Delivering as a responsible business

"Strong corporate governance is central to Lancashire's long-term success."

Peter Clarke
Non-Executive Chair

Delivering oversight

Peter Clarke
Non-Executive Chair

B I N R

Date of appointment to the Board: 9 June 2014

Board meeting attendance: 4/4

Skills, experience and qualifications:
Peter Clarke was Group Chief Executive of Man Group plc between April 2007 and February 2013. In 1993, Mr Clarke joined Man Group plc, a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. He was appointed to the board in 1997 and served in a variety of roles, including Head of Corporate Finance and Corporate Affairs and Group Company Secretary, before becoming the Group Finance Director in 2000. During this period, he was responsible for investing in and developing one of the leading providers of third-party capital insurance and reinsurance products. In November 2005, he was given the additional title of Group Deputy CEO. Mr Clarke has previously served as the Chair of the National Teaching Awards Trust. Mr Clarke took a first in Law at Queens' College, Cambridge and is a qualified solicitor, having practised at Slaughter and May, and has experience in the investment banking industry, working at Morgan Grenfell and Citibank.

External appointments/Other roles:
Mr Clarke is currently a Non-Executive Director of RWC Partners Limited, RWC Holdco Limited, RWC Midco Limited and Lombard Odier Asset Management.

Philip Broadley
Non-Executive Director and Chair Designate

B

Date of appointment: 8 November 2023

Board meeting attendance: 0/0

Skills, experience and qualifications:
Philip Broadley was appointed as a Non-Executive Director to the Board and as Chair designate of the Lancashire Board in November 2023. Mr. Broadley was Group Finance Director of Prudential plc from 2000 until 2008 and subsequently held the same position at Old Mutual plc from 2008 until 2014. He has served as Chairman of the 100 Group of Finance Directors and as a member of the Code Committee of The Takeover Panel. He chaired the Group Audit Committee of Legal & General for six years. Prior to his board roles, Mr. Broadley began his career at Arthur Andersen in 1983, becoming a partner in 1993, where he specialised in auditing banks and insurance companies. Mr. Broadley is a Fellow of the Institute of Chartered Accountants in England and Wales. Mr. Broadley graduated in Philosophy, Politics and Economics from St. Edmund Hall, Oxford, where he is now a St. Edmund Fellow. He holds an MSc in Behavioural Science from the London School of Economics.

External appointments/Other Roles:
Mr. Broadley is Senior Independent Director and Audit Committee Chair at AstraZeneca PLC and a Non-Executive Director of Legal & General Group Plc. He is Treasurer of the London Library and Chair of the Board of Governors at Eastbourne College.

Alex Maloney
Group Chief Executive Officer

B U

Date of appointment to the Board: 5 November 2010

Board meeting attendance: 4/4

Skills, experience and qualifications:
Alex Maloney joined Lancashire in December 2005 and was appointed Group Chief Executive Officer in April 2014. On joining, Mr Maloney was responsible for establishing and building the energy underwriting team and account and, in May 2009, was appointed Group Chief Underwriting Officer. Since November 2010, Mr Maloney has served as a member of the Board. Mr Maloney has also been closely involved in the development of the Group's Lloyd's strategy. Mr Maloney has over 30 years' underwriting experience and has also worked in the New York and Bermuda markets.

Natalie Kershaw
Group Chief Financial Officer

B I

Date of appointment to the Board: 1 March 2020

Board meeting attendance: 4/4

Skills, experience and qualifications:
Natalie Kershaw joined Lancashire in December 2009 as the Group Financial Controller and has also held the positions of Chief Financial Officer of Lancashire Insurance Company Limited and Group Chief Accounting Officer. She has over 20 years' experience of the insurance/reinsurance sector with previous roles at Swiss Re, ALAS (Bermuda) Ltd and PwC. Ms Kershaw graduated from Jesus College, Oxford in 1996 with a first class degree in Geography and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Michael Dawson
Non-Executive Director

B N R U

Date of appointment to the Board: 3 November 2016

Board meeting attendance: 4/4

Skills, experience and qualifications:
Michael Dawson has more than 40 years' experience in the insurance industry, having started his career at Lloyd's in 1979. He joined Cox Insurance in 1986 where he was the Chief Executive from 1995 to 2002. In 1991, Mr Dawson formed and became the underwriter of Cox's and subsequently Chaucer's specialist nuclear syndicate 1176, where he remains the active underwriter. Between 2005 and 2008, Mr Dawson was appointed Chief Executive of Goshawk Insurance Holdings PLC and its subsidiary Rosemont Re, a Bermuda reinsurer. Mr Dawson served on the Council of Lloyd's from 1998 to 2001 and on the Lloyd's Market Board from 1998 to 2002.

