Highlights

Financial

Insurance written premiums*

$5,601.4m

(2022: $5,246.3m)

Net insurance written premiums*

$4,696.2m

(2022: $3,772.4m)

Insurance service result

$1,251.0m

(2022: $822.9m)

Net investment income/(loss)

$480.2m

(2022: $(179.7)m)

Cash and investments

$10,477.8m

(2022: $8,998.1m)

Investment return*

4.9%

(2022: (2.1)%)

Rate increase on renewals

4%

(2022: 14%)

Profit before tax for the financial year

$1,254.4m

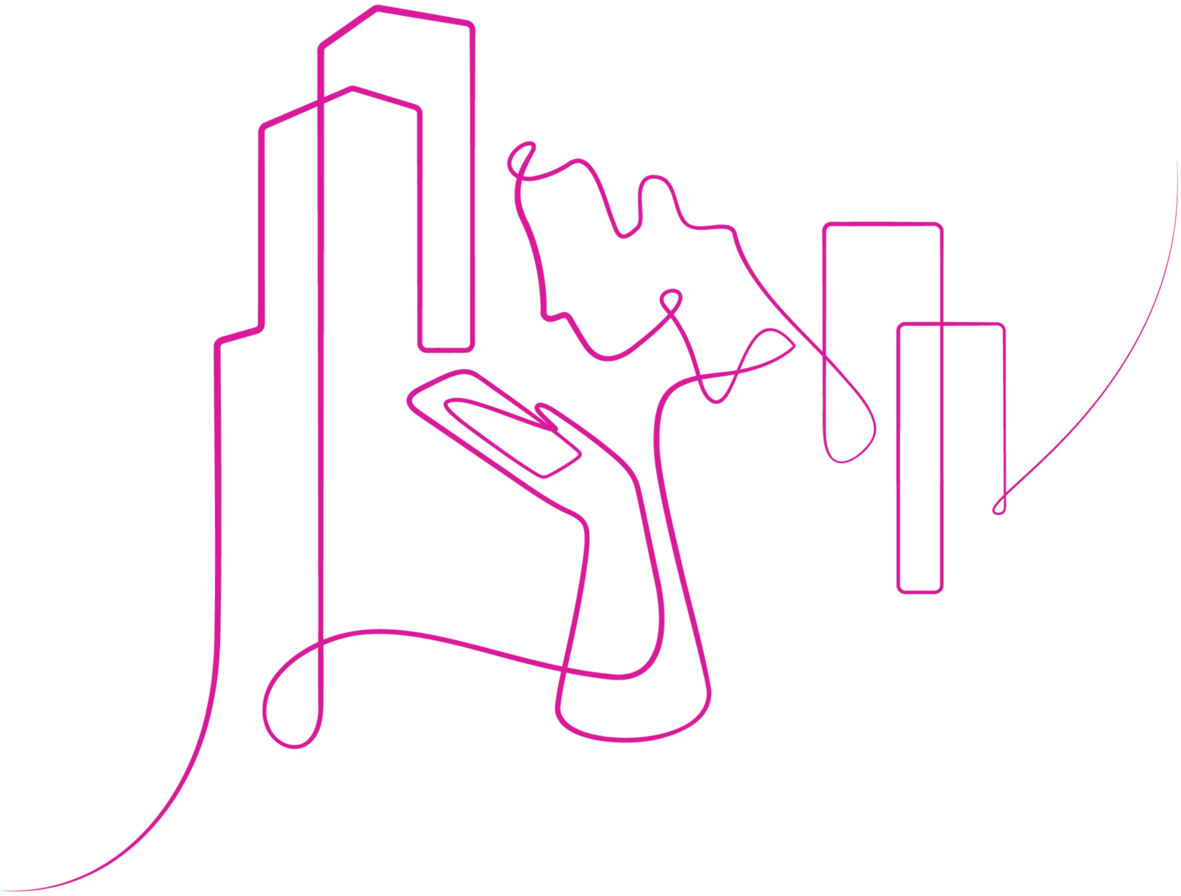
(2022: $584.0m)

Undiscounted combined ratio*

74%

(2022: 82%)

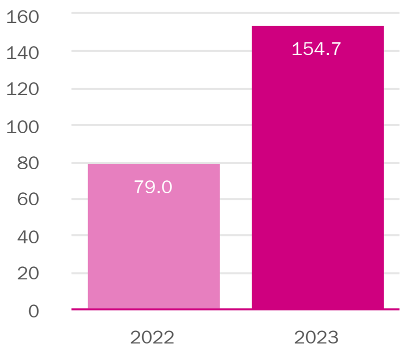
The Group is of the view that some of the above metrics constitute alternative performance measures ("APMs"). These are indicated using an asterisk (*), with further information included in the APMs section on pages 253-255.



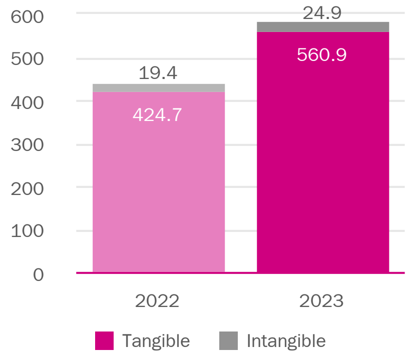
Key performance indicators

Financial

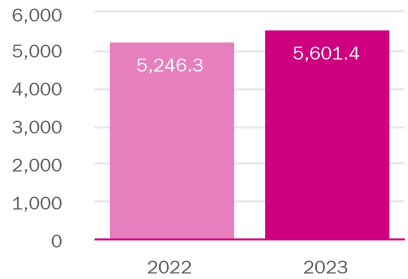
Earnings per share (c)



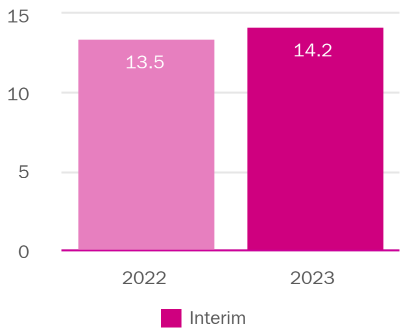
Net assets per share (c)*



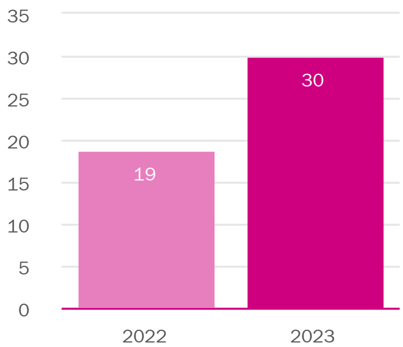
Insurance written premiums ($m)*



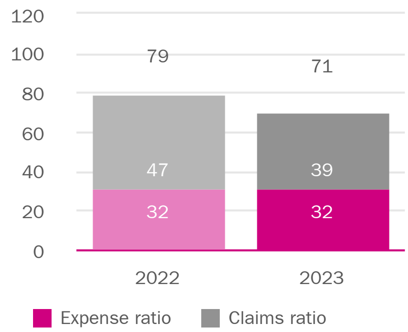
Dividends per share (p)



Return on equity (%)*



Combined ratio (%)*



The Group is of the view that some of its KPIs constitute APMs, as indicated by an asterisk (*). With the exception of Dividends per share, all of the above metrics have been impacted by the adoption of IFRS 17. Further information is included in the Financial review on page 62 and the APMs section on pages 253-255.

Non-financial

Senior leadership roles held by women

45%

(2022: 43%)

People of Colour representation in the workforce

27%

(2022: 25%)

Overall carbon emissions

6,998.8 tCO_2e

(2022: 5,164.4 tCO_2e)

Employee engagement

86%

(2022: 85%)

Employee favourability

80%

(2022: 80%)

Our strategy

The foundations of our business are our culture and **values** of being bold, striving for better and doing the right thing, these underpin the **five key pillars** of our business: clients, protection, people, tools and responsible business. Together they support our **vision** to be the highest performing specialty insurer and, in that role, we can fulfil **our purpose** of enabling our stakeholders to explore, create and build.

Explore. Create. Build.

Our vision is to be the highest performing sustainable specialty insurer

Client

We respect and listen to our clients

Protection

We empower expert underwriting and claims service

People

We attract and nurture talented colleagues who champion diversity of thought

Tools

Our structure and systems enable our people to deliver the right outcomes

Responsible business

Create a sustainable business for our people, partners and planet

Being bold | **Striving for better** | **Doing the right thing**

Insurance. Just different.

Our vision is to be the highest performing sustainable specialty insurer.

To deliver this we have built a business that operates around the globe and across multiple platforms. We are a diversified insurer, underwriting multiple lines of specialty insurance products from aviation to cyber and directors & officers liability to property risks.

Ambitious for our business, we are focused on long-term sustainable growth that delivers real value to all our stakeholders, fulfilling our purpose of helping them to explore, create and build.

Bringing different to life

Our people, values and culture underpin our success. They shape the way we show up, how we approach our business and how we treat each other. It's by working with us that you'll experience the Beazley difference, bringing to life what sets us apart.

Being bold

across all our activities

We enjoy the freedom and encouragement to confidently question the status quo and push the edges. We dare to be different and explore bold possibilities to create more innovative, fair and satisfying outcomes for our people, our clients, partners and investors.

Striving for better

by always going above and beyond

Good is a start, but we go all out for better. We actively champion and support each other to be the best we can – a community of driven individuals relentlessly pushing the needle and creating value.

Doing the right thing

for our people, partners and planet

Acting with integrity in a straightforward, decent way is instinctive. Open and honest with each other, we show respect and empathy however challenging the situation. Doing the right thing makes for a fair-minded, rewarding environment and makes work and life better for all.

How different drives competitive advantage

Platform diversification

Our strategy is to achieve a successful intersection of platforms and products that offers our brokers and clients access to our expertise and specialist underwriting capacity where and when they do business. We believe that a mix of international, wholesale and domestic business is the most effective way to deliver this.

Product specialisation

We complement our platform strength with a product set focused on markets where issues can be complex, changing or emerging and terms and conditions and pricing are sustainable. We commit to these markets for the long term as we see demand grow for specialist insurance capacity.

Financial strength

Enabling us to support both long-term strategies for navigating change whilst positioning us to take advantage of market opportunities and focus on innovating.

Brand positioning

Our distinctive brand, and the perceptions it generates, help us to grow our business, sustain relationships and attract and retain talented people.

Deep stakeholder partnerships

We build strong, long-term relationships with like-minded stakeholders of which clients and brokers are key – whose principles align with ours and through which each partner benefits.

How different delivers value

Investors

Long-term record of consistent underwriting performance and dividend payment.

Colleagues

Enabling our people to learn, develop and progress. We employ talented people and invest in expanding their skills and helping them build rewarding careers.

Brokers and clients

To ensure the best possible experiences and outcomes, we continue to monitor broker and client perceptions of our service in a variety of ways, including through detailed surveys.

Overall NAVps growth for last 5 years

109%

Average EPS for last 5 years

64.2c

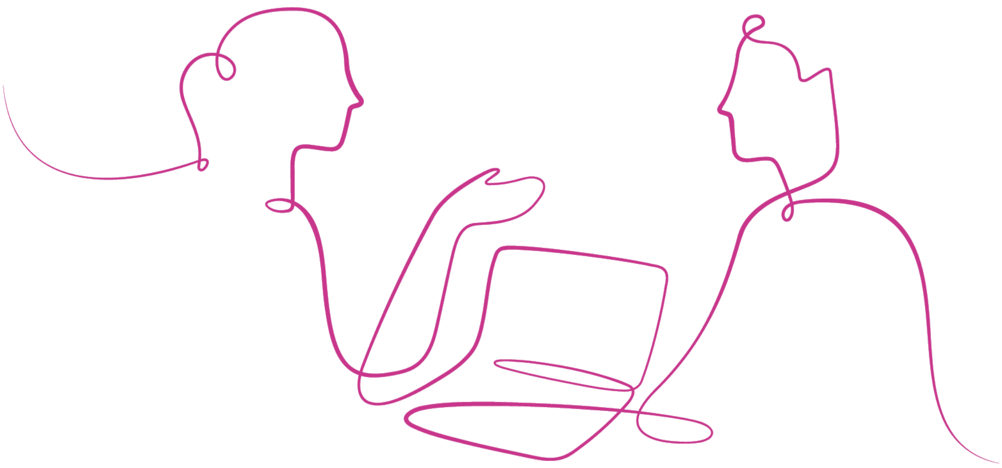
2022 and 2023 on IFRS 17 basis, other years on IFRS 4 reported

Strong employee engagement

86%

Outstanding Service Quality Marque

For the eighth year running, we have been awarded the Outstanding Service Quality Marque 2024 for claims service by Gracechurch Consulting, the independent insurance research consultancy.



Statement of the Chair

"Our track record is for strong financial results which deliver excellent returns for our investors and shareholders."

Clive Bannister
Chair

Beazley delivered a record pre-tax profit in 2023 of $1,254.4m representing an increase of 115% on the previous year (2022: $584.0m). This equated to a return on equity of 30% (2022: 19%) and earnings per share of 154.7c (2022: 79.0c). Our combined ratio reflected an excellent insurance service result as it improved to 71% (2022: 79%) and 74% on an undiscounted basis (2022: 82%). These results enable the Board to commit to a share buyback programme of up to $325m. This is a powerful symbol of our confidence in the Company, its business model and the future. It reflects hard work over the last 12 months and I am pleased that we have repaid the confidence that you, our shareholders, place in us to deliver.

I was proud to take up the role of Chair of the Board of Directors in April 2023, and I've been impressed by the teams whom I have worked with across Beazley. Our colleagues demonstrate intellectual acuity, managerial agility and are committed to our values: Being Bold, Striving for Better and Doing the Right Thing. I am sure that, like me, the 545 other new colleagues we welcomed during 2023 will have recognised these values in their everyday experience. It is this that drives our competitive difference, enriching all our stakeholders.

Beazley aims to be a leading global sustainable specialty insurer. I am pleased to say that 2023 saw us make significant strides forward to deliver that.

Leading – Our track record is of strong financial results, which deliver excellent returns for our investors and shareholders, through insurance solutions that are valued by our clients and brokers.

Being a leader means both driving things forward and stepping back when market changes dictate. Leading is not easy, as the challenges in the cyber market this year have shown; but when systemic cyber risk needed to be addressed, Beazley was willing to 'stand up' and lead market thinking.

Global – We are a global company operating from 25 offices around the world. Through our wholesale platforms based in London, Miami and Singapore, we underwrite 53% of our Group premium. North America and European platforms contribute 40% and 7% respectively. In 2023, we further strengthened our global outreach with the appointment of Fred Kleiterp to lead our future strategic vision for Europe, plus the establishment of our onshore excess and surplus (E&S) carrier in the US, which commenced underwriting in January 2024.

Sustainable – We continue to manage the risk of a changing climate; harnessed to the real opportunities which energy transition will bring. I was pleased that we were able to present more detail on this at our Capital Markets' Day in late November 2023.

Our focus is on how, by better understanding the underlying risks ourselves, we can support clients to adapt in ways that will not only reduce their business risks but will actively protect our environment from the worst impacts of climate change.

Specialty – As a specialty insurer, our business adds most value where things are complex, volatile or changing. Evidence of our commercial prowess is seen in the fact that we lead 87% of the business that our firm underwrites.

For instance, in the last 18 months the property insurance market has understood that inflationary pressures, demographics and climate change mean that as a class of insurance it should no longer be commoditised. Instead property insurance requires considerable underwriting skill; a reality that since the start of 2023 has been reflected in pricing; terms and conditions. This change has seen us lean into property with Property Risks premiums increasing 64% year on year. We are grateful to our shareholders who enabled us to seize this opportunity, by supporting our November 2022 capital raise.

Geopolitical turmoil and economic uncertainty also highlights the value of our specialist underwriting skills. In our MAP Risks division, which includes business such as marine, aviation, contingency and political risk, our team of expert underwriters add considerable value to our brokers and their clients, often underwriting policies for extremely difficult environments such as areas of conflict in Ukraine or the Middle East, or policies for the use of complex technology solutions, including putting satellites into space.

Insurer – We have built a global underwriting model which allows us to capitalise on opportunities or pause when markets become unprofitable. This protects both our strategic growth agenda and the interests of our clients.

We have an innovative, disciplined, underwriting led approach to developing products to solve real world problems. We combine this with a 'claims ecosystem' that consistently wins praise. In 2023 we were also proud to win the Gracechurch award for claims excellence for the eighth time in a row.

IFRS 17

This report marks the culmination of the first year of reporting under IFRS 17. The Board was kept fully informed of the progress of implementation throughout the year via regular updates and interactions through its Audit Committee. It was clear throughout, that it has been a challenging process and I would like to thank everyone across the business for their tireless efforts to ensure the successful introduction of the new accounting standard.

Beazley is well governed

On 1 March 2024 we welcomed Carolyn Johnson as Chair of our growing US operations and to the Beazley Plc Board. Her appointment to the Board is designed to strengthen our corporate structure with diverse and industry experienced colleagues of her calibre.

Christine LaSala has signalled her intent to step down from the Board, where she is the Senior Independent Non-Executive Director, at the conclusion of the 2024 AGM. I would like to thank Christine for her valuable input into the Company and the Board over her tenure, perhaps most notably when she stepped up as Interim Chair for six months in late 2022.

Capital management

Our 2023 interim results presentation in September set out in greater detail how we think about and plan our capital management. This was a clear statement of our intent to protect your company by maintaining a prudent capital surplus above 170% of the Solvency Capital Ratio. We will manage key underwriting risks' exposure to equity (for example, natural catastrophe risk to a 1:250 event) and consideration of the prospects for profitable deployment of capital generated into the Company's future. These considerations will be balanced versus appropriate returns of excess capital to shareholders.

Capital return

With this approach to capital management in mind I am pleased to say that the Board has proposed an ordinary interim dividend of 14.2p for the full year, we are also pleased to announce a share buyback programme of up to $325m.

Risky business

We are an ambitious company that will deliver what we promise. This is at the core of the Company's commit and deliver philosophy, based on living up to our values and is the source of our competitive advantage. It enables our clients to explore, create and build their businesses, whilst positioning Beazley for success as a leader in our market.

I want to thank our clients, brokers and shareholders for their support over the last 12 months. The strength of our financial result reflects intelligent navigation of the risky world in which we all live and ensures we are here to support our clients and brokers in the future. As a leading, global, sustainable, specialty insurer we are in the risk business, but as shown this year, with risk comes reward.

Chief Executive Officer’s statement

“The key strengths that have led to this positive result are our expertise-led, specialty underwriting and our knowledge based, client focused claims service.”

Adrian Cox
Chief Executive Officer

I am pleased to be reporting a record pre-tax profit of $1,254.4m (2022: $584.0m), a strong investment return of 4.9% (2022: (2.1)%) and an impressive combined ratio of 71% for 2023 (2022: 79%). Our results demonstrate that the clarity of our strategy across platforms, products and geographies not only gives good access to risk but when combined with disciplined underwriting and a responsive claims infrastructure, delivers sustainable profits for all our stakeholders.

A year of achievement

Beazley achieved its goals in 2023. We successfully deployed capital across the business to capture opportunities and our insurance written premiums (IWP) now stands at $5,601.4m (2022: $5,246.3m). Our net IWP growth of 24% gives a strong indication of the Company's trajectory during 2023 and I am pleased we've achieved this despite several headwinds. Property Risks has had a particularly successful year with premiums increasing by 64%, taking IWP to $1,351.9m (2022 $823.2m). The key strengths that have led to this positive result are our expertise-led, specialty underwriting and our knowledge based, client focused claims service. I would also like to thank our trading partners, our brokers and our clients across the world for their support of our business.

Access to high quality risk is delivered via our straightforward and clear three platform strategy which brings together Wholesale via Lloyd’s and insurance companies in North America and Europe. In 2023 this strategy was further enhanced with the establishment of our dedicated Excess and Surplus (E&S) carrier in the US, which will open up access to business that is currently often only available to onshore carriers.

The appointment in June 2023 of Fred Kleiterp as European General Manager has brought additional focus and energy to our underwriting in the region and we look forward to seeing the roll out of more of the products and services we are known for across our platform in Europe.

There can hardly have been a more important moment for Beazley to stand with our clients and deliver specialist insurance risk management and capital as they address the challenges of climate change, rapidly advancing digitisation and a sea change in geopolitics. On all these key issues, Beazley has made an important contribution during the last 12 months.

It was also great to see our investments team complement the underwriting result, delivering an investment return of 4.9% (2022: loss of 2.1%). While we are primarily an insurance company, with assets under management in excess of $10bn, generating returns from our portfolio is a key focus for us and it is pleasing to see the effort made in this area bearing fruits.

Underwriting for climate change

We moved at speed to be at the forefront of the market as property insurers adjusted to the impact that climate change is bringing and which we believe will create a long term opportunity for Beazley, particularly in North America. We were able to do this because of the hard work done on risk selection, property valuations and, importantly, in building a climate risk framework. This framework seeks to engage with clients to understand, not just the impact of climate risk today, but how it is evolving and changing.

This work is part of an ongoing journey to assess a risk that is not following a linear path of development and to also seek out the opportunities that the energy transition will bring. As a specialty insurer we need to support businesses to move beyond fossil fuels and during 2023 this saw us ramp up our renewable energy underwriting capabilities and invest in understanding how we can add further value to the carbon capture and storage industry.

Leading on cyber

To meet growing demand from clients for cyber insurance we believe it is vital for the industry to have access to a deep pool of capital which will allow it to hedge accumulation risk. We were therefore pleased, in January 2023, to be the first insurance company to launch a cyber catastrophe bond and to go further as the year turned with the launch of our first publicly traded cyber catastrophe bond. We are also seeing that broad market consensus is being achieved around the complex subject of cyber war, bringing clarity of purpose to the cover which is to the benefit of all.

Uncertainty calls for specialty

It is clear to us all that the geopolitical certainties that persisted for much of the last 80 years have shifted and we are in a challenging phase while new structures and norms take hold. Our expertise in understanding global trade flows, transportation and political uncertainty is actively helping support clients as they navigate through.

Agile cycle management

We are able to deliver consistent profitability because we operate a robust and effective approach to managing the insurance cycle. In 2023 this was demonstrated by our strong commitment to the Property Risks segment, where a change in the rating environment offered significant opportunity. In contrast, the directors and officers (D&O) market is suffering from excessive competition and so we took the decision to stand back. This is never easy and I want to commend our Specialty Risks team for their professionalism and committed underwriting discipline, noting that this has allowed them space to creatively explore new and growing niches in the liability market.

A team that delivers

I want to thank our outstanding team across disciplines and geographies whose hard work and flexibility this year has helped deliver our record profit. Their commitment to living our values of Being Bold, Striving for Better and Doing the Right Thing, whilst working alongside our broker partners and supporting clients, is a key differentiator for Beazley and one that ensures strong retention across the business.

While the contribution of the entire team underpins our success, I would like to specifically mention some important changes that have happened in our senior team during the year. Brenna Westinghouse was promoted to Head of Strategy and, in January 2024, we welcomed Liz Ashford as Chief People Officer and Head of ESG.

Finally, I am looking forward to working with our new Chief Financial Officer (CFO) Barbara Plucnar Jensen, who will join Beazley on 1 May 2024. Barbara was, until late 2023, Group CFO at Tryg and she comes with over 25 years of experience in the financial services industry. Her depth and breadth of experience, together with her leadership style, will be both a great cultural fit and an asset to Beazley.

Responsibility

Being a Responsible Business is important to us and, in 2023, we reviewed our approach to further embedding ESG at Beazley. This work will inform our next round of three year target setting which is focused on maintaining the diversity of our workforce where we already see significant progress (45% senior women and 27% People of Colour) and in reducing our contribution to carbon emissions which today are 47% lower compared to 2019 levels when normalised per FTE.

I am pleased that our ESG Consortium, two years since founding, is building positive momentum and from 1 January 2024 has moved fully to syndicate 5623. It is also exploring how it can offer capacity via our North American and European insurance companies, as client demand for ESG solutions continues to develop.

Our Responsible Business efforts extend to our investment portfolio and our Impact Investment Fund made a positive contribution in 2023, by becoming a founding investor of the Big Issue Social Impact Debt Fund, which will contribute to housing, care and social infrastructure projects in the UK.

The work we have already concluded in the ESG space, together with the continuing effort to include climate change risk in our underwriting, will inform the development of our Net Zero Transition plan which we will deliver during 2024.

Harnessing AI

2023 saw a leap forward in the capability of Artificial Intelligence (AI) and in particular, Generative AI. We believe that this technology will enable the simplification of manual processes, improve decision making and ultimately improve product and service offerings to brokers and clients. We are continuing to expand our use of AI, including piloting Generative AI in several areas of our business, to help improve speed, accuracy and to reduce risk.

AI is opening up exciting new horizons where our expert teams will increasingly be able to make faster and more effective decisions that will enrich their work by reducing administrative burdens. It will also improve our ability to grow, as the technology takes up the operational strain that an expanding business has historically created.

Getting on with the job

Recent years have seen many external challenges from pandemic to war and the impact of climate change. At Beazley we have been adapting to change, ensuring our underwriting contemplates the evolving risk landscape, increasing our own resilience and responding to customer needs. As we look ahead, we continue to operate with one eye on emerging threats and opportunities, be that AI technology or changes in the legal environment, while the other is firmly set on ensuring access for clients and brokers to our specialty products and services. Our expectation for 2024 is for high single digit gross IWP growth and an undiscounted combined ratio in line with our initial guidance for 2023 of low 80s.

We believe that by continuing to focus on what we do best, underwriting and managing specialty insurance risk, we will fulfil our purpose of enabling our stakeholders to explore, create and build and that this approach will deliver the ongoing profitability that our investors rightly expect of us.

Chief Underwriting Officer's report

"This strong result is based on long-term investment into understanding how risk is evolving so we can seize underwriting opportunities as they develop."

Bob Quane
Chief Underwriting Officer
Executive Sponsor of Beazley Families

I am proud of our underwriting teams and their success in 2023. They have shown agility and insight in the delivery of risk management expertise to our clients, whilst retaining a laser like focus on underwriting profitability. As a result, we have delivered an excellent Insurance Service Result of $1,251.0m, an increase of 52% on the previous year (2022: $822.9m) and a combined ratio of 71% (2022: 79%).

This positive result is based on long-term investment into understanding how risk is evolving so we can seize underwriting opportunities as they develop and protect our clients from emerging threats. These strong results are also testament to the hand in glove partnership our underwriters have with our award winning claims team, ensuring we have some of the best underwriting intelligence available in the market.

2023 saw us continue our work to get under the skin of climate change risk as our five-pillar climate risk framework began to be embedded into underwriting. Meanwhile in our Cyber Risks business we presented our probabilistic modelling framework externally.

Our underwriting

Our Property Risks team has had a standout year. The investment they made during the soft cycle of the market paid off as the rating environment improved, leading to a 64% increase in IWP to $1,351.9m (2022: $823.2m). We expect this growth to continue as we head into 2024, although not at the same pace as we saw in 2023.

Innovation underwriting moved into the business as usual phase as it became formally embedded within the wider underwriting function and produced two new parametric property underwriting products, focused on the risks associated with severe convective storms in the US.

Generative AI may have hit the headlines this year, but for some time we have been actively looking across our business to better understand how AI impacts the risk environment and where the potential for loss might be. In this effort the work of our claims team has proved invaluable in identifying how the risk is emerging and how it is impacting the claims and litigation environment, ensuring we are able to effectively respond as the adoption of the technology evolves.

In our Cyber Risks division, our focus is always on understanding risk to improve our underwriting and protect against emerging threats. The substantial rate increases of 2021 and early 2022 moderated during 2023 and we expect this trend to be maintained.

We are confident that with our cyber ecosystem in place, which provides comprehensive support to clients before, during and after a cyber attack, the environment remains attractive and demand-led growth will continue, notably across our international business and particularly in Europe where we see strong growth opportunities.

Active cycle management is at the heart of our underwriting and while the current conditions mean we are leaning into property, in contrast we remain cautious in the D&O market. Here rates remain very competitive and instead we are rebalancing our Specialty Risk business by focusing on niche classes.

Geopolitical uncertainty looks here to stay at least looking ahead for the medium term and this is where our MAP Risks division has a key role to play in helping to keep businesses investing and trade moving. The work of our Marine team in ensuring grain corridors in Ukraine remain open, or our Political Risks underwriters' support for clients' overseas operations in unstable parts of the world, is critical to this effort.

We continue to refine and improve our product sets across the globe. Through a focused roll out this year we have expanded existing products such as virtual care, product recall and media liability to new geographies, with Europe as a region where we saw a step change in our underwriting and which I expect to see develop further into 2024.

Our goal is to support business so that they can thrive and to achieve this we seek to stay ahead of where risk is moving and invest in developing our capabilities to help clients, whilst retaining our focus on delivering positive returns for our investors. I believe we lived up to this promise during 2023 and I look forward to continuing on this path in 2024.

Insurance written premiums

	2023 $m	2022 $m
Cyber Risks	1,184.3	1,157.8
Digital	227.5	231.7
MAP Risks	964.3	1,115.2
Property Risks	1,351.9	823.2
Specialty Risks	1,873.4	1,918.4
Total	**5,601.4**	**5,246.3**

Net Insurance written premiums

	2023 $m	2022 $m
Cyber Risks	912.9	839.5
Digital	202.4	190.6
MAP Risks	851.6	780.2
Property Risks	1,157.3	603.0
Specialty Risks	1,572.0	1,359.1
Total	**4,696.2**	**3,772.4**

Cyber Risks

Our Cyber Risks team delivered IWP of $1,184.3m, (2022: $1,157.8m). The rating spike experienced in the previous two years stabilised and with increased stability competition entered, particularly in the US market, which led to our growth predominantly coming from a strong performance by our international business, particularly in Europe.

