



ENSTAR GROUP CORPORATE SUSTAINABILITY REPORT 2021



Realising Value

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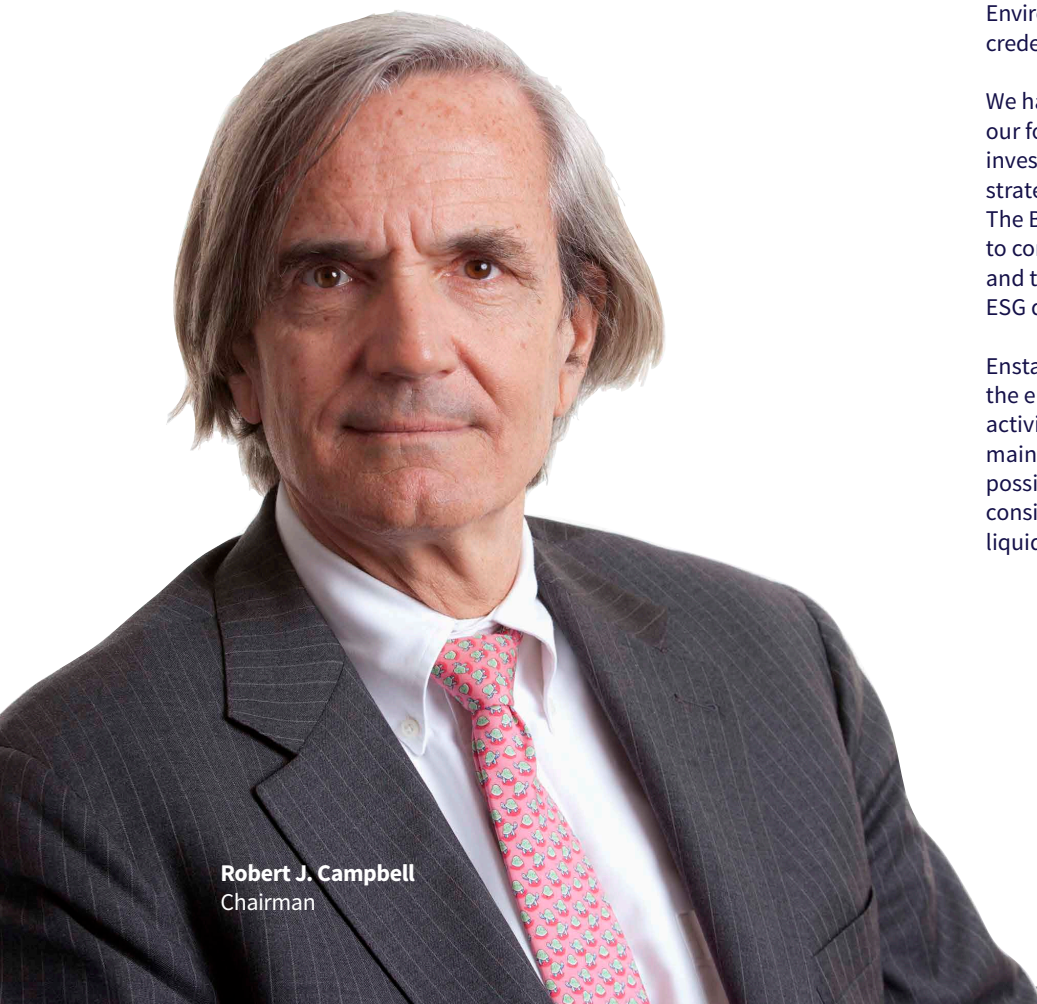
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We have made considerable progress embedding our focus areas for ESG – climate change, investments, and human capital – into our core strategic acquisition and investment strategies.



Robert J. Campbell
Chairman

Message from Our Chairman

TOWARDS A SUSTAINABLE FUTURE

We believe every global business has a responsibility to contribute to the health of people, societies, and the environment. As Enstar's senior governing body, the Board of Directors' primary obligation is to shareholders, but we take the company's environmental, social, and governance responsibilities seriously. We are encouraged by the positive steps that have been made and planned throughout the company to advance Enstar's Environmental, Social, and Governance ("ESG") credentials and our global corporate citizenship.

We have made considerable progress embedding our focus areas for ESG – climate change, investments, and human capital – into our core strategic acquisition and investment strategies. The Board is committed to taking proactive steps to continually enhance our ESG efforts and transparency, as evidenced by our inaugural ESG disclosures.

Enstar explores and implements ways to reduce the environmental impact of the investment activities carried out on our behalf, whilst maintaining our objective of obtaining the highest possible level of risk-adjusted investment returns consistent with the preservation of capital, liquidity, and prudent diversification.

Operations across our global offices have a relatively low carbon footprint for a business of our size, as is common with companies in the financial services sector. Nonetheless, we pledge to begin measuring the impact that our offices make on the environment, and to reduce their CO₂ emissions each year.

As we look to these broader responsibilities, our duty of care to Enstar's talented workforce world-wide remains a top priority. We continue to place the highest importance on each individual's health and wellbeing, as emphasised during the ongoing global pandemic.

These are simply the right things to do. It is clear that ESG is increasingly seen as a component of the inherent value of any business, which makes the accomplishments and initiatives outlined in this report an investment in Enstar's long-term value. I trust that all Enstar shareholders will support their Board of Directors in taking these steps towards a sustainable future for our business, our shareholders and the world.

A handwritten signature in black ink, appearing to read 'Robert J. Campbell'.

Robert J. Campbell
Chairman
Enstar Group Limited

Introduction from the Chief Risk Officer

ACCELERATING ESG

This is Enstar's first report covering our Environmental, Social, and Governance practices. It signals a beginning, but also continuity. Enstar has long been a supporter of green practices in our offices, and of the wellbeing of our people, whom we value above all our other assets. We have shared our wealth through philanthropy, and back our employees when they do so.

This report marks the formalisation of Enstar's commitment to ESG. We have formed an executive-level ESG Oversight Group and established working groups beneath it to address our ESG responsibilities in the areas of Climate Change, Investments, Human Capital, Disclosures, and Communications.

As Chief Risk Officer, I have ultimate responsibility for the measurement and management of risks that may impact Enstar and its people and performance. Now my role has been expanded to include responsibility for groupwide ESG, internal and external.

Already I lead Enstar's Diversity, Equity & Inclusion ("DE&I") Action Group, which champions and supports our continuing mission of sustaining a diverse and inclusive working environment. Progress will be formally reported via an annual DE&I Report from 2022 onwards.

In addition, the Action Group will establish a parallel body, comprising representatives from all levels and offices of Enstar, to initiate work at appropriate levels of the business on:

- Selection of UN Sustainable Development Goals which Enstar will target through action.
- Implementation of an emissions measurement and reporting programme to be followed by each of Enstar's global offices.
- Assessment of the ESG reporting standards of the Global Reporting Initiative.
- Monitoring and reducing the climate impact of Enstar's business travel.

Like businesses everywhere, Enstar continues along an ESG journey. Also in common with others in our sector, we will now be pushing the accelerator a little bit harder. We believe that, both individually and collectively, we can make a difference.

I am proud of the work we have done, excited about that which is now underway, and hopeful that you will find Enstar's first Corporate Sustainability Report insightful.



Seema Thaper
Group Chief Risk Officer
with responsibility for ESG Enstar Group Limited

Enstar has long been a supporter of green practices in our offices, and of the wellbeing of our people, whom we value above all our other assets.



Seema Thaper
Group Chief Risk Officer
with responsibility for ESG

This is Enstar

Enstar Group Limited (“Enstar” or “EGL”) is a leading global insurance group. Our core focus is to acquire and manage (re)insurance companies and portfolios of (re)insurance businesses that have ceased to accept new risks, an insurance function known as “run-off” or “legacy.”

We have completed or announced more than 110 such acquisitions since our formation in 1993, most involving our run-off business, which generally includes property and casualty, workers’ compensation, asbestos and environmental liability, construction defect, marine aviation and transit, and other closed and discontinued blocks of business. Enstar also has minority interests in insurance entities which accept new, or “live”, insurance risks.

We are now the industry’s largest stand-alone run-off consolidator. Our network of group companies (which we refer to collectively as “Enstar” or “the Group”) has a significant physical presence in Bermuda, where our headquarters are located, the United States, the United Kingdom, continental Europe, and Australia.

Enstar deploys its deep understanding of risks and liabilities, along with the assets that back them, in the acquisition and management of insurance portfolios in run-off, and strives to maintain them through careful and focused management.



\$10.9bn

Enstar has paid \$10.9bn to policyholders, net of reinsurance, since it’s public listing as Enstar Group Limited in 2007.



800+ worldwide employees

Enstar’s workforce includes more than 800 people working across the globe to meet our obligations to policyholders.



\$34.8bn

Since inception, Enstar has acquired or announced \$34.8bn of gross loss reserves, future policyholder benefits, and defendant and asbestos & environmental liabilities.



\$21.7bn

Enstar’s total investable assets were \$21.7bn as of 31 December 2021, an increase of 25.7% year-over-year.

Responding to the COVID-19 Pandemic

Enstar is fortunate the direct impacts of COVID-19 on our day-to-day operations have been minimal. As a global company, remote working was already familiar to many members of our world-wide staff. We had facilities in place to support others through their rapid shift to remote or agile working. We provided infrastructure support to employees newly working from home, and ensured all were able to work in safe, comfortable environments.

However, such a change can bring a range of personal challenges. To minimise the impacts on employees of the change to decentralised working, we stepped up our levels of individual support during this time of crisis. We initiated a Global Wellness Programme focused on physical, emotional and financial wellbeing. It delivers proactive enquiry by managers (which includes all Enstar employees with direct reports) into the wellbeing of their staff as they transitioned to new working environments and conditions. As part of this, we enacted certain initiatives, including:

- Enstar Wellness, a programme which reimburses employee expenses made in support of mental or physical wellness;
- A Wellbeing Platform, launched to provide support around physical, emotional and financial wellbeing, including advice about working from home and dealing with life during the pandemic;
- Wellness Webinars, live events covering topics including stress and anxiety, resilience and mindfulness;
- The COVID Exceptional Work Ethic Award, an additional bonus granted to all employees equal to 15% of their annual bonus target, to recognise the exceptional work ethic in a challenging pandemic environment;

- Virtual employee social events ranging from coffee breaks to bingo and parental support groups that created an outlet for personal interaction;
- Special support for individuals who experienced infection themselves or within their families, including paid leave and access to employee assistance programmes.

