Task Force on Climate-related Financial Disclosures (TCFD) 2024

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 "sustainable 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 94).

Plc Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
The plc Board tracks progress on climate-related goals via papers and reports from across the business, as well as a metrics dashboard, which is aligned to our overall risk appetite and risk management framework, the CEO report and Executive Committee KPI dashboard.	*The Audit Committee is responsible for TCFD reporting and is involved in signing off and approving all annual TCFD disclosures and metrics. The metrics in this report were proposed and approved by the committee during 2024.*	*The plc Board has delegated oversight of the risk management framework. The Risk Committee’s responsibilities include overseeing the effectiveness of the risk management strategy at Beazley, of which climate-related risk is a key part.*	*The Nomination Committee considers the current and future leadership needs of the business, and recommends the annual board knowledge and training plan, which includes climate-related matters.*	*The Remuneration Committee is responsible for ensuring that the remuneration policies for the Group as well as Directors and senior management, incentivise performance whilst promoting effective risk management.*

In addition to the above, climate-related matters are also considered by the plc Board 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);
- Beazley’s new sustainability strategy and corresponding transition plan objectives;
- the Responsible Investment Policy;
- the Investment strategy.

The remuneration policy approved at the 2024 Annual General Meeting introduced sustainability metrics into Executive Long Term Incentive Plan (LTIP) awards. Further details on this can be found in section 5.5 of the TCFD report.

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. We consider the papers provided to the plc Board and Audit Committees as providing a key role in helping create further awareness of climate-related matters. A key stand out in 2024 was the verbal presentation by both internal and external parties, of how our TCFD disclosures compared to that of our peers. The presentation and accompanying papers gave the Audit Committee the opportunity to understand how Beazley compares, the areas for improvements, and how the work undertaken by the business in the past 12 months goes some way to meeting all requirements of the TCFD recommendations, in a manner which adds value to Beazley’s approach to business and supports our vision.

1.1.3 Subsidiary Board oversight

Beazley has five key subsidiary entities: Beazley Furlonge Ltd (BFL), Beazley Insurance Designated Activity Company (BIDAC), Beazley Insurance Company, Inc. (BICI), Beazley Excess and Surplus Insurance, Inc. (BESI) 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. Climate-related matters are considered during their annual risk framework and ORSA approval process.

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
Group 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 and is a member of the Investment Committee.
Group Chief Risk Officer (CRO)	The Group CRO is a member of 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 and Risk Committee.
Group Chief Financial Officer (CFO)	The Group CFO 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. The CFO chairs the Investment Committee, which is where sustainable investments are addressed. The CFO is also responsible for delivering the Group's sustainability reporting requirements, including TCFD.
Group Chief Underwriting Officer (CUO)	The Group CUO is a member of 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. 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. The CUO is the Senior Management Function (SMF) for climate-related risk.
Group Chief Operating Officer (COO)	The Group COO is a member of the Executive Committee and is responsible 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 reports to the CEO, and oversees Beazley's business strategy and updates the plc Board on progress. They are also a member of the Responsible Business Steering Group.
Group Chief Investment Officer (CIO)	The Group CIO reports to the CFO 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 Responsible Investment	The Head of Responsible Investments reports to the CIO. They are responsible for embedding climate-related matters into the investment decision making process.
Chief People & Sustainability Officer	The Chief People & Sustainability Officer is an Executive Committee member and part of the Responsible Business Steering Group. The Head of Sustainability reports into this role.
Head of Capital	The Head of Capital ultimately reports to the CFO, and is responsible for 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 Sustainability	The Head of Sustainability reports to the Chief People & Sustainability Officer, and is responsible for the delivery of the environmental and social related objectives set within the Sustainability Strategy. From a climate perspective, their role is focused on climate-related responsibility matters. They provide updates through the year on responsible business matters to a number of committees, including the Executive Committee, plc Board, plc Audit Committee, as well as boards of Beazley subsidiaries BIDAC and BSIL. These updates provide an overview of items discussed at the Responsible Business Steering Group.
Head of Financial Climate Risk	The Head of Financial Climate Risk reports to the CUO, and is responsible for overseeing 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 Compliance and compliance department	The Group Head of Compliance reports to the CRO, and is responsible for overseeing the Compliance function at Beazley. The Compliance function operates as an advisory not an assurance function at Beazley. Their mandate includes providing advice, guidance and training to enable the business to conduct itself in accordance with all applicable laws and regulations.
Group Head of Internal Audit and internal audit department	The Group Head of Internal Audit reports to the Chair of the Audit Committee, and is responsible for ensuring 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 reports to the CUO, and leads the team responsible for developing approaches to monitoring the aggregation of exposure to natural catastrophes. The exposure management team reports to the CUO, who in turn provides regular updates to the Board on these matters. The Head of Exposure Management is the chair of the Physical Damage exposure management group (PDEMG). The exposure management team is supported by the Head of Financial Climate Risk.

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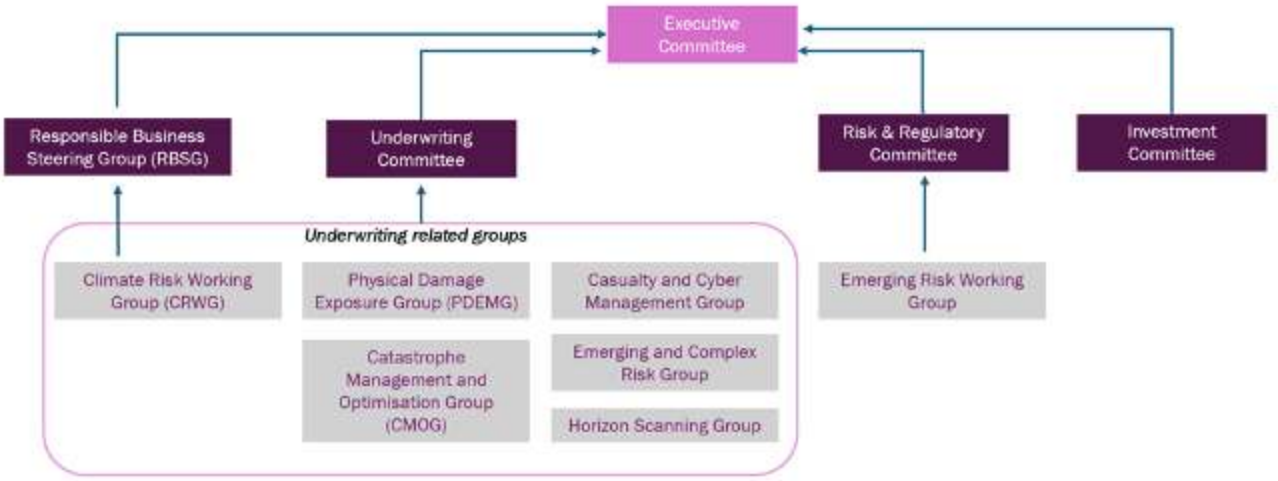
1.2.2 Summary of management-level reporting structure

To help the business address climate-related issues, there are a number of different management committees, steering groups and working groups (shown below) for which key management individuals feed into from a climate-related perspective.



A brief description of these committees, steering groups and working groups, and the key management level individuals who attend is as follows:

Executive Committee	Responsible Business Steering Group (RBSG)	Investment Committee	Underwriting 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 sustainability issues from sub-committees and working groups, as well as KPI and Key Risk Indicator (KRI) dashboards collated by the Corporate Strategy and Risk teams. These dashboards provide climate-related metrics which provide insight into business performance and inform decision-making. The Executive Committee met 11 times during 2024.	Chaired by the CEO, the RBSG oversees the delivery of responsible business across Beazley, and monitors progress against our objectives. The primary purpose of the committee is to provide recommendations to decision-makers, 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 met 11 times in 2024, with non-Executive Directors invited as observers on a quarterly basis.	Chaired by the CFO, the Investment Committee oversees our investment strategy and ensures it can be delivered in alignment with our risk appetite, and in accordance with our Responsible Investment Policy. The committee, in conjunction with the RBSG, also oversees progress against the investment-related objectives within the responsible business strategy. The committee continues to review and approve the portfolio of impact investments which have a measurable social and/or environmental impact as well as a financial return. The Investment Committee met 11 times during 2024.	The Underwriting Committee, chaired by our CUO, monitors progress and ensures the delivery of underwriting, claims, and reinsurance business plans. It includes representation from the underwriting teams, the Group Head of Claims, the Group Actuary, CRO and Group Head of Strategy. The Committee is charged with ensuring the efficient implementation of sustainability in underwriting, with prominence given to climate risk and opportunities. It receives updates from the Head of Sustainability and Head of Financial Climate Risk, and reports monthly to the Executive Committee.

Underwriting and Risk and Regulatory sub working groups

Physical damage exposure management group (PDEMG)	Casualty and Cyber Management Group (CCMG)	Climate risk working group (CRWG)	Emerging and Complex Risk Group (ECRG)	Horizon scanning group
The PDEMG monitors the natural catastrophe risk appetite set by the plc Board; risk appetites assigned to Beazley Group companies and the physical damage RDS plan agreed by Lloyd's. Its remit includes responsibility for the Group view of physical damage catastrophe risk written within the underwriting teams, and climate change analysis.	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.	The CRWG, predominantly chaired by the CUO in 2024, was established to embed climate-related risk into the underwriting process. It oversees climate risk projects and activities, and is involved in decision-making on climate-related matters.	The ECRG is responsible for providing oversight and challenge to Beazley's risk scenarios, as well as ensuring adherence with the Emerging & Complex Risk Protocol. The ECRG also provides input on the prioritisation of risks (incl. climate risk) identified for quantification and assessment.	This informal group is focused on looking at risks which may have the potential to impact the business in the future. As our main climate-related risks have already been established, the group's focus is often on secondary impacts, such as broader environmental consequences as a result of a warmer climate i.e. increased prevalence of insect-borne diseases.

