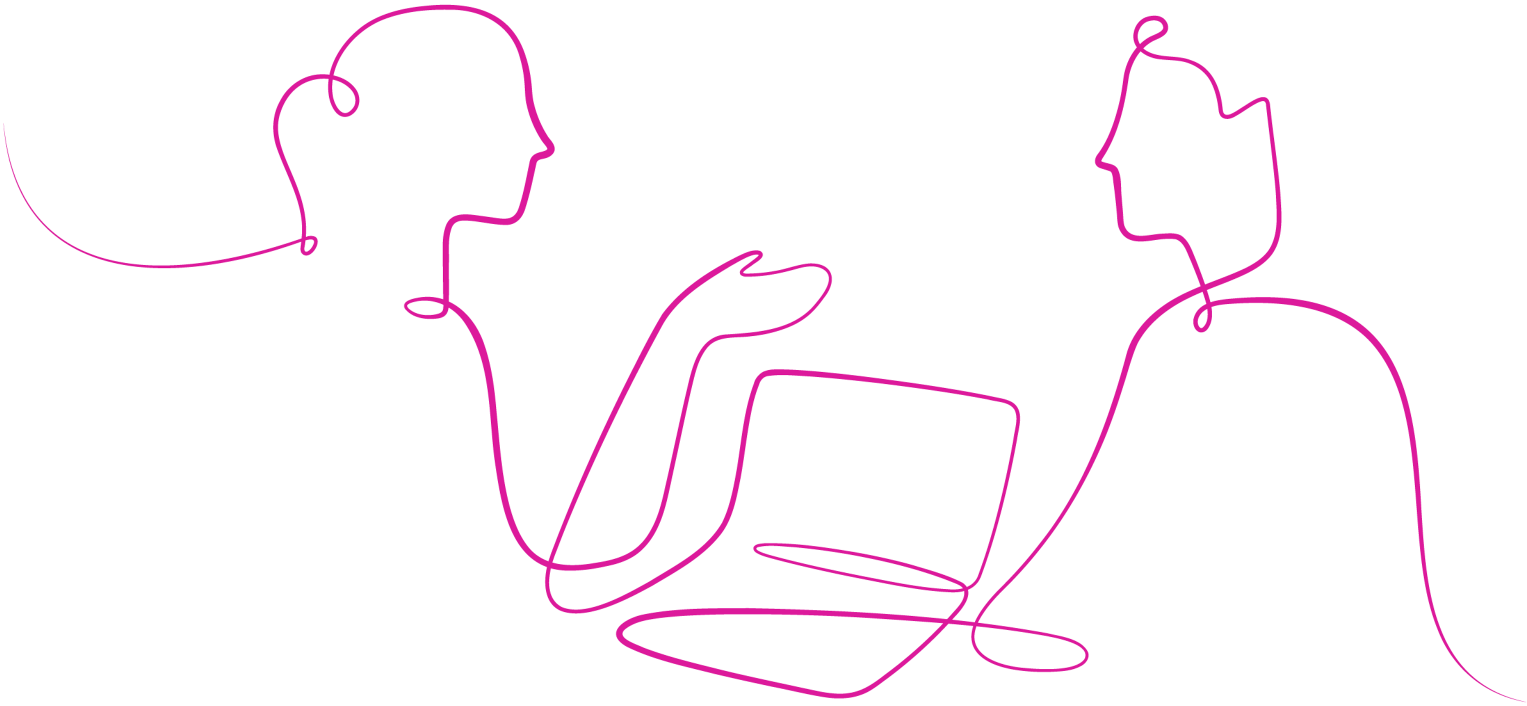
# Governance





# Letter from our Chair

## Dear shareholder

On behalf of The Board of Directors, I am pleased to present the governance report, in which we describe our governance arrangements, the operation of The Board and its Committees and how The Board discharged its responsibilities throughout the year.

In my statement on pages 8 to 10, I comment on Beazley's performance, the uncertain geopolitical and economic environment and how Beazley's strategy, business model and culture add value when things are complex and changing.

The company maintains a robust governance framework, which helps contribute to the company's long-term strategy, and I am pleased to confirm that the company has complied throughout the year with all the principles and provisions of the 2018 UK Corporate Governance Code. In particular, the work of the Nomination Committee has enabled an orderly and smooth transition of succession following David Roberts' stepping down as Chair of The Board on 21 October 2022 as a result of his appointment as Chair of the Court of the Bank of England. The Board remains highly engaged in fulfilling its principal tasks of leading the company and overseeing the governance of the Group and ensuring its long-term sustainable success.

### Board changes

The Board takes seriously its responsibility for and oversight of effective succession planning for Board and senior management positions. I succeeded David as Interim Chair with effect from 21 October 2022 until a Chair was found, to ensure continuity of good governance across the Group in this interim period. Bob Stuchbery has taken on the role as Interim Senior Independent Director and Nicola Hodson is acting as Interim Chair of the Remuneration Committee.

On 8 February 2023 we announced that Clive Bannister had joined The Board and would be appointed as Chair with effect from 25 April 2023. Clive brings a breadth of commercial, strategic and significant transformational experience to The Board from both the financial and insurance industries. He has been serving as Chair of investment and wealth management provider, Rathbones Group plc, since 2021 and is the former Group Chief Executive Officer of Phoenix Group plc. The Board and I are delighted that he has joined Beazley to lead The Board and company as we implement our ambitious growth plans in 2023 and beyond. More information about the search for the new Chair is included in the Nomination Committee report on page 100.

We have a strong Board of diverse experience, background and personal skillsets, and there is a good balance of new and more established directors. The 2022 internal board performance evaluation concluded that The Board continues to operate effectively, and that each Director is contributing to The Board's overall effectiveness. We report further on the process and outcomes from The Board and Committee effectiveness review on page 88.

During 2022, The Board welcomed Cecilia Reyes Leuzinger and Fiona Muldoon as newly appointed Directors with effect from 31 May 2022. Cecilia brings a wealth of deep experience to The Board in banking, risk management, investment and asset management covering Europe, Asia Pacific and the Americas. Equally, Fiona augments The Board's strengths through her extensive leadership experience and senior finance positions in listed firms, general insurers and at the Central Bank of Ireland. With these new appointments, I strongly believe that Beazley's Board has the breadth and depth of experience and skills to support the company's strategic aims, purpose and values and this has been further enhanced by the new Board members. I am pleased to report that The Board is currently well-balanced in terms of gender. Following Clive Bannister joining The Board in February 2023, The Board is comprised of 45% women. In addition to David Roberts stepping down as Chair, Catherine Woods also stepped down from The Board in March 2022. Catherine was an extremely dedicated and diligent Director over a six year period and provided excellent insight in board discussions. She moved on with the best wishes of the entire Board.

### Committee structure

To further support strong governance and evolving requirements, The Board have agreed to separate the Audit and Risk Committees from 1 January 2023. Further information is included in the governance framework on page 79, The Board evaluation report on page 88, and the Audit and Risk Committee report on page 91.

### Risk management and compliance

Beazley's strong approach to risk management and regulatory compliance has been especially important through the turbulent environment in 2022. The Beazley plc Board, with the support of its Committees, plays a key role in overseeing Beazley's risk management framework and has close visibility of its engagement with regulators. Key emerging risks that The Board has overseen in 2022 have included geopolitical risks, the macroeconomic environment (e.g., inflation, global insurance market trends) and ESG.

# Letter from our Chair continued

## Culture and our people

At Beazley we define our culture by our values and brand: being bold, striving for better and doing the right thing. They inspire the way we work, from how we engage with our stakeholders and colleagues, to how we design our workspaces, treat our customers and behave as a responsible business. Keeping and renewing our strong culture is key for Beazley in achieving its purpose of helping our clients and people to explore, create and build in a complex and uncertain world.

We are proud of our culture, it resonates with our people, and it always scores very highly in our employee engagement surveys. The Board monitors culture through various mechanisms including: the annual employee engagement and leadership surveys, turnover statistics, whistleblowing and grievance data, feedback from leavers, periodic internal audit reviews, and routine board reporting. The Board is very focused on helping to promote an open culture and maintaining regular engagement with the workforce. This is a key focus of the director with responsibility for bringing the employee voice to The Board. Fiona Muldoon succeeded Bob Stuchbery in this role in November 2022. The stakeholder engagement report on page 50 provides further information on how Beazley's culture supports the interactions with all of its stakeholders, and how The Board oversees stakeholder engagement and considers it in decision making.

The findings of the 2022 employee engagement survey will be assessed by The Board in early 2023. A brief overview is included in the stakeholder engagement report on page 50.

## Inclusion and Diversity

The Board is committed to promoting inclusion and diversity in all its forms and is pleased to have met the Parker Review recommendations and other targets in relation to Board diversity. However, we recognise our work in this area is never done. To make more impactful progress in this area, Beazley updated its global diversity policy and introduced a Board diversity policy in January 2022, which details a set of pledges aimed at building a diverse, inclusive environment that operates zero tolerance to discrimination or harassment and fully supports and celebrates differences. These policies are aligned to each other and to the Company's strategy.

We also recognise that aspiring to have a diverse workforce is not enough. We remain committed to our race and ethnicity diversity goals to have at least 25% of the global workforce consisting of people of colour. We also committed to reaching at least 45% female representation in senior leadership. Both of these targets were set for the end of 2023. We have already met the race target and are on track to meet the gender target. More information on Beazley's inclusion and diversity initiatives can be found in the responsible business report and the Nomination Committee report.

## Remuneration policy

In accordance with the normal three-year cycle, our shareholders will have an opportunity to vote on a revised remuneration policy at the 2023 AGM. Over the last 12 months the Remuneration Committee has undertaken a full review of the policy to ensure that it supports our strategy, promotes Beazley's long-term success, and is aligned with our purpose and shareholder expectations. For more information on the proposed changes to the policy, please see the Directors' remuneration report on page 111.

## Stakeholder engagement

The Board has continued to identify employees, clients and broker partners, shareholders and regulators as its key stakeholders. In addition, we also recognise that Beazley's suppliers and the communities in which the Group operates are important stakeholders to be considered in decision making. On pages 50 to 57 we discuss how these stakeholder groups have been considered in key decisions taken during the year.

## Looking ahead

As ever, we welcome any and all engagement with our shareholders either via our AGM, our presentations throughout the year and via our website. All directors expect to attend this year's AGM, which will again provide an opportunity for all shareholders to hear more about our performance and to ask key questions of The Board. Where it is not possible for directors to attend in person, arrangements will be in place for these individuals to attend virtually.

I would like to thank all of my colleagues on The Board for their contributions during the year.

**Christine LaSala**
**Interim Chair**

# Statement of corporate governance

## How have we applied the principles of the Corporate Governance Code?

We are pleased to confirm that the company has applied all the principles and complied with the provisions set out in the 2018 UK Corporate Governance Code (the 'Code') throughout the year ended 31 December 2022. The Code can be viewed on the www.frc.org.uk website. The governance report describes how The Board and its Committees have applied the main principles of the Code and complied with its detailed provisions.

**Application of UK Corporate Governance Code Principles**

| | Code Provision and Application | See further information |
|---|---|---|
| | **Board leadership and company purpose** | |
| **A** | The role of The Board<br>Our Board is comprised of individuals with a wide range of experience, skills and backgrounds which we believe strongly supports Beazley's strategic vision and success. The Board is strengthened by its robust governance framework which enables directors to discharge their duties effectively in promoting the long-term sustainable success of the company and strong performance. The Board is committed to frequent and open communication with both shareholders and stakeholders and this is at the forefront of agenda planning throughout the year. | Board of Directors (page 77)<br>Governance framework (page 79)<br>Stakeholder engagement (page 50) |
| **B** | Purpose, Values, Strategy and Culture<br>Beazley's purpose, culture and values centre around being bold, striving for better and doing the right thing. This is reflected in the business model of the organisation, including how we engage with our stakeholders and colleagues, and how we treat our customers and behave as a responsible business. The Board reviews strategy and culture throughout the year via reports it receives from the Group Head of Strategy and the Group Head of Culture & People. Reporting includes topics such as strategy and business plans, employee engagement and leadership surveys (which include cultural metrics) and the employee voice of The Board updates.<br><br>Internal audit periodically review culture as part of their audits. In addition to their regular reporting, an analysis of their findings in relation to culture was included in the internal audit annual report to the Audit and Risk Committee during 2022.<br><br>Investing in and rewarding our people<br>We aim to create a company-wide culture of learning in line with our values of striving for better and doing the right thing for our people. Supported by our workforce policies and practices, we empower our people to be the best they can be and develop their career at Beazley.<br><br>There is a wide range of resources available through the Beazley learning management system, including access to training and learning materials. Employees are supported to gain relevant professional qualifications, and we give individuals the opportunity to both receive mentoring, and to provide mentoring to colleagues.<br><br>We support our managers in encouraging the development of their teams through the formal appraisal process and in their ongoing conversations. Job opportunities are advertised internally, and we encourage employees to apply for different or more senior roles as part of their career progression.<br><br>We offer our employees an attractive remuneration and benefits package, which recognises their efforts and achievements. Our smart working approach also offers an agile and flexible approach to how, when and where people can work and prioritises talent over traditional working practices. | Our purpose (page 3)<br>Our business model (page 4)<br>Statement of the Chair (page 8)<br>Chief Executive Officer's statement (page 11)<br>Stakeholder engagement report (page 50)<br>Directors' remuneration report (page 111) |
| **C** | Resources and controls<br>The Board ensures that the necessary resources are in place to support the business model and for the organisation to meet its objectives and measure performance against these. Beazley has established an Audit and Risk Committee (separated into two different committees from 1 January 2023) and operates a three lines of defence model which allows for a strong governance framework of internal controls and managing risk. | Risk management and compliance (page 67)<br>Governance framework (page 79)<br>Audit and Risk Committee (page 91) |
| **D** | Shareholder and stakeholder engagement<br>The Board is committed to open and regular communication and engagement with shareholders and other stakeholders. | Stakeholder engagement (page 50)<br>Stakeholder engagement and investor relations (page 87) |
| **E** | Workforce policies and practices<br>The Board and its Executive Committee have ultimate responsibility for overseeing the company's compliance with the Beazley code of conduct and upkeep of whistleblowing procedures and other employee policies and ensuring they are in line with strategy and culture. | Stakeholder engagement: our people (page 50)<br>Whistleblowing (page 71)<br>Non-financial information statement (page 26) |
| | **Division of responsibilities** | |
| **F** | The role of the Chair<br>Christine LaSala (and prior to that David Roberts) leads The Board and facilitates constructive and open debate between The Board and management. The Board is responsible for the overall effectiveness of itself and its Committees, for agreeing and shaping the culture of the organisation and ensuring high standards of corporate governance. The chair reviews the performance of Non-Executive Directors and the Senior Independent Director leads a review of the Chair. The Nomination Committee reviews the performance of the Executive Directors.<br><br>Clive Bannister will be appointed as the new Chair on 25 April 2023. | Governance framework (page 79)<br>Board evaluation (page 88)<br>Nomination Committee (page 100) |
| **G** | Board composition and division of responsibilities<br>The Board comprises eleven directors including the Chair: two Executive Directors and nine independent Non-Executive Directors, one of whom is the Senior Independent Director. None of the Non-Executive Directors have served on The Board for more than nine years. The Board considers all of the Non-Executive Directors to be independent. The Chair was deemed independent on appointment. | Board of Directors (page 77)<br>Governance framework (page 79) |
| **H** | Role of the Non-Executive Directors<br>Non-Executive Directors are required to attest on appointment that they are able to allocate sufficient time to discharge their duties effectively and all have done so. The Nomination Committee is responsible for monitoring and reviewing each Non-Executive Director's commitments. All Directors receive information in a regular and timely fashion to enable them to provide challenge, guidance and advice and to hold management to account. | Governance framework: The Board (page 81)<br>Training, information and support (page 85)<br>Nomination Committee (page 100) |
| **I** | Ensuring the Board functions effectively and efficiently<br>The Company Secretary works with the Chair, the Chairs of the Committees and the Chief Executive Officer to ensure that The Board has the policies, information, time and resources it needs in order to function effectively and efficiently. There is a detailed programme of training for the Directors throughout the year. If a Director requires professional advice in the furtherance of discharging their duties they are authorised to seek advice from independent advisors at the company's expense. | Training, information, and support (page 85) |

# Statement of corporate governance continued

| Application of UK Corporate Governance Code Principles | | |
|---|---|---|
| **Code Provision and Application** | | **See further information** |
| **Composition, succession and evaluation** | | |
| **J** | Succession planning for The Board<br>A key remit of the Nomination Committee is reviewing any skills gaps of the Directors and the composition of The Board (including the diversity of The Board, their cognitive and personal strengths and tenure) to allow for smooth succession planning. Succession planning processes are well embedded at Beazley and are formal, rigorous and transparent. Where Beazley uses external search consultants, we ensure that consultants are and remain independent. | Nomination Committee (page 100) |
| **K** | Skills, experience and knowledge of The Board<br>The Nomination Committee ensures that The Board and its committees have the range of skills, experience and knowledge necessary to discharge their roles and to support the management team in the execution of the company's strategy. | Nomination Committee (pages 100) |
| **L** | Board evaluation<br>During the 2022 financial year, The Board undertook an internally facilitated review in line with the UK Corporate Governance Code guidance. The last externally facilitated board evaluation was conducted in 2021. | Board evaluation (page 88) |
| **Audit, risk and internal control** | | |
| **M** | Ensuring the independence and effectiveness of the internal and external audit<br>A key remit of the Audit and Risk Committee is reviewing the effectiveness and quality of the financial and narrative statements, the audit process and the independence and objectivity of the external auditor. From 2023 onwards, the responsibilities of this will fall under the separate Audit Committee. The Committee also reviews and monitors the independence and performance of the internal audit function. | Audit and Risk Committee (page 91) |
| **N** | Fair, balanced and understandable assessment<br>The Board and the Audit and Risk Committee consider the annual report and ensure that it presents a fair, balanced, and understandable assessment of the company's position and prospects. The Board receives a report from management to assist with making this assessment. | Fair, balanced and understandable assessment (page 95)<br>Audit and Risk Committee (page 91) |
| **O** | Risk management and internal controls<br>The Board and the Risk Committee (previously the Audit and Risk Committee) are responsible for reviewing the effectiveness of the risk management activities from a strategic and operational perspective. These activities are designed to identify and manage the risk of failure to achieve business objectives or to successfully deliver our business strategy. An annual review of the internal controls is undertaken by the internal audit function. | Risk management and compliance (page 67).<br>Audit and Risk Committee (page 91) |
| **Remuneration** | | |
| **P** | Designing remuneration policies<br>The Remuneration Committee is responsible for determining remuneration policies and practices which support the strategy and promote the long-term sustainable success of the company. The remuneration policy is being put forward for shareholder approval at the 2023 AGM and there has been significant shareholder engagement on the proposals. | Remuneration Committee (page 106)<br>Directors' remuneration report (page 111) |
| **Q** | Executive remuneration<br>We have benefited from open and constructive shareholder engagement which leads to the proposals being put forward in our remuneration policy for shareholder approval at the 2023 AGM. We continue to ensure that executive remuneration is fit for purpose and aligned with our long-term strategy. | Remuneration Committee (page 106)<br>Directors' remuneration report (page 111) |
| **R** | Remuneration outcomes and independent judgement<br>The Remuneration Committee determines remuneration outcomes for the Directors and senior management. It exercises independent judgement and discretion around individual performance and the wider circumstances. No individual is involved in determining their own pay. | Remuneration Committee (page 106)<br>Directors' remuneration report (page 111) |

# Board of Directors

The Beazley Board is comprised of individuals with broad skillsets and a range of experience in leadership roles, making them well placed to oversee the delivery of Beazley's strategic plans in line with its purpose, vision and values and maintain the long-term success of the company. The Board strengthened its composition with the appointments of Fiona Muldoon and Cecilia Reyes Leuzinger in 2022.

On 8 February 2023, it was announced that Clive Bannister had been appointed as Chair Designate and as a Non-Executive Director with immediate effect. As stated in the interim Chair's letter, it is intended that Clive will take up the role of Chair at the conclusion of the Company's AGM on 25 April 2023.


### 1. Christine LaSala
**Interim Chair and independent Non-Executive Director**

**Appointed:** 1 July 2016
**Experience:** Christine became the Interim Chair of The Board with effect from 21 October 2022. She was the Senior Independent Director prior to this interim appointment and chaired the Remuneration Committee from March 2021 to October 2022. Based in New York, she was previously chair of Willis Towers Watson North America. She has over 45 years of management, client leadership and financial experience in the insurance industry including work as an underwriter and 27 years as an insurance broker, leading large business units and working with corporate and public institution clients. Christine's experience includes board and leadership roles at Johnson & Higgins and Marsh and 10 years as Chief Executive Officer of the WTC Captive Insurance Company.
**Committee:** NC (Interim Chair), RC
**Skills:** insurance, distribution, strategy, risk management, client leadership, regulatory, governance and talent and leadership development

### 2. Clive Bannister
**Independent Non-Executive Director and Chair Designate**

**Appointed:** 8 February 2023
**Experience:** Clive was appointed as a non-executive director on 8 February 2023 and will take up the role of Chair at the conclusion of the company's AGM on 25 April 2023. He will also join and Chair the Nomination Committee following the AGM. Clive is currently the Chair of Rathbones Group plc and the Museum of London. Clive has extensive leadership and strategy experience, having previously been the CEO of Phoenix Group plc from 2011 until retiring in March 2020. Clive's experience at Phoenix Group, at which he led the transformation of the Group and progression to the FTSE 100 brings considerable transformational experience to The Board. Prior to that Clive had a long and distinguished career at HSBC Group, including leadership roles in private banking and insurance. He has previously held a number of non-executive directorships as well as his current chair positions.
**Committee:** Will join NC as Chair from 25 April 2023
**Skills:** strategy, transformation, mergers and acquisitions, commerce, banking and insurance, leadership and governance

### 3. Adrian Cox
**Chief Executive Officer**

**Appointed:** 6 December 2010*
**Experience:** Adrian was appointed as Chief Executive Officer in April 2021. He began his career at Gen Re in 1993 writing short tail facultative reinsurance before moving to the treaty department in 1997, where he wrote both short and long tail business specialising in financial lines. He joined the Specialty Lines division at Beazley in 2001 where he performed a variety of roles including underwriting manager, building the long tail treaty account, managing the private enterprise teams and the large risk teams before taking responsibility for Specialty Lines in 2008. He took on the role of Chief Underwriting Officer in January 2019. Adrian was also appointed to The Board of Beazley Furlonge Limited in 2008.
**Committee:** EC, DC
**Skills:** insurance, management, international business development, strategy, leadership and people management and governance.

### 4. Sally Lake
**Group Finance Director**

**Appointed:** 23 May 2019
**Experience:** A Fellow of the Institute of Actuaries since 2004. Sally joined Beazley in 2006 initially working with the Specialty Lines division, the largest underwriting division, for six years. This gave her a breadth of exposure to many aspects of the business at Beazley, especially focusing on claims analytics and reserving. In 2012 Sally became reserving manager and then Group Actuary in 2014. As Group Actuary, Sally covered both pricing and reserving, as well as capital model validation. She became Group Finance Director in May 2019.
**Committee:** EC, DC
**Skills:** reserving and actuarial pricing, capital modelling and management, leadership and people management, strategy and governance

# Board of Directors

### 5. Rajesh Agrawal
**Independent Non-Executive Director**

**Appointed:** 1 August 2021
**Experience:** Raj is Senior Vice President and Chief Financial Officer at Arrow Electronics, Inc which is headquartered in Centennial, Colorado. He was appointed to Arrow in September 2022 following a career at Western Union spanning from 2006 to 2022. At Western Union, Raj was a member of the executive team responsible for leading Western Union's global finance organisation, including financial reporting, financial planning and analysis, tax, treasury, internal audit and investor relations as well as providing guidance on the Company's operations and strategic direction. Raj holds an MBA from Columbia University.
**Committee:** AC, RC
**Skills:** finance, strategy, operations, international business development

### 6. Pierre-Olivier Desaulle
**Independent Non-Executive Director**

**Appointed:** 1 January 2021
**Experience:** Pierre-Olivier has over 25 years of experience as an international insurance executive, with a focus on products and distribution innovation. He joined the Beazley plc Board in January 2021. Since 2017, he has been a Non-Executive Director of Beazley Insurance dac and has chaired The Board since 2021. He served as Chief Executive Officer of Hiscox Europe until 2017 and has held a number of other executive roles within the (re)insurance industry including strategic planning, operations and systems director at Marsh. With a background in strategy consulting, having been at Strategic Planning Associates (now Oliver Wyman), he transitioned to insurance helping Marsh with the integration of a leading French broker. He is currently the chief insurance officer of the InsurTech startup, Pattern.
**Committee:** RIC, NC
**Skills:** insurance, reinsurance, strategy, operations and distribution

### 7. Nicola Hodson
**Non-Executive Director**

**Appointed:** 10 April 2019
**Experience:** In January 2023, Nicola was appointed as the Chief Executive officer of IBM, UK and Ireland. Nicola was previously Vice President Field Transformation, for Microsoft Global Sales and Marketing and prior to this chief operating officer for Microsoft UK. She is also a Non-Executive Director on The Board of Drax Group plc and is chair of its Remuneration Committee. Nicola was formerly a Non-Executive Director at Ofgem, a board member at the UK Council for Child Internet Safety and at the Child Exploitation and Online Protection Group.
**Committee:** RIC, RC (Interim Chair)
**Skills:** strategy, leadership and management, business and digital transformation, Information Technology, and sales and marketing

### 8. Fiona Muldoon
**Independent Non-Executive Director**

**Appointed:** 31 May 2022
**Experience:** Fiona has over 30 years' experience in the insurance industry. Fiona was the CEO of FBD Holdings plc, a listed general insurer in Ireland, from 2015 to 2020. Prior to that Fiona was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland, the Irish regulator. Fiona spent 17 years of her career with XL group in various progressively senior finance and general management positions, in Dublin, London, and Bermuda. Fiona is currently an independent Non-Executive Director of the Bank of Ireland group, where she is a Director on the Group Board and on the board of New Ireland Life Assurance, its wholly owned life insurance subsidiary.
**Committee:** AC, RIC
**Skills:** insurance, strategy, stakeholder management, governance, finance, capital management and leadership

### 9. John Reizenstein
**Independent Non-Executive Director**

**Appointed:** 10 April 2019
**Experience:** John has more than 30 years' experience in financial services, most recently as Chief Financial Officer of Direct Line Insurance Group plc, from which he retired in 2018. Prior to that he held senior positions in insurance and banking at Co-operative Financial Services and in investment banking at Goldman Sachs and UBS. In addition to the Beazley plc Board, John is also a non-executive Director of Beazley Furlonge Limited and chairs its Audit Committee. He is a Non-Executive Director of Scottish Widows, a member of the Takeover Panel, chair of Farm Africa and a trustee of Nightingale Hammerson.
**Committee:** AC (Chair), RIC, NC
**Skills:** finance, strategy, leadership, investment and mergers and acquisitions

### 10. Cecilia Reyes Leuzinger
**Independent Non-Executive Director**

**Appointed:** 31 May 2022
**Experience:** Cecilia has more than 30 years' experience in banking, asset management and insurance covering Europe, Asia Pacific and the Americas with a focus on investment management and risk.Cecilia spent 17 years with Zurich Insurance Group, latterly as its group chief risk officer, leading the global risk function. Prior to that she was its group chief investment officer and spent eight years on the Group executive committee while holding these positions. Prior to that Cecilia spent her career at ING Barings, ING Asset Management and Credit Suisse Group in various senior roles. Cecilia is a member of the Supervisory Board of NN Group NV.
**Committee:** AC, RIC, RC
**Skills:** risk management, insurance investment management, strategy, leadership and management, responsible investment strategy

### 11. Robert Stuchbery
**Independent Non-Executive Director and interim Senior Independent Director**

**Appointed:** 11 August 2016
**Experience:** Bob was previously the president of international operations of The Hanover Group until he retired from the Group in May 2016. He brings extensive Lloyd's experience, having been Chief Executive Officer of Chaucer until 2015 and having held numerous management roles at the company for over 25 years, He has a deep knowledge of the Lloyd's market and distribution and operational strategies. In addition to The Beazley plc Board, Bob is also a non-executive Director of Beazley Furlonge Ltd, and chairs its risk committee. Bob acted as the Employee Voice of The Beazley plc Board until November 2022, and he took on the role of Interim Senior independent Director from 21 October 2022. Bob has previously served as a member of the London Market Group, was deputy chairman of the Lloyd's Market Association Board and is currently a Liveryman of The Worshipful Company of Insurers.
**Committee:** AC, RIC (Chair), RC
**Skills:** insurance, risk management, distribution, and strategy

| | |
|---|---|
| E | Executive Directors |
| N | Non-Executive Directors |
| NC | Nomination committee |
| RC | Remuneration committee |
| EC | Executive committee |
| DC | Disclosure committee |
| AC | Audit committee |
| RIC | Risk committee |

* Where the appointment date of a director pre-dates 13 April 2016 (being the date that Beazley plc became the holding company of Beazley Group) this appointment date refers to his representation on the Beazley Ireland Holdings plc board (formerly Beazley plc)

# Governance Framework

The company operates through the main Board and a number of Committees. During 2022, those committees were the Audit and Risk, Nomination and Remuneration Committees and details of their main responsibilities and activities in 2022 are set out on pages 91 to 110.

With effect from 1 January 2023, the combined Audit and Risk Committee has been replaced by separate Audit and Risk Committees. The Board has also established the Disclosure Committee with responsibility for matters relating to the control and disclosure of inside information.

Adrian Cox is the Chief Executive Officer and chairs the Executive Committee which acts under delegated authority from The Board. The Executive Committee usually meets monthly and is responsible for implementing the Group's strategy and managing all operational activities of the Group. The governance framework of the main Board and its Committees is shown in the diagram on page 80.

The roles of the Chair and Chief Executive Officer are separate, with each having clearly defined responsibilities as set out in the corporate governance framework diagram. They maintain a close working relationship to ensure the integrity of The Board's decision-making process and the successful delivery of the Group's strategy. The Board evaluates the membership of its individual Board Committees on at least an annual basis, as well as when required during the year. The Board Committees are governed by terms of reference which detail the matters delegated to each committee and for which they have authority to make decisions. The terms of reference for The Board Committees can be found at www.beazley.com.

# Corporate governance framework

## Company Secretary
## Christine Oldridge

Key responsibilities
- Ensuring accurate, timely and clear information flows within the Board and its committees and between senior management and non-executive directors
- Advising the Board through the chair on all governance matters
- Responsible for: corporate governance, listing rules, and disclosure and transparency rules compliance; statutory compliance and reporting; corporate responsibility

## Shareholders

## Chair
## Christine LaSala (Interim)

Key responsibilities
- Effective and objective leadership and governance of the Board, developing the Group's overall strategy and objectives in alignment with the Group's culture
- Managing constructive dialogue between executive and non-executive directors, ensuring that the Board discharges its duties effectively
- Ensuring effective communication between shareholders, executive management, the Board and stakeholders
- Independent on appointment

## The Board

Key responsibilities

Leadership, strategic aims, financial reporting and controls, risks, cultural values, communication with key stakeholders, upholding company corporate governance standards and policies.

Chair

Christine LaSala (Interim)

Members

Clive Bannister
Adrian Cox
Pierre-Olivier Desaulle
Nicola Hodson
Sally Lake
Christine LaSala
John Reizenstein
Robert Stuchbery
Fiona Muldoon
Rajesh Agrawal
Cecilia Reyes Leuzinger

## Chief Executive Officer
## Adrian Cox

Key responsibilities
- Implementation and delivery of the strategy agreed by the Board and the day-to-day management of the business
- Maintaining dialogue with the Chair on key strategic issues
- Leading shareholder engagement

## Audit committee

Chair

John Reizenstein

Members

Rajesh Agrawal
Fiona Muldoon
Cecilia Reyes Leuzinger
Robert Stuchbery

Key responsibilities
- Assisting the Board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal financial controls and the audit process

## Risk committee

Chair

Robert Stuchbery

Members

Pierre-Olivier Desaulle
John Reizenstein
Nicola Hodson
Cecilia Reyes Leuzinger
Fiona Muldoon

Key responsibilities
- To provide oversight of the Group's risk management framework and processes of monitoring compliance with laws and regulation

## Nomination committee

Chair

Christine LaSala (Interim)

Members

Pierre-Olivier Desaulle
John Reizenstein

Key responsibilities
- Evaluating the Board of directors, ensuring an appropriate balance of skills, experience, independence, knowledge and diversity
- Considering and recommending Board and committee candidates and considering Board succession and ongoing director training needs
- Reviewing regulatory and corporate governance developments and making recommendations to the Board

## Remuneration committee

Chair

Nicola Hodson (Interim)

Members

Rajesh Agrawal
Nicola Hodson
Cecilia Reyes Leuzinger

Key responsibilities
- Ensuring remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population

## Disclosure committee

Chair

Sally Lake

Members

Adrian Cox
Rob Anarfi
Christine Oldridge

Key responsibilities
- Overseeing the implementation of the governance and procedures associated with the assessment, control and disclosure of inside information in relation to the company

## Executive committee

Chair

Adrian Cox

Members

Rob Anarfi
Paul Bantick
Troy Dehmann
Beth Diamond
Ian Fantozzi
Bethany Greenwood
Sally Lake
Lou Ann Layton
Richard Montminy
Bob Quane
Rachel Turk
Tim Turner
Pippa Vowles

Key responsibilities
- Managing all operational activities of the group under the powers delegated by the board
- Proposing strategic projects and group/ syndicate business plans to the board
- Reviewing the risk management framework and oversight of the Group's sub-committees and business functions
- Oversight of strategy, business planning, new business initiatives, financial and control matters, risk management framework and strategy, governance and operations including performance of the underwriting divisions as well as other key functions

## Separation of Audit and Risk Committee

On 9 December 2022 The Board approved the proposal to replace the Audit and Risk Committee with a separate Audit Committee and Risk Committee from 1 January 2023. This step was taken to strengthen the Group's overall approach to corporate governance and enable each of the new committees to give greater focus to their areas of responsibility.

The key objectives of the Audit Committee are to assist The Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal financial controls and the audit process.

