resulted in an 11,819 square foot reduction to our office footprint in 2025

Employee-led education through our Green Team

We're proud of our employees and their commitment to the environment. Our employee-led Green Team is an advisory group that drives awareness and action, focusing on education, business alignment and community involvement, to enhance our efforts toward long-term sustainability.

With executive sponsors from key business areas within our organization, the Green Team currently has over 200 employee members. Efforts are focused on:

- **Education:** Strengthen awareness of The Hanover's sustainability practices, with a focus on the role individuals and our company play in building climate resiliency
- **Community:** Opportunities for employees to get involved in environmental initiatives both internally and externally
- **Business alignment:** Develop a feedback loop between employees and senior leaders to exchange ideas and knowledge on environmental topics, to communicate this information with stakeholders across the organization, and to position The Hanover as an environmentally friendly company

The Green Team

In addition to its quarterly meetings, the Green Team brings in outside speakers to highlight various sustainability topics. It also hosts an annual seed planting event to celebrate Earth Day and help employees start their own gardens.

This event offers a simple, hands-on experience that connects employees with nature, builds gardening skills and inspires sustainable habits beyond the event.



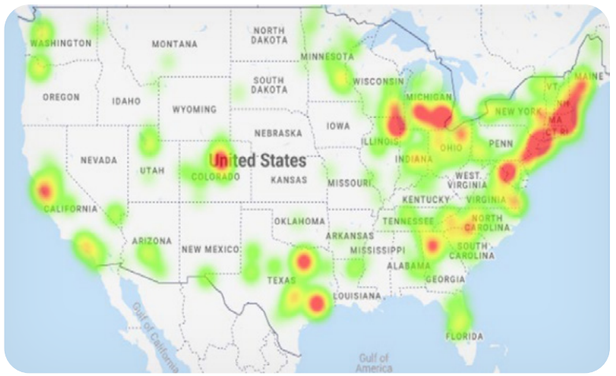
Customer resilience

As an insurer, it is critical we help our customers identify and mitigate risks, and that we are available when they experience losses. We have been delivering on our promises to our customers for generations, and we are making significant investments across our organization to ensure we are helping them achieve greater resiliency.

RISK MANAGEMENT INVESTMENTS

- **"Green Advantage" product offering (commercial lines)** that covers additional costs to restore green-certified properties to current standards, to perform air quality testing and to recycle debris
- **Our "Green Upgrades" optional coverage (personal lines)** enables the use of eco-friendly and/or environmentally sustainable materials and building methods (i.e., using reclaimed wood or high efficiency heating and cooling systems) after a loss
- **A dedicated risk prevention team** that works with customers to understand specific challenges and provides insights into emerging trends and prevention recommendations that can help reduce the environmental impact
- **Onsite consultation services** for commercial and personal lines policyholders to help strengthen their resiliency and mitigate risk through risk assessments, which focus on natural hazards and perils
- **Weather alert customer communications** to share risk mitigation actions for upcoming severe weather events, including convective storms, wildfires, hurricanes and winter storms. These communications include pre-season and imminent storm preparedness as well as post-event communications to reduce and mitigate loss
- **Auto telematics programs** across commercial and personal lines leverage more than 10,000 deployed devices to provide real-time insights into driving behaviors, helping to improve safety, reduce crashes and deliver meaningful fuel and energy savings through smarter fleet management
- **Sprinkler credits and loss control services** to provide policyholders with cost savings when proactive measures are taken to mitigate fire losses
- **Severe weather, safety and disaster preparedness materials** for agents and customers, including a risk prevention portal with easy access to severe weather preparedness materials, as well as dedicated training resources for when severe convective storms, hurricanes, winter storms and wildfires strike
- **Internet of Things (IoT) sensors** that enable home and business owners to detect water leaks and/or freezing conditions that could lead to burst pipes. Some devices alert customers to overall water usage, including high usage alerts

THOUSANDS OF SENSORS DEPLOYED AND **MILLIONS** OF DOLLARS SAVED



Environmental sustainability through advocacy and education

Through our work with several insurance industry associations, we are committed to supporting environmental protections and stronger, more weather-resilient buildings and infrastructure. With members of our senior leadership team on the boards of these organizations, we're proud to help further advance their missions.