External appointments/Other roles:
Mr Dawson is Deputy Chair of the Management Committee of Nuclear Risk Insurers Limited. He is also a director of Knoll Investments Limited, Dawmouse Limited and Glengau Limited, all private family companies.

Jack Gressier
Non-Executive Director

B R U A

Date of appointment to the Board: 26 July 2022

Board meeting attendance: 4/4

Skills, experience and qualifications:
Jack Gressier has over 30 years' experience in the insurance industry, including as Chief Operating Officer of Axis Capital Holdings Ltd. and the Chief Executive Officer of its Insurance segment. He served as an underwriter at Charman Underwriting Agencies from 1989 until 1998, when acquired by ACE Limited. At ACE, he served in a number of senior roles including as a member of the Global Markets Executive Underwriting Committee and was appointed Joint Active Underwriter of Syndicate 2488 and director of the ACE Agency Board, where he served until joining AXIS in 2002.

External appointments/Other roles:
Currently serving as Non-Executive Chair to strategic intelligence firm, Herminius Holdings Ltd.

Key

Chair	B	A	I	N	R	U
	Board of Directors	Audit Committee	Investment Committee	Nomination, Corporate Governance and Sustainability Committee	Remuneration Committee	Underwriting and Underwriting Risk Committee

Bryan Joseph
Non-Executive Director

B A U

Date of appointment to the Board: 26 April 2023

Board meeting attendance: 2/2

Skills, experience and qualifications:
Bryan is a Fellow of the Institute and Faculty of Actuaries with over 40 years of experience in the insurance and reinsurance industry. Having started his career as a trainee actuary in Legal & General, Bryan held a number of senior roles in the industry including partner and global chief actuary for PwC. Bryan left PwC in 2015 and founded Vario Partners LLP, an ILS consultancy specialising in transforming underwriting risk into capital markets. In 2016, Bryan joined XL Catlin (now AXA XL) as an independent non-executive director serving in a variety of non-executive director and committee Chair roles within the AXA XL group including as Chair of the audit committees, and as Chair of XL Insurance Company SE, the group's European and Asia Pacific focused entity, overseeing its move to the Republic of Ireland and merger with AXA. Bryan stepped down from all AXA XL Directorships in 2023 to take on his role with Lancashire.

External appointments/Other roles:
Bryan is a partner of Vario Partners LLP and a director of Vario Global Capital Limited, the Vario operating company. Bryan was appointed as a Non-Executive Director for Sabre Insurance Group plc in June 2023.

Robert Lusardi
Senior Independent Non-Executive Director

B A I R

Date of appointment to the Board: 8 July 2016

Board meeting attendance: 4/4

Skills, experience and qualifications:
From 1980 until 1998, Robert Lusardi was an investment banker in New York, ultimately as Managing Director of the insurance and asset management industries. From 1998 until 2005, he was a member of the Executive Management Board of XL Group plc, first as Group CFO then as CEO of one of their three operating/reporting segments; from 2005 until 2010 he was an EVP of White Mountains (an insurance merchant bank) and CEO of certain subsidiaries; and from 2010 to 2015 he was CEO of PremieRe Holdings, a private insurance entity. He has been a director of a number of insurance-related entities including Symetra Financial Corporation, Primus Guaranty Ltd., OneBeacon Insurance Group Ltd., Esurance Inc., Delos Inc., Pentelia Ltd. and FSA International Ltd. He received BA and MA degrees in Engineering and Economics from Oxford University, an MBA from Harvard University and PhD from Barry University.

External appointments/Other roles:
He is also on the boards of Symetra Financial Holdings, Inc., a life insurer, and a Board member of Oxford University's 501(c)3 charitable organisation.