The key objectives of the Risk Committee are to provide oversight of the Beazley Group's risk management framework and processes for monitoring compliance with laws and regulation. Specific duties of the Risk Committee include oversight of the Group's whistleblowing arrangements and providing assurance to The Board in relation to key Group-wide transformational projects.

More detail regarding the role of each Committee, including the terms of reference, is available on the website.

## The Board

Beazley plc's Board consists of Executive and Non-Executive Directors with responsibility for overseeing the company's activities. The Board is responsible for establishing the company's purpose, values and strategy, and satisfying itself that these and its culture are aligned. The Board is required to ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them.

All Directors must act with integrity, lead by example, and promote the company's culture. Non-Executive Directors are required to allow sufficient time to meet their Board responsibilities and provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

## Matters reserved for The Board

The Board has a schedule of matters reserved for its decision. This includes, inter alia: strategic matters; statutory matters; matters intended to generate and preserve value over the longer term; acquisitions and disposals over a certain quantum; approval of financial statements and dividends; appointments and terminations of Directors, officers and auditors; and appointments of committees and setting of their terms of reference. The Board is responsible for: setting the company's values, strategy and purpose; oversight of the Group's long-term commercial and sustainable success; reviewing Group performance against budgets; generation of long-term shareholder value; approving material contracts; determining authority levels within which management is required to operate; overseeing the internal control framework; reviewing the Group's annual forecasts; and approving the Group's corporate business plans, including capital adequacy and the Own Risk and Solvency Assessment (ORSA). The Board is responsible for determining the nature and extent of the principal risks it is willing to take in pursuing its strategic objectives. To this end, The Board is responsible for the capital strategy, including the Group's Solvency II internal model. The Board is responsible for climate-related matters including the company's own impact on the environment and climate-related risks. Furthermore, The Board is responsible for considering how stakeholder interests have been considered within decision-making processes and to perform their duties as outlined in Section 172 of the UK Companies Act 2006. Details of how The Board has put this into practice are outlined on pages 50 to 57.

## Regulated subsidiary Boards

At Beazley we have a strong governance framework which includes governance of the relationship between the Group Board and the Boards of our regulated subsidiary Boards. There are Beazley plc directors on the principal regulated subsidiary Boards, with four Beazley plc Non-Executive Directors also serving on the Beazley Furlonge Limited Board. Pierre-Olivier Desaulle chairs the Beazley Insurance designated activity company Board and Adrian Cox chairs the Beazley Insurance Company Inc Board. The links between our Group Board and principal regulated subsidiary Boards help ensure effective information flows and collaboration across the Group. The Board encourages positive and collaborative relationships between the Boards and further enhancements are being made to the framework following the board effectiveness review. For more information see the board evaluation report on page 88.

# Governance Framework continued

## Board composition

During 2022, The Board was headed by the Non-Executive Chair David Roberts, who was independent on appointment, until his resignation on 21 October 2022. Following this, Christine LaSala, who was independent on appointment to The Beazley plc Board, was appointed as Interim Chair and has led The Board whilst the recruitment process for a new Chair was being conducted. In addition to the Chair, at 31 December 2022, The Board consisted of seven independent Non-Executive Directors. Prior to David's resignation, there were eight independent Non-Executive Directors in addition to the Chair. Christine LaSala was the Senior Independent Non-Executive Director until her appointment as interim Chair on 21 October 2022. Robert Stuchbery was appointed as the Interim Senior Independent Director on 21 October 2022. The Board also consists of two Executive Directors, Adrian Cox who is Chief Executive Officer and Sally Lake who is the Group Finance Director. The Non-Executive Directors, who have been appointed for specified terms and are subject to annual election or re-election by the shareholders, are considered by The Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement.

On 8 February 2023, the new Chair Designate Clive Bannister was announced. Following this appointment there are nine independent Non-Executive Directors including the Chair Designate, who was independent on appointment.

The Senior Independent Director will, if required, deputise for the Chair and their role is to act as a sounding board for the Chair and as an intermediary for other directors. They are available to talk to shareholders if they have any issues or concerns or if there are any unresolved matters that shareholders believe should be brought to their attention.

On 25 March 2022, The Board appointed Pierre-Olivier Desaulle to the Nomination Committee and on 26 April 2022 The Board appointed Raj Agrawal to the Remuneration Committee. Cecilia Reyes Leuzinger and Fiona Muldoon were appointed as Non-Executive Directors to The Board and as members of the Audit and Risk Committee with effect from 31 May 2022. Cecilia Reyes Leuzinger was also appointed to the Remuneration Committee on the same date.

Following David Roberts standing down as Chair, and until the new Chair commences the role, Christine La Sala is acting as Chair of the Nomination Committee. Nicola Hodson is acting as Interim Chair of the Remuneration Committee. Bob Stuchbery, as confirmed above, is acting as Interim Senior Independent Director.

## Board information

The Company Secretary, Christine Oldridge, ensures that board members receive timely and accurate financial and operational information to enable them to discharge their duties appropriately. Board papers are circulated digitally, usually one week in advance of board meetings. Directors also have access to independent professional advice at the company's expense, if they consider this appropriate. During 2022, independent professional advice was sought on conflicts of interest in relation to proposed group transactions.

In accordance with the Code, The Board has recommended that all directors should submit themselves for election or re-election on an annual basis and as such all directors will stand for election or re-election at the forthcoming AGM.

Biographies of current board members appear in The Board of Directors section on page 77. The biographies indicate the high level and wide range of business experience that are essential to manage a business of this size and complexity. An established operational and management structure is in place and the roles and responsibilities of senior executives and key members of staff are clearly defined.

## Board meeting attendance

The full Board meets at least five times each year and more frequently where business needs require. In 2022, there were six regular board meetings. The activities of The Board are set out on pages 83 and 84. During the year, there were also ad hoc meetings to consider senior management changes, the conflict in Ukraine and the impact on the Group, the equity raise and the business plan and scheduled joint meetings of The Boards and Committees of Beazley plc and other regulated group subsidiaries to consider updates on strategic projects of relevance to entities across the Group as well as various policy updates, risk, compliance and internal audit assurance plans, and environmental, social and governance matters.

All the Beazley plc directors also attend an annual strategy day. All Committees also had additional ad hoc meetings as required to discuss specific matters. The Chair holds meetings with the Non-Executive Directors without the Executive Directors being present.

In addition to its regularly scheduled meetings, The Board met on an additional seven occasions throughout the year with nearly full attendance. In total, there were 13 board meetings throughout 2022. Attendance at the regular board and committee meetings is set out in the table on page 83.

## Board meeting attendance table

| Director | Board | | Audit and Risk Committee | | Remuneration Committee | | Nomination Committee | |
|---|---|---|---|---|---|---|---|---|
| | No. of meetings | No. attended | No. of meetings | No. attended | No. of meetings | No. attended | No. of meetings | No. attended |
| Rajesh K Agrawal[1] | 6 | 6 | 10 | 10 | 4 | 3 | – | – |
| Adrian P Cox | 6 | 6 | – | – | – | – | – | – |
| Pierre-Olivier Desaulle[2] | 6 | 6 | 10 | 10 | – | – | 3 | 3 |
| Nicola Hodson[3] | 6 | 6 | 10 | 9 | 6 | 6 | – | – |
| Sally M Lake | 6 | 6 | – | – | – | – | – | – |
| Christine LaSala | 6 | 6 | – | – | 6 | 6 | 4 | 4 |
| Fiona Muldoon | 4 | 4 | 7 | 7 | – | – | – | – |
| A John Reizenstein | 6 | 6 | 10 | 10 | – | – | 4 | 4 |
| Cecilia Reyes Leuzinger | 4 | 4 | 7 | 7 | 4 | 4 | – | – |
| David L Roberts[4] | 4 | 4 | – | – | – | – | 3 | 3 |
| Robert A Stuchbery | 6 | 6 | 10 | 10 | 6 | 6 | – | – |
| Catherine M Woods[5] | 1 | 1 | 2 | 2 | 2 | 2 | 1 | 1 |

1 Raj Agrawal was appointed to the Remuneration Committee on 26 April 2022. He was unable to attend the December Remuneration Committee due to a long-standing scheduling clash.
2 Pierre-Olivier Desaulle was appointed to the Nomination Committee on 25 March 2022.
3 Nicola Hodson was unable to attend the November Audit and Risk Committee due to a long-standing scheduling clash.
4 David Roberts stepped down from The Board and Nomination Committee on 21 October 2022.
5 Catherine Woods stepped down from The Board and Committees on 25 March 2022.
Where a Director joined or stood down from The Board or Board Committee during the year only the number of meetings following appointment or before standing down are shown.

## Board discussions during the year

At each scheduled meeting The Board receives reports from the Chief Executive Officer and Group Finance Director on the performance and results of the Group and also receives reports from the Chief Underwriting Officer and the Chief Risk Officer and the Chairs of Board Committees. In addition, The Board receives updates on operational matters, strategy and business planning, major projects and corporate governance.

# Governance Framework continued

There is an annual schedule of rolling agenda items to ensure that all matters are given due consideration and are reviewed at the appropriate point in the financial and regulatory cycles. Meetings are structured to ensure that there is sufficient time for consideration and debate of all matters. During the year, The Board has spent time on the following key areas:

| | For further information, see: |
|---|---|
| **Strategy** | |
| • 2023 business plans and budgets | Financial review (page 58) |
| • Medium and long-term plans | Financial review (page 58) |
| • Responsible business strategy, including a net zero strategy and joining the Net Zero Alliance, United Nations Global Compact initiative and the Terra Carta Sustainable Markets Intiative<br>• Oversight of key strategic projects<br>• Equity raise | Responsible business (page 21)<br>Responsible business report (www.beazley.com)<br>Section 172 statement (page 55)<br>Directors' report (page 140) |
| **Performance** | |
| • Capital position/allocation and the dividend policy | Capital structure (page 64)<br>Dividends (page 95) |
| • 2021 preliminary results and annual report and accounts 2022 interim results and trading updates<br>• Implementation of IFRS 17 | Interim results (www.beazley.com)<br>Financial review (page 58) |
| • Business performance reports including underwriting and investments from the Chief Underwriting Officer and Chief Investment Officer respectively<br>• Impact of economic and social inflation including on financial performance and actuarial reserving | Chief Executive Officer's statement (page 11)<br>Chief Underwriting Officer's report (page 13)<br>Financial review (page 58) |
| • Regular dashboard and milestone reports | Key performance indicators (page 2) |
| • Dividend proposals | Dividends (page 95) |
| • Ongoing investment in operational infrastructure | Section 172 statement (page 55) |
| **Culture & people** | |
| • New corporate brand and strategy | Chief Executive Officer's statement (page 11) |
| • Share plan rule amendments, including the LTIP, deferred plan and UK SAYE plan | Directors' remuneration report (page 111) |
| • Talent development and succession planning | Nomination Committee (page 100) |
| • Inclusion and diversity updates | Nomination Committee (page 100)<br>Directors' report (page 140) |
| • Employee engagement and staff surveys | Stakeholder engagement (page 50) |
| • Issues impacting employees, including the cost of living crisis | Chief Executive Officer's statement (page 11)<br>Stakeholder engagement (page 50) |
| **Governance & risk** | |
| • Changes to the composition of The Board, in particular the appointment of a new Chair | Board of Directors (page 77)<br>Nomination Committee (page 100) |
| • The impact of the war in Ukraine, including the implementation of Russian sanctions | Chief Executive Officer's statement (page 11) |
| • Board and Committee evaluations | Board evaluation (page 88) |
| • Cyber Risks including threats to the business from cyber attacks, and review of lessons learned from attempted attacks<br>• Review of threats and opportunities to the business model from cyber risks<br>• Cyber systemic risk adjustments | Chief Executive Officer's statement (page 11)<br>Chief Underwriting Officer's report (page 13) |
| • Risk management framework, including risk appetite, risk governance and the Own Risk and Solvency Assessment | Risk management & compliance (page 67)<br>Audit & Risk Committee (page 91) |
| • Legal and regulatory compliance including UK Corporate Governance Code, Companies Act and listed company obligations | Statement of corporate governance (page 75) |
| **Stakeholder engagement** | |
| • Engagement with the workforce, including employee voice updates<br>• Engagement with clients and broker partners<br>• Engagement with regulators and regulatory correspondence and feedback | Stakeholder engagement (page 50)<br>Section 172 statement (page 55) |
| • Reports from Investor Relations including shareholder engagement, ongoing shareholder consultations, investor relations strategy, and share price performance | Stakeholder engagement (page 50)<br>Engagement in action: spotlight on the remuneration policy (page 90)<br>Shareholder engagement and investor relations (page 87) |
| • Major shareholders and share register analysis | Shareholder engagement and investor relations (page 87) |

## Training, information and support

New directors receive appropriate induction training when they join The Board. They are asked to complete a skills and knowledge assessment and a tailored initial training plan is developed to ensure the director is capable and comfortable in discharging their duties. Where appropriate, mentoring is provided to new directors by an external provider. Annual training is provided for all directors. The training sessions include business and industry specific topics and information on changes to director duties and responsibilities and to legal, accounting, information security and tax matters. Standard training modules are regularly reviewed to ensure they meet best practice and the changing business environment. Bespoke training will also be provided if requested by any director.

In 2022, director training included: reinsurance strategy and economics, IFRS 17, European operating structure and cyber scenarios. The training sessions include videos sent out in advance, followed by a live question and answer session where the directors can discuss specific aspects of interest to them in detail.

For topics of key significance, more frequent optional briefings are held for directors to ensure they have sufficient information and understanding to discuss and challenge management. For example, during 2022 a series of briefings were held on IFRS 17 to provide director with sufficient detail on the requirements and key judgements which would need to be made by The Board and Committees upon transition to the new standard in 2023.

To enable The Board to function effectively and directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters. Directors have access to an electronic information repository to support their activities. The terms and conditions of appointment for all the Non-Executive Directors set out the expected time commitment and they agree that they have sufficient time to provide what is expected of them.

During the year, there has been a continued focus on improving the quality of board reporting to promote better discussions and further assist decision-making. Refresher training sessions on how to write effective board reports have been carried out by the external provider of the board portal platform and the corporate governance team have also provided training to relevant authors of Board and Committee reports. The Board and Committees consider the quality of reporting at each meeting and feedback is provided to ensure continuous improvement.

There is an agreed principle that directors may take independent professional advice if necessary at the company's expense, assuming that the expense is reasonable. This is in addition to the access which every Director has to the Company Secretary. The Company Secretary supports the chair to ensure that The Board has the necessary policies, processes, information, time and the resources to function effectively and efficiently.

## Board performance evaluation

The report on the internal Board evaluation carried out during 2022 and progress against the outcomes of the 2021 externally facilitated evaluation is on page 88.

## Inclusion and diversity

The Board firmly believes that having an inclusive and diverse workplace will support us in our ambitions to outperform the markets in our chosen areas of business. The Board has continued to meet the ethnic diversity targets set by the Parker Review. The Board is currently comprised of 45% women directors.

We were pleased to already be meeting the new Listing Rule requirements that at least one of the chair, senior independent director, chief executive officer or finance director roles is held by a woman; that 40% of The Board are women; and that at least one member of The Board is from a minority ethnic background (as categorised by the UK Office of National Statistics). We have voluntarily disclosed this information for 2022 in the Nomination Committee report.

In addition, we have met the voluntary recommendations of the FTSE Women Leaders Review, that 40% of senior leadership positions are held by women by the end of 2025. Our own goal is 45% representation by the end of 2023, which we are on target to meet.

**The current composition, gender, tenure and diversity of The Board members are set out below.**

### Board Ethnic Diversity

| | |
|---|---|
| Asian | 18% |
| White | 82% |

### Board Gender

| | |
|---|---|
| Male | 55% |
| Female | 45% |

### Non-Executive Tenure

| | |
|---|---|
| 0-3 years | 56% |
| 3-6 years | 22% |
| 6-9 years | 22% |

### Board Composition

| | |
|---|---|
| Chair | 1 |
| Executives | 2 |
| Non-Executives | 8 |

# Governance Framework continued

We look to set our own stretching diversity targets in line with our responsible business strategy. During the year The Board approved a new target to increase the representation of people of colour in senior leadership roles. More information is included in the responsible business report on page 21 and the Nomination Committee report on page 100.

The Board has adopted a global Inclusion and Diversity policy, which sets out the approach to inclusion and diversity across the business. In January 2022, The Board also adopted its own Inclusion and Diversity policy. Diversity of thought is also championed, and our Board reflects this, with the skills and experience of the directors set out in the biographies on pages 77 and 78. There is a mix of tenures on The Board which brings a fresh perspective as well as a long-term understanding of the business, how it has grown and its culture.

The Nomination Committee continually reviews our approach to diversity and our aim is to promote diversity in the hiring of new employees and in creating opportunities for individuals to progress their career within Beazley.

Further details regarding The Board's approach are included in the report from the Nomination Committee on page 100. The responsible business report on page 21 looks at our approach to inclusion and diversity including how we monitor the targets set by the business for female and people of colour representation in senior roles and how we collect data for the purposes of making these disclosures in accordance with the Listing Rules.

## Audit and internal control

EY were first appointed as the external auditor for the 2019 accounting year. The respective responsibilities of the Directors and the auditors in connection with the accounts are explained in the Statement of Directors' Responsibilities on page 139 and the Independent Auditor's Report on page 146.

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system can only provide reasonable, not absolute, assurance against material misstatement or loss. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives within the risk appetite set by The Board. The Board confirms that it is comfortable with the effectiveness of the Group's risk management and internal controls (including financial, operational and compliance controls), which have been in place throughout 2022 and continue to operate up to the date of approval of the annual report and accounts. More information is provided in the Audit and Risk Committee report on page 91.

The Board agrees the overall risk appetite for the Group. Throughout the year, The Board has monitored performance against risk appetite in accordance with the risk management framework, which is itself reviewed and approved by The Board annually. Key components of the risk management framework include ongoing assessment and validation of controls, and taking steps to ensure that controls remain effective. Ongoing oversight of risk is undertaken via the Executive Risk and Regulatory Committee, which meets each month and considers risk KPIs and reviews of specific risk areas. There is ongoing reporting of risk matters to the Audit and Risk Committee and Board, via the risk management team. Risk management also provide The Board with specific assessments of risk to support key decision-making. Early in the year, risk management provided a risk assessment for the Ukraine/Russia conflict, with particular regard to our MAP and Cyber classes, which identified key themes and areas of focus as well as recommendations for The Board's consideration. The Board also discussed a risk assessment on inflation (including economic and social inflation) highlighting key recommendations and the mitigations in place across core functions. In addition, risk management provided an opinion on the approach to, and risks around, loss estimates for Hurricane Ian. Other ongoing assessments throughout the year included regular reviews of the Group's modernisation programme, data management control framework and economic downturn risk. During the year the risk management framework and risk appetite statements were reviewed and refreshed. Further information is provided in the risk management and compliance report on page 67.

During 2022, the Audit and Risk Committee and Board have reviewed and provided comment on the Own Risk and Solvency Assessment (ORSA) report. The ORSA provides a detailed assessment of the short- and long-term risks faced by the company to ensure that solvency needs can be met. The ORSA policy is reviewed and approved annually by The Board.

The Audit and Risk Committee receives regular reports on the findings of reviews undertaken by internal audit. The Committee also considered any significant findings raised by the external auditors during their reviews of the annual and interim results. Members of the Audit and Risk Committee could also discuss relevant matters with the internal and external auditors without members of management being present.

On 1 January 2023, the Audit and Risk Committee was replaced by a separate Audit Committee and Risk Committee to enhance oversight responsibilities and committee effectiveness. Recommendations for the membership of both Committees were provided to The Board by the Nomination Committee.

Further information on the activities of the Audit and Risk Committee in 2022 is set out in the Audit and Risk Committee report on page 91 and further information on risk management at Beazley is set out in the risk management report on page 67.

# Shareholder engagement and investor relations

The company places great importance on communication with its shareholders. Further information on how we engage with shareholders is contained in the stakeholder engagement report on page 50. Useful shareholder information is also available in the investor relations section of the company's website www.beazley.com.

The company has the authority within its articles of association to communicate with its shareholders using electronic and website communication and to allow for electronic proxy voting.

Regular dialogue with shareholders is coordinated by the investor relations team. Presentations of the annual and interim results are made to analysts by the Chief Executive Officer, Group Finance Director and, where appropriate, other members of senior management. The Head of Investor Relations, senior management and members of The Board meet with institutional shareholders to discuss relevant matters. The views of shareholders are communicated to The Board via a regular report from the Head of Investor Relations and through feedback from Directors following meetings.

The company's shares are listed on the London Stock Exchange. The share price is available from the company's website. There are currently 17 analysts publishing research notes on the Group. In addition to research coverage from Numis and JP Morgan, the company's joint corporate broker, coverage is provided by Autonomous, Barclays, Berenberg, Bank of America, Citi, Goldman Sachs, HSBC, Jefferies, Keefe Bruyette & Woods, Morgan Stanley, Panmure Gordon, Peel Hunt, Exane Paribas, RBC, and UBS.

## Analysis of share register

The company's shareholders at 31 December 2022 are analysed below:

| Number of shares held | Number of shareholders | Percentage of total shareholders | Number of ordinary shares | Percentage of issued share capital |
|---|---|---|---|---|
| 1-500 | 120 | 8.24 % | 29,835 | — % |
| 501-1,000 | 122 | 8.38 % | 90,825 | 0.01 % |
| 1,001-2,000 | 151 | 10.37 % | 223,513 | 0.03 % |
| 2,001-5,000 | 223 | 15.32 % | 743,296 | 0.11 % |
| 5,001-10,000 | 158 | 10.85 % | 1,141,481 | 0.17 % |
| 10,001-100,000 | 337 | 23.15 % | 11,652,650 | 1.74 % |
| 100,001-1,000,000 | 229 | 15.73 % | 86,621,234 | 12.91 % |
| 1,000,001-999,999,999 | 116 | 7.96 % | 570,701,186 | 85.03 % |
| **Totals** | **1,456** | **100.00 %** | **671,204,020** | **100.00 %** |

| Category of shareholder | Number of ordinary shares | Percentage of issued share capital |
|---|---|---|
| Institutional | 663,021,917 | 98.78 % |
| Retail | 8,182,103 | 1.22 % |
| **Totals** | **671,204,020** | **100.00 %** |

# Board evaluation

## Board and Committee performance evaluation

An evaluation of the performance of the Beazley plc Board and its committees is carried out annually. The evaluation is designed to assess whether The Board and its Committees are operating effectively and whether the Chair and individual Directors are making effective contributions. Feedback from the evaluation is also used to formulate action plans for improvement areas and identify where the composition of The Board and Committees could be enhanced.

An externally facilitated performance evaluation is carried out every three years, and the evaluation is conducted internally in other years. As an external evaluation was conducted by Clare Chalmers Limited in 2021, the Nomination Committee determined that it was appropriate for the 2022 performance evaluation to be conducted internally. The external and internal evaluations complement Beazley's overall approach to board evaluation.

## Beazley's overall approach to board evaluation

| External reviews (every three years) | Internal reviews (other years) |
|---|---|
| An independent external evaluation firm is appointed who works with the Chair, the Nomination Committee and Company Secretary to define the scope of the evaluation. This scope is designed to build on Beazley's experience from previous evaluations, whilst also enabling the evaluator to use their own experience and independence to provide insight.<br><br>The evaluator will conduct interviews with Directors, attend board and committee meetings and review meeting materials to support assessments of the effectiveness of The Board and its Committees.<br><br>On conclusion of their work, the evaluator will provide a detailed report on their findings, which they will present to The Board for review and discussion. The Board will therefore have the opportunity to challenge any of the findings before an action plan is agreed. Progress against these actions is monitored by The Board throughout the year.<br><br>This process is undertaken for Beazley plc and other key Group subsidiaries. | The Chair and Company Secretary meet with Directors individually to obtain their views on the effectiveness of The Board and each Committee. Directors are encouraged to share their views openly, and a number of specific questions are asked to each director to determine overall Board and Committee effectiveness.<br><br>The findings from this work are presented to The Board and an action plan is created to address specific findings. Progress against these actions is monitored by The Board throughout the year.<br><br>The Chair also conducts separate meetings with each Director to solicit their feedback on board dynamics, review their individual performance and determine any steps to be taken. The Senior Independent Director conducts this review of the Chair. The findings from these discussions are considered alongside individual Directors' skills self-assessments to identify any areas for individual or collective board training for the following year.<br><br>This process is undertaken for Beazley plc and other key group subsidiaries. |

## Findings from the 2022 evaluation

### Performance of The Board and its Committees

Overall, the 2022 evaluation concluded that The Board and each of its Committees are operating effectively. The overall findings were that The Board and Committees have strong compositions and good diversity of background and experience; there is an inclusive culture in the board room, which encourages challenge and contribution from the Directors; and that the newer Non-Executive Directors have brought new insights and perspectives which are helpful and positive. A number of actions were agreed to address specific observations and support the continued effectiveness of The Board and Committees, and these actions are set out below.

Specific comments are made in the committee reports on relevant findings from the evaluation of that Committee.

### Chair and individual Director performance

Overall, the evaluation concluded that the Chair and each Director are operating effectively and contributing to the effective operation of The Board and Committees. A number of areas to support Directors' individual or collective performance were identified, and action plans have been formulated. This includes delivery of the 2023 Board knowledge and training plan.

The 2022 review concluded that the Chair provided support to the effective operation of The Board through strong leadership and driving an open and inclusive environment where debate is encouraged. This feedback was considered by the Nomination Committee when assessing candidates for the role as the new Chair of Beazley plc.

## Recommendations and actions from the 2022 Board performance evaluation

| Recommendations | Actions |
|---|---|
| Seek to further improve the efficiency of corporate governance across Boards and Committees without impacting effectiveness. | A governance review project is underway to address this recommendation, with input from Directors and management.<br><br>The introduction of separate Audit and Risk Committees was strongly supported by Directors – there will be specific focus on the efficient implementation of these Committees. |
| Improve the processes around short- and longer-term business planning. | Steps will be taken to improve interactions between short- and longer-term business plans and how The Board provides input into these plans. |
| Create an integrated scorecard as a more impactful means of monitoring the performance of businesses and key programmes. | An integrated performance scorecard is being developed for implementation in 2023. |
| Ensure meeting agendas are appropriately focussed. | Agenda planning work will seek to ensure meeting agendas have the right focus, including to allow sufficient time to fully discuss strategic and commercial items. |
| Ensure The Board has appropriate oversight and understanding of IFRS 17 changes. | For the first part of 2023 up to the full implementation of IFRS 17, necessary time will be devoted by The Board and Audit Committee to understand the commercial and technical implications of the move to IFRS 17 and determine the key judgements to be made. |
| Maximise the effectiveness of the overall board timetable. | In 2023, we will take steps to improve the overall effectiveness of the board timetable. This will include consideration of the sequencing of meetings and the use of in-person/hybrid formats to support the effective operation of The Board and Committees and encourage free-flowing conversations. |

## Progress made on action areas from the 2021 external Board performance evaluation

| Action areas | Progress |
|---|---|
| Ensure Non-Executive Directors continue to provide a creative contribution by stepping back from the detail in areas where management can provide assurance. | Through 2022, Directors have been focussed on providing the right level of input and oversight, and avoiding getting into too much detail where this is not needed.<br><br>This has been supported by improvements to the quality of board reporting (as mentioned below). The Executive Committee also received specific training on how to best manage relationships with The Board. |
| Continuing to improve Board reporting. | Following the work commenced in 2021, steps have continued in 2022 to embed improved reporting to Boards and Committees. At each meeting, views are sought from Directors on areas where reporting can be further improved. Feedback is then shared with authors and support and training provided.<br><br>A suite of reporting templates and training materials has been made available to all employees to support in preparing board reports. |
| Considering sequencing of meetings to streamline agendas and achieve efficiency between The Board and Committees, and key subsidiary boards, by assigning responsibility for oversight of different topics. | Specific focus has been given to the timetable of meetings in 2023 to support efficiency of operation and decision-making across Boards and Committees.<br><br>Work to further drive the efficiency of corporate governance will continue through the governance review action identified in the 2022 evaluation. |
| Sharpening The Board's strategic focus by giving more attention to a five- and ten-year time horizon | Improving long-term strategy and planning have been key areas of focus in 2022. The board reviewed specific medium-term and long-term plans in 2022, and approved steps for their further development and implementation.<br><br>In line with previous years, The Board met over a number of days in May to discuss strategic matters. This included consideration of longer-term market trends, technological developments, ESG and overall business strategy. The Board will continue to consider and debate matters of longer-term strategic importance. |
| Exploring ways to enhance workforce engagement. | A re-launch of the employee voice took place during 2022 and included the enhancement of board reporting of employee engagement.<br><br>Fiona Muldoon was appointed as the employee voice of The Board in November 2022, and will continue the work with Culture & People and other stakeholders to review the process and channels for engagement between the workforce and The Board. See the stakeholder engagement report on page 50 for more information on engagement channels. |
| Continuing to lead the Group on ESG matters and ensuring there is sufficient reporting to subsidiary Boards to enable them to fulfil their regulatory responsibilities. | During 2022, the Beazley plc Board's role in overseeing the Group's overall approach to ESG has been embedded. The Board oversees the work of the Responsible Business Steering Group in embedding best ESG practices across the Group, and ensuring appropriate reporting to subsidiary Boards. |

# Engagement in action: spotlight on the remuneration policy

In accordance with the Code, our remuneration policy is subject to a binding vote from shareholders every three years. The policy was last approved at the 2020 AGM, and the revised policy will be proposed for approval at the company's AGM on 25 April 2023.

In advance of presenting the final policy for approval at the 2023 AGM, the remuneration committee conducted an extensive engagement exercise to ensure that shareholders' views were addressed. This exercise commenced in October 2022 with the chair of the remuneration committee writing to the majority of Beazley's shareholders (who collectively represented 94% of Beazley's issued share capital) and the main proxy advisory agencies to gather shareholder feedback for consideration in the proposed new policy. Through this written communication, the committee was able to clearly set out the key policy changes being considered and how they would further align executive remuneration pay with Beazley's long-term strategy.

We invited shareholders to provide their responses to the proposals and gave them the opportunity to meet with the chair of the remuneration committee and members of Beazley management to further discuss the proposed changes and provide feedback. Following this, a number of meetings were held with shareholders and written feedback was also received. This feedback was discussed by the remuneration committee, and has resulted in a number of changes being made to the remuneration policy being presented for approval at the 2023 AGM, as follows:

- Long-Term Incentive Plan (LTIP) – Around 145 employees participate in Beazley's LTIP each year and it represents a critical tool to incentivise and retain senior talent. Since 2012 the vesting of our LTIP has been wholly based on growth in net asset value per share (NAVps). NAVps is Beazley's central KPI and its use in the LTIP strongly aligns the interests of participants with our shareholders. LTIPs are awarded in two tranches with 50% vesting over three years (subject to an additional two year holding period) and 50% vesting over five years. The five year performance period is longer than is typically seen in the market.

  During the consultation we explored the idea of amending our performance assessment so that NAVps would be measured over five separate years. The intention being that this would help to limit the disproportionate impact that exceptionally good or bad years can have over the five year performance period. The design included a number of best practice features including an underpin, so that awards could be scaled back if cumulative NAVps growth was negative.

Based on some shareholder feedback the Committee decided against the annualised LTIP approach. Taking into account the views of shareholders the remuneration committee agreed that it would not proceed with this change. Instead, the committee is proposing an amendment to the policy so that the entire LTIP is based on performance measured over three years. This compromise more closely aligns to typical market practice, taking on board the views of shareholders, and reduces the impact that a single year has on multiple LTIP awards.

- ESG in incentives – during 2022 the remuneration committee has given careful consideration on how Beazley's commitment to doing the right thing for our people, partners and the planet should be reflected in the remuneration framework. ESG performance forms part of the annual bonus, and as part of the consultation, the committee proposed that ESG metrics should be included in the LTIP.

  Shareholders gave their strong support for this proposal, and the committee has taken into account their comments when setting ESG targets that are suitably stretching, quantifiable and align with our external commitments.

- Chief Executive Officer salary – Although the Chief Executive Officer's salary is not a matter concerning the new policy, the committee was also keen to discuss this with shareholders.

  The Remuneration Committee recognises the calibre, experience and track record of Adrian Cox, and his key role in supporting Beazley to deliver its long-term strategic priorities. The committee was of the view that Adrian's salary did not reflect his particular skills and experience, nor that it was appropriate for Beazley's size and complexity. Accordingly, the committee considered that it would be appropriate to make an increase for 2023.

  A number of shareholders commented that generally they expect salary increases for executives directors to be in-line with or below the increases for the workforce, and that this issue was exacerbated by the current macro-economic environment. The committee agrees with this principle as can be seen by the alignment between the Group Finance Director's salary increase and the workforce. In addition, they took into account the recent support provided by Beazley to the workforce, including one-off payments and additional salary increases to those employees most likely impacted by the cost-of-living crisis. Overall, the committee believes that the proposed salary increase to the Chief Executive Officer remains appropriate, further information on which is found on page 122 of the directors' remuneration report.

The other proposed changes to the policy were strongly supported by all shareholders that engaged with the company.

The Remuneration Committee welcomed the opportunity to engage openly with its shareholders and appreciates the input of all those who participated in the consultation. Full information on the proposed changes to the remuneration policy are available in the Directors' remuneration report on page 111.

# Audit and Risk Committee

John Reizenstein
Non-Executive Director

Dear shareholder

I am pleased to report on the activities of the Audit and Risk Committee in 2022 as we supported The Board in overseeing accurate financial reporting and audit processes, compliance with laws and regulations and a robust risk management framework.

## Firm foundations in a turbulent time

2022 has been a particularly turbulent time on a global level. The devastating war in Ukraine, cost of living crisis and effects of global inflation have further reminded us of our interconnected world and how impacts of events can be far reaching. This followed closely after the impacts of Covid-19 and the changes we all needed to make on a personal and business level.

During this challenging year, the audit and risk committee helped support Beazley's resilience through its oversight of reserving, its role in ensuring the quality and integrity of financial reporting, and of a robust external audit process and its ongoing monitoring of the appropriateness of Beazley's risk management framework. The committee continued to oversee risks arising from the war in Ukraine and its secondary effects, including assumptions around inflation and volatility in energy prices and financial markets.

## Preparedness for significant accounting and regulatory regime changes

2023 will see a number of significant changes to the way we are required to report and oversee our business. The implementation of IFRS 17 from 1 January 2023 will represent a major change to how all insurers account for their business activities, and has particular impacts on Beazley due to the range of business we write.

