

2022

Inclusion, Diversity and Equity Report

ADVANCING A CULTURE OF BELONGING



A Note from our President and Chief Executive Officer

At The Hanover, we take great pride in our evolving culture, our ability to attract and retain top talent and the service we provide to our agent partners and customers. Embedded within our culture is a commitment to foster an inclusive, diverse and equitable environment. This commitment is the foundation of our one-of-a-kind culture that is proudly built on our core values: collaboration, accountability, respect and empowerment.

We want our team members to feel accepted. To be their authentic selves. To be empowered to offer their unique perspectives.

To achieve this, we must emphasize trust and integrity, and cultivate an environment where all individuals are welcomed, appreciated and supported. By continuing to take steps to instill confidence and trust in our team members, we believe we will significantly improve their well-being and, in turn, drive greater innovation and even stronger business results.

The information included in this report highlights some of the important actions we have taken to advance a culture of belonging. Our people and culture have always been our greatest assets and true differentiators in the marketplace. We will continue to listen, learn, and take steps—big, small and everything in between—to help our Hanover team feel truly accepted, supported and engaged.

While we still have much work to do, I'm extremely proud of our progress.

The Hanover's future is bright, and I'm truly honored to help lead the way.

A handwritten signature in black ink, appearing to read "Jack", written on a light gray background.

John C. Roche

Leading by example

What does it mean?

Traditionally, leading by example refers to when leaders model the behaviors they want to see their team members emulate to move business forward. But, in today's dynamic corporate environment, it can carry a different—and extremely important—connotation, as well. Embracing diverse leadership is another way to lead by example—whether it's diversity of gender, ethnicity, or experience.

By doing this, an organization can garner the benefits of a wide breadth of knowledge, experience and perspectives, and improve the way its employees relate to their leaders, and vice versa.

At The Hanover, we're actively taking steps to introduce more diversity into our leadership ranks throughout our organization.



BOARD OF DIRECTORS*

GENDER DIVERSITY

Five of our 12 (42%) non-employee Board members are female. A woman chairs our Board, and one of the three (33%) standing Board committees is chaired by a woman.

RACIAL/ETHNIC DIVERSITY

Three of our 12 (25%) non-employee Board members are racially/ethnically diverse.

** Based on data at the time of publication*

EXECUTIVE LEADERSHIP AND OTHER CORPORATE OFFICERS

GENDER DIVERSITY

Eight of our 27 (29.6%) most senior leaders are female.

RACIAL/ETHNIC DIVERSITY

Three of our 27 (11.1%) most senior leaders are racially/ethnically diverse.

IDE COUNCIL

Our IDE advisory council works with our human resources group and members of our senior leadership team to drive inspiring, strategic and transformational work that creates meaningful, measurable cultural change; helps attract, develop and retain talent; and increases customer and shareholder value. Members of this council represent diversity across various business functions and experiences, and drive IDE initiatives across the enterprise. In 2022, Basil Morris, chief strategy officer (pictured to the right), was appointed as executive sponsor of the group.



Our journey: Making strides in 2022

Each year, we aim to build on the progress we've made along our IDE journey, delivering on our prior years' commitments and fostering a culture of belonging.



Below are some highlights:

- **Launched our Business Resource Group (BRG) Impact Fund:**

We made a commitment to further the outstanding work of our BRGs by providing them additional capital funding, some of which was used to secure dynamic external speakers and programming focused on a variety of topics, from career development to mental health; cultural celebrations; and community partnerships. This fund has broadened the impact of our BRGs across our organization, helping us drive more cultural awareness and competency among our employees, and has strengthened their community impact, as well.

- **Offered more equitable and accessible benefits:**

Our compensation and benefits team evaluated our total rewards offerings and implemented enhancements to a variety of benefit programs, including enhanced paid parental leave, adoption and surrogacy assistance, and travel assistance to ensure equitable access to healthcare.

- **Established two new positions dedicated to IDE:**

We established two new roles at The Hanover: assistant vice president of IDE and program manager for IDE. These roles have been responsible for evolving our IDE strategy and establishing a roadmap to help us create and sustain an open, inclusive, diverse and equitable environment where every employee can do their best work.