Irene McDermott Brown
Non-Executive Director

B N R

Date of appointment to the Board: 28 April 2021

Board meeting attendance: 4/4

Skills, experience and qualifications:
Irene McDermott Brown most recently held the position of Chief Human Resources Officer at M&G plc, a FTSE 100 international savings and investments firm, retiring from that role on 31 December 2021. Her executive career has included international human resources roles at Barclays, BP, and Cable and Wireless. Ms McDermott Brown's UK experience includes over 12 years at Mercury Communications, Digital Equipment Company and the Electricity Supply Industry. She has an MSc from the London School of Economics in Industrial Relations and is a Fellow of the Chartered Institute of Personnel and Development.

Key						
○ Chair	B Board of Directors	A Audit Committee	I Investment Committee	N Nomination, Corporate Governance and Sustainability Committee	R Remuneration Committee	U Underwriting and Underwriting Risk Committee

Sally Williams
Non-Executive Director

B A N

Date of appointment to the Board: 14 January 2019

Board meeting attendance: 4/4

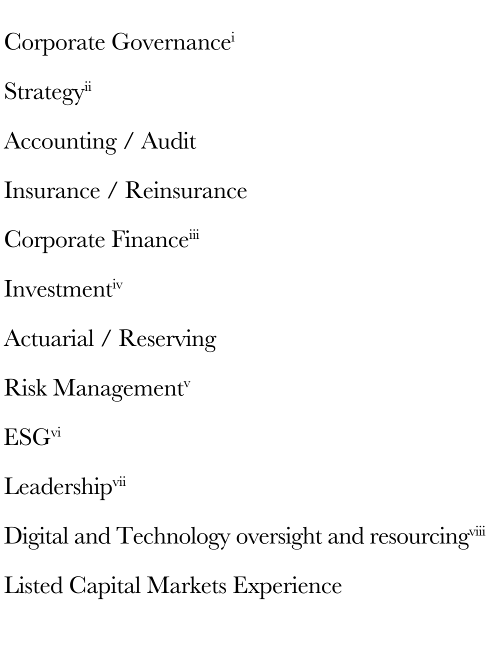
Skills, experience and qualifications:
Sally Williams has more than 30 years' experience in the financial services sector, with extensive risk, compliance and governance experience, having held senior positions with Marsh, National Australia Bank and Aviva. Ms Williams is a chartered accountant and spent the first 15 years of her career with PricewaterhouseCoopers, where she was a director specialising in financial services risk management and regulatory relationships. She also undertook a two-year secondment from PwC to the Supervision and Surveillance Department at the Bank of England. Ms Williams is also a Director of Lancashire Insurance Company (UK) Limited.

External appointments/Other roles:
Ms Williams is a Non-Executive Director of Family Assurance Friendly Society Limited (OneFamily), where she is chair of both their Audit Committee and their With Profits Committee, and a member of the Risk, Nominations and Member and Customer Committees. Ms Williams is also a Non-Executive Director of Close Brothers Group plc and Close Brothers Limited, where she is a member of their Audit and Risk Committees.

Christopher Head
Company Secretary

Skills, experience and qualifications:
Christopher Head is a qualified solicitor and joined Lancashire in September 2010. He was appointed Company Secretary of LHL in 2012 and advises on issues of corporate governance and generally on legal affairs for the Group. He also advises on the structuring of Lancashire's third-party capital underwriting initiatives, which have included the Accordion and Kinesis facilities. Prior to joining Lancashire, he was in-house Counsel with the Imagine Insurance Group, advising specifically on the structuring of reinsurance transactions. He transferred to Max at Lloyd's in 2008 as Lloyd's and London Counsel. Between 1998 and 2006, Mr Head was Legal Counsel at KWELM Management Services Limited, where he managed an intensive programme of reinsurance arbitration and litigation for insolvent members of the HS Weavers underwriting pool. Mr Head worked until 1998 at Barlow Lyde & Gilbert in the Reinsurance and International Risk Team. Mr Head has a History MA and legal qualification from Cambridge University.