There has been a significant project undertaken across many functions in Beazley in preparing the business for the changes under IFRS 17, and I extend my thanks to the team for the work they have undertaken. During 2022, the Audit and Risk Committee closely monitored the progress of this project. Committee members also received training and briefings to ensure they fully understood the scope of IFRS 17 to support their discussions with management.

The Committee was also actively involved in reviewing and debating with management on the key accounting judgements to be made under IFRS 17. Shareholders will ultimately see the full impacts of IFRS 17 in our 2023 reporting, starting with the 2023 half-year results and we are reporting on the transition to IFRS 17 in the financial review on page 58 and in note 1 to the financial statements on page 163.

The Committee has also overseen steps being taken across Beazley in preparedness for changes in US requirements relating to the oversight, monitoring and governance of insurance business, under the Model Audit Rule (MAR).

## Climate reporting

We discuss throughout this annual report Beazley's commitment to doing the right thing and being a responsible business. In supporting these commitments, the Committee has overseen further enhancement of Beazley's reporting of ESG matters in accordance with the 'Taskforce on Climate-Related Financial Disclosures' (TCFD), and the early adoption of reporting requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

## Supporting our shareholders

The Committee carried out an assurance role for The Board in relation to the successful cUSD400m equity raising in November 2022. This role involved not only considering financial assumptions around the capital raising, but also challenging management to ensure the capital raising was carried out in the best interests of all stakeholders.

Prior to any decision to pay a dividend, the Audit and Risk Committee reviews the viability of the business over the long term. The Audit and Risk Committee was happy to support The Board's decision to resume the payment of a dividend following finalisation of the results for 2021.

## Helping Beazley keep 'different'

The audit and risk committee took a number of steps in 2022 to help support change at Beazley.

During 2022, the committee oversaw a reorganisation of the Risk Management and Compliance teams to ensure these functions are best aligned with to the growth of the business. The committee maintained its strong relationship with Beazley's Chief Risk Officer, Rob Anarfi, in supporting the reorganisation.

## The transition to separate Audit and Risk Committees

I'd like to sign off this letter, which I write in my previous role of chair of the audit and risk committee, by thanking my fellow committee members. With effect from 1 January 2023, the Beazley plc Board has taken the decision to create separate Audit and Risk committees to further enhance Beazley's corporate governance framework and enable each Committee to have greater focus on their respective roles.

On a personal level, I look forward to taking on the role of Chair of the new Audit Committee. I am also delighted that Bob Stuchbery has taken on the role to chair the Risk Committee. Bob and I will continue to work together In our new capacities.

**John Reizenstein**
**Audit Committee Chair**
**(previously Audit and Risk Committee Chair)**

# Audit and Risk Committee continued

The overall role of the Audit and Risk Committee during 2022 was unchanged from previous years. However, since 1 January 2023 The Board has established separate audit and risk committees to enable greater focus on the different areas of responsibility. More information on this decision is provided in this report. The remainder of this report provides information on the activities of the Audit Committee during 2022, with activities already undertaken by the Audit and Risk Committee specifically highlighted.

The Committee supported The Board of Directors in overseeing the accuracy of financial reporting, and ensuring the system of internal control, the audit process and the company's processes for compliance with laws and regulations and internal policies and procedures are robust, effective and responsive to ever-changing environments. During 2022, the committee was focused on matters relating to maintaining the Group's strong financial performance, notwithstanding the residual impact of COVID-19 and the global effects of the Ukraine conflict and related sanctions monitoring. They also considered the ongoing development of sustainability and climate change responsibilities, the monitoring of the consultation by the UK's Department for Business, Energy and Industrial Strategy (BEIS) on reforms to audit and corporate governance and preparing for the implementation of IFRS 9 and IFRS 17 and the US Model Audit Rule. In the discharge of their remit, the committee gave due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code ('Code') and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules (DTRs) and any other applicable rules, as appropriate.

## Committee membership and meetings

During the year, Fiona Muldoon and Cecilia Reyes Leuzinger were appointed to the Committee and Catherine Woods stood down. Fiona and Cecilia's appointments strengthened the Committee's 'recent and relevant financial experience' and 'sectoral experience', as required by the Code and DTRs, both having gained over 25 years' experience in the insurance industry. All Committee members were independent Non-Executive Directors and details of each member's relevant experience are given in their biographies on pages 77 and 78.

## Committee meeting attendance table 2022

| | Audit and Risk Committee | |
|---|---|---|
| Director | No. of meetings | No. attended |
| Rajesh K Agrawal | 10 | 10 |
| Pierre-Olivier Desaulle | 10 | 10 |
| Nicola Hodson[1] | 10 | 9 |
| Fiona Muldoon | 7 | 7 |
| A John Reizenstein | 10 | 10 |
| Cecilia Reyes Leuzinger | 7 | 7 |
| Robert A Stuchbery | 10 | 10 |
| Catherine M Woods[2] | 2 | 2 |

1 Nicola Hodson was unable to attend the November meeting due to a long-standing scheduling clash
2 Catherine Woods stepped down from the committee on 25 March 2022

The Committee received regular updates from the audit and risk committees of the Group's regulated subsidiaries and holds a joint meeting of the audit and risk committees of Beazley plc and other regulated Group entities to consider policies, the internal audit plans for the forth-coming year and other matters relevant across entities.

The Audit and Risk Committee was required to meet at least quarterly, with meetings scheduled at appropriate intervals in the reporting and audit cycles. Additional meetings were held as required. In 2022, there were a total of nine scheduled meetings in addition to the joint meeting.

Only members of the Committee had the right to attend meetings; however, standing invitations were extended to the Group Chair, the Senior Independent Director, the Chief Executive Officer, the Group Finance Director, the Chief Risk Officer, the Head of Internal Audit and external auditors. The Chairs of the Audit and Risk Committees of the Group's regulated subsidiaries also attended Audit and Risk Committee meetings during the year as and when appropriate. The Company Secretary acted as secretary to the committee.

The internal and external auditors attended committee meetings and periodically met in private with the committee to discuss matters relating to its remit and issues arising from their work. The committee also met in private with the Group Chief Actuary. In addition, the Chair of the Audit and Risk Committee had regular contact with the external and internal auditors throughout the year and members of the committee met individually with regulators when required.

## Committee performance evaluation

The Committee reviewed its effectiveness during the year, as part of The Board evaluation process (see page 88). The Board confirmed that the committee was effective in its role. However, due to the business's growth strategy, the increasing risk oversight required, and the increasing amount and complexity of reporting requirements, an action arising from the review was to consider creating separate audit and risk committees to ensure strong governance and to allow sufficient time for oversight of these important matters for The Board.

At its board meeting on 9 December 2022, The Board approved the separation of the Beazley plc Audit and Risk Committee into two separate committees. The Committee supported the proposal for the dissolving of the Audit and Risk Committee and the establishment of a separate Audit Committee and Risk Committee with effect from 1 January 2023. The nomination committee provided recommendations to The Board for the membership of both committees. Terms of reference for the separate audit and risk committees were also approved by The Board and are available on the website.

The Committee had oversight of the closure of actions arising from the 2021 committee effectiveness review and reviewed the new actions arising from the 2021 review during the year. See the board evaluation report on page 88 for more details on this process.

## Responsibilities of the committee

The Committee's main responsibilities are unchanged from the prior year and are set out below:

## Audit and financial reporting

a) Financial and narrative reporting

- monitor the integrity of the company's financial and narrative statements including any disclosures such as the Task Force on Climate-Related Financial Disclosures (TCFD) report, interim report, preliminary or other formal announcement relating to the company's financial performance;
- review significant financial reporting judgements contained in the financial statements;
- review and challenge the consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the company/Group;
- review and monitor the going concern assumption and viability statement;
- advise The Board on whether, taken as a whole, the annual report is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy; and
- review other reporting such as the solvency and financial condition report.

b) Internal audit

- recommend the appointment, or termination of appointment, of the head of the internal audit function;
- monitor and review the effectiveness of the Group's internal audit function; and
- review and approve the internal audit plan and monitor its implementation, including consideration of resources.

c) External audit

- review and make recommendations to The Board regarding the external audit contract, including appointment, remuneration, and terms of engagement;
- review and oversee the relationship with the external audit, including their independence, objectivity and the policy on and level of non-audit services; and
- review and monitor the effectiveness of the external auditor and the audit process.

d) Internal control, Risk management and compliance

- review and make recommendations to The Board on the effectiveness of the internal financial controls and the internal control and risk management systems, including oversight of breaches of risk appetite;
- review the risk management and compliance plans and level of resources to perform the roles effectively and review the effectiveness of the compliance function;
- review statements in the annual report concerning internal control, risk management and assessment of principal and emerging risks;
- review and recommend to The Board the annual Own Risk and Solvency Assessment (ORSA) report;
- review whistleblowing arrangements in place for raising concerns, in confidence;
- review procedures in place relating to fraud detection, prevention of bribery and anti-money laundering; and
- monitor the performance and independence of consulting actuaries used for the review of insurance reserving.

## Committee activities during 2022:

a) Financial and narrative reporting

The Committee reviewed the full and half year results announcements, the quarterly trading statements, the annual report including viability and going concern statements to recommend to The Board for approval. The Committee also reviewed environmental and sustainability reporting, for example the TCFD report and Solvency II reporting.The 2022 full year results announcement and annual report were ultimately recommended to The Board by the Audit Committee, which commenced its role in 2023.

An important part of the review of financial reporting was to consider and agree the significant financial estimates and judgements in relation to the financial statements. The Committee received reports on these judgements for the full and half year reports and after discussion with EY, agreed whether they were appropriate. The table on page 94 sets out the key accounting estimates and judgements for 2022 and how these were addressed.

The Committee continued to focus on the Group's close and estimation processes generally, and the related controls carried out by the business and specifically the finance team. The Audit and Risk Committee remained committed to ensuring that there were robust controls and oversight over the close process. During the year and at year end, the Committee received updates from management on the level of estimations used in the close process and the controls carried out to review these estimates retrospectively. The Committee continued to receive periodic reporting from both the finance and actuarial functions on our estimation process, and the related controls, in respect of claims reserves, premium income estimates and other key financial statement captions. Based on reporting received and reviewed during the last 12 months, the Audit Committee remains satisfied that the estimation and control processes deployed by the Group are appropriate.

# Audit and Risk Committee continued

## Critical financial judgements and estimates for year ended 31 December 2022

| Area of focus | How addressed by the committee |
|---|---|
| **Valuation of insurance contract liabilities** | |
| As further explained in note 24 to the financial statements, the Group's policy is to hold sufficient provisions, including those to cover claims which have been 'incurred but not reported' (IBNR) to meet all liabilities as they fall due. The reserving for these claims represents the most critical estimate in the Group's financial statements. | In 2022, we noted the uncertainty around the impact of the Russia/Ukraine conflict and the rise in inflation, and cost of living increases on the global economy. Accordingly, the potential that higher inflation and insolvency in certain corporate sectors will result in increased volatility, as well as greater estimation challenges in respect of insurance claims, remained a key consideration for 2022.<br><br>The Group continued to monitor its exposure to 'social inflation' and the potential for higher than average court settlements. The key areas of exposure are within our healthcare and employment practices lines of businesses where claims can take many years to finalise. As courts continue to deal with increased litigation, the uncertainty around the level and acceleration of social inflation remains. Given the outlook for the US and European economies, reserve loadings for recession, excess economic and social inflation undergo regular monitoring by the actuarial function for potential management action.<br><br>There was continued improvement in frequency measures for ransomware claims frequency on our US Cyber book for 2022. However, there are indications that these frequency trend reductions are slowing down, and therefore this remains an area of uncertainty.<br><br>The Group also continued to gain more certainty around COVID-19 related claim costs in 2022 as more data materialised on claims settlements.<br><br>The Audit and Risk Committee received regular reports from both the internal Group chief actuary and the external audit team (including the Senior Accounting Officer), as the output of independent projections are reviewed at key reporting quarters. In the latter part of the year, the Group Chief Actuary has reported on the results of the third-quarter reserving process, which the committee considered to be a key control as this process provides a level of informed independent challenge for the reserve position. To support the year-end view, the Committee has received a detailed paper in support of the level of margin held within technical reserves in the Group's statement of financial position. Management confirmed that they remain satisfied that the outstanding claims reserves included in the financial statements provide an appropriate margin over projected ultimate claims costs to allow for the risks and uncertainties within the portfolio, and the Committee was satisfied that there were no errors or inconsistencies that were material in the context of the financial statements as a whole.<br><br>As in prior years, the committee also considers the report of the external auditor following its re-projection of reserves using its own methodologies.<br><br>On the basis of the information provided by the Group actuary and through the consistent application of Beazley's reserving philosophy, the Audit Committee was satisfied that the reserves held on the Group statement of financial position at 31 December 2022 were appropriate. |
| **Valuation of unquoted and illiquid financial assets** | |
| The Board is responsible for setting the Group's investment strategy, defining the risk appetite and overseeing the internal and outsourced providers via the chief investment officer. The committee has oversight of the assumptions and techniques used to value the Group's investment portfolio. The valuation of our hard to value 'level 3' investments, particularly our illiquid credit assets, requires significant judgement. | The Committee noted that the overall investment strategy was broadly unchanged from prior periods. The Committee received updates from the Group Finance Director and reviewed reports that confirm that the investment portfolio was in line with the 2022 Board-approved risk appetite, that carrying values of the portfolio as at 31 December 2022 were appropriate and that the valuation methodologies applied to each hierarchy level were consistent with the accounting policies. Committee members were invited to and periodically attended the Investment Committee.<br><br>No misstatements that were material in the context of the financial statements as a whole were identified and the Audit Committee was satisfied with the approach employed by management in valuing the financial assets at fair value on the balance sheet at 31 December 2022. Further detail on the valuation of financial assets is given in note 16. |
| **Premium estimates** | |
| A portion of gross written premiums is based on the estimated premium income (EPI) of each contract, which is an underwriters' estimate of the ultimate premium expected to be paid over the life of the contract. Judgement is required in determining these estimates. | The Committee received a summary of the processes and controls around EPI and how they had operated throughout the year. The Committee receives comfort over EPI through managements' quarterly review process over these estimates which validate their adequacy and reasonableness. |
| **Assessing indicators of impairment of Goodwill** | |
| As further explained in Note 12 to the financial statements, the Group considers annually whether its Goodwill and other indefinite life intangible assets require impairment. The recoverability assessment of these assets involves consideration of a number of judgmental assumptions such as future profitability and premium rates. | The Committee received information to enable it to review managements assumptions and inputs into the analysis of whether there were any indicators of impairment of the Group's Goodwill balance. The Audit Committee was satisfied with management's approach in respect of the carrying value of all of the Group's intangible assets and there was no impairment of the Group's intangible assets as at 31 December 2022. |

| Area of focus | How addressed by the committee |
|---|---|
| **Other financial reporting issues** | |
| The Committee considered a number of other areas of judgement as part of their review of the Group's financial statements, which whilst less material still warranted review by the Committee: | Materiality – the Committee considered how management determine and apply materiality in the context of preparing the financial statements.<br><br>IFRS 17 Disclosure - the Committee reviewed and approved management's approach to disclosing the potential impact of IFRS 17 on the Group's financial statements.<br><br>Accounting for employee share schemes – the Committee reviewed an overview of the assumptions and calculation methodology for determining the fair value of shares which are included as part of employee remuneration.<br><br>Accounting for defined benefit pension scheme – the Committee reviewed a summary of the third-party actuarial valuation of the defined benefit pension scheme liability. The Committee also reviewed the accounting treatment for the purchase of insurance policies by the scheme trustees during the year.<br><br>Recoverability of insurance and reinsurance receivables – the Committee reviewed management's methodology in assessing the recoverability of insurance reinsurance receivables.<br><br>Taxation – The Board and Committee receive regular updates from the Group Head of Tax with regard to taxation matters.<br><br>Equity raise – the Committee reviewed and agreed the accounting treatment and disclosure of the Group's equity raise in November 2022. |

## Going concern and viability

Assessing the viability and going concern statements was a key activity of the Committee. During key reporting periods, management set out for the Committee evidence for the basis of preparation adopted in the financial statements and any statements around the future viability of the Group.

The Committee reviewed detailed projections of future cash flows, profit forecasts and capital requirements under various scenarios, including scenarios stressed in terms of claims frequency and liquidity. In 2022, we considered the Group's capital position with regards to the Group's issuance of new equity of approximately USD400m. This additional capital will support the growth of our Property business and the retention of more of the business in our Cyber and Specialty Risk divisions.

The Committee also considered the appropriateness of management's viability statement and the period over which this analysis is performed. The Committee was satisfied by the level of analysis presented during the year and the related approach taken and statements made in the Group's key external reporting.

## Dividends

During the year the Committee also reviewed the appropriateness of reinstating the dividend. It was decided that the dividend would be reassessed at the year end when the full year result was available. In February 2023, the Audit Committee considered the full year result and the declaration of a 13.5p interim dividend.

## Fair, balanced, and understandable assessment

It is a key requirement of the Group's financial statements to be fair, balanced, and understandable. The Audit Committee applied the same due diligence approach adopted in previous years to assess this requirement under the Code. The annual report is prepared following a well-documented internal process that is performed in parallel with the processes undertaken by the external auditor. The Audit Committee has reviewed management's assessment as a part of the formal annual report governance process. Following its review, the Audit Committee is satisfied that the 2022 annual report is fair, balanced and understandable, and provides the information necessary for shareholders and other stakeholders to assess the company's position and performance, business model and strategy, and has advised The Board accordingly.

## Solvency II reporting

The Committee reviewed and approved the Group's 2021 solvency and financial condition report and regular supervisory report as well as approving the Solvency II policy documentation for the Group.

## ESG reporting

During the year, the Committee has considered the quality of ESG reporting as contained in the Responsible Business and TCFD reports. This topic will remain an area of ongoing focus for the plc audit committee as reporting standards and climate change metrics develop and as Beazley's Responsible Business Strategy is further embedded. The Committee received updates from the external auditor on their review of TCFD reporting, which is performed by their specialist sustainability reporting team. Management commissioned the external auditor to carry out additional 'pre-assurance' procedures over the TCFD report. This included peer analysis of disclosures, scrutiny of metrics and substantiation of qualitative statements.

At the joint meeting of committees in November, the Chief Underwriting Officer reported on the licensing of three new Climate Change models to augment to Group's understanding and estimation of the impact of climate change on the business we write. The Group also continued to hire personnel who strengthened the Group's oversight of Climate change, and will look to continue this in 2023.

# Audit and Risk Committee continued

## Monitoring forthcoming regulatory changes

The committee received updates on:

- preparedness for forthcoming key accounting and regulatory changes, including IFRS 17 and changes which may occur depending on the outcome of the UK Government's consultation on reforms to audit and corporate governance. The committee notes that management have mobilised a project to consider the impact of these reforms and that more clarity is expected during 2023; and
- monitoring of key reporting and regulatory updates, including updates on accounting standards, changes in tax legislation and changes in regulatory requirements. This included the Model Audit Rule and Lloyd's new risk based approach.

## IFRS 17

The Committee received detailed reports on the IFRS 17 project, including key implications and judgments as well as progress towards implementation. As well as reports from the finance team, they also received reports from EY. Information shared included the proposed risk adjustment methodology as well as other assumptions and decisions required with the introduction of IFRS 17. Several Board deep dive training sessions were carried out during the year in relation to IFRS 17. The Committee have also concluded on the IAS 8 disclosures included in these financial statements.

## External audit

One of the committee's most important responsibilities is managing the relationship with the Group's external auditor, Ernst & Young LLP ('EY') on behalf of The Board and having oversight of the external audit process.

During the year, the Committee:

- Reviewed the findings from EY's audit of the 2021 Group Annual report and accounts and the Group's Solvency II Solvency and Financial Condition Report.
- Reviewed EY's Audit Plan Audit plan for the 2022 year end audit. The committee noted that the plan and scoping was consistent with previous audits but responds to the Group's increased size and complexity. EY also set out in this plan their proposed approach and timings with regard to the audit work over IFRS 17.
- Reviewed the findings of EY's review of the Group's Interim report in July 2022. This predominantly focused on EY's assessment of management's approach to estimating exposure to the conflict in Ukraine and the review procedures over the interim report and key judgemental balances such as the valuation of hard to value investments and intangible assets.
- Oversaw the change in role of the head of compliance to also cover risk, and associated changes in the compliance function.
- Reviewed EY's findings coming out of their interim audit work ahead of the year end. This work predominantly focused on the testing of controls over processes from which financial information is derived, in addition to a detailed actuarial review of our Q3 reserving position. The actuarial review included a deep dive on management's treatment of inflation within our reserves, as well as benchmarking losses to natural catastrophes such as Hurricane Ian in the year.
- Reviewed EY's Improvement Ideas report which they issue in consultation with management following the conclusion of the 2021 year end audit across all group entities. This report sets out suggested improvements to controls and processes which will further enhance the integrity of the financial reporting process.
- Reviewed and agreed EY's audit fee for the 2022 year end. A comprehensive paper was set out by EY explaining their proposed increase in fee and benchmarking the Group's fee to similar audits. The significant increase in the audit fee this year reflects both changes in scope, the costs of operational separation and inflationary considerations.
- Received an update from EY on the implementation of operational separation of its audit practice in line with the FRC's principles for Operational Separation. The committee noted that this had limited practical impact on the Group's audit, although the requirement for arm's length rate cards for certain specialists and other structural changes to the audit fee as a result of separation contributed to the increase in the Group's audit fees.
- Were briefed by EY on their global plan to separate their audit and consulting units into two separate businesses. The committee will continue to monitor developments in this area, with a focus on ensuring that the effectiveness and quality of the audit remains high.
- Reviewed management's assessment of the effectiveness of the external audit process and EY's response to the FRC's Audit Quality Inspection and Supervision Report which was issued in June 2022.

The Committee regularly meet EY without management present to facilitate open and transparent discussion, and the Audit Committee Chair and Committee members meet the lead audit partner outside of committee meeting on a regular basis.

### i) Assessing the effectiveness of the external auditor

The Committee placed great emphasis on ensuring there are high standards of quality and effectiveness in the external audit process.

Audit quality and effectiveness was assessed throughout the year, with a focus on strong audit governance and the quality of the team, including the provision of technical and industry knowledge and the independence, objectivity and level of professional scepticism exercised by the external auditor. The Committee's activities in assessing the effectiveness of the audit included the following activities:

- reviewing the quality and scope of the audit planning and its responsiveness to changes in the business and identified risk;
- an assessment and review of the audit team, where feedback from various stakeholders is conducted through survey and discussions;
- reviewing the results of the annual survey on the effectiveness of the external audit process conducted by management. Feedback was requested in the form of a questionnaire circulated to non-executive directors and management across the Group, including in the US, Ireland and Singapore. The survey focused on five areas; Audit Quality, Forward Looking & Insightful; Efficiency & Audit Delivery; 'No surprises' and Service Quality & Audit Team Engagement. Responses also covered EY's professional scepticism and from non-executive directors the extent to which EY challenged management. The overall results of the survey were favourable, concluding the external audit process to be effective and the challenge provided to be

robust. The survey also highlighted areas proposed by management where EY and management could work together to improve the audit process; and reviewing the FRC's Audit Quality Inspection and Supervision Report for EY. Overall, the FRC concluded that EY had made progress on previous findings raised and had sought to make improvements in relation to audit execution and firm-wide procedures, although the committee noted that overall EY's results had deteriorated compared to prior reviews. The Committee also noted that this predominantly related to EY's non-listed audits and that the 2019 audit of the Group had been subject to review by the FRC with no significant findings raised.

After taking all of the above into account, the Committee concluded that the external audit process was effective.

ii) Non-audit services and independence of the external auditor
The Audit and Risk Committee's responsibility to monitor and review the objectivity and independence of the external auditor was supported by a policy in relation to the provision of non-audit services by the auditor. The committee regarded the independence of the External Auditor as of the utmost importance in safeguarding the integrity of the external audit process.

During 2022, our non-audit services policy was reviewed by the committee. The objective is to ensure that the provision of such services does not impair the external auditor's objectivity. The policy specifically disallows certain activities from being provided by the auditor, such as bookkeeping and accounting services, internal actuarial services and executive remuneration services. The policy requires consideration and pre-approval for all other material services. Permissible non-audit services are all closely related to the audit and/or required by law or regulation.

The Committee reviewed the terms of such proposed appointments to ensure they have been robustly justified. The committee receives a report from the external auditors setting out all non-audit services undertaken, so that it could monitor the types of services being provided, and the fees incurred for that work.

In the year, fees for audit and audit related services were $6.2m (2021:$3.8m). Fees for non-audit and assurance services for 2022 were $0.7m (2021:$0.6m) and included work related to the accounts and regulatory reporting of the syndicates managed by Beazley, which would commonly be carried out by the external auditor. None of the non-audit services provided are considered by the audit and risk committee to affect the auditor's independence or objectivity.

The committee received an overview from EY of the policies and procedures in place to safeguard auditor objectivity and independence. These include annual confirmation by all EY professionals of compliance with independence policies and procedures and wider processes and systems to monitor potential threats to auditor independence throughout the year. EY gave the annual confirmation of their independence to the Committee, confirming in particular that no partners or staff held any financial interests in the Beazley Group and that their ethics and independence policies are consistent with the requirements of the FRC's ethical standard.

Having taken into account the following factors, the Committee concluded that EY was independent from the Group throughout the year and to the date of their audit report:
- non-audit services provided by EY were in compliance with the Group's non-audit policy and the requirements of the FRC's ethical standard;
- EY had complied with the FRC's requirements around rotation of the audit partner and senior members of the audit team;
- the Group has not employed members of the EY audit team or any EY partners during the year; and that
- EY have confirmed compliance of their staff and partners with EY's internal policies and processes around independence, in particular that no partners or staff held financial interests in the Group.

iii) Auditor Tenure and reappointment
The 2022 year end audit has been EY's fourth consecutive year end as the Group's auditor, following their appointment in 2019 following a comprehensive tender process. The Group is required to put the audit out to a competitive tender process at least every ten years. It is anticipated that the next competitive tender will be conducted prior to the commencement of the 2029 audit. Following the conclusion of the 2022 year end audit, the current audit partner, Stuart Wilson, will have served as senior statutory auditor for four years. In line with UK regulation the audit engagement partner must rotate after their fifth year leading the audit, and thus a new lead audit partner will be required for the 2024 audit. It is expected that a successor will be identified in 2023.

The Group has complied with the UK Competition & Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the year. There are no contractual obligations which restrict the Group's choice of auditor. EY have indicated their willingness to be reappointed as the Group's auditor and the Audit Committee has recommended to The Board that they be reappointed.

## Internal audit

During 2022, the Group's internal audit function reported directly, and was accountable, to the committee and the head of internal audit had direct access to the committee chair. The committee reviewed the effectiveness of the function and remained satisfied that the internal audit function had sufficient resources during the year to undertake its duties.

During 2022, the Committee:
- considered the results of all internal audit reports, and the findings and themes emerging from them;
- considered the annual report from internal audit, which included: analysis of the delivery of the audit plan; significant findings and overdue actions; the control environment and risk management framework and risk management culture; control environment; and whistleblowing.
- monitored the implementation of the 2022 internal audit plan;
- considered the internal audit approach to monitoring change portfolio risk including the Group's modernisation programme;
- reviewed the proposal for internal audit's approach to the monitoring of external assurance across the Group;

# Audit and Risk Committee continued

- reviewed and approved the basis for internal audit planning. This included reviewing and approving the Group's risk-based audit universe and the internal audit plan, and reviewing other business developments which could also potentially be the subject of internal audit work in the coming year. It also included challenging the frequency of audits in certain areas of the business and the balance between thematic reviews and full end-to-end audits;
- reviewed and approved the internal audit charter;
- reviewed and approved the internal audit budget for 2023; and
- monitored the timely implementation of agreed management actions and reviewed the status of the same.

Overall, the internal audit function was able to report that, in the context of the agreed audit universe and plans, none of the work indicated that the Group was operating outside of its agreed risk appetite.

The effectiveness of internal audit was monitored by the Audit and Risk Committee, through agreeing plans and performance monitoring. External Quality Assurance reviews are also undertaken every five years (unless it is agreed by the committee that a review is required earlier). The last external review was completed in November 2019. The Committee was satisfied that the internal audit function remained effective.

## Internal controls

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. However, as part of this process the Audit and Risk Committee was responsible for reviewing the effectiveness of financial controls and internal controls and risk management framework.

Each year an independent and objective opinion is provided by the Internal Audit function regarding the design and operating effectiveness of the system of internal controls covering the integrity of the Group's financial statements and reports, compliance with laws and regulations, and corporate policies and the effective management of risks faced by the Group in executing its strategic and tactical operating plans. In 2022 this also included the Model Audit Rule assessment.

The review includes an assessment of the Control Maturity Grading framework, which enables Internal Audit to formulate a strategic view on the maturity of the Group's control environment. The review has concluded that the Group's overall systems of controls are designed appropriately and are operating effectively.

Internal Audit also noted that de-risking and simplification of the Group's processes is planned for 2023 as part of the Group's modernisation and has implemented a process to monitor change portfolio risk.

The Committee discussed the report prepared by Internal Audit and were satisfied that the Group's system of internal control and risk management framework continues to operate effectively.

## Risk management and compliance

### Risk

To assist The Board, the Committee, supported by the risk committees of the regulated subsidiary Boards, received and reviewed reports from the risk management function focusing on the following areas:

### Regular reporting

- **risk appetite:** the Committee has monitored the actual risk profile against risk appetite throughout 2022 and the Risk Committee can confirm that Beazley plc has been operating within risk appetite as at 31 December 2022. The Committee has also reviewed the proposed enhancements to the 2023 risk appetite statements and to the risk appetite framework;
- **risk assessment:** the Committee has performed a review of the Group's risk profile to assess its coverage of the universe of risk and ensure that major underlying risks are visible and are being monitored;
- **risk profiles:** the Committee reviewed risk profiles, which are focused risk assessments of specific topics. In 2022, the Committee considered an assessment of inflation risk. Risk management also provided an opinion on the approach to, and risks around, estimates for Hurricane Ian in relation to the Q32022 interim management statement which was deemed reasonable and consistent with the approach for previous natural catastrophe losses;
- **emerging risk:** the Committee specifically considered areas of emerging risk via separate reports and through the Own Risk and Solvency Assessment (ORSA). In addition, the Committee requested that EY provide a schedule of key external topics relevant to the Group for 2022 relevant to the changing economic landscape. This resulted in EY providing presentations on 'Economic Trends impacting underwriting and claims' and 'Leading Practices for Risk and Internal Audit functions';
- **oversight of the control environment:** the Committee received regular risk management and second line assurance reports which provided commentary on the status of the control environment. These included entries from the risk incidents log. This was supplemented by an annual Chief Risk Officer opinion on the performance of the enterprise risk management framework;
- **reverse stress testing:** the Committee received the results of the reverse stress testing exercise, which explores what would have to happen for the Group to be unviable and has been able to provide assurance to The Board that this work has been performed with the appropriate level of depth and expertise;
- **heightened risk:** the Committee considered the heightened risk register half-yearly. A risk is considered heightened if the likelihood or the impact of occurrence is higher than usual;
- **oversight of the internal model:** the Committee and the risk committees of the subsidiary Board reviewed regular reports associated with the internal model. These have included a standing report on internal model output, and a validation report featuring both internal and independent validation and themed reviews - for example, on the approach used to aggregate risk in individual entities which consolidate up to the Group level. These assessments have supported The Boards' use of the internal model;

- **ORSA:** the committee received ORSA reports and reviewed them before recommending them to The Board. Transactional ORSA reports were produced to support half-year and full-year financial reporting for the Group. A transactional ORSA was considered at the April meeting of the Committee which identified the Ukraine conflict and inflation as key risk areas with judgements and estimations relevant to the 2022 half-year result. The uncertainty around potential losses was particularly related to our Marine and PAC and Cyber classes. This resulted in the additional measures being implemented which included the application of a specific uncertainty provision to the booked reserves for the Ukraine conflict, that Specialty Risk exposures be explicitly considered, and that horizon scanning be performed to consider exposures and losses should the conflict escalate;
- **risk function:** the committee oversaw and monitored the planning of new hires into the risk function;
- **capital:** the committee approved the Group solvency capital requirement (SCR); and
- **culture:** the Committee received observations on risk culture as part of the various risk reports presented.

## Other topics discussed in 2022

- **Climate change modelling**: the committee received an update on the three additional climate change models licensed by Beazley in 2022; the RMS US Hurricane Climate Change Model, the RMS US Wildfire base model and the RMS US Flood base model. The models will provide a vital tool in helping us to understand and estimate the impacts of climate change on the business we write. In 2023, it is intended that a Natural Catastrophe Research Lead will be hired by our Exposure Management team to help deepen our knowledge of the potential impacts of climate change.
- **Strategic projects**: the Committee considered of progress updates for the Group's modernisation programme and measures implemented to mitigate any risks arising from the project;
- **Conflict in Ukraine**: the Committee considered of regular updates on the continued adequacy of loss estimates in connection with the war in Ukraine against the changing landscape of the conflict
- **Inflation:** the Committee obtained assurance from management on the process for monitoring reserve loadings for recession and excess economic and social inflation in response to the changing economic environment.

## Compliance

The Chief Risk Officer, who oversees the compliance function, had direct access to the committee members and attended all committee meetings.

To assist The Board, the Committee received reports and updates from the compliance function on various issues including, but not limited to, regulatory developments, routine and non-routine interactions with the Group's regulators and any significant instances of non- compliance with regulatory or internal compliance requirements.

During 2022, the committee:
- reviewed and approved the annual compliance plan, including the compliance monitoring programme;
- monitored the implementation of the 2022 compliance plan;
- received updates on the appointment of the new group head of compliance and other changes to the resourcing of the compliance function. The committee also received updates on the structure and effectiveness of the company's compliance function;
- received updates on the structure and effectiveness of the company's risk management function;
- reviewed changes in the regulatory environment applicable to Beazley;
- received updates on relationships with key Group regulators, and oversight of regulatory requests as well as providing oversight of responses to regulators in relation to corporate developments;
- reviewed updates from the money laundering reporting officer on the adequacy and effectiveness of the company's anti-money laundering systems and controls;
- provided oversight of the progress of the business in addressing identified enhancements to compliance requirements;
- approved the Group policies and controls in respect of anti-bribery and corruption and anti-fraud; and
- received updates on the framework, training and policy put in place regarding whistleblowing and monitored the implementation of Safecall, an independent whistleblowing hotline.