Our response to the COVID-19 pandemic began with a Board-level briefing, assessment, and detailed discussion of the broad potential impacts of the crisis on all Enstar's stakeholders. Alongside our responsibility to staff is our duty to policyholders, the individuals and businesses who rely on Enstar to meet the financial commitments made under insurance policies issued by our clients.

To meet our important responsibilities to them, investment is an important function within Enstar. We must ensure the assets we receive are and remain sufficient to meet those obligations, including a substantial solvency margin. Where possible, we actively manage investments to maintain returns and remove any volatility and COVID-related uncertainty.

As the pandemic continues to unfold, we will remain focused on implementing active investment management strategies across our diversified investment portfolio to ensure we are able to meet our responsibilities.

To support our wider business community and social environment at head office in Bermuda, Enstar donated the equivalent of a ventilation device to the Bermuda Hospitals Board to help ensure that the hospital was fully prepared in their response to the pandemic.





OUR COMMUNITIES

Enstar enhanced our pre-existing Wellbeing Platform to launch a dedicated COVID-19 intranet site in April 2020 to provide employees with relevant information, guidance, and links to external reference points, e.g. the Centers for Disease Control and Prevention. We arranged for the delivery of a series of webinars for employees that focused on health and wellbeing during the pandemic. This was reinforced with the launch of our Wellness Allowance in November 2020, which offered every employee an additional benefit for use on physical or mental fitness, wellbeing activities or equipment. The wellness benefit was in response to feedback from staff highlighting the areas they felt support was most needed.

The Executive team ensured that regular communications in the form of town halls, intranet content, and information cascaded through managers provided all employees with updates on the company's response to the pandemic, remote working and our move in late 2021 to agile working.

In March 2021, a Group-wide Wellbeing Survey was sent to all employees to gain further insight into their experiences during the pandemic and to identify areas for action and improvement. This survey recorded a response rate of 76%. It found that 84% of employees felt their manager was making an effort to keep in touch

with them, and 80% felt that they could ask for flexibility in working arrangements. The survey also highlighted areas where improvements could be made, such as additional support to assist staff struggling with mental health issues. Enstar therefore extended the provision of the Employee Assistance Programme to support employees worldwide, allowing them paid access to counselling and support around the clock, seven days a week. This survey will be repeated in 2022.

Enstar celebrated its first Group-wide Wellness Day in May 2021. Every employee was encouraged to take the day off work and spend time on non-work activities, such as with family and friends. This was followed by a series of Wellness webinars, which were centred on managing stress and anxiety, and focused on positivity.

Since late 2020, Enstar has required all managers to attend a Mental Health Awareness programme. The programme provides them with the insights and understanding to identify employees that may be experiencing mental health issues and encourages them to seek help and assistance. This has been supplemented by the training of four employees as Mental Health First Aiders. They are now equipped to help employees that may be experiencing mental ill-health by listening, reassuring, responding and referring to the employee to professional support.

7 days a week

The provision of the Employee Assistance Programme to support employees worldwide, allowing them to access paid for counselling and support around the clock, seven days a week.

2021 GROUP WELLBEING EMPLOYEE SURVEY

84%

of employees felt their manager was making an effort to keep in touch with them

80%

felt that they could ask for flexibility in working arrangements

Climate Change Commitment

CLIMATE CHANGE IMPACT

We recognise that climate change could potentially have disastrous effects on society and the global economy if proactive actions are not taken. We believe we have an important role to play in helping our stakeholders identify and adapt to the impact of climate-related risks.

Climate change presents risks and opportunities to the sustainability of our business. Enstar's business strategy is exposed to the following risks over the short (<2030), medium (<2040) and longer (≥2040) term time horizons, across three major types of climate risk:

Physical risks

(Short to Longer Term) are the first order risks arising from weather-related events, such as floods and storms. Their impact may be felt directly through property damage, or indirectly through subsequent events such as disruption of global supply chains or resource scarcity.

Our exposure to physical risks stems from our operations and investments portfolios (e.g. through our holdings in Real Estate Investment Trusts). Other physical risk exposures could arise through underwriting catastrophe (re)insurance contracts, giving rise to claims due to natural weather-related events. Since we no longer underwrite live insurance contracts this is of minimal consequence.

Transition risks

(Short to Medium Term) include financial risks deriving from the transition to a carbon net zero economy, and for Enstar include potential swift, adverse repricing of carbon-intensive financial assets.

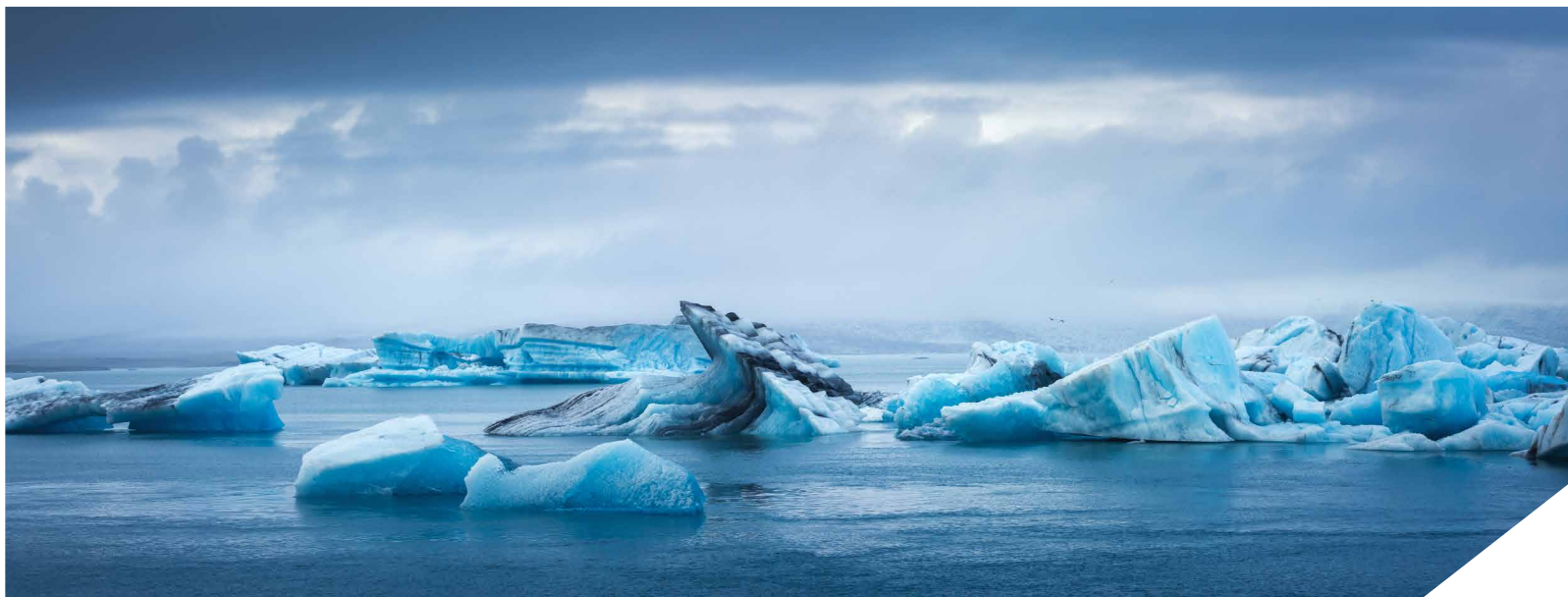
In the near term our investment portfolio could be exposed to the loss of value in specific investments due to disruption to the underlying assets/companies caused by transitioning to a lower carbon-emitting economy. The impact could increase over time if part of the transition to a greener economy is associated with increased production costs. Certain sectors are subject to significant impairments due to changing consumer demand, the repricing of assets or regulatory requirements.

Liability risks

(Short to Medium Term) include third-party exposures such as claimants who have suffered climate-change related losses and damage, and seek compensation. Liability risks also include the unknown and potentially high costs of dealing with losses or damage from physical or transition risk factors. Liability risks are particularly high for those directors and officers who do not properly manage and report climate-related risks and commit errors and omissions.

Many of our underlying risk portfolios contain lines of business that could, at the industry-wide level, be exposed to significant climate change risk (e.g., Environmental claims, Professional Lines etc.). Given Enstar's business model of acquiring and efficiently settling legacy claims, we do not underwrite new exposures. Therefore, we do not extend the ability of 'brown' industries (i.e., those which contribute to adverse climate change effects) to continue. Instead, we facilitate the orderly running down of those industries and their involvement within the financial services industry.

As we acquire liabilities, there is a risk that our current practices and processes do not successfully identify and/or price the risks arising from climate change resulting in actual returns deviating adversely from those assumed when the transaction was priced.



EMBEDDING CLIMATE CHANGE RISK

During 2021, we embedded into our standard processes consideration of climate-related physical, transition and liability risks across the business. We undertook analysis to understand where we have material exposures which require further action, and to highlight the drivers of the key risks we face as a business.

“The Group CRO is ultimately responsible for identifying and integrating climate-related risks into the EGL ERM Framework.”