2023 was also the moment when the market began to mature and address the challenges of systemic cyber risk, namely the possibility that a single cyber event or incident might trigger widespread failures and harmful impacts across multiple entities, sectors, or countries. We took a leading position in this with the robust approach we have championed, thus succeeding in bringing much needed clarity to the existing war exclusions. As we enter 2024, we are seeing broad market consensus.

The innovations Cyber Risks has made over the last 12 months in the development of cyber catastrophe bonds and in addressing systemic or catastrophic cyber risk, have been made possible by the team's ongoing work on modelling cyber risk. We shared our approach to modelling catastrophic cyber with the market during 2023, detailing our move to a probabilistic modelling framework which is underpinned by third party data and our own models to give greater insight into cyber catastrophe scenarios.

Looking forward there is growing business demand for cyber insurance and we are pleased to see that the insurance and capital markets are responding by providing the additional capacity the market needs to reach its potential. In particular we see an opportunity to grow among businesses with revenues below $250m, where our expertise and experience of managing cyber risk adds real value to their operations.

Ransomware has not gone away and while we have not seen any significant uptick in our book at the point of reporting, there is evidence in other parts of the market that it is increasing in frequency. We believe we will be able to navigate an upswing given both the improvements we made in the risk selection of our book and the investment we continue to make into threat assessment and risk mitigation strategies.

Digital

Digital's segment result of $59.4m (2022: $31.1m), reflects our underwriting discipline together with the growing distribution of our increasingly broad product suite. IWP was $227.5m (2022: $231.7m) with a combined ratio of 68% (2022: 76%).

Digital, or our Small Business division, had a successful year as we increased the number of products we brought to market. We delivered a profit by maintaining our focus on underwriting discipline, resulting in the rate of growth being broadly level with the previous year. We are pleased with the reception our high quality service offering and claims handling received from brokers and the way that new products and digital access points are welcomed by the market.

We are building our Small Business proposition for the long-term, focused on underwriting discipline and client service. This approach is valued by brokers, when making a claim or in needing help with securing cover for their clients. Brokers increasingly are seeking cyber cover that includes cyber breach response and our experience in this area is rapidly becoming a key differentiator for us.

Chief Underwriting Officer's report continued

MAP Risks

The MAP Risks division delivered a profitable performance based on strong demand for our specialist product set and the market leading expertise of our team. With a combined ratio of 79% (2022: 78%), IWP for the division decreased by 14% to $964.3m (2022: $1,115.2m) due to the one-off effect of portfolio underwriting premium being directly written by external syndicate 5623 rather than being fronted by the Group.

Geopolitical uncertainty continued through 2023, creating a heightened risk environment and increasing demand for insurance across our terrorism, political risk, contingency, marine and aviation war and cargo lines of business.

2023 saw us recruit a new Head of Hull and War as part of our Marine underwriting business. Our Marine business is a key component in the smooth functioning of global trade and in our cargo account, which is three times larger than it was five years ago, increasing trade activity following the pandemic and challenges in supply chains have been important drivers of demand, while the team's focus on the fundamentals has delivered sustainable profits.

Our Contingency business continued to benefit from increased demand for events post pandemic. We had expected, after an increase in demand for events immediately after the pandemic in 2022, that 2023 would see a fall back to the typical level of demand that we experienced before the pandemic. It has been pleasing to see that the world continues to be excited by the prospect of attending a face-to-face event.

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

Energy demand and use continues to grow alongside an increasing pace of transition away from fossil fuels. Our energy team is actively investing in the fast expanding renewable sector and with the hire of a new Head of Renewable Energy.

Property Risks

Property Risks had a highly successful year as we leant into the opportunity that the turn in the market rating environment offered. As a result, we increased our IWP to $1,351.9m from $823.2m the previous year, or 64% growth and a rate increase of 22%.

This success resulted from hard work over the prior two years, as we stepped back from growth during a period where market conditions were unfavourable. This meant that throughout 2023 we have been able to take up the opportunity in the property market and were rewarded with strong growth in both insurance and reinsurance (treaty) with the property market in the US the significant driver.

Beyond substantial rate increases, we have tightened terms and conditions and raised attachment points. Importantly, we have ensured that property values have increased to reflect higher inflation.

All of the team's underwriting in the US is done in the specialist E&S lines market. Over the last year this market has proven to be an excellent environment for us to operate in as commercial property underwriting has become increasingly complex and volatile.

Against this backdrop, many brokers have shifted their client's non-standard property programs to this market, which can pivot and adapt to fast changing conditions more effectively than the admitted market, offering access to new clients and business that would previously have been unavailable.

Our reinsurance (treaty) business also had a successful year with significant rate increases achieved at higher attachment points. As we expected, the US segment of our business experienced the strongest market rating environment.

We have seized the potential of this change in conditions across the property market with enthusiasm.

Specialty Risks

2023 saw the Specialty Risks team continue the diversification of our book by growing strongly across niche specialist lines while managing through a softening market in D&O. This hard work has paid off, leaving the book relatively flat overall with IWP of $1,873.4m (2022: $1,918.4m).

The headwinds in D&O - pricing pressure and high competition - saw us actively pull back from risks we considered unsustainably priced and as a result, D&O reduced from just over 35% of the division's total IWP to less than 30%. We remain committed to our position in the D&O market, supporting our clients, but have made tough decisions to pull back when pricing is not adequate. We are actively investing in our other product lines where the reward better reflects the risk.

Across the board we have over 27 trading teams in Specialty Risks with the vast majority seeing positive market conditions. We have ramped up our niches and growing areas and this has delivered through 2023.

Looking ahead, we are hopeful that the market will begin to return to equilibrium in D&O during 2024. We will continue to build our brand in Europe and Asia Pacific, ensuring that our diverse business continues to prosper around the globe.

Performance by division

Strong underwriting performance across all of our divisions

Cyber Risks

Paul Bantick
Head of Cyber Risks

Our market leading Cyber insurance offering protects businesses against cyber threats by building resilience and minimising risk. Beazley is a pioneer in cyber insurance and has led the way in the development of an effective cyber ecosystem which protects clients, before, during and after a cyber incident and in the creation of the market's first cyber catastrophe bond.

Portfolio mix

Cyber	81%
Technology Errors & Omissions	19%

	2023 $m	2022 $m
Insurance written premiums	1,184.3	1,157.8
Net insurance written premiums	912.9	839.5
Segment result	307.4	230.0
Claims ratio	42%	44%
Expense ratio	26%	23%
Combined ratio	68%	67%
Undiscounted combined ratio	72%	68%
Rate change	(5)%	40%

Digital

Ian Fantozzi
Head of Digital
Executive Sponsor of the Beazley Proud Network

Working closely alongside our four divisions, Digital offers cross class specialist digital underwriting capabilities to the small business market. It gives brokers one Beazley point of contact, supported by a cross functional team, to access multiple product lines and digital services via their preferred platform or channel.

Portfolio mix

Marine	4%
Cyber	75%
Contingency	4%
Specialty	17%

	2023 $m	2022 $m
Insurance written premiums	227.5	231.7
Net insurance written premiums	202.4	190.6
Segment result	59.4	31.1
Claims ratio	23%	40%
Expense ratio	45%	36%
Combined ratio	68%	76%
Undiscounted combined ratio	70%	78%
Rate change	1%	21%

MAP Risks

Tim Turner
Head of MAP Risks
Executive Sponsor of the Beazley Veterans Network

Beazley's Marine, Aviation, Political, Accident, Contingency and Portfolio underwriting come together in MAP risks. These highly specialist classes are mainly underwritten on a wholesale basis and our expert underwriters are often the market leader.

Portfolio mix

Marine	47%
Portfolio Underwriting	18%
Political	12%
Accident	15%
Contingency	8%

	2023 $m	2022 $m
Insurance written premiums	964.3	1,115.2
Net insurance written premiums	851.6	780.2
Segment result	158.2	124.9
Claims ratio	41%	39%
Expense ratio	38%	39%
Combined ratio	79%	78%
Undiscounted combined ratio	79%	80%
Rate change	6%	4%

Property Risks

Richard Montminy
Head of Property Risks
Executive Sponsor of the Responsible Business Committee

Bringing together our direct and reinsurance Property underwriting, the division gives strategic insight of both site and high-level trends, delivering a bird's eye view of property market dynamics. Business is underwritten around the globe with an emphasis on North American based property risks.

Portfolio mix

Commercial Property	57%
Jewellers & Homeowners	8%
Small Property Business	13%
Treaty	22%

	2023 $m	2022 $m
Insurance written premiums	1,351.9	823.2
Net insurance written premiums	1,157.3	603.0
Segment result	354.7	1.7
Claims ratio	35%	60%
Expense ratio	30%	34%
Combined ratio	65%	94%
Undiscounted combined ratio	67%	95%
Rate change	22%	11%

Specialty Risks

Bethany Greenwood
Head of Specialty Risks

Specialty Risks offers scale and diversification over 27 different product lines, including Directors and Officers (D&O), Mergers and Acquisitions (M&A), Environmental Liability and specialist insurance for the life sciences industries.

Portfolio mix

Small Business	20%
Healthcare	15%
Executive Risks	26%
Global Treaty	11%
International Specialties	28%

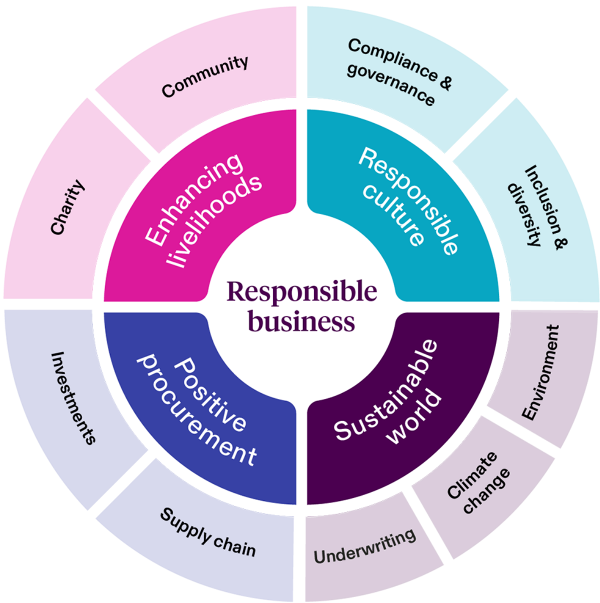
	2023 $m	2022 $m
Insurance written premiums	1,873.4	1,918.4
Net insurance written premiums	1,572.0	1,359.1
Segment result	415.3	235.7
Claims ratio	42%	49%
Expense ratio	31%	31%
Combined ratio	73%	80%
Undiscounted combined ratio	78%	86%
Rate change	(1)%	2%

Responsible Business

Our vision is to be the highest performing sustainable specialty insurer.

We will not achieve our goal without setting ourselves a series of measurable and bold targets that incorporate ESG thinking into every aspect of our business. We know that we are on a journey and that it will take time to deliver but we are committed to building better resilience for our clients, staff, our communities, the environment and all our stakeholders.

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



We set metrics against which we can measure our performance, these are regularly reviewed by our Executive Committee and Board. Beazley's Responsible Business Steering Group is responsible for challenging the progress and development of the strategy and providing support to the business as it addresses ESG issues and climate related risk. A summary of key metrics for responsible business are summarised on page 19.

On pages 22 to 44 you can read our disclosures made as part of Task Force on Climate-Related Financial Disclosures (TCFD), which will give you an in depth overview of how Beazley is addressing the challenges of climate change. On our Responsible Business and culture and values pages of our website you will find detailed information and our key policies and disclosures are contained within the Responsible Business Report 2023. In the following pages we have set out our key responsible business metrics for 2023.

Building a responsible culture

Our business is underpinned by our shared values and culture. Attracting diverse talent, building multidisciplinary teams and creating an inclusive culture true to our values is how we create success now and for the future. Put simply, our values inspire the way we work, how we engage with stakeholders and colleagues, the design of our workspaces, and form the basis of our service to customers, ensuring our behaviour is that of a responsible business.

We are proud of our culture, and a mark of our success in building it from the inside out is the high score in our employee engagement surveys. By attracting and nurturing curious people. We have built a company that values constructive challenge and has a collaborative approach to problem solving.

Together our people and culture make it easy to do business with Beazley.

Inclusion and diversity

Inclusion and diversity are key elements of being a responsible business. Beazley's inclusion and diversity strategy is focused on setting, meeting and then stretching our targets to achieve the talented and diverse team that together will deliver outstanding results for our business.

We set two bold representation targets to achieve by the end of 2023 and are pleased to report these were achieved.

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

We also aimed for at least 25% of the Company to be People of Colour by the end of 2023, with a quarter of that figure specifically to be Black people. We achieved this goal a year early, at the end of 2022, and by the end of 2023, 27% of the Company were People of Colour, maintaining the goal that a quarter of the Group be Black people specifically. Our goal is to reflect the communities we operate in and serve, and we are now aiming for a third of the Company, or 33%, to be People of Colour by March 2028.

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

To support our ambitions we have not only set robust targets for inclusion and diversity but actively encourage our staff to play their part via our employee networks. These networks ensure that colleagues right across the Company have clear channels through which their voices can be heard and they can help the business tackle some of the complex issues that will lead to a more equitable and inclusive culture.

- **Beazley Families** – Supporting parents and parents-to-be
- **Beazley Proud** – Our LGBTQ+ employee network
- **Beazley RACE** – Focused on promoting understanding and celebrating People of Colour
- **Beazley SHE** – Our women's network
- **Beazley Wellbeing** – creates supportive content to help break the stigma around talking about mental health

In 2023, we launched 3 more employee networks:

- **Beazley Neurodiversity** – supporting diverse ways of thinking and working
- **Beazley Veterans** - supporting our veterans and active duty military colleagues
- **Beazley Young Professionals** – involving, connecting and informing young professionals

Each of our networks are run for our employees, by our employees, and have a senior sponsor connecting their activities to business strategy and lending their voice and influence to promote their activities.

Climate change

As a specialty insurer, we underwrite in areas that are vulnerable to the impact of climate change, with Property Risks particularly exposed. Our response to climate change needs to reflect both effective management of the risk and our responsibility to play our part in mitigation. You can read more about how we look at climate change by reading our Task Force on Climate-related Financial Disclosures (TCFD) report. For more information please see page 22.

Supply chain

Ensuring that our supply chains are responsible is vital for us to deliver a seamless service to clients. With much of our supply chain focused mainly on services, products are only a significant part of the mix when associated with an office fit out, the procurement of office supplies, or the delivery of events. During 2023 we continued to use our environmental management system and leveraged ESG data to appraise and inform our procurement decisions. Our focus now is on embedding this approach beyond our operations and into our claims supply chain.

Human rights

We continue to be committed to supporting and respecting internationally proclaimed human rights and seek to avoid complicity in human rights abuses. To achieve this, we adhere to the principles as defined by the United Nations ('UN') Guiding Principles on Business and Human Rights, the UN International Bill of Human Rights and the International Labour Organisations (ILO) Declaration on Fundamental Principles and Rights at Work. We are a signatory to the UN Global Compacts.

Investments

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

Impact investing

To demonstrate our commitment to doing the right thing, we have allocated up to $100m from our asset portfolio to impact investments. These investments focus on opportunities that have measurable social or environmental impact, as well as a financial return. Our investments aim to improve outcomes in both local communities near our offices and in developing countries overseas. So far, we have made commitments totalling $31m to three different impact funds. In 2023, we became a founding investor in our third fund, the Big Issue Social Impact Debt Fund. This fund specifically targets housing, care, and social infrastructure projects in the UK.

Although our impact investments are still in their early stages, we are encouraged by the initial returns. In 2024, we will continue to measure progress against our impact objectives.

Charity

Our charity initiatives are focused on supporting our charitable partner, World Central Kitchen, raising money through match funding or grant nominations and responses to disaster relief efforts. Our charity committee is responsible for the delivery of initiatives that support our charity partner.

Community

Our community initiatives, often delivered in partnership with charitable organisations, are focused on the communities around our employees' homes and offices. Beazley offers up to 2.5 days of charity leave during the year, and the promotion of an annual Make a Difference month, which focuses on encouraging employees as individuals and teams to support charity and community initiatives. Beazley's Community Committee is made up of representatives from each of our offices to ensure that these initiatives are dispersed right across the Company.

The future

We continue to evolve and improve our approach to ESG and Responsible Business and during the next 12 months we expect to update our ESG targets and goals and to produce our first net zero transition plan.

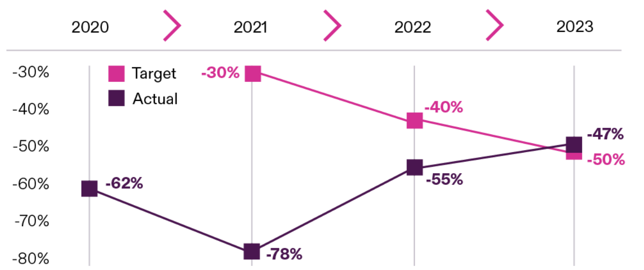
Responsible Business
Key Metrics 2023

Responsible Culture

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

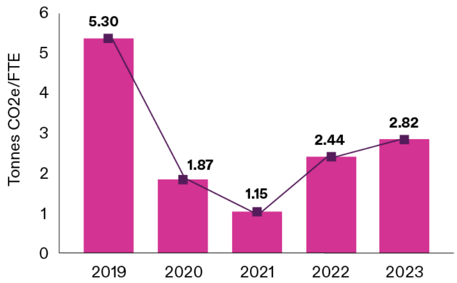
Sustainable World

Reduction of Greenhouse Gas emissions



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

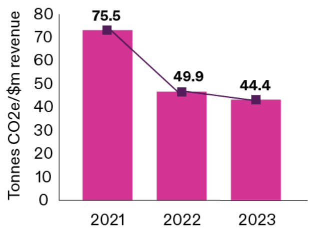
Greenhouse Gas Emissions per FTE



GHG emissions are calculated in accordance with Beazley's 2023 GHG methodology. This is available on our website. GHG are normalised based on Full Time Equivalents (FTE). Emissions in 2020 and 2021 were impacted by reduced business travel due to the COVID-19 pandemic. 2022 saw a return to face to face contact with stakeholders, however, the early months of the year were considered to be still impacted by the pandemic.

Positive Procurement

Weighted Average Carbon Intensity (WACI) of our corporate bond and equity portfolios



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

Enhancing Livelihoods

	2021	2022	2023
Employee volunteer hours [1]	911	1693	2697
Beazley donations [2]	$379,733	$474,426	$602,932

1 Total employee volunteer hours during 2023. The metrics stated in previous reports only highlighted volunteer hours donated during our 'Make a Difference' campaign month.
2 Includes monetary and gifts in kind, donations.

Gender/ sex diversity[1, 3] as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, GFD, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Percentage of Beazley's senior leadership team[2]	Percentage of Executive Committee and direct reports[5]	Number of senior managers of the Company in accordance with the Companies Act 2006[6]	Number of all employees[6]	Percentage of all employees
Men	6	54%	2	9	60%	55%	55%	29	1,088	47%
Women	5	46%	2	6	40%	45%	45%	19	1,234	53%
Not specified/prefer not to say	—	—%	—	—	—%	—%	—%	4	2	—%

Ethnic diversity[1, 3] as at 31 December 2023

	Number of board members	Percentage of the board	Number of senior positions on the Board (CEO, GFD, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Percentage of Beazley's senior leadership team[2]	Percentage of Executive Committee and direct reports[5]	Number of senior managers of the Company in accordance with the Companies Act 2006	Number of all employees	Percentage of all employees
White British or other white (including minority-white groups)	9	82%	4	13	86%	79%	80%	40	1,364	65%
Mixed/multiple ethnic groups	—	—%	—	0	—%	1%	1%	—	72	4%
Asian/Asian British	2	18%	0	0	—%	5%	8%	3	211	10%
Black/African/ Caribbean/Black British	—	—%	—	1	7%	3%	5%	2	146	7%
Other ethnic groups, including Arab	—	—%	—	—	—%	3%	1%	1	140	7%
Not specified/prefer not to say	—	—%	—	1	7%	9%	5%	5	154	7%

Beazley's ethnicity targets as at 31 December 2023

In 2021, Beazley set the target to ensure that at least 25% of our global population, in the locations we are able to track the data, would be People of Colour by the end of 2023. The term People of Colour is used to describe the collective group of people who identify as part of; American Indian, Alaskan Natives, Arab, Asian, Black, Chinese, Hispanic, Latinx, Hawaiian, Pacific Islanders, Indian or mixed and multiple racial identities, or other racial identities excluding those who identify as White. Singapore's ethnicity data is not included when we calculate progress against our public diversity targets as it paints a more favourable diversity picture than is reflective of the journey still to be made across the other offices. We include the data for all other seniority splits for completeness and transparency.

	Number of board members	Percentage of the Board	Number of senior positions on the Board (CEO, GFD, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Percentage of Beazley's senior leadership team[2]	Percentage of Executive Committee and direct reports[5]	Number of senior managers of the Company in accordance with the Companies Act 2006	Number of all employees	Percentage of all employees
People of Colour[4]	2	18%	0	1	7%	12%	14%	6	569	27%

1 The gender and ethnicity data in columns 1 to 5 is provided pursuant to the UK Listing Rule 9.8.6(10). For the purposes of the Listing Rules Executive Management includes the members of Beazley's Executive Committee (the most senior executive body below the Board) and the Company Secretary, but excluding administrative and support staff.

2 Beazley's senior leadership team is defined as the most senior group of individuals from which succession for the Executive Committee could likely be sourced. They are the individuals who make up the Company's strategy and performance group and those who receive extended long-term incentive awards as part of their remuneration. These individuals drive and influence business strategy and performance or are those leading or directly participating in strategic projects. We use this group when tracking and monitoring the inclusion and diversity of our leadership population for our own targets and monitoring. The % reported are from the global senior leadership team.

3 Our approach to gathering, holding and reporting on demographic diversity data is consistent across all of our locations, and in accordance with relevant local laws. We currently hold gender data for all our global locations, and ethnicity data for permanent employees based in the UK, USA, Ireland and Singapore. Singapore's ethnicity data is not included when we calculate progress against our public diversity targets as it paints a more favourable diversity picture than is reflective of the journey still to be made across the other offices. Beazley uses the HR system Oracle to collect, hold and report ethnicity and gender data securely. Where we collect this data, employees are able to self-report their gender and/or ethnicity or prefer not to say. The reporting options provided are based on government census options in each country and grouped according to the categories prescribed in the UK listing rules. Any ethnicities not aligned with those prescribed categories are included in the 'other ethnic groups' row.

4 At Beazley, the term People of Colour is used to describe the collective group of people who identify as part of; American Indian, Alaskan Natives, Arab, Asian, Black, Chinese, Hispanic, Latinx, Hawaiian, Pacific Islanders, Indian or mixed and multiple racial identities, or other racial identities excluding those who identify as White. This ethnicity data is for all permanent employees in the US, UK and Ireland.

5 This figure is provided pursuant to the UK Corporate Governance Code 2018 requirement to confirm the gender balance of those in senior management and their direct reports. The Code defines senior management as the Executive Committee and the Company Secretary. We have also disclosed the ethnicity data for the same group.

6 The number of senior managers and the number of employees of each sex is disclosed for the purposes of section 414 (8) of the Companies Act 2006. In accordance with section 414(9) and 414(10), senior management is comprised of the executive committee and the directors of subsidiaries included in the Beazley plc consolidated accounts. We have also disclosed the ethnicity data for the same groups. Note that the Companies Act 2006 definition of senior management includes directors of subsidiaries, and some of our subsidiary directors are not employees.

Task Force on Climate-related Financial Disclosures (TCFD) 2023

Our climate-related responsibilities are something we take very seriously at Beazley. They are central to our vision – to be "the highest performing sustainable specialty insurer"; align with our values – Being bold, Striving for better, and Doing the right thing; and are embodied in the 'Responsible business' pillar of our corporate strategy.

This report details the governance, strategy, scenario analysis, risk management, and metrics we have in place to deliver on our responsibilities.

1. Governance

1.1 Board oversight on climate-related risks and opportunities

1.1.1 Plc Board oversight

The plc Board and supporting committees maintain active oversight of climate-related issues, by discussing the topic regularly, factoring it into decisions, and receiving papers, training and awareness. Further, specific detail on our approach to governance is shown below (and a summary of our corporate governance structure is on page 84).

Board/ Committee	Description of how climate-related matters are considered
Plc Board	The plc Board tracks progress on climate-related goals via: papers and reports from the responsible business, investments, risk, and underwriting functions; and a metrics dashboard aligned to our risk appetite statements and risk management framework, produced by the Risk team. The dashboard includes three specific climate-related metrics, and detailed information is provided for any rated amber or red. Climate-related matters are also considered as part of the annual process to approve: • the risk appetite statements; • the Group's corporate business plan, including capital adequacy and the own risk and solvency assessment (ORSA); • updates to the Group's Responsible Business Strategy; • the Responsible Investment Policy; • the Investment strategy; • annual report and accounts, including the TCFD report
Beazley plc Audit Committee	The Audit Committee is responsible for TCFD reporting and receives regular updates (three in 2023). It is involved in signing off and approving annual TCFD disclosures. The metrics in this report were proposed and approved by the committee in spring 2023.
Beazley plc Risk Committee	The plc Board has delegated oversight of the risk management framework to the Risk Committee. The committee's responsibilities include overseeing the effectiveness of the risk management framework at Beazley, of which climate-related risk is one element.
Beazley plc Nomination Committee	NomCo considers the current and future leadership needs of the business, and recommends the annual board knowledge and training plan which includes climate-related matters.
Beazley plc Remuneration Committee	RemCo is responsible for ensuring that remuneration frameworks for Directors and senior management, and policies for the Group, incentivise performance while promoting effective risk management. As part of this, climate-related risk is actively considered in executive remuneration and documented in each executive director's remuneration scorecard. The remuneration policy approved at the 2023 AGM also introduced ESG metrics into executive director LTIP awards. Remuneration is reviewed on an annual basis.

1.1.2 Training and awareness

The Culture and People team maintains skill matrices and annual training plans for the plc board. The training provided is shaped by current and emerging trends, stakeholder expectations, and regulatory demands. In 2023, the Board received detailed training on: different types of climate risk; our climate risk strategy; our Climate Risk Working Group plan; and climate related opportunities.

1.1.3 Subsidiary Board oversight

Beazley has four key subsidiary entities: Beazley Furlonge Ltd (BFL), Beazley Insurance Designated Activity Company (BIDAC), Beazley Insurance Company, Inc. (BICI), and Beazley America Insurance Company, Inc. (BAIC), each with their own Board and supporting Committees. The responsibilities of these Boards mirror those set out at a plc Board level, to ensure it is operating in accordance with both legal and regulatory requirements, as well as relevant Beazley Group policies and procedures. These entities are more insurance-risk-focused when compared to the plc Board, therefore the impact of climate-related risk on underwriting is considered in greater detail. Climate-related matters are also considered during their annual risk framework and ORSA approval process, with further updates provided via the Responsible Business report.