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 and Regulatory Committee is responsible for providing oversight across all risks, and this includes climate related risk. Section 4 of the TCFD report provides further details regarding Risk Management and Beazley's risk framework.

Emerging Risk Working group

The ERWG meet quarterly to support the delivery of the emerging risk framework, which includes climate related risks. The group is there to:

- Oversee the identification of new emerging risk and the development of existing/evolving emerging risks.
- Oversee and contribute to the qualitative/quantitative (where available) assessments of emerging risks.
- Oversee the management of emerging risks including the setting of actions and early action triggers.
- Oversee the monitoring of emerging risks, including early action triggers and actions.

The ERWG reports half-yearly to the Risk and Regulatory committee. Further details regarding the Emerging Risk Framework is covered in section 2.2.2 of the TCFD report.

1.3 Training

Climate risk training was delivered to the Joint Risk Committee (Risk committees from the three Beazley platforms) in Q4 2024. The training covered the climate risk trends and developments, and how Beazley manages the risks and develops the opportunities. This helped the committee members understand key climate risk developments at Beazley and share their challenges.

In addition to formal training, the verbal updates provided alongside the submission of papers to the relevant committees, as well as external presentations delivered by third parties, are seen as a mechanism by which we promote awareness of climate-related issues. They also provide a forum at which feedback can be captured to help feed into further improvements of our approach. Examples of these improvements in 2024 include the presentation of the climate litigation heat map to the RBSG, and the delivery of a session on carbon capture and storage by external experts to a carbon capture and storage working group.

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2. Strategy

As climate change continues to affect our planet, it brings with it a variety of risks, including;

- Physical-related risk - physical changes to weather patterns and natural disaster risks; the impact of natural disasters causing damage to the assets we insure.
- Climate Litigation risk - referring to any legal dispute for our insureds, arising from (or exacerbated by) either a party's contribution to climate change; legal disputes arising from the physical consequences of climate change; or laws, regulatory structures, or legal duties related to climate change.
- Transition risk - socio-economic shifts as economies transition towards greener economies.

As a leading specialty insurer, Beazley is exposed to many of the impacts of climate change, both through the coverage we provide to our insureds, and through our own operations. As such, it's vital for Beazley to be able to identify the risks resulting from climate change, accurately assess which of these are most material to our business, and implement measures to mitigate and manage these risks.

2.1 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 is reflected in Beazley's approach to underwriting and pricing. Specific climate-related issues arising within this time horizon could include: • Possibility for increased claims arising from natural catastrophes; • 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.
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 are 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 2024-2028. 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 (such as increased droughts, or other shifts to global weather patterns). Liability claims associated with a failure to prepare or adapt to climate change are expected to continue increasing in severity and likelihood.

Beazley uses a number of different processes to determine potential sustainability-related risks and opportunities for business, with each process building on its predecessor in order for the business to determine which risks and opportunities could have a financial impact on the business.

2.2 Determining risks and opportunities

2.2.1 Outline of processes to determine risks and opportunities

To enable Beazley to build a climate focused strategy which supports the business in delivering its wider objectives and vision, a number of approaches are followed to enable us to firstly understand which risks and opportunities may impact us, before then applying a process to help us prioritise them. These processes are a combination of being group-wide, and specific to individual areas i.e. underwriting and investments; they may also focus on either the risks or opportunities, or in some cases, both.

An outline of each is set out in the figure below, with the detailed explanation then provided in the following sections.



Details regarding the Emerging Risk Framework (ERF) and the Double Materiality Assessment (DMA), and how they have been used to determine risks, is covered in section 2.2.2 of the TCFD report. Details on our approach towards climate specific risks and opportunities is covered also in that section, and throughout sections 2.2.3 and 2.2.4 of the TCFD report. An overview of the Sustainability Strategy is provided in section 2.3 of the TCFD report, where we outline what the risks and opportunities mean from a business point of view, in terms of products and services, broker partnerships and how we can support a just transition. It should be noted that how climate related matters feed into the business planning process is something that continues to be developed. An example of this is our exploration of setting carbon reduction targets for Beazley's underwriting portfolio, which is discussed at the end of section 2.3 of the TCFD report.

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2.2.2 Detailed summary of processes used to determine risks

Business wide

Emerging Risk Framework

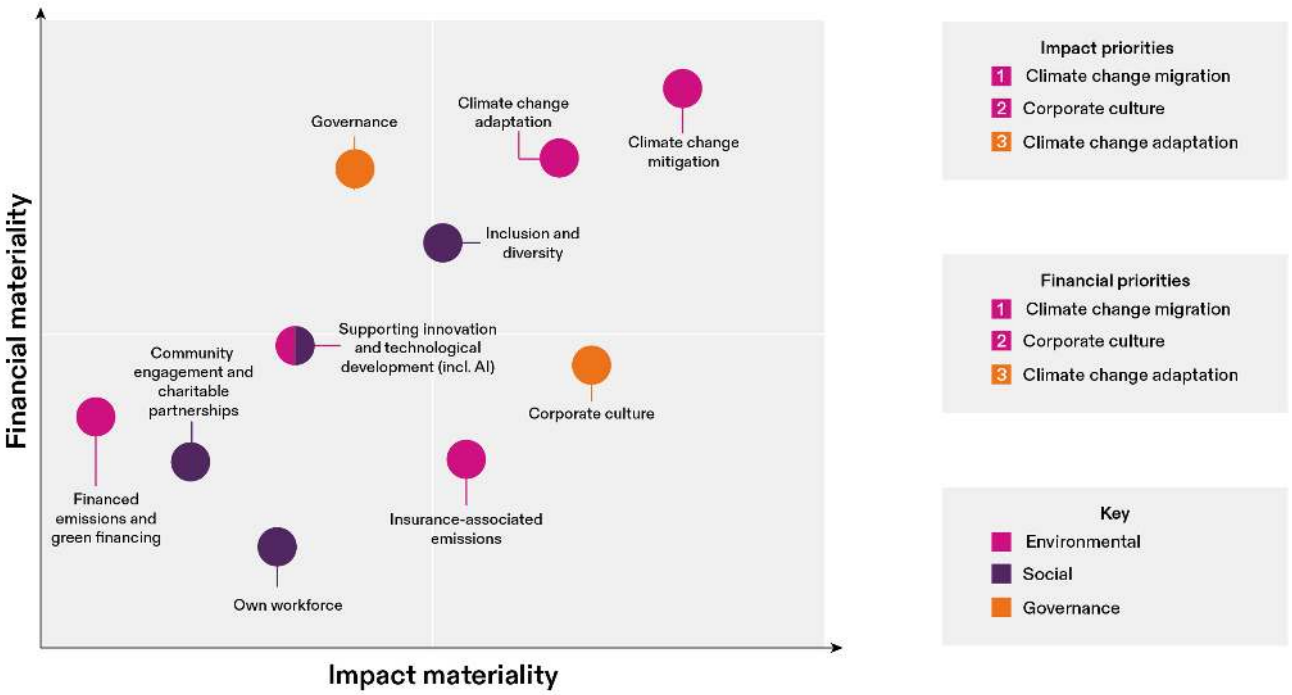
Detail of the risk management framework is set out in section 4 of the TCFD report. One element of the risk management framework is the ERF, which sets out the processes that Beazley has in place to identify, assess, manage, monitor, and report emerging risks. The ERF plays an important part in how Beazley manages both newly emerging and evolving risks relevant to the company.

These processes and identification of the most material emerging risks help inform Beazley's strategy and business planning. Outputs from the risk management framework were used to inform the DMA, as well as ongoing conversations with the relevant subject matter experts across the organisation who lead on climate-related matters.

As part of the ERF, climate-related risks are assessed for both the impact of the risk and the time horizon over which the risk is expected to have a material impact on the business (giving an overall priority), and are mapped onto Beazley's emerging risk radar. For climate related matters, both climate physical risk and climate litigation risk are assessed as high priority. Both are assessed as having a short term time horizon, with physical risk having a high impact and litigation risk having a medium impact.

Double Materiality Assessment

Beazley began to refresh our sustainability strategy in the second half of 2023. As part of this work, and to inform the strategy development, we performed a DMA. The DMA was delivered in conjunction with a third party, and included a number of internal workshops, deploying internal questionnaires, as well as engaging with external stakeholders to first identify a long list of sustainability related topics for consideration, before then undertaking an exercise to determine what matters most to our people and our business. Ten sustainability topics were identified as being material to our business from both a financial and impact perspective, with five areas being linked to climate-related matters. The significant focus on climate-related matters reconfirmed the value of the work we were already undertaking in that area, with the outputs of prior work feeding into the DMA and the subsequent sustainability strategy. The DMA acted as our starting point, from which, where appropriate, more detailed analysis could occur to help guide strategy development. The need for additional scrutiny in determining what our material risks and opportunities are, was more prevalent in the underwriting and investments parts of our business, when compared to our operations. A summary of the outcomes was as follows:



Area Specific: Underwriting

Detailed Materiality Assessment for underwriting

As outlined above, Beazley is exposed to many of the impacts of climate change through our underwriting activities and the coverage we provide to our insureds. To help identify and assess these risks, we have developed a framework to help us first understand the risk in greater detail, and allow us to assess the severity of the risk for our business; and then determine any appropriate mitigations which could be used to help inform our business strategy.