GROUP ADVOCACY

In addition to working closely with policymakers and regulators, including legislators and the National Association of Insurance Commissioners (NAIC), we are an active participant in the American Property Casualty Insurance Association (APCIA).

American Property Casualty Insurance Association℠
INSURING AMERICA

APCIA has engaged all levels of government in the effort to reduce and manage climate risk while advocating for greater resiliency and risk mitigation efforts. The group works to enhance the resiliency of communities through improved risk identification, pre-disaster mitigation, preparedness, response and recovery.

Similarly, we work closely with the Insurance Institute for Business and Home Safety (IBHS) to advocate for sustainable building codes and resilient communities. The IBHS is an independent, nonprofit research and communications organization that conducts objective, scientific research to identify and promote effective actions that strengthen homes, businesses and communities against natural disasters and other causes of loss. We have signed the IBHS Principles of Climate Change Adaption, which brings together primary insurers, reinsurers, brokers and trade associations to outline the steps the public and private sector can take to improve the resiliency of American homes, businesses, and communities.

Insurance Institute for Business & Home Safety®

We also partner with the Insurance Information Institute (Triple-I), which gives consumers access to the information necessary to make educated insurance decisions and effectively manage their risks. The Triple-I offers extensive data and risk prevention information to help consumers and insurance carriers better navigate environmental risks among others.

INSURANCE INFORMATION INSTITUTE

Responsible investing

Our responsible investment approach:

- Restricts investments in securities of energy producing companies that will rely on coal for more than 25% of their fuel to generate electricity
- Restricts investments in securities of companies in the coal and tar sands industries that generate more than 25% of their revenue from mining or processing thermal coal, or that are in the process of developing new coal mines, plants, or infrastructure
- Phased out existing investment portfolio holdings that exceeded these thresholds

Our environmental policy statement

- Environmental policy statement

Performance



Responsible corporate governance practices are a cornerstone of our corporate values. Ethical conduct guides how we operate across the company, ensuring we act with integrity and in the best interests of the people and communities we serve.

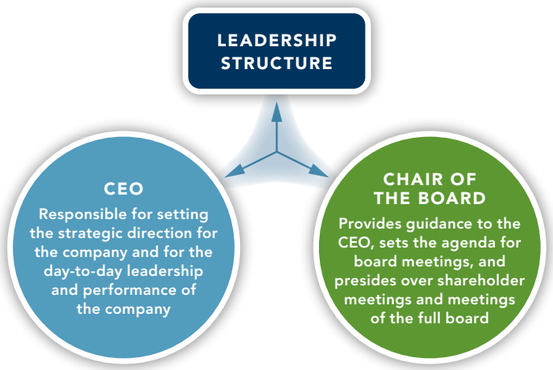
THE HANOVER SUSTAINABILITY REPORT | 2026

We encourage active engagement between our stakeholders and members of our leadership team, as well as our Board of Directors, to create a strong governance structure. To that end, in response to investor feedback and a comprehensive review of our structure, and in light of what we believe to be in the best interests of our company and our shareholders at this time, our directors sought shareholder approval to declassify the board at the 2024 Annual Meeting of Shareholders. As a result of the affirmative vote, each director will be subject to election annually for a one-year period, fully effective as of the company's 2027 annual meeting of shareholders.