1.2 Summary of management's role on climate-related matters

1.2.1 Key individuals at Beazley for climate-related issues

Responsibility for ensuring climate-related issues are appropriately managed by the business is designated across a range of roles:

Responsible individual	How climate-related matters are managed
Chief Executive Officer (CEO)	In addition to being an Executive Director and a member of both the plc Board and Executive Committee, the CEO chairs the Responsible Business Steering Group.
Chief Risk Officer (CRO)	The CRO sits on the Executive Committee, and is ultimately responsible for our risk management framework, of which climate-related risk is a key part. They provide updates on risk matters, including climate-related risk, to the plc Board, Executive Committee, Audit Committee and Risk Committee. They also split the role of senior management function (SMF) for climate-related risk with the Chief Underwriting Officer.
Group Finance Director (GFD)	The GFD is an Executive Director, and a member of both the plc Board and Executive Committee. They have responsibility for the financial performance of the Company, and provide updates throughout the year to the Board, Executive Committee, Audit Committee and Risk Committee.
Chief Underwriting Officer (CUO)	The CUO sits on the Executive Committee and is responsible for ensuring climate-related matters are embedded within the underwriting process. The Head of Financial Climate Risk and Head of Exposure Management report into them, and they own the outputs of the Climate Risk Working Group and ESG in Underwriting project. The CUO provides updates on the underwriting performance of the Company, including matters arising from climate-related exposures, progress against climate-related risk objectives, and Exposure Management, to the plc Board, the Risk Committee and the Executive Committee. They also split the role of senior management function (SMF) for climate-related risk with the CRO.
Chief Operating Officer (COO)	The COO is a member of the Executive Committee and has responsibility for ensuring we consider climate-related matters across our business operations, including office energy consumption, the use of data centres, and procurement.
Group Head of Strategy	The Group Head of Strategy oversees Beazley's business strategy and updates the plc Board on progress, and is a member of the Responsible Business Steering Group. On 1 November 2023, there was a personnel change in this role. The former Group Head of Strategy led the development of Beazley's new ESG strategy, which is now the responsibility of the Chief People Officer and Head of ESG.
Chief Investments Officer (CIO)	The CIO reports to the GFD and is responsible for all investment activity within the Beazley Group, including the development of investment strategy, delivery of appropriate investment returns, and the effective management of investment risks. Managing climate risks to our investment portfolio is a key aspect of this role.
Head of Culture and People	From the 1st November 2023, ESG oversight has moved to the Head of Culture and People who is an Executive Committee member and part of the Responsible Business Steering Group. The Head of Responsible Business and Head of Social Impact now report into this role.
Head of Capital	The Head of Capital provides quarterly updates to the Risk and Regulatory Committee on capital allocation for potential climate-related events and insurance claims. They oversee the assessment of climate-related capital requirements using modelled and non-modelled information to determine the impact of climate change on the business.
Head of Responsible Business	The Head of Responsible Business is responsible for the delivery of the environmental objectives set within the Responsible Business Strategy. From a climate perspective, their role is focused on climate-related responsibility matters. They provide updates through the year (three in 2023) on responsible business matters to the Executive Committee and plc Board. These updates include progress against the objectives and targets set out within the Responsible Business Strategy, covering climate-related risk, climate-related responsibility, and an overview of items discussed at the responsible business steering group. The Head of Responsible Business is also responsible for curating the annual TCFD disclosures.
Head of Financial Climate Risk	The Head of Financial Climate Risk oversees the integration of climate-related risk into underwriting, coordinates climate risk initiatives, and provides expertise to strengthen Beazley's climate risk management. This role reports to the CUO and provides quarterly updates to the Underwriting Committee and Responsible Business Steering Group.
Head of Social Impact	The Head of Social Impact role was newly created in 2023 to deliver social-related objectives within the responsible business strategy. They are a member of the Responsible Business Steering Group, and support the alignment of social and environmental issues.
Head of Compliance and compliance department	The Head of Compliance is responsible for overseeing the compliance function at Beazley. This includes ensuring that we conduct business in accordance with all applicable laws and regulations we operate a Group-wide compliance framework designed to measure risk exposure, govern decision-making and monitor performance. Our framework consists of a number of systems and controls, including: • Senior management oversight; • Risk assessments; • Staff training and awareness; • Compliance monitoring; and • Compliance reporting. Beazley is mandated to ensure compliance with the following climate-related requirements: • Annual disclosure against the TCFD reporting framework; and • Adherence with SS3/19. The Head of Compliance reports into the CRO.
Group Head of Internal Audit and internal audit department	The Head of Internal Audit ensures appropriate audits are undertaken to support our climate-related objectives, including underwriting functions, investments and TCFD disclosures.
Head of Exposure Management	The Head of Exposure Management leads the team responsible for developing approaches to monitoring the aggregation of exposure to natural catastrophes. The exposure management team reports to the CUO, who in turn provides regular updates to the Board on these matters. The Head of Exposure Management is the chair of the Physical Damage exposure management group (PDEMG). The exposure management team is supported by the Head of Financial Climate risk.

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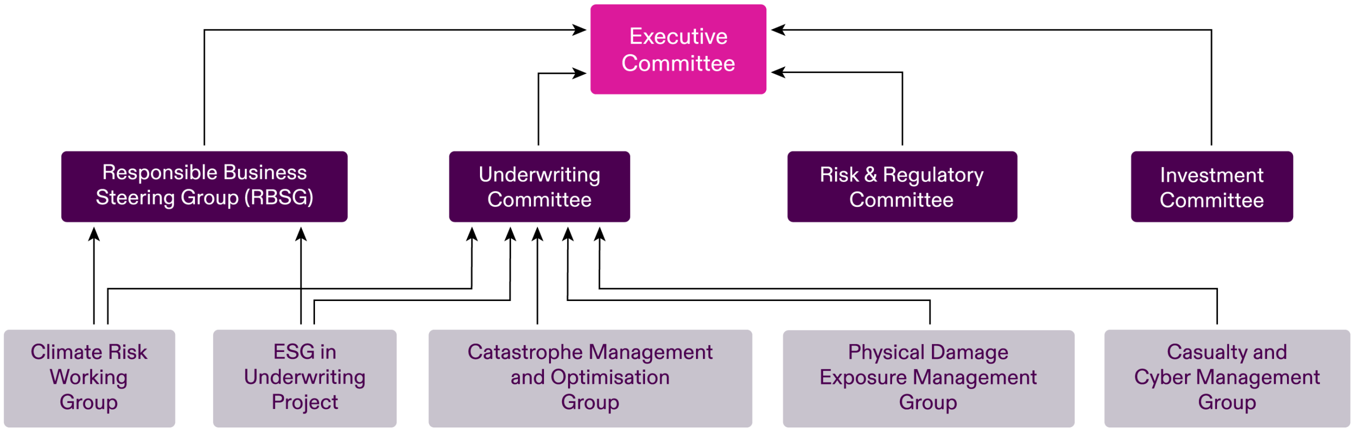
1.2.2 Summary of management-level reporting structure

To help the business address climate-related issues, the roles outlined above (section 1.2.1) sit on or provide updates to to a number of different management committees, steering groups and working groups (shown below).



A brief description of these committees, steering groups and working groups is as follows:

Executive Committee

The Executive Committee is our central decision-making and oversight body responsible for shaping our strategic direction, policies and operations. They receive regular updates on climate-related and ESG issues from sub-committees and working groups, including KPI and KRI dashboards collated by the Corporate Strategy and Risk teams. These dashboards contain climate-related metrics that provide insight into business performance and inform decision making.

Responsible Business Steering Group (RBSG)

The RBSG, a sub-committee of the Executive Committee, oversees the delivery of responsible business across Beazley, and monitor progress against our objectives. It met 10 times in 2023, with agenda items including: progress updates from the climate risk working group and ESG in underwriting project; reviewing the emerging transition plan, metrics for disclosure in the TCFD report, and progress against key climate-related KPIs; and the annual responsible business strategy refresh.

The primary purpose of the committee is to provide recommendations to decision-making fora, including the Executive, Underwriting, and Investment Committees. The dialogue between the RBSG and these committees further embeds responsible business matters across the organisation.

The RBSG is chaired by the CEO and attended by the Group Head of Strategy, Head of Responsible Business, Head of Financial Climate Risk, Chief People Officer and Head of ESG, Head of Procurement, and a representative from the Claims team. It also invites four Non-Executive Directors to attend quarterly as observers, to provide a further link between management and the plc Board on these issues.

Investment Committee

Chaired by the Group Finance Director, the Investment Committee oversees our investment strategy and ensures it can be delivered in alignment with business risk appetite.

To further promote sustainability and climate-related matters, Beazley has a responsible investment policy. This policy sets out how we have incorporated ESG issues into our investment analysis and decision-making process, and our approach to the management of climate change risk within the investment portfolio. The Investment Committee, in conjunction with the RBSG, also oversees progress against the investment-related objectives within the responsible business strategy. The Investment Committee continues to review and approve the portfolio of impact investments held which have a measurable social and/or environmental impact as well as a financial return.

Underwriting Committee

The Underwriting Committee, chaired by the CUO, monitors progress and ensures delivery of underwriting, claims, and reinsurance business plans. It includes representation from the underwriting teams, the Group Head of Claims, the Group Actuary, CRO, Group Head of Strategy, and Digital Head of Underwriting. The Committee is charged with ensuring the efficient implementation of ESG in underwriting, with prominence given to climate risk and opportunities. It has ultimate decision-making power on climate-related risk matters and receives updates from the Head of Financial Climate Risk and Head of Responsible Business. It reports monthly to the Executive Committee.

Underwriting sub working groups

Feeding into the Underwriting Committee are the following working groups:

Physical damage exposure management group (PDEMG)

The PDEMG monitors the natural catastrophe risk appetite set by the plc Board; risk appetites assigned to Beazley Group companies (including Beazley plc, BIDAC, BFL and BICI); and the physical damage RDS plan agreed by Lloyd's. The PDEMG reviews, on a monthly basis, the modelled loss output by the team and the overall Group total showing utilisation of the plan and provides challenge where there is a variance to plan. Its remit includes responsibility for the Group view of physical damage catastrophe risk written within the underwriting teams, and climate change analysis. The PDEMG monitors the utilisation of the Natural Catastrophe Risk Appetite & the 3 Lloyd's Natural Catastrophe RDS on a monthly basis.

Casualty and Cyber Management Group (CCMG)

The CCMG, chaired by the Underwriting Strategy Manager, is responsible for the Group view of Cyber and Casualty risk, including the impact of climate change on underwriting. It governs climate litigation scenario development and monitoring, and reports monthly to the Underwriting Committee.

Climate risk working group (CRWG)

The CRWG, chaired by the CUO in 2023, was established to embed climate-related risk into the underwriting process. Its work is part of the climate risk strategy approved by the plc Board. The Group's membership includes the Head of Exposure Management, the Head of Financial Climate Risk, the Head of Responsible Business, the Lead Pricing Actuary - Property Risks, and underwriting representatives from each of the divisions. It meets monthly to oversee climate risk projects and activities, and is involved in decision-making on climate-related matters and approved the metrics included in this report. The CRWG reports quarterly to the Underwriting Committee and RBSG.

ESG in underwriting project group

This group was established to oversee the further embedding of ESG matters within underwriting. Its work includes:

- Enhancing underwriting data collection to gather carbon emissions and transition-related information;
- Improving data gathering within the underwriting process on ESG matters; and
- Enhancing colleagues' knowledge on both ESG and climate-related issues through the delivery of training modules.

The project group reports to the CUO and provides regular updates to the Underwriting Committee and RBSG. Its members include the Head of Financial Climate Risk, the Head of Responsible Business, and underwriting representatives from each division.

Risk and Regulatory Committee

The plc Board has assigned oversight of the risk management department to the Executive Committee and the plc Risk Committee. The Executive Committee has further delegated direct supervision to the Risk and Regulatory Committee, which meets monthly and is chaired by the CRO. The risk section discusses the roles, responsibilities and oversight of this Committee in more detail.

Training

In January 2023, two mandatory e-learning training modules were introduced for the underwriting teams. The first module focused on ESG basics, whilst the second provided an introduction to climate risk.

Targeted training was also provided to specialty lines and property underwriting teams, where climate-related matters are considered to be more prevalent. For our property underwriters, the training supported the delivery of climate risks tools for better assessing the physical climate-related risks associated with properties. The content of this training included a focus on climate change metrics, catastrophe management and optimization, and climate risk underwriting questions. For some of our Specialty Risk lines of business, the training was provided in support of the introduction of ESG underwriting guidelines and questions.

Additionally, a third-party workshop helped key individuals across the business better understand climate-related litigation risk. This informed the appraisal of our current approach and the development of business strategy on the matter.

TCFD 2023 continued

2. Strategy

2.1 Climate-related risks and opportunities

2.1.1 Definitions of time horizons

Beazley considers risk across three broad time horizons for climate-related risks. These time horizons are reflective of our approach to business planning, the type of products Beazley provides, and the investment decisions the Company makes. A summary of climate-related issues which could potentially have a material financial impact on the Company within each timeframe are shown below, based on a review of external research and information. The processes by which we have reached these conclusions, and the opportunities which may arise as a result, are discussed further on in the report.

Time horizon	Description
Short term (1 year)	Beazley's performance is evaluated on the results of each financial year and the business plan is developed on this basis. Most of Beazley's underwriting business is in short-tail classes. The impact of physical climate-related events occurring through the year are reflected in Beazley's approach to underwriting and pricing. Specific climate-related issues arising within this time horizon could include: • liability-related claims relating to greenwashing; • reputational incidents arising from the underwriting of, or investment in, companies which have a significant impact on climate change; • impact of green technology; • failure of Beazley to act as a responsible business on these matters; and • possibility for increased claims arising from natural catastrophes.
Medium term (1 to 5 years)	Some of Beazley's underwriting business is in medium-tail classes, whilst investment in larger projects and platform developments may run over multiple years. Emerging risks can also crystallise over the medium term. Through this time horizon, the issues identified within the short term are likely to persist. Acute impacts of natural catastrophes is expected to increase in frequency and severity, and liability-related claims for failure to prepare for climate change will rise. Transitional issues from policy, market, or technology changes will also likely emerge. The five-year time horizon is aligned with the development of Beazley's medium-term plan (MTP). This plan sets out, at a high level, the growth ambitions for the business across the underwriting divisions. The MTP aims to provide a bottom-up view of the business, covering both the underwriting 'demand', and the operational 'supply', culminating in a financial plan and a sense of operational dependencies covering 2023-2027. It complements the Annual Underwriting Plan by building a view of what the business can deliver to support the underwriting ambitions
Long term (5+ years)	Beazley's strategy and strategic objectives are generally set over multiple years. Mega trends and slow-moving emerging risks may crystallise over many years. From a climate risk perspective there will be an increased trend in the acute physical climate-related risks, whilst longer term and more chronic impacts may also begin to be realised. From a material financial impact perspective, the issues identified within the short term are likely to persist. The frequency and severity with which acute impacts of natural catastrophes are felt is expected to begin to increase. The chronic impacts of climate change are also expected to begin to feature. Liability claims associated with a failure to prepare or adapt to climate change are expected to increase in severity and likelihood.

2.1.2 Process to identify climate-related risks with a material financial impact

In 2021, Beazley took part in the PRA's Climate Biennial Exploratory Scenario (CBES) stress test. The exercise covered modelling of physical, transition and liability (litigation) risk over a 30-year time horizon within three different scenarios. The learnings from this exercise enabled us to further understand which climate-related risks could be material to the business. A number of actions were triggered as a result of the exercise, which have informed the basis for further developing our approach to embedding climate-related matters into our business, strategy, and planning.

Identification of physical climate-related risks

In 2023, to help address strategic priorities identified in the 2022 focus group business plans, Beazley focused on assessing and understanding physical climate-related risks, especially those with a material financial impact. This has been achieved through the implementation of a three phase climate-related risk assessment framework. The framework enables us to identify the risks, and also supports defining the actions needed to manage them (e.g. model validation, model adjustment, actions to pricing and underwriting).

This assessment will be refreshed on an annual basis to reflect changes of exposure and developments in climate science, and allow us to prioritise our efforts on risk assessment of material perils.

The three phases of the framework are as follows:

Phase 1 Identification of all climate-related risks arising in each time horizon	Phase 1 involves the collation of the outputs from a number of different tools and processes by which physical climate-related risk are brought together. This helps to create an initial indication of the potential impacts of physical climate-related risks on Beazley. The processes used include:	
	Climate change research	An extensive literature review of scientific journals is undertaken to ascertain the climate change impact on key parameters within each of our signifiant perils. The outputs of the review help Beazley to rank each peril in terms of confidence in climate change signal, and materiality to Beazley.
	Stress and scenario testing	Scenario analysis completed as part of ORSA submissions, and realistic disaster scenario (RDS) monitoring completed by PDEMG allow for regular monitoring of Beazley's exposure to various climate risks. Additional scenario analysis from the Climate Risk team helps to assess the future materiality of key climate risk perils. This work helps quantify the potential losses of different risks, which informs the assessment of materiality
	Underwriting Engagement	Regular engagement with underwriting teams helps to identify potential material climate-related risks. Whilst this engagement comes in many forms, the ESG Underwriting leads are important in ensuring product line specific climate-related risks are highlighted. The ESG in Underwriting project team, and the CRWG are two of the mechanisms by which this information is shared. This engagement builds on a series of 'deep dives' the ESG in Underwriting project team conducted in 2022 across all underwriting teams.
	Emerging risk identification	Beazley uses a two-pronged approach to identify, assess, manage, and report on emerging risks. The macro, which considers high-level risks that may impact our industry and markets, using tools such as PESTLE analysis (Political, Economic, Social, Technological, Legal and Environmental); and the micro, which focuses on risks specific to our business and functions. Climate change is captured as an emerging risk and is assessed based on how it could impact Beazley and that mitigation measures are in place. The Emerging Risk Working Group (ERWG) meets quarterly to continually monitor the evolving landscape of emerging risks.
	Monitoring of exposure aggregation	Beazley's Physical Damage Exposure Management Group (PDEMG) issues monthly physical peril exposure reports to monitor our exposure to various climate risks. These reports serve as a mechanism for managing risk and are used to update knowledge of climate-related risks in each time horizon.
Phase 2 Assessment of materiality	Once all climate related items have been identified, an assessment of materiality is undertaken to understand which items will be most impactful to Beazley's business activities. The purpose of materiality assessment is threefold: 1) Monitoring exposure; 2) Linking materiality analysis to climate change impact of perils; and 3) Guiding and helping prioritise actions of Beazley projects on climate risk/opportunity. The individual physical risk perils for each country are then examined using a combination of modelled losses and aggregate exposure for each peril by country. This is to identify the region/perils most material to Beazley.	
Phase 3 Plan to mitigate the risks	Once the most material risks to Beazley are identified, a number of steps may be undertaken to manage and mitigate these risks. Given that these risks are likely to be accompanied with a business opportunity, these steps are usually not undertaken in isolation. The linkage between the risks and opportunities, and the actions Beazley is taking are outlined in the subsequent sections.	

Identification of climate-related litigation risk

Climate-related litigation could be a material risk to Beazley, given our exposure to Specialty Risks. Beazley began to undertake projects in 2023 to identify and quantify our exposure to this risk.

In June 2023, Beazley held a climate-related litigation workshop with a third-party partner to discuss the latest trends and developments in climate-related litigation and their potential impact on coverage and exposure. The workshop used insights from external experts to identify potential climate-related liabilities we could face and developed a climate litigation work plan with prioritised projects and future plans.

In accordance with this work plan, we are now reviewing our greenwashing scenario, as well as assessing our exposure to climate-related litigation by business line, sector, and jurisdiction. The exposure assessment will allow us to identify hot spots in our exposure to climate litigation risk, set triggers for any future scenario development, and consider any underwriting actions.

Identification of transition-related climate-related risks

Climate transitional-related risk could be a material risk to Beazley, so in autumn 2023 we began researching to further understand the risks arising by sector and geography. This work will continue in 2024 and builds on the transition related opportunities already identified (which are discussed further on in the report).

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2.1.3 Process to identify climate-related opportunities with a material financial impact

In addition to the approach to identify climate-related risks, there are also a number of processes by which Beazley identifies climate-related opportunities which have a material financial impact. These are detailed below:

Method of identification	Description
Identified as a result of determining a risk	The methods used to determine a risk also enable identification of an opportunity. The development of an opportunity, where underwriting-related, will be delivered using one of the three processes described below.
Incubation process	The Incubation Underwriting team develops new products which sit outside of existing underwriting team business plan and appetite. New product opportunities can be sourced from brokers, InsurTechs, Beazley underwriting teams and internally from within the incubation team itself. When reviewing a new product opportunity, and thus its potential materiality, the Incubation team will consider: the addressable market; buyer urgency; market saturation; product economics; and customer interests. Should the opportunity warrant further investigation the incubation team will engage with experts within Beazley - including underwriting, actuarial, wordings, conduct, claims and others as necessary, before reviewing the opportunity with the head of underwriting strategy. Following feedback from these internal stakeholders, a decision paper is prepared and presented to the head of underwriting strategy. This is then presented by the Incubation team to the CUO and/or the underwriting committee. Opportunities are launched in pilot periods, typically to maximum aggregate limits, to test the opportunity. Progress is reported to the underwriting committee. If suitably 'proven' in the underwriting pilot, and following the required approvals, the opportunity will be handed over to an existing Beazley team, where suitable. Currently the Incubation team is investigating solutions related to climate risk and the carbon transition. Their work is monitored by the underwriting committee.
Business planning process	Underwriting focus group leads are responsible for developing the annual business plan, in which they may identify an area of business in which to either enter or expand their portfolio. They will document their strategy within their business plan. This could include the type of products/services they will insure, and the size of the market and the opportunity for Beazley. This work is supported by input from specialists. One such example of this approach is the work being undertaken to develop a business plan for renewable energy, with a view to the energy team decarbonising its energy portfolio over the long term. This will align with the metric currently disclosed for the premium generated from low and zero carbon technologies.
Extension to an existing product or service	Due to the specialist nature of Beazley's products and services, there may be several existing products and services which can be used to cover similar risks in new settings. Where this occurs, the relevant underwriting team use their knowledge and expertise to ensure any adjustments to the policy wording are implemented. This work is supported by the product development team.
Additional underwriting opportunities	The development and deployment of climate risk metrics within Beazley allows for opportunities to share climate risk insights with clients. Engagement with underwriters can identify useful metrics to enhance our client's understanding of their exposure to physical climate risks.

2.1.4 Summary of opportunities identified

Physical climate-related opportunities

Based on the 2023 physical risk materiality assessment, the US was determined the most material geographical location in which the Group operates and underwrites. US hurricane was found to be the most material peril, followed by US wildfire, US inland flood, US severe convective storm & US winterstorm. Outside the US, high materiality was found for European windstorm and flood, as was Japan tropical cyclone, both of which are material to our Property and Treaty underwriting business.

The opportunities related to these areas for Beazley lie, in the first instance, internally as we further develop our understanding of these perils and the impact they may have on the business.

The initiatives through which we further understand physical perils are outlined in the table below. In turn, this approach helps to improve the quantification of this risk.

Risk mitigation measure	Description
Developing climate risk adjusted pricing	For certain risks that are affected by climate change, adjustments may be made to the pricing model to accurately reflect their risk profile. This is done by investigating the historical loss trends of the risk and conducting a review of scientific literature on the impact of climate change on it. In 2022, this approach was introduced for US Wildfire, Inland Flood, and Hurricane. In 2023, reviews were also completed for US Hail, Tornado, and Winterstorm, and the findings were incorporated into the pricing models.
Portfolio optimisation	Underwriters are provided with tools, metrics, and training to help them manage climate risk in their portfolios. When future-state climate models are available, regional scenario analyses can be conducted to show how different regions may be affected by climate risks over time. By sharing the results of these analyses with underwriters, they can make informed decisions when selecting risks and prioritize regions with lower future climate risk.
Capital management	The capital modeling process takes into account the impact of climate change. Adjustments are made to the capital model to reflect our forward-looking view of risk, including assumptions about the frequency and severity of events based on the RMS Climate Conditioned Hurricane model. The model also accounts for the increasing trend in US wildfire losses due to climate change.
Location level climate change metrics	Underwriting tools are implemented to help identify and mitigate physical climate risks. These tools allow underwriters to better understand their exposure to climate risks, the tools encourage better risk selection and underwriting performance. By sharing this information with clients, they can become more aware of which of their assets are at greatest risk. This enables them to target mitigation measures to increase resilience and reduce future losses.
Developing climate conditioned forward-looking view of risks	For highly material modelled physical perils, we look to develop a climate-change conditioned view of risk and implement it in catastrophe modelling of any affected assets. To do so, we prepare a study examining the impact of climate change on the scientific underpinnings of the peril. The study then assesses the potential implementation of these climate-change impacts in the models currently in use by Beazley and determines a final adjustment/model alteration to use. We also engage external experts in this process. The view of risk is reviewed by several internal working groups and committees before implementation. In 2022, we developed and implemented a climate change conditioned view of risk for US hurricane. In 2023, we developed our climate change conditioned view of risk for US inland flood and US wildfire. Alongside catastrophe modelling, the forward-looking view feeds into our exposure aggregation monitoring and capital management, to support the assessments of capital requirements and exposure appetites.
Climate risk questions	A series of climate risk questions have been rolled out for property underwriters who are writing risks identified as possessing a high degree of climate risk. For these risks, underwriters liaise with clients to understand whether they are aware of the climate related risks they are exposed to, and what protection measures and emergency responses are in place. By ascertaining how well clients understand and are responding to climate risk, underwriters can both encourage better resilience for our clients and better understand and account for their own exposures to climate risk.

Climate-related litigation opportunities

As mentioned earlier in this report, we're continuing to evolve our understanding of the risks associated with climate litigation. By gaining a better understanding, we expect to identify new opportunities for products and services. This work will continue in 2024.

Transition-related climate opportunities

It's important to us that we support a just transition to a net-zero world. While there are risks associated with this transition, there are also opportunities . These include developing our own transition plan, incubating products which provide coverage for emerging risks and technology, and supporting clients as they begin their own transition journey. From an investment perspective, seeking to align our investment portfolio with a 1.5-degree Celsius pathway by 2028 is important, and work continues to achieve this.

2.2 Impact of climate-related risks and opportunities on business strategy and financial planning

Our insureds are the most important part of our value chain. We do not see this value just in being their insurer, but also in supporting them as they address climate-related risks. Beazley's climate risk strategy and responsible business strategy outline how we manage material climate-related risks and opportunities. The following section provides a summary of our approach to climate-related matters across underwriting, investments, and operations, and how they inform our strategy.

TCFD 2023 continued

2.2.1 Developing our transition plan to net zero

The transition to a net zero world is a crucial topic for Beazley, and affects our operations, investments and underwriting. We are currently developing the first iteration of our net zero transition plan, which will be a key part of our strategic approach to ESG and climate-related matters. This plan can be divided into three key areas:

Underwriting

During our exploration of setting carbon emission reduction targets for Beazley's underwriting portfolio and our work with the Sustainable Markets Initiative (SMI), we realized that a collaborative effort is needed to facilitate the transition to net-zero. At the centre of this effort is the need for businesses to commonly report carbon emission data and for a consensus to be reached on common sector frameworks for assessing the transition to net-zero. As a result, our transition plan for the underwriting element of Beazley's operations will focus on two main areas:

- Improving the availability of carbon emission data for the clients we insure so that we can set reduction targets in the future. We plan to achieve this through client engagement, collaboration with third parties, and industry initiatives; and
- Delivering products and services that best support our clients as sectors begin to transition to net zero. An example of this is our business plan to develop our renewable energy underwriting capacity at Beazley. An action which can be tracked through the underwriting premium from low and zero carbon technologies, cited in the Metrics section of this report.

Operations

Although the carbon footprint from our operations is small compared to the emissions from our investment and underwriting portfolios, it is the area where Beazley employees can have the most influence. The operations element of our transition plan will focus on reducing carbon emissions from the offices we lease by working with our landlords and encouraging the use of renewable electricity.

This approach builds on our current targets for reducing carbon emissions from our operations. For 2023, we aim to reduce our normalized carbon emissions by 50% compared to the 2019 baseline (progress is reported in the Metrics section of this report). Beazley's GHG emissions mainly come from our Scope 2 and 3 emissions, as detailed in our GHG emissions disclosures.

As part of our ongoing project to incorporate ESG matters into our procurement process, we will also explore how we can support our supply chain in transitioning to net-zero and develop a detailed plan for this area of the business.

Investments

For our investments, our initial transition plan focuses on aligning our publicly listed corporate bonds (investment grade and high yield) and publicly listed equities with a less than 2-degree Celsius pathway by 2028. For our externally managed assets, we have moved most of our equity exposure into funds with an ESG approach and a decarbonization benchmark. For the remaining outsourced portfolios of in-scope assets, we are working with external managers to encourage the development of ESG compliant funds with a decarbonization target, with the intention of switching our funds when suitable products are available.

Details of the carbon footprint and temperature alignment of our portfolio are published in the Metrics section of this report. For other assets that are currently out-of-scope, we will expand reporting as new guidance is published for asset classes not currently covered by existing methodologies.

2.2.2 Climate risk strategy for underwriting

Our climate risk strategy forms the basis for the planning the actions the business will take, in the short term, to further embed climate change into our business as usual approach to managing climate-related issues. The strategy covers four key areas below and was communicated externally for the first time as part of our 2022 TCFD disclosures:

- Embedding climate risk into underwriting;
- Underwriting product opportunities;
- Risk mitigation; and
- Financial stewardship

Embedding climate risk into underwriting

Led by the CRWG, we're continuing to build on the work undertaken to date to further integrate climate-related matters into our underwriting approach. The focus has been on addressing the risks and opportunities outlined earlier in this report. A summary of our progress so far is below.