Director skills matrix



i. Including legal, regulatory and compliance
ii. Including business development and M&A
iii. Including equity, debt and corporate funding projects
iv. Including investment treasury, portfolio and asset-liability management
v. Including internal control and internal audit processes
vi. Including sustainability and climate change
vii. Including senior management experience, people management, succession, culture and communication.
viii. Including oversight of data management, information security and cyber

Board Committees

Board and Committee administration

The Board of Directors is responsible for the leadership, strategy and control and the long-term success and sustainability of Lancashire's business. The Board has reserved a number of matters for its decision, including responsibility for setting the Group's values and standards, and approval of the Group's strategic aims and objectives. The Board has delegated certain matters to Committees of the Board, as described below. Copies of the Schedule of Board-Reserved Matters and Terms of Reference of the Board Committees are available on the Company's website at www.lancashiregroup.com.

The Board has approved and adopted a formal division of responsibilities between the Chair and the Group CEO. The Chair is responsible for the leadership and management of the Board and for providing appropriate support and advice to the Group CEO. The Group CEO is responsible for the management of the Group's business and for the development of the Group's strategy and commercial objectives. The Group CEO is responsible, along with the executive team, for implementing the Board's decisions.

The Board and its Committees meet on at least a quarterly basis. At the regular quarterly Board meetings, the Directors review all areas of the Group's business, strategy and risk management and receive reports from management on underwriting, reserving, reinsurance, finance, investments, capital management, internal audit, risk, legal and regulatory developments, compliance, climate change risk, ESG and sustainability and other matters affecting the Group. Management provides the Board with the information necessary for it to fulfil its responsibilities. In addition, presentations are made by external advisers such as the independent actuary, the investment managers, the external auditors, the remuneration consultants and the corporate brokers. The Board Committees are authorised to seek independent professional advice at the Company's expense.

The Board also meets to discuss strategic planning matters in addition to the customary schedule of quarterly meetings. The Board dedicated time to strategic opportunities and capital planning at a dedicated Board strategy session which was held in April 2023 in which all Directors and invited members of the management team participated.

The Chair holds regular meetings with the Non-Executive Directors, without the Executive Directors present, to discuss a broad range of matters affecting the Group. The Chair also holds regular meetings with the Chairs of the Group's principal operating subsidiaries: LICL, LUK, LSL and LCM.

All Directors attended the scheduled quarterly proceedings of the 2023 Board and their relevant Committees meetings, with the exception of Peter Clarke who was unable to attend the November Investment Committee meeting due to illness.

The Directors

Appointments to the Board are made on merit, against objective criteria, and with due regard to the right balance of skills, experience, knowledge, independence and diversity required for the Board to operate effectively as a whole. These areas are considered in detail by the Nomination, Corporate Governance and Sustainability Committee. The Board considers all the Non-Executive Directors to be independent within the meaning of the Code. Michael Dawson, Robert Lusardi, Jack Gressier, Irene McDermott Brown and Sally Williams are independent, as each is independent in character and judgement and has no relationship or circumstance likely to affect his or her independence. Peter Clarke was independent upon his appointment as Chair on 4 May 2016.

Bryan Joseph joined the Board as a Non-Executive Director with effect from 26 April 2023. The appointment of Mr Joseph was facilitated by the specialist recruitment agency Per Ardua Associates Ltd which conducted a Non-Executive Director search exercise under the direction of the Nomination, Corporate Governance and Sustainability Committee and Peter Clarke as the Company Chair. Per Ardua Associates Ltd prepared an independent candidate report which was considered at the Nomination, Corporate Governance and Sustainability Committee. Close consideration was given to the balance of skills and experience on the Board. The Board also considered the question of Mr Joseph's independence of character and judgement, and determined that he should be considered independent on his appointment. Bryan Joseph was appointed, during 2023, as a member of the Audit and the Underwriting and Underwriting Risk Committees.