In reviewing the effectiveness of the risk and compliance functions the Audit and Risk Committee remained satisfied that the risk and compliance functions had sufficient resources during the year and into 2023 to undertake its duties.

In addition, the Risk Committee and/or Boards of the Group's regulated subsidiaries received more locally-focused reports which were specific to those entities.

# Nomination Committee

Christine LaSala
Interim Chair

**"I have enjoyed leading the Nomination Committee's activities since October, including the search for a new Chair. I am delighted that our search has concluded with the appointment of Clive Bannister who is aligned with our commitment to creating a respectful and inclusive workplace where our people can thrive."**

The Board has delegated responsibility to the Nomination Committee for oversight of the leadership needs of the organisation including Board composition and effectiveness, succession planning for The Board and senior executives, oversight of appointments of new Directors and senior executives and other related regulatory and governance matters. The Committee's role is to ensure that The Board, its Committees, and the executive leadership team have the right skills and capabilities, which promote diversity of thought and approach to successfully oversee and implement the company's strategy.

## Committee membership and meetings

The Nomination Committee is chaired by Christine LaSala on an interim basis, and also comprises John Reizenstein and Pierre-Olivier Desaulle. Until 21 October 2022, the Committee was chaired by David Roberts with Christine LaSala, John Reizenstein and Pierre-Olivier Desaulle as members. Pierre-Olivier Desaulle was appointed on 25 March 2022, following the resignation of Catherine Woods on the same date.

In 2022, there were four scheduled meetings and additional ad hoc meetings and approvals, reflecting the workload of the Committee during the year. This included the appointment of new Directors, commencing a search for a new Chair and approving interim arrangements. The activities of the Committee during 2022 are set out below. Only members of the Committee have the right to attend meetings; however, other individuals, such as the Chief Executive Officer, Group Head of Culture and People, representatives from other Boards or Committees, and external advisers, may be invited to attend for all or part of any meeting where this is beneficial to assist the Committee with fulfilling its responsibilities.

## Committee meeting attendance table 2022

| | Nomination Committee | |
|---|---|---|
| Director | No. of meetings | No. attended |
| Pierre-Olivier Desaulle[1] | 3 | 3 |
| Christine LaSala | 4 | 4 |
| A John Reizenstein | 4 | 4 |
| David L Roberts[2] | 3 | 3 |
| Catherine M Woods[3] | 1 | 1 |

1 Pierre-Olivier Desaulle was appointed to the Nomination Committee on 25 March 2022.
2 David Roberts stepped down from The Board and Nomination Committee on 21 October 2022.
3 Catherine Woods stepped down from The Board and Committees on 25 March 2022.

Where a Director joined or stood down from The Board or Board Committee during the year only the number of meetings following appointment or before standing down are shown.

## Responsibilities of the Committee

The full responsibilities of the Nomination Committee are set out in its terms of reference, which are available on the company's website.

The Committee's main responsibilities are to:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required by The Board compared to its current and projected position;
- give full consideration to succession planning for Executive and Non-Executive Directors and in particular for the key roles of Chair and Chief Executive Officer, senior executives and any other member of the senior management that it is relevant to consider, whilst ensuring a diverse pipeline of talent;
- ensure the Directors have the required skills and competencies and receive an appropriate induction programme;
- review annually the time required from Non-Executive Directors;
- review the results of The Board performance evaluation process that relate to the composition and skills and competencies of The Board and ensure an appropriate response to development needs;
- recommend to The Board appointments to the role of Senior Independent Director and Chair as well as membership of Board Committees;
- regularly review legislative, regulatory and corporate governance developments and make recommendations to The Board as necessary; and
- recommend, if appropriate, all Directors for election or re-election by shareholders under the annual re-election provisions of the UK Corporate Governance Code, having due regard to their performance and their ability to continue to contribute to the overall long-term success of The Board.

## Key Committee activities during 2022

| | Activities | More information? |
|---|---|---|
| Effectiveness and performance | • Reviewed the actions from the 2021 effectiveness reviews.<br>• Reviewed the knowledge, skills and training assessment for the Beazley plc and regulated subsidiary Boards, and determined whether the Boards continued to have the right mix of skills and experience.<br>• Reviewed the plans for and outcomes of the 2022 effectiveness review for the Beazley plc Board, Committees, and key regulated subsidiary Boards and Committees. | Board evaluation (page 88). |
| Succession planning | • Reviewed Beazley plc and subsidiary board renewals and appointments, including succession planning.<br>• Committee appointments and changes to membership.<br>• Reviewed and recommended the appointment of two new independent Non-Executive Directors.<br>• Commenced the search for a new Chair and carried out planning associated with the departure of previous Chair.<br>• Reviewed executive performance and succession planning, including a review of the diversity of the talent pipeline.<br>• Considered the composition of the separate Audit and Risk Committees, which became effective from 1 January 2023. | More information on succession planning and the process for appointing new Directors is included below.<br><br>More information on the composition of the separate Audit Committee and Risk Committee is included on page 91. |
| Governance | • Reviewed diversity commitments and targets set by Beazley.<br>• Reviewed policies including Inclusion and Diversity policies for The Board and the Group.<br>• Reviewed the Committee's terms of reference.<br>• Approved a change of non-executive director responsible for employee voice in the board room, in accordance with the Corporate Governance Code.<br>• Approved interim governance arrangements until new Chair was selected and appointed. | More information on Inclusion and Diversity is included below and in the Responsible Business report on page 21.<br><br>More information on the 'employee voice' is included in the stakeholder engagement report on page 50. |

### Board and Committee performance evaluation

The Committee reviewed its effectiveness during the year, as part of the annual board evaluation process. The Board confirmed that the Committee is effective in fulfilling its role.

The Committee also had a role in overseeing the evaluation process for The Board and its Committees, and for the Boards of key subsidiaries, which took part in the board and committee evaluation process and in making recommendations to the Boards.

In order to fulfil its responsibility to ensure The Board and its Committees remain effective, the committee spent time reviewing the actions from the 2021 board effectiveness review, which was carried out by an external provider, Clare Chalmers Limited. In addition, the Committee reviewed and approved the plans for the 2022 internal board effectiveness review for The Board, its Committees and for two of the principal regulated subsidiary Boards and their Committees. The Committee received a report on the outcomes of the internal review for all Boards and Committees and discussed common themes and key areas of focus in 2023.

More information on the board evaluation process is provided on page 88.

The Committee is responsible for evaluating the independence of all Non-Executive Directors and undertakes an annual review of each Non-Executive Director's other interests. The Board, on the recommendation of the committee, is satisfied that each Non-Executive Director serving at the end of the year remains independent and continues to have sufficient time to discharge their responsibilities to the company.

### Board knowledge and skills assessment

The Board and Committee recognise the importance of a diverse and effective team with a broad mix of skills and experience. As part of each annual board evaluation, Non-Executive and Executive Directors carry out a self-assessment of their knowledge against a wide range of skills and competencies. For each area, the Directors assess whether they have considerable knowledge, a base level of knowledge necessary to contribute to discussions, or no knowledge. The Committee receives a report on the self-assessments completed, including information for each Director, to enable them to assess whether each Director and The Board collectively have the right mix of skills and experience. The Chair also considers this information in the performance evaluations of the Directors, along with other relevant information and feedback. The self-assessment helps identify any areas where training would be useful to develop knowledge and skills either for Directors individually or for The Board as a whole, and a training plan for each year is developed. For some skills, which are dynamic and changing, the Directors' knowledge is augmented by external or internal experts who ensure The Board has the right, up to date, expertise to challenge effectively. The balance of skills and experience on The Board is also a core part of Director succession planning.

Based on the information received in 2022, the Committee was satisfied that each of the Directors and The Board remained effective and high-performing and that they had the right mix skills and experience to challenge and support the delivery of the strategy.

# Nomination Committee continued

## Succession planning

Throughout 2022, the Committee carried out its key responsibilities of ensuring that plans are in place for an orderly succession to The Board, subsidiary Boards and wider senior management positions and ensuring the continued strong executive talent pipeline within the Group, which is a key pillar of our strategy.

The Board and Committee believe that a regular refresh of board membership is beneficial to a progressive, strong, diverse, responsible and balanced leadership and therefore the Committee regularly considered updates to the structure, size and composition of The Board and its Committees. The Committee receives reports which include information on the composition of the Group and regulated subsidiary Boards, the tenure of each of the Directors, and other information for succession planning purposes.

The Committee reviews succession plans for the Executive Committee members annually as well as reviewing their performance against objectives. The succession plans for other senior roles (such as executive committee direct reports) or regulatory roles are also reviewed annually. The reporting includes information regarding potential successors for each role in the short, medium and longer term as well as emergency cover, including whether roles could likely be filled internally or externally. The reporting assists with proactively planning for future roles as well as with developing and progressing our internal talent. The talent pipeline review also covers cross team succession opportunities. The succession plans are linked to the Inclusion and Diversity strategy and policy, to ensure that all areas of the business are contributing to succession planning and development of talent is taking place. The progress towards meeting and/or exceeding externally and internally set diversity targets is reviewed.

For vacancies at both board and executive leadership level, external search agencies are often utilised. Any internal candidates are incorporated into the process run by the appointed external agency. All external agencies are made aware of our Inclusion and Diversity policy and long and short lists are designed to ensure there is a diverse selection of candidates put forward.

During 2022, the Committee spent time focused on Board succession planning and the appointment of new Board members, including the appointment of Fiona Muldoon and Cecilia Reyes Leuzinger in May 2022 and the search for a new Chair following the resignation of David Roberts in October 2022. On 8 February 2023, following recommendation from the Committee, The Board approved the appointment of Clive Bannister as Chair Designate and an Independent Non-Executive Director of Beazley plc. Clive will commence his role as Chair with effect from the conclusion of the company's 2023 AGM. He will also become Chair of the Nomination Committee at the same point.

Since the year end, Nicola Hodson has been appointed Chief Executive of IBM in the UK and Ireland and has joined their UK subsidiary Boards. Nicola previously held a senior global leadership role at Microsoft, and was able to balance well the commitments of this role to her responsibilities as a non-executive director of Beazley. The nomination committee believes that this ability does not change with Nicola's new executive role, and is happy to support her proposed re-election as a Beazley non-executive director. However, the committee will keep the situation under close review to ensure that Nicola remains able to commit the time and dedication required as a director of Beazley.

## Appointment of new Non-Executive Directors

- The Committee, led by David Roberts, spent time in April reviewing the short list and recommended appointments for independent Non-Executive Directors to replace Catherine Woods who stepped down from The Board on 25 March 2022 at the conclusion of the AGM.
- An independent external search consultancy, Hedley May, was engaged to help with the appointment of a new independent Non-Executive Director to replace Catherine Woods. The company and its Directors have no other connection with Hedley May.
- A detailed role description was prepared which included focus on skills and experience, and a diverse candidate list was requested.
- The Committee was pleased with the diverse and experienced candidates available and the Committee therefore decided to recommend two of the four short-listed candidates for appointment as two other Non-Executive Directors would be reaching the end of their second three-year term in 2023. Fiona Muldoon and Cecilia Reyes Leuzinger were appointed in May 2022.
- Fiona Muldoon was recommended because of her vast leadership experience in the insurance industry as well as having recent experience as a public company CEO and having spent time working for the Central Bank of Ireland. Cecilia Reyes Leuzinger was recommended because of her insurance, risk and investment management experience to add more in-depth investments experience to The Board. Both candidates had styles which would complement but also bring fresh challenge and diversity of opinion to The Board. Both Directors were assessed to have sufficient time to fulfil the responsibilities of the role.
- Following appointment, an induction programme is arranged to onboard new Directors. This includes: meetings with key individuals across the organisation; board procedures and governance; corporate communications; compliance training; meetings with key external parties such as the auditors and regulators where relevant; and deep dives to aid understanding of strategy and the different divisions within the business.

## Chair succession

In July 2022, David Roberts announced that he was to be appointed as Chair of the Court of the Bank of England in the autumn. The appointment date was unknown at that time. The Board, led by the Nomination Committee began a process to ensure that plans were in place to ensure an orderly transition of the role of Chair and to commence a rigorous selection procedure for a new Chair of Beazley plc.

The process was led by Christine LaSala, notwithstanding that she was Interim Chair of the Company during the process. Robert Stuchbery, the interim Senior Independent Director also provided key support to the process. David Roberts was not involved in the process prior to his resignation on 1 October 2022.

| | |
|---|---|
| Stage 1:<br>Interim arrangements | The Committee determined that interim arrangements should be put into place, based on emergency succession plans previously developed, while the search for a new Chair commenced. In October, David's resignation was confirmed, and the interim arrangements, as set out in the announcement on 21 July 2022, explained in the corporate governance report were put in place.<br><br>David Roberts spent time providing an induction and handing over responsibilities to Christine LaSala prior to his departure to ensure an orderly transition. |
| Stage 2:<br>Appointment of search agency | It was agreed that Christine LaSala (initially as Senior Independent Director) would lead the search, with support from Robert Stuchbery and George Blunden, a Non-Executive Director of Beazley Furlonge Limited. In September, the Committee (excluding David Roberts) considered information regarding the process for appointing a new Chair, including the appointment of an independent external consultancy to lead the search. A review of executive search agencies, including presentations to a panel, was undertaken to identify a firm with the right level of expertise and cultural fit. Russell Reynolds was selected following the process. Russell Reynolds has no other connection with the company or its directors. |
| Stage 3:<br>Role specification | To develop the role specification, Christine LaSala led chair specification workshops with Directors to draw out the key skills, competencies, experience and character attributes required in the new Chair and to help ensure that the new Chair would be a good fit for Beazley's growth ambitions culture and taking into consideration Beazley's opportunities and challenges over the next five years. Relevant policies such as the Inclusion and Diversity Policy requirements were incorporated, with the nomination committee having responsibility under the board inclusion and diversity policy for ensuring appointments are made based on objective criteria with due regard to diversity. A key specification for the role was a candidate who demonstrated commitment to inclusion, equity and diversity with evidence of leadership in this regard.<br><br>A timetable was drawn up with Russell Reynolds and a comprehensive external search process was undertaken. |
| Stage 4: initial interviews | Russell Reynolds reviewed a wide range of diverse candidates which resulted in a long list of candidates which were assessed initially, 37.5% of whom were women. Christine LaSala, Bob Stuchbery and George Blunden carried out initial interviews with eight of these candidates, two of which were women. Four candidates were put forward for second stage interviews with the Chief Executive Officer. |
| Stage 5: final interview panel | The Committee appointed a panel of independent Non-Executive Directors to conduct third stage interviews, with two candidates, one man and one woman, put forward. |
| Stage 6: selection | Following the process, Clive Bannister was considered by the Committee to be the most suitable candidate for the role due to his valuable experience and credentials as a Chair, his extensive executive career at HSBC group and Phoenix Group plc, and his wealth of experience including strategic, commercial, and significant transformational skills leading the turnaround and significant growth of Phoenix Group plc as its Chief Executive Officer. Interviews with Clive also demonstrated that he would be a good fit for Beazley and showing the right balance of challenge and support needed by a Chair. In addition, the Committee noted that as chair of Rathbones Group plc, Clive had made a number of board appointments to strengthen The Board and improve its diversity.<br><br>The Committee were also satisfied that Clive Bannister has capacity to dedicate sufficient time to Beazley.<br><br>Clive Bannister was appointed as an independent Non-Executive Director of Beazley plc with effect from 8 February 2023. He will commence his duties as Chair and Chair of the Nomination Committee from the close of the AGM on 25 April 2023. At this time, all other Directors fulfilling interim roles will revert to their original duties. |

# Nomination Committee continued

## Inclusion and diversity

Beazley's inclusion and diversity policy is largely unchanged from previous years. In January 2022, The Board adopted its own inclusion and diversity policy which is aligned to that of the Group. Both policies are available on the company's website (www.beazley.com/en-sg/who-we-are/inclusion-diversity).

The Beazley inclusion and diversity policy sets out our commitment to recruit, retain and develop people with diverse backgrounds and experiences to thrive at all levels of our business, in a truly inclusive environment that has zero tolerance for discrimination or harassment and fully supports and celebrates differences. These differences could include but are not limited to age, disability, gender, gender reassignment, marital status, pregnancy and maternity, race, nationality or ethnic origin, religion or religious beliefs, sexuality, socio-economic group or working pattern.

We want our workforce to reflect the diversity of our customers and the communities where we work around the world; however, we know that simply aspiring to have a diverse workforce is not enough. We continue to set measurable targets at an organisational level and clear objectives at an individual level as we work to become a truly diverse and inclusive organisation where everyone is able to contribute their best work and develop fully.

The Board's inclusion and diversity policy sets out the commitment of The Board to using its position and influence to create a truly inclusive environment and confirms The Board's view that diversity is central to our strategy by contributing to enhanced risk management and improved business performance, bringing about richness of challenge, debate and innovation. The Board commits to continue to be in line with, or in betterment of, guidelines and regulations for gender or racial diversity set out in the Parker Review and the FTSE Women Leaders review. While accepting there will be natural fluctuations in balance due to the size of The Board, The Board aims to reflect the company's public targets regarding gender and race and ethnicity in its own composition.

The Board's inclusion and diversity policy also applies to The Board's key committees. The Committee takes into account diversity considerations when appointing Directors to Board committees.

As at 31 December 2022, The Board has exceeded the targets set out by the Parker Review and the FTSE Women Leaders Review, now incorporated into the Listing Rules following the FCA's consultation on Diversity and Inclusion on company Boards and Executive Committees. In relation to the changes to the Listing Rules (which will be effective for the year ended 31 December 2023 for the Company and are voluntarily disclosed) The Board has achieved the following:

- At least 40% of the individuals on The Board are women: as at 31 December 2022, 50% of our Board were women, compared with 40% at 31 December 2021. Following the appointment of Clive Bannister on 8 February 2023, 45% of our Board are women.
- At least one of the senior board positions (Chair, CEO, SID, or CFO) is held by a woman: Sally Lake is our Finance Director and Christine LaSala is our Interim Chair (and was and will return to being our Senior Independent Director following the conclusion of the AGM on 25 April 2023.
- At least one member of The Board is from a non-white ethnic minority background: Raj Agrawal and Cecilia Reyes Leuzinger are from a non-white ethnic minority backgrounds.

The Committee is satisfied that the focus on inclusion and diversity by The Board and executive leadership team and the company's diversity strategy, underpinned by bold targets mean that any risks around continuing to meet externally set targets for Board diversity are mitigated. The diversity of The Board in terms of gender and ethnic background is also set out on page 85.

The Committee has agreed targets for gender diversity for the senior leadership, which have been monitored by the Committee during the year. The Committee monitors the diversity of the workforce through reporting as well as through the succession planning activities for the Executive Committee. During the year we have continued to embed the strategy for gender equality to help us reach our target of 45% female representation in senior leadership roles by the end of 2023. At the end of 2022, 43% of the senior leadership team were women.

In 2020, the Committee agreed targets for increasing the representation of people of colour in the Beazley workforce to at least 25% by the end of 2023, with a quarter being black people. We are pleased that this was achieved during 2022 and had increased from 23% at the end of 2021, and we are on track for 25% of this group to be black people by the end of 2023.

The Committee has continued to review broader targets for the Group's race and ethnicity strategy to ensure that these remain progressive. At the end of 2022, we introduced a new target to improve the representation of people of colour in leadership roles by 6% points from 11% to 17% by the end of 2027.

For more information on our inclusion and diversity activities, including our strategy, objectives and outcomes, please see our responsible business report on page 21.

## Collection of diversity data

As required by the Listing Rules, the approach taken by the company with regards to the collection of diversity data is the same for the directors, senior management and employees. Data is held securely on our human resources system and is only accessible by a select number of employees for reporting at aggregate level. We ask new joiners, where we are able in accordance with local legal requirements, for their diversity information and then periodically ask employees to check that the data we hold about them is still correct. We also analyse diversity data through our employee survey, reward and recognition processes, talent mapping system and through our appraisal systems.

## Gender and ethnicity of the Beazley plc Board in accordance with the Listing Rules

The following information has been disclosed voluntarily by the company for the year ended 31 December 2022. Numerical data on gender identity or sex of the individuals on The Board and executive management as at 31 December 2022, as required by Listing Rule 9.8.6(10):

| | Number of board members | Percentage of The Board | Number of senior positions on The Board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| Men | 5 | 50% | 2 | 8 | 57% |
| Women | 5 | 50% | 2 | 6 | 43% |
| Not specified/prefer not to say | – | – | – | – | – |

Numerical data on ethnic background of the individuals on The Board and executive management as at 31 December 2022, as required by Listing Rule 9.8.6(10):

| | Number of board members | Percentage of The Board | Number of senior positions on The Board (CEO, CFO, SID and Chair) | Number in executive management | Percentage of executive management |
|---|---|---|---|---|---|
| White British or other White (including minority-white groups) | 8 | 80% | 4 | 13 | 93% |
| Mixed/Multiple Ethnic Groups | – | – | – | – | – |
| Asian/Asian British | 2 | 20% | – | – | – |
| Black/African/Caribbean/Black British | – | – | – | 1 | 7% |
| Other ethnic group, including Arab | – | – | – | – | – |
| Not specified/ prefer not to say | – | – | – | – | – |

## Numerical data regarding gender of senior leadership and employees in accordance with the Companies Act 2006

The numerical data about the number of persons of each sex who were directors of the company, senior managers of the company (other than directors) and company employees, as required by section 414(8) of the Companies Act 2006, as at 31 December 2022 is disclosed in the Responsible Business section on page 25. In the data, senior managers includes the members of the Executive Committee (excluding Directors of Beazley plc), the Company Secretary and directors of subsidiary undertakings, as required by the Companies Act 2006.

## Gender balance of senior management in accordance with the Corporate Governance Code (the 'Code')

The gender balance of those in senior management and their direct reports is comprised of 57% men and 43% women with a total population of 129 people. This group comprises the executive committee members, the Company Secretary and their direct reports, as required by the Code.

However, historically Beazley has used the population of its Strategy and Performance Group and Extended Long-term Investment Plan leadership groups to monitor and track the inclusion and diversity of its leadership population. These groups drive both Beazley's strategy and business plan; and whilst it comprises 129 leaders from across the business, the population is slightly different to the Code's definition of senior management. The gender balance of Beazley's senior management is the same when compared to the Code definition of senior management.

# Remuneration Committee

The Board has delegated responsibility to the Remuneration Committee for oversight of the remuneration policies of the Group to support our strategy and promote the long-term success of Beazley for our stakeholders. The Committee's role is to ensure that the remuneration policy is designed to retain and incentivise talented people to deliver our strategy. The Committee ensures that remuneration is fair, culturally aligned with our values, promotes effective risk management and, for senior leadership, is aligned to the long-term success of Beazley and to shareholder interests.

## Attendance at scheduled committee meetings

| | Remuneration committee | |
|---|---|---|
| Director | No. of meetings | No. attended |
| Rajesh K Agrawal[1] | 4 | 3 |
| Nicola Hodson | 6 | 6 |
| Christine LaSala | 6 | 6 |
| Cecilia Reyes Leuzinger[2] | 4 | 4 |
| Robert A Stuchbery | 6 | 6 |
| Catherine M Woods[3] | 2 | 2 |

1 Appointed 26 April 2022. Raj Agrawal was unable to attend the December remuneration committee due to a long-standing scheduling clash.
2 Appointed 31 May 2022
3 Resigned 25 March 2022

The Remuneration Committee is chaired by Nicola Hodson on an interim basis, and also comprises Christine LaSala, Robert Stuchbery, Raj Agrawal and Cecilia Reyes Leuzinger. Until 21 October 2022, the Committee was chaired by Christine LaSala with Nicola Hodson, Robert Stuchbery, Raj Agrawal and Cecilia Reyes Leuzinger as members. Christine stepped down as Chair of the Committee when she was appointed as Interim Chair of The Board on 21 October 2022, so that she would have sufficient time to carry out her duties. Raj Agrawal was appointed to the Committee on 26 April 2022 and Cecilia Reyes Leuzinger was appointed on 31 May 2022. Catherine Woods resigned on 25 March 2022.

In 2022, there were six scheduled meetings and two additional ad hoc meetings and approvals, reflecting the workload of the Committee during the year. The additional meetings and approvals were pertaining to the remuneration policy review and remuneration arrangements for senior hires within the firm. The activities of the committee during 2022 are set out below. Only members of the committee have the right to attend meetings; however, other individuals, such as the Group Head of Culture and People, representatives from other Boards or Committees, and external advisers, may be invited to attend for all or part of any meeting where this is beneficial to assist the Committee with fulfilling its responsibilities.

## Board and Committee performance evaluation

The Committee reviewed its effectiveness during the year, as part of the annual board evaluation process. The Board confirmed that the Committee is effective in fulfilling its role.

## Responsibilities of the Committee

The full responsibilities of the Remuneration Committee are set out in its terms of reference, which are available on the company's website.

The Committee's main responsibilities are to:
- Set the remuneration policy for the Group for approval at the annual general meeting. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance whilst also promoting sound and effective risk management, and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company.
- Recommend and where appropriate approve targets for performance related pay schemes and seek shareholder approval for any long-term incentive arrangements.
- Recommend and approve the remuneration of the chair of the company.
- Recommend the remuneration of the Chief Executive Officer, the other executive directors, the direct reports to the Chief Executive Officer, the Company Secretary, and such other members of the executive management as it is designated to consider. Setting executive remuneration includes taking into account workforce remuneration and related policies, and the alignment of incentives and rewards with culture. No Director or manager shall be involved in any decisions as to his or her own remuneration.
- Recommending the remuneration policy for all employees including for key functions and other staff whose professional activities have a material impact on the Group.
- Review of the design of all share incentive plans for approval by The Board, and where relevant, the shareholders.
- Obtain reliable, up-to-date information about remuneration in other companies.
- Appoint and review the performance of Remuneration Committee consultants, currently Deloitte LLP.

## Key Committee activities during 2022

| | Activities | More information? |
|---|---|---|
| Remuneration policy | 1 Performed a full review of Beazley's remuneration policy for approval at the 2023 AGM, including seeking the views of shareholders regarding the proposals, and ensuring shareholders received comprehensive information on the rationale for the proposed changes to the policy, which was of upmost importance to the committee. | Directors' remuneration report (page 111)<br>Engagement in action: spotlight on the remuneration policy (page 90) |
| Remuneration of Chair, Executives and other senior management | 1 Approved the remuneration arrangements and bonus awards of the executive directors, executive leadership team, and other senior management, including the Company Secretary.<br>2 Ensured incentives continued to be appropriate to align company and shareholders.<br>3 Considered the salary and bonus awards for 2022 for heads of control functions and material risk takers. | Directors' remuneration report (page 111) |
| Remuneration of the workforce | 1 Satisfied itself that the current remuneration structure is appropriate to attract and retain talented people and took appropriate action that was necessary throughout the year.<br>2 Approved specific matters to support the retention of key employees.<br>3 Considered the aggregate remuneration approach for the wider workforce, including consideration of annual compensation increases in light of inflation and cost of living increases in the regions in which the company operates, to ensure fair compensation across the company. | Directors' remuneration report (page 111)<br><br>Cost of living - see Chief Executive Officer's statement (page 11) and Stakeholder engagement (page 50) |
| Share plans | 1 Approved new all employee share incentive plan for approval at the 2023 AGM.<br>2 Approved the grant of share awards under the Group's deferred, retention and LTIP plans. | Directors' remuneration report (page 111) |
| Governance | 1 Considered the Chief Risk Officer's report which confirmed that the design of the remuneration policy promotes appropriate risk behaviour throughout the organisation. In addition, the analysis considered the performance of the control environment, profit related pay targets, calculation of the bonus pool, share awards, and review of risk metrics for Solvency II purposes.<br>2 Approved the gender pay gap report.<br>3 Reviewed the remuneration landscape for FTSE 250 and FTSE 100 companies and guidance from proxy agencies and investors. | Our gender pay gap report is available on the website |

# Letter from the Chair of our Remuneration Committee

Nicola Hodson
Interim Remuneration Committee Chair

Dear shareholder

On behalf of The Board, it is my pleasure to present Beazley's directors' remuneration report for the year ended 31 December 2022. This report includes both the annual report on remuneration and our proposed remuneration policy (pages 111 to 138), for which we will be seeking shareholder approval at the 2023 AGM.

## Performance and reward for FY22

### Focus on the wider workforce

2022 presented new and difficult challenges for the workforce in the form of rising inflation and a cost-of-living crisis. The remuneration committee is cognisant of these challenges and fully supports the decisions management have taken to support employees. In June 2022, those most impacted by cost-of-living received a one-off payment of up to £3,000 to help with increasing financial demands. This helped more than half of the workforce. In addition, at year-end, to recognise the challenges created by rising inflation, those most impacted received greater salary increases than those earning at higher levels, again to support those facing the greatest pressures from the cost-of-living crisis. Those earning at higher levels received c.5%, compared to 10% to 20% for those most impacted. This commitment to ensuring available funding went to those most impacted has been well received across the business.

### Business performance and incentive out-turns

The resilience of our business strategy and the dedication and motivation of our team met the continuing challenges and uncertainty throughout 2022 such as high inflation, energy price crunch and the continuing tragedy of war in Europe. Despite these challenges the Group maintained profitability with a ROE performance of 7%. We achieved a profit of $191.0m and an impressive 89% combined ratio from strong underwriting performance which was offset by a reduced investment performance driven by mark to market losses due to the volatile interest rate environment. Having carefully considered the financial performance and personal achievements for the year, the Remuneration Committee determined that the executive directors would receive annual bonuses of 37.5% of maximum in respect of FY22.

Beazley's Long-Term Incentive Plan (LTIP) vests in two equal tranches based on net asset value (NAV) growth measured over a three-year and five-year period. The second tranche of the 2018 LTIP vested at 14.9% of maximum following NAV growth per annum of 10.1%. The first tranche of the 2020 LTIP vested at 20.0% of maximum following NAV growth per annum of 10.5%. The committee is comfortable that executives have not unduly benefited from windfall gains in respect of their LTIP awards. In particular the Committee noted that the 2020 awards were granted in February 2020 prior to the fall in share price resulting from the outbreak of COVID-19.

The remuneration committee considers that the remuneration policy operated as intended during 2022 and that the incentive out-turns are aligned with our pay for performance culture, accordingly no additional discretion was applied.

### Review of the remuneration policy

In accordance with the normal triennial schedule, we are submitting our remuneration policy for shareholder approval at the 2023 AGM. During the year the remuneration committee undertook a detailed review of the policy to ensure that it is fit to support our strategy to be the highest performing sustainable Specialty insurer. Following the review, the committee believes that now is the right time to make some important changes to ensure that Beazley is appropriately positioned to retain the talent necessary to continue to deliver long-term value to our shareholders. However, we are not proposing any changes to the broad framework or the overall incentive opportunity.

I would like to thank those shareholders who took the time to discuss the policy with us during the year. The committee greatly values the views of our shareholders, and their invaluable feedback was carefully considered when finalising our proposals.

### Context of the review

The current remuneration framework has operated largely unchanged since 2012 and has supported Beazley well during this period. However, Beazley is a much larger and more complex organisation than it was when the policy was developed and therefore refinements are necessary to allow us to continue to flourish going forward. Over the past two years Beazley has performed exceptionally, and we continue to execute against our strategy and deliver value to shareholders, culminating in our recent promotion to the FTSE 100. We have also achieved a number of significant milestones over the past year, including the streamlining of our underwriting structure, launching Lloyd's first dedicated ESG syndicate and realigning our digital business to be managed under one segment.

### Reweighting incentives to the long-term

At Beazley, we operate with a genuine long-term focus. In order to further align executives with shareholders over the longer term and reward management for the delivery of our long-term strategic objectives the Committee is proposing a reweighting between the short-term and long-term incentives. From 2023, we are proposing a reduction to the bonus opportunity of 100% of salary and an increase to the LTIP opportunity of 100% of salary. There is no change to the overall incentive opportunity.

### LTIP performance period

A key feature of the Beazley business model is exposure to catastrophes within a robust risk management framework. Because of this, there is an inherent level of volatility in company performance. We have an established pay-for-performance culture, a track record of aligning individual reward with performance and we do not believe in rewarding failure. During the review of the policy, the remuneration committee identified that the volatility of our annual results can have a disproportionate impact on LTIP awards, which is exacerbated by our longer-than-normal five-year performance period.

Taking this into account the committee gave consideration to moving to an annualised approach so that the LTIP is split into five equal tranches with performance assessed pro-rata in years one to five. We discussed the proposal with the majority of our shareholders (top 100) in order to gauge the potential levels of support. During the consultation process, it became clear that a significant proportion of shareholders had reservations due to the atypical nature of the proposal and there was a preference for a more market-typical approach, that maintained a longer term performance period.

Based on some shareholder feedback the committee decided against the annualised LTIP approach. As an alternative, and aligned with our shareholders' preference for a more market-typical approach, the committee is proposing to simplify the LTIP performance period by removing the five-year performance element so that the entire award is subject to cumulative performance measured over a three year period. We believe that this change is appropriately aligned with the interests of our shareholders, improves the clarity of the LTIP and makes it simpler for both participants and investors. The vesting of awards will continue to be subject to stretching performance targets and shares will be subject to a two-year post-vesting holding period. Ultimately the committee believes that this change, in conjunction with including an ESG metric, will help to continue to incentivise and retain our high calibre, experienced executive team.

### Incorporation of ESG metrics

The committee is mindful of evolving shareholder views around the use of relevant and robust ESG metrics in incentive plans. During our review, the Committee considered how Beazley's commitment to doing the right thing for our people, partners and the planet was reflected in our current remuneration framework. Our bonus structure already includes consideration of ESG measures, and the committee determined that it would be appropriate for executives to be aligned with our long-term ambitions by incorporating ESG measures into our LTIP. For 2023 the LTIP will include targets linked to our carbon reduction, gender and ethnic diversity goals. These targets will be assessed over three years and will have a weighting of of 17-20% of the overall LTIP award and will pay up to a maximum of 50% of salary.