Where appropriate, we have tried to use the same framework across our assessment of the three areas of climate-related risk. However, due to the different characteristics of each type of climate risk there are some differences. Continuous improvement is a centrepiece of the framework, with previous outcomes helping to inform any subsequent materiality refresh. A summary of this framework is as follows:

Phase 1: Identification of all climate-related risks arising in each time horizon

Phase 1 involves the collation of outputs from a range of Beazley processes which help to identify a longlist of the climate risks which may arise across each of the time horizons. The processes used include:

Process	Outline
Climate change research	Insights are gathered from scientific literature, and third-party led research. This activity is undertaken to help determine the potential climate-related risks which may impact the business, whether they be in respect to physical, litigation or transition related matters. In the case of physical perils for underwriting, the output of this review is shared with the CRWG on a quarterly basis.
Stress and scenario testing	Scenario analysis is undertaken to understand how climate-related matters may manifest themselves in the future. For physical risk, scenario analysis completed as part of ORSA submissions, and realistic disaster scenario (RDS) monitoring completed by the PDEMG allows for regular monitoring of Beazley's exposure to various physical climate risks. A "Future Temperature Scenario Analysis" helps to assess impacts on losses under higher warming temperatures, and is shared with underwriters to aid portfolio optimisation. A "combined climate change scenario" has been developed as part of the ORSA process, which models a multi-year, holistic climate change scenario, considering our exposure to the impacts of climate change across physical, transition (related to our investments only) and litigation climate risks. This work helps quantify the potential losses of different risks, which informs the assessment of materiality. Stress and scenario testing for transition risks arising from our underwriting still needs to be undertaken.
Underwriting Engagement	Engagement between Beazley's Climate Risk and Underwriting teams helps to support the identification of climate-related risks. Feedback is captured as part of the CRWG and CMOG forums, and via questionnaires completed as part of the annual underwriting business planning process. This has also been complimented with awareness sessions, such as the delivery of a climate litigation workshop to underwriters in our Specialty risk division, as well as actuarial, exposure management and climate risk functions
Emerging Risk Identification	Beazley identifies, assesses, manages and reports on emerging risks through two lenses. 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. Physical climate risk and climate litigation risk are both captured as emerging risks, and assessed to identify their potential impacts on Beazley, alongside our mitigation measures currently in place to manage both risks.
Monitoring of exposure aggregation	Beazley's PDEMG issues monthly physical peril exposure reports to monitor our exposure to various physical 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. Likewise, Beazley's CMOG track and report physical catastrophe exposure metrics to underwriting team leaders. CMOG report both present-day modelled losses, and losses from future temperature scenario analysis. Beazley's CCMG monitors the greenwashing scenario quarterly.

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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; and
3. Guiding and helping prioritise actions of Beazley projects on climate-related risks / opportunities.

To ensure the materiality assessment is as relevant as possible, factors such as geography or business sector are considered, where appropriate. For example, physical risk assessment compares the degree of climate change impact on each physical peril, with the level to which Beazley is exposed to each peril through our underwriting activities. To better understand our litigation risk, this year we have developed a climate litigation heatmap for the three specialty risk teams most exposed to litigation risk, to identify our exposure to potential litigation hotspots by both country and sector.

Through applying these factors, we are then able to identify, using estimated premiums underwritten, which perils or risks are most material, and in which geographies or sectors (further details of material risks identified is covered in section 2.2.4 of the TCFD report). This then enables us, as part of phase 3 of the framework, to develop an evidence-based strategy which prioritises actions and deliverables in order of most relevance to the business.

Phase 3: Plan to mitigate the risks

Once the most material physical risks to Beazley are identified, a number of steps may be undertaken to manage and mitigate these risks. Where we undertake actions such as developing climate-change conditioned views of risk, adjusting our pricing to account for climate change impacts, and producing metrics to help inform our underwriters of their exposure to climate change, we start first by focusing on the perils identified as most material by the materiality assessment, in order to focus our efforts in the areas with the most impact to Beazley.

Given that these risks are likely to be accompanied by 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 sections 2.3.2 and 4.3.2 of the TCFD report.

Area specific: Investments

Beazley continues to enhance our understanding of the materiality of the impact of climate change on our investment portfolio. These efforts support investment decisions by helping to identify opportunities in sustainable and resilient companies fostering longer term value creation whilst aligning with our sustainability goals. It also identifies and considers the materiality of the risks that companies face through climate transition risk as the world shifts to a lower carbon economy which may entail extensive policy, legal, technology and market changes.

Area specific: Operations

As Beazley developed its transition plan, published in Q4 2024 on our website, consideration was given to the materiality of the carbon emissions associated with our Operations in comparison to those in Underwriting and Investments.

2.2.3 Overview of processes used to determine opportunities

Underwriting

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 could 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 processes described below.
Incubation process	The Incubation Underwriting team develops new products which sit outside of existing underwriting team business plans and appetite. These can either be sourced from externally (e.g. brokers, InsurTechs) or internally. Consideration is given to the addressable market; buyer urgency; market saturation; product economics; and customer interests. Solutions related to climate risk and the carbon transition are currently in scope. Should the opportunity warrant further investigation, the Incubation team will engage with experts within Beazley (e.g. Underwriting, Actuarial, Claims) before reviewing the opportunity with the Head of Underwriting Strategy. Following feedback, presentations are made to the CUO and/or the Underwriting Committee. Opportunities are launched in pilot periods, typically to maximum aggregate limits, to test the opportunity, with progress reported to the Underwriting Committee. If suitably 'proven' in the pilot, and following the required approvals, the opportunity will be handed over to an existing Beazley team. 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. In 2024, a series of climate risk questions were added to the business planning process, asking underwriters to list the risks and opportunities for their teams, arising as a result of climate change. Underwriters were asked to detail what new products and services they expected to be in greater demand due to climate change, alongside what extra information and support they needed to assist them in managing these risks and opportunities. The responses to these questions help to inform the Climate Risk, Incubation and Product Development teams of additional climate-related opportunities, and how best to realise them.
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.

Investments

The Investment Team look for opportunities arising from decarbonisation as part of the investment process. This is through a review of corporate issuers, analysis of climate risks across the portfolio and staying abreast of developments in responsible investment across the industry. These opportunities are underpinned by the responsible investment policy and Beazley's own investment strategy, as well as Beazley's broader vision. Key opportunities the team has identified across the last couple of years include:

- Committing to investing up to $100m in impact investments, with a target for approximately 50% of the investments to support the transition to a lower carbon economy;
- Moving equity portfolios to funds with decarbonisation targets; and
- Developing our knowledge and understanding of transition and physical risk in the investment portfolio.

Operations

As Beazley worked to develop its transition plan, we carried out an assessment measuring our Scope 1, 2 and 3 emissions volumes.

Based on the outcome of this assessment, Beazley was then able to use this information, along with an assessment of the scope of influence, to help determine where opportunities to further our own pathway to net zero. This resulted in the development of our first transition plan, which encapsulates reduction targets for our scope 1 and 2 emissions, as well as broader initiatives which will help us first better understand our scope 3 emissions, before then being able to develop further plans in the future.

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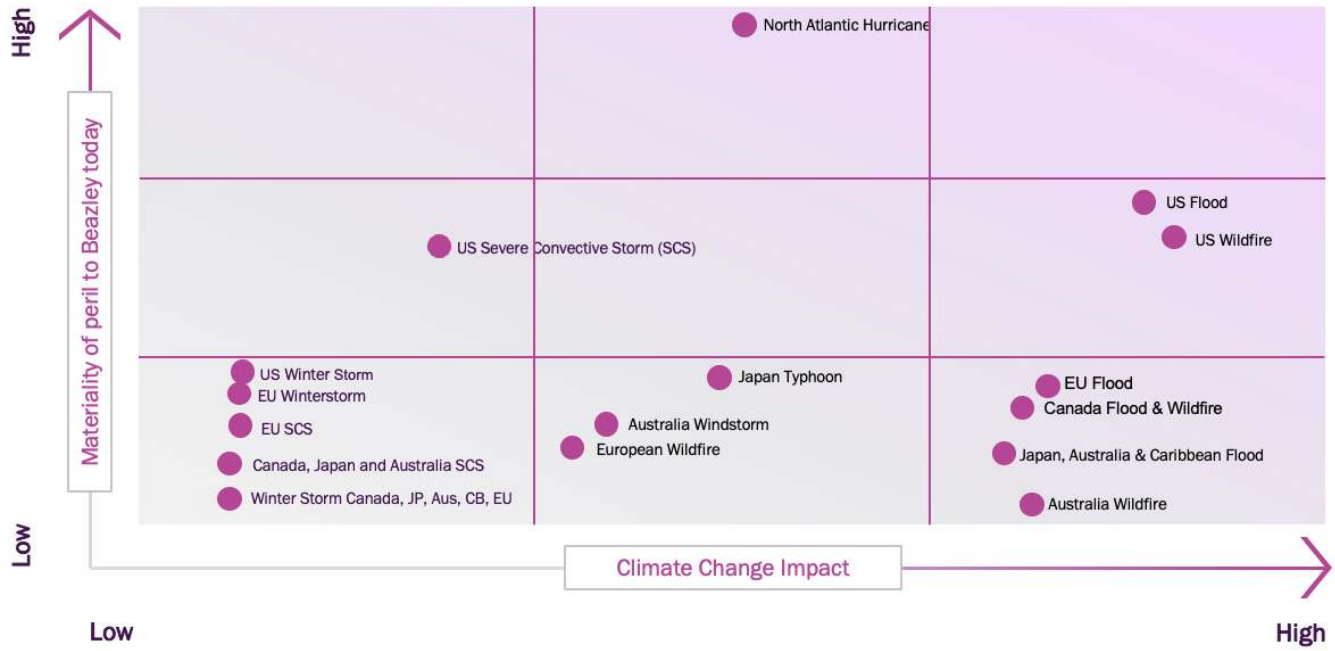
2.2.4 Summary of risks and opportunities

