

Risky Business



Strategic report

01	Highlights
02	Key performance indicators
03	Our strategy
04	Our business model
08	Statement of the Chair
10	Chief Executive Officer's statement
12	Chief Underwriting Officer's report
15	Performance by division
17	Responsible business
22	Task Force on Climate-Related Financial Disclosures (TCFD) 2023
45	Non-financial and sustainability information statement
50	Stakeholder engagement
57	Section 172 statement
60	Financial review
60	Group performance
65	Balance sheet management
67	Capital structure
69	Risk management & compliance

Governance

76	Governance at a glance
78	Chair's introduction to governance
80	Board of Directors
83	Corporate Governance report
100	Nomination Committee
106	Audit Committee
115	Risk Committee
120	Remuneration Committee
122	Letter from the Chair of our Remuneration Committee
124	Directors' remuneration report
146	Statement of Directors' responsibilities
147	Directors' report
152	Independent auditor's report

Financial statements

165	Consolidated statement of profit or loss
166	Consolidated statement of comprehensive income
167	Consolidated statement of changes in equity
168	Consolidated statement of financial position
169	Consolidated statement of cash flows
170	Notes to the financial statements
246	Company financial statements
253	Alternative performance measures ("APMs")

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

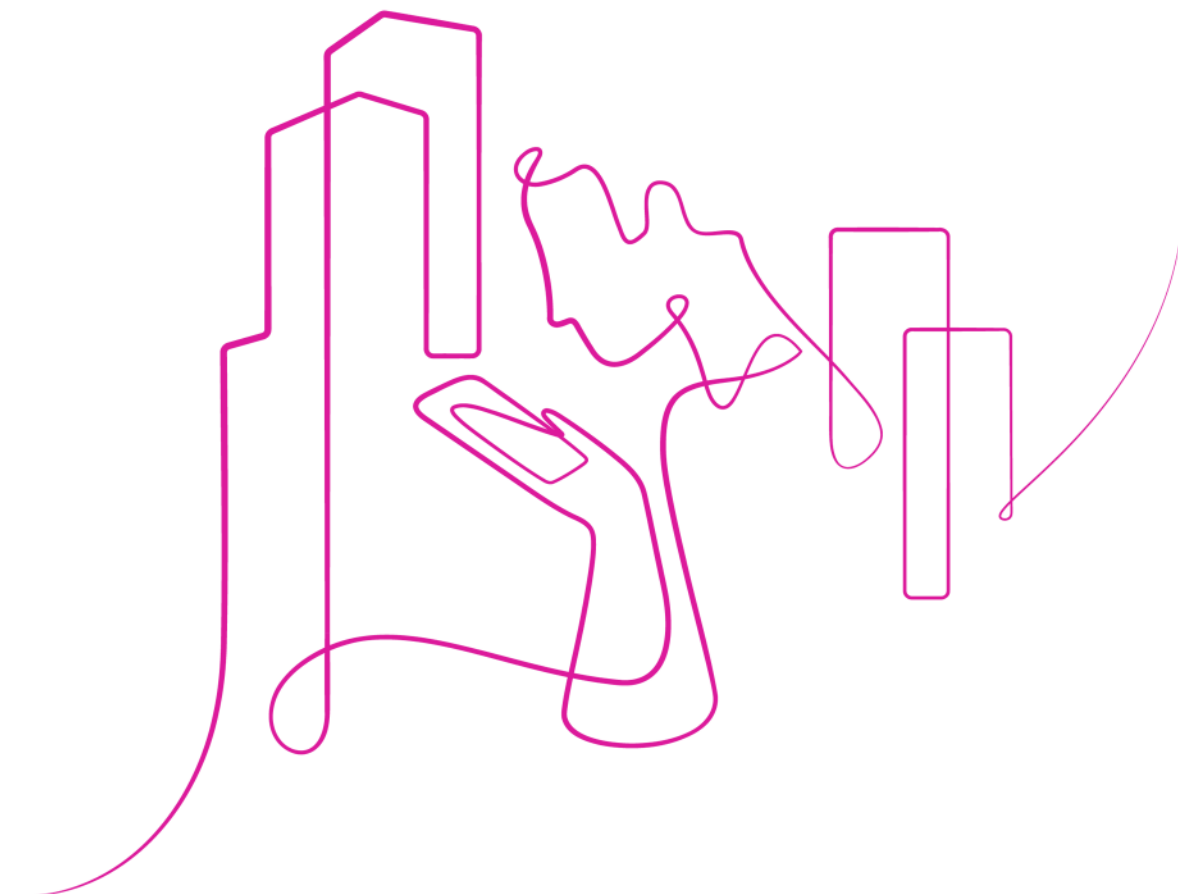
(2022: \$584.0m)

Undiscounted combined ratio*

74%

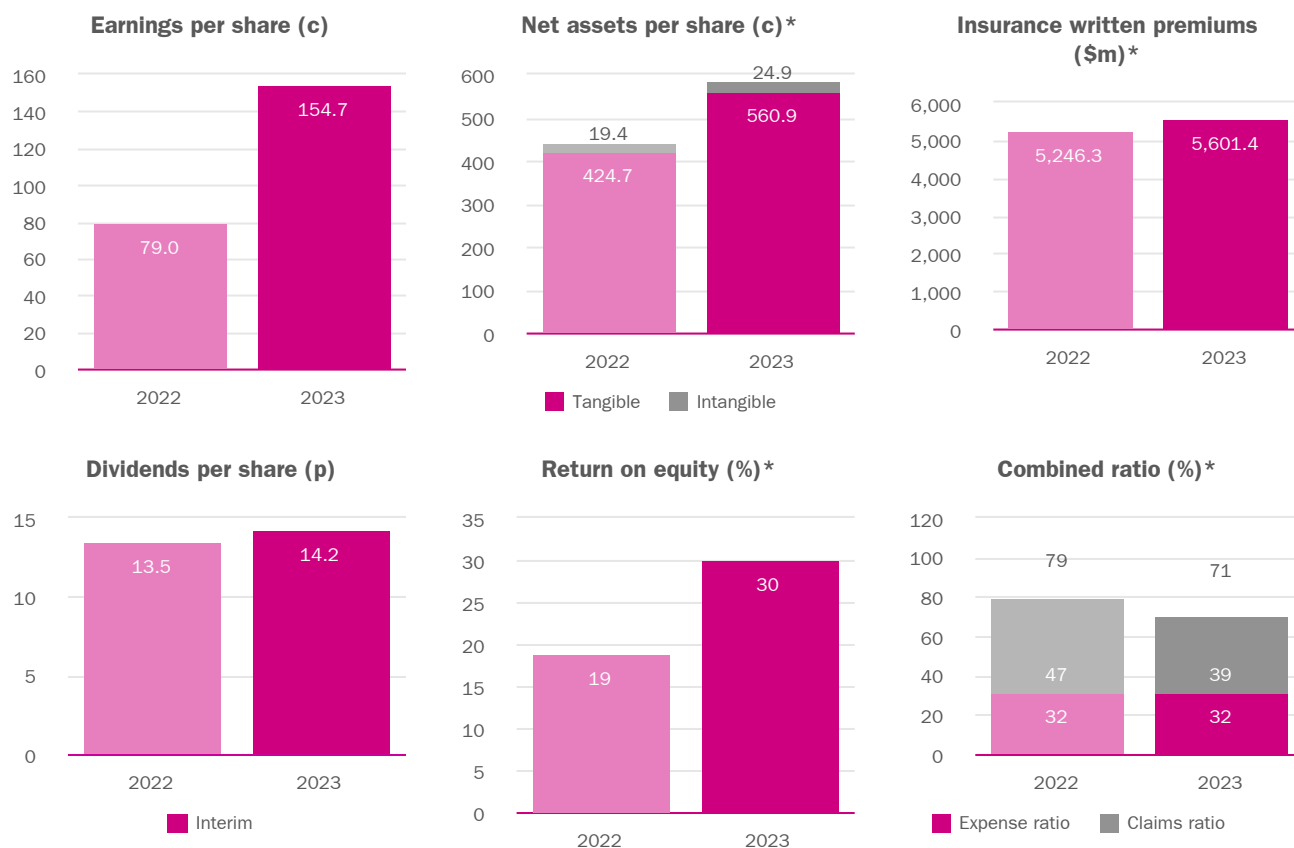
(2022: 82%)

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



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_{tCO₂e}

(2022: 5,164.4 _{tCO₂e})

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.

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

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.

Strong employee engagement

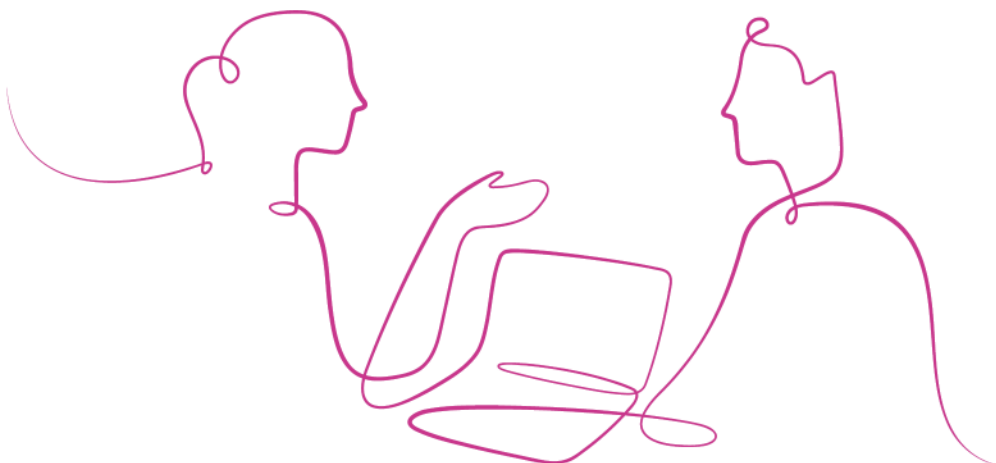
86%

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.

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



	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%

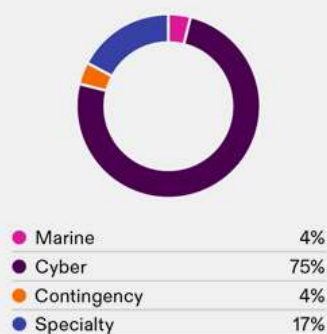
Digital



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



	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%

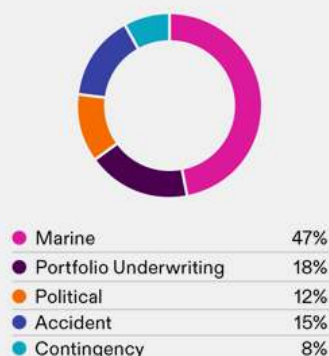
MAP Risks



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



	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%

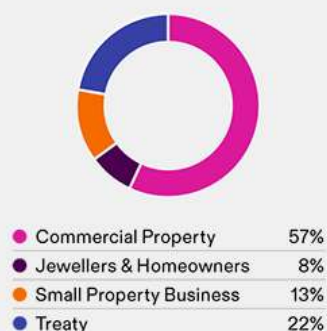
Property Risks



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



	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%

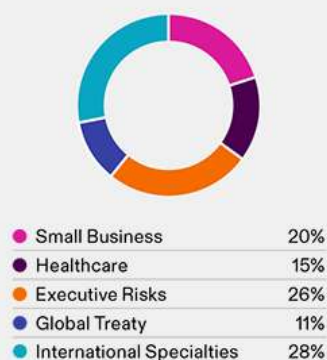
Specialty Risks



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



	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

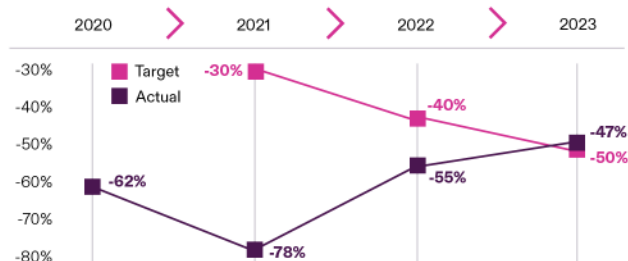
Key Metrics 2023

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)

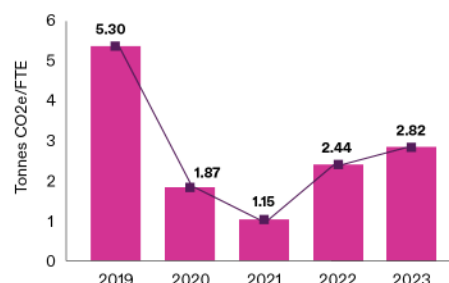
Sustainable World

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.

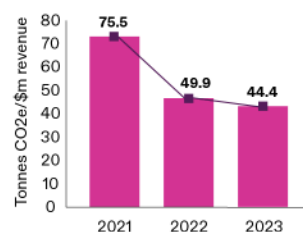
Greenhouse Gas Emissions per FTE



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

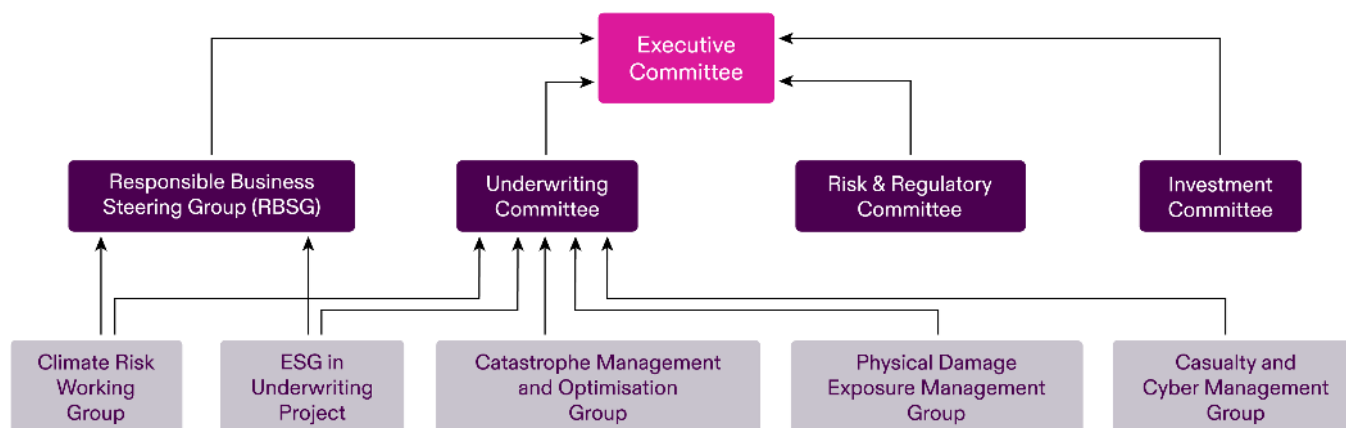
Responsibility for ensuring climate-related issues are appropriately managed by the business is designated across a range of roles:

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.

TCFD 2023 continued

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 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 significant 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).

TCFD 2023 continued

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.

TCFD 2023 continued

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.

TCFD 2023 continued

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.

TCFD 2023 continued

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 necessary 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.

TCFD 2023 continued

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 inception 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

TCFD 2023 continued

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 (tCO ₂ e) arising from our investments (Publicly listed equities only)	2,359.3	3,955.0
Normalised apportioned GHG emissions (tCO ₂ e) 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 (tCO ₂ e) 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 (tCO ₂ e/\$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 (tCO₂e/ 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 (tCO ₂ e)	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 tCO ₂ e	8,419.42	3,079.34	2,108.26	5,164.41	6,998.81
Total tCO ₂ e/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 CO₂ equivalent for scope 2, and a further 208.90 tonnes of CO₂ 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 (tCO ₂ e)	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 tCO ₂ e	1,733.62	4,775.59	6,578.87
Total tCO ₂ e/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 tCO₂e, 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 (tCO ₂ e)	826.59	586.17	439.87	246.95	224.64
Total market-based GHG Emissions (tCO ₂ e)	826.59	144.86	140.82	114.76	43.65

REST OF WORLD

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO ₂ e)	71.52	69.91	70.77	69.02	26.59
Total market-based GHG Emissions (tCO ₂ e)	71.52	69.91	70.77	69.02	26.59

USA

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO ₂ e)	653.35	653.35	624.26	568.91	529.67
Total market-based GHG Emissions (tCO ₂ e)	653.35	653.35	624.26	568.91	517.96

EUROPE

	2019	2020	2021	2022	2023
Total location-based GHG Emissions (tCO ₂ e)	121.07	116.45	101.19	61.93	48.82
Total market-based GHG Emissions (tCO ₂ e)	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 ₂ e)	2020 (tCO ₂ e)	2021 (tCO ₂ e)	2022 (tCO ₂ e)	2023 (tCO ₂ e)
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 ₂ e)	2020 (tCO ₂ e)	2021 (tCO ₂ e)	2022 (tCO ₂ e)	2023 (tCO ₂ e)
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 range 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.	Weighted average carbon intensity of corporate bond and equity portfolios Overall carbon emissions	TCFD statement (page 40) Key Non-Financial KPIs (page 2)
	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.	Greenhouse gas emissions per full time equivalent Reduction in greenhouse gas emissions	Responsible Business (page 19) Responsible Business (page 19)
	Responsible investment policy This financial policy sets out how environmental, social and governance matters are incorporated into investment analysis and decision-making processes.		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.	Female representation in senior leadership roles People of Colour representation in the workforce Employee engagement score	Non-financial KPIs (page 2) and Responsible Business (page 19)
	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.	Employee favourability score People of Colour representation in senior leadership roles	Non-financial KPIs (page 2) Responsible Business (page 17)
	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.	Also see: investing in and rewarding the workforce	Governance report (page 93)
	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.		

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.
- **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.

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:

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

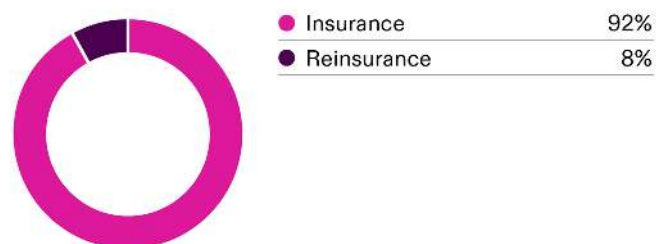
Group performance continued

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

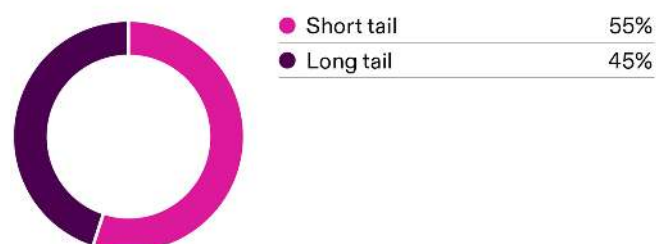


Premiums by division¹

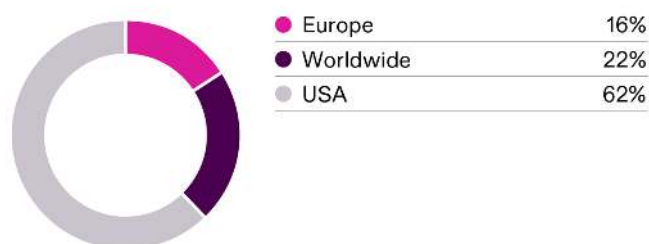


1 Based on insurance written premiums

Premium written by claim settlement term



Geographical distribution of premiums²



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

	2023	2022
Net	\$m	\$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

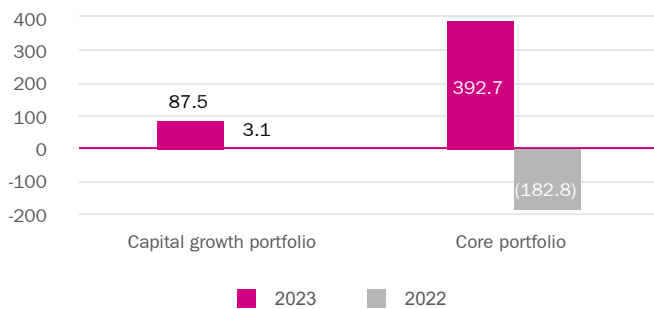
Our investments generated a return of \$480.2m, or 4.9% in 2023 (2022: a loss of \$179.7m, or 2.1%). This is, by some margin, the highest contribution from investments in our history. It is partly a consequence of the ongoing growth in our financial assets, which reached \$10.5bn as at 31 December (2022: \$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.

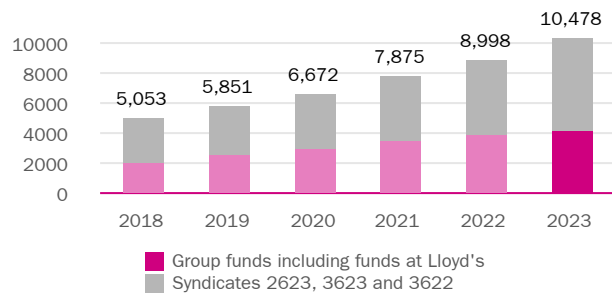
Equity markets were also volatile, but posted strong gains overall. Our modest equity exposures, focused on US markets and selected to reflect our responsible investment commitments, returned more than 26% in 2023, with the strongest performance again in the final months of the year. High yield credit 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.

Comparison of returns - major assets classes (\$m)



Beazley group funds (\$m)



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 shares²	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*	2022
	\$m	\$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.

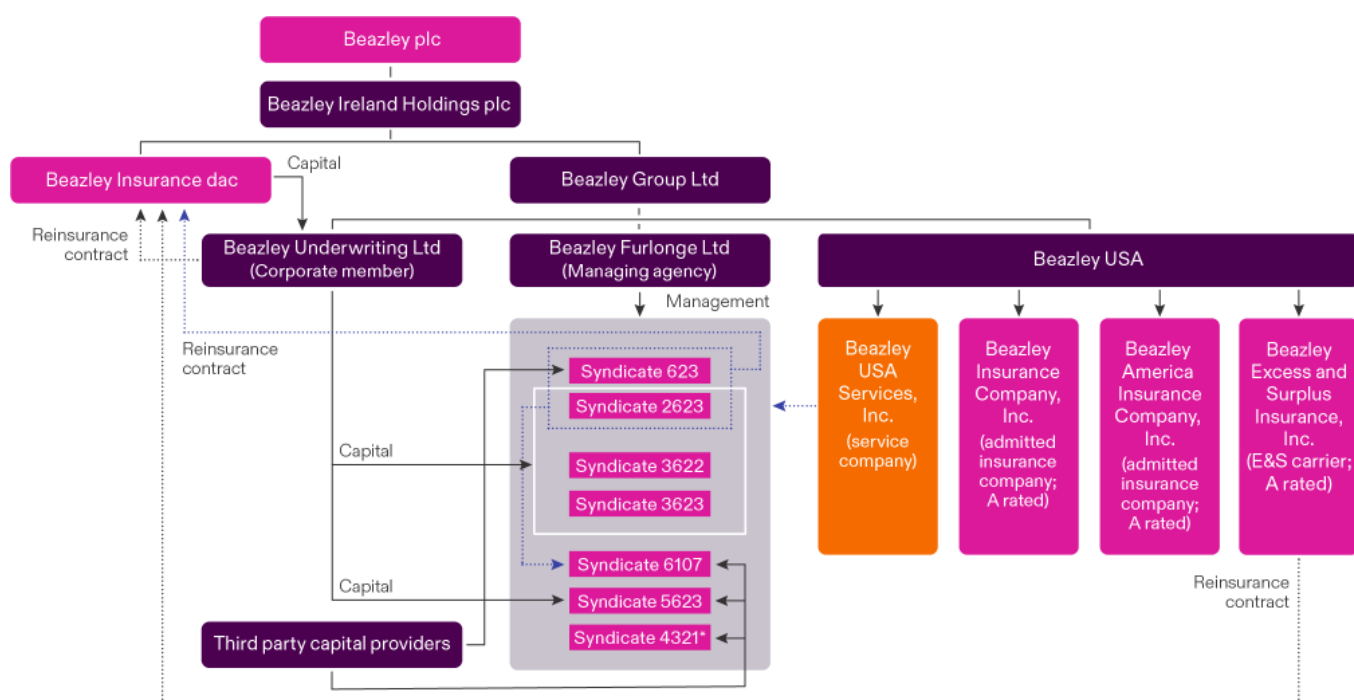
Scenario	Impact on Solvency II ratio
Cyber 1-in-250 Cyber scenario*	(32)%
Nat Cat 1-in-250 Combined scenario	(26)%
50 bps decrease in interest rates**	(10)%

*Based on Cyber Probabilistic Model

**This considers the impact on the SCR in isolation to the impact on eligible own funds

Financial review

Capital structure continued



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

Group structure

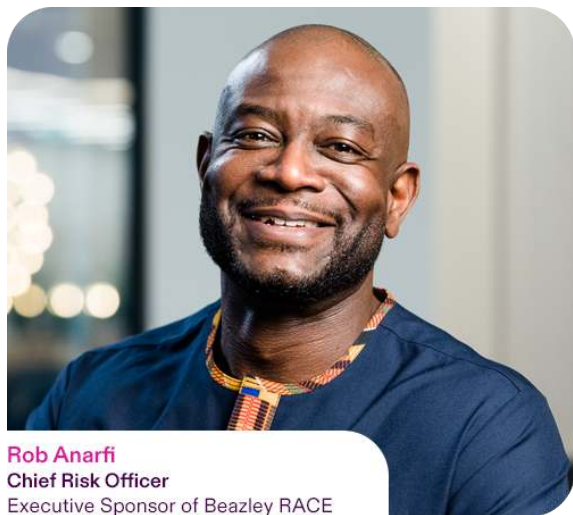
The Group operates across Europe, Asia, Canada and the US through a variety of legal entities and structures. As at 31 December 2023, the main entities within the legal entity structure are as follows:

- 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 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 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 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

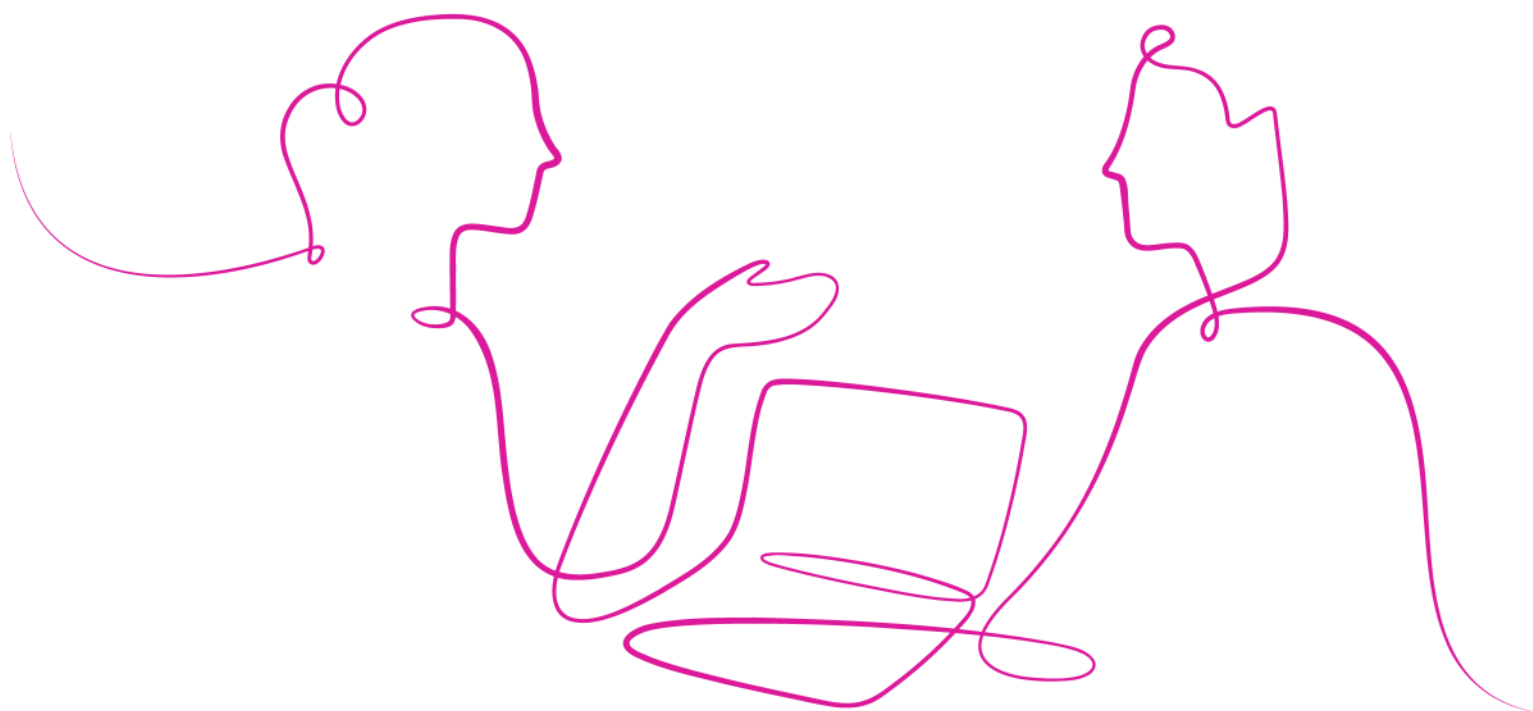
The strategic report set out on pages 1 to 74 is approved by the Board of Directors.

Signed on behalf of the Board of Directors

Clive Bannister
Chair of the Board

Governance

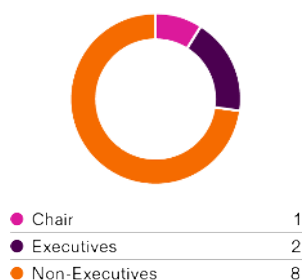
76	Governance at a glance
78	Chair's introduction to governance
80	Board of Directors
83	Corporate governance report
100	Nomination Committee
106	Audit Committee
115	Risk Committee
120	Remuneration Committee
122	Letter from the Chair of our Remuneration Committee
124	Directors' remuneration report
146	Statement of Directors' responsibilities
147	Directors' report
152	Independent auditor's report



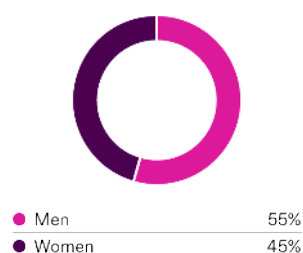
Governance at a glance

Board composition and diversity*

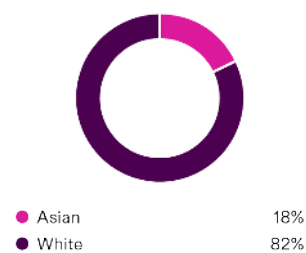
Board composition



Board gender balance



Board ethnic diversity



*all data as at 31 December 2023.

As at our reference date of 31 December 2023, we have met the Listing Rule 9.8.6R(9) targets of:

- at least 40% of the Board Directors being women; and
- at least one of the senior positions on the Board being held by a woman: our Group Finance Director and Senior Independent Director are both women.

Targets were also met throughout the year.

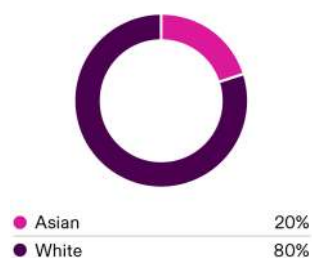
As at our reference date of 31 December 2023, we have met the Listing Rule target of at least one Board member being from a Black, Asian or ethnic minority background: two of our Directors throughout 2023 were from an ethnic minority background (Rajesh Agrawal and Cecilia Reyes Leuzinger).

The numerical data required by Listing Rule 9.8.6R(10) on both the ethnic background and gender of the Board and Executive Management as at the reference date of 31 December 2023 are included on page 20, together with an explanation of our approach to collecting data.

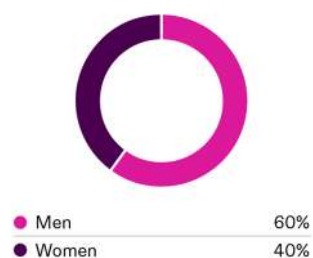
Committee diversity

The Board also aims to ensure that each Committee is diverse, where possible. The Chairs of the Risk Committee and Remuneration Committee are women. The diversity of each Committee as at 31 December 2023 is set out below:

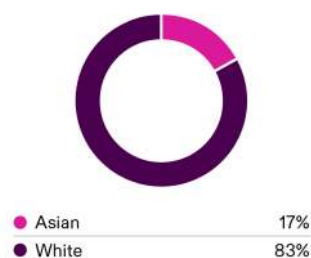
Nomination Committee – Ethnic Diversity



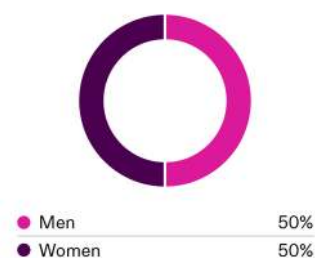
Nomination Committee – Gender Diversity



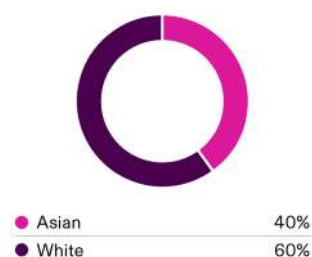
Risk Committee – Ethnic Diversity



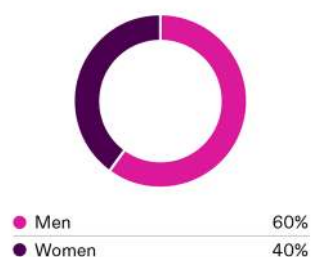
Risk Committee – Gender Diversity



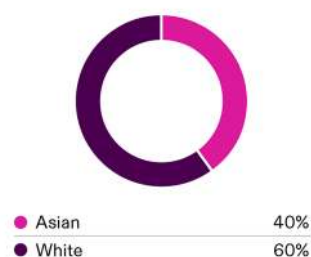
Audit Committee – Ethnic Diversity



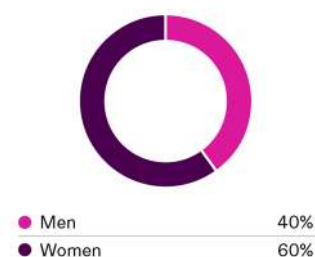
Audit Committee – Gender Diversity



Remuneration Committee – Ethnic Diversity

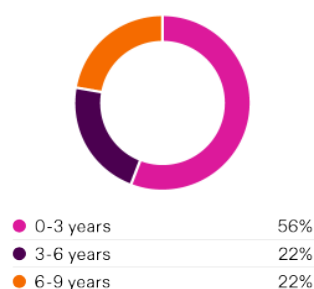


Remuneration Committee – Gender Diversity



Governance at a glance continued

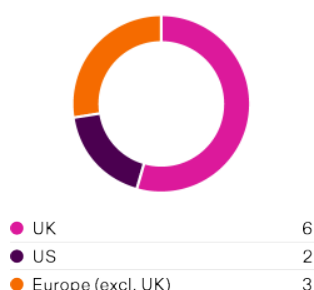
Non-Executive Director tenure*



*Pierre-Olivier Desaulle is included within 0-3 years tenure, as the data is at 31 December 2023, but entered his second term on 1 January 2024.

Director domicile

The Board is also mindful of geographic diversity and ensuring the Board is comprised of individuals with global experience to complement our three-platform strategy, focused on Lloyd's Wholesale (London, Singapore and Miami), US and Europe.



Planned Board changes for 2024:

- Carolyn Johnson was appointed as an independent Non-Executive Director on 1 March 2024.
- Christine LaSala will step down from the Board and as Senior Independent Director at the conclusion of the 2024 AGM. A new Senior Independent Director is being selected and will be confirmed by the AGM.
- Sally Lake will step down from the Board and as Group Finance Director in 2024.
- A new CFO, Barbara Plucnar Jensen, will be appointed in 2024.

Key activities in 2023

Monitored strategic delivery of key projects

Board activities: pages 87 to 91

Section 172 statement (principle decision 4): page 58

Considered Board and senior leadership succession

Nomination Committee report: from page 100

Approved change to capital surplus metrics

Board activities: page 89

Section 172 statement (principle decision 3): page 58

Implementation of IFRS 17

Audit Committee report: page 106

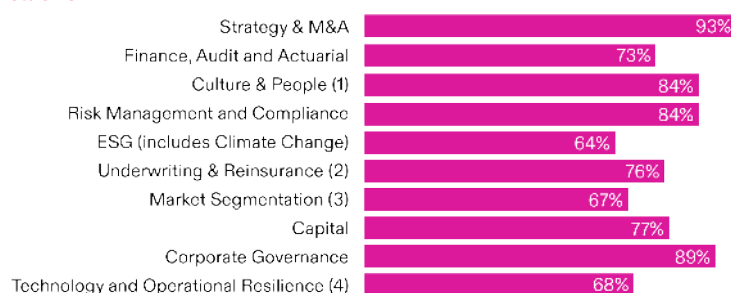
Financial review: from page 60

Engagement with shareholders: pages 52 to 54

Skills to support delivery of strategy for the long-term success of Beazley

A collective view of the skills of the Board as assessed by the Nomination Committee during 2023, as part of the Board evaluation and self-assessment by the Directors of their knowledge and skills.

Area of skill



(1) Culture & People includes HR and Reward

(2) Underwriting & Reinsurance includes Claims Management

(3) Includes insurance/distribution experience in specific markets such as Lloyd's, US, European and Wholesale markets

(4) Includes Cloud, Data, Information Security

Chair's introduction to governance

“On behalf of the Board of Directors, it is my pleasure to present the first governance report since I joined Beazley as Chair in 2023. I would like to start by thanking my fellow Board members and the entire Beazley Executive management team for their support during the year.”

Clive Bannister
Chair



The governance report describes our governance arrangements, the focus of the Board during 2023, and how the Board provides effective leadership to ensure the long-term success of Beazley. We believe in the importance of good corporate governance and report under the UK Corporate Governance Code 2018 (the Code).

In my statement on pages 8 to 9, I comment on Beazley's performance, and how we have made progress in 2023 against our vision to be the highest performing sustainable specialty insurer: a year of geopolitical turmoil and economic uncertainty. Our focused, flexible approach to underwriting allowed us to perform well, seize opportunities, and deliver for all our stakeholders.

Beazley's success is underpinned by a robust governance framework, which helps the Board contribute effectively to the Company's long-term strategy, and ensures that Beazley operates with the highest standards of integrity and accountability. Our governance framework is a key enabler of our strategy; ensuring that the Board and its Committees support Executive management in the development, refinement and successful execution of our strategy. The Board provides independent oversight and valuable input, whilst allowing the space needed by Executive Management to execute the strategy. This is evidenced by the Board's involvement in our key strategic project deliveries in 2023, including the establishment of a US Excess and Surplus lines carrier.

I am pleased to confirm that the Company has complied with all of the principles and provisions of the Code throughout the year. The Board remains highly engaged in fulfilling its principal task of leading the Company and overseeing the governance of the Group.

Board changes

The Board takes seriously its responsibility for and oversight of effective succession planning for Board and senior management positions. I assumed my role as Chair of the Board and Nomination Committee with effect from 25 April

2023, taking over from our Interim Chair, Christine LaSala. I would like to thank Christine for her excellent stewardship of the Board and for helping make my transition to Chair seamless. At the conclusion of the 2023 Annual General Meeting (AGM), Christine resumed her role as Senior Independent Director. Christine has decided not to stand for re-election as a Non-Executive Director and will therefore retire from the Board at the conclusion of the 2024 AGM. I would like to emphasise my thanks to Christine for her dedication and contribution to Beazley during her eight-year tenure. We have all benefited from her extensive leadership experience, US market insights and principled commitment to the organisation. We expect to announce the Director who will succeed Christine as Senior Independent Director prior to the AGM.

We were pleased to announce on 22 February 2024 the appointment of Carolyn Johnson as an independent Non-Executive Director of Beazley plc, with effect from 1 March 2024. Carolyn has extensive US insurance and financial experience as well as UK listed experience through her Non-Executive role at Legal & General Group plc, which will strengthen the Board. Carolyn will also be appointed as the Chair of our US subsidiary, Beazley Holdings Inc. More information on the process to select the new Non-Executive Director is included on page 102.

More information regarding appointments made during the year and the considerable work that the Nomination Committee has done to identify the skills and experience required by the Board and its Committees can be found in the Nomination Committee report on pages 100 to 105.

Group Finance Director succession

During 2023 Sally Lake expressed her intent to step down as Group Finance Director during 2024. I would like to thank Sally for her significant contribution to Beazley's success in her formidable 18-year career with the Group. Sally has been an outstanding role model within the business. She is a valued leader as Group Finance Director and has displayed professionalism and leadership throughout her tenure. More information about the search for a successor for Sally Lake is included in the Nomination Committee report on page 102.

Board performance

We have a strong Board comprising individuals of diverse experience, background and skills. In addition, there is a good balance of new and more established Directors. In line with the Code, the 2023 internal Board performance evaluation concluded that the Board continues to operate effectively, and that each Director is contributing to the Board's overall effectiveness. We report further on the process and outcomes from the Board and Committee performance evaluation on pages 97 to 98.

2023 Annual General Meeting (AGM)

At the AGM in 2023, two of the special resolutions proposed did not receive sufficient support to be passed. The Company engaged with shareholders to understand their views on these resolutions. The response, including the impact on the resolutions to be proposed at the AGM in 2024, is set out on page 93 in accordance with provision 4 of the Code.

Stakeholder engagement

The Board is committed to engaging with its stakeholders. The Board identifies our shareholders, people, clients and broker partners, regulators, and community and the environment as its key stakeholders. During 2023 the Board reviewed the key stakeholder groups. Following this review, 'community and the environment' have been included as an additional key stakeholder group for 2023. The Board recognised that the inclusion of this group further aligned key stakeholders with Beazley's strategy. On pages 57 to 59, we discuss how these stakeholder groups have been considered in key decisions taken by the Board during the year and our Stakeholder Engagement report beginning on page 50 describes our engagement activities. The Board has arranged its 2024 itinerary to ensure that the Board (or individual Directors) will visit international offices to meet with colleagues globally.

Culture and our people

At Beazley we define our culture by what "we actually do". We are bold, strive for better and intend to "do the right thing". Our values inspire the way we work, from how we engage with our stakeholders and colleagues, to how we design our workspaces, treat our customers and behave as a responsible business. Retaining and enriching our strong culture is key for Beazley. During 2023, the Board undertook an independent review of our culture. The outcome of the review was positive. Our culture was found to be valued by colleagues and consistent with the findings of our engagement survey. You can find out more about the culture review in the Corporate Governance report on page 92, as well as our regular activities to monitor culture and ensure it remains aligned with our values.

Inclusion and Diversity

The Board remains committed to promoting inclusion and diversity in all its forms. We are pleased to have met the new Listing Rule requirements in relation to Board diversity. However, we understand that our work in this area is never done. In line with our Board diversity policy, the Board continued to ensure an inclusive environment, aligned to the Company's strategy. The governance at a glance on pages 76 to 77 sets out our key metrics on Board diversity. During 2023, we agreed to increase some of our goals around ethnicity within our workforce to more accurately reflect the markets and communities in which we operate. Further details on our decision and approach to inclusion and diversity is included in the Responsible Business Report from page 17. The Nomination Committee report from page 100 also sets out further information regarding the Board's approach to ensure an inclusive and diverse organisation.

Board activities during 2023

It was another busy year for the Board and a summary of our key activities is set out from page 88. A key development during the year was the diversification of our business by building out our three platforms. More information about which is set out in the Strategic Report. During the Board's annual strategy day, we met in person and discussed topics including the Group's business strategy, Artificial Intelligence, technology and modernisation, with focus on the underwriting opportunities created as the world moves away from fossil fuels. We received valuable insights from external parties such as specialist consultants, our bankers and brokers.

Looking ahead

Given the continued changes to the Board, a key priority during 2024 will be the smooth transition of responsibilities between Sally Lake and her successor Barbara Plucnar Jensen as well as an effective induction for Carolyn Johnson. We will also carry out activities to ensure that the Board members maintain effective working relationships with each other and the Executive leadership team during these times of transition, and that our governance and oversight will remain strong. We look forward to undertaking an independent external evaluation of the Board's performance during 2024.

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

I would like to thank all my Beazley and my Board colleagues for their contributions during the year.

Clive Bannister
Chair

Board of Directors

The Beazley Board is comprised of highly skilled professionals who bring a diverse range of skills, perspectives, and corporate experience to the boardroom. Their broad range of leadership experience makes the Board well placed to oversee the delivery of Beazley's strategic plans in line with its purpose, vision and values and maintain the long-term success of the Company.

On the Board, our two Executive Directors ensure the maintenance of a strong direct link between the business and the Non-Executive Board members. The Non-Executive Directors each bring specific, in-depth areas of expertise to the Board.

On 8 February 2023, it was announced that Clive Bannister had been appointed as Chair Designate and as a Non-Executive Director with immediate effect. Clive assumed the role of Chair at the conclusion of the Company's AGM on 25 April 2023.



1. Clive Bannister
Chair and Independent
Non-Executive Director

Appointed: 8 February 2023. Appointed as Chair 25 April 2023

Experience and contribution: Clive was Chief Executive of Phoenix Group plc from 2011 until retiring in March 2020. Clive's experience at Phoenix Group, at which he led the transformation of the Group and progression to the FTSE 100 brings considerable leadership experience to the Board as well as knowledge of the UK listing environment, capital markets and investor relations. Prior to that Clive had a long and distinguished career at HSBC Group, including leadership roles in private banking and insurance. He has previously held several non-executive directorships as well as his current external chair roles.

Skills: significant strategy, transformation experience, mergers and acquisitions, commerce, banking and insurance, leadership and governance.
Committee: NC (Chair)

Key external appointments: Chair of Rathbones Group plc and the Museum of London



2. Adrian Cox
Chief Executive

Appointed: 6 December 2010*. Appointed as Chief Executive April 2021

Experience and contribution: Prior to his appointment as Chief Executive in April 2021, Adrian was Chief Underwriting Officer at Beazley from January 2019. Adrian has vast leadership and underwriting experience gained throughout his career at Beazley, which he joined in 2001. He began his career at Gen Re in 1993. Adrian has a deep understanding of the Group's platforms and strategy, has considerable underwriting experience and market knowledge and effectively leads the Executive Committee to contribute to the long-term success of Beazley.

Skills: insurance, management, international business development, strategy, leadership, people management, stakeholder management and governance

Committees: EC, DC

Key external appointments: None



3. Sally Lake
Group Finance Director

Appointed: 23 May 2019

Experience and contribution: Prior to her appointment as Group Finance Director in May 2019, Sally served as Group Actuary from 2014 to 2019. She was a Reserving Manager from 2012 to 2014. A Fellow of the Institute of Actuaries since 2004, Sally joined Beazley in 2006 in the Specialty Lines division. Sally oversees a number of areas including finance, actuarial, investments, investor relations, and corporate governance and brings valuable insight to the Board through her role. She has a deep understanding of the strategy and is a valuable contributor to both the Board and Group.

Skills: finance change and transformation, reserving and actuarial pricing, capital modelling and management, investments, strategy, leadership, people management and governance

Committees: EC, DC

Key external appointments: None



4. Rajesh Agrawal
Independent Non-Executive Director

Appointed: 1 August 2021

Experience and contribution: Raj currently serves as the Senior Vice President and Chief Financial Officer of Arrow Electronics, Inc. Before his appointment at Arrow, he was the Executive Vice President and Chief Financial Officer at Western Union from 2014 until 2022 and a member of the executive team responsible for leading Western Union's global finance organisation. Raj's considerable finance leadership experience brings financial strength to the Board, and a commercial viewpoint, as well as knowledge of the US market and environment. During 2023, Raj was also appointed as an independent Non-Executive Director on one of Beazley's US subsidiary Boards.

Skills: finance, financial reporting and planning, strategy, operations, international business development and investor relations

Committees: AC, RC

Key external appointments: Senior Vice President and Chief Financial Officer at Arrow Electronics, Inc



6. Nicola Hodson
Independent Non-Executive Director

Appointed: 10 April 2019

Experience and contribution: Nicola was appointed as the Chief Executive Officer of IBM, for the UK and Ireland division in January 2023. Nicola was previously Vice President of Field Transformation, for Microsoft Global Sales and Marketing and prior to this chief operating officer for Microsoft UK. Nicola was formerly a Non-Executive Director at Ofgem, a Board member at the UK Council for Child Internet Safety and at the Child Exploitation and Online Protection Group. Nicola brings varied and diverse skills to the Board through her executive role in the technological sector, with a focus on transformation and technology. She is skilled in engaging with various stakeholders and public bodies. She also has extensive UK listed company knowledge and experience to contribute through her other non-executive role. Nicola demonstrates the required skills, knowledge, and attributes to effectively chair the Remuneration Committee and was appointed permanently to this role during 2023.

Skills: strategy, leadership and management, business and digital transformation, information technology, and sales and marketing

Committees: RIC, RC (Chair)

Key external appointments: Chief Executive officer of IBM, UK and Ireland (a private limited company), Non-Executive Director of Drax Group plc and remuneration committee chair



8. Fiona Muldoon
Independent Non-Executive Director

Appointed: 31 May 2022

Experience and contribution: Fiona has over 30 years' experience in the insurance industry. Fiona was the Chief Executive of FBD Holdings plc, a listed general insurer in Ireland, from 2015 to 2020. Prior to that Fiona was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland, the Irish regulator. Fiona spent 17 years of her career with XL group in various progressively senior finance and general management positions. Fiona brings knowledge of the global P&C insurance industry, regulatory knowledge, and strong leadership skills to the Board, through her executive career and non-executive positions. Fiona demonstrates the required skills and attributes to effectively chair the Risk Committee and was appointed to this role during 2023. Fiona was also appointed as Employee Voice of the Board in November 2022.

Skills: insurance, strategy, stakeholder management, regulatory knowledge, governance, finance, capital management and leadership

Committees: AC, RIC (Chair)

Key external appointments:

Non-Executive Director of the Bank of Ireland group on both the group Board and on the Board of New Ireland Life Assurance, a wholly owned subsidiary, until 30 September 2023. On 2 October 2023 Fiona was appointed as an Independent Non-Executive Director of Admiral Group plc.



5. Pierre-Olivier Desaulle
Independent Non-Executive Director

Appointed: 1 January 2021

Experience and contribution: Pierre-Olivier served as Chief Executive of Hiscox Europe until 2017 and has held a number of other executive roles within the (re)insurance industry including at Marsh. He began his career in insurance with Marsh assisting with the integration of a leading French broker. Pierre-Olivier was more recently until February 2024, the Chief Insurance Officer at the InsurTech start-up, Pattern Insurance. He remains a director of Pattern and is active in the InsurTech market as an adviser and angel investor. Pierre-Olivier brings considerable insurance industry experience to the Board, as well as strategy and leadership skills and first-hand knowledge of the InsurTech market. He has been a Non-Executive Director of Beazley Insurance dac since 2017 and has chaired the Beazley Insurance dac Board since 2021.

Skills: insurance, reinsurance, strategy, operations and distribution

Committees: RIC, NC

Key external appointments: Director of Pattern Embedded SAS (France)



7. Christine LaSala
Senior Independent Non-Executive Director

Appointed: 1 July 2016

Experience and contribution: Christine was Interim Chair of the Board from 21 October 2022 until 25 April 2023. She was the Senior Independent Director prior to assuming the role of Interim Chair and resumed this role on 25 April 2023. Christine was previously chair of Willis Towers Watson North America. Christine held Board and leadership roles at Johnson & Higgins and Marsh and was for 10 years the Chief Executive of the WTC Captive Insurance Company. Christine has substantial experience and insight into the US insurance industry, as well as extensive leadership experience which she contributes to the Board. She also brings her skills to provide leadership of external recruitment searches for non-executive directors and her personal attributes and diplomacy aid her in her role as Senior Independent Director. Christine is also a Non-Executive Director of one of Beazley's US subsidiary Boards.

Skills: leadership and management, client leadership, financial experience, distribution, strategy, risk management, regulatory knowledge, governance and talent and leadership development

Committees: NC, RC

Key external appointments: Non-Executive Director of Sedgwick



9. John Reizenstein
Independent Non-Executive Director

Appointed: 10 April 2019

Experience and contribution: John has more than 30 years' experience in financial services. He was Chief Financial Officer of Direct Line Insurance Group plc, until 2018 when he retired. Prior to that he held senior positions in insurance and banking at Co-operative Financial Services and in investment banking at Goldman Sachs and UBS. Through his previous role as the Chief Financial Officer of a FTSE 100 company and his non-executive directorships, John brings considerable financial leadership, corporate governance and capital markets experience to the Board and its Audit Committee. Through recent and relevant financial experience and his knowledge of Beazley, he is able to effectively chair the Audit Committee and challenge management on financial reporting and internal control matters. John is also a Non-Executive Director of Beazley Furlong Limited.

Skills: finance, strategy, leadership, investment and mergers and acquisitions

Committees: AC (Chair), RIC, NC

Key external appointments: Non-Executive Director of Scottish Widows, a member of the Takeover Panel and chair of Farm Africa.



10. Cecilia Reyes Leuzinger
Independent Non-Executive Director

Appointed: 31 May 2022

Experience and contribution: Cecilia has more than 30 years' experience in banking, asset management and insurance covering Europe, Asia Pacific, and the Americas with a focus on investment management and risk. Cecilia held senior roles in risk, as group chief risk officer and group chief investment officer during her 17-year career with Zurich Insurance Group. Prior to this, Cecilia spent her career at ING Barings, ING Asset Management and Credit Suisse Group in various senior roles. Cecilia also brings insurance industry experience to the Board, and considerable risk management and investments insight to Board discussions.

Skills: risk management, insurance investment management, strategy, leadership and management, responsible investment strategy

Committees: AC, NC, RIC, RC

Key external appointments: Member of the Supervisory Board and risk committee chair of NN Group NV, Non-Executive Director and investment committee chair of Riverstone International Holding Ltd



11. Robert Stuchbery
Independent Non-Executive Director

Appointed: 11 August 2016

Experience and contribution: Robert served as the president of international operations of The Hanover Group until May 2016, when he retired. Prior to this he was Chief Executive Officer of Chaucer until 2015. Before his appointment to the Chaucer Board, Robert held numerous management roles at the company for over 25 years. Robert has previously served as a member of the London Market Group, was deputy chairman of the Lloyd's Market Association Board and is currently a Liveryman of The Worshipful Company of Insurers. Robert brings extensive insurance industry insight to the Board, particularly Lloyd's market knowledge, as well as leadership and strategy skills. Robert has made significant contributions to the Board since his appointment in 2016 and continues to provide valuable contributions to the wider Group. During 2023, he was appointed Chair of Beazley Furlonge Limited, having already been a Non-Executive Director. He also acted as the Employee Voice of the Board until November 2022 and took on the role of interim Senior Independent Director from 21 October 2022 until 25 April 2023.

Skills: insurance, risk management, distribution, operations and strategy, deep Lloyd's market knowledge

Committees: AC, RIC, RC

Key external appointments: None



12. Carolyn Johnson
Independent Non-Executive Director

Appointed: 1 March 2024

Experience: Carolyn has worked for over 40 years in the insurance industry with extensive leadership experience, and a particular focus on the US market. In her last executive management role, Carolyn was Chief Transformation Officer at AIG where she successfully led an ambitious modernisation and cost reduction programme. Since standing down from this role, Carolyn has built a portfolio of non-executive roles, including currently serving as a Non-Executive Director of Legal & General Group plc, where she is a member of their audit, risk and nominations and corporate governance committees. She also serves on the board of Kuvare, a private insurance holding and asset management company. Carolyn will bring deep leadership and transformational management experience to the Board as well as strengthening the Board's US insurance market knowledge, as we fulfil our strategy of growing the US platform. Her existing non-executive directorship of Legal & General also means she understands our obligations as a listed insurer.

Skills: transformation and change, leadership and management, strategy, insurance (particularly US).

Key external appointments: Non-Executive Director of Legal & General Group plc, Non-Executive Director of Kuvare Holdings

- E** Executive Directors
 - N** Non-Executive Directors
 - NC** Nomination committee
 - RC** Remuneration committee
 - EC** Executive committee
 - DC** Disclosure committee
 - AC** Audit committee
 - RIC** Risk committee
- * Where the appointment date of a director pre-dates 13 April 2016 (being the date that Beazley plc became the holding company of Beazley Group) this appointment date refers to his representation on the Beazley Ireland Holdings plc board (formerly Beazley plc)

Corporate Governance report

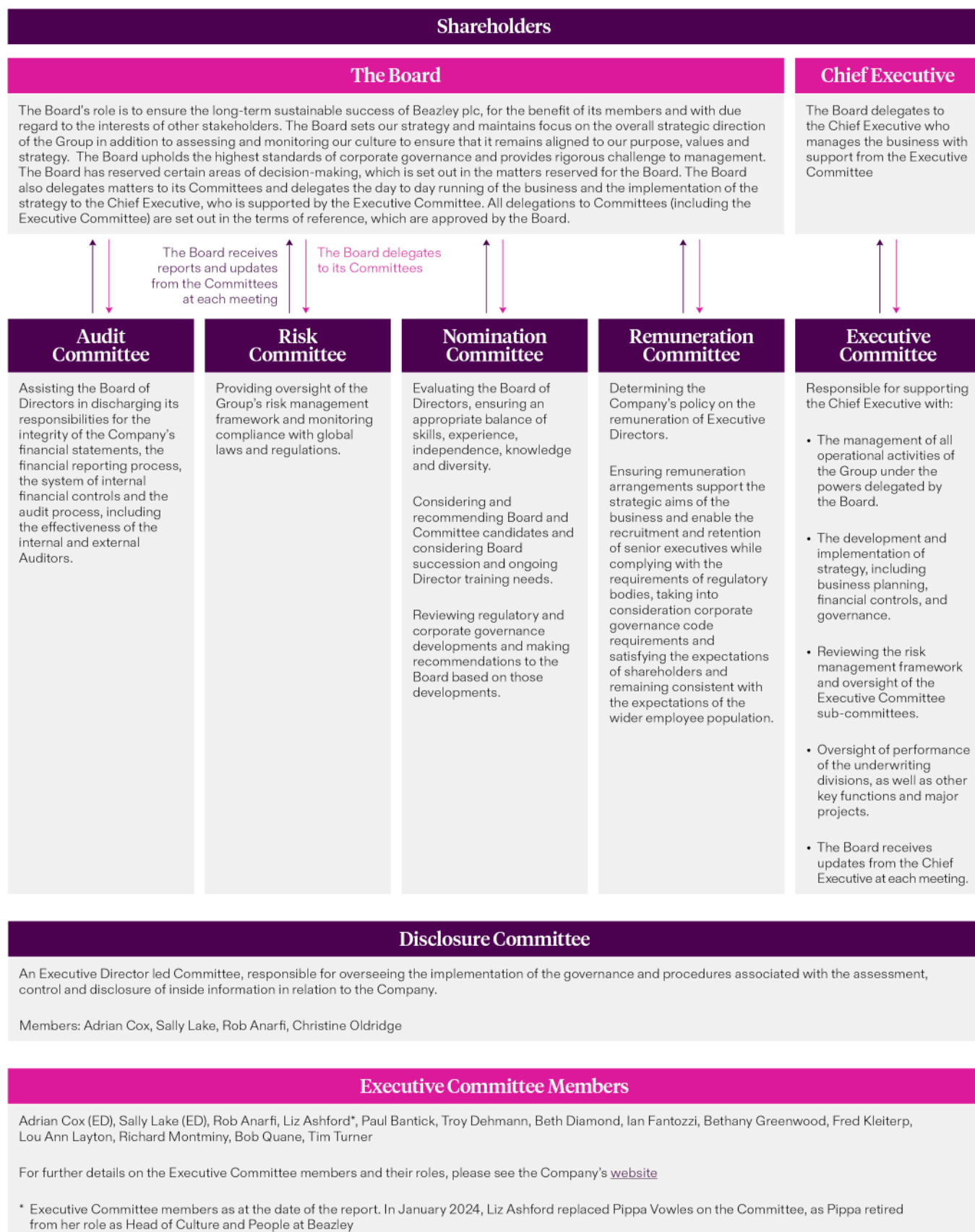
Statement of compliance

The Board is committed to high standards of corporate governance and continues to be guided in its approach through the application of the Financial Reporting Council's 2018 UK Corporate Governance Code (the Code). The Code can be viewed on the Financial Reporting Council's website at www.frc.org.uk.