### Other changes to policy

From 2023, we intend to increase the CEO shareholding requirement from 200% to 300% of salary to align with the LTIP opportunity. We are also proposing refinements to the policy to ensure that it is aligned with the latest best practice and shareholder expectations. The post cessation shareholding guideline will be increased to 100% of the in-employment guideline for two years following departure. From 2023 the level of bonus deferred into shares will be fixed at one-third, moving away from the current approach whereby the portion of bonus deferred varies depending on the outturn. We also plan to introduce a global share match programme which we believe further aligns employee experience with that of the shareholder as well as creating another form of retention.

# Letter from the Chair of our Remuneration Committee continued

## Remuneration approach for 2023

### Review of Executive Directors' salaries

As part of the policy review, the Remuneration Committee carefully considered the salary levels for the CEO and Group Finance Director to ensure that they remained reflective of their skills and expertise as well as being appropriate for a company of Beazley's size and complexity.

The Committee has identified that the CEO's salary has fallen out of step with the transformative changes that have taken place in our recent history. As context, since 2017, CEO pay has only increased by c.3% per annum and when Adrian Cox replaced Andrew Horton as CEO, the Committee did not increase the CEO salary (£525,25k). However, the Committee were cognisant a review would be required in the near future to permit Beazley to compete for executive talent globally and more importantly to recognise that over the last 5 years, Beazley has grown significantly in terms of scale and complexity. Our annual market capitalisation to 31 December 2017 was c.£2.45bn. During 2022 our market capitalisation exceeded £4.5bn, with an annual average of c.£3.25bn (total growth of more than 300%). Gross written premiums have more than doubled from $2.1bn to $5.3bn and the number of Beazley employees has increased two-fold to c.1,900. We are now Lloyds' largest syndicate and in 2019 and 2022 respectively we commenced writing business on our Smart Tracker and ESG syndicates.

Speciality insurance is a global business, and our operations are increasingly US and European based, with few businesses in the Speciality insurance domiciled in the UK with the same scale and scope of Beazley. The Remuneration Committee is therefore mindful that our talent spans across a global footprint and the Committee is mindful that other companies of similar size and scale can offer significantly more attractive packages. We want to retain our best talent and manage an effective succession slate over the long term, ensuring that our remuneration framework remains competitive against these markets. Although benchmarking is not a primary driver for decisions around pay, the Committee took into account market data which showed that the CEO's salary was below the market competitive range against all relevant comparator groups and the other UK-listed Lloyd's of London underwriters.

The Remuneration Committee believes Adrian Cox has an exceptional track record of high performance. Having joined Beazley in 2001, he has served as an Executive Director since 2010 and was appointed as CEO in April 2021. He has continued to prove himself to be a high calibre executive with an extensive knowledge of the insurance industry and a primary driver of Beazley's success. The Remuneration Committee are therefore proposing that his salary is increased to £625,000. On balance, the Committee believes that the enhancements made to the remuneration policy which is considered appropriate within the context set out above and his considerable experience in the industry.

Sally Lake's salary as Group Finance Director was considered to be appropriately positioned following the change made last year in-light of her increased responsibilities. It has therefore been increased by 5% for 2023, which is in-line with the approach for senior management and below the average rate of the workforce.

### Non-Executive Director fees

In October 2022 David Roberts stepped down as Chair of The Board. As announced in February 2023 Clive Bannister will be appointed as chair with effect from 25 April 2023. Until Clive Bannister's official appointment Christine LaSala has been appointed as Interim Chair of The Board, Robert Stuchbery has been appointed Interim Senior Independent Director and I have been appointed Interim Remuneration Committee Chair. The fees for the three roles have been pro-rated to reflect the additional responsibilities.

As announced in December 2022, The Board decided to split the Audit & Risk Committee into two separate committees from 1 January 2023. The fees for the roles on the new committees have been set with reference to the responsibilities and time commitments required and are set out on page 131. Following the annual fee review, it was determined that the non-executive director fees should be increased by 3%, below the general increase for the workforce.

## 2023 AGM

At the forthcoming AGM there will be an advisory vote in respect of the directors' remuneration and a binding vote on the proposed new remuneration policy. There will also be a vote to approve amendments to the LTIP rules. These amendments are necessary to affect the reweighting and revised measurement approach set out above. I hope you will feel able to support these proposals and look forward to your continued support.

**Nicola Hodson**
**Interim Remuneration Committee Chair**

# Directors’ remuneration report
## Remuneration in brief

### Remuneration policy

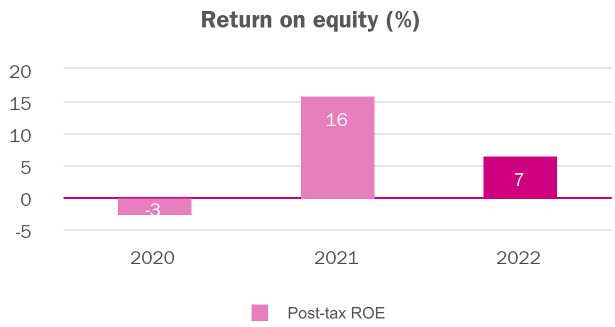
When developing the revised remuneration policy and considering its implementation for 2023, the Committee was mindful of a wide range of factors including guidance from institutional investors, the requirements of Solvency II and the provisions of the UK Corporate Governance Code. The main aim of Beazley’s remuneration policy is to ensure that management and staff are remunerated fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel. The Committee considers that the policy supports our strategy and promotes the long-term success of Beazley.

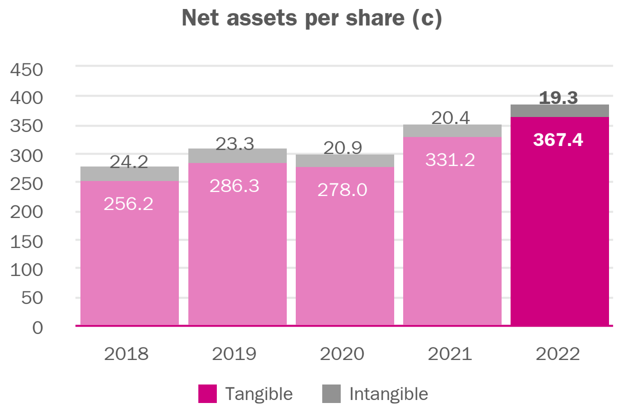
The following table summarises how the committee addressed the factors set out in the UK Corporate Governance Code when determining the remuneration policy:

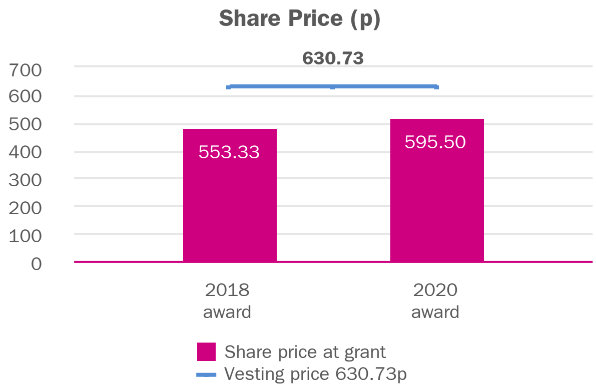
| Factor | Details |
|---|---|
| Clarity<br>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce | At Beazley performance-related remuneration is an essential motivation to management and staff and is structured to ensure that Executives’ interests are aligned with those of our shareholders.<br><br>We operate a bonus structure that is based on Group profitability and long term performance. A key principle is that the committee exercises its judgement in determining individual bonus awards. In recent years we have expanded our disclosure to provide shareholders with further clarity on the way in which we determine awards. |
| Simplicity<br>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand | In determining our remuneration framework the Committee was mindful of avoiding complexity and making arrangements easy to understand for both participants and our shareholders.<br><br>As part of the Policy review we have simplified our approach to bonus deferral so that one-third of any bonus is deferred into shares for three years and we have also simplified the LTIP performance period. |
| Risk<br>Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated | We believe reward at Beazley is appropriately balanced in light of risk considerations. The Committee receives an annual report from the Chief Risk Officer to ensure that our wider remuneration policy is consistent with, and promotes, effective risk management.<br><br>Our framework has a number of features which align remuneration out-turns with risk, including a five year time horizon on the LTIP, deferral of bonus into shares and personal shareholding requirements which extend post departure. Further details of the link between risk and remuneration are set out on page 130. |
| Predictability<br>The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy | Page 118 provides four illustrations of the application of our remuneration policy including the key elements of remuneration: base salary, pension, benefits and incentives. Payments at Beazley are directly aligned to the Group’s performance and the graph set out on page 127 demonstrates how historic annual bonus out-turns have reflected profit and ROE performance. |
| Proportionality<br>The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance | Individual remuneration reflects Group objectives but is dependent on the profitability of the Group and is appropriately balanced against risk considerations. Potential rewards are market-competitive and the committee is comfortable that the range of potential out-turns are appropriate and reasonable. |
| Alignment to culture<br>Incentive schemes should drive behaviours consistent with company purpose, values and strategy | The Remuneration Committee considers that the structure of remuneration packages supports meritocracy, which is an important part of Beazley’s culture. All employees at Beazley are eligible to participate in a defined contribution pension plan and a bonus plan. Bonuses are funded by a pool approach which reflects our commitment to encourage teamwork at every level, which is one of our key cultural strengths. |

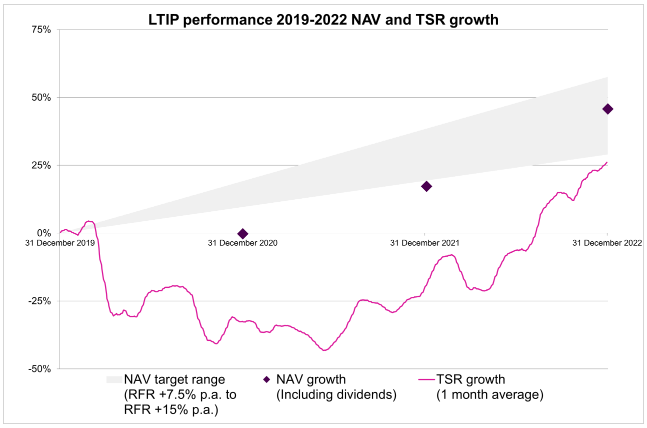
# Directors' remuneration report
## Performance in 2022

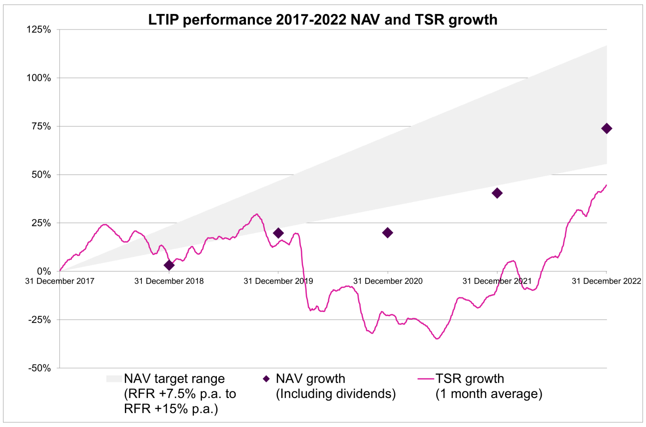
Beazley returned a profit in 2022 of $191.0m and an impressive 89% combined ratio (2021: $369.2m) through a strong underwriting performance, offset by a reduced investment performance, driven by mark to market losses as a result of the volatile interest rate environment. For the fifth year in a row, Beazley achieved double-digit premium growth, with gross premiums written up by 14% to $5,268.7m (2021: $4,618.9m).

# Outcomes for 2022 and implementation for 2023

| Overview of Policy and implementation for 2022 | Overview of Policy changes and implementation for 2023 |
|---|---|
| **Base salary** | |
| Salaries are set at a level to appropriately recognise responsibilities and to be broadly market competitive. Salary increases generally reflect our standard approach to all-employee salary increases across the Group.<br><br>Salaries for 2022 were as follows:<br>• A P Cox £525,250<br>• S M Lake £414,000 | No change to Policy.<br>During the year the Committee reviewed A P Cox's salary and is proposing an increase above the workforce rate. Further details are provided in the Letter from the Chair of the Remuneration Committee. S M Lake's salary is being increased by 5.0%, below the average rate for the wider workforce.<br><br>Salaries for 2023 are as follows:<br>• A P Cox £625,000<br>• S M Lake £434,700 |
| **Benefits** | |
| Benefits include private medical insurance, travel insurance and company car or monthly car allowance. | No change to Policy. |
| **Pension** | |
| Pension allowance of 12.5% of salary, in-line with the rate available to the wider UK workforce. | No change to Policy. |
| **Annual Bonus** | |
| Discretionary annual bonus determined by reference to both financial and individual performance.<br><br>The maximum bonus opportunity for executive directors in 2022 was 400% of salary.<br><br>ROE for year was 7%. Profit before tax was $191.0m. Bonus outcomes were 38% of maximum. 25% of the award will be deferred into shares for three years. Further details are set out on page 126. | Annual bonuses will continue to be determined by reference to both financial and individual performance.<br><br>As part of the rebalancing of incentives to the longer-term the maximum bonus opportunity will be reduced from 400% of salary to 300% of salary.<br><br>In order to simplify arrangements the level of deferral will be fixed at 33% of any award. Amounts will be deferred into shares for three years. |
| **Long-term Incentive Plan (LTIP)** | |
| Vesting of LTIP awards is subject to stretching net asset value per share (NAVps) growth targets.<br><br>For awards made prior to 2023 50% is subject to NAVps performance over three years and 50% over five years. The first tranche is subject to a further two year holding period taking the total time frame for the entire award to five years.<br><br>Awards vesting<br>• The first tranche of the 2020 LTIP award vested at 20.0% of maximum following three year NAVps performance of 10.5% p.a.<br>• The second tranche of the 2018 LTIP award vested at 14.9% of maximum following five year NAVps performance of 10.1% p.a.<br><br>Awards granted during the year<br>In 2022, executive directors received the following grant levels subject to the usual NAVps performance condition:<br><br>• A P Cox: 200% of salary<br>• S M Lake: 150% of salary | As part of the rebalancing of incentives to the longer-term the maximum LTIP opportunity will be increased by 100% of salary.<br><br>From 2023, the maximum LTIP opportunity will be:<br><br>• A P Cox: 300% of salary<br>• S M Lake: 250% of salary<br><br>Awards will continue to be subject to stretching NAVps growth targets. NAVps performance will continue to be assessed on an cumulative basis, however, the performance period has been simplified so that performance for the entire award is measured over three years. A further two year holding period remains taking the total time frame for the entire award to five years.<br><br>From 2023 a portion of the LTIP will be subject to measures linked to our ESG priorities. A total of 50% of salary for both the CEO and GFD will be based on ESG metrics. For 2023 the ESG metrics relate to carbon reduction and diversity & inclusion targets.<br><br>Further details of the revised LTIP structure and the performance targets are set out on page 129. |
| **Shareholding guidelines** | |
| Executive Directors are expected to build up and maintain a shareholding of 200% of salary. A P Cox and S M Lake have exceeded their guideline.<br><br>Executives are expected to maintain 100% of their shareholding requirement for the first year post-departure and 50% of their shareholding requirement for the second year post-departure. | The shareholding guideline for the CEO has been increased to 300% of salary. The GFD's shareholding guideline will continue to be 200% of salary.<br><br>In line with best practice, the post-employment guideline has been enhanced so that executives are expected to maintain 100% of their shareholding requirement for two years after departure. |

# Directors' remuneration report
# Directors' remuneration policy

This part of the report sets out Beazley's Directors' remuneration policy which will be subject to a binding vote at the 2023 AGM.

## Changes to the remuneration policy

The Remuneration Committee followed a robust decision-making process to determine the new remuneration policy, including an in-depth review of the current policy taking into account input from management and our independent advisors. The Committee also sought the views of the Group's major shareholders and took these into account in determining the final policy.

The key changes between this policy and the policy which was approved by shareholders at Beazley's 2020 AGM are as follows:

- Reweighting of incentives to the long term. In recognition that shareholders have generally expressed a preference for longer-term incentives, a reweighting between the bonus and LTIP maximum opportunities is being proposed. The maximum annual bonus opportunity will reduce by 100% of salary for both executive directors and the maximum LTIP opportunity will increase by 100% of salary. There are no proposed changes to total incentive opportunities.
- Introduction of ESG to the long-term incentive. Historically the LTIP award has been assessed against a single metric. Taking into account the importance of ESG and shareholders' preference for the use of multiple measures the policy has been amended to allow for the introduction of ESG measures in the LTIP.
- Simplified LTIP performance period. From 2023 LTIP awards will be measured over a three-year period only. Awards will continue to be subject to a holding period so that no shares are released until the end of year five.
- Fixed rate of deferral. From 2023, the level of annual bonus that is normally deferred into shares for three years will be fixed at one-third of the bonus.
- Increased shareholding guidelines. The shareholding guideline for the CEO has been increased from 200% to 300% of salary.
- Enhanced post-employment shareholding guidelines. Our post-employment shareholding guidelines have been enhanced. From 2023, executives will be expected to maintain 100% of their in-employment shareholding requirement for two years post departure.

## Remuneration policy table

The following tables set out descriptions of each component of Director remuneration packages comprised in the Beazley Directors' remuneration policy.

### Executive Directors

| Element | Purpose and link to strategy | Operation | Maximum | Performance conditions |
|---|---|---|---|---|
| **Base salary** | Salaries are set at a level to appropriately recognise responsibilities and to be broadly market competitive. | Salaries are normally reviewed annually.<br><br>Salaries for 2023 will be as follows:<br>A P Cox: £625,000<br>S M Lake: £434,700 | There is no maximum salary opportunity. Any salary increases will generally reflect our standard approach to all-employee salary increases across the Group. Higher increases may be made in a range of circumstances where the Committee considers that a larger increase is appropriate, including (but not limited to):<br>• a new appointment;<br>• a change in role or adoption of additional responsibilities;<br>• development of the individual in the role;<br>• increased size, scope or complexity of the organisation; and<br>• alignment to market levels. | None, although performance in role is taken into account in determining any salary increase. |
| **Benefits** | To provide market levels of benefits. | Benefits include, but are not limited to, a company car or car allowance, season ticket, private medical insurance, death in service benefit and income protection insurance. Further benefits may be provided, if the committee considers it appropriate.<br><br>Executive Directors may participate in Beazley's all-employee share plans on the same basis as other employees.<br><br>Tax equalisation policies may apply. | There is no overall maximum as the cost of insurance benefits will vary depending on the individual's circumstances and the cost of relocation will vary depending upon the jurisdiction.<br><br>The limits on participation in all-employee share plans reflect the rules of those plans and any limits imposed by applicable tax legislation from time to time. | None. |
| **Relocation benefits** | To support Beazley's growth as an international business. | Benefits in the event of relocation may include, but are not limited to, relocation allowance, housing allowance and school fees. | | |

| Element | Purpose and link to strategy | Operation | Maximum | Performance conditions |
|---|---|---|---|---|
| **Pension** | To provide market levels of pension provision. | Current policy is to contribute to a defined contribution pension plan. An equivalent cash alternative may be offered.<br><br>Legacy defined benefit pension arrangements are in place for A P Cox. Further service accruals ceased on 31 March 2006. | For defined contribution plans, maximum company contribution of 12.5% of salary.<br><br>The maximum pension contribution for any executive director may be increased to reflect any increase in the pension available to the UK workforce.<br><br>Legacy defined benefit pension arrangements will be honoured. | None. |
| **Annual bonus** | To link reward to short term financial performance and individual contribution.<br><br>Additional alignment with shareholders' interests through the operation of bonus deferral. | Discretionary annual bonus to individuals. Bonuses are determined by reference to financial, corporate/strategic and individual performance.<br><br>One-third of any annual bonus earned by executive directors will normally be deferred into shares, with the remainder delivered in cash. The deferral period will normally be at least three years.<br><br>Deferred shares may have dividend equivalents as described below this table.<br><br>In certain circumstances deferred share awards may be subject to malus provisions and annual bonus payments may be subject to clawback, as described below.<br><br>Additional amounts may be voluntarily deferred into the Investment in underwriting arrangements described below. | An individual overall cap of 300% of salary will apply. | An incentive pool will be calculated as a percentage of profit and by reference to group return on equity, subject to a minimum return on equity and risk adjustment.<br><br>While bonus awards are determined by reference to the profit pool, the bonus plan is discretionary and the Committee may take into account any other factors it considers appropriate.<br><br>Individual payouts to executive directors are discretionary and take into account broader corporate objectives, the individual's contribution and, where relevant, the performance of their division.<br><br>Solvency II requires that performance measures for incentives are based on a combination of group, business unit and individual performance.<br><br>The Committee may make year-on-year adjustments to the performance framework, in particular to take into account developments in Solvency II requirements. |
| **LTIP** | To align the senior management team's interests to the long term performance of the Group by linking reward to performance over the longer-term. | Awards of shares with performance conditions.<br><br>Awards are normally in the form of nil-cost options with a ten-year term, but may also be in the form of a conditional award.<br><br>LTIP awards vest over a three-year performance period. Awards will normally be subject to an additional holding period following the date on which the award vests, up to the fifth year of the award.<br><br>LTIP shares may have dividend equivalents, as described below this table.<br><br>In certain circumstances LTIP awards may be subject to malus and clawback provisions, as described below. | Awards of up to 300% of salary in respect of any financial year. | Vesting of LTIP awards is dependent on performance measures selected by the Committee.<br><br>For awards made in 2023, vesting will be dependent on net asset value per share (NAVps) performance against the risk-free rate of return and ESG performance. Performance will be measured over a three-year period.<br><br>No more than 25% of the award may vest for threshold performance. |
| **Investment in underwriting** | To align personal capital with underwriting performance. | Under the plan, Executive Directors and selected staff may voluntarily defer part of their bonus into an underwriting syndicate. Capital commitments can be lost if underwriting performance is poor. | Payments are limited to the returns on the investment in the underwriting syndicate.<br><br>The level of capital commitment is limited by the bonus opportunity. | The plan mirrors investment in an underwriting syndicate. |

# Directors' remuneration report
# Directors' remuneration policy continued

## Shareholding requirements
During employment, the CEO and Group Finance Director are expected to build up and maintain a shareholding of 300% and 200% of salary respectively. Post-employment, executive directors will ordinarily be expected to maintain their shareholding requirement, or the number of shares owned at departure if lower, for two years post-departure.

## Non-Executive Directors
Non-Executive Directors' fees comprise payment of an annual basic fee and additional fees to reflect specific responsibilities, where applicable. No Non-Executive Director participates in the Group's incentive arrangements or pension plan.

| | |
|---|---|
| **Basic fee** | Payment of a basic annual fee |
| **Additional fees** | Additional fees are paid to reflect additional responsibilities of certain Non-Executive Directors, as follows:<br>• Senior Independent Director fee<br>• Audit and Risk Committee Chair fee<br>• Remuneration Committee Chair fee<br>• subsidiary Board membership and Chair fee<br>• membership fee for Non-Executive Directors on the Audit and Risk Committee<br>• membership fee for Non-Executive Directors on the Remuneration Committee<br>• fee for Non-Executive Director representing employee voice<br><br>Non-Executive Directors may receive additional fees in the future if in the view of The Board this was considered appropriate, including in circumstances of additional Committees, other Non-Executive Director positions, or to reflect additional time commitments in appropriate circumstances.<br><br>Expenses incurred in the performance of non-executive duties for the company may be reimbursed or paid for directly by the company, including any tax due on the expenses. Non-Executive Directors do not normally receive any benefits however these may be provided in the future if in the view of The Board this was considered appropriate.<br><br>Total fees paid to non-executive directors will remain within the limit stated in the Articles of Association. |

## Notes to the remuneration policy table
Recovery provisions (clawback and malus) apply as follows to awards granted from 1 January 2020 onwards (provisions applying to previous awards are described in previous Directors' Remuneration Reports).

### Malus
Annual bonuses are discretionary and may be reduced or cancelled before payment. LTIP awards and deferred bonus awards may be reduced or cancelled in the event of conduct which justifies summary dismissal, an exceptional development which has a material adverse impact on the Company (including extreme financial loss which has a significant impact on the company's share price, reputational damage, material failure of risk management, material restatement of group accounts, significant sanction from any regulatory authority, material corporate failure, and other similar events) or to comply with a law or regulatory requirement.

### Clawback
Annual bonuses paid in cash may be clawed back for up to three years following payment and LTIP awards may be clawed back for two years following vesting. Clawback may be applied in the event of material misstatement of results in respect of the bonus year or a year in the performance period for the LTIP award (as the case may be), gross misconduct, factual error in calculating vesting or award, reputational damage, material corporate failure, and other similar events.
The Committee may increase the proportion of bonus deferred into shares at any time.

For future incentive awards the committee may adjust the performance measures to take into account developments in Solvency II remuneration requirements, or, in the event of a significant event or changing business circumstance. Major shareholders would be consulted prior to any significant changes.

LTIP and deferred share awards will be operated in accordance with the rules of the relevant plan. In accordance with those rules the committee has discretion in the following areas:
- in the event of a variation of Beazley's share capital or a demerger, delisting, special dividend, rights issue or other similar event, which may, in the committee's opinion, affect the current or future value of shares, the number of shares subject to an award and/or any performance condition attached to awards, may be adjusted. Awards under Beazley's other share plans have similar adjustment provisions;

- the Committee may determine that awards may be settled, in whole or in part, in cash, but would only do so in exceptional circumstances such as where there is a regulatory restriction on the delivery of shares;
- the Committee may substitute or amend a performance condition if one or more events occur which cause the committee to consider that a substituted or amended condition would be more appropriate and would not be materially more or less difficult to satisfy;
- the Committee may in its discretion, adjust the vesting level of LTIP awards, including to reflect underlying financial or non-financial performance or if the vesting level would otherwise not be appropriate in the circumstances;
- the Committee may determine the treatment of awards on a winding up, a change of control or similar event in accordance with the rules of the relevant plan; and
- the Committee may determine the basis on which dividend equivalents will be calculated, which may include notional reinvestment.

## Legacy commitments

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out in this report where the terms of the payment were agreed (i) before 26 March 2014 AGM (the date Beazley's first shareholder-approved Directors' remuneration policy came into effect); (ii) before the policy set out in this report comes into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders; or (iii) at a time when the relevant individual was not a Director of Beazley (or other person to whom this policy applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of Beazley or such other person. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted. This policy applies equally to any individual who is required to be treated as a Director under the applicable regulations.

## Performance measures and targets

The following table provides further detail on why performance measures are chosen and how targets are set.

| Incentive plan | Performance measures | Why performance measures were chosen and target setting |
|---|---|---|
| **Annual bonus plan** | Financial performance (including profit and ROE), corporate/ strategic performance (including risk adjustment) and individual performance | • The Committee believes the approach to the determination of bonuses creates alignment to shareholders' interests and ensures that bonuses are affordable, while the ROE targets increase the performance gearing and the risk adjustment is consistent with and promotes effective risk management.<br>• The Committee reviews the bonus pool framework each year to ensure that it remains appropriate and targets are set taking into account the prevailing environment, interest rates and expected investment returns, headcount and any other relevant factors.<br>• A key principle of the process is that the Committee exercises its judgement in determining individual awards taking into account the individual's contribution and performance. |
| **Long term incentive plan** | Growth in net asset value per share (NAVps) | • Creates alignment to Beazley's central key performance indicator, and recognises that NAVps is a key item supporting increases in share price and shareholder returns.<br>• Vesting of awards requires sustained growth in NAVps over a three-year time period.<br>• The Committee reviews the NAVps targets periodically to ensure they remain appropriate with reference to the internal business plan, the external environment and market practice.<br>• In the event that NAVps were to become unsuitable as a performance measure in the opinion of the Committee (for example due to a change in accounting standards) the Committee would substitute a measure which followed broadly similar principles. |
| | ESG measures | • The Committee recognises the importance of ESG to Beazley's long-term success and believes the introduction of ESG measures to the LTIP will incentivise the delivery of our ambitions.<br>• For 2023 the ESG measure will be assessed against three categories relating to carbon reduction, gender diversity and ethnic diversity. The Committee will review the ESG targets periodically to ensure they remain appropriate with reference to our long-term ESG priorities and market practice.<br>• For 2023, ESG objectives are to be assessed over a three-year performance period. |
| **Investment in underwriting** | The plan mirrors investment in an underwriting syndicate | • The Beazley staff underwriting plan provides for participants to contribute personal capital to Beazley syndicates. Selected staff are invited to participate through bonus deferral with an element of cash incentives 'at risk' as capital commitments. |

## Differences in policy from broader employee population

The policy for Executive Directors follows the same broad principles in place for all employees in Beazley. Differences in policy for executive directors and senior management as compared to the broader employee population reflect different market levels for seniority, as well as their group responsibilities. For example, incentive performance conditions for Executive Directors and senior management are more closely aligned to group performance, whereas underwriters participate in incentive plans linked to the performance of their business area.

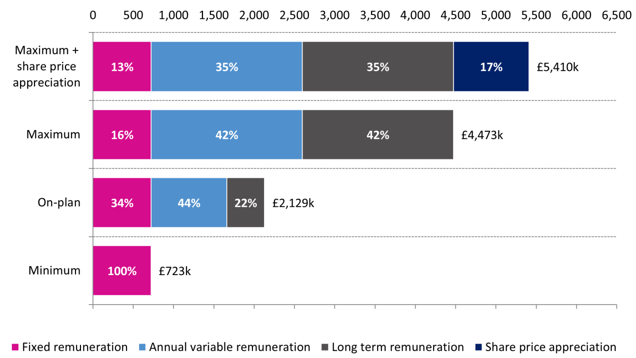
# Directors' remuneration policy continued

All employees in the Group may participate in a defined contribution pension plan, and are offered benefits such as private medical insurance and permanent health insurance. Beazley also operates all-employee share plans to create staff alignment and promote a sense of ownership.

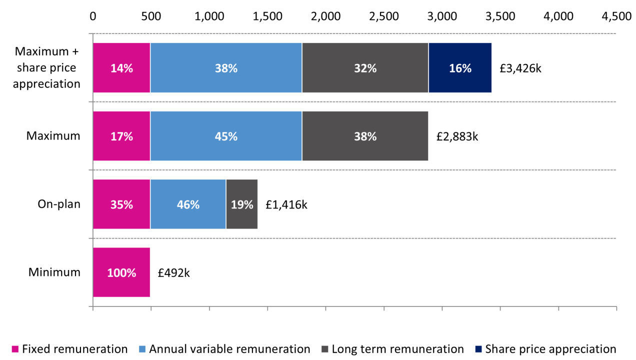
## Illustrations of application of remuneration policy

The table below sets out an illustration of the operation of the remuneration policy for the current executive directors in respect of 2023 and includes base salary, pension, benefits, and incentives. Other than as regards the fourth scenario ('Maximum + share price appreciation'), the illustrations do not reflect potential share price increases or decreases. Dividends, dividend equivalents and any deferral of bonus into the investment in underwriting arrangements are disregarded for the purposes of these charts.

Chief executive officer (£'000)




Group finance director (£'000)




### Assumptions used for the illustrations of the policy

| Element | | 'Minimum' | 'On-plan' | 'Maximum' | 'Maximum + share price appreciation' |
|---|---|---|---|---|---|
| **Fixed remuneration** | Base salary | Annual base salary for 2023 | | | |
| | Pension | 12.5% of base salary | | | |
| | Benefits | Taxable value of annual benefits provided in 2022 | | | |
| **Annual variable remuneration (cash and deferred shares)** | | 0% of maximum | 50% of maximum | 100% of maximum | 100% of maximum |
| **Long-term remuneration (LTIP)** | | 0% vesting | 25% vesting | 100% vesting | 100% vesting + assumed 50% share price appreciation |

## Approach to recruitment remuneration

The Committee would have regard to the following principles when agreeing the components of a remuneration package upon the recruitment of a new Director:

- in order to facilitate the future success of the company it is important that we are able to recruit directors of the calibre required to deliver our strategic priorities. Although the company operates in a highly competitive market for executive talent, the Committee remains conscious of the need to avoid paying more than is necessary on recruitment;
- the Committee will, so far as practical, seek to align the remuneration package for any incoming Executive with the remuneration policy table set out above;
- on recruitment, salaries will be set to take into account role and responsibilities. For interim positions a cash supplement may be paid rather than salary (for example a Non-Executive Director taking on an executive function on a short term basis);
- the Committee may, on appointing an Executive Director, need to 'buy out' remuneration arrangements forfeited on joining the company;
- any buyout would take into account the terms of the arrangements (e.g. form of award, performance conditions, timeframe) being forfeited in the previous package. The form of any award would be determined at the time and the committee could if necessary make use of LR 9.4.2 of the Listing Rules (for the purpose of buyout awards only). The Committee would seek to structure buyout awards to be in line with Beazley's remuneration framework so far as practical. The overriding principle will be that any replacement buyout awards would be of comparable commercial value to the awards which had been forfeited;
- all buyout awards would normally be liable to forfeiture or 'clawback' on early departure. For Executive Directors early departure is defined as being within the first two years of employment;
- the maximum level of variable remuneration which may be granted in the first year (excluding buyouts) is in line with the aggregate maximums set out in the policy table. The Committee retains the flexibility to determine that for the first year of appointment any annual bonus award will be subject to such conditions as it may determine; and

- where an Executive is appointed from within the organisation, the normal policy of the company is that any legacy arrangements would be honoured in line with the original terms and conditions (except that any pension arrangements will be provided in line with the remuneration policy table). Similarly, if an Executive Director is appointed following Beazley's acquisition of or merger with another company, legacy terms and conditions would be honoured.

## Service contracts and loss of office payment policy

It is company policy that service contracts with Executive Directors contain notice periods, from the company or employee, of not more than 12 months. The company may at its absolute discretion elect to terminate an Executive Director's employment by making a payment in lieu of notice of the individual's salary for that period. Details of the Executive Directors' current contracts are set out on page 132.

Subject to notice requirements, there is no provision in the service agreements for compensation to be payable on early termination of the contract. The Committee has discretion to structure any compensation payments in such a way as it deems appropriate taking into account the circumstances of departure. Any payments of compensation will be subject to negotiation, and the Group policy is to consider whether mitigation and phasing of payments is appropriate.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include amounts in respect of accrued leave, paying any fees for outplacement assistance and/or the Director's legal or professional advice fees in connection with his or her cessation of office or employment.

In the event of a Director's departure any outstanding share awards will be treated in accordance with the relevant plan rules.