Summary of risks:

Physical Risk

Based on the 2024 physical risk materiality assessment for our underwriting, and as indicated in the figure below, the US was determined as the most material geographical location in which the Group operates and underwrites. North Atlantic hurricane was identified as our most material climate-impacted peril, followed by US Inland Flood, US Wildfire and US Severe Convective Storm. (SCS). Details of how these are managed is outlined in section 4.3.2 of the TCFD report.

Our understanding of the physical risks associated with our investments and operations needs to be further developed.



Climate Litigation

Our findings revealed that the United States and the Netherlands stand out as the countries with the highest underlying levels of climate litigation risk for our underwriting, driven by an active not-for-profit litigation environment and significant numbers of relevant and material test cases and greenwashing claims in both jurisdictions. In addition, the scale of regulatory attention on climate and clearly defined responsibilities for businesses operating in the Netherlands sets the country aside as a key source of regulatory exposure, whilst the lack of a “loser-pays” system for litigation costs in the US encourages private claimants to bring litigation to court. Australia was also found to be a higher-risk jurisdiction, particularly regarding greenwashing claims, with Australian regulators paying particular focus to greenwashing as an enforcement priority.

In terms of sector variations in litigation risk, financial institutions/services are most exposed to climate litigation on average across all countries, driven by robust regulatory bodies for the sector and increasing attention towards financed emissions. Consumer products are also a higher-risk sector in all countries, owing to the sector experiencing frequent claims of greenwashing, as does the transportation sector in the high-risk jurisdictions of the Netherlands and the USA. Oil, Gas & Consumable fuels were also identified as a high-risk sector owing to the sector’s contribution to global emissions making businesses in this sector a key target for privately funded litigation.

A class action lawsuit against Beazley for our own disclosures is considered an operational risk. Our understanding of how litigation risk impacts our investment portfolio continues to evolve.

Transitional risk

Based on our initial research, transitional risks related to our underwriting are likely to be seen in factors such as:

- Policy interventions;
- Geopolitical events;
- Market changes; and
- Technology advances leading to an increase in stranded assets.

The manner in which the global transition to net zero and more sustainable practices occurs is also considered a significant risk, as if it is delivered in the wrong way, without considering the impact in the short term, it could result in significant social implications for communities across the globe. We are still seeking to develop a holistic understanding of how sectors and geographies are impacted by the transition and what the implications are for Beazley.

Summary of opportunities

The business opportunities presented to Beazley as a result of the global transition vary depending on the nature of individual climate-related risks, as well as the maturity of our strategy and thus readiness to take advantage of them.

This means that many of the opportunities we are working towards from a physical risk perspective, may also be realised in the future from either a litigation or transition perspective. Furthermore, the very nature of a specialty insurer, means that the risks we face can also be a considered an opportunity for Beazley to realise, as part of its business strategy. A summary of the opportunities we may realise include:

Physical related	Litigation related	Transition related
Continued development of our knowledge of physical climate risk, using tools such as scenario analysis. This opportunity is pertinent to both our underwriting and investments.	Continued development of our knowledge in respect to climate-litigation, using our heat map as the mechanism by which we develop our approach. This opportunity is pertinent to our underwriting.	Continued development of our knowledge in respect to transitional related matters. This opportunity is pertinent to our underwriting, operations and investments.
Further incorporation of physical risk matters into our pricing, with an initial focus on the most material perils and geographies. This opportunity is pertinent to our underwriting.	Development and delivery of appropriate training and awareness on the subject matter. This opportunity is pertinent to both our underwriting and investments.	Development of transition-related products and services. This opportunity is pertinent to our underwriting.
Sharing knowledge with our insured on the impact of physical risk. This opportunity is pertinent to our underwriting.	Sharing insights with our specialty risk insureds, particularly those with operations in jurisdictions considered to be higher risk for climate-litigation activity. This is pertinent to our underwriting.	Further industry engagement on key topics such as measurement and monitoring towards the transition to net zero. This opportunity is pertinent to our underwriting, operations and investments.
Development and delivery of appropriate training and awareness on the subject matter. This opportunity is pertinent to both our underwriting and investments.		Delivery of Beazley's own transition plan. This opportunity is pertinent to our underwriting, operations and investments.
		Investment using our impact fund to support the transition to net zero. This opportunity is pertinent to our investments.

2.3 Climate risk and our business strategy

2.3.1 Overview of approach

Beazley used a number of different mechanisms by which to develop its business strategy. From a business perspective, our annual business planning process, and medium-term plan are central to how the business wants to continue to grow and adapt to the challenges our insureds may face in the future. To support these strategies from a sustainability perspective, Beazley has developed a sustainability strategy. The aim of this strategy is to help Beazley to work towards its vision, ensuring, at all times that it is supportive of Beazley's broader business objectives.

2.3.2 Overview of Sustainability Strategy

Following the undertaking of the DMA, a number of workshops were conducted with stakeholders from across the business to help develop our new sustainability strategy. Following approval by the RBSG, the objectives contained in the strategy were approved by the plc Board in March 2024. Beazley then developed a suite of documents to articulate this position for external audiences, information from which is now available in the sustainability section on our website.
The strategy has three pillars, which are interlinked and prioritise; what matters most to our people and our business, what we do well, and where we can have the most significant impact:

Managing our business responsibly

Having robust governance and transparency in how we do business; and protecting people and our planet across our operations, investments and supply chain.

Supporting our clients to transition

Understanding and mitigating complex risks with innovative underwriting products, enabling insureds to transition to a greener, more equitable future.

Delivering success by doing the right thing

The impact of investment in a sustainable approach to business is visible in our financial results, community outcomes and staff engagement.



TCFD 2024 continued

Given the interconnectivity between sustainability and the transition to net zero, the sustainability strategy includes a number of objectives which are related to our endeavours to work towards achieving net zero by 2050. For the purpose of external communication, we have published the relevant objectives as part of our standalone Net Zero: transition plan, but, internally they are regarded as simply another component of our wider approach to sustainability. A summary of the relevant climate—related business as usual practices, as well as the objectives set out in the sustainability strategy are as follows:

Managing our business responsibly

Underwriting

Business as Usual practices

Over the past three years, Beazley has worked to develop our knowledge and expertise on climate-related matters in respect to our underwriting. A summary of the activities employed to support the management of climate-related matters, in addition to scenario analysis include:

Action	Outline of activity
Developing climate risk adjusted pricing	For material physical perils that are affected by climate change, adjustments are made to the pricing model to reflect their risk profile. These adjustments apply an uplift to pricing of these perils to account for the increases to physical risk due to climate change. This is informed by research by the Pricing and Natural Hazards Research teams, investigating the historical loss trends of risks, alongside reviews of scientific literature on the specific impacts from climate change. By the end of 2023, climate adjusted pricing trends had been introduced for US Wildfire, US Inland Flood, US Hurricane, US Hail, US Tornado and US Winterstorm.
Portfolio optimisation	Portfolio optimisation is a process at Beazley where underwriters manage the US Property risks portfolios using risk appetite and performance metrics and make decisions on where to expand or retract their business. Property underwriters are provided with tools and metrics to identify and monitor their regional exposure to various forms of catastrophe risk, to plan their yearly growth and set risk appetites for individual regions. Where climate change conditioned catastrophe models are available, scenario analyses are conducted at a regional level to show how different regions may be affected by climate risks over time. These results are shared with underwriters within the CMOG group, and in portfolio optimisation dashboards provided to property underwriters, helping inform portfolio optimisation. By the end of 2023, we had implemented a catastrophe optimisation framework and dashboard, enabling Property underwriters to refine and manage their US portfolios using risk appetite and performance metrics, with US Hurricane future temperature scenario analysis added to portfolio optimisation dashboard in 2024.

