

GRI-referenced Content Index



“As a company on the move, we take great pride in our commitment to be a socially responsible organization – one that acknowledges the impact the environment has on our business, makes a real difference in our communities, and governs its actions with the utmost integrity. This is what it means to be a good corporate citizen, and these values are essential to our future success.”

John C. Roche

President and Chief Executive Officer
The Hanover Insurance Group, Inc.

Table of contents

General disclosures

Organizational profile	1
Strategy	3
Ethics and integrity	3
Governance	4

Economic topics

Management approach	8
Economic performance	9
Indirect economic impacts	9
Anti-corruption	9

Environmental topics

Management approach	10
Energy	10
Water and effluents	10
Emissions	11
Effluents and waste	11

Social topics

Management approach	12
Employment	12
Labor/management relations	12
Occupational health and safety	13
Training and education	14
Diversity and equal opportunity	14
Human rights assessment	15
Local communities	15
Public policy	15
Customer privacy	15

Other topics

Responsible investment policy	15
-------------------------------	----



General disclosures

Organizational profile – GRI 102

102-1	Name of the organization
	The Hanover Insurance Group, Inc. (NYSE: THG) The organization is sometimes referred to as “The Hanover” within this content index.
102-2	Activities, brands, products and services
	The Hanover Insurance Group, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the “Form 10-K”), Part I, Item 1 - Business.
102-3	Location of headquarters
	The Hanover Insurance Group, Inc. 440 Lincoln Street Worcester, Massachusetts USA 01653
102-4	Location of operations
	The Hanover Insurance Group, Inc. Form 10-K, Part I, Item 2 - Properties , page 33. The Hanover’s significant operations are in the United States.
102-5	Ownership and legal form
	The Hanover’s parent company is a publicly traded stock corporation (NYSE: THG) domiciled in the State of Delaware that operates through a number of property casualty and other subsidiaries. For a complete list of entities within the group, see Exhibit 21 of the Form 10-K. While the vast majority of the entities within The Hanover’s group of companies are insurance companies and related entities, The Hanover Insurance Group, Inc.’s wholly owned subsidiary, Opus Investment Management, Inc. (“Opus”), is an SEC-registered investment advisor that manages assets on behalf of The Hanover and third-party institutional investor clients.
102-6	Markets served
	The Hanover offers its products exclusively in the United States. Its personal lines business is confined to 19 states, all east of the Mississippi River. Commercial lines products are available nationwide. Opus’ investment clients include institutional clients domiciled in the United States, and Opus continues to manage a portion of The Hanover’s former subsidiary, Chaucer. See the “Lines of Business” section of Part I, Item 1 - Business, pages 3-16 in the Form 10-K .
102-7	Scale of the organization
	As of December 31, 2018: <ul style="list-style-type: none"> • The Hanover had approximately 4,200 employees. • 2018 revenues of \$4.494 billion • 2018 net income of \$391 million • Shareholders’ equity of \$2.955 billion See GRI KPI 102-4 and 102-6 above for information on scope and geography of operations.

102-8

Information on employees and other workers

As of December 31, 2018, The Hanover had approximately 4,200 employees. All of our employees are at-will.

Temporary employee data is not collected by The Hanover, as these individuals are employed by staffing partners during their temporary employment. Permanent employee data is compiled and stored by workforce intelligence personnel. All employee gender composition for permanent employees:

- 60% female employees
- 40% male employees

All employee regional breakdown for our permanent employees:

- Northeast: 2,320 employees
- Southeast: 486 employees
- Midwest: 1,057 employees
- West: 339 employees

Employment type for permanent employees is:

- Full-time female: 58%
- Part-time female: 1%
- Full-time male: 41%
- Part-time male: <1%

102-9

Supply chain

The Hanover engages third-party suppliers to support our company's strategy to provide leading specialized capabilities, be an agency carrier of choice, and grow through innovation. The Hanover's strategic sourcing office contracts with approximately 1,400 suppliers, which represent all aspects of our personal lines, core commercial lines and specialty businesses, as well as various functions across enterprise-wide programs. Distribution is exclusively through independent agents and brokers.

102-10

Significant changes to the organization and its supply chain

On December 28, 2018, The Hanover completed the sale of the Chaucer group, formerly our Lloyd's international specialty business. For additional information see "Discontinued Operations - Chaucer" on page 14 of the [Form 10-K](#). Following the sale of Chaucer and the subsequent divestment of related Chaucer entities as part of that sale, virtually all of The Hanover's insurance premium comes from the United States. Opus' investment clients include institutional clients domiciled in the United States, and Opus continues to manage a portion of Chaucer's portfolio following the sale.

