

beazley

Responsible Business Report 2023



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Responsible Business Report 2023

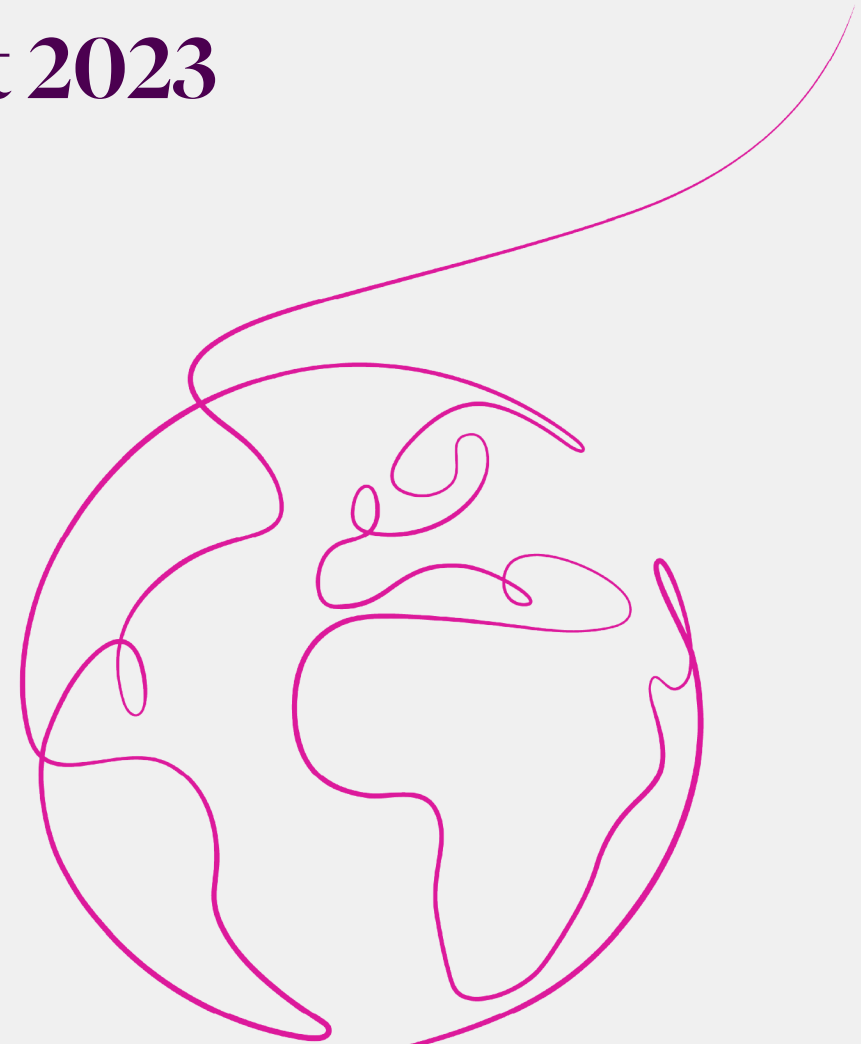
Introduction

We are on an Environment, Social and Governance (ESG) journey and to ensure we continue to make progress along the way we must set measurable and challenging targets. These are designed to deliver results over time with the goal of building better resilience for our clients, employees, the communities we are part of and all our stakeholders.