Seema Thaper
Group Chief Risk Officer
Enstar Group Limited

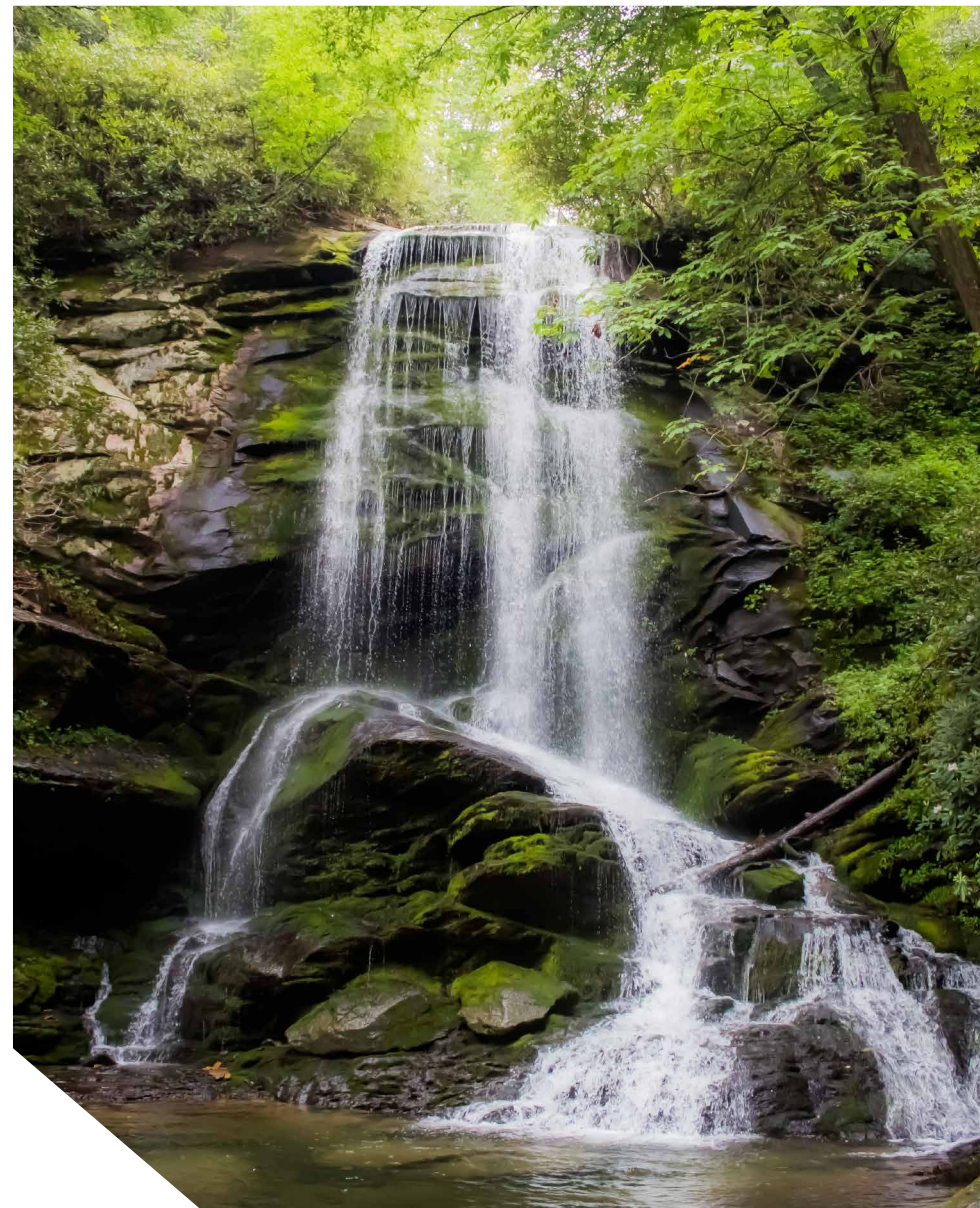
ESG Oversight Group

A dedicated ESG Oversight Group, chaired by the Group CRO and comprising members of the EGL Executive team, has been established to oversee the implementation of the ESG strategy, including climate-related commitments. This Group reports directly to the Board via the EGL Risk Committee.

Climate Change Oversight Group

A dedicated Climate Change Oversight Group has been established to oversee the management of climate-related financial risks, and to ensure consistency of approach across the Group. A project has been initiated to achieve this.

The Group is a cross-functional committee consisting of senior members within the Risk, Compliance, Finance, and Investment functions. The project encompasses various aspects including scenario analyses impacting our assets and liabilities across the Group. The outputs enable Enstar to calibrate the risk appetite and supporting risk metrics in respect of climate-related financial risks. Further, as part of the project, all risk policies and procedural documents that operate under the ERM Framework have been expanded to reflect aspects of climate change. Quarterly updates are provided to EGL Risk Committee.



Sustainable Investing



OUR INVESTMENT OBJECTIVE

Investment management is important to Enstar. Our investment objective is to obtain the highest possible level of risk adjusted investment returns as is consistent with the preservation of capital, liquidity, prudent diversification of portfolio assets and operating within the constraints imposed upon a global regulated (re)insurance company.

Our investment portfolio, totalling \$21.7 billion as of December 31, 2021, is primarily managed by external managers through the execution of investment management agreements and investment guidelines negotiated by the Enstar Investment Department. Enstar's Investment Department retains responsibility for management and oversight of external asset managers, and has the delegated responsibility from Enstar's Investment Committee and Enstar's local subsidiaries' Board of Directors/Investment Committees to act as investment advisor by managing the day-to-day operations of the portfolio.



RESPONSIBLE INVESTMENT

Enstar recognises that ESG considerations are increasingly essential inputs when evaluating global economies, markets, industries and business models. Relevant ESG factors are important considerations for investment opportunities across all asset classes within public and private markets, and may have an impact on long-term financial performance of Enstar's investments. In light of this belief, Enstar includes ESG considerations as part of its Group Investment Policy.

Enstar recognises the importance of considering ESG risks and opportunities alongside traditional financial criteria. In making investment decisions, Enstar's Investment Department considers ESG factors, the impact of which may vary across strategies, companies, sectors, geographies, and asset classes, while focusing on maximisation of risk-adjusted investment returns.

Our responsible investment goal is to be able to assess and monitor the impact of the ESG-related exposures in our existing portfolio and prospective investments. Since the majority of Enstar's investment portfolio is managed by external asset managers, Enstar relies on each of its asset managers to develop their own methods for evaluating risk and determining relative value of underlying investments. A majority of Enstar's investment portfolio is managed by several established global asset managers with well-defined ESG philosophies.

Each asset manager is best informed to optimally determine the extent to which ESG factors may affect the asset and sub-asset classes, investment strategies, regions, and sectors in which they invest and specialise. They are also well equipped to adequately identify the ESG data, tools, and metrics most relevant to their investment areas, develop the necessary approach to conducting their fundamental analysis of each investment opportunity, and optimally apply these considerations in their portfolio construction.

While the final discretion on voting in our separately managed accounts lies with Enstar, the company expects its external managers to conduct their proxy voting on Enstar's behalf in a thoughtful manner as a means of creating long-term value.

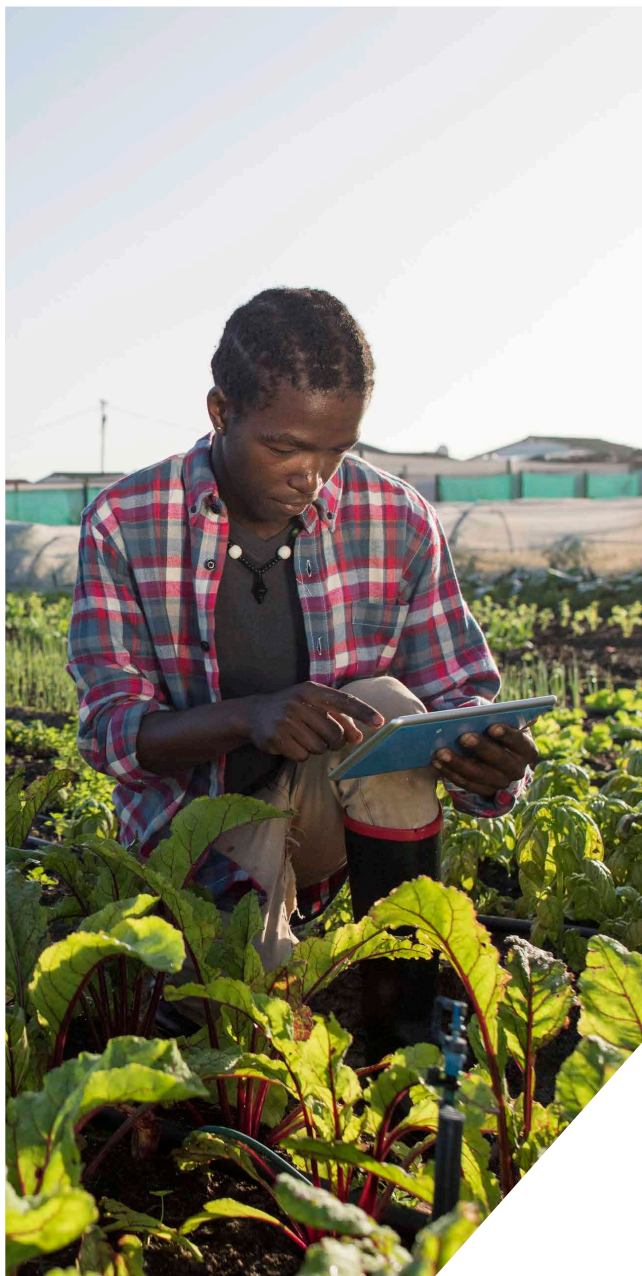
In 2022, Enstar has already taken steps to enhance its data capabilities and ESG analysis, in part by acquiring ESG data, in order to monitor its investment position with regards to ESG. For example, we are undertaking an assessment of the greenhouse gas emissions of our fixed income investment portfolio to better inform our climate strategy going forward. Using this analysis, Enstar will continue to further develop and implement its ESG Investment framework.

ENSTAR IN 2021

Took steps to enhance data capabilities and ESG analysis

Acquired ESG data to monitor ESG investment exposure

Began to assess greenhouse gas emissions of fixed-income strategy to better inform our future climate strategy



MANAGER OVERSIGHT

Enstar's Investment Department is responsible for the management and oversight of external asset managers, including their approach to ESG issues. Each manager is expected to demonstrate how ESG considerations are integrated into the investment decision-making process.

The Enstar Investments Team has investment personnel assigned to review each external manager. Managers are typically reviewed on an ongoing basis, which is supplemented via an in-person meeting or conference call on a quarterly basis, apart from asset managers who manage less liquid asset classes, who are reviewed on a semi-annual basis. Buy/sell/hold recommendations are formulated by the Enstar Investments Team based on their diligence findings and are documented at a minimum for each manager on an annual basis.

