

2021



WE ARE THE HANOVER

INCLUSION, DIVERSITY AND EQUITY REPORT

The
Hanover
Insurance Group®



John C. Roche
President and CEO

I am unbelievably proud that our greatest differentiator as a company is our people.

This is as true today as ever before.

As an organization, we've directed our time, energy and resources into fostering a culture that embraces inclusion, diversity and equity. It's truly a business imperative for The Hanover, and that's why we've made the conscious decision to weave IDE into the very fabric of our company.

We're striving to be more inclusive in how we conduct our business, approach decision-making and show up at work, and more diverse and equitable in our thinking, our approach to innovation and our talent practices.

We're doubling down on our CARE (collaboration, accountability, respect and empowerment) values and doing all we can to enhance our unique culture. This 2021 Inclusion, Diversity and Equity Report captures some of the most critical work we've done and investments we've made in this space over the past year. I'm particularly proud of how far we've come, but also recognize how much farther we have to go.

It will continue to be a journey, but it's one we're excited to take – together.

After all, this is a place where we all belong.

We are The Hanover.

A handwritten signature in black ink that reads "John C. Roche". The signature is written in a cursive, flowing style.



IDE definitions and strategic focus areas

This year, in partnership with our IDE Governance Council, we defined what equity means at The Hanover, and made the commitment to intentionally integrate equity into our culture through ongoing education and evolving business practices.

DEFINITIONS

INCLUSION means embracing differences and fostering an environment of trust and collaboration where everyone feels valued and has the same opportunity to contribute and grow.

EQUITY is an intentional and transparent focus on access, opportunity, and development of individuals from all backgrounds that helps acknowledge and remedy barriers and societal inequities that exist.

DIVERSITY refers to the unique traits and characteristics, both visible and invisible, that make us similar and different from one another.

BELONGING is a feeling of acceptance, where people feel safe to be their authentic selves and empowered to offer their unique perspectives.

Key milestones



Over the past several years, we made significant progress in our efforts to advance our inclusion and diversity efforts at The Hanover. In 2021, we were able to achieve a wide variety of milestones aligned to our overall IDE strategic focus areas.

Awards and recognitions

Forbes America's Best Mid-Size Employers
(2015 - Present)*

Signed CEO Action for Diversity & Inclusion Pledge (2019)

Human Rights Campaign's Corporate Equality Index—Perfect Score 100/100
(2018 - Present)

Women on Boards Winning Company
(2016, 2019, 2020)

Fairygodboss Best Company for Women
(2020, 2021)

Fairygodboss Best Company Where CEOs Support Gender Diversity (2020, 2021)

Disability Equality Index - Best Place to Work for Disability Inclusion (2021)

*Due to the COVID-19 pandemic, Forbes did not issue its America's Best Mid-Size Employers award in 2020.



- Invested in technology solutions that enable data-driven decision-making and analytics to help us diversify prospective candidate pools for senior leadership positions and increase representation of underrepresented populations in our sourcing and hiring practices.
- Evaluated our hiring, development and retention processes to determine where we have opportunities to advance practices that will increase the diversity of our workforce.
- Implemented a mentorship pilot program with our business resource groups (BRGs) designed to support the advancement of underrepresented populations to allow for even greater employee contribution and growth.

- Advanced inclusive leadership capabilities, actions and behaviors with over 90% of leaders completing a voluntary training on how to lead effectively at The Hanover.
- Strengthened leadership accountability by incorporating IDE goals into the overall performance assessments for the CEO and executive leadership team, and established a standard inclusive leadership performance goal for all leaders across the enterprise.