Initiative	Summary of progress and plan for 2023
1. Development of physical risk materiality assessment framework	In 2023, Beazley enhanced its approach to identifying material physical risk perils by incorporating scientific research into its physical risk materiality assessment. The assessment framework links the materiality of physical risk perils at present with their future climate change impacts. This materiality is then assessed based on factors such as premium, modelled losses, risk aggregation, and claims history. Future climate change impacts were then determined through a thorough scientific literature review led by our Natural Hazard Research team. The material assessment outputs allowed us to prioritize our efforts in developing climate risk tools.
2. Strengthen catastrophe modelling capabilities and develop forward looking view of risk	Our ongoing efforts to develop a climate change-conditioned view of risk allow us to take a forward-looking approach to managing risk from material perils. In 2022, we validated and implemented a US hurricane model that takes into account the elevated risk due to climate change. This model is used as our view of risk for 2023 and is implemented in portfolio management, pricing, and capital setting. At the end of 2022, we also validated a US wildfire model, which was introduced into portfolio management and capital setting at the beginning of 2023. We have also validated a US inland flood model and are developing a climate change-conditioned view of risk for US inland flood and US wildfire.
3. Develop climate adjusted pricing for key perils	At the end of 2022, we introduced climate loss trends in pricing for US wildfire and US inland flood, and in January 2023, we did the same for US hurricane. During 2023, we reviewed climate loss trends for US hail, US tornado, and US winter storm, and implemented climate-adjusted pricing for these three perils into our pricing models. This climate-adjusted pricing allows for improved risk selection and management of catastrophe line deployment.
4. Climate risk underwriting questions	In 2023, Beazley developed climate risk underwriting questions and guidance, which are currently being tested in Property and Specialty lines. The underwriting questions and guidance were created to explore the impact of a changing climate on the underwriting risk of these business lines, to assess the insureds' awareness of their climate risk, and to determine what steps they have taken to mitigate them. To support this pilot, we provided training to underwriting teams to implement the questions and guidance into the underwriting process. We are working to gain a better understanding of the use of the questionnaire and guidance, the ease of collecting the information, and any opportunities for refinement. Ultimately, they will help us better understand the risks and make more informed underwriting decisions.
5. Develop underwriting climate change metrics	In 2022, Beazley developed a climate change metric for US hurricane risk and implemented it into our key property pricing tool in 2023. This metric was developed using a third-party tool that provides climate change projections for a list of physical risk perils. The US hurricane climate change metric was validated and implemented first because it is the most significant peril. It helps underwriters understand the future impact of climate change on their portfolio, supporting their decision-making. At this stage, it will not affect the modelled premium as this is already captured in the hurricane climate-adjusted pricing. To support the integration of this metric into the underwriting process, we provided training to underwriting teams and are working closely with underwriters to support the use of the metric. The metric is used to select accounts that are most exposed to hurricane risk and helps identify where the climate risk underwriting questions need to be completed.
6. Portfolio management: develop and implement catastrophe optimisation framework and tools	In 2022 we developed, and in January 2023 implemented, a catastrophe optimization framework and tool, enabling underwriters to refine and manage their US Property Risks portfolios using risk appetite and performance metrics, and make decisions on where to expand or retract our exposure. A Catastrophe Management and Optimization Group was established at the beginning of 2023 to oversee the implementation, meeting monthly to review risk appetite and performance metrics.
7. Physical climate risk scenario analysis	During the year we progressed the development of physical climate risk scenario analysis. We conducted climate scenario analysis for US hurricane, our most material peril, under a number of temperature scenarios to assess the climate change impact on our property portfolios. The analysis is planned to be repeated at an agreed frequency, with results shared with underwriters. This will allow them to monitor their future hurricane risk exposure and help embed scenario analysis in their process for monitoring catastrophe risk. The results will also aid the business and medium-term planning processes next year.

Underwriting product opportunities

Beazley considers the impact of climate risk on end-to-end insurance operations, which drives opportunities for new and changes to existing products and propositions. The processes we have in place, as discussed in section 2.1.3, facilitate the development of product opportunities.

In 2022, we undertook a review on how Beazley's current and planned product suite applies to industries and sub-industries that are key to the green/clean technology element of the transition to net zero. As part of the review, we gathered information from our underwriting teams on both their appetite and demand for coverage for these industries. There is clearly a demand for products and services for renewable energies (wind, solar, hydro-electric, wave & tidal, geo-thermal, and hydrogen), as well as being demand for green technology (carbon capture & storage, battery technology, recycling) and green services, (green consulting, technical services, green finance).

The exercise also enabled Beazley to identify the challenges to underwriting green/clean tech, including a lack of available historical data and difficulty in predicting which green technologies will be most successful or how quickly they will be adopted.

The development of these product opportunities continued to progress in 2023.

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Financial stewardship

For Beazley, a crucial part of the transition to net-zero is ensuring that it occurs justly, balancing the short-term social needs of energy security against the longer-term needs to reach net-zero by 2050. At the beginning of 2022, we adopted a policy of not underwriting any new thermal coal, oil tar sands, or arctic energy exploration projects, or businesses generating more than 5% of their revenues from these areas. However, in November, due to the ongoing war in Ukraine, we revised the exclusion for thermal coal. This revision applies only to our Marine and Political Risk underwriting classes, where Beazley is prepared, until June 2024, to insure new clients transporting thermal coal from existing coal mines. This approach supports the need for energy security, as several global countries are increasing their use of thermal coal plants to provide electricity.

We aim to support as many of our clients as we can during their transition to net zero. We believe that this can be delivered through a combination of education on the need for a smooth and just transition; knowledge sharing from the learnings we gain during our own transition journey; and the provision of products and services in this space. Our approach to the just transition will evolve, as we work to further understand how best to support it.

Working with brokers

Brokers play a crucial role in connecting Beazley with our clients. As such, our collaboration with brokers is essential in addressing climate-related issues. Beazley works closely with several strategic broker partners on various topics, including climate-related matters. We engage with these partners, who have the capability to work with us, to establish initiatives that benefit them, our clients, and Beazley. This includes the development of new products and services.

For our Incubation team, the relationship with brokers is a vital part of the process of developing new products and services that address climate-related opportunities. The nature of this relationship may vary depending on the specific product being developed. Engagement with brokers could be influenced by factors such as their involvement in the development of the new product, their ability to assist with the placement of delegated agreements, or their capacity to source business for our new product.

2.2.3 Investments

Beazley's Responsible Investment Policy outlines how we incorporate ESG factors and climate risk into our investment decision-making process. In 2021, Beazley committed to investing up to $100m in impact investments, which generate both a financial return and a measurable positive social and environmental impact. Since then, we have invested in three impact funds, including a renewable energy fund managed by a member of the Natural Capital Investment Alliance, an emerging markets microfinance fund, and the Big Issue Fund IV, which targets health and social care, affordable housing, and social infrastructure in the UK. We have a pipeline of potential investments and will be working towards our investment target of $100m over the next year. It is intended that when fully invested, broadly half of the positive impact will be focused on the environment and mitigation of climate change. These investments are under the oversight of the Investment Committee.

Over the next 12 months, we will focus on developing our plan for transitioning to net zero and further analysing the transition and physical risks of climate change, and the financial impact of different climate scenarios on our portfolio. This will help us monitor and manage our exposure to climate risk across our investments.

For our internally managed investment-grade fixed income portfolios, we will monitor the progress of our investee companies towards net zero and reduce our exposure to those not making sufficient progress towards decarbonization. Given the size and nature of our investments, we believe this approach is appropriate, as we are not able to effectively engage directly with the companies we invest in. Our equity investments, which make up a small proportion of our portfolio, are managed by external investment managers. We require these managers to exercise our voting rights and engage with our investee companies on climate issues. We continually monitor our investments to ensure that we are invested in the most sustainable options and engage with our managers to make changes to the mandate where possible.

2.2.4 Operations

Carbon travel budget

Business travel is a major contributor to our scope 3 emissions. To address this, we have implemented a carbon budget system, similar to a financial budget. Each division is allocated a specific amount of carbon that they can "spend" on greenhouse gas emissions resulting from business travel. Performance updates are provided throughout the year, allowing teams to track their carbon spending. This budget system, and the resulting changes in travel patterns, has helped Beazley achieve reductions in normalised carbon emissions, as outlined in the Metrics section of this report.

3. Scenario analysis

3.1 Overview

Climate scenario analysis is a valuable tool to assess financial risks from climate change and inform strategic and business decision making. By measuring the future financial impacts of climate risk to our business, we can adjust our strategy accordingly to ensure resilience. Our approach to scenario analysis has evolved, with key initiatives being as follows:

Year	Outline of initiative
2021	**Bank of England Climate Biennial Exploratory Scenario (CBES) stress test** The exercise covered modelling of physical, transition and liability (litigation) risk over a 30-year time horizon within three different scenarios – Early Action (EA), Late Action (LA), and No Additional Action (NAA). The scenarios were based on those established by the Network for Greening the Financial System (NGFS). The exercise focused on both assets and liabilities, taking a view, based on end-of-year 2020 balance sheets, of what might happen depending on future climate-related policies, technological advancements and consumer behaviour to limit greenhouse gas emissions. It was determined that the overall balance sheet impact was material over the long term, particularly in the NAA scenario which sees greater physical and transitional risk. However, in no scenario was Beazley rendered unviable as an organisation. On physical risk, the biggest impact on loss occurred in the NAA scenario, specifically the US perils (i.e. US windstorm, US inland flood, US wildfire, US severe convective storm, and US winter storm). On transition risk, the largest asset portfolio loss occurred in the NAA scenario and the smallest in the EA scenario.
2022	**Internal scenario analysis development** Likely future state scenario In 2022, we developed a 'likely future state' scenario which ensures that all areas of the business are aligned in terms of views on likely future scenarios and what ‘degree world’ we are operating in and planning for. The scenario is based on future emissions pathways set out by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), and the Intergovernmental Panel on Climate Change (IPCC) scenarios. The proposed ‘Beazley most likely’ scenario parameters are: • Future emissions follow the RCP 4.5 emissions pathway • A very late and more aggressive policy transition. Assumes annual emissions do not decrease to 2030. The 'likely future state' scenario parameters have been used to inform the decision on developing climate change conditioned view of risk for material physical risk perils and location level climate change metrics. Greenwashing scenario In 2022, following completion of CBES 2021, we developed a Greenwashing RDS scenario, assessing our exposure to a scenario in which a number of insureds across several exposed business lines faced greenwashing claims for overstating their green credentials. The RDS considered the degree to which the different insured industry sectors and firm sizes of insureds are likely to be subject to Greenwashing litigation, as well as how the frequency and severity of claims may differ between countries.

3.2 Developments in 2023

In 2023, we have developed a new series of scenarios for physical risk, whilst pursuing projects which will guide future scenario developments for climate-related litigation risk.

3.3.1 Physical Risk

Scenario scope and peril choice

Based on the results of our materiality assessment, and given that hurricanes are our most significant peril, we have developed a climate scenario analysis for US hurricanes. This analysis examines the impact of climate change on various property lines under different temperature scenarios in the future. The focus is solely on physical climate risk, and the analysis assesses the impact of climate change on each property line at different future temperatures. This allows us to evaluate the effects of further global warming on our property portfolio.

Methodology and key parameters

Our climate scenario analysis used Global Mean Surface Temperature (GMST) temperature increase as the independent variable, with scenarios modelled for three temperatures. Each temperature corresponded to a different business and strategic planning horizon over the short, medium, and long terms.

The decision to use temperatures as the key parameter was based on making results easy to communicate with stakeholders, compared to the alternative of using a combination of time horizon and future emissions pathways.

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Additionally, the use of a temperature allows results to be given with a range of time horizons, as each temperature may be reached by different points in the future according to how future emissions develop. This helps communicate the uncertainty inherent in predicting future climate states and encourages stakeholders to keep this uncertainty in mind.
The table beneath shows the three temperatures selected, and the reasoning behind them:

GMST increase	Time horizon	Reason for selection
+1.4 °Celsius	2025-2030	Short term medium business planning In line with Paris agreement (aggressive mitigation efforts required to limit warming to here)
+2.0°Celsius	2035-2060	Long term strategic planning Required by regulators Warming is likely to reach this extent in all but the most aggressive mitigation scenarios
+3.0 °Celsius	2060 onwards	Exploratory 'stressed' scenario Required by regulators Parameter in 'Beazley most likely' scenario Hot house scenario Current policies put us on place to reach this extent by 2100.

Beazley conducts business planning over short to medium-term time horizons, evaluating its performance based on the results of each financial year and developing an annual business plan accordingly. Since some of Beazley's underwriting business involves medium-tail classes or longer-term projects and developments, medium-term considerations must also be taken into account during business planning. Beazley's strategy and strategic objectives are set over multiple years, and therefore must consider mega trends and slow-moving emerging risks that may materialize over time.

For each temperature scenario, we performed a scenario analysis using a climate change conditioned catastrophe model. The event rates within the model were adjusted to reflect the future conditions at each temperature. The modelling was conducted at both national and regional levels, allowing us to see losses on a regional basis.

Findings, assumptions and limitations

The results of our climate scenario analysis showed the percentage increase in modelled losses, with a focus on average annual losses and losses for a 250-year return period. For regionalised losses, all modelled property lines experienced the largest increases in losses in Gulf states such as Texas, Alabama, Mississippi, Louisiana, and Florida, as well as significant increases in the Carolinas. The higher temperature scenarios had more significant impacts, with a higher overall increase in losses for each portfolio and a wider range of loss increases across all states.

It's important to note that this scenario analysis was conducted under the assumption that our future exposure and local mitigation measures will remain the same as they are today. As a result, there are limitations to the results, particularly for the higher temperature scenarios associated with longer time horizons. These limitations contribute to increasing uncertainty at longer time horizons, due to unmodelled variables such as changes in exposure and local adaptation measures, as well as inherent uncertainty regarding the impact of temperature increase on hurricane impacts.

Business use cases and governance

The primary purpose of our physical scenario analysis is to aid in business planning. By evaluating the regional impact of climate change on property focus groups, underwriters can understand the potential impact on their portfolios and identify the regions that will be most affected.

This scenario analysis is planned to be repeated and will be presented to the Catastrophe Management Optimisation Group, before being shared with the relevant underwriting teams. By repeating scenario analysis underwriters can monitor how their exposure to future climate risk changes as their portfolios evolve, enabling them to make informed decisions about managing or growing their underwriting book. This also helps to integrate scenario analysis into our processes for monitoring catastrophe risk.

We are also developing an additional use case for capital management, which will assess the impact of stressed scenarios on our capital requirements and help us understand the potential impact of climate change on our capital needs.

Next steps on physical risk scenario analysis development

In 2024, we will look to extend physical scenario analysis to additional high-materiality climate perils, with US flood and wildfire the next most material after hurricane. We will continue to build use cases for scenario analysis.

3.3.2 Climate litigation risk

Greenwashing scenario review

Beazley instigated an independent review of our internal greenwashing scenario, challenging the assumptions and methodology used. This scenario review had the aim of informing us on how we can improve future scenarios we run for climate litigation, allowing us to refine our approach to scenario analysis and continue to develop our capabilities in the field.

Climate-related litigation portfolio assessment

We are exploring an assessment of our portfolio to determine our exposure to climate litigation. The results of this assessment will inform the development of future scenarios for climate litigation. The assessment will define various forms of climate litigation and allow us to evaluate our exposure to each form across different industries and jurisdictions. Our goal is for the assessment to help us understand where our key exposures to climate litigation risk lie. After the assessment is completed, we may develop further scenario analyses, prioritizing the portfolios and types of litigation identified as being most at risk.

4. Risk management

4.1 Risk management framework

4.1.1 Overview of Beazley's risk management framework

Beazley's risk management framework establishes our approach to identifying, measuring, mitigating and monitoring the Group's key risks, including climate risk. See additional detail on the risk management framework in the strategic report which starts on page 1.

4.2 Identification and assessment of climate-related risks

We use the key mechanisms set out below to identify and assess a range of climate-related risks relevant to Beazley, whether that be by geographical location, sector or product line.

Key mechanism	Description
Scenario Analysis	Scenario analysis includes stressing the scenarios of the first line or developing additional scenarios to consider climate related risks.
Natural Catastrophe Modelling	Beazley utilises physical damage catastrophe models, such as those created by Moody's proprietary modelling system RMS, to help understand the implications of physical events. The modelling of physical events with a climate-adjusted view, i.e. models that enable us to review potential changes in physical risk as a result of a changing climate, is a discipline in its infancy. The Group has licensed, and validated, the RMS climate-adjusted model for our most material peril and expects to review and validate more climate-adjusted models released in 2023. The primary purpose of the tool is to gather data from the underwriting portfolio and provide loss-related information about pre-defined events, such as Lloyd's RDSs. However, it is also used to assist with determining rate adequacy and as a key input in portfolio management decisions; for example, in terms of diversification and geographical spread. The modelling enables the impact of climate-related risk to be reviewed from the following perspectives: • regional variation; • different climate risk scenarios; and • different loss perspectives Beyond this modelling, we also engage with other data and tool providers to review potential changes in physical perils at an individual location level.
Deterministic Scenarios	Beazley runs RDSs in order to determine the impact of different risks. The natural catastrophe RDS and climate litigation RDS are run on a regular basis. This modelling process is overseen by the exposure management team, who have developed a complex and emerging underwriting risks protocol. This sets out the activity in place to review potential, complex, and/or emerging risks relating to underwriting. There are approximately 60 Deterministic Realistic Disaster Scenarios (D-RDS) used to monitor the most significant. These scenarios are either modelled, using data drawn from third-party modelling partners, or non-modelled, where experts across Beazley collaborate to determine the impact. An example of our approach to non-modelled risks is wildfires, an increasingly common event due to the impacts of climate change. The modelling approach, meanwhile takes into account the impact of sector, geography and business segment, in order to determine Beazley's exposure. This helps to determine the relative significance of the climate-related risk in relation to other risks. In turn this informs decision-making across the business.
Climate-related strategic risks	The Board identifies and analyses emerging and strategic risk on an annual basis for discussion at The Board level. Climate-related matters may form part of these discussions, where applicable. Strategic emerging risks are reviewed by the risk team as part of the emerging risk assessment process. These reviews are a collaborative effort with all the Risk team, management and the business functions. It is an opportunity to identify and assess emerging risks, and provide appropriate mitigation measures to reduce/manage the risk. The emerging risk assessment is undertaken at a micro-level and macro-level, (please see the table in section 2.1.2 for more information). This assessment is also where Beazley captures its own response to climate change, and refers to the appropriate action being taken to improve the risk and control framework.
Identification of emerging risks, trends and regulatory requirements	Regular scanning of the horizon for emerging trends, regulatory requirements and stakeholder perspectives is undertaken. Key elements which are looked for include: • Understanding the perspectives of stakeholders, whether they be investors, activists or our employees, through regular dialogue; • Determining current and emerging legal requirements, whether they be mandated or voluntary. This includes compliance with regulatory demands and legislation. It also extends to voluntary initiatives Beazley is a member of, such as the UN Principles for Sustainable Insurance; and • Understanding the evolving reputational risks associated with our activities. Regular communication on these matters occurs across the teams identified in section 1.2 in order to ensure Beazley's approach to responsible business meets stakeholder expectations. Where necessary, proposals are put to the responsible business steering group for further discussion or clarification and recommendations for any appropriate action. Last year the Group committed to setting a net zero target for 2050.

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4.3 Management of climate-related risks

4.3.1 Consideration of climate-related risk within the Risk Management Framework

Climate financial risk is a pervasive risk which spans multiple risk categories and owners; however it is also viewed as a standalone risk in its own right. Below is a brief outline of how climate-related matters are reflected in the relevant principal risk categories of the risk register.

Insurance risks

Risk type	Relevance to climate-related matters
Attritional and large claims	This is the risk that claims costs may be higher than expected leading to material losses. It includes the risk of systematic mispricing of the medium-tailed Specialty Risks business, which could arise due to a change in the US tort environment, changes to the supply and demand of capital or companies using incomplete data to make decisions. In the context of climate-related matters, liability risks could manifest themselves, especially in relation to accusations of greenwashing. Transitional risk may also play a part in claims arising from market cycle risks. The Group uses a range of techniques to mitigate this risk including sophisticated pricing tools, analysis of macro trends, analysis of claim frequency and the expertise of our experienced underwriters and claims managers.
Natural catastrophe underwriting risk	This is the risk of one or more large events caused by nature affecting several policies and therefore giving rise to multiple losses. Given Beazley's risk profile, such an event could be a hurricane, major windstorm, earthquake or wildfire. This risk is monitored using exposure management techniques to ensure that the risk and reward are appropriate, and that the exposure is not overly concentrated in one area.
Climate financial risk	This relates to potential financial risks that may result from the physical impact and transition requirements of a changing climate on Beazley's underwriting and investment portfolios. This could be due to systemic mispricing of climate-related exposures, mismanagement of our aggregate exposures, or greater claims costs than expected resulting in financial loss and/or reputational damage. The Group mitigates this in a number of ways, including having a clearly defined and documented underwriting and investment strategy. There is training and guidance on related risks as part of the business planning process. Pricing models are regularly reviewed and updated to include/reflect climate-risk-related information. Exposure management processes are in place, which includes stress and scenario analysis.
Reserve risk	This is the risk that established reserves are not sufficient to reflect the ultimate impact climate change may have on paid losses. This includes unanticipated liability risk losses arising from our client's facing litigation if they are held to be responsible for contributing to climate change, or for failing to act properly to respond to the various impacts of climate change. With support from our Group actuarial team, claims teams and other members of management, the Group establishes financial provisions for our ultimate claim's liabilities. The Group maintains a consistent approach to reserving to help mitigate the uncertainty within the reserve's estimation process.

Market, credit and liquidity risks

Risk type	Relevance to climate-related matters
Market risk	This is a risk of investment loss, in any period, sufficient to impact capital and/or cause reputational damage. Beazley's investment portfolio could suffer detrimental returns following drops in the share prices of investments following a climate-risk-related incident. To mitigate this risk, an approved investment strategy is in place that provides guidance on appetite. In addition, adherence to the investment strategy is monitored through ongoing review, oversight and audit work.
Reinsurance credit risk	In the event material natural catastrophe events, there would be a risk that our reinsurance counterparties are unable to pay reinsurance balances due to Beazley. If the frequency or severity of these events is increased due to climate change, this could cause a corresponding increase in credit risk. An important consideration when placing our reinsurance programme is evaluation of our counterparty risk. Every potential reinsurer is evaluated through a detailed benchmarking exercise which considers financial strength ratings, capital metrics, performance metrics and other considerations.
Liquidity risk	There is a risk that losses resulting from unprecedented natural disasters or extreme weather could erode our ability to pay claims in a timely manner, due to unavailability (or not having access to) the necesary financial resources to meet obligations.

Strategic risk

Risk type	Relevance to climate-related matters
Environmental, social, and governance (ESG)	ESG is the umbrella term for environmental, social and governance factors that are used to measure the sustainability and ethical impact of a business. The risk is that we fall short of the expected standard of ESG in relation to our stakeholders. For example, this could stem from failing to understand and keep pace with ESG related thinking (that continues to gain momentum) and consequently not taking appropriate actions to address Beazley's stance and exposure in those areas. This could result in actual, or a potential, material negative impact and/or reputation of Beazley, arising from an adverse sustainability impact. We mitigate this risk by ensuring there is a clearly defined and documented ESG strategy driven by the executive team, that includes targets and milestones which are communicated to all staff. This is primarily governed via the Responsible Business Steering Group to ensure we take a consistent approach across the Group. Sustainability initiatives are incorporated into the business planning process.
Strategic direction	The Group's performance would be affected in the event of making strategic decisions that do not add value. The Group mitigates this risk through the combination of recommendation and challenge from Non-Executive directors, debate at the Executive Committee and input from the Strategy and Performance Group (a group of 30+ senior individuals from across different disciplines at Beazley).
Reputation	Although reputational risk is a consequential risk, i.e. it emerges upon the occurrence of another risk manifesting, it has the potential to have a significant impact on an organisation. Beazley expects its staff to always act honourably by doing the right thing. From a climate-related risk perspective, reputational risk manifests itself in the decisions we make on climate matters. This includes our approach to the transition to net zero, our approach to underwriting and investments, particularly in carbon-intensive sectors, and performance against the objectives we have set within our Responsible Business Strategy.
Talent management and flight risk	There is a risk that employees, including senior management, could be overstretched or could fail to perform, which would have a detrimental impact on the Group's performance and ability to meet its strategic objectives. The performance of the senior management team is monitored by the CEO and Culture and People team and overseen by the Nomination Committee. Climate-related objectives are built into senior management remuneration packages. This ensures progress can be measured and reported against.

Regulatory and legal risk

Risk type	Relevance to climate-related matters
Regulatory and legal	Regulators, legislators, investors and other stakeholders are becoming increasingly interested in companies' responses to climate change. Failure to appropriately engage with these stakeholders and provide transparent information could result in the risk of reputational damage or increased scrutiny. The Group regularly monitors the regulatory and legislative landscape to ensure that we adhere to any changes in relevant laws and regulations. This includes making any necessary regulatory or statutory filings with regard to climate risk.

Operational risk

Risk type	Relevance to climate-related matters
Business, technology and cyber resilience	This is the risk that the physical impact of climate-related events has a material impact on our own people, processes and systems, leading to increased operating costs or the inability to deliver uninterrupted client service. The Group has business continuity plans in place to minimise the risk of interrupted client service in the event of a disaster.
Third party risk	The Group aims to minimise where possible the environmental impact of its business activities and those that arise from the occupation of its office spaces. As we operate in leased office spaces, our ability to directly influence the building's environmental impacts is limited. However, we do choose office space with climate change mitigation in mind, and engage with our employees, vendors and customers in an effort to reduce overall waste and our environmental footprint.

4.3.2 Processes for managing climate-related risks

Beazley's risk management philosophy is to balance the risks the business takes on with the associated cost of controlling them, while staying within the risk appetite set by The Board. The Company continuously monitors its risk profile to ensure it stays within this appetite and takes advantage of opportunities as they arise. As a specialist insurer, Beazley underwrites several classes of business that are vulnerable to the effects of climate change. To manage these risks, the Company has four options: accept the risk, avoid it, mitigate it, or transfer it.

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Tools to help manage climate-related risks

Beazley employs a variety of tools to help manage climate-related risks. These are as follows:

Tools used	Description of use
Stress and scenario framework	The stress and scenario framework is a key element of the risk management framework, enabling senior management to form an understanding of the vulnerabilities of the business model. There are two levels of stress and scenario tests conducted at Beazley, which ensures there is coverage of the key risks facing us and ownership at the appropriate management level. Single-pillar stress and scenario tests such as RDSs are performed as part of normal business processes, with RDSs for natural catastrophes run on a regular basis in order to determine the impact of different risks. In addition, multi-pillar testing is conducted as part of the Own Risk and Solvency Assessment (ORSA) process, to ensure that tests continue to develop and reflect the evolving risk environment.
Monitoring of aggregation of exposure	The Exposure Management team has the responsibility for developing approaches to monitor the aggregation of exposure to natural catastrophes. Part of this work involves assessing the latest views on climate change and reporting to the business on the impacts any changes could have to the insurance portfolios. The Exposure Management team reports to the Chief Underwriting Officer, who in turn provides regular updates to The Board on these matters. The Exposure Management team is supported by the Head of Financial Climate Risk.
Capital modelling	The Head of Capital provides an update to The Board, using modelled and non-modelled information, to help determine the impact of climate change on the business. An example of this is the internal modelling the capital team undertook to determine the impact of wildfires, which are becoming increasingly prevalent as a result of climate change. They also set out a view on the more material hurricane risk as part of this process.
Risk appetite	On an annual basis, Beazley’s risk appetite is reviewed and is informed by outputs from the RDS, capital model, and credit risk assessment, as well as input from the trading teams. This helps guide the underwriting teams for the following year, before being reviewed against the capacity available. This appetite is agreed and set by the Board, before being tracked by the exposure management team on a monthly basis, who flag up to the business any areas where we are close to the limits the business has set. Capacity is impacted by the number of physical weather events which occur throughout any given year, and therefore the impact of climate change is considered when deciding on risk appetite. During 2022, Beazley’s risk appetite statements (RAS) and associated key risk indicators (KRIs) were materially enhanced for all risks, including financial climate risk. The RAS and KRIs now include qualitative statements and metrics relating to the effectiveness of the CRWG and the investment portfolio temperature alignment. These have been monitored and reported on a frequent basis across 2023 to the Risk and Regulatory Committee, plc Risk Committee and Board; and this will continue in 2024.
Detailed risk assessment	On a periodic basis, as part of a core element of the risk management framework, the Risk function undertakes a detailed risk event assessment of climate financial risk. The aim of the assessment is to review the risk ownership and governance; the inherent and residual risk scores; the risk appetite; and the control environment.

Quantitative and qualitative assessment of climate-related risks within the Risk Management Framework

The Board-level Key Risk Indicators (KRIs) are monitored as part of Beazley's risk management framework and are outlined in the risk appetite statements. These KRIs are designed to provide early warning signals that can be addressed through the Company's governance structure. They use a red, amber, and green (RAG) rating system to indicate whether a risk is within the Company's appetite and whether any escalation is necessary. The KRIs related to climate change are as follows:

Area of the business	Key Risk Indicator
Underwriting	Natural catastrophe aggregate exceedance probability and occurrence exceedance probability metrics (at multiple return periods) Progress in meeting the objectives of the Climate Risk Working Group.
Investments	Compliance with responsible investment policy and transition risk.
Operations	Reduction in carbon emissions for our operations compared to the 2019 baseline of 40% in 2022, and 50% in 2023.

5. Metrics

We use a number of metrics to monitor our progress on climate-related matters.

5.1 Enhancing our approach

The CRWG was established in 2022 to improve Beazley's approach to climate-related issues in underwriting. The Group's progress is measured using two quantitative metrics: the number of perils with a climate change-conditioned view of risk, and the number of perils with climate loss trends incorporated into pricing model calibration. These metrics are monitored and reported in more detail below.

Number of perils with climate- change- conditioned view of risk

Beazley is researching climate change-conditioned models and updating its understanding of the impact of climate change on physical risk perils through dedicated research. This will help the Company develop a forward-looking view of risk that takes climate change into account.

A peril is defined as a weather hazard event or circumstance that results in property damage losses to Beazley. For a peril to be considered to have a Climate Conditioned View of Risk, the following must have been undertaken:

- The Exposure Management team have prepared a study examining the impact of climate change on the scientific underpinnings of the peril;
- The implications of these impacts on the models currently in use by Beazley has been reviewed; and
- The determination of a final adjustment/model alteration to use has been undertaken. This is implemented for pricing, but not portfolio management.

We introduced a climate-change conditioned view of risk for US hurricane in 2022. In 2023, whilst we worked on implementing a view of risk for US Wildfire and US Inland Flood, it is yet to conclude. We expect to deliver a climate-change-conditioned view of risk for these perils in 2024.

Number of perils with climate loss trends introduced into pricing model calibration

To integrate climate-related matters into underwriting, it is important to incorporate climate loss trends into pricing model calibration. Beazley is currently working on including climate trends for key perils into the model calibration for pricing property risk.