102-11

Precautionary principle or approach

See the "Risks" section of Part I, Item 1 - Business (pages 3-4) and the "Risk Factors" section, Part I, Item 1A of the [Form 10-K](#) for a description of how The Hanover manages risk and applies the precautionary approach. The company has an appointed chief risk officer and a dedicated risk function.

102-12

External initiatives

None.

102-13

Membership of associations

The Hanover and its employees play an active role in several industry associations related to the property and casualty insurance industry, including:

- Insurance Institute for Highway Safety, an independent, nonprofit scientific and educational organization dedicated to reducing the losses (i.e., deaths, injuries and property damage) from motor vehicle crashes
- Insurance Institute for Business and Home Safety, an independent, nonprofit, scientific research and communications organization for building safety research aimed at promoting real-world solutions for home and business owners, helping to create more resilient communities
- Insurance Research Council, an independent, nonprofit research organization
- Insurance Information Institute, a non-profit organization dedicated to providing information on insurance for the benefit of consumers and others
- The American Property Casualty Insurance Association (APCIA), an industry organization of the property and casualty market

Strategy

102-14

Statement from senior decision-maker

“As a company on the move, we take great pride in our commitment to be a socially responsible organization – one that acknowledges the impact the environment has on our business, makes a real difference in our communities, and governs its actions with the utmost integrity. This is what it means to be a good corporate citizen, and these values are essential to our future success.”

- Jack Roche, President and CEO

102-15

Key impacts, risks and opportunities

See “Board’s Role in Risk Oversight,” pages 15-16 in the [2019 Proxy Statement](#) and see the “Risks” section of Part I, Item 1 - Business (pages 3-4) and the “Risk Factors” section, Part I, Item 1A of the [Form 10-K](#).

Sustainability presents The Hanover opportunities within our insurance business to both service the needs of our customers and enhance sustainability, including:

- A “Green Coverage” offering from our personal lines business that enables homeowners to request restoration work with environmentally friendly materials after a loss
- Sprinkler credits and loss control services to reduce hostile fires and water use
- Safety and disaster preparedness materials via participation in and sponsorship of International Business and Home Safety; we also provide materials via our [Loss Control Portal](#)

In addition, sustainability efforts afford us the opportunity to engage, attract, motivate and encourage the health of a diverse workforce, including the following programs:

- On-site fairs at our main campuses to educate employees on how to reduce their carbon footprint through solar energy, composting, the use of sustainable products and more
- Numerous health and wellness program offerings
- Financial counseling to assist employee well-being
- Flexible work arrangements
- Volunteer opportunities to clean up and improve the community
- Promote local sourcing with activities such as a weekly farmers market and local vendor fairs at our Worcester (Mass.) headquarters

Ethics and integrity

102-16

Values, principles, standards and norms of behavior

The Hanover’s [Code of Conduct](#) outlines our company’s expectations for business and professional conduct that is aligned with our values, principles and standards of behavior, not just legal and regulatory requirements. The Code of Conduct also helps us recognize and address ethical issues.

In addition, The Hanover’s vision, mission and values are embodied in our shared values of [Collaboration, Accountability, Respect and Empowerment \(CARE values\)](#), which were adopted through a process that included a company-wide crowdsourcing campaign.

102-17

Mechanisms for advice and concerns about ethics

The Hanover’s Code of Conduct outlines our company’s expectations for business and professional conduct that is aligned with our values, principles and standards of behavior. By establishing our standards and expectations for conduct, the Code of Conduct also helps us recognize and address ethical issues. In order to ensure that each employee is familiar with these standards of behavior, avoid ethical issues and educate employees on how to report concerns, The Hanover requires that all new employees be trained and each employee bi-annually participate in a training course and annually certify compliance with the Code of Conduct.

We have an alert line maintained by an independent, third-party service for communicating anonymously and confidentially with the Board, the audit committee, our general auditor and our general counsel. The Hanover also [maintains a webpage](#) with information on how the Board can be contacted directly.