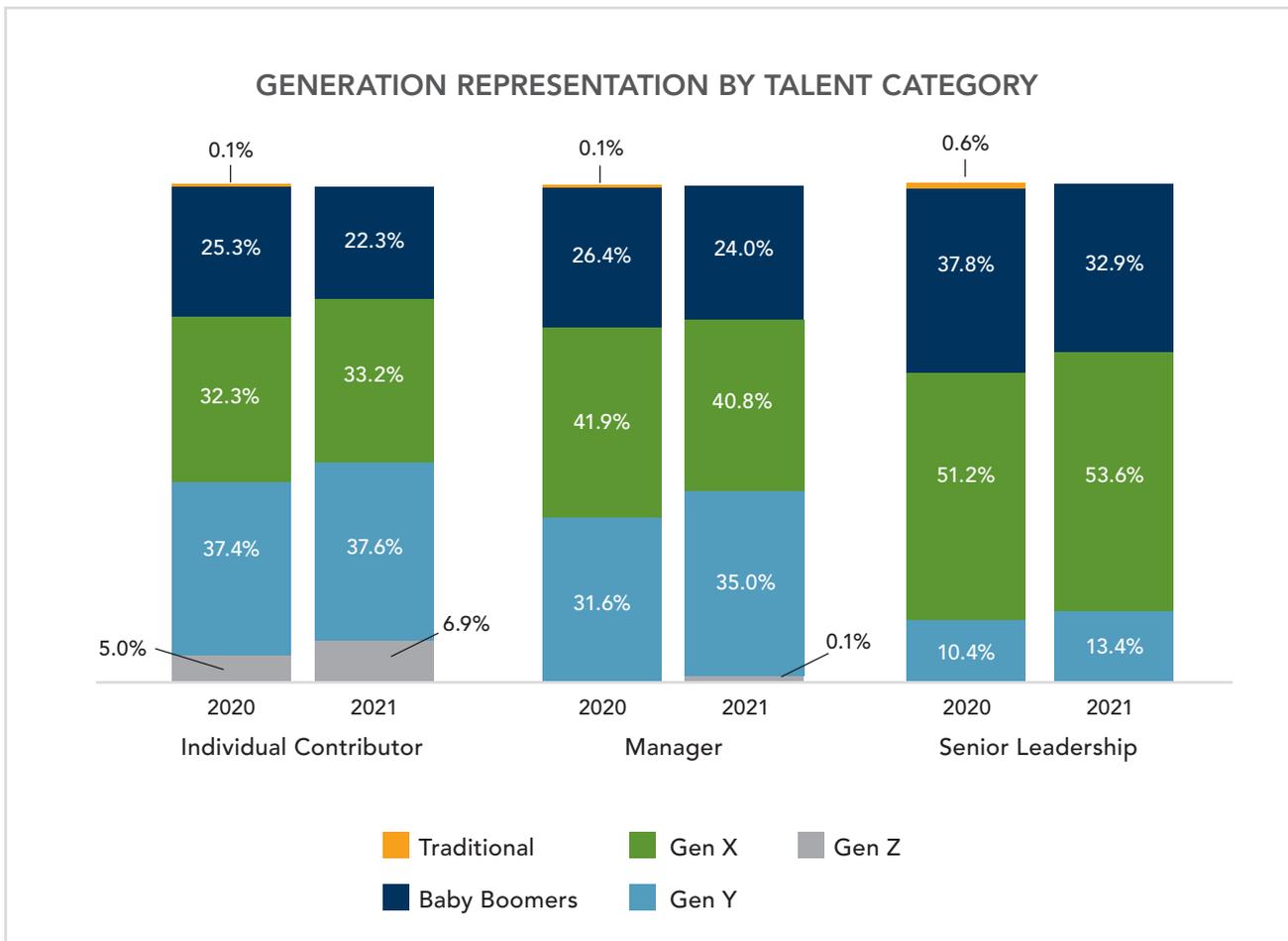