A peril is defined as a weather hazard event or circumstance that results in property damage losses to Beazley. The trend is measured as a per annum percentage increase in the expected losses. The climate loss trend is considered as having been introduced into the pricing model calibration, when the following has occurred:

- Climate trended pricing is built into the pricing model by an actuary;
- The incorporation into the pricing model has been reviewed by a senior actuary; and
- The pricing trend has been incorporated into the rating tool.

In 2022, we reviewed climate loss trends for US hurricane, US wildfire, and US inland flood. In December 2022, US Flood and US Wildfire were introduced into the pricing tool for the North America Commercial Property and Open Market Property lines. US hurricane then followed in January 2023. Subsequently US tornado, US hail, and US winterstorm were introduced in December 2023. A summary of progress is as follows:

2021	2022	2023
0	2 (US wildfire, US inland flood)	4 (US hurricane, US tornado, US hail, US winterstorm)

5.2 Underwriting

Net Estimate Premium Income arising from low and zero carbon technologies

The sum of net estimated premium income (net EPI) arising from low and zero carbon technologies underwritten across the last three years is as outlined in the table below. The net EPI is calculated from data on the line slip, or in the case of binders, the estimate of the declarations as estimated by the broker and / or underwriter, as documented in notes. The metric is based on an estimate, therefore, could be subject to change as premiums are adjusted through the life of the policy.

The Net EPI disclosed in this report is the total estimated premium incepted in 2023, and as measured at the end of 2023. The data has been collected from the information entered into Beazley's underwriting systems. Where exchange rates have needed to be applied, for EUR and USD these have been applied at the date of entry into the underwriting system. For lesser used currency conversions occur prior to entry.

For 2023, the scope of reporting is limited to offshore and onshore wind, and onshore solar. The totals are as follows:

2021	2022	2023
$4.5m	$8.0m	$5.9m

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5.3 Investments

For the purpose of reporting of climate metrics, our portfolio of publicly listed corporate bonds and publicly listed equities are considered to be in-scope. This combined represents 45.8% of the market value of our total portfolio as at 31 December 2023. The individual methodologies to estimate the investment related climate metrics are outlined in the section below. The common inputs and processes across each metrics are as follows:

The GHG emissions data is based on Scope 1 and 2 emissions only and is sourced from S&P CAP IQ pro, S&P collect and report GHG emission data for companies within their platform. Where they cannot, an estimated carbon emissions amount is used. The carbon emission data used in the calculation of the metric will reflect a 12-month period. The 12th month period is dependent on the financial year of reporting for the individual company. The data is reported as at 31st December 2023.

The investment grade corporate bond portfolio is managed internally with portfolio and security level holding data maintained by an investment administration system provided by Clearwater. All other publicly listed securities are outsourced to external managers who provide look-through data. Security holdings are maintained on the S&P platform for the calculation of climate metrics based on a share of financing basis (enterprise value including cash).

The calculation of the metrics are based on the assumption that the data contained within S&P CAP IQ Pro is correct, and the calculation methodology used by S&P is reflective of the calculations outlined in their methodology document. Beazley uses data from Standard & Poor's Market Intelligence Capital IQ pro (S&P CAP IQ pro) to calculate the following investment portfolio metrics:

Total apportioned GHG emissions arising from our investments

This is the total Carbon Emissions apportioned to Beazley's in-scope assets and is the starting point for calculating the carbon footprint of our investments. It follows a share of financing methodology and is consistent with the GHG Protocol accounting standard, allocating emissions based on enterprise value including cash (EVIC) basis.

The calculation is the value of investment divided by the issuers share of financing before this figure is multiplied by the issuers scope 1 and 2 GHG emissions. This sum is undertaken for each in scope security and totalled to provide an overall apportioned GHG emission figure.

In 2022 we reported apportioned carbon emission data for our publicly listed equity holdings only. During 2023 we increased allocation to equities from 1.8% to 3% of total assets, resulting in an increase to our overall apportioned emissions despite an improvement in the energy efficiency of our exposures. To provide a like-for-like comparison, a normalised number showing apportioned carbon per $1m exposures has been included.

	2022	2023
Apportioned GHG emissions (tCO2e) arising from our investments (Publicly listed equities only)	2,359.3	3,955.0
Normalised apportioned GHG emissions (tCO2e) arising from our investments (Publicly listed equities only) per $m of holdings	14.8	14.0
Reporting coverage of listed equities by market value (%)	90.2	99.8

In 2023 we expanded our coverage to include publicly listed corporate bonds in addition to our publicly listed equity holdings. The total market value of these holdings is $4,253m representing 45.8% of our total assets.

	2023
Apportioned GHG emissions (tCO2e) arising from publicly listed equities and corporate bonds	76,298
Carbon reporting coverage for publicly listed equities and corporate bonds (%)	97.6

Weighted average carbon intensity (WACI)

The weighted average carbon intensity (WACI) of our publicly listed equity and corporate bond portfolios is set out in the table below. The WACI is calculated by taking the sum of the GHG emissions (Scope 1 and Scope 2) for the holding and dividing by the total revenue of each holding. This figure is then multiplied by its investment weight (the value of the holding divided by value of the total holdings, both as at 31st December 2023). The GHG emissions data is sourced from S&P CAP IQ. Emissions have been reported for 97.6% of the market value of in-scope assets.

	2021	2022	2023
WACI (tCO2e/$m sales) arising from our investments	75.5	49.9	44.4

Temperature alignment of our investment portfolio

The reporting of the temperature alignment of Beazley's portfolio is based on the methodology set out by the S&P Cap IQ. The methodology apportions the value of holdings with regards to the ‘under/over 2°C budget’ metric which is produced by S&P annually for every company. This is calculated by multiplying the ‘under/over 2°C budget’ figure by the investor’s value of holdings and then dividing this value by the total enterprise value of that particular company. The individual values are then summed across the entire portfolio in order to either give a negative figure (aligned) or positive figure (misaligned). The scope of the reporting is limited to the GHG emissions arising from our publicly listed corporate bonds (investment grade and high yield) and publicly listed equities. The data was reported as at 31st December. Temperature alignment metrics have been reported in respect of 96.7% of the market value of in-scope assets.

The reporting of Beazley's current pathway alignment is the starting point from which future comparisons will be made. Beazley has set an objective to align its investment portfolio with a 1.5 degree Celsius pathway by 2028 and will continue to work towards this in 2024.

	2022	2023
Current Temperature Pathway Alignment	2-3 degree Celsius	2-3 degree Celsius

5.4 Beazley's operations

5.4.1 GHG emissions

The Greenhouse gas (GHG) emissions are calculated and in accordance with the Greenhouse Gas Protocol, Corporate Reporting and Accounting Standard including the amended GHG Protocol Scope 2 Guidance, and HM Government, Environmental Reporting Guidelines, using the applicable UK Government's (BEIS) GHG Conversion Factors for Company Reporting unless otherwise indicated. The full methodology, including limitations, for calculating the GHG emissions is available on Beazley's Responsible Business pages on Beazley's website, as is the full breakdown of carbon emissions across each of the three Scopes of emissions. Where revisions to GHG emissions in previous years have been made due to a change in calculation methodology, these changes are detailed in the full methodology document.

The parameter of Scope 1 and Scope 2 reporting in 2023 includes 22 sites covering London (UK), Birmingham (UK), Dublin (Ireland), Munich (Germany), Paris (France), Barcelona (Spain), Singapore (Asia), Atlanta (US), Boston (US), Chicago (US), Dallas (US), Farmington (US), New York (US), San Francisco (US), Philadelphia (US), Denver (US), Houston (US), Los Angeles (US), Miami (US), Vancouver (Canada), Toronto (Canada), Montreal (Canada), and one third party cloud-based data centre service provider called Equinix). This equates to 95.5% of Beazley employees including contractors. Business travel (Scope 3) is included for all employees.

Beazley's two US subsidiaries, Lodestone (Lewisville) & BHI (Miami), are excluded.

Energy consumption for the charging of electrical vehicles in scope 2 is included and calculated based on maximum distance specified in terms of car lease agreements.

Reporting is based on operational control. Beazley Group does not have operational control over the building infrastructure and plant at its offices due to the presence of facility management companies and shared tenancy; as a result, emissions primarily fall within Scope 2 and 3 of the Greenhouse Gas Protocol.

5.4.2 Location-based GHG emissions

Our GHG emissions normalised for Beazley's full-time equivalent (FTE) (including contractors) were 2.82 tonnes carbon dioxide equivalent (tCO_2e/ FTE) in 2023. This equates to a normalised (per FTE) 46.8% reduction when compared to our 2019 baseline. Total emissions, prior to normalisation, have reduced by 16.8% when compared to the 2019 baseline. The largest proportion of our reported emissions comes from Beazley's business travel. Emissions in 2020 and 2021 were impacted by reduced business travel due to the COVID-19 pandemic. The Scope 2 and Scope 3 data for 2019 to 2022 has been revised from previously stated emissions. This is due to the receipt of actual data, rather than relying on estimates to calculate emissions. 2022 saw a return to face to face contact with stakeholders, however, the early months of the year were considered to be still impacted by the pandemic. The 2023 Scope 1 emissions saw a reduction from 2022, driven by no refrigerating top ups occurring which are very carbon intensive.

Location- based GHG Emissions (tCO2e)	2019	2020	2021	2022	2023
Scope 1	21.08	16.50	8.23	65.20	2.13
Scope 2	1,672.53	1,425.88	1,236.09	946.81	829.72
Scope 3	6,725.81	1,636.96	863.94	4,152.40	6,166.96
Total tCO2e	8,419.42	3,079.34	2,108.26	5,164.41	6,998.81
Total tCO2e/FTE	5.30	1.87	1.15	2.44	2.82

TCFD 2023 continued

5.4.3 Market-based GHG emissions

Beazley Group's market-based GHG reporting for 2023, taking into account the procurement of 743,423kWh of electricity from certified renewable sources, is summarised in the table below. Renewable electricity was procured for our London, Dublin and San Francisco offices. Biogas is used in our London office. This equates to renewable electricity being 29.1% of Beazley's overall in scope electricity use, and biogas being 26.75% of Beazley's overall in scope imported heat use. The energy for the data centres was also procured from renewable sources. The procurement of renewable energy resulted in a saving of 211.05 tonnes of CO_2 equivalent for scope 2, and a further 208.90 tonnes of CO_2 equivalent for scope 3.

The market-based emissions, which take into account the carbon emission reductions achieved through the use of renewable energy in four of Beazley's offices, are set out in the table below, and lead to an overall 50% reduction when compared to the 2019 baseline. The Scope 2 and Scope 3 data for 2019 to 2022 has been revised from previously stated emissions. This is due to the receipt of actual data, rather than relying on estimates to calculate emissions.

Market-based GHG Emissions (tCO2e)	2021	2022	2023
Scope 1	8.23	65.20	2.13
Scope 2	861.45	770.32	618.67
Scope 3	863.94	3,940.07	5,958.07
Total tCO2e	1,733.62	4,775.59	6,578.87
Total tCO2e/FTE	0.95	2.25	2.65

5.4.4 Detailed breakdown of emissions

SCOPE 1

Our Scope 1 emissions arise from company car use, refrigerant top ups of air conditioning systems and back-up generator use for our Dublin office. Emissions for 2023 were 2.13 tC02e, all of which were within the UK.

SCOPE 2

Beazley Group does not have operational control over the building infrastructure and plant at its offices due to a combination of shared tenancy and the presence of facility management companies. Beazley offices are heated/ cooled by the building's central HVAC systems, which are managed by the landlord or landlord's agent. This does influence the options we have for procuring energy. Our Scope 2 emissions can be broken down by region. The Scope 2 data for 2019 to 2022 has been revised from previously stated emissions. This is due to the receipt of actual data, rather than relying on estimates to calculate emissions.

UK

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO2e)	826.59	586.17	439.87	246.95	224.64
Total market-based GHG Emissions (tCO2e)	826.59	144.86	140.82	114.76	43.65

REST OF WORLD

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO2e)	71.52	69.91	70.77	69.02	26.59
Total market-based GHG Emissions (tCO2e)	71.52	69.91	70.77	69.02	26.59

USA

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO2e)	653.35	653.35	624.26	568.91	529.67
Total market-based GHG Emissions (tCO2e)	653.35	653.35	624.26	568.91	517.96

EUROPE

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO2e)	121.07	116.45	101.19	61.93	48.82
Total market-based GHG Emissions (tCO2e)	121.07	22.17	25.60	17.63	30.47

SCOPE 3

Our overall Scope 3 emissions are as detailed below. We have provided further details of how the market-based emissions factors also impact our overall emissions. The Scope 3 T&D data for 2019 to 2022 has been revised from previously stated emissions. This is due to the receipt of actual data, rather than relying on estimates to calculate emissions.

Location based emissions

	2019 (tCO_2e)	2020 (tCO_2e)	2021 (tCO_2e)	2022 (tCO_2e)	2023 (tCO_2e)
Air travel	6,074.04	1,437.70	527.39	3,666.49	5,661.32
Rail travel	107.65	5.69	4.20	11.93	17.17
Hotel stays	183.22	34.74	30.81	96.13	130.73
Car hire use	23.52	3.24	2.74	9.56	12.25
Electricity transmission & distribution losses (location-based)	93.84	72.57	58.42	43.42	38.19
Taxi use	165.11	59.13	22.68	99.97	49.36
Personal car use	73.92	19.11	19.15	7.79	58.09
Electric vehicle charging transmission & distribution losses	—	0.28	0.26	0.28	0.34
Imported heat transmissions & distribution losses	4.51	4.50	4.50	4.50	4.56
Data centres	—	—	193.79	212.33	194.95
Total	6,725.81	1,636.96	863.94	4,152.40	6,166.96

Market based emissions

	2019 (tCO_2e)	2020 (tCO_2e)	2021 (tCO_2e)	2022 (tCO_2e)	2023 (tCO_2e)
Air travel	6,074.04	1,437.70	527.39	3,666.49	5,661.32
Rail travel	107.65	5.69	4.20	11.93	17.17
Hotel stays	183.22	34.74	30.81	96.13	130.73
Car hire use	23.52	3.24	2.74	9.56	12.25
Electricity transmission & distribution losses (location-based)	93.84	72.57	58.42	43.42	24.25
Taxi use	165.11	59.13	22.68	99.97	49.36
Personal car use	73.92	19.11	19.15	7.79	58.09
Electric vehicle charging transmission & distribution losses	—	0.28	0.26	0.28	0.34
Imported heat transmissions & distribution losses	4.51	4.50	4.50	4.50	4.56
Data centres	—	—	193.79	—	—
Total	6,725.81	1,636.96	863.94	3,940.07	5,958.07

TCFD 2023 continued

5.4.5 Carbon offsets

Beazley has not purchased carbon offsets in 2023. Beazley is currently reviewing different carbon offset options, with a view to using offsets as part of a range of measures to help reduce Beazley's carbon footprint.

5.6 Remuneration

As set out within the remuneration dashboard on page 125, a section of executive compensation is linked to the achievement of ESG objectives. The score-card, and the degree to which it has been achieved, is determined by the Remuneration Committee.

Compliance with TCFD Requirements

Beazley has included on pages 22 to 44 in the Strategic Report a climate-related financial disclosures consistent with the TCFD's Recommendations and Recommended Disclosures, with the exception of the following:

Strategy 2a: Organisations should describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Beazley has partially disclosed against this requirement. Beazley is currently exploring the climate-related risks and opportunities as part of ongoing work on climate-related matters. This is being undertaken in a manner which will best align with our strategy. At the point of disclosure, it was considered that the work currently in progress is not sufficiently completed to meet the requirement of the disclosure recommendation.

Strategy 2b: Organisations should describe the impact of climate-related risks and opportunities on the organisations business, strategy and financial planning.

Beazley's responses to this requirement are still developing, it is not possible to consider all possible future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are not yet known. Nevertheless, the current management view is 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 TCFD disclosures are to be updated on an annual basis, therefore, we will be able to set out our progress as part of our 2024 TCFD disclosure.

Beazley has partially disclosed against the supplementary requirements for insurance companies and asset owners. Beazley is working to further develop our approach to climate-related matters. At the point of disclosure, it was considered that the work currently in progress is not sufficiently completed to meet the requirement of the disclosure recommendation.

Strategy 2c: The organisation should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy consistent with a 2°C or lower scenario.

Beazley's responses to this requirement are still developing, it is not possible to consider all possible future outcomes when determining asset and liability valuations, and timing of future cash flows, as these are not yet known. Nevertheless, the current management view is 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 TCFD disclosures are to be updated on an annual basis, therefore, we will be able to set out our progress as part of our 2024 TCFD disclosure.

Metrics and Targets 4a: Organisations should disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Beazley partially complies with this requirement and is currently working to develop an appropriate tranche of data metrics by which to further monitor climate-related risks, particularly in respect to the transition to net zero. Once developed these metrics will compliment the metrics already reported. At the point of disclosure, it was considered that the work currently in progress is not sufficiently completed to meet the requirement of the disclosure recommendation.

Supplementary requirements for insurers and asset owners
For the supplementary requirements, our status is as follows:

Strategy 2c: Beazley has partially disclosed against the supplementary requirements for insurance companies and asset owners.

Risk 3a: Beazley is partially compliant with the supplementary requirements for asset owners and insurance companies.

Risk 3b: Beazley is partially compliant with the supplementary requirements for insurers, but is not compliant with the supplementary requirements for asset owners.

Metrics and Targets 4a: Beazley partially complies with the supplementary requirements for asset owners, but does not comply with the supplementary requirements for insurers.

Metrics and Targets 4b: GHG emissions and related risks Beazley does not comply with the supplementary requirements for insurers, but partially complies with the supplementary requirements for asset owners.

For these areas of the supplementary requirements, Beazley is working to further develop our approach to climate-related matters. At the point of disclosure, it was considered that the work currently in progress is not sufficiently completed to meet the requirement of the disclosure recommendation. Our TCFD disclosures are to be updated on an annual basis, therefore, we will be able to set out our progress as part of our 2024 TCFD disclosure.

Transition Plan
Beazley has not published a transition to net zero plan. As referred to in the TCFD disclosure, the plan will be approved by the Plc board, before then being published in 2024.

Non-financial and sustainability information statement

Beazley presents its non-financial and sustainability information statement in compliance with section 414CA and 414CB of the Companies Act 2006.

As a company listed on the London Stock Exchange and subject to the Listing Rules, Beazley publishes an annual statement in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). The new sustainability and climate-related financial information required by section 414CB(1) of the Companies Act 2006 is included in our TCFD statement. Other required non-financial information disclosures are set out elsewhere in our Strategic Report. The table below sets out where the information can be found, including for climate-related information, the most relevant sections of the TCFD statement.

Reporting requirement	Section and page reference
Non-financial reporting information	
A description of Beazley's business model	Our business model and strategy (pages 3-7)
Principal risks relating to the non-financial matters set out in section 414CB(1)(a) to (e) arising in connection with Beazley's operations, likely impacts from any such principal risks, and how they are managed	Risk management and compliance (pages 69-74) TCFD statement (climate-related risks) (pages 26-32)
Non-financial performance indicators	Key Performance Indicators (KPI's) (page 2) Responsible Business metrics (page 19)
Sustainability and climate-related financial information	
The governance arrangements in relation to assessing and managing climate-related risks	The governance arrangements to assess and manage climate-related risks and opportunities is outlined in the Governance section of Beazley's TCFD disclosure. TCFD Statement: Section 1 (Governance), pages 22-25
How Beazley identifies, assesses and manages climate-related risks and opportunities	Beazley's approach to identifying, assessing and managing climate-related risks and opportunities is set out in Section 2, 3 and 4 of Beazley's TCFD disclosures. TCFD statement: Section 2 (Strategy), pages 26-32; Section 3 (Scenario Analysis), pages 33 to 34; and Section 4 (Risk Management), pages 35-38
How processes for identifying, assessing and managing climate related risks are integrated into Beazley's overall risk management process	Beazley's approach to identifying, assessing and managing climate-related risks and opportunities is set out in Section 4 of Beazley's TCFD disclosures. TCFD statement: Section 4 (Risk Management), pages 35-38
A description of the principal climate-related risks and opportunities arising in connection with Beazley's operations; and the time periods by reference to which those risks and opportunities are assessed	The risks and the expected timelines they arise for Beazley are summarised in section 2.1.1 and 2.1.2 of Beazley's TCFD disclosures. The related opportunities are documented in 2.1.3 and 2.1.4. The opportunities arising from climate-related matters, particularly in respect to liability and transition related risk are still emerging. Beazley has identified that we can provide products and services which will help support our insureds manage their risks associated with both liability and transitional related matters. These products and services will differ depending on the nature of the underwriting policy, and the sector in which the insured is operating. TCFD statement: Section 2.1.1-2.1.4 (climate related risks and opportunities), pages 26-29.

Reporting requirement	Section and page reference
A description of the actual and potential impacts of the climate-related risks and opportunities on Beazley's business model and strategy	The actual and potential impacts of climate-related risks and opportunities on the business strategy and model are set out in section 2.2.1 to 2.2.4 of Beazley's TCFD disclosures. As an insurer the physical climate-related risks are considered material, with transition and liability risks beginning to emerge. The opportunities, lie in the short-term, in better understanding the risks and how Beazley can better support our insureds in the future. A key part of this process will be delivering products and services. TCFD statement: Sections 2.2.1 to 2.2.4 (impact of climate-related opportunities on business strategy and financial planning), pages 30 to 32
An analysis of the resilience of Beazley's business model and strategy, taking into consideration of different climate-related scenarios	The Scenario Analysis performed by Beazley is outlined in Section 3 of the TCFD disclosures. TCFD statement: Section 3 (Scenario Analysis), pages 33 to 34
Targets used by Beazley to manage climate-related risks and to realise climate-related opportunities and performance against those targets	In 2023, Beazley set and communicated via our website, the following targets to manage climate risks and realise the opportunities. This included: • Targeting a 50% reduction in CO2e emissions against a 2019 baseline; • Aligning the investment portfolio (publicly listed corporate bonds (investment grade and high yield) and publicly listed equities) with a 1.5 degree pathway by 2028; • Improving pricing adequacy by incorporating climate risk trends in pricing for 3 more material perils; and • Introduce a climate change conditioned forward looking view of risk for 2 additional material perils.
Beazley's Key Performance Indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those Key Performance Indicators are based	Performance against these targets is outlined in Section 5 of Beazley's TCFD disclosures. A summary of the methodology used is also outlined in section 5. TCFD statement: Section 5 (Metrics), pages 39-44

Due diligence

We have a range of policies in relation to environmental matters, employees, social matters, human rights, and anti-corruption and anti-bribery, that support our strategy and business model and ensure good outcomes for our stakeholders. Our performance against our non-financial KPIs is an important way in which we measure the effectiveness of our strategy and associated policies. There is an overall due diligence process in place for all of our policies. The Board ensures that the relevant policies are in place, remain appropriate, and are operating effectively through setting a review cycle for key policies. The Board determines which policies it must approve, and which policies may be delegated to its Committees or to management level committees. As part of the agreed due diligence process, the key policies are reviewed by an individual within Beazley who is a subject matter expert and listed as responsible for the continued maintenance and development of the policy. This may include obtaining external advice, where appropriate. The Board also reviews and approves the key policies annually or as agreed, as well as reviewing non-financial information, KPIs, and other monitoring data through regular reporting. All policies are kept centrally and accessible via our intranet site so that employees can access them at any time. Training is carried out for all employees on key policies through our regular compliance training programme and on an ad hoc basis where required. Additional training on policies, procedures and controls is carried out with employees in specific roles. New policies and procedures are supported by communication to employees to make them aware of any new requirements on them.

Our key non-financial policies, a brief description of their purpose and any important outcomes from our due diligence processes during 2023, are set out in the table below.

Non-financial and sustainability information statement continued

Reporting requirement	Policy or standard, its purpose, and outcomes	Relevant non-financial KPIs and other metrics	Further information
Environmental matters Our long-term commitment to sustainability and playing our part in addressing the issue of climate change and reducing our impact on the environment is a key competitive advantage.	**Responsible business strategy** Our responsible business strategy ensures that we act responsibly across every aspect of our business and includes our approach and objectives across the areas of environment, employees, human rights, society and anti-bribery and corruption. We started a process to review and refresh our strategy during 2023 and our updated strategy will be approved by the Board in 2024. **Environmental policy** This policy sets out our high-level approach and commitments to environmental matters aligned with ISO14001:2015 and is reviewed every two years. In line with our strategy refresh, the policy will be reviewed by the Board in 2024. **Responsible investment policy** This financial policy sets out how environmental, social and governance matters are incorporated into investment analysis and decision-making processes.	Weighted average carbon intensity of corporate bond and equity portfolios Overall carbon emissions Greenhouse gas emissions per full time equivalent Reduction in greenhouse gas emissions	TCFD statement (page 40) Key Non-Financial KPIs (page 2) Responsible Business (page 19) Responsible Business (page 19) Other data is included in the TCFD statement and Directors' Report.
The Company's employees Our people are a key pillar within our business model and our values of being bold, striving for better and doing the right thing inspire the way we work and deliver value for our stakeholders.	**Group and Board inclusion and diversity policies** These policies are reviewed and approved annually. They cover Beazley's commitment to creating a truly inclusive environment that operates with zero tolerance of discrimination or harassment, fully supports and celebrates differences, and represents the communities we operate in and serve. The Board's inclusion and diversity policy specifically sets out how the Board can use its influence in meeting our diversity objectives. These policies help us identify and remedy racial, gender or other disparities in our employment, recruitment and promotion practices. We always seek to hire the most suitable candidate for the role and the Company. The Responsible Business report sets out the outcomes from our inclusion and diversity activities, including progress against our goals. **Conflicts of interest policy** This policy ensures we have effective systems in place to prevent conflicts of interest wherever possible and that potential conflicts of interest are identified and addressed across Beazley plc, its subsidiaries, and syndicates. **Beazley Code of Conduct** Our code of conduct sets out the minimum standards required of all employees in their dealings in and on behalf of Beazley and is aligned with our values and ways of working. **Employee handbooks** Our employee handbooks set out all policies and procedures for employees globally as well as in their local jurisdiction and include items such as our inclusion and diversity policy, employee complaints procedures and how to deal with bullying and harassment, policy for employees with disabilities, and parental and other leave policies amongst others. The employee handbooks are owned by the Chief People Officer and Head of ESG and are kept up to date and compliant with changing legislation globally through annual review both internally and through external legal counsel. **Health and safety policy** This policy details how health and safety matters are managed for our workforce, contractors, service providers and others impacted by the Group's activities, and ensures we adhere to all health and safety regulations in the jurisdictions in which we operate. The Board annually reviews health and safety policy alongside an annual health and safety report, including any incidents. No significant health and safety issues were highlighted to the Board in the 2023 report. All employees receive health and safety induction training and refresher training where required.	Female representation in senior leadership roles People of Colour representation in the workforce Employee engagement score Employee favourability score People of Colour representation in senior leadership roles Also see: investing in and rewarding the workforce	Non-financial KPIs (page 2) and Responsible Business (page 19) Non-financial KPIs (page 2) Responsible Business (page 17) Governance report (page 93)

Reporting requirement	Policy or standard, its purpose, and outcomes	Relevant non-financial KPIs and other metrics	Further information
Human rights Beazley is committed to respecting human rights and human rights are integrated across our responsible business strategy.	**Human rights policy** This policy explains how we fulfil our commitment to respecting human rights and how we aim to uphold the standards set by the United Nations and International Labour Organisation in respect of human rights. It applies to all Beazley Group entities, employees, contractors, and third-party suppliers. It covers how we respect human rights as an employer, investor, business partner and insurer and incorporates other policies operated by the Group which help support our approach. The policy sets out our commitment to prevent adverse impacts on human rights and remedy any adverse impact if it occurs. We also seek to promote awareness and respect along our value and supply chains. The policy is owned and governed by our Responsible Business Steering Group. **Supplier code of conduct and procurement policies** Our supplier code of conduct and procurement policy are referenced in our Human rights policy. They help us ensure that our suppliers are aware of and follow applicable standards. Our supplier due diligence and RFP questionnaires require confirmation of compliance with human rights legislation and the UK Modern Slavery Act 2015 (where applicable), and that suppliers have appropriate policies in place. We continue to introduce responsible business principles into our supply chain in accordance with Beazley's business priorities. **Modern slavery** Beazley Group complies with the UK Modern Slavery Act 2015. In accordance with the requirements of the Act, we release an annual Beazley Group Statement on Modern Slavery, which outlines the actions we have taken in seeking to identify and address the risks of modern slavery and human trafficking in our operations and supply chain. The statement is approved by the Board. **Responsible business strategy** See above under environmental matters.	The Board does not monitor any non-financial KPIs in relation to human rights, however it receives reporting in relation to these policies and matters including the Modern Slavery Act statement. Positive procurement is part of the Responsible Business strategy.	Responsible Business (pages 17-21) Stakeholder engagement – suppliers (page 55) Modern Slavery Act statement - available on our website (www.beazley.com)
Social matters Charity and community and making a difference in our local communities is important to Beazley and a component of our responsible business strategy.	**Charity and community donation policy** Our employees are encouraged to raise money and donate time to volunteering opportunities in our local communities. The policy sets out the approach taken to charity and community donations, including matched funding, granting employees charitable leave, and ensuring organisations receiving donations are registered charities and do not operate discriminatory policies. The policy is approved by the Board. **Responsible business strategy** See above under environmental matters. We aim to use our community investment and asset investments to achieve positive outcomes for society and our community. As described in the Responsible Business report we have donated over $600,000 to our charity partners and allocated up to $100m from our asset portfolio to impact investments which focus on investing in projects with measurable social or environmental impact.	Number of hours volunteered and charitable donations.	Responsible Business (page 19) Stakeholder engagement - our communities (page 54)

Non-financial and sustainability information statement continued

Reporting requirement	Policy or standard, its purpose, and outcomes	Relevant non-financial KPIs and other metrics	Further information
Anti-corruption and anti-bribery matters We operate a zero-tolerance approach to bribery, corruption and fraud and protecting our stakeholders is a key pillar of our strategy. Adhering to our values helps protect Beazley, our stakeholders and our communities from financial crime.	**Financial crime policy** This policy is reviewed and approved annually by the Board. It sets out that we do not tolerate criminal activity of any kind both within the business or by our business partners and third-party suppliers, and we are committed to doing the right thing and acting within the law. It covers six broad areas of anti-bribery and corruption, anti-money laundering, sanctions, fraud, market abuse and anti-tax evasion facilitation. The policy sets out how our values and culture, systems and controls, management oversight and reporting, assurance monitoring and record keeping create an ethical environment which helps ensure the effectiveness of our policy. Our controls require due diligence to be completed in accordance with the Group's due diligence guidelines, which are maintained by our Compliance function. Any exceptions must be reported to and approved by Compliance. All employees have an important role to play in helping to detect, prevent and deter financial crime and our mandatory annual compliance training program ensures that our workforce is aware of our policies, how to implement them in their day-to-day roles, and how to report any breaches or suspicions. Policies and training modules are maintained by our Compliance function, are reviewed annually, and are available in our policy depository on the intranet. **Sanctions policy** Our sanctions policy is incorporated into our Financial Crime policy and is vital in keeping our business protected during a time of increased geopolitical uncertainty and sanctions in connection with ongoing global conflicts. To ensure that Beazley and any agents or third parties do not violate any sanctions requirements in the jurisdictions in which we operate, we also utilise third party screening and subject third parties to regular sanctions screening. **Gifts and hospitality policy** This policy aims to prevent conflicts of interest arising in the ordinary course of business and avoid situations that may be perceived as such. This protects the Company's reputation and also ensures employees are protected and able to conduct their business with integrity. All gifts and hospitality over the prescribed thresholds are duly logged as part of the requirements of the policy. **Whistleblowing policy** We operate a Whistleblowing policy which sets out how any concerns relating to wrongdoing, malpractice, or danger in connection with Beazley, should be reported, as well as the safeguarding measures in place to protect any employees who report concerns. An independent whistleblowing hotline acts as an additional method for the workforce and others to report concerns. The whistleblowing policy is included in the annual compliance training program. The Audit Committee has overall responsibility for the effectiveness of the whistleblowing policy and procedures and the policy is approved by the Committee annually. The Chair of the Audit Committee is the whistleblowing champion.	The Board does not monitor any non-financial KPIs in relation to these policies. However, the Board Risk Committee receives quarterly reporting on a suite of regulatory Key Risk Indicators, including in relation to financial crime and sanctions, to monitor these topics.	Risk management and compliance (page 69) Risk Committee (page 115)

Stakeholder engagement

Our key stakeholders

Beazley is focused on achieving long-term sustainable growth that delivers real value to all our stakeholders. The Board is committed to engaging with each of our stakeholder groups to help inform our strategy, annual plans and specific decision making. Across the organisation there are many examples of stakeholder engagement influencing day-to-day activities and strategy and impacts on stakeholders are considered in business decisions made across the Group, underpinned by our values and culture.