High standards of corporate governance provide confidence to our stakeholders in the effective and sustainable delivery of our strategy. For the year ended 31 December 2023, the Board confirms that the Company has applied all the principles and complied with the provisions set out in the Code throughout the year. The governance report describes how the Board and its Committees have applied the main principles of the Code and complied with its detailed provisions. The disclosures which evidence the Board's approach are included in the corporate governance report, with cross references used where supporting information is outside of this report.

Application of UK Corporate Governance Code principles	
Code principle and application	See further information
Board leadership and company purpose	
A The role of the Board	Chair's introduction to governance (pages 78 to 79) Board biographies (pages 80 to 82) Governance framework (page 84) Role of the Board and the Board's key activities during 2023 (pages 86 to 91) Section 172 statement (pages 57 to 59)
B Purpose, values, strategy and culture	Our purpose, values, strategy and business model (pages 3 to 7) CEO statement (pages 10 to 11) and CUO statement (pages 12 to 14) The Board's activities in assessing and monitoring culture (pages 91 to 92)
C Resources and controls	Risk management framework and controls – Risk Management and compliance report (from page 69) Risk Committee report (from page 115)
D Shareholder and stakeholder engagement	Approach to stakeholder engagement and activities during the year, including activities of the Director responsible for employee voice – Stakeholder Engagement report (pages 50 to 56) Shareholder engagement including engagement in relation to the 2023 AGM and the resolutions which did not pass (pages 92 to 93)
E Workforce policies and practices	Non-Financial and Sustainability Information statement - employees (page 47) Stakeholder engagement report (our people) (pages 50 to 51) Investing in and rewarding the workforce (page 93)
Division of responsibilities	
F The role of the Chair	Governance framework (page 84) Division of responsibilities (page 94)
G Board composition and division of responsibilities	Governance at a glance (pages 76 to 77) Board biographies (pages 80 to 82) Division of responsibilities (page 94)
H Role of the Non-Executive Directors	Board biographies including other appointments (pages 80 to 82) Division of responsibilities (page 94) Board evaluation report (pages 97 to 98)
I Ensuring the Board functions effectively and efficiently	Board evaluation report (pages 97 to 98)
Composition, succession and evaluation	
J Succession planning for the Board	Nomination Committee report (pages 100 to 105)
K Skills, experience and knowledge of The Board	Governance at a glance - key skills chart (page 77) Board biographies (pages 80 to 82) Nomination Committee report (pages 100 to 105)
L Board evaluation	Board evaluation report (pages 97 to 98)
Audit, risk and internal control	
M Ensuring the independence and effectiveness of the Internal and External audit	Audit Committee report (pages 106 to 114)
N Fair, balanced and understandable assessment	Audit Committee report (page 109)
O Risk management and internal controls	Audit Committee report (internal financial controls) (page 114) Risk Committee report (risk management and internal controls framework including compliance and operational controls) (pages 115 to 119) Audit, risk and internal controls (page 99)
Remuneration	
P Designing remuneration policies	Remuneration Committee report (page 120)
Q Executive remuneration	Directors' Remuneration report (page 127)
R Remuneration outcomes and independent judgement	Directors' Remuneration report (page 126)

Corporate governance framework



Board Composition

At 31 December 2023, the Board comprised 11 Directors including the Chair (who was deemed independent on appointment), two Executive Directors and eight further independent Non-Executive Directors. An additional independent Non-Executive Director was appointed on 1 March 2024 bringing the total to 12 board Directors and nine independent Non-Executive Directors at the date of this report. None of the Non-Executive Directors have served on the Board for more than nine years. The Board considers all the Non-Executive Directors to be independent and free of any relationship which could materially interfere with the exercise of their independent judgement. In accordance with the Code, the Board has recommended that all Directors should submit themselves for election or re-election on an annual basis and as such all Directors will stand for election or re-election at the forthcoming AGM, with the exception of Christine LaSala who intends to stand down from the Board at the conclusion of the AGM.

At the beginning of 2023, the Board was led by the Non-Executive Interim Chair Christine LaSala, who was independent on appointment. Christine chaired the Board whilst the search for a new Chair was being conducted. Following the conclusion of the 2023 AGM, Clive Bannister assumed the role of Chair of the Board. Clive was appointed to the Beazley plc Board on 8 February 2023 as a Non-Executive Director and Chair Designate. Information about the process to identify and select the new Chair was included in our 2022 Annual Report.

The Company operates through the main Board and four Committees. During 2023, those Committees were the Audit, Risk, Nomination, and Remuneration Committees and details of their main responsibilities and activities in 2023 are set out in the Committee reports on pages 100 to 121. With effect from 1 January 2023, the combined Audit and Risk Committee was replaced by separate Audit and Risk Committees. The Board has also established the Disclosure Committee with responsibility for matters relating to the control and disclosure of inside information. This Committee is led by the Executive Directors and includes the Chief Risk Officer and the Company Secretary. The Board evaluates the membership of its individual Board Committees on at least an annual basis, as well as when required during the year. The Board Committees are governed by terms of reference which detail the matters delegated to each Committee and for which they have authority to make decisions. The terms of reference for the Board Committees can be found at www.beazley.com.

Adrian Cox is the Chief Executive and chairs the Executive Committee which acts under delegated authority from the Board. The Executive Committee usually meets monthly and is responsible for implementing the Group's strategy and managing all operational activities of the Group. The Executive Committee is comprised of individuals who are experts in their respective disciplines, supporting the creation of a strong, well-diversified business. The Executive Committee members and their roles within Beazley are described on our website: www.beazley.com

The Senior Independent Director will, if required and as took place during 2022 and 2023, deputise for the Chair. Their role is to act as a sounding board for the Chair and as an intermediary for other Directors. They are available to talk to shareholders if they have any issues or concerns or if there are any unresolved matters that shareholders believe should be brought to their attention. Following the conclusion of the 2023 AGM held on 25 April 2023, Christine LaSala, resumed her role as the Senior Independent Director, upon stepping down as Interim Chair of the Board on the same date. Robert Stuchbery undertook the role of Interim Senior Independent Director until 25 April 2023. Christine will be stepping down from the Board at the conclusion of the 2024 AGM, and a successor for this role is expected to be appointed prior to the AGM.

Following the conclusion of the 2023 AGM, Clive Bannister in addition to becoming Chair of the Board, assumed the role of Chair of the Nomination Committee. On 9 May 2023, the Board appointed Nicola Hodson as the permanent Chair of the Remuneration Committee. On 29 September 2023, the Board appointed Fiona Muldoon as Chair of the Risk Committee, and Cecilia Reyes Leuzinger as an additional member of the Nomination Committee. Robert Stuchbery stepped down as Chair of the Risk Committee with effect from the same date but remained a member.

The governance framework of the main Board and its Committees is shown in the diagram on page 84.

Biographies of current Board members appear in the Board of Directors section on pages 80 to 82.

The division of roles and responsibilities is set out on page 94.

Board leadership and Company purpose

The role of the Board

In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society by overseeing the delivery of strategy and activities and ensuring that the Company's culture remains aligned with the stated purpose, values, and strategy. The Board maintains high standards of governance and taking decisions which take into consideration impacts on a diverse range of stakeholders. This is integral to good governance.

The independence of the Board is important in providing constructive challenge, strategic guidance, offering specialist advice and holding management to account against agreed objectives. The Chair regularly holds meetings with the Non-Executive Directors without the presence of the Executive Directors and management at the conclusion of every scheduled Board meeting.

The Board ensures that the necessary resources are in place to support the business model and for the organisation to meet its objectives and measure performance against these. The Board has established a Risk Committee and Beazley operates three lines of defence model which allows for a strong governance framework of internal controls and managing risk. More information on how Beazley manages risk can be found in the Risk management and compliance report from page 69. If any Director has concerns about the running of the Group or a proposed course of action, they are encouraged to express those concerns which are then recorded in the minutes of the meeting. No such concerns were raised during 2023.

Matters reserved for the Board

The Board has a schedule of matters reserved for its decision. This is monitored by the Company Secretary and reviewed by the Board on an annual basis. The matters reserved are available on the Company's website: www.beazley.com

Key matters reserved for the Board include:

- **Management:** including Board appointments and terms of reference of the Board Committees, Executive Committee and principal subsidiaries.
- **Stakeholders:** including ensuring effective engagement with stakeholders using appropriate mechanisms.
- **Strategy:** including setting purpose, values and strategy, culture, monitoring of strategy and objectives and long-term commercial success, acquisitions and disposals over a certain quantum, strategic alliances and joint ventures, and capital management.
- **Risk Management and Internal Controls:** including setting the Group's risk appetite, assessments of principal and emerging risk (including climate-related risks), ultimate oversight of risk management and controls, with input from its Committees.
- **Finance:** including financial statements and dividends, review of business plans, tax strategy, investment strategy, and capital and revenue expenditure over a certain quantum.

- **Corporate Governance:** including the overall corporate governance arrangements, major changes to employee share schemes, approval of principal policies, and board performance evaluation.

Key subsidiary Boards

At Beazley we have a strong governance framework which includes governance of the relationship between the Group Board and the Boards of our key subsidiaries. These principal subsidiaries align with the three platforms of Beazley's strategy as described in our business model and strategy on pages 3 to 7, and Chief Executive statement on pages 10 to 11. A Beazley plc Director chairs each of the principal subsidiary Boards. Pierre-Olivier Desaulle chairs the Beazley Insurance dac Board, Robert Stuchbery chairs the Beazley Furlonge Limited Board and Carolyn Johnson was appointed as Chair of the Board of the US holding company, Beazley Holdings, Inc, with effect from 1 March 2024. Other independent Non-Executive Directors and Executive management are Directors on the key subsidiary Boards. The subsidiary governance framework provides an important link between the Group Board and principal subsidiary Boards and helps ensure effective information flows and collaboration across the Group. The Board encourages positive and collaborative relationships between the Boards and further enhancements continue to be made to the framework. For information regarding the selection of the new independent Non-Executive Director to Chair the US Holding Company Board, see pages 102 to 103 of the Nomination Committee report.

Board meetings and attendance

To effectively fulfil its role, the full Board meets at least five times each year and more frequently where business needs require. In 2023, there were six scheduled Board meetings. The attendance at these meetings is set out in the table below, along with Committee meeting attendance.

During the year, there were ten additional Board meetings, most of which were attended by the full Board where the Board had not established a Sub-Committee to approve or consider a specific matter. The meetings were held to consider topics such as: the appointment of the new Chair; the correction to the 2022 Annual Report; updates and decisions in relation to the key strategic project to set up the new US excess and surplus insurance company, including consideration of implications for the Group's capital position and intra-group reinsurance arrangements; consideration of the release of financial information such as the trading statement for quarter one, the half-year trading statement, the release of the unaudited 2022 comparatives under IFRS 17, and the half-yearly results; and approval to participate in a Lloyd's capacity auction. There is also a scheduled joint meeting of the Boards and Committees of Beazley plc and the principal Group subsidiaries to consider updates on strategic projects of relevance to entities across the Group as well as various policy updates, risk, compliance and internal audit assurance plans, and environmental, social and governance matters.

All the Beazley plc Directors also attend an annual strategy day. All Committees also had additional meetings as required to discuss specific matters, and details are included in the Committee reports.

At each Board meeting the agenda is structured to allow sufficient time for the Committee Chairs to report on the substantive discussions, and any recommendations to the Board which require approval.

Board leadership and company purpose continued

Board and Committee meeting attendance table

Director	Board		Audit Committee		Risk Committee		Remuneration Committee		Nomination Committee	
	No. of meetings ¹	No. attended ²	No. of meetings	No. attended	No. of meetings	No. attended	No. of meetings	No. attended	No. of meetings	No. attended
Rajesh K Agrawal ³	6	6	10	8	–	–	4	4	–	–
Clive Bannister ⁴	6	6	–	–	–	–	–	–	3	3
Adrian P Cox	6	6	–	–	–	–	–	–	–	–
Pierre-Olivier Desaulle	6	6	–	–	4	4	–	–	4	4
Nicola Hodson ⁵	6	6	–	–	4	4	4	2	–	–
Sally M Lake	6	6	–	–	–	–	–	–	–	–
Christine LaSala ⁶	6	6	–	–	–	–	4	4	4	4
Fiona Muldoon ⁷	6	6	10	10	4	4	–	–	–	–
A John Reizenstein	6	6	10	10	4	4	–	–	4	4
Cecilia Reyes Leuzinger ⁸	6	6	10	10	4	4	4	4	1	1
Robert A Stuchbery ⁹	6	6	10	10	4	4	4	4	–	–

- 1 Number of meetings: There were 10 additional Board meetings, 5 additional Audit Committee meetings, 2 additional Nomination Committee meetings and 2 additional Remuneration Committee meetings during the year. The purpose of these meetings is explained above for the Board and in the Committee reports.
- 2 Where a Director joined or stood down from the Board or Board Committee during the year only the number of meetings following appointment or before standing down are shown.
- 3 Rajesh Agrawal was unable to attend two Audit Committee meetings. One of the meetings was rescheduled at short notice and Rajesh was unable to attend and the other was due to an unavoidable scheduling conflict.
- 4 Clive Bannister assumed the role of Chair of the Board and Chair of the Nomination Committee at the conclusion of the AGM held on 25 April 2023.
- 5 Nicola Hodson was appointed Chair of the Remuneration Committee on 9 May 2023 (but was Interim Chair prior to that). Prior to Nicola's appointment as Chair of the Remuneration Committee, Nicola had some unavoidable scheduling conflicts for the early 2023 Remuneration Committee meetings.
- 6 Christine LaSala stepped down as Interim Chair of the Board at the conclusion of the AGM held on 25 April 2023.
- 7 Fiona Muldoon was appointed Chair of the Risk Committee on 29 September 2023 (and was a member prior to that).
- 8 Cecilia Reyes Leuzinger was appointed as a member of the Nomination Committee on 29 September 2023.
- 9 Robert Stuchbery stood down as Chair of the Risk Committee on 29 September 2023 but remained a member.

Key activities of the Board during 2023

Our vision to be the highest performing sustainable specialty insurer is underpinned by our values and culture of being bold, striving for better and doing the right thing. These values enable us the freedom and confidence to question the status quo, dare to be different and explore bold possibilities to create innovative outcomes for our stakeholders, consistently strive for the best and act with integrity in a straightforward way. Our vision, values and culture generate value for our shareholders through delivering long-term consistent underwriting performance. For more information see the business model description on pages 4 to 7.

At each scheduled meeting, the Board receives reports from the Chief Executive and Group Finance Director on the performance and results of the Group and also receives reports from the Chief Underwriting Officer and the Chief Risk Officer. The Chairs of the Board's Committees provide an update on their activities and discussions, as well as the Chairs of the principal subsidiaries on matters related to the subsidiaries and their respective platform. In addition, the Board receives regular updates on operational matters and

key projects, culture and people, ESG strategy and activities, investor relations and corporate governance. For 2024, the Board has developed a schedule of deep dives on specific areas of the business to be received over the year including each of the three platforms and areas such as brokers, clients, reinsurance and strategic partners, and innovation and growth.

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

Key to stakeholder

C – Clients and/or brokers
S – Shareholders
E – Employees
R – Regulators
Co – Communities
En – Environment

Activity	Outcomes	Link to stakeholders	Timeline
Strategy & Purpose			
Approved investment strategy	Considered and approved the investment strategy, including linking the strategy to the responsible investment policy.	S, En, Co	Feb
Assessed and approved steps in relation to our three-platform operating model For more information see the section 172 statement (pages 57 to 59)	Considered the continued implementation of the three-platform strategy (as explained in our Strategic Report on page 10) to promote the long-term success of the Group through continued simplification and de-risking. The Board challenged and approved proposals at various stages throughout the year. The proposals included realigning the business flows into the London wholesale and US markets. To achieve this, it was necessary to obtain approval from our subsidiary Boards and also from Lloyd's syndicate 623 Names to a change in business mix. The Board also approved the establishment of a new US surplus lines carrier (Beazley Excess and Surplus Insurance Inc). The Board considered the implications for capital and intra-group reinsurance arrangements and considered various options in relation to these matters.	C, S, R	Feb, Apr, Jun
Received updates on Cyber Risks	During late 2022 and early 2023, Beazley took the lead in addressing systemic cyber risk by clarifying cyber war exclusions in our Cyber Risk policies and making these exclusions clearer for clients. The Board received regular updates on the deployment of the endorsement and monitored any impact to the business. The Board received updates regarding efforts to engage with our brokers and reinsurance partners to communicate the rationale and engagement with Lloyd's to help encourage a broad market consensus. In addition, the Board received regular updates from the Chief Underwriting Officer on monitoring cyber threats arising from the geopolitical environment and from technological advancements such as Artificial Intelligence.	C, R	Feb, May, Aug, Sep, Nov
Held the annual Board strategy day	The Board received updates from both internal and external subject matter experts at their strategy day in May. Various topics were discussed, such as: • Perspectives about Beazley and market positioning including market and competitor comparative analysis and insurance market outlook, a shareholder perception study, and views of analysts • Climate risk and ESG covering climate related risks and opportunities for Beazley in underwriting, including climate litigation risk, views on climate change and sustainability and shifts required within the insurance industry to support the transition; and the case for climate adaptation • A deep dive on Artificial Intelligence and the emerging risks and opportunities arising – a session facilitated by external experts	C, S, E, Co, En	May
Received updates on engagement with shareholders and investors For more information see page 93	Received updates on shareholder engagement activity following the failure of Special Resolutions 22 (general dis-application of pre-emption rights) and 23 (dis-application of pre-emption rights in connection with an acquisition or specified investment) to pass at the April AGM.	S	May, Sep
Reviewed strategic opportunities	Reviewed strategic opportunities throughout the year including approving the participation in the capacity auctions for Lloyd's syndicate 623 to grow the Group's share of this business, reviewing opportunities for innovation and growth presented during the year, and gaining an understanding of the work undertaken by the incubation underwriting team to develop new products.	C, E, S, R	Aug, Sep, Oct, Nov

Activity	Outcomes	Link to stakeholders	Timeline
Financial			
Approved 2023 Group GAAP budget	Approved the 2023 Group GAAP budget having considered the underlying assumptions. The Board also considered impacts arising from the change to IFRS 17, the new reporting standard for the Group from 1 January 2023.	C, S	Feb
Implementation of IFRS 17 For more information see the Audit Committee report (pages 106 to 114)	With input from the Audit Committee, the Board monitored the implementation of IFRS 17. The Board reviewed, challenged, and approved the release of information in relation to the adoption of IFRS 17, including market and stakeholder communications, indicative comparatives, and the effects of IFRS 17 on reserving.	C, S, E, R	Feb, Jul
Approved financial reporting including the 2022 Annual Report, quarterly trading statements and the 2023 interim results	Reviewed and approved the 2022 Annual Report, the 2023 interim results and quarterly trading updates, following recommendations from the Audit Committee.	C, S, E	Mar, May, Jul, Nov
Approved correction to the 2022 Annual Report For more information see the section 172 statement (page 58) and the Audit Committee report (page 108)	Examined and debated the error in the NAVps figure disclosed in the 2022 Annual Report. Following in-depth discussions, the Board approved the release of an explanatory market announcement and corrected and republished the 2022 Annual Report. The impact of the error on the Executive Directors' share award outcomes, was corrected. A comprehensive risk review was presented on lessons learned in relation to the reporting error.	S, E	Mar
Recommended and approved an interim dividend For more information see the section 172 statement (page 57)	Recommended the 2023 interim dividend to shareholders, in line with the dividend strategy, which was approved at the 2023 AGM.	S	Apr
Approved change to the metric used to communicate capital surplus to be based on our Solvency II ratio For more information see the section 172 statement (page 58)	Reviewed, challenged, and approved the change of Beazley's external capital KPI from Lloyd's based ECR to Group Solvency II Coverage Ratio ('SCR'). The Board considered feedback from investors on our capital strategy. The Board agreed that the SCR is better understood by a wider audience of investors and analysts, better reflects Beazley's entire business and is used across the insurance industry.	S, R	Aug
Approved changes to the Internal Model For more information see the Risk Committee report (pages 115 to 119)	Reviewed, considered, and approved a major model change to Beazley's Internal Model. As part of their review, the Board considered the triggers for the change, and whether they constituted a major change rather than ongoing updates to the model, and whether the model remained appropriate for Beazley's risk profile. The governance process for the major model change was reviewed. The Board also considered the impact of the change on solvency capital requirements.	S, R	Sep
Approved the 2024 Group business plan	Considered and approved the final version of the 2024 Group business plan, including growth forecasts, changes in risk appetites linked to the business plan and risk management's view of the plan.	C, S, E, R	Nov

Board leadership and company purpose continued

Activity	Outcomes	Link to stakeholders	Timeline
Risk Management			
Assessed and reviewed the effectiveness of financial, risk management and internal controls	Received regular updates regarding Beazley's systems of risk management and internal controls, including enhancements being made to the control environment, and agreed that the risk management framework and internal controls (including financial, compliance and operational controls) continued to be effective.	C, S, E, R, En	Feb and throughout the year
For more information see the Risk management report (from page 69), the Audit Committee report (from page 106), and the Risk Committee report (page 115 to 119)			
Received updates on Cyber and Information Security	Received regular updates from the Chief Operating Officer on cyber security maturity and operational resilience. In May and November, the Board also received in depth updates from the Chief Information Security Officer regarding programmes to further enhance Beazley's cyber security maturity, develop a new security strategy for 2024 to 2026, to further educate the workforce to enhance resilience, and progress made in relation to the implementation of the Digital Operational Resilience Act. This was complemented by Board training on cyber and information security during the year.	C, S, E, R	Feb, May, Aug, Nov
Analysed Beazley's emerging, strategic and principal risks	Analysed the potential impact of emerging, strategic and principal risks. Discussed, challenged and approved the principal risks and risk management disclosure in the Annual and Interim Reports.	C, S, E, R, En	Mar, May
For more information see the Risk management report (from page 69)			
Approved risk management framework including risk appetite, risk appetite statements and risk governance framework	Reviewed, provided challenge on and approved risk appetite for 2023 together with the 2023 risk appetite statements and approved the 2024 overall risk appetite. Reviewed and challenged new risk taxonomy and reviewed and approved risk governance framework.	C, S, E, R	May, Nov
For more information see the Risk Committee report (pages 115 to 119)			
Reviewed and approved the Own Risk and Solvency Assessment (ORSA) and ORSA policy	Reviewed the outputs from the 2023 ORSA process including the material risks and outcomes. The ORSA provides a detailed assessment of the short- and long-term risks faced by the Company and Group and assesses the solvency requirements of the Group through analysis of different stresses and scenarios. The Board also annually review and approve any changes to the ORSA policy.	S, R	May
Culture & People			
Approved the appointment of a new Chair	Discussed, reviewed, and approved the appointment of Clive Bannister as a Non-Executive Director and Chair Designate of the Beazley plc board effective 8 February 2023. Information regarding this process was included in the 2022 Annual Report.	C, S, E, R, Co, En	Jan, Feb
Discussed employee engagement feedback	Discussed key themes arising from the employee engagement survey undertaken in 2022 and assessed the outcomes from the work undertaken to address the feedback.	E	Feb
For more information see the Stakeholder Engagement report (pages 50 to 51)			
Approved a new Share Incentive Plan	Approved the implementation of a new share incentive arrangement for all employees, globally. Rules for the new share incentive plan were subsequently approved by shareholders at the 2023 AGM.	E	Feb, Apr
For more information see the section 172 statement (page 59)			
Engaged with the workforce, including employee voice updates	The dedicated 'Employee Voice' Non-Executive Director, Fiona Muldoon, provided bi-annual updates to the Board on the views and feedback from employees that she had gathered through attending various events that were arranged for this purpose. These views and feedback were contemplated by the Board in their decision-making throughout the year.	E	May, Nov
For more information see the Stakeholder Engagement report (page 50 to 51) and page 91			
Assessed and monitored culture and employee well-being	Received dedicated updates on people and culture and discussed various initiatives aimed at supporting employees, including employee well-being. Received, assessed and discussed the results of an independent culture review.	E, R	May, Sep
For more information see the culture review (pages 91 to 92)			
Culture & People continued			
Board and Executive succession planning	Reviewed, discussed, challenged and approved Board succession plans including the renewal of appointments of Non-Executive Directors coming to the end of their terms. Reviewed and received updates on changes to the Executive Committee.	C, S, E, Co, En	Nov
For more information see the Nomination Committee report (pages 100 to 105)			
Board and Committee evaluations	Reviewed, discussed, and provided feedback on the suggested priorities and actions, based on the outcome and results of the Board and Committee effectiveness reviews.	C, S, E, Co, En	Nov
For more information see the Board Evaluation report (pages 97 to 98)			

Activity	Outcomes	Link to stakeholders	Timeline
Environmental, Social and Governance ('ESG')			
Received updates on responsible business activities For more information see the Responsible Business report (pages 17 to 21) and TCFD statement (from page 22)	Considered, examined and provided oversight and challenge of various responsible business activities throughout the year, such as: - development of the net zero transition plan; - oversight and challenge of Beazley's compliance with the Task Force on Climate-Related Financial Disclosures ('TCFD'), including receiving an independent review of Beazley's TCFD disclosures; - consideration of steps Beazley would take to meet the requirements of new climate-related legislation globally, such as the EU's Corporate Sustainability Reporting Directive; and - the implementation of ESG elements (carbon emission, inclusion and diversity and governance) into the supply chain. These activities enabled the Board to monitor Beazley's performance against its Responsible Business Strategy. The Board also received updates and provided feedback on the process and stakeholder engagement activities which took place in 2023 in order to develop an updated ESG strategy. The updated strategy will be published later in 2024.	C, S, E, R, Co, En	Feb, May, Aug
Considered the Responsible Business Report	Examined and approved the 2022 Responsible Business Report (RBR) which was contained within the 2022 Annual Report.	C, S, E, R, Co, En	Mar
Approved the responsible investment policy	Reviewed, challenged and approved the responsible investment policy, including consideration of the commitment to adopt the Science Based Targets initiative framework with regards to the decarbonisation of assets.	C, S, E, Co, En	May

Purpose, values and culture

Our purpose sets out why we exist and how we help our stakeholders. Our strategy guides what we do, and our culture determines how we do what we do. As a result, our culture is very important to us, and sets us apart from our competitors. The Board and Executive Committee focus on it regularly and view it as critical to maintaining an inclusive environment that attracts, engages and retains talented people with diverse backgrounds and experiences at all levels.

Our culture is founded upon our values – being bold, striving for better and doing the right thing. They guide how our people work together, treat our clients and stakeholders, and act together as a responsible business.

More information on our purpose, values and culture and how they help us deliver our strategy is set out in the Strategic Report.

Monitoring our culture

The Board and senior leadership understand the importance of setting the tone from the top and ensuring our culture is aligned to the Group's purpose, values and strategy, and is embedded throughout the organisation.

The Board regularly reviews and assesses our culture utilising a number of mechanisms, including:

- Regular reports from the Culture & People team on: engagement surveys (which include cultural metrics and industry benchmarks); inclusion and diversity; and whistleblowing;
- Attendance at employee events (e.g. Townhalls; Exec Q&As; and new joiner welcome calls);
- Regular meeting with senior leadership and inviting employees to present at Board and Committee meetings;
- A Non-Executive Director with responsibility for Employee Voice (appointed in line with the UK Corporate Governance Code requirements) – who meets informally with groups of employees throughout the year to capture feedback and any concerns; and
- Internal Audit reports, which periodically review aspects of our culture.

In addition, our Executive Committee members sponsor our Group-wide inclusion and diversity networks, enabling them to experience, monitor and steer our culture from different perspectives. The current networks are as follows:

- Beazley SHE (Successful, High Potential, Empowered Women in Insurance) - Lou Ann Layton (Group Head of Broker Relations and Marketing)
- Beazley RACE - Rob Anarfi (Chief Risk Officer)
- Beazley Wellbeing - Beth Diamond (Chief Claims and Litigation Officer)
- Beazley Neurodiversity - Troy Dehmann (Chief Operating Officer)
- Beazley Families - Bob Quane (Chief Underwriting Officer)
- Beazley Veterans - Tim Turner (Group Head of Marine, Accident and Political)
- Beazley Proud (LGBTQ+) - Ian Fantozzi (CEO - Beazley Digital)
- Beazley Young Professionals network – Jeremie Saada (Head of US Executive Risk, a senior leader within the business reporting into an Executive Committee member)

More information regarding our employee networks is included in our Stakeholder Engagement report on page 50 and Responsible Business report on page 17 to 18.

Board leadership and company purpose continued

What our people say about our culture

We are confident our people feel empowered to share their thoughts with leadership, as demonstrated by the 80% participation rate in our latest engagement survey (Q4 2023), a 5% increase from 2022. We scored 80% in terms of overall favourability (a measure of how satisfied employees are with their holistic experience at Beazley) and an engagement score of 86% (a measure of whether employees are willing to 'go above and beyond' for the business). Both results were above the global benchmark.

The survey also confirmed our culture as one of our biggest strengths with employees describing it as “friendly”, “open”, “inclusive” and “flexible”.

Assessing our culture – independent culture review

The Board recognises the importance of assessing and monitoring our culture and ensuring it remains aligned with Beazley's purpose, values and strategy as the business evolves. During 2023, the Board engaged an independent third party to carry out an assessment of our culture to provide us with more formal, detailed, and independent insight. As part of the independent review:

They collected data...

90 documents were reviewed including Culture & People policies, corporate communications, employee survey results, training materials, demographic and diversity data, talent management and succession planning information.

They listened...

43 colleagues were interviewed representing a mix of gender, ethnicity, geographical location, team, age, seniority, and tenure.

They observed...

Meetings of various decision-making committees were attended including the Executive Committee.

They found...

- A strong sense of shared culture at Beazley with 100% of colleagues asked confirming they would recommend Beazley as a place to work
- A friendly and supportive culture, where people feel empowered to deliver their commitments and to innovate
- Recognition of strong leadership support for culture and role modelling of positive Beazley behaviours by leaders
- High levels of commitment to inclusion and diversity principles and strategies
- Flexibility in terms of how and where people work and high levels of trust
- High levels of psychological safety indicating the workforce feel able to ask questions, make suggestions and challenge
- A culture they described as “friendly,” “collaborative,” “hard-working” and “flexible”; which is consistent with how it was described by our people in the 2023 engagement survey.

Protecting our culture

Much good work has already been done, and the culture was found to be positive and valued. The culture review highlighted some areas for continued focus, to ensure the culture remains aligned with our purpose and values over time. One key outcome was supporting the workforce through a period of change which has been addressed through re-introducing an employee well-being day, providing a ‘striking the balance’ toolkit and other well-being resources, as well as a focus on corporate communications around change within the business. Employees also participated in sessions on managing change with a change management expert as part of our annual employee strategy event. Focus areas for 2024 include greater emphasis on culture and values in the employee induction process and continued Executive Committee engagement with the workforce. More information regarding outcomes from employee engagement activities is included in the Stakeholder Engagement report on pages 50 to 51.

In future years, the Board will build on the findings of the culture review and use its regular monitoring activities to ensure that they understand the workforce experience of culture and apply insights to their Board decision making and discussions. Their monitoring will help ensure that Beazley's culture remains valued by our people and other stakeholders and continues to be a key driver of what makes us different.

Shareholder and stakeholder engagement

The Board is committed to understanding the views of the Company's key stakeholders and has continued to ensure effective engagement with its stakeholders to ensure that their interests are taken into account in its decision making. Further information on how the Board has discharged its duties under section 172 of the Companies Act 2006, and how it has engaged with stakeholders and the outcomes of these activities is included in the Strategic Report on page 57.

During 2023, the Board reviewed and refreshed its key stakeholder groups, and as a result of the review, community and environment were recognised as an additional group. The addition of this group further aligns the Group's key stakeholders with the key pillars of our strategy. More information on the strategy can be found within the Strategic Report on pages 3 to 7. More information on our stakeholders, how we engage with them, and the outcomes of that engagement can be found on pages 50 to 56.

Shareholder engagement

Communication with shareholders remains important and the Board spends a significant amount of time during their strategy planning sessions during the year considering shareholder perspectives and considering how the business can continue to create long-term sustainable growth.

We hold regular feedback sessions with shareholders around important topics. In accordance with the Code, during 2023, the Board actively pursued engagement with shareholders with regard to the pre-emption rights resolutions which did not pass at the 2023 AGM and the impact of our transition to IFRS 17 on incentive arrangements including annual bonus and LTIPs. Information was also provided to shareholders, via presentations and on the website, to explain how the change in accounting standards would impact our financial statements.

The Senior Independent Director has specific responsibility to be available to investors who have any issues or concerns, and in cases where contact with the Chair, Chief Executive and Group Financial Director has either failed to resolve their concerns, or where such contact is inappropriate. No such concerns have been raised in the year under review.

2023 AGM resolutions

At the 2023 AGM, resolutions 22 (general disapplication of pre-emption rights) and 23 (disapplication of pre-emption rights in connection with an acquisition or specified capital investment) which were special resolutions requiring a 75% majority, did not receive sufficient support to be passed (receiving votes in favour of 60.76% and 60.85% respectively).

In accordance with Provision 4 of the Code, the Company wrote to a significant number of shareholders that voted against the resolutions to understand their views. The Board would like to thank those shareholders which engaged with the Company. Whilst the feedback was limited, the utilisation of a cashbox structure for the November 2022 capital raise, and the resulting dilution of shareholder equity, appears to be the main area of concern.

The resolutions followed the provisions of the Pre-Emption Group's 2022 Statement of Principles for the dis-application of pre-emption rights and the Board continues to consider the flexibility afforded to be in the best interests of the Company and its shareholders. However, as a result of the feedback received, the Board has considered its capital position and at the 2024 AGM will not seek the levels of authority at the levels set out in the Pre-Emption Group's guidelines. The Company intends to revert to previous levels of authority for the general dis-application of pre-emption rights and to seek no authority to dis-apply pre-emption rights in connection with an acquisition or specified capital investment. The Company will consider the levels of authority to be sought on an annual basis. The Company remains committed to following the Pre-Emption Group's guidelines in respect of all future issuances.

IFRS 17 and incentive arrangements

Towards the end of 2023 and in early 2024, the Remuneration Committee Chair, with the support of the Company Secretary, led activities to engage with circa 40 of our top shareholders on our proposed approach to ensuring fair variable remuneration for all employees as a result of the impacts of IFRS 17 on the incentive framework. Shareholders were supportive of the approach proposed, and welcomed the opportunity to engage. More information on our approach to shareholder engagement, including on this topic, is included in the Stakeholder Engagement report on page 54.

In addition to Board led engagement, the Investor Relations team provide regular reports to the Board on their activities. The report includes information regarding meetings with investors and analysts, formal engagement activities, and information about the shareholder register.

All shareholders are invited to attend the Company's AGM in person. The Chairs of the Audit, Remuneration, Nomination and Governance, and Risk Committees attend the AGM along with the other Directors and are available to answer shareholders' questions, along with the Chair, Chief Executive and Group Finance Director. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Details of proxy voting by shareholders,

including votes withheld, are made available on request and are placed on the Company's website following the meeting. The Group maintains a corporate website (www.beazley.com) containing a wide range of information of interest to institutional and private investors.

Workforce engagement

The Board exercises a combination of formal and informal engagement methods which are detailed in the Stakeholder Engagement report on pages 50 to 51. In accordance with the Code, the Board have appointed a dedicated Non-Executive Director, Fiona Muldoon (prior to this Robert Stuchbery), who is responsible for gathering the views of the workforce (the Employee Voice) and reporting this information to the Board. Fiona provides a twice yearly written report to the Board as well as providing informal feedback during the Board's discussions and decision-making activities. In addition to the methods set out in the Stakeholder Engagement report; the Board and its Committees routinely invite members of the management team to join meetings to present on the matters and hold informal social gatherings with presenters and senior management around its Board meetings. As a result of feedback received through formal and informal employee feedback channels a number of corporate decisions were made during 2023, which are set out in the Stakeholder Engagement report. The effectiveness of the methods of engagement with the workforce are kept under review.

Investing in and rewarding the workforce

In addition to salary and discretionary bonus, we offer a generous global package of benefits that provide choice and flexibility as well as stability and security to help our people no matter what stage of their life journey they are at. These include flexible religious holidays, six full months of parental leave no matter how you come to parenthood, sabbatical leave, £100 (or equivalent) monthly lifestyle allowance, paid for commuter benefits, free lunch, plus the standard offerings such as medical insurance and retirement/pension contributions. We know that the small things also matter. For example, we have healthy snacks available in every office for everyone to enjoy and match funding/volunteer leave for those who want to make a difference.

Each year there is an all employee session where the Chief Executive and the Chief People Officer explain how both executive and employee remuneration is determined and the policy relating to remuneration, including setting bonuses of employees. Bonuses are set with regard to our policies and are based on performance of the Company and individual performance.

From a career development and learning perspective, we offer a variety of tools and programmes that enable people to reach their full potential and build their careers. From online self-learning courses to coaching and mentoring, residential leadership programmes, to professional qualifications. We regularly deliver mandatory training, and have a suite of training courses available. This includes specific training for managers, to help support them in their role. Launching in 2024 is our new leadership profile which will form the foundation for a review of our leadership and management development over the next year. We also bring a focus on feedback, whether that is via our annual engagement survey or during the appraisal process, to ensure we continue to invest in our people in the right way.

Board leadership and company purpose continued

Workforce policies and practices

The Board and its Executive Committee have ultimate responsibility for overseeing the Company's compliance with the Beazley code of conduct and upkeep of whistleblowing procedures and other employee policies and ensuring they are in line with strategy and culture. The workforce is able to raise concerns through the whistleblowing procedures, set out in the Whistleblowing Policy. The Whistleblowing Policy is approved annually by the Audit Committee and both the Audit Committee and the Board receive regular whistleblowing updates, in the form of reports on an annual basis. More information on this policy and our policies in relation to our workforce is included in the Non-Financial and Sustainability Information Statement from page 45.

Division of responsibilities

Roles and responsibilities

The roles and responsibilities of the Chair and Chief Executive are separate, with each having clearly defined responsibilities. They maintain a close working relationship to ensure the integrity of the Board's decision-making process and the successful delivery of the Group's strategy. The Chair and Non-Executive Directors regularly meet without the presence of the Executive Directors and other senior leadership. The Executive Committee meet informally weekly and meet formally monthly to oversee the management of the Group and implementation of strategy. Any significant issues or updates are communicated to the Board in a timely manner outside of Board meetings either via electronic communications or the Board portal. The Board have access to the Group Company Secretary for advice in relation to Board and corporate governance matters.

Non-Executive Directors		
Chair	Senior Independent Director	Non-Executive Directors
The Chair is responsible for: - Effective and objective leadership and governance of the Board, ensuring that the Board discharges its duties effectively and the Board remains effective with the right composition and mix of skills. - Overseeing the Group's overall strategy, as approved by the Board, in alignment with purpose, values and culture and ensuring an inclusive culture by establishing the right 'tone from the top'. - Works effectively with the Chief Executive and Company Secretary to ensure the right topics are on the Board agenda, that information is disseminated in a timely manner and supports effective and constructive challenge and debate during discussions and decision-making. - Managing constructive dialogue between Non-Executive Directors and the Executive Directors and Executive leadership team and ensuring effective relationships between them. - Ensuring effective communication between shareholders, Executive management, the Board and other stakeholder groups and that stakeholder views are considered appropriately in Board discussions and decision-making.	In addition to the responsibilities of the Non-Executive Directors, the Senior Independent Director: - Supports the Chair and is ready to deputise for the Chair. - Acts as an alternative contact for shareholders and other stakeholder groups. - Leads the evaluation of the Chair's performance including seeking feedback from Executive and Non-Executive Directors. - Acts as a sounding board for the Non-Executive Directors.	Non-Executive Directors must: - Uphold high standards of integrity and corporate governance and support an inclusive culture by setting the right 'tone from the top'. - Allow sufficient time to meet their Board responsibilities and provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. - Attest on appointment that they are able to allocate sufficient time to discharge their duties effectively and continue to keep this under review if their responsibilities with Beazley or externally change. The Nomination Committee is also responsible for monitoring the commitments of the Non-Executive Directors. - Engage with internal and external stakeholders as appropriate. - Serve on Committees of the Board.
Chief Executive		
The Chief Executive is responsible for: - Proposing and delivering the strategy agreed by the Board. - Running the Company's business on a day-to-day basis, making and implementing operational decisions. - Maintaining a strong direct link between the business and the Non-Executive Directors. - Building an effective relationship with the Chair and maintaining an ongoing dialogue on key strategic issues. - Together with the Group Finance Director, leading shareholder engagement activities, responding to feedback from investors, and reporting to the Board on outcomes from this engagement. - Representing Beazley externally to all external stakeholder groups. - Setting the tone from the top to maintain an inclusive culture and ensuring the Group operates in line with its values.		
Company Secretary		
The Company Secretary is responsible for: - Supporting the Chair, the Board and its Committees and advises them on all corporate governance matters. - Ensuring accurate, timely, and clear information flows to the Boards and its Committees and between senior management and Non-Executive Directors in support of effective decision making. - Ensuring that the Board has the policies, processes, information, time and resources to function effectively and efficiently and support the Chair in undertaking Board performance evaluations. - Beazley's compliance with the Listing Rules, Disclosure and Transparency Rules, statutory compliance and the reporting under the UK Corporate Governance Code.		

Composition, succession, and evaluation

Board composition and succession planning

The Nomination Committee is responsible for recommending appointments to the Board and its Committees and for ensuring a formal, rigorous and transparent appointment procedure, which also considers Board diversity. The Nomination Committee is also responsible for ensuring an effective succession plan for the Board and senior management, in accordance with the Code. The Nomination Committee report on pages 100 to 105 sets out the approach to succession planning and the procedures and outcomes in relation to the Board appointments during 2023 and early 2024.

Skills, experience, and knowledge

The Nomination Committee ensures that the Board and its Committees have the range of skills, experience, and knowledge necessary to discharge their roles and to support the management team in the execution of the Company's strategy. Board knowledge is reviewed annually by the Nomination Committee and training needs are identified with plans to address these needs proposed. Further information is included in the Nomination Committee report and the Board Evaluation report on pages 97 to 98.

Induction, training and support

Induction process

Directors receive a comprehensive induction when they join the Board covering the Company's business and the industry. Directors are asked to complete a skills and knowledge assessment and a tailored initial training plan is developed to ensure the Director is capable and comfortable in discharging their duties. Directors meet a range of people across the business and obtain an insight into our culture. Board members are asked to provide feedback on the process so that it can be continually refreshed. A check-in with each Director takes place after they have been in role for around six months, to follow up on any areas on which they may require further information or support. Directors can also request follow-up sessions at any point following the completion of the formal induction.

Clive Bannister's induction

Beazley welcomed Clive Bannister as the new Chair of Beazley plc in early 2023. Clive received a comprehensive and tailored induction plan covering our business and markets and meeting our key internal and external stakeholders. Key activities included in the induction plan were:

- One-to-one meetings with the Directors of the Beazley plc Board and Directors of the principal subsidiary Boards;
- Attending Board meetings of our principal subsidiary Boards, including visiting our Dublin office for a meeting of the Beazley Insurance dac Board;
- One-to-one meetings with senior executives and the Company Secretary;
- Participating in a Q&A with our Chief Executive at the London office and live streamed virtually to all staff;
- Meeting our regulators with the Chief Risk Officer;
- Meeting our remuneration consultants; and
- Meetings with our shareholders (as described in the Stakeholder Engagement report on page 53).

Induction topics were centred around core skills and areas of knowledge required and a broad suite of topics covering our global business were covered to provide the Chair with a fulsome overview of the business. Induction sessions were delivered by a range of senior leaders across the business, giving the Chair the opportunity to learn about Beazley from its people. Topics were grouped into six core areas of strategy, how Beazley does business, market knowledge, risk management and controls, governance, and global regulatory requirements.

Director training and development

For our Board to remain effective, it is important that our Directors are briefed on recent and upcoming developments and keep their knowledge and skills up to date and enable them to fulfil their responsibilities to the Company.

Annual training is provided for all Directors, based on the annual Board skills and knowledge assessments and feedback from Directors, the Company Secretary, the Chief People Officer and other senior leadership. The annual assessment is carried out in conjunction with the annual Board evaluation process so that any outcomes from the evaluation can be incorporated into the training plans. The training sessions include business and industry specific topics, a range of strategic matters, economic and political updates, as well as changes to legal, accounting, information security, tax and other regulations. Standard training modules are regularly reviewed to ensure they meet best practice and the changing business environment and may be delivered by internal experts or external advisers. Bespoke training will also be provided if requested by any Director.

The format of training sessions primarily includes videos sent out in advance, followed by a live question and answer session where the Directors can discuss specific aspects of interest to them in detail. The aim of the training sessions is to enhance the Board's skills and update them on new and evolving topics or regulations so that they can contribute to Board discussions effectively. They also provide the Board with access to senior leaders and other experts within Beazley, below Board and Executive Committee level, who often deliver the training. The format of the training allows the Board to gain in-depth insight into the topics and hold detailed discussions with our subject matter experts, providing insight into management capability. In addition, the Directors of our subsidiaries sometimes join training sessions, allowing engagement between the Beazley plc and subsidiary Board Directors.

During 2023, training sessions included Realistic Disaster Scenarios, UK Consumer Duty (Risk Committee members), Information Security, our ESG in underwriting strategy including climate risk and climate adaptation. EY also provided an update on the UK Audit and Corporate Governance reforms to the Audit Committee. At the Board strategy day in May, the Board received an update from external experts on Artificial Intelligence and emerging risks and opportunities for Beazley.

For topics of key significance, more frequent optional briefings are held for Directors to ensure they have sufficient information and understanding to discuss and challenge management. For example, during 2023 briefings were held on capital and IFRS 17 and its impacts on our reporting.

Composition, succession, and evaluation continued

Timely information for decision making

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

There is a continued focus on the quality of Board reporting to promote better discussions and further assist decision-making to ensure that high standards are maintained. Ongoing training sessions on how to write effective Board reports have been carried out by the external provider of the Board portal platform and the corporate governance team have also provided training to relevant authors of Board and Committee reports. The Board and Committees consider the quality of reporting at each meeting and feedback is provided to ensure continuous improvement.

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

Board evaluation

Board and Committee performance evaluation

The Board monitors and continually improves its effectiveness through its annual evaluation of the performance of the Board and its Committees. The evaluation is designed to assess whether the Board and its Committees are operating effectively and whether the Chair and Directors are making effective contributions individually and collectively. Feedback from the evaluation is also used to formulate action plans for improvement areas and identify where the composition of the Board and Committees could be enhanced.

Board evaluations are carried out on a three-year cycle, with an externally facilitated performance evaluation carried out every three years, and internally led evaluations taking place in other years. The previous external evaluation was conducted by Clare Chalmers Limited in 2021. The Nomination Committee reflected upon the internal process undertaken in 2022 and agreed that the 2023 performance evaluation should be internally led following the same process. An externally led comprehensive evaluation of the Board and its Committees is planned for 2024, in accordance with the Company’s approach and the Code. The external and internal evaluation processes are undertaken for Beazley plc and other principal Group subsidiaries.

Findings from the 2023 Board evaluation

The 2023 evaluation concluded that the Board and its Committees were operating effectively. The overall findings were positive, with good progress made on previous areas recommended for enhancement from the prior year evaluation. The Board has been working well collectively to oversee the strategic direction of the Group. Areas contributing to effectiveness included deep-dive sessions used to enhance collective Board knowledge of key topics, appropriate use of hybrid meetings, an inclusive culture in the boardroom, and good progress made in refining the governance approach and division of responsibilities between the Beazley plc Board and its principal subsidiaries. The evaluation included a review of the mix of skills, knowledge and expertise and diversity, both collectively on the Board and in relation to the Board’s Committees.

While the findings were positive and found the Board to be operating effectively, several opportunities for enhancement were identified during the evaluation. Actions were agreed by the Nomination Committee and the Board to address specific observations and support the continued effectiveness of the Board and its Committees.

Beazley’s overall approach to Board evaluation

External reviews (every three years)	Internal reviews (other years)
An independent external evaluation firm is appointed who works with the Chair, the Nomination Committee and Company Secretary to define the objectives and scope of the evaluation. The external evaluation is the beginning of the three-year cycle and ensures a rigorous approach. The scope may build on Beazley’s experience from previous evaluations, whilst also enabling the evaluator to use their own experience and independence to provide insight. Processes (e.g., interviews, meeting observations, desk-top reviews, questionnaires) and key people included within the review are also agreed. The findings and agreed actions from the evaluation are reviewed and monitored by the Board and, as part of the ongoing cycle, the themes and recommendations may be built upon in the subsequent internally led board performance evaluations.	The internal reviews are facilitated internally by the Company Secretary with support from the Chair and Nomination Committee. Internal reviews involve interviews with Directors individually to obtain their views on the effectiveness of the Board and each Committee. Directors are encouraged to share their views openly, and questions are asked of each Director to determine overall Board and Committee effectiveness and obtain feedback on opportunities for continued improvement. The Chair also conducts separate meetings with each Director to solicit their feedback on board dynamics, review their individual performance and determine any steps to be taken. The Senior Independent Director conducts a review of the Chair. A Directors’ knowledge and skills self-assessment exercise complements the evaluation process to identify any areas for individual or collective board training for the following year. The findings from this work are presented to the Nomination Committee and the Board and an action plan is created to address specific findings. Progress against these actions is monitored by the Board throughout the year.

Board evaluation continued

Recommendations and actions from the 2023 Board performance evaluation

Recommendations and priorities	Actions agreed
Building and enhancing relationships Due to expected changes to the Board and Executive leadership during 2024, a priority would be to ensure that relationships were built and enhanced to ensure ongoing effectiveness. In addition, the board highlighted a need to enhance engagement with other senior leaders and with those in all regions in which Beazley operates.	Actions considered by the board for 2024 include: • Ensuring effective induction processes for the new Board and Executive Committee members. • Increased opportunities for Executive exposure to the Board on relevant topics. • Increased social activities between the Board and Executives. • Board meetings to be held at locations where Beazley operates outside of London at least annually. • Deep dives on regions in which Beazley operates to be facilitated.
Long-term planning and strategy Notwithstanding enhancements made around business planning during 2023, this remained a priority for 2024. A further priority was to gain more insight into the competitive landscape.	The Board agreed to set specific objectives and to use strategy sessions and deep dives to ensure understanding and oversight of the long-term plans and of the competitive landscape.
Supporting business change There was a substantial amount of change both in terms of critical milestones in Beazley's three-platform strategy and with changes to leadership for the Board to support during 2024.	Actions considered by the Board for 2024 include: • Ensuring the right topics are on the Board agenda and that deep dive and training plans reflect the changing environment. • Ensuring that the board composition remains appropriate to support the changing business.
Board reporting Notwithstanding the high quality of reporting and enhancements made in this area over the past two years, there was an opportunity for further enhancement of specific reports.	Specific feedback and knowledge will be shared by the Board on suggested enhancements. Regular training on board report writing to continue to be provided in 2024.

Progress made on action areas from the 2022 Board performance evaluation

Recommendations and priorities	Actions agreed
Seek to further improve the efficiency of corporate governance across Boards and Committees without impacting effectiveness.	A governance effectiveness review was conducted in 2023 and actions are being implemented during 2023 and 2024. The relationships and responsibilities between Beazley plc and subsidiary Boards were a key component of the review. Changes have been proposed, including the appointment of a new non-executive director of Beazley plc who will also Chair the principal US subsidiary Board (see Nomination Committee report from page 100).
Improve the processes around short- and longer-term business planning.	A roadmap was presented to the Board in 2023 for the implementation of an integrated planning model, with an expected full implementation date of 2025. This remains a priority for 2024.
Create an integrated scorecard as a more impactful means of monitoring the performance of businesses and key programmes.	An integrated performance scorecard was developed during 2023 and will be subject to continual enhancements.
Ensure meeting agendas are appropriately focused.	Enhancements have been made to agendas during 2023 and this will continue to evolve under Beazley's new Chair as a priority.
Ensure The Board has appropriate oversight and understanding of IFRS 17 changes.	Time was devoted by the Board and Audit Committee to understand the commercial and technical implications of the move to IFRS 17 and determine the key judgements to be made. A suite of training material was made available as well as specific training sessions with the Board.

Performance of the Board's Committees

The evaluation of the performance of the Board Committees found that each Committee is effective in supporting the Board. Specific actions for Committees included further consideration of succession planning processes by the Nomination Committee and continued embedding of the new Risk Committee, following the separation of the Audit and Risk Committee at the beginning of 2023.

Individual Director performance

Individual Director performance and contribution was assessed through one-to-one discussions between the Chair and each Director. The sessions included reflection on contributions during the year, strengths, and personal development areas. This was supported by the self-evaluation of knowledge and skills completed by the Directors. The evaluation concluded that each Director is operating effectively and contributing positively to the effective operation of the Board and Committees. A few areas to support the Directors' individual or collective performance were identified and action plans have been formulated. This includes delivery of the 2024 Board knowledge and training plan. Topics such as Artificial Intelligence, Operational Resilience, Cyber Security

and Cloud, Data, Analytics and Digital were identified for the 2024 training plan. Director time commitments and independence were also considered as part of the evaluation.

Chair performance

The Senior Independent Director carried out a review of the performance of the Chair. The Senior Independent Director sought feedback from all Directors. The review concluded that the Chair was effective and had made a positive start in the role, particularly given the level of activity during the six months including successful execution of key projects such as IFRS 17, strategic projects, as well as resignations of the Group Finance Director and two other Executive Committee members. The Nomination Committee discussed the evaluation and the feedback including strengths in areas such as support of the Executive Committee, engagement with people across the business, strategy direction, growth, expense management, investor relations and governance. The Senior Independent Director provided all feedback directly to the Chair, including areas for continued development as he embeds into the role and business.

Audit, Risk and Internal Control

EY were first appointed as the external auditor for the 2019 accounting year. The respective responsibilities of the Directors and the Auditors in connection with the accounts are explained in the Statement of Directors' Responsibilities on page 146 and the Independent Auditor's Report on page 152.

The Board is responsible for the Group's system of risk management and internal control and for reviewing its effectiveness. However, such a system can only provide reasonable, not absolute, assurance against material misstatement or loss. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives within the risk appetite set by the Board. The Board confirms that it is comfortable with the effectiveness of the Group's risk management and internal controls (including financial, operational and compliance controls), which have been in place throughout 2023 and continue to operate up to the date of approval of the annual report and accounts. The Board delegates oversight of these controls and their effectiveness to the Audit Committee and Risk Committee, as set out in their terms of reference. The Audit Committee has overseen work to enhance internal controls in relation to financial and non-financial information and reporting during the year. More information on work undertaken as well as the process to review internal financial controls is included in the Audit Committee report on page 106. More information on the process to review compliance and operational controls is included in the Risk Committee report from page 115.

The Board agrees the overall risk appetite for the Group. Throughout the year, the Board has monitored performance against risk appetite in accordance with the risk management framework, which is itself reviewed and approved by the Board annually. Key components of the risk management framework include ongoing assessment and validation of controls, and taking steps to ensure that controls remain effective. Ongoing oversight of risk is undertaken via the Executive Risk and Regulatory Committee, which meets each month and considers key risk indicators and reviews of specific risk areas. The Board delegates oversight of risk management and compliance matters to the Risk Committee. There is ongoing reporting of risk matters to Risk Committee and Board, as appropriate, from the Chief Risk Officer and members of the Risk function. The Board also receives specific assessments of risk in the form of risk opinions to support key decision-making. During the year, the Board received risk opinions in relation to the execution of key strategic projects related to the three platform strategy. This included reviewing all key risks including capital, insurance, liquidity and operational risks in relation to key steps in the projects. The Board also received a risk opinion in relation to the transition to Solvency Coverage Ratio for monitoring and reporting solvency. Annually, the Board receives a risk opinion on the business plan for the forthcoming year. This year's risk assessment focused on whether the plan was logical, realistic and achievable as well as any risks to the plan and how they would be mitigated, which helped inform the Board's assessment and approval of the 2024 business plan.

Further information is provided in the Risk management and compliance report from page 69 and the Risk Committee report from page 115.

Nomination Committee



Clive Bannister
Chair

Role of the Committee

The Nomination Committee provides dedicated focus on the leadership needs of Beazley. This includes reviewing and monitoring Board and Committee composition, their effectiveness, succession planning for the Board and senior executives, the senior management pipeline, and inclusion and diversity. The Committee's role is to ensure the Board, its Committees, and the executive leadership team, as well as those in the talent pipeline, have the right skills, capabilities, and diversity of thought, to effectively oversee and implement the Company's strategy and ensure Beazley's long-term success.

Responsibilities of the Committee

The full responsibilities of the Nomination Committee are set out in its terms of reference. These are reviewed by the Committee and submitted to the Board for approval on an annual basis. The terms of reference are available on the Company's website.

The Committee's main responsibilities are:

Board composition, succession, and evaluation

- Regularly review the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the Board and its Committees in response to the changing business needs and external environment.
- Consider succession planning for Executive and Non-Executive Directors and ensure the Board will continue to have the right balance of competences, skills, knowledge and diversity, considering the challenges and opportunities facing Beazley.
- Ensure Non-Executive Directors possess the skills and knowledge required through training and development to ensure effective Board performance; and to ensure that a performance evaluation is conducted to highlight areas for improvement and that appropriate action plans are in place to meet development needs.

“2023 proved another busy year for the Nomination Committee. There were changes at both the Board and Executive level. We are committed to engaging with the highest levels of professional skills at the Board, to lead the Group; whilst fulfilling all our Inclusion and Diversity ambitions.”

- Conduct search and selection processes for Board and Executive Director roles, and review any other key leadership roles, in line with governance and diversity requirements.
- Recommend, if appropriate, all Directors for election or re-election by shareholders under the annual re-election provisions of the Code, having due regard to their performance and their ability to continue to contribute to the overall long-term success of the Board.

Leadership succession and talent pipeline

- Review succession planning for senior leadership, including development plans for internal talent, to ensure Beazley's long-term success and ability to compete effectively in the marketplace.

Inclusion and Diversity

- Review the Group's and the Board's diversity policy and link to company strategy and ensure inclusion and diversity perspectives are considered across all areas of Board and Committee composition, succession planning and development of the talent pipeline. Monitor progress against Beazley's inclusion and diversity objectives to drive progress and meet ambitions to be an inclusive organisation, where all our people can thrive.

Committee membership and meetings

Attendance at Nomination Committee meetings by Committee members is shown in the table on page 87. In 2023, there were four scheduled meetings and two additional ad hoc meetings. The Nomination Committee is chaired by Clive Bannister following his appointment at the AGM on 25 April 2023. The Committee also comprises Pierre-Olivier Desaulle, Christine LaSala, John Reizenstein, and Cecilia Reyes Leuzinger, who are independent Non-Executive Directors. Until 25 April 2023, the Committee was chaired by Christine LaSala, who was also acting as Interim Chair. Cecilia Reyes Leuzinger was appointed to the Committee on 29 September 2023 to ensure continuing diversity of the Committee's membership. The biographical details of the Committee members can be found on pages 80 to 82. The gender and ethnic diversity of the Committee is shown on page 76.

The key activities of the Committee during 2023 are set out below. Only members of the Committee have the right to attend meetings; however, other individuals, such as the Chief Executive, Chief People Officer and Head of ESG, representatives from other Boards or Committees, and external advisers, may be invited to attend for all or part of any meeting where this is beneficial to assist the Committee with fulfilling its responsibilities. The Company Secretary is secretary to the Committee.