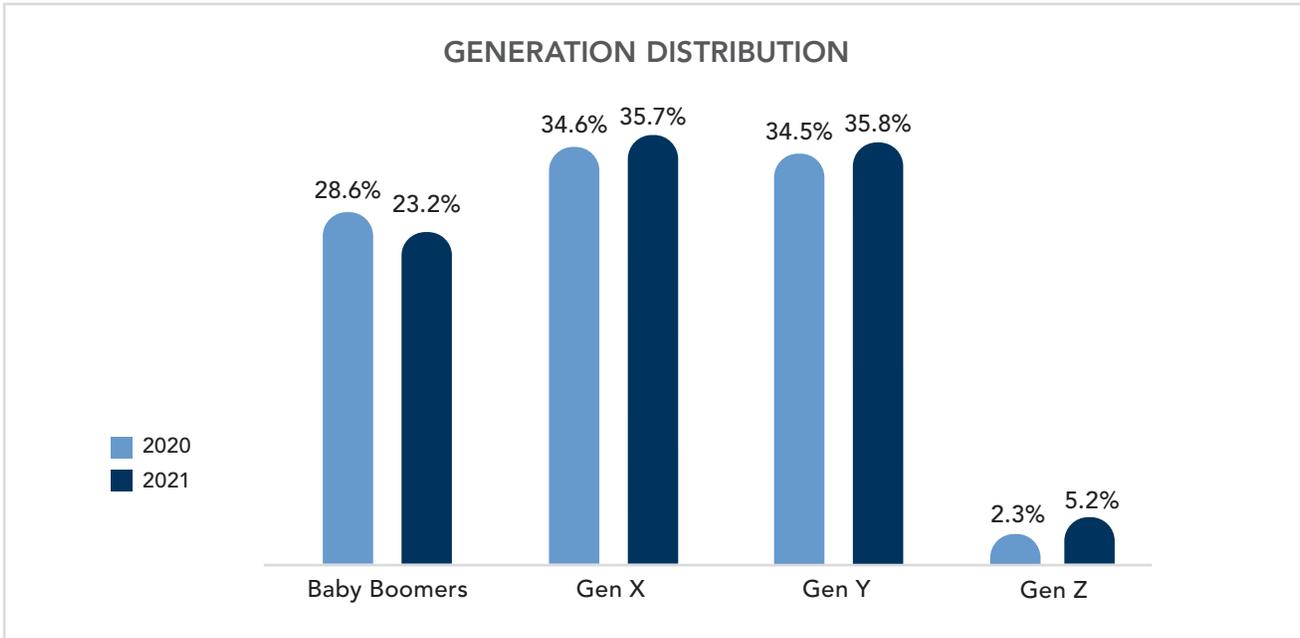