CORPORATE GOVERNANCE BEST PRACTICES	
INDEPENDENCE	✓ Separate CEO and board chair ✓ Independent board chair ✓ 91% of directors (10 of 11) are independent (all but CEO) ✓ All board committees composed exclusively of independent directors ✓ Full board and all committees regularly meet in executive session, without members of management present
ACCOUNTABILITY AND ENGAGEMENT	✓ Board will be fully declassified in 2027 ✓ Multi-year vesting for long-term equity awards ✓ Robust stock ownership guidelines for directors and officers ✓ Board and committee oversight of sustainability matters ✓ Adopted NYSE-compliant clawback policy and maintained robust recoupment policy in long-term incentive plans ✓ Annual board evaluation of the CEO and boards/committees ✓ Use of independent compensation consultant to assist in compensation decisions and best practices ✓ Political expenditures reviewed by Audit Committee
SHAREHOLDER RIGHTS	✓ Majority voting standard for election of directors ✓ Single voting class—one share, one vote ✓ No poison pill/anti-takeover provisions ✓ 95%+ say-on-pay approval rating since inception of rule
ADDITIONAL BEST PRACTICES	✓ Annual review of governance documents ✓ Strong risk oversight at board and committee level ✓ Ongoing commitment to thoughtful succession planning ✓ Effective board refreshment process – added four new directors in last five years ✓ Strong policy to limit outside director time commitments ✓ History of not repricing stock options ✓ Cap on payouts under variable incentive compensation programs ✓ "Double trigger" for change in control benefits under employment continuity plan ✓ Diverse board composition

Independent board oversight

We've maintained the roles of CEO and board chair as separate positions in recognition of the distinct differences between the roles and what we believe best serves the company and its shareholders at this time. We believe having an independent board chair best supports effective leadership oversight and risk management and is consistent with corporate governance best practices.



Distinctive board profile

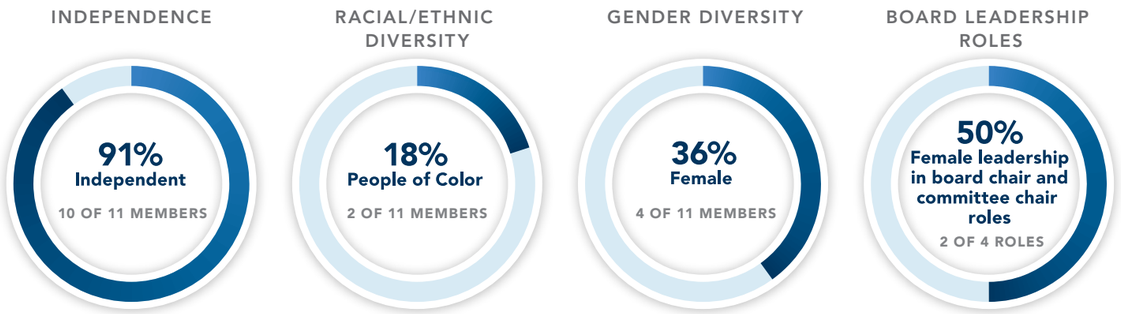
The board believes sufficient breadth of skills and expertise among its members provides the company with extensive insight, perspective and experience that are important to effective corporate governance and in addressing the complex challenges the company faces.

This extensive and diverse knowledge helps ensure our board can effectively oversee our company and meet our evolving needs. The categories of key competencies among board members include, among other things:

- Mergers, acquisitions, business combinations
- Property and casualty insurance (beyond company board service)
- Financial services
- Finance/accounting
- Investments/capital markets
- Technology
- Human resources/human capital management
- Information security
- Governance
- Marketing and distribution
- Government and public policy
- Risk management
- Artificial intelligence/ big data
- Legal/regulatory
- Investor relations
- Corporate strategy
- Sustainability

We recognize the importance of maintaining a dynamic board that brings new ideas and perspectives. Our board strives to balance the introduction of new members with the benefits of tenure, experience and continuity. To support this, our directors actively assess the composition of the full board and its committees, ensuring a healthy mix of tenures and preparing proactively for future vacancies, including those related to retirement.

BOARD REPRESENTATION



At the same time, our board members continuously deepen their expertise each year with training programs, tabletop exercises, seminars and other forms of professional development.