Philip Broadley joined the Board as a Non-Executive Director and as the Board Chair designate with effect from 8 November 2023. The appointment of Mr Broadley was facilitated by the specialist recruitment agency Spencer Stuart which conducted a Non-Executive Director search exercise under the direction of the Nomination, Corporate Governance and Sustainability Committee. Robert Lusardi as the Senior Independent Director oversaw the Board process for the selection of the Board Chair. Spencer Stuart prepared an independent candidate report which was considered at the Nomination, Corporate Governance and Sustainability Committee meeting held on 7 November 2023. The Board considers that Mr Broadley has a range of skills and experience appropriate to providing the required strategic leadership to the Board and the business. The Board also considered the question of Mr Broadley's independence of character and judgement, and considered that he should be considered independent on his appointment. Subject to shareholder approval at the Company's 2024 AGM , Mr Broadley will assume the role of LHL Board Chair at the conclusion of the AGM on 1 May 2024.

Please see the Nomination, Corporate Governance and Sustainability Committee Report on page 89 for more details of the appointment process and the consideration of the respective skills of Mr Joseph and Mr Broadley within the context of Board succession planning and the need for an appropriate balance of skills and perspectives on the Board and its Committees. The question of Mr Broadley's Committee memberships will be considered during the course of 2024.

At the Board meeting held on 5 March 2024, further to a recommendation by the Nomination, Corporate Governance and Sustainability Committee, the Board affirmed its judgement that seven of the ten members of the Board are independent in their roles as Non-Executive Directors. The Board noted that Peter Clarke, having been appointed as a Non-Executive Director on 9 June 2014, and the Chair on 4 May 2016, had completed his ninth full year of service as a Director to the Company and would no longer be considered independent under the guidance of the Code. Peter Clarke will therefore not stand for re-election at the 2024 AGM. Therefore, in the Board's judgement, the Board's composition complies with the Code requirement that at least half the Board, excluding the Chair, should comprise Non-Executive Directors determined by the Board to be independent.

In accordance with the provisions of the Company's Bye-laws and the Code, and for 2024 with the exception of Peter Clarke, all the Directors are subject to election (in the case of Mr Broadley and Mr Joseph) or re-election annually at each AGM.

Information and training

On appointment, the Directors receive written information regarding their responsibilities as Directors and information about the Group. An induction process is tailored for each new Director in the light of his or her existing skill set and knowledge of the Group and includes meetings with senior management and visiting the Group's operations. Information and advice regarding the Company's official listing, legal and regulatory obligations and on the Group's compliance with the requirements of the Code are also provided on a regular basis. An analysis of the Group's compliance with the Code is collated and summarised in quarterly reports together with a more general summary of corporate governance developments, which are prepared by the Group's legal and compliance department for consideration by the Nomination, Corporate Governance and Sustainability Committee. That Committee also receives reports from the ESG Committee Chair on its work. The Directors have access to the Company Secretary and the Group General Counsel who are responsible for advising the Board on all legal and governance matters.

The Directors also have access to independent professional advice as required. Regular sessions are held between the Board and management as part of the Company's quarterly Board meetings, during which in-depth presentations covering areas of the Group's business are made. During these presentations the Directors have the opportunity to consider, challenge and help shape the Group's commercial strategy. The Directors are also encouraged to seek supplementary know-how training suitable to their roles offered by the many external providers of training pertinent to governance, in particular the roles of Non-Executive Directors, and to consider their training needs and priorities as part of the year-end performance evaluation for the Board and its Committees.

Board performance – 2023 evaluation

A formal performance evaluation of the Board, its Committees and individual Directors is undertaken on an annual basis and the process is initiated by the Nomination, Corporate Governance and Sustainability Committee led by the Chair of the Board. The aim of this work is to assess the effectiveness of the Board and its Committees in terms of performance and risk oversight, strategic development, stakeholder and employee engagement, composition, skillset, supporting processes and management of the Group. The evaluation is forward-looking in terms of identifying strategic priorities and actions as well as considering performance, training and development needs for the Directors within the context of the work of each Committee and that of the Board.

The 2023 evaluation process for the Board and each of its Committees was conducted internally and was based on a set of questionnaires which were prepared by the Company Secretariat and agreed with the Board Chair and the Chairs of each of the Committees and made available to participants using a web-based platform. The Group's principal operating subsidiaries, LICL, LUK, LSL and LCM also carried out performance appraisals facilitated by the respective company secretaries. The reports covering the subsidiary boards and relevant committees including recommendations were discussed with the respective subsidiary chairs and have been discussed within the relevant subsidiary boards. Key themes from those subsidiary evaluations were also reported to the LHL Board.