Key Committee activities

	Activities	More information?
Board composition, succession, and evaluation	- Commenced the search for a new Group Finance Director to succeed Sally Lake and provided oversight of the recruitment process. - Conducted an external search for the appointment of a new Non-Executive Director. - Commenced an internal search for the appointment of a Senior Independent Director to succeed Christine LaSala. - After an external and internal search process, agreed the appointment of Bob Stuchbery as the Chair of Beazley Furlonge Limited ('BFL'), one of Beazley's key operating subsidiaries. - Recommended changes to the composition of Board committees. - Recommended the renewal of the appointments of Non-Executive Directors. - Reviewed the onboarding and induction processes for Directors. - Reviewed Beazley plc and subsidiary Board renewals and appointments, including succession plans, and reflected on effectiveness of succession planning activities. - Reviewed the knowledge, skills and training assessment for the Beazley plc and regulated/principal subsidiary Boards and confirmed that the Boards continued to have the right mix of skills and experience. - Reviewed the plans for and outcomes of the 2023 performance evaluation for the Beazley plc Board, Committees, and key regulated subsidiary Boards and Committees.	Board evaluation (pages 97 to 98). More information on board and committee changes is included in this report
Leadership succession and talent pipeline	- Reviewed Executive performance and succession planning, including a review of the diversity of the senior leadership talent pipeline. - Received updates regarding some key senior internal appointments including the appointment of Head of Strategy, following the departure of Rachel Turk. - Recruited a new Chief People Officer and Head of ESG, following the retirement of the incumbent, Pippa Vowles.	More information on succession planning and the process for appointing new Directors is included in this report.
Inclusion and Diversity	- Reviewed diversity commitments and targets set by Beazley. - Reviewed policies including Inclusion and Diversity policies for the Board and the Group. - Reviewed sections of the Annual Report and Accounts including diversity disclosures required by Listing Rules 9.8.6(9) and (10). - Inclusion and diversity considerations also underpinned other activities including Board recruitment and composition and succession planning discussions.	More information on Inclusion and Diversity is included below and in the Responsible Business report (pages 17 to 21). For Listing Rule disclosures see Governance at a Glance (page 76).

Board composition, succession, and evaluation

Board and committee composition and succession during 2023

2023 proved to be another year of change impacting the Committee's key activities. Considerable time was spent by the Committee on the composition of the Board and its Committees, as well as changes in the Executive leadership team.

The composition of the Board is informed by an assessment of the skills required, diversity objectives, and orderly succession plans in line with the overall goal of ensuring the long-term success of Beazley and ability to develop and implement its strategy. Following outcomes from the 2022 Board evaluation and an internal review, the Committee has focused on ensuring that the composition of the Beazley plc Board and the Boards of its principal subsidiaries is appropriate, aligned to broader strategy and ensures effective governance oversight of the Group. Therefore, succession planning covers both Beazley plc and the Boards of its principal subsidiaries, with the Chairs of those subsidiaries usually being appointed to the Beazley plc Board.

Nomination Committee continued

Committee changes

Several changes were made or put into action during the year to strengthen the Board and Committee composition, to support succession planning, and to continue to support the overall governance effectiveness of the Group. These included:

- The permanent appointment of Nicola Hodson as Chair of the Remuneration Committee with effect from 5 May 2023.
- The appointment of Fiona Muldoon as Chair of the Risk Committee with effect from 29 September 2023 to succeed Robert Stuchbery (who remains a member and has been appointed as Chair of Beazley Furlong Limited).
- The appointment of Cecilia Reyes Leuzinger as a member of the Nomination Committee, with effect from 29 September 2023.

When appointing Nicola as the permanent Chair of the Remuneration Committee, the Board considered Nicola's time commitments and her other executive and non-executive roles. Nicola is the Chief Executive of IBM UK and Europe, which is an unlisted private limited subsidiary company and division of IBM, and a non-executive director of Drax plc, where she also chairs the remuneration committee and is a member of their audit committee and risk committee. The Nomination Committee and Board are satisfied that Nicola has sufficient time to undertake her role and is able to balance her responsibilities well. The Committee keeps the situation under review to ensure that Nicola is able to commit the time and dedication required as a Non-Executive Director of Beazley plc; as we do for all Directors.

Selection of a new Senior Independent Director

Christine LaSala, who has been on the Board for eight years and is currently the Senior Independent Director, expressed her intention to not seek re-election at the 2024 AGM. Following this decision, the Committee discussed and reviewed the process for the selection of the next Senior Independent Director. The Committee approved the role specification, which sets out the role's responsibilities and required skills and attributes. The Committee were satisfied that an internal candidate could be identified. During early 2024, the Chair and the incumbent Senior Independent Director met with interested candidates. Their skills and attributes will be assessed against the role specification as well as considering their existing time commitments. It is anticipated that the appointment will be confirmed prior to the AGM.

Recruitment of a Chief Financial Officer

In August 2023, Sally Lake announced that she intended to step down as Group Finance Director during 2024, after five years in the role, and 18 years at Beazley. The Committee has overseen the recruitment process for a Chief Financial Officer, to replace Sally in 2024. The process has been led by the Chief Executive, with the support and guidance of the Committee and the involvement of independent Non-Executive Directors in all stages. A candidate brief and role specification was discussed and approved by the Committee and it was confirmed that an external search was appropriate. Succession plans for internal talent would continue to be

developed. The key search criteria including required skills, attributes and cultural fit were agreed. A diverse and inclusive candidate list was sought. This included, where possible, seeking candidates from different geographical regions in which Beazley operates. Spencer Stuart were appointed to conduct the search, and they have no other connection with the Company or its Directors.

Following a comprehensive process, Barbara Pluchar Jensen was identified as the successor to Sally Lake as Chief Financial Officer and recommended to the Board for approval. Barbara will join Beazley in May 2024. Barbara's depth and breadth of experience across financial services, together with her leadership style was considered to be a great asset and cultural fit for Beazley. Barbara was most recently CFO at Tryg, the largest non-life insurer in Scandinavia with a top 3 market position across Denmark, Norway and Sweden.

Board recruitment process in focus: appointment of an additional independent Non-Executive Director, Carolyn Johnson

The Nomination Committee is responsible for oversight of search and selection processes for Board and Executive Director roles and as such a key activity during 2023 and early 2024 was the process to identify a Chair of Beazley's US holding company, Beazley Holdings Inc, who would also be an independent Non-Executive Director of Beazley plc.

We were pleased to announce on 22 February 2024, that Carolyn Johnson will be taking up this role, on 1 March 2024.

Stage 1 – Commencement

- To align the Board and subsidiary governance framework to the three-platform business model and broader strategic ambitions, the Committee and the Board decided to commence a search for a Chair of the principal US subsidiary Board which will oversee the North American platform, who will also be appointed as an independent Non-Executive Director of Beazley plc.
- A sub-group of the Committee, led by Christine LaSala, was established to lead the search and report to the Committee.

Stage 2 - Key search criteria

- In September, the Committee reviewed the role specification including key experience, skills and attributes required.
- An independent external search consultancy, Russell Reynolds, was engaged to support the process. The Company and its Directors have no other connection with Russell Reynolds.
- Key search criteria included: US domiciled, successful track record as a Non-Executive or Executive leader in the US insurance sector, ability and capacity to build and develop the US board, and cultural fit.
- The Committee requested that a diverse candidate long-list be sought, following consideration of the current Board diversity profile and the Board's inclusion and diversity policy. The Committee selected broad search criteria to allow consideration of candidates from different backgrounds and foster diversity of candidate profiles.
- A pool of 40 candidates were reviewed in November 2023.

Stage 3 - Short list and initial interviews

- All candidates were assessed against the search criteria. Six candidates from the long list were selected for interview,

with five of the candidates being women. Initial interviews were held with the Senior Independent Director and another member of the Nomination Committee.

Stage 4 – Second stage and final interviews

- In February, the sub-group selected three candidates to progress to the second stage. The candidates were assessed based on their strengths and capabilities identified through the initial interviews, against the search criteria. The second stage included interviews with two independent Non-Executive Directors of Beazley plc, and two Executive Committee members based in the US.
- Upon conclusion of these interviews, Carolyn Johnson was identified by all those involved as the preferred candidate based on her experience, strengths, cultural fit, and appetite and ability to build and develop the US Board. The sub-committee put forward Carolyn for a final interview with the Chair and Chief Executive.

Stage 5 – Selection: supporting Board diversity and US regional experience

- The Committee discussed the proposed candidate and decided that Carolyn Johnson be recommended to the Board for appointment.
- Carolyn Johnson was recommended because of her extensive US financial services and insurance experience, which would complement and strengthen the Board's US insurance industry knowledge following Christine LaSala's departure at the conclusion of the AGM. Carolyn's executive leadership and transformation leadership skills were also a key strength, which would help with strategic ambitions for the US platform. Carolyn also has relevant UK listed insurance company experience and extensive experience gained from her successful executive career which will further enhance the Board. In addition, the Board were pleased that the appointment would promote the continued diversity of the Board and meant that one of the three principal subsidiary Chair roles was held by a woman.

Board tenure, renewal of Non-Executive Director appointments, and review of time commitments

The Committee reviewed the profile of Board tenure of the Non-Executive Directors with a view to the future requirements of Beazley, the length of service of the Board as a whole and succession plans for key Board roles. As part of this it considered the reappointments of Rajesh Agrawal, Robert Stuchbery, and Pierre-Olivier Desaulle. The Committee recommended:

- The reappointment of Rajesh Agrawal for a second three-year term.
- That Robert Stuchbery be re-appointed to serve until August 2025. Robert Stuchbery has served on the Board since August 2016 and his full nine-year term will expire in August 2025.
- That Pierre-Olivier Desaulle be reappointed until the 2025 AGM and his appointment be considered on a rolling 12-month basis. Pierre-Olivier Desaulle's first three-year term on the Board was due to expire in January 2024. However, since 2017 he has served as an independent Non-Executive Director of Beazley's Irish regulated subsidiary, Beazley Insurance dac, including as Chair since 2021.

The Nomination Committee continues to monitor the time commitment of all Directors to ensure that Directors are able to provide a sufficient level of time and dedication to the role.

The significant benefits of having Non-Executives who are serving Executives in other firms having balanced against their availability.

In addition, in September 2023, Fiona Muldoon's appointment to Admiral plc was considered. It was noted that given Fiona would be stepping down from her Non-Executive Directorship at the Bank of Ireland plc, Fiona would continue to have sufficient time to dedicate to her role at Beazley.

The Committee also monitors and evaluates the independence of all Non-Executive Directors and undertakes an annual review of their other interests. The Board, on the Committee's recommendation is satisfied that each Non-Executive Director serving remains independent and has sufficient time to discharge their responsibilities to the Company.

Board and Committee performance evaluation

The Board carries out a formal and rigorous annual evaluation of its performance and of the performance of its Committees, the Chair and individual Directors. The Committee has a role in overseeing the Board and Committee evaluation process for Beazley, and in making recommendations to the Board to improve performance.

To fulfil its responsibility to ensure the Board and its Committees remain effective, the Committee spent time reviewing the actions from the internal 2022 Board effectiveness review. In addition, the Committee reviewed and approved the plans for the 2023 internal Board effectiveness review for the Board, its Committees and for two of the principal regulated subsidiary Boards and their Committees (Beazley Insurance dac and Beazley Furlonge Limited). The Committee received a report on the outcomes of the internal review for all Boards and Committees and discussed common themes and key areas of focus in 2024. The Committee noted that in 2024 an external Board performance evaluation will be carried out.

More information on the Board evaluation process is provided on page 97.

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

Board knowledge and skills assessment

The Board and Committee recognise the importance of a diverse composition with a broad mix of skills and experience. As part of each annual Board evaluation, all Directors carry out a self-assessment of their knowledge against a wide range of skills and competencies. For each area, the Directors assess whether they have considerable knowledge, a base level of knowledge necessary to contribute to discussions, or no knowledge. The Committee receives a report on the self-assessments completed, including information for each Director, to enable them to assess whether each Director and the Board collectively have the right mix of skills and experience. The Chair also considers this information in the performance evaluations of the Directors, together with other relevant information and feedback, to assess whether each Director continues to contribute effectively

Nomination Committee continued

The self-assessment helps identify any areas where training would be useful to develop knowledge and skills either for Directors individually or for the Board as a whole, and a training plan for each year is developed. For some skills, which are dynamic and changing, the Directors' knowledge is augmented by external or internal experts who ensure the Board has the right, up to date, expertise to challenge effectively. The balance of skills and experience on the Board is also a core part of Director succession planning.

A summary of the aggregate skills of the Directors from the skills self-assessment is included on page 77.

Board training

Information on Directors skills and training plans carried out in 2023 and proposed for 2024, which were reviewed and agreed by the Committee, can be found on page 95.

Director induction process

In advance of the new Chair joining, the Committee took the opportunity in early 2023 to review the Director induction process, seeking feedback from the two recent appointees, Fiona Muldoon and Cecilia Reyes Leuzinger. Beazley provides a comprehensive formal and tailored induction for new Directors including meetings with senior leadership and key external stakeholders such as regulators, auditors and shareholders. The plans ensure that Directors are appraised of all areas of the business. This is supplemented with follow-up sessions on areas of interest or where further development is required. Core competencies covered include areas such as business strategy and business model, responsible business strategy, business planning, our 'target operating model', reinsurance, Solvency II, our culture and approach to people, market knowledge, risk management, and governance oversight. A description of the Chair's induction process is included on page 95

Leadership succession planning and talent pipeline

Throughout 2023, the Committee carried out its key responsibilities of ensuring that plans are in place for the succession of Executive Director roles and wider senior management positions and ensuring the continued strong Executive talent pipeline within the Group. This work aligns with the people pillar of Beazley's strategy to attract and nurture talented colleagues.

The Committee reviews succession plans for the Executive Committee members annually and their individual performance against objectives. The succession plans for other senior roles (such as Executive Committee direct reports) and regulatory roles are also reviewed annually. The reporting includes information about potential successors for each role in the short, medium, longer term and emergency cover, including whether roles could be filled internally or externally. The reporting assists with proactively planning for future roles to progress our internal talent. The 'talent pipeline review' also covers cross team succession opportunities. The succession plans are linked to the inclusion and diversity strategy and policy. The progress towards meeting and/or exceeding externally and internally set diversity targets is reviewed.

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

During 2023, the Committee also received updates on the appointment of a new Chief People Officer and Head of ESG and a new Head of Strategy. This was following changes to the Executive leadership team as a result of the resignation of Rachel Turk as Head of Strategy and the decision by Pippa Vowles, Head of Culture and People, to retire. The search was led by the Chief Executive. Both internal and external candidates were considered, and comprehensive searches were carried out. The Committee were pleased that the successful candidate for the Head of Strategy role, Brenna Westinghouse, was an internal candidate. Brenna had previously been highlighted through succession planning and talent mapping activities, including activities to highlight future women leaders. Liz Ashford, an external candidate, was appointed as Chief People Officer and Head of ESG.

In addition to the activities highlighting those who may be successors for leadership roles in the short- to medium-term, there are programmes and activities to highlight and develop future talent throughout the organisation. The diversity of cohorts for such programmes is taken into account, to ensure that a diverse range of talented individuals are included and provided with opportunities to develop. The 'NexCo', which is described in the Stakeholder Engagement report on page 50, is an example of one of these programmes.

The Committee will continue to review succession plans for senior Executives, including programmes in place to identify and develop internal capability, to facilitate internal candidates available for future opportunities in line with Beazley's people strategy.

Inclusion and diversity

Inclusion and diversity policies

The Board firmly believes that having an inclusive and diverse workplace will support us in our ambitions to outperform the market. Our inclusion and diversity strategy enables us to deliver our business strategy, as we need to attract, engage and nurture a diverse, high-performing workforce in order to drive, develop and implement the business strategy. A diverse workforce with progressive mindsets helps champion diversity of thought leading to better outcomes for both Beazley and its stakeholders.

Beazley's inclusion and diversity policy is reviewed annually. In 2023 the policy was expanded to commit to improving inclusion and diversity within the wider industry, with third parties, suppliers, and partners and to add specific reference to reporting of incidents. The Board has adopted its own inclusion and diversity policy which is aligned to that of the Group. Both policies are available on the Company's website (www.beazley.com/en-sg/who-we-are/inclusion-diversity).

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

We want our workforce and supply chain to reflect the diversity of our customers and the communities where we work around the world; however, we know that simply aspiring to have a diverse workforce is not enough. As an organisation, we continue to set measurable targets to become a truly diverse and inclusive employer; where everyone can contribute their best work and develop fully. We aim to set objectives where possible and appropriate to embed inclusion and diversity within our supply chain. Our colleagues and third parties, where appropriate, are encouraged to report incidents through relevant channels, including through the whistleblowing procedures. The policy is supported by the inclusion and diversity strategy and roadmap, and more information is included in the Responsible Business report on pages 17 to 21.

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

The Board's inclusion and diversity policy also applies to the Board's key Committees. The Committee considers diversity when appointing Directors to Board Committees. The diversity of each Committee is shown in 'governance at a glance' on page 76.

Approach to diversity and setting targets

The Committee is satisfied that the focus on inclusion and diversity by the Board and Executive leadership team and the Company's diversity strategy, underpinned by bold targets mean that any risks around continuing to meet externally set targets for Board diversity are mitigated. Beazley and the Committee use governmental census data to set evidence-based diversity targets. Through this data and understanding our employee base, we are able to understand where there may be gender or racial disparities in our recruitment or promotion activities. However, decisions relating to performance, hiring and promotion at Beazley are always based on individual merit and performance.

The Committee has agreed targets for gender diversity and ethnic diversity for the senior leadership, which have been monitored by the Committee during the year. We determine and monitor against our own leadership groups, which represent those most likely to progress to senior positions in the organisation, including the Executive Committee, and

those leading strategic projects. This helps ensure a diverse pipeline. During the year we have continued to embed the strategy for gender equality and ethnic diversity to help us reach our targets of 45% female representation in senior leadership roles by the end of 2023 and to increase the representation of People of Colour in leadership roles by 6% to 17% by the end of 2027. For the wider workforce, we have also set targets for People of Colour representation of at least 25% by the end of 2023 (of this target 25% should be Black people). In early 2024, these targets were reviewed against updated government census data in the locations in which we are based and were increased. Our new goal is to have People of Colour make up at least 33% in our workforce by the end of March 2028. Roles are not held specifically for people from minority groups and our targets are not quotas. We aim for the applicant talent pool to reflect the diversity of the talent available in the locations in which we are based.

The Committee monitors the workforce's diversity through reporting and succession planning activities for the Executive Committee. The Committee tracks progress by ensuring that senior leadership have relevant targets related to inclusion and diversity in their own objectives. Progress against these targets is reviewed as part of the Committee's activities in reviewing the performance of senior leadership. The Executive Directors also have specific inclusion and diversity targets linked to their discretionary remuneration. For further information see the Directors' Remuneration Report from page 124.

The Committee will continue to review, assess, and challenge succession planning to ensure there is a diverse pipeline of senior women and People of Colour within Beazley, that senior leadership truly reflects the diverse make-up of our workforce and communities, and that people from a diverse range of backgrounds are able to see career progression within Beazley. Our Responsible Business report provides further information on our inclusion and diversity activities, including our strategy, objectives, and outcomes against our targets, please see our Responsible Business report on pages 17 to 21. We also publish a more detailed Responsible Business report, which is available on our website.

Diversity data

The diversity data for the Board and Executive management in terms of gender and ethnic background, as required by the Listing Rules is set out on page 20, following our Responsible Business report. We also disclose diversity data for our senior management and all employees, as required by and defined by the Code and the Companies Act 2006. We disclose this data both to meet the requirements and for comparison with other organisations. However, we use internally set targets based on a defined leadership population for our own monitoring purposes and these are also disclosed. Page 76 provides an overview of diversity at Board level, including the gender and ethnic diversity disclosures required by Listing Rules 9.8.6R(9) and 9.8.6R(10).

Audit Committee



John Reizenstein
Non-Executive Director

Dear shareholder

I am pleased to present the Audit Committee (the Committee) report, which provides shareholders with insight into the activities of the Audit Committee during 2023. The Audit and Risk Committee was separated on 1 January 2023, and this has allowed us to focus on our key responsibilities of ensuring the integrity of the annual report and financial statements, assessing the independence and effectiveness of the External Auditors, and overseeing the internal financial control framework of the Company.

Throughout the year, I regularly engaged with the Group Finance Director, other Executives, the Company Secretary, External Auditor, Head of Internal Audit, and individuals preparing and presenting reports to the Committee, to ensure that the Committee members had the necessary information to enable them to advise, challenge and make decisions. This also ensured that the right topics were presented to the Committee.

In March, the Committee oversaw the reissuing of the Group's 2022 annual report following the identification of an error in the net asset value per share (NAVps) calculation. Any material error in the annual report is unacceptable, and the Committee subsequently received and discussed a report from the risk function on the root causes and lessons learned from the error. Further detail is given in the Committee's report on page 108 and in the section 172 statement on page 58.

The Committee's work during 2023 was carried out against a backdrop of considerable regulatory change. The implementation of IFRS 17 from 1 January 2023 represented a major change to the way insurers account for their business activities. I would like to extend my thanks to the IFRS 17 project team for the significant work undertaken across the many functions in Beazley to prepare the business for the changes under the IFRS 17 accounting standard. The Audit Committee closely monitored the progress of the implementation of the new standard. Throughout the year,

Committee members continued to receive training and briefings to embed their understanding of the scope of the standard as the practical application of IFRS 17 became more evident and to support their discussions with management. The Committee uses its collective expertise and experience to challenge the approach and judgements made in the treatment of financial matters and the resulting disclosures to be made under IFRS 17. A higher level of scrutiny was required as we reported under IFRS 17 for the first time in the 2023 half year results.

The 2023 half year results provided shareholders the opportunity to see the full impact of IFRS 17 on our financials with 2022 IFRS 17 comparatives being included. Additional activities were carried out during the year to help shareholders understand the impact of IFRS 17 and the way in which our results are disclosed. Further information on the transition to IFRS 17 is included in the financial review from page 60 and in Note 1 to the financial statements on page 171. The Committee was informed by the Financial Reporting Council (FRC) that our half year results were reviewed as part of their thematic review into the initial application of IFRS 17 and were pleased to be informed that no information or clarifications were required following the review.

The Committee has also overseen potential reporting changes resulting from the audit and corporate governance reform in the UK. We reviewed the 'Audit Committees and the External Audit: Minimum Standard' published by the FRC in 2023 and are pleased to report that we are operating in accordance with the Standard.

In support of Beazley's commitment to doing the right thing and being a responsible business, the Committee oversaw further enhancement of Beazley's reporting of climate and ESG matters in accordance with the 'Taskforce on Climate-Related Financial Disclosures' (TCFD), and the reporting requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The Committee will also be kept updated on the Group's reporting obligations in relation to the EU Corporate Sustainability Reporting Directive (CSRD).

In August, Sally Lake announced her decision to step down from her role at Beazley. We will miss Sally, who has provided a valuable contribution to Beazley and plays a substantial role supporting the Committee and its work. We look forward to welcoming her successor Barbara Plucnar Jensen later in 2024 and will be wholeheartedly involved in ensuring that there is a smooth and orderly transition.

John Reizenstein
Audit Committee Chair

Committee membership

The Audit Committee membership is compliant with the Code. The Audit Committee was established as a separate Committee on 1 January 2023 and currently comprises five independent Non-Executive Directors: John Reizenstein (Chair), Rajesh Agrawal, Fiona Muldoon, Cecilia Reyes Leuzinger and Robert Stuchbery. There were no changes to the Committee membership during the year. The Board is satisfied that members of the Committee have 'recent and relevant financial experience' and that the Committee as a whole has competence relevant to the sector, as required by the Code. All Committee members are independent Non-Executive Directors of the Board and details of each member's relevant experience, including their financial and/or sector experience, are given in their biographies on pages 80 to 82. The gender and ethnic diversity of the Committee is shown in 'governance at a glance' on page 76.

Committee meetings

Attendance at Audit Committee meetings by Committee members is shown in the table on page 87.

The Audit Committee was required to meet at least quarterly, with meetings scheduled at appropriate intervals in the reporting and audit cycles in accordance with the forward-looking agenda planner. Additional meetings were held as required. In 2023, there were a total of ten scheduled meetings, which included a joint meeting of the Audit Committees of Beazley plc and other regulated Group entities to consider policies, the internal audit plans for the forthcoming year and other matters relevant across entities. There were five further meetings, which were fully attended apart from one meeting which was attended by four members. Additional meetings were used to provide updates on progress with the half-year results which were the first results released under IFRS 17, and were released in September 2023. Meetings were also required to consider additional reporting provided to the market such as the 2022 IFRS 17 comparatives which were released. Whilst every effort is made to consider time zone differences when scheduling the Committee meetings, it was not possible to do so on two occasions in 2023. It is also not possible for overseas based Directors to attend every meeting in person. For this reason, Rajesh was unable to attend the 9 May and 29 November 2023 meetings. Rajesh had full access to the Committee packs prior to the meetings and was able to raise any prior observations for discussion at the meetings.

Only members of the Committee had the right to attend meetings; however, invitations are routinely extended to the Beazley plc Chair, the Senior Independent Director, the Chief Executive, the Group Finance Director, the Chief Risk Officer, the Chief Underwriting Officer, the Head of Internal Audit, and participants from the External Audit firm. The Chairs of the Audit Committees of the Group's regulated subsidiaries also attended Audit Committee meetings during the year as and when appropriate. The Company Secretary acted as secretary to the Committee.

The Head of Internal Audit and representatives from the External Auditor periodically met in private with the Committee to discuss matters relating to its remit and issues arising from their work. The Committee also met in private with the Group Actuary. In addition, the Chair of the Audit Committee had regular contact with the External Auditor and internal auditors throughout the year and members of the Committee met individually with regulators when required. The Committee Chair also meets regularly with the Group Finance Director, other senior finance managers and the Company Secretary to ensure the work of the Committee is focused on the right topics and the Committee is receiving valuable information.

Committee performance evaluation

The Committee reviewed its effectiveness during the year, as part of the Board evaluation process (see page 95). The Board confirmed that the Committee was effective in its role and that the Chair contributed positively to the effective running of the Committee and oversight of the Committee's responsibilities. The Board agreed the closure of the actions from the 2022 review. These included the recommendation that consideration be given to the separation of the Audit and Risk Committees to ensure strong governance and to allow sufficient time for the separate oversight and reporting of the audit and risk functions on behalf of the Board and the implementation of training sessions for all Directors on the commercial and technical implications of the transition to the IFRS 17 accounting standard. No specific actions from the review were noted for the Committee, however the change of Group Finance Director expected in 2024 was highlighted as of key importance to the Committee, who would need to be ready to support a smooth and orderly transition.

Responsibilities of the Committee

Following the separation of the Audit and Risk Committee on 1 January 2023, oversight of risk management, internal controls and compliance was transferred to the Risk Committee. Oversight of internal financial controls remains under the Audit Committee's remit.

The Committee's key responsibilities are set out in full in the terms of reference which are available on the Company's website. The terms of reference are reviewed annually. In 2023, updates were made to reflect the FRC's 'Audit Committee and the External Audit: Minimum Standard.'

Financial and narrative reporting

- monitor the integrity of the Company's financial and narrative statements;
- review significant financial reporting judgements contained in the financial statements;
- review and oversee accounting policies and practices;
- review the analysis supporting the going concern assumption and long-term viability statement;
- review the Annual Report and advise the Board on whether it is fair, balanced and understandable; and
- review of other reporting such as the Solvency and Financial Condition Report and Task Force on Climate Related Financial Disclosures.

Audit Committee continued

External audit

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

Internal audit

- monitor and review the effectiveness of the Group's internal audit function; and
- review and approve the internal audit plan and monitor its implementation, including adequacy of resources.

Internal financial controls

- review and make recommendations to the Board on the effectiveness of the internal financial controls;
- review statements in the Annual Report concerning internal financial controls;
- review whistleblowing arrangements in place for the workforce to raise concerns; and
- monitor the performance and independence of consulting actuaries used for the review of insurance reserving.

Key focus areas and activities in 2023/24

The Committee supported the Board of Directors in overseeing the accuracy of financial reporting and ensuring the system of internal financial control, the audit process and the Company's processes for compliance with laws and regulations and internal policies and procedures are robust, effective, and responsive to ever-changing environments.

Financial and narrative reporting

Re-issue of Beazley's 2022 Annual Report and Accounts

As described in the section 172 statement on page 58, 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 (APM) of NAVps that had been calculated using the weighted average of shares for the year. 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.

The Committee took responsibility for investigating the root causes of the error and ensuring the control environment was effective. The Committee received a report from the Risk function, with input from the Group's financial control team. It was found that the error occurred due to incorrect calculation methodology being applied in some underlying spreadsheets, which were calculating the NAVps using the weighted average shares in issue as opposed to the number of shares in issue at 31 December 2022. The large increase in the Group's number of shares in issue due to the 2022 equity raise resulted in a material difference between these two values. Several actions were agreed on following the review and

improvements to the control environment and review process around spreadsheets used throughout the Group's financial close process have been made. The Committee also discussed the root cause of the error with the External Auditor and any resultant impact on their audit approach. The Committee has subsequently received updates on the progress of these actions. As noted elsewhere in this report the Committee continues to monitor the progress of management in enhancing the Group's financial control framework and ongoing work to automate and improve processes within the Finance function. The Committee is satisfied that the Group's financial controls are effective.

Annual Report and financial reporting 2023

The Annual Report and Accounts provide shareholders with information necessary to enable an assessment of Beazley's position, performance, business model and strategy.

The Committee reviewed the Annual Report and Accounts for the year ended 31 December 2023, to recommend to the Board for approval. The Committee also considered the key risks around the financial results underpinning the full year reporting process. The 2023 full year results announcement and Annual Report were ultimately recommended to the Board for approval.

An important part of the review of financial reporting was to consider and agree the significant financial estimates and judgements in relation to the financial statements. The Committee received reports on these judgements for the full and half year reports and after seeking the views of the External Auditors (Ernst & Young LLP (EY)), determined that they were appropriate. The table on pages 110 to 111 sets out the key accounting estimates and judgements for 2023 and how these were addressed. Management present views on key accounting issues and judgments throughout the year, as part of the regular external financial reporting including the announcement of half year and quarterly results.

The Committee also assesses the appropriateness and presentation of any APMs used in financial reporting, and reviewed the change in reported APMs that occurred in the year.

The Committee continued to focus on the Group's close and estimation processes generally, and the related controls carried out by the business and specifically the finance team. The Audit Committee remained committed to ensuring that there were robust controls and oversight over the close process. During the year and at year end, the Committee received updates from management on the level of estimations used in the close process and the controls carried out to review these estimates retrospectively. The Committee continued to receive periodic reporting from both the finance and actuarial functions on our estimation process, and the related controls, in respect of claims reserves, the risk adjustment for non-financial risk and other key financial statement captions. As mentioned above, the Committee received additional reporting and a lessons learned around financial controls during the year, following the error in the NAVps in the 2022 Annual Report and Accounts. Based on reports received and reviewed during the last 12 months, the Audit Committee remains satisfied that the estimation and control processes deployed by the Group are appropriate.

The Committee also reviewed the half year results announcements and quarterly trading statements which are released. Particular attention was paid to the half-year results which represented the Company's first disclosure under IFRS 17. Further information is included below.

Going concern and viability

The assessment of the viability and going concern statements was a key activity of the Committee. During key reporting periods, management outlined to the Committee evidence for the basis of preparation adopted in the financial statements and any statements around the future viability of the Group. The Committee reviewed detailed projections of future cash flows, profit forecasts and capital requirements under various scenarios, including scenarios stressed in terms of claims frequency and liquidity.

The Committee also considered the appropriateness of management's viability statement and the period over which this analysis is performed. The Committee was satisfied by the level of analysis presented during the year and the related approach taken and statements made in the Group's key external reporting. The Viability Statement is on pages 73 to 74.

Fair, balanced, and understandable assessment

It is a key requirement that the Group's financial statements are fair, balanced, and understandable. The Audit Committee applied the same due diligence approach adopted in previous years to assess this requirement under the Code. The Annual Report is prepared following a well-documented internal process that is performed in parallel with the processes undertaken by the External Auditor. The process includes comprehensive review by senior management during the drafting process. The Audit Committee has reviewed management's assessment as a part of the formal annual report governance process. Following its review, the Audit Committee is satisfied that the 2023 annual report is fair, balanced and understandable, and provides the information necessary for shareholders and other stakeholders to assess the Company's position and performance, business model and strategy, and has advised the Board accordingly.

IFRS 17

A key activity in relation to the review of the half year results and the Annual Report for 2023 was the implementation of IFRS 17. Throughout the year, the Committee received detailed progress reports on the implementation of the IFRS 17 accounting standard, including key implications and judgments relating to assumptions impacting the Opening Balance Sheet ("OBS") (including risk adjustment, measurement model and discounting), and IFRS 17 and IFRS 9 disclosure requirements. Reports were received from EY in addition to those received from the finance team. Information shared included the updates in relation to EY's review of assumptions and data testing for the OBS, full year 2022 comparatives and transitional provisions for IFRS 9. Deep dive Board training sessions continued throughout the year as the practical application of the IFRS 17 standard became evident. Committee members also attended a briefing session which outlined the gross impact on equity on transition to the new standard in compliance with IAS 8 disclosure requirements. The Committee also oversaw the release to the market of financial information and presentation slides which provided indicative and unaudited comparative information for the six

months to 30 June 2022 and the year to 31 December 2022, restated for the adoption of IFRS 17. This information was provided to allow shareholders to understand the impact of implementing IFRS 17 on the Group's results and financial reporting.

Several ad hoc meetings were scheduled in relation to the delivery of IFRS 17 reporting, where the Committee received assurances from management as to the internal financial controls implemented and delivery of IFRS 17 reporting against stringent timelines.

The Group's interim report was subject to a limited scope review of the IFRS 17 disclosures as part of the FRC's thematic review "IFRS 17 'Insurance Contracts' Interim Disclosures in the First Year of Application". The FRC raised no questions or queries as a result of their review. The Group remains committed to ensuring that its disclosures are of the highest quality and comply with all relevant reporting standards. The FRC's review was based solely on the interim report and should provide no assurance that the interim report was correct in all material respects; the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements. The FRC's letters are written on the basis that the FRC (including its officers, employees and agents) accept no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

Dividends

In March 2024, the Audit Committee considered the full year result and the declaration of a dividend of 14.2p. In March 2023 the Audit Committee considered and recommended a dividend of 13.5p.

Other reporting

The Committee is also responsible for oversight of other external reporting such as the Company's ESG and Solvency II reporting.

During the year the Committee reviewed and approved the Group's 2022 solvency and financial condition report and regular supervisory summary report as well as approving the Solvency II policy documentation for the Group. The Committee considered and approved the proposal for a revised consolidation approach within the Group Solvency II balance sheet.

The quality of ESG reporting as contained in the Responsible Business and TCFD reports remained a key area of focus for the Committee during the year. The Committee were kept informed of key developments in reporting standards and climate change metrics and as to progress made with the embedding of Beazley's Responsible Business Strategy within the Group. The Committee received updates from EY on their findings and future considerations following their review of TCFD reporting, which is performed by their specialist sustainability reporting team. A gap analysis and action plan were implemented in response to the findings with the Responsible Business team working with the External Auditors throughout the year to enhance the ESG reporting process and address the recommendations.

Audit Committee continued

The Committee received updates in relation to the EU Corporate Sustainability Reporting Directive which came into force on 5 January 2023 and the Group's preparedness for reporting requirements under the new Directive, which applies to its principal regulated subsidiary in Ireland.

External environment

The Committee kept under review impacts on the financial performance of the business from the external environment such as:

- Conflict in Ukraine: the Committee received regular updates to ensure that the adequacy of loss estimates in connection with the Ukraine war remained constant against the continually changing landscape of the conflict;
- Inflation: the Committee continued to obtain assurance from management on the effectiveness of the process for monitoring reserve loadings for recession and excess economic and social inflation in response to the changing economic environment.

Monitoring forthcoming regulatory changes

In relation to its activities, the Committee kept under review several areas of potential corporate reform in both the UK and other jurisdictions where Beazley operates.

The Committee received updates on:

- the UK Government's proposed reforms to audit and corporate governance, including proposed changes to the Companies Act 2006 (which were later revoked) and the FRC's changes to the Code. The Committee received updates regarding the proposed changes and Beazley responded to the FRC consultation in September 2023, which was sent on behalf of the Chair of the Committee. Beazley also responded to other consultations such as the Department for Business and Trade's call for evidence on non-financial reporting over the summer. The 2024 UK Corporate Governance Code was published by the FRC in January 2024, along with guidance. The Company is reviewing the changes and guidance and does not anticipate any problems with complying with the new or amended principles and provisions. The Committee notes that management will continue with ongoing projects to enhance the Group's control environment, in readiness to be able to comply with the changes to the Code;
- the FRC publication of the 'Audit Committees and the External Audit: Minimum Standard' (the Standard). The Committee received a gap analysis which set out the new requirements of the Standard, outlining areas where the Group was currently compliant, together with actions to be taken to comply with reporting requirements against the Standard. Key areas of focus included the minimum requirements around audit tendering and the monitoring of ongoing contracts for non-audit services undertaken by other audit firms. The Committee's terms of reference were updated in November 2023 to reflect the Committee's remit in respect of the new Standard. The Committee is satisfied that Beazley already operates in accordance with the Standard and additional reporting will be provided in 2024 to ensure full compliance with the Standard; and
- monitoring of key reporting and regulatory updates, including updates on accounting standards, changes in tax legislation and changes in regulatory requirements.

Key financial judgements and estimates for the year ended 31 December 2023

Area of focus	How addressed by the committee
Assessing indicators of impairment of Goodwill	
As further explained in Note 16 to the financial statements, the Group considers annually whether its Goodwill and other indefinite useful life intangible assets require impairment. The recoverability assessment of these assets involves consideration of a number of judgmental assumptions such as future profitability and premium rates.	The Committee reviewed management's assumptions and inputs into the analysis of whether there were any indicators of impairment of the Group's Goodwill balance. The Audit Committee was satisfied with management's approach in determining the carrying value of the Group's intangible assets, and its conclusion that there was no requirement to impair the Group's intangible assets as at 31 December 2023.
Measurement of insurance contract liabilities – level of aggregation	
The Group's policy is to apply the IFRS 17 General Measurement Model when measuring its insurance contract liabilities. Under this model, contracts are aggregated into portfolios based on shared risk and management characteristics, then into groups based on the profitability of the underlying contracts both on initial recognition and subsequently. Further details are included in Note 3 to the financial statements.	The Committee reviewed management's basis for aggregating contracts into portfolios and groups and was satisfied that this approach was reasonable and in compliance with the requirements of the IFRS 17 General Measurement Model.
Measurement of insurance contract liabilities – future cash flows	
Groups of insurance contracts are measured by estimating the amount, timing and probability of future cash flows. Estimates are formed by applying assumptions about past events, current conditions and forecasts of future conditions. These have been outlined in Note 3 to the financial statements.	The assumptions applied by management in estimating future cash flows arising from groups of insurance contracts were reviewed by the Audit Committee. Overall, members were satisfied that the inputs applied were appropriate. In addition, information was presented to the Audit Committee on emerging uncertainty and risk in the reserve environment which might impact future cash flows. Discussions focused on uncertainty around geopolitical developments, rising inflation, macroeconomic uncertainty, and climate change. Accordingly, the potential that these factors might result in increased volatility, as well as greater estimation challenges in respect of insurance claims, remained a key consideration for 2023.

Area of focus	How addressed by the committee
Measurement of insurance contract liabilities – discount rates	
The Group applies discount rates to expected future cash flows in measuring insurance contract liabilities. Management has applied judgement in determining that the 'bottom-up' technique should be used in calculating these rates. This method relies on various estimates – it takes risk-free rates which are derived using government yield curves and adjusts for an illiquidity premium which reflects the characteristics of the Group's asset portfolio. Further details are included in Note 3 to the financial statements.	The Audit Committee received information on management's basis for applying the 'bottom-up' estimation technique. In addition, management presented to the Committee an overview of the calculation methodology and the final rates applied in determining the IFRS 17 result for the year ended 31 December 2023. The Committee was satisfied that both the underlying process and final output were reasonable.
Measurement of insurance contract liabilities – risk adjustment	
IFRS 17 requires that a risk adjustment for non-financial risk is considered in the measurement of insurance contract liabilities. The Group has applied judgement in determining that the Cost of Capital ("CoC") approach should be applied in calculating this risk adjustment.	The Committee has reviewed management's rationale for selecting the CoC approach in calculating the risk adjustment for non-financial risk and deemed this to be reasonable. The Audit Committee received regular reports throughout the year from the Group Chief Actuary and the External Audit team. Towards the end of the year, the Group Chief Actuary reported on the results of the third-quarter reserving review exercise which provided an indication of the reserve confidence level. The Committee also received a detailed paper in support of the level of margin held within technical reserves in the Group's statement of financial position as at 31 December 2023. As in prior years, the committee considered the report of the External Auditor following its re-projection of reserves using its own methodologies. Overall, the Committee was satisfied that there were no errors or inconsistencies that were material in the context of the financial statements.
Measurement of insurance contract liabilities – expense allocation	
Under IFRS 17, the Group is required to include both acquisition and administrative expenses where they are directly attributable to the insurance contract. Judgement is required in determining the appropriate proportion of expenses to be included within the insurance result and reflected on the face of the statement of profit or loss. Refer to Note 3 for further details.	Information was presented to the Audit Committee on the judgements applied in determining which costs were 'directly attributable' and could therefore be included in the 'insurance service expense' line. Overall, the Committee was comfortable that the judgements applied were appropriate.
Valuation of level 3 financial assets	
The Board is responsible for setting the Group's investment strategy, defining the risk appetite and overseeing the internal and outsourced providers via the Chief Investment Officer. The Committee has oversight of the assumptions and techniques used to value the Group's investment portfolio. The valuation of our hard to value 'level 3' investments requires significant judgement. Further details are included in Note 18 to the financial statements.	The Committee noted that the overall investment strategy was broadly unchanged from prior periods. The Committee received updates from the Group Finance Director and reviewed reports that confirm that the investment portfolio was in line with the 2023 Board-approved risk appetite, that carrying values of the portfolio as at 31 December 2023 were appropriate and that the valuation methodologies applied to each hierarchy level were consistent with the accounting policies. Committee members were invited to and periodically attended the Investment Committee. No misstatements that were material in the context of the financial statements as a whole were identified and the Audit Committee was satisfied with the approach employed by management in valuing the financial assets at fair value on the balance sheet at 31 December 2023. Further details on the valuation of financial assets are given in Note 18.
Other financial reporting issues	
The Committee considered a number of other areas of judgement as part of their review of the Group's financial statements, which whilst less material still warranted review by the Committee:	Materiality – The Committee considered how management determine and apply materiality in the context of preparing the financial statements. Accounting for employee share schemes – The Committee reviewed an overview of the assumptions and calculation methodology for determining the fair value of shares which are included as part of employee remuneration. Taxation – The Board and Committee receive regular updates from the Group Head of Tax with regard to taxation matters. Disclosures – The Committee reviewed the format and content of the Group's financial statements, including new IFRS 17/IFRS 9 disclosures and changes to the structure of the report.

External audit

A key area of oversight for the Committee is the management of the external audit process and relationship with the Group's External Auditor, Ernst & Young LLP (EY) and on behalf of the Board. EY were re-appointed as the External Auditors at the 2023 AGM.

During the year and up to the date of this report, the Committee considered reports from EY and management related to the half-year results, the audit of the 2023 Annual Report and Accounts and the 2023 Solvency II related reporting. EY also shared insights and feedback with the Committee and management in relation to the audit and UK audit and corporate governance reforms.

Following the approval of the 2022 Annual Report and Accounts in early 2023, the process for 2023 begins with consideration of the observations from the 2022 audit and management letter points, which set out suggested improvements to controls and processes to further enhance the integrity of the financial reporting process. The Committee receives assurance from management regarding progress made on these points and agrees timeframes for completion of any required actions.

Audit Committee continued

The Committee reviewed and discussed EY's audit planning report for 2023, including work in relation to the half-year results and the year-end audit. A critical change this year was the implementation of IFRS 17. The Committee noted that the EY audit plan and scoping was consistent with previous audits and continued to align with the Group's increased size and complexity. However, EY also set out in their plan the establishment of an additional IFRS 17 team for the purposes of the 2023 audit. The key areas of audit focus are set out in the Auditor's Report on page 108.

The External Auditor provided a review of the Group's half year report in July 2023, as the Company prepared to release results under IFRS 17 for the first time. The report included information regarding EY's audit procedures over the IFRS 17 opening balance sheet, the 2022 comparatives, and the review procedures carried out over key disclosures. The Committee also considered a report from EY on their actuarial review of Beazley's reserving position. The actuarial review included EY's findings on management's treatment of reserving for excess economic and social inflation and key risks and uncertainties arising from market-wide issues, including social and economic inflation and global political uncertainty.

The Committee reviewed EY's findings from their interim audit work ahead of year-end, which was predominantly focused on testing of controls over processes from which financial information is derived.

Moving into year-end and early 2024, the Audit Committee was focused on the review of the 2023 Report and Accounts and the reporting provided by EY in relation to their audit findings.

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

Assessing the effectiveness of the External Auditor

The Committee ensured that high standards of quality and effectiveness in the external audit process were maintained throughout the year.

Audit quality and effectiveness were assessed on an ongoing basis, with a focus on strong audit governance and the quality, experience, and appropriate skillsets of the team. This included the provision of technical and industry knowledge and the independence, objectivity and level of professional scepticism exercised by the External Auditor.

The Committee's activities in assessing the effectiveness of the external audit included:

- Reviewing the quality and scope of the audit planning and its responsiveness to changes in the business and identified risk.

- Considering an assessment and review of the audit team, where feedback from various stakeholders is conducted through survey and discussions.
- Reviewing the results of the annual survey on the effectiveness of the external audit process conducted by management. Feedback was requested in the form of a questionnaire circulated to Non-Executive Directors and management across the Group, including in the US, Ireland, and Singapore. In line with the previous year, the survey focused on five areas; Audit Quality, Forward Looking & Insightful; Efficiency & Audit Delivery; 'No surprises'; Service Quality; and Audit Team Engagement. A comparison of prior year scoring against for these areas had also been provided. The survey also included responses from management and Non-Executive Directors in relation to EY's professional scepticism and noted that Non-Executive Directors believed that a robust level of challenge was provided. The overall results of the survey were positive, concluding the external audit process to be effective. The survey also highlighted areas proposed by management where EY and management could work together to improve the audit process.
- Reviewing the summary of the FRC's Audit Quality Inspection and Supervision Report for EY published in July 2023. Overall, the FRC concluded that EY had made progress on previous findings raised, including improvement in the percentage of audits inspected graded 'good' or 'limited improvements.' EY also highlighted areas for ongoing improvement to address their key themes of "Rebalancing Work Intensity", "More Effective Coaching and Support" and "Greater Standardisation and Simplification", which included increased focus on project management, including training, and the allocation of equitable workloads.

After taking all the above into account, the Committee concluded that the External Auditor and the external audit process were effective.

Non-audit services and independence of the External Auditor

The policy for the provision of non-audit services by the External Auditor supports the Audit Committee's responsibility to monitor and review the objectivity and independence of the External Auditor. The Committee regards the independence of the External Auditor as of the utmost importance in safeguarding the integrity of the external audit process.

The non-audit services policy is reviewed annually by the Committee. The policy's aim is to ensure that the provision of such services does not impair the External Auditor's objectivity. Some activities are prohibited from being performed by the External Auditor under the policy, such as recording and reporting financial transactions, internal estimation of risks and liabilities, and setting executive pay levels. The policy requires consideration and pre-approval for all other material services. Permissible non-audit services are all closely related to the audit and/or required by law or regulation.

The Committee reviewed the terms of any proposed appointments to ensure they had been robustly justified. The Committee received a report from the External Auditors setting out all non-audit services undertaken, to enable them to monitor the types of services being provided and fees incurred for that work. Non-audit work approved by the Committee during the year included the appointment of EY to assist with

the 'Lloyd's Agency Circumstance Procedure' in relation to the Group's proposal to set up a new US Excess and Surplus Lines Carrier (Beazley Excess and Surplus Insurance Company Inc) which included discussions with the Lloyd's Names (Names)/Members' Agents and the collation and reporting of votes from the ballot of Names. None of the non-audit services provided are considered by the Audit Committee to affect the Auditor's independence or objectivity.

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

Having considered the following factors, the Committee concluded that EY was independent from the Group throughout the year and to the date of their audit report:

- non-audit services provided by EY complied with the Group's non-audit policy and the requirements of the FRC's ethical standard;
- EY had complied with the FRC's requirements around rotation of the audit partner and senior members of the audit team;
- the Group has not employed members of the EY audit team or any EY partners during the year; and
- EY have confirmed compliance of their staff and partners with EY's internal policies and processes around independence, and no partners or staff held financial interests in the Group.

Auditor tenure and audit partner

EY were appointed as the Group's auditor in 2019, following a comprehensive tender process and the 2023 year-end audit marks EY's fifth consecutive year end as the Group's auditor. The Group is required to put the audit to a competitive tender process at least every ten years. The recently published FRC Minimum Standard places greater emphasis on best practice for the audit tender process, including the management of non-audit relationships with other audit firms. This is to ensure there is a fair choice of suitable external auditors at the time of the tender. Management have recommended that a longer planning period should be adopted prior to the commencement of the next tender process, which must conclude before the commencement of the 2029 audit. Enhanced processes to monitor relationships with other audit firms are being developed, and further reporting will be provided to the Committee in 2024.

The Committee considered the rotation of the lead-audit partner in line with the requirements of the FRC Ethical Standard (2019). Following the conclusion of the 2023 year-end audit, Stuart Wilson, the current lead audit partner, will rotate from the role following the sign-off of the audit opinion and related work for the 2023 Annual Report and Accounts. To select the new lead audit partner, the Committee requested that EY provide a shortlist of candidates. Three candidates were put forward to meet with the Group Finance Director and senior management from the finance function. Management's recommended candidate subsequently met with the Chair of

the Committee. In discussing the appointment, the Committee noted the depth of experience of the candidates presented but also the lack of diversity. Robert Bruce, who has extensive insurance and financial services audit experience, has been appointed as the lead audit partner for Beazley plc Group's statutory audit effective from 1 January 2024.

Audit fees and reappointment

The Committee reviewed and agreed EY's audit fee for the 2023 year-end, including TCFD reporting work and the initial audit of IFRS 17 and IFRS 9. For 2023, fees for audit and audit related services were \$11.2m (2022: \$6.2m). Fees for non-audit and assurance services for the year were \$0.9m (2022: \$0.7m) and included work related to the accounts and regulatory reporting of the syndicates managed by Beazley, which would commonly be carried out by the External Auditor. Detailed papers were submitted by EY explaining their proposed increase in fees. The first-year audit of IFRS 17 which involved EY auditing the opening balance sheet and 2022 comparative alongside the 2023 result caused a significant increase in the audit fee of \$5.0m, of which we expect approximately \$1.5m to be a recurring additional cost.

The Group has complied with the UK Competition & Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the year. The external audit contract will be put out to tender at least every 10 years and will be conducted no later than 2029. There are no contractual obligations which restrict the Group's choice of auditor.

Given the assessments described above regarding EY's continued effectiveness and independence, and that EY have indicated their willingness to be reappointed as the Group's auditor, the Audit Committee has recommended to the Board that EY be reappointed for the financial year ending 31 December 2024.

Internal audit

During 2023, the Group's Internal Audit function reported directly, and was accountable, to the Committee and the Head of Internal Audit had direct access to the Committee Chair.

Internal Audit plays an important role in providing an independent view to management, the Committee, and the Board on Beazley's risk management, internal controls, and governance. The Internal Audit Charter sets out their purpose, responsibility, and authority, and is reviewed by the Committee on an annual basis. Internal Audit's purpose is to enhance and protect Beazley's organisational value by providing risk-based and objective assurance, advice and insight.

The Committee reviews reports from Internal Audit, covering an overview of the work undertaken and audits completed in that period. The report describes actions arising from completed audits and the tracking and completion of actions from previous audits. The Head of Internal Audit highlights any concerns or overdue audit actions to the Committee. During 2023, Internal Audit also presented the Internal Audit Change Assurance Plan. The report set out how the Internal Audit function would monitor and provide assurance over change related to the mid-term strategy, portfolio change, and other change projects across Beazley.

Audit Committee continued

A key document reviewed by the Committee is the Internal Audit plan and risk-based audit universe, which is discussed with the Committee annually. A consolidated assurance plan is also developed through co-ordination with other assurance functions to ensure that all assurance related work is aligned and focused on the key priorities. The Committee questions any topics that it thinks are missing and makes sure that there are enough resources to implement the plan. External providers are sometimes used to enhance delivery, where specific skills and expertise need to be co-sourced.

The Committee reviewed the areas to be included in the 2024 internal audit plan which included leadership change, including impact on culture and control effectiveness in the IFRS 17 environment. The plan had been divided into two parts, the primary plan showing key deliverables for 2024, and the secondary plan which would be reassessed based on resources available. During the review of the 2024 plan, the Committee challenged the frequency of audits in certain areas of the business as well as the balance between thematic reviews and full end-to-end audits.

At the end of each year, the Committee considers an annual report from Internal Audit which provides analysis of the delivery of the audit plan; significant findings and overdue actions; the control maturity framework (for control design, control operation and risk management and compliance); risk management framework; risk management culture; control environment; and whistleblowing.

The Committee also reviewed the suggested changes to the Institute of Internal Auditors (IIA) International Professional Practices Framework and the refresh of the Global Internal Audit Standards. An important aspect is the duties and functions of the Audit Committee that allow the Internal Audit function to fulfil its objective. Following the review, it was not expected that there would be any significant impact to the current approach, but the Committee agreed to carry out a full gap analysis when the new standards were published.

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

The Committee reviewed the effectiveness of the function and remained satisfied that the Internal Audit function had sufficient resources during the year to undertake its duties. The effectiveness of Internal Audit was monitored by the Audit Committee, through agreeing plans and performance monitoring. External Quality Assessment reviews are also undertaken every five years (unless it is agreed by the Committee that a review is required earlier). The last external review was completed in November 2019 and the process for the 2024 external assessment has commenced. The Committee was satisfied that the Internal Audit function remained effective.

Internal financial controls

The Board is responsible for the Group's risk management and systems of internal control and is required by the 2018 version of the Corporate Governance Code to review their effectiveness. As part of this process the Audit Committee was responsible for reviewing the effectiveness of internal financial controls. This included receiving information provided by the Financial Controls function relating to the internal control environment over financial reporting, including those controls in place expected to support the reporting obligations required under the newly implemented IFRS 17 accounting standard. The Committee also oversaw the ongoing enhancements to the Group's Financial Control Framework, receiving updates on the timeline for the implementation of the enhanced framework and recommended the Financial Control Framework policy for approval to the Board. The purpose of the framework is to set out the principles and processes required to provide management and Non-Executive Directors with objective assurance that the internal controls environment over financial reporting is effective. The framework will also further enhance the Board's ability to assess the effectiveness of these controls on an annual basis in line with the revisions to the Code in the UK and Model Audit Rule reporting requirements in the US. In relation to the half-year results, the Committee considered progress made on the implementation of the Financial Control Framework and additional information on control safeguard enhancements implemented by the Group with the support of the Financial Controls function.

The Committee also received detailed information and analysis from EY on UK Corporate Reform implications for the Group and providing industry benchmark analysis on internal control best practice.

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

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

The Committee reviewed the report from Internal Audit and were satisfied that the Group's system of internal control and risk management framework remains effective.

Risk Committee



Fiona Muldoon
Risk Committee Chair

Dear shareholder,

I am pleased to present the Risk Committee (the Committee) report for the year ended 31 December 2023. In its first year since the Risk Committee was separated from the Audit Committee, we have supported the Board in overseeing the Company's internal control and risk management systems. This includes the effectiveness of material operational and compliance controls, and the Group's risk management framework and processes for monitoring compliance with laws and regulations.

Economic uncertainty

Throughout the year, the Committee has kept under review much uncertainty from developments in macro-economic and geopolitical environments and their possible impacts on Beazley's risk profile. The extraordinary combination of external headwinds in the insurance sector, softening market conditions in certain Specialty risk classes, continuing but stabilising economic inflation, and impacts from conflicts have been monitored closely. Climate change also remains a global concern requiring increasing focus both internally and externally. The Committee expects continued uncertainty and continues to monitor these risks given their evolving nature. The Committee will continue to monitor and scan for other emerging risks.

Simplification and de-risking

The multi-year programme to simplify and de-risk the business is being overseen by the Committee. This programme poses implementation risks albeit successful execution will provide further digitalisation and scalability opportunities to the Group. The Board has also charged the Committee with overseeing the assurance activities for the programme. Also, the Committee closely monitors the rate of change and totality of activity to ensure core elements of the business plan and control environment remain strong.

Continued enhancements to the risk management framework

I am pleased to note further enhancements to the risk management framework this year. The Committee oversaw a refreshed suite of Key Risk Indicators being fully embedded across the risks as part of the risk appetite framework. A simplified format makes content in the risk management framework more accessible to the business. The refreshed risk taxonomy provides a common language of risk to be used throughout the business. A more holistic view of key emerging risks is in place encompassing both macro and micro views across key risk categories with enhanced governance.

Internal Model

The Committee reviewed and recommended for Board approval a major change to the Internal Model during the year, including ensuring that the model remained appropriate given the current risk profile. The Committee assessed the impact of the changes on Solvency Capital Requirements of the Group. These were determined to be reasonable.

2024 priorities

In 2024, the Committee will be focused on oversight of successful execution of the previously mentioned programme to simplify and de-risk; risk implications arising from the Group's three-platform strategy being further embedded; key regulatory changes including Consumer Duty and UK corporate governance reforms; trends and changes with geo-political issues; market cycle risks with the hardening Property Reinsurance market and headwinds in Cyber and certain Specialty Risks; inflation and social inflation risk; Artificial Intelligence including the risk and opportunities both to Beazley's operations and insurance business. There are planned deep dives by the second line across key risks in 2024, which will be reported to the Committee. These are important as Beazley grows its business across the three underwriting platforms and keeps abreast of ever-evolving regulatory and legislative changes.

I was delighted to become Chair of the Committee on 29 September 2023, taking over from Robert Stuchbery, and I look forward to working diligently with the Committee, management, and the entire Risk Management function to place the Group in the optimal position to ensure success in the challenging macro-economic environment.

Fiona Muldoon
Risk Committee Chair

Responsibilities of the committee

The Committee's principal role is to support the Board of Directors in overseeing the Group's risk management framework and processes for monitoring compliance with laws and regulations.

The responsibilities of the Risk Committee are set out in its terms of reference, which are reviewed by the Committee and submitted to the Board for approval on an annual basis. The terms of reference are available on the Company's website: www.beazley.com

The Committee's key responsibilities include:

Internal control and risk management systems

- Reviewing the Company's internal control and risk management systems and the effectiveness of controls;
- Advising the Board on the risk management framework;
- Reviewing reports on the key risks and controls;
- Monitoring risk appetite;
- Reviewing and managing emerging risks;
- Ensuring the Risk Management function has adequate resources to perform effectively; and
- Reviewing statements to be included in the Annual Report regarding risk management and controls and assessment of principal and emerging risks.

Compliance and assurance

- Reviewing systems, procedures and controls for detecting and preventing fraud and bribery;
- Reviewing reports from the Compliance Officer; and
- Providing assurance to the Board regarding risks around group-wide transformational or strategic projects.

Committee membership and meetings

Since its establishment on 1 January 2023, the Committee comprises six independent Non-Executive Directors. Robert Stuchbery was Chair until 29 September, when Fiona Muldoon assumed the role. Pierre-Olivier Desaulle, Nicola Hodson, John Reizenstein, and Cecilia Reyes Leuzinger are the other members. There were no changes to Committee membership during 2023.