Governance

102-18	Governance structure	See “Corporate Governance”, pages 6-16 in the 2019 Proxy Statement or on our website .
102-19	Delegating authority	Oversight of environmental, social and governance-related issues are codified in the charter of the Board’s nominating and corporate governance committee . In addition, oversight of issues related to corporate culture and human capital development (i.e., including policies and practices relating to inclusion and diversity) are the responsibility of the Board’s compensation committee, and are contained in the committee’s charter .
102-20	Executive-level responsibility for economic, environmental and social topics	See disclosure in GRI KP 102-19 above and GRI KPI 102-32 below.
102-21	Consulting stakeholders on economic, environmental and social topics	<p>Input from stakeholders, including our insureds, independent insurance agents, the community, employees, regulatory bodies, investors, industry associations and suppliers are critical to The Hanover’s success, and many of our sustainability priorities come from interactions with these groups. Investor relations facilitates conversations with investors, The Hanover’s executive leadership team and the Board of Directors; See GRI KPI 102-53 for investor relations contact information. In addition, see the “Shareholder Engagement” and the “ESG, Sustainability and Corporate Responsibility” sections on page 16 of the 2019 Proxy Statement.</p> <p>See GRI KPI 102-17 on means provided to facilitate communications directly to our Board of Directors.</p>
102-22	Composition of the highest governance body and its committees	See the “Corporate Governance,” pages 6-16, and “Board Committees,” pages 11-13, sections in the 2019 Proxy Statement . All our directors other than the CEO are independent. Five of our ten independent directors are gender or racially diverse.
102-23	Chair of the highest governance body	See “Board Leadership Structure,” page 10 in the 2019 Proxy Statement . The Chair of the Board is not an officer of the company and is independent. The company has separated the CEO and Chair positions since 2002.
102-24	Nominating and selecting the highest governance body	See “Consideration of Director Nominees,” pages 13-14 in the 2019 Proxy Statement , as well as Appendix A – Excerpt from Our Corporate Governance Guidelines Relating to Director Independent Standards, also in the 2019 Proxy Statement.
102-25	Conflicts of interest	<p>See “Related-Person Transactions,” pages 9-10 in the 2019 Proxy Statement.</p> <p>Conflicts of interest for all employees are disclosed and assessed as part of our annual Code of Conduct certification process. See GRI KPI 102-25 above for more information. The results and any significant findings disclosed as part of the Code of Conduct certification process are reported to the Board on an annual basis.</p> <p>In addition, each member of the Board and each of our executive officers are required to complete a director/officer questionnaire on an annual basis. This questionnaire requires disclosure of board memberships, related party transactions, conflicts of interest with our independent accountants and compensation consultant, among other topics. We have no cross-board or controlling shareholders or related-party transactions requiring approval or disclosure.</p>
102-26	Role of highest governance body in setting purpose, values and strategy	See GRI KPI 102-19 and 102-32.

102-27	Collective knowledge of highest governance body	The nominating and corporate governance committee (NCGC) maintains a comprehensive skills and experience matrix for evaluating the background and skill set of the Board on both an individual director and collective basis. The matrix details the key competencies, demographic information and outside public company board, committee, committee chair and CEO experience. The NCGC tracks each director's level of current and developing expertise across the key competencies in order for the Board to oversee the long-term success of the company and to align with the company's goal of being a premier property and casualty company in the independent agency channel. The key competencies include: property and casualty insurance (i.e., beyond company Board service), senior management, financial services, finance/accounting, investments/capital markets, technology and governance. The Board seeks director candidates whose skills, experience and expertise can augment the key competencies that the company has identified. The matrix is also designed to track diversity measures.
102-28	Evaluating the highest governance body's performance	See "Nominating and Corporate Governance Committee," page 13 in the 2019 Proxy Statement for an overview of how the Board evaluates its performance. In addition, the election of directors is subject to a vote by our shareholders, making each director accountable to our shareholders.
102-29	Identifying and managing economic, environmental, and social impacts	See GRI KPI 102-19 above.
102-30	Effectiveness of risk management processes	See GRI KPI 102-15 above.
102-31	Review of economic, environmental and social topics	A total number of nine (9) board and 23 committee meetings were held during 2018. Material economic, environmental and social topics are reviewed routinely at Board and committee meetings. The audit committee is primarily tasked with reviewing economic matters. The NCGC is responsible for assessing material economic, environmental and social risks. The compensation committee reviews the company's strategies, policies and practices relating to corporate culture and human capital development, including policies and practices relating to inclusion and diversity.
102-32	Highest governance body's role in sustainability reporting	The Board of Directors and the NCGC, as part of their regular meetings, receive presentations and updates on material ESG matters, including The Hanover's efforts in sustainability reporting. In addition, members of the executive leadership team, including the general counsel, chief human resources officer and chief financial officer, are executive sponsors of a cross-functional team of employees responsible for the company's ESG disclosures.
102-33	Communicating critical concerns	See GRI KPI 102-17 above and see "Communicating with the Board," page 14 in the 2019 Proxy Statement .
102-34	Nature and total number of critical concerns	As disclosed in GRI KPI 102-17 above, we have an alert line maintained by an independent, third-party service for communicating anonymously and confidentially with the Board, the audit committee, our general auditor and our general counsel. We assess and respond to all submissions to the alert line. We also provide information to facilitate direct communication with our Board. As required by the rules and regulations of the SEC, material developments to the organization are reported publicly to the SEC.
102-35	Remuneration policies	See "Executive Compensation," pages 21-54 in the 2019 Proxy Statement .
102-36	Process for determining remuneration	See "Executive Compensation," pages 21-54 in the 2019 Proxy Statement .