The 2023 LHL Board and Committee evaluation process involved each Director as well as the Company Secretary, the Group CRO, Group General Counsel and other Committee members and members of senior management who were invited to review and complete online questionnaires. Further to this process the Company Secretary prepared an evaluation report for the Board which collated feedback from the responses on an anonymised basis and identified a series of themes covering both areas of effectiveness and potential actions and areas for further discussion or development. The summary reports were discussed between the Company Secretary and the Board Chair and the relevant Committee Chairs before being distributed to each of the Directors. The Chair invited feedback on key findings in the evaluation reports prior to their finalisation.

The performance evaluation reports were formally tabled and discussed at meetings of the Nomination, Corporate Governance and Sustainability Committee and the Board held in March 2024, and each of the other Committees discussed the report pertinent to its own operation and performance. The reports identified a number of key strengths of the Board and its Committees, including; dynamics and chairing; skills and expertise of both Non-Executive and Executive Directors; effective oversight of strategy and performance; effective shareholder and stakeholder engagement; strong Committee reporting; an open, candid and collaborative Board culture; effective risk management and controls; an effective Group structure and governance; and good company secretariat support. The Board discussions on the reports were led by the Chair.

In summary, in its consideration of the 2023 performance evaluation reports, the Board concluded that it operates effectively and has a good blend of insurance, financial, regulatory and other relevant expertise. All Non-Executive Directors are committed to the continued success of the Group and to making the Board and its Committees work effectively. Attendance at Board meetings was found to be good. The Group CEO and the Group CFO, the Company's Executive Directors, were also found to be operating effectively.

The Board also concluded that appropriate infrastructure, processes and governance mechanisms are in place to support the effective performance of the Board and its Committees. The Board is also considered to manage risk effectively. Furthermore, the number of Directors on the Board and the balance of skills is considered to be appropriate.

The Board acknowledges the need to actively address the gender and diversity balance of the Board in its succession planning.

Further to the Board engagement with the evaluation process and consideration of the reports, the Board concluded that Board and Committee oversight of strategy, risk tolerances and controls had operated effectively. Management's presentation to the Board of strategy had generated a useful discussion of the longer term strategic trajectory of the Group and good progress had been made in the establishment of a Group U.S. underwriting presence. The processes for Board and Chair succession had been well managed and had operated effectively. Implementation of the IFRS 17 accounting reporting standard during the year had been well implemented by management and discussed effectively within the Board and its Committees.

Engagement between the Board and the workforce was considered to be generally strong and beneficial to the operation of the business. Effective workforce engagement will continue to be a priority for the Board. For further information on workforce engagement, please see Peter Clarke's introduction to the Sustainability and Governance sections starting on page 41 and the report from the Nomination, Corporate Governance and Sustainability Committee starting on page 89.

Other strategic priorities identified by the Board for the year ahead included ensuring a balance between the maintenance of a robust capital base for the Group, capable of supporting the strategic growth plans for the business and the Group's strategic objective of actively managing its capital. The Board and management are also committed to maintaining a close focus on recruitment, skills, employee retention and training to further strengthen and build a workforce equipped to deliver the Group's strategic growth plans.

The Board identified a number of areas for training and specific themes for monitoring over the coming year, including the following:

- To review strategic opportunities for growth and the related resourcing requirements;
- To monitor the progress in the establishment of the Group's new U.S. underwriting platform;
- To continue to monitor expected legislative and regulatory changes in the area of UK financial reporting, audit and associated regulation; and
- To monitor changes to the Bermuda, UK and global tax rules and to consider the strategic implications.

The Board will continue to review its procedures, training requirements, effectiveness and development during 2024.

The Chair's performance appraisal was led by the Senior Independent Director, who consulted with the Non-Executive Directors with input from the Executive Directors during August 2023. The Chair was considered to be effective in facilitating strategic decision-making, whilst ensuring an appropriate level of challenge and a culture of constructive discussion.