The following principles apply for the treatment of remuneration elements following loss of office for a Director:

| Remuneration element | Treatment upon loss of office |
|---|---|
| **Bonus** | There is no automatic entitlement to annual bonus. Taking into account the circumstances of leaving, the Committee retains the discretion to award a bonus in respect of performance in the financial year with appropriate consideration of time pro-rating. |
| **Deferred shares** | If a Director ceases office or employment with the Group any unvested awards will lapse unless the individual is a good leaver.<br><br>Good leaver circumstances are cessation by reason of injury, ill-health, permanent disability or retirement (with the agreement of the employing company) and, if the Committee so determines, redundancy, the sale of the individual's employing company or business out of the group, or such other circumstances as the Committee may determine. In these good leaver circumstances awards may vest in full or be time pro-rated, and be delivered on cessation or at the normal time.<br><br>If a Director dies his or her awards will vest in full. |
| **Staff underwriting participation plan** | For leavers, profit results are payable in respect of years of account commencing before cessation. A participant receives repayment of notional capital invested reduced by any loss result for the relevant year of account. |
| **LTIP** | If a Director ceases office or employment with the group any unvested awards will lapse unless the individual is a good leaver.<br><br>An individual is a good leaver if employment ceases because of death, ill-health, injury, disability, the sale of the individual's employing company or business out of the group or for any other reason at the committee's discretion (except where a participant is dismissed lawfully without notice). Awards will vest on the normal vesting date, unless the committee determines that awards should vest at the time the individual ceases employment. Any applicable holding period will ordinarily continue to apply, although the Committee may bring the holding period to an end early in exceptional circumstances (for example in the event of termination due to ill health). If the participant dies awards will vest as soon as practicable after the date of death and the holding period will cease to apply.<br><br>Awards will vest taking into account the satisfaction of any performance condition and, unless the committee determines otherwise, the period of time that has elapsed since the award was granted until the date of cessation of employment. |
| **Pension** | The Director will be eligible to receive the standard contribution to the defined contribution pension plan during the notice period, or cash equivalent.<br><br>Under the Beazley Furlonge Limited Final Salary Pension Scheme, on early retirement the director receives a pension which is reduced to reflect early payment in accordance with the rules of the scheme. |
| **HMRC approved all-employee plans (or equivalent overseas plans)** | Leavers will be treated in accordance with the approved plan rules. |
| **Recruitment awards** | Were a buyout award to be made under LR 9.4.2 (or in other circumstances outside of the existing share plan rules) then the leaver provisions would be determined at the time of award. |

# Directors' remuneration report
## Directors' remuneration policy continued

In the event of a change of control or winding up of the company, treatment of share awards will be in accordance with the relevant plan rules. In these circumstances unvested LTIP awards and deferred shares may vest early. The extent to which unvested LTIP vest would be determined by the Committee taking into account the satisfaction of any performance conditions, the period of time that has elapsed since the award was granted until the date of the event and any other factors the Committee considers relevant. Deferred shares will vest to the extent determined by the Committee taking into account any factors it considers relevant. Alternatively, the Committee may determine that LTIP awards or deferred shares may be exchanged for equivalent awards on such terms as agreed with the acquiring company. If there is a demerger, delisting or other event which may materially affect the company's share price, LTIP awards may vest on the same basis as for a takeover. In the event of a change of control or other relevant event during the holding period applying to an LTIP award, the holding period will come to an end.

### Non-Executive Directors' fee policy and service contracts
The standard approach for Non-Executive Director appointment is that the appointment expires at the AGM following the end of the three year term, notwithstanding the fact that each Director is subject to annual re-election at each AGM. Although there is currently no intention to do so, The Board reserves the right to introduce notice periods for Non-Executive Directors in the future. Details of the Non-Executive Directors' current contracts are set out on pages 131 to 132.

Consideration of conditions elsewhere in the company
As part of the regular cycle, the Committee is informed of pay and employment conditions of wider employees in the Group and takes these into account when determining the remuneration for Executive Directors. While the review includes various statistics on the outcome of the wider employee pay review, the review does not currently include any direct comparison measures between Executive Directors and wider employee pay. The company does not consult with employees on executive director remuneration.

### Consideration of shareholders views
Ahead of the 2023 AGM, the chair of the Remuneration Committee consulted with Beazley's largest shareholders and proxy agencies to discuss the proposed changes to the remuneration policy. The Committee greatly values feedback from our shareholders and took their views into account when finalising the proposals.

A number of the changes made to the remuneration policy have been made in direct response to feedback received from shareholders. For example, from 2023 we are fixing the rate of bonus deferral and have enhanced our post-employment shareholding requirements to align with evolving market expectations. We have also responded to shareholders' preference for the use of multiple measures in the LTIP by introducing an ESG measure from 2023.

As a Committee, we monitor evolving shareholder views on Executive remuneration and regularly review guidance from proxy bodies, as well as from our shareholders. We continue to value input from our shareholders and are committed to ensuring an open dialogue.

### Minor changes
The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax, or administrative purposes, or to take account of a change in legislation) without obtaining shareholder approval for such amendments.

# Directors' remuneration report
# Annual remuneration report

This part of the report, the annual remuneration report, sets out the remuneration out-turns for 2022 (and how these relate to our performance in the year) and details of the operation of our policy for 2023.

The symbol ▪ by a heading indicates that the information in that section has been audited.

## Single total figure of remuneration ▪

The tables below set out the single figure of total remuneration for Executive Directors and Non-executive Directors for the financial years ending 31 December 2022 and 31 December 2021.

### Executive Directors

| £ | | Fixed pay | | | | Pay for performance | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Salary | Benefits | Pension | Total fixed pay | Total annual bonus[1] | Long term incentives (LTI)[2] | Total variable pay | Total remuneration |
| Adrian P Cox[3] | 2022 | 525,250 | 19,760 | 65,656 | 610,666 | 787,875 | 106,663 | 894,538 | 1,505,204 |
| | 2021 | 480,625 | 15,083 | 60,078 | 555,786 | 1,441,875 | 102,873 | 1,544,748 | 2,100,534 |
| Sally M Lake | 2022 | 414,000 | 2,938 | 45,960 | 462,898 | 621,000 | 71,190 | 692,190 | 1,155,088 |
| | 2021 | 390,000 | 2,873 | 43,323 | 436,196 | 1,170,000 | 33,122 | 1,203,122 | 1,639,318 |

1 A portion of the 2021 and 2022 bonus awards shown in the table above is deferred into shares for three years. Details of the deferral in respect of 2022 awards can be found on page 127.
2 The LTI figures for 2022 have been calculated using the average share price in the last three months of 2022 of 630.7p. The share prices at the time LTI awards were granted were 553.33p for the 2018 award and 595.50p for the 2020 award. The 2022 LTI figures therefore include share appreciation of £8,947 for Adrian P Cox and £5,018 for Sally M Lake. See page 112 for further details. For 2021, the LTI figures have been restated to reflect the share prices at the date of vesting of 482.77p for the 2019 award and 485.63p for the 2017 award. The Committee did not exercise any discretion in relation to share price changes.
3 Adrian P Cox was appointed CEO on 1 April 2021. The 2021 figures in the table reflect the period as CUO from 1 January 2021 to 31 March 2021 and his appointment to CEO effective 1 April 2021 until the end of the financial year.

### Non-Executive Directors

| | 2022 plc Board fees | 2022 Subsidiary Board fees | 2022 Total fees[1] | 2021 Total Fees[2] |
|---|---|---|---|---|
| Rajesh K Agrawal[3, 10] | 77,547 | 0 | 77,547 | 29,417 |
| Pierre-Olivier Desaulle | 74,000 | 14,322 | 88,322 | 77,388 |
| Nicola Hodson[6] | 81,648 | 0 | 81,648 | 75,600 |
| Christine LaSala[4,6] | 128,476 | 28,560 | 157,036 | 119,257 |
| Robert A Stuchbery[5, 6, 11] | 85,633 | 31,100 | 116,733 | 108,080 |
| David L Roberts[6] | 193,846 | 48,462 | 242,308 | 264,000 |
| A John Reizenstein | 87,500 | 19,600 | 107,100 | 101,100 |
| Catherine M Woods[7] | 18,988 | 0 | 18,988 | 87,665 |
| Fiona M Muldoon[8, 11] | 44,438 | 0 | 44,438 | – |
| Cecilia Reyes Leuzinger[9] | 46,505 | 0 | 46,505 | – |

1 Other than for the Chair, fees include fees paid to the Chair and members of Board Committees, for the role of Senior independent Director, as well as fees, where relevant, for membership of the subsidiary Boards of Beazley Furlonge Limited (BFL) and Beazley Insurance dac, the Chair of the BFL Risk Committee and Beazley Insurance Company, Inc. (BICI).
2 For Christine LaSala, Pierre-Olivier Desaulle and Catherine M Woods the total 2021 fee has not changed but the representation has been amended in order to be consistent with 2022. Fees are paid in multiple currencies – 2021 fees have been restated using 2022 FX rates of GBP 1 : USD 1.25 and GBP 1 : EUR 1.18.
3 Rajesh K Agrawal joined as a Non-Executive Director of the plc Board with effect 1 August 2021.
4 Christine LaSala became chair of the remuneration committee with effect 27 March 2021.
5 Robert A Stuchbery joined as a Non-Executive Director of the Remuneration Committee with effect 14 April 2021.
6 David Roberts stepped down as chair of the plc Board, with effect 21 October 2022. Until a replacement has been appointed, Christine LaSala is acting as Interim Chair of The Board plc and Chair of the Nomination Committee, Robert A Stuchbery is acting as Interim Senior independent Director and Nicola Hodson is acting as Interim Remuneration Committee Chair with effect from 24 October 2022. The fees for the impacted Directors has been amended accordingly to reflect their new roles and responsibilities.
7 Catherine M Woods stepped down as a Non-Executive Director of the plc Board, with effect 25 March 2022.
8 Fiona M Muldoon joined as a Non-Executive Director of the PLC Board and as a member of the Audit and Risk Committee with effect from 31 May 2022.
9 Cecilia Reyes Leuzinger joined as a Non-Executive Director of the plc Board and as a member of the Audit and Risk Committee and Remuneration Committee with effect from 31 May 2022.
10 Rajesh K Agrawal joined as a Non-Executive Director of the Remuneration Committee with effect 26 April 2022.
11 With effect from 24 October 2022 Robert A Stuchbery stepped down as Employee Voice of the plc Board and Fiona M Muldoon took on the role.

## Salary ▪

The Committee reviews salaries annually taking into consideration any changes in role and responsibilities, development of the individual in the role, and levels in comparable positions in similar financial service companies. It also considers the performance of the Group and the individual as well as the average salary increase for employees across the whole Group. Salary reviews take place in December of each year, with new salaries effective from 1 January.

During the year the Committee reviewed the executive directors' salaries and identified that Adrian P Cox's salary as CEO had fallen out of step with the transformative changes that have taken place at Beazley in our recent history. The Committee recognised that it was in the interests of shareholders that Adrian's salary is set at a reasonable level in order to retain and motivate a CEO of the calibre necessary to effectively run Beazley and to deliver our long-term strategic priorities. Therefore the committee has made a step change to his salary for 2023 increasing it from £525,250 to £625,000. Further details on the Committee's rationale are provided on page 110.

As set out in the Remuneration Committee Chair's statement, the committee was cognisant of the cost-of-living challenges facing the wider workforce in light of inflation levels. Therefore the salary increase budget was targeted at those experiencing the greatest pressures. For 2023 the GFD's salary is being increased by 5.0%, in-line with the approach for other senior roles, and considerably below the increases awarded to more junior staff.

The base salaries for the executive directors in 2022 and 2023 are as set out below:

| | 2022 base salary £ | 2023 base salary £ | Increase % |
|---|---|---|---|
| Adrian P Cox | 525,250 | 625,000 | 19.0 |
| Sally M Lake | 414,000 | 434,700 | 5.0 |

## Benefits ▪

Benefits include private medical insurance for the director and their immediate family, income protection insurance, death in service benefit at four times annual salary, travel insurance, health-club membership, season ticket and the provision of either a company car or a monthly car allowance.

## Pension ▪

Executive directors receive a pension allowance of 12.5% of salary, in-line with the rate available to the majority of the UK workforce.

Prior to 31 March 2006 the company provided pension entitlements to directors that are defined benefit in nature, based on its legacy policy under the Beazley Furlonge Limited Final Salary Pension Scheme. Future service accruals ceased on 31 March 2006. Only base salary is pensionable, subject to an earnings cap. The normal retirement age for pension calculation purposes is 60 years. A spouse's pension is the equivalent of two-thirds of the member's pension (before any commutation) payable on the member's death after retirement.

Details of the defined benefit entitlements of those who served as directors during the year are as follows:

| | Accrued benefit at 31 December 2022 £ | Increase in accrued benefit excluding inflation (A) £ | Increase in accrued benefit including inflation £ | Transfer value of (A) less directors contribution £ | Transfer value of accrued benefits at 31 December 2022 £ | Transfer value less directors contribution £ | Normal retirement date |
|---|---|---|---|---|---|---|---|
| Adrian P Cox | 16,723 | 0 | 1,933 | 0 | 293,063 | (263,120) | 12 Mar 2031 |

Under the Beazley Furlonge Limited Final Salary Pension Scheme, on early retirement the Director receives a pension which is reduced to reflect early payment in accordance with the rules of the scheme.

No other pension provisions are made.

## Annual bonus structure

The annual bonus plan is a discretionary plan in which all employees are eligible to participate. The annual bonus is funded by a bonus pool. The pool is calculated as a percentage of profit subject to a minimum group ROE. The size of the pool as a percentage of profit increases for higher levels of ROE. This ensures that outcomes are strongly aligned with shareholders' interests.

The operation of an annual bonus pool approach reflects Beazley's commitment to encourage teamwork at every level, which, culturally, is one of its key strengths. A broad senior management team, beyond Executive Directors, participate in the bonus pool, reinforcing the company's collegiate culture.

Once the annual bonus pool has been calculated the committee determines individual allocations taking into consideration corporate/strategic achievements and individual achievements. The bonus is discretionary and, rather than adopting a prescriptive formulaic framework, the Committee considers wider factors in its deliberations at the end of the year: for example quality of profit and risk considerations.

In determining awards, the committee will not necessarily award the bonus pool in aggregate (i.e. the sum of the bonus awards may be less than the bonus pool).

The approach to the calculation of bonuses is aligned to shareholders' interests and ensures that bonuses are affordable, while the ROE targets increase the performance gearing. The Committee reviews the bonus pool framework each year to ensure it remains appropriate, taking into account the prevailing environment, interest rates and expected investment returns, headcount and any other relevant factors.

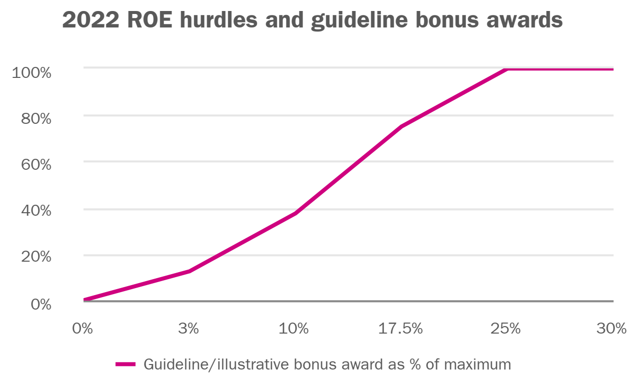
### Annual bonus out-turn for 2022

The process for determining 2022 bonuses is described below, including full details of the ROE targets underpinning our bonus approach along with the guideline levels which are used by the Committee in its determination for each Executive Director.

### Annual bonus pool calculation for 2022

At the beginning of the financial year, the risk-free return (RFR) was set at 0.75% taking into account the yield on US treasuries of two to five year maturities. This resulted in the following ROE hurdles and guideline bonus awards:

| ROE performance hurdles | Threshold | | | | Maximum |
|---|---|---|---|---|---|
| ROE performance | 0.75% | 3.75% | 10.75% | 18.25% | 25.75% |
| Guideline/illustrative bonus award as % of maximum | 0% | 12.5% | 37.5% | 75% | 100% |




These percentages are indicative only and based on broad corporate results. Within the pool framework bonus out-turns may be higher or lower taking into account corporate achievements and individual performance (see next page).

ROE for 2022 was 7% and the overall bonus pool (in which executive directors as well as other senior employees participate) was calculated based on this.

When considering the annual bonus pool outcome, the Committee takes into account the outcome of the Group's ROE/profit. The framework is used by the Committee as a broad guideline rather than being formulaic and applies to a broader group of Executives than Board Directors. A key principle of the process is that the Committee exercises its judgement in determining individual awards taking into account the corporate/strategic objectives, individual's contribution and performance. In particular, there may be a diverse spread of returns earned across the various divisions within the business which will be reflected in bonus out-turns achieved. The table therefore provides full retrospective disclosure of all the Group financial targets and corporate/strategic performance which the Committee considers when determining the annual bonuses.

When determining annual bonuses an assessment against the expectation for each element is made with reference to the following grading system:

✓ Expectation achieved or exceeded

= Reasonable outcome against expectation

✗ Expectation not met

# Directors' remuneration report
# Annual remuneration report continued

## Assessment of achievements for 2022

In determining annual bonuses for 2022 the Committee took into account a range of (i) financial, (ii) strategic and (iii) individual elements as set out below.

### (i) Financial performance

| Element | Achievement | |
|---|---|---|
| **Profit before tax** | $191.0m profit before tax | ✓ |
| **Gross premiums written growth** | Increased by 14% | ✓ |
| **Net assets per share growth** | Achieved a NAVps growth of 10% | ✗ |
| **Investment performance (portfolio return)** | (2.1)% portfolio return | ✗ |
| **Expense management** | Remained at 35% | = |

### (ii) Strategic performance

| Element | Expectation | Achievement | |
|---|---|---|---|
| **Responsible business** | Improve ESG rating as measured across S&P, Carbon Disclosure Project (CDP) and Sustainalytics. | ESG rating improvement achieved. CDP rating increased from C to B. S&P score increased from 43 to 48. | ✓ |
| | Reduce carbon emissions by 40% in 2022 in line with Responsible Business Strategy. | 55% reduction achieved in 2022. | ✓ |
| | Ensure the creation of a group-wide human rights policy, and establish key performance indicators (KPIs) in order to measure the effectiveness of our actions and progress in tackling modern slavery and human rights. | Human rights policy in place. The development of KPIs is ongoing as we work to enhance our approach to responsible procurement. | = |
| | Achieve at least 45% female representation at Board and Senior Manager level by 2023. | On track to achieve 2023 target. | = |
| | Achieve at least 25% People of Colour representation of the global workforce by end of 2023. | Achieved, in advance of deadline. | ✓ |
| **Wholesale platform growth** | Increase profitable growth across wholesale platforms in London, Asia Pac and Miami. | Our Wholesale platform has a strong 2022, with growth of 13%. This platform remains our largest platform. | ✓ |
| **North American platform growth** | Achieve profitable growth in the US and Canada. | Our US domestic insurance company reached a significant milestone this year, passing gross premiums written of $2bn. Overall the North American platform grew 13%. | ✓ |
| **European platform growth** | Build out franchise in Europe. | Our European platform continued to perform well, writing business both on Lloyd's paper and through our European Insurance entity. Growth across the platform was 23%. | ✓ |
| **Culture and people** | Maintain high levels of employee engagement. | Employee engagement score of 85% (8% above the global average). Turnover has decreased to 10.3% at the end of 2022 from 11.4% at the end of 2021. This is below the average market benchmark of 12%. | ✓ |

### (iii) Individual performance

While a number of the specific individual objectives of the Executive Directors are considered commercially sensitive, the following provides details of Executive Director achievements which the Committee took into account.

| Executive | Objectives | Achievement | |
|---|---|---|---|
| **Adrian Cox (Chief Executive Officer)** | Deliver 2022 underwriting business plan, GAAP budget and provide leadership for the modernisation programme. | • Initial guidance to shareholders for 2022 was a combined ratio of around 90% and growth in the mid teens; the combined ratio was better than guidance and growth inline.<br>• Premium growth of 14% achieved rate change of 14% and expense ratio of 35%.<br>• Combined ratio for 2022 of 89% (93% in 2021).<br>• Modernisation programme on track to deliver significant improvements to the business.<br>• Managed budgets and risk appetites proactively through the year to optimise short and long-term positions for the company. | ✓ |
| | Execute on five year plan and developing into general business strategy. | • The 2022 element of the 5 year plan achieved and well developed into general business strategy.<br>• Vision and company strategy well embedded across the business which will be explained to shareholders at capital markets day in May 2023. | ✓ |
| | Define three year cyber plan and associated plans to deliver (capital, diversification etc). | • Cyber plan written and signed off by The Board.<br>• Year one of the plan has been delivered as planned.<br>• Plan forms intrinsic part of future strategy. | ✓ |
| | Continue to embed climate change decision making into the underwriting process, further reflecting the financial risk of climate change within our pricing. | Beazley created a Climate Risk Working Group (CRWG) to lead the delivery of the work required to further embed climate risk into the underwriting process. This work included:<br>• Strengthening catastrophe modelling capabilities and developing forward looking view of risk.<br>• Improving key peril model calibration in pricing and incorporating climate loss trends for key perils (US hurricane, US wildfire, US inland flood) in pricing.<br>• Developing and introducing a climate change metric on US hurricane risk into our key property pricing tool.<br>• Developing a catastrophe optimisation framework and tool. This framework and tool enables underwriters to optimise the US property risks portfolio using risk appetite metrics and performance metrics.<br>• Developing an internal realistic disaster scenario on greenwashing to assess and quantify the potential impact of greenwashing and consider actions needed to mitigate this risk.<br><br>Additional progression is planned for 2023, with the CRWG set further objectives to building on the successes delivered in 2022. | = |
| | Effective leadership in relation to achieving appropriate levels of capital management for current operations and future growth. | • Capital strategy delivered as required, with successful equity raise of £340.8m.<br>• Surplus capital remained in preferred range prior to equity raise. | ✓ |
| | Finalise and execute new governance across Boards, executive and subcommittees. | • On track and will be finalised with the appointment of new Chair. | = |
| | Deliver inclusion and diversity targets, focusing on rolling recruitment and promotion ratios. | • On track to achieve targets by end 2023. | ✓ |
| | Sustain high levels of employee engagement and inclusivity within the business and continue to drive ways of working for a productive workforce. | • Our engagement score, which measures whether colleagues are willing to go above and beyond for the organisation, was 85%, 1% lower than 2021. We remain above the global benchmark for both favourability and engagement. This year our fully engaged category increased by 5% - meaning that while our overall score hasn't increased, for 5% of colleagues their level of engagement has gone up. Much like last year, we continue to see parity in a majority of our demographic scores such as gender, ethnicity, age and length of service.<br>• Turnover of 10.3% which is better than industry average of 12%. | ✓ |

# Annual remuneration report continued

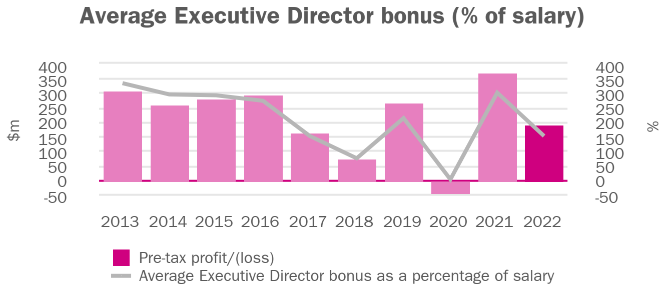
| Executive | Objectives | Achievement | |
|---|---|---|---|
| **Sally Lake (Group Finance Director)** | Execution of planning and oversight of the IFRS 17 and 9 implementation project for January 2023. | • Delivered IFRS 17 requirements for year end 2022.<br>• IFRS 17 programme on target for reporting during 2023. | ✓ |
| | Align long term to strategic decisions on capital, reinsurance and expenses. | • Equity raise in November 2022 to support opportunity in Property market.<br>• Continued focus on expenses aiming to ensure that growth in business outstrips costs increase, whilst at the same time ensuring investment in automation and simplification continues across the Group. | ✓ |
| | Deliver capital management at appropriate levels for current operations and future growth | • Equity raise of £340.8m in November 2022 to support opportunity in Property market. | ✓ |
| | Chair the Investment Committee and build a strong Committee that delivers an investment return for 2022. | • Investment loss of $179.7m which was below target investment return due to changes in the macro economic environment. | ✗ |
| | Align the investment portfolio below 2 degree world. | • Building on Beazley's Responsible Investment Policy, Beazley has commenced the work required to align the investment portfolio to below a 2 degree world.<br>• Beazley has established baseline emissions for the apportioned carbon emissions arising from publicly listed corporate bonds (investment grade and high yield) and publicly listed equities. We have also commenced the work required to develop and incorporating climate data and emissions for sovereign exposures. It is anticipated these numbers will be incorporated into our annual reporting at the end of 2023.<br>• Beazley has also set the objective to align the investment portfolio with a 1.5 degree pathway by 2028. This work delivered in 2022 enables Beazley to work towards this objective. | = |
| | Co-sponsor the multi-year modernisation programme with Chief Operating Office to deliver greater efficiencies including the creation of the disclosure management tool. | • Modernisation programme on track, with key 2022 deliverables achieved.<br>• Disclosure management tool implemented. | ✓ |
| | Strong ownership of relations with analysts and rating agencies and assured participation in investor calls and presentations. | • Investor roadshows held post half year and year end results.<br>• Engaged with wider group of investors through the year.<br>• Feedback collated indicated investors are pleased with the level of management interaction and overall management performance. | ✓ |
| | Achieve a 45% female target within senior leadership positions by end of 2023. | • On target to achieve target by end 2023. | ✓ |
| | Effective management of the Finance transformation programme. | • Finance leadership team has now been in place for the last year and are working strongly as a leadership team.<br>• The Finance team employee engagement score moved from 83% in 2021 to 86% in 2022.<br>• 2022 plans delivered on time and in budget. | ✓ |

## Annual bonus awards outcomes for 2022

Within the framework of the annual bonus, in respect of individual performance and achievements, awards are dependent on a profit pool and minimum level of ROE performance.

| | % of maximum | % of salary | Bonus value |
|---|---|---|---|
| Adrian P Cox | 37.5% | 150% | £787,875 |
| Sally M Lake | 37.5% | 150% | £621,000 |

The following graph and table set out the out-turn for 2022 against performance and illustrate the way in which bonuses over time reflect profit and ROE performance.




| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | **2022** |
|---|---|---|---|---|---|---|---|---|---|---|
| Pre-tax profit/ (loss) | $313m | $262m | $284m | $293m | $168m | $76m | $268m | ($50m) | $369m | **$191m** |
| Post-tax ROE | 21% | 17% | 19% | 18% | 9% | 5% | 15% | (3%) | 16% | **7%** |
| Average Executive Director bonus as a percentage of salary | c.333% | c.294% | c.291% | c.272% | c.150% | c.73% | c.212% | c.0% | c.300% | **c.150%** |

## Bonus deferral

A portion of the bonus will generally be deferred into shares for three years. For 2022 the deferral rate was set at 25%. Deferred shares are generally subject to continued employment.

A portion of bonus may also be deferred under the investment in underwriting plan, and this capital can be lost if underwriting performance is poor (see investment in underwriting section on page 130 for further details).

The following table sets out the deferred bonus awards made during 2022 in respect of the bonus for 2021:

| Individual | Type of interest | Basis on which award is made | Number of shares awarded | Face value of shares[1] | % vesting at threshold |
|---|---|---|---|---|---|
| Adrian P Cox | Deferred shares | Deferred bonus | 89,132 | 432,500 | n/a |
| Sally M Lake | Deferred shares | Deferred bonus | 72,326 | 351,000 | n/a |

1 The face value of shares awarded was calculated using the three day average share price prior to grant, which was 485.3p.

## Annual bonus approach for 2023

The annual bonus for 2023 will continue to operate within a similar framework as in previous years, with awards dependent on a profit pool and minimum level of ROE performance and taking into account individual performance and achievements.
As part of their review of the financial targets for the 2023 annual bonus the Committee noted the potential impact of the implementation of IFRS 17 which applies from January 2023. The bonus ROE framework set out in this report is based on the previous accounting standards and, if necessary, may be updated to reflect the new accounting standards. In making any amendments the committee will ensure that targets are no more or less stretching and that participants do not inadvertently benefit from the change in accounting standards.

As set out earlier in the Report, the Committee are proposing two key changes to the annual bonus approach for 2023. As part of the wider rebalancing to the longer-term the maximum annual bonus opportunity will be reduced to 300% of salary and the level of deferral will be fixed so that one-third of any bonus for 2023 will be deferred into shares for three years.

## Long term incentive plan (LTIP) ▪

Under the LTIP Executive Directors, senior management and selected underwriters receive awards of shares subject to the achievement of stretching performance conditions. As mentioned in the Letter from the Chair of the Remuneration Committee we are proposing a number of changes to the LTIP as part of the renewal of our Directors' Remuneration Policy at the 2023 AGM. The proposed changes are explained in more detail at the end of this segment whilst the following sections set out the details for outstanding LTIP awards granted under our current structure.

## LTIP structure for awards granted prior to 2023 ▪

Vesting of awards is based on growth in net asset value per share (NAVps), one of Beazley's key performance indicators. NAVps performance is assessed equally over a three year and five year period. In accordance with the UK Corporate Governance Code the first tranche of LTIP awards is subject to a further two year holding period, taking the total time frame for the entire award to five years.

# Directors' remuneration report
## Annual remuneration report continued

The NAVps performance conditions for all outstanding awards are as follows:

| NAVps performance | % of award vesting |
|---|---|
| NAVps growth < risk-free rate +7.5% p.a. | 0 % |
| NAVps growth = risk-free rate +7.5% p.a. | 10 % |
| NAVps growth = risk-free rate +10% p.a. | 25 % |
| NAVps growth = risk-free rate +15% p.a. | 100 % |

The Committee considers the LTIP NAVps growth targets to be very stretching, particularly taking into account that growth must be over a sustained five year period. Growth in NAVps is calculated taking into account any payment of dividends by the company. In line with our reporting to shareholders, NAVps is denominated in US dollars.

### LTIP outturns in respect of 2022 ▪

The LTIP awards shown in the single total figure of remuneration for 2022 include:

- the second tranche of awards granted on 13 February 2018. These will vest at 14.9%, based on the achievement of the NAVps growth performance condition over the five years ended 31 December 2022; and
- the first tranche of awards granted on 11 February 2020. These will vest at 20.0%, based on the achievement of the NAVps growth performance condition over the three years ended 31 December 2022.

The following table summarises the actual NAVps growth achieved over the two performance periods and the resultant vesting levels:

| LTIP award | Performance period | NAVps growth | % of award vesting |
|---|---|---|---|
| Second tranche of the 2018 awards | Five years ended 31 December 2022 | 10.1% p.a. | 14.9% |
| First tranche of the 2020 awards | Three years ended 31 December 2022 | 10.5% p.a. | 20.0% |

The results were independently calculated by Deloitte LLP. The Committee is comfortable that executives have not unduly benefited from windfall gains in respect of their LTIP awards. In particular the Committee noted that the 2020 awards were granted in February 2020 prior to the fall in share price resulting from the outbreak of COVID-19.

### LTIP awards granted in 2022 ▪

During 2022, LTIP awards with a face value equal to 200% of salary for the CEO and 150% of salary for the GFD were granted to Executive Directors. These awards are subject to the NAVps performance conditions set out above. The awards were as shown in the table below:

| | | | | | | Performance period end | |
|---|---|---|---|---|---|---|---|
| Individual | Type of interest | Basis on which award is made | Number of shares awarded | Face value of shares[1] | % vesting at threshold | Three years (50%) | Five years (50%) |
| Adrian P Cox | Nil cost option (LTIP) | 200% of salary | 216,464 | 1,050,500 | 10% | 31/12/2024 | 31/12/2026 |
| Sally M Lake | Nil cost option (LTIP) | 150% of salary | 127,962 | 621,000 | 10% | 31/12/2024 | 31/12/2026 |

1 The face value of shares awarded was calculated using the three day average share price prior to grant, which was 485.3p.

### LTIP structure for awards granted from 2023 ▪

The LTIP is an important tool in the remuneration framework for incentivizing participants and aligning their interests with those of our shareholders. During the review of the Remuneration Policy the Committee identified a number of refinements to improve the effectiveness of the LTIP structure and to reflect evolving market practice.

### Award opportunity for 2023

As part of the wider rebalancing to the longer-term the maximum LTIP opportunity will be increased by 100% of salary. LTIP awards with a face value equal to 300% of salary for the CEO and 250% of salary for the GFD will be granted.

### Performance period

A key feature of the Beazley business model is exposure to catastrophes within a robust risk management framework. Because of this, there is an inherent level of volatility in company performance. Beazley has an established pay-for-performance culture, a track record of aligning individual reward with performance and a policy of not rewarding failure. During the review of the policy, the Remuneration Committee identified that the volatility of our annual results can have a disproportionate impact on LTIP awards, which is exacerbated by our longer-than-normal five-year performance period.

Taking this into account the Committee gave consideration to moving to an annualised approach so that the LTIP is split into five equal tranches with performance assessed pro-rata in years one to five.

This proposal was discussed with the majority of our shareholders (top 100) in order to gauge the potential levels of support. During the consultation process, it became clear that a significant proportion of shareholders had reservations due to the atypical nature of the proposal and there was a preference for a more market-typical approach, that maintained a longer term performance period.

Based on the shareholder feedback the Committee decided against the annualised LTIP approach. As an alternative, and aligned with our shareholders' preference for a more market-typical approach, the Committee is proposing to simplify the LTIP performance period by removing the five-year performance element so that the entire award is subject to cumulative performance measured over a three year period.

The Committee believes that this change is appropriately aligned with the interests of our shareholders, improves the clarity of the LTIP and makes it simpler for both participants and investors. The vesting of awards will continue to be subject to the stretching performance targets set out below, and shares will be subject to a two-year post-vesting holding period. Ultimately the Committee believes that this change, in conjunction with including an ESG metric, will help to continue to incentivise and retain our high calibre, experienced executive team.

| NAVps performance[1] | % of award vesting |
|---|---|
| NAVps growth < risk-free rate +7.5% | 0 % |
| NAVps growth = risk-free rate +7.5% | 10 % |
| NAVps growth = risk-free rate +10% | 25 % |
| NAVps growth = risk-free rate +15% | 100 % |

1 As part of their review of the financial targets for the 2023 LTIP awards the Committee noted the potential impact of the implementation of IFRS 17 which applies from January 2023. The targets set above are based on the previous accounting standards and, if necessary, may be updated to reflect the new accounting standards. In making any amendments the committee will ensure that targets are no more or less stretching and that participants do not inadvertently benefit from the change in accounting standards.