We have been developing our consideration of ESG-related risks and variables in our investment process and as of 2022, manager assessment with regards to ESG adoption will be conducted on an annual basis for existing managers and included as part of our new manager diligence process.

Enstar's ESG assessment framework evaluates asset managers across the following areas: policies and commitments to standards; investment process; governance; communication and reporting; diversity, equity and inclusion.

Approximately 94% of Enstar's externally managed assets are managed by asset managers who are signatories of the UN Principles of Responsible Investment, which we believe is a reflection of our commitment to the integration and advancement of ESG principles. Given the various stages of ESG adoption amongst market participants including our asset managers, we expect to monitor manager progress towards the integration of ESG principles.

IMPACT INVESTMENTS

From time to time, Enstar considers allocating capital to impact and sustainable investments, providing they are consistent with the overall portfolio risk/return objectives and liquidity guidelines, while incorporating sufficiently high standards of impact definition, measurement and reporting.

For example, Enstar has committed \$30 million to Neuberger Berman Private Equity Impact Fund. This fund invests principally in direct and fund investments that aim to bring about positive social and environmental outcomes aligned to the UN Sustainable Development Goals, and that also meet Neuberger Berman's traditional private equity underwriting standards. The fund invests in opportunities aligned with five investment themes, outlined below:

- Improve sustainable growth and employment.
- Improve health outcomes.
- Promote gender equality.
- Address climate change and energy needs.
- Conserve natural environment.

94%

of Enstar's externally managed assets are managed by asset managers who are signatories of the UN Principles of Responsible Investment.

\$30m

Contributed to Neuberger Berman Private Equity Impact Fund via Enstar's subsidiary Cavello Bay Reinsurance Limited.

Developing our Human Capital

DEVELOPING OUR PEOPLE

Enstar believes employing, developing, and retaining a highly competent, diverse, and inclusive workforce is critical to our success. We seek to be a progressive employer and support our employees, for example through periodic, manager-driven reviews of development areas to identify appropriate learning opportunities. That helps to ensure our workforce is equipped with relevant skills - now and for the future.

We strive to be recognised by our employees, clients, and local communities as an employer of choice, and one that draws strength, opportunities, and financial growth from the diversity of its workforce. We are committed to fostering a culture that treats all employees fairly and with respect, promotes inclusivity and diversity, and provides equal opportunities for professional development and merit-based advancement.





PERFORMANCE AND DEVELOPMENT CONVERSATIONS

In 2020, and in the midst of the COVID pandemic, 99% of our workforce undertook Mid-Year Reviews to revisit their performance and professional development objectives. The reviews ensured that employees were able to work effectively from home, reach their performance objectives, and meet their career aspirations. Throughout 2021, we maintained incredibly strong participation rates within our performance management cycle, empowering employees to communicate regularly with their manager. In 2022, we will be moving towards an evolved performance management approach supporting remote/agile working, and launching a new platform enabling our workforce to carry out regular check-in conversations, update their progress in real-time, and communicate more effectively with each other.

MENTAL HEALTH AWARENESS

We responded well to the challenges that the COVID-19 pandemic has brought, understanding its impact on the wellness of our people, and subsequently introduced webinars on resilience and mindfulness, with 328 employees participating. 82% of our managers undertook mental health awareness training to help spot the signs of colleagues, their teams, or even themselves struggling with the pandemic challenges, and to equip them with coping and self-help techniques. In 2021, we launched a wellbeing intranet site providing useful information for our managers to share with their teams, and for people to develop their knowledge.

CONTINUOUS LEARNING CULTURE

We piloted a digital learning platform in 2020, as our workforce shifted to working remotely. In support of employees' continuous learning and development, it delivers access to more than 10,000 different learning resources which support staff with solutions to training needs identified during performance and development conversations. Following the success of the pilot, in which 62% of users utilised the tool, we rolled out the platform to all employees in 2021. We have seen strong engagement from employees, who initiated 12,000 resources with 80% course completion rates. We are committed to embedding a digital learning culture within Enstar that grants employees access to the right learning at the right time, in support of their roles and careers.

TALENT MANAGEMENT

Enstar operates within a challenging recruitment environment where there is competition for the most talented people. Attracting, developing, and retaining talent remains a high priority for us as we focus on developing a strong talent pipeline. As such, we implemented a new talent management and succession planning strategy to identify and develop key individuals with growth potential for senior posts. From these activities in 2020 and 2021, we now have succession plans in place for senior roles across the organisation. All high-potential individuals identified as possible successors now have career development plans in place. Where there were gaps in our succession cover and talent pipeline, we undertook external succession activities to mitigate business risk. Our focus for 2022 is to introduce talent review boards to provide structured collective reviews of our succession plans, talent management, and development activities.

2020 ACHIEVEMENTS

99%

of our workforce undertook Mid-Year Reviews to revisit development objectives to align with working from home

328

employees participated in resilience and mindful webinars

82%

of managers undertook mental health awareness training



QUALIFYING OUR WORKFORCE

We launched qualification pathways in 2020 for our UK-based employees to support employees becoming professionally qualified in their occupation. This strategy also supported the use of the UK apprenticeship levy, a mandatory 0.5% tax on pay costs intended to encourage employers to invest in apprenticeship programmes. 12 employees began their apprenticeships in 2020. They were joined by a further 12 apprentices since the beginning of 2021. We are now using \$300,000 of the apprenticeship levy to invest in and develop our employees' skills. We will continue to implement this strategy, and to broaden our approach: we will provide development opportunities to employees across the Enstar workforce in places and cases where the apprenticeship levy cannot be utilised.



LEADERSHIP DEVELOPMENT

While there have been good development opportunities for employees across the Group, we have evolved our approach, recognising the need to provide more structure to developing future leaders across Enstar. Our response has been to develop our Business Excellence Leadership Programme to enhance our senior managers' leadership and management capabilities. So far, 38 participants have attended across three cohorts of this programme to support the development of our talent pipeline. We will continue our focus in 2022, with three further cohorts planned.



CORPORATE CULTURE AND BENEFITS

In October 2021, Enstar launched a Group-wide Wellbeing Platform to provide consistent and wide-ranging support in the areas of emotional, physical, and financial wellbeing. The platform provides insights and advice on healthy sleeping, reducing stress, embracing diversity, managing finances, nutrition guides, getting active, and reducing tobacco usage. In addition, it provides opportunities for employees to connect with colleagues, friends, and family through challenges which are inclusive for all. These can include Step Challenges or Healthy Habit Challenges.

In March 2020, Absence Management Training was issued to all managers to ensure that absence is monitored and recorded properly, support is being offered to employees, and referrals made when necessary. This training continues to be offered to new managers and existing managers in need of refresher training through the digital learning platform Percipio.

In September 2021, agile working was introduced for a majority of Enstar's employees. Agile employees are expected to be in the office 50% of the time and working remotely for the other 50%. Feedback from the Wellbeing Survey highlighted that many employees wanted to have this flexible working arrangement, which helps to provide a good work/life balance.

A social budget of \$150.00 per employee has been provided to support development of working relationships within teams following the COVID-19 pandemic. These budgets can be utilised at the discretion of managers, and are subject to local COVID-19 regulations.

A range of benefits are available to all employees across the Group to support health and wellbeing. These include medical schemes, dental schemes, wellness allowance, and access to connect to leading doctors for an expert second opinion on medical issues.

As of November 2021, all employees and their families have access to an Employee Assistance Programme. This provides 24-hour phone assistance and up to five complimentary visits per year for concerns related to stress, work/life balance, and family matters.

Many employees take the opportunity to purchase Enstar stock through the Employee Share Purchase Plan (the "ESPP"), where deductions from their post-tax pay are used to purchase shares at a discount to fair market value. We believe Enstar's ESPP helps align our employees' interests with creating long-term value for Enstar.

Following the launch of agile working in 2021, Enstar's Wellbeing Survey highlighted that many employees want this flexible arrangement, which helps to provide a good work/life balance.



DIVERSITY, EQUITY, AND INCLUSION

In March 2020, Enstar built on the foundation laid by the Group Diversity and Inclusion Policy by launching a Diversity and Inclusion intranet page to raise awareness with employees by sharing information, articles and links. Launched to promote International Women's Day, it included interviews with senior female leaders across Enstar and included a call to for volunteers to establish a Diversity and Inclusion Action Group. The Action Group's aim was to review and agree initiatives that champion and support Enstar's continuing mission to sustain a diverse and inclusive working environment so that every employee feels valued and supported as an individual irrespective of attributes such as gender, ethnicity, and religious beliefs.

Throughout 2020, Enstar highlighted our response to racial injustice and promoted real-life stories to raise awareness and tackle prejudices. Articles and information have continued to be published in 2021 in recognition of key events including International Women's Day, Pride Month, and Mental Health Awareness Month. We also made unconscious bias training mandatory for all employees as of 2020.

In September 2020, Enstar conducted our first ever diversity and inclusion survey to measure demographics and inclusivity across the Group. The survey had a 79% response rate, with 81% of employees agreeing they could be their true selves at work and 85% agreeing that people of all backgrounds and cultures are respected and valued at Enstar. Following the survey, focus groups were held to identify qualitative information and identify actions, including commitments on diversity in talent acquisition and development programmes, online unconscious bias learning opportunities for all employees, and ongoing recognition of key events like Pride Month.

Enstar's actions in this space were recognised with an invitation to speak to 200 companies about our Diversity and Inclusion journey. In 2021, Enstar reinvigorated the diversity and inclusion programme, we formed a new Action Group, and appointed an Executive with responsibility for diversity, equity and inclusion. A further survey was held October 2021 to track progress and identify further areas of opportunity.

In October 2021, following an authorised delay caused by COVID-19, Enstar published our 2020 Gender Pay Gap report, the fourth report we have published for the UK government. In this UK-focused report we were able to highlight the reduction in the median gender pay gap in Enstar UK from 34.3% in 2017 to 29.6% in 2020. Our 2021 report is due for publication by April 2022.