This section of the report provides further information on how Beazley and the Board engage with our stakeholder groups, the outcomes of this engagement in 2023, and how the views of stakeholders have been considered during the year. Further information on how the Board has taken stakeholder views into account is included by way of specific examples of decisions taken by the Board in our section 172 statement on pages 57-59.

During 2023, the Board reviewed the groups it determines to be its key stakeholders, and added community and environment. The key stakeholder groups are aligned with our strategic pillars: our people, our clients and broker partners, our shareholders, our regulators and community and the environment. The Board also continues to recognise suppliers as an important stakeholder group.

Our people

Why we engage

Our people are fundamental to Beazley's long-term success and are the central pillar of our strategy. We are very proud and protective of our people-centric culture, and as such prioritise honesty and transparency in all our interactions with our employees and contractors. We do this through a range of engagement activities, which, to us, means regularly bringing people together, asking how they feel, listening to what they say, and acting on what they need.

How does Beazley engage

- **Employee surveys:** We gather feedback from employees regularly to assess their level of engagement. There is a formal annual engagement survey, and the results of the survey are shared with both the Executive Committee and the Board, leadership teams and the broader organisation. We emphasise celebrating what we are doing well, and identifying, implementing, and tracking actions to make improvements at the Group and divisional level in development areas raised by our people.

- **Leadership survey:** We also engage with employees regarding their views on their line managers and wider leadership. This process includes soliciting feedback on areas for improvement which are shared with the Executive Committee and the Nomination Committee. This feedback is also shared with managers, anonymously, as part of the performance review process.

- **Culture review:** This year, the Board has undertaken a specific externally led review of culture and outcomes and plans to address the findings have been agreed. More information is included in the Corporate Governance report on page 83.

- **Dedicated Non-Executive Director:** In accordance with the Corporate Governance Code 2018 (the Code), we have a dedicated Non-Executive Director, Fiona Muldoon, who is responsible for gathering the views of the workforce and sharing them with the Board on a regular basis. Fiona has participated in Executive coffee sessions with several groups of employees during the year, and also attended our 'NexCo' (see below) on two occasions. She shared information from these sessions with the Board. Other Directors are also encouraged to engage with our employees and take opportunities to join events during the year. In September, the Chair spent time with our strategy and performance group, to discuss various strategic topics and to share ideas with the group.

- **NexCo:** The NexCo is an alternative Executive Committee of high potential employees from across the business which runs in parallel to the usual Executive Committee meetings. The NexCo receive Executive Committee papers and discuss topics from the agenda. Representatives from the NexCo attend our monthly Executive Committee meetings and provide their input on the agenda items they have discussed, providing two-way engagement on strategy and other operational matters.

- **Employee networks:** We have eight employee networks, with seven of them sponsored by an Executive Committee member and one sponsored by another senior leader. The networks are chaired and run by individuals from across the business in different roles and locations. Each network is focused on raising awareness of different areas of our inclusion and diversity strategy or areas of employee interest. As well as organising events and other activities, these networks also act as channels for feedback from employees who may have specific concerns. The networks are also consulted on relevant matters. Members of Beazley RACE network were integral in setting and communicating our race targets both initially and during their evolution this year. You can find more information on our employee networks in our Responsible Business report on page 17.

- **How are we doing live?:** Each year we hold a series of Company-wide events across all our locations, at which the Chief Executive and other members of the Executive Committee speak to and hear from our people about our vision, culture, values, strategy and performance. It also typically includes interactive and social activities as well as Q&As with the Executive Committee members. This year the event was hosted from 23 different office locations globally with Executives attending in person at 19 of the events.

- **Chief Executive engagement:** The Chief Executive regularly engages with the workforce through emails, podcasts, and by hosting in-person and virtual events. There is a monthly podcast which updates the workforce on the discussions and outcomes from the Executive Committee meetings. Chief Executive led employee events in 2023 have included: a Q&A with Clive Bannister, our new Chair who joined in 2023; a farewell session with one of our founders who was retiring; and updates explaining strategy, performance and remuneration setting. The Chief Executive also hosted in-person events in our New York, Atlanta, Dublin, and Barcelona offices as well as the regular events from London, during 2023.

- **Executive team engagement:** The Executive leadership team support the overall approach to engagement through hosting regular 'Executive coffee' sessions, which are hosted virtually and provide an opportunity for people across the business to discuss and ask questions about anything on their mind. They are also used as an opportunity for two-way engagement, with the Executive team keeping our people updated on what is happening across the business, as well as using the sessions to gather any feedback. Members of the Executive Committee also regularly contribute to group and divisional communications including emails, intranet articles, live panel sessions and podcasts as well as sponsoring and participating in events run by our employee networks. Senior leaders also host regular 'Welcome calls' for new joiners. More informally, the Executive team attend our offices when travelling and meet with employees as an opportunity for in person engagement with different people across the organisation.

- **Whistleblowing:** There is a formal whistleblowing policy and independent hotline in place for employees to raise in confidence any specific concerns which cannot be raised through usual channels. Any concerns raised through this channel are investigated fully and shared with the Audit Committee and Board.

What is important to our people?

Our 2023 engagement survey had 80% participation across the Group, and our engagement events are typically well attended, showing the importance our people place in these activities. The survey showed our people continue to be highly engaged, with an overall engagement score of 86% (an increase on 1% from 2022, and putting us in the top quartile of our external benchmark). Our people also expressed that they would recommend Beazley as a place to work, feel trusted, and that the work they do has a positive impact on their stakeholders.
Observations from Fiona Muldoon through her engagement activities are also reported to the Board and Fiona has noted that employees are interested in environmental, social and governance matters; change and growth of Beazley and strategic projects; and that there is an appreciation of the high level of Executive engagement and openness.

Outcomes from engagement with our people in 2023

Various steps have been taken during 2023 in response to our engagement with the workforce including:

- **Parental leave support:** In 2022 we introduced equal parental leave for all employees from day one of their employment and the impact of the policy has been closely monitored via feedback from employees and the Beazley Families network. Support offered to new parents going on parental leave and their managers has been enhanced during 2023.

- **New employee networks:** During 2023, three new employee networks in relation to neurodiversity, young professionals, and veterans were set up by colleagues in response to interests in these issues, which are sponsored by senior leaders from the business.

- **Re-introduction of well-being days:** Following feedback from employee engagement surveys and Executive coffee sessions about increased workload and pressure, employee well-being days were offered in 2023. This allowed employees to take an additional day of leave at any time during the year to support their well-being.

- **Responding to feedback from the 2022 engagement survey:** Following feedback from the 2022 survey, we: refined the questions asked in 2023 to be more concise and focused on driving tangible actions; increased the visibility of our Executive team members through hosting of informal sessions, social events and Inclusion and Diversity Network activities; and introduced deep-dive sessions providing insight into the business.

Clients and broker partners

Why we engage

Respecting and listening to the needs of our clients is a stated key pillar of our strategy to enable Beazley to deliver its purpose of helping our clients explore, create and build.

We strive for two-way dialogue with our clients and brokers to help us develop products and insurance solutions to best meet their needs. As Beazley has primarily an intermediated business model, our broker partners play a vital role in helping us engage and connect with our ultimate clients as well as being a vital stakeholder in their own right.

How does Beazley engage

- **Day-to-day engagement activities and feedback:**
  - Direct engagement with our insureds and broker partners is fundamental to how we do business. There is constant engagement by our underwriters with brokers and clients to fully understand specific risks and requirements and by claims teams to ensure responsiveness, fair claims outcomes and excellent service.
  - When we receive feedback from our brokers on our expertise and service, we use this insight to improve our offerings wherever possible. In 2023, we scored highly in the broker surveys and outperformed our peers in the market across underwriting, pricing, service and claims. We are extremely proud that in 2024, for the 8th year running, we were awarded the Outstanding Service Quality Marque for claims service by Gracechurch Consulting, and we won the highly regarded Gracechurch London Market Bench Strength Awards for the 3rd year running.

Stakeholder engagement continued

- Coordinated engagement with our broker partners takes place via our dedicated Broker Relations team. This global team engages with our broker partners to ensure that we align initiatives with our growth and distribution strategies and underwriting appetite.

- **Beazley and industry events:**
  - We hold our own broker engagement events and participate in key industry events, which included over 330 events during 2023.
  - We attended 115 conferences, including BIBA (a UK insurance and broker conference), the CIAB (a US meeting for commercial property and casualty brokers and insurers), the Monte Carlo Rendez-Vous de Septembre for Reinsurance and Insurance markets, and RIMS which is attended by risk managers across all industries. We staged over 100 of our own events for brokers, including nine product-led broker retreats. These events afford us the opportunity to meet with our brokers and key clients, present our products and services, discuss broker and client evolving needs, and receive feedback.

- **Engagement by the Chief Executive:** The Chief Executive is actively engaged with key broker partners and clients globally and brings the insight he receives to Board discussions. Maintaining good relationships with our broker partners is a key priority of the Chief Executive, and his engagement takes the form of discussions on specific and general topics at industry events and conferences and through other formal and informal settings. In 2023, the Chief Executive held 75 meetings with broker partners.

- With the support of the Broker Relations team, the Chief Executive and other Executive leaders actively seek feedback from our broker partners on the markets in which we operate and on our performance by meeting with our brokers located across North America, Europe, Latin America, and Asia Pacific as well as in the UK. These local meetings allow us to understand local market dynamics, and how Beazley can offer products which meet the needs of clients locally.

- **Thought leadership:** We publish thought leadership in the form of research and specialist articles that enhance our broker and client relationships and our position as experts. This includes our 'risk and resilience' reports which, in 2023, covered topics such as Business Risk, Environmental Risk and Cyber Risk. These reports solicit views from over 1,000 insurance professionals across the globe. In addition, we conduct industry specific and country specific research. In 2023, we published focused insights on the Healthcare and Cyber sectors, and market reports on France, Germany and Singapore.

- **Client engagement:** We continue to invest in our 'closer to the client' strategic initiative which is specifically focused on our insureds and strategic client partnerships. This approach creates an open dialogue with our clients to keep abreast of their needs, how we can best respond in terms of product, innovation, and sharing of knowledge. We continue to give clients the opportunity to meet directly with our wider Executive leadership team.

The Board receives reports on key areas of client and broker engagement via reporting from the Chief Executive, Chief Underwriting Officer, and other teams, which they can take into account in their decision making. Some of our Non-Executive Directors maintain contact with broker networks from their previous Executive roles and are able to bring insights to the boardroom on relevant discussions.

What is important to our clients and broker partners?

Our ultimate clients want us to have clear and fair policies and help them find efficient risk solutions, and this is also a priority of our broker partners. We partner with our clients and broker partners to offer risk solutions, expertise and knowledge, in order to allow our clients to focus on running their businesses.

Outcomes from our engagement with clients and broker partners during 2023

- Our engagement with brokers and key clients during 2023, has highlighted an appreciation of our leading role in Cyber; creating a more sustainable position on cyber war and addressing the challenges of systemic cyber risk; working towards achieving a broader market consensus; and protecting our ultimate clients by bringing clarity to the existing war exclusions.
- We have engaged with our local partners in Europe to ensure our European strategy meets the needs of the European market and clients.
- We held four marquee events for Brokers in London, New York, Atlanta and Chicago, which were attended by close to 1,500 of our brokers. Such events help cement Beazley as a market leading insurer. After these events, we experienced an increase in the number of submissions received from our brokers.

Our shareholders

Why we engage

The ongoing support of our shareholders, and our ability to attract new investment, is essential as we continue to grow the business. It is vital that shareholders understand and have confidence in not only our strategy and ability to deliver it, but also in the responsible and sustainable way in which we run our business – helping us to become the highest performing sustainable specialty insurer.

At Beazley, we therefore are committed to proactive engagement with our current shareholders and with potential future investors and we recognise the needs of our shareholders, which range from individuals to large institutions.

How does Beazley engage

Feedback and themes from our formal and informal engagement activities are shared with the wider Board through the Chief Executive's report and regular reports from the Head of Investor Relations. Engagement methods and activities which were reported to the Board during 2023 included:

- **Formal engagement:** We communicate formally with our entire shareholder base through regulatory news, results announcements, and the Annual Report. Our shareholders are also able to access useful information on the Company through our website. The Annual General Meeting (AGM) provides a formal opportunity for engagement by shareholders with the Board. Shareholders are also able to contact the Head of Investor Relations or Company Secretary to ask questions or discuss any concerns, which are shared with the Board through reporting. Shareholders are able to meet with senior leadership formally and informally throughout the year.

- **Investor roadshows:** During 2023, we held investor roadshows following the release of the 2022 annual results and the 2023 interim results, and an additional roadshow in early August following the trading update. There were 30 one to one meetings and three group calls held across the three roadshows. These were attended by the Chief Executive, with the Group Finance Director and Chair attending for some meetings. These roadshows provide an opportunity for investors and analysts to meet with Directors and Executive leadership and discuss aspects of the results.

- **Capital markets day:** In November 2023, we hosted our annual capital markets day for institutional investors which this year covered an overview of Property Risks including our approach to pricing to consider the impact of changing weather patterns; and an update on Cyber Risks including an overview of catastrophic cyber. The Capital Markets Day was attended by the Chief Executive, Chief Underwriting Officer and Executive Committee members responsible for Property and Cyber, who met with our investors. The details on the Capital Markets Day are shared with all investors via regulatory announcement and the presentations are made available on our website.

- **Investor conferences:** The Chief Executive and/or Group Finance Director have also attended three investor conferences during the year.

- **Engagement by the Chair:** In addition to attending some of the investor roadshow meetings, as part of his induction process and to gain an understanding of key matters of importance to our shareholders, the Chair embarked on a series of four meetings with our top ten investors. The Chair is also available any time to discuss any feedback with shareholders and has done so during 2023. The Chair was also part of activities to engage with investors on the reasons that the two special resolutions in relation to disapplying pre-emption rights did not receive sufficient support to pass at the 2023 AGM. More information regarding this process is included in the Corporate Governance report on page 83.

- **Engagement by Committee Chairs:** Committee chairs engage with shareholders on significant matters related to their areas of responsibility, when required. Following discussions at the Remuneration Committee meeting towards the end of 2023, the Chair of the Remuneration Committee sought feedback from shareholders on a specific matter relating to the impact of our transition to IFRS 17 on our incentive plans for 2023 and subsequent years. The process and the outcome of this engagement is described below. More information on the impact of IFRS 17 on incentive arrangements is included in the Directors' Remuneration Report on page 129. In addition, at the start of 2023, we engaged in consultation with our shareholders on the Remuneration Policy, which was submitted to the 2023 AGM for approval. We also took the opportunity to consult with our shareholders on the increase to the Chief Executive's salary for 2023. The activities and outcomes from this engagement exercise were presented on page 90 of our 2022 Annual Report, which is available on our website.

What is important to our shareholders?

Our shareholders are interested in seeing Beazley grow profitably and are keen to understand how our three platform diversified strategy delivers growth. However, they continue to be mindful that growth is carried out in a responsible and sustainable way to help ensure the long-term success of the Company. The Board is very much aligned with shareholders in these priorities. Key focuses in 2023 included topics such as the successful deployment of the additional capital raised in November 2022 and the clear articulation of our capital strategy and position; ability to deliver growth forecasts; and cyber pricing given lower growth prospects.

Outcomes from engagement with our shareholders in 2023

Examples of actions taken in response to dialogue with shareholders during 2023 included:

Helping shareholders to understand the evolution of our capital strategy:

During 2023, the Board decided to evolve our approach towards capital disclosures and chose to use Group Solvency Coverage Ratio as the key capital measure in future. There was also informal feedback from investors regarding the capital surplus in the 2022 results. In response, a spotlight on capital and Chief Executive Q&A was included in our half year results announcement. This included answers to frequently raised questions by investors such as changes to our capital management strategy; how the capital raise fits in with the capital strategy; whether the capital raise had been fully deployed; and why we decided to change our approach. Feedback suggested that the change to using the Solvency Coverage Ratio and the clarity provided around capital strategy and deployment of capital were received positively. More information on the Board's decision to change the approach to our capital disclosures is included in the section 172 statement on page 58.

Helping shareholders understand the impact of IFRS 17 on our reporting:

During 2023, we provided updates to investors regarding the impact of the transition of IFRS 17 on our reporting during our engagement activities. We also held a detailed IFRS 17 education session for investors in May 2023. The presentation from the session was released by regulatory announcement and was made available on the website for all shareholders to understand the impacts on reporting and how and when information is disclosed.

Stakeholder engagement continued

Seeking shareholder feedback on pre-emption rights:
More information on this process and the outcomes of the engagement is included in the Corporate Governance report on page 83.

Seeking shareholder input on the approach to be taken in relation to incentive arrangements:
The Chair of the Remuneration Committee wrote to circa 40 of our investors to seek input in relation to the impact of Beazley's transition to IFRS 17 on our incentive plans, including annual bonuses and Long-Term Incentive Plans. The purpose of the engagement was to seek feedback on our proposed approach for ensuring that employees did not unduly benefit from nor were unduly penalised by the transition to IFRS 17. The letter resulted in six meetings with our shareholders. Some shareholders also shared detailed written feedback. Shareholders who responded were appreciative of the opportunity to engage with the Company on this topic and generally supportive of the proposed approach, which was set out in the letter. The agreed approach is explained in the Directors' Remuneration Report on page 129.

Our regulators

Why we engage

At Beazley, we recognise the key role played by our regulators in protecting our customers. The Group seeks to maintain a positive and transparent relationship with each of its regulators, as a key element in carrying out its business effectively and living to its value of 'doing the right thing'.

Our global regulators include the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA), Central Bank of Ireland (CBI), Lloyd's, the Connecticut Insurance Department (CID) and other US state regulators, and regulators in other jurisdictions where Beazley operates and holds licences.

How does Beazley engage

Our Compliance function coordinates the Group's regulatory relationships, engaging with each of its regulators on a frequent basis helping the Group meet each regulator's expectations.

There are regular scheduled meetings with the supervisors of the Group's key regulators, including an annual meeting with supervisors from the PRA, CBI and CID and the Group's Chief Executive, Group Finance Director, Chief Underwriting Officer and Chief Risk Officer. Regulators may also request meetings with the Board and the Directors of our regulated subsidiaries, individuals with regulatory roles and other members of senior management as part of the Group's supervision.

Beazley also engages with regulators through discussions on certain topics and business activities, participates in industry-wide thematic reviews, core risk assessments, thought leadership and providing industry feedback. The engagement is two-way and may be initiated by the regulator or by Beazley.

The Beazley plc Board and its Committees receive reports on regulatory priorities and regulatory engagement, including any reviews, requests and responses. This information is considered in discussions and decision-making. The regulated subsidiary Boards and their Committees also receive regular reports which focus on the activities and views of their respective regulators.

As mentioned, our regulators request meetings with our Board Directors, including Non-Executive Directors as required to support their overall supervision. Following such meetings, outcomes and feedback are shared with the wider Board. Regulators also meet regularly with the Directors and senior managers of our regulated subsidiaries.

What is important to our regulators?

Our regulators are primarily concerned with the safety and soundness of the firms which they regulate, the protection of customers, and ensuring the stability of the wider economy. This is managed through regulation and oversight of a firm's activities.

Outcomes from engagement with regulators during 2023

During 2023, we engaged with our regulators on a range of thematic reviews and other assessments including climate risk, outsourcing and its impact on firms in the financial services sector, operational resilience, cyber underwriting and the European Insurance and Occupational Pensions Authority's (EIOPA) third country branch consultation. We also work closely with industry bodies to provide feedback or responses to regulators as appropriate. As part of our general supervisory relationship meetings, we can provide information or updates about our material strategic and operational projects, Digital Operational Resilience Act (DORA) and in Ireland, the Central Bank (Individual Accountability Framework) Act 2023.

In 2022 the Group participated in the PRA's General Insurance Stress Test. During 2023, the results were issued on the topics of financial resilience, risk management and reinsurance risk and Beazley took part in a PRA roundtable to discuss the feedback. Also in 2022, the PRA undertook a voluntary exercise with firms, including Beazley, to conduct its London Market Cyber Review. Participants received feedback from the PRA in late 2023 on topics including exposure management, pricing, claims, reserving and underwriting. Beazley continues to work closely with the regulators on any outcomes from the annual meeting of the College of Supervisors, the PRA's annual periodic summary meeting, and the CBI's core risk assessments.

Our Communities and Environment

Why we engage

Beazley is committed to being a responsible business that does the right thing for our people, our partners, and our planet. Our Responsible Business strategy is incorporated into every aspect of our business. We recognise that we are on a journey, and we are committed to building better resilience for our communities, the environment, and our other stakeholders. During 2023, the Board took the opportunity to review our key stakeholder groups and decided that community and the environment should be recognised as a key group. This aligns our stakeholder groups with our vision to be the leading sustainable specialist insurer and our strategy, which incorporates being a responsible business as a key pillar. The success of our business in the long term depends both on the impacts of environmental change on our business and reducing the impact of our own operations.

How do we engage

The Board actively encourages, supports, and monitors progress against our Responsible Business strategy and our agreed targets through the regular reporting it receives. Our Responsible Business strategy, which is approved by the Board, is based around four central pillars and nine key areas of focus, which represent the interconnected nature of our approach, and include ESG and climate-related matters. The Board is responsible for approving policies connected with our communities and environment such as our Charity and Community Donation Policy, our Inclusion and Diversity policy and our Human Rights policy. The development and implementation of the strategy is overseen by the RBSG which is chaired by the Chief Executive, and supported through the work of the global inclusion and diversity, charity, and community committees, and the environmental working group. A Non-Executive Director from the Board attends the RBSG meetings on a quarterly basis, to provide a strong link between the Board and the Executive leadership on our Responsible Business strategy. The Chief Executive and leadership look to engage and partner with all our stakeholder groups on ESG matters as the topic impacts on all areas of the business.

During 2023 we commenced work to review and refresh our ESG strategy for 2024. This process included undertaking a double materiality assessment to help Beazley to determine the ESG topics that are most material for Beazley. As part of the double materiality assessment, we engaged with internal and external stakeholders to understand our impacts on people, the planet and society; the risks and opportunities; and which elements of our strategy are most material and should be prioritised. We engaged with diverse groups including the Beazley plc Board, employees from different teams across the business, as well as clients and brokers.

The Responsible Business report commencing on page 17 contains more information on the strategy, how it is implemented, and our objectives and achievements during 2023. We also publish a more detailed Responsible Business report, which is available on our website.

Communities

Beazley is committed to actively engaging with and supporting the communities in which it operates. Community engagement and charity were core parts of our enhancing livelihoods pillar in our ESG strategy during 2023.

Beazley's charitable efforts are overseen by the Global Charity Committee and support charitable work both in our local communities and globally. Beazley operates in a significant number of local communities globally, and employees are encouraged to engage in their communities throughout the year.

Make a Difference is Beazley's annual community volunteering campaign where employees are given up to one day to volunteer. Since launching in 2014, Beazley has donated thousands of hours to support our communities in need, from supporting the elderly, maintaining local community parks to feeding the homeless. This programme encourages all employees to devote one working day a year to volunteering, and Beazley also matches charitable funds raised by our employees. This year both in-person local activities and virtual activities were available. We also donated $10 to our global charity partner and local foodbanks per hour of time donated.

In 2023, Beazley organised over 35 global activities including distributing meals for those in need in Singapore, educating local young people about careers in insurance in London, running a school supplies drive in Barcelona, cooking meals in Boston, building homes in Hartford and much more. Members of our Executive Committee joined employees in gardening, reading and painting activities to benefit local communities.

In 2023, our global charitable efforts have been focused on our partnership with World Central Kitchen, which was selected by our employees as our partner for 2023 and 2024. Our charity partner provides meals to communities impacted by natural disasters and during prolonged humanitarian crises. Please see the Responsible Business report for more information.

Environment

Our environmental engagement is focused on being an active member of relevant industry groups and being a signatory to, or member of, initiatives such as Climatewise and the Sustainable Markets Initiative Taskforce.

We consider the environment from several angles, including the impact of our operations on the environment and how to reduce this; understanding our suppliers' approach to managing environmental impacts, and considering climate-related matters within our underwriting and investments. We also look to be innovative in seeking opportunities to develop new products or services which could support the transition to net zero. To achieve this, we look to partner with other stakeholder groups.

Outcomes during 2023

For more information on our Responsible Business strategy, including the outcomes from our 2023 objectives, please see our Responsible Business report on pages 17 to 21. We also publish a more detailed Responsible Business report on our website.

Other stakeholder groups

The Board also recognise suppliers as an important stakeholder.

Suppliers

We actively engage with our suppliers and recognise the important role they play in helping us run our business and deliver strategic business value. Engagement is underpinned by a desire to maintain and foster equitable relationships so that both Beazley and our suppliers benefit from our relationship. The Board has limited direct engagement with our suppliers but delegates this engagement and oversight to the Executive leadership team.

Prior to any new engagement, we carry out thorough due diligence, including on values and cultural alignment, service expectations, contractual terms, and business practices. We expect our suppliers to adopt the same standards of ethical business practice that we expect from ourselves, which includes respecting human rights and preventing modern

Stakeholder engagement continued

slavery and human trafficking. Further information on the steps taken by Beazley to eradicate modern slavery in its supply chain are contained in Beazley's Modern Slavery Act statement which is available on our website.

We undertake a structured supplier management approach with our strategic and critical providers to ensure both performance, and practices, continue at a high standard. This provides an opportunity for value focused engagement.

During 2023, we have refreshed our procurement and outsourcing policies to ensure alignment with evolving business and regulatory expectations. We continue to introduce responsible business principles into our supply chain and encourage our suppliers to help identify ways to reduce the environmental impact arising from our operations.

We continue to encourage our suppliers to raise any concerns they have through Beazley's independent whistleblowing hotline. In further promoting equitable supplier relationships, Beazley is a willing follower of the Prompt Payment Code and publishes its average supplier payment times twice a year.