How we govern our sustainability efforts

With board oversight of corporate sustainability, we are well positioned to execute on an effective, integrated strategy. Each board committee has taken primary responsibility for sustainability issues most relevant to their areas of expertise. We frequently review sustainability best practices and ongoing issues to ensure our governance policies are effective and reflective of the current environment. To aid in these efforts, management provides our Nominating and Corporate Governance Committee with a semi-annual, holistic report regarding our efforts and initiatives, as well as trends and developments impacting the P&C industry and the broader market. Together with our board, we have established strong sustainability practices, enabling us to act in the best interests of all our stakeholders.

PRIMARY AREAS OF OVERSIGHT BY COMMITTEE

Nominating and Corporate Governance Committee

- Code of Conduct
- Conflicts of interest and ethics
- AI/model governance
- Board governance matters
- Shareholder rights
- Community giving

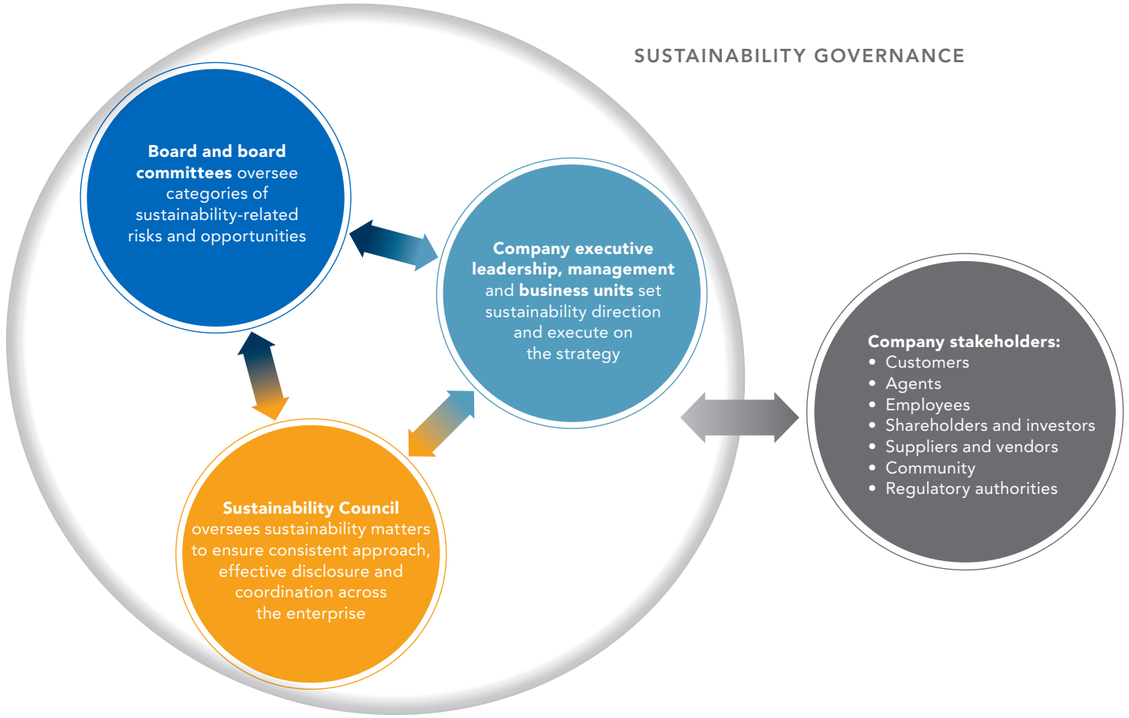
Audit Committee

- Enterprise risk assessment and management, including environmental, financial and business risk
- Information security (including cybersecurity) and privacy
- Related party transactions
- Political contributions

Compensation and Human Capital Committee

- Company culture
- Human capital management
- Employee engagement and well-being
- Inclusion and diversity





Sustainability Council

The company's Sustainability Council—a cross-disciplinary management group headed by our chief legal officer and comprised of leaders across the organization involved in sustainability matters—oversees and coordinates the company's sustainability efforts. The council has its own charter, dedicated staffing and a quarterly meeting cadence. Council leadership periodically reports significant sustainability matters to the board.