102-37	Stakeholders' involvement in remuneration	See "Item 2," page 18 of 2019 Proxy Statement and also see "Executive Compensation," pages 21-54 in the 2019 Proxy Statement .
102-38	Annual total compensation ratio	The Hanover has operations almost exclusively in the United States. See "CEO Pay Ratio," page 53 in the 2019 Proxy Statement .
102-39	Percentage increase in annual total compensation ratio	See KPI GRI 102-38 above.
102-40	List of stakeholder groups	The Hanover's stakeholders include insureds, independent insurance agents, the communities that we operate in, employees, governmental authorities, investors, contractors, suppliers, and industry associations. These stakeholders are critical to the company's success.
102-41	Collective bargaining agreements	None.
102-42	Identifying and selecting stakeholders	The Hanover identifies stakeholders as the insureds who purchase policies, independent agents whom we work with to serve insureds, our employees, the regulatory bodies that oversee our operations, our investors, the suppliers with whom we partner to provide our services, the residents of the communities that we operate in, and the industry associations with whom we collaborate with to align our business to industry best practices.
102-43	Approach to stakeholder engagement	Examples of routine stakeholder engagement includes, customer communications, notices, informational bulletins and press releases, agent communications, events and in-person site visits, employee meetings, inter- and intranet website with extensive information and resources, round tables and crowdsourcing campaigns, civic engagement and community service projects, as well as investor calls, presentations and our annual meeting of shareholders.
102-44	Key topics and concerns raised	We value the perspectives and opinions of our stakeholders and, where practical and economically feasible and consistent with our CARE values (Collaboration, Accountability, Respect, Empowerment), we incorporate their feedback on key topics into our approach.
102-45	Entities included in the consolidated financial statements	In 2018, we reported that we conduct our ongoing business operations through three operating segments. These segments are commercial lines, personal lines and other, serving our customers through various property and casualty insurers as well as other subsidiaries, including Opus. For a complete list of entities see Exhibit 21 of the Form 10-K .
102-46	Defining report content and topic boundaries	This GRI-referenced content index was prepared by a cross-disciplinary team responsible for The Hanover's ESG disclosures. The executive sponsors of this team from the company's senior management reviewed this report, including the general counsel, chief human resources officer and chief financial officer. The Hanover used the Global Reporting Initiative Sustainability Reporting Standards of 2018 to develop this report. In determining the content of the report, The Hanover's team considered the company's core values and experience, as well as the reasonable expectations and interests of the company's stakeholders, The Hanover's insureds key among them.
102-47	List of material topics	The Hanover used the GRI definition of materiality as one of its reporting principles. For all material aspects identified, the related data and performance information in this GRI-referenced content index cover The Hanover's consolidated operations as a company, unless otherwise noted.
102-48	Restatements of information	None.

102-49	Changes in reporting	None. This is The Hanover's inaugural GRI-referenced content index.
102-50	Reporting period	This GRI-referenced content index features quantitative and qualitative data for 2018.
102-51	Date of most recent report	Not applicable.
102-52	Reporting cycle	This is the first year that we have prepared a GRI-referenced content index.
102-53	Contact point for questions regarding the report	Oksana Lukasheva, VP Investor Relations olukasheva@hanover.com 508.855.2063
102-54	Claims of reporting in accordance with the GRI Standards	This initial GRI-referenced content index has been prepared referencing GRI standards.
102-55	GRI content index	The GRI content index is reflected in this table.
102-56	External assurance	The Hanover did not employ an external organization to audit this inaugural GRI-referenced content index. However, our independent registered accounting firm audits certain financial information in the Form 10-K , included via URL links within this content index. In addition, our internal audit department reviewed certain KPIs in this inaugural GRI-referenced index to verify the accuracy of the reported information.

Economic topics

Management approach – GRI 103

103-1

Explanation of the material topic and its boundary

The Hanover generates and distributes economic value by delivering on our promise to compensate our customer after suffering a covered loss. The subsequent disclosures related to economic performance are deemed material due to the volatility and significance each presents to The Hanover. Our results may fluctuate as a result of cyclical or non-cyclical economic changes in the property and casualty insurance industry and other events outside our control, such as severe weather and terrorism.

Industry catastrophe models assume an increase in frequency and severity of certain weather or other events, such as fires, hurricanes and other natural disasters, whether as a result of global climate change or otherwise. Due to geographical concentration in our property and casualty business within the United States, changes in economic, regulatory and other conditions in the regions where we operate, whether due to environmental, social or governance factors could have a significant negative impact on our business as a whole.