The gender and ethnic diversity of the Committee is shown in 'governance at a glance' on page 76.

The Risk Committee is required to meet at least quarterly, with meetings scheduled at appropriate intervals in the reporting cycles. During 2023, the Committee met six times, which included a sub-group of the Committee holding a meeting to review and recommend the annual Own Risk and Solvency Assessment (ORSA) and a joint meeting of the Beazley plc Risk Committee and those of its regulated subsidiaries to review the risk management framework and the assurance function plans for 2024. The attendance of the members at Risk Committee meetings is provided in the table on page 87.

Only the members of the Committee have the right to attend meetings; however, invitations are routinely extended to the Beazley plc Chair, Chief Risk Officer, Chief Executive, Group Finance Director, Head of Internal Audit and the External Auditors. The Company Secretary acted as secretary to the Committee. The Chair of the Committee meets with the Chief Risk Officer, Senior Risk Managers and the Company Secretary during the year to ensure the work of the Committee is focused on the right topics and the Committee is receiving valuable information.

The work of the Committee is also supported by the work undertaken by the Risk Committees of the Group's principal subsidiaries and by the Executive Risk and Regulatory Committee. The Chairs of the subsidiary Risk Committees attend the Beazley plc Risk Committee at least annually and the Chairs are in regular communication to ensure a consistent approach to risk management oversight across the Group. The joint meeting of the Risk Committees, where all members are invited, also helps with cohesiveness of approach to risk management across the Group.

Committee performance evaluation

The review of Committee effectiveness will take place annually as part of the Board evaluation process. As the Committee was newly formed in 2023, this was the first evaluation of the Committee's performance. The review determined that the Committee is operating effectively, however, the Committee is still in its formative stage, and the review acknowledged that improvements could be made in line with the longer-term strategic plan and governance changes. For more information on the Board evaluation and its outcomes please refer to pages 97 to 98.

Risk Committee continued

Areas of focus during 2023

Area of focus	How addressed by the Committee
Risk management framework	
Embedding and enhancing the risk management framework including risk registers, and the link between business strategy, risk strategy and risk appetite. For further information on the risk management framework see the Risk management report from page 69.	The Committee reviewed the ongoing maturity development of the risk management framework to ensure that the framework is aligned with the Group's risk profile, regulatory expectations, future growth plans, and strategic objectives. The Committee approved changes to the suite of core documentation and risk incident processes in June and November 2023, including a revised risk taxonomy, ORSA policy, refinements to risk appetite statements including key risk indicators, risk and control assessment templates and the risk framework document including risk opinions and emerging risks. The Committee will continue to oversee work into 2024 in embedding the risk management framework.
Operational risk	
The Board has delegated primary responsibility for oversight and assurance around the execution of strategic and operational projects to the Risk Committee, in addition to overseeing operational risk as part of the risk management framework.	The Committee received quarterly updates regarding the key strategic and operational projects across the Group, including internal and external assurance activities related to the projects. The Committee also received specific reporting on the operational risks as part of the evolving risk profile and framework of the Group. The Committee was satisfied that Beazley's approach to managing operational risk is appropriate to meet current business activities. The operational risk policy was reviewed and approved by the Committee in September 2023.
Cyber risk	
Cyber risks continue to evolve and increase due to the commercialisation of cyber-crime leading to a potential increase in the frequency and severity of incidents impacting underwriting and operational risks.	Given the importance of Cyber Risk business to the Group, this line of business contributes significantly to the potential reputational risk of the Group. It is important therefore for the Group to be cyber-resilient. A combination of a large cyber outage of critical infrastructure impacting both the Group and its clients at the same time presents a remote but high-impact emerging risk. The Committee reviewed detailed scenario analysis during 2023 around cyber risk. The assumptions and methodology underlying the cyber realistic disaster scenarios were debated and challenged. The Committee reviewed the detailed annual operational resilience self-assessment in March 2023 including Beazley's incident response plan and operational resilience testing.
Internal controls and systems	
Reviewing the effectiveness of internal controls as part of the risk management framework, in accordance with the UK Corporate Governance Code.	The Board is responsible for the Group's risk management and system of internal controls and reviewing their effectiveness, however the Committee provides input into this assessment. The Committee assesses the internal control environment throughout the year through review of the risk management framework and regular risk management and second line assurance reporting. This includes regularly assessing key controls for operational effectiveness. Reports include commentary on the status of the control environment and risk incidents, and any issues arising out of risk reviews are reported to the Committee. The Committee has determined that the Group's systems of risk management and internal control continue to be effective in line with the Code and the FRC's Guidance on Risk Management, Internal Control and related Financial and Business Reporting. The Group will continue to carry out its medium-term plans to de-risk and simplify the business; including evolving current infrastructure, and automating processes to support a more robust internal control framework. The Internal Audit function separately reports independently to the Audit Committee on the design and operating effectiveness of the system of internal controls covering the integrity of the Group's financial statements and reports, compliance with laws and regulations, corporate policies and the effective management of risks faced by the Group in executing its strategic and tactical operating plans. For more information see the Audit Committee report from page 106.
Internal Model	
Beazley sought to apply to make a major model change application to the Central Bank of Ireland during the year. The Committee reviewed the application and changes to the Group model.	The Committee reviewed a major change to the Group Internal Model during the year, including ensuring that the model remained appropriate given the current risk profile and assessing the impact on Solvency Capital Requirements of the proposed changes on the Group. The Committee also received and reviewed an independent external validation opinion in connection with the proposed changes, in line with the Internal Model Validation policy. Based on all of the information received, the Committee was satisfied that the Internal Model was appropriate and that the relevant policies had been correctly updated. The Committee recommended the changes to the Internal Model to the Board for approval and that the application be submitted to the Central Bank of Ireland. The changes were also approved by the Board of the Group's principal Irish regulated entity, Beazley Insurance dac, which was impacted by the proposed changes to the Internal Model.
Principal and emerging risks assessment	
The Committee is responsible for carrying out an assessment of the Group's principal and emerging risks in accordance with the Corporate Governance Code.	The Committee specifically considered areas of key risks to the business and emerging risk via reporting and through the ORSA. The process for identifying and managing emerging risks is set out in the risk management framework and they are identified through internal and external lenses. The principal risks to the business were identified as insurance risk, market risk, operational risk, liquidity risk, credit risk, group and strategic risks, and regulatory and legal risk. Further information regarding these risks is included in the Risk management report from page 69.

Other Committee activities during 2023

Internal control and risk management systems

- **Risk appetite:** The Committee has monitored the Group's actual risk profile against risk appetite throughout 2023 and can confirm that Beazley plc is operating within risk appetite as at 31 December 2023.
- **Risk assessment:** The Committee has performed a review of the Group's risk profile to assess its coverage of the universe of risk and ensure that major underlying risks are visible to the Board and are being monitored.
- **Reverse stress testing:** The Committee received the results of the reverse stress testing exercise, which explores the conditions necessary to render the Group unviable. The Committee has provided assurance to the Board that this work has been performed with the appropriate level of depth and expertise. The work covered four key scenarios including large operational, cyber catastrophe, natural catastrophe, and combined catastrophe events. The reverse stress tests carried out in 2023 concluded that the Group currently has significant capital surplus, especially following the capital injection in 2022, and the control environment is robust and unlikely to fail in such a way as to cause unviability to the Group. Further information is included in the viability statement on pages 73 to 74.
- **Heightened risk:** A risk is considered heightened if the likelihood or the impact of occurrence is higher than usual. The Committee considered the heightened risk report twice during 2023. Based on the business plan, the Risk Management function identified areas of heightened risk, which were discussed by the Committee. Management continues to be proactive in ensuring processes and capabilities continue to be fit for purpose and are scalable for the future.
- **Oversight of the Internal Model:** During 2023 the Committee approved the Group solvency capital requirement (SCR) and a major model change to the Group's Internal Model. The Committee and the Risk Committees of the subsidiary Boards spent significant effort in the oversight of the Group's Internal Model. This work has included oversight of a standing report on Internal Model output, and a validation report of model changes featuring both internal and independent validation and themed reviews – for example, on the approach used to aggregate risk in individual entities which consolidate up to the Group level. These assessments have supported the Boards' approval and use of the Internal Model.
- **ORSA:** The Committee received ORSA reports and reviewed them before recommending them to the Board. The Annual ORSA was reviewed and recommended to the Board in April 2023. An ad hoc ORSA pertaining to the major model change was presented and approved for recommendation to the Board in September 2023. The Committee also reviewed and approved enhancements to the ORSA process through the scenario analysis work undertaken in 2023 in line with the new stress and scenario testing framework;
- **Capital:** The Committee noted that scenarios across Cyber underwriting and high inflation have the most significant impact on solvency, however there are several capital contingency options in place to mitigate this risk.
- **Deep dives/assurance assessments/risk reviews:** During 2023, the Committee received focused risk assessments and assurance on key risks. These included IFRS 17, multi-year Group-wide operational projects, strategic project risk opinions, business plan risk opinions, reinsurance concentration, and outsourcing over delegated claims adjusting partners. The Committee also received risk reviews on areas such as talent management, finance, credit, legal and regulatory, reputation, conduct, environmental, social and governance (ESG), reinsurance operational, claims operational, third party intra-group services and working environment.
- **Risk function resources and plan:** The Committee oversaw and monitored the resourcing plan for the Risk function and reviewed its effectiveness, as well as reviewing the prioritisation of resource for key risk exposures, business changes, strategic project work in the move towards a three-platform model, strategic projects, and the 2024 business plan.
- **Culture:** The Committee received observations on risk culture as part of the various risk reports presented. An independent review of overall culture was also carried out and reported to the Committee. For more information, see page 91.
- **Third party and intra-group outsourcing:** Given the Group's structure and transition to a three-platform model, it is important that additional oversight is placed on all intra-group services. This is a recent area of regulatory focus and engagement, particularly seen in 2023. In addition, continued regulatory oversight over third parties continues to be a heightened risk. The Committee received a report in June 2023 around the de-risking activity of Beazley's procurement processes to address Internal Audit findings and third-party regulatory obligations as well as building an enhanced Group procurement capability.

Risk Committee continued

Compliance and Assurance

- **Legal risk framework:** Given Beazley's size, complexity and growth aspirations, the Committee reviewed the Group's legal framework to ensure Beazley has a consistent approach to managing legal matters. The Committee reviewed the recommendations around an enhanced legal risk framework and will continue to monitor and oversee legal risk and the implementation of an enhanced legal risk framework during 2024.
- **Annual compliance plans:** The Committee monitored the implementation of the 2023 compliance monitoring plan and reviewed and approved the annual compliance plan for 2024.
- **Compliance function resources and effectiveness:** The Committee received updates on the resourcing, structure and effectiveness of the Compliance function and Risk function. In reviewing the effectiveness of the Risk and Compliance functions the Risk Committee remained satisfied that the Risk and Compliance functions had sufficient resources during the year and into 2024 to undertake their duties.
- **Laws and regulations:** The Committee reviewed changes in the regulatory environment applicable to Beazley and received regular updates on relationships with key Group regulators and oversight of regulatory requests as well as providing oversight of responses to regulators in relation to corporate developments.
- **Money laundering officer reporting:** The Committee reviewed updates from the money laundering reporting officer on the adequacy and effectiveness of the Company's anti-money laundering systems and controls.
- **Financial Crime:** The Committee reviewed and approved the Group financial crime policies inclusive of anti-bribery and corruption and anti-fraud to ensure the Group has appropriate procedures in place to prevent bribery and corruption. The Committee also received updates on the new UK regulations that introduces the 'failure to prevent fraud' corporate offence and Beazley's steps to prepare for this legal and regulatory development. The Committee also received and reviewed the annual financial crime risk assessment report.

Remuneration Committee

Responsibilities of the Committee

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

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

The Committee's main responsibilities are to:

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

Committee meetings and attendance

The Committee was chaired by Nicola Hodson on an interim basis until 9 May 2023, when Nicola was appointed Chair on a permanent basis. Committee membership also comprises Raj Agrawal, Christine LaSala, Cecilia Reyes Leuzinger, and Robert Stuchbery.

In 2023, there were four scheduled meetings and two additional ad hoc meetings. The additional meetings were pertaining to remuneration arrangements for senior individuals within the firm and to discuss the impacts of the financial accounting change to IFRS 17 on remuneration. The activities of the committee during 2023 are set out below. Only members of the committee have the right to attend meetings; however, other individuals, such as the Chair, Chief People Officer and Head of ESG, representatives from other Boards or Committees, and external advisers, may be invited to attend for all or part of any meeting where this is beneficial to assist the Committee with fulfilling its responsibilities. The Company Secretary is the secretary to the Committee.

The attendance at meetings by Committee members is shown in the table on page 86.

The gender and ethnic diversity of the Committee is shown in 'governance at a glance' on page 76.

Board and Committee performance evaluation

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

Key Committee activities during 2023 and early 2024

	Activities	More information
Remuneration policy	Completed the implementation of the new remuneration policy that was approved by shareholders at the 2023 AGM, this included the inclusion of ESG related performance metrics in the Long-term Incentive Plan (LTIP). Shareholder engagement activities and outcomes in relation to the remuneration policy were explained in the 2022 Annual Report.	Directors' remuneration report (page 124)
Remuneration of Chair, Executives and other senior management	- Having assessed individual performance, approved the remuneration arrangements and bonus awards of the Executive Directors and the Executive leadership team. - Ensured incentives continued to be appropriate to align the interests of Executives and senior management of the Company and shareholders. - Considered and approved the salary and bonus awards for 2023 for heads of control functions, material risk takers, and the Company Secretary. - Considered the potential for windfall gains in LTIP awards granted in 2021.	Directors' remuneration report (page 140)
Remuneration of the workforce	- Satisfied itself that the current remuneration structure is appropriate to attract and retain talented people and took any appropriate actions that were necessary throughout the year. - Approved specific matters to support the retention of key employees. - Considered the aggregate remuneration approach for the wider workforce and ensured that the approach to Executive and workforce remuneration and bonuses was explained to the workforce by the Chief Executive in an all-employee session.	Directors' remuneration report (page 140)
Share plans	- Approved the grant of share awards under the Group's deferred, and LTIP plans. - Reviewed the methodology used to calculate NAVps growth for LTIP vesting, and introduced further controls, in conjunction with the work carried out by the Audit Committee. - Reviewed and approved an updated LTIP shareholding requirement policy for senior management of the Company.	Directors' remuneration report (page 144)
Governance	- Considered the Chief Risk Officer's report which confirmed that the design of the remuneration policy promotes appropriate risk behaviour throughout the organisation. In addition, the analysis considered the performance of the control environment, profit related pay targets, calculation of the bonus pool, share awards, and review of risk metrics for Solvency II purposes. Approved the gender and race pay gap reports. - Reviewed the remuneration landscape for FTSE 250 and FTSE 100 companies and guidance from proxy agencies and investors. - Approved the Malus and Clawback policy. - Reviewed and approved the Directors' Remuneration report. - Engaged with more than 40 of the largest shareholders regarding the impact of the IFRS 17 financial report change on the incentive framework and took their views into account in agreeing the framework.	Our gender pay gap report is available on the Company's website

Letter from the Chair of our Remuneration Committee



Nicola Hodson
Remuneration Committee Chair

Dear shareholder

On behalf of The Board, it is my pleasure to present Beazley's directors' remuneration report for the year ended 31 December 2023.

Beazley's performance in 2023

I am pleased to report that our company has achieved outstanding results in the past fiscal year. The Group returned record profits of \$1,254.4m and delivered record Return on Equity (ROE) of 30%. Insurance written premiums increased to \$5,601.4m and we realised a combined ratio figure of 71%.

This exceptional performance was accomplished through the disciplined management of our products and is a testament to our collective efforts in seizing developing underwriting opportunities and deploying capital strategically. Throughout the year, Beazley has demonstrated resilience, foresight, and agility in navigating the challenges posed by the ever-evolving market landscape, particularly the rising geopolitical tension, a maturing Cyber market and navigating the impact of AI on our risk environment. We are strongly capitalised and very well positioned to deploy it in the areas where we can make the most of market opportunities and achieve continued profitable growth.

We are also proud of the social impact we achieved in 2023. We met our gender target, and now 45% of our senior leadership team are women. We met our goal for racial representation, and now 27% of the organisation are People of Colour, with a quarter of that group specifically being Black people. Beazley employees also volunteered a total of 2,697 hours for our communities (up 59% on 2022). There was also an increase to the amount donated to charitable causes, with Beazley donating over \$600,000 (up 27% on 2022). We continued to enhance our approach to climate-related matters, through the targeting of a 50% reduction in in-scope greenhouse gas emissions by the end of 2025 (relative to the 2019 baseline), further developing our tools to assess climate risk, and the development of Beazley's first plan for the transition to net zero.

Incentive out-turns

2023 was an exceptional year in terms of both financial and strategic performance. Taking into account our record performance and the exemplary individual performance of the executive directors, the committee determined that they would receive maximum annual bonus in respect of 2023. This is the first year that annual bonuses have paid out at maximum and the committee considers it an appropriate reflection of an outstanding year. The Committee has applied a risk adjustment of 10% to the GFD's 2023 bonus. Further details are provided on page 133.

In-line with Beazley's long-term success the second tranche of the 2019 LTIP vested at 100% of maximum following NAV growth per annum of 18.3% and the first tranche of the 2021 LTIP also vested at 100% of maximum following NAV growth per annum of 26.3%.

The committee considers the incentive outturns to be appropriately aligned with Beazley's pay for performance culture and considers that the remuneration policy has operated as intended during 2023.

Impact of IFRS 17 on incentives

As discussed on page 129 in this Annual Report, the adoption of accounting standard IFRS 17, with effect from 1 January 2023, has had a significant impact on Beazley's financial reporting. One of the major impacts of the transition to IFRS 17 is a change in the timing of profit recognition relative to the previous accounting standards, which has a material impact on the performance assessment for both the bonus and LTIP. During the year the Committee has given this issue careful consideration and, guided by a principle of fairness, we have identified that it is necessary to make adjustments to the bonus and LTIP outcomes to ensure that participants do not unduly benefit nor are unduly penalised by the adoption of IFRS 17.

Recognising that adjustments to inflight incentives can be a sensitive topic the Committee consulted with our major shareholders to explain the rationale for the adjustments and to allow shareholder views to be taken into account when finalising our approach. The Committee greatly values the views of our shareholders, and we were pleased to find that all shareholders consulted were supportive of our approach. I would like to take this opportunity to thank those shareholders who took part in our consultation. Further details can be found on page 130.

Director changes

As announced during the year, Sally Lake is due to step down from the board and her role as Finance Director by August 2024. In recognition of her remarkable 18-year career with Beazley, and her commitment to an orderly succession, Sally will be treated as a 'good leaver' for the purposes of her incentives. She will remain eligible for a pro-rated annual bonus in respect of 2024 and her outstanding share awards will subsist to their normal release/vesting date subject to time and performance pro-rating where applicable. In accordance with the Remuneration Policy Sally will be subject to post-employment shareholding guidelines following her departure.

Remuneration Policy implementation for 2024

The committee considers that the current implementation of the policy continues to be appropriately aligned with the delivery of Beazley's long-term strategic priorities and in the best interest of shareholders. Therefore we are not proposing any material changes to the remuneration framework for 2024.

Chair and Non-Executive Director fees for 2024

During the year the Non-Executive Director Fee Committee undertook a detailed review of fee levels. The review took into account the increased expectations of the role given the growth in Beazley's scale and complexity over the last few years. The committee identified that fee levels were no longer reflective of the time commitment of Beazley's Non-Executive Directors. Therefore, it was agreed that fees would be increased to a more appropriate level to enable Beazley to continue to attract Non-Executives with the necessary skills and experience to effectively oversee Beazley's governance.

2024 AGM

At the forthcoming AGM there will be an advisory vote in respect of the directors' remuneration report. I look forward to your continued support of remuneration at Beazley.

Nicola Hodson

Remuneration Committee Chair

Directors' remuneration report

Remuneration in brief

Remuneration policy

The main aim of Beazley's remuneration policy is to ensure that management and staff are remunerated fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel. The Committee considers that the policy supports our strategy and promotes the long-term success of Beazley.

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

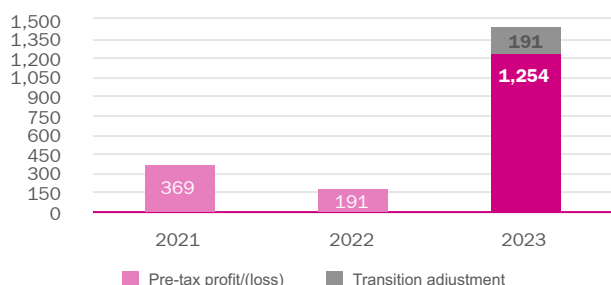
Factor	Details
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	At Beazley performance-related remuneration is an essential motivation to management and staff and is structured to ensure that Executives' interests are aligned with those of our shareholders. We operate a bonus structure that is based on Group profitability and long term performance. A key principle is that the committee exercises its judgement in determining individual bonus awards. In recent years we have expanded our disclosure to provide shareholders with further clarity on the way in which we determine awards.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	In determining our remuneration framework the Committee was mindful of avoiding complexity and making arrangements easy to understand for both participants and our shareholders. As part of last year's Policy review we simplified our approach to bonus deferral so that one-third of any bonus is deferred into shares for three years and we also simplified the LTIP performance period.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	We believe reward at Beazley is appropriately balanced in light of risk considerations. The Committee receives an annual report from the Chief Risk Officer to ensure that our wider remuneration policy is consistent with, and promotes, effective risk management. Our framework has a number of features which align remuneration out-turns with risk, including a five year time horizon on the LTIP, deferral of bonus into shares and personal shareholding requirements which extend post departure. Further details of the link between risk and remuneration are set out on page 137.
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	Stated in the 2022 Directors Remuneration Report are four illustrations of the application of our remuneration policy including the key elements of remuneration: base salary, pension, benefits and incentives. Payments at Beazley are directly aligned to the Group's performance and the graph and table set out on page 134 demonstrates how historic annual bonus out-turns have reflected ROE performance.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	Individual remuneration reflects Group objectives but is dependent on the profitability of the Group and is appropriately balanced against risk considerations. Potential rewards are market-competitive and the committee is comfortable that the range of potential out-turns are appropriate and reasonable.
Alignment to culture Incentive schemes should drive behaviours consistent with company purpose, values and strategy	The Remuneration Committee considers that the structure of remuneration packages supports meritocracy, which is an important part of Beazley's culture. All employees at Beazley are eligible to participate in a defined contribution pension plan and a bonus plan. Bonuses are funded by a pool approach which reflects our commitment to encourage teamwork at every level, which is one of our key cultural strengths.

Directors' remuneration report

Performance in 2023

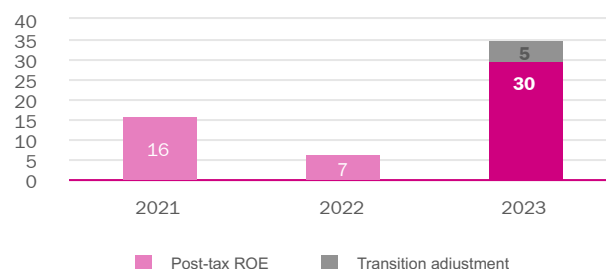
2023 was an exceptional year for Beazley. The Group achieved profit before tax of \$1,254.4m (prior to the IFRS 17 adjustment) and an impressive 71% combined ratio and strong investment results. Insurance written premiums were up by 7% to \$5,601.4m (2022: \$5,246.3m). The adjustment detailed on page 129 has no impact on bonus outcomes for 2023 as the unadjusted ROE exceeded the maximum target.

Profit before tax (\$) ¹



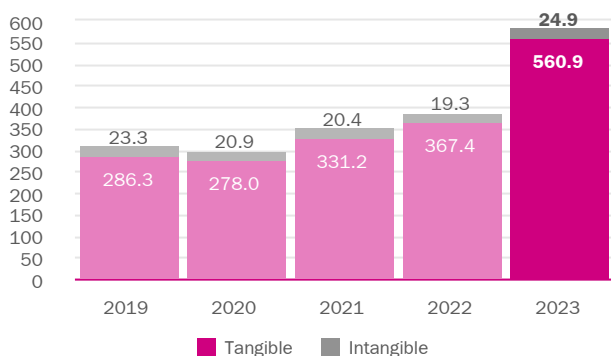
1 The PBT figures stated above are on an IFRS 4 basis for 2021 to 2022 and on an IFRS 17 basis for 2023 (including a transitional adjustment as explained on page 129).

Return on equity (%) ^{1 2}



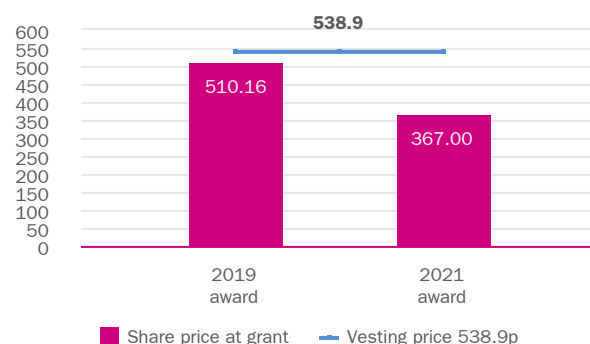
1 The ROE figures stated above are on an IFRS 4 basis for 2021 to 2022 and on an IFRS 17 basis for 2023 (including a transitional adjustment as explained on page 129).

Net assets per share (c) ¹

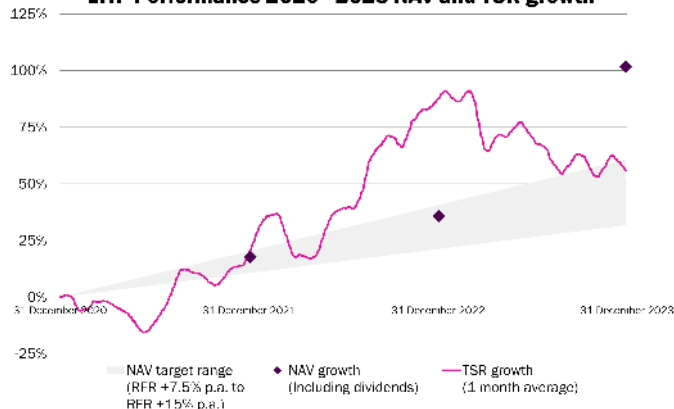


1 The net assets per share figures stated above are on an IFRS 4 basis for 2019 to 2022 and on an IFRS 17 basis for 2023 (excluding the adjustment as explained on page 129).

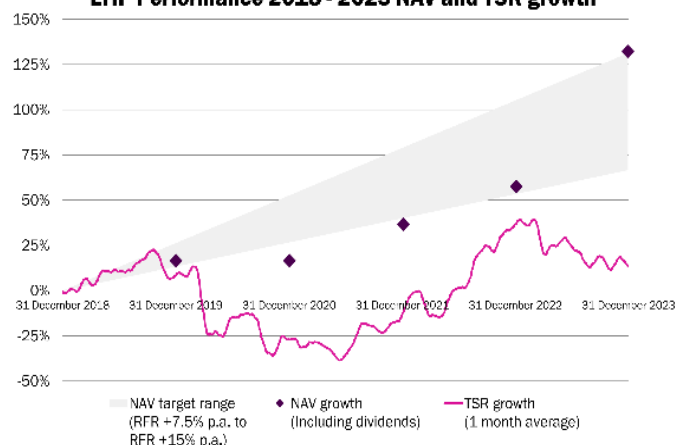
Share Price (p)



LTIP Performance 2020 - 2023 NAV and TSR growth



LTIP Performance 2018 - 2023 NAV and TSR growth



Outcomes for 2023 and implementation for 2024

Overview of Policy and Implementation for 2023	Overview of Implementation for 2024
Base salary	
Salaries are set at a level to appropriately recognise responsibilities and to be broadly market competitive. Salary increases generally reflect our standard approach to all-employee salary increases across the Group.	Salaries increased by 4%, below the average rate for the wider workforce.
Salaries for 2023 were as follows: - A P Cox £625,000 - S M Lake £434,700	Salaries for 2024 are as follows: - A P Cox £650,000 - S M Lake £452,100
Benefits	
Benefits include private medical insurance, lifestyle allowance and company car or monthly car allowance.	No change to approach.
Pension	
Pension allowance of 12.5% of salary, in-line with the rate available to the wider UK workforce.	No change to approach.
Annual Bonus	
Discretionary annual bonus determined by reference to both financial and individual performance.	No change to approach.
The maximum bonus opportunity for Executive Directors in 2023 was 300% of salary. Adjusted ROE for the year was 34.6% and profit before tax was \$1,445.2m. Both figures have been amended to take into account the transition to IFRS 17 as explained on page 129. Bonus outcomes for 2023 were: - A P Cox: 100% of maximum - S M Lake: 90% of maximum¹ 33% of the award will be deferred into shares for three years. Further details are set out on page 134. 1 The Committee has applied a risk adjustment of 10% to the GFD's 2023 bonus. Further details are provided on page 133.	
Long-term Incentive Plan (LTIP)	
For awards made prior to 2023 50% is subject to NAVps performance over three years and 50% over five years. The first tranche is subject to a further two year holding period taking the total time frame for the entire award to five years.	No change to approach.
Awards vesting in respect of 2023 - The first tranche of the 2021 LTIP award vested at 100% of maximum following three year NAVps performance of 26.3% p.a. - The second tranche of the 2019 LTIP award vested at 100% of maximum following five year NAVps performance of 18.3% p.a. For awards made from 2023 the performance period was simplified so that performance for the entire award is measured over three years. A further two year holding period remains taking the total time frame for the entire award to five years. A portion of the LTIP is subject to measures linked to our ESG priorities. Further details of the LTIP structure and the performance targets are set out on pages 135 to 136. Awards granted during the year In 2023 Executive Directors received the following grant levels subject to NAVps and ESG performance conditions: - A P Cox: 300% of salary - S M Lake: 250% of salary	In 2024, Executive Directors will receive the following grant levels subject to NAVps and ESG performance conditions: - A P Cox: 300% of salary - Due to her forthcoming departure S M Lake is not eligible for a 2024 LTIP award
Shareholding guidelines	
Executive Directors are expected to build up and maintain a shareholding of 300% of salary for the CEO and 200% of salary for the GFD. As at 31 December 2023 A P Cox had exceeded the guideline and S M Lake fell short of the guideline.	No change to approach.
Executives are expected to maintain 100% of their shareholding requirement for two years post-departure.	

Directors' remuneration report

Annual remuneration report

This part of the report, the annual remuneration report, sets out the remuneration out-turns for 2023 (and how these relate to our performance in the year) and details of the operation of our policy for 2024.

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

Single total figure of remuneration •

The tables below set out the single figure of total remuneration for Executive Directors and Non-Executive Directors for the financial years ending 31 December 2023 and 31 December 2022.

Executive Directors

£		Fixed pay				Pay for performance			
		Salary	Benefits	Pension	Total fixed pay	Total annual bonus ¹	Long term incentives (LTI) ²	Total variable pay	Total remuneration
Adrian P Cox	2023	625,000	12,061	78,125	715,186	1,875,000	1,046,258	2,921,258	3,636,444
	2022	525,250	19,760	65,656	610,666	787,875	108,614	896,489	1,507,155
Sally M Lake	2023	434,700	3,161	48,779	486,640	1,173,690	496,817	1,670,507	2,157,147
	2022	414,000	2,938	45,960	462,898	621,000	72,493	693,493	1,156,391

1 A portion of the 2022 and 2023 bonus awards shown in the table above is deferred into shares for three years. Details of the deferral in respect of 2023 awards can be found on page 134.

2 The LTI figures for 2023 have been calculated using the average share price in the last three months of 2023 of 538.9p. The share prices at the time LTI awards were granted were 510.16p for the 2019 award and 367.0p for the 2021 award. The 2023 LTI figures therefore include share appreciation of £253,762 for Adrian P Cox and £131,817 for Sally M Lake. See page 124 for further details. For 2022, the LTI figures have been restated to reflect the share price at the date of vesting of 642.27p. The Committee did not exercise any discretion in relation to share price changes.

Non-Executive Directors

	2023	2023 Subsidiary Board fees	2023 Total fees ^{1,2}	2022 Total Fees ³
Clive C R Bannister ⁴	289,583	0	289,583	0
Rajesh K Agrawal ⁵	81,200	2,888	84,088	77,547
Pierre-Olivier Desaulle	76,000	14,496	90,496	88,496
Nicola Hodson	94,100	0	94,100	81,648
Christine LaSala ⁶	146,695	28,539	175,234	157,016
Robert A Stuchbery ⁷	104,173	19,600	123,773	116,733
A John Reizenstein	98,500	19,600	118,100	107,100
Fiona M Muldoon ⁸	93,627	0	93,627	44,438
Cecilia Reyes Leuzinger	90,200	0	90,200	46,505

1 Other than for the Beazley plc Board Chair, total fees include Chairs and members of Beazley plc Committees, the role of Senior Independent Director and Employee Voice, as well as fees, where relevant, for members of the subsidiary boards Beazley Furlonge Limited, Beazley Insurance dac, Beazley Insurance Company, Inc. and the Chair of the Beazley Furlonge Limited Risk Committee.

2 The Beazley plc Audit and Risk Committee was bifurcated on 1 January 2023. Fees for the Chairs and members for both Committees have been amended accordingly to reflect roles and responsibilities of both separate Committees.

3 For Christine LaSala and Pierre-Olivier Desaulle the total 2022 fees have not changed but the representation has been amended in order to be consistent with 2023. Fees are paid in multiple currencies – 2022 fees have been restated using 2023 FX rates of GBP 1 : USD 1.25 and GBP 1 : EUR 1.17.

4 Clive C R Bannister was appointed a member of the Beazley plc Board from 8 February 2023 and Chair of the Beazley plc Board and Nomination Committee upon conclusion of the AGM 2023.

5 Rajesh K Agrawal joined as a Non-Executive Director of the Beazley Insurance Company, Inc Board with effect 5 September 2023.

6 Christine LaSala acted as interim Chair of the Beazley plc Board and Chair of the Nomination Committee until 30 April 2023, returning to Senior Independent Director and as a member of the Remuneration Committee from 1 May 2023. Christine LaSala also stepped down from the Beazley Furlonge Limited Board on 18 December 2023. Fees have been amended accordingly to reflect roles and responsibilities.

7 Robert A Stuchbery acted as interim Senior Independent Director until 30 April 2023, and stepped down as the Beazley plc Risk Committee Chair on 28 September 2023. Robert A Stuchbery was appointed Chair of the Beazley Furlonge Limited Board on 18 December 2023. Fees have been amended accordingly to reflect roles and responsibilities.

8 Fiona M Muldoon became Chair of the Beazley plc Risk Committee on 29 September 2023.

Salary •

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

For 2024, the Executive Directors received a salary increase of 4% which is below the average salary increase across the Group.

The base salaries for the Executive Directors in 2023 and 2024 are as set out below:

	2023 base salary £	2024 base salary £	Increase %
Adrian P Cox	625,000	650,000	4.0
Sally M Lake	434,700	452,100	4.0

Benefits •

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

Pension •

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

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

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

	Accrued benefit at 31 December 2023 £	Increase in accrued benefit excluding inflation (A) £	Increase in accrued benefit including inflation £	Transfer value of (A) less directors contribution £	Transfer value of accrued benefits at 31 December 2023 £	Increase in transfer value less directors' contribution £	Normal retirement date
Adrian P Cox	16,431	(292)	(292)	(5,435)	305,848	12,785	12 Mar 2031

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

No other pension provisions are made.

Impact of IFRS 17 on incentives

IFRS 17 is a global accounting standard that governs the accounting treatment of insurance contracts. Its implementation has brought significant changes in the financial reporting landscape for insurance companies, including Beazley. One of the major impacts of the transition to IFRS 17 is a change in the timing of profit recognition. Beazley's incentive plans, the annual bonus and Long Term Incentive Plan (LTIP), both use performance measures linked to the Company's profit performance and therefore are materially impacted by the change in profit recognition.

The Remuneration Committee has given this issue careful consideration and in identifying a solution we have been guided by the principle of fairness and ensuring that participants are not unduly benefited nor penalised by the change. The underlying premise of the Committee's approach is to recognise profits broadly when they would have originally been recognised under the accounting standards that were in effect when the targets were set. The Committee considers this approach to be measured and appropriate, and was pleased to find that all shareholders consulted with during the year were supportive.

Annual bonus

As discussed on page 173, IFRS 17 brings in the concept of discounting insurance liabilities. As a result, profits of c. \$381.5m that would otherwise have been recognised in future years under the prior IFRS 4 accounting rules have been accelerated to 2022 under IFRS 17. As annual bonuses for 2022 were calculated on an IFRS 4 basis they did not take into account these accelerated profits. However, under IFRS 17, there will be a reduction to profit over the following years as a result of the unwinding of this position. If no action is taken, then participants could be unfairly impacted given that they have not benefited from the accelerated profits in 2022 but could be adversely impacted by the unwind in future years.

The Committee considered at length how best to address this. One alternative discussed was to allocate this profit to the bonus pool for 2022, given that this would be consistent with the treatment under IFRS 17. However, the Committee did not consider it appropriate to re-open the bonus pool for a prior year because bonus payments were aligned with the accounting standards in place at the time. Instead, the Committee has agreed that the profit which has been accelerated to 2022 will be apportioned over the respective three years (2023, 2024 and 2025) to align with how it would have been broadly recognised under IFRS 4 as follows:

- 2023: 50% of the profit (c. \$191m)
- 2024: 25% of the profit (c. \$95m)
- 2025: 25% of the profit (c. \$95m)

The bonus framework will otherwise continue to operate in broadly the normal way for 2023, 2024 and 2025 with the adjustment above used to determine the size of the bonus pool and individual awards. In-line with Beazley's collegiate approach to reward this change will apply to all relevant employees including Executive Directors. Awards for Executive Directors will continue to be subject to the limits of the shareholder-approved remuneration policy including the maximum cap of 300% of salary.

Details of the 2023 annual bonus awards are set out on page 134.

Note that due to Beazley's exceptional performance in 2023, the unadjusted ROE performance exceeded the maximum target and therefore the IFRS 17 adjustment had no impact on bonus outcomes.

LTIP

The primary measure for LTIP awards is growth in net asset value per share (NAVps). As a result of the transition to IFRS 17, there was an increase to equity as at 31 December 2022 of c.\$381.5m and a corresponding increase to NAVps of c.57.4c. This increase to NAVps inflates NAVps growth which would unduly benefit inflight LTIP awards and lead to a higher vesting outcome. The Committee has agreed to strip out the increased NAVps of 57.4c and spread it over the period that it would have been broadly recognised, mirroring the approach for the bonus as follows:

- 2023: 50% of the NAVps (c. 28.7c)
- 2024: 25% of the NAVps (c. 14.4c)
- 2025: 25% of the NAVps (c. 14.4c)

This adjustment results in a reduction to performance for awards with performance periods ending in 2023, 2024 and 2025. The Committee is comfortable that the adjustments are reasonable to ensure that participants are only rewarded for NAVps growth at the time it would have arisen under the accounting standards in place when the targets were set.

Details of the vesting of the second tranche of the 2019 LTIP and the first tranche of the 2021 LTIP can be found on page 135.

Annual bonus structure

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

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

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

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

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

Annual bonus out-turn for 2023

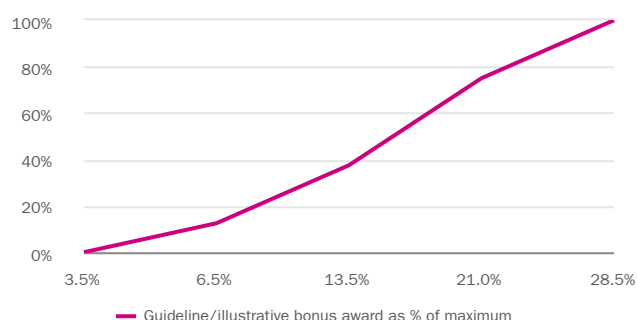
The process for determining 2023 bonuses is described below, including full details of the ROE targets underpinning our bonus approach along with the guideline levels which are used by the Committee in its determination for each Executive Director.

Annual bonus pool calculation for 2023

At the beginning of the financial year, the risk-free return (RFR) was set at 3.5% taking into account the yield on US treasuries of two to five year maturities. This resulted in the following ROE hurdles and guideline bonus awards:

ROE performance hurdles	Threshold					Maximum
ROE performance	3.5 %	6.5 %	13.5 %	21.0 %	28.5 %	
Guideline/illustrative bonus award as % of maximum	0%	12.5%	37.5%	75%	100%	

2023 ROE hurdles and guideline bonus awards



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

ROE for 2023, adjusted to include the transitional impact of IFRS 17 as explained on page 129 was 34.6%. This adjustment had no impact on bonus outcomes for 2023 as the unadjusted ROE exceeded the maximum target.

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

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

- ✓ Expectation achieved or exceeded
- = Reasonable outcome against expectation
- ✗ Expectation not met

Directors' remuneration report

Annual remuneration report continued

Assessment of achievements for 2023

In determining annual bonuses for 2023, the Committee took into account a range of (i) financial, (ii) strategic and (iii) individual elements as set out below.

(i) Financial performance

Element	Achievement	
Combined ratio	71%	✓
Insurance written premiums growth	Increased by 7%	✓
Expense management	Excluding remuneration, actual expenses were materially maintained at that budgeted for the year	=
Profit before tax	\$1,254.4m profit before tax (excluding IFRS 17 adjustment)	✓
Net assets per share growth	NAVps growth of 31.9%	✓
Investment performance (portfolio return)	4.9% portfolio return	✓

(ii) Strategic performance

Element	Expectation	Achievement	
Responsible business	Create and publish our net zero transition plan, ensuring our approach is in line with the Science Based Target initiative (SBTi) and NZIA Protocol.	Net zero strategy is complete and in line with the SBTi, awaiting Board sign off in March 2024. Due to legal reasons we pulled out of NZIA Protocol.	✓
	Incubate at least two new ESG related products or services.	Created two new environmental products; Arbol and Sola.	✓
	Embed data collection methods for sexuality, religion, and disability in possible locations.	A data capture process has been embedded into our employee engagement survey successfully, with a completion rate of 80%.	✓
	Enhance at least two existing products or services to better meet the ESG needs of our clients.	We piloted the Beazley better hub an ESG information website helping clients untangle the complex web that is ESG.	=
Medium term plan	Deliver medium term business plan.	Deliverables for 2023 achieved and on track.	✓
Wholesale platforms	Increase profitable growth across Wholesale platforms in London, Asia Pac and Miami.	Our Wholesale platform grew 2%.	✓
North American growth	Achieve profitable growth in the US and Canada.	Our North American platform grew 10%.	✓
European growth	Achieve profitable growth in Europe.	Our European platform grew 20%.	✓
Culture and people	Sustain high levels of employee engagement and inclusivity within the business.	Employee engagement score increased to 86% in 2023. Turnover has decreased to 9.5% compared to 10.3% at the end of 2021. Inclusivity targets met for 2023.	✓

(iii) Individual performance

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

Executive	Objectives	Achievement	
Adrian Cox (Chief Executive)	Deliver 2023 underwriting business plan, GAAP budget and provide leadership for the modernisation programme.	- Premium growth of 7% and achieved rate change of 4%. - Combined ratio for 2023 of 71%. - Modernisation programme delivering improvements to the business and on track for further improvements. - Managed budgets and risk appetites proactively through the year to optimise short and long-term positions.	✓
	Execute on medium term plan and developing into general business strategy.	The 2023 element of the medium term plan achieved and well embedded into general business strategy.	✓
	Develop/scope out a new cyber systemic scenario and compare/contrast at least one of our current ones to the other peer insurers & models in the market.	- Delivered new cyber systemic scenario and modelling in the market. - Built a functioning model producing outputs which are being evaluated by the technical experts. - Built a synthetic industry exposure database ("IED") which allows us to run a sample portfolio through the model. We are reflecting on how best to present an industry loss. - Constructed three new malware scenarios.	✓
	Define a plan for the continued development of climate scenario analysis in order to ensure climate risks form part of business.	A program of works to further Beazley's approach to climate-related matters was delivered in 2023 by the Climate Risk Working Group.	✓
	Execute new governance across boards, executive and sub-committees.	New governance structure for boards, executive and sub-committees agreed and being implemented.	✓
	Deliver inclusion and diversity targets, focusing on rolling recruitment and promotion ratios.	Our core public targets were achieved by the end of 2023; 45% women in senior leadership and at least 25% people of colour at a group level.	✓

Directors' remuneration report

Annual remuneration report continued

Executive	Objectives	Achievement	
Sally Lake (Group Finance Director)	Execute IFRS 17 implementation.	IFRS 17 successfully implemented.	✓
	Manage the financial projections of the long-term plan.	All aspects of the long term plan financial projections completed and included within the plan.	✓
	Deliver capital management and tax implications for the organisational model/large projects.	Considerable work completed successfully on capital management and tax implications for large projects and organisational model.	✓
	Chair the investment committee and build a strong committee that delivers above target investment return for 2023.	Investment committee chaired well and delivered above target investment return of 4.9% for 2023.	✓
	Work to align the investment portfolio with a 1.5-degree pathway by 2028.	On track.	=
	Co-sponsor the multi-year modernisation programme with Chief Operating Officer to deliver greater efficiencies including the implementation of the disclosure management tool.	Steady progress made in 2023 but further efficiencies to be achieved in 2024.	=
	Execute target for development of women and people of colour into more senior positions.	Achieved the target of 45% for women in senior roles and the target of 26% for managers who are people of colour.	✓

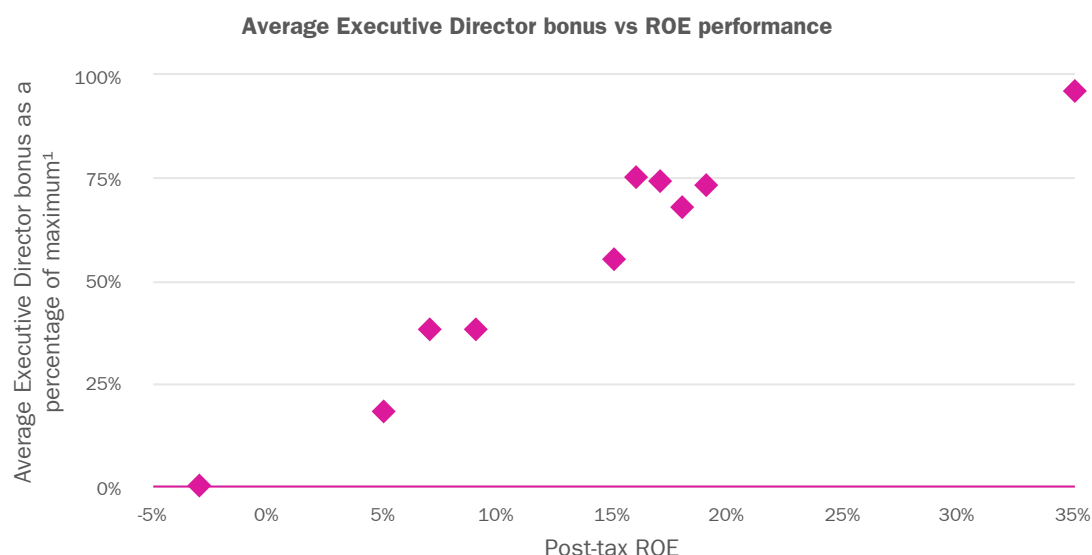
Annual bonus awards outcomes for 2023

Taking into account the financial, strategic and individual performance set out above, the Committee determined that Executive Directors would receive the following bonuses for 2023.

In its assessment of individual bonus out-turns the Remuneration Committee took into account an error in the 2022 annual report and accounts. As announced in March 2023 the Group's initial results announcement for 2022 contained an error relating to the number of shares used to calculate two of our alternative performance metrics used in the calculation of remuneration. The error was quickly rectified, however the Remuneration Committee determined this event warranted a risk adjustment. After careful consideration the Committee determined that the GFD's bonus would be reduced by 10% as a result.

	% of maximum	% of salary	Bonus value
Adrian P Cox	100%	300%	£1,875,000
Sally M Lake	90%	270%	£1,173,690

The following graph and table illustrates the way in which bonuses over time reflect profit and ROE performance.



¹ The maximum bonus opportunity for Executive Directors was reduced from 400% to 300% of salary from 2023.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ¹
Pre-tax profit/ (loss)	\$262m	\$284m	\$293m	\$168m	\$76m	\$268m	(\$50m)	\$369m	\$191m	\$1,445m
Post-tax ROE	17%	19%	18%	9%	5%	15%	(3%)	16%	7%	35%
Average Executive Director bonus as a percentage of salary	c.294%	c.291%	c.272%	c.150%	c.73%	c.212%	c.0%	c.300%	c.150%	c.288%

¹ The 2023 profit and ROE figures have been calculated on an IFRS 17 basis including the transitional adjustment as explained on page 129.

Bonus deferral

A portion of the bonus will generally be deferred into shares for three years. From 2023 the deferral rate has been set at 33% of the bonus. Deferred shares are generally subject to continued employment.

A portion of bonus may also be deferred under the investment in underwriting plan, and this capital can be lost if underwriting performance is poor (see investment in underwriting section on page 137 for further details).

The following table sets out the deferred bonus awards made during 2023 in respect of the bonus for 2022:

Individual	Type of interest	Basis on which award is made	Number of shares awarded	Face value of shares (£) ¹	% vesting at threshold
Adrian P Cox	Deferred shares	Deferred bonus	32,307	£196,968	n/a
Sally M Lake	Deferred shares	Deferred bonus	25,464	£155,250	n/a

¹ The face value of shares awarded was calculated using the three day average share price prior to grant, which was 609.67p.

Annual bonus approach for 2024

The annual bonus for 2024 will continue to operate within a broadly similar framework as in previous years, with awards dependent on a profit pool and minimum level of ROE performance and taking into account individual performance and achievements. During the year the Committee intends to undertake a fundamental review of the ROE framework to ensure that it continues to appropriately incentivise the delivery of our strategy in the context of the transition to IFRS 17 and the Group's increased scale and complexity. The details of any refinements will be presented and fully explained in next year's Directors' Remuneration Report.

As explained on page 129, the Committee's intention is that ROE for 2024 will be adjusted to include the transitional impact of IFRS 17. The overall bonus pool (in which Executive Directors as well as other senior employees participate) will be calculated based on this adjusted figure.

Directors' remuneration report

Annual remuneration report continued

Long term incentive plan (LTIP)

Under the LTIP Executive Directors, senior management and selected underwriters receive awards of shares subject to the achievement of stretching performance conditions.

LTIP structure for awards granted prior to 2023

For awards granted prior to 2023 vesting is based on growth in net asset value per share (NAVps), one of Beazley's key performance indicators. NAVps performance is assessed equally over a three year and five year period. In accordance with the UK Corporate Governance Code the first tranche of LTIP awards is subject to a further two year holding period, taking the total time frame for the entire award to five years.

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

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

Growth in NAVps is calculated taking into account any payment of dividends by the Company. In line with our reporting to shareholders, NAVps is denominated in US dollars.

LTIP outturns in respect of 2023

The LTIP awards shown in the single total figure of remuneration for 2023 include:

- the second tranche of awards granted on 12 February 2019. These will vest at 100%, based on the achievement of the NAVps growth performance condition over the five years ended 31 December 2023; and
- the first tranche of awards granted on 10 February 2021. These will vest at 100%, based on the achievement of the NAVps growth performance condition over the three years ended 31 December 2023.

The following table summarises the actual NAVps growth (including the transitional impact of IFRS 17 as explained on page 129) achieved over the two performance periods and the resultant vesting levels:

LTIP award	Performance period	NAVps growth	% of award vesting
Second tranche of the 2019 awards	Five years ended 31 December 2023	18.3% p.a.	100%
First tranche of the 2021 awards	Three years ended 31 December 2023	26.3% p.a.	100%

The results were independently calculated by Deloitte LLP. The Committee is comfortable that Executives have not unduly benefited from windfall gains in respect of their LTIP awards. In particular the Committee noted that the 2019 awards were granted prior to the fall in share price resulting from the outbreak of COVID-19 and the 2021 awards were granted a year after the outbreak of COVID-19 once the share price had stabilised.

LTIP structure for awards granted from 2023 •

The LTIP is an important tool in the remuneration framework for incentivising participants and aligning their interests with those of our shareholders. As explained last year, as part of the 2023 Remuneration Policy renewal the Committee made a number of refinements to improve the effectiveness of the LTIP structure and to reflect evolving market practice.

The key features of the plan for awards granted from 2023 are as follows:

- Performance is measured after three years.
- Awards are subject to a further two year holding period taking the total time frame to five years.
- Vesting is based on growth in net asset value per share (NAVps) and the delivery of our ESG priorities.

LTIP awards granted in 2023 •

During 2023, LTIP awards with a face value equal to 300% of salary for the CEO and 250% of salary for the GFD were granted. These awards are subject to NAVps (250% of salary and 200% of salary respectively) and ESG performance (50% of salary) as set out below:

Individual	Type of interest	Basis on which award is made	Number of shares awarded	Face value of shares (£) ¹	% vesting at threshold	Performance period end
Adrian P Cox	Nil cost option (LTIP)	300% of salary	307,543	1,875,000	10%	31/12/2025
Sally M Lake	Nil cost option (LTIP)	250% of salary	178,252	1,086,750	10%	31/12/2025

1 The face value of shares awarded was calculated using the three day average share price prior to grant, which was 609.67p.

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

ESG target	Weighting (of ESG element)	Threshold (10% of max)	Max
Reduce carbon emissions (Scope 1, 2 & 3) relative to 2019 baseline	One third	45 %	50 %
Increase female representation at Board and Senior Manager level	One third	44 %	45 %
Increase People of Colour representation at Board and Senior Manager level	One third	13 %	15 %

LTIP awards to be granted in 2024 •

LTIP awards for 2024 will be operated on a similar basis as the 2023 awards. The CEO will be granted an LTIP award with a face value equal to 300% of salary. Due to her forthcoming departure S M Lake is not eligible for a 2024 LTIP award. 2024 LTIP awards will be subject to the NAVps and ESG performance conditions set out below.

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

ESG target	Weighting (of ESG element)	Threshold (10% of max)	Max
Reduce carbon emissions (Scope 1 & 2) relative to 2022 baseline	One third	20 %	30 %
Maintain gender balance representation at Board and Senior Manager level	One third	45 %	45 %
Increase People of Colour representation at a group level	One third	30 %	32 %

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

Dilution

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

Directors' remuneration report

Annual remuneration report continued

Investment in underwriting

Traditionally, Lloyd's underwriters contributed their personal capital to syndicates in which they worked. With the move to corporate provision of capital, individual membership of Lloyd's has declined significantly. The Committee feels that having personal capital at risk in the syndicate is an important part of the remuneration policy and provides a healthy counterbalance to incentivisation through bonuses and long term incentive awards. The Company has operated the

Beazley staff underwriting plan for this purpose since 2004 and Executive Directors and other selected staff are invited to participate through bonus deferral with an element of their cash incentives 'at risk' as capital commitments. These capital commitments can be lost in full if underwriting performance is poor.

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

To date over 340 employees of the Group have committed to put at risk £15.8m of bonuses to the underwriting results of syndicate 623. Of the total at risk, £13.4m has already been deferred from the bonuses awarded.

The following Executive Directors participated in syndicate 623 through Beazley Staff Underwriting Limited:

	Total bonuses deferred £	2022 year of accounting underwriting capacity	2023 year of accounting underwriting capacity	2024 year of accounting underwriting capacity
Adrian P Cox	188,400	400,000	400,000	400,000
Sally M Lake	105,000	100,000	250,000	0

Adrian P Cox and Sally M Lake have both fully funded the capital requirement.

Malus and clawback

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

Risk and reward at Beazley

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

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

Features aligned with risk considerations	
Share deferral	33% of the bonus is normally deferred into shares for three years. These deferred shares, together with shares awarded under the LTIP, mean that a significant portion of total remuneration is delivered in the form of shares deferred for a period of years.
LTIP holding period	Outstanding LTIP awards vest over a five year period. From 2023 LTIP awards vest over a three-year period. Any awards which have a performance period of less than five years are subject to an additional holding period, following the date on which the award vests, up to the fifth year of the award.
Shareholding requirements	Executive Directors are expected to build up and maintain a shareholding of 300% of salary for the CEO and 200% of salary for the GFD. Executive Directors are also expected to maintain a shareholding post-departure.
Investment in underwriting	Management and underwriters may defer part of their bonuses into the Beazley staff underwriting plan, providing alignment with capital providers. Capital commitments can be lost if underwriting performance is poor.
Underwriters remuneration aligned with profit received	Under the profit related bonus plan payments are aligned with the timing of profits achieved on the account. For long tail accounts this may be in excess of six years. If the account deteriorates then payouts are 'clawed back' through adjustments to future payments. Since 2012 profit related pay plans may be at risk of forfeiture or reduction if, in the opinion of the Remuneration Committee, there has been a serious regulatory breach by the underwriter concerned, including in relation to the Group's policy on conduct risk.
Malus and clawback provisions	Malus and clawback provisions apply to all incentives that Executive Directors participate in.

Leaving arrangements for Sally Lake

Sally M Lake is due to step down from the Board and her role as GFD by August 2024. In recognition of her remarkable 18 year career with Beazley and her commitment to an orderly succession the Remuneration Committee has determined that Sally will be treated as a 'good leaver' for the purposes of her incentives. She will remain eligible for a pro-rated annual bonus in respect of 2024 and her outstanding LTIP and deferred bonus awards will subsist to their normal release/vesting date subject to time and performance pro-rating where applicable. Following her departure, Sally M Lake will be subject to our post-employment shareholding guidelines for a period of two years.

Service contracts and payments for loss of office

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

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

Non-Executive Directors' fees

Clive C R Bannister took up the role of Chair of the Board following the AGM on 25 April 2023. Clive C R Bannister's fee as Chair of the Board has been set at £325,000 and his fee will not be eligible for an increase until 2026.

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

As part of the annual review of Non-Executive Director fees, consideration was given to the increased expectations of the role given the growth in Beazley's scale and complexity over the last few years. The NED Fee Committee identified that the fees had fallen out of step with the time commitment of Beazley's Non-Executive Directors and determined that it would be in shareholders' interest to increase them to a more appropriate level.

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

	2023 fee	2024 fee
Chair of Board fee	£325,000	£325,000
Basic fee	£67,000	£76,000
Senior Independent Director fee	£11,700	£17,000
Chair of Audit Committee	£22,500	£30,000
Chair of Risk Committee	£22,500	£30,000
Chair of Remuneration Committee fee	£18,100	£30,000
Membership fee for Non-Executive Directors on the Audit Committee	£9,000	£15,000
Membership fee for Non-Executive Directors on the Risk Committee	£9,000	£15,000
Membership fee for Non-Executive Directors on the Remuneration Committee	£5,200	£14,000
Fee for designated Non-Executive Director representing employee voice	£5,200	£15,000

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

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

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

Non-Executive Directors are typically appointed through a selection process that assesses whether the candidate brings the desired competencies and skills to the Group. The Board has identified several key competencies for Non-Executive Directors to complement the existing skill-set of the Executive Directors. These competencies may include:

- insurance sector expertise;
- asset management skills;
- public company and corporate governance experience;
- risk management skills;
- finance skills; and
- IT and operations skills.