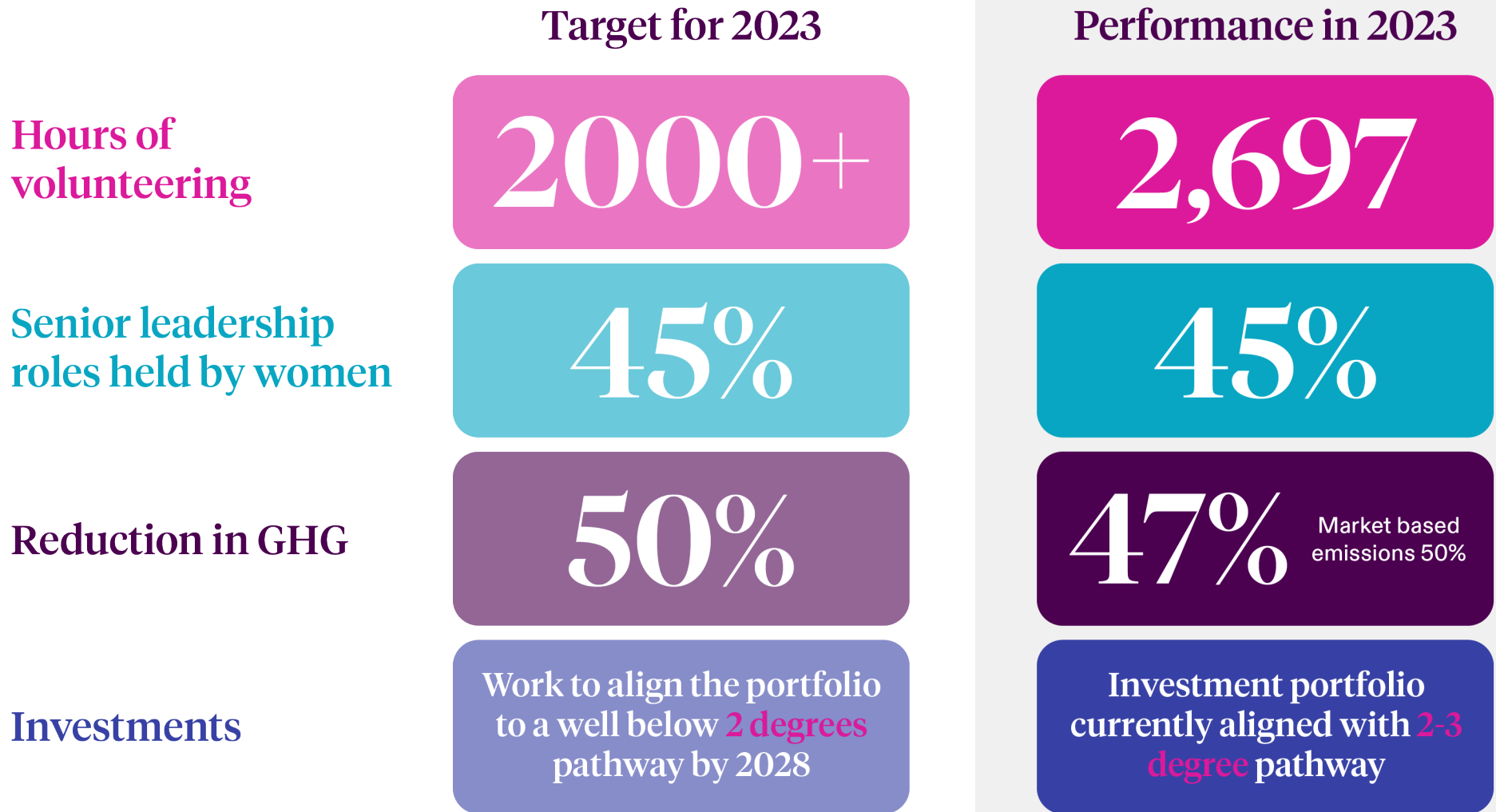
Since we set ESG targets in 2019, we can be proud of the progress we have made. We are creating a diverse working environment, achieving our bold targets for reducing greenhouse gas emissions and have donated thousands of volunteering hours to our communities.

We recognise that there is still much to be accomplished. By utilising data, we can assess our progress and determine the next steps on our journey.

In the following pages we have outlined the interconnected ways in which we approach responsible business, the ambitious goals we have set ourselves and the tangible measurements we have in place to ensure we deliver.



Performance in 2023



Responsible Business at Beazley

Being a responsible business is one of the five pillars of our business strategy. It is embedded in our deep understanding of specialist risks and underlies our culture and values: being bold, striving for better, and doing the right thing. We are committed to doing the right thing for all our stakeholders, including our people and partners, as well as the planet.

Our Responsible Business strategy is based around four themes. These pillars are supported by nine key areas across the organisation which are detailed within the outer ring of our responsible business wheel, which is designed to demonstrate the interconnected nature of our approach to responsible business.

Beazley’s Responsible Business Steering Group (RBSG), is chaired by the Chief Executive Officer. It meets regularly throughout the year and is responsible for challenging the progress and development of the strategy and providing support to the business as it addresses ESG and climate-related issues.