Following the year-end, the Chair met with the Group CEO, and the Group CEO met with the Group CFO, to conduct a performance appraisal in respect of 2023 and to set targets for 2024. The results of these performance evaluations were discussed by the Chair and the Non-Executive Directors and are reported in the Directors' Remuneration Report commencing on page 101.

Relations with shareholders

During 2023, the Group's Head of Investor Relations, usually accompanied by one or more of the Group CEO, the Group CUO, the Group CFO, the Chair or a senior member of the underwriting team, made presentations to major shareholders, analysts and the investor community. Formal reports of these meetings were provided to the Board on at least a quarterly basis.

Conference calls with shareholders and analysts hosted by senior management are held quarterly following the announcement of the Company's quarterly financial results or trading statements. The Group CEO, Group CUO and Group CFO are generally available to answer questions on these calls.

Shareholders are invited to request meetings with the Chair, the Senior Independent Director and/or the other Non-Executive Directors by contacting the Group Head of Investor Relations. All of the Directors are expected to be available to meet in person or virtually with shareholders at the Company's 2024 AGM.

The Chair of the Remuneration Committee led a shareholder advisory exercise with the Group's largest shareholders regarding the Board's remuneration plans during early 2024.

The Company commissions regular independent shareholder analysis reports, and also receives periodic reports from the Group's Head of Investor Relations on feedback from shareholders and analysts.

The Company's bye-laws are governed by Bermuda Company Law and subject to approval of shareholders in a general meeting. The bye-laws are available on the Company website. A copy of the Company's bye-laws is also available for inspection at the Company's registered office.

Enterprise risk management

The Board is responsible for setting the Group's risk appetites, defining its risk tolerances, and setting and monitoring the Company's risk management and internal control systems, including compliance with risk tolerances. During 2023, the Board carried out a robust assessment of the emerging and principal risks affecting the Group's business model, future performance, solvency and liquidity and the operation of internal control systems.

Further discussion of the emerging and principal risks affecting the Group, as well as the procedures in place to identify and manage them, can be found in the ERM section of this report on page 23 and in the risk disclosures section on page 148. The Group's reporting of climate change risk and its management within the business can be found in the TCFD Report starting on page 49.

Each of the Committees is responsible for various elements of risk (see the various Committee reports from page 83 for further detail). The Group CRO reports directly to the Group and subsidiary boards and facilitates the identification, evaluation, quantification and control of risks at a Group and subsidiary level. The Group CRO provides regular reports to the Group and subsidiary boards covering, amongst other things, actual risk levels against tolerances, emerging risks, loss events and near misses, key risk indicators, and an overview of the control environment (driven by key control testing and control affirmations, and supported by internal audit findings). The Board considers that a supportive ERM culture, established at the Board and embedded throughout the business, is of key importance. The facilitating and embedding of ERM and helping the Group to improve its ERM practices are a major responsibility assigned to the Group CRO. The Group CRO's remuneration is subject to annual review by the Remuneration Committee. The Board is satisfied that the Company's risk management and internal control systems have operated effectively for the year under review. In this regard, please see the Audit Committee report on page 83.

Committees

The Board has established Audit, Investment, Nomination, Corporate Governance and Sustainability, Remuneration, and Underwriting and Underwriting Risk Committees. Each of the Committees has written Terms of Reference, which are reviewed regularly and are available on the Company's website. The Committees' Terms of Reference were reviewed by the Board during 2023 and considered again as part of the 2023 year-end performance evaluation process. The Committees' Terms of Reference are considered to be in line with current best practice. The Committees are generally scheduled to meet quarterly, although additional meetings and information updates are arranged as business requirements dictate. Director attendance at the 2023 Board meetings is set out on pages 72 to 75. A report from each of the Committees, which covers Committee attendance, is set out at the front of each of the Committee reports.

Section 172 – Delivering responsibly for stakeholders

We engage with a range of stakeholders through the course of our operations. We value those relationships and aim to create a healthy and sustainable corporate culture that delivers on their expectations.