See the [Form 10-K](#) for information about The Hanover's 2018 economic performance.

103-2

The management approach and its components

The Hanover seeks to monitor and control risk exposure through an enterprise-wide risk management framework. Six major sources of risk are monitored and modeled, which include environmental and social factors, such as climate change, increased weather severity, and human capital development, among others.

Major sources of risk include:

- Catastrophe underwriting risk
- Ex-catastrophe underwriting risk
- Reserve risk
- Investment risk
- Credit risk
- Operational/other financial risk

The Hanover's risk governance structure is robust, with business unit risk structures supported by an enterprise risk management (ERM) function. The team leverages an internal economic capital model and a risk appetite framework to measure and monitor risk exposures against established tolerances. The ERM function, in partnership with the business, identifies, measures and socializes risks to a variety of internal committees. An emerging risk management group (ERMG), a working cross-functional group with representatives from every business and function, provides support and insight to ERM. The ERMG meets quarterly. The group risk committee (GRC) considers the current and emerging risks and mitigation actions underway. The committee undertakes the review of key areas of risk in the form of specific risk assessments. All members of the executive leadership team are members of the GRC, along with the chief risk officer, chief actuary and treasurer. The committee meets quarterly, and the results are reported to The Hanover's Board of Directors.

See GRI KPI 102-15 above for additional detail on how the Board oversees risk management and on the material risk factors that the company has identified.

Economic performance – GRI 201

201-1	Direct economic value generated and distributed
	<p>Please refer to the 2018 Financial Supplement for details on The Hanover’s 2018 economic performance. An updated financial supplement is published quarterly. In addition, financial information on the basis required to be reported by the company’s financial regulators (“statutory reporting”) is made regularly available on our website.</p> <p>The Hanover also distributes economic value to its shareholders through the payment of dividends and repurchases of shares of its common stock.</p>
201-2	Financial implications and other risks and opportunities due to climate change
	<p>The financial risk that climate change brings to The Hanover primarily relates to the impact it has on the frequency and or severity of weather events and the resulting impact those events have on the property and casualty coverages we provide. Our greatest defense to climate change is to manage our exposure concentrations in any one geographic area, leveraging external and internal catastrophe and other models, and through the use of reinsurance. We purchase facultative, property per-risk and catastrophe treaty reinsurance to protect our most heavily concentrated areas, as well as to mitigate possible impact from extreme events.</p> <p>For more information, The Hanover’s climate change risk factors can be found on pages 19 and 21 in the Form 10-K.</p>
201-3	Defined benefit plan obligations and other retirement plans
	<p>For a description of defined benefit plan obligations, see our disclosure of The Hanover Insurance Group Pension Benefit Obligation, pages 66-67 in the Form 10-K.</p> <p>In addition to our defined benefit pension plan, The Hanover also maintains the following retirement and savings plans:</p> <ul style="list-style-type: none">• The Hanover Insurance Group Cash Balance Pension Plan• The Hanover Insurance Group Retirement Savings Plan• The Hanover Insurance Group Non-Qualified Retirement Savings Plan• Excess Benefit Retirement Plan (filed with the SEC as Exhibit 10.5 to the company’s Registration Statement on Form S-1 (No. 33-91766), filed on May 1, 1995)
201-4	Financial assistance received from government
	<p>The Hanover did not receive financial assistance from any government in 2018.</p>

Indirect economic impacts – GRI 203

203-2	Significant indirect economic impacts
	<p>Infrastructure investments and services supported by our asset management subsidiary, Opus, have an indirect economic impact through the investments it makes in community infrastructure projects across the United States through a portion of our municipal portfolio, low-income housing tax credits, and real estate-related investments.</p>

Anti-corruption – GRI 205

205-1	Operations assessed for risks related to corruption
	<p>As a company with operations almost exclusively in the United States and with the vast majority of insurance premium coming from the United States, we have assessed our operations for risks related to corruption, but our risk assessment has not identified corruption as a material risk that is monitored as part of our risk register.</p>
205-2	Communication and training about anti-corruption policies and procedures
	<p>We have adopted an anti-bribery and anti-corruption position as part of our Code of Conduct. These provisions are applicable to all employees, officers and directors of the company. Each year we undergo a Code of Conduct certification process that requires every employee to certify his/her compliance with the Code of Conduct, including the provisions regarding anti-corruption. In addition, approximately 50 employees whose roles within the organization necessitate it are provided training on Office of Foreign Assets Control (OFAC) and anti-money laundering compliance.</p>