Responsible Culture

People are the central pillar of our corporate strategy and the core of our business. We strive to attract and nurture talented colleagues who value diversity of thought and embody our culture.

We achieve this by offering a comprehensive benefits package and a variety of initiatives and opportunities for our colleagues to improve their health, well-being and professional development.

Responsible Culture			
	2021	2022	2023
People of Colour representation in workforce	23%	25%	27%
Senior leadership roles held by women	38%	43%	45%
Employee engagement	86%	85%	86%
	(9% above global average)	(8% above global average)	(8% above global average)

Inclusion & Diversity

We want our employees to reflect the diverse range of backgrounds and experiences that make up the customers and communities that we serve. Beazley's inclusion and diversity strategy is focused on setting, meeting and then evolving our targets to achieve the talented and diverse team that together will deliver outstanding results for our business.

We are pleased to report that we successfully achieved our diversity targets during 2023.

At the end of 2023, 45% of Beazley's senior leadership team were women. We have now set ourselves a maintenance goal ensuring that at any given time not less than 45% of our leadership team are women and not less than 45% are men.

At the end of 2023, 27% of our employees identified themselves as being People of Colour, having exceeded our target of 25% back in 2022. A quarter of this group are Black employees, meeting our goal. Having achieved this first set of goals we have now set a stretch target for 33% of Beazley's employees to identify as People of Colour (continuing the focus that 1/4 of that group will be Black employees), by March 2028.

We also remain focused on increasing the representation of People of Colour in our senior leadership team, aiming for at least 17% by March 2028. We started at 11% in 2022 and are currently at 12% at the end of 2023.

In 2023, women made up 45% of all management positions, including junior, middle and top management. Women also made up 31% of science, technology, engineering & mathematics (STEM) related positions, and 38% of management roles in revenue-generating functions (underwriting).

To support achieving our targets, examples of our initiatives include:

- Partnering with our internal employee networks to ensure our end-to-end process is inclusive and fair.
- Working with a number of select external partners, such as Black Young Professionals, MyGWork, the Insurance Cultural Awareness Network and the Asian American Insurance Network to ensure our vacancies are visible and promoted to under-represented groups.
- Wherever possible, presenting a shortlist that is gender-balanced and ethnically diverse and ensuring a diverse interview panel.
- Ensuring our Talent Acquisition team are regularly trained and upskilled to stay at the forefront of inclusive hiring practices.

Network Activity

We take pride in our employee-run global networks, each of which is supported by a senior sponsor. These sponsors use their influence to connect network activities with our business goals and strategy.

Three new networks were launched in 2023 – Beazley Neurodiversity, Beazley Young Professionals and Beazley Veterans. They join Beazley SHE, Beazley Proud, Beazley RACE, Beazley Wellbeing and Beazley Families in fostering inclusion, providing support and promoting diverse perspectives within Beazley.

Beazley Families

Supporting families and parents-to-be

Beazley Neurodiversity

Great minds don't think alike

Beazley Proud

Our global LGBTQ+ community

Beazley RACE

Including, understanding, and celebrating People of Colour

Beazley SHE

Successful, High potential, Empowered women in insurance

Beazley Veterans

Supporting our veterans and active duty military colleagues

Beazley Wellbeing

Supporting employees with their mental wellbeing

Beazley Young Professionals

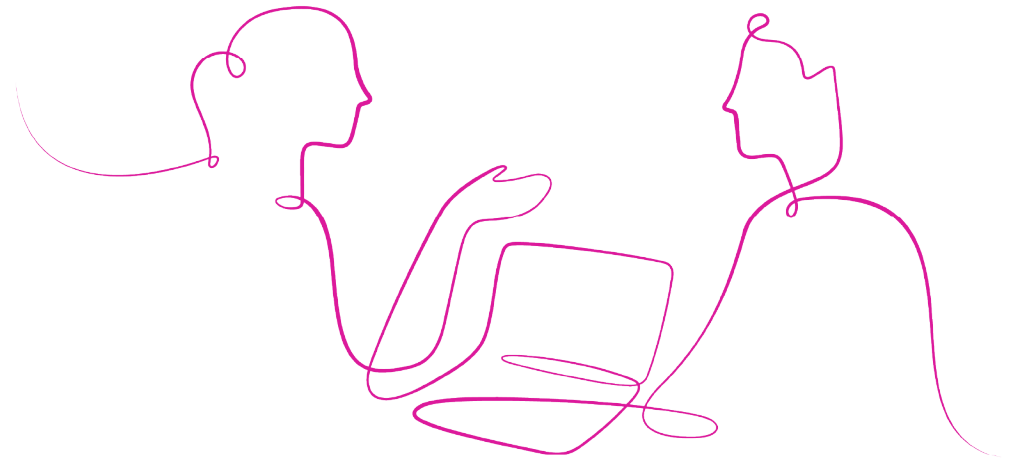
Involving, informing and connecting young professionals