Strategy objectives

These objectives support our ambition to ensure we appropriately manage the risks associated with climate-related matters. An overview of the background to the objectives, and the progress made in 2024 is summarised in the table below. A number of the outcomes of the objectives are reflected in the metrics section:

Action	Outline of activity
Strengthen modelling capabilities to develop forward-looking view of risk for physical risk perils.	For material physical perils, we look to develop a climate-change conditioned forward-looking view of risk to account for climate change impacts of physical perils, and implement it in catastrophe modelling of any affected risks. 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 forward-looking view of risk is reviewed by several internal working groups and committees before implementation. Alongside catastrophe modelling, the forward-looking view of risk feeds into our exposure aggregation monitoring, pricing and capital management. We have already delivered this capability for US hurricane and have extended climate-change conditioned modelling to include US flood, US wildfire and US severe convective storm.
Develop climate litigation risk management approach.	Informed by previous work, Beazley has spent the last two years developing its approach to the risks posed from climate litigation. In 2024, this culminated in the creation of a climate litigation heat map, which will allow us to better understand climate litigation hotspots. To complement this, we have also begun to monitor and record climate litigation claims, in order for us to explore if this data could form part of our future analysis.
Develop climate scenario analysis, including physical, transition, and litigation risks.	Building on a future temperature scenario analysis being developed for US hurricane in 2023, a future temperature scenario analysis for US inland flood was developed in 2024. The Beazley “Most Likely” baseline scenario was also reviewed. We also developed combined climate change scenario encompassing elements of physical, litigation and transition climate risk. The strategy objective was set with a view of developing climate scenarios for each element of climate-related risk. It will continue to progress in 2025.
Consider the reputational impact to Beazley of underwriting particular clients or sectors and further develop, where appropriate, frameworks to support decision making.	This objective has been set for delivery in 2025.

Investment

The following objective has been set as part of Beazley's responsible investment approach:

Action	Outline of activity
Align our investment portfolio (publicly listed corporate bonds and equities) with a less than 2-degree pathway.	Our transition plan for the investment portfolio 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. For our internally managed investment grade fixed income portfolios a consideration of transition pathways is incorporated into our credit review process. We track the alignment of our issuers with their net zero targets, and we will look to disinvest from those companies not making sufficient progress to decarbonise and who have an implied temperature rise that is inconsistent with our stated targets. For our externally managed assets, we have moved most of our equity exposure into funds with a sustainability 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 sustainability compliant funds with a decarbonisation 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 section 5.3 of the TCFD 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. A framework for the measurement of transition and physical risks arising from climate change has been developed and this will be externally verified in 2025. This will be incorporated into a climate risk appetite statement and materiality assessment and will feed into our investment decision making process.

As a responsible business, Beazley recognises the opportunity it has to use its investment assets to create a positive impact on the environment and to support the transition to a lower carbon economy. In 2021, we committed to investing up to $100m in impact investments, which generate both a financial return and a measurable positive social and environmental impact.

To date, we have committed capital of approximately $60m into five funds, two of which provide capital to support new renewable infrastructure projects. 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.

Operations

Action	Outline of activity
Align the decarbonisation of our Scope 1 and 2 emissions with a 1.5-degree pathway, with targets set out to 2034 (per our Transition plan).	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 2024, our aim continued to be a reduction in our normalised 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.
Ensure all Beazley offices derive their electricity from renewable sources (where possible).	This is a long-term objective, as laid out in our Transition Plan, which has been set for 2032. This timeline was set based on the renewal dates for our office lease agreements. Achieving this objective will require maintaining close partnerships with our landlords who often procure electricity on our behalf.
Identify how we can best support our supply chain to help Beazley achieve its net zero goals	As part of our ongoing project to incorporate sustainability matters into our procurement process, we are exploring how we can support our supply chain in transitioning to net-zero and develop a detailed plan for this area of the business. This work will support the wider effort to onboard our supplier base into a third party procurement management tool, where sustainability related information can be obtained from the supplier.
Explore the setting of an internal carbon price	Business travel is a major contributor to our Scope 3 emissions. To address this, we have implemented an internal carbon budget system, purely for business travel, 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. The next step in this process is to explore how an internal carbon price could help support the development of the carbon budget for business travel.
Develop a carbon credit framework to set the parameters of what we will and won't consider in our procurement and operational decisions.	Carbon offsets are expected to form part of our approach to managing carbon emissions in the future, although our key priority is to avoid using carbon offsets where possible. To help inform our decision making in respect to the purchase of good quality credits, we committed to develop an appropriate framework to help guide decision making. This work commenced in 2024. There are also links here with our Incubation team, who are in the process of developing a carbon credit offset invalidation product.

Capital Management

As part of our capital modelling process, adjustments are made to the capital model to account for the impacts of climate change. Annual loadings are applied to the modelling of US Hurricane, US Inland Flood, US Wildfire, US Winter storm, European Windstorm and Japan Typhoon, reflecting the increased losses expected for these perils due to climate change. Where forward-looking views of risks have been developed, capital loads are implemented to match the uplifts suggested. For perils which do not yet have a forward-looking view of risk, capital loads are implemented based on climate trends identified by the pricing and capital teams using historical losses and climate risk research.

TCFD 2024 continued

Supporting the transition to net zero

Underwriting

The changing climate means that both physical and transition climate-related risks and opportunities are going to emerge in the foreseeable future. As part of the strategy, Beazley has set the following objectives:

- Products & Services - Enhance existing and develop new products and services to help clients meet their needs in the transition to a greener, equitable future;
- Industry frameworks - Support the development of sector specific industry frameworks to measure the progress of the transition; and
- Data collection – Once frameworks are in place, work with stakeholders to improve the collection and reporting of emissions data to more accurately track progress of the transition. Use the outputs to inform the further development of the transition plan for underwriting.

Products & Services

Beazley is continuously working on products and services that support our clients from both a physical and transition perspective. At present, these manifest themselves in either the provision of insights or the development/adjustment of underwriting products for our insureds to use to help mitigate the risks they may face.

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 this review, we gathered information from our underwriting teams on both their appetite to provide and the demand for coverage for these industries. This exercise clearly showed that there is a demand for products and services for renewable energies (wind, solar, hydro-electric, wave & tidal, geo-thermal, and hydrogen), as well 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 2024.

Insights

From an insights perspective, examples of initiatives Beazley have delivered include:

Spotlights on environmental risk 2024	This was covered by the Board in 2024 and included D&O, litigation and sustainability-related risk factors. Further information will be provided in our 2025 report.
Location-level climate change metrics (internal initiative)	For US Hurricane (our most material physical peril), location-level climate risk metrics are provided to underwriters within our property pricing tool, to help identify and mitigate physical climate risks. This metric scores each insured location based on the expected increase to hurricane risk by 2030 due to climate change, helping encourage better risk selection and underwriting decisions.
Sharing climate insights with Beazley insureds	A key area of opportunity is the sharing of Beazley's climate risk insights with our clients. In 2024, we began development of a Climate Change Spotlight report for some Property underwriting teams, which we aim to use in 2025. The Climate Change Spotlight report will allow underwriters to share Beazley's climate risk insights with our clients. The report can be produced for clients particularly exposed to worsening US hurricane risk due to climate change, identifying the key locations in an insured's schedules which are most exposed to worsening US hurricane risk, using insights from our location level climate change metrics.
Climate risk underwriting questions	A series of climate risk underwriting questions have been developed for some property underwriting teams, where they have clients who are identified as being highly exposed to climate risk by the location-level climate change metrics for US Hurricane. For these risks, underwriters are encouraged to 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. Data gathered on the climate risk mitigation measures used by our clients will allow us to investigate the effectiveness of such measures, helping inform future engagement with clients and allowing us to better understand the risks and make more informed underwriting decisions. By ascertaining how well clients understand and are responding to climate risk, underwriters can both better understand and account for their own exposures to climate risk, and encourage better resilience for our clients.

Broker partnerships

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 and their ability to assist with the placement of delegated agreements.

Support the development of sector specific industry frameworks

During our exploration of setting carbon emission reduction targets for Beazley's underwriting portfolio, and our work with the Sustainable Markets Initiative, we realised 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.
- 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. Progress against this will be tracked through the insurance written premium from low and zero carbon technologies, cited in section 5.2 of the TCFD report. Once delivered, Beazley can then begin to work towards its third objective of improving data quality received from stakeholders in order for us to more readily and accurately track progress towards net zero.

Delivering success by doing the right thing

Just Transition

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. In January 2022, we adopted a policy to preclude underwriting of 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 2022, due to the ongoing war in Ukraine, we revised the exclusion for thermal coal to insure new clients transporting thermal coal from existing coal mines. This revision was reviewed in the summer of 2024, at which point it was determined that it would continue to apply only to our Marine and Political Risk underwriting classes, until June 2025, after which it will be reviewed once again. This approach supports the need for energy security, as several 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 which support businesses in their net zero transition. Our approach to just transition will evolve as we work to further understand how best to support it. As part of this, one of our objectives in 2025 is to explore the just transition in more detail.

Link with biodiversity

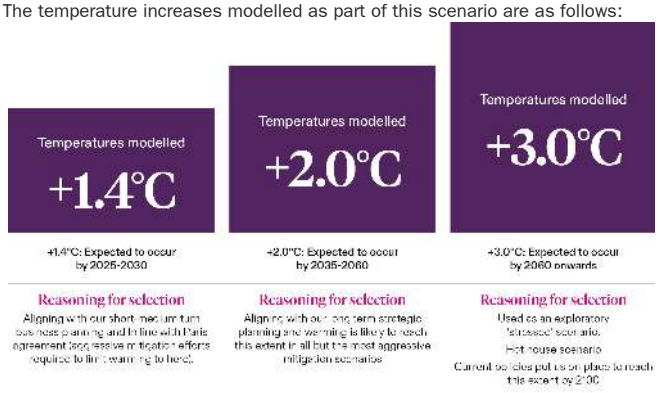
The link between climate-related matters and biodiversity is gaining more prominence. In order to better understand this link, as well as how we can support the preservation of biodiversity, we have set an objective to increase our preparedness for a greater focus on nature related risks in 2025.