Environmental topics

Management approach – GRI 103

103-1	Explanation of the material topic and its boundary
	<p>The Hanover recognizes the risks climate change poses to our environment, the implications of increased weather severity on our customers, and the impact our employees have on the environment as they perform their job functions and commute to and from work. Actions that we can take to reduce our environmental impact help to mitigate these risks. The subsequent disclosures related to environmental topics are deemed material due to the volatility and significance each presents to The Hanover.</p> <p>For information about The Hanover’s key risk factors, see the Form 10-K, beginning on page 17.</p>
103-2	The management approach and its components
	<p>The Hanover is committed to a multi-year strategy to assess, reduce and mitigate its energy use, carbon footprint and emissions. Please refer to the GRI KPI 100 series for a description of our risk management practices. See GRI KPI 103-2 under ‘economic topics’ for more information on our risk management practices.</p>

Energy – GRI 302

302-1	Energy consumption within the organization
	<p>The energy consumed by The Hanover-owned properties is primarily generated by non-renewable sources. In 2018, we consumed 16.5 million KWH of electricity and approximately 416,000 therms of natural gas, both of which were provided by public utilities. Electric use at our corporate headquarters campus in Worcester, Mass., which represents 86% of the electricity consumed by The Hanover-owned properties, is offset through the purchase of wind credits directly from our electricity provider. Credits are purchased for a three-year period based on estimated electric use at the facility. In 2018, purchased credits offset 100% of electricity use at our Worcester campus.</p>
302-4	Reduction of energy consumption
	<p>Through energy efficient lighting and HVAC upgrades completed in 2018, The Hanover expects to save approximately 131,000 kilowatt hours per year on a go-forward basis.</p>

Water and effluents – GRI 303

303-3	Water withdrawal
	<p>The Hanover does not have a water recycling program.</p>
303-5	Water consumption
	<p>In 2018, The Hanover used approximately 1,250,000 cubic feet of water at our corporate headquarters in Worcester, Mass., and 213,600 cubic feet of water at our Howell, Mich. site, both of which are primarily comprised of office space. While water conservation programs continue to be implemented, opportunities for material reductions in water use are unlikely.</p>

Emissions – GRI 305

305-1

Direct (Scope 1) GHG emissions

Direct greenhouse gas (GHG) emissions from utility-provided electricity in 2018 at The Hanover's corporate headquarters campus in Worcester, Mass. were:

- Carbon dioxide: 5,415 mT
- Sulphur dioxide: 2,822 lbs
- Nitrogen oxide: 8,467 lbs

These emission levels will be used as a baseline for emissions comparisons going forward.

305-2

Energy indirect (Scope 2) GHG emissions

In 2018, direct GHG emissions from natural gas used for heating The Hanover's corporate headquarters campus in Worcester, Mass. were:

- Carbon dioxide: 1,773 mT
- Sulphur dioxide: 20 lbs
- Nitrogen oxide: 3,074 lbs

These emission levels will be used as a baseline for emissions comparison going forward.

305-4

GHG emissions intensity

Based on the building gross square feet (sf), the GHG emissions intensity for The Hanover's corporate headquarters campus in Worcester, Mass. in 2018 were:

- Carbon dioxide .0089 mT / sf
- Sulphur dioxide .0035 lbs / sf
- Nitrogen oxide .0144 lbs / sf

These emission levels will be used as a baseline for emissions comparison going forward.

305-5

Reduction of GHG emissions

As a result of projects completed in 2018 that were designed to reduce electricity use at The Hanover's corporate headquarters campus in Worcester, Mass., The Hanover reduced the following greenhouse gases in 2018:

- Carbon dioxide: - 0.7%
- Sulphur dioxide: - 0.9%
- Nitrogen oxide: - 0.7%

These reductions will be maintained on a go-forward basis.

Effluents and waste – GRI 306

306-2

Waste by type and disposal method

Any hazardous waste produced by The Hanover is from standard maintenance activities at our owned facilities and is considered immaterial, as evidenced by the fact that the Massachusetts Department of Environmental Protection has classified The Hanover's Worcester headquarters, the largest of our owned properties, as a very small quantity generator (VSQG) of hazardous waste. All hazardous waste disposal is managed by a third-party specialist.

Non-hazardous waste generated in 2018 at The Hanover's corporate headquarters campus in Worcester, Mass. included:

- The recycling and composting program, which managed approximately 114 tons of single-stream, co-mingled recycling, 17 tons of composted material, and 23 tons of construction and demolition materials associated with building renovation projects, which diverted 46 percent of the total waste stream away from landfills
- The cafeteria program, which offers 100 percent compostable and/or recyclable dining materials
- A comprehensive paper shredding and recycling program that extends to all The Hanover-owned properties
- An electronics-waste recycling program that includes clearing all computer hard drives of sensitive data prior to recycling

Additionally, in conjunction with The Hanover's strategic plan, we strive to identify new ways to leverage technology to reduce paper, resources and gas/carbon emissions.