During 2023, our networks were essential in helping us foster an inclusive and supportive environment. Panel sessions, webinars, small group discussions and presentations were held, both internally and externally.

Colleague Engagement

We have a transparent and open approach when it comes to the way we communicate, utilising a wide variety of channels to keep colleagues connected with each other, our executive team and what is happening within the wider business. Our engagement strategy is focused on asking, listening, and acting on what our colleagues feel and have to say, capturing feedback throughout the year and through our formal, anonymous engagement survey. In our most recent survey, in which we had an 80% participation rate, we scored 80% for favourability (a measure of how colleagues feel about the different aspects of working at Beazley) and 86% for engagement (a measure of how colleagues feel about working at Beazley generally and if they are advocates for the business). Both scores are above the global benchmark.

89% of colleagues feel we are a socially and environmentally responsible organisation. 94% feel the work they do has a positive impact on their stakeholders and the business and 89% would recommend Beazley as a great place to work. Our total employee turnover in 2023 was 9%, with voluntary employee turnover being 7.5%.

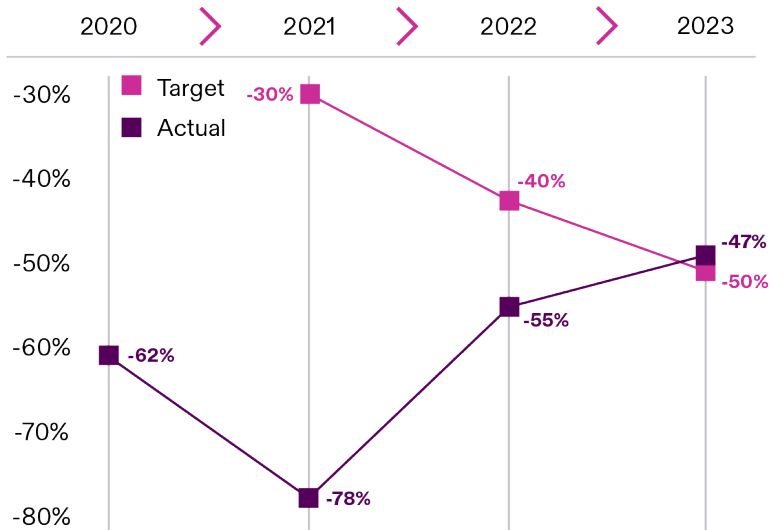


Sustainable World

Climate Change

As a specialty insurer, we underwrite in areas that are vulnerable to the impact of climate change, particularly in property risks. Our response to climate change needs to reflect both effective management of the climate risk and our climate responsibility to play our part in mitigation. You can learn more about our approach to climate change by reading our Task Force on Climate-related Financial [\(TCFD\) disclosures](#).

Reduction of Greenhouse Gas emissions



The reductions of in scope GHG emissions are shown based on data normalised by FTE. Reduced emissions in 2020 and 2021 were impacted by COVID-19.

Effective Management of Climate risk

This is the financial risk that Beazley faces, arising from climate change. We focus on understand the impact of both the physical and transitional aspects of climate change on our underwriting and investment portfolios.

Much of the work to manage climate risk is led by the Climate Risk Working Group which reports into the Chief Underwriting Officer (CUO). Key initiatives in 2023 included:

- Enhancing our approach to identifying material physical risk perils, by further incorporating scientific research into our physical risk materiality assessment.
- Strengthening our catastrophe modelling capabilities and continuing to develop our forward looking view of risk.
- The creation of a natural hazard research function to support our delivery of enhanced modelling for property risks.
- Further developing our approach to scenario analysis.