Together, their oversight and efforts include:

- Ongoing development of strategy
- Creating, implementing and monitoring initiatives and policies
- Drafting and coordinating communications to employees, investors and other stakeholders
- Monitoring and assessing key sustainability developments
- Improving the company's understanding of sustainability matters
- Enhancing transparency through alignment with reporting frameworks and increased disclosures

Business ethics and Code of Conduct

We recognize the important role our employees, officers and directors play in our success and in evaluating our company's brand and reputation.

We demonstrate our commitment to maintaining the highest of ethical standards and holding all team members accountable for their behavior in accordance with our comprehensive Code of Conduct. Our code outlines our expectations for business and professional conduct that aligns with our values, principles and standards of behavior.

100%
COMPLETION of CODE OF CONDUCT CERTIFICATION
by current employees

The code addresses our expectations regarding several topics, including, but not limited to:

- Business ethics
- Compliance
- Confidentiality
- Privacy and information security
- Anti-harassment
- Conflicts of interest
- Disclosure of information
- Workplace conduct
- Non-retaliation

New employees are required to certify their compliance with the code during onboarding, and all employees are required annually to certify their compliance. Our Code of Conduct is thoroughly enforced, and employees are encouraged to report any violation, or suspected violation, to our anonymous alert line or through our confidential alert website. Communications through our alert line are answered by an independent, third-party company that reports all complaints and concerns directly to our chief legal officer, director of internal audit, and chair of our board's Audit Committee.

Cybersecurity and data management

In an increasingly digital environment, it is essential we protect the information entrusted to us by our policyholders, employees and other stakeholders. We have implemented stringent controls and processes designed to address evolving cyber risks, and we remain steadfast in our commitment to safeguarding this information.

We maintain an enterprise-wide cybersecurity program that provides governance, structure and executive oversight for identifying, assessing and managing cybersecurity risks. We maintain robust safeguards designed to help protect the confidentiality, integrity and availability of our systems and information assets.

Governance of information security

Our dedicated information security organization, led by our chief information security officer, conducts ongoing internal security risk assessments, vulnerability assessments and penetration testing of the company's systems, business processes, and practices. Cross-functional governance committees help define policies, evaluate the adequacy of controls and manage overall risk levels.

- The Audit Committee has primary responsibility for oversight of cybersecurity risk management, and reviews management's approach to managing cybersecurity and privacy risks
- The chief information security officer and the chief information and innovation officer provide regular reports and updates to the Audit Committee regarding the programs used to monitor, detect and respond to cybersecurity threats to support continued transparency and effective oversight

Incident response plan

Our incident response plan provides clear guidance on how we identify, detect, respond to and recover from an information security incident. It outlines defined roles, communication steps, and procedures to help ensure incidents are addressed quickly and effectively. The plan is reviewed at least annually, and we regularly refine our processes to strengthen our ability to respond, contain, and recover from potential threats.

Information security framework

Our cybersecurity framework aligns with leading industry frameworks, including the National Institute of Standards and Technology Cybersecurity Framework and the Control Objectives for Information and Related Technologies framework. Our program is designed to identify relevant assets and associated risks, protect against unauthorized access or misuse, detect and respond to cybersecurity events, and support timely recovery of systems and information. We use a defense in depth approach supported by layered technical and administrative controls intended to protect the confidentiality, integrity, and availability of our information assets.

We continually assess our cybersecurity and threat detection capabilities, including our ability to identify and respond to emerging tactics, techniques and procedures used by threat actors, such as monitoring the increased use of artificial intelligence by threat actors and evaluating potential impacts on our threat landscape. Our cybersecurity program incorporates ongoing risk management practices such as maintenance of a cyber risk register, threat intelligence tracking, control monitoring using key performance indicators, independent control testing performed by internal audit, annual third-party risk assessments, external penetration testing, and regular cyber incident response exercises. We also use a security capability mapping process, together with our cyber risk and enterprise risk assessments, to evaluate emerging technologies and to inform ongoing investment decisions that support the maturity of our cybersecurity program.