HUMAN CAPITAL MANAGEMENT SYSTEM

In 2021, Enstar identified the need to provide an enhanced technology platform for managing human capital data. Enstar has selected a preferred vendor and we intend to commence the project to implement this solution in early-2022, for a Q2 deployment across the Group. This solution will offer employees the ability to manage their key data and will ultimately allow managers to take greater ownership of changes impacting their teams.

SECURITY

Across our organisation, we are committed to conducting business in a manner that protects the safety and security of our employees and visitors while they are on our premises. All buildings that we occupy have heightened security, and access control to our offices within them.

389

Female employees
as of December 31,
2021

443

Male employees as
of December 31,
2021

We understand the benefits and value of a diverse workforce and have undertaken key initiatives to enhance managers' awareness of unconscious bias and cognitive diversity.

HEALTH & SAFETY

We endeavor to maintain all of our premises to a high level to always ensure the health and safety of our staff, including but not limited to completing regular testing of all systems (water, fire alarm systems, smoke detectors, air conditioning, etc.). We ensure that all risk assessments are conducted according to local law and guidelines, including office risk assessments, fire risk assessments, COVID-19 risk assessments, and in the UK, Display Screen Equipment assessments for all staff, including while they have been working from home.

Enstar has provided a home working kit for all staff that have requested one. It includes desks, chairs, monitors, keyboards, mouse, docking stations, laptops, foot stalls, etc.

A desk-space reservation software solution, Condeco, was introduced to improve our booking process and to respond to our new workplace requirements because of COVID-19. This ensures staff safety and wellbeing whilst they are in the office in the current environment.

Employees are provided with mandatory training resources which cover data protection, fraud, money laundering, and other topics.

Enstar is committed to a safe working environment that is free of threats, coercion, and emotional or physical harm. If an employee has a concern, they contact Enstar's Human Resources Business Partner. Employees can anonymously and confidentially ask ethics, compliance, or company policy questions through Enstar's intranet, as well as report incidents concerning issues such as financial and auditing concerns, harassment, theft, substance abuse and unsafe conditions. Alongside this, the whistleblowing hotline is accessible through the intranet.

US Security & Safety

All US offices are managed by an access control system to maintain a safe and secure facility for our employees and visitors. A quarterly review of entries is performed to ensure badges for exiting staff and visitors have been permanently removed from the system.

In the current COVID-19 environment, our focus revolves around enhancements that ensure a safe office return and a safe at-home set up. This includes:

- To provide a safe return environment for our employees, we have implemented thorough cleaning protocols and new technologies, which promote social distancing guidelines.
- US desk capacity was reduced by half to adhere to social distancing, and the Condeco software solution ensured that desk bookings were clear and easy to make and manage, while preventing the same workstations from being used more than once daily.
- Our premises are maintained to assure the highest level of health and safety with regular testing and inspections performed on life safety and heating, ventilation, and air conditioning systems.
- All risk assessments are conducted according to state and local guidelines, including office risk assessments, fire risk and COVID-19 risk assessments.
- We have added relaxation/nursing rooms to offices to support our focus on employee wellbeing and to assist working mothers.

ENVIRONMENT

UK

Recycling bins are present throughout Enstar's UK offices, the hand towels in the kitchens are now made from recycled materials which can be re-recycled, and our printer toners and cartridges are also recycled. In order to encourage staff to recycle where possible, we have removed the desk bins from under each desk.

We have introduced "follow-me-printing" to reduce the amount of paper, toners, and waste cartridges used, and to encourage people to only print if it is necessary. Any confidential waste is put in for shredding which is collected biweekly. Our 2019 Energy Savings Opportunity Scheme Report for the Guilford Office investigated our consumption, found it to be 'Low', and was submitted to the Environment Agency.

Bermuda

We have a recycling system in our office. We will also seek to introduce "follow-me-printing" in 2022 to reduce waste and encourage employees to print only when it is absolutely necessary.

US

We encourage recycling of paper, plastics, metals and printer toner/cartridges in each of our offices. We adopted the use of electronic signatures to reduce paper usage and printing, and to enhance data security. Recycling bins are also present in all offices, and we have made an effort to remove single-use plastics from our offices, including plastic straws, stirrers, and water bottles, and are encouraging use of reusable water bottles.

We have filters on all water dispensers, coffee machines, and ice makers to maintain a higher level of water quality in the offices. This too helps promote the use of reusable water bottles.

Further, the implementation of the agile work strategy has allowed us to rationalise our offices and reduce our real-estate footprint. We are achieving these efficiencies in our US portfolio through a combination of lease assignment, lease buyout/termination, subleasing, and office closings/consolidations. We believe this shift will foster a more open, collaborative, and flexible environment for our colleagues, and will help reduce our carbon footprint.

Enstar is committed to a safe working environment that is free of threats, coercion, and emotional or physical harm. If an employee has a concern, they contact Enstar's Human Resources Business Partner.

Community Involvement and Philanthropy

CORPORATE SOCIAL RESPONSIBILITY (CSR)

We believe that our success as a business improves when we make a positive investment in our staff and our community. Our CSR programme is how Enstar makes a difference in terms of involvement in the community, through charitable giving and volunteering.

While Enstar has long had a spirit of giving and community involvement, our current CSR Programme was formalised in 2018 as a global initiative with a local focus. The aim is to promote staff engagement in our support of charities and causes to ensure that our people have an affinity with the programme. As awareness of this programme grows, so does our ability to give. Each year, in reaction to increased demand, we have been able to increase our CSR budget.

The CSR Programme is led by executive-level sponsors from each region. They are supported by regional administration teams who review and track all approved giving. All applications must be reviewed and approved by our CSR team and vetted by our Procurement team before a donation can be made.

Our employees are encouraged to get involved in CSR activities. When they do, they help Enstar to make a positive social economic and environmental contribution.



VOLUNTEERING

Encouragement and support are given to employees looking to become involved in community schemes, both within and outside of Enstar. In addition to fostering generosity, empathy and kindness, we recognise that volunteering helps staff to develop a range of skills and competencies including communication, project management, leadership and team working. Enstar is supportive of staff being given time to volunteer within working hours, at the discretion of local management. Further, Volunteer Days have been organised by our regional offices. The global pandemic has put a halt to recent activity, but prior to this, our Head Office staff was involved in clearing a community garden and cleaning and preparing a building which is now being used as a transitional living facility for homeless families. We look forward to resuming and growing these volunteering initiatives when regional regulations allow us to do so.

CHARITABLE GIVING

Group-Wide

Charitable contributions assist Enstar to fulfil its social responsibility to our communities. Donations are given to registered charities or to organisations that have a charitable nature. On a quarterly basis, and based on International Awareness Days, Enstar gives to national charities in support of their research and educational work. In 2020, this saw us donated to the following causes: heart health, mental health, Alzheimer's research, and breast cancer awareness. These donations are publicised internally, and staff are encouraged to also give – either to the national charities selected or to a local charity of their choice.

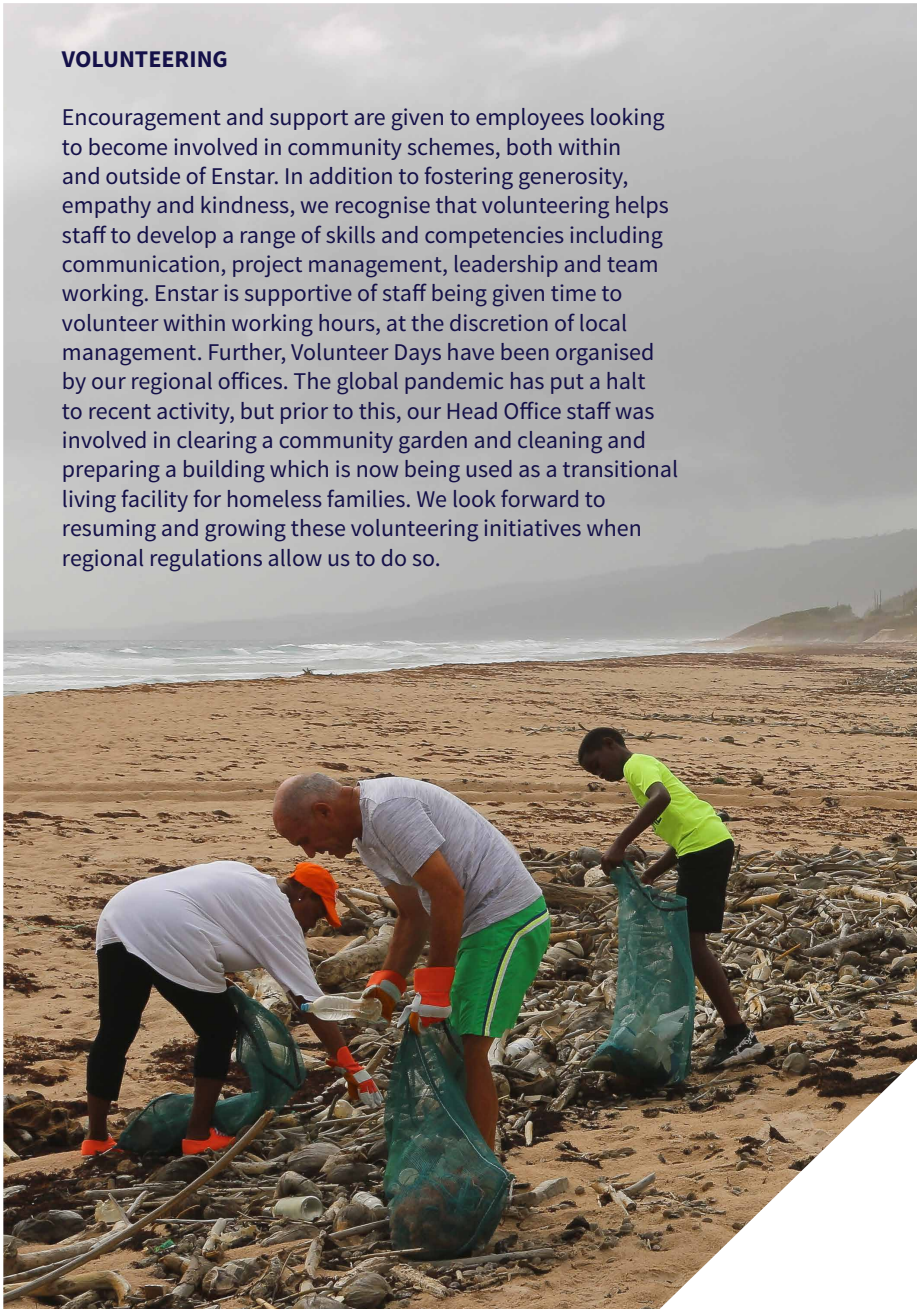
Enstar annually supports two international charities that work mainly in Africa – the Make a Difference Foundation and Self Help Africa. In 2021, Enstar made a number of situation-specific donations including to the Red Cross for its work in Haiti after the devastating earthquake in August, and to the Bermuda Hospitals Board in support of the ongoing COVID-19 Vaccination Programme.