Directors' remuneration report

Annual remuneration report continued

Non-Executive Directors' service contracts

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

	Commencement of employment	AGM expiry year
Clive C R Bannister	8 Feb 2023	2026
Christine LaSala	1 Jul 2016	2024
Robert A Stuchbery	11 Aug 2016	2024 ¹
A John Reizenstein	10 Apr 2019	2025
Nicola Hodson	10 Apr 2019	2025
Rajesh K Agrawal	1 Aug 2021	2024 ²
Pierre-Olivier Desaulle	1 Jan 2021	2024 ³
Fiona M Muldoon	31 May 2022	2025
Cecilia Reyes Leuzinger	31 May 2022	2025

1 At the 2024 AGM it will be proposed to shareholders to extend to 2025 AGM.

2 At the 2024 AGM it will be proposed to shareholders to extend to 2027 AGM.

3 At the 2024 AGM it will be proposed to shareholders to extend to 2025 AGM.

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

Approach to remuneration for employees other than directors

The Committee also has oversight of remuneration arrangements elsewhere in the Group. The following tables set out the additional incentive arrangements for other staff within the organisation.

Other incentive arrangements at Beazley (not applicable to Executive Directors):

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

Underwriter bonus plan – profit related pay plan

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

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

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

If the account deteriorates as it develops any payouts are 'clawed back' through reductions in future profit related pay bonuses. From 2012 onwards any new profit related pay plans may be at risk of forfeiture or reduction if, in the opinion of the

Remuneration Committee, there has been a serious regulatory breach by the underwriter concerned, including in relation to the Group's policy on conduct risk. The Remuneration Committee also have oversight for all material risk takers who participate in the profit related pay plan.

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

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

Support bonus plan

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

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

UK SAYE

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

US SAYE

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

Retention shares

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

Annual percentage change in remuneration of Directors and employees

		Executive Directors		
		All employees	Adrian P Cox ¹	Sally M Lake
2022 -2023	Salary	7.6	19.0	5.0
	Benefits	16.4	5.6	6.2
	Bonus	167.1	138.0	89.0
2021 -2022	Salary	4.5	3.5	3.5
	Benefits	11.3	8.8	5.8
	Bonus	-3.5	-45.4	-46.9
2020 -2021	Salary	3.2	23.2	11.4
	Benefits	11.1	22.1	9.5
	Bonus	119.3	n/a	n/a
2019 -2020	Salary	3.5	2.6	2.9
	Benefits	-12.8	-7.2	15.4
	Bonus	-30.5	-100	-100

Directors' remuneration report

Annual remuneration report continued

Non-Executive Directors

		Clive C R Bannister ²	Christine LaSala ³	Robert A Stuchbery ^{4,8}	A John Reizenstein	Nicola Hodson	Pierre-Olivier Desaulle	Rajesh K Agrawal ⁵	Cecilia Reyes Leuzinger ⁶	Fiona M Muldoon ^{7,8}
2022	Salary	-	-62.5	5.7	10.3	2.2	2.0	13.8	13.9	30.9
-2023	Benefits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Bonus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2021	Salary	-	31.7	8.0	5.9	8.0	14.1	12.2	-	-
-2022	Benefits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Bonus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2020	Salary	-	8.7	3.5	-	-	-	-	-	-
-2021	Benefits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Bonus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2019	Salary	-	40.0	16.6	2.5	2.5	-	-	-	-
-2020	Benefits	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Bonus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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

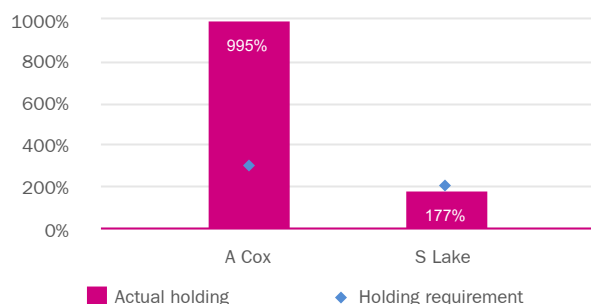
During 2022 and 2023 a number of the Non-Executive Directors joined additional Board Committees and took on interim responsibilities and therefore received additional fees. Therefore, for these Non-Executive Directors, the year-on-year comparisons reflect their additional responsibilities and corresponding fees.

- 1 Adrian received a salary increase above the wider workforce with effect from 1 January 2023 to bring in line with comparator groups.
- 2 Clive C R Bannister was appointed a member of the Beazley plc Board from 8 February 2023 and Chair of the Beazley plc Board and Nomination Committee upon conclusion of the AGM 2023.
- 3 Christine LaSala acted as interim Chair of the Beazley plc Board and Chair of the Nomination Committee from 24 October 2022 until 30 April 2023, returning to Senior Independent Director and member of the Remuneration Committee from 1 May 2023. Christine LaSala also stepped down from the Beazley Furlonge Limited Board on 18 December 2023.
- 4 Robert A Stuchbery acted as interim Senior Independent Director from 24 October 2022 until 30 April 2023, and stepped down as the Beazley plc Risk Chair on 28 September 2023. Robert A Stuchbery was appointed Chair of the Beazley Furlonge Limited Board on 18 December 2023.
- 5 Rajesh K Agrawal joined as a Non-Executive Director of the Remuneration Committee with effect from 26 April 2022 and a Non-Executive Director of the Beazley Insurance Company, Inc Board with effect 5 September 2023.
- 6 Cecilia Reyes Leuzinger joined as a Non-Executive Director of the Beazley plc Board, Audit & Risk Committee and Remuneration Committee with effect from 31 May 2022.
- 7 Fiona M Muldoon joined as a Non-Executive Director of the Beazley plc Board and Audit & Risk Committee with effect from 31 May 2022, and became Chair of the Risk Committee on 29 September 2023.
- 8 With effect from 24 October 2022 Robert A Stuchbery stepped down as employee voice of the Beazley plc Board and Fiona M Muldoon took on the role.

Statement of Directors' shareholdings and share interests

For the year ending 31 December 2023 the CEO had a shareholding requirement of 300% of salary and the GFD had a shareholding requirement of 200% of salary. The CEO has exceeded the shareholding guideline, the GFD has fallen short of the shareholding guideline (see chart below).

Shareholding versus holding requirement



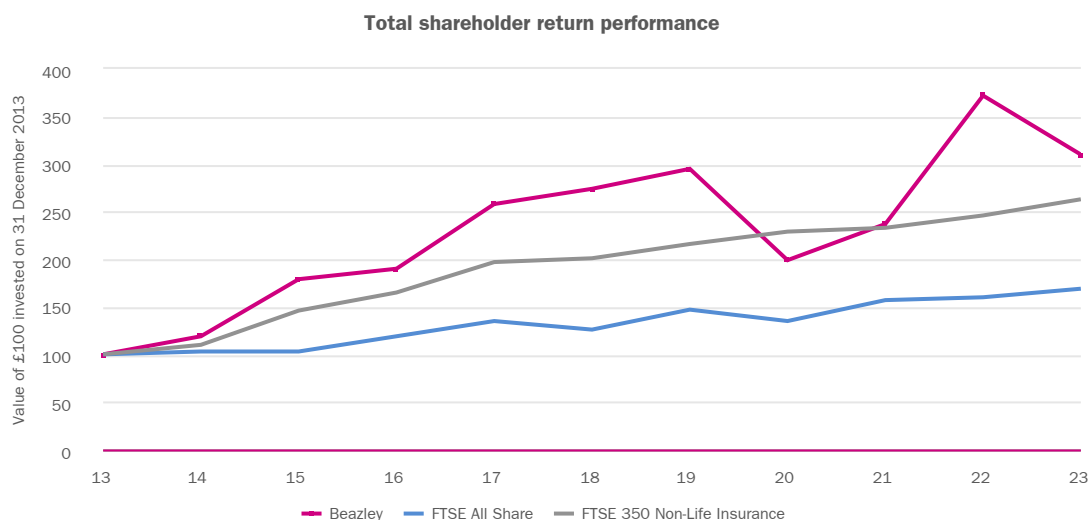
The table below shows the total number of Directors' interests in shares as at 31 December 2023 or date of cessation as a director. As at 4 March 2024, there have been no changes.

Name	Number of shares owned (including by connected persons)	Conditional shares not subject to performance conditions (deferred shares and retention shares)	Nil cost options subject to performance conditions (LTIP awards)	Options over shares subject to savings contracts (SAYE)	Unexercised nil cost options	Options exercised in the year
Adrian P Cox	1,154,248	121,439	915,379	0	9,823	52,428
Sally M Lake	142,818	97,790	524,871	6,250	8,816	23,881
Clive C R Bannister ¹	138,000	-	-	-	-	-
Rajesh K Agrawal	23,000	-	-	-	-	-
Pierre-Olivier Desaulle	27,464	-	-	-	-	-
Nicola Hodson	1,824	-	-	-	-	-
Christine LaSala	53,085	-	-	-	-	-
A John Reizenstein	16,251	-	-	-	-	-
Robert A Stuchbery	97,578	-	-	-	-	-
Fiona M Muldoon	0	-	-	-	-	-
Cecilia Reyes Leuzinger	26,086	-	-	-	-	-

1 Clive C R Bannister was appointed a member of the Beazley plc Board from 8 February 2023 and Chair of the Beazley plc Board and Nomination Committee upon conclusion of the AGM 2023.

CEO Pay versus performance

The following graph sets out Beazley's 10 year total shareholder return performance to 31 December 2023, compared with the FTSE All Share and FTSE 350 Non-Life Insurance indices. These indices were chosen as comparators as they comprise companies listed on the same exchange and, in the case of the Non-Life Insurance index, the same sector as Beazley.



Directors' remuneration report

Annual remuneration report continued

Year	CEO single figure of total remuneration	Annual variable award (% of maximum opportunity)	Long term incentives vesting (% of maximum opportunity)
2014	£3,745,989	74%	100%
2015	£3,711,647	73%	100%
2016	£3,715,146	70%	100%
2017	£3,140,145	38%	98%
2018	£1,524,600	19%	41%
2019	£2,157,018	57%	37%
2020	£631,890	–	6.6%
2021 (D A Horton) ¹	£145,896	–	–
2021 (A P Cox as CEO)	£2,100,534	75%	17.8%
2022	£1,507,155	38%	17.5%
2023	£3,636,444	100%	100%

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

Pay ratio data

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

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	48:1	29:1	19:1
2022	Option A	28:1	16:1	11:1
2021	Option A	39:1	21:1	14:1
2020	Option A	13:1	7:1	5:1
2019	Option A	42:1	25:1	15:1

The employees used for the purposes of the table above were identified on a full-time equivalent basis as at 31 December 2023. Option A was chosen as it is considered to be the most accurate way of identifying the relevant employees. This captures all relevant pay and benefits and aligns to how the single figure table is calculated.

The following table provides salary and total remuneration information in respect of the employees at each quartile for 2023.

Element of pay	25th percentile employee	Median employee	75th percentile employee
Salary	£47,726	£75,206	£110,000
Total remuneration	£75,585	£125,067	£191,227

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

The pay ratios for 2023 have increased in-line with the Group's exceptional performance and are comparable with 2019. This is driven by strong underwriting, record incentive out-turns, significant share price growth and an upturn in investment performance.

In-line with our pay-for-performance culture a significant portion of the CEO's remuneration is variable and dependent on performance. Therefore there is a direct correlation between Company performance, the CEO's single figure and the pay ratios. The Committee is comfortable that the pay ratios for 2023 align to the pay and progression policies for employees and, that the link between individual awards, the delivery of strategy and the long-term performance of the Company through our incentive schemes drive behaviours consistent with company purpose, values and strategy and appropriately motivate and reward.

Relative importance of spend on pay

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

	Overall expenditure on pay	Shareholder distributions (dividends in respect of the year)
2023	\$449.3m	\$118m
2022	\$302.5m	\$110m

Directors' share plan interests -

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

	Outstanding options at 1 Jan 2023	Options granted	Options exercised	Lapsed unvested	Outstanding options at 31 Dec 2023
Adrian P Cox					
Deferred bonus:	134,472	32,307	45,340	0	121,439
LTIP (see notes):	694,707	307,543	7,088	79,783	915,379
SAYE:	0	0	0	0	0
Sally M Lake					
Deferred bonus:	93,736	25,464	21,410	0	97,790
LTIP (see notes):	398,473	178,252	2,471	49,383	524,871
SAYE:	6,250	0	0	0	6,250

Notes to share plan interests table

Deferred bonus	Deferred bonus awards are made in the form of conditional shares that normally vest three years after the date of award.
LTIP awards	Performance conditions: all awards are subject to NAVps performance, with 50% measured over a three year period and 50% measured over a five year period. NAVps < RFR+7.5% p.a. equates to 0% vesting, NAVps = RFR+7.5% p.a. equates to 10% vesting, NAVps = RFR+10% p.a. equates to 25% vesting, NAVps = or > RFR+15% p.a. equates to 100% vesting, with straight-line pro-rated vesting between these points.
LTIP 2017 – 3/5 year	Awards were made on 8 February 2017 at a mid-market share price of 434.33p. Awards expire in February 2027.
LTIP 2018 – 3/5 year	Awards were made on 13 February 2018 at a mid-market share price of 553.33p. Awards expire in February 2028.
LTIP 2019 – 3/5 year	Awards were made on 12 February 2019 at a mid-market share price of 510.16p. Awards expire in February 2029.
LTIP 2020 – 3/5 year	Awards were made on 11 February 2020 at a mid-market share price of 595.5p. Awards expire in February 2030.
LTIP 2021 – 3/5 year	Awards were made on 10 February 2021 at a mid-market share price of 367.0p. Awards expire in February 2031.
LTIP 2022 – 3/5 year	Awards were made on 15 February 2022 at a mid-market share price of 485.3p. Awards expire in February 2032.
LTIP 2023 – 3 year	Awards were made on 19 May 2023 at a mid-market share price of 609.67p. Awards expire in May 2033.

Share prices

The market price of Beazley ordinary shares at 29 December 2023 (the last trading day of the year) was 522.0p and the range during the year was 503.0p to 687.5p.

Remuneration Committee

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

The Committee considers the individual remuneration packages of the CEO, Executive Directors and Executive Committee members. It also has oversight of the salary and bonus awards of individuals outside the Executive Committee who either directly report to Executive Committee members or who have basic salaries over £200,000, as well as the overall bonus pool and total incentives paid by the Group. The terms of reference of the Committee are available on the Company's website. The Committee met six times during the year. Further information on the key activities of the Committee for 2023 can be found within the Board Governance section on page 121.

Directors' remuneration report

Annual remuneration report continued

During the year the Committee was advised by remuneration consultants from Deloitte LLP. Total fees in relation to Executive remuneration consulting were £104,000. Deloitte LLP also provided advice in relation to share schemes, tax, internal audit and compliance support.

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

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

Engagement with the workforce

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

Statement of shareholder voting

The voting outcomes for the 2022 remuneration policy and annual remuneration report were as follows:

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld (abstentions)
2022 remuneration policy	475,662,878	95.26%	23,682,695	4.74%	499,345,573	10,187,696
2022 annual remuneration report	449,211,909	91.16%	43,542,160	8.84%	492,754,069	16,779,200

Annual general meeting

At the forthcoming AGM to be held on 25 April 2024, a binding resolution will be proposed to approve the Directors' remuneration policy and an advisory resolution will be proposed to approve this annual remuneration report.

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

By order of the Board

Nicola Hodson

Remuneration Committee Chair

6 March 2024

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

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

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

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

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

In preparing these financial statements the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with Section 403 of the Companies Act 2006. They are responsible for such internal control as they determine is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

Disclosure of information to auditor

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

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

Each of the Directors, whose details can be found on pages 80 to 82, to the best of their knowledge confirm:

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

C Bannister
Chair

S M Lake
Group Finance Director

6 March 2024

Directors' report

"I have enjoyed supporting the Board through another busy year and engaging with shareholders on our AGM results and incentive arrangements. I look forward to welcoming the new Directors to our Board in 2024."

Christine Oldridge
Company Secretary



Principal activity

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

Management report

The Directors' report, together with the strategic report on pages 1 to 74, and the governance report on pages 76 to 151, serves as the management report for the purpose of Disclosure, Guidance and Transparency Rule 4.1.8R.

Directors' responsibilities

The statement of Directors' responsibilities in respect of the annual report and financial statements is set out on page 146.

Review of business

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

Results and dividends

The consolidated profit before taxation for the year ended 31 December 2023 amounted to \$1,254.4m (2022: \$584.0m). The Directors have approved an interim dividend of 14.2p (2023: 13.5p) payable in April 2024.

Future business developments

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

Going concern and viability statement

The financial review from page 60 contains details of the financial position of the Group, its cash flows and its borrowing facilities.

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

Further information on the Board's assessment of the Group as a going concern is contained in Note 1e to the financial statements on page 172.

In accordance with the UK Corporate Governance Code (the Code), the Directors have assessed the viability of the Group. The viability statement, which supports the going concern basis mentioned above, is included in the Risk management report on pages 73 to 74.

Information to be disclosed under LR9.84R

	Location
Information on interest capitalised	Note 26 (page 214)
Details of long-term incentive schemes	Directors' Remuneration Report (page 126)

The trustees of the Employee Benefit Trust (EBT) waived its rights to receive dividends on shares it holds for Beazley's employees.

Research and development

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

Auditor

Ernst & Young LLP (EY) has indicated its willingness to continue in office. Resolutions to reappoint EY as auditor of the Company and authorise the Audit Committee to determine their remuneration will be proposed at the 2024 AGM.

Directors

The Directors of the Company who served during 2023 and/or to the date of this report were as follows:

Adrian Cox	Chief Executive
Anthony (John) Reizenstein	Non-Executive Director
Cecilia Reyes Leuzinger	Non-Executive Director
Christine LaSala	Non-Executive Director (interim Non-Executive Chair until 25/04/2023)
Clive Bannister	Non-Executive Director (appointed 08/02/2023)/Chair (appointed 25/04/2023)
Fiona Muldoon	Non-Executive Director
Nicola Hodson	Non-Executive Director
Pierre-Oliver Desaulle	Non-Executive Director
Rajesh Agrawal	Non-Executive Director
Robert Stuchbery	Non-Executive Director
Sally Lake	Group Finance Director

The Board is complying with the provision on annual re-election of all Directors in accordance with the Code. The appointment and replacement of Directors is governed by the Company's Articles of Association (the Articles), the Code, Companies Act 2006 and related legislation. Directors may be appointed by ordinary resolution of the Company or by the Directors. Each Director shall retire and be eligible for election or re-election at each annual general meeting. Directors appointed may be appointed to hold any employment or executive office with the Company. Directors may be removed from office by special resolution of the Company. The Articles may be amended by a special resolution of the shareholders. Subject to the Articles, Companies Act 2006 and any directions given by special resolution, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Directors' interests

The Directors' interests in shares of the Company, for those Directors in office at the end of the year, including any interests of a connected person (as defined in the Disclosure, Guidance and Transparency Rules of the UK's Financial Conduct Authority), can be found in the Directors' remuneration report on page 124. Details of Directors' service contracts are given in the Directors' remuneration report. The Directors' biographies are set out in the 'Board of Directors' section of the annual report on pages 80 to 82.

Directors' indemnities

The Company maintains Directors' and Officers' Liability insurance which gives cover for legal action taken against its Directors, subject to its terms. The Company has also granted indemnities to each of its Directors to the extent permitted by law in respect of costs of defending claims against them and third-party liabilities. A copy of the indemnity is available for inspection at the Company's registered office during normal business hours. These provisions, deemed to be 'qualifying third-party indemnity provisions' pursuant to section 234 of the Companies Act 2006, were in force during the year ended 31 December 2023 for the benefit of the then Directors of the Company and remain in force as at the date of this report for the current Directors of the Company. Indemnities have also been granted to directors of three of the Company's wholly owned subsidiaries. There is also Directors' and Officers' Liability insurance in place which covers directors on all direct and indirect subsidiaries of the Beazley Group.

Conflicts of interest

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

Substantial shareholdings

As at 31 December 2023, the Board had been notified of the following shareholdings of 3% or more of the Company's issued ordinary share capital, in accordance with Disclosure and Transparency Rule (DTR) 5. The information provided below was correct at the date of notification. The Company has only disclosed those interests of which it has been notified. It should be noted that these holdings are likely to have changed since being notified to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

	Number of ordinary shares	%
Fidelity Management & Research	44,225,198	6.6
Wellington Management	34,357,006	5.1
BlackRock	33,587,793	5.0
MFS Investment Management	26,529,103	5.0
Invesco	16,181,198	3.0

The Company has not been notified of any changes to these shareholdings between 1 January 2024 and 5 March 2024.

Note: All percentages are calculated at the date of notification. All interests disclosed to the Company in accordance with DTR 5 can be found in the news and alerts section of our corporate website: www.beazley.com

Directors' report continued

Share capital

As at 31 December 2023, the Company's issued share capital comprised 672,542,440 representing 100% of the total issued share capital. Details of the movement in ordinary share capital during the year can be found in Note 22 on page 209. The Company also has two deferred shares of £1 in issue. The rights attached to the shares are set out on the Company's Articles. There are no restrictions on the transfer of shares in the Company other than as set out in the Articles and certain restrictions which may from time to time be imposed by law and regulations.

Authority to purchase own shares

On 25 April 2023 shareholders approved an authority, which will expire on 25 July 2024 or, if earlier, at the conclusion of the 2024 Annual General Meeting (AGM), for the Company to repurchase up to a maximum of 67,120,402 ordinary shares (representing approximately 10% of the Company's issued ordinary share capital at that time).

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of the financial management of the Company. As noted in the Chair's Statement on page 8, the Company intends to use the authority this year to commence a share buyback programme. More detail about this proposal will be given in an announcement to the market and in the notice of the AGM. A resolution will also be proposed at the 2024 AGM to renew the authority for the Company to purchase its own share capital up to the specified limits for a further year.

Employee Benefit Trust

The Company has an EBT. Details of the shares held by the EBT as at 31 December 2023 are set out in Note 23. During the year shares have been released from the EBT in respect of shares schemes for employees. The trustee of the EBT does not vote the shares it holds on behalf of employees at the AGM and waives its right to dividends on the shares.

Significant agreements – change of control

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

In 2023, we renewed the \$450m multi-currency standby letter of credit and revolving credit facility. Key terms remain unchanged. The agreement, which is between the Company, other members of the Group and various banks, provides that if any person or groups of persons acting in concert gains control of the Company or another Group obligor, then: (a) the banks are thereafter not obliged to participate in any new revolving advances or issue any letter of credit; and (b) the facility agent may:

- (i) require the Group obligors to repay outstanding revolving advances made to them together with accrued interest; and
- (ii) ensure that the liabilities under letters of credit are reduced to zero or otherwise secured by providing cash collateral in an amount equal to the maximum actual and contingent liabilities under such letters of credit.

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

Annual general meeting

The AGM of the Company will be held on 25 April 2024 at 14:30. The notice of the AGM details the business to be put to shareholders.

Corporate, social and environmental responsibility and charitable donations

The Company's corporate, social and environmental activities are set out in the statement of the Chair on page 8, the Responsible Business report on pages 17 to 21, and in the TCFD statement from pages 22 to 44. During 2023, Beazley and employees donated \$602,932 to charities.

Employee engagement

We are committed to employee involvement across the business. We place great emphasis on open and regular communication, to ensure employees are well informed of Beazley's performance and strategy. Active employee engagement has always been a priority and has become increasingly important due to our activity-based working policies which allow colleagues to work flexibly and as many of our teams are based across different locations.

During 2023, all employees were invited to participate in surveys on the business and its culture, and on Beazley's leadership. An independent culture review was also carried out. The key findings from these surveys and actions to address these findings were discussed by the Board. Insight gained through various employee networks and via the day-to-day engagement of senior management with the workforce was also shared with the Board. In addition, employee views have been obtained by the Non-Executive Director nominated by the Board, Fiona Muldoon. Throughout the year, Fiona has attended a variety of forums with employees to get direct feedback.

Information on our employee engagement activities and how feedback has informed decisions can be found in the Stakeholder Engagement report on pages 50 to 51.

Employees are able to share financially in Beazley's success. Annual bonus payments may be awarded and relate to the performance of the Company, as well as an individual's own performance. Some of the bonus payment may be deferred into shares. The Company operates a Save As You Earn

scheme to support share ownership amongst employees, and a long-term incentive plan is offered to senior employees. A share incentive plan is also set to be launched in 2024, to provide an additional mechanism for employees to share in Beazley's success.

Inclusion & diversity and equal opportunity

Information concerning inclusion and diversity, including statistics on the number of women in senior leadership roles, can be found in the Responsible Business section on pages 17 to 21 and in the Nomination Committee report on pages 100 to 105.

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

It is the policy of the Group that full and fair consideration is given to all job applications from disabled people. The policy also requires that the training, career development and promotion of disabled persons should, so far as possible, be identical to that of other employees. In the event an employee becomes disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate support is arranged.

Political donations policy

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

Financial instruments

Derivatives are used to manage the Group's capital position, details of these derivatives are contained in Note 19 to the financial statements. Disclosure with respect to financial risk is included in the Risk management and compliance report from page 69 and in Note 30 to the financial statements.

Carbon emissions

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

Methodology

The scope of this reporting differs from the carbon emissions reported in the metrics section of the TCFD report, in that it

only covers UK-based operations. Global comparisons for overall energy consumption are also provided for reference. Data has been collated from a number of sources. For all travel including car hire, hotels, rail, air and taxi use data has been provided from our booking agent partners, or through invoices on our accountancy system. Energy data and company car details have been sourced from utility bills and lease agreements, respectively.

Company cars

There were eight company cars used across 2023 of which five are current at the end of 2023. All five cars are either hybrids or electric.

Electricity for utilities

The scope of reporting for SECR covers Beazley's UK operations in London and Birmingham. Global reporting covers: 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), and Montreal (Canada). Beazley's Hamburg office, as well as US subsidiaries, Lodestone (Lewisville) & BHI Digital (Miami), are excluded.

Exclusions

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

Energy report

Beazley has a total of 2457.58 FTE staff (including contractors) as at 1 January 2024, of which are considered in scope for the global energy consumption reported in the tables below. Within the UK, Beazley has 1269.78 FTE (including contractors). This is equivalent of 51.66% of our global workforce.

Company cars

The total estimated kWh equivalent for fuel consumption in 2023 is 31,071.12 kWh.

Energy for heating, cooling and small power

There was no direct gas use within Beazley operations in 2023, with landlords providing heating to our offices.

Electricity	Energy consumption kWh	
	2022	2023
UK	758,294	771,063
Europe	223,294	176,516
USA	1,607,857	1,480,816
Rest of World	222,642	128,016
Total	2,812,088	2,556,411

Directors' report continued

We were able to procure energy from certified renewable sources for the following locations in 2023:

Office location	Energy consumption (kWh)
London	628,432
Dublin	61,258
San Francisco	53,732

Car hire

The energy use from UK car hire was estimated to be 110.61kWh. Globally energy use from car hire was estimated to be 42,030.55kWh.

Overall energy consumption

Within the scope of the SECR, total energy consumption within the UK was 802,244.41kWh. This equates to 631.80kWh/ FTE in 2023, down from 759.82 kWh/ FTE in 2022. This reduction is primarily due to reduction in office space Beazley held in 2023, when compared to 2022.

For carbon emissions associated with Beazley's operations in the UK, please see page 42 of this report for Scope 1 and Scope 2 emissions.

Target for 2024

Beazley is currently in the process of setting new targets for the reduction of GHG emissions. These will be published in Beazley's new ESG strategy, later in 2024.

Matters disclosed in the strategic report

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

Future business developments	Chief Executive's statement (pages 10 to 11) Chief Underwriting Officer's report (page 12 to 14)
Employee engagement	Stakeholder engagement report (pages 50 to 51)
How the Directors have had regard to the need to foster business relationships with suppliers, customers and others, and the impact of this regard on decision making	Stakeholder engagement report (pages 50 to 56) Section 172 statement (page 57)
Corporate governance report	Pages 83 to 99
Directors' service contracts	Directors' Remuneration Report (pages 138 to 139)

Matters disclosed elsewhere within the annual report

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

Financial risk management objectives and policies including credit risk, liquidity risk	Note 30 (pages 228 to 241)
Details of hedge accounting and derivative financial instruments	Note 3 (page 183)
Details of any overseas branches	Note 31 (page 242)
Recent developments and post balance sheet events	Note 34 (page 245)

C P Oldridge

Company Secretary

22 Bishopsgate
London
EC2N 4BQ

6 March 2024

Independent auditor's report to the members of Beazley plc

Opinion

In our opinion:

- Beazley plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Beazley plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise:

Group	Parent company
Consolidated statement of profit or loss for the year ended 31 December 2023	Company statement of financial position as at 31 December 2023
Consolidated statement of comprehensive income for the year ended 31 December 2023	Company statement of changes in equity for the year ended 31 December 2023
Consolidated statement of changes in equity for the year ended 31 December 2023	Company statement of cash flows for the year ended 31 December 2023
Consolidated statement of financial position as at 31 December 2023	Related notes 1 to 9 to the financial statements, including material accounting policy information
Consolidated statement of cash flows for the year ended 31 December 2023	
Related notes 1 to 34 to the financial statements, including material accounting policy information	

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

Basis for opinion

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

Independence

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

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

Conclusions relating to going concern

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

Auditors' report continued

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

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

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

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components (UK fully-aligned Syndicates and Beazley Insurance Company Inc ('BICI')) and audit procedures on specific balances for a further five components (Beazley Insurance Designated Activity Company ('BIDAC'), Beazley Furlonge Limited ('BFL'), Beazley Management Limited ('BML'), Beazley plc and Beazley Services USA Inc. ('BUSA')). • The components where we performed full or specific audit procedures accounted for 92% of Profit before tax, 100% of Insurance Revenue and 95% of Total assets.
Key Audit Matters	• Revenue recognition (CSM release and experience adjustments) • Valuation of (re)insurance contract assets/liabilities • Valuation of level 3 financial investments
Materiality	• Overall Group materiality of \$27m (2022: \$11.3m) which represents 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses in 2020 and the gain on sale of the Beazley Benefit business in 2021. (2022: 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses in 2020 and the gain on sale of the Beazley Benefit business in 2021).

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

Tailoring the scope

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

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 34 legal entities within the Group, we selected seven components covering entities within UK, Ireland and US, which represent the principal business units within the Group.

Of the seven components selected, we performed an audit of the complete financial information of two components ("full scope components") which were selected based on their size or risk characteristics. For the remaining five components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. For group-wide processes we performed audit procedures over the specific accounts which consist of all IFRS 17 related adjustments, Taxation, Cash and cash equivalents, Share based payments, Right of use assets, Lease liabilities, Financial assets and Intangible assets.

Details of the seven reporting components are set out below:

Component	Scope	Auditor
UK fully-aligned Syndicates (Syndicates 2623, 3623 & 3622)	Full	EY Component Team (UK)
Beazley Insurance Company Inc. ('BICI')	Full	EY Component Team (New York)
Beazley Services USA Inc. (BUSA)	Specific	EY Component Team (New York)
Beazley Insurance Designated Activity Company ('BIDAC')	Specific	EY Primary Team
Beazley Furlonge Limited (BFL)	Specific	EY Primary Team
Beazley Management Limited (BML)	Specific	EY Primary Team & EY Component Team (New York)
Beazley Plc	Specific	EY Primary Team

The reporting components where we performed audit procedures accounted for 92% (2022: 95%) of the Group's Profit before tax, 100% of the Group's Insurance Revenue (2022: 96% of the Group's Revenue) and 95% (2022: 98%) of the Group's Total assets. For the current year, the full scope components contributed 79% (2022: 87%) of the Group's Profit before tax, 93% of the Group's Insurance Revenue (2022: 89% of the Group's Revenue) and 18% (2022: 7%) of the Group's Total assets. The specific scope component contributed 13% (2022: 8%) of the Group's Profit before tax, 7% of the Group's Insurance Revenue (2022: 7% of the Group's Revenue) and 77% (2022: 91%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 27 legal entities that together represent 8% (2022: 5%) of the Group's Profit before tax, none are individually greater than 3% of the Group's Profit before tax. For these components, we performed other procedures, including analytical review, testing of significant balances, review of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

In the prior year we determined scoping based on individual Syndicates, which meant that Syndicate 2623 was designated a full scope component and Syndicate 3623 was specific scope. For the 2023 audit, in light of how the Syndicates report on IFRS 17 internally, we have reassessed this approach and have concluded that the fully-aligned Syndicates are treated as one component due to these being managed together with the same support function and finance team.

Furthermore, the EY Primary Team have audited all the IFRS 17 adjustments for the Group as these are booked centrally.

Involvement with component teams

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

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

For three specific scope components (BIDAC, BFL and Beazley plc) and all group-wide processes, all audit procedures were performed directly by the primary audit team whilst for BML (specific scope), the audit procedures were performed by the primary audit team and the component audit team in the United States of America. UK fully-aligned Syndicates (full scope component) was audited by a component audit team in the United Kingdom, and the full scope component BICI and the specific scope component BUSA were audited by a component audit team in the United States of America. For the companies where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

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

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

Auditors' report continued

Climate change

Stakeholders are increasingly interested in how climate change will impact Beazley. The Group has determined that the most significant future impacts from climate change on their operations will be from underwriting portfolio management, exposure risk appetite management and investment portfolio management. These are explained on pages 22 to 44 in the required Task Force for Climate related Financial Disclosures. These disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the Statement of accounting policies how they have reflected the impact of climate change in their financial statements. Significant judgements and estimates relating to climate change are included in note 3a. In note 30 to the financial statements supplementary sensitivity disclosures of the impact of the frequency and severity of natural catastrophes has been provided.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and the significant judgements and estimates disclosed in note 3a and whether these have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

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

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (Contractual Service Margin ('CSM') release (\$691.4m, PY comparative \$565.2m) and experience adjustments (\$503.7m, PY comparative (\$434.6m)) <i>Refer to Accounting policies (page 182) and Note 5 of the Consolidated Financial Statements (page 189).</i> At initial recognition, the CSM relates to the unearned profit under (re)insurance contracts issued. As services are provided under the terms of these (re)insurance contracts, the CSM is released to the Consolidated statement of profit or loss, reflecting the profit relating to services performed in the period. There is a high degree of complexity and estimation involved in deriving the release patterns. Experience adjustments within revenue represent the difference between the estimate of future cashflows and the actual cashflows received. As such, experience adjustments reflect a write-up or down of estimates to known quantities once cash has been received. Although the adjustment is to a known quantity, this balance is susceptible to a higher degree of judgement and uncertainty as a result of having to allocate the experience adjustments to revenue or to the CSM. Given this potential to manipulate the timing of the recognition of revenue, for similar reasons to the CSM release above this represents a higher risk of material misstatement.	We engaged our actuaries as part of our audit team and performed the following procedures: • Performed walkthroughs of the IFRS 17 model including the determination of the CSM release and experience adjustment. We tested the design effectiveness of key controls. • We compared the appropriateness of Beazley's methodology for the release of the CSM to profit or loss to the requirements of IFRS 17. We identified unusual release patterns and challenged management on these to understand the appropriateness of the release patterns selected. • We recalculated the experience adjustment and compared this to the amount recognised in the consolidated statement of profit or loss. • We tested all out of model adjustments posted by management and compared to supporting documentation. • The measurement of the experience adjustment depends on complete and accurate data to be used in the IFRS 17 Calculation Engine, the most significant data source being ultimate premium. With support from our EY actuarial team, we performed independent re-projections of ultimate premium per underwriting year for the 2022 and prior underwriting years, applying our own assumptions and comparing these to the Group's booked ultimate premium on a class of business including distribution channel basis. Where there were significant variances, we challenged management's assumptions used for bias and consistency in approach from prior year. • For a sample of policy estimates in respect of the 2023 underwriting year, we corroborated the estimated premium for policies such as binders and inward reinsurance to supporting evidence such as signed slips. Additionally, to corroborate estimates, including for coverholder business, where similar policies and binders have been written previously, we performed back testing of historical estimated premium income compared to actual premium signed.	Based on our procedures performed we are satisfied that revenue has been recognised in-line with the requirements of IFRS 17.

Auditors' report continued

Key observations
communicated to the Audit
Committee

Risk

Our response to the risk

Valuation of (re)insurance contract assets and liabilities (Insurance Contract Assets: \$101.5m, PY comparative (\$84.1)m; Insurance Contract Liabilities: \$7,992.2m, PY comparative (\$7,349.8m; Reinsurance Contract Assets: \$2,426.7m, PY comparative (\$2,175.3)m; Reinsurance Contract Liabilities: \$333.5m, PY comparative (\$161.2m)

Refer to the Audit Committee Report (pages 110 to 111); Accounting policies (pages 178 to 183) and Note 28 of the Consolidated Financial Statements (pages 216 to 226)

One of the most significant financial statement risk areas from both a business and an audit perspective is the valuation of the insurance and reinsurance contract assets and liabilities held by the Group. These accounts contain the present value for future cash flows and risk adjustment for non-financial risk which builds up the Contractual Service Margin ('CSM'). This involves highly complex calculations and data inputs that are susceptible to a higher degree of estimation i.e., estimated premium income. These balances are inherently uncertain and subjective by nature and therefore are more susceptible to fraud or error than other financial statement balances.

We have split the risk relating to the valuation of insurance liabilities into the following component parts:

- Actuarial Assumptions used and the method of calculation of the (re)insurance contract assets/liabilities.
- Data used in the calculation of the (re)insurance contract assets/liabilities.

Actuarial Assumptions used and the method of the calculation of the (re)insurance contract assets and liabilities

The actuarial assumptions used to develop the (re)insurance contract assets / liabilities involve a significant degree of judgement and estimation uncertainty. The most significant assumptions being:

- Discount Rates;
- Risk Adjustment; and
- Gross and Reinsurance Initial Expected Loss Ratios ('IELRs') and Ultimate Loss Ratios ('ULRs').

To obtain sufficient audit evidence to conclude on the appropriateness of the actuarial assumptions used in the calculation of the (re)insurance contract assets and liabilities, with support from our actuaries as part of the audit team, we performed the following procedures:

- Obtained an understanding of the calculation performed by the IFRS 17 model, using data from underlying source systems e.g., policy administration and claims systems and tested the design effectiveness of key controls.

Discount rates:

- Compared the approach to calculating the illiquidity premium for consistency across periods; whilst comparing against industry benchmarks.
- Compared the changes in yield curves against our expectations which consists of comparison to the movement in the Bank of England risk free rates.

Risk Adjustment:

- Read the latest internal model validation reports and considered the effects of model changes.
- To validate key components of the Group's Solvency II internal capital model, which are key input into the risk adjustment calculation, we compared the model outputs against industry benchmarks.
- Tested the application of the methodology used to calculate the risk adjustment and compared the consistency of the methodology across periods.

Gross and Reinsurance Initial Expected Loss Ratios ('IELRs') and Ultimate Loss Ratios ('ULRs'):

- Assessed the reserving methodology on a gross and net of reinsurance basis. This also involved comparing the group's reserving methodology with industry practice.
- Performed independent re-projections of ULRs and IELRs by applying our own assumptions, across all attritional classes of business and comparing these to management's results. Assessed whether the assumptions, such as inflation, applied to key areas of uncertainty were appropriate based on our knowledge of the Group, industry practice and regulatory and financial reporting requirements. As part of our re-projections we have formed an independent view of the additional claims cost arising from the current economic inflationary environment; and
- Benchmarked catastrophe and large losses and assumptions used in inherently uncertain classes and new growing classes against other comparable industry participants.

Based on our procedures performed we are satisfied that the assumptions used in the valuations of the insurance and reinsurance contract assets and liabilities are reasonable.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Data used in the calculation of the (re)insurance contract assets and liabilities The valuation of (re)insurance contract assets and liabilities depends on complete and accurate data to be used in the IFRS 17 Calculation Engine. This data is often highly subjective and subject to a higher degree of estimation uncertainty and includes: • Estimated Premium Income ('EPI') source data • Claims paid and outstanding source data; and • Reinsurance data.	To obtain sufficient audit evidence to conclude on the appropriateness of data used in the calculation of the (re)insurance contract assets and liabilities, we performed the following procedures: • Obtained an understanding of the process and tested the design and operating effectiveness of key controls over management's source data collection, extraction, and validation process. • For a sample of policy estimates in respect of the youngest underwriting year, we corroborated the estimated premium to supporting evidence such as signed slips. Additionally, to corroborate estimates, we performed back testing of historical estimated premium income compared to actual premium signed. • We compared a sample of paid and outstanding claims, used in determining management's loss ratios, to underlying supporting evidence. For paid claims this included authorisation requests and bank statements. • Compared material cashflows which are input into the model to source information. • For a sample of outstanding claims, we held discussions with claims handlers to further understand the background of the claims and assess the reasonableness of the assumptions made in setting the reserve. We also obtained supporting evidence, where relevant, including third-party reports to corroborate the year end balances. • Tested the completeness and accuracy of the claims, reinsurance data and premium data used within the reserving process by reconciling the data used in the actuarial projections to the underlying policy administration, reinsurance, and finance systems.	Based on our procedures performed we are satisfied that the data used in the valuations of the insurance and reinsurance contract assets and liabilities are reasonable.

Auditors' report continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Transition to IFRS 17 <i>Refer to the IFRS 17 transition disclosures included in Note 2a of the Consolidated Financial Statements (pages 173 to 175)</i> The transition to IFRS 17, the new insurance accounting standard, effective for annual reporting periods beginning on or after 1 January 2023, has resulted in significant change to the reporting processes and to the consolidated financial statements. This transition, which includes a number of key judgements, has required substantial focus during our audit, however these areas are not considered to be significant risks. We have focused on a number of transition areas, with the following being key areas of focus: i) Methodology - The risk of management's methodology being out of line with the standard. ii) Financial statement disclosures – The risk of disclosures in relation to the application of IFRS 17 being insufficient or inappropriate.	To obtain sufficient audit evidence to conclude on the appropriateness of the initial application of the new IFRS 17 accounting standard, we have performed the following procedures: • Obtained and challenged management's methodology papers for compliance with the IFRS 17 accounting standard and subsequently assessed management's implementation of their methodology. • Tested management's IFRS 17 disclosures in the consolidated financial statements in relation to transition and restated comparative periods. • Tested the IFRS 4 to IFRS 17 bridging of equity and profit before tax.	Through the procedures performed, we have determined that management have appropriately implemented the IFRS 17 insurance accounting standard within their financial reporting and this is reflected within the consolidated financial statements in all material respects.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of level 3 investments (\$254.2m, PY comparative \$255.4m) Refer to the Audit Committee Report (page 111); Accounting policies (page 183) and Note 18 of the Consolidated Financial Statements (pages 201 to 207). Investments in level 3 assets predominately comprise illiquid credit asset funds managed by third party managers (generally closed end limited partnerships or open-ended funds). The investments themselves are in many cases private and unquoted. These assets are inherently harder to value due to the inability to obtain a market price of these assets as at the balance sheet date. Therefore, there is judgement in both deriving the price and the timeliness of receiving the information from the third-party managers, either of which could result in misstatements of the value recognised in the financial statements. Additionally, Beazley holds syndicate loans which are funds provided by Beazley's Syndicates to the Central Funds at Lloyd's in respect of the 2019 and 2020 underwriting years. Observable inputs are not readily available for the valuation of Syndicate loans and so management use models with other inputs to estimate their value.	To obtain sufficient audit evidence to conclude on the appropriateness of valuation of level 3 investments, we performed the following procedures for a sample of investments: • Obtained an understanding of the valuation process and tested the design effectiveness of key controls. • Obtained net assets valuation ('NAV') statements provided by third party administrators in respect of all investments and compared these to management's valuations. • Assessed management's valuations by performing independent back testing of recent realisations, to confirm that NAV is an appropriate proxy for fair value. • Obtained the most recent audited financial statements for each fund and inspected liquidity and going concern disclosures for indication of impairment. Furthermore, we inspected the relevant accounting policies to confirm that the underlying investments are being held at fair value to support the NAV being a suitable proxy for fair value. • Performed retrospective testing to establish the accuracy of management's estimation process by comparing the booked and final audited valuation positions in the underlying funds from the previous year. • Assessed investment carrying values for possible material movements since the latest asset valuation by obtaining confirmation of the investment managers latest percentage change NAV estimates, where available, and performed procedures to establish if there were any indicators of impairment since the latest valuation date. • With support from our EY valuation specialists, we performed an independent valuation of the syndicate loans.	Based on our procedures performed we were satisfied that the valuations of illiquid credit asset funds were reasonable. In respect of the syndicate loans, we were satisfied the carrying value was not materially different to our own valuation.

In the prior year, our auditor's report included a key audit matter in relation to valuation of gross insurance claims liabilities and reinsurers' share of Incurred but not reported ('IBNR') and measurement of estimated premium income. In the current year, the key audit matters have been revised in order to align to our assessment of risks of material misstatement under IFRS 17.

Auditors' report continued

Our application of materiality

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

Materiality

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

We determined materiality for the Group to be \$27 million (2022: \$11 million), which is 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses (\$340.0m) and the gain on sale of the Beazley Benefit business (\$54.4m) (2022: 5% of pre-tax profits on a 5-year average adjusted for Covid-19 losses and the gain on sale of the Beazley Benefit business). This materiality basis is in line with our approach taken in the prior year, albeit using 2023 and 2022 pre-tax profits on an IFRS 17 basis. We considered that adjusted pre-tax profits is the most relevant performance measure used by investors, regulators and other stakeholders when assessing the Group. Given the nature of risks underwritten by Beazley, we believe the use of a five-year average profit is appropriate, as the profitability of the Group is expected to fluctuate from period to period. Despite this we believe that an additional adjustment for COVID losses is also appropriate given its unprecedented nature, which would not normally be expected in such a five-year time horizon.

We determined materiality for the Parent Company to be \$15 million (2022: \$16 million), which is 1% (2022: 1%) of equity. The Parent company primarily holds the investment in Group entities and, therefore, net assets is considered to be the key focus for users of the financial statements.

During the course of our audit, we reassessed initial materiality and updated for the actual pre-tax profit for 2023 in our calculation of the 5-year average.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely \$13.5m (2022: \$5.6m).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was \$4.2m to \$12.2m (2022: \$1.2m to \$5.6m).

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$1.25m (2022: \$0.6m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the annual report set out on pages 1 to 255, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

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

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 147;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 73 to 74;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 73 to 74;
- Directors' statement on fair, balanced and understandable set out on page 109;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 117;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 114; and;
- The section describing the work of the audit committee set out on pages 106 to 114.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 146, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Auditors' report continued

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are permissions and supervisory requirements of the Central Bank of Ireland ('CBI'), the Corporation of Lloyd's, the Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA'), the State of Connecticut Insurance Department and the UK Listing Authority ('UKLA').
- We understood how Beazley plc is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and regulatory bodies, reviewed minutes of the Executive Committee, Risk Committee and attended the Audit Committees and gained an understanding of the Group's approach to governance demonstrated by The Board's approval of the Group's governance framework.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. Where this risk was considered to be higher, within Revenue recognition (CSM release and experience adjustments), valuation of (re)insurance contract assets/liabilities and valuation of level 3 financial investments we performed audit procedures to address the identified fraud risk as detailed in the respective key audit matters above. We made enquiries with management in person and via the use of video conferencing and performed analytical review procedures to assess for unusual movements throughout the year. Our procedures to address the risk identified also incorporated unpredictability into the nature, timing and/or extent of our testing; challenging assumptions, significant judgements and estimates made by management. Additionally, we tested year-end manual journals to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees both at a Group and component level; inquiring about the Group's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with the CBI, the Corporation of Lloyd's, the FCA, the PRA, the State of Connecticut Insurance Department and the UKLA.
- The Group operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

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

Other matters we are required to address

- Following the recommendation from the audit committee, we were appointed by the company on 23 May 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 December 2019 to 31 December 2023.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Stuart Wilson (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

6 March 2024

Financial statements

165	Consolidated statement of profit or loss
166	Consolidated statement of comprehensive income
167	Consolidated statement of changes in equity
168	Consolidated statement of financial position
169	Consolidated statement of cash flows
170	Notes to the financial statements
246	Company financial statements
253	Alternative performance measures



Consolidated statement of profit or loss

for the year ended 31 December 2023

	Note	2023 \$m	2022 ¹ \$m
Insurance revenue	5	5,442.4	4,848.4
Insurance service expenses	6	(3,592.6)	(4,014.0)
Allocation of reinsurance premium	7	(1,127.3)	(965.4)
Amounts recoverable from reinsurers for incurred claims	7	528.5	953.9
Insurance service result		1,251.0	822.9
Net investment income/(loss)	8	480.2	(179.7)
Net finance (expense)/income from insurance contracts issued	8	(169.3)	279.5
Net finance income/(expense) from reinsurance contracts held	8	15.9	(96.5)
Net insurance and financial result		1,577.8	826.2
Other income	9	78.5	32.1
Operating expenses ²	10	(365.8)	(217.6)
Foreign exchange gains/(losses)		4.5	(17.3)
Results from operating activities		1,295.0	623.4
Finance costs	12	(40.6)	(39.4)
Profit before tax		1,254.4	584.0
Tax expense	13	(227.6)	(100.7)
Profit after tax for the year		1,026.8	483.3
Earnings per share (cents per share):			
Basic	14	154.7	79.0
Diluted	14	151.4	78.0
Earnings per share (pence per share):			
Basic	14	124.8	63.4
Diluted	14	122.1	62.6

1 The Group has restated its consolidated statement of profit or loss for the year ended 31 December 2022 following the adoption of IFRS 17. The earnings per share for this year has also been restated - refer to Note 14 for further details.

2 The Group has not presented its impairment losses determined in accordance with IFRS 9 separately in the statement of profit or loss as the amounts are not material. These are included within operating expenses.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 \$m	2022 ¹ \$m
Profit after tax for the year		1,026.8	483.3
Items that will never be reclassified to profit or loss:			
Loss on remeasurement of retirement benefit obligations	17	(0.1)	(12.5)
Tax credit on defined benefit obligation		0.7	2.7
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation gains/(losses)		5.7	(12.6)
Total other comprehensive income/(expense)		6.3	(22.4)
Total comprehensive income recognised		1,033.1	460.9

1. Profit after tax for the year and foreign exchange translation differences have been restated for the year ended 31 December 2022 following the adoption of IFRS 17.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Note	Share capital \$m	Share premium \$m	Foreign currency translation reserve \$m	Other reserves \$m	Retained earnings \$m	Total \$m
Balance as at 31 December 2021 (previously reported)		42.9	5.3	(97.2)	(4.0)	2,183.8	2,130.8
IFRS 17 adjustment ¹		—	—	—	—	59.4	59.4
Restated balance as at 01 January 2022		42.9	5.3	(97.2)	(4.0)	2,243.2	2,190.2
Total comprehensive (expense) /income		—	—	(12.6)	—	473.5	460.9
Dividend paid	15	—	—	—	—	(103.0)	(103.0)
Acquisition of own shares held in trust	23	—	—	—	(17.8)	—	(17.8)
Issue of shares	22	0.1	0.8	—	—	—	0.9
Equity raise	22	3.6	3.6	—	397.2	—	404.4
Transfer of merger reserve to retained earnings		—	—	—	(397.2)	397.2	—
Equity settled share based payments	23	—	—	—	15.7	—	15.7
Tax on share option vestings	23	—	—	—	3.1	0.6	3.7
Transfer of shares to employees	23	—	—	—	(4.6)	4.6	—
Balance at 31 December 2022		46.6	9.7	(109.8)	(7.6)	3,016.1	2,955.0
IFRS 9 adjustment ¹		—	—	—	—	(1.0)	(1.0)
Balance at 01 January 2023		46.6	9.7	(109.8)	(7.6)	3,015.1	2,954.0
Total comprehensive income		—	—	5.7	—	1,027.4	1,033.1
Dividend paid	15	—	—	—	—	(107.7)	(107.7)
Issue of shares	22	0.1	0.9	—	—	—	1.0
Equity settled share based payments	23	—	—	—	36.2	—	36.2
Acquisition of own shares held in trust	23	—	—	—	(33.6)	—	(33.6)
Tax on share option vestings	23	—	—	—	0.7	(1.6)	(0.9)
Transfer of shares to employees	23	—	—	—	(8.5)	8.5	—
Balance at 31 December 2023		46.7	10.6	(104.1)	(12.8)	3,941.7	3,882.1

1. Refer to Note 2 which shows the opening balance sheet ("OBS") positions and equity adjustments on adoption of both IFRS 17 and IFRS 9.

Consolidated statement of financial position

as at 31 December 2023

	Note	31 December 2023 \$m	31 December 2022 ¹ \$m	1 January 2022 ¹ \$m
Intangible assets	16	165.3	128.8	123.5
Plant and equipment		15.9	14.9	19.2
Right-of-use assets	27	59.4	60.5	75.5
Deferred tax asset ²	25	46.9	30.8	18.0
Retirement benefit asset	17	4.5	4.6	18.1
Insurance contract assets	28	101.5	84.1	—
Reinsurance contract assets	28	2,426.7	2,175.3	1,674.3
Financial assets at fair value	18	9,665.5	8,345.6	7,283.5
Other assets ²	20	354.2	204.2	238.1
Current tax asset		13.2	11.7	11.9
Cash and cash equivalents	21	812.3	652.5	591.8
Total assets		13,665.4	11,713.0	10,053.9
Share capital	22	46.7	46.6	42.9
Share premium		10.6	9.7	5.3
Foreign currency translation reserve		(104.1)	(109.8)	(97.2)
Other reserves	23	(12.8)	(7.6)	(4.0)
Retained earnings		3,941.7	3,016.1	2,243.2
Total equity		3,882.1	2,955.0	2,190.2
Deferred tax liability	25	202.2	79.2	15.0
Financial liabilities	18	554.6	562.5	554.7
Lease liabilities	27	76.6	72.7	84.3
Insurance contract liabilities	28	7,992.2	7,349.8	6,559.5
Reinsurance contract liabilities	28	333.5	161.2	139.7
Current tax liability		13.7	8.6	24.5
Other liabilities	29	610.5	524.0	486.0
Total liabilities		9,783.3	8,758.0	7,863.7
Total equity and liabilities		13,665.4	11,713.0	10,053.9

1 The Group has restated its consolidated statement of financial position as at 01 January 2022 and 31 December 2022 following the adoption of IFRS 17. Refer to Note 2 which sets out the full impact by balance sheet line item.

2 The Group recognised IFRS 9 expected credit losses ("ECLs") of \$1.3m against its other receivables as at 01 January 2023, offset by \$0.3m of deferred tax assets. Refer to Note 2 for further details.

The financial statements were authorised for issue by the Board of Directors on 6 March 2024 and were signed on its behalf by:

C Bannister
Chair

S M Lake
Group Finance Director

6 March 2024

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	2023 \$m	2022 ¹ \$m
Cash flows from operating activities:			
Profit before tax		1,254.4	584.0
Adjustments for non-cash items:			
Interest and dividends receivable on financial assets	8	(215.3)	(101.1)
Finance costs payable	12	40.6	39.4
Net fair value (gains)/losses on financial assets	8	(325.2)	274.4
Other non-cash items ²		45.7	62.6
Changes in operational assets and liabilities:			
Increase in net insurance and reinsurance contract liabilities	28	545.9	226.7
Increase in other liabilities	29	86.5	38.0
(Increase)/decrease in other assets	20	(150.0)	33.9
Purchases of investments		(7,115.9)	(6,645.4)
Proceeds from sale of investments		6,129.8	5,325.3
Interest and dividends received on financial assets	8	207.4	94.2
Tax paid		(110.7)	(61.1)
Net cash in/(out)flows from operating activities		393.2	(129.1)
Cash flows from investing activities:			
Purchase of plant and equipment		(4.3)	(1.0)
Expenditure on software development and other intangible assets	16	(50.9)	(22.7)
Net cash outflows from investing activities		(55.2)	(23.7)
Cash flows from financing activities:			
Acquisition of own shares in trust		(33.6)	(17.8)
Payment of lease liabilities	27	(12.0)	(11.6)
Equity raise		—	404.4
Finance costs paid	12	(37.5)	(36.3)
Dividend paid	15	(107.7)	(103.0)
Net cash (out)/inflows from financing activities		(190.8)	235.7
Net increase in cash and cash equivalents		147.2	82.9
Opening cash and cash equivalents		652.5	591.8
Effect of exchange rate changes on cash and cash equivalents		12.6	(22.2)
Closing cash and cash equivalents	21	812.3	652.5

1 The consolidated statement of cash flows has been restated for the year ended 31 December 2022 following the adoption of IFRS 17.

2 Other non-cash items includes amounts relating to depreciation, amortisation, and foreign exchange differences.

Notes to the financial statements

171	1 General information
173	2 Impact of new accounting standards
178	3 Statement of accounting policies
185	4 Segmental reporting
189	5 Insurance revenue
189	6 Insurance service expenses
189	7 Net income/expenses from reinsurance contracts held
190	8 Net financial result
191	9 Other income
192	10 Operating expenses
193	11 Auditor's remuneration
193	12 Finance costs
194	13 Tax expense
195	14 Earnings per share
195	15 Dividends per share
196	16 Intangible assets
199	17 Retirement benefit asset
201	18 Financial assets and liabilities
208	19 Derivative financial instruments
208	20 Other assets
209	21 Cash and cash equivalents
209	22 Share capital
210	23 Other reserves
211	24 Equity compensation plans
213	25 Deferred tax
214	26 Subordinated liabilities
215	27 Leases
216	28 Insurance and reinsurance contracts
227	29 Other liabilities
228	30 Risk and sensitivity analysis
242	31 Subsidiary undertakings
244	32 Related party transactions
245	33 Contingencies
245	34 Subsequent events

Notes to the financial statements

1 General information

1a Nature of operations

Beazley plc (registered number 09763575) is a public company incorporated in England and Wales. The Company's registered address is 22 Bishopsgate, London, EC2N 4BQ, United Kingdom. The principal activity of the Company and its subsidiaries ("the Group") is to participate as a specialist insurer which transacts primarily in commercial lines of business through its subsidiaries and Lloyd's syndicates. The Group's consolidated financial statements for the year ended 31 December 2023 comprise the parent company, its subsidiaries and the Group's interest in associates. For the separate parent company financial statements, refer to page 246.

1b Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2006. These are prepared on the historical cost basis, with the exception of financial assets and derivative financial instruments which are stated at their fair value, and the defined benefit pension asset which is measured at the fair value of plan assets less the present value of the defined benefit pension obligation. All amounts are presented in US dollars and millions, unless stated otherwise.

1c New accounting standards

International Financial Reporting Standard 17, Insurance Contracts ("IFRS 17")

IFRS 17 replaces IFRS 4 for annual periods beginning on or after 01 January 2023. The Group has applied the transitional provisions per Appendix C of IFRS 17 and taken a fully retrospective approach, restating comparative information for the year ended 31 December 2022.

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in July 2014 and became effective for accounting periods beginning on or after 01 January 2018. The Group previously applied the amendment issued by the IASB which exempted eligible entities from applying IFRS 9 until accounting periods beginning on or after 01 January 2023.

1d Amendments to existing standards

In the current year, the Group has applied several amendments to IFRS issued by the IASB and endorsed by the UK Endorsement Board ("UKEB") that are mandatorily effective for accounting periods beginning on or after 01 January 2023. Of these, the following amendments have not had a material impact on the Group on adoption:

- Amendment to IAS 8 - Definition of Accounting Estimates;
- Amendment to IAS 1 - Disclosure of Accounting Policies; and
- Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Group has also applied the amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules from 01 January 2023, as issued by the IASB and endorsed by the UKEB. This amendment was issued in response to the Pillar Two framework issued by the Organisation for Economic Co-operation and Development, which aims to ensure that large multinational enterprises pay a minimum effective corporate tax rate of 15% on the income arising in each jurisdiction in which they operate. The amendment introduces a mandatory temporary exemption from recognising and disclosing deferred taxes arising from the Pillar Two rules. For jurisdictions in which legislation has been substantively enacted, the Group has applied this exemption. Refer to Note 13 for further details.

The IASB has issued a number of other minor amendments to standards which are not yet effective at the reporting date and have not been applied in preparing these financial statements. These have been endorsed by the UKEB with an effective date of 01 January 2024 unless noted otherwise below. None of these are expected to have a material impact on the Group.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants;
- Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangement Disclosures;
- Amendment to IAS 21 - Lack of exchangeability (not yet endorsed, effective date 01 January 2025); and
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (not yet endorsed, effective date postponed indefinitely).