Case Study: Resilient Cities

In Partnership with Howden and as part of the Sustainable Markets Initiative (SMI) Taskforce, Beazley was part of the first cohort of insurance professionals to participate in the Global Risk and Resilience Fellowship. This unique public-private partnership places fellows within city leadership teams that are part of the Resilient Cities Network. Beazley partnered with The Hague, Netherlands.

As part of the scheme, city officials receive practical risk consulting advice from the fellows to amplify existing efforts to build long-term resilience and minimise vulnerabilities. In some instances, the cities also benefit from insurance and risk transfer expertise to manage volatility.

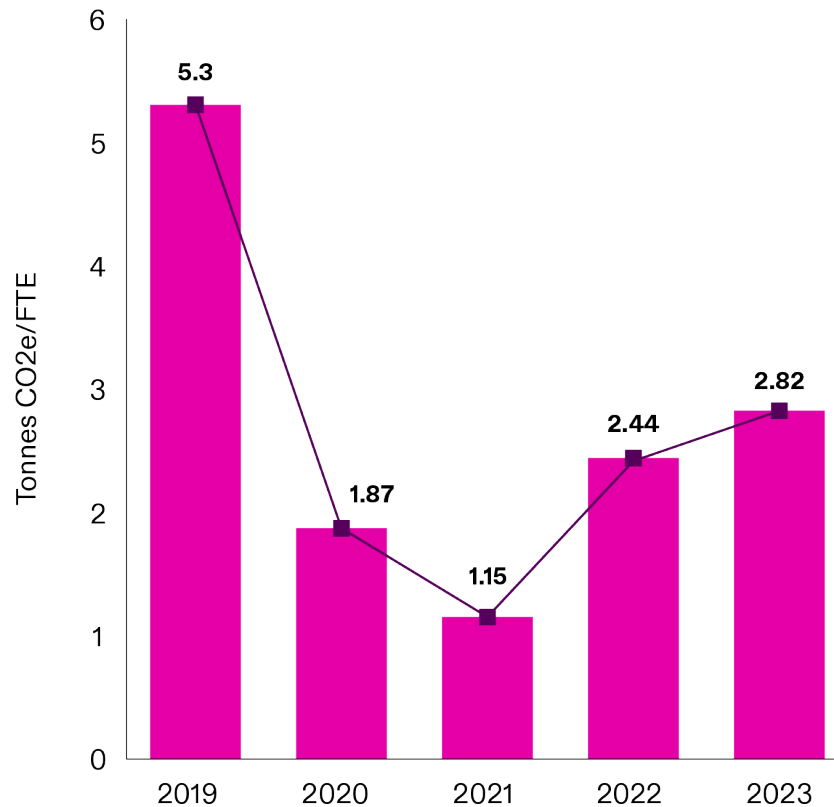
By integrating insurance professionals into cities' resilience planning, the Fellowship is helping to transform insurance into a comprehensive tool that accelerates de-risking and resilience building efforts – ultimately contributing to sustainable growth. The program also enables insurance professionals to develop expertise in climate risk and city resilience and to better understand how risk mitigation and risk transfer expertise can effectively address long-term climate change risks in the public sector.



Climate responsibility

This encompasses all actions to reduce our impact on the environment including efforts across the business to reduce carbon emissions and environmental impacts as well as charity and community efforts.

Greenhouse Gas Emissions (GHG emissions) per FTE



In 2023, Beazley set a target to reduce GHG emissions associated with its in scope emissions by 50%, when normalized per FTE. The target was set against a 2019 baseline. To deliver our reduction, initiatives implemented included:

- The setting of a carbon travel budget to manage business travel emissions
- Engaging with our landlords on environmental matters; and
- Enhancing our approach to the reporting of GHG emissions.

We achieved a 47% reduction for our location based emissions, and a 50% reduction for our market based emissions. 30.2% of the electricity in our offices was sourced from renewable energy sources in 2023.

Transition to net zero

The transition to net zero cuts across our approach to our operations, investments and underwriting. During 2024 we will publish our first transition plan setting out how we will move towards net zero by 2050. This plan can be broken down into three key areas:

Underwriting

During our exploration of setting carbon emission reduction targets for Beazley's underwriting portfolio, as well as the work we have undertaken as part of the Sustainable Markets Initiative (SMI), it is apparent that we need a collaborative effort to facilitate the transition to net zero. Central to this effort, is the need for carbon emission data to be commonly reported by businesses and a consensus reached on common sector frameworks by which the transition to net zero is assessed.

