

ENGAGEMENT FACTSHEET

Beazley Plc

ENGAGEMENT RATIONALE

Beazley had a low MSCI ESG score on privacy & data security and ESG disclosure. We discussed these items with the CFO to identify areas for improved policies and/or disclosure.

BACKGROUND

As Beazley is a specialist in cyber security, we expected best-in-class policies regarding privacy & data security. Beazley has made significant investments in this area and developed a framework of preventative, detective and response controls to counter cyber attacks. This framework and its ESG approach was not mentioned in its 2017 Annual Report.

THEME FOR ENGAGEMENT

- x Privacy & data security
- x Responsible investment

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ENGAGEMENT OBJECTIVES

- x Better understand what Beazley is doing with respect to cyber security.
- x Request that the company improves its disclosure on ESG
- x Recommend to the company that it improves policies and operations where needed

DEVELOPMENT



MILESTONE



ENGAGEMENT RESULTS

- x We met with CFO Martin Bride in 2017 to discuss the MSCI ESG report that flagged Beazley could improve on cyber security. Beazley already did a lot on its own cyber security but also planned to do more on ESG disclosure. Subsequently, the company mentioned in its 2018 annual report that ESG risks have become part of the investment process: "Consideration of ESG issues within our investment activities developed significantly in 2018. During the year we subscribed to the services of a specialist provider of ESG research and ratings and incorporated their data within the credit review processes applying to our internally managed bond portfolio: Each issuer must now meet specified minimum ESG criteria in order to be considered for our portfolio. Also in 2018 we completed the first formal ESG audit of each of our external investment managers." While this improvement has not been reflected in the MSCI ESG rating yet, we believe this could lead to an improvement in a future rating.
 - x In the 2018 annual report Beazley mentions the company is GDPR compliant
- ### NEXT STEPS
- x Evaluate how ESG rating agencies will react to the steps taken by Beazley
 - x Further engage on privacy & data security, in particular with regards to rights provided to individuals to control their data, external independent audits and company's executive body responsible for this item



COMPANY

Beazley, specialist insurer

COUNTRY

UK

SECTOR

Insurance

MARKET CAP

2,8 bn EUR

ISSUE

- x Cyber attack might compromise privacy & data security of customers
- x Integrating ESG in investments reduces risk and offers opportunities to generate a higher return

MATERIALITY

Both risks are material. The cost of a cyber attack will be direct

RISK

- x Privacy & data security
- x Responsible investment

MSCI ESG/ SUSTAINALYTICS RESEARCH

UN Global Compact: Pass
ESG Rating: BB at MSCI & 61/100 at Sustainalytics