Regional

Each Enstar operating region is allocated 'discretionary' funds to be donated to local communities. These donations are dispensed based on requests from our staff to support a cause that is meaningful to them, or in response to direct requests from the community. In addition, Enstar has a donation-matching policy to support causes that are important to our employees.

A staff steps-based activity challenge which began in November 2020 and ran through to the end of May 2021 was a team event which had us virtually walking the world. It included a photo competition component, and resulted in more than 40 donations being made to regional charities. The step and photo winners from each region, each month, nominated a charity of their choice to receive a donation.

Through frequent communication via our intranet, staff are reminded of opportunities and ways to give, as well as encouraged to nominate charities for Enstar to give to. As awareness of our CSR Programme continues to grow amongst our staff, we look forward to seeing our community involvement and charitable giving grow.



GLOBAL GIVING

From small local trusts to large international organisations, Enstar provides funding to a diverse mix of charitable services which include education, children and family, health and medical, and food banks.

Out of the many great charities we support, we want to shine a light on two: Make a Difference Leadership Foundation and Self-Help Africa.



Make a Difference Leadership Foundation

We value our partnership with Make a Difference Leadership Foundation. Their focus is on identifying, supporting and developing the future leaders of South Africa by providing a comprehensive, personal and long-term scholarship programme, offering scholars support in the areas of mentorship and personal, academic, and leadership development. By focusing on the individual needs of each scholar, they maintain a personal connection that provides comprehensive support for the duration of their academic career. A MAD scholarship is more than just a contribution towards the scholar's academic costs. They support each scholar from Grade 8 through their tertiary degree, with financial assistance and by supporting the individual in his/her personal and professional development as they prepare for their future. In addition to annual cash donations, before COVID-19 Enstar played a key role in the fundraising efforts of MAD by assisting with organizing a fundraising golf event.



SELF HELP AFRICA

Difficult challenges require a long-term approach. Enstar is proud to support Self Help Africa in its work to end poverty in rural African communities. Their core work is helping micro-, small- and medium-sized enterprises across Africa to increase profits. Each of the small-scale farmers with whom they work is a small business owner, looking to make a profit. What they earn feeds a family, and it pays for healthcare, education and shelter. They follow a fundamental principle: give people the tools and knowledge and they will make their own lives better. They call it a “pro-profit approach in a non-profit organisation”. In addition to annual cash donations to support the work of SHA, Enstar is a keen sponsor of and participant in one of SHA's annual fundraising events. The annual ‘Change Makers Ball’, which Enstar attended in November 2021, is seen as a great way of introducing our staff and business partners to this hard-working organisation in the hope of increasing their donor base.



**Self Help
Africa**



REGIONAL GIVING

Through our Corporate Social Responsibility programme, we provided financial support to many charities in 2021 in each of our operating regions. We've selected one from each region to spotlight.



USA



Beat Childhood Cancer Foundation

Enstar has been supporting this charity since 2018 when it was introduced to us by a staff member. The charity was started by friends of an Enstar employee who lost their child to Neuroblastoma cancer. Beat works to fight childhood cancer through innovative clinical trials. The charity has solely funded a research consortium of 45 hospitals across the US and Canada. This work is driving a cure for childhood cancer.



UK



Hope for the Young

Young people seeking sanctuary in the UK are determined to access education and make the most of their opportunities. Hope for the Young is in turn determined to support them in doing so by removing the obstacles they face. This is done through mentoring, advocacy, and financial support. This charity is one that is frequently nominated by our staff to receive donations. In September 2020, one of our staff members took his fundraising for Hope for the Young to new heights by competing in, and completing, the Dragon's Back Race – a six-day, 380km race from Conwy Castle to Cardiff Castle in Wales and climbing 17,400m, almost twice the height of Everest, in the process. This is known as 'the world's toughest mountain race.' It was our pleasure and honour to contribute to this impressive fundraising effort.



Bermuda



The Coalition for the Protection of Children

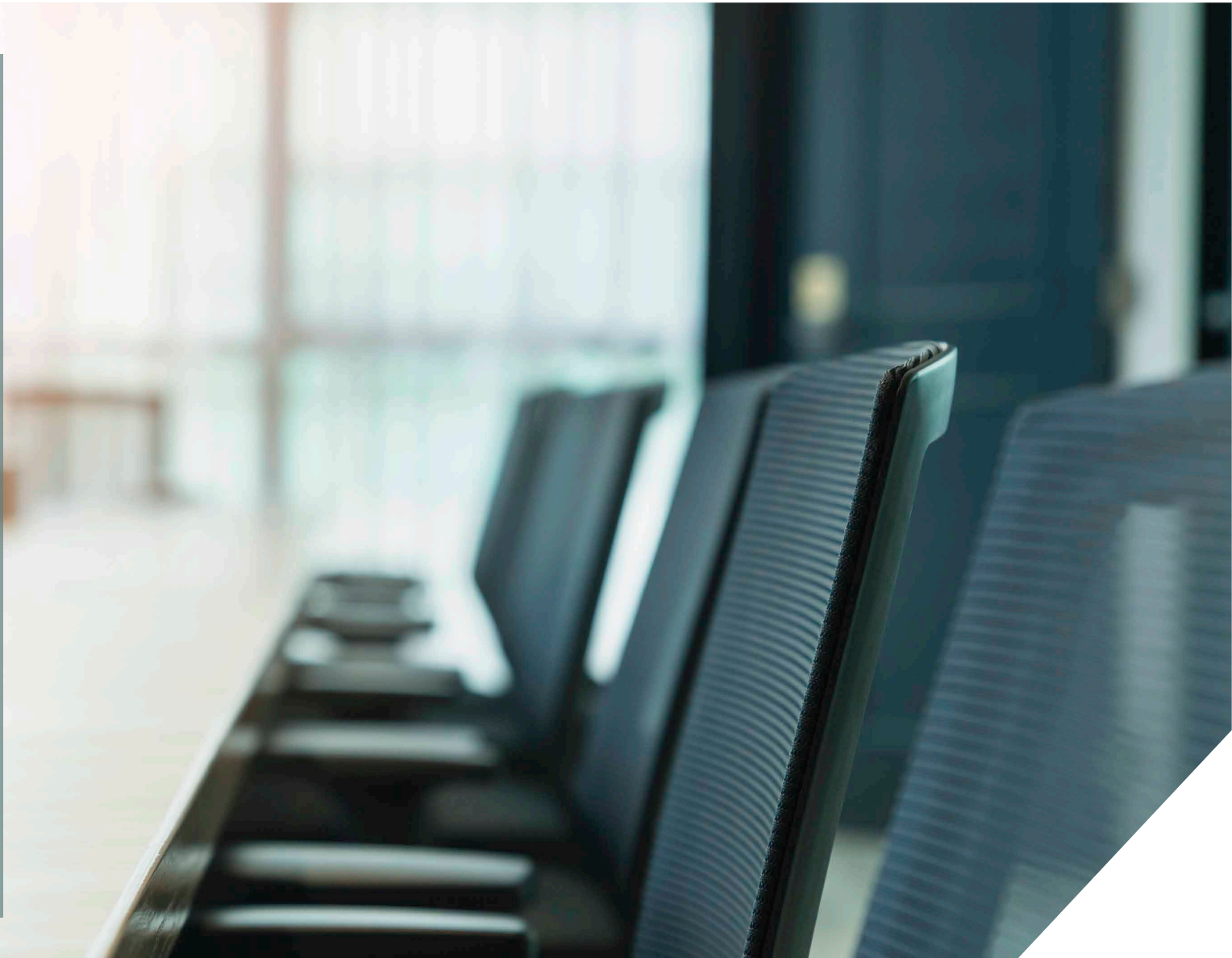
Enstar and our staff have been supporters of the CPC for many years both through direct donations and by supporting their annual 'Toys for Tots' campaign. Too many children in Bermuda do not enjoy a healthy, nurturing, and safe home environment. This lack of security increases the likelihood that crime, addiction, and physical abuse will continue to be perpetuated in their lives into adulthood. For these reasons, the CPC's approach has four main focus points: 1) Breakfast for Every Child – served in 14 primary and middle schools ensuring that children have a healthy start to their day; 2) Advocacy - awareness campaigns, research and a legislative and policy agenda allow the CPC to be an agency for change; 3) Prevention - the Speak Up Be Safe programme aims to prevent child abuse through empowerment and information. 816 primary school students have been trained in the programme since September 2016; 4) Hardship Support – working directly with clients to develop a plan which may include accessing other agencies and working with government departments, but the immediate goal is to ensure children are safe and their basic needs are met.

Business Governance for the Long-Term

CORPORATE GOVERNANCE AND OUR BOARD OF DIRECTORS

At Enstar, we are committed to maintaining high ethical standards and compliance with all applicable laws and regulations that affect our business. The Board oversees our strategic plans and objectives and ensures that we have a robust risk management framework to identify, measure, manage, monitor and report risks that may affect the achievement of our strategic, operational and financial objectives.

We maintain well established corporate governance practices and principles, guidelines, and codes of conduct which inform the roles and responsibilities of the Board regarding its oversight of the Group. These, together with Enstar's memorandum of association, by-laws, committee charters, and other key governance policies, provide the framework for our corporate governance.