The Board is kept informed of material supplier matters through updates from the Chief Operations Officer and other reports. The Board is also made aware of any supply chain risks via the Risk Committee. The Audit Committee received updates during 2023 regarding how we will ensure that the Committee has oversight of Beazley's relationships with other audit firms, following the Financial Reporting Council's new guidance on the external audit. More information is included within the Audit Committee report on page 111.

Section 172 statement

The Board of Directors confirm that during the year ended 31 December 2023 they have discharged their duties to act in a way that they believe promotes the long-term success of the Company for the benefit of its members as a whole, whilst having regard to the matters set out in Section 172 of the Companies Act 2006. Further information is provided in this statement on how these duties have been discharged.

The table below sets out where information can be found about the Board's approach to each of the matters, including:

Duty to promote the success of the Company with regard to:	For further details see:
(a) the likely consequences of any decision in the long term	The Group's purpose and strategy on pages 3 to 7 Principal decisions 1, 3, 4 and 5
(b) the interests of the Company's employees	Stakeholder engagement report (our people) pages 50 to 51 Culture review page 92 Principal decisions 4 and 5
(c) the need to foster the Company's business relationships with suppliers, customers and others	Stakeholder engagement report (clients and brokers and regulators) pages 51 to 52 and page 54 Customers and others (broker partners): principal decision 4 Others (regulators): principal decisions 1, 2, 3 and 4
(d) the impact of the Company's operations on the community and the environment	Stakeholder engagement report (our communities and the environment) pages 54 to 55 Responsible Business report pages 17 to 21 TCFD statement from page 22
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	The Company's values: page 5 Principal decisions 2 and 3
(f) the need to act fairly as between members of the Company	Stakeholder engagement report (our shareholders) pages 52 to 54

The Board has determined the Company's key stakeholder groups to be its employees, clients and broker partners, shareholders, regulators, communities and the environment. The approaches to engagement with these stakeholder groups and the impact of such engagement on the outcomes of certain key Board decisions are set out in the Stakeholder Engagement report. The views of these stakeholders are considered by the Board when principal decisions are taken.

Information is provided below on the principal decisions taken by the Board during the year and how key stakeholders and other matters set out in Section 172 were considered by the Board in making these decisions. The overriding duty to promote the success of the Company for the benefit of the Company's members is considered in all decision making, as described in all of the principal decisions.

Board decision making in action

Principal decision 1: Approval of the dividend in respect of the 2022 financial year

In March 2023, the Board approved an interim dividend of 13.5p per share in respect of the year ended 31 December 2022. The payment was in line with a new dividend strategy of paying a single annual dividend payment based on the full year results. The intention is to grow the level of dividend annually while recognising that some earnings fluctuations are to be expected. When approving the dividend, which represented a 5% increase from the total amount paid in respect of the 2021 financial year, the Board considered the level of reserves and the capital position, including the impact of the capital raise in 2022, future investment and growth opportunities and ability to generate cash flows. The Board considered the capital deployment plans and agreed that the dividend was appropriate, and would ensure continued balance sheet strength and reduced volatility post dividend payment. The Directors considered whether certain shareholders might expect no dividend would be paid in respect of the 2022 financial year, given the Company raised capital in November 2022. The Board determined that the dividend payment was reasonable given growth expectations at the time of approval, that it was in line with the dividend policy, it would signal the Board's confidence in the ability to execute on the opportunities presented, and that no statement had been made regarding future dividend payments during the capital raise. The Directors had regard to the interests of both shareholders and regulatory and legal considerations in determining the amount to be paid.

Principal decision 2: The Board's response to the Net Asset Value per share calculation error in the 2022 Annual Report

A version of Beazley's Annual Report and Accounts for the year ended 31 December 2022 was originally approved by the Board on 1 March 2023 and Beazley announced its results for the year ended 31 December 2022 on 2 March 2023. The results reported an alternative performance measure of net assets per share (NAVps) that had been calculated using the weighted average of shares for the year. This alternative performance measure was used by the Group in the calculation to determine the vesting percentages of the Long Term Incentive Plan (LTIP) awards that were included in the Directors' Remuneration Report. It had been intended that the alternative performance measure would be calculated using the number of shares at 31 December 2022, rather than using the weighted average of shares for the year. On 7 March 2023, Beazley made an announcement entitled 'Alternative Performance Measure correction NAVps', which provided updated information on the net asset value per share calculation. The Board, having taken advice, determined that the Annual Report and Accounts as initially approved by the Board on 1 March 2023 were neither sent or supplied to shareholders in accordance with the provisions of the Companies Act 2006, nor were such accounts as a matter of fact, laid before a general meeting of the Company or filed with Companies House. The Board therefore rescinded its approval of the version of the accounts that were approved on 1 March 2023 and, in their place, approved a new version of the accounts as the 2022 Annual Report and Accounts on 12 March 2023 which reflected the updated calculation and revised LTIP awards vestings.

The initial discussion of the Board focused on the immediate impact of the error on our stakeholders and correcting the error in accordance with legal requirements. The Board asked the Remuneration Committee to oversee any corrections required to the LTIP vestings, as the vesting percentages were revised following the correction of the NAVps and the percentage of awards vesting were reduced accordingly.

The Board focused on learnings that could be taken from the error. While there were no financial sanctions resulting from the error, the Board was mindful of the requirement to ensure that controls are operating effectively and that the Company maintains a reputation for high standards. The Board ensured that a comprehensive review was undertaken by the Risk function with the support of the Group's financial controls team to establish the underlying causes of the error. The review also considered the steps required to ensure the accuracy of future reporting and that the control environment was effective. The Board was reassured by the reporting received that the control environment is effective, however actions would be taken to enhance the overall control environment, focusing specifically on reporting. The Audit Committee took responsibility for overseeing the review, and monitoring both the actions from this review and ongoing work to enhance the Group's control framework. The Audit Committee also engaged with and sought the views of the External Auditor regarding the error. Any error in annual reporting or other financial publications by the Company is unacceptable. The Board openly discussed the reasons for the error and the 'lessons learned' exercise undertaken at the Company's AGM in 2023 and shareholders were able to discuss any concerns with the Head of Investor Relations, the Chief Executive, and the Chair at meetings held for other engagement purposes during the year.

Principal decision 3: Approval of the SCR in place of ECR in our solvency KPI

As Beazley continues to execute its strategy of achieving a successful intersection of platforms and products by growing its business in the US and Europe, the Board agreed that the approach toward capital disclosures should be evolved. For the interim report, the Board approved a change to the key performance indicator which would be used to communicate the capital surplus, from the surplus over Lloyd's ECR, to the Group Solvency II Coverage Ratio (SCR), which is subject to the capital adequacy requirements of the European Union Solvency II regime.

The Board considered that the SCR metric better relates to the Group's business as a whole. In addition, the SCR was more aligned with market practice, would be better understood by a wider audience of investors and analysts, and would enable external parties to more effectively compare Beazley's business against our peers.

In taking this decision, the Board considered the views of shareholders received through engagement between the Head of Investor Relations and Chief Executive during the year. The Board also considered the Group's regulators and took the view that the EU Solvency II regime was widely accepted and in line with market practice. The Board also received a risk opinion which was supportive of the change, but noted some possible risks which were being mitigated. The Board noted the importance of communicating the change to stakeholders, including the minimum targets Beazley intended to set for the revised solvency risk metric. The change of approach to capital disclosures was explained at investor events following the release of the interim results in September 2023, amongst other topics, and the presentation was made available on the Company's website.

Principal decision 4: Approval of steps in our long-term strategic projects

In 2023, the Board provided oversight of and made decisions to drive forward Beazley's long-term strategic initiatives to strengthen and simplify the business by building a diversified offering focused on three platforms: Lloyd's Wholesale, North America, and Europe. Throughout this process, the Board were focused on the long-term consequences of the decisions made, and also considered impacts on any stakeholders. In May 2023, Beazley established a US domestic excess and surplus lines carrier, Beazley Excess and Surplus Insurance, Inc., to complement the North American platform, with the aim of underwriting excess and surplus lines insurance originating from the US on the domestic carrier in 2024. The Board ensured that the rationale for establishing Beazley Excess and Surplus Insurance, Inc. was clear, and customers would continue to be served well through the new entity and the existing US admitted carriers, Beazley Insurance Company, Inc and Beazley America insurance Company, Inc. The overall long-term benefits would be driven by simplification of the underwriting structure and better diversification, which should promote the long-term success of the Company for the benefit of its members.

Section 172 statement continued

The strategy to simplify the business also involved transferring business already written within Beazley's managed syndicates to Beazley Excess and Surplus Insurance, Inc., subject to obtaining necessary approvals. The Board considered options in relation to this process, and considered how customers would be protected with various potential outcomes. Certain decisions were required to be approved by the Group's Lloyd's Managing Agency company, Beazley Furlonge Limited. The Board received updates regarding the plans to prepare for writing new business and transferring renewal business to Beazley Excess and Surplus Insurance, Inc. for selected products from 1 January 2024. Engagement was undertaken by the Broker Relations team with our strategic broker partners regarding the new US insurance carrier, to ensure their understanding and support.

The Board also considered the capital and tax implications and ensured that changes to Group's reinsurance arrangements were carried out for the benefit of the Group as a whole. The Board ensured that further work to derive the long-term benefits from the simplified structure would continue throughout 2024.

In addition, as a result of engagement activities by Fiona Muldoon in her role as Non-Executive Director responsible for 'Employee Voice', the Board noted that employees were interested in understanding key strategic projects and other change projects. The Board were satisfied that employees had received updates about the long-term strategy and its progress, as well as other key operational change projects, from the Chief Executive, through a targeted internal communications plan, and through the 'How are we doing live?' annual employee event.

Principal decision 5: New Share Incentive Plans

The Remuneration Committee on behalf of the Board keeps under review arrangements to encourage employees to own shares in the Company, allowing employees to share in the long-term growth and success of the Company, and to help align employee interests with those of shareholders.

The Committee received a report on a review of Beazley's current reward offerings in February 2023, examining their effectiveness from an internal and external stakeholder perspective. On the basis of the review and its recommendations, the Committee considered that introducing an all-employee Share Incentive Plan (SIP) to operate alongside the existing Save As You Earn (SAYE) scheme would help further enhance share ownership by our people, and the associated benefits for employees and shareholders. A UK and an international scheme were proposed. The schemes would be tax-advantaged in both the UK and France. This decision was taken on the basis of feedback from French employees that there were mechanisms for implementing tax efficient schemes within France. It was noted that the SAYE was popular amongst eligible employees, with the Beazley scheme having a higher take up rate than typical for the insurance and financial services sector and that offering more choice would benefit a wide population of the Group's employees. The Committee considered, and recommended to the Board, plan rules which were drafted to provide flexibility and discretion to ensure fair outcomes for all shareholders. The Committee considered the benefits for employees and any impact on the SAYE scheme and were satisfied that the different schemes were complementary. The SIP offered more choice and the opportunity for employees to buy more shares in Beazley with the featured benefits of free shares and matching shares available.

The rules of the UK and International SIPs were approved by shareholders at the AGM in 2023.

Financial review
Group performance

> **"It is pleasing to see the growth of prior years materialising in a strong underwriting and investment performance in 2023"**
>
> **Sally Lake**
> **Group Finance Director**
> Executive Sponsor of the Women in Finance Charter

Beazley delivered a profit before tax in 2023 of $1,254.4m (2022: $584.0m), an excellent result consisting of a combined ratio of 71% (2022: 79%) and investment return of 4.9% (2022: (2.1)%).

Result
Profit before tax in 2023 was $1,254.4m (2022: $584.0m). This was achieved through a substantial insurance service result of $1,251.0m (2022: $822.9m) driven by a combined ratio of 71% (2022: 79%). This was complemented by an investment result of $480.2m (2022: ($179.7m)) which represents an investment return of 4.9% (2022: (2.1%)).

Premiums
Insurance written premiums increased by 7% in 2023 to $5,601.4m (2022: $5,246.3m). Rates on renewal business on average increased by 4% across the portfolio (2022: increased by 14%). Strong growth was seen in our Property Risks division, where we have taken advantage of the improving underwriting conditions, with growth of 64%.

Our net insurance written premiums increased by 24% in 2023 to $4,696.2m (2022: $3,772.4m). The higher growth in net premium compared to gross is primarily due to two reasons: Firstly, the change in relationship with syndicate 5623 for our Portfolio Underwriting business. In 2022 this was underwritten by the Group and reinsured out to syndicate 5623, however, from 2023, syndicate 5623 directly underwrote this business as a standalone entity. Secondly, we have actively purchased less proportional reinsurance within our Cyber Risks and Specialty Risks divisions, further increasing our net insurance written premiums.

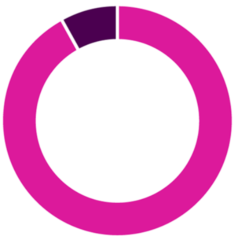
Financial review
Group performance continued

Statement of profit or loss

	2023 $m	2022[1] $m
Insurance service result	1,251.0	822.9
Net investment income/(loss)	480.2	(179.7)
Net insurance finance (expense)/income	(153.4)	183.0
Net insurance and financial result	**1,577.8**	**826.2**
Other income	78.5	32.1
Operating expenses	(365.8)	(217.6)
Foreign exchange gains/(losses)	4.5	(17.3)
Finance costs	(40.6)	(39.4)
Profit before tax	**1,254.4**	**584.0**
Income tax expense	(227.6)	(100.7)
Profit after tax	**1,026.8**	**483.3**
Claims ratio	39 %	47 %
Expense ratio	32 %	32 %
Combined ratio	71 %	79 %
Rate increase	4 %	14 %
Investment return	4.9 %	(2.1)%

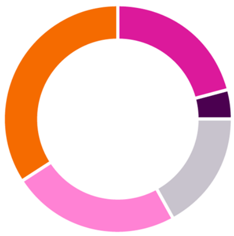
1 The Group has restated its summary statement of profit or loss for the year ended 31 December 2022 following the adoption of IFRS 17.

Insurance type



Insurance	92%
Reinsurance	8%

Premiums by division [1]



Cyber Risks	21%
Digital Risks	4%
MAP Risks	17%
Property Risks	24%
Specialty Risks	34%

1 Based on insurance written premiums

Premium written by claim settlement term

Short tail	55%
Long tail	45%

Geographical distribution of premiums [2]

Europe	16%
Worldwide	22%
USA	62%

2 The graph shows the location in which the insured resides

Insurance service result

The Group saw strong growth in the insurance service result of 52% leading to a total of $1,251.0m (2022: $822.9m). Insurance revenue of $5,442.4m (2022: $4,848.4m), a 12% increase, reflected the growth of the business during 2023. Insurance service expense reduced year on year by $421.4m. 2023 was a benign year for insured catastrophes and this led to an improved claims experience for the Group in 2023 leading to a claims ratio of 39% (2022: 47%). Directly attributable expenses increased by 12% in line with the growth of the business.

The allocation of reinsurance premium increased to $1,127.3m (2022: $965.4m) while amounts recoverable from reinsurers for incurred claims decreased to $528.5m (2022: $953.9m). As prior year gross claims estimates have decreased, a reduction in the amounts recoverable from reinsurers and a benign year for catastrophes has led to lower recoveries than the prior year. Reinsurers share of directly attributable expenses has increased to $3.6m (2022: $1.7m).

Combined ratio

The combined ratio of an insurance company is a measure of its performance from transacting (re)insurance contracts. Under IFRS 17 this represents the ratio of its insurance service expense less directly attributable expenses and amounts recoverable from reinsurers for incurred claims, to the total insurance revenue less allocation of reinsurance premium. This is all on a discounted basis and excludes operating expenses which are non-directly attributable and excluded from the insurance service result.

A combined ratio under 100% indicates a profit on the insurance service result. Consistent delivery of operating performance across the market cycle is clearly a key objective for an insurer. Beazley's combined ratio improved in 2023 to 71% (2022: 79%) primarily driven by a much improved claims experience. For further information please see the APMs section on pages 253-255.

Other income

Other income grew by 145% to $78.5m (2022: $32.1m), reflecting increases in profit commissions and general commissions received from syndicate 623 compared to the prior year.

Reserve confidence level

Beazley has a consistent reserving philosophy, with initial reserves being set to include a risk adjustment that may be released over time as and when any uncertainty reduces.

With the move to IFRS 17 from IFRS 4, we took the opportunity to revisit our reserving strategy. Under IFRS 17, we have moved to a preferred confidence level range of between the 80th and 90th percentile. This percentile indicates the strength of reserves held across the best estimate and risk adjustment for non-financial risk. IFRS 17 outlines the key principles in order to calculate the risk adjustment for non-financial risk. There are two principles that are particularly important, and thus worth highlighting. First, the level needs to be consistent with how risk is managed, contracts are priced and the portfolios are managed. The second principle states that the risk adjustment level should make the firm neutral to running off the obligations or selling them.

At the end of 2023, our confidence level was at the 85th percentile (2022: 85th percentile).

Past service development

Net past service development saw a net release of $109.8m in 2023 (2022: net strengthening of $54.9m) which represented (2.5)% (2022: 1.4%) of insurance revenue less allocation of reinsurance premiums. Property shows the largest release of $78.0m (2022: $22.4m) due to favourable attritional claims experience on the older underwriting years, improvement in past catastrophe estimates along with the expiry of risk across the more recent underwriting years. The $28.0m (2022: $4.5m) release on Digital is driven by a reduction in estimates on specific losses, favourable attritional claims experience on the cyber business, along with expiry of risk. Cyber Risks has seen a deterioration of $9.9m (2022: $0.9m) due to the adverse development arising from cyber liability claims partially offset by benign claims experience on recent underwriting years. Specialty Risks shows a release of $8.1m (2022: strengthening of $65.2m) driven by favourable claims experience on more recent underwriting years. There has been some deterioration of older underwriting years partially offsetting this experience, though this has been mitigated by the aggregate excess of loss reinsurance protection in place across both Cyber Risks and Specialty Risks. The release of $5.6m (2022: strengthening of $15.7m) on MAP Risks is driven by favourable attritional experience.

Prior year claims adjustment

Net	2023 $m	2022 $m
Cyber Risks	9.9	0.9
Digital	(28.0)	(4.5)
MAP Risks	(5.6)	15.7
Property Risks	(78.0)	(22.4)
Specialty Risks	(8.1)	65.2
Total	**(109.8)**	**54.9**
(Release)/strengthening as a percentage of insurance revenue less allocation of reinsurance premiums	(2.5)%	1.4 %

Financial review
Group performance continued

Total expenditure

The expense ratio, which under IFRS 17 includes only expenses directly attributed to insurance activities, remained flat at 32% for 2023 (2022: 32%). For 2023, non-directly attributable expenses of $365.8m (2022: $217.6m) fall outside the insurance result. Taking these items together, total expenses for 2023 totalled $1,728.4m (2022: $1,435.2m).

We continue to focus on our total expense base, allowing for additional expenses where aligned to underlying business growth or to enhancement to our business model. The latter includes execution of our three platform strategy, modernisation of our underwriting and finance platforms, setting up of an onshore E&S carrier and digital trading capabilities. Given the increased focus on the above areas, proportionately more of the total expenses incurred during the year were recognised outside the directly attributable than in 2022.

During 2023, we have also recognised increased remuneration expense due to the substantial increase in profit.

Foreign exchange

The majority of Beazley's business is transacted in US dollars, which is the currency we have reported in since 2010 and the currency in which we aim to hold the Company's net assets. Changes in the US dollar exchange rate with sterling, the Canadian dollar and the euro do have an impact as we receive premiums in those currencies and a material number of our staff receive their salary in sterling. Beazley's foreign exchange gain taken through the statement of profit or loss in 2023 was $4.5m (2022: $17.3m loss).

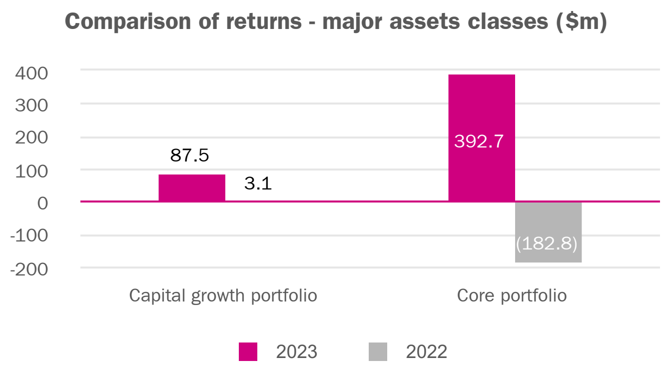
Investment performance

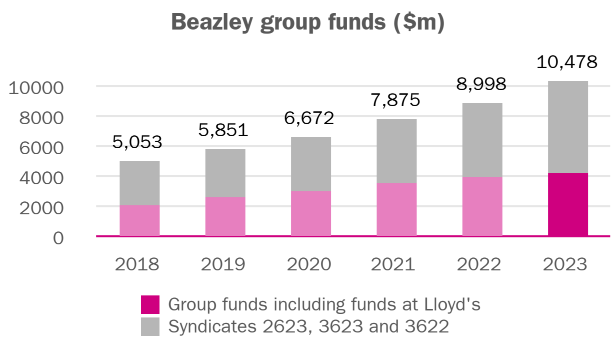
Our investments generated a return of $480.2m, or 4.9% in 2023 (2022: a loss of $179.7m, or 2.1%). This is, by some margin, the highest contribution from investments in our history. It is partly a consequence of the ongoing growth in our financial assets, which reached $10.5bn as at 31 December (2022: $9.0bn). It also reflects the yields available on fixed income investments, which are much higher than in recent years, as well as strong returns from equity and credit exposures.

Considering the year as a whole, US bond yields were little changed at most maturities, so that the returns achieved on our fixed income portfolio closely reflected starting yields. Within the year, yields rose significantly in the first nine months driven by ongoing inflationary pressures and resilient economic growth. However, within the final quarter, yields declined as the markets began to anticipate a lower interest rate environment in 2024. As a result, more than half of our 2023 investment return was generated in the final two months of the year.

Equity markets were also volatile, but posted strong gains overall. Our modest equity exposures, focused on US markets and selected to reflect our responsible investment commitments, returned more than 26% in 2023, with the strongest performance again in the final months of the year. High yield credit exposures also produced good returns as credit spreads declined, while our alternative investments, which are predominantly in hedge funds, generated more modest returns. We continue to build our impact portfolio, targeting up to $100m in investment opportunities which have measurable social or environmental benefits. To date, we have made commitments totalling $31m, to three different impact funds. These investments are at an early stage, but initial returns are encouraging. From 2024, we will also be measuring progress against their impact objectives.

Although yields have declined in recent months, levels are similar to those at the beginning of 2023: The yield of our fixed income portfolio at 31 December 2023 was 4.8% with a duration of 1.8 years. This suggests that the good contribution from our investments in 2023 could be repeated in 2024, given stability in financial markets. However, such stability is likely to remain elusive, as global geo-political risks remain elevated and forthcoming elections, in the US, UK and elsewhere, may generate further uncertainty.





The table below details the breakdown of our portfolio by asset class:

	31 Dec 2023		31 Dec 2022	
	$m	%	$m	%
Cash and cash equivalents	812.3	7.8	652.5	7.3
Fixed and floating rate debt securities				
– Government issued	4,469.1	42.6	5,006.3	55.6
– Corporate bonds				
– Investment grade	3,578.3	34.1	2,050.5	22.8
– High yield	489.0	4.7	308.7	3.4
Syndicate loans	34.1	0.3	32.5	0.4
Derivative financial assets	10.0	0.1	34.7	0.4
Core portfolio	9,392.8	89.6	8,085.2	89.9
Equity funds	282.7	2.7	159.4	1.8
Hedge funds	582.2	5.6	530.6	5.9
Illiquid credit assets	220.1	2.1	222.9	2.4
Total capital growth assets	1,085.0	10.4	912.9	10.1
Total	**10,477.8**	**100.0**	**8,998.1**	**100.0**

Comparison of return by major asset class:

	31 Dec 2023		31 Dec 2022	
	$m	%	$m	%
Core portfolio	392.7	4.5	(182.8)	(2.4)
Capital growth assets	87.5	8.8	3.1	0.3
Overall return	**480.2**	**4.9**	**(179.7)**	**(2.1)**

Tax

Beazley is liable to corporation tax in a number of jurisdictions, notably the UK, the US and Ireland. Beazley's effective tax rate is thus a composite tax rate mainly driven by the Irish, UK and US tax rates. The weighted average of the statutory tax rates for the year was 17.6% (2022: 19.0%). The tax rate of 17.6% is lower than last year due to this year's composition of profits and losses across the Group.

The effective tax rate has increased in 2023 to 18.1% (2022: 17.2%).

Financial review
Balance sheet management

Summary statement of financial position

	2023 $m	2022[1] $m	Movement %
Intangible assets	165.3	128.8	28
Insurance contract assets	101.5	84.1	21
Reinsurance contract assets	2,426.7	2,175.3	12
Other assets	494.1	326.7	51
Financial assets at fair value and cash and cash equivalents	10,477.8	8,998.1	16
Total assets	**13,665.4**	**11,713.0**	**17**
Insurance contract liabilities	7,992.2	7,349.8	9
Reinsurance contract liabilities	333.5	161.2	107
Financial liabilities	554.6	562.5	(1)
Other liabilities	903.0	684.5	32
Total liabilities	**9,783.3**	**8,758.0**	**12**
Net assets	**3,882.1**	**2,955.0**	**31**
Net assets per share (cents)	**585.8c**	**444.1c**	**32**
Net tangible assets per share (cents)	**560.9c**	**424.7c**	**32**
Net assets per share (pence)	**468.6p**	**364.2p**	**29**
Net tangible assets per share (pence)	**448.7p**	**348.3p**	**29**
Number of shares[2]	**662.7m**	**665.4m**	**—**

1 The Group has restated its summary statement of financial position as at 31 December 2022 following the adoption of IFRS 17.
2 Excludes shares held in the employee share trust and treasury shares.

Intangible assets

Intangible assets consist of goodwill on acquisitions of $62.0m (2022: $62.0m), purchased syndicate capacity of $31.3m (2022: $13.7m), US admitted licences of $9.3m (2022: $9.3m) and capitalised expenditure on IT projects of $62.7m (2022: $43.8m).

Net reinsurance contract assets

Net reinsurance contract assets represent recoveries from reinsurers, and are comprised of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC). At 31 December 2023, the ARC was in a net liability position of $321.9m (2022: $229.8m net liability) as the future premium payable to the reinsurers was higher than the expected claim recoveries. The AIC was in a net asset position of $2,415.1m at 31 December 2023 (2022: $2,243.9m net asset).

The Group's exposure to reinsurers is managed through:

- minimising risk through selection of reinsurers who meet strict financial criteria (e.g. minimum net assets, minimum 'A' rating by S&P). These criteria vary by type of business (short vs medium tail);
- timely calculation and issuance of reinsurance collection notes from our ceded reinsurance team; and
- regular monitoring of the outstanding debtor position by our Reinsurance Security Committee and Credit Control Committee.

Net insurance contract liabilities

Net insurance contract liabilities of $7,890.7m (2022: $7,265.7m) consist of two main elements, being the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

Our LRC balance is made up of a reserve for expected claims, a risk adjustment, a contractual service margin, provision for onerous contracts and premium debtors. At 31 December 2023, the LRC balance was $755.4m (2022: $747.6m). Our LIC has increased by 9% to $7,135.3m (2022: $6,518.1m).

CSM Sustainability

The Contractual Service Margin (CSM) reflects the expected profit of contracts within the asset/liability for remaining coverage. We have calculated the CSM sustainability as the closing CSM divided by the opening CSM, and thus a value of 1 and above shows that the expected profit within the ARC/LRC is higher than the previous valuation. For more information on CSM Sustainability, including the calculation, please refer to the APM section on pages 253 to 255.

As at 31 December 2023, the gross CSM sustainability score was 1.01 (2022: 1.79) while the net CSM sustainability score was 1.17 (2022: 1.27). This is a pleasing result and shows the strength of the expected profit contained on the balance sheet has increased on both a gross and net basis during 2023. This puts us in good stead as we move in to 2024.

Discounting impacts

During 2023, the net finance expense was $153.4m (2022: net finance income $183.0m), which was broken down into a $294.7m (2022: $125.2m) unwind of discounting recognised on existing business, partially offset by $141.3m (2022: $308.2m) of income from changes in financial assumptions.

Financial liabilities

Financial liabilities comprise borrowings and derivative financial liabilities. The Group utilises two long-term debt facilities:

- in November 2016, Beazley Insurance dac issued $250.0m of 5.875% subordinated tier 2 notes due in 2026; and
- in September 2019, Beazley Insurance dac issued $300.0m of 5.5% subordinated tier 2 notes due in 2029.

A syndicated short-term banking facility led by Lloyds Banking Group plc provides potential borrowings up to $450.0m. Under the facility $450.0m may be drawn as letters of credit to support underwriting at Lloyd’s, and up to $225.0m may be advanced as cash under a revolving facility. The cost of the facility is based on a commitment fee of 0.4725% per annum, and any amounts drawn are charged at a margin of 1.35% per annum.

The cash element of the facility will expire on 25 May 2026, whilst letters of credit issued under the facility can be used to provide support for the 2023, 2024 and 2025 underwriting years. In 2023 $225.0m has been placed as a letter of credit as Funds at Lloyd’s (FAL).