Data privacy

We collect information, including personal information, to enable us to offer high-quality, responsive products and services to our customers. We use this information to provide rate quotes, enable us to offer coverage, service policies, communicate with our agents, renew coverage, and process claims.

We strive to maintain appropriate administrative, technical and physical safeguards that are designed to protect the personal information we collect or receive. The Hanover Insurance Group Privacy Policy includes more information about how we collect, use and disclose personal information.

Cybersecurity training

To best educate our team members about cybersecurity, we regularly conduct information security training designed to enhance awareness and to prevent, mitigate, and prepare for an effective response to potential cybersecurity threats.

Our training program covers a broad array of current and emerging cybersecurity topics, including but not limited to information security fundamentals, password protection, data security, secure use of technology, and social engineering. We also provide information on recognizing phishing and business email compromise attempts, safe browsing practices, mobile device and remote work security, and the appropriate handling of sensitive and confidential information.

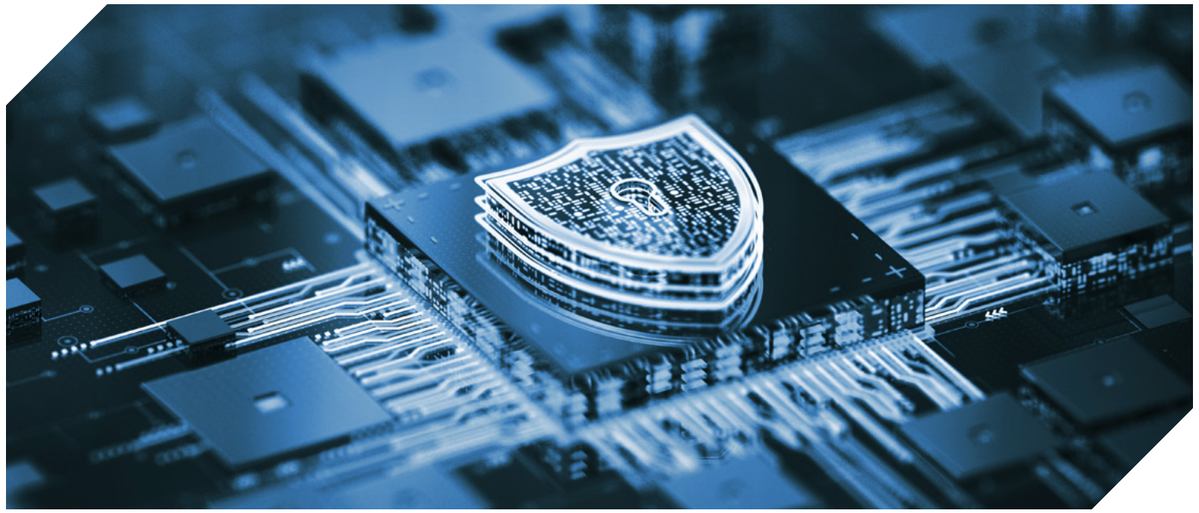
To reinforce these learning objectives, we supplement formal training with ongoing communication campaigns and periodic phishing simulations designed to strengthen our team's vigilance and improve recognition of suspicious activity. These initiatives help foster a culture of shared responsibility for cybersecurity across our organization.

Third-party risk assessments

We leverage a risk-based, third-party risk management process when engaging with external firms. Through this process, our information security personnel evaluate the information security and business continuity capabilities, risks, and vulnerabilities of prospective and existing service providers.

We remain focused on further strengthening our enterprise-wide information security program by:

- Continuing to evolve security capabilities
- Introducing automation across the security operating model
- Investing in the growth and development of our team members





The Hanover Insurance Group®

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