- **Introduced a Cultural Appreciation Day:**

To further foster an inclusive environment, we established our Cultural Appreciation Day—a day each year our employees can enjoy company-awarded paid time off to recognize a holiday of cultural significance.

AWARDS AND RECOGNITION



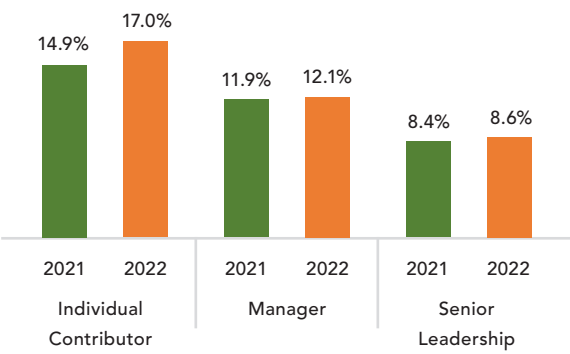
CEO **ACT!ON** FOR
DIVERSITY & INCLUSION

Workforce demographics

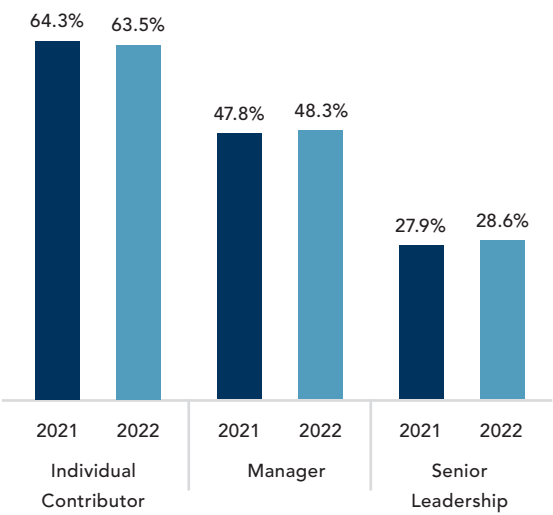
Measuring our workforce demographics is an important practice for us. Creating transparency around our current demographics helps us track where we stand and elevates accountability around the work that lies ahead on our IDE journey. From 2021 to 2022, we increased our diverse workforce representation by over 11%. This is progress we're proud of, and it drives us to continue our work to attract, retain, and advance a diverse workforce at all levels, while promoting an environment in which all employees feel included, engaged in and truly a part of the success of our enterprise.

Please note: This data is based on aggregate self-identified information as of December 31, 2022.