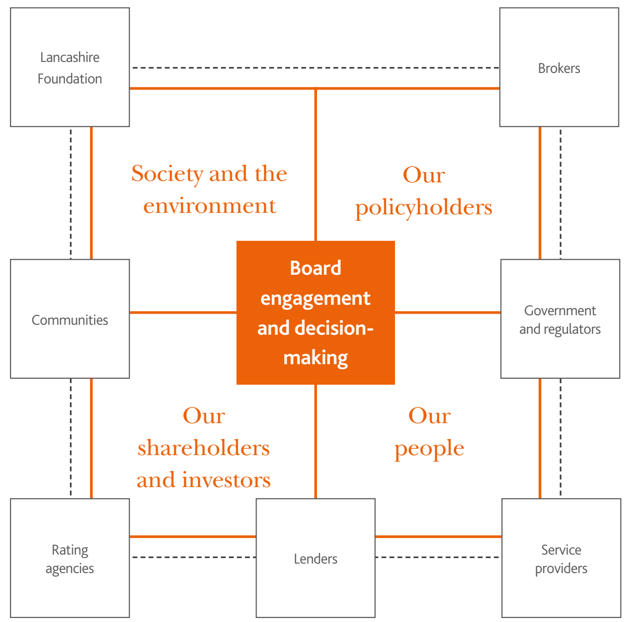
Our people
We aim to attract and retain the best talent across our underwriting and support functions. Our positive and distinctive culture is supported by our values which guide the way that we operate. We ask our people to tell us their opinions on their experience with the Group through our annual employee survey and value and act on their feedback. We believe in offering the best possible working environment for employees and, during 2023, we enhanced our London office space and facilities. The Group is committed to providing a range of policies that protect and support colleagues in their day-to-day work and more widely. When attracting new employees to the business, we value diversity, equity and inclusion and train our hiring managers to ensure all candidates are treated fairly.

Our policyholders
We have long-standing relationships with many policyholders and use our diverse product offering to foster effective partnerships with new clients. Our policyholders are at the centre of everything we do, and we strive for excellence in all our activities on their behalf.

Our experienced teams include our claims specialists, who have specific and detailed knowledge of our diverse product lines and are focused on ensuring a timely and equitable claim resolution for our clients. We aim to adopt an approach to the claims handling process, which is proactive and efficient, as well as transparent and flexible, while acting in accordance with the terms and conditions of the (re)insurance policy provided. This enables our clients to recover from the impact of loss events as soon as practicable. We also operate in a highly-regulated market, seeking to engage constructively with the Group's regulators. This regulation helps reinforce management's focus on maintaining an open culture, good risk management and a strong capital base.

Brokers
Lancashire strives to be a trusted partner to brokers distributing (re) insurance solutions to our policyholders and, since inception, we have built strong relationships with large international firms and smaller independent intermediaries. Our expert understanding of risk management and transfer adds value to our discussions with broker partners and we actively look for new ways to further strengthen and enhance our relationships. Our underwriters attend a number of industry events and conferences each year where they are able to discuss our products and appetite for various types of business with broker representatives. During 2023, these included events in Monte Carlo, Baden-Baden, and Singapore. Our marketing activities through corporate social media, our Company website and hosting face-to-face events with brokers also encourages a good understanding of our business and priorities. A new reception area and visitor suite was also opened at our London office in 2023 to create a professional and comfortable space for guests.

Our universe of stakeholders



Our shareholders and investors
As a premium-listed company on the LSE we pride ourselves on our mutually beneficial relationships with our shareholders and those entities which lend to the Group. We maintain open and transparent communication channels with them and work hard to foster good relations through our active programme of engagement. Our relationship with our shareholders is led by our Group Head of Investor Relations, in collaboration with members of the Board and the wider Executive team. This includes an Investor Day which was most recently held in London in November 2023, which included presentations from our senior leaders on our strategy, capital management, claims and reserving and our Lloyd's syndicates. These presentations are followed by a questions and answers session. The Group's corporate brokers provide guidance on investor priorities and perception and meet regularly with the Board. We maintain a regular and open dialogue with the Group's main ratings agencies.

Society and the environment
Lancashire measures and offsets carbon emissions for our own operations and seeks to be a responsible underwriter and investor. We align our activities to the global transition to net-zero. Within underwriting, we continue to support our clients as they transition and reduce GHG emissions and through active engagement with them with regard to our ESG Underwriting Guidelines. The Lancashire Foundation makes a tangible difference to communities across our