- Continued to enhance The Hanover's external brand through participation in best-in-class diversity indexes, cultural designations and community/industry involvement.
- Expanded our charitable focus to diversify support of underserved youth and populations in our local communities.
- Continued to assess opportunities to evaluate our distribution strategy, products and supply chain with an IDE lens.

- Advanced cultural competence across the organization and expanded our collective awareness of race and equity issues through numerous BRG events.
- Established *Hanover Hybrid Flex* — our strategic vision to reimagine how, when and where our employees work that supports our business focus, leans on the voice of the employee, expands our talent sourcing strategy and creates a more engaging and inclusive employee experience.

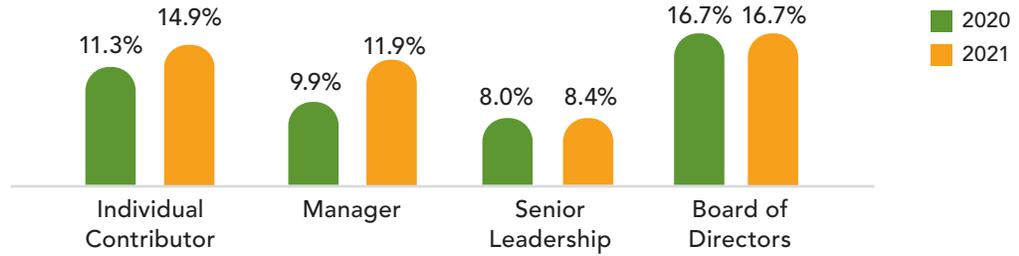
Workforce demographics

2021 data as of Dec. 31, 2021*

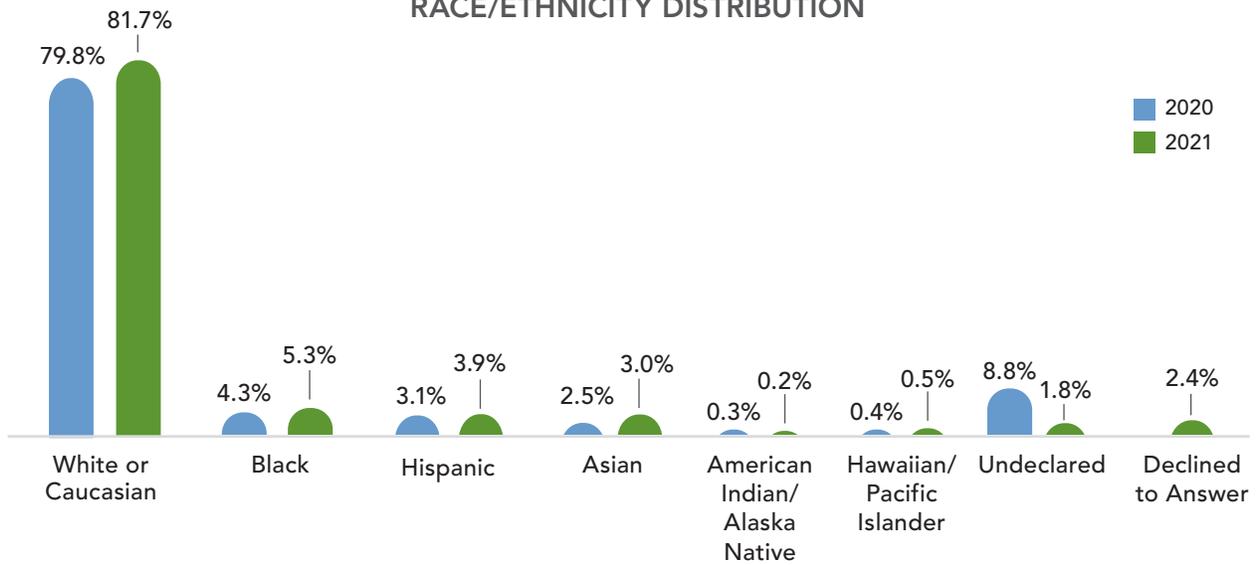


*We've designated our 2021 demographics as an appropriate baseline for our racially/ethnically diverse population as a result of our successful efforts to reduce the percentage of employees who had not yet self-reported their racial and ethnic characteristics.

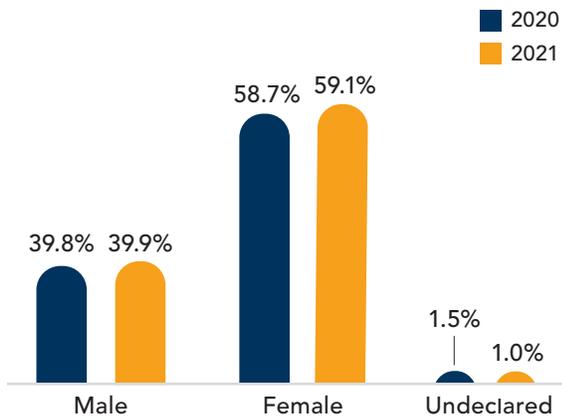
PEOPLE OF COLOR REPRESENTATION BY TALENT CATEGORY



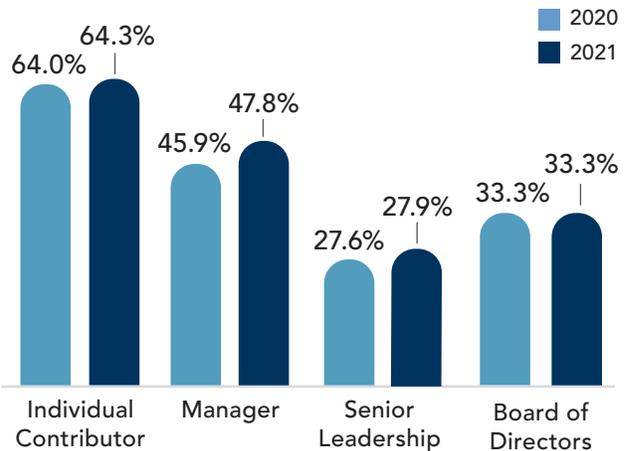
RACE/ETHNICITY DISTRIBUTION



GENDER DISTRIBUTION



FEMALE REPRESENTATION BY TALENT CATEGORY





Our BRGs play a critical role in the advancement of The Hanover's IDE strategic journey. Our BRGs support underrepresented populations and allies of those populations at our company by creating meaningful connections for employees to feel valued, and safe to be their authentic selves and offer their unique perspectives.