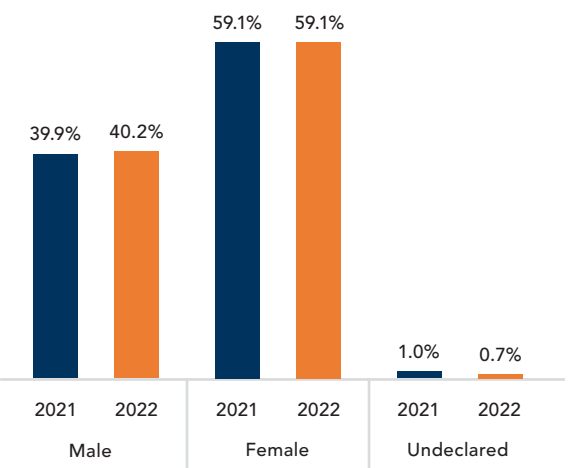
PEOPLE OF COLOR REPRESENTATION BY TALENT CATEGORY



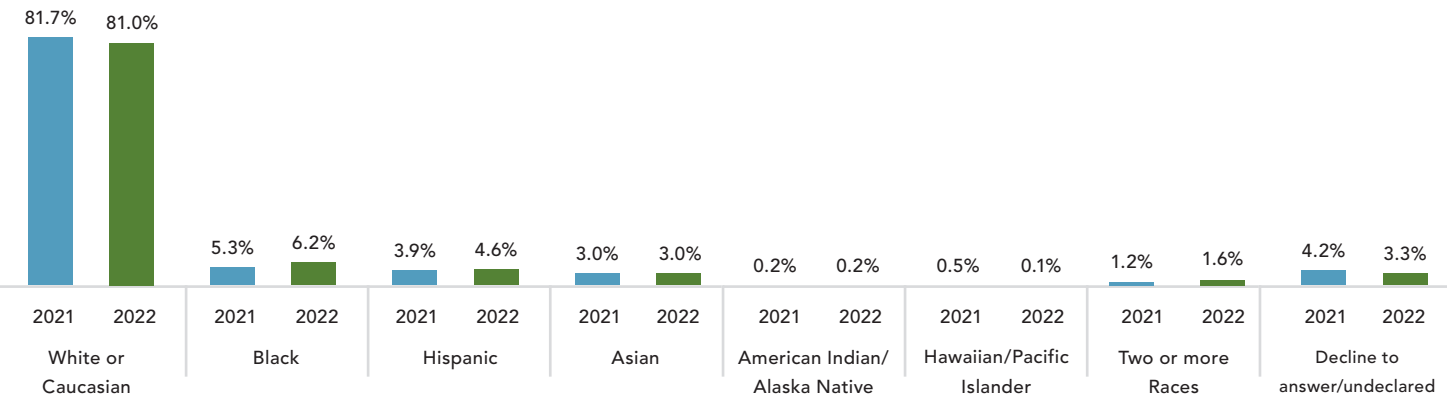
FEMALE REPRESENTATION BY TALENT CATEGORY



GENDER DISTRIBUTION



RACE/ETHNICITY DISTRIBUTION



*Manager is defined as front-line through assistant vice president roles. Senior leadership is defined as vice president through executive vice president roles.



BRGs: A critical component of our culture

Since their inception, our seven BRGs have played a critical role in advancing IDE and fostering a true sense of belonging at The Hanover.

In 2022, we took important steps to build upon their collective success:

- Redesigned and refined their charters to better **align to strategic business objectives**.
- Developed a more **structured and strategic goal-setting process** for BRG initiatives and programming.
- Drove collaboration across all BRGs for **enterprisewide initiatives**.
- **Established metrics to capture their progress**, including consistent baseline measures for each group.



2022: A HIGHLIGHT REEL

We're proud of the impacts and evolution our BRGs have had since they were formally established in 2020. Here's a look back at some of their programming over the last year.



Veterans Connection

Helped honor veterans who have passed away with a special video tribute for Memorial Day.



Women@Hanover

Celebrated Women's History Month with special events in support of local charities, a Break the Bias challenge, career development planning and public speaking sessions.

Celebrating *Women's*
History Month

#BreakTheBias



H.A.A.P.I. (Hanover Asian American Pacific Islanders)

Hosted events to honor Lunar New Year, Diwali, and Asian-American Pacific Islander (AAPI) Month with celebrity chef Tu David Phu.



Kinship Village

Honored Black History Month with events, including a purposeful conversation with Dick Lavey, EVP and president of Hanover Agency Markets, and Board member Theo Bunting Jr., and sponsored a Juneteenth celebration.





Proud to Empower

Recognized Pride Month with special events and speakers, and represented The Hanover at the Worcester Pride Festival, building solid communication networks with other local LGBTQIA+ organizations and connecting directly to the community with outreach and recruiting efforts.



Mi Familia

Celebrated Hispanic Heritage Month with special fireside chats, including ones featuring Dennis Kerrigan, EVP and general counsel, and Jack Roche, president and CEO.



Hanover United Professionals (UP)

Partnered with our wellness team to host a mental health series during the year, including during Men's Mental Health Month and Mental Health Awareness Month.





INTERSECTIONALITY: A SHARED PASSION FOR OUR COMMUNITIES

The great work of our BRGs is not limited to what they do individually — working together, our BRGs made an impact in our local communities, as well.