Social topics

Management approach – GRI 103

103-1	Explanation of the material topic and its boundary
	<p>The Hanover is committed to building an organization of the future; a diverse, engaged and incentivized workforce that values the health, safety, development and dignity of our workers. Our future success will be affected by our continued ability to attract, develop and retain qualified employees. Meeting employee expectations with respect to health, safety, development and dignity is a key component to executing on this commitment. The subsequent disclosures related to social performance are deemed material due to the volatility and significance each presents to The Hanover.</p> <p>For information about The Hanover’s key risk factors, see the Form 10-K, beginning on page 17.</p>
103-2	The management approach and its components
	<p>The Hanover manages its priority to build an organization of the future by making a commitment to objectively assess the current state of the organization and formulate a strategy to address the key findings. For example, management has made a commitment to an inclusive and diverse workplace because we believe that when our employees feel accepted and engaged, our business thrives. At The Hanover, embracing inclusion and diversity means that we appreciate our differences, reinforce inclusive behaviors at all levels, and live what we call our “CARE” values (Collaboration, Accountability, Respect, Empowerment). To that end, to reinforce our CARE culture, beginning in 2018 we formally launched our inclusion and diversity initiative, which has included:</p> <ul style="list-style-type: none">• A current state analysis of inclusion and diversity through the entire organization• The development of an inclusion and diversity strategy and communications plan through 2020• The founding of a diverse employee inclusion and diversity council to advise personnel and our executive leadership• Training on unconscious bias <p>Further, accountability for inclusion and diversity has been established by incorporating oversight of inclusion and diversity, as part of our larger corporate culture, into the charter of the compensation committee of the Board of Directors and by linking inclusion and diversity initiatives into incentive compensation metrics for our CEO and entire executive leadership team.</p> <p>See GRI KPI 103-2 under ‘economic topics’ for more information on our risk management practices.</p>

Employment – GRI 401

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	<p>Please refer to The Hanover’s Career Center for details on employee benefits. The Hanover provides comprehensive health and welfare benefits, (i.e., medical, dental, life, disability and other voluntary benefits) to all full- and part-time employees who work 30 or more hours per week. Ancillary benefits, such as 401(k) plan, employee assistance program, and medical clinic access, are provided to all employees, regardless of hours worked.</p>
401-3	Parental leave
	<p>The Hanover offers parental leave to all employees, as noted on the company’s benefits page.</p>

Labor/management relations – GRI 402

402-1	Minimum notice periods regarding operational changes
	<p>Significant organizational changes are communicated to employees through formal communication channels and, by and large, are planned well in advance. We aim to communicate to our leaders and employees most impacted by a change before communicating out to our larger employee workforce. In addition, for some organizational changes we have utilized company-wide crowdsourcing campaigns to seek input from our employees, so that their opinions, perspectives and ideas can be included in the decision-making process.</p>

Occupational health and safety – GRI 403

403-1	Occupational health and safety management system	<p>The Hanover has established a safety committee that meets quarterly to review, discuss and implement action plans and training to mitigate potential safety risks. Less than 1% of our workforce is considered to be exposed to higher-than-average occupational risk. It is also the responsibility of every employee at The Hanover to adhere to the Code of Conduct and to ensure the safety of themselves and their co-workers.</p>
403-2	Hazard identification, risk assessment and incident investigation	<p>See GRI KPI 403-1.</p>
403-3	Occupational health services	<p>OSHA injury recording compliance is managed through a contracted third-party specialist in partnership with The Hanover's human resources department and the onsite medical clinic. Any incident is reviewed by, at a minimum, members of the medical clinic, facilities team and physical security staff to determine if any mitigating actions are appropriate.</p> <p>For the minimal portion (<1%) of the employee population with the potential for exposure to high occupational risk, The Hanover contracts a third-party specialist to:</p> <ul style="list-style-type: none">• Perform quarterly mock OSHA inspections to identify and help mitigate any relevant issues• Review, help develop, and train relevant staff on safety policies and procedures
403-4	Worker participation, consultation, and communication on occupational health and safety	<p>The safety committee meets quarterly to review issues or concerns employees or managers may have. The committee membership represents multiple segments and departments of the company and is open to all interested employees. The Hanover also has a safety warden program for its owned properties in Worcester, Mass. and Howell, Mich. This program engages employees and trains them to assist in the event of large-scale events, such as a building evacuation or shelter in place situation.</p>
403-5	Worker training on occupational health and safety	<p>Annual site-specific training is conducted by a third-party specialist at both The Hanover's Worcester, Mass. and Howell, Mich. locations for employees who could be exposed to high occupational risk, although this group represents less than 1% of the total workforce. See GRI KPI 403-1.</p>
403-6	Promotion of worker health	<p>The Hanover offers both PPO and HMO type medical plans, allowing employees to choose the level of access and type of care they desire. All of our medical insurance carriers provide services and programs for non-work-related conditions by evaluating risk factors determined through submitted claims and communicating directly with those employees in need. Additionally, we offer wellness programs that cater to the physical, financial, mental and social well-being of our employees.</p>