Since their initial launch, our BRGs have:

- Increased organizational cultural competence through well-attended educational events.
- Served as brand ambassadors to attract diverse talent.
- Provided insights that shape our talent practices to engage and retain diverse talent at all levels.

Two new BRGs were also formed in 2021: Mi Familia, our Hispanic/Latinx group, and H.A.A.P.I. (Hanover Asian-American Pacific Islander), our Asian and Pacific Islander group.

A community of support: Investing in and advancing the impact of our BRGs

Our BRGs have played a vital role in our IDE journey, which is why we're committed to investing in them — now and in the future.

In 2021, in recognition of their outstanding work, we committed to provide our BRGs with access to additional capital funding in upcoming years. These investments will help us achieve our broader IDE strategic vision and ultimately drive impact across our organization.

We also took the time to further enhance the structure and support of our BRGs, ensuring each one:

- Is co-led by two employees who work in various levels of the organization.
- Has at least one dedicated business sponsor for guidance.
- Has an aligned executive leadership adviser to amplify their voices.

Overall, we're thrilled with the natural evolution of our BRGs and the work they have done, and we strongly believe that these enhancements to their structure and support will help us fortify and amplify important business integrations across our organization.

Our business resource groups

Here are some of the ways our BRGs made an impact in 2021.



Hanover UP

Partnered with The Hanover's wellness team to host an ongoing series centered on the topic of mental health, helping to erase the stigma surrounding mental health and providing a comfortable, safe space for employees to learn, connect and engage.



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

Raised awareness about the many Asian and Pacific Islander cultures and what makes them unique, and provided a forum for members and allies to come together to network and learn from each other.



Proud to Empower LGBTQIA

Hosted Foundations of LGBTQIA during PRIDE Month, featuring a session with Kaden Mohamed from Positively Partners to discuss the foundations of LGBTQIA+ identity, building a shared language, and how allies can advocate and support their co-workers.



Kinship Village

Delivered executive-approved recommendations focused on increasing African-American representation among our independent agent channel to advance our market impact as we identify, prospect and onboard agents.



Women @ Hanover

Hosted a discussion about allyship in the workplace during Women's History Month with gender equity experts W. Brad Johnson, PhD, and David G. Smith, PhD. The event also featured CEO and President of The Hanover, Jack Roche.



Veterans Connection

Participated in the Wounded Warrior Project's "Donate Your Score" initiative, raising \$5,000 in support of the veteran community and their families.



Mi Familia

Created connection among Hispanic/Latinx employees and their allies through an energizing launch and celebration of Hispanic Heritage Month, lifting up the experiences, challenges and successes of Hispanic/Latinx people, and raising awareness about the community.



Advancing racial equity

We made strides as an organization in our efforts to support our colleagues and advance racial equity during some trying times.

We made the steadfast commitment to remain mindful of our biases and assumptions and make ours an even better and more equitable place to work. We continued to address racial inequities through conscious actions, including raising awareness through purposeful conversations and promoting allyship to foster a culture of belonging.

We recognize our work is not yet done but we're proud of the steps we have taken to advance racial equity this past year at The Hanover.

Supporting our Asian and Pacific Islander Communities

2021 was a year of fear and concern for many individuals in our Asian and Pacific Islander (API) communities. Both a global surge in COVID-19 and an uptick in hate crimes and racism targeted at these communities prompted us to respond with our support.



UNITED WAY INDIA DONATION

We have a special and long-standing relationship with the country of India. When the Delta variant of COVID-19 struck this community, we took action. The company made a corporate contribution of \$10,000 on behalf of our employees to help United Way India continue its efforts to help the country and its people.



STANDING UP AGAINST HATE

When the API community across the country became the target of a disturbing increase in acts of violence and racism, we doubled down on our commitment to foster a more inclusive and diverse environment, condemning the acts in the strongest terms, and formed a new BRG, H.A.A.P.I.