- **Intern Community Challenge:**

Intern teams, each assigned a BRG partner, collaborated on a community-based project to identify a nonprofit organization, and create and present a proposal for grant funding. Four winning teams were each awarded grants of \$1,500 on behalf of their designated BRG.

- **School supply drive:**

BRGs led a countrywide initiative to donate backpacks, supplies and food to local nonprofit youth organizations. Several office locations hosted events where children selected backpacks and supplies, and received free meals, as well.





BUILDING BETTER ALLIES SERIES

Building on the several purposeful conversations held in 2021, in 2022 we introduced our Building Better Allies series: small group discussions—facilitated by trained members of our BRGs—designed to increase the cultural competency of our employees, build on our culture of belonging, and provide the psychological safety for individuals to engage, converse and develop themselves.

Topics included a deep dive into race relations, bringing individuals through the journey of marginalized populations and the historical barriers they have faced; the allyship continuum and how to be an ally; and authenticity at work, helping to build peer support, and understand the concepts of masking, covering and code-switching.

This series garnered extremely positive feedback from employee participants, who indicated that the topics positively impacted their allyship journey.



THE GRID

The Hanover's Mentorship Program

SUPPORTING THE HANOVER'S NEW MENTORSHIP PROGRAM

In September of 2022, we launched The Grid, a new mentorship program co-created with our BRGs to enhance employee engagement and retention, and support the development of our underrepresented talent. Two cohorts of BRG members participated and shared their experiences so the program could be further refined in advance of an enterprisewide launch in mid-2023.



DRIVING IMPACT IN THE MARKETPLACE

Embracing IDE is both a moral and a business imperative. While it's the right thing to do, it also ensures we expand our reach in the market, and appeal to and engage with diverse populations.

Here are two examples of how our BRGs have worked hard to do just that:

- **Black Friday insurance agent event:**
Kinship Village participated in and helped sponsor Black Friday insurance agent events in Atlanta, Ga., and Washington, D.C., bringing together nearly 100 Black-owned insurance agencies to connect, build relationships and provide access to prospective carrier appointments. Through this collaboration, The Hanover was able to appoint additional Black-owned agencies across these two geographies.
- **Mentorship program at Quinsigamond Community College (QCC) in Worcester, Mass.:**
In 2022, we joined as a core partner of QCC's mentoring program, providing mentors from Mi Familia to help support QCC in serving the diverse educational needs of Central Massachusetts. The program provides QCC students with insights about what to consider in a career journey and how to maintain work-life balance as they further their education.

Fostering a culture of belonging

We've worked to weave IDE into the fabric of our company—to make it more than just what we say, but to make it who we are. In 2022, we continued to advance our IDE strategy and worked to help all our team members experience our culture of belonging.



ADVANCING THE INTEGRATION OF IDE AND PERFORMANCE MANAGEMENT

Recognizing IDE is an essential component of our business, in partnership with our BRGs, our IDE Council, and our talent management team, we equipped our BRG leaders and their managers with resources to properly highlight BRG contributions in conjunction with their development and performance conversations. In addition, we provided all employees with more collateral to help them incorporate IDE into their goals and properly recognize their contributions moving forward.

INCLUSIVE TALENT ACQUISITION TRAINING

To ensure our hiring managers understand the pivotal roles they play in accelerating an inclusive environment and evolving our hiring practices, we established interactive training for hiring managers.



ALLYSHIP IS A SKILL THAT MATTERS

We recognize allyship is a journey, and to support our team members along the way, we launched engaging learning plans and workshops focused on allyship. These interactive workshops help allies expand their allyship acumen, take meaningful actions and build an even more inclusive workplace.

Attendees came away from the session, expressing that the discussions and exercises helped them to identify tangible ways to become better employees, leaders and allies.