Notes to the financial statements

continued

1 General information continued

1e Going concern

The consolidated financial statements of Beazley plc have been prepared on a going concern basis. In adopting the going concern basis, the Board has reviewed the Group's current and forecast solvency and liquidity positions for the 12 months from the date that the financial statements are authorised for issue. The Group's business activities, together with the factors likely to affect its future development, performance, and position, are set out in the strategic report contained in this Annual Report & Accounts. In addition, the risk report and financial review includes the Group's risk management objectives and the Group's objectives, policies and processes for managing its capital.

In assessing the Group's going concern position as at 31 December 2023, the Directors have considered a number of factors, including:

- the current statement of financial position and in particular the adequacy of technical provisions;
- the Group's strategic and financial plan, taking account of possible changes in trading performance and funding retention;
- the Group's capital forecast, which takes into account the capital requirements of major subsidiaries and their current external credit rating and outlook;
- the Group's liquidity at both a Group and material Subsidiary level;
- stress testing and scenario analysis assessing the impact of natural and cyber catastrophe events on the Group's capital and liquidity positions and reverse stress test scenarios designed to render the business model unviable; and
- other qualitative factors, such as the market environment, the Group's ability to raise additional capital and/or liquidity, and climate change.

For further details, refer to the Viability Statement on Page 73 of this Annual Report & Accounts.

As a result of the assessment, no material uncertainty in relation to going concern has been identified. As at its most recent regulatory submission, the Group's capital ratios and its total capital resources are comfortably in excess of regulatory solvency requirements, and internal stress testing indicates that the Group can withstand severe economic and competitive stresses.

Based on the going concern assessment performed, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence over a period of 12 months from the date of this report being authorised for issue, and therefore believe that the Group is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

2 Impact of new accounting standards

2a IFRS 17

i. Transition

IFRS 17 Insurance Contracts is a new accounting standard applicable for reporting periods beginning on or after 01 January 2023. The accounting policies applied by the Group on adoption of IFRS 17 have been disclosed in Note 3b.

The Group has applied the transitional provisions under IFRS 17, meaning changes in accounting policies resulting from the adoption of IFRS 17 have been applied on a fully retrospective basis. This required assumptions to be made (for example, in relation to discount rates and the risk adjustment for non-financial risk) based on what management's intentions would have been in previous periods.

Under the fully retrospective approach, the Group has made the following changes to classification and measurement as at 01 January 2022.

- The Group has elected to apply the General Measurement Model ("GMM") to the insurance and reinsurance contracts that it issues, and applies the GMM with certain prescribed modifications to the reinsurance contracts that it holds. This is the default measurement model under IFRS 17.
- Insurance contracts issued are identified and recognised by management as those contracts under which significant insurance risk is accepted from another party (either the policyholder or the cedant) by agreeing to compensate the third party if a specified uncertain future event ("the insured event") adversely affects the policyholder or cedant. This category also includes some reinsurance contracts which are issued by the Group.
- Reinsurance contracts held are those under which the Group acts as cedant as opposed to reinsurer. These are measured separately from the underlying contracts to which the arrangement relates.
- The Group allocates insurance contracts to portfolios based on whether they share similar risk characteristics and are managed together. Generally, all insurance contracts within a product line (being similar types of underlying coverage and geography) represent a portfolio of contracts.
- For each portfolio, contracts issued within a calendar year (i.e. annual cohorts) are further disaggregated into groups based on those which are/are not onerous at initial recognition. The non-onerous contracts are further broken down into those which do and do not have a significant possibility of becoming onerous subsequently. Note that onerous here means that the expected costs of meeting contractual obligations will exceed the expected economic benefits.
- These groups represent the level of aggregation at which insurance contracts are initially recognised and measured, and such groupings are not subsequently reconsidered.
- The Group measures its insurance contracts issued and reinsurance contracts held as the sum of the following:
 - the estimated present value of future cash flows ("PVFCF"), discounted in order to account for the time value of money;
 - a risk adjustment for non-financial risks that are expected to arise as the Group fulfils its contractual obligations; and
 - a contractual service margin ("CSM"), which represents unearned profit.
- The Group recognises profit through release of the CSM for a group of insurance contracts over each period as insurance contract services are provided. The amount of CSM released is based on assumptions around coverage units, which typically correspond to the length of cover on a policy. Assumptions include the number of coverage units included in a group of insurance contracts, the allocation of CSM to each coverage unit, and the number of coverage units provided in the period. If a group of contracts is expected to be onerous on day one or subsequently becomes so, a loss is recognised immediately in the profit or loss account.
- Insurance contracts issued can also be represented as the sum of the liability for remaining coverage and the liability for incurred claims. For portfolios of issued insurance contracts that are onerous, a loss component is included within the liability for remaining coverage and recognised in profit or loss upon initial recognition. Reinsurance contracts held are comprised of the asset for remaining coverage (which contains a loss recovery component) in addition to the asset for incurred claims.

The following changes have been made to the presentation of the Group's financial statement on adoption of IFRS 17:

- Balances that existed under IFRS 4 and continue to exist under the new standard, such as reinsurance premiums payable, have been reclassified.
- Balances that would not have existed if IFRS 17 had always been applied, primarily being deferred acquisition costs ("DAC") and the unearned premium reserve ("UPR"), have been derecognised.
- Groups of insurance and reinsurance contracts have been identified, recognised and measured as if IFRS 17 had always been applied. This has resulted in insurance and reinsurance contract assets and liabilities being recognised on the balance sheet.

Notes to the financial statements

continued

2 Impact of new accounting standards continued

- Insurance revenue, insurance finance income/expenses, and net income/expenses from reinsurance contracts held (comprised of the allocation of reinsurance premium and amounts recoverable from reinsurers for incurred claims) have been recognised in the statement of profit or loss.
- The net effect of adopting IFRS 17 as at 01 January 2022 has been recognised through the statement of changes in equity. Refer to Section ii below for further details.

ii. Opening equity adjustment

The following table sets out the impact of the adoption of IFRS 17 on the Group's consolidated statement of financial position as at 01 January 2022, with the net position posted as an adjustment to retained earnings.

The overall increase in equity is largely due to the following reclassification and measurement differences between IFRS 4 and IFRS 17.

- There is a requirement under IFRS 17 to discount technical provisions to reflect the time value of money, whereas under IFRS 4 no such discounting was applied. This change therefore causes a timing difference in the way that profit is recognised as the discount unwinds throughout the claims settlement period. There will initially be a favourable impact on profit as the discount is established, followed by an unfavourable impact as the initial credit from discounting unwinds (assuming a positive interest rate environment).
- In order to cover claims expected to be paid, the Group has historically held reserves within a range of 5-10% over an actuarial estimate. This actuarial estimate itself had an embedded level of prudence. Under IFRS 17, reserves are held at a best estimate with an additional risk adjustment calculated to a specified confidence level. This percentile indicates where reserves sit compared to the best estimate and the capital requirement. Under IFRS 4 at the date of transition, the level of prudence within reserves equated to a confidence level at the upper end of an 80th to 90th percentile range. Under IFRS 17, the confidence level on transition is in the middle of this range. Accordingly, the provision for claims recognised on adoption of IFRS 17 is lower than under IFRS 4.
- Under IFRS 4, the unearned premium reserve and deferred acquisition costs were treated as non-monetary items and were translated to the Group's functional currency using historic exchange rates. Under IFRS 17, all insurance contract balances are considered to be monetary items and are revalued using spot rates at each reporting date.
- Balances which existed under IFRS 4 have been reclassified. This includes reinsurance premiums payable and insurance receivables and payables (all of which are now measured under IFRS 17).
- Other amounts that would not have existed if IFRS 17 had always been applied (namely DAC and UPR) have been derecognised.
- In addition, the adoption of IFRS 17 has caused a number of temporary differences for tax purposes, resulting in the recognition of an additional deferred tax asset of \$1.7m and deferred tax liability of \$15.0m as at 01 January 2022. Refer to Note 25 for further details.

2 Impact of new accounting standards continued

Consolidated statement of financial position

	31 December 2021 (previously reported)	IFRS 17 reclassification	IFRS 17 measurement	01 January 2022 (restated under IFRS 17)
	\$m	\$m	\$m	\$m
Assets				
Intangible assets	123.5	—	—	123.5
Plant and equipment	19.2	—	—	19.2
Right-of-use assets	75.5	—	—	75.5
Deferred tax asset	16.3	—	1.7	18.0
Deferred acquisition costs	477.8	(477.8)	—	—
Retirement benefit asset	18.1	—	—	18.1
Reinsurance assets	2,386.4	(2,386.4)	—	—
Insurance receivables	1,696.1	(1,696.1)	—	—
Reinsurance contract assets	—	2,386.4	(712.1)	1,674.3
Financial assets at fair value	7,283.5	—	—	7,283.5
Other assets	107.3	130.8	—	238.1
Current tax asset	11.9	—	—	11.9
Cash and cash equivalents	591.8	—	—	591.8
Total assets	12,807.4	(2,043.1)	(710.4)	10,053.9
Liabilities				
Insurance liabilities	8,871.8	(8,871.8)	—	—
Insurance contract liabilities	—	6,828.7	(269.2)	6,559.5
Reinsurance contract liabilities	—	655.3	(515.6)	139.7
Financial liabilities	554.7	—	—	554.7
Lease liabilities	84.3	—	—	84.3
Deferred tax liabilities	—	—	15.0	15.0
Current tax liability	24.5	—	—	24.5
Other liabilities	1,141.3	(655.3)	—	486.0
Total liabilities	10,676.6	(2,043.1)	(769.8)	7,863.7
Equity				
Share capital	42.9	—	—	42.9
Share premium	5.3	—	—	5.3
Foreign currency translation	(97.2)	—	—	(97.2)
Other reserves	(4.0)	—	—	(4.0)
Retained earnings	2,183.8	—	59.4	2,243.2
Total equity	2,130.8	—	59.4	2,190.2
Total liabilities and equity	12,807.4	(2,043.1)	(710.4)	10,053.9

Notes to the financial statements continued

2 Impact of new accounting standards continued

2b IFRS 9

i. Transition

IFRS 9 *Financial Instruments* is a new accounting standard applied prospectively by the Group from 01 January 2023. The classification and measurement of financial instruments under IFRS 9 has been determined based on facts and circumstances that existed at this date. For example, if a financial asset had low credit risk as at 01 January 2023, then the credit risk of that asset is considered not to have increased significantly since initial recognition.

ii. Changes to the classification and measurement of financial assets

IFRS 9 requires all financial assets to be classified either at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortised cost. This has resulted in some reclassifications when compared to the measurement categories under IAS 39. Namely, cash and cash equivalents has been reclassified from FVTPL (designated) to amortised cost, other receivables has been reclassified from loans and receivables to amortised cost, and all other financial assets have been reclassified from FVTPL (designated) to FVTPL (mandatory). Included below is a reconciliation between the carrying amounts under IAS 39 as at 31 December 2022 and the balances reported under IFRS 9 as at 01 January 2023. The equity adjustment on adoption of IFRS 9 has been included at Section iv.

	Under IAS 39 \$m	Reclassification \$m	ECL \$m	Under IFRS 9 \$m
Total financial assets at fair value through profit or loss				
Fixed and floating rate debt securities:				
– Government issued	5,006.3	—	—	5,006.3
– Corporate bonds				
– Investment grade	2,050.5	—	—	2,050.5
– High yield	308.7	—	—	308.7
Syndicate loans	32.5	—	—	32.5
Equity funds	159.4	—	—	159.4
Hedge funds	530.6	—	—	530.6
Illiquid assets	222.9	—	—	222.9
Derivative financial assets	34.7	—	—	34.7
Cash and cash equivalents	652.5	(652.5)	—	—
Total financial assets at fair value through profit or loss	8,998.1	(652.5)	—	8,345.6
Financial assets at amortised cost				
Cash and cash equivalents	—	652.5	—	652.5
Amounts due from managed syndicates and other receivables	181.8	—	(1.3)	180.5
Total financial assets at amortised cost	181.8	652.5	(1.3)	833.0
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	14.5	—	—	14.5
Total financial liabilities at fair value through profit or loss	14.5	—	—	14.5
Financial liabilities at amortised cost				
Tier 2 subordinated debt (2026)	249.4	—	—	249.4
Tier 2 subordinated debt (2029)	298.6	—	—	298.6
Other liabilities	524.0	—	—	524.0
Total financial liabilities at amortised cost	1,072.0	—	—	1,072.0

2 Impact of new accounting standards continued

iii. Expected credit losses ("ECLs")

The table below shows the receivables for which loss allowances have been measured using a lifetime ECL (as permitted by the simplified approach) on the adoption of IFRS 9 as at 01 January 2023. These loss allowances have been estimated by applying inputs and assumptions in relation to the following:

- the period of assessment for the receivables;
- the creditworthiness of counterparties;
- the probability of default by these counterparties over the lifetime of the assets; and
- the loss given default based on historical rates.

We have determined that a reasonable change in any of these assumptions would not have a material impact on the ECLs recognised in the financial statements.

as at 01 January 2023	Before ECL \$m	ECL \$m	Net \$m
Investment receivables	53.9	(0.3)	53.6
Accrued investment income	35.7	(0.3)	35.4
Other receivables	92.2	(0.7)	91.5
Total amounts due from managed syndicates and other receivables	181.8	(1.3)	180.5

iv. Opening equity adjustment

The difference between the carrying amounts of the Group's financial assets before and after the adoption of IFRS 9 has been posted as an opening adjustment to retained earnings. The adjustment is comprised of \$1.3m in ECLs offset by \$0.3m in deferred tax assets – refer to Section b(iii) above for further details.

	31 December 2022 \$m	IFRS 9 adjustment \$m	01 January 2023 \$m
Assets			
Deferred tax asset	30.8	0.3	31.1
Other assets	204.2	(1.3)	202.9
Total impact on assets	235.0	(1.0)	234.0
Equity			
Retained earnings	3,016.1	(1.0)	3,015.1
Total impact on equity	3,016.1	(1.0)	3,015.1

Notes to the financial statements

continued

3 Statement of accounting policies

3a Use of key judgements and estimates

The preparation of financial statements requires the use of judgements and estimates that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those on which management's estimates are based.

Inputs and assumptions are evaluated on an ongoing basis by considering historical experience, expectations of reasonably possible future events, and other factors. For example, estimates which are sensitive to economic, regulatory and geopolitical conditions could be impacted by significant changes in the external environment such as rising inflation, rising interest rates, climate change, international conflicts, and significant changes in legislation. Any revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Specific to climate change, the estimate for which there is the highest potential exposure to climate risk is the estimation of future cash flows within insurance contract assets and liabilities. Management currently include allowances in the determination of best estimate cash flows for the potential impact of changes arising from climate risks (which could include but is not limited to an increased frequency of natural catastrophes, liability claims for green-washing and changes in legislation related to climate). Management are of the view that for all other estimates, climate risk would not have a material impact on the valuation of the assets and liabilities held by the Group at the year end date.

Information about the Group's key judgements and estimates has been disclosed below. Note that key judgements made by management in applying its accounting policies are those that have the most significant effect on the amounts recognised in the financial statements. Key estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next 12 months. The Group's key judgements and estimates are reassessed at each reporting period and updated within the financial statements. These have changed in the current year due to the adoption of IFRS 17.

i. Key judgements

Impairment assessment of goodwill

As part of the goodwill impairment assessment, management determines whether the recoverable amount of the cash generating unit exceeds the carrying amount. The recoverable amount is deemed to be the value-in-use, which is estimated as the present value of projected future cash flows. A number of judgemental inputs and assumptions are used in making this assessment, including premium growth rates, claims experience, discount rates, retention rates and expected future market conditions. Further detail is provided in Note 16, including a sensitivity analysis showing that a reasonably possible change in the key inputs and assumptions would not have a material impact on the outcome of impairment testing. As a result, this is considered to be an area of key judgement rather than a significant source of estimation uncertainty.

Measurement of insurance contract liabilities

Judgement has been applied in determining the Group's results on an IFRS 17 basis.

- Management has exercised judgement in determining an appropriate level of aggregation in the measurement of insurance contracts. Contracts are aggregated into portfolios based on shared risk and management characteristics (i.e. by type of cover, classes covered, and the reinsurer). These are then split into two groups representing contracts which are onerous and those which are non-onerous on initial recognition. The latter category is broken down further based on whether there is a significant possibility of contracts becoming onerous in the future.
- Under IFRS 17, discount rates are applied to expected future cash flows in measuring insurance contract liabilities. Management has applied judgement in determining that the 'bottom-up' estimation technique should be used in calculating these rates.
- Management has also applied judgement in determining an appropriate calculation basis for the risk adjustment. The Cost of Capital ("CoC") approach has been applied as this is consistent with the basis on which the risk margin is calculated under Solvency II, meaning work in this area could be leveraged. The main difference between the two methods is that the CoC is prescribed by EIOPA under Solvency II, whereas under IFRS 17 this is calculated in line with the Group's view of the required return.
- Judgement has been applied by management in determining the amount of contractual service margin ("CSM") that should be released into the profit or loss in each period. This process is carried out by identifying the coverage units in the group of contracts based on straight-line earnings patterns, allocating the CSM to coverage units, and then assessing at each reporting date the amount of CSM to be amortised and recognised as profit.

3 Statement of accounting policies continued

- Finally, the Group has applied the IFRS 17 expense principles by allocating costs to the 'insurance service expense' line based on those which are deemed to be 'directly attributable'. The amount recognised as insurance service expenses is determined by excluding certain costs as prescribed by IFRS 17, breaking down the balance by classes of expense (administrative, other acquisition, claims handling and brokerage), and then applying percentages representing amounts that are directly attributable. These proportions are calculated with references to both forecast and historical figures.

For further details on the accounting for insurance and reinsurance contracts under IFRS 17, refer to the policies set out at section (b)(iii) below. For details of the estimates applied in the calculation of discount rates and the risk adjustment, refer to section (ii) below.

ii. Key estimates

Measurement of insurance contract liabilities - Future cash flows

The Group has estimated the amount, timing and probability of future cash flows. Estimates are formed by applying assumptions about past events, current conditions and forecasts of future conditions. These have been outlined below:

- Future expected premium cash flows are based on data entered into underwriting systems. These have a level of estimate embedded for certain contracts, with payment/settlement patterns used to determine timing.
- Gross and reinsured claims payments are determined using an approach whereby cash flows are set at a Year of Account and reserving class level based on the latest quarterly reserving exercise.
- Expenses are deemed to be within the contract boundary, and therefore included in the cash flows, when these are directly attributable to fulfilling insurance contracts.
- Lapses/cancellations are projected by applying assumptions determined through statistical measures based on the Group's experience. These vary by product type, policy duration and sales trends.

For carrying values of insurance contracts by measurement component (including future cash flows), refer to Note 28(a).

Measurement of insurance contract liabilities - Discount rates

The discount rates applied to expected future cash flows in measuring insurance contract liabilities have been determined using the bottom-up approach. This method takes the risk-free rates and adjusts for an illiquidity premium.

- Risk-free rates are derived using government yield curves denominated in the same currency as the product being measured, which are sourced from Moody's. These are based on quarter-start and quarter-end rates.
- The Group's illiquidity premium is also sourced from Moody's and adjusted to reflect the Group's own asset portfolio. This represents the differences in the liquidity characteristics between the financial assets used to derive the risk-free yield and the insurance contract liability characteristics. The illiquidity premium applied by management is a flat percentage which varies by currency. For the USD discount rate, which is the dominant currency of the Group, as at 31 December 2023 this was 0.4% (2022: 0.5%).

The discount rates applied in determining the Group's IFRS 17 results are as follows.

31 December 2023	1 Year	3 Year	5 Year
USD	5.1 %	4.5 %	4.3 %
CAD	5.3 %	4.4 %	4.1 %
GBP	4.9 %	4.0 %	3.8 %
EUR	3.5 %	2.7 %	2.6 %
31 December 2022	1 Year	3 Year	5 Year
USD	5.2 %	4.8 %	4.5 %
CAD	5.3 %	4.6 %	4.3 %
GBP	4.4 %	4.4 %	4.5 %
EUR	2.9 %	3.1 %	3.1 %

For carrying values of insurance contract liabilities, refer to Note 28. Sensitivities to a change in interest rate against the carrying value of insurance contract liabilities are included in Note 30(b)(iii).

Notes to the financial statements

continued

3 Statement of accounting policies continued

Measurement of insurance contract liabilities - Risk adjustment

Estimation of the risk adjustment for non-financial risk is based on various inputs and assumptions, particularly relating to non-financial risk components of the SCR from the Solvency II internal model which captures all material exposure elements for the Group. IFRS 17 does not prescribe a specific methodology for the calculation of the risk adjustment for non-financial risk and the Group has elected to use a CoC approach. This is determined at a segment level comparing the required return by segment. Our overall cross cycle return on capital target is 15%. Projected capital amounts are derived from the annual business plan, with adjustments made to factor in emerging risks and uncertainties. The risk adjustment therefore differs between portfolios depending on the inherent risk associated with each. Diversification is considered between segments (to allow for negative/positive correlation between risks) and between years (to allow for the different kind of risk written across years).

The risk adjustment calculations as defined above are performed on a net basis, and the resulting risk adjustment percentage is then applied separately to insurance contracts issued and reinsurance contracts held.

The reserve confidence level determined by the actuarial department is considered as part of a quarterly reserve review exercise. These meetings are attended by senior management, senior underwriters, and representatives from actuarial, claims and finance. The reserve confidence level was deemed to be at the 85th percentile for the 2023 year end as per output from the latest governed reserve review (2022: 85th percentile) at the balance sheet date. This is in line with the preference that the Group maintains a reserve confidence level in the 80th to 90th percentile range. The carrying values of insurance contracts by measurement component (including risk adjustment) are disclosed in Note 28(a). For sensitivities to a change in risk adjustment, refer to Note 30(a)(iv).

Valuation of level 3 financial assets

The Group holds its syndicate loans and illiquid assets at level 3 within the fair value hierarchy. This means that fair values are estimated using model valuations which incorporate both observable and unobservable market inputs and assumptions. For further details on the methodologies, inputs and assumptions used by the Group, in addition to carrying values of level 3 financial assets, refer to Note 18. For the sensitivity of level 3 financial assets to price risk, refer to Note 30(b)(iv).

3 Statement of accounting policies continued

3b Material accounting policies

i. Subsidiary undertakings

Subsidiary undertakings are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies where the Group has control are consolidated within these financial statements.

Certain Group subsidiaries underwrite as corporate members of Lloyd's on syndicates managed by Beazley Furlonge Limited. In view of the several and direct liability of underwriting members at Lloyd's for the transactions of syndicates in which they participate, only attributable shares of transactions, assets and liabilities of those syndicates are included in the Group financial statements. The Group continues to conclude that it remains appropriate to consolidate its share of the result of these syndicates and accordingly, as the Group is the sole provider of capacity on syndicates 2623, 3622 and 3623, these financial statements include 100% of the economic interest in these syndicates.

The Group provides 10% of the capacity on Syndicate 4321 for the 2022 and 2023 years of account and approximately 18% of the capacity on Syndicate 5623 for the 2023 year of account. These syndicates are both managed by Beazley Furlonge Limited. These financial statements include the corresponding economic interest in these syndicates for the relevant years of account and show the Group's share of the transactions, assets and liabilities of these syndicates. For the remaining capacity of these syndicates (including for 5623 the 2021 and 2022 years of account where capital was solely provided by third parties), the Group's economic interest in the form of agency fees and profit commission attributable to non group capital providers is included within these financial statements.

Beazley Furlonge Limited is also the managing agent of syndicates 623 and 6107. Capacity for these syndicates is provided entirely by third parties to the Group, and these financial statements reflect Beazley's economic interest in the form of agency fees and profit commission to which it is entitled.

ii. Foreign currency translation

The Group financial statements are presented in US dollars, being the functional and presentational currency of the parent and its main trading subsidiaries, as the majority of trading assets and insurance premiums are denominated in US dollars.

The Group has subsidiaries with different functional currencies, the results and financial position of which are translated into the USD presentational currency as follows:

- assets and liabilities are translated at the closing rate as at the statement of financial position date;
- income and expenses are translated at average exchange rates for the reporting period where this is determined to be a reasonable approximation of the actual transaction rates; and
- all resulting exchange differences are recognised in other comprehensive income and as a separate component of equity (the foreign currency translation reserve).

iii. Insurance and reinsurance contracts

Recognition and measurement

The Group applies IFRS 17 to all insurance contracts issued and reinsurance contracts held. These are defined respectively as contracts under which the Group accepts significant insurance risk by agreeing to compensate a policyholder/cedant if they are adversely affected by an insured event, and contracts which are issued by a reinsurer to compensate the Group as cedant for claims arising from underlying contracts. Insurance risk is considered in further detail in Note 30. The Group has elected to apply the General Measurement Model ("GMM") to all insurance and reinsurance contracts that it issues, and applies the GMM with certain modifications to all reinsurance contracts that it holds. This is the default approach under IFRS 17 - the optional simplified Premium Allocation Approach has not been applied. Under the GMM, insurance contracts issued are aggregated into groups. Contracts are then recognised at the earliest of (i) the beginning of the coverage period of the group; (ii) the date when first payment from a policyholder/cedant in the group is due; or (iii) where applicable, when the group becomes onerous. The Group measures its reinsurance contracts held separately from the underlying contracts to which the arrangement relates. For proportional reinsurance contracts, these are recognised at the later of the date on which the first underlying contract is initially recognised, or the date into which the reinsurance is entered. Non-proportional reinsurance contracts are typically recognised at the beginning of the coverage period of the group of reinsurance contracts. However if the underlying group is determined to be onerous, then the reinsurance contract is recognised on the date at which this assessment took place.

Notes to the financial statements

continued

3 Statement of accounting policies continued

Level of aggregation

The Group is required under IFRS 17 to allocate its insurance contracts into groups. These are first aggregated into portfolios at a granular level based on whether they share similar risk characteristics and are managed together. Generally, all insurance contracts within a product line are considered by management to represent a portfolio of contracts. These are then aggregated further into groups based on profitability characteristics. The three categories are as follows:

- Contracts that are onerous on initial recognition, meaning the expected costs of meeting contractual obligations will exceed the expected economic benefits;
- Contracts that are not onerous on initial recognition but have a significant possibility of becoming onerous subsequently; and
- Contracts that are not onerous on initial recognition and have no significant possibility of becoming onerous subsequently.

The majority of the Group's insurance contracts are deemed not to be onerous on initial recognition with a possibility of becoming onerous subsequently.

Finally, these are aggregated into annual cohorts with contracts issued more than one year apart separated out. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groupings are not subsequently reconsidered.

Components of insurance and reinsurance contracts

Insurance and reinsurance contracts included within the Group's statement of financial position are comprised of the following components.

- The present value of future cash flows. Cash flows are comprised of future expected premium which is based on data entered into underwriting systems, gross and reinsured claims payments derived from the latest quarterly reserving exercise, expenses deemed to be within the contract boundary, and lapses/cancellations which are projected by applying assumptions determined through statistical measures based on the Group's experience. Cash flows also include amounts due to and from insureds, brokers and reinsurers. An allowance is made for default by these parties. The future cash flows are discounted using a rate derived by applying the 'bottom-up' estimation technique. As referenced in Section 3a, the future cash flows and their discounting are both sensitive to changes in accounting estimates.
- A risk adjustment for non-financial risk. This represents the compensation that the Group requires for bearing uncertainty around the amount and timing of the cash flows that arise from non-financial risk. IFRS 17 does not prescribe a specific approach, therefore the Group has opted to apply the CoC approach. Under this method, the risk adjustment is calculated by applying a cost of capital rate to the present value of the projected capital for non-financial risk. The risk adjustment changes as cash flows crystallise on existing business, new business is recognised, and any changes to the cost of capital are applied.
- The contractual service margin. This represents the unearned profit that the Group will recognise as it provides services in the future. If the contract is not deemed to be onerous on initial recognition, the CSM is measured as the equal and opposite of the sum of its related cash flows and risk adjustment. If deemed to be onerous, then the full CSM is immediately recognised as a loss in the statement of profit or loss, and included within the loss component on subsequent measurement. The Group has elected not to calculate its CSM on a year-to-date basis. Instead, the CSM is taken as the weighted average of the year-to-date quarters, meaning this is updated periodically and then "locked in" at the year end position. Groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. As the Group measures fulfilment cash flows based on the four major transactional currencies (USD, GBP, EUR and Canadian dollars), the Group maintains the CSM based on these respective currencies.

Coverage units

Management is required to identify coverage units in order to determine the amount of CSM that should be released into the profit or loss in each period. Coverage units are determined at a policy level by considering the quantity of the benefits provided and the expected coverage duration. For insurance contracts issued and proportional reinsurance contracts held, the number of coverage units in a group reflects the expected pattern of underwriting of the contracts, as the level of service provided depends on the number of contracts in force. Once management has determined the number of coverage units included in a group of insurance contracts, CSM is allocated to each coverage unit. An assessment is then made at each reporting period as to how much of the CSM should be released and recognised as profit. For non-proportional reinsurance contracts held, the CSM is amortised on a straight-line basis over the life of the policy, as benefits are received evenly over the coverage period.

Liability for remaining coverage ("LRC") and liability for incurred claims ("LIC")

The LRC represents the Group's obligation for insurance contracts written where insured events have not yet occurred. The LIC represents the Group's obligation to pay claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported. Insurance contracts issued are comprised of the LRC, which includes a loss component, and the LIC. Reinsurance contracts held are comprised of the asset for remaining coverage ("ARC"),

3 Statement of accounting policies continued

containing a loss recovery component, and an asset for incurred claims ("AIC"). Note that the LRC and ARC include an element of the PVFCF, a risk adjustment for non-financial risk, and the CSM. The LIC and AIC include the remainder of the PVFCF and a risk adjustment for non-financial risk.

Amounts recognised in profit or loss

- Insurance revenue in each reporting period represents the changes in the LRC that relate to services for which the Group expects to receive consideration, in addition to an allocation of premiums that relate to the recovery of insurance acquisition cash flows. Changes in the LRC include claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, changes in the risk adjustment for non-financial risk, amounts recognised as profit through release of the CSM for insurance contract services provided, and other amounts including experience adjustments (which represent the difference between the expected present value of future cash flows versus the actual cash flows generated, and any resultant second order impacts).
- Insurance service expenses are comprised of incurred claims and other directly attributable expenses, changes that relate to past service, changes that relate to future service, and the amortisation of insurance acquisition cash flows.
- Income/expenses from reinsurance contracts are presented separately from income/expenses from underlying insurance contracts. The Group has elected to present its net expenses from reinsurance contracts in the statement of profit or loss as the allocation of reinsurance premium and amounts recoverable from reinsurers for incurred claims.
- Finance income/expense from insurance contracts issued and reinsurance contracts held shows the interest accreted and the effect of changes in discount rates and other financial assumptions.
- Changes in the risk adjustment for non-financial risk are disaggregated between insurance service expenses and insurance finance income/expenses.
- Insurance and reinsurance contract amounts denominated in foreign currencies are translated to the Group's reporting currency at the balance sheet date, with any translation differences recognised in the statement of profit or loss.

iv. Financial instruments

Financial instruments are recognised in the statement of financial position at such time as the Group becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are recognised on the trade date, which is the date the Group commits to purchase or sell the asset. A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets expire, or where the financial assets have been transferred, together with substantially all the risks and rewards of ownership. Financial liabilities are derecognised if the Group's obligations specified in the contract expire, are discharged or are cancelled.

Classification

The Group is required to classify its financial instruments into one of the following categories on subsequent measurement: fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is based on the business model in which these are managed and the characteristics of the associated contractual cash flows. Almost all of the Group's financial assets are measured at FVTPL under IFRS 9. This is with the exception of cash and cash equivalents, amounts due from managed syndicates, and other receivables, all of which are measured at amortised cost.

The Group's financial liabilities are held at amortised cost, with the exception of its derivative financial liabilities and a potential profit uplift commission payment, both of which are held at FVTPL (mandatory) under IFRS 9.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are carried at amortised cost less any impairment losses. These are included within 'Other assets' on the face of the consolidated statement of financial position.

Hedge funds, equity funds and illiquid assets

The Group invests in a number of hedge funds, equity funds and illiquid assets for which there are no available quoted market prices. The valuation of these assets is based on fair value techniques as described in Note 18. The fair value of our hedge fund and illiquid asset portfolio is calculated by reference to the underlying net asset values ("NAV") of each of the individual funds. Consideration is also given to adjusting such NAV valuations for any restriction applied to distributions, the existence of side pocket provisions and the timing of the latest available valuations. At certain times, the Group will have uncalled unfunded commitments in relation to its illiquid assets and these are actively monitored by the Group. These amounts are not shown on the consolidated statement of financial position, and any additional investment into the illiquid asset portfolio is recognised on the date that this funding is provided by the Group. Further information is included in Note 18 to the financial statements.

Notes to the financial statements

continued

3 Statement of accounting policies continued

Other payables

Other payables are stated at amortised cost determined according to the effective interest rate method. Other payables are included within 'Other liabilities' on the face of the consolidated statement of financial position.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The best evidence of fair value of a derivative at initial recognition is the transaction price. The method of recognising the resulting fair value gains or losses depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group does not hold any derivatives designated as fair value hedges, cash flow hedges or net investment hedges and therefore all fair value movements are recorded through profit or loss. Fair values are obtained from quoted market prices in active markets, recent market transactions, and valuation techniques which include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivative assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the parties intend to settle on a net basis, or realise the assets and settle the liability simultaneously.

Impairment of financial assets

The 'expected credit losses' ("ECLs") model is applied to the Group's financial assets measured at amortised cost. This requires an entity to calculate an allowance for credit losses by taking the sum of various probability weighted outcomes. The general approach is the default method which management applies in determining the ECLs against its cash and cash equivalents. A simplified approach is permitted for trade receivables, contract assets and lease receivables where there is no significant financing component. This results in an entity recognising an ECL that is always equal to a lifetime ECL, rather than assessing periodically whether there has been an increase in credit risk. The main impact of this new IFRS 9 impairment model is that credit losses are based on the risk of default, as opposed to whether a loss has been incurred, and consequently credit losses are recognised earlier than under the previous accounting standard. Note that the Group has been able to determine the credit risk of financial assets on transition using reasonable and supportable information, rather than placing reliance on transitional provisions.

Cash and cash equivalents

Cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks, cash held in Lloyd's trust accounts and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months maturity from the date of acquisition. Cash and cash equivalents are measured at amortised cost under IFRS 9.

v. Share based compensation

The grant date fair value of share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

When options are exercised and new shares are issued, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) with the excess amount going to share premium. For other plans, when no proceeds are received, the nominal value of shares issued is to share capital and debited to retained earnings. When the options are exercised and the shares are granted from the employee share trust, the proceeds received, net of any transaction costs, and the value of shares held within the trust, are credited to retained earnings.

4 Segmental reporting

4a Reporting segments

Segmental information is presented based on the Group's management and internal reporting structures which represent the level at which financial information is reported, performance is analysed and resources are allocated by the Group's Executive Committee, being the chief operating decision maker as defined by IFRS 8.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those items that are allocated on a reasonable basis are split based on each segment's capital requirement which is taken from the Group's most up-to-date business plan. The reporting segments do not cross-sell business to each other.

Finance costs and taxation have not been allocated to operating segments as these items are determined at a consolidated level and do not relate to operating performance.

As a result of the adoption of IFRS 17, comparative information has been restated for the year ended 31 December 2022.

An overview of the Group's segments is set out below.

Cyber Risks

This segment underwrites cyber and technology risks.

Digital

This segment underwrites a variety of marine, contingency and SME liability risks through digital channels such as e-trading platforms and broker portals.

MAP Risks

This segment underwrites marine, portfolio underwriting and political and contingency business.

Property Risks

This segment underwrites first party property risks and reinsurance business.

Specialty Risks

This segment underwrites a wide range of liability classes, including employment practices risks and directors and officers, as well as healthcare, lawyers and international financial institutions.

Notes to the financial statements continued

4 Segmental reporting continued

4b Segmental information

	Year ended 31 December 2023					
	Cyber Risks	Digital	MAP Risks	Property Risks	Specialty Risks	Total
2023	\$m	\$m	\$m	\$m	\$m	\$m
Insurance revenue	1,174.9	224.7	1,015.4	1,145.2	1,882.2	5,442.4
Insurance service expenses	(802.1)	(144.0)	(635.5)	(643.9)	(1,367.1)	(3,592.6)
Current year claims	(565.2)	(90.5)	(430.8)	(470.1)	(940.1)	(2,496.7)
Adjustments to prior year claims	(8.9)	33.7	88.6	108.1	39.8	261.3
(Loss on)/reversal of onerous contracts	(2.6)	2.6	1.4	(0.1)	0.5	1.8
Insurance acquisition cash flows amortisation and other directly attributable expenses	(225.4)	(89.8)	(294.7)	(281.8)	(467.3)	(1,359.0)
Allocation of reinsurance premium	(308.5)	(24.3)	(236.1)	(198.5)	(359.9)	(1,127.3)
Amounts recoverable from reinsurers for incurred claims	210.1	7.1	23.9	26.4	261.0	528.5
Current year claims	211.8	13.0	107.6	57.0	294.2	683.6
Adjustments to prior year claims	(1.0)	(5.7)	(83.0)	(30.1)	(31.7)	(151.5)
Share of expenses and other amounts	(0.7)	(0.2)	(0.7)	(0.5)	(1.5)	(3.6)
Insurance service result	274.4	63.5	167.7	329.2	416.2	1,251.0
Net investment income	86.6	14.8	53.5	75.2	250.1	480.2
Net finance expense from insurance contracts issued	(17.5)	(2.9)	(12.6)	(10.9)	(125.4)	(169.3)
Net finance (expense)/income from reinsurance contracts held	(1.3)	0.5	2.1	(13.7)	28.3	15.9
Net insurance and financial result	342.2	75.9	210.7	379.8	569.2	1,577.8
Other income	16.9	3.2	14.8	16.5	27.1	78.5
Other operating expenses	(52.7)	(19.9)	(68.1)	(42.5)	(182.6)	(365.8)
Foreign exchange gains	1.0	0.2	0.8	0.9	1.6	4.5
Segment result	307.4	59.4	158.2	354.7	415.3	1,295.0
Finance costs						(40.6)
Profit before tax						1,254.4
Tax expense						(227.6)
Profit after tax						1,026.8
Claims ratio	42 %	23 %	41 %	35 %	42 %	39 %
Expense ratio	26 %	45 %	38 %	30 %	31 %	32 %
Combined ratio	68 %	68 %	79 %	65 %	73 %	71 %
Insurance assets	50.5	14.1	0.5	13.7	22.7	101.5
Reinsurance assets	469.0	27.5	322.6	287.2	1,320.4	2,426.7
Other	2,411.3	368.1	1,511.2	1,961.7	4,884.9	11,137.2
Total assets	2,930.8	409.7	1,834.3	2,262.6	6,228.0	13,665.4
Insurance liabilities	1,634.8	208.8	1,006.6	1,173.3	3,968.7	7,992.2
Reinsurance liabilities	73.2	8.7	160.2	—	91.4	333.5
Other	333.8	52.5	182.2	297.3	591.8	1,457.6
Total liabilities	2,041.8	270.0	1,349.0	1,470.6	4,651.9	9,783.3

The calculation bases for the claims, expense and combined ratios are disclosed within the APMs section on page 254.

4 Segmental reporting continued

	Year ended 31 December 2022 (restated)					
2022	Cyber Risks \$m	Digital \$m	MAP Risks \$m	Property Risks \$m	Specialty Risks \$m	Total \$m
Insurance revenue	1,013.5	211.3	970.3	807.2	1,846.1	4,848.4
Insurance service expenses	(750.9)	(161.3)	(859.5)	(699.5)	(1,542.8)	(4,014.0)
Current year claims	(506.3)	(104.3)	(436.2)	(524.0)	(974.5)	(2,545.3)
Adjustments to prior year claims	(81.4)	9.1	(139.4)	37.0	(102.2)	(276.9)
(Loss on)/reversal of onerous contracts	23.2	(0.2)	(0.5)	1.2	0.4	24.1
Insurance acquisition cash flows amortisation and other directly attributable expenses	(186.4)	(65.9)	(283.4)	(213.7)	(466.5)	(1,215.9)
Allocation of reinsurance premium	(198.3)	(27.2)	(250.1)	(175.7)	(314.1)	(965.4)
Amounts recoverable from reinsurers for incurred claims	208.4	21.5	296.3	108.5	319.2	953.9
Current year claims	128.2	26.2	172.9	123.4	282.9	733.6
Adjustments to prior year claims	80.5	(4.6)	123.7	(14.6)	37.0	222.0
Share of expenses and other amounts	(0.3)	(0.1)	(0.3)	(0.3)	(0.7)	(1.7)
Insurance service result	272.7	44.3	157.0	40.5	308.4	822.9
Net investment loss	(34.5)	(8.7)	(20.5)	(27.1)	(88.9)	(179.7)
Net finance income from insurance contracts issued	30.2	4.8	45.3	24.5	174.7	279.5
Net finance expense from reinsurance contracts held	(9.0)	(0.9)	(19.6)	(5.2)	(61.8)	(96.5)
Net insurance and financial result	259.4	39.5	162.2	32.7	332.4	826.2
Other income	7.9	2.3	1.0	7.4	13.5	32.1
Other operating expenses	(33.7)	(9.9)	(34.8)	(35.5)	(103.7)	(217.6)
Foreign exchange (losses)	(3.6)	(0.8)	(3.5)	(2.9)	(6.5)	(17.3)
Segment result	230.0	31.1	124.9	1.7	235.7	623.4
Finance costs						(39.4)
Profit before tax						584.0
Tax expense						(100.7)
Profit after tax						483.3
Claims ratio	44 %	40 %	39 %	60 %	49 %	47 %
Expense ratio	23 %	36 %	39 %	34 %	31 %	32 %
Combined ratio	67 %	76 %	78 %	94 %	80 %	79 %
Insurance assets	0.4	—	44.1	14.0	25.6	84.1
Reinsurance assets	308.6	26.5	327.0	430.8	1,082.4	2,175.3
Other	2,169.6	340.6	1,307.0	1,436.5	4,199.9	9,453.6
Total assets	2,478.6	367.1	1,678.1	1,881.3	5,307.9	11,713.0
Insurance liabilities	1,285.8	198.2	1,141.9	1,141.9	3,582.0	7,349.8
Reinsurance liabilities	17.9	2.1	82.6	3.9	54.7	161.2
Other	348.6	49.5	134.6	218.3	496.0	1,247.0
Total liabilities	1,652.3	249.8	1,359.1	1,364.1	4,132.7	8,758.0

Notes to the financial statements

continued

4 Segmental reporting continued

4c Information about geographical areas

The Group generates revenue in multiple geographies, an overview of which is set out below. The basis for attributing insurance revenues is as follows:

- UK insurance revenue represents all risks placed at Lloyd's;
- US insurance revenue represents all risks placed at the Group's US insurance companies (Beazley Insurance Company, Inc. and Beazley America Insurance Company, Inc); and
- European insurance revenue represents all risks placed at the Group's European insurance company (Beazley Insurance dac).

	2023 \$m	2022 ¹ \$m
Insurance revenue		
UK (Lloyd's)	4,539.0	3,990.6
US (Non-Lloyd's)	603.5	625.7
Europe (Non-Lloyd's)	299.9	232.1
	5,442.4	4,848.4

1 Restated for the year ended 31 December 2022 following the adoption of IFRS 17.

Provided below is a geographical split of a portion of the Group's non-current assets, namely intangible assets, plant and equipment, right of use assets, and investments in associates. This excludes financial instruments, deferred tax assets, pension assets and insurance / reinsurance contract assets.

	2023 \$m	2022 \$m
Non-current assets		
UK	186.7	151.0
US	51.4	51.4
Europe	2.8	2.2
	240.9	204.6

4d Total revenue

The table below sets out the Group's total revenue, being insurance revenue, interest on cash and cash equivalents and other income within the scope of IFRS 15.

	2023 \$m	2022 \$m
Insurance revenue	5,442.4	4,848.4
Interest on cash and cash equivalents	16.8	0.5
Other income	78.5	32.1
	5,537.7	4,881.0

5 Insurance revenue

Insurance revenue represents the total changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration. This includes the difference between the claims and other expenses expected at the beginning of the year versus those actually incurred (per Note 6), after the loss component allocation.

	2023 \$m	2022 \$m
Amounts relating to changes in the liability for remaining coverage:		
Expected incurred claims and other expenses after loss component allocation	3,015.7	2,723.8
Change in risk adjustment for non-financial risk for the risk expired after loss component allocation	316.8	274.7
CSM recognised in profit or loss for services provided	691.4	565.2
Other amounts including experience adjustments	503.7	434.6
Insurance acquisition cash flows recovery	914.8	850.1
Total insurance revenue	5,442.4	4,848.4

6 Insurance service expenses

The table below shows the insurance service expenses recognised on groups of insurance contracts issued by the Group. These are recognised in the consolidated statement of profit or loss as they are incurred.

	2023 \$m	2022 \$m
Incurred claims and other directly attributable expenses	2,911.6	2,908.6
Changes that relate to past service - adjustments to the LIC	(232.0)	279.4
Losses on onerous contracts and reversal of those losses	(1.8)	(24.1)
Insurance acquisition cash flows amortisation	914.8	850.1
Total insurance service expense	3,592.6	4,014.0

7 Net income / expenses from reinsurance contracts held

The table below shows the net income/expenses from reinsurance contracts held, comprised of the allocation of reinsurance premium and amounts recoverable from reinsurers for incurred claims.

	2023 \$m	2022 \$m
Amounts relating to changes in the remaining coverage:		
– Expected claims and other expenses recovery	(740.5)	(731.8)
– Changes in the risk adjustment recognised for the risk expired	(105.2)	(74.3)
– CSM recognised for the services received	(290.8)	(195.3)
– Other amounts including experience adjustments	9.2	36.0
Allocation of reinsurance premium	(1,127.3)	(965.4)
Effect of changes in the risk of reinsurers non-performance	4.2	(32.6)
Claims recovered	680.1	733.4
Other incurred directly attributable expenses	(3.6)	(1.7)
Changes that relate to past service - adjustments to incurred claims recovery	(152.2)	254.8
Amounts recoverable from reinsurers for incurred claims	528.5	953.9
Total net expenses from reinsurance contracts held	(598.8)	(11.5)

Notes to the financial statements

continued

8 Net financial result

Finance income/(expense) from insurance contracts issued and reinsurance contracts held represents the interest accreted and the effect of changes in discount rates and other financial assumptions. The net financial result is comprised of the Group's net investment income/(loss) and its net insurance finance income/(expense).

	2023 \$m	2022 \$m
Interest and dividends on financial assets at fair value	215.3	101.1
Interest on cash and cash equivalents	16.8	0.5
Net realised fair value losses on financial assets at FVTPL	(69.2)	(7.6)
Net unrealised fair value gains/(losses) on financial assets at FVTPL	325.2	(266.8)
Investment income/(expense) from financial assets	488.1	(172.8)
Investment management expenses	(7.9)	(6.9)
Net investment income/(loss)	480.2	(179.7)
Interest accreted	(379.1)	(153.7)
Effect of changes in financial assumptions	209.8	433.2
Net finance (expense)/income from insurance contracts issued	(169.3)	279.5
Interest accreted	84.4	28.5
Effect of changes in financial assumptions	(68.5)	(125.0)
Net finance income/(expense) from reinsurance contracts held	15.9	(96.5)
Net insurance finance (expense)/income	(153.4)	183.0
Net financial result	326.8	3.3

Investment income by category of financial asset

The tables below show the Group's investment income/(expense), split by category of financial asset. Note that 'Other financial assets' includes cash and cash equivalents and derivative financial assets.

	Debt securities and syndicate loans \$m	Capital growth assets \$m	Other financial assets \$m	Total \$m
2023				
Interest and dividends received	208.4	3.7	20.0	232.1
Net realised (losses)/gains	(117.8)	52.6	(4.0)	(69.2)
Net unrealised fair value gains	291.2	34.0	–	325.2
Total investment income from financial assets	381.8	90.3	16.0	488.1

	Debt securities and syndicate loans \$m	Capital growth assets \$m	Other financial assets \$m	Total \$m
2022				
Interest and dividends received	96.6	3.6	1.4	101.6
Net realised (losses)/gains	(93.3)	31.9	53.8	(7.6)
Net unrealised fair value losses	(235.6)	(30.9)	(0.3)	(266.8)
Total investment expense from financial assets	(232.3)	4.6	54.9	(172.8)

9 Other income

	2023	2022
	\$m	\$m
Commissions received by Beazley service companies	42.8	20.0
Profit commissions from syndicates	29.9	7.2
Managing agent fees from third party syndicates	3.6	4.0
Other income	2.2	0.9
Total other income	78.5	32.1

Commissions received by Beazley service companies

Commissions are received from non-Group syndicates by Group service companies writing business on their behalf. These are recognised as the services are provided, and therefore the performance obligations of the contracts are met. Commission is payable to the Group by syndicate 623 due to Group service companies writing business on behalf of the syndicate. While the commercial purpose of the contract is to pass business to syndicate 623, the remuneration is triggered by incurring expenses, irrespective of volume of business gained. Fees are recognised as the services are provided, and therefore the performance obligations of the contracts are met. In addition, the Group charges syndicates 5623 and 4321 for a portion of the profit-related remuneration paid to its underwriting staff. Payment is therefore triggered by the underlying profitability of the syndicate.

Profit commissions from syndicates

Profit commission agreements are in place between the third party capital syndicates managed by the Group and their managing agent, Beazley Furlonge Limited. Under these agreements, the transaction price represents a fixed percentage on profit by year of account. As such, the profitability of the syndicates is a performance criterion. No other variable consideration (for example: discounts, rebates, refunds, incentives) is attached. The value of each transaction price is derived at the reporting date from the actual profits made by the syndicates, and therefore represents the most likely amount of consideration at the reporting date.

Notes to the financial statements

continued

10 Operating expenses

	2023 \$m	2022 \$m
Staff costs	527.6	355.6
Other administrative expenses	401.2	325.0
Total administrative expenses	928.8	680.6
Recharged to third party syndicates	(115.5)	(75.8)
Expenses reclassified within the insurance service result	(447.5)	(387.2)
Total operating expenses	365.8	217.6

Depreciation of \$17.1m (2022: \$15.6m) and amortisation of \$16.2m (2022: \$14.3m) is included within other administrative expenses.

Net staff costs

	2023 \$m	2022 \$m
Wages and salaries	259.8	215.8
Short term incentive payments	167.5	78.1
Social security	45.3	30.0
Share based remuneration	33.8	14.7
Pension costs ¹	21.2	17.0
Staff costs	527.6	355.6
Recharged to third party syndicates	(78.2)	(53.1)
Net staff costs	449.4	302.5

¹ Pension costs primarily include contributions made under the defined contribution scheme. Further information on the defined benefit pension scheme can be found in Note 17.

Average number of employees

A breakdown by category of employee is disclosed below.

	2023	2022
Directors	11	10
Senior managers	145	107
Other employees	1,988	1,691
Total average number of employees	2,144	1,808

11 Auditor's remuneration

	2023 \$m	2022 \$m
Operating expenses include amounts receivable by the Group's auditors in respect of:		
– audit of the Group's annual report & accounts	6.5	1.7
– audit of subsidiaries pursuant to legislation	3.6	3.1
– audit-related assurance services	1.1	1.4
– other non-audit services	0.9	0.7
Total auditor's remuneration	12.1	6.9

Other than the fees disclosed above, no other fees were paid to the Company's auditor. Audit-related assurance services primarily comprise the review and audit of regulatory reporting pursuant to legislation and review of the Group's condensed interim financial statements. Included within the 2023 audit fees are fees of \$5.1m (2022: \$0.5m) that relate to the audit of IFRS 17 balances and transition, including the opening balance sheet and 2022 restated comparatives. Fees incurred for other non-audit services primarily relate to reporting required by Regulators and additional assurance work performed on material included within the annual report.

12 Finance costs

	2023 \$m	2022 \$m
Interest expense on financial liabilities	31.6	31.5
Interest expense on lease liabilities	3.1	3.1
Interest and charges related to letters of credit	5.9	4.1
Equity raise costs not charged to share premium	—	0.7
Total finance costs	40.6	39.4

Notes to the financial statements continued

13 Tax expense

	2023 \$m	2022 ¹ \$m
Current tax expense		
Current tax expense	121.8	53.2
Prior year adjustment	1.5	(9.9)
	123.3	43.3
Deferred tax expense		
Origination and reversal of temporary differences	97.3	58.5
Difference between current and deferred tax rates	6.8	(1.0)
Prior year adjustments	0.2	(0.1)
	104.3	57.4
Tax expense	227.6	100.7

1. Restated for the year ended 31 December 2022 following the adoption of IFRS 17.

Reconciliation of tax expense

The Group makes the majority of its profit in Ireland, the UK and the US. The weighted average of statutory tax rates based on the profits earned in each country in which the Group operates is 17.6% (2022: 19.0%), whereas the tax charged for the year ending 31 December 2023 as a percentage of profit before tax is 18.1% (2022: 17.2%). The reasons for the difference are explained below:

	2023 \$m	2023 %	2022 ¹ \$m	2022 %
Profit before tax	1,254.4		584.0	
Tax calculated at the weighted average of statutory tax rate	221.4	17.6	111.0	19.0
Effects of:				
– non-deductible/(non-taxable) expenses	(2.0)	(0.2)	1.9	0.3
– losses not previously recognised	(1.2)	(0.1)	—	—
– tax charge/(relief) on remuneration	0.9	0.1	(1.2)	(0.2)
– under/(over) provided in prior years	1.7	0.1	(10.0)	(1.7)
– Difference between current and deferred tax rates ²	6.8	0.6	(1.0)	(0.2)
Tax expense for the year	227.6	18.1	100.7	17.2

1. Restated for the year ended 31 December 2022 following the adoption of IFRS 17.

2. The Finance Act 2021 provided for an increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023. This tax rate change has been reflected in the calculation of the deferred tax balances as at 31 December 2023.

Global minimum tax rate

The Organisation for Economic Co-operation and Development ("OECD") released the Pillar Two framework to ensure that large multinational enterprises pay a minimum effective corporate tax rate of 15% on the income arising in each jurisdiction in which they operate. In June 2023, the UK enacted legislation to implement these new rules in respect of accounting periods beginning on or after 31 December 2023.

We continue to assess the development of Pillar Two and expect that the impact will not be significant as the Group mainly operates in jurisdictions with a statutory tax rate above 15%. We anticipate the main impact for the Group will be in Ireland, where the tax rate is 12.5%. In December 2023, Ireland enacted a Qualified Domestic Minimum Top-Up Tax such that in-scope businesses pay at least a 15% effective tax rate on their profits. Based on the FY 2023 results, the impact is estimated to be an additional \$18m of corporate income tax payable in Ireland. The impact on the Beazley Group will depend on the actual profits in each period.

14 Earnings per share

	2023	2022
Profit after tax ¹ (\$m)	1,026.8	483.3
Weighted average number of shares in issue (m)	663.8	611.7
Adjusted weighted average number of shares in issue (m)	678.3	619.7
Basic (cents)	154.7c	79.0c
Diluted (cents)	151.4c	78.0c
Basic (pence)	124.8p	63.4p
Diluted (pence)	122.1p	62.6p

1 The Profit after tax figure has been restated for the year ended 31 December 2022 following the adoption of IFRS 17. The adoption of IFRS 9 has not had a material impact on the Group's basic or diluted earnings per share in the year to 31 December 2023.

Basic earnings per share is calculated by dividing profit after tax of \$1,026.8m (2022: \$483.3m) by the weighted average number of shares in issue during the year of 663.8m (2022: 611.7m).

Diluted earnings per share is calculated by dividing profit after tax of \$1,026.8m (2022: \$483.3m) by the adjusted weighted average number of shares of 678.3m (2022: 619.7m) in issue. This assumes conversion of dilutive potential ordinary shares, being shares from equity settled employee compensation schemes. Share options with performance conditions attaching to them have been excluded from the weighted average number of shares to the extent that these conditions have not been met at the reporting date.

Further details of equity compensation plans can be found in Note 24 as well as in the Directors' remuneration report on pages 124 to 145.

Note that both calculations exclude the shares held in the Employee Share Options Plan of 9.8m (31 December 2022: 5.7m) until such time as they vest unconditionally with the employees.

15 Dividends per share

An interim dividend of 14.2p covering the whole of 2023 (2022: 13.5p) will be payable on 3 May 2024 to Beazley plc shareholders registered on 22 March 2024. The Group expects the total amount to be paid in respect of the interim dividend to be approximately £95.5m (2022: £90.6m). These financial statements do not provide for the interim dividend as a liability.

Notes to the financial statements

continued

16 Intangible assets

	Goodwill \$m	Syndicate capacity \$m	Licences \$m	IT development costs \$m	Renewal rights \$m	Total \$m
Opening cost at 01 January 2023	72.0	13.7	9.3	125.3	58.9	279.2
Derecognition	—	—	—	(13.2)	—	(13.2)
Additions	—	17.6	—	33.3	—	50.9
Foreign exchange gain	—	—	—	3.3	—	3.3
Closing cost at 31 December 2023	72.0	31.3	9.3	148.7	58.9	320.2
Opening amortisation and impairment at 01 January 2023	(10.0)	—	—	(81.5)	(58.9)	(150.4)
Amortisation	—	—	—	(16.2)	—	(16.2)
Derecognition	—	—	—	13.2	—	13.2
Foreign exchange loss	—	—	—	(1.5)	—	(1.5)
Closing amortisation and impairment at 31 December 2023	(10.0)	—	—	(86.0)	(58.9)	(154.9)
Carrying amount at 31 December 2023	62.0	31.3	9.3	62.7	—	165.3

	Goodwill \$m	Syndicate capacity \$m	Licences \$m	IT development costs \$m	Renewal rights \$m	Total \$m
Opening cost at 01 January 2022	72.0	10.7	9.3	115.4	61.4	268.8
Additions	—	3.0	—	19.7	—	22.7
Foreign exchange loss	—	—	—	(9.8)	(2.5)	(12.3)
Closing cost at 31 December 2022	72.0	13.7	9.3	125.3	58.9	279.2
Opening amortisation and impairment at 01 January 2022	(10.0)	—	—	(74.3)	(61.0)	(145.3)
Amortisation	—	—	—	(13.6)	(0.7)	(14.3)
Foreign exchange gain	—	—	—	6.4	2.8	9.2
Closing amortisation and impairment at 31 December 2022	(10.0)	—	—	(81.5)	(58.9)	(150.4)
Carrying amount at 31 December 2022	62.0	13.7	9.3	43.8	—	128.8

16 Intangible assets continued

Impairment tests

Goodwill, syndicate capacity and US insurance authorisation licences are deemed to have indefinite useful lives as they are expected to have a recoverable amount that does not erode or become obsolete over the course of time. Consequently, these intangible assets are not amortised but are instead annually tested for impairment. For the purpose of impairment testing, they are allocated to the following cash-generating units (“CGUs”):

	Cyber Risks \$m	Digital \$m	MAP Risks \$m	Property Risks \$m	Specialty Risks \$m	Total \$m
2023						
Goodwill	1.7	0.3	31.9	25.7	2.4	62.0
Syndicate capacity	5.7	0.7	6.7	9.2	9.0	31.3
Licences	2.8	0.6	—	1.9	4.0	9.3
Total	10.2	1.6	38.6	36.8	15.4	102.6
	Cyber Risks \$m	Digital \$m	MAP Risks \$m	Property Risks \$m	Specialty Risks \$m	Total \$m
2022						
Goodwill	1.7	0.3	31.9	25.7	2.4	62.0
Syndicate capacity	3.1	0.6	3.0	3.7	3.3	13.7
Licences	2.8	0.6	—	1.9	4.0	9.3
Total	7.6	1.5	34.9	31.3	9.7	85.0

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

The Group determines the recoverable amount of its indefinite useful life intangible assets using the value-in-use (“VIU”). This is estimated by discounting the CGU’s expected future cash flows sourced from financial budgets approved by management which cover a five-year period. These cash flows give consideration to the Group’s capital requirements, ensuring that a suitable solvency range is maintained. A discount rate based on weighted average cost of capital of 16.6% (2022: 10.9%) has been applied to determine the present value of projected future cash flows. This has been calculated using independent measures of the risk-free rate of return and is indicative of the Group’s risk profile relative to the market.