A Series of Purposeful Conversations with Dick Lavey

Kinship Village hosted a two-part purposeful conversations series with Dick Lavey, EVP and president of Hanover Agency Markets. Over the course of these two virtual conversations, which were widely attended by our employees, members of Kinship Village and Dick tackled some of the sensitive topics regarding race and the journey of allyship, including equity vs. equality, code switching, and white privilege, among others. These conversations led to new perspectives, action items and conversation starters for employees to have with family, friends and co-workers.



A Purposeful Conversation with Dick Lavey
 ALLYSHIP AND THE UNCOMFORTABLE
 REALITY OF RACE





IDE and its impact on the future of work

In many ways, the events of 2021 will shape the future of work – both for The Hanover and beyond. We dedicated a great amount of time and substantial resources toward helping our company reimagine the workplace, placing special emphasis on balance, flexibility and recognizing alternative perspectives.

Throughout this process – which will likely continue for the foreseeable future as the world adjusts to a post-pandemic reality – we made sure to approach our work with a deliberate eye on inclusion, diversity and equity.

Here are a couple of initiatives we introduced in 2021 to help us develop a more inclusive and progressive future of work at The Hanover:

What do YOU think?

Rather than make broad-based assumptions about how our team members view the future of work, we engaged them in the process. During the spring, we worked with Deloitte to host a series of virtual focus groups, enabling us to have a live conversation, with up to 1,000 people at once, producing qualitative insights at a quantitative scale.

Introducing *Hanover Hybrid Flex*

After considering our business priorities and employee feedback, in the fall of 2021, we introduced *Hanover Hybrid Flex*. Think of *Hanover Hybrid Flex* as an umbrella – a very flexible umbrella at that. It's our new strategy toward developing thoughtful, practical, inclusive and flexible work arrangements for individuals across the company. It's not just a phrase to describe our team members who spend some of their week in the office and some of their week working remotely. It's a more flexible and progressive approach that applies to how, when and where we work.



Under *Hanover Hybrid Flex*, the vast majority of employees across the enterprise who traditionally were full-time, office-based employees prior to the pandemic now work in the office an average of:

**2-3 DAYS
PER WEEK**

2022 commitments



2021 was a year of significant progress in our efforts to make ours an even more diverse and inclusive workplace, with a focus on critical activities that will lead to measurable outcomes, paving the way for an even greater IDE future here at The Hanover. In 2022, we're going to start making that future a reality.



FOCUSING ON EQUITY

- Raise the level of awareness with all employees of what equity means at The Hanover and our commitment to more deeply embed equity into our culture through ongoing education and evolving practices.
- Support pay transparency and equity by educating, empowering and encouraging managers to have open and transparent conversations with their team members regarding compensation.
- Continue to routinely examine employee compensation and conduct pay equity analyses to confirm that our pay practices are fair and equitable.



ELEVATING THE IMPACT OF INCLUSION, DIVERSITY AND EQUITY

- Increase diversity of candidate pools, leveraging new data-driven capabilities with continued focus on how we will increase workforce representation of underrepresented populations.
- Partner with BRG leadership to purposefully integrate their work in inclusion, diversity and equity with our strategic business and human capital planning.
- Expand cultural competence and support of underrepresented populations with allyship and mentorship opportunities, and even more purposeful conversations led by Hanover employees certified to facilitate this dialogue.

Our equal employment opportunity statement

The Hanover values diversity in the workplace and among our customers. The company provides equal opportunity for employment and promotion to all qualified employees and applicants on the basis of experience, training, education, and ability to do the available work without regard to race, religion, color, age, sex/gender, sexual orientation, national origin, gender identity, disability, marital status, veteran status, genetic information, ancestry or any other status protected by law.

Furthermore, The Hanover Insurance Group is committed to providing an equal opportunity workplace that is free of discrimination and harassment based on national origin, race, color, religion, gender, ancestry, age, sexual orientation, gender identity, disability, marital status, veteran status, genetic information or any other status protected by law.

Our 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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