THE VOICE OF OUR TEAM MEMBERS

We pride ourselves on being a company that listens to its team members—one that cares about their voice and what they have to say. In 2021, to create a uniquely Hanover experience, we embarked on a multi-year listening strategy, which included a comprehensive engagement survey that solicited feedback from all employees. In 2022, our leaders were trained on how to analyze the results. This included general insights into how employees who self-identified their gender, race/ethnicity, veteran, and/or disability status experience The Hanover's culture. The results—provided in aggregate—shared valuable feedback and identified meaningful ways to enhance our ability to attract, engage, and retain talent with diverse and changing needs.



Looking ahead: Our work continues

We've achieved great momentum in ensuring ours is an inclusive organization—one where employees feel valued, appreciated, and a sense of belonging. As we look ahead to 2023, we're pleased to reflect on the great progress we've made and even more excited for all that's yet to come.

Continue leadership training	We're committed to equipping our leaders with the knowledge and skills they need to serve as empathetic and inclusive leaders.	In the coming year, we will provide even more training and education to foster inclusive leadership and advance our IDE strategy , increasing utilization and driving our culture of belonging.
Continue to attract, retain and advance top talent	In 2022, we prioritized critical work to increase diverse candidate pools and explore additional sourcing options.	In the coming year, we will strive to advance diversification amongst our leadership ranks by creating greater transparency into current and future openings, and by further evaluating the diversity of our candidate pools.
Diversify our supplier relationships	In 2022, we began the initial assessment of vendor partnerships and platforms that could help us establish a baseline of our current diverse supplier spend.	In the coming year, our sourcing procurement and relationship consultants team will leverage new technology that benchmarks current diverse supplier spend, identifies new diverse suppliers to compete for Hanover contracts, and more. This data will help us define and achieve the goals of a supplier diversity program and help as we strive to develop mutually beneficial relationships with businesses owned by people with disabilities, women, minorities, veterans and the LGBTQIA+ community.
Enable BRG excellence	Building on all the great work our BRGs have done, we doubled down on our support through initiatives, processes and practices that supported deeper alignment to enterprise strategy in 2022.	In the coming year, we will continue to elevate and advance our BRG leaders , and partner to strengthen talent retention and the employee experience.
Further support and embrace all abilities	In 2022, we established an initial workstream to identify vendors that support neurodiverse employees, caregivers and employees with disabilities, and began the initial phase of developing an abilities-focused BRG—encompassing neurodiversity and both visible and invisible disabilities.	As a next step , in the coming year, we plan to launch this new BRG to our company.

EEO and pay equity statement

Equal employment opportunity statement

The Hanover Insurance Group ("The Hanover") is an Equal Employment Opportunity employer and business committed to requiring that all employees, agents, contractors, and customers are treated with respect and dignity. The purpose of this policy is to communicate The Hanover's requirement for all employees, agents, and contractors to interact in a professional manner and contribute to a work environment that reflects the spirit of equal employment and inclusion, and the communities in which we work and live. This policy extends to all external functions and activities that involve The Hanover. All Hanover employees, agents, and contractors are responsible for supporting and complying with this policy.

We are committed to recruit, hire, compensate, train and promote, in all job classifications, without regard to race (inclusive of traits historically associated with race including hair textures and protective hair styles i.e. braids, locs, and twists), color, creed, religion (including religious dress), sex, age, national origin, physical and mental disability, sexual orientation, gender (including gender identity, gender expression and transgender status), marital status, pregnancy, veteran status, genetic information, ancestry or any other status protected by federal or state law.

The Hanover prohibits retaliation against employees, agents, and contractors for having reported and/or provided information in matters they consider to be discriminatory or otherwise unlawful in the workplace. Prohibited forms of retaliation may include harassment, demotions, suspensions, corrective action, or any other actions affecting the terms and conditions of employment. Any violations of our EEO policy may result in disciplinary action up to and including employment termination or termination of a business relationship with The Hanover.

Pay equity statement

The Hanover is an equal opportunity employer that seeks to create a workplace that is free from unlawful discrimination, and where employees are paid for their performance or merit and recognized for their talents and contributions. This policy establishes a culture of pay fairness and fosters the Company's goals of pay equity in hiring and overall compensation practices during the lifecycle of employment at The Hanover, consistent with applicable law.



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hanover.com

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