TCFD 2024 continued

3. Scenario analysis

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 and ensure resilience. Analyses such as our Combined Climate Change RDS confirm that all Beazley entities would remain within the acceptable range of our solvency risk appetite even when impacted by a broad range of physical, transition and litigation risks. In 2021, Beazley took part in the PRA's Climate Biennial Exploratory Scenario stress test. This determined that despite the potential for an overall balance sheet impact to Beazley being material in the long term, under no modelled scenario was Beazley rendered unviable as a business. Building on this, we have continued to evolve our approach to scenario analysis, with our focus to date being on our underwriting, where progress is as follows:

3.1 Physical risk

Scenario Analysis	Description
"Most Likely" baseline scenario	In 2022, by comparing and collating scientific literature on likely climate change pathways, we developed a baseline scenario projection of how climate risk was likely to evolve throughout the rest of the century, ensuring that all areas of the business were aligned on how to best plan for changing conditions. This projection was reviewed again in 2024, using the latest data available, and was found to still remain valid. The parameters used to develop this model are now used to inform Beazley's climate change-conditioned view of risk material, physical risk perils and location-level climate change metrics. These 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 before 2030.
Future temperature scenario analysis	In 2023, we developed a future temperature scenario analysis for our most significant peril - US hurricanes. This analysis examines the impact of climate change on various property lines under different Global Mean Surface Temperature scenarios in the future, producing results at a state-level resolution. The focus is 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. The decision to use temperatures as the key parameter as opposed to future emission pathways across different time horizons, was based on ensuring: • We make the results easy to communicate with stakeholders; • 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. The temperature increases modelled as part of this scenario are as follows:  This information was initially shared with underwriting team leaders within our CMOG. 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, using this information to aid in portfolio management. In 2024, we have extended this scenario analysis to include US flood, our next most material climate-impacted peril. In 2025 we plan on introducing future temperature scenario analysis for US wildfire, as we continue to extend scenario analysis to include additional perils in order of materiality to Beazley. *Findings, assumptions and limitations* Our projected climate scenario shows the percentage increase in modelled losses, with a focus on average annual losses and losses for a 250-year return period. Some of our key findings were: • For US hurricane 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. • For US Flood, the greatest increases were seen in states along the Mississippi valley, including Iowa, Louisiana, Missouri, in addition to Utah. Iowa is predicted to see the greatest flooding loss increases overall across all modelled portfolios. • The higher temperature scenarios have 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 findings, particularly for the higher temperature scenarios associated with longer time horizons. These limitations are driven by 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* This scenario analysis is repeated on a quarterly basis, and presented to the CMOG. In 2024, we developed a scenario analysis segment within our portfolio optimisation dashboard, which is shared with all relevant underwriting teams to aid in portfolio optimisation processes. 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.

3.2 Climate litigation risk

Greenwashing scenario review

We have developed a RDS, quantifying our exposure to a hypothetical scenario in which a number of our insureds are impacted by a series of mass greenwashing claims. In 2024, following an independent review in 2023 of our Greenwashing RDS with external climate litigation specialists, our Exposure Management team implemented a series of recommendations to improve our RDS.

Actions resulting from these recommendations included expanding the scope of the RDS to include analysis of additional industry sectors exposed to risk of greenwashing claims, investigation of alternative modelling approaches and enhanced documentation of RDS assumptions and methodology.

3.3 Transition risk

We are undertaking research on market development on transition risk scenarios for underwriting. The work we undertook this year on identifying and assessing materiality of transition risks and opportunities will enable us to develop transition-related scenarios in years ahead.

3.4 Combined climate change scenario

As part of our 2024 ORSA, Beazley's risk management team developed a multi-year, holistic climate change scenario, encompassing risks arising from climate change across physical, transition (related to our investments only) and litigation climate risks, and reflecting the materiality of this risk to Beazley and its local entities. The risk team facilitated workshops with relevant first line members to produce the following narrative to inform the following hypothetical scenario:

- Physical Risk: There is a clustering of severe hurricanes. This leads to significant claims,which in turn leads to greater public awareness of increasing climate change risks. The public perceives that these risks are growing at an accelerated rate, even if they cannot be directly attributed to climate change.
- Litigation Risk: The shift in public perception following the severe hurricanes leads to increased climate litigation activity and a series of greenwashing claims, impacting insured parties.
- Transition Risk: The change in sentiment following the above leads investors to push large corporations to meet a 1.5°C global warming target sooner. There is a sell-off by retail investors, insurers and major pension funds of large corporations who are perceived as sluggish to meet targets, impacting our investment portfolio.

The analysis found that despite the losses incurred by the physical, litigation and transition risk elements of the scenario, all Beazley entities would remain within the acceptable range of our solvency risk appetite. This confirms that our climate risk practices, risk profile and capital assumptions are sufficient to withstand such a series of events.

Following the scenario analysis being performed in 2024, climate risk stakeholders across Beazley engaged in workshops to review the scenario. The review identified future improvements to the scenario, such as including additional impacts of climate change in the scenario narrative in order to further test Beazley's resilience. The results of this review will contribute to the development of an updated version of the climate change scenario, when it is next undertaken in 2025.

TCFD 2024 continued

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 ##.

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 Group has licensed, and validated, the RMS climate-adjusted model for our most material peril, US Hurricane, and has validated more climate-adjusted models during 2024 which will be adopted from 2025 onwards (i.e. US Inland Flood). The primary purpose of the model is to gather data from an 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 changes in physical perils at an individual location level.
Deterministic Scenarios	Beazley has a suite of RDSs, which are run on a regular basis in order to determine the impact of different risks. The suite of scenarios includes both natural catastrophe RDSs and climate litigation RDSs, as well as man-made related scenarios such as Cyber. In total there are approximately 50 Deterministic Realistic Scenarios Disaster, some of which are Lloyd's prescribed scenarios with the rest being developed by Beazley. This modelling process is overseen by the exposure management team. An Emerging & Complex Risk Protocol has been developed which sets out the activity in place to review potential, complex, and/or emerging risks relating to underwriting. 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. The output from these modelling processes help 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 across the risk team, management and 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 outlining the considerations for these matters are put to the responsible business steering group for further discussion or clarification and recommendations for any appropriate action. In 2022, the Group committed to setting a net zero target for 2050. Emerging risks are also identified and assessed as per the Emerging Risk Framework with oversight of the ERWG.

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 a risk in its own right and is integrated in the enterprise-wide Risk Management Framework. Below is a brief outline of how climate-related matters are reflected in the relevant principal risk categories of the risk register.

Insurance risk

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 Climate research is conducted by the Exposure Management team to continue to understand and mitigate the risks generated by the rising propensity and severity of such events.
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 declining 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 of 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.

TCFD 2024 continued

Strategic risk

Risk type	Relevance to climate-related matters
Sustainability	Sustainability is the umbrella term for environmental, social and governance factors that are used to measure the sustainability and ethical impact of a business. It is paramount that we have the right practices and activities in place to meet the sustainability standards expected of us by our stakeholders. Failure to do so could have a negative impact on the communities around us and/or Beazley's reputation. We mitigate this risk by ensuring there is a clearly defined and documented sustainability strategy driven by the executive team, that includes targets and milestones which are communicated to all staff. This is primarily governed via the RBSG 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). In the context of climate-related matters, this relates to decision making around the transition to net zero across underwriting, investments and our operations.
Reputation	Reputational risk is often caused by the materialisation of other organisational risks, and can have a far-reaching impact on a business. 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.

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.
Talent management	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.

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.

Risk Management tools to help manage climate-related risks

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

Risk type	Relevance to climate-related matters
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 ORSA process, to ensure that tests continue to develop and reflect the evolving risk environment. The analysis informs key management actions for the business to mitigate the risks identified through the ORSA process.
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 Group 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. Given the uncertainties around climate risk, the Group has continued to actively develop climate risk pricing and aggregation tools. This has included the implementation of new climate-conditioning to catastrophe models to help inform exposure management.
Capital modelling	The Capital Modelling team adjust the capital model assumptions to account for the impact of climate change through the capital modelling process. An example of this is the adoption of annual uplifts taken from the climate conditioned views of risk from US Hurricane. For perils which do not yet have a forward-looking view of risk, capital loads are implemented based on climate trends identified by the pricing and capital teams using historical losses and climate risk research. This reflects the increased losses expected for these perils due to climate change.
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 and these are set at a number of points along the curve to limit exposures. Risk Appetite Statements and KRIs 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 2024 to the Risk and Regulatory Committee, plc Risk Committee and Board; and this will be enhanced to introduce a more quantitative metric relating to the delivery of the key strategic projects for the CRWG from 2025.
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 most recent was undertaken in 2023, with results being presented to the Risk & Regulatory Committee in February 2024. 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 to mitigate the key risks appropriately.

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

The Board-level 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:

Risk type	Relevance to climate-related matters
Underwriting	Natural catastrophe aggregate exceedance probability and occurrence exceedance probability metrics; Progress in meeting the objectives of the Climate Risk Working Group.
Investments	Compliance with responsible investment policy and transition risk.
Operations	50% reduction in normalised (per FTE) carbon emissions for our operations in 2024, compared to the 2019 baseline.