As a result, our transition plan for the underwriting element of Beazley's operations will focus on two main areas:

- Firstly, work to improve the availability of carbon emission data for the clients we insure, so we can set reduction targets in future. We expect to deliver this through a combination of client engagement, collaboration with third parties and industry initiatives.
- Secondly, focus on delivering products and services which will best support our clients as sectors begin to transition to net zero.

Operations

Whilst the operations element of our carbon footprint is very small in comparison to the apportioned emissions arising from both our in-scope investment portfolio and predicted in-scope emissions arising from our underwriting portfolio, it is the area where Beazley employees can have the most influence. The operations element of the transition plan will focus on working with our landlords to reduce the carbon emissions associated with the offices we lease, as well as encouraging the use of renewable electricity use.

As part of an ongoing project to further incorporate ESG matters into our procurement process, we will also work to understand how we can support our supply chain in the transition to net zero, before developing and communicating a more detail plan for this area of the business.

Investments

For our investments, our initial transition plan focuses on bringing our publicly listed corporate bonds (investment grade and high yield) and publicly listed equities in line with a less than 2-degree Celsius pathway by 2028. As part of this process, we have moved out-sourced equity exposures into funds with a decarbonisation benchmark. For the remaining outsourced portfolios of in-scope assets, we are working with external managers to encourage the development of suitable funds with a decarbonisation target. Our intention is to switch our funds when suitable products are available.

Innovation in ESG Underwriting

Our ESG Consortium is entering the business as usual phase of development, having successfully launched the additional capacity model for businesses that score highly against ESG criteria in 2022. From 1 January 2024 it will continue its growth as part of our Smart Tracker syndicate 5623.

In 2022, Beazley created an ESG in underwriting strategic project to better understand how we could embed ESG matters further into the underwriting process. This project continued into 2023, with a focus on developing additional ESG related products and services, as well as further understanding our ESG data needs to help facilitate future ESG reporting requirements. This project builds on the work undertaken to bring our ESG Consortium to market.

In conjunction with our partners, we have also brought several new ESG-related products and services to the market. For example, we partnered with Sola Technologies and Spinnaker Insurance Company to provide the first admitted parametric tornado disaster benefit insurance for homeowners. Most recently we have started to pilot a free information service for SME's – Beazley Better Hub - to support their ESG journey.



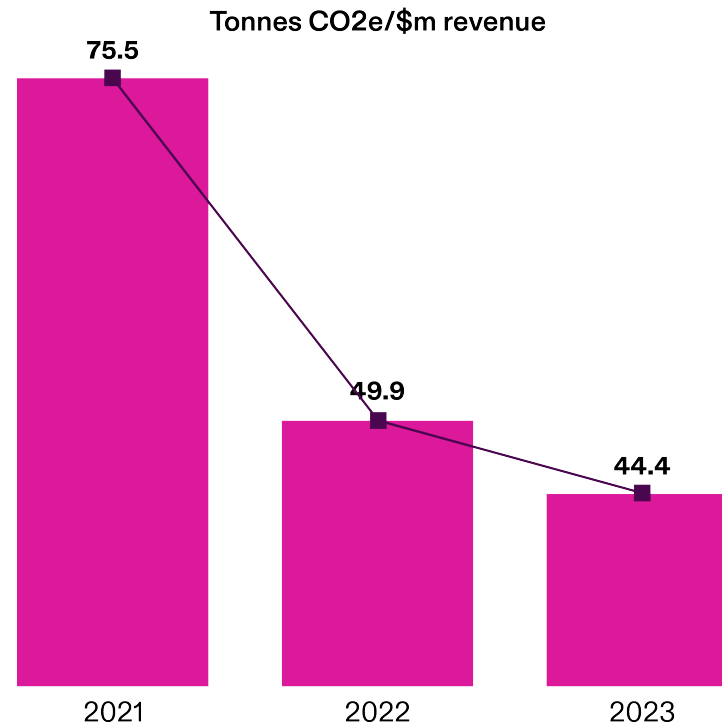
Positive Procurement

We are actively engaged in understanding the dependencies in our supply chains and continue to update and further embed ESG thinking into the procurement decision making. Supply chains are a focus for us on two fronts, first to deliver policy, support and claims services to our policyholders and second to keep our own business running smoothly.