The Group has performed the following sensitivity analysis to ensure that the key assumptions used in deriving the VIU for each CGU considers the potential adverse effects of any changes in economic or regulatory environments. As a result, management has determined that a reasonably possible change in any of the key assumptions outlined above would not have a material impact on the outcome of impairment testing.

- **Projected cash flows** – The Group has used projected cash flows generated from operating profit consistent with five-year financial forecasts. Sensitivity testing has been performed to model the impact of reasonably possible changes in these profits (5% and 10% fall) when compared to the base impairment analysis and headroom. Within these ranges, the recoverable amounts remain supportable.
- **Future market conditions** – To test each CGU’s sensitivity to variances in forecast profits, the discount rate has been flexed to 5% above and 5% below the central assumption. Within this range, the recovery of goodwill was stress tested and remains supportable across all CGUs. Headroom was calculated in respect of the VIU of all of the Group’s other intangible assets.
- **Premium growth rates/Retention rates** – The Group has used a terminal growth rate of 0% (2022: 0%) to extrapolate projections beyond the covered five-year period.

The impairment test for goodwill is carried out annually and confirms that the recoverable amount exceeds the carrying amount, therefore no impairment or reversal of impairment is required.

Notes to the financial statements

continued

16 Intangible assets continued

Syndicate capacity

The syndicate capacity represents the cost of purchasing the Group's participation in the combined syndicates. The capacity is capitalised at cost in the statement of financial position. It has an indefinite useful life and is carried at cost less accumulated impairment. It is annually tested for impairment by reference to the latest auction prices provided by Lloyd's. The Group's intangible assets relating to syndicate capacity is allocated across all CGUs.

During the year the Group purchased £35.5m of capacity on syndicate 623/2623 (2022: £9.2m) at a cost of \$17.6m (2022: \$3.0m).

Based upon the latest market prices, management has concluded that the fair value exceeds the carrying amount and as such no impairment or reversal of impairment is necessary.

Licenses

US insurance authorisation licences represent the privilege to write insurance business in particular states in the US. Licences are allocated to the relevant CGU. There is no active market for licences, therefore the recoverable amount is estimated as the present value of projected future cash flows which are sourced from management approved budgets. Key assumptions are consistent with those outlined in the Goodwill section above. Licences are annually tested for impairment and based upon all available evidence, the results of the testing indicate that no impairment or reversal of impairment is required.

17 Retirement benefit asset

	2023 \$m	2022 \$m
Present value of funded obligations	(34.9)	(31.1)
Fair value of plan assets	39.4	35.7
Retirement benefit asset in the statement of financial position	4.5	4.6
Amounts recognised in the statement of profit or loss:		
Interest cost	(1.5)	(1.1)
Expected return on plan assets	1.7	1.4
Retirement benefit return recognised in the statement of profit or loss	0.2	0.3

Beazley Furlonge Limited operates a defined benefit pension scheme ('the Beazley Furlonge Limited Pension Scheme'), which closed to new entrants in 2002 and to future accrual in 2006.

The scheme is administered by a trust that is legally separated from the Group.

The pension scheme trustees completed a transaction that insures all of the scheme's liabilities to a third party via a bulk annuity buy-in with an external insurance company in 2022. The annuity contracts meet the criteria to be classified as qualifying insurance policies as defined in IAS 19 as the cash flows match the timing and value of the benefits payable to members that they cover. These annuities are thus valued at the present value of the obligations insured.

At the reporting date, the trustees and the Company retain all obligations to ensure benefits due to scheme members are paid. Following the buy-in transaction the Group expects to make no further contributions to the scheme.

Historically the scheme exposed the Group to additional actuarial, interest rate and market risk. However as a result of the buy-in transaction in 2022 these risks are now born by the insurance company to which liabilities have been insured. The buy-in transaction does expose the Group to additional credit risk with regard to the insurance company from whom the annuities were purchased. This counterparty has an investment grade credit rating and therefore the Group considers the credit risk to be minimal.

Notes to the financial statements

continued

17 Retirement benefit asset continued

Included below is a reconciliation from opening to closing of the present value of funded obligations and the fair value of plan assets. The amount recognised in the statement of comprehensive income is the net position of the actuarial gains/losses due to changes in financial assumptions and the loss/gain on asset return.

	2023 \$m	2022 \$m
Movement in present value of funded obligations recognised in the statement of financial position		
Balance at 1 January	31.1	56.9
Interest cost	1.5	1.0
Actuarial loss/(gain) due to changes in financial assumptions	2.0	(22.1)
Benefits paid	(0.5)	(0.5)
Foreign exchange loss/(gain)	0.8	(4.2)
Balance at 31 December	34.9	31.1
Movement in fair value of plan assets recognised in the statement of financial position		
Balance at 1 January	35.7	75.0
Expected return on plan assets	1.7	1.3
Gain/(loss) on asset return	1.9	(34.6)
Administrative expenses	(0.3)	—
Benefits paid	(0.5)	(0.5)
Foreign exchange gain/(loss)	0.9	(5.5)
Balance at 31 December	39.4	35.7
Plan assets are comprised as follows:		
Purchased annuities	34.9	31.1
Cash	4.5	4.6
Total	39.4	35.7

18 Financial assets and liabilities

18a Carrying values of financial assets and liabilities

Set out below are the carrying values of the Group's 'financial assets at fair value' and 'financial liabilities' per the statement of financial position. These amounts exclude the following financial assets and liabilities which are presented separately:

- Cash and cash equivalents carried at amortised cost (refer to Section d and Note 21); and
- Amounts due from managed syndicates, other receivables, lease liabilities, and other payables, all of which are carried at amortised cost (per Section d).

	2023 \$m	2022 \$m
Debt securities:		
– Government issued	4,469.1	5,006.3
– Corporate bonds		
– Investment grade	3,578.3	2,050.5
– High yield	489.0	308.7
Syndicate loans	34.1	32.5
Total debt securities and syndicate loans	8,570.5	7,398.0
Equity funds	282.7	159.4
Hedge funds	582.2	530.6
Illiquid assets	220.1	222.9
Total capital growth assets	1,085.0	912.9
Total financial investments at fair value through statement of profit or loss	9,655.5	8,310.9
Derivative financial assets	10.0	34.7
Total financial assets at fair value	9,665.5	8,345.6

Investment corporate bonds are rated BBB-/Baa3 or higher by at least one major rating agency, while high yield corporate bonds have lower credit ratings. Hedge funds are investment vehicles pursuing alternative investment strategies, structured to have minimal correlation to traditional asset classes. Equity funds are investment vehicles which invest in equity securities and provide diversified exposure to global equity markets. Illiquid assets are investment vehicles that predominantly target private lending opportunities, often with longer investment horizons. The fair value of these assets at 31 December 2023 excludes an unfunded commitment of \$32.0m (2022: \$30.5m).

	2023 \$m	2022 \$m
Tier 2 subordinated debt (2026)	249.5	249.4
Tier 2 subordinated debt (2029)	298.8	298.6
Derivative financial liabilities	6.3	14.5
Total financial liabilities	554.6	562.5

The Group has given a fixed and floating charge over certain of its investments and other assets to secure obligations to Lloyd's in respect of its corporate member subsidiary. Further details are provided in Note 33.

For a maturity analysis showing the financial assets and liabilities due within and after one year of the reporting date, refer to Note 30d.

Notes to the financial statements continued

18 Financial assets and liabilities continued

18b Valuation hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows. If the inputs used to measure the fair value of an asset or a liability could be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but before the valuation is supported wholly by observable market data or the transaction is closed out.

Level 1 – Valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data, directly or indirectly (e.g. interest rates and exchange rates). Level 2 inputs include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads); and
- Market corroborated inputs. Included within level 2 are government bonds and treasury bills, equity funds and corporate bonds which are not actively traded, hedge funds and senior secured loans.

Level 3 – Valuations based on inputs that are unobservable or for which there is limited market activity against which to measure fair value. The availability of financial data can vary for different financial assets and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the marketplace, and other characteristics specific to each transaction. To the extent that valuation is based on models or inputs that are unobservable in the market, the determination of fair value requires more judgement. Accordingly the degree of judgement exercised by management in determining fair value is greatest for instruments classified in level 3. The Group uses prices and inputs that are current as of the measurement date for valuation of these instruments.

18 Financial assets and liabilities continued

Valuation approach - level 2 instruments

a) For the Group's level 2 debt securities, our fund administrator obtains the prices used in the valuation from independent pricing vendors. The independent pricing vendors derive an evaluated price from observable market inputs. These inputs are verified in their pricing assumptions such as weighted average life, discount margins, default rates, and recovery and prepayments assumptions for mortgage securities.

b) For our hedge funds, the pricing and valuation of each fund is undertaken by administrators in accordance with each underlying fund's valuation policy. Individual fund prices are communicated by the administrators to all investors via the monthly investor statements. The fair value of the hedge fund portfolios are calculated by reference to the underlying net asset values of each of the individual funds. Our hedge funds are managed by Falcon Money Management Holdings Limited, an associate of the Group.

c) Subordinated debt and tier 2 subordinated debt fair value are based on quoted market prices.

Valuation approach - level 3 instruments

a) Our illiquid fund investments are generally closed ended limited partnerships or open ended funds. The Group relies on a third party fund manager to manage these investments and provide valuations. Note that while the funds report with full transparency on their underlying investments, the investments themselves are predominantly in private and unquoted instruments. The valuation techniques used by the fund managers to establish the fair values therefore require a degree of estimation. For example, these may incorporate discounted cash flow models or a more market-based approach, whilst the main inputs might include discount rates, fundamental pricing multiples, recent transaction prices, or comparable market information to create a benchmark multiple.

b) Syndicate loans are non-tradeable instruments provided by our Group syndicates to the Central Fund at Lloyd's in respect of the 2019 and 2020 underwriting years. These are valued internally using discounted cash flow models provided by Lloyd's to the market, designed to appropriately reflect the credit and illiquidity risk of the instruments. Valuation outputs are then validated using a control model, with the following inputs and assumptions. Note that these internally valued instruments are deemed by management to be inherently more subjective than external valuations.

- Cash flows are comprised of the notional cost of the loans, annual interest income, and the final repayment of the loans at the end of the 5-year term. The weighted average interest rate applicable across all syndicate loans is 3.8% (2022: 3.8%).
- A discount rate of 7.0% (2022: 9.2%) is applied. This is calculated using a combination of the long-term treasury bond risk-free rate, the industry/geographic average regression beta, and a selected risk premium.

There were no changes in the valuation techniques during the year compared to those described in the Group's 2022 Annual Report and Accounts.

Notes to the financial statements continued

18 Financial assets and liabilities continued

18c Fair values of financial assets and liabilities

The following table shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
2023				
Financial assets carried at fair value				
Fixed and floating rate debt securities				
– Government issued	3,291.9	1,177.2	—	4,469.1
– Corporate bonds				
– Investment grade	1,596.7	1,981.6	—	3,578.3
– High yield	488.1	0.9	—	489.0
Syndicate loans	—	—	34.1	34.1
Equity funds	282.7	—	—	282.7
Hedge funds	—	582.2	—	582.2
Illiquid assets	—	—	220.1	220.1
Derivative financial assets	10.0	—	—	10.0
Total financial assets carried at fair value	5,669.4	3,741.9	254.2	9,665.5
Financial liabilities carried at fair value				
Derivative financial liabilities	6.3	—	—	6.3
Total financial liabilities carried at fair value	6.3	—	—	6.3
Fair value of financial liabilities carried at amortised cost				
Tier 2 subordinated debt (2026)	—	241.7	—	241.7
Tier 2 subordinated debt (2029)	—	271.9	—	271.9
Total fair value of financial liabilities carried at amortised cost	—	513.6	—	513.6
2022				
Financial assets carried at fair value				
Fixed and floating rate debt securities				
– Government issued	4,022.5	983.8	—	5,006.3
– Corporate bonds				
– Investment grade	893.8	1,156.7	—	2,050.5
– High yield	34.2	274.5	—	308.7
Syndicate loans	—	—	32.5	32.5
Equity funds	159.4	—	—	159.4
Hedge funds	—	530.6	—	530.6
Illiquid assets	—	—	222.9	222.9
Derivative financial assets	34.7	—	—	34.7
Total financial assets carried at fair value	5,144.6	2,945.6	255.4	8,345.6
Financial liabilities carried at fair value				
Derivative financial liabilities	14.5	—	—	14.5
Total financial liabilities carried at fair value	14.5	—	—	14.5
Fair value of financial liabilities carried at amortised cost				
Tier 2 subordinated debt (2026)	—	240.3	—	240.3
Tier 2 subordinated debt (2029)	—	265.9	—	265.9
Total fair value of financial liabilities carried at amortised cost	—	506.2	—	506.2

18 Financial assets and liabilities continued

18d Financial assets and liabilities measured at amortised cost

The tables above exclude the following financial assets and liabilities that are, in accordance with the Group's accounting policies, measured at amortised cost. For all of these, the carrying amounts included below are deemed to be reasonable approximations of fair values at the reporting date.

	2023 \$m	2022 \$m
Cash and cash equivalents	812.3	652.5
Amounts due from managed syndicates	25.4	1.9
Other receivables	272.1	179.9
Total financial assets at amortised cost ¹	1,109.8	834.3
Lease liabilities	76.6	72.7
Amounts due to managed syndicates	304.3	308.0
Other payables	207.3	184.5
Total financial liabilities at amortised cost	588.2	565.2

1. The Group has recognised expected credit losses ("ECLs") of \$1.8m against its financial assets held at amortised cost as at 31 December 2023. Refer to Note 2 for the ECLs recognised on adoption of IFRS 9 as at 01 January 2023.

18e Transfers

The Group determines whether transfers have occurred between levels in the fair value hierarchy by assessing categorisation at the end of the reporting period. The following transfers between levels 1 & 2 for the period ended 31 December 2023 reflect the level of trading activities including frequency and volume derived from market data obtained from an independent external valuation tool. There were no transfers into or out of level 3 in the year to 31 December 2023 (2022: no transfers).

	Level 1 \$m	Level 2 \$m
31 December 2023 vs 31 December 2022 transfer from level 2 to level 1		
– Corporate Bonds – Investment grade	446.0	(446.0)

	Level 1 \$m	Level 2 \$m
31 December 2023 vs 31 December 2022 transfer from level 1 to level 2		
– Corporate Bonds – Investment grade	(525.3)	525.3

The values shown in the transfer tables above are translated using spot foreign exchange rates as at 31 December 2023.

18f Level 3 investment reconciliations

The table below shows a reconciliation from the opening balances to the closing balances of level 3 fair values. All realised and unrealised gains/(losses) are recognised through net investment income in the statement of profit or loss (refer to Note 8).

	2023 \$m	2022 \$m
Opening position as at 01 January	255.4	315.8
Purchases	21.8	13.0
Sales	(37.4)	(81.4)
Realised gain	20.2	13.2
Unrealised loss	(6.6)	(2.7)
Foreign exchange gain/(loss)	0.8	(2.5)
Closing position as at 31 December	254.2	255.4

Notes to the financial statements continued

18 Financial assets and liabilities continued

18g Unconsolidated structured entities

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

As part of its standard investment activities the Group holds fixed interest investments in high yield bond funds, as well as capital growth investments in equity funds, hedge funds and illiquid assets which in accordance with IFRS 12 are classified as unconsolidated structured entities. The Group does not sponsor any of the unconsolidated structured entities. The assets classified as unconsolidated structured entities are held at fair value on the statement of financial position. As at 31 December the investments comprising the Group's unconsolidated structured entities are as follows:

	2023 \$m	2022 \$m
High yield bond funds	489.0	308.7
Equity funds	282.7	159.4
Hedge funds	582.2	530.6
Illiquid assets	220.1	222.9
Investments through unconsolidated structured entities	1,574.0	1,221.6

The majority of our unconsolidated structured entity exposures fall within our capital growth assets. The capital growth assets are held in investee funds managed by asset managers who apply various investment strategies to accomplish their respective investment objectives. The Group's investments in investee funds are subject to the terms and conditions of the respective investee fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investee funds. Investment decisions are made after extensive due diligence on the underlying fund, its strategy and the overall quality of the underlying fund's manager and assets.

The right to sell or request redemption of investments in high yield bond funds, asset backed securities, equity funds and hedge funds ranges in frequency from daily to semi-annually. The Group did not sponsor any of the respective structured entities. The Group's maximum exposure to loss from its interests in investee funds is equal to the total fair value of its investments in investee funds and unfunded commitments.

18 Financial assets and liabilities continued

18h Currency exposures

The currency exposures of our financial assets held are detailed below:

	UK £ \$m	CAD \$ \$m	EUR € \$m	Sub Total \$m	US \$ \$m	Total \$m
2023						
Financial assets at FVTPL:						
- Fixed and floating rate debt securities	789.6	432.5	—	1,222.1	7,314.3	8,536.4
- Syndicate loans	34.1	—	—	34.1	—	34.1
- Equity Linked Funds	—	—	—	—	282.7	282.7
- Hedge funds	—	—	—	—	582.2	582.2
- Illiquid assets	6.4	—	45.9	52.3	167.8	220.1
- Derivative financial assets	—	—	—	—	10.0	10.0
Cash and cash equivalents	125.8	51.5	93.5	270.8	541.5	812.3
Amounts due from managed syndicates and other receivables	27.6	9.4	51.4	88.4	209.1	297.5
Total	983.5	493.4	190.8	1,667.7	9,107.6	10,775.3
2022						
Financial assets at FVTPL:						
- Fixed and floating rate debt securities	636.1	365.9	—	1,002.0	6,363.5	7,365.5
- Syndicate loans	32.5	—	—	32.5	—	32.5
- Equity Linked Funds	—	—	—	—	159.4	159.4
- Hedge funds	—	—	—	—	530.6	530.6
- Illiquid assets	0.1	—	46.2	46.3	176.6	222.9
- Derivative financial assets	—	—	—	—	34.7	34.7
Cash and cash equivalents	93.1	53.8	83.4	230.3	422.2	652.5
Amounts due from managed syndicates and other receivables	9.5	3.4	32.8	45.7	136.1	181.8
Total	771.3	423.1	162.4	1,356.8	7,823.1	9,179.9

Notes to the financial statements

continued

19 Derivative financial instruments

Derivative financial instruments are utilised by the Group to manage its exposure to market risks on existing assets and liabilities. For currency risk, over-the-counter foreign exchange forward agreements are used to economically hedge the balance sheet's net assets by currency exposure.

The assets and liabilities of these contracts are detailed below. The Group has the right and intention to settle each contract on a net basis.

	2023		2022	
	Notional contract amount	Market value of derivative position	Notional contract amount	Market value of derivative position
	\$m	\$m	\$m	\$m
Contract assets	648.8	10.0	560.1	34.7
Contract liabilities	436.4	(6.3)	549.7	(14.5)
Total derivative financial instruments		3.7		20.2

20 Other assets

	2023	2022
	\$m	\$m
Investment in associates	0.3	0.4
Prepayments and accrued income	56.4	22.0
Due from syndicate 623	19.1	—
Due from syndicate 4321	6.3	1.9
Other receivables	272.1	179.9
Total other assets	354.2	204.2

Other assets are due within one year of the reporting date, with the exception of the Group's investment in associates and \$13.7m (2022: \$6.1m) of accrued income which is due after one year of the reporting date.

Investment in associates

The Group's investment in associates consists of the following:

2023	Country/region of incorporation	% interest held
Falcon Money Management Holdings Limited (and subsidiaries)	Malta ¹	25 %
Pegasus Underwriting Limited	Hong Kong ²	33 %
CyberAcu View LLC	USA ³	14 %

1 259 St Paul Street, Valletta, Malta

2 Suite 126, 12/F Somptuex Central, 52-54 Wellington Street, Hong Kong

3 8130 Lakewood Main Street, Suite 103 #329, Lakewood Ranch, FL 34202

The Group has the ability to appoint a member to the board of CyberAcuView LLC to represent its interest, therefore the Group is deemed to have significant influence and this investment is recognised as an associate.

A share of loss on associates of \$0.1m (2022: \$0.2m) has been recognised in profit or loss for the year.

21 Cash and cash equivalents

	2023 \$m	2022 \$m
Cash at bank and in hand	812.3	652.5
Total cash and cash equivalents	812.3	652.5

Included within Cash and cash equivalents held by the Group are balances totalling \$132.6m (31 December 2022: \$184.0m) not available for immediate use by the Group outside of the Lloyd's syndicate within which they are held. Additionally, \$73.1m (31 December 2022: \$66.0m) is pledged cash held against Funds at Lloyd's, and \$13.3m (31 December 2022: \$43.6m) is held in Lloyd's Singapore trust accounts which are only available for use by the Group to meet local claim and expense obligations.

22 Share capital

	No. of shares (m)	2023 \$m	No. of shares (m)	2022 \$m
Ordinary shares of 5p each				
Issued and fully paid	672.5	46.7	671.2	46.6
Balance at 01 January	671.2	46.6	609.2	42.9
Issue of shares to satisfy employee share schemes	1.3	0.1	1.0	0.1
Equity raise	—	—	61.0	3.6
Balance at 31 December	672.5	46.7	671.2	46.6

There are no limits to the authorised share capital of the Company.

On 16 November 2022, the Group completed an equity raise with the issue of 60,959,017 new ordinary shares of 5 pence each in the share capital of the Company. This equity raise was primarily comprised of 60,403,895 Placing shares, in addition to Retail Offer shares and Subscription shares.

The shares were issued at a price of 575 pence per share, representing a discount of 8.0% to the closing share price of 625 pence on 15 November 2022. This represented approximately 9.99% of the Company's issued ordinary share capital on the day prior to the equity raise. In aggregate, the equity raise represented net proceeds of £340.8m (\$404.4m).

No share premium was recorded in relation to the Placing shares as merger relief under the Companies Act was available. The premium over the nominal value of these shares was credited to a merger reserve and subsequently recognised in retained earnings as it was deemed to be distributable.

Notes to the financial statements

continued

23 Other reserves

	Employee share options reserve \$m	Employee share trust reserve \$m	Total \$m
Balance at 01 January 2022	17.0	(21.0)	(4.0)
Share based payments	15.7	—	15.7
Tax on share option vestings	3.1	—	3.1
Acquisition of own shares held in trust	—	(17.8)	(17.8)
Transfer of shares to employees	(7.2)	2.6	(4.6)
Balance at 31 December 2022	28.6	(36.2)	(7.6)
Share based payments	36.2	—	36.2
Tax on share option vestings	0.7	—	0.7
Acquisition of own shares held in trust	—	(33.6)	(33.6)
Transfer of shares to employees	(14.8)	6.3	(8.5)
Balance at 31 December 2023	50.7	(63.5)	(12.8)

The employee share options reserve is held in accordance with IFRS 2 *Share-based payments*. For awards satisfied by the employee share trust ("EBT"), shares are purchased on the market and carried at cost. For further information refer to Note 24. A reconciliation of the amounts included within the EBT reserve is provided below.

	2023 Number (m)	2022 Number (m)
Balance at 01 January	5.7	3.1
Additions	5.1	3.0
Transfer of shares to employees	(1.0)	(0.4)
Balance at 31 December	9.8	5.7

24 Equity compensation plans

The Group offers the following equity compensation plans: long term incentive plan ("LTIP"), save-as-you-earn ("SAYE") plan, deferred share plan, and retention share plan. Provided vesting conditions are met, the methods of settlement for each plan are as follows:

- LTIPs – share options which entitle executives and senior management to acquire shares in the Company, satisfied either through new issue or the EBT;
- SAYE – share options which entitle the Group's employees to buy shares at a set option price. These are satisfied through new issue;
- Deferred awards – conditional awards granted to employees in the form of shares, satisfied through the EBT; and
- Retention shares – conditional awards granted to senior management in the form of shares, satisfied through the EBT.

The terms and conditions of the grants are as follows:

Equity compensation plans	No. outstanding (m)	Vesting conditions	Contractual life
LTIP (5 year)	6.1	Five years' service + NAVps + minimum shareholding	10 years
LTIP (3 year)	8.9	Three years' service + NAVps + minimum shareholding + ESG	10 years
SAYE (UK)	2.6	Three years' service	6 months
SAYE (US)	0.2	Two years' service	3 months
SAYE (Others)	0.2	Two years' service	Various
Total options outstanding	18.0		
Deferred share plan	3.6	Three years' service	N/A
Retention plan	0.1	Three to six years' service (25% per year)	N/A
Total outstanding	21.7		

In summary the vesting conditions are defined as:

- two, three, five or six years' service – an employee has to remain in employment until the second, third, fifth or sixth anniversary respectively from the grant date;
- NAVps – the net asset value per share ("NAVps") growth, after adjusting for the effect of dividends, is greater than the risk-free rate of return plus a premium per year;
- the CEO and Group Finance Director ("Executive Directors") must hold and maintain a shareholding of 300% and 200% respectively of base salary. The Executive Directors must maintain 100% of their shareholding requirement for two years post-departure. Other executive management and senior management of the business are expected to hold and maintain a shareholding of 150% and 100% respectively of base salary; and
- ESG requirements – newly introduced in 2023, the Group must reduce its carbon emissions and increase its female and people of colour representation at the Board and Senior Manager level.

Further details can be found in the Directors' remuneration report on pages 124 to 145. The total gain on Directors' exercises of share option plans during the year was £0.5m (2022: £0.2m).

Number of options and exercise prices

The following table summarises the number of options outstanding at the balance sheet date, the weighted average remaining contractual life of these options, and the weighted average share price at exercise of options exercised during the year.

	2023		2022	
	Weighted average exercise price (pence per share)	No. of options (m)	Weighted average exercise price (pence per share)	No. of options (m)
Outstanding at 01 January	56.5	15.9	80.7	14.9
Forfeited during the year	40.9	(2.2)	74.5	(3.2)
Exercised during the year ¹	76.6	(1.4)	124.3	(1.1)
Granted during the year	57.8	5.7	54.5	5.3
Outstanding at 31 December²	58.0	18.0	56.5	15.9
Exercisable at 31 December	—	—	—	—

1 The weighted average share price at the point of exercise of these options was 610.2p (2022: 498.7p).

2 The weighted average remaining contractual life for the outstanding options at end of the year was 1.33 years (2022: 1.89 years).

Notes to the financial statements

continued

24 Equity compensation plans continued

The range of exercise prices for options outstanding at the end of the year were as follows:

Exercise prices (pence per option)	2023 No. outstanding (m)	2022 No. outstanding (m)
0 – 100	15.0	13.0
201 – 300	1.6	1.8
301 – 400	0.6	0.7
401 – 500	0.7	0.4
501 – 518	0.1	—
Total options outstanding	18.0	15.9

Fair values

The fair values of the LTIP and SAYE plans are measured using the Black Scholes model, taking into account the terms and conditions upon which the options were granted.

For these plans, amounts are recognised in the profit or loss as an employee expense over the period in which the employees become unconditionally entitled to the options, with a corresponding increase in the employee share options reserve. The amount recognised as an expense is adjusted to reflect the actual number once vested. The below table is a summary of the assumptions used to calculate the fair value of share options awarded during the year ended 31 December 2023.

	2023	2022
Share options charge to employee share options reserve	33.8	14.7
LTIP		
Weighted average share price (pence per option)	614.0	509.9
Weighted average fair value (pence per option)	613.9	509.8
Weighted average exercise price (pence per option)	—	—
Average expected life of options (years)	2.9yrs	4.3yrs
Expected volatility	35.0 %	38.9 %
Expected dividend yield	— %	— %
Average risk-free interest rate	3.9 %	3.0 %
SAYE		
Weighted average share price (pence per option)	582.5	435.7
Weighted average fair value (pence per option)	184.2	143.4
Weighted average exercise price (pence per option)	480.1	350.6
Average expected life of options (years)	3.3yrs	3.3yrs
Expected volatility	34.8 %	39.3 %
Expected dividend yield	2.5 %	2.6 %
Average risk-free interest rate	3.8 %	2.6 %

The expected volatility is based on historic volatility over a period of at least two years.

For the deferred share plan and retention share plan, fair values are determined based on the share price at date of grant. Amounts are recognised in the statement of profit or loss on a straight-line basis over a period of three years and six years respectively.

25 Deferred tax

	2023 \$m	2022 ¹ \$m
Deferred tax asset	46.9	30.8
Deferred tax liability	(202.2)	(79.2)
Net deferred tax liability	(155.3)	(48.4)

1. Deferred tax amounts as at 31 December 2022 have been restated on adoption of IFRS 17. Refer below for further details.

	Balance 01 Jan 23 \$m	Recognised in total comprehensive income \$m	Recognised in equity \$m	FX translation differences \$m	Balance 31 Dec 23 \$m
Plant and equipment	(0.8)	(0.3)	—	—	(1.1)
Intangible assets	(1.8)	0.5	—	—	(1.3)
Underwriting profits	7.4	(101.6)	—	—	(94.2)
Deferred acquisition costs	1.7	(1.7)	—	—	—
Tax losses carried forward	4.0	5.7	—	—	9.7
Share based payments	8.4	1.5	(0.9)	—	9.0
Unrealised gains/(losses) on investments	9.9	(11.1)	—	—	(1.2)
IFRS 17 adjustments	(83.7)	(3.4)	—	—	(87.1)
Other	6.5	6.8	—	(2.4)	10.9
Net deferred tax asset/(liability)	(48.4)	(103.6)	(0.9)	(2.4)	(155.3)

	Balance 01 Jan 22 ¹ \$m	Recognised in total comprehensive income \$m	Recognised in equity \$m	FX translation differences \$m	Balance 31 Dec 22 \$m
Plant and equipment	(1.2)	0.4	—	—	(0.8)
Intangible assets	(0.5)	(1.3)	—	—	(1.8)
Underwriting profits	14.2	(6.8)	—	—	7.4
Deferred acquisition costs	(7.8)	9.5	—	—	1.7
Tax losses carried forward	9.6	(5.6)	—	—	4.0
Share based payments	2.6	3.1	3.1	(0.4)	8.4
Unrealised gains/(losses) on investments	(1.7)	11.6	—	—	9.9
IFRS 17 adjustments	(13.4)	(70.3)	—	—	(83.7)
Other	1.2	4.7	0.6	—	6.5
Net deferred tax asset/(liability)	3.0	(54.7)	3.7	(0.4)	(48.4)

1. Deferred tax amounts as at 01 January 2022 have been restated on adoption of IFRS 17.

Geographical analysis

Deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the Group's balance sheet. A geographical analysis has been included below.

	2023 \$m	2022 \$m
UK	(152.8)	(35.3)
US	46.7	29.8
Ireland	(38.7)	(39.0)
Other ¹	(10.5)	(3.9)
Net deferred tax liability	(155.3)	(48.4)

1. Includes Canada, France, Germany, Spain and Switzerland.

Notes to the financial statements continued

25 Deferred tax continued

Under IFRS 17, the timing of the recognition of the Group's profits differs significantly from the basis on which corporate taxes are levied in the tax jurisdictions where the Group operates. None of the Group's material profit making entities pay corporate taxes based on IFRS 17 profits and therefore significant temporary differences arise. In some jurisdictions, such as the UK and Ireland, profits are recognised earlier under IFRS 17 and thus a deferred tax liability is recognised. The Group expects this to unwind over time as profits are recognised (offset by new profits on an IFRS 17 basis). In the US, profits are recognised more slowly on an IFRS 17 basis than under the US Stat basis on which tax is determined, with the Group recognising a deferred tax asset of \$23.2m (2022: \$13.1m). The Group is of the view that sufficient future profits will arise on an IFRS 17 basis to realise this deferred tax asset.

The Group has recognised a deferred tax liability of \$94.2m (2022: asset of \$7.4m) which relates to timing differences between the recognition of the Group's share of syndicate profits and when they are taxed. Profits or losses arising from membership of a syndicate are deferred for tax purposes until the year in which the result is declared. Typically, a year of account lasts for 36 months and is declared the following year. The deferred tax liability relates to the results of the 2021, 2022 and 2023 Years of Account. The 2020 Year of Account closed at the end of 2022 and was declared and taxed in 2023.

Additionally the Group recognises deferred tax assets of \$9.7m (2022: \$4.0m) which depend on the availability of future taxable profits to offset tax losses previously recognised. The Group has concluded that it is probable that these deferred tax assets will be recovered using estimated future taxable profits based on approved business plans. The losses which make up this part of the deferred tax asset can be carried forward indefinitely and have no expiry date. The Group has no unrecognised trading losses as at December 31 2023 (2022: nil) and has unrecognised capital losses of \$4.0m (2022: \$2.2m).

Pillar Two Taxes

No deferred taxes have been recognised by the Group in relation to the OECD's project to implement a global minimum tax rate. Refer to Note 13 for further details.

26 Subordinated liabilities

In November 2016, the Group issued \$250m of subordinated Tier 2 notes due in 2026. Annual interest, at a fixed rate of 5.875%, is payable in May and November each year. In September 2019, the Group issued \$300m of subordinated Tier 2 notes due in 2029. Annual interest, at a fixed rate of 5.5% is payable in March and September each year.

The carrying amounts of the subordinated liabilities are as follows. The total fair value of the Group's subordinated liabilities is \$513.6m (2022: \$506.2m).

	Tier 2 subordinated debt (2029) \$m	Tier 2 subordinated debt (2026) \$m	Total \$m
Opening balance at 01 January 2022	298.4	249.2	547.6
Amortisation of capitalised borrowing costs	0.2	0.2	0.4
Closing balance at 31 December 2022	298.6	249.4	548.0
Amortisation of capitalised borrowing costs	0.2	0.1	0.3
Closing balance at 31 December 2023	298.8	249.5	548.3

The annual interest expense on the Group's subordinated liabilities is included in Note 8. Accrued interest of \$7.4m (2022: \$7.4m) is included within Other liabilities in Note 29.

27 Leases

The Group leases offices, IT equipment and motor vehicles. The leased offices are in several locations and the leases of large offices such as London and New York typically run for a period of 10 years with an option to renew the lease after that date or continue on a rolling month-by-month basis. Lease payments are renegotiated as agreed in the lease contracts. Information about leases for which the Group is a lessee are presented below. Note that the right-of-use assets do not meet the definition of investment property as per IAS 40.

Right-of-use assets

	Offices \$m	IT equipment \$m	Motor vehicle \$m	Total \$m
Balance at 01 January 2022	63.4	12.0	0.1	75.5
Depreciation	(8.0)	(4.2)	(0.1)	(12.3)
Additions	0.9	—	—	0.9
Foreign exchange translation differences	(3.0)	(0.6)	—	(3.6)
Balance at 31 December 2022	53.3	7.2	—	60.5
Depreciation	(9.6)	(3.3)	—	(12.9)
Additions	10.9	—	—	10.9
Foreign exchange translation differences	0.8	0.1	—	0.9
Balance at 31 December 2023	55.4	4.0	—	59.4

Lease liabilities

	Offices \$m	IT equipment \$m	Motor vehicle \$m	Total \$m
Balance at 01 January 2022	72.1	12.1	0.1	84.3
Lease payments	(6.9)	(4.5)	(0.2)	(11.6)
Interest on lease liabilities and dilapidation provision	2.8	0.4	—	3.2
Additions to lease portfolio	0.9	—	—	0.9
Foreign exchange translation differences	(3.5)	(0.7)	0.1	(4.1)
Balance at 31 December 2022	65.4	7.3	—	72.7
Lease payments	(8.5)	(3.5)	—	(12.0)
Interest on lease liabilities and dilapidation provision	3.1	0.2	—	3.3
Additions to lease portfolio	10.9	—	—	10.9
Foreign exchange translation differences	1.5	0.2	—	1.7
Balance at 31 December 2023	72.4	4.2	—	76.6

The amount falling due within 12 months is \$13.5m (2022: \$9.6m). For a detailed maturity analysis, refer to Note 30d.

Notes to the financial statements

continued

28 Insurance and reinsurance contracts

28a Reconciliations by measurement component

This section shows how the net carrying amounts of insurance contracts issued and reinsurance contracts held by the Group have changed during the year, as a result of changes in cash flows and amounts recognised in profit or loss. An explanation of how amounts have moved in the year is set out in Note 2.

i) Insurance contracts issued

The tables below set out the estimated present value of future cash flows, the risk adjustment for non-financial risk and the CSM for insurance contracts issued.

	Present value of future cash flows \$m	Risk adjustment for non-financial risk \$m	CSM \$m	Total \$m
31 December 2023				
Opening insurance contract assets	123.5	(12.9)	(26.5)	84.1
Opening insurance contract liabilities	(6,324.0)	(711.3)	(314.5)	(7,349.8)
Net insurance contract liabilities at 01 January 2023	(6,200.5)	(724.2)	(341.0)	(7,265.7)
CSM recognised in profit or loss for services provided	—	—	691.4	691.4
Changes in the risk adjustment for non-financial risk for risk expired	—	316.8	—	316.8
Experience adjustments	893.3	(285.5)	—	607.8
Total changes relating to current service	893.3	31.3	691.4	1,616.0
Changes in estimates that adjust the CSM	135.0	(19.1)	(115.9)	—
Changes in estimates that result in onerous contract losses or reversal of such losses	6.0	(1.1)	7.5	12.4
Contracts initially recognised in the period	870.2	(264.2)	(616.6)	(10.6)
Total changes relating to future service	1,011.2	(284.4)	(725.0)	1.8
Total changes relating to past service - adjustments to the LIC	16.2	215.8	—	232.0
Recognised in insurance service result	1,920.7	(37.3)	(33.6)	1,849.8
Finance (expenses)/income from insurance contracts issued	(190.2)	(13.9)	34.8	(169.3)
Foreign exchange gains/(losses)	1.9	(0.6)	(4.2)	(2.9)
Other amounts recognised in total comprehensive income	(188.3)	(14.5)	30.6	(172.2)
Premiums received net of insurance acquisition cash flows	(4,526.4)	—	—	(4,526.4)
Claims and other directly attributable expenses paid	2,223.8	—	—	2,223.8
Total cash flows	(2,302.6)	—	—	(2,302.6)
Closing insurance contract assets	103.8	(1.2)	(1.1)	101.5
Closing insurance contract liabilities	(6,874.5)	(774.8)	(342.9)	(7,992.2)
Net insurance contract liabilities at 31 December 2023	(6,770.7)	(776.0)	(344.0)	(7,890.7)

28 Insurance and reinsurance contracts continued

31 December 2022	Present value of future cash flows \$m	Risk adjustment for non-financial risk \$m	CSM \$m	Total \$m
Opening insurance contract assets	—	—	—	—
Opening insurance contract liabilities	(5,628.3)	(740.3)	(190.9)	(6,559.5)
Net insurance contract liabilities at 01 January 2022	(5,628.3)	(740.3)	(190.9)	(6,559.5)
CSM recognised in profit or loss for services provided	—	—	565.2	565.2
Changes in the risk adjustment for non-financial risk for risk expired	—	274.7	—	274.7
Experience adjustments	518.4	(268.6)	—	249.8
Total changes relating to current service	518.4	6.1	565.2	1,089.7
Changes in estimates that adjust the CSM	57.2	61.5	(118.7)	—
Changes in estimates that result in onerous contract losses or reversal of such losses	42.7	(3.0)	18.5	58.2
Contracts initially recognised in the period	898.3	(324.8)	(607.6)	(34.1)
Total changes relating to future service	998.2	(266.3)	(707.8)	24.1
Total changes relating to past service - adjustments to the LIC	(517.3)	237.9	—	(279.4)
Recognised in insurance service result	999.3	(22.3)	(142.6)	834.4
Finance income/(expenses) from insurance contracts issued	261.8	29.5	(11.8)	279.5
Foreign exchange gains	45.9	8.9	4.3	59.1
Other amounts recognised in total comprehensive income	307.7	38.4	(7.5)	338.6
Premiums received net of insurance acquisition cash flows	(4,141.0)	—	—	(4,141.0)
Claims and other directly attributable expenses paid	2,261.8	—	—	2,261.8
Total cash flows	(1,879.2)	—	—	(1,879.2)
Closing insurance contract assets	123.5	(12.9)	(26.5)	84.1
Closing insurance contract liabilities	(6,324.0)	(711.3)	(314.5)	(7,349.8)
Net insurance contract liabilities at 31 December 2022	(6,200.5)	(724.2)	(341.0)	(7,265.7)

Notes to the financial statements continued

28 Insurance and reinsurance contracts continued

ii) Reinsurance contracts held

The tables below set out the estimates of the present value of future cash flows, risk adjustment for non-financial risk and CSM for reinsurance contracts held.

	Present value of future cash flows \$m	Risk adjustment for non-financial risk \$m	CSM \$m	Total \$m
31 December 2023				
Opening reinsurance contract assets	1,853.3	184.6	137.4	2,175.3
Opening reinsurance contract liabilities	(193.8)	12.7	19.9	(161.2)
Net reinsurance contract assets at 01 January 2023	1,659.5	197.3	157.3	2,014.1
CSM recognised in profit or loss for the services provided	—	—	(290.8)	(290.8)
Changes in the risk adjustment for non-financial risk for the risk expired	—	(105.2)	—	(105.2)
Experience adjustments	(139.0)	84.2	—	(54.8)
Total changes relating to current service	(139.0)	(21.0)	(290.8)	(450.8)
Changes in estimates that adjust the CSM	91.6	(16.1)	(75.5)	—
Contracts initially recognised in the period	(436.3)	84.2	352.1	—
Total changes relating to future service	(344.7)	68.1	276.6	—
Adjustments to incurred claims recovery	(110.9)	(41.3)	—	(152.2)
Effect of changes in the risk of reinsurers non-performance	4.2	—	—	4.2
Total changes relating to past service	(106.7)	(41.3)	—	(148.0)
Recognised in insurance service result	(590.4)	5.8	(14.2)	(598.8)
Finance income/(expenses) from reinsurance contracts held	24.0	5.7	(13.8)	15.9
Foreign exchange (losses)/gains	(20.6)	15.8	0.3	(4.5)
Other amounts recognised in total comprehensive income	3.4	21.5	(13.5)	11.4
Premiums paid net of ceding commissions and other directly attributable expenses paid	1,080.4	—	—	1,080.4
Recoveries from reinsurance	(413.9)	—	—	(413.9)
Total cash flows	666.5	—	—	666.5
Closing reinsurance contract assets	2,143.4	166.2	117.1	2,426.7
Closing reinsurance contract liabilities	(404.4)	58.4	12.5	(333.5)
Net reinsurance contract assets at 31 December 2023	1,739.0	224.6	129.6	2,093.2

28 Insurance and reinsurance contracts continued

31 December 2022	Present value of future cash flows \$m	Risk adjustment for non-financial risk \$m	CSM \$m	Total \$m
Opening reinsurance contract assets	1,453.7	177.0	43.6	1,674.3
Opening reinsurance contract liabilities	(156.6)	13.8	3.1	(139.7)
Net reinsurance contract assets at 01 January 2022	1,297.1	190.8	46.7	1,534.6
CSM recognised in profit or loss for the services provided	—	—	(195.3)	(195.3)
Changes in the risk adjustment for non-financial risk for the risk expired	—	(74.3)	—	(74.3)
Experience adjustments	(29.8)	65.7	—	35.9
Total changes relating to current service	(29.8)	(8.6)	(195.3)	(233.7)
Changes in estimates that adjust the CSM	264.4	7.1	(271.5)	—
Contracts initially recognised in the period	(646.2)	74.1	572.1	—
Total changes relating to future service	(381.8)	81.2	300.6	—
Adjustments to incurred claims recovery	307.8	(53.0)	—	254.8
Effect of changes in the risk of reinsurers non-performance	(32.6)	—	—	(32.6)
Total changes relating to past service	275.2	(53.0)	—	222.2
Recognised in insurance service result	(136.4)	19.6	105.3	(11.5)
Finance expenses from reinsurance contracts held	(82.6)	(10.7)	(3.2)	(96.5)
Foreign exchange (losses)/gains	(6.9)	(2.4)	8.5	(0.8)
Other amounts recognised in total comprehensive income	(89.5)	(13.1)	5.3	(97.3)
Premiums paid net of ceding commissions and other directly attributable expenses paid	961.7	—	—	961.7
Recoveries from reinsurance	(373.4)	—	—	(373.4)
Total cash flows	588.3	—	—	588.3
Closing reinsurance contract assets	1,853.3	184.6	137.4	2,175.3
Closing reinsurance contract liabilities	(193.8)	12.7	19.9	(161.2)
Net reinsurance contract assets at 31 December 2022	1,659.5	197.3	157.3	2,014.1

Notes to the financial statements continued

28 Insurance and reinsurance contracts continued

28b Analysis of the liability for remaining coverage and the liability for incurred claims

i) Insurance contracts issued

The tables below analyse insurance contract assets and liabilities between the LRC and the LIC for insurance contracts issued.

	LRC		LIC	Total
	Excluding Loss Component \$m	Loss Component \$m	\$m	\$m
31 December 2023				
Opening insurance contract assets	87.2	—	(3.1)	84.1
Opening insurance contract liabilities	(824.7)	(10.1)	(6,515.0)	(7,349.8)
Net insurance contract liabilities at 01 January 2023	(737.5)	(10.1)	(6,518.1)	(7,265.7)
Insurance revenue	5,442.4	—	—	5,442.4
Insurance service expenses:				
- Incurred claims and other directly attributable expenses	(86.3)	—	(2,825.3)	(2,911.6)
- Changes that relate to past service - adjustments to the LIC	—	—	232.0	232.0
- Losses on onerous contracts and reversal of those losses	—	1.8	—	1.8
- Insurance acquisition cash flows amortisation	(914.8)	—	—	(914.8)
Recognised in insurance service result	4,441.3	1.8	(2,593.3)	1,849.8
Finance income/(expenses) from insurance contracts issued	70.8	—	(240.1)	(169.3)
Foreign exchange gains/(losses)	4.7	—	(7.6)	(2.9)
Other amounts recognised in total comprehensive income	75.5	—	(247.7)	(172.2)
Premiums received net of insurance acquisition cash flows	(4,526.4)	—	—	(4,526.4)
Claims and other directly attributable expenses paid	—	—	2,223.8	2,223.8
Total cash flows	(4,526.4)	—	2,223.8	(2,302.6)
Closing insurance contract assets	101.7	—	(0.2)	101.5
Closing insurance contract liabilities	(848.8)	(8.3)	(7,135.1)	(7,992.2)
Net insurance contract liabilities at 31 December 2023	(747.1)	(8.3)	(7,135.3)	(7,890.7)

28 Insurance and reinsurance contracts continued

31 December 2022	LRC		LIC	Total
	Excluding Loss Component	Loss Component		
	\$m	\$m	\$m	\$m
Opening insurance contract assets	—	—	—	—
Opening insurance contract liabilities	(688.1)	(34.3)	(5,837.1)	(6,559.5)
Net insurance contract liabilities at 01 January 2022	(688.1)	(34.3)	(5,837.1)	(6,559.5)
Insurance revenue	4,848.4	—	—	4,848.4
Insurance service expenses:				
- Incurred claims and other directly attributable expenses	(41.0)	—	(2,867.6)	(2,908.6)
- Changes that relate to past service - adjustments to the LIC	—	—	(279.4)	(279.4)
- Losses on onerous contracts and reversal of those losses	—	24.1	—	24.1
- Insurance acquisition cash flows amortisation	(850.1)	—	—	(850.1)
Recognised in insurance service result	3,957.3	24.1	(3,147.0)	834.4
Finance income from insurance contracts issued	129.5	—	150.0	279.5
Foreign exchange gains	4.8	0.1	54.2	59.1
Other amounts recognised in total comprehensive income	134.3	0.1	204.2	338.6
Premiums received net of insurance acquisition cash flows	(4,141.0)	—	—	(4,141.0)
Claims and other directly attributable expenses paid	—	—	2,261.8	2,261.8
Total cash flows	(4,141.0)	—	2,261.8	(1,879.2)
Closing insurance contract assets	87.2	—	(3.1)	84.1
Closing insurance contract liabilities	(824.7)	(10.1)	(6,515.0)	(7,349.8)
Net insurance contract liabilities at 31 December 2022	(737.5)	(10.1)	(6,518.1)	(7,265.7)

Notes to the financial statements

continued

28 Insurance and reinsurance contracts continued

ii) Reinsurance contracts held

The tables below analyse reinsurance contract assets and liabilities between the ARC and AIC for reinsurance contracts held.

31 December 2023	ARC ¹ \$m	AIC \$m	Total \$m
Opening reinsurance contract assets	24.9	2,150.4	2,175.3
Opening reinsurance contract liabilities	(254.7)	93.5	(161.2)
Net reinsurance contract assets at 01 January 2023	(229.8)	2,243.9	2,014.1
Expected claims and other expenses recovery	(1,419.8)	679.3	(740.5)
Changes in the risk adjustment recognised for the risk expired	(189.4)	84.2	(105.2)
CSM recognised for the services received	(290.8)	—	(290.8)
Other amounts including experience adjustments	9.2	—	9.2
Allocation of reinsurance premium	(1,890.8)	763.5	(1,127.3)
Effect of changes in the risk of reinsurers' non-performance	(1.3)	5.5	4.2
Claims recovered	767.1	(87.0)	680.1
Other incurred directly attributable expenses	(0.5)	(3.1)	(3.6)
Changes that relate to past service – adjustments to incurred claims recovery	—	(152.2)	(152.2)
Amounts recoverable from reinsurers for incurred claims	765.3	(236.8)	528.5
Net expenses from reinsurance contracts held	(1,125.5)	526.7	(598.8)
Finance (expenses)/income from reinsurance contracts held	(40.9)	56.8	15.9
Foreign exchange (losses)/gains	(6.1)	1.6	(4.5)
Other amounts recognised in total comprehensive income	(47.0)	58.4	11.4
Premiums paid net of ceding commissions and other directly attributable expenses paid	1,080.4	—	1,080.4
Recoveries from reinsurance	—	(413.9)	(413.9)
Total cash flows	1,080.4	(413.9)	666.5
Closing reinsurance contract assets	758.4	1,668.3	2,426.7
Closing reinsurance contract liabilities	(1,080.3)	746.8	(333.5)
Net reinsurance contract assets at 31 December 2023	(321.9)	2,415.1	2,093.2

1 Includes loss recovery component of \$3.8m at 01 January 2023 and \$0.9m at 31 December 2023.

28 Insurance and reinsurance contracts continued

31 December 2022	ARC ¹ \$m	AIC \$m	Total \$m
Opening reinsurance contract assets	(29.0)	1,703.3	1,674.3
Opening reinsurance contract liabilities	(223.4)	83.7	(139.7)
Net reinsurance contract assets/(liabilities) at 01 January 2022	(252.4)	1,787.0	1,534.6
Expected claims and other expenses recovery	(1,002.1)	270.3	(731.8)
Changes in the risk adjustment recognised for the risk expired	(140.0)	65.7	(74.3)
CSM recognised for the services received	(195.3)	—	(195.3)
Other amounts including experience adjustments	36.0	—	36.0
Allocation of reinsurance premium	(1,301.4)	336.0	(965.4)
Effect of changes in the risk of reinsurers' non-performance	(1.4)	(31.2)	(32.6)
Claims recovered	368.3	365.1	733.4
Other incurred directly attributable expenses	5.1	(6.8)	(1.7)
Changes that relate to past service – adjustments to incurred claims recovery	—	254.8	254.8
Amounts recoverable from reinsurers for incurred claims	372.0	581.9	953.9
Net expenses from reinsurance contracts held	(929.4)	917.9	(11.5)
Finance expenses from reinsurance contracts held	(22.5)	(74.0)	(96.5)
Foreign exchange gains/(losses)	12.8	(13.6)	(0.8)
Other amounts recognised in total comprehensive income	(9.7)	(87.6)	(97.3)
Premiums paid net of ceding commissions and other directly attributable expenses paid	961.7	—	961.7
Recoveries from reinsurance	—	(373.4)	(373.4)
Total cash flows	961.7	(373.4)	588.3
Closing reinsurance contract assets	24.9	2,150.4	2,175.3
Closing reinsurance contract liabilities	(254.7)	93.5	(161.2)
Net reinsurance contract assets/(liabilities) at 31 December 2022	(229.8)	2,243.9	2,014.1

1. Includes loss recovery component of \$3.4m at 01 January 2022 and \$3.8m at 31 December 2022.

Notes to the financial statements

continued

28 Insurance and reinsurance contracts continued

28c New business

i) Impact of insurance contracts issued in the year

The following tables show the impact of new insurance contracts issued in the period. These are broken down by contracts which were/were not deemed to be onerous on initial recognition.

	Non-onerous contracts originated	Onerous contracts originated	Total
	\$m	\$m	\$m
Year ended 31 December 2023			
Estimated present value of future cash outflows:			
- Insurance acquisition cash flows	(759.3)	(68.1)	(827.4)
- Claims and other directly attributable expenses	(2,489.8)	(176.7)	(2,666.5)
Estimated present value of future cash inflows	4,115.0	249.1	4,364.1
Risk adjustment for non-financial risk	(249.3)	(14.9)	(264.2)
Contractual service margin	(616.6)	—	(616.6)
Net increase in insurance contract liabilities	—	(10.6)	(10.6)

	Non-onerous contracts originated	Onerous contracts originated	Total
	\$m	\$m	\$m
Year ended 31 December 2022			
Estimated present value of future cash outflows:			
- Insurance acquisition cash flows	(531.9)	(112.1)	(644.0)
- Claims and other directly attributable expenses	(1,720.7)	(391.2)	(2,111.9)
Estimated present value of future cash inflows	3,077.9	576.3	3,654.2
Risk adjustment for non-financial risk	(217.7)	(107.1)	(324.8)
Contractual service margin	(607.6)	—	(607.6)
Net increase in insurance contract liabilities	—	(34.1)	(34.1)

ii) Impact of reinsurance contracts held in the year

The following table shows the impact of new reinsurance contracts initially recognised in the period which were not deemed to originate with a loss recovery component. Contracts originating with a loss recovery component are \$0.3m (2022: \$12.1m).

	2023	2022
	\$m	\$m
Estimated present value of future cash outflows	(1,253.5)	(1,671.6)
Estimated present value of future cash inflows	817.2	1,025.4
Risk adjustment for non-financial risk	84.2	74.1
Contractual service margin	352.1	572.1
Net increase in reinsurance contract assets	—	—

28 Insurance and reinsurance contracts continued

28d Future CSM release

The tables below show when the Group expects to release the closing CSM to the profit or loss in appropriate future time bands. It is presented for both insurance contracts issued and reinsurance contracts held.

	2023	2022
	\$m	\$m
Insurance contracts issued		
Number of years until expected to be recognised		
1	299.0	301.7
2	14.7	12.5
3	10.5	8.9
4	7.6	6.6
5	5.1	4.8
6-10	7.1	6.5
>10	—	—
Total	344.0	341.0

	2023	2022
	\$m	\$m
Reinsurance contracts held		
Number of years until expected to be recognised		
1	118.7	143.0
2	3.7	4.4
3	2.6	3.0
4	1.8	2.2
5	1.2	1.7
6-10	1.6	3.0
>10	—	—
Total	129.6	157.3

Notes to the financial statements

continued

28 Insurance and reinsurance contracts continued

28e Claims development

The following tables show the estimates of cumulative ultimate claims for each successive underwriting year from five years prior to the reporting date, reconciled back to LIC. This information has been provided on a gross of reinsurance basis and separately for reinsurance contracts held. As the Group has not previously published claims development information on an IFRS 17 basis, only claims development from the 2019 underwriting year onward (being five years before the end of the annual reporting period in which IFRS 17 was first applied by the Group) has been disclosed below. In the below tables, historic periods have been revalued using current exchange rates. The cumulative estimate of claims and recoveries comprise expected claims and reinsurance recovery cash flows only and do not include the risk adjustment, premiums or acquisition costs.

Insurance contracts issued 2023	Underwriting year					Total
	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m	
At end of underwriting year	1,712.5	2,309.3	2,699.4	3,123.8	3,112.0	
1 year later	2,205.2	2,696.3	2,966.1	3,030.4		
2 years later	2,236.2	2,802.2	2,782.1			
3 years later	2,231.5	2,649.2				
4 years later	2,221.9					
Cumulative gross estimate of claims	2,221.9	2,649.2	2,782.1	3,030.4	3,112.0	13,795.6
Cumulative payments to date	(1,696.9)	(1,765.3)	(1,319.5)	(941.9)	(287.3)	(6,010.9)
Carrying amount relating to 2018 and prior underwriting years						1,102.7
Less liability for remaining coverage claims only						(1,835.6)
Impact of discounting (LIC)						(555.5)
LIC risk adjustment for non-financial risk						639.0
Gross discounted LIC						7,135.3

Reinsurance contracts held 2023	Underwriting year					Total
	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m	
At end of underwriting year	(290.9)	(455.4)	(700.1)	(934.1)	(520.9)	
1 year later	(412.1)	(635.1)	(708.9)	(884.2)		
2 years later	(376.4)	(700.0)	(708.1)			
3 years later	(394.9)	(577.1)				
4 years later	(423.5)					
Cumulative gross estimate of claims recoveries	(423.5)	(577.1)	(708.1)	(884.2)	(520.9)	(3,113.8)
Cumulative payments to date	263.5	347.1	119.0	69.5	13.8	812.9
Carrying amount relating to 2018 and prior underwriting years						(451.9)
Less asset for remaining coverage claims only						338.7
Impact of discounting (AIC)						190.4
AIC risk adjustment for non-financial risk						(191.4)
Reinsurance discounted AIC						(2,415.1)

29 Other liabilities

	2023 \$m	2022 \$m
Accrued expenses including staff bonuses	98.9	31.5
Due to syndicate 623	—	21.8
Due to syndicate 5623	217.7	208.4
Due to syndicate 6107	86.6	77.8
Other payables	207.3	184.5
Total other liabilities	610.5	524.0

All other liabilities are payable within one year of the reporting date.

Profit uplift payment

The Group has agreed a potential profit uplift commission payment to the Members of Syndicate 623 on the 2023 year of account contingent upon the underwriting profit recognised in certain entities in the 2025 to 2028 financial years, which would become payable in 2029.

Notes to the financial statements

continued

30 Risk and sensitivity analysis

The symbol † by a table or numerical information means it has not been audited.

30a Insurance risk

The Group issues insurance contracts under which it accepts significant insurance risk from persons or organisations that are directly exposed to an underlying loss from an insured event. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of cash flows associated with the insured event. The four key components of insurance risk are underwriting, reinsurance, claims management and reserving. Each element is considered below.

i. Underwriting risk

Underwriting risk comprises four elements that apply to all insurance products offered by the Group:

- cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

The Group's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geographies and sizes. The annual business plans for each underwriting team reflect the Group's underwriting strategy, and set out the classes of business, the territories and the industry sectors in which business is to be written which are approved by the appropriate Boards.

Our underwriters determine premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include but are not limited to financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions, and acquisition expenses depending on the type of risk. A proportion of the Group's insurance risks are transacted by third parties under delegated underwriting and claims authorities. Each third party is thoroughly vetted by our coverholder approval group before it can bind risks, and is subject to monitoring to maintain underwriting quality and confirm ongoing compliance with contractual guidelines. All underwriters also have a right to refuse renewal or change the terms and conditions of insurance contracts upon renewal. Rate monitoring details, including limits, deductibles, exposures, terms and conditions and risk characteristics, are also captured and the results are combined to monitor the rating environment for each class of business.