Training and education – GRI 404

404-1

Average hours of training per year per employee

The Hanover is committed to building a strong culture of continuous learning and development. We offer robust opportunities that range from “soft” skill building to expanding technical skillsets. Learning is available to every employee at the company. We also offer reimbursement for tuition and education-related fees, including professional and industry designations.

- 1,402 training hours completed on compliance and ethics in 2018
- Nearly 90% of employees have completed educational workshops on the topic of unconscious bias to foster an environment of inclusion and belonging, and managers have completed an additional learning on inclusive leadership
- In 2018, employee development and learning averaged 5.84 hours per employee.

Not included in this information is a significant amount of both technical and informal training that occurs within each business unit.

404-2

Programs for upgrading employee skills and transition assistance programs

See GRI KPI 404-1.

404-3

Percentage of employees receiving regular performance and career development reviews

Each employee, regardless of gender or role, is formally evaluated and receives a performance discussion annually. In addition, performance connections take place between manager and employee on an ongoing basis to discuss goals, overall performance, development opportunities, and demonstration of leadership and corporate values.

Diversity and equal opportunity – GRI 405

405-1

Diversity of governance bodies and employees

[Corporate Governance Principles](#)

The Hanover is committed to building an inclusive culture where we appreciate our differences, reinforce inclusive behaviors at all levels, and live the CARE (Collaboration, Accountability, Respect, Empowerment) culture because we believe that when our employees feel accepted and engaged, our business thrives.

The following displays the composition of our governance bodies and overall workforce:

Board of Directors:

- Gender diversity – Four of our 10 (40 percent) non-employee Board members are female. A woman chairs one of the three (33 percent) standing Board committees
- Age diversification – Our Board members range in age from 52 – 73 (at the time of the last change to Board membership – 9/17/18); See the [2019 Proxy Statement](#) for more information.

Executive Officer:

- Gender diversity- two of our nine executive officers are female.
- Age diversification-
 - o 67% Baby Boomers (born between 1946-1964)
 - o 33% Generation X (born between 1965-1979)

The Hanover has approximately 4,200 employees. All employee gender composition:

- 60% female employees
- 40% male employees

All employee age breakdown:

- 30% Baby Boomers (born between 1946-1964)
- 35% Generation X (born between 1965-1979)
- 34% generation Y (born between 1980-1994)
- 2% Generation Z (born between 1995-2012)

See GRI KPI 103-2 under ‘employment topics’ for more information on our inclusion and diversity practices.

Human rights assessment – GRI 412

412-2

Employee training on human rights policies or procedures

Human rights are integral to our core company value of Respect. Our company is built on the principle of doing the right thing by our customers, employees, agent partners and the communities we work in. The Hanover is committed to 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.

- We support our employees with:
 - o Corporate employee resource groups/affinity groups
 - o Unconscious bias training; See GRI KPI 404-1.
 - o An anti-discrimination policy
 - o Anti-harassment and inclusion policies, and accompanying training to employees
 - o An anonymous reporting hotline and dedicated website to help employees report concerns and maintain anonymity; See GRI KPI 102-17.
- We have also received numerous designations:
 - o Recognized as a Best Place to Work for LGBTQ Equality
 - o Received 100% on the Human Rights Campaign’s annual Corporate Equality Index
 - o Named to the Forbes list of “Best Mid-Size Employers”
 - o Recognized as one of the most reputable companies in the industry by Reputation Institute

Local communities – GRI 413

413-1

Operations with local community engagement, impact assessments and development programs

100% of our major operations, including our corporate headquarters and claims offices, have community engagement programs.

Public policy – GRI 415

415-1

Political contributions

The Hanover [Code of Conduct](#) outlines our company policy on political contributions and activity.

Customer privacy – GRI 418

418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

In 2018, there were no substantiated complaints concerning breaches of customer privacy received from either outside parties or regulatory bodies.

Other topics

Investments

N/A

Responsible investment policy

The Hanover’s Responsible Investment Policy can be found [here](#).



The Hanover Insurance Company
440 Lincoln Street, Worcester, MA 01653

hanover.com