### Introduction of ESG metrics

Beazley's aspiration is to be the highest performing sustainable specialist insurer in the market. We believe that we must demonstrate our commitment to this and have made a series of measurable steps to incorporate relevant environmental, societal and governance (ESG) features into every aspect of our business. From 2023 we are introducing ESG metrics into the LTIP in order to incentivise the delivery of our ambitions over the longer-term. ESG will represent 50% of salary.

| Target | Weighting (of ESG element) | Threshold (10% of max) | Max |
|---|---|---|---|
| Reduce carbon emissions (Scope 1, 2 & 3) relative to 2019 baseline | One third | TBC[1] | TBC[1] |
| Increase female representation at Board and Senior Manager level | One third | 44 % | 45 % |
| Increase People of Colour representation at Board and Senior Manager level | One third | 13 % | 15 % |

1 The sustainability team are in the process of finalising the carbon reduction targets for the 2023 LTIP awards. The Committee intends to set stretching, quantifiable targets which align with our external commitments around carbon reduction. Full details of the targets will be published on the Company's website when available.

We understand that we and the business world are on a complex journey. Whilst we believe that the above metrics are the most appropriate metrics for the LTIP at this time, we acknowledge that our ESG strategy will evolve over time, and we intend to employ alternative metrics in the future where appropriate and relevant given our priorities.

## Dilution

The share plans permit 10% of the company's issued share capital to be issued pursuant to awards under the LTIP, SAYE and option plan in a 10-year period. The company adheres to a dilution limit of 5% in a 10 year period for executive schemes.

## Investment in underwriting

Traditionally, Lloyd's underwriters contributed their personal capital to syndicates in which they worked. With the move to corporate provision of capital, individual membership of Lloyd's has declined significantly. The Committee feels that having personal capital at risk in the syndicate is an important part of the remuneration policy and provides a healthy counterbalance to incentivisation through bonuses and long term incentive awards. The company has operated the Beazley staff underwriting plan for this purpose since 2004 and executive directors and other selected staff are invited to participate through bonus deferral with an element of their cash incentives 'at risk' as capital commitments. These capital commitments can be lost in full if underwriting performance is poor.

The Group funds the capital for the plan. The individual capital commitment is then funded through individual's bonus deferral. The aim is for individuals to fund their capital within three years.

To date over 300 employees of the Group have committed to put at risk £15.2m of bonuses to the underwriting results of syndicate 623. Of the total at risk, £13.0m has already been deferred from the bonuses awarded.

The following executive directors participated in syndicate 623 through Beazley Staff Underwriting Limited:

| | Total bonuses deferred £ | 2021 year of accounting underwriting capacity | 2022 year of accounting underwriting capacity | 2023 year of accounting underwriting capacity |
|---|---|---|---|---|
| Adrian P Cox | 216,000 | 400,000 | 400,000 | 400,000 |
| Sally M Lake | 54,000 | 100,000 | 100,000 | 250,000 |

Adrian P Cox has fully funded the capital requirement. Sally M Lake is fully funded for the capital requirement for 2021-2022, the increase in capital for the 2023 capacity will be funded via future bonus deferral.

## Malus and clawback

Recovery provisions (malus and clawback) have applied to incentives for a number of years. Further detail on the recovery provisions, including the circumstances and timeframe for which they can be applied are set out in the remuneration policy.

## Risk and reward at Beazley

The Committee regularly reviews developing remuneration governance in the context of Solvency II remuneration guidance, other corporate governance developments and institutional shareholders' guidance. The chief risk officer reports annually to the remuneration committee on risk and remuneration as part of the regular agenda. The Committee believes the Group is adopting an approach which is consistent with, and takes account of, the risk profile of the Group.

We believe reward at Beazley is appropriately balanced in light of risk considerations, particularly taking into account the following features:

| **Features aligned with risk considerations** | |
|---|---|
| Share deferral | A portion of bonus is normally deferred into shares for three years. These deferred shares, together with shares awarded under the LTIP, mean that a significant portion of total remuneration is delivered in the form of shares deferred for a period of years. |
| LTIP holding period | Outstanding LTIP awards vest over a five year period. From 2023 LTIP awards will vest over a three-year period. Any awards which have a performance period of less than five years are subject to an additional holding period, following the date on which the award vests, up to the fifth year of the award. |
| Shareholding requirements | Executive Directors are expected to build up and maintain a shareholding of 300% of salary for the CEO and 200% of salary for the GFD. Executive Directors are also expected to maintain a shareholding post-departure. |
| Investment in underwriting | Management and underwriters may defer part of their bonuses into the Beazley staff underwriting plan, providing alignment with capital providers. Capital commitments can be lost if underwriting performance is poor. |
| Underwriters remuneration aligned with profit received | Under the profit related bonus plan payments are aligned with the timing of profits achieved on the account. For long tail accounts this may be in excess of six years. If the account deteriorates then payouts are 'clawed back' through adjustments to future payments. Since 2012 profit related pay plans may be at risk of forfeiture or reduction if, in the opinion of the Remuneration Committee, there has been a serious regulatory breach by the underwriter concerned, including in relation to the Group's policy on conduct risk. |
| Malus and clawback provisions | Malus and clawback provisions apply to all incentives that Executive Directors participate in. |

## Service contracts and payments for loss of office

No loss of office payments have been made in the year.

There is no unexpired term as each of the Executive Directors' contracts is on a rolling basis.

## Non-Executive Directors' fees

The fees of Non-Executive Directors are determined by The Board and are reviewed annually. When setting fee levels consideration is given to levels in comparable companies for comparable services and also to the time commitment and responsibilities of the individual Non-Executive Director. No Non-Executive Director is involved in the determination of their fees.

As announced in February 2023, Clive Bannister will take up the role of Chair of The Board following the AGM on 25 April 2023. Clive Bannister's fee as Chair of The Board has been set at £325,000 and his fee will not be eligible for an increase until 2026. Following the annual review, the Remuneration Committee determined that the base fees for the Non-Executive Directors should increase by 3%, below the general increase of the workforce.

As announced in December 2022, The Board approved the proposal to split its Audit and Risk Committee into a separate Audit Committee and Risk Committee from 1 January 2023. The fee levels have been set taking into account a number of factors, including the expected time commitments and responsibilities of each role and the current fee structure in place.

Details of the Non-Executive Directors' fees payable for the plc Board responsibilities are set out below (the fee for the Chair of The Board is inclusive of subsidiary fees):

| | **2022 fee** | 2023 fee |
|---|---|---|
| Chair of Board fee | **£300,000** | £325,000[1] |
| Basic fee | **£65,000** | £67,000 |
| Senior independent Director fee | **£11,700** | £11,700 |
| Chair of Audit and Risk Committee fee | **£22,500** | – |
| Chair of Audit Committee | **–** | £22,500 |
| Chair of Risk Committee | **–** | £22,500 |
| Chair of Remuneration Committee fee | **£18,100** | £18,100 |
| Membership fee for Non-Executive Directors on the Audit and Risk Committee | **£9,000** | – |
| Membership fee for Non-Executive Directors on the Audit Committee | **–** | £9,000 |
| Membership fee for Non-Executive Directors on the Risk Committee | **–** | £9,000 |
| Membership fee for Non-Executive Directors on the Remuneration Committee | **£5,200** | £5,200 |
| Fee for designated Non-Executive Director representing employee voice | **£5,200** | £5,200 |

1 Christine LaSala is currently acting as interim Chair of The Board and receives a pro-rata fee of £300,000 for the period as interim Chair. Clive Bannister will be appointed Chair of The Board with effect from the AGM on 25 April 2023, the fee has been set at £325,000 for a fixed three-year term.

Beazley operates across Lloyd's, Europe and the US markets through a variety of legal entities and structures. Non-executive Directors, in addition to the plc Board, typically sit on either one of our key subsidiary Boards, namely Beazley Furlonge Ltd, our managing agency at Lloyd's, or Beazley Insurance dac, our Irish insurance company. Non-Executive Directors may receive additional fees for sitting on subsidiary Boards. As a result of developments in regulation, the degree of autonomy in the operation of each Board has increased in recent years, with a consequent increase in time commitment and scope of the role.

No Non-Executive Director participates in the Group's incentive arrangements or pension plan.

Non-Executive Directors are appointed for fixed terms, normally for three years, and may be reappointed for future terms.

Non-Executive Directors are typically appointed through a selection process that assesses whether the candidate brings the desired competencies and skills to the Group. The Board has identified several key competencies for Non-Executive Directors to complement the existing skill-set of the Executive Directors. These competencies may include:
- insurance sector expertise;
- asset management skills;
- public company and corporate governance experience;
- risk management skills;
- finance skills; and
- IT and operations skills.

# Directors' remuneration report
# Annual remuneration report continued

## Non-Executive Directors' service contracts
Details of the Non-Executive Directors' terms of appointment are set out below:

| | Commencement of employment | Expires |
|---|---|---|
| Christine LaSala | 1 Jul 2016 | AGM 2023 |
| Robert A Stuchbery | 11 Aug 2016 | AGM 2023 |
| A John Reizenstein | 10 Apr 2019 | AGM 2025 |
| Nicola Hodson | 10 Apr 2019 | AGM 2025 |
| Rajesh K Agrawal | 1 Aug 2021 | AGM 2025 |
| Pierre-Olivier Desaulle | 1 Jan 2021 | AGM 2024 |
| Fiona M Muldoon | 31 May 2022 | AGM 2025 |
| Cecilia Reyes Leuzinger | 31 May 2022 | AGM 2025 |

The standard approach for Non-Executive Director appointments is that the appointment expires at the AGM following the end of a three year term, notwithstanding the fact that each Non-Executive Director is subject to annual re-election at each AGM.

## Approach to remuneration for employees other than directors
The Committee also has oversight of remuneration arrangements elsewhere in the Group. The following tables set out the additional incentive arrangements for other staff within the organization.

Other incentive arrangements at Beazley (not applicable to executive directors):

| Element | Objective | Summary |
|---|---|---|
| **Profit related pay plan** | To align underwriters' reward with the profitability of their account. | Profit on the relevant underwriting account as measured at three years and later. |
| **Support bonus plan** | To align staff bonuses with individual performance and achievement of objectives. | Participation is limited to staff members not on the executive or in receipt of profit related pay bonus. The support bonus pool may be enhanced by a contribution from the enterprise bonus pool. |
| **Retention shares** | To retain key staff | Used in certain circumstances. Full vesting dependent on continued employment over six years. |

## Underwriter bonus plan – profit related pay plan
Underwriters participate in a profit related pay plan based upon the profitability of their underwriting account. Executive Directors do not participate in this plan.

The objective of the plan is to align the interests of the Group and the individual through aligning an underwriter's reward to the long term profitability of their portfolio. Underwriters who have significant influence over a portfolio may be offered awards under the plan. There is no automatic eligibility. Profit related pay is awarded irrespective of the results of the Group. Awards are capped.

This bonus is awarded as cash and is based upon a fixed proportion of profit achieved on the relevant underwriting account as measured at three years and later. Any movements in prior years are reflected in future year payments as the account develops after three years. For long-tail accounts the class is still relatively immature at the three-year stage and therefore payments will be modest. Underwriters may receive further payouts in years four, five and six (and even later) as the account matures. Therefore each year they could be receiving payouts in relation to multiple underwriting years.

If the account deteriorates as it develops any payouts are 'clawed back' through reductions in future profit related pay bonuses. From 2012 onwards any new profit related pay plans may be at risk of forfeiture or reduction if, in the opinion of the Remuneration Committee, there has been a serious regulatory breach by the underwriter concerned, including in relation to the Group's policy on conduct risk. The Remuneration Committee also have oversight for all materials risk takers who participate in the profit related pay plan.

The fixed proportion is calculated based upon profit targets which are set through the business planning process and reviewed by a Committee formed of Executive Committee members and functional specialists including the Group actuary. Underwriting risk is taken into account when setting profit targets.

In addition to profit related pay, underwriters are also eligible to receive a discretionary bonus, based upon performance, from the enterprise bonus pool. A proportion of this bonus may be paid in deferred shares, which vest after three years subject to continued employment.

## Support bonus plan

Employees who are not members of the executive and who do not participate in the underwriters' profit related pay plan participate in a discretionary bonus pool. This pool provides employees with a discretionary award of an annual performance bonus that reflects overall individual performance including meeting annual objectives.

A proportion of this award may also be dependent on the Group's ROE and therefore allocated from the enterprise bonus pool. A proportion of this bonus may be paid in deferred shares, which vest after three years subject to continued employment.

## UK SAYE

The company operates an HMRC-approved SAYE scheme for the benefit of UK-based employees. The scheme offers a three-year savings contract period with options being offered at a 20% discount to the share price on grant. Monthly contributions are made through a payroll deduction on behalf of participating employees. The UK SAYE scheme has been extended to eligible employees in Singapore, Ireland, Canada, France, Germany and Spain. The Irish SAYE scheme has been approved by the Irish Revenue. However due to changes in Irish regulations in 2021 it was no longer possible to offer an Irish tax approved SAYE plan. Instead, eligible Irish employees were invited to participate in the international SAYE plan offering on a non-tax approved basis. The updated SAYE plan rules were approved at the 2022 AGM.

## US SAYE

The Beazley plc savings-related share option plan for US employees permits all eligible US-based employees to purchase shares of Beazley plc at a discount of up to 15% to the shares' fair market value. Participants may exercise options after a two-year period. The plan is compliant with the terms of section 423 of the US Internal Revenue Code and is similar to the SAYE scheme operated for UK-based Beazley employees.

## Retention shares

The retention plan may be used for recruitment or retention purposes. Any awards vest at 25% per annum over years three to six. In line with policy, existing Executive Directors do not participate in this plan and no Executive Directors have subsisting legacy awards outstanding.

## Annual percentage change in remuneration of directors and employees

| | | | Executive Directors | |
|---|---|---|---|---|
| | | All employees | Adrian P Cox[1] | Sally M Lake[2] |
| 2021 -2022 | Salary | 4.5 | 3.5 | 3.5 |
| | Benefits | 11.3 | 8.8 | 5.8 |
| | Bonus | -3.5 | -45.4 | -46.9 |
| 2020 -2021 | Salary | 3.2 | 23.2 | 11.4 |
| | Benefits | 11.1 | 22.1 | 9.5 |
| | Bonus | 119.3 | n/a | n/a |
| 2019 -2020 | Salary | 3.5 | 2.6 | 2.9 |
| | Benefits | -12.8 | -7.2 | 15.4 |
| | Bonus | -30.5 | -100 | -100 |

# Directors' remuneration report
# Annual remuneration report continued

| | | Non-Executive Directors | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Christine LaSala | David L Roberts[3] | Robert A Stuchbery[4] | Catherine M Woods[8] | A John Reizenstein | Nicola Hodson | Pierre-Olivier Desaulle | Rajesh K Agrawal[5] | Cecilia Reyes Leuzinger[6] | Fiona M Muldoon[7] |
| 2021 -2022[3] | Salary | 31.7 | 13.6 | 8.0 | 2.8 | 5.9 | 8.0 | 14.1 | 12.2 | – | – |
| | Benefits | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | Bonus | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 2020 -2021 | Salary | 8.7 | – | 3.5 | -6.0 | – | – | – | – | – | – |
| | Benefits | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | Bonus | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 2019 -2020 | Salary | 40.0 | 2.5 | 16.6 | 18.1 | 2.5 | 2.5 | – | – | – | – |
| | Benefits | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | Bonus | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Note: Salary and bonus are compared against all employees of the Group. Benefits and pension are compared against all UK employees, reflecting the Group's policy that benefits are provided by reference to local market levels.

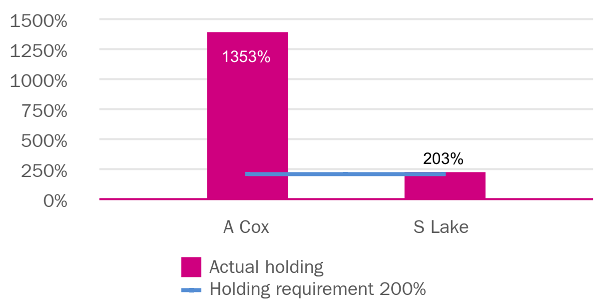
The average fee increase for 2022 was 3%. During 2021 and 2022 a number of the Non-Executive Directors joined additional Board Committees and therefore received additional fees. Therefore, for these Non-Executive Directors, the year-on-year comparisons reflect their additional responsibilities and corresponding fees.

1 Adrian Cox was appointed Chief Executive Officer on 1 April 2021. The percentage change figures for 2021 reflect that his salary increased with effect from this date.
2 Sally Lake's responsibilities as Finance Director were increased as set out earlier in this report. The percentage change figures for 2021 reflect that her salary was increased with effect from 1 April to recognise the increased responsibilities.
3 David Roberts stepped down as Chair of the PLC Board, with effect 21 October 2022. Christine LaSala is acting Interim Chair of The Board plc and Chair of the Nomination Committee (and stepping down as Chair of the Remuneration Committee and Senior independent Director), Robert Stuchbery is acting as Interim Senior independent Director and Nicola Hodson is acting as Interim Remuneration Committee Chair with effect from 24 October 2022. The fees for the impacted Directors has been amended accordingly to reflect their new roles and responsibilities.
4 With effect from 24 October 2022 Robert Stuchbery stepped down as employee voice of the plc Board and Fiona Muldoon took on the role.
5 Rajesh Agrawal joined as a Non-Executive Director of the Remuneration Committee with effect 26 April 2022.
6 Cecilia Reyes Leuzinger joined as a Non-Executive Director of the plc Board, Audit & Risk Committee and Remuneration Committee with effect from 31 May 2022.
7 Fiona Muldoon joined as a Non-Executive Director of the plc Board and Audit & Risk Committee with effect from 31 May 2022.
8 Catherine M Woods stepped down as a Non-Executive Director of the PLC Board with effect from 25 March 2022.

## Statement of Directors' shareholdings and share interests ▪

For the year ending 31 December 2022 the Executive Directors had a shareholding requirement of 200% of salary. The CEO and GFD have met their shareholding guidelines (see chart below). From 2023 the shareholding requirement for the CEO has increased to 300% of salary.

**Shareholding versus holding requirement**



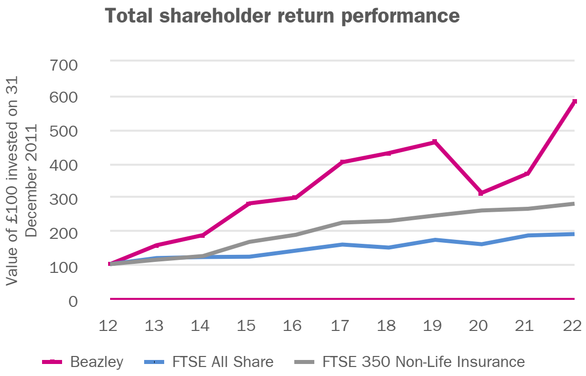
The table below shows the total number of Directors' interests in shares as at 31 December 2022 or date of cessation as a director. As at 27 February 2023, there have been no changes.

| Name | Number of shares owned (including by connected persons) | Conditional shares not subject to performance conditions (deferred shares and retention shares) | Nil cost options subject to performance conditions (LTIP awards) | Options over shares subject to savings contracts (SAYE) | Unexercised nil cost options | Options exercised in the year |
|---|---|---|---|---|---|---|
| Adrian P Cox | 1,126,545 | 134,472 | 694,707 | 0 | - | 34,288 |
| Sally M Lake | 133,281 | 93,736 | 398,473 | 6,250 | - | 10,278 |
| Rajesh K Agrawal | 23,000 | - | - | - | - | - |
| Pierre-Olivier Desaulle | 0 | - | - | - | - | - |
| Nicola Hodson | 1,824 | - | - | - | - | - |
| Christine LaSala | 53,085 | - | - | - | - | - |
| A John Reizenstein | 16,251 | - | - | - | - | - |
| David L Roberts[1] | 98,914 | - | - | - | - | - |
| Robert A Stuchbery | 88,073 | - | - | - | - | - |
| Catherine M Woods[2] | 42,698 | - | - | - | - | - |
| Fiona M Muldoon[3] | 0 | - | - | - | - | - |
| Cecilia Reyes Leuzinger[4] | 26,086 | - | - | - | - | - |

1 David L Roberts stepped down from The Board with effect from 21 October 2022.
2 Catherine M Woods stepped down from The Board at the conclusion of the 2022 AGM.
3 Fiona M Muldoon joined The Board with effect 31 May 2022.
4 Cecilia Reyes Leuzinger joined The Board with effect 31 May 2022.

## CEO Pay versus performance

The following graph sets out Beazley's 10 year total shareholder return performance to 31 December 2022, compared with the FTSE All Share and FTSE 350 Non-Life Insurance indices. These indices were chosen as comparators as they comprise companies listed on the same exchange and, in the case of the Non-Life Insurance index, the same sector as Beazley.



# Directors' remuneration report
## Annual remuneration report continued

| Year | CEO single figure of total remuneration | Annual variable award (% of maximum opportunity) | Long term incentives vesting (% of maximum opportunity) |
|---|---|---|---|
| 2013 | £2,922,392 | 93% | 100% |
| 2014 | £3,745,989 | 74% | 100% |
| 2015 | £3,711,647 | 73% | 100% |
| 2016 | £3,715,146 | 70% | 100% |
| 2017 | £3,140,145 | 38% | 98% |
| 2018 | £1,524,600 | 19% | 41% |
| 2019 | £2,157,018 | 57% | 37% |
| 2020 | £631,890 | – | 6.6% |
| 2021 (D A Horton)[1] | £145,896 | – | – |
| 2021 (A P Cox as CEO) | £2,100,534 | 75% | 17.8% |
| 2022 | £1,505,204 | 38% | 17.5% |

1 DA Horton stepped down as CEO on 31 March 2021 and was succeeded by AP Cox. The figures for AP Cox relate to the whole of 2021, including the portion of the year when he was Chief Underwriting Officer.

### Pay ratio data

The following table provides pay ratio data in respect of the CEO's total remuneration compared to the 25th, median and 75th percentile UK employees.

| Financial year | Method | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|---|---|---|---|---|
| 2022 | Option A | 28:1 | 16:1 | 11:1 |
| 2021 | Option A | 39:1 | 21:1 | 14:1 |
| 2020 | Option A | 13:1 | 7:1 | 5:1 |
| 2019 | Option A | 42:1 | 25:1 | 15:1 |

The employees used for the purposes of the table above were identified on a full-time equivalent basis as at 31 December 2022. Option A was chosen as it is considered to be the most accurate way of identifying the relevant employees. This captures all relevant pay and benefits and aligns to how the single figure table is calculated.

The following table provides salary and total remuneration information in respect of the employees at each quartile for 2022.

| Element of pay | 25th percentile employee | Median employee | 75th percentile employee |
|---|---|---|---|
| Salary | £41,700 | £70,268 | £99,598 |
| Total remuneration | £53,016 | £93,883 | £142,226 |

Note: Salary and bonus are compared against all employees of the UK Group.

Pay ratios have decreased this year primarily as a result of group performance being lower than 2021, driven by a downturn in investment performance due to mark to market losses in a volatile interest rate environment. Thus, reducing variable pay outturns which are dependent on Group performance.

In-line with our pay-for-performance culture a significant portion of the CEO's remuneration is variable and dependant on performance. Therefore there is a direct correlation between Company performance, the CEO's single figure and the pay ratios. The Committee is comfortable that the pay ratios for 2022 align to the pay and progression policies for employees and, that the link between individual awards, the delivery of strategy and the long-term performance of the company through our incentive schemes drive behaviours consistent with company purpose, values and strategy and appropriately motivate and reward.

## Relative importance of spend on pay

The following table shows the relative spend on pay compared to distributions to shareholders:

| | Overall expenditure on pay | Shareholder distributions (dividends in respect of the year) |
|---|---|---|
| 2022 | $302.5m | $110m |
| 2021 | $287.0m | $105m |

## Directors' share plan interests ▪

Details of share plan interests of those directors who served during the period are as follows:

| | Outstanding options at 1 Jan 2022[1] | Options granted | Options exercised | Lapsed unvested | Outstanding options at 31 Dec 2022[2] |
|---|---|---|---|---|---|
| **Adrian P Cox** | | | | | |
| Deferred bonus: | 54,160 | 89,132 | 8,820 | 0 | 134,472 |
| LTIP (see notes): | 603,107 | 216,464 | 21,266 | 103,598 | 694,707 |
| SAYE: | 4,202 | 0 | 4,202 | 0 | 0 |
| **Sally M Lake** | | | | | |
| Deferred bonus: | 24,840 | 72,326 | 3,430 | 0 | 93,736 |
| LTIP (see notes): | 309,854 | 127,962 | 6,848 | 32,495 | 398,473 |
| SAYE: | 6,250 | 0 | 0 | 0 | 6,250 |

### Notes to share plan interests table

| | |
|---|---|
| Deferred bonus | Deferred bonus awards are made in the form of conditional shares that normally vest three years after the date of award. |
| LTIP awards | Performance conditions: all awards are subject to NAVps performance, with 50% measured over a three year period and 50% measured over a five year period. NAVps < RFR+7.5% p.a. equates to 0% vesting, NAVps = RFR+7.5% p.a. equates to 10% vesting, NAVps = RFR+10% p.a. equates to 25% vesting, NAVps = or > RFR+15% p.a. equates to 100% vesting, with straight-line pro-rated vesting between these points. |
| LTIP 2017 – 3/5 year | Awards were made on 8 February 2017 at a mid-market share price of 434.33p. Awards expire in February 2027. |
| LTIP 2018 – 3/5 year | Awards were made on 13 February 2018 at a mid-market share price of 553.33p. Awards expire in February 2028. |
| LTIP 2019 – 3/5 year | Awards were made on 12 February 2019 at a mid-market share price of 510.16p. Awards expire in February 2029. |
| LTIP 2020 – 3/5 year | Awards were made on 11 February 2020 at a mid-market share price of 595.5p. Awards expire in February 2030. |
| LTIP 2021 – 3/5 year | Awards were made on 10 February 2021 at a mid-market share price of 367.0p. Awards expire in February 2031. |
| LTIP 2022 – 3/5 year | Awards were made on 15 February 2022 at a mid-market share price of 485.3p. Awards expire in February 2032. |

## Share prices

The market price of Beazley ordinary shares at 31 December 2022 (the last trading day of the year) was 679.5p and the range during the year was 376.4p to 679.5p.

## Remuneration Committee

The Committee consists of only Non-Executive Directors and during the year the members were; Christine LaSala, Catherine M Woods, Nicola Hodson, Cecilia Reyes Leuzinger, Rajesh K Agrawal and Robert A Stuchbery. The Board views each of the Committee members as independent.

The Committee considers the individual remuneration packages of the CEO, Executive Directors and Executive Committee members. It also has oversight of the salary and bonus awards of individuals outside the Executive Committee who either directly report to Executive Committee members or who have basic salaries over £200,000, as well as the overall bonus pool and total incentives paid by the Group. The terms of reference of the Committee are available on the company's website. The Committee met 8 times during the year. Further information on the key activities of the Committee for 2022 can be found within the statement of corporate governance on page 87.

# Directors' remuneration report
# Annual remuneration report continued

During the year the Committee was advised by remuneration consultants from Deloitte LLP. Total fees in relation to Executive remuneration consulting were £105,000. Deloitte LLP also provided advice in relation to share schemes, tax, internal audit and compliance support.

Deloitte LLP was appointed by the Committee. Deloitte LLP is a member of the remuneration consultants' Group and as such voluntarily operates under a code of conduct in relation to Executive remuneration consulting in the UK. The Committee agrees each year the protocols under which Deloitte LLP provides advice, to support independence. The Committee is satisfied that the advice received from Deloitte LLP has been objective and independent.

Input was also received by the committee during the year from the CEO, head of Culture & People, Company Secretary and Chief Risk Officer. However, no individual plays a part in the determination of their own remuneration.

## Engagement with the workforce

As part of the regular cycle, the Committee is informed of pay and employment conditions of wider employees in the Group and takes these into account when determining the remuneration for Executive Directors.

## Statement of shareholder voting

The voting outcomes of the 2019 remuneration policy and 2021 annual remuneration report and remuneration policy were as follows:

| | Votes for | % for | Votes against | % against | Total votes cast | Votes withheld (abstentions) |
|---|---|---|---|---|---|---|
| 2019 remuneration policy | 373,357,955 | 90.03% | 41,349,712 | 9.97% | 414,707,667 | 5,521 |
| 2021 annual remuneration report | 434,012,961 | 89.49% | 50,960,274 | 10.51% | 484,973,235 | 65,027 |

## Annual general meeting

At the forthcoming annual general meeting to be held on 25 April 2023, a binding resolution will be proposed to approve the Directors' remuneration policy and an advisory resolution will be proposed to approve this annual remuneration report.

I am keen to encourage an ongoing dialogue with shareholders. Accordingly, if you would like to discuss any matter arising from this report or remuneration issues generally, please email Christine Oldridge at christine.oldridge@beazley.com.

By order of The Board

**Nicola Hodson**
**Interim Remuneration Committee Chair**
12 March 2023

# Statement of Directors' responsibilities in respect of the annual report and financial statements

**The Directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable United Kingdom law and regulations.**

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent company financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group financial statements are required to be prepared in accordance with UK adopted IFRSs and the requirements of the Companies Act 2006.

Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group and the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the Group financial statements, state whether UK adopted IFRSs and the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether IFRSs in conformity with the Companies Act have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the company and the Group financial statements comply with Section 403 of the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement of the directors in respect of the annual financial report

Each of the Directors, whose details can be found on pages 77 to 78, to the best of their knowledge confirm that:

- that the consolidated financial statements, prepared in accordance with UK adopted IFRSs and the requirements of the Companies Act 2006 give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report and the Directors' report, together includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- we consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

**C LaSala**
**Chair**

**S M Lake**
**Group Finance Director**

12 March 2023

# Directors' report

"I have enjoyed supporting The Board through a year of change and also engaging with a number of shareholders through our remuneration policy consultation."

**Christine Oldridge**
Company Secretary

## Principal activity
Beazley plc (registered number 09763575) is the ultimate holding company for the Beazley Group, a global specialist risk insurance and reinsurance business operating through: its managed syndicates at Lloyd's in the UK; Beazley Insurance Company, Inc. and Beazley American Insurance Company, Inc., both of which are admitted insurance carriers in the US; and Beazley Insurance dac, a European insurance company in Ireland.

## Management report
The Directors' report, together with the strategic report on pages 1 to 71, serves as the management report for the purpose of Disclosure, Guidance and Transparency Rule 4.1.8R.

## Directors' responsibilities
The statement of Directors' responsibilities in respect of the annual report and financial statements is set out on page 139.

## Review of business
A more detailed review of the business for the year and a summary of future developments are included in the statement of the Chair, the Chief Executive Officer's statement and the financial review.

## Results and dividends
The consolidated profit before taxation for the year ended 31 December 2022 amounted to $191.0m (2021: $369.2m). The directors have approved an interim dividend of 13.5p (2022: 12.9p) in March 2023.

## Future business developments
Information relating to future business developments can be found in the strategic report.

## Going concern and viability statement
The financial review on page 58 contains details of the financial position of the Group, its cash flows and its borrowing facilities.

After reviewing the Group's current and forecast solvency and liquidity positions, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of 12 months from the date of this report. For this reason, The Board considers it appropriate for the Group to continue to adopt the going concern basis in preparing its accounts.

Further information on The Board's assessment of the Group as a going concern is contained in note 1.2 to the financial statements on page 167.

In accordance with the UK Corporate Governance Code (the 'Code'), the directors have assessed the viability of the Group. The viability statement, which supports the going concern basis mentioned above, is included in the risk management section on page 67.

## Information to be disclosed under LR9.84R
Information on interest capitalised is shown in note 25 on page 221. Details of long-term incentive schemes are provided in the Directors' remuneration report on page 111. Details of the allotment for cash of equity securities made during the period can be found on page 142.

## Equity raise

An allotment was made on 18 November 2022 otherwise than to the holders of the company's equity shares in proportion to their holdings of such equity shares and which was not specifically authorised by the company's shareholders. The details of the allotment are set out below in accordance with LR 9.8.4R(7) and the most recently published Pre-Emption Group Statement of Principles (2022).

| | |
|---|---|
| **Transaction details** | In aggregate, the equity raise of 60,959,017 ordinary shares with a nominal value of £3,047,950.85 represented approximately 9.99% of the company's issued ordinary share capital.<br><br>Settlement for the New Ordinary Shares and Admission took place on or before 8.00 a.m. on 18 November 2022. |
| **Use of proceeds** | The proceeds will be used to support organic growth and provide growth capital to fund attractive underwriting opportunities while maintaining a strong balance sheet that can withstand a range of stress scenarios.<br><br>The proceeds of the equity raise are not intended to be used for any acquisition or specified capital investment. |
| **Quantum of proceeds** | In aggregate, the equity raise represents gross proceeds of approximately £350 million and net proceeds of approximately £340 million. |
| **Discount** | The Issue Price of 575 pence per share represents a discount of 8% to the closing share price of 625 pence per share on 15 November 2022. |
| **Allocations** | Soft pre-emption was adhered to in the allocations process. Management was involved in the allocations process, which was carried out in compliance with the MIFID II Allocation requirements. Allocations made outside of soft pre-emption were preferentially directed towards existing shareholders in excess of their pro rata, and wall-crossed accounts. |
| **Consultation** | The joint bookrunners undertook a pre-launch wall-crossing process, including consultation with major shareholders, to the extent reasonably practicable and permitted by law. |
| **Retail investors** | The equity raise included a Retail Offer, for a total of 529,036 Retail Offer Shares.<br><br>Retail investors, who participated in the Retail Offer, were able to do so at the same Issue Price as all other investors participating in the Placing and Subscription.<br><br>The Retail Offer was made available to existing shareholders and new investors in the UK. Investors had the ability to participate in this transaction through ISAs and SIPPs, as well as General Investment Accounts (GIAs). This combination of participation routes meant that, to the extent practicable on the transaction timetable, eligible UK retail investors (including certificated retail shareholders) had the opportunity to participate in the equity raise alongside institutional investors.<br><br>Allocation preference was given to existing shareholders pursuant to the Retail Offer in keeping with the principle of soft pre-emption. |

## Research and development

In the ordinary course of business, the Group develops new products and services in each of its business divisions and develops IT solutions to support the business requirements.

