

Disclosure Report: Principles for Sustainable Insurance

May 2022

In May 2021, Beazley Group became a signatory to the Principles for Sustainable Insurance (PSI). Beazley is strongly committed to being a Responsible Business. We intend to use our UNEP-FI membership to share our expertise, learnings as well as developing our strategy, and continuing on our journey to be the leading sustainable specialist insurer.

As a signatory to the PSI, Beazley will be making annual disclosures of our progress against the Principles. The report below shows our efforts in fulfilling our ESG strategy and goals by adhering to each of the four principles.

Principle 1

We will embed environmental, social and governance issues relevant to our insurance business into our decision-making.

In 2021, Beazley released its first Responsible Business Strategy, setting out a number of objectives and targets for us to achieve before the end of 2023. The strategy, approved by the Board and Executive Management, aims to support our clients and partners on the journey to decarbonisation, enhance our approach to charity and community initiatives and further our approach to being a more sustainable business. Key objectives we wish to achieve by the end of 2023 include:

- Achieving a 50% reduction in carbon emissions in 2023, when compared to a 2019 baseline;
- Aligning our investment portfolio with science based targets
- Enhancing our approach to ESG matters within our supply chain;

- Continuing to improve diversity of our workforce, ensuring 25% of the workforce are people of colour; and
- Working to ensure 45% of our senior management roles are held by women.

To ensure the Responsible Business Strategy has the necessary support and focus on relevant ESG issues, we formed the Responsible Business Steering Group (RBSG). The RBSG is chaired by the CEO, with the Chief Risk Officer, Chief Underwriting Officer and Chief Operating Officer in attendance. The RBSG receives updates from the employees responsible for the delivery of the different elements of Responsible Business strategy such as the Head of Responsible Business, and the Chair of the Inclusion and Diversity Committee. On a quarterly basis, a number of non-executive Board members are also in attendance. This approach ensures appropriate oversight at both an Executive Committee and Board level, and helps to drive the progress of the strategy forward. Regular reports to the Board and Executive Committee are also provided, to compliment the decision making at the RBSG.

Externally, we report on our progress against our ESG strategy through our Annual Report and Accounts and our supplementary Responsible Business Report. We provide easy access to our reports for all external audiences, and actively respond to requests on dialogue about ESG from our shareholders.

Principle 2

We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions

A key aim of our Responsible Business strategy is to support our clients on their journey to decarbonisation and being more sustainable. A significant part of this is to enhance our approach to climate related risk, as well as further embedding ESG matters into the underwriting process. Whilst much of this work will take time to come to fruition, we have already being able to launch the first dedicated ESG syndicate in Lloyd's. The syndicate, provides additional capacity exclusively for clients with good ESG ratings as determined by three independent ESG rating agencies.

Our approach to our investments is also crucial to raising awareness of ESG issues. In 2021, Beazley published its Responsible Investment Policy, which is designed to give greater transparency about the companies we invest in, or may wish to invest in, in the future. The policy outlines our how we use ESG considerations to help inform our investment analysis and decision-making process.

We have also begun work to further embed ESG thinking into our procurement process. This work will be delivered across the remainder of 2022, and will enable us to better manage our supply chain from an ESG perspective.

Principle 3

We will work together with governments, regulators and other key stakeholders to promote action on environmental, social and governance issues.

Beazley works collaboratively with industry peers to promote action on ESG matters. An key example of this is our membership of the Sustainable Markets Initiative (SMI), where Beazley is a member of the SMI Executive Action Committee. The SMI was launched by HRH The Prince of Wales and is designed to co-ordinate the transition to a more sustainable future.

Beazley's role includes contributing to the development of a transition measurement tool for underwriting portfolios. This work compliments our membership of the Net Zero Insurance Alliance (NZIA) and will help drive behaviour change going forward. Beazley is also a member of Climatewise, which is an industry working group co-ordinated by Cambridge University. Our membership has allowed us to contribute to working groups over the last year, with the predominate focus being on tools to help support the transition to net zero.

Alongside our membership of the SMI and Climatewise, Beazley is also represented in a number of other prominent ESG networks, committees and working groups. Examples include the London Market Association Sustainable Working Group (LMA SWG), Lloyd's CSR Network, B4SI Members Network and Lloyd's Community Programme.

In 2021, Beazley also joined the Business for Societal Impact (B4Si). B4Si has set the global standard for measuring and managing social impact investment. Our membership has enabled us to access key resources which allows us to enhance the quantification of the impact of our charity and community initiatives. Subsequently, we have been able, for the first time, to set quantitative targets for our charity and community activities.

Principle 4

We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

Beazley discloses progress on ESG matters within its annual Responsible Business Report and its Annual Report and Accounts. The report is publicly available through our website. Our UN PSI disclosures will also be published on our website.