Investments

Beazley believes that companies committed to a sustainable business strategy gain long-term competitive advantages, enabling them to generate stronger and more stable returns. This belief is reflected in our Responsible Investment Policy, which incorporates ESG considerations and ratings into investment analysis, decision-making, and ownership practices. By doing so, we aim to positively impact the financial value of our investments and recognise the broader influence investment strategies can have on the world.

Over the past two years we have seen a reduction in the Weighted Average Carbon Intensity (WACI) of our investment portfolio, which is set out in the graph opposite:



WACI based on reporting of GHG emissions on an Enterprise Value including Cash (EVIC) basis. The scope of reporting is limited to the GHG emissions arising from our publicly listed corporate bonds (investment grade and high yield) and publicly listed equities. Emissions have been reported for 97.6% of the market value of in scope assets.

Impact investing

To demonstrate our commitment to doing the right thing, we have allocated up to USD \$100 million from our asset portfolio to impact investments. These investments focus on opportunities that have measurable social or environmental impact, as well as a financial return. Our investments aim to improve outcomes in both local communities near our offices and in developing countries overseas. So far, we have made commitments totalling USD \$31 million to three different impact funds.

In 2023, we became a founding investor in the Big Issue Social Impact Debt Fund. This fund specifically targets housing, care, and social infrastructure projects in the UK.

Although our impact investments are still in their early stages, we are encouraged by the initial returns. Starting from 2024, we will also be measuring progress against our impact objectives.

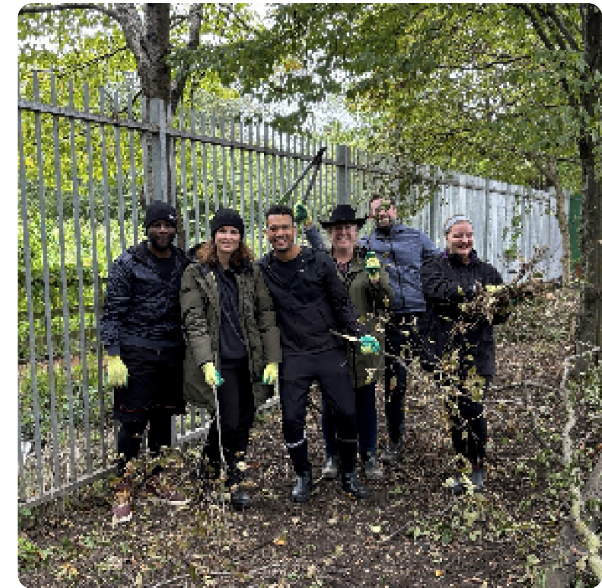
ESG in procurement

Our supply chain is mainly focused on services, with products only being a significant part of the mix when associated with office fit-outs, purchasing office supplies, or delivering events. In 2023 we continued to use our environmental management system and introduced ESG into our procurement policy and operational procurement framework. We also used ESG data to help inform our procurement decisions.

Enhancing Livelihoods

To enhance livelihoods, we need to support communities and engage in charitable work that makes a difference.

Key Metrics			
	2021	2022	2023
Total number of hours volunteered for our communities	911	1,693	2,697
Annual charitable donations made	\$379,733	\$474,426	\$602,932



Community

Overall, in 2023, we volunteered 2,697 hours for our communities which includes the 796 hours for Beazley's "Make a Difference" campaign.

In 2023, Beazley organised over 35 global activities including distributing meals for those in need in Singapore, educating local young people about careers in insurance in London, running a school supplies drive in Barcelona, cooking meals in Boston, building homes in Hartford, Connecticut and much more.

Make a Difference is Beazley's annual community volunteering campaign and since launching in 2014, Beazley has donated thousands of hours to support our communities in need, from supporting the elderly, maintaining local community parks to feeding the homeless. We also offered virtual volunteering opportunities enabling a wider group of employees to take part. These activities included counting, identifying and tracking giraffes in Kenya, transcribing letters for the Coram Foundling Hospital from the 17th and 18th century and helping to uncover the history of giant kelp forests around the globe.