BOARD COMPOSITION

The Board seeks members who demonstrate a familiarity with the substantive matters necessary to lead Enstar and who represent a mix of backgrounds and experiences that will improve the Board’s ability to serve our needs and the interests of our shareholders. The Board has adopted a formal diversity policy applicable to the selection of directors.

The Board considers diversity to include gender, ethnicity, nationality, age, sexual orientation, geographic background, and other personal characteristics. The Board’s diversity policy requires the Nominating and Governance Committee to actively consider diversity in its regular assessments of board composition and in its efforts to identify potential director candidates, including specifically instructing any director search firm (if engaged) to include diverse candidates in its search. The Board is currently composed of eleven directors who possess a broad range of backgrounds in the insurance and financial industries, as well as skills and experience in areas necessary to navigate our business, including investment, strategy, governance, risk management, operational, and technological expertise. To read further about the skills and backgrounds that our directors bring to the Board, please see our 2021 Proxy Statement.

Some highlights of our corporate governance structure that promote objectivity and effective oversight include:

- Roles of Chairman and CEO are separate
- Chairman is an independent director
- Majority of the Board consists of independent directors
- Fully declassified Board to be in place following 2023 Annual General Meeting
- 100% independent Audit, Human Resources and Compensation, and Nominating and Governance Committees
- Annual Board/committee self-evaluation process
- Before or after regularly scheduled Board meetings, independent directors meet in executive session to review the performance of our executive officers

Ethics and Compliance

Code of Business Conduct and Supporting Policies

Policy Against Discrimination, Harassment and Bullying

Governance Practices

Oversight of Our Compliance Programme

Responsible Supply Chain

Supplier Monitoring and Engagement



Enstar’s success over the past two decades has been underpinned by its culture of ethics and compliance. Strong policies underlie this culture, which has been instilled by its senior leadership. Ethics-related training, such as Diversity & Inclusion, is provided to all staff, and an anonymous Whistleblowing Hotline is available to all staff and other stakeholders to raise concerns.

Business Ethics/Code of Business Conduct and Supporting Policies

Enstar is committed to conducting its business in accordance with the highest ethical and social standards, and in full compliance with all applicable laws and regulations in Bermuda and in other jurisdictions in which Enstar operates or does business.

Enstar’s Global Compliance Function is responsible for managing compliance risks and sustaining all aspects of compliance management across Enstar’s businesses, functions, legal entities and countries of operation. This includes overseeing the culture of ethics and integrity.

Enstar’s Code of Conduct (“the Code”) provides an ethical and legal framework for business practices and conduct applicable to all employees, officers and directors.

Each year, Enstar’s employees certify that they have reviewed and will comply with the principles of the Code. The Code is reviewed annually and updated as necessary and approved by the Board each year.

In addition, Enstar consultants are expected to adhere to the spirit of the Code, the Enstar Vendor Code of Conduct (as discussed below in the Responsible Supply Chain section), and to any applicable contractual provisions when working on behalf of Enstar companies.

Key Matters Addressed in the Enstar Code of Conduct

Channels to anonymously raise concerns	Avoiding insider trading
Diversity and equal opportunity	Potential conflicts of interest
Discrimination and harassment-free workspace and treating each other with fairness, dignity and respect	Entertainment and gifts
Workplace safety and security	Abiding by anti-bribery and corruption and avoiding “facilitation payments” in foreign countries
Protecting information and data	Political contributions and activities
Data privacy and security	Keeping accurate business records and reporting



Policies to ensure ethical conduct



Supporting Policies

The Code and supporting policies set our standards for making decisions consistent with our ethical and regulatory frameworks and govern the way we conduct business.

Enstar employees are required to abide by the Global Conflicts of Interest policy, which instructs colleagues on how to identify, prevent, and manage potential conflicts of interest in order to ensure that all employees perform, and are perceived to perform, their work in an objective and unbiased manner.

Enstar's Anti-Bribery and Corruption Policy prohibits making or offering bribes to public officials or for commercial purposes and facilitating payments to governments and related parties, and provides guidance on the relevant actions and key terms, such as bribes, gifts, entertainment, and political contributions. The policy is supplemented with guidance in the Code, which outlines that all employees have a responsibility to know and follow the policy, and to report actual suspected violations of the policy.

Our Sanctions Policy applies to all Enstar entities globally, which are subject to various sanctions laws and regulations where we operate. Enstar utilises automated sanctions screening technology to scan transactions for sanctions-related risks, and has operating guidelines requiring that suspicious transactions be appropriately reported.

Governance Practices

Enstar is committed to a robust set of governance policies and practices. We regularly review those practice against corporate governance developments and stakeholder feedback to ensured continued effectiveness. This includes:

- Effective board composition
- Director independence
- Balanced and aligned effective compensation
- Business ethics
- Cybersecurity and data privacy

Enstar's overall sustainability and corporate responsibility approach has been organised along ESG principles. It has been planned around Enstar abiding by and upholding ESG principles as a part of our corporate strategy to become a top-performing company.

Our Code of Conduct and Policies are reviewed and updated regularly to recognise and remain current with regulations and best practices. Enstar conducts comprehensive reviews to ensure developments are considered and incorporated as appropriate. Any changes to the Code are approved by the Board of Enstar Group Limited, then by specific legal entities. Approval of certain policies may be delegated by the Board to the Senior Executive Operations Team, as set out in our Delegation of Authority Policy.

Policy Against Discrimination, Harassment and Bullying

In addition to our Code, a separate policy specifically addresses our commitment to providing a workplace free of harassment and offensive behaviour.

Enstar employees are encouraged to speak with management, Human Resources, or their compliance officers if they need to address compliance and ethical issues.

Oversight of Our Compliance Programme

Enstar's Group General Counsel and the Group Head of Compliance oversee the Company's ethics and compliance programmes, including its business ethics, compliance with applicable laws and regulations, and efforts with respect to anti-corruption and avoiding anti-competitive behaviour. Overall responsibility of the Compliance Programme has been assigned to the Group Head of Compliance.

Responsible Supply Chain

Enstar recognises that our vendors play an important role in our success. Enstar strives to conduct business with suppliers who have high ethical standards and who operate in a socially responsible manner. In 2021 a Vendor Code of Conduct (the "Vendor Code") was launched. It sets out our expectations for vendors providing goods or services to follow basic principles which support our long-term growth and add value to the firm.

Our Vendor Code asks vendors to adopt appropriate standards and strategies to meet the following aims:

- Conduct business responsibly, in accordance with all legal, regulatory, and moral expectations;
- Maintain high standards of welfare for individuals, including staff and all those involved in the supply chain; and
- Minimise impact on the environment through adoption of 'green' initiatives wherever possible.

Supplier Monitoring and Engagement

As noted in our Vendor Code, Enstar expects its suppliers to establish and implement sustainability goals that minimise environmental impact, and to manage their overall sustainability and corporate responsibility. Enstar incorporates ongoing compliance with the Vendor Code into its business relationships and procurement decisions, and we are focusing on broadening our vendor evaluation process to include ESG aspects. The consideration of ESG will ensure that suppliers view these matters in a manner that is consistent with Enstar's values. A vendor's violation of the Vendor Code may lead to termination of the vendor's relationship with the firm.

SUMMARY

2021 Highlights

- Robust training for all employees on data protection
- Formalised a Vendor Code of Conduct
- 100% of employees annually certified with our Code of Conduct
- Development of our climate change approach and ESG into our Global Risk Management Framework

2022 Priorities

- Continue to embed climate change and ESG risks into our Global Risk Management Framework
- Enhance Code of Conduct training to include ESG considerations
- Continue to seek to improve our data privacy and data security
- Continue to drive operational sustainability practices



Risk Management

Given Enstar’s global operations and geographically diversified exposures, it is imperative that we consider emerging factors such as ESG and how these will influence the way we conduct business. Through our assessment, we have identified our ESG focus areas which have been included in this Corporate Sustainability Report.

Ensuring governance structures, process, and procedures facilitate effective risk management that is aligned with strategy and embedded throughout operations is fundamental to Enstar’s Executives and Board. Enstar’s risk management system is outlined by our Enterprise Risk Management (‘ERM’) Framework. This consists of numerous processes and controls that have been designed by management, with oversight by the Board of Directors and its committees, and implemented by employees across the organisation. The objective of Enstar’s ERM Framework is to achieve the following:

- Support the achievement of business strategy and objectives in accordance with the Board-approved risk appetite.
- Ensure appropriate methods for the identification and mitigation of risk are in place and operating as intended.
- Support good risk governance, responsibility and accountability.
- Ensure a consistent approach to risk management is embedded across the Group.

The ERM framework and its key components are outlined in the schematic opposite.



Risk Strategy

Enstar's Risk Management Strategy has been designed to help meet our core objectives, which are to:

- Engage in highly disciplined and risk-based, acquisition, management and (re)insurance practices across a diverse portfolio of loss reserves.
- Seek investment risk where it is adequately rewarded.
- Maintain reserving risk in line with risk appetite.
- Ensure capital, liquidity, credit, operational, and regulatory risks remain low.
- Promote the consideration of Environmental (specifically, climate change), Social and Governance risks in the business planning and strategic priorities process.

These strategies are pursued through the use of appropriate controls, governance structures, and highly skilled teams effectively working together. EGL's Risk Management Strategy is embedded across the organisation by promoting a strong culture of risk awareness. This is evidenced through our day-to-day approach to managing the business. In particular, risk matters are regularly discussed at management and Board meetings, providing challenge and considering opportunities against risks being assessed and managed.

Risk Strategy Key Principles

Several key principles underpin the design of Enstar's Risk Management Strategy. These are that Risk Management is:

- an integral part of the organisational processes
- part of decision making
- addressed at uncertainty
- systematic, structured and timely
- based on best information
- tailored
- transparent and inclusive
- dynamic, iterative and responsive to change
- facilitating/driving continual improvement
- focused on protecting our stakeholders and policyholders.