TCFD 2024 continued

5. Metrics

5.1 Summary of Key metrics

A summary of both the metrics and targets we use to monitor our progress on climate-related matters, are detailed in this section of the report. At a glance, the performance of key metrics are as follows:

Key metrics

Net Estimate Premium Income arising from low and zero carbon technologies

2024 Performance (2023 Performance)

$15.6m

(2023: $5.9m)

Key metrics

Reduction in normalised (per FTE) market-based GHG emissions

2024 Performance (target)

54.4%

(50% against 2019 baseline)

Key metrics

Current Temperature Pathway Alignment

2024 Performance (target)

2-3°

(2-3°)

Key metrics

Scope 1 and 2 emissions (tCO_2e)

2024 Performance (target)

820 tCO^2e

(less than 856 tCO^2e for 1.5° alignment)

5.2 Underwriting Metrics

For underwriting and climate related activity, our metrics are focused on enhancements to our underwriting process, and premiums arising from low and zero carbon technology. In 2024 we have held discussions and been involved in forums with others in the industry with the aim of increasing the number of metrics we report on in future.

5.2.1 Enhancing our approach to underwriting

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.

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. To develop a Climate Conditioned View of Risk for a peril, 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.

We introduced a climate-change conditioned view of risk for US hurricane in 2022. Work on additional perils continued in 2023, and in 2024, we have completed a climate change conditioned view of risk for US Wildfire, US Inland Flood and US Severe Convective Storm.

Number of perils with climate adjusted pricing reviewed and updated

As indicated before, 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.

We have introduced climate adjusted pricing for a number of perils across the last two years, with US Hurricane, US Flood and US Wildfire introduced into the pricing tool for the North America Commercial Property and Open Market Property lines by January 2023. Subsequently US Tornado, US Hail, and US Winterstorm were then introduced at the end of 2023. Instead of introducing additional perils in 2024, a target was set to review the emerging research and climate data on the six perils already in place. Reviews of all six have been completed.

2022	2023	2024
2 (US Wildfire, US inland Flood)	4 (US Hurricane, US Tornado, US Hail, US Winterstorm)	6 (US Wildfire, US Inland Flood, US Hurricane, US Tornado, US Hail, US

5.2.2 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. For 2024, the scope of reporting is limited to offshore and onshore wind, and onshore solar. 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 underwriting notes. The metric is based on an estimate, therefore, could be subject to change as premiums are adjusted through the life of the policy.

The net EPI disclosed in this report is the total estimated premium incepted in 2024, and as measured at the end of 2024. The data has been collected from the information entered into Beazley's underwriting systems. Where exchange rates have needed to be applied, these have been applied at the date of entry into the underwriting system. For lesser used currency conversions, these occur prior to entry.

No target was set, however, the totals for this year and prior years (rounded to the nearest decimal 1 place) are as follows:

2022	2023	2024
$8.0m	$5.9m	$15.6m

TCFD 2024 continued

5.3 Investment Metrics

For the purpose of reporting of climate metrics, our portfolio of publicly listed corporate bonds, publicly listed equities, collatarised loan obligations and sovereigns are considered to be in-scope (including accrued interest). This excludes overseas trust assets managed by Lloyd's and the Group's share of assets held by third party syndicates. The combined portfolio used for emissions reporting represents 91.3% of the market value of our total financial assets managed by Investments as at 31 December 2024. 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 12 month period is dependent on the financial year of reporting for the individual company. The data is reported as at 31st December 2024.

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. Whilst no targets are set, our performance is monitored during the year.

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. We report emissions data for our publicly listed equity and corporate bond holdings. The total market value of these holdings is $5.3bn representing 52.1% of our total assets.

	2023	2024
Apportioned GHG emissions (tCO2e) arising from publicly listed equities and corporate bonds	76,298	84,784
Carbon reporting coverage for publicly listed equities and corporate bonds (%)	97.6	87.3

For the first time this year we are reporting on emissions from our Sovereign exposures. The data is sourced from S&P who calculate sovereign financed emissions using gross general debt attribution methodology.

	2024
Apportioned GHG emissions (tCO_2e) arising from sovereign exposures.	1,146,273
Carbon reporting coverage for sovereign exposures (%)	98.8

Weighted average carbon intensity (WACI)

The 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 2024). The GHG emissions data is sourced from S&P CAP IQ. In 2024, emissions have been reported for 87.3% of the market value of our publicly listed bonds and equities, and are rounded to 1 decimal place.

	2022	2023	2024
WACI (tCO_2e/$m sales) arising from our publicly listed equities and corporate bonds	49.9	44.4	46.7

The carbon intensity of our sovereign exposures is sourced from S&P using their weighted average carbon intensity methodology incorporating country emissions divided by real GDP in millions of constant US$.

	2024
WACI (tCO_2e/$m sales) arising from our sovereign investments	285.90

Temperature alignment of our investment portfolio

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 2024.

The temperature alignment of Beazley's investment portfolio is based on the methodology set out by S&P Cap IQ for our internally managed portfolio of publicly listed corporate bonds and MSCI for outsourced publicly listed high yield bonds and equities.

S&P utilise a Sectorial Decarbonisation Approach and Greenhouse gas Emissions per unit of Value Added approach and cover Scope 1 and 2 emissions. Overall alignment of the portfolio is defined through apportioning the value of holdings in regard to tonnes of CO2 under or over a budget associated with a given temperature rise using EVIC. For externally managed funds, temperature alignment is provided by an external manager using MSCI sourced data, covering Scopes 1, 2 and 3.

Temperature alignment metrics have been reported in respect of 86.9% of the market value of in-scope assets.

	2023	2024
Current Temperature Pathway Alignment	2-3 degrees Celsius	1.5-2 degrees Celsius

5.4 Operations Metrics

5.4.1 GHG emissions

Overview of performance

The 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 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.

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.

The parameter of Scope 1 and Scope 2 reporting in 2024 includes 25 office locations in London (UK), Birmingham (UK), Dublin (Ireland), Hamburg (Germany), Munich (Germany), Paris (France), Barcelona (Spain), Zurich (Switzerland), Singapore, Atlanta (US), Boston (US), Chicago (US), Dallas (US), Denver (US), Farmington (US), Houston (US), Los Angeles (US), Miami (US), New York (US), Philadelphia (US), San Francisco (US), West Hartford (US), Vancouver (Canada), Toronto (Canada), Montreal (Canada). This equates to 95.5% of Beazley employees including contractors. For 2024, all offices occupied by a minimum of 2 FTE have been included, and only those where our share of energy consumption can be adequately determined. As a result, as in prior years, our Kuala Lumpar (Malaysia) and Shanghai (China) offices have been excluded, the latter as it is a shared offices space with Lloyds.

Scope 3 reporting encompasses business travel and both personal car and taxi use. This is included for all employees.

Scope 3 also includes energy use for one third party cloud-based data centre service provider covering two sites, as has been the case in prior years. Due to data limitations, emissions for two additional data centres were not included in 2019 baseline figures, nor in subsequent years. 2024 emissions for these additional sites have been estimated as approximately 89 tCo2e. To ensure consistency with prior years, figures for these additional data centres have not been included in the reported emissions for 2024, but there is an intention to report on all data centres in future years.

As in prior years, Beazley's two US subsidiaries, Beazley Security (based in Lewisville) & BHI Digital, LLC (based in 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.

Location-based GHG emissions

Our GHG emissions normalised for Beazley's full-time equivalent (FTE) (including contractors) were 2.57 tonnes carbon dioxide equivalent (tCO_2e/ FTE) in 2024. This equates to a normalised (per FTE) 51.57% reduction when compared to the 2019 normalised baseline we use for setting our carbon travel budget. Total emissions, prior to normalisation, have reduced by 20.15% when compared to the 2019 baseline. This reduction continues to be in line with the target we set for a 50% reduction in emissions against a 2019 baseline of 5.30 tCO_2e/ FTE. The largest proportion of our reported emissions comes from Beazley's business travel.

Location-based GHG Emissions (tCO_2e)	2019	2021	2022	2023	2024
Scope 1	21.08	8.23	65.20	2.13	7.54
Scope 2	1,672.53	1,236.09	946.81	829.72	812.78
Scope 3	6,725.81	863.94	4,152.40	6,166.96	5,902.83
Total tCO_2e	8,419.42	2,108.26	5,164.41	6,998.81	6,723.15
Total tCO_2e/FTE	**5.30**	**1.15**	**2.44**	**2.82**	**2.57**