Other assets

Other assets are analysed separately in the notes to the financial statements. The items included comprise:

- amounts due from syndicates 623 and 4321;
- prepayments and accrued income; and
- other receivables.

Financial review
Capital structure

Capital structure

Beazley aims to hold capital in excess of regulatory requirements in order to be best placed to swiftly take advantage of growth opportunities arising outside of our business plan, as well as to provide additional protection against downside events.

Beazley has a number of requirements for capital at a Group and subsidiary level. Capital is required to support underwriting at Lloyd's, in the US and through our European branches and is subject to prudential regulation by local regulators (the Prudential Regulation Authority, Lloyd's, the Central Bank of Ireland, and the US state level supervisors). Beazley is subject to the capital adequacy requirements of the European Union (EU) Solvency II regime (SII).

Further capital requirements come from rating agencies which provide ratings for Beazley Insurance Company, Inc., Beazley America Insurance Company Inc., Beazley Excess and Surplus Insurance Company, Inc., and Beazley Insurance dac. We aim to manage our capital levels to obtain the ratings necessary to trade with our preferred client base.

Earlier in the year, we took the decision to evolve our approach toward capital disclosures. We have chosen to use the Group Solvency II coverage ratio (Solvency II ratio) as the key capital measure for the Group going forward. This measure covers the Group's business across all territories and is comparable with Solvency II Capital disclosures made by our peers both in the UK and Europe.

We aim to maintain a Solvency II ratio in excess of 170% of Solvency Capital Requirement ("SCR").

The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework, and opportunities for organic or acquisitive growth and a desire for both prudence and to maximise returns for investors.

As at 31 December 2023, our Solvency II coverage is estimated at 218% (31 December 2022: 244%). The strong ratio is a result of good underwriting performance, enabled by an equity raise in 2022, and a strong return on investments driving significant own funds generation. Capital requirement (SCR) is established using our Solvency II approved internal model approved by Central Bank of Ireland (CBI) and reflects the business we expect to write through to the end of 2024 as per our business plan which is targeting gross growth of high single digits.

The Group actively seeks to manage its capital structure. Our preferred use of capital is to deploy it on opportunities to underwrite profitably. However where we have surplus capital substantially in excess of the opportunities, we consider means to return this capital to shareholders. Given the Company's outstanding performance in 2023, we are pleased to announce a share buyback programme up to $325m, in addition to the interim dividend of 14.2p.

The projected year-end Group Solvency II ratio of 218% takes into account the interim dividend and foreseeable distributions noted above of $325m.

	2023 Estimate* $m	2022 $m
Eligible Tier-1 capital after foreseeable distributions	3,967.4	3,330.5
Eligible Tier-2 capital - subordinated debt	520.8	506.2
Total Solvency II Eligible own funds	4,488.2	3,836.7
Capital requirement	2,058.0	1,573.8
Group Solvency II ratio	**218 %**	**244%**

*The final 2023 ratio is subject to review and audit and will be published in Group 2023 Solvency and Financial Condition Report (SFCR).

Our funding comes from a mixture of Tier-1 basic own funds and $520.8m ($550.0m gross of capitalised borrowing costs and fair value adjustments) of tier 2 subordinated debt.

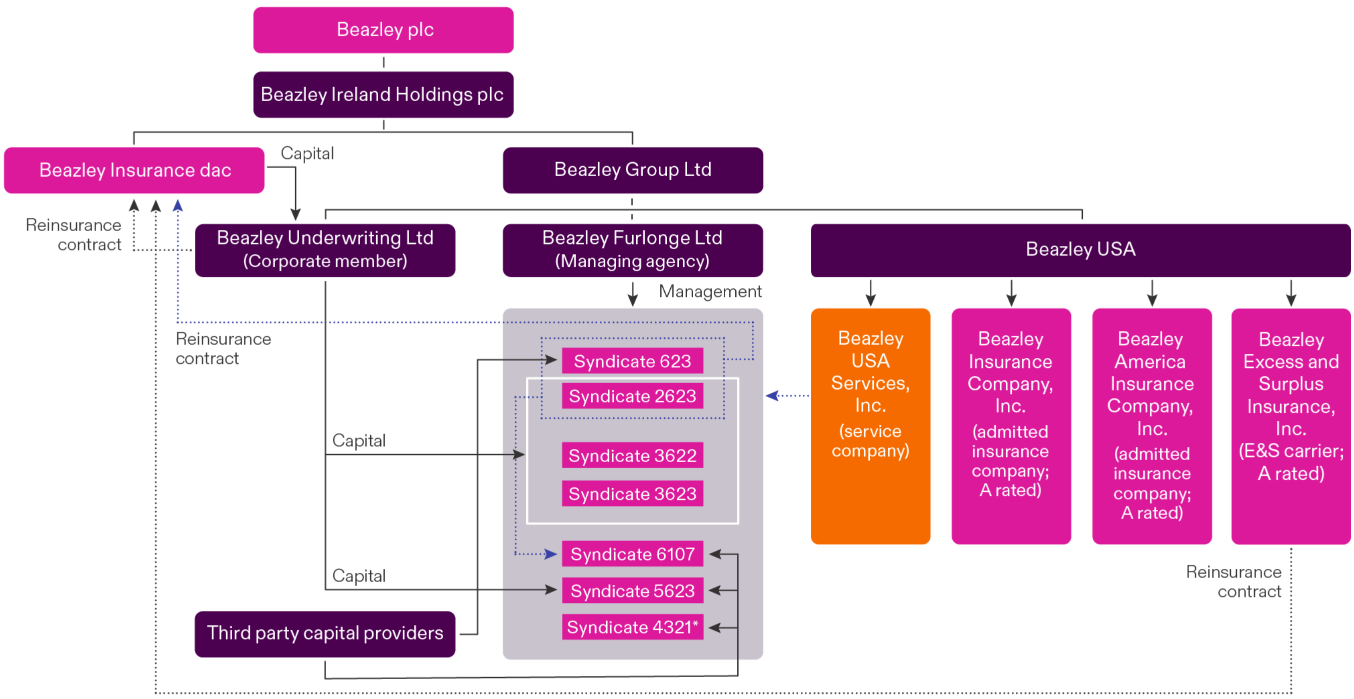
Both tier 2 subordinated debt issuances in 2016 and 2019 are issued by Beazley Insurance dac, which maintain an Insurer Financial Strength (IFS) rating of 'A+' by Fitch.

Scenario sensitivity analysis

The table below shows the impact on the Group's estimated Solvency II ratio in the event of the following scenarios as at 31 December 2023. The impact on the Group's Solvency II ratio could arise from movements in both the Group's SCR and own funds.

Scenario	Impact on Solvency II ratio
Cyber 1-in-250 Cyber scenario*	(32)%
Nat Cat 1-in-250 Combined scenario	(26)%
50 bps decrease in interest rates**	(10)%

*Based on Cyber Probabilistic Model
**This considers the impact on the SCR in isolation to the impact on eligible own funds



* Syndicate 4321 is supported by both Beazley capital and third party capital.

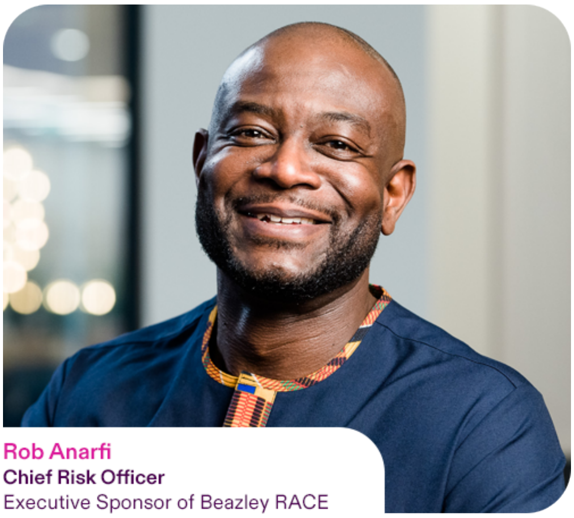
Group structure

The Group operates across Europe, Asia, Canada and the US through a variety of legal entities and structures. As at 31 December 2023, the main entities within the legal entity structure are as follows:

- Beazley plc – Group holding company, listed on the London Stock Exchange;
- Beazley Ireland Holdings plc – intermediate holding company;
- Beazley Underwriting Limited – corporate member at Lloyd's providing all capital to syndicates 2623, 3622 and 3623, and approximately 18% of capital to 5623 for the 2023 year of account;
- Beazley Furlonge Limited – managing agency for the seven syndicates managed by the Group 623, 2623, 3622, 3623, 4321, 5623 and 6107;
- Beazley Insurance dac – insurance company based in Ireland that acts as an internal group reinsurer, and also writes business directly in Europe;
- Syndicate 2623 – a Lloyd's syndicate through which the Group underwrites its general insurance business excluding life and portfolio underwriting. Business is written in parallel with syndicate 623;
- Syndicate 3622 – a Lloyd's syndicate through which the Group underwrites its life insurance and reinsurance business;
- Syndicate 3623 – a Lloyd's syndicate through which the Group underwrote its personal accident, BICI reinsurance business and portfolio underwriting business until 2022;
- Syndicate 5623 – a Lloyd's syndicate through which the Group underwrites across a diverse mix of classes via its portfolio underwriting business;
- Syndicate 4321 – a Lloyd's syndicate in a box focussing on writing business on a consortium basis led by syndicate 2623/623 based on ESG scores of insureds;
- Syndicate 623 – a Lloyd's syndicate which has its capital supplied by third party names;
- Syndicate 6107 – special purpose Lloyd's syndicate writing property reinsurance and cyber business ceded from syndicates 623 and 2623 on behalf of third party names;
- Beazley America Insurance Company, Inc. (BAIC) – admitted insurance company regulated in the US.
- Beazley Insurance Company, Inc. (BICI) – admitted insurance company regulated in the US. Licensed to write insurance business in all 50 states;
- Beazley USA Services, Inc. (BUSA) – service company based in Farmington, Connecticut. Underwrites business on behalf of Beazley syndicates, 2623 and 623, BICI and BAIC;
- Beazley NewCo Captive Company, Inc. – provides internal reinsurance to BICI on older accident years; and
- Beazley Excess and Surplus Insurance, Inc. – insurance company regulated in the US to write surplus lines business from 2024.

Risk management and compliance

The risk management and compliance functions have supported the Group's achievements through effective risk oversight and challenge.



Rob Anarfi
Chief Risk Officer
Executive Sponsor of Beazley RACE

Risk management oversight and framework

The Beazley plc Board delegates direct oversight of the risk management function and framework to its Risk Committee, and the primary regulated subsidiary Boards and their (Audit and) Risk Committees. The Beazley plc Board delegates executive oversight of the risk management function and framework to the Executive Committee, which fulfils this responsibility primarily through its Risk and Regulatory Committee.

Beazley takes an enterprise-wide approach to managing risk. The risk management framework establishes the approach to identifying, measuring, mitigating, monitoring, and reporting on principal risks. The risk management framework supports the Group strategy and objectives.

Beazley leverages the 'three lines of defence' model, in which the risk management function is part of the second line of defence. Ongoing communication and collaboration across the three lines of defence ensures that the Group identifies and manages risks effectively.

A suite of reports from the risk management function support senior management and the Beazley plc Board in discharging their oversight and decision-making responsibilities throughout the year. The risk management function's reports include updates on risk appetite, risk profiles, stress and scenario testing and analysis, reverse stress testing, emerging and heightened risks, a report to the Remuneration Committee, and the Own Risk and Solvency Assessment (ORSA) report.

The Beazley plc Board approves the Group risk appetite statements at least annually and receives updates on monitoring against risk appetites throughout the year. This includes an assessment of principal risks.

Risk management

We pride ourselves on understanding the drivers of risk across Beazley. The risk management function supports and challenges management on managing those risks.

During the year, we continued to enhance and roll out elements of the risk management framework. We have continued working with our colleagues across the first and second lines of defence to support the Group's strategy, including delivering a new E&S carrier, challenging the oversight of climate-related risks and journey in digitisation.

Our approach to managing the risks arising from climate change are set out within the TCFD section of this report.

Our latest report to the Beazley plc Board confirmed that the control environment identified no significant failings or weaknesses in key processes. The report confirmed that Beazley plc was operating within risk appetite as at 31 December 2023, with the systems having been in place for the entirety of 2023.

The business operates a control environment which supports mitigating risks to stay within risk appetite. The risk management function reviews and challenges the control environment through various risk management activities. In addition, the risk management function works with the capital model and exposure management teams, particularly in relation to validation of the internal model, preparing parts of the ORSA, monitoring risk appetite and the business planning process.

The risk management plan considers, among other inputs, the inherent and residual risk scores for the risks in the registers. The risk management function also includes results from internal audits into its risk assessment process. The internal audit function considers the risk management framework in its audit universe to derive a risk-based audit plan.

The Group's approach to identifying, managing and mitigating emerging risks includes inputs from the business, analysis of lessons learned post-risk incidents and industry thought leadership. The approach considers the potential materiality and likelihood of impacts, which helps prioritise emerging risks which the Group monitors or undertakes focused work on. Key emerging risks in 2023 included geopolitical, artificial intelligence, large cyber attack, legal and regulatory risk, human capital, and climate change. The Board carries out a robust assessment of the Group's emerging risks at least annually.

Principal risks the Group faces

We carefully assess the principal risks facing us. Our principal risks are under continuous review with ongoing risk assessments. Consideration is given to new regulations including Consumer Duty, and the Digital Operational Resilience Act (DORA). Insurance, Strategic and Operational risks outlook increases from macroeconomic changes, enhancements in technology, people and processes which deliver great benefit, but also introduce risk during and post implementation. The table below summarises the principal risks the Group faces, and the control environment, governance and oversight that mitigate these risks.

Risk appetite

Within | Trending outside | Outside

Risk outlook

Increasing | Stable | Decreasing

Principal risks and summary descriptions	Mitigation and monitoring
Insurance (Risk appetite: Within; Risk outlook: Stable) The risk arising from inherent uncertainties about the occurrence, amount and timing of insurance premium, and claims liabilities. This includes risk from underwriting such as market cycle, catastrophe, reinsurance and reserves. • Market cycle: potential systematic mispricing of medium- or long-tailed business that does not support revenue to invest and cover future claims; • Catastrophe: one or more large events caused by nature (e.g. hurricane, windstorm, earthquake and/or wildfire) or mankind (e.g. coordinated cyber-attack, global pandemic, losses linked to an economic crisis, an act of terrorism or an act of war and/or a political event) impacting a number of policies, and therefore giving rise to multiple losses; • Reinsurance arrangements: reinsurance may not be available or purchases not made to support the business (i.e. mismatch); and • Reserving: reserves may not be sufficiently established to reflect the ultimate paid losses.	Beazley uses a range of techniques to mitigate insurance risks including pricing tools, analysis of macro trends and claim frequency including alignment with pricing and ensures exposure was not overly concentrated in any one area, especially lines of business with higher risk. The strategic approach to exposure management and a comprehensive internal and external reinsurance programme helps to reduce volatility of profits in addition to managing net exposure by the transfer of risk. The prudent and comprehensive approach to reserving ensures that claims covered by the policy wording were paid, delivering good customer outcomes. High calibre claims and underwriting professionals deliver expert service and claims handling to insureds. The Underwriting Committee oversees these risks. Beazley carries out periodic analysis to identify significant areas of concentration risk across our business and monitors solvency regularly to ensure Beazley is adequately capitalised. Insurance risk outlook continues to be stable as the Group manages the market cycle across all the lines of business.
Market (Risk appetite: Within; Risk outlook: Increasing) The value of investments may be adversely impacted by financial market movements in the value of investments, interest rates, exchange rates, or external market forces. Expected asset returns may not align to risk and capital requirements.	Beazley operates a conservative investment strategy with a view to limiting investment losses that would impact Beazley's financial results. Beazley mitigates this risk by carrying out asset liability matching as per the investment constraints specified in the investment strategy. More detail on climate-related risks and mitigations impacting the investment strategy can be found in the TCFD part of this report. The Investment Committee oversees the investment strategy and its implementation. Market risk outlook continues to face headwinds across investment yields and foreign currency due to the global and political economic environment.
Credit (Risk appetite: Within; Risk outlook: Stable) This risk of failure of another party to perform its financial or contractual obligations in a timely manner. Exposure to credit risk from reinsurers, brokers, and coverholders, of which the reinsurance asset was the largest exposure for the Group.	Beazley trades with strategic reinsurance partners over the long term to support Beazley through the insurance cycle despite potentially catastrophic claim events. The Group ensures reinsurers meet internal approval criteria overseen by the Reinsurance Security Committee. Credit risk arising from brokers and coverholders continues to be low, as the Group relies on robust due diligence processes, credit monitoring and ongoing monitoring of aged debts. Credit risk outlook continues to be stable as the Group manages ceded reinsurance, broker and coverholder credit risks with low levels of aged and bad debt.

Risk management and compliance continued

Principal risks and summary descriptions	Mitigation and monitoring
Group The risk of an occurrence in one area of the Group, which adversely affects another area in the Group, resulting in financial loss and/or reputational damage. This also includes a deterioration in culture which leads to inappropriate behaviour, actions and/or decisions including dilution of culture or negative impact on the Group brand.	Group risk culture centres on principles of transparency, accountability, and awareness. This helps maintain a strong risk culture that supports an embedded risk management framework within Beazley. An effective risk culture reflects a maturing risk management function, encourages sound risk taking, creates an awareness of risks and emerging risks. The Executive Committee and the Beazley plc Board oversee this risk. Group risk outlook continues to be stable as the Executive Committee manages culture through continuous improvement and monitoring.
Liquidity Investments and/or other assets are not available or adequate in order to settle financial obligations when they fall due.	By managing liquidity Beazley maximises flexibility in the management of financial assets, including investment strategy, without incurring unacceptable liquidity risks over any time horizon. In doing so, this helps ensure that clients and creditors were financially protected. The Group periodically assesses the liquidity position of Beazley which is overseen by the Risk Committee. This includes a benchmarking view from a third-party assessment. Liquidity risk outlook continues to be stable as the Group manages above sufficient levels of liquidity and capital.
Regulatory and legal Non-compliance with regulatory and legal requirements, failing to operate in line with the relevant regulatory framework in the territories where the Group operates. This may lead to financial loss (fines, penalties), sanctions, reputational damage, loss of confidence from regulators, regulatory intervention, inability to underwrite or pay claims.	The control environment supports the nature, exposure, scale and complexity of the business overseen by the Risk and Regulatory Committee. The Group maintains a trusting and transparent relationship with regulators, ensuring coordinated communication and the following of robust processes, policies and procedures in the business. In addition, key staff, particularly those who hold defined roles with regulatory requirements, are experienced and maintained regular dialogue with regulators. The Group horizon scans for regulatory and legal matters and considers their potential impacts on the business. Being Beazley includes considering the needs of our clients in everything our business does. We deliver good customer outcomes to our clients throughout the product lifecycle. The Conduct Review Group oversees this risk. The Group aims to do the right thing to minimise reputational risk via stakeholder management and oversight through governance. Regulatory and legal risk outlook continues to increase as the Group manages evolving regulatory requirements and legislative changes globally.

Principal risks and summary descriptions	Mitigation and monitoring
Operational Failures of people, processes and systems or the impact of an external event on operations (e.g., a cyber-attack having a detrimental impact on operations), including transformation and change related risks.	Beazley attracts and nurtures talented colleagues who champion diversity of thought, creating a culture of empowerment, collaboration and innovation to build an environment of employee wellbeing. The Group employs high calibre, motivated, loyal, and productive people with sufficient competence to perform their duties. The Group invests in technology and re-engineering processes to support the operation of activities which are overseen by the Operations Committee. Beazley has policies and procedures across the organisation which ensure effective and efficient operations. This drives productivity and quality across our people, processes and systems to continue to enable scalable growth. The business continuity, disaster recovery and incident response plans, help ensure that processes and systems enable our people to deliver the right outcomes for clients and overall productivity. During 2023, there were effective controls in the day-to-day operations around information security, data management, operational resilience including cyber resilience, etc. to mitigate the damage that loss of access to data or the amendment of data can have on the ability to operate. Operational risk outlook continues to be stable as the Group manages evolving manual processes and controls into digitised processes along with technological and cyber resilience which are continuously evolving risks.
Strategic Events or decisions that potentially stop the Group from achieving its goals or danger of the Group strategic choices being incorrect, or not responding effectively to changing environments in a timely manner leading to inadequate profitability, insufficient capital, financial loss or reputational damage. Pervasive risks impacting multiple areas of the Group (e.g., reputation, and ESG) occurring through real or perceived action, or lack of action taken by a regulatory body, market and/or third-party used by the business. A negative change to Beazley's reputation would have a detrimental impact to Group profitability and public perception.	Beazley continuously addresses key strategic opportunities and challenges itself to be the highest performing sustainable specialist insurer. Beazley ensures it recognises, understands, discusses, and develops a plan of action to address any significant strategic priorities in a timely fashion whilst ensuring continuity of operational effectiveness and brand reputation. Beazley creates an environment that attracts, retains and develops high performing talent with diversity of thought to explore, create and build, through investing in understanding the complexity of the risks clients face and deploying expertise where the Group can create value. The Executive Committee and the Beazley plc Board oversee these risks. Beazley maintains coverage above regulatory capital to a target level, ensuring sufficient capital to facilitate meeting the business plan and strategic objectives in the short, medium and long term. Beazley aims to strategically create a sustainable business for our people, partners and planet through its responsible business goals. Beazley embeds ESG principles and ambitions and it focuses on reducing its carbon footprint (refer to more detail on climate related risks and mitigations in the TCFD report), contributing appropriately to its social environment, and enhancements to governance. Note that while Beazley considers market practice, it does not necessarily move with every prevailing market trend, considering these for potential opportunities and risks. Strategic risk outlook continues to be stable as the Group embeds its achievements from 2023.

Risk management and compliance continued

Viability statement

The Board assesses the viability of the Group within the long-term plan over a five-year period. A period of five years is considered short enough to be reasonably assessable, given the dynamic nature of the business that we underwrite as a specialist insurer, with the need to adapt capital and solvency in response to changing markets and emerging opportunities. However, it is also long enough to reflect the Group's risk profile of a portfolio of diversified short-tailed and medium-tailed insurance liabilities.

Assessment of principal risks over the period

The business planning process tests and demonstrates the ongoing viability of the business. This includes a base view of profit and growth so that the reinsurance requirements and capital surplus can be projected. As a specialist insurer, we manage several risks as listed above; however the principal risk that could undermine the business model is insurance risk. The Group seeks insurance risk as its core business, and the Beazley plc Board has set the largest risk appetite for insurance risk. Downside risk is managed using a number of risk appetite KRIs. This includes setting and monitoring against 1 in 250 year event Board level risk appetites for both natural and cyber catastrophe risk using probabilistic models.

The Group is subject to volatility in catastrophes, the market cycle, reinsurance, reserving, and the impact of emerging risks (e.g. social and economic inflation, and climate change).

The business plan sets out a view of the emerging risks that impact this area and how the business will respond to these trends. The business planning process also considers key risks: for example, natural catastrophe risk and cyber risk is compared to the expected profit and capital surplus. The macroeconomic environment, including inflationary and recessionary factors, are of key consideration within the business planning process, with appropriate loadings included within pricing, reserving, and capital.

The Group has developed its analysis of climate change this year. Climate change trends are allowed for in the business plan, and key Property peril loss trends have been incorporated into pricing models. Further scenario quantification has taken place for the largest peril of US Hurricane, with a range of temperature scenarios into the future. For climate litigation, the claims environment and exposure to a greenwashing scenario is actively monitored. These developments are described in more detail on pages 33 and 34.

The Risk Management Function provides a Risk Opinion on the current year business plan. Further assessment of key risk themes is conducted within the ORSA, presented to the Board and summarises the short-term and long-term risks to the Group and the capital implications.

Stress and scenario testing

A range of stresses, scenarios and modelled exposures are reported by the business throughout the year. These help to monitor aggregations across our key insurance risk exposures, such as casualty, cyber and natural catastrophe, as well as potential reserve deteriorations and investment risk stresses. The five most material realistic disaster scenarios relating to our casualty and cyber exposures are reviewed and approved by the Beazley plc Board on an annual basis.

The business planning process includes the testing of scenarios that allow for a range of gross rates, revenue volumes, and reinsurance rates and availability. Key stress and scenario testing is further included within the annual ORSA. These capture key risks including cyber catastrophes, natural catastrophes and climate change, the market cycle, macroeconomic uncertainty, and geopolitical risk. Assessment concludes that in these scenarios, the Group would be solvent and viable following the use of mitigation actions.

We also consider several reverse stress tests, which identify extreme scenarios which could trigger unviability (either through insolvency or a loss of stakeholder confidence) and the possible mitigation actions. Based on our risk profile, this has considered the following events:

- Natural Catastrophe - An above appetite natural catastrophe year, driven by a clustering of significant events with severity heightened by climate change trends.
- Cyber Catastrophe and Resilience - A globally systemic ransomware or cloud down event, resulting in several weeks of system downtime and associated business interruption losses. Beazley's internal systems also face an operational resilience impact.
- Financial Crises and Specialty Risk - While recessions are ordinarily deflationary, this extreme scenario assesses the impact of a financial crises while inflationary trends remain heightened. Specialty Risk loss estimates increase significantly from the combination of recessionary claims, increased inflation trends, and new legal precedents. Additionally, there is a fall in the market value of investments, as credit spreads increase to 2008 financial crises levels.
- Combined Catastrophes - Combined losses from the above Natural Catastrophe and Cyber Catastrophe events.
- Major Operational Incidents - A combination of major operational risk incidents, including an internal fraud event.

Alongside the primary stated impacts of these events, the reverse stress testing assessment considers resulting implications to insurance revenue, reinsurance availability and recoveries, and operational costs. In these scenarios, mitigation options are available to limit the impact to the Group's solvency position, while the Group's financial and operational control reduce the likelihood of these scenarios taking place.

Mitigation contingency options

Beazley aims to maintain a Group solvency ratio in excess of 170%. In the unlikely event that solvency falls below this amount, additional capital may be available from a number of sources. The Group maintains a list of mitigation options available to improve its position in the event of liquidity or capital distress. The financial and corporate actions available to Beazley are monitored on an ongoing basis. The available mitigation options following an extreme event include:

- Underwriting action to exit certain lines, or reduce planned growth;
- Stopping or delaying infrastructure investment to reduce expense costs;
- Sell off business units to raise own funds and reduce capital requirements;
- Suspension of dividends or share buyback programmes;
- Additional reinsurance purchases to reduce capital requirements;
- Posting of available unutilised letter of credit as funds at Lloyd's; and
- Accessing additional external capital via debt or equity markets.

Conclusion on viability

The Board has concluded, based on the business plan, scenario and ORSA reporting, that there is a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the five year period of assessment.

Regulatory compliance

To ensure that we conduct business in accordance with all applicable laws and regulations, we operate a Group-wide compliance framework designed to consider the risk, govern decision-making, ensure the best for our clients and monitor performance. Our compliance framework consists of processes, policies and controls, including senior management oversight, training, risk assessments, monitoring and reporting.

There continues to be top-down commitment of senior management to ensure a good culture of regulatory compliance across the Group. This is embedded within our compliance framework and supported by training, controls, policies, periodic risk assessments and monitoring. Key areas of focus within the compliance framework include:

Culture, controls, training and oversight

A mandatory annual employee training programme covers topics such as financial crime, underwriting due diligence, conduct, and information security. We provide training to employees upon joining Beazley and annually thereafter to ensure that we continue to operate in a responsible manner and in line with Group expectations.

Monitoring of regulatory risks provides assurance on the performance of regulatory controls and enables us to identify areas for improvement. Through regular reporting of our monitoring activities, we ensure that senior management maintain oversight of regulatory risk, including conflicts of interest across the Group.

Conduct has been a core aspect of our business. We pride ourselves on knowing our clients well, meeting their needs, managing our business responsibly and ensuring we transact only with reputable intermediaries, agents and suppliers.

There is a robust approach to information security and privacy controls designed to safeguard data and the rights of data subjects. There were no cases of a data breach that were material to our clients or the Group during 2023.

Anti-financial crime controls

Given the Group operates as a global organisation, financial crime is a key risk. The Group has no appetite for being used as a vehicle for financial crime. As a responsible business, we adhere to ethical practices and believe in doing the right thing. We monitor sanctions developments closely and are primed to respond when changes occur. To ensure compliance with applicable regimes, the Group embeds anti-financial crime controls and procedures into its underwriting, claims, payments, gifts and hospitality processes, and more widely throughout the business.

Whistleblowing

In line with our values, we promote a culture that encourages employees to speak up and escalate concerns. In support of this, we operate a whistleblowing policy and an independent hotline, managed by Safecall, that allows for anonymous reporting of concerns without fear of reprisal, harassment, retaliation or victimisation. We received training from Safecall to ensure we appropriately handle any concerns raised through the hotline. All concerns have been treated with the utmost confidentiality and in accordance with all applicable legal and regulatory requirements. The Beazley plc Board received reports affirming the effectiveness and operation of our whistleblowing procedures.

Beazley plc's Audit Committee has overall responsibility for the effectiveness of our whistleblowing policy and procedures, with the Committee reviewing and approving the policy annually. The Chair of the Committee is the Whistleblowing Champion.

Strategic report approval by the Board of Directors

The strategic report set out on pages 1 to 74 is approved by the Board of Directors.

Signed on behalf of the Board of Directors

Clive Bannister
Chair of the Board