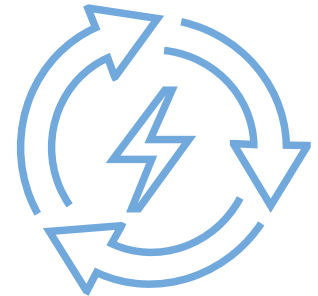
Risk Appetite Framework

The Risk Appetite Framework ("RAF") is in place at the Group and subsidiary levels monitors risk-taking throughout the business by linking strategy and planning with available capital and risk. It is designed to:

- protect the Group and its subsidiaries from an unacceptable level of loss, compliance failures and/or adverse reputational impacts; and
- support the wider strategic decision-making process, for example by ensuring that risk associated with proposed transactional activity is identified, evaluated and understood as part of the wider due diligence process and is consistent with approved appetite.

A qualitative risk appetite statement is set for each material risk to represent the amount of risk the Board is willing to accept. The risk appetite statement is supported by quantitative tolerances (such as minimum capital required). The qualitative risk appetite statements and supporting quantitative tolerances are reviewed and approved by the Board annually.

Though subsidiary companies' RAFs are aligned with the RAF of the Group, the local company appetite and tolerances are reviewed against their specific risk profiles and strategy and approved by the local Board(s). A cascading and feedback loop exercise is undertaken and reviewed annually to ensure that subsidiary risk appetite does not, in the aggregate, exceed Group Risk Appetite.



Enstar's Risk Management strategy enables the proactive management of risks arising in day-to-day operations, primarily through the implementation and maintenance of an effective ERM framework to ensure a robust control environment.

Risk Ownership

Enstar has adopted the ‘Three Lines of Defence’ model to delineate accountabilities and establish a ‘check and balance’ management of risks across the Company and its subsidiaries with:

FIRST LINE OF DEFENCE

Comprising management designed and owned processes / controls;

SECOND LINE OF DEFENCE

Comprising various risk control and compliance oversight functions (e.g., Risk Management and Compliance) established by management; and

THIRD LINE OF DEFENCE

Independent assurance from Internal Audit (and other outside agencies as required).

The Risk Management function, headed by the Group CRO, is responsible for designing and operationalising the various components of the ERM Framework throughout the Group. To ensure independence, the Group CRO reports to our CEO and has direct access to the Chairperson of our Risk Committee.

The Three Lines of Defence model helps communicate the approach to risk management throughout the organisation. This is supported by explicit ownership of the risks and a clear allocation of responsibilities for their day-to-day management.

Enstar and its subsidiaries have internal controls in place, designed to manage risks to acceptable levels. The effectiveness of controls is regularly considered in managing and balancing risk and appetite. These are implemented within each line of defence.

FIRST LINE OF DEFENCE		
Function(s)	Reporting Lines	Key Roles and Responsibilities
Management, comprising senior corporate executives and their function leaders and risk owners	Executive Committee	<ul style="list-style-type: none"> Drive a strong culture of risk management. Design and implement effective business processes so that risk is managed within appetite. Follow defined processes and controls when delivering business services. Risk and control owners perform quarterly attestations considering the effectiveness of design and operation of controls and risk ratings. Provide risk metric data on a quarterly basis to allow for the effective tracking of risk. Report incidents to the Risk Management team. Work with Risk Management to design and undertake both routine and ad-hoc stress and scenario testing.
SECOND LINE OF DEFENCE		
Function(s)	Reporting Lines	Key Roles and Responsibilities
Risk Management	CEO and EGL Risk Committee and subsidiary Boards	<ul style="list-style-type: none"> Ensure independent review and challenge of first line activities. Develop, maintain and implement the ERM Framework across the Group. Oversee the operation of the ERM framework, ensuring emerged and emerging risks are identified on an ongoing basis. Lead and facilitate the ongoing maintenance of a robust RAF to provide a holistic view and ongoing assessment of risk for the Executive and Board (including the EGL Risk Committee), guiding and informing enterprise risk management. Identify, measure, manage and monitor the risk profile of the company to inform the decision-making process. Ensuring high rated risks have appropriate controls which are tested on a frequent basis. Conduct comprehensive risk assessments on strategic initiatives (e.g., transactions, investment reallocations). Investigate, remediate and (where appropriate) escalate both control failures risk appetite breaches to the appropriate governance forums (e.g., Management Risk Committee (‘MRC’), EGL Risk Committee). Promote the consideration of Environmental (specifically, climate-related), Social and Governance risks in the business planning and strategic priorities process. Oversee, collate and include stress and scenario testing into the wider framework, and where appropriate ensure risk mitigation measures are designed and implemented. Perform Root Cause Analysis as appropriate over reported incidents/risk events.
Compliance	EGL Board and subsidiary Boards	<ul style="list-style-type: none"> Develop, maintain and execute a Compliance Framework supported by an annual testing programme where applicable. Investigate, remediate and where appropriate escalate compliance failures. Provide advice and recommendations on compliance laws, rules and standards.
THIRD LINE OF DEFENCE		
Function(s)	Reporting Lines	Key Roles and Responsibilities
Internal Audit	EGL Audit Committee and subsidiary Boards	<ul style="list-style-type: none"> Provide independent and objective assurance on the adequacy and effectiveness of governance and risk management and controls. Execute an annual risk-based internal audit plan ensuring all material activities, controls and areas of greatest perceived risk are reviewed on a regular basis.

Enstar's Approach to Information Security and Data Protection

With ransomware, data breaches, and cyber-attacks more prevalent than ever, Enstar is increasingly exposed to cyber risk. Protecting the company's business assets and handling our data with care is of critical importance to Enstar's continued growth, efficient operations, and the protection of data subjects. Therefore, information security and data protection is a key priority for the group and subsidiary boards.

All employees share responsibility for data protection and information security. The group embeds this across the organisation through a governance framework of policies and procedures, risk assessment, security tools, and audited controls. This is supplemented by ongoing training.

Information security and data protection are core components of our ERM framework and receive considerable focus throughout the organisation, such as:

- quarterly reporting of cybersecurity and data protection risks to group and subsidiary boards (or their delegated committees);
- tracking of key performance indicators such as vulnerability scanning and patch management, phishing training results, and any data incidents and horizon scanning activities;
- continued assessment and development of the effectiveness of controls in light of evolving threats and implementing enhancements where appropriate; and
- the identification of emerging risks and their management.

Risk Identification and Briefing

On a quarterly basis, consistent with our ERM Framework, all information security and data protection risks are reviewed for completeness and the appropriateness of the current impact and likelihood ratings. These are documented and discussed at group and subsidiary boards.

External cyber events are monitored and discussed in IT senior management meetings where the need for any remediation actions is agreed. The outcomes of those meetings are shared with senior management and the group Board.

The impact of new regulations is discussed in quarterly Horizon Scanning meetings that help plan and prioritise internal responses.

The Global Chief Information Officer provides updates on information security matters to the executives on a fortnightly basis.

The Global Head of Information Security provides quarterly updates on cybersecurity matters to the EGL Risk Committee.

The Group Data Protection officers meets with Regional COOs each fortnight to discuss data and information security issues.

Cyber and Data Incidents

Consistent with our Operational Risk Framework, all cyber and data events and near misses are documented, with cyber events recorded in ServiceNow to ensure that prompt action is taken, and to ensure we learn from all such events. Where appropriate, we introduce changes into our underlying business processes and controls.

Cyber Insurance Policy

Enstar Group has a cyber risk insurance policy in place that is renewed annually.



We have a dedicated Cyber Incident Response Team ('CIRT') comprising membership across multiple business functions, to oversee our immediate response in the event of a cyber incident. The CIRT has not had to convene in response to an actual event, and we have not had to report an informational security breach to any regulatory body in the past three years.

Information Security and Data Protection Policies

Enstar operates a suite of data protection and information security policies which are reviewed at least annually to ensure compliance with changing regulatory requirements and external threats.

We monitor the development of regulations in the key markets where we operate (UK and EU, Bermuda, US and Australia) and respond to these developments, reflecting annual updates to policies supported through annual training.

Training

Cyber security training is given to all employees as part of onboarding.

Enstar regularly provides annual training to all covering security best practices and their responsibility to protect customer data, reflecting evolving threats such as social engineering or the current pandemic. This includes fortnightly phishing tests, with remedial training provided where appropriate.

Enstar operates a suite of data protection and information security policies which are reviewed at least annually to ensure compliance with changing regulatory requirements and external threats.

The Importance of Regular Control Review and Audit

Personal information belonging to claimants, employees, business partners, and suppliers is regularly processed by Enstar and requires a robust set of controls to mitigate the changing risk landscape.

Minimum IT requirements and procedures are set globally to ensure standard internal procedures and controls are applied across all the regions in which we operate.

Privacy by design is at the heart of any change process undertaken across Enstar. Robust controls have been put in place to ensure that information security and data protection risks are considered and documented alongside any change programme, and allow for risks to be managed appropriately before any decision to go live is made.

Regular internal audits over both our information security and data protection functions are performed to ensure controls operate effectively, that policy standards are maintained, and relevant regulatory requirements achieved.

Business and IT controls are regularly verified by external auditors against the requirements of S404 of the Sarbanes-Oxley Act as part of their annual audit of Enstar Group's financial reporting.

We also appoint third parties to conduct risk assessments of our cybersecurity resilience annually, performed through activities such as penetration testing.

We test the effectiveness of our cyber and data incident response plans with simulation exercises, which gauge the responses of various cross-functional stakeholders and help us to adjust and improve the plans accordingly.

Finally, we recognise that in today's world many data processing activities reside with third parties who may control or process data on our behalf. For key data processors we perform formal risk assessments and contract reviews before contracting; we also have a formal critical vendor oversight programme covering IT security, data security, compliance and risk. This is supplemented by formal onsite due diligence in the case of third-party administrators and desktop exercises for other suppliers as part of a suite of operational resilience measures covering outsourcing and business continuity.





Important Information Regarding Forward-Looking Statements

This report may include certain forward-looking statements regarding our current views with respect to future events, risks and uncertainties. These statements are intended as “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Actual events and results may differ materially from those set forth in the forward-looking statements. We

undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

For a complete description of the risks and factors that could cause actual results to differ from our current expectations, please see our annual report on Form 10-K and quarterly reports on Form 10-Q filed with the SEC. Any forward-looking statement you see in this report reflects Enstar Group Limited’s current views with respect to future events and is subject to these and other risks, uncertainties and assumptions.



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