## Auditor

Ernst & Young LLP ('EY') has indicated its willingness to continue in office. Resolutions to reappoint EY as auditor of the company and authorise the audit committee to determine their remuneration will be proposed at the 2023 AGM.

## Disclosure of information to auditor

Each of the directors in office at the date of approval of this Directors' report confirms that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

# Directors' report continued

## Directors

The Directors of the company who served during 2022 and/or to the date of this report were as follows:

| | |
|---|---|
| Adrian Peter Cox | Chief Executive Officer |
| Anthony Jonathan Reizenstein | Non-Executive Director |
| Catherine Marie Woods | Non-Executive Director (resigned 25/03/2022) |
| Celia Reyes Leuzinger | Non-Executive Director (appointed 31/05/2022) |
| Christine LaSala | Non-Executive Director (until 21/10/2022) / interim Non-Executive Chair (appointed 21/10/2022) |
| Clive Bannister | Non-Executive Director/ Chair Designate (appointed 08/02/2023) |
| David Lawton Roberts | Non-Executive Chair (resigned 21/10/2022) |
| Fiona Margaret Muldoon | Non-Executive Director (appointed 31/05/2022) |
| Nicola Hodson | Non-Executive Director |
| Pierre-Oliver Desaulle | Non-Executive Director |
| Rajesh Agrawal | Non-Executive Director |
| Robert Arthur Stuchbery | Non-Executive Director |
| Sally Michelle Lake | Group Finance Director |

The Board is complying with the provision on annual re-election of all Directors in accordance with the Code. The appointment and replacement of Directors is governed by the company's Articles of Association (the 'Articles'), the Code, Companies Act 2006 and related legislation. The Articles may be amended by a special resolution of the shareholders. Subject to the Articles, Companies Act 2006 and any directions given by special resolution, the business of the company will be managed by The Board which may exercise all the powers of the company.

Further information can be found in the Statement of Corporate Governance on page 75.

## Directors' interests

The Directors' interests in shares of the company, for those Directors in office at the end of the year, including any interests of a connected person (as defined in the Disclosure, Guidance and Transparency Rules of the UK's Financial Conduct Authority), can be found in the Directors' Remuneration report on page 111. Details of Directors' service contracts are given in the Directors' remuneration report. The Directors' biographies are set out in The Board of Directors' section of the annual report on pages 77 to 78.

## Directors' indemnities

The company maintains Directors' and Officers' Liability insurance which gives appropriate cover for any legal action taken against its Directors. The company has also granted indemnities to each of its Directors to the extent permitted by law in respect of costs of defending claims against them and third-party liabilities. A copy of the indemnity is available for inspection at the company's registered office during normal business hours. These provisions, deemed to be 'qualifying third-party indemnity provisions' pursuant to section 234 of the Companies Act 2006, were in force during the year ended 31 December 2022 for the benefit of the then Directors of the company and remain in force as at the date of this report for the current Directors of the company.

## Conflicts of interest

The Board has established procedures for the management of potential and actual conflicts of interest of the Directors in accordance with the Companies Act 2006 and the Articles of Association. All Directors are responsible for notifying the Company Secretary and declaring at each Board meeting any new actual or potential conflicts of interest. The Directors are also responsible for declaring any existing conflicts of interest which are relevant to transactions to be discussed at The Board meeting. None of the Directors had any significant contract with the company or with any Group undertaking during the year.

## Substantial shareholdings

As at 28 February 2023, The Board had been notified of, or was otherwise aware of, the following shareholdings of 3% or more of the company's issued ordinary share capital:

| | Number of ordinary shares | % |
|---|---|---|
| Fidelity Management & Research | 61,369,569 | 9.1 |
| MFS Investment Management | 50,528,997 | 7.5 |
| Wellington Management | 46,244,628 | 6.9 |
| BlackRock | 33,600,828 | 5.0 |
| Vanguard Group | 28,252,117 | 4.2 |
| Platinum Asset Management | 23,134,491 | 3.5 |
| Janus Henderson Investors | 21,558,731 | 3.2 |

Note: All interests disclosed to the company in accordance with DTRs can be found in the news and alerts section of our corporate website: www.beazley.com.

## Share capital

As at 31 December 2022, the company's issued share capital comprised 671,204,020 ordinary shares, each with a nominal value of 5p and representing 100% of the total issued share capital. Details of the movement in ordinary share capital during the year can be found in note 21 on page 206. There are no restrictions on the transfer of shares in the company other than as set out in the Articles of Association and certain restrictions which may from time to time be imposed by law and regulations.

## Authority to purchase own shares

On 25 March 2022 shareholders approved an authority, which will expire on 25 June 2023 or, if earlier, at the conclusion of the 2023 Annual General Meeting (AGM), for the company to repurchase up to a maximum of 60,924,299 ordinary shares (representing approximately 10% of the company's issued ordinary share capital at that time).

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of the financial management of the company. A resolution will be proposed at the 2023 AGM to renew the authority for the company to purchase its own share capital up to the specified limits for a further year. More detail of this proposal is given in the notice of AGM.

## Significant agreements – change of control

Details of an agreement to which the company is party that alters on change of control of the company following a takeover bid are as follows.

In 2021 we renewed the $450m multi-currency standby letter of credit and revolving credit facility. Key terms remain unchanged. The agreement, which is between the company, other members of the Group and various banks, provides that if any person or groups of persons acting in concert gains control of the company or another group obligor, then: (a) the banks are thereafter not obliged to participate in any new revolving advances or issue any letter of credit; and (b) the facility agent may:

(i) require the Group obligors to repay outstanding revolving advances made to them together with accrued interest; and

(ii) ensure that the liabilities under letters of credit are reduced to zero or otherwise secured by providing cash collateral in an amount equal to the maximum actual and contingent liabilities under such letters of credit.

Furthermore, the facility agreement includes a covenant that no group obligor (other than a wholly owned subsidiary) will, without prior consent of the banks, amalgamate, merge (within the meaning of generally accepted accounting principles in the UK), consolidate or combine by scheme of arrangement or otherwise with any other corporation or person. If this covenant should be breached without prior consent, then the facility agent may: (a) require the Group obligors to repay outstanding revolving advances made to them together with accrued interest; (b) ensure that the liabilities under letters of credit are reduced to zero or otherwise secured by providing cash collateral in an amount equal to the maximum actual and contingent liabilities under such letters of credit; (c) declare that any unutilised portion of the facility is cancelled; and (d) give a notice of non-extension to Lloyd's in respect of any letter of credit.

## Annual general meeting

The AGM of the company will be held on 25 April 2023 at 14.30. The notice of the AGM details the business to be put to shareholders.

## Corporate, social and environmental responsibility

The company's corporate, social and environmental activities are set out in the statement of the Chair on page 8 and the Responsible Business section on page 21. During 2022, Beazley and employees donated over $470,000 to charities, details of which can be found in the Responsible Business section.

## Employee engagement

We are committed to employee involvement across the business. We place great emphasis on open and regular communication, to ensure employees are well informed of Beazley's performance and strategy. Active employee engagement has always been a priority and has become increasingly important due to our activity based working policies which allow colleagues to work flexibly and as many of our teams are based across different locations. During the year, regular all-employee meetings, Q&As with senior management and smaller meetings between leadership and groups of employees have taken place both virtually and in person.

The Chief Executive Officer provides a periodic general business update to all employees by email. He also communicates the key focus areas of the Executive Committee via a regular podcast and other areas of interest via regular virtual meetings. The intranet is accessible by all employees and is a useful source of company information.

During 2022, all employees were invited to participate in surveys on the business and its culture and on Beazley's leadership. The key findings from these surveys and actions to address these findings are discussed by The Board. Insight gained through various employee networks and via the day-to-day engagement of senior management with the workforce was also shared with The Board. In addition, employee views have been obtained by the Non-Executive Director nominated by The Board, this was Bob Stuchbery, for much of 2022 and was replaced by Fiona Muldoon in November 2022. Throughout the year, Bob and Fiona have attended a variety of forums with employees to get direct feedback. Further information on our employee engagement activities and how feedback has informed decisions can be found in the Stakeholder engagement report on page 50.

Employees are able to share financially in Beazley's success. Annual bonus payments may be awarded and relate to the performance of the company, as well as an individual's own performance. The company operates a Save As You Earn scheme to support share ownership amongst employees, and a long-term incentive plan is offered to senior employees. A share incentive plan is also to be put to shareholders at the 2023 annual general meeting.

# Directors' report continued

## Inclusion & diversity

Information concerning inclusion and diversity, including statistics on the number of women in senior leadership roles, can be found in the Responsible Business section on page 21 and in the Nomination Committee report on page 100.

A key part of Beazley's strategy is to attract and nurture talented colleagues who champion diversity of thought. We are committed to providing equal opportunities irrespective of age, disability, gender reassignment, marital status, pregnancy and maternity, race, nationality or ethnic origin, religion or religious beliefs, sexuality, socio-economic group or working pattern. We hire people with wide perspectives, leading to a more dynamic, innovative, and responsive organisation in touch with the changing world and marketplace. All applications for employment are objectively assessed on the basis of the skills and aptitudes of the applicant in light of the requirements of the role.

It is the policy of the Group that the training, career development and promotion of disabled persons should, so far as possible, be identical to that of other employees. In the event an employee becomes disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate support is arranged.

## Political donations policy

It is the policy of the Beazley Group that no political donations are made for and on behalf of the company and its subsidiaries.

## Carbon emissions

The following data is set out to demonstrate compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements set out by HM UK Government in the Companies Act 2006 (strategic report and directors' report) Regulations 2013 and the Companies (directors' report) and Limited Liability Partnerships (energy and carbon report) Regulations 2018.

## Methodology

The scope of this reporting differs from the carbon emissions reported in the metrics section of the TCFD report, in that it only covers UK-based operations. Global comparisons for overall energy consumption are also provided for reference. Data has been collated from a number of sources. For all travel including car hire, hotels, rail, air and taxi use data has been provided from our booking agent partners, or through invoices on our accountancy system. Energy data and company car details have been sourced from utility bills and lease agreements, respectively.

### Company cars

Fuel economy data has been based on the worst-case fuel consumption figures cited by the manufacturer. This has enabled the kWh energy associated with the car to be calculated. There were seven company cars used across 2022 of which six are current at the end of 2022. Five of these cars are either hybrids or electric.

### Electricity for utilities

UK locations cover our London and Birmingham offices. Europe locations cover our offices in Dublin, Barcelona, Paris and Munich. Rest of the World locations cover our presence in Montreal. US locations cover our offices in New York, Farmington, Miami, Chicago, Atlanta, Boston, San Francisco, and Dallas.

### Car hire

There was no UK car hire in 2022.

### Exclusions

Energy consumption from business travel, with the exception of company cars, has not been included as Beazley does not operate the transport in question.

### Energy report

Beazley has a total of 2,019.70 FTE staff (including contractors) as at 1 January 2023, of which are considered in scope for the global energy consumption reported in the tables below. Within the UK, Beazley has 1,048.85 FTE (including contractors). This is the equivalent of 49.5% of our global workforce.

### Company cars

The total estimated kWh equivalent for fuel consumption in 2022 is 38,644.28 kWh.

### Energy for heating, cooling and small power

There was no direct gas use within Beazley operations in 2022, with landlords providing heating to our offices.

| | Energy consumption kWh | | |
|---|---|---|---|
| Electricity | 2020 | 2021 | 2022 |
| UK | 1,950,688.05 | 1,456,414.91 | 401,331.67 |
| Europe | 379,139.21 | 362,193.00 | 242,077.00 |
| USA | 2,708,550.00 | 2,708,550.00 | 2,607,072.00 |
| Total | 5,038,377.26 | 4,527,158.00 | 3,250,481.00 |

We were able to procure energy from certified renewable sources for the following locations in 2022:

| Office location | Energy consumption (kWh) |
|---|---|
| London | 323,420.17 |
| Dublin | 124,496.26 |
| Barcelona | 51,892.00 |
| Paris | 39,410.00 |

### Car hire

There was no in scope energy use related to car hire in 2022. Globally energy use from car hire was estimated to be 36,130.67.

### Overall energy consumption

Within the scope of the SECR, total energy consumption within the UK was 401,331.67 kWh. This equates to 382.64kWh/FTE down from 1,640.43kWh/FTE in 2021. This reduction is primarily due to reduction in office space Beazley held in 2022, when compared to 2021 where there was a period of cross over between the Group's old and new London offices. Global energy arising from electricity use from Beazley's operations within the same scope was 3,250,481kWh, which equates to 1,778.79 kWh/FTE.

For carbon emissions associated with Beazley's operations in the UK, please see pages 46 and 47 of this report for Scope 1 and Scope 2 emissions.

### Target for 2023

Beazley has set itself a target to reduce normalised $CO_2$ emissions by 50% in 2022. This is against a baseline year of 2019. This target does not allow for the offsetting of these emissions through recognised schemes. In 2022, our energy savings will be driven by continued efficiency of our building operations. Although out of scope for SECR, it should be noted that further energy savings will be achieved through reducing our business travel, as we are using online alternatives to undertake many of our business meetings.

## Financial instruments

Derivatives are used to manage the Group's capital position, details of these derivatives are contained in note 17 to the financial statements. Disclosure with respect to financial risk is included in the Risk management and compliance report on page 67 and in note 2 to the financial statements.

## Matters disclosed in the strategic report

The Directors consider the following matters of strategic importance and have chosen to disclose these in the strategic report to the accounts as permitted by section 414C (11) of the Companies Act 2006:

| | |
|---|---|
| • Future business developments | Chief Executive Officer's statement (page 11)<br>Chief Underwriting Officer's report (page 13) |
| • Employee engagement | Section 172 statement (page 55) |
| • How the directors have had regard to the need to foster business relationships with suppliers, customers and others, and the impact of this regard on decision making | Section 172 statement (page 55) |
| • Carbon emissions and Streamlined Energy and Carbon Reporting | Responsible business (page 21) |

## Matters disclosed elsewhere within the annual report

The following matters are disclosed in the notes to the financial statements:

| | |
|---|---|
| • Financial risk management objectives and policies including credit risk, liquidity risk | Note 2 (page 176) |
| • Details of hedge accounting and derivative financial instruments | Note 1 (page 163) |
| • Details of any overseas branches | Note 31 (page 229) |
| • Recent developments and post balance sheet events | Note 34 (page 231) |

**C P Oldridge**
**Company Secretary**
22 Bishopsgate
London

EC2N 4BQ

**12 March 2023**

# Independent auditor's report
# to the members of Beazley plc

## Opinion

In our opinion:

- Beazley plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Beazley plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise:

| Group | Parent company |
|---|---|
| Consolidated statement of profit or loss for the year then ended 31 December 2022 | |
| Statement of comprehensive income for the year then ended | Statement of comprehensive income for the year ended 31 December 2022 |
| Statement of changes in equity for the year then ended | Statement of changes in equity for the year then ended |
| Statement of financial position as at 31 December 2022 | Statement of financial position as at 31 December 2022 |
| Statement of cash flows for the year then ended | Statement of cash flows for the year then ended |
| Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies (except for note 2 where it is marked as unaudited). | Related notes 1 to 34 to the financial statements including a summary of significant accounting policies. |

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting involved evaluating the reasonableness of the Group's going concern assessment. Beazley's going concern assessment period used was 12 months from the date the financial statements were authorised for issue. We verified that The Board approved the forecasts used in management's analysis and determined whether management's going concern period was appropriate. With support from our actuaries, we challenged and independently stressed the assumptions used by Beazley to develop their forecast, which included liquidity projections and reviewed the clerical accuracy of Beazley's base case, as well as assessed the accuracy of management's historic forecasts to actual performance. Furthermore, management assessed the Group's solvency and liquidity position if a natural catastrophe or cyber catastrophe occurred, including potential mitigation actions that management could take to maintain viability. We evaluated the reasonableness and timeliness of these mitigating actions that management could put in place.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period of twelve months from the date the financial statements are authorised for issue.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.  However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

**Overview of our audit approach**

| | |
|---|---|
| Audit scope | • We performed an audit of the complete financial information of two components ((Syndicate 2623 and Beazley Insurance Company Inc ('BICI')) and audit procedures on specific balances for a further six components (Syndicate 3623, Beazley Insurance dac (' BIdac'), Beazley Furlonge Limited ('BFL'), Beazley Management Limited ('BML'), Beazley plc and Beazley Services USA Inc. ('BUSA')) and other audit procedures on group wide processes.<br>• The components where we performed full or specific audit procedures accounted for 95% of Profit before tax, 96% of Revenue and 98% of Total assets. |
| Key Audit Matters | • Valuation of gross Insurance claims Liabilities and reinsurers' share of Incurred but not reported ('IBNR')<br>– Actuarial assumptions used in estimating gross IBNR and reinsurers' share of IBNR, and<br>– Data<br>• Measurement of estimated premium income<br>• Valuation of level 3 financial investments |
| Materiality | • Overall group materiality of \$11.3m (2021: \$11.2m) which represents 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses and the gain on sale of the Beazley Benefit business. (2021: 5% of pre-tax profits on a 5-year average adjusted for Covid- 19 losses and the gain on sale of the Beazley Benefit business). |

## An overview of the scope of the parent company and Group audits

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group.  Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes to the business environment and other factors when assessing the level of work to be performed at each reporting component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 34 legal entities within the Group, we selected eight entities covering components within UK, Ireland and US which represent the material business units within the Group. Of these entities, we designated two as full scope components (Syndicate 2623 and Beazley Insurance Company Inc(and six as specific scope components (Syndicate 3623, Beazley Services USA Inc., Beazley Insurance dac '), Beazley Furlonge Limited, Beazley Management Limited and Beazley plc).

Details of the eight reporting components are set out below:

| Component | Scope | Auditor |
|---|---|---|
| Syndicate 2623 | Full | EY Component Team (UK) |
| BICI | Full | EY Component Team (New York) |
| Syndicate 3623 | Specific | EY Component Team (UK) |
| Beazley Services USA Inc | Specific | EY Component Team (New York) |
| BIDAC | Specific | EY Primary Team |
| Beazley Furlonge Limited | Specific | EY Primary Team |
| Beazley Management Limited | Specific | EY Primary Team & EY Component Team (New York) |
| Beazley Plc | Specific | EY Primary Team |

# Auditors' report continued

In addition to the above we perform specific audit procedures over Group wide processes.

Of the eight components selected, we performed an audit of the complete financial information of two components ("full scope components") which were selected based on their size or risk characteristics. For the remaining six components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. For group-wide processes we performed audit procedures over the specific accounts which consist of IBNR and Reinsurers' share of IBNR, Taxation, Cash and cash equivalents, Share based payments, Right of use assets, Lease liabilities, Financial assets and Intangible assets (indefinite life).

The reporting components where we performed audit procedures accounted for 95% (2021:97%) of the Group's Profit before tax, 96% (2021: 96%) of the Group's Revenue and 98% (2021: 99%) of the Group's Total assets. For the current year, the full scope components contributed 87% (2021: 90%) of the Group's Profit before tax, 89% (2021: 90%) of the Group's Gross Written Premium and 7% (2021: 10%) of the Group's Total assets. The specific scope component contributed 8% (2021: 7%) of the Group's Profit before tax, 7% (2021: 6%) of the Group's Gross Written Premium and 91% (2021: 89%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 26 legal entities that together represent 5% (2021: 3%) of the Group's Profit before Income Tax, none are individually greater than 4% (2021: 4%) of the Group's Gross Written Premium, none are individually greater than 2% (2021: 1%) of the Group's total assets. For these components, we performed other procedures, including analytical review, testing of significant balances, review of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

## Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from the UK and other EY global network firms operating under our instruction.

The primary audit team provided detailed audit instructions to the component team which included guidance on areas of focus, including the relevant risks of material misstatement detailed above, and set out the information required to be reported to the primary audit team.

For three specific scope components (BIDAC, Beazley Furlonge Limited, Beazley Management Limited) and all group-wide processes, all audit procedures were performed directly by the primary audit team whilst the other full scope components (BICI and Syndicate 2623) and specific scope component (Beazley Services USA Inc and Syndicate 3623) were audited by component audit teams in the United States of America and United Kingdom respectively. For the companies where the work was performed by component auditors, the primary audit team was responsible for the scope and direction of the audit process and the primary audit team determined the appropriate level of involvement to enable us to determine that sufficient audit evidence has been obtained as a basis for our opinion on the Group as a whole.

The Senior Statutory Auditor, Stuart Wilson maintained oversight of the UK and US component teams through a programme of meetings (both in person and virtually) with management of each significant component and held regular team interactions with the component teams during various stages of the audit.

The work performed on the components, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

## Climate change

There has been increasing interest from stakeholders as to how climate change will impact Beazley. The Group has determined that the most significant future impacts from climate change on their operations will be from underwriting portfolio management, exposure risk appetite management and investment portfolio management. These are explained on pages 29 to 49 in the required Task Force for Climate related Financial Disclosures, which form part of the "Other information," rather than the audited financial statements as explained below. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

As explained in the Basis of Preparation note governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and timing of future cash flows under the requirements of International Financial Reporting Standards. As explained in note 1, management believe that reasonably possible changes arising from climate risks would not have a material impact on asset and liability valuations at the year-end date.

Our audit effort in considering climate change was focused on validating this assertion, through considering the potential effects of climate risks on asset values and associated disclosures where values are determined through modelling future cash flows. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures. Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Whilst the Group have stated their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the Group are currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

# Auditors' report continued

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Committee |
|---|---|---|
| **Valuation of Gross Insurance claims Liabilities of $7,382.5m and reinsurers' share of IBNR of $2,066.8m. (PY comparative Gross: $6,399.1m and reinsurers' share of IBNR: $1,458.0m)**<br>*Refer to the Audit and Risk Committee Report (page 94); Accounting policies (pages 168 and 170); and Note 24 of the Consolidated Financial Statements (pages 211 to 220).*<br>One of the most significant financial statement risk areas from both a business and an audit perspective is the valuation and adequacy of the claims liabilities held by the Group. Gross claims liabilities, and the related reinsurance on IBNR are inherently uncertain and subjective by nature and therefore are more susceptible to fraud or error than other financial statement balances. A small manipulation of an assumption could have a significant impact on the result for the year. This could lead to insurance liabilities not falling within a reasonable range of estimates, resulting in a misstatement in the financial statements. Additionally, the valuation process is conditional upon the accuracy and completeness of the data.<br>We have split the risk relating to the valuation of insurance liabilities into the following component parts:<br>• Actuarial assumptions used in estimating gross IBNR and reinsurers' share of IBNR; and<br>• Data | | |
| The assumptions used to develop the IBNR reserves, which make up a significant component of the insurance liabilities (gross and reinsurers' share on IBNR), involve a significant degree of judgement. As a result we focused on this area as the valuation can be materially impacted by various factors including<br>• The risk of inappropriate assumptions used in determining gross IBNR and reinsurers' share of IBNR, especially on:<br>◦ Newer or growing classes of business, due to reliance on expert judgement in management's estimates due to the limited historical data available and limitations in use of market data; and<br>◦ Classes subject to changing claims environment or trends such as Cyber, due to greater reliance on expert judgement in management's estimates due to limited relevance of historical data to form a view on future claim development.<br>• The risk that IBNR loss reserve estimates in respect of catastrophe and large claims losses are insufficient due to the size and extent of these losses being uncertain. The areas we consider as key areas of judgement include the tail development and consistency of reserves specifically on reserving classes where prior year deteriorations are seen, premium rate increases are assumed, and inflationary trends, including social inflation, are experienced. | To obtain sufficient audit evidence to conclude on the appropriateness of actuarial assumptions, we engaged our actuaries as part of our audit team and performed the following procedures:<br>• Obtained an understanding and tested the design effectiveness of key controls over management's process in respect of the valuation of gross IBNR and reinsurers' share of IBNR including the setting and updating of actuarial assumptions and the reinsurance netting down process to calculate the reinsurers' share of IBNR from the gross IBNR.<br>• Assessed the reserving methodology on a gross basis and net of reinsurers' share of IBNR. This also involved comparing the Group's reserving methodology with industry practice.<br>• Performed independent re-projections of IBNR applying our own assumptions, across all classes of business for attritional claims on a net of reinsurance and gross basis and compared these to management's results as at 31 December 2022.<br>• Assessed whether the assumptions, such as inflation, applied to key areas of uncertainty were appropriate based on our knowledge of the Group, industry practice and regulatory and financial reporting requirements. As part of our re-projections of the net and gross IBNR, we have formed an independent view of the additional claims cost arising from the current economic inflationary environment.<br>• Compared premium rate increases against industry benchmarks and held discussions with management's underwriting and actuarial teams to understand any variances seen. Additionally, we reviewed evidence of renewals to verify the cause of rate increases which included determining the reasonableness of the factors used to convert price changes to rate increases.<br>• Benchmarking quantum of catastrophe losses, large losses, assumptions, and rates used in inherently uncertain classes and new growing classes, against other comparable industry participants to challenge and assess the reserving assumptions. | We determined that the actuarial assumptions as a whole, which are used by management are reasonable based on our analysis of the experience to date, industry practice and the financial and regulatory requirements. We therefore concluded that IBNR reserves lie within a reasonable range of possible outcomes. |

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Committee |
|---|---|---|
| **Data**<br>The valuation of insurance liabilities depends on complete and accurate data used in the actuarial process as this data is used to form expectations about future claims. | To obtain sufficient audit evidence to assess the integrity of premiums, paid and outstanding claims data used to determine the gross and net of reinsurance reserves, we performed the following procedures:<br>• Obtained an understanding of the process and tested the design and operating effectiveness of key controls over management's data collection, extraction, and validation process.<br>• Tested the completeness and accuracy of the claims, reinsurance programme and premium data used within the reserving process by reconciling the data used in the actuarial projections to the underlying policy administration, reinsurance, and finance systems.<br>• For a sample of paid and outstanding claims we corroborated to underlying supporting evidence. For paid claims this included authorisation requests and bank statements. For claims outstanding we obtained an understanding of management's process of setting claims reserves and tested the design and operating effectiveness of key controls within the claim outstanding process. For a sample of outstanding claims, we held discussions with claims handlers to further understand the background of the claims and assess the reasonableness of the assumptions made in setting the reserve. We also obtained supporting evidence, where relevant, including lawyer or defence counsel reports provided by third parties to corroborate the year end balances.<br>• Additionally, for claims outstanding we assessed the consistency in reserving methodology used in the current year compared to the methodology used in previous years for similar claims. | We determined based on our audit work that the data used for the actuarial model inputs was materially complete and accurate. |
| **Measurement of estimated premium within Gross Written Premium income (Gross Written Premium $5,268.7m, PY comparative $4,618.9m)**<br>*Refer to the Audit and Risk Committee Report (page 94) and Accounting policies (pages 168 and 169).*<br>For certain contracts, premium is initially recognised based on estimates of ultimate premium. This occurs where pricing is based on variables which are not known with certainty at the point of binding the policy. Subsequent adjustments to those estimates arise as updated information relating to those pricing variables becomes available and are recorded in the period in which they are determined. These estimates are judgemental and therefore could result in misstatements of revenue recognised in the financial statements. | Our procedures included:<br>• Obtaining an understanding of the process and testing the design and operating effectiveness of key controls, including the monitoring of estimated premium income.<br>• Performing independent re-projections of ultimate premium per underwriting year for the 2021 and prior underwriting years where ultimate premiums are booked, applying our own assumptions and comparing these to the Group's booked ultimate premium on a class of business including distribution channel basis. Where there were significant variances, we challenged management's assumptions used for bias and consistency in approach from prior year.<br>• For the data used in our independent re-projections we corroborated premium data to underlying policy and finance systems in order to test the completeness and accuracy of this data set. This was performed through testing of key reconciliations to external sources such as external service organisations reports.<br>• For a sample of policy estimates in respect of the 2022 underwriting year, we corroborated the estimated premium for polices such as binders and inward reinsurance to supporting evidence such as signed slips. Additionally, to corroborate estimates, including for coverholder business, where similar policies and binders have been written previously, we performed back testing of historical estimated premium income compared to actual premium signed. | Based on the results of the procedures performed we concluded that premium estimates had been recorded appropriately. |

# Auditors' report continued

| Risk | Our response to the risk | Key observations communicated to the Audit and Risk Committee |
|---|---|---|
| **Valuation of level 3 investments ($255.4m, PY comparative $315.8m)**<br>*Refer to the Audit and Risk Committee Report (page 94); Accounting policies (page 168 and 172) and Note 16 of the Consolidated Financial Statements (pages 199 to 204).*<br>Investments in level 3 assets predominately comprise illiquid credit asset funds managed by third party managers (generally closed end limited partnerships or open-ended funds). The investments themselves are in many cases private and unquoted. These assets are inherently harder to value due to the inability to obtain a market price of these assets as at the balance sheet date. Therefore, there is judgement in both deriving the price and the timeliness of receiving the information from the third-party managers, either of which could result in misstatements of the value recognised in the financial statements. Additionally, Beazley holds syndicate loans which are funds provided by Beazley's group syndicates to the Central Funds at Lloyd's in respect of the 2019 and 2020 underwriting years.<br>Observable inputs are not readily available for the valuation of Syndicate loans and so management use models with other inputs to estimate their value. We consider that the key risks on the valuation of Syndicate loans relates to (i) the assumptions used, as these are largely based on non-observable inputs (ii) the appropriateness of the valuation methodology applied to derive the fair value. | To obtain sufficient audit evidence to conclude on the appropriateness of valuation of level 3 investments, we performed the following procedures for a sample of investments:<br>• Obtained an understanding of the valuation process and tested the design effectiveness of key controls.<br>• Obtained net assets valuation ('NAV') statements provided by third party administrators in respect of all investments and compared these to management's valuations.<br>• Assessed management's valuations by performing independent back testing of recent realisations, to confirm that NAV is an appropriate proxy for fair value.<br>• Obtained the most recent audited financial statements for each fund and inspected liquidity and going concern disclosures for indication of impairment. Furthermore, we inspected the relevant accounting policies to confirm that the underlying investments are being held at fair value to support the NAV being a suitable proxy for fair value.<br>• Performed retrospective testing to establish historic consistency between the booked and final audited valuation positions in the underlying funds. This involved an analysis to establish any trends, patterns, conditions, or discrepancies allowing challenge to management's latest valuation.<br>• Assessed investment carrying values for possible material movements since the latest asset valuation by obtaining confirmation of the investment managers latest percentage change NAV estimates, where available, and inquire if they are aware of any indications of impairment since the latest valuation date.<br>• With support from our EY valuation specialists, we performed an independent valuation of the syndicate loans. | Based on our procedures performed we were satisfied that the valuations of illiquid credit asset funds were reasonable.<br>In respect of the syndicate loans, we were satisfied the carrying value was not materially different to our own valuation. |

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

## Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be $11.3 million (2021: $11.2 million), which is 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses ($340m) and the gain on sale of the Beazley Benefit business ($55.4m) (2021: 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses and the gain on sale of the Beazley Benefit business). This materiality basis is in line with our approach taken in the prior year. We considered that adjusted pre-tax profits is the most relevant performance measure used by investors, regulators and other stakeholders when assessing the Group. Given the nature of risks underwritten by Beazley, we believe the use of a five-year average profit is appropriate, as the profitability of the Group is expected to fluctuate from period to period. Despite this we believe that an additional adjustment for COVID losses is also appropriate given its unprecedented nature, which would not normally be expected in such a five-year time horizon.

We determined materiality for the Parent Company to be $16.4 million (2021: $10.4 million), which is 1% (2021: 1%) of net assets. The Parent company primarily holds the investment in Group entities and, therefore, net assets is considered to be the key focus for users of the financial statements.

We calculated materiality at the planning stage of the audit and then during the course of our audit, we reassessed initial materiality at year end based on actual 2022 with no change as a result.

## Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely $5.6m (2021: $5.6m).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $5.6m to $1.2m (2021: $5.6m to $1.2m).

## Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of $0.6m (2021: $0.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the annual report set out on pages 1 to 232, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

# Auditors’ report continued

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors’ remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## Corporate Governance Statement

We have reviewed the Directors’ statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company’s compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:
- Directors’ statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 140.
- Directors’ explanation as to its assessment of the company’s prospects, the period this assessment covers and why the period is appropriate set out on page 70;
- Director’s statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 70;
- Directors’ statement on fair, balanced and understandable set out on page 139;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 67;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 98; and;
- The section describing the work of the Audit and Risk Committee set out on pages 91 to 99.

## Responsibilities of Directors

As explained more fully in the Directors’ responsibilities statement out on page 139, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are permissions and supervisory requirements of the Central Bank of Ireland ('CBI'), Lloyd's, Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA'), state of Connecticut Insurance Department and the UK Listing Authority ('UKLA').
- We understood how Beazley plc is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and regulatory bodies, reviewed minutes of the Executive Committee, Risk and Regulatory Committee and attended the Audit and Risk Committees and gained an understanding of the Group's approach to governance demonstrated by The Board's approval of the Group's governance framework.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by occur by considering the controls that the Group has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. Where this risk was considered to be higher, within the valuation of insurance liabilities and the reinsurers' share of IBNR and estimated premium income we performed audit procedures to address the identified fraud risk as detailed in the respective key audit matters above. We made enquiries with management in person and via the use of video conferencing and performed analytical review procedures to assess for unusual movements throughout the year. Our procedures to address the risk identified also incorporated unpredictability into the nature, timing and/or extent of our testing; challenging assumptions, significant judgements and estimates made by management within their forward-looking information within their five-year plan, for example. Additionally, we tested year-end manual journals to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees both at a Group and component level; inquiring about the Group's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with CBI, Lloyd's, FCA, PRA, State of Connecticut Insurance Department and UKLA.
- The Group operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Other matters we are required to address

- Following the recommendation from the Audit and Risk committee, we were appointed by the company on 23 May 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is four years covering the years ending 31 December 2019 to 31 December 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Stuart Wilson (Senior statutory auditor)**
**for and on behalf of Ernst & Young LLP, Statutory Auditor**
**London**
**12 March 2023**