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Market-based GHG emissions

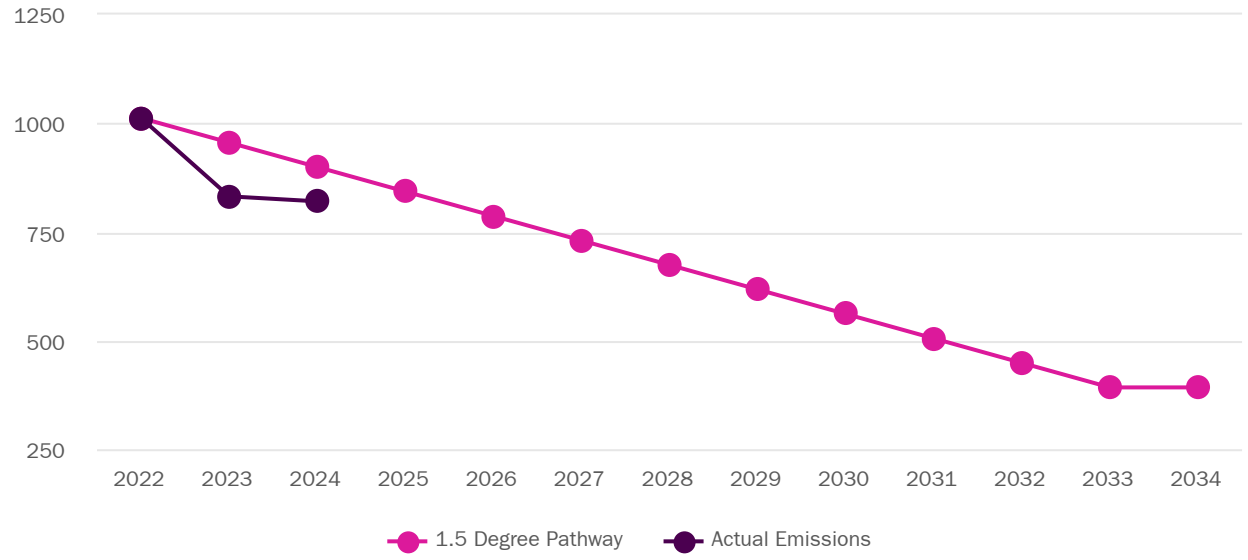
Beazley Group's market-based GHG reporting for 2024, taking into account the procurement of 775,466 kWh of electricity from certified renewable sources, is summarised in the table below. Renewable electricity was procured for our Barcelona, Birmingham, London and Munich offices, which represents an increase on 2023. Renewable electricity was procured for our old San Francisco office, however there was a change in office location in 2024. Biogas is used in our London office. This equates to renewable electricity being 31% of Beazley's overall in scope electricity use, and biogas being 45% of Beazley's overall in scope imported heat use. The energy for the reported data centres was also procured from renewable sources. The procurement of renewable energy resulted in a saving of 203.62 tonnes of CO_2 equivalent for Scope 2, and a further 185.11 tonnes of CO_2 equivalent for Scope 3.

The market-based emissions, which take into account the reductions achieved through the use of renewable energy are set out in the table below. Total emissions, prior to normalisation, have reduced by 24.76% when compared to the 2019 baseline. On a normalised (per FTE) basis, this equates to an overall 54.37% reduction when compared to the 2019 baseline.

Market-based GHG Emissions (tCO_2e)	2022	2023	2024
Scope 1	65.20	2.13	7.54
Scope 2	770.32	618.67	609.22
Scope 3	3,940.07	5,958.07	5,717.72
Total tCO_2e	4,775.59	6,578.87	6,334.48
Total tCO_2e/FTE	**2.25**	**2.65**	**2.42**

Alignment with 1.5 degree pathway

One of the objectives Beazley set as part of its transition plan, was to work towards aligning its Scope 1 and 2 emissions with a 1.5 degree pathway. Using the SBTi pathway as a guide, the transition plan includes a number of interim goals to enable a 65% reduction in emissions to be achieved by 2034, when compared to a 2022 baseline. Based on year end data cited in this report, we can confirm we continue to be aligned with this pathway, as per the chart below.



5.4.2 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 2024, there was a top up of refrigerant for one of our office fit-outs (West Hartford), while the only location where a back-up generator was used was in our Boston office. Total Scope 1 emissions for 2024 amounted to 7.54 tCO_2e, of which 6.98 tCO_2e was from the use of refrigerant. As of March 2024, our company car fleet was fully electric.

SCOPE 2

Our Scope 2 emissions primarily arise from office energy consumption, with a small amount arising from company car use, 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. Where possible, emissions have been calculated based on meter readings and invoiced energy consumption figures, with estimates used if data is unavailable. Our Scope 2 emissions can be broken down by region.

Location Based GHG Emissions (tCO_2e)

Location-based GHG Emissions (tCO_2e)	2019	2021	2022	2023	2024
UK	826.59	439.87	246.95	224.64	196.67
Rest of World	71.52	70.77	69.02	26.59	34.47
USA	653.35	624.26	568.91	529.67	532.05
Europe	121.07	101.19	61.93	48.82	49.60

Market Based GHG Emissions (tCO_2e)

Market-based GHG Emissions (tCO_2e)	2019	2021	2022	2023	2024
UK	826.59	140.82	114.76	43.65	12.03
Rest of World	71.52	70.77	69.02	26.59	34.47
USA	653.35	624.26	568.91	517.96	532.05
Europe	121.07	25.60	17.63	30.47	30.67

TCFD 2024 continued

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. As outlined in the Overview of Performance section, the emissions for data centres covers two of our four sites, which is true for all years including the baseline year of 2019.

Location-based GHG Emissions (tCO_2e)	2019	2021	2022	2023	2024
Air travel	6,074.04	527.39	3,666.49	5,661.32	5,403.73
Rail travel	107.65	4.20	11.93	17.17	18.47
Hotel stays	183.22	30.81	96.13	130.73	133.09
Car hire use	23.52	2.74	9.56	12.25	13.96
Electricity transmission & distribution losses (location-based)	93.84	58.42	43.42	38.19	37.16
Taxi use	165.11	22.68	99.97	49.36	58.17
Personal car use	73.92	19.15	7.79	58.09	61.94
Electric vehicle charging transmission & distribution losses	0.00	0.26	0.28	0.34	0.25
Imported heat transmissions & distribution losses (arising from steam only)	4.51	4.50	4.50	4.56	4.83
Data centres	0.00	193.79	212.33	194.95	171.23
Total	**6,725.81**	**863.94**	**4,152.40**	**6,166.96**	**5,902.83**

Market-based emissions (tCO_2e)	2019	2021	2022	2023	2024
Air travel	6,074.04	527.39	3,666.49	5,661.32	5,403.73
Rail travel	107.65	4.20	11.93	17.17	18.47
Hotel stays	183.22	30.81	96.13	130.73	133.09
Car hire use	23.52	2.74	9.56	12.25	13.96
Electricity transmission & distribution losses (location-based)	93.84	58.42	43.42	24.25	23.29
Taxi use	165.11	22.68	99.97	49.36	58.17
Personal car use	73.92	19.15	7.79	58.09	61.94
Electric vehicle charging transmission & distribution losses	0.00	0.26	0.28	0.34	0.25
Imported heat transmissions & distribution losses (arising from steam only)	4.51	4.50	4.50	4.56	4.83
Data centres	0.00	193.79	0.00	0.00	0.00
Total	**6,725.81**	**863.94**	**3,940.07**	**5,958.07**	**5,717.72**

5.4.3 Carbon offsets

Beazley has not purchased carbon offsets in 2024. Beazley is currently reviewing different carbon offset options, with a view to potentially using offsets as part of a range of measures to help reduce Beazley's carbon footprint.

5.5 Remuneration

In order to ensure alignment between Beazley's sustainability objectives and the Group's performance, an element of executive compensation is linked to the achievement of a set of sustainability objectives. Part of this compensation takes the form of the LTIPs, which typically take 3 years to vest, with 2023 being the first year in which an element of LTIPs was specifically linked to sustainability objectives.

2023 objectives were set out in the LTIPs granted section of the 2023 Directors' remuneration report on page 136. For 2023, one of the sustainability objectives was a reduction in carbon emissions (Scope 1 & 2) relative to 2022 baseline. For 2024, one of the sustainability objectives is achievement of our transition plan trajectory. Further details regarding 2024 objectives can be found in the Directors' remuneration report starting on page 135. Performance against both the 2023 and 2024 objectives will be assessed at the end of the respective vesting periods.

Further details regarding the 2023 LTIPs can be found in the published 2023 Directors remuneration report, in the implementation for 2024 section (page 126). Further details regarding the 2024 LTIPs can be found on pages ## to 147. All compensation targets and the degree to which they have been achieved, is determined by the Remuneration Committee.

Appendix 1: Compliance with TCFD Requirements

Beazley has included on pages 1 to 30 in the Strategic Report a climate-related financial disclosures consistent with the TCFD's Recommendations and Recommended Disclosures, with the exception of the following:

General requirements

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 continues to explore 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 has partially disclosed against this requirement, however with regards to consideration of the potential impact of climate-related issues on financial performance and financial position, Beazley's work in this area is continuing. At this stage, 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 updated on an annual basis and we will set out our progress as part of our 2025 TCFD disclosure.

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 work in this area is continuing, however at this stage, 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 updated on an annual basis and we will set out our progress as part of our 2025 TCFD disclosure.

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

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

Supplementary requirements for insurers and asset owners

For the supplementary requirements, our status is as follows:

Strategy 2b: 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, particularly on a business division and sector level, and how potential impacts influence client or broker selection.

Strategy 2c: Beazley has partially disclosed against the supplementary requirements for insurance companies and asset owners. As outlined in the General Requirements section, at present is not possible to consider the full financial impact of climate related risks and opportunities.

Risk 3a: Beazley partially complies with the supplementary requirements for insurance companies and asset owners. Beazley is working to further develop our approach to climate-related matters on a business division level.

Risk 3b: Beazley partially complies with the supplementary requirements for insurers, but is not compliant with the supplementary requirements for asset owners, regarding the positioning of our total portfolio.

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

Metrics and Targets 4b: Beazley partially complies with the supplementary requirements for asset owners, but does not comply with the supplementary requirements for insurers, with regards to GHG emissions associated with certain lines of business.

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 updated on an annual basis and we will set out our progress as part of our 2025 TCFD disclosure.