The Group also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. To address this, the Group sets out the exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. This is monitored through regular calculation of realistic disaster scenarios ("RDS"). The aggregate position is monitored at the time of underwriting a risk, and reports are regularly produced to highlight the key aggregations to which the Group is exposed.

The Group uses a number of modelling tools to monitor its exposures against the agreed risk appetite set and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and scenario tests are also run using these models. The range of scenarios considered includes natural catastrophe, cyber, marine, liability, political, terrorism and war events.

30 Risk and sensitivity analysis continued

One of the largest types of event exposure relates to natural catastrophe events such as windstorms or earthquakes, with the increasing risk from climate change impacting the frequency and severity of natural catastrophes. The Group continues to monitor its exposure in this area. Where possible, the Group measures geographic accumulations and uses its knowledge of the business, historical loss behaviour and commercial catastrophe modelling software to assess the expected range of losses at different return periods. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated on the basis of extreme events at a range of return periods. The Group's catastrophe risk appetite is set by the risk management function and approved by the Board and the business plans of each team are determined within these parameters. The Board may adjust these limits over time as conditions change. In 2023, the Group operated to a catastrophe risk appetite for a probabilistic 1-in-250 years US event of † \$534.0m (2022: \$438.0m) net of reinsurance. This represents an increase of 22% in 2023.

Lloyd's has also defined its own specific set of RDS events for which all syndicates with relevant exposures must report. Of these, the three largest (net of reinsurance) events which could have impacted Beazley in 2022 and 2023 were as follows.

†	Modelled PML ¹ (before reinsurance) \$m	Modelled PML ¹ (after reinsurance) \$m
2023		
Lloyd's prescribed natural catastrophe event (total incurred losses)		
Los Angeles earthquake (2023: \$78bn)	827.2	325.1
San Francisco earthquake (2023: \$80bn)	854.1	315.0
Gulf of Mexico windstorm (2023: \$118bn)	927.5	291.3
†	Modelled PML ¹ (before reinsurance) \$m	Modelled PML ¹ (after reinsurance) \$m
2022		
Lloyd's prescribed natural catastrophe event (total incurred losses)		
Los Angeles earthquake (2022: \$78bn)	692.4	266.8
US Northeast windstorm (2022: \$81bn)	579.6	257.2
Gulf of Mexico windstorm (2022: \$118bn)	725.0	253.2

1. Probable market loss.

The tables above show each event independent of each other and considered on their own.

- Net of reinsurance exposures for the Los Angeles quake scenario have increased by \$58.3m or 22% in 2023, with gross exposures increasing by \$134.8m or 19%. The increase in gross exposures is being driven by growth in the Property Risks division and specifically direct Property, which is also leading to the increase in the San Francisco quake and Gulf of Mexico windstorm events. The increase in net exposure is less than the increase in gross as additional Reinsurance was bought during 2023 for the Property Risks division.
- For 2023, the second largest scenario is now the San Francisco earthquake scenario which has replaced the US Northeast windstorm scenario. The San Francisco earthquake scenario has increased by \$139.3m or 19% gross and \$66.3m or 27% net (2022: \$714.8m gross and \$248.7m net). Similar to the Los Angeles quake scenario, the increase in net exposure is less than gross as additional Reinsurance was bought during 2023.
- Windstorm exposures have increased in the Gulf of Mexico during 2023, which has resulted in the Gulf of Mexico scenario increasing by \$38.1m or 15% net, with the gross exposure increasing by \$202.5m or 28%. Similar to the two earthquake scenarios, the net exposure has increased less than gross due to additional Reinsurance being bought for the Property Risks division.
- The net natural catastrophe risk appetite increased by 22% in 2023 to \$534.0m from \$438.0m in 2022, with the increase in appetite being driven by the Property Risks division.

The net exposure of the Group to each of these modelled events at a given point in time is a function of assumptions made about how and where the event occurs, its magnitude, the amount of business written that is exposed to each event and the reinsurance arrangements in place.

Notes to the financial statements

continued

30 Risk and sensitivity analysis continued

The Group also has exposure to man-made claim aggregations, such as those arising from terrorism, liability, and cyber events. Beazley chooses to underwrite cyber insurance within the Cyber Risks and Specialty Risks divisions using our team of specialist underwriters, claims managers and data breach services managers. Other than for affirmative cyber coverage, Beazley's preference is to exclude cyber exposure where possible.

To manage the potential exposure, the Board has approved a risk appetite for the aggregation of cyber related claims which is monitored by reference to the largest of seventeen realistic disaster scenarios that have been developed internally. These scenarios include the failure of a data aggregator, the failure of a shared hardware or software platform, the failure of a cloud provider, and physical damage scenarios. Whilst it is not possible to be precise, as there is sparse data on actual aggregated events, these severe scenarios are expected to be very infrequent. To manage underwriting exposures, the Group has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry. In 2023, the maximum line that any one underwriter could commit the managed syndicates to was \$150m. In most cases, maximum lines for classes of business were much lower than this.

The Board also manages cyber to a 1-250 net probabilistic budget of \$651.0m net of reinsurance for the Group. The reinsurance programmes that protect the Cyber and Specialty Risks divisions would partially mitigate the cost of most, but not all, Cyber catastrophes. The largest Cyber net realistic disaster scenario for the Group as at 31 December 2023 was just under \$205m. Beazley also reports on Cyber exposure to Lloyd's using the three largest internal realistic disaster scenarios and three new prescribed scenarios which include a cloud provider scenario and a ransomware scenario.

Exposure by operating division

In 2023, the Group's business consisted of five operating divisions. The following table sets out the Group's insurance revenue by operating division.

	2023 %	2022 %
Cyber Risks	22%	21%
Digital	4%	4%
MAP Risks	19%	20%
Property Risks	20%	17%
Specialty Risks	35%	38%
Total	100%	100%

Concentration by geography

Included below is a geographical analysis of the Group's insurance revenue based on placement of risk.

	2023 %	2022 %
UK (Lloyd's)	83%	82%
US (Non-Lloyd's)	11%	13%
Europe (Non-Lloyd's)	6%	5%
Total	100%	100%

Sensitivity analysis

The table below analyses the impact on the Group's profit after tax and equity of changes in underwriting risk variables that were reasonably possible at the reporting date. This analysis has been performed assuming a uniform percentage change in loss ratios used to determine best estimate cash flows within the liability for remaining coverage, and a uniform percentage change in the best estimate liability within the liability for incurred claims, including any consequential impact on the risk adjustment or CSM. It should be noted that movements in these variables are non-linear.

	Profit after tax / Equity ¹		Profit after tax / Equity ¹	
	Gross 2023 \$m	Net 2023 \$m	Gross 2022 \$m	Net 2022 \$m
Reserves (5% increase)	(289.4)	(179.6)	(266.5)	(172.6)
Reserves (5% decrease)	287.7	178.0	263.9	171.1

1. Impact of changes in risk variables is consistent across profit after tax and equity

30 Risk and sensitivity analysis continued

ii. Reinsurance risk

Reinsurance risk arises for the Group where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, resulting in coverage disputes or proving inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk, which is detailed in the credit risk section on page 236. In some cases, the Group deems it more economic to hold capital than to purchase reinsurance. These decisions are regularly reviewed. The reinsurance security committee examines and approves all reinsurers to ensure that they possess suitable security. The Group's ceded reinsurance team ensures that these guidelines are followed, undertakes the administration of reinsurance contracts, and monitors and instigates our responses to any erosion of the reinsurance programmes.

iii. Claims management risk

Claims management risk may arise within the Group in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Group brand and undermine its ability to win and retain business, or incur punitive damages. These risks can occur at any stage of the claims life cycle. The Group's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business's broader interests. Case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

iv. Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs within the Group where established insurance liabilities are insufficient due to inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions. To manage reserving and ultimate reserve risk, a risk adjustment for non-financial risk is included within the valuation of insurance contract liabilities.

The following sensitivity analysis shows how a change in risk adjustment impacts profit after tax and equity. The sensitivity was calculated by selecting the risk adjustment 2.5 points above/below the current confidence level on the distribution by which it is calibrated and flowing the consequential impact through the CSM and liability for incurred claims. This was performed both before and after risk mitigation by reinsurance. It should be noted that movements in these variables are non-linear.

	Profit after tax / Equity ¹		Profit after tax / Equity ¹	
	Gross	Net	Gross	Net
	2023	2023	2022	2022
	\$m	\$m	\$m	\$m
Change in risk adjustment (2.5% increase)	(80.0)	(57.9)	(67.8)	(49.4)
Change in risk adjustment (2.5% decrease)	78.5	56.7	60.5	44.1

1. Impact of changes in risk variables is consistent across profit after tax and equity

Notes to the financial statements

continued

30 Risk and sensitivity analysis continued

30b Market risk

Market risk is referred to as 'asset risk' in the Group's risk management framework. This risk arises from adverse financial market movements in addition to other external market forces. The four key components of asset risk are investments, foreign exchange, interest rate, and prices of assets and derivatives. Each element is considered in further detail below.

i. Investments

Efficient management of market risk is key to the investment of Group assets for matching to future liabilities. Beazley uses an Economic Scenario Generator to create multiple simulations of financial conditions in order to support stochastic analysis of asset risk. Beazley uses these outputs to assess the value at risk of its investments, at different confidence levels, including '1 in 200', which reflects Solvency II modelling requirements, and '1 in 10', reflecting scenarios which are more likely to occur in practice. It is assessed for investments in isolation and also in conjunction with the present value of our liabilities, to assist in the monitoring and management of asset risk for solvency and capital purposes. By its nature, stochastic modelling does not provide a precise measure of risk, and Economic Scenario Generator outputs are regularly validated against actual market conditions. Beazley also uses a number of other qualitative measures to support the monitoring and management of investment risk, including stress testing and scenario analysis.

The Group's investment strategy is developed with reference to an investment risk appetite, approved annually by the Board. The asset risk element of our Solvency II internal model is used to monitor actual investment risk against this appetite, which specifies how far investment return may deviate from target, at 90% confidence. The investment risk appetite was set at \$260m for 2023. From 2024, the investment risk appetite additionally incorporates interest rate risks to the present value of our underwriting liabilities.

ii. Foreign exchange risk

The functional currency and presentational currency of Beazley plc and its main trading entities is US dollars. As a result, the Group is mainly exposed to fluctuations in exchange rates for non-dollar denominated transactions and to net asset translation risk on non-dollar functional currency entities.

The Group operates in four main currencies: US dollars, sterling, Canadian dollars and euros. Transactions in all currencies are converted to US dollars on initial recognition, with any resulting monetary items being translated to the US dollar spot rate at the reporting date. If any foreign exchange risk arises it is actively managed as described below.

In 2023, the Group managed its foreign exchange risk by periodically assessing its non-dollar exposures and hedging these to a tolerable level while targeting to have net assets that are predominantly denominated in US dollars. As part of this hedging strategy, exchange rate derivatives were used to rebalance currency exposure across the Group. Details of foreign currency derivative contracts entered into with external parties are disclosed in Note 19. On a forward looking basis, an assessment is made of expected future exposure development and appropriate currency trades are put in place to reduce risk. The Group's underwriting capital is matched by currency to the principal underlying currencies of its insurance transactions. This helps to mitigate the risk that the Group's capital required to underwrite business is materially affected by any future movements in exchange rates.

The Group also has foreign operations with functional currencies that are different from the Group's presentational currency. The effect of this on foreign exchange risk is that the Group is exposed to fluctuations in exchange rates for US dollar denominated transactions and net assets arising in those foreign currency operations. It also gives rise to a currency translation exposure for the Group to sterling, euro, Canadian dollars, Singapore dollars and Australian dollars on translation to the Group's presentational currency. These exposures are minimal and are not hedged.

30 Risk and sensitivity analysis continued

Exposure and risk concentrations by currency

The following tables summarise the carrying values of the insurance/reinsurance contract assets and liabilities and overall net assets held by the Group, categorised by its main currencies. For a breakdown of financial assets by currency, refer to Note 18(h).

	UK £ \$m	CAD \$ \$m	EUR € \$m	Subtotal \$m	US \$ \$m	Total \$ \$m
2023						
Insurance contract assets	2.4	13.6	(3.6)	12.4	89.1	101.5
Reinsurance contract assets	243.1	37.0	166.4	446.5	1,980.2	2,426.7
Other	574.8	257.8	69.2	901.8	10,235.4	11,137.2
Total assets	820.3	308.4	232.0	1,360.7	12,304.7	13,665.4
Insurance contract liabilities	(804.4)	(229.0)	(782.3)	(1,815.7)	(6,176.5)	(7,992.2)
Reinsurance contract liabilities	(31.2)	(0.6)	(7.7)	(39.5)	(294.0)	(333.5)
Other	(69.1)	20.7	441.0	392.6	(1,850.2)	(1,457.6)
Total liabilities	(904.7)	(208.9)	(349.0)	(1,462.6)	(8,320.7)	(9,783.3)
Net assets	(84.4)	99.5	(117.0)	(101.9)	3,984.0	3,882.1

	UK £ \$m	CAD \$ \$m	EUR € \$m	Subtotal \$m	US \$ \$m	Total \$ \$m
2022						
Insurance contract assets	6.6	2.0	(18.2)	(9.6)	93.7	84.1
Reinsurance contract assets	236.7	78.3	35.0	350.0	1,825.3	2,175.3
Other	267.9	278.8	(352.4)	194.3	9,259.3	9,453.6
Total assets	511.2	359.1	(335.6)	534.7	11,178.3	11,713.0
Insurance contract liabilities	(470.5)	(363.7)	(42.4)	(876.6)	(6,473.2)	(7,349.8)
Reinsurance contract liabilities	(60.2)	(15.8)	(35.1)	(111.1)	(50.1)	(161.2)
Other	5.7	40.5	397.4	443.6	(1,690.6)	(1,247.0)
Total liabilities	(525.0)	(339.0)	319.9	(544.1)	(8,213.9)	(8,758.0)
Net assets	(13.8)	20.1	(15.7)	(9.4)	2,964.4	2,955.0

Sensitivity analysis

Fluctuations in the Group's trading currencies against the US dollar would result in a change in profit after tax and equity. The table below gives an indication of this impact for reasonably possible percentage changes in the relative strength of the US dollar against the value of sterling, the Canadian dollar and the euro, simultaneously. The analysis is prepared based on the net assets held by the Group at the balance sheet date.

	Profit after tax 2023 \$m	2022 \$m	Equity 2023 \$m	2022 \$m
Change in exchange rate of sterling, Canadian dollar and euro relative to US dollar				
Dollar weakens (30%)	(25.0)	(2.4)	45.2	39.9
Dollar weakens (20%)	(16.7)	(1.6)	30.1	26.6
Dollar weakens (10%)	(8.3)	(0.8)	15.1	13.3
Dollar strengthens (10%)	8.3	0.8	(15.1)	(13.3)
Dollar strengthens (20%)	16.7	1.6	(30.1)	(26.6)
Dollar strengthens (30%)	25.0	2.4	(45.2)	(39.9)

Notes to the financial statements continued

30 Risk and sensitivity analysis continued

iii. Interest rate risk

The Group's financial instruments (e.g. cash and cash equivalents, certain financial assets at fair value, and subordinated debt), in addition to its insurance and reinsurance contracts, are exposed to movements in market interest rates. The Group manages interest rate risk by primarily investing in short duration financial assets along with cash and cash equivalents. The investment committee monitors the duration of these assets on a regular basis. The Group also entered into bond futures contracts to manage the interest rate risk on bond portfolios.

Exposure and risk concentrations by duration

The following table shows the modified duration at the reporting date of the financial instruments that are exposed to movements in market interest rates. Modified duration is a commonly used measure of volatility which represents the percentage change of the price of a security to yield. The Group believes this gives a better indication than maturity of the likely sensitivity of the portfolio to changes in interest rates.

	<1 yr \$m	1-2 yrs \$m	2-3 yrs \$m	3-4 yrs \$m	4-5 yrs \$m	5-10 yrs \$m	Total \$m
2023							
Financial assets at FVTPL:							
- Fixed and floating rate debt securities	2,499.9	3,123.8	1,214.6	1,419.5	229.1	49.5	8,536.4
- Syndicate loans	7.6	26.5	—	—	—	—	34.1
Cash and cash equivalents	812.3	—	—	—	—	—	812.3
Subordinated debt	—	—	(249.5)	—	—	(298.8)	(548.3)
Total financial instruments	3,319.8	3,150.3	965.1	1,419.5	229.1	(249.3)	8,834.5
2022							
Financial assets at FVTPL:							
- Fixed and floating rate debt securities	1,962.9	3,094.1	1,430.9	441.2	434.9	1.5	7,365.5
- Syndicate loans	—	6.9	25.6	—	—	—	32.5
Cash and cash equivalents	652.5	—	—	—	—	—	652.5
Subordinated debt	—	—	—	(249.4)	—	(298.6)	(548.0)
Total financial instruments	2,615.4	3,101.0	1,456.5	191.8	434.9	(297.1)	7,502.5

30 Risk and sensitivity analysis continued

Sensitivity analysis

All elements of the carrying values of the Group's insurance and reinsurance contracts are exposed to interest rate risk. The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Profit after tax / Equity ¹	
	2023 \$m	2022 \$m
Insurance and reinsurance contracts		
Interest rate increases (150 bps)	114.3	95.8
Interest rate increases (100 bps)	77.1	64.5
Interest rate increases (50 bps)	39.1	32.6
Interest rate decreases (50 bps)	(40.0)	(33.5)
Interest rate decreases (100 bps)	(81.0)	(67.8)
Interest rate decreases (150 bps)	(123.0)	(102.8)

1 Impact of changes in risk variables is consistent across profit after tax and equity.

	Profit after tax / Equity ¹	
	2023 \$m	2022 \$m
Financial assets		
Interest rate increases (150 bps)	(190.6)	(179.0)
Interest rate increases (100 bps)	(127.1)	(119.3)
Interest rate increases (50 bps)	(63.5)	(59.7)
Interest rate decreases (50 bps)	63.5	59.7
Interest rate decreases (100 bps)	127.1	119.3
Interest rate decreases (150 bps)	190.6	179.0

1 Impact of changes in risk variables is consistent across profit after tax and equity.

iv. Price risk

Listed investments that are quoted in an active market are recognised in the statement of financial position at quoted bid price, which is deemed to be approximate exit price. If the market for the investment is not considered to be active, then the Group establishes fair value using valuation techniques (refer to Note 18). This includes comparison of orderly transactions between market participants, reference to the current fair value of other investments that are substantially the same, discounted cash flow models and other valuation techniques that are commonly used by market participants.

Price risk applies to financial assets that are susceptible to losses due to adverse changes in prices. At the reporting date, the Group's exposure to price risk was \$1,085.0m (2022: \$912.9m). This is comprised of hedge funds, equity investments and illiquid assets, with no significant concentrations in one area. Note that the price of debt securities is affected by interest rate risk and credit risk, both of which have been described above. In addition, the Group does not have any insurance or reinsurance contracts which are exposed to price risk.

Notes to the financial statements continued

30 Risk and sensitivity analysis continued

Sensitivity analysis

Included below is a sensitivity analysis of the Group's financial assets against price risk. With all other variables remaining constant, changes in fair values of the Group's hedge funds, equity investments and illiquid assets would affect reported profit after tax and equity as indicated in the following table.

	Profit after tax / Equity ¹	
	2023	2022
	\$m	\$m
Fair value increases (30%)	266.6	230.6
Fair value increases (20%)	177.7	153.7
Fair value increases (10%)	88.9	76.9
Fair value decreases (10%)	(88.9)	(76.9)
Fair value decreases (20%)	(177.7)	(153.7)
Fair value decreases (30%)	(266.6)	(230.6)

1. Impact of changes in risk variables is consistent across profit after tax and equity.

A 10% decrease in the fair value of the Group's level 3 financial assets would have an impact of (\$20.8m) on profit after tax/equity (2022: (\$21.5m)).

30c Credit risk

This risk arises due to the failure of another party to perform its financial or contractual obligations to the Group in a timely manner. The Group accepts credit risk overall and recognises credit risk is aligned to its appetite for insurance risk. The primary sources of credit risk for the Group are:

- reinsurers – reinsurers may fail to pay valid claims against a reinsurance contract held by the Group;
- brokers and coverholders – counterparties may fail to pass on premiums or claims collected/paid on behalf of the Group; and
- investments – issuer may default, resulting in the Group losing all or part of the value of a financial instrument or a derivative financial instrument.

An approval system exists for brokers with their credit and performance monitored. The investment committee has established parameters for investment managers regarding the type, duration and quality of investments including credit ratings acceptable to the Group. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines. The Group has developed processes to examine all reinsurers before entering into new business arrangements, and ongoing relationships with Beazley are continually assessed. In addition, reinsurance recoverables are reviewed regularly to assess their collectability.

2023	A.M. Best	Moody's	S&P
Tier 1	A++ to A-	Aaa to A3	AAA to A-
Tier 2	B++ to B-	Baa1 to Ba3	BBB+ to BB-
Tier 3	C++ to C-	B1 to Caa	B+ to CCC
Tier 4	D, E, F, S	Ca to C	R, (U,S) 3

30 Risk and sensitivity analysis continued

Maximum exposure

The following tables summarise the Group's maximum exposure to credit risk by reinsurance contract assets and financial assets.

	Tier 1 \$m	Tier 2 \$m	Tier 3 \$m	Tier 4 \$m	Unrated \$m	Total \$m
2023						
Reinsurance contracts assets	2,387.5	—	—	—	39.2	2,426.7
Financial assets at FVTPL:						
- Fixed and floating rate debt securities	7,101.7	1,434.7	—	—	—	8,536.4
- Syndicate loans	34.1	—	—	—	—	34.1
- Equity funds	—	—	—	—	282.7	282.7
- Hedge funds	—	—	—	—	582.2	582.2
- Illiquid assets	—	—	—	—	220.1	220.1
- Derivative financial assets	—	—	—	—	10.0	10.0
Cash and cash equivalents	812.3	—	—	—	—	812.3
Amounts due from managed syndicates and other receivables	—	—	—	—	297.5	297.5
Total	10,335.6	1,434.7	—	—	1,431.7	13,202.0
2022						
Reinsurance contracts assets	2,139.4	—	—	—	35.9	2,175.3
Financial assets at FVTPL:						
- Fixed and floating rate debt securities	6,767.1	598.4	—	—	—	7,365.5
- Syndicate loans	32.5	—	—	—	—	32.5
- Equity funds	—	—	—	—	159.4	159.4
- Hedge funds	—	—	—	—	530.6	530.6
- Illiquid assets	—	—	—	—	222.9	222.9
- Derivative financial assets	—	—	—	—	34.7	34.7
Cash and cash equivalents	652.5	—	—	—	—	652.5
Amounts due from managed syndicates and other receivables	—	—	—	—	181.8	181.8
Total	9,591.5	598.4	—	—	1,165.3	11,355.2

The Group's maximum exposure to credit risk from insurance contract assets is \$101.5m (2022: \$84.1m). Overall exposure to credit risk is concentrated within Tier 1, with the largest counterparty being \$3,258.7m of US treasuries (2022: \$3,715.8m).

Financial investments falling within the unrated category are those for which there is no readily available market data to allow classification within the respective tiers.

Notes to the financial statements continued

30 Risk and sensitivity analysis continued

Credit quality of reinsurance contract assets

Reinsurance recoveries are specifically referenced in IFRS 17 and explicitly de-scoped from IFRS 9 (refer to Note 2). IFRS 17 requires the effect of any risk of non-performance by the reinsurer, including the effects of collateral and losses from disputes, to be considered when determining the estimates of the present value of future cash flows for the group of reinsurance contracts held. The Group has developed an internal policy, which involves calculating and re-evaluating expected credit losses for reinsurance assets and actively following up on disputes with reinsurers for recoveries. Reinsurance recoveries are assessed for Non-Performance Risk Provision using a % of the reinsurance programme/year of account level under IFRS 17.

The Group has reinsurance recoveries that are past due at the reporting date. An aged analysis of these (on an undiscounted basis) is presented below.

	Up to 30 days past due	30-60 days past due	60-90 days past due	Greater than 90 days past due	Total
2023	\$m	\$m	\$m	\$m	\$m
Reinsurance recoveries	61.3	57.5	4.1	54.9	177.8
	Up to 30 days past due	30-60 days past due	60-90 days past due	Greater than 90 days past due	Total
2022	\$m	\$m	\$m	\$m	\$m
Reinsurance recoveries	24.7	29.2	8.9	82.6	145.4

30d Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations. The Group is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business which is an industry norm. In the majority of the cases, these claims are settled from the premiums received held as assets. Beazley avoids the risk of having insufficient liquid assets to meet expected cash flow requirements.

The Group's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event (details of the Group's exposure to RDS are provided on pages 228 to 230). This means that the Group maintains sufficient liquid assets, or assets that can be converted into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return. The Group also makes use of loan facilities and subordinated liabilities, details of which can be found in Note 26. Further information on the Group's capital resources is contained on pages 67 to 68.

Maturity analysis – Insurance and reinsurance contracts

Included below is a maturity analysis of the present value of future cash flows of the Group's net insurance contract liabilities (per Note 28a). The tables also include the weighted average term to settlement, calculated based on undiscounted future cash flows for total ultimate claims, excluding the risk adjustment and premium-related claims cash flows.

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total	Weighted average term to claims settlement
2023	\$m	\$m	\$m	\$m	\$m	\$m	\$m	Years
Cyber Risks	503.0	372.8	214.5	116.0	56.7	64.8	1,327.8	1.9
Digital	65.6	44.5	21.7	10.8	5.2	6.6	154.4	1.5
MAP Risks	344.5	232.3	130.4	71.0	37.9	50.0	866.1	1.7
Property Risks	510.3	247.5	93.9	39.6	18.8	21.0	931.1	1.2
Specialty Risks	796.9	884.1	677.1	453.2	280.1	399.9	3,491.3	2.6
Net insurance contract liabilities	2,220.3	1,781.2	1,137.6	690.6	398.7	542.3	6,770.7	2.1

30 Risk and sensitivity analysis continued

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total	Weighted average term to claims settlement
2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m	Years
Cyber Risks	348.9	300.9	188.2	90.4	33.9	25.4	987.7	1.7
Digital	72.9	44.9	21.0	9.2	4.4	3.5	155.9	1.4
MAP Risks	399.0	266.5	141.5	79.0	42.0	54.8	982.8	1.7
Property Risks	550.2	236.8	88.4	35.4	15.7	14.9	941.4	1.2
Specialty Risks	734.5	776.2	605.7	412.0	250.1	354.2	3,132.7	2.6
Net insurance contract liabilities	2,105.5	1,625.3	1,044.8	626.0	346.1	452.8	6,200.5	2.1

No insurance contract liabilities held by the Group as at 31 December are payable on demand.

Included below is a maturity analysis of the present value of future cash flows of the Group's net reinsurance contract assets (per Note 28a). The tables also include the weighted average term to settlement for claims recoveries, calculated based on undiscounted future cash flows for total ultimate claims, excluding the risk adjustment and premium-related cash flows.

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total	Weighted average term to settlement of claims recoveries
2023	\$m	\$m	\$m	\$m	\$m	\$m	\$m	Years
Cyber Risks	(51.4)	169.3	94.6	51.4	24.3	26.5	314.7	1.7
Digital	(11.4)	9.3	4.5	1.9	0.9	0.9	6.1	1.5
MAP Risks	(70.4)	61.7	52.3	30.7	18.2	25.6	118.1	1.5
Property Risks	104.4	59.2	27.0	15.6	3.4	5.3	214.9	1.1
Specialty Risks	75.8	336.5	249.7	167.7	105.9	149.6	1,085.2	2.8
Net reinsurance contract assets	47.0	636.0	428.1	267.3	152.7	207.9	1,739.0	2.0

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total	Weighted average term to settlement of claims recoveries
2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m	Years
Cyber Risks	(149.1)	153.3	105.8	51.2	17.8	12.6	191.6	1.7
Digital	(14.3)	13.6	6.4	2.5	1.2	0.8	10.2	1.4
MAP Risks	(168.7)	154.9	88.5	57.3	32.9	41.2	206.1	1.7
Property Risks	219.0	92.3	32.1	10.5	4.3	6.6	364.8	1.0
Specialty Risks	(108.7)	278.4	260.5	182.6	115.5	158.5	886.8	2.9
Net reinsurance contract assets	(221.8)	692.5	493.3	304.1	171.7	219.7	1,659.5	2.0

Notes to the financial statements

continued

30 Risk and sensitivity analysis continued

Maturity analysis – Total liabilities

The following is a maturity analysis of the net contractual cash flows of the Group's liabilities as at 31 December. This excludes current tax and deferred tax liabilities, and reinsurance contracts which are in a net asset position at 31 December.

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
2023	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net insurance contract liabilities	2,220.3	1,781.2	1,137.6	690.6	398.7	542.3	6,770.7
Financial liabilities:	—	—	—	—	—	—	—
- Derivative financial liabilities	6.3	—	—	—	—	—	6.3
- Subordinated debt	31.2	31.2	278.9	16.5	16.5	311.4	685.7
Lease liabilities	13.5	10.3	9.2	8.2	7.7	32.6	81.5
Other liabilities	610.5	—	—	—	—	—	610.5
Total liabilities	2,881.8	1,822.7	1,425.7	715.3	422.9	886.3	8,154.7
	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net insurance contract liabilities	2,105.5	1,625.3	1,044.8	626.0	346.1	452.8	6,200.5
Financial liabilities:	—	—	—	—	—	—	—
- Derivative financial liabilities	14.5	—	—	—	—	—	14.5
- Subordinated debt	31.2	31.2	31.2	278.9	16.5	327.9	716.9
Lease liabilities	9.6	11.8	8.9	7.7	—	37.3	75.3
Other liabilities	524.0	—	—	—	—	—	524.0
Total liabilities	2,684.8	1,668.3	1,084.9	912.6	362.6	818.0	7,531.2

Maturity analysis – Financial assets

Included below is a maturity analysis of the Group's financial assets as at 31 December, based on their carrying values per the balance sheet.

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
2023	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial assets at FVTPL:							
- Fixed and floating rate debt securities	2,014.6	3,061.5	1,336.2	929.6	1,045.3	149.2	8,536.4
- Syndicate loans	7.6	26.5	—	—	—	—	34.1
- Derivative financial assets	10.0	—	—	—	—	—	10.0
Cash and cash equivalents	812.3	—	—	—	—	—	812.3
Amounts due from managed syndicates and other receivables	297.5	—	—	—	—	—	297.5
Total financial assets	3,142.0	3,088.0	1,336.2	929.6	1,045.3	149.2	9,690.3
	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Financial assets at FVTPL:							
- Fixed and floating rate debt securities	1,854.9	2,651.4	1,676.5	431.0	652.8	98.9	7,365.5
- Syndicate loans	—	6.9	25.6	—	—	—	32.5
- Derivative financial assets	34.7	—	—	—	—	—	34.7
Cash and cash equivalents	652.5	—	—	—	—	—	652.5
Amounts due from managed syndicates and other receivables	181.8	—	—	—	—	—	181.8
Total financial assets	2,723.9	2,658.3	1,702.1	431.0	652.8	98.9	8,267.0

30 Risk and sensitivity analysis continued

Our capital growth assets have no defined maturity dates and have thus been excluded from the above maturity table. However, all \$282.7m (2022: \$159.4m) of equity funds could be liquidated within two weeks, \$440.2m (2022: \$416.8m) of hedge fund assets within six months and the remaining \$142.0m (2022: \$113.8m) of hedge fund assets within 18 months, in normal market conditions. Illiquid assets are not readily realisable and principal will be returned over the life of these assets, which may be up to 12 years. The Group makes regular interest payments for its subordinated debt. Further details are provided in Notes 12 and 26.

30e Capital management

The Group follows a risk-based approach to determine the amount of capital required to support its activities. Recognised stochastic modelling techniques are used to measure risk exposures, and capital to support business activities is allocated according to risk profile. Stress and scenario analysis is regularly performed and the results are documented and reconciled to the Board's risk appetite where necessary.

The Group has several requirements for capital, including:

- to support underwriting at Lloyd's through the syndicates in which it participates, being 2623, 3622, 3623, 5623 and 4321. This is based on the Group's own individual capital assessment. It may be provided in the form of either the Group's cash, investments, debt facilities, or letter of credit;
- to support underwriting in Beazley Insurance Company, Inc., Beazley America Insurance Company, Inc., and Beazley NewCo Captive Company, Inc. in the US;
- to support underwriting in Beazley Insurance dac in Europe; and
- to support strategic acquisitions and investments.

All entities within the Group have been in compliance with externally imposed capital requirements during the year. The Group uses letters of credit ("LOC") available under a syndicated short term banking facility led by Lloyds Banking Group plc to support Funds at Lloyd's ("FAL") requirements. Lloyd's of London apply certain criteria to banks issuing LOCs as FAL, including minimum credit rating requirements and counterparty limits. Should any of the banks on the existing LOC facility breach Lloyd's of London requirements, the Group might be asked to replace the LOC provided with alternative eligible issuer(s) and/or assets meeting Lloyd's requirements. The creditworthiness of the counterparties on the facility is monitored by the Group on an ongoing basis.

The Group considers Shareholders' Funds, Tier 2 subordinated debt and letters of credit to be the primary sources of capital for the Group. For more detail on the value of capital managed and how its value has changed in the year, please see pages 67 to 68.

The Internal Model Solvency Capital Requirement is a dedicated quantitative review of syndicate models and it sets out to be a key input to the Lloyd's Internal Model.

The Board operates a progressive dividend strategy, intending to grow the dividend each year but recognising that some earnings fluctuations are to be expected. When determining the level of the dividend, the Board considers the Group's capital position, future investment and growth opportunities and its ability to generate cash flows. Dividends are typically paid on an annual basis to align with the Group's capital planning cycle. The Group's capital management strategy is to carry some surplus capital which makes it possible to take advantage of growth opportunities which may arise. Where surplus capital cannot be profitably deployed it will be returned to shareholders.

Notes to the financial statements

continued

31 Subsidiary undertakings

Beazley plc, a company incorporated in England and Wales and resident for tax purposes in the United Kingdom, is the ultimate parent and the ultimate controlling party within the Group.

The following is a list of all the subsidiaries in the Group as at 31 December 2023, all of which are wholly owned.

	Country/region of incorporation
Beazley Underwriting Pty Limited	Australia
Beazley Canada Limited	Canada
Beazley Corporate Member (No.2) Limited	England
Beazley Corporate Member (No.3) Limited	England
Beazley Corporate Member (No.6) Limited	England
Beazley Furlonge Holdings Limited	England
Beazley Furlonge Limited	England
Beazley Group Limited	England
Beazley Investments Limited	England
Beazley Management Limited	England
Beazley Staff Underwriting Limited	England
Beazley Solutions Limited	England
Beazley Underwriting Limited	England
Beazley Underwriting Services Limited	England
Lodestone Security Limited	England
Beazley Corporate Governance Services Limited	England
BHI Digital UK Limited	England
Beazley Insurance dac	Ireland
Beazley Solutions International Limited	Ireland
Beazley Ireland Holdings plc	Jersey
Beazley Labuan Limited	Malaysia
Beazley America Insurance Company, Inc.***	USA
Beazley Group (USA) General Partnership**	USA
Beazley Holdings, Inc.*	USA
Beazley Insurance Company, Inc.***	USA
Beazley Newco Captive Company, Inc.***	USA
Beazley USA Services, Inc.*	USA
Beazley Excess and Surplus Insurance, Inc.***	USA
BHI Digital, LLC.*****	USA
Beazley RI Manager, Inc.*	USA
Lodestone Securities LLC****	USA
Beazley Pte. Limited	Singapore

Please see page 243 for registered addresses.

31 Subsidiary undertakings continued

The following is a list of the Group's registered office locations:

Address	City	Postcode	Country/region
United Kingdom and Continental Europe			
22 Bishopsgate	London	EC2N 4AJ	England
2 Northwood Avenue	Dublin	D09 X5N9	Ireland
22 Grenville Street	Saint Helier	JE4 8PX	Jersey
North America			
1209 Orange Street*	Wilmington, Delaware	19801	USA
2711 Centerville Road Suite 400**	Wilmington, Delaware	19808	USA
30 Batterson Park Road***	Farmington, Connecticut	06032	USA
160 Greentree Drive, Suite 101****	Dover, Delaware	19904	USA
55 University Avenue, Suite 550	Toronto, Ontario	M5J 2HJ	Canada
251 Little Falls Drive*****	Wilmington, Delaware	19808	USA
Asia			
138 Market Street, 03-04 Capita Green	Singapore	048946	Singapore
Kensington Gardens, No. l1317, Lot 7616, Jalan Jumidar Buyong	Labuan	87000	Malaysia
Australia			
Level 15, 1 O'Connell Street	Sydney	NSW 2000	Australia

Notes to the financial statements

continued

32 Related party transactions

The Group has related party relationships with syndicates 623, 4321, 5623, 6107, in addition to its subsidiaries, associates and Directors.

32a Syndicates 623, 4321, 5623 and 6107

The Group received management fees and profit commissions for providing a range of management services to syndicates 623, 4321, 5623 and 6107 which are all managed by the Group. In addition, the Group ceded portions of a group of insurance policies to syndicates 6107 and historically ceded certain business to 5623. The participants on syndicates 623 and 6107 are solely third party capital while the Group provides 10% of the capital for syndicate 4321 and approximately 18% of capital to 5623 for the 2023 year of account.

Details of transactions entered into and the balances with these syndicates are as follows:

	2023 \$m	2022 \$m
Written premium ceded to syndicates	425.8	318.7
Other income received from syndicates	74.1	20.7
Services provided	83.2	58.9
Balances due:		
- Due from / (to) syndicate 623	19.1	(7.2)
- Due from syndicate 4321	6.3	1.9
- Due to syndicate 5623	(217.7)	(208.4)
- Due to syndicate 6107	(86.6)	(77.8)

32b Key management compensation

	2023 \$m	2022 \$m
Salaries and other short term benefits	38.4	18.9
Pension costs	0.6	0.5
Share based remuneration	11.9	8.0
	50.9	27.4

Key management include Executive and Non-Executive Directors and other senior management.

The total number of Beazley plc ordinary shares held by key management is 2.5m. Apart from the transactions listed in the table above, there were no further related party transactions involving key management or a close member of their family. Further details of Directors' shareholdings and remuneration can be found in the Directors' remuneration report on pages 124 to 145.

32c Other related party transactions

At 31 December 2023, the Group had purchased services from Falcon Money Management Holdings Limited of \$3.1m (2022: \$2.9m) throughout the year. All transactions with the associates and subsidiaries are priced on an arm's length basis.

33 Contingencies

Funds at Lloyd's ("FAL")

The following amounts are held in trust by Lloyd's to secure underwriting commitments:

	2023 \$m	2022 \$m
Financial assets at fair value and cash ¹	1,277.8	1,307.6
Letters of credit ("LOC")	225.0	225.0
Total Funds at Lloyd's	1,502.8	1,532.6

1. Included within 'financial assets at fair value' and 'cash and cash equivalents' on the statement of financial position.

The funds are held in trust and can be used to meet claims liabilities should syndicates fail to meet their claim liabilities. The funds can be only used to meet claim liabilities of the relevant member.

Letters of credit (FAL)

The Group has a syndicated short term banking facility which was renewed on 25 May 2023, under which \$450.0m may be utilised as LOC placed as FAL to provide capital support for the Group's underwriting at Lloyd's. 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. As at 31 December 2023, \$225.0m (2022: \$225.0m) has been issued as LOC and is being utilised to support FAL requirements. LOC issued under the facility are uncollateralised. No liability is recognised in these financial statements for the LOC (2022: \$nil), as amounts would only become due if called upon to fund liabilities. These borrowings are subject to covenants, with which the Group has complied throughout the year. The Group considers the risk of covenants being breached to be remote.

Letters of credit (US)

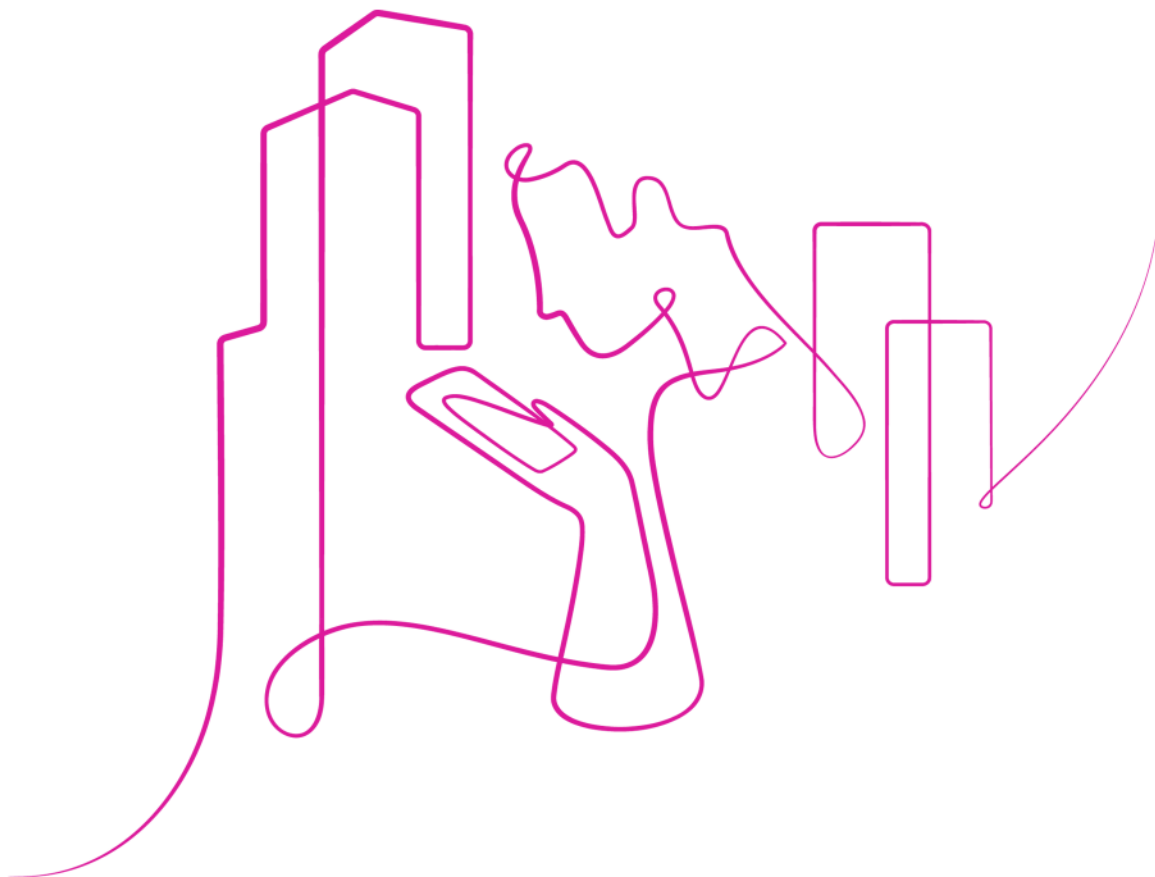
During the year, the Group has also placed LOC totalling \$47.0m (2022: \$35.0m) with the State of Connecticut Insurance Department to collateralise reinsurance arrangements between the Group's US admitted carrier, Beazley Insurance Company Inc. ("BICI") and Beazley NewCo Captive Company Inc. These amounts are guaranteed by Beazley plc. In addition, BICI has a standby letter of credit of \$7.5m (2022: \$5.3m) in place to secure certain reinsurance transactions settled through Lloyd's. No amounts relating to these letters of credit are recognised in the Group's statement of financial position (2022: \$nil).

34 Subsequent events

On 6 March 2024, the Board of Beazley plc approved a share buyback of its ordinary shares for up to a maximum aggregate consideration of \$325m which is expected to commence on 8 March 2024. The buyback will reduce the Group's net asset value by approximately \$325m.

Company financial statements

247	Company statement of financial position
248	Company statement of changes in equity
249	Company statement of cash flows
250	Notes to the financial statements



Company statement of financial position

as at 31 December 2023

	Notes	2023 \$m	2022 \$m
Investment in subsidiaries	7	724.6	724.6
Other receivables		799.3	919.1
Current tax asset		4.3	0.3
Cash and cash equivalents		0.9	3.4
Total assets		1,529.1	1,647.4
Share capital	5	46.7	46.6
Share premium		10.6	9.7
Merger reserve		55.4	55.4
Foreign currency translation reserve		0.7	0.7
Other reserves	6	(20.2)	(14.3)
Retained earnings		1,431.9	1,545.1
Total equity		1,525.1	1,643.2
Other liabilities		4.0	4.2
Total liabilities		4.0	4.2
Total equity and liabilities		1,529.1	1,647.4

No statement of profit or loss is presented for the parent company as permitted by Section 408 of the Companies Act 2006. The result after tax of the parent company for the year was a loss of \$14.0m (2022: profit of \$303.6m).

The financial statements were approved by the Board of Directors on 6 March 2024 and were signed on its behalf by:

C Bannister
Chair

S M Lake
Group Finance Director

6 March 2024

Company statement of changes in equity

for the year ended 31 December 2023

	Notes	Share capital \$m	Share premium \$m	Merger reserve ¹ \$m	Foreign currency translation reserve \$m	Other reserves \$m	Retained earnings \$m	Total \$m
Balance at 01 January 2022		42.9	5.3	55.4	0.7	(7.6)	943.2	1,039.9
Total comprehensive income		—	—	—	—	—	303.1	303.1
Dividend paid	4	—	—	—	—	—	(103.0)	(103.0)
Issue of shares	5	0.1	0.8	—	—	—	—	0.9
Equity raise	5	3.6	3.6	397.2	—	—	—	404.4
Transfer of merger reserve to retained earnings	6	—	—	(397.2)	—	—	397.2	—
Equity settled share based payments	6	—	—	—	—	15.7	—	15.7
Acquisition of own shares held in trust	6	—	—	—	—	(17.8)	—	(17.8)
Transfer of shares to employees	6	—	—	—	—	(4.6)	4.6	—
Balance at 31 December 2022		46.6	9.7	55.4	0.7	(14.3)	1,545.1	1,643.2
Total comprehensive loss		—	—	—	—	—	(14.0)	(14.0)
Dividend paid	4	—	—	—	—	—	(107.7)	(107.7)
Issue of shares	5	0.1	0.9	—	—	—	—	1.0
Equity settled share based payments	6	—	—	—	—	36.2	—	36.2
Acquisition of own shares held in trust	6	—	—	—	—	(33.6)	—	(33.6)
Transfer of shares to employees	6	—	—	—	—	(8.5)	8.5	—
Balance at 31 December 2023		46.7	10.6	55.4	0.7	(20.2)	1,431.9	1,525.1

1. A merger reserve was created through a scheme of arrangement on 13 April 2016, in which Beazley plc became the parent company of the Group.

Company statement of cash flows

for the year ended 31 December 2023

	2023 \$m	2022 \$m
Cash flows from operating activities:		
(Loss)/profit before tax	(18.0)	303.3
Adjustments for non-cash items:		
Interest and dividends receivable	(0.1)	(305.0)
Finance costs payable	5.9	4.8
Equity settled share based compensation	36.2	15.7
Other non-cash items	3.0	—
Changes in operational assets and liabilities:		
Increase in other receivables ¹	(21.4)	(3.4)
(Decrease)/increase in other liabilities	(0.2)	3.5
Interest received on financial assets	0.1	—
Net cash inflows from operating activities	5.5	18.9
Cash flows from investing activities:		
Dividend received from subsidiaries	—	305.0
Decrease/(increase) in loan to subsidiary ¹	141.2	(600.7)
Net cash in/(out)flows from investing activities	141.2	(295.7)
Cash flows from financing activities:		
Acquisition of own shares in trust	(33.6)	(17.8)
Equity raise	—	404.4
Finance costs paid	(5.9)	(4.8)
Dividend paid	(107.7)	(103.0)
Net cash (out)/inflows from financing activities	(147.2)	278.8
Net (decrease)/increase in cash and cash equivalents	(0.5)	2.0
Opening cash and cash equivalents	3.4	0.3
Effect of exchange rate changes on cash and cash equivalents	(2.0)	1.1
Closing cash and cash equivalents	0.9	3.4

1. Loan to subsidiary is included within Other receivables on the Company balance sheet.

Notes to the financial statements

1 General information

Nature of operations

Beazley plc ("the Company", registered number 09763575) is a public company incorporated in England and Wales. The Company's registered address is 22 Bishopsgate, London, EC2N 4BQ, United Kingdom. The principal activity of the Company is to act as a holding company for the Beazley group of companies.

Basis of preparation

The separate financial statements of the Company have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2006. The exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account has been applied. The Company financial statements are prepared on the historical cost basis. All amounts presented are in US dollars and millions, unless stated otherwise.

New standards and amendments to existing standard

In the current year, the Company has applied new standards and amendments to IFRS issued by the International Accounting Standards Board ("IASB") and endorsed by the UK Endorsement Board ("UKEB") that are mandatorily effective for accounting periods beginning on or after 01 January 2023. These amendments are consistent with those set out in Note 1 of the Group financial statements. None of the amendments issued by the IASB and endorsed by the UKEB have had a material impact to the Company.

Going concern

The basis of the assessment for going concern as set out in Note 1 of the Group's consolidated financial statements also applies to the Company. The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements for the year ended 31 December 2023.

2 Material accounting policies

Foreign currency translation

The Company financial statements are presented in US dollars, being its functional and presentational currency.

Subsidiary undertakings

Equity financial investments made by the Company in subsidiary undertakings and associates are stated at cost and are reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

Other receivables

Other receivables primarily relate to amounts due from other Group companies and are carried at amortised cost less any impairment losses. Intercompany receivables and payables are disclosed on a net basis as the Company intends to settle these on a net basis. Under IFRS 9, expected credit losses are recognised for all financial assets held at amortised cost. The amount of expected credit losses held by the Company on a standalone basis in 2022 and 2023 was not material.

Other reserves

The employee share options reserve is held in accordance with IFRS 2: Share-based payment. The Company accounting policy follows that of the Group which is detailed within Note 3 of the Group's consolidated financial statements.

Dividends paid

Dividend distributions to the shareholders of the Company are recognised in the period in which the dividends are paid.

3 Risk and sensitivity analysis – Company risk

Foreign exchange risk

The functional and presentational currency of Beazley plc is US dollars. As a result, the Company is mainly exposed to fluctuations in exchange rates for non-dollar denominated transactions and to net asset translation risk on non-dollar functional currency entities.

Exposure and risk concentrations by currency

The following table summarises the carrying value of total assets and total liabilities categorised by the Company's main currencies:

	EUR € \$m	UK £ \$m	US \$ \$m	Total \$ \$m
2023				
Investment in subsidiaries	—	724.6	—	724.6
Other receivables	(1.2)	(136.5)	937.0	799.3
Current tax asset	—	4.3	—	4.3
Cash and cash equivalents	0.5	0.4	—	0.9
Total	(0.7)	592.8	937.0	1,529.1
Other liabilities	—	3.4	0.6	4.0
Total	—	3.4	0.6	4.0
2022				
Investment in subsidiaries	—	724.6	—	724.6
Other receivables	(0.7)	(118.1)	1,037.9	919.1
Current tax asset	—	0.3	—	0.3
Cash and cash equivalents	0.1	1.3	2.0	3.4
Total	(0.6)	608.1	1,039.9	1,647.4
Other liabilities	—	3.5	0.7	4.2
Total	—	3.5	0.7	4.2

Credit risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The other receivables in 2023 consist of amounts owed from other entities within the Group. The maximum exposure to credit risk has been assessed within Note 8 of the Company financial statements and is not material to the Company. All other receivables are intergroup in nature and the directors are of the view that the Group companies have sufficient liquidity and assets to pay all loans as and when they fall due.

4 Dividends per share

A dividend of 14.2p per share (2022: 13.5p per share) will be payable on 3 May 2024, as described in Note 15 of the Group consolidated financial statements.

5 Share capital

Details of the ordinary shares in issue at 31 December 2023 are set out in Note 22 of the Group consolidated financial statements.

Notes to the financial statements

continued

6 Other reserves

	Employee share options reserve \$m	Employee share trust reserve \$m	Total \$m
Balance at 01 January 2022	(8.3)	0.7	(7.6)
Share based payments	15.7	—	15.7
Acquisition of own shares held in trust	—	(17.8)	(17.8)
Transfer of shares to employees	(7.2)	2.6	(4.6)
Balance at 31 December 2022	0.2	(14.5)	(14.3)
Share based payments	36.2	—	36.2
Acquisition of own shares held in trust	—	(33.6)	(33.6)
Transfer of shares to employees	(14.8)	6.3	(8.5)
Balance at 31 December 2023	21.6	(41.8)	(20.2)

The employee shares are held in accordance with IFRS 2 *Share-based payment*. For more information refer to Notes 23 & 24 of the Group's consolidated financial statements.

7 Subsidiary undertakings

Beazley plc holds a 100% ownership interest in Beazley Ireland Holdings plc. All other entities in the Group are held directly or indirectly as subsidiaries of that entity. For a full list of subsidiary undertakings of the Company at 31 December 2023, refer to Note 31 of the Group's consolidated financial statements.

8 Related party transactions

Beazley plc lends funds to subsidiary entities to help meet group working capital and liquidity requirements. Such loans are repayable on demand and no interest is payable. A summary of amounts due to Beazley plc from other group entities is set out below:

	2023 \$m	2022 \$m
Balances due:		
Due from Beazley Furlonge Holdings Limited	192.6	192.7
Due from Beazley Management Limited	58.9	39.0
Due from Beazley Underwriting Limited	519.7	667.2
Due from other Group companies	28.3	20.2

The key management of Beazley plc as a standalone entity is deemed to be the same as that of the wider Beazley Group. Further details of related party relationships can be found within Note 32 of the Group's consolidated financial statements.

9 Subsequent events

On 6 March 2024, the Board of Beazley plc approved a share buyback of its ordinary shares for up to a maximum aggregate consideration of \$325m which is expected to commence on 8 March 2024. The buyback will reduce the Company's net asset value by approximately \$325m.

Alternative performance measures ("APMs")

Beazley plc uses APMs to help explain its financial performance and position. These measures are not defined under IFRS. The Group is of the view that the use of these measures enhances the usefulness of our financial reporting and allows for improved comparison to industry peers.

Information on APMs used by the Group is set out below. Unless otherwise stated, amounts are disclosed in millions of dollars (\$m). As a result of the adoption of IFRS 17, comparative information has been restated for the year ended 31 December 2022. This applies to income statement figures in addition to net assets (total equity). Amounts which have been restated are indicated with an asterisk (*).

Insurance written premiums & net insurance written premiums

Insurance written premiums (\$m) is calculated by deducting the reinstatement premiums and profit commissions from the gross premiums written. Net insurance written premiums (\$m) is calculated by adding insurance ceded premiums to this result. These APMs represent management's view of premiums written in each period, similar to the previous "Gross premiums written" metric reported under IFRS 4. The primary difference between insurance written premiums and insurance revenue relates to the deferral and earning of income over the period in which coverage is provided.

	2023 \$m	2022 \$m
Insurance written premiums	5,601.4	5,246.3
Earnings adjustment	(159.0)	(397.9)
Insurance revenue	5,442.4	4,848.4

	2023 \$m	2022 \$m
Insurance ceded premiums	(905.2)	(1,473.9)
Earnings adjustment	(222.1)	508.5
Allocation of reinsurance premiums	(1,127.3)	(965.4)

	2023 \$m	2022 \$m
Insurance written premiums	5,601.4	5,246.3
Add insurance ceded premiums	(905.2)	(1,473.9)
Net insurance written premiums	4,696.2	3,772.4

CSM sustainability index

The CSM reflects the expected profit of contracts within the liability for remaining coverage. The sustainability index (%) is calculated by dividing the closing CSM at 31 December by the opening CSM at 1 January. A ratio of 100% and above shows that the expected profit within the LRC is higher than the previous valuation.

	Gross 2023	Net 2023	Gross 2022	Net 2022
Closing CSM	344.0	214.4	341.0	183.7
Divided by opening CSM	341.0	183.7	190.9	144.2
CSM sustainability index	101 %	117 %	179 %	127 %

Claims, expense & combined ratios

Claims ratio (%) is calculated as insurance service expenses less directly attributable expenses, net of reinsurance recoveries, divided by insurance revenue net of reinsurance ceded revenue. Expense ratio (%) is calculated as the sum of insurance acquisition cash flows amortisation and other directly attributable expenses, divided by insurance revenue net of reinsurance ceded revenue. Combined ratio (%) is calculated as insurance service expenses net of reinsurance recoveries, divided by the insurance revenue net of reinsurance ceded revenue. This is also the sum of the claims and expense ratios. The combined ratio below is shown with and without the impact of discounting.

	2023	2022
Insurance service expenses (\$m)	3,592.6	4,014.0
Less directly attributable expenses (\$m) ¹	(1,362.6)	(1,217.6)
Amounts recoverable from reinsurers for incurred claims (\$m)	(528.5)	(953.9)
Net claims (\$m)	1,701.5	1,842.5
Insurance revenue (\$m)	5,442.4	4,848.4
Allocation of reinsurance premium (\$m)	(1,127.3)	(965.4)
Divided by net insurance revenue (\$m)	4,315.1	3,883.0
Claims ratio	39%	47%
Directly attributable expenses (\$m) ¹	1,362.6	1,217.6
Divided by net insurance revenue (\$m)	4,315.1	3,883.0
Expense ratio	32%	32%
Combined ratio	71%	79%
Effect of discounting	3%	3%
Combined ratio (undiscounted)	74%	82%

1. Directly attributable expenses are comprised of insurance acquisition cash flows amortisation, other directly attributable expenses, and share of expenses and other amounts per Note 4.

Net assets per share & net tangible assets per share

Net assets per share is the ratio (in pence and cents) calculated by dividing the net assets or total equity of the Group by the number of shares in issue at the end of the period, excluding those held by the employee benefits trust. Net tangible assets per share excludes intangible assets from net assets in the above calculation.

	2023	2022
Net assets* (\$m)	3,882.1	2,955.0
Less intangible assets (\$m)	(165.3)	(128.8)
Net tangible assets* (\$m)	3,716.8	2,826.2
Divided by the shares in issue at the period end (millions) ¹ :	662.7	665.4
Net assets per share (cents)*	585.8	444.1
Net tangible assets per share (cents)*	560.9	424.7
Converted at spot rate:	0.80	0.82
Net assets per share (pence)*	468.6	364.2
Net tangible assets per share (pence)*	448.7	348.3

1. Shares in issue at the period end exclude those held by the employee benefits trust.

Return on equity

Return on equity (%) is calculated by dividing the consolidated profit after tax by the average equity for the period. Average equity for the period was previously calculated as the monthly weighted average closing equity position. We have updated our approach to use an average of the opening and closing equity positions, and this is reflected in both the current and comparative periods.

	2023	2022
Profit after tax* (\$m)	1,026.8	483.3
Divided by average total equity* (\$m)	3,418.6	2,572.6
Return on equity*	30 %	19 %

APMs continued

Investment return

Investment return (%) is calculated by dividing the net investment income by the average financial assets at fair value and cash and cash equivalents held by the Group over the period.

	2023	2022
Net investment income/(loss) (\$m)	480.2	(179.7)
Opening invested assets:		
Financial assets at fair value (\$m)	8,345.6	7,283.5
Cash and cash equivalents (\$m)	652.5	591.8
Invested assets at the beginning of the period (\$m)	8,998.1	7,875.3
Closing invested assets:		
Financial assets at fair value (\$m)	9,665.5	8,345.6
Cash and cash equivalents (\$m)	812.3	652.5
Invested assets at the end of the period: (\$m)	10,477.8	8,998.1
Divided by average invested assets (\$m)	9,738.0	8,436.7
Annualised investment return	4.9 %	(2.1)%

Beazley plc

22 Bishopsgate
London
EC2N 4BQ

T +44 (0)20 7667 0623

info@beazley.com
www.beazley.com

Beazley online annual report and accounts 2023

beazley.com/2023-annual-report

beazley