This programme encourages all employees to devote one working day to volunteering.

Case Study

One of our community partners is Forget Me Not, a small charity based in London which focuses on helping local elderly people facing loneliness. Forget Me Not reached out to Beazley asking for help with supporting their projects. In response, Beazley's Community Committee and Wellbeing Network worked together for a volunteering activity to create Christmas gifts for elderly people in hospitals.

Charity



In 2023, Beazley launched our new global charity partnership with World Central Kitchen (WCK) as voted for by our employees. It is a disaster relief charity which provides meals to international communities in need.

Since the beginning of the partnership, Beazley has donated over \$200,000 to the charity. Employees have supported WCK through fundraising and awareness events.

Moving forward

We can be proud of the work we have undertaken in 2023 to deliver on our commitment to being a responsible business.

With our three year ESG strategy coming to an end, 2024 will see us refresh our strategic approach and renew our goals and targets.

The new strategy will continue to focus on inclusion and diversity, managing climate risk, and embedding ESG into underwriting. We are also focused on supporting the transition to net zero and enhancing our approach to social impact, whilst ensuring we effectively respond to increasing ESG reporting requirements.

Our objective remains to make consistent and meaningful progress on ESG, a journey to which we are committed.

Key metrics	2023
People	
Total employee turnover rate	9.1%
Voluntary employee turnover rate	7.5%
Employee Engagement Score	86%
Diversity & Inclusion	
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	45.2%
Share of women in STEM-related positions (as % of total STEM positions)	30.9%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	38.3%
Greenhouse Gas Emissions	
Total Scope 1, 2 & 3 Greenhouse Gas emissions	6,998.81
Total Scope 1, 2 & 3 Greenhouse Gas emissions/ FTE	2.82
% of electricity from renewable sources	30%
Investments	
Current Temperature Pathway Alignment (for our publicly listed corporate bonds and equities)	2-3 degrees
WACI (tCO2e/\$m revenue) arising from our investments (for our publicly listed corporate bonds and equities)	44.40
Apportioned GHG emissions (tCO2e) arising from our investments (for our publicly listed corporate bonds and equities)	76,298
Political Donations	
Political donations	nil
Charity & Community	
Number of hours volunteered for our communities	2,697.00
Annual Charitable Donations made	\$602,932.00

Scope of reported metrics

People

Turnover

People turnover metrics reported for permanent Beazley employees only, across all global offices.

Employee satisfaction

Our 2023 engagement survey was run by an external provider, DecisionWise. We utilised a question set they have designed, which enables us to compare our scores externally to their benchmark group, and internally to our previous surveys. All survey questions can be answered with the following options: Strongly Agree, Agree, Neutral, Disagree, Strongly Disagree. Two headline scores are generated from the survey, an 'engagement' score and a 'favourability' score. 'Engagement' is a measure of how colleagues feel about working at Beazley generally and are advocates for the business; and 'favourability' is a measure of how colleagues feel about the different aspects of working for the company.

Diversity & Inclusion

Gender data is provided for permanent employees across all global locations, and ethnicity data is provided for permanent employees in the UK, USA and Ireland. STEM-positions refers to employees in Information Technology, Data Management and Information Security.

Greenhouse Gas Emissions

A full methodology is available on Beazley's website. The calculations account for 88% of FTE for Beazley's Scope 1 & 2 emissions, and 100% of FTE for Scope 3 emissions.

Investments

Total apportioned emissions arising from investments

Emissions cover publicly listed corporate bonds and equities. The total market value of these holdings is \$4,253m representing 45.8% of our total assets.

WACI

The scope of the reporting is limited to the GHG emissions arising from our publicly listed corporate bonds and equities. The GHG emissions data is sourced from S&P CAP IQ. Emissions have been reported for 97.6% of the market value of in-scope assets.

Temperature alignment of investment portfolio

The scope of the reporting is limited to the GHG emissions arising from our publicly listed corporate bonds and equities. The data was reported as at 31st December 2023. Temperature alignment metrics have been reported in respect of 96.7% of the market value of in-scope assets.

Charity & Community

Total global donations submitted to the Social Impact team for approval during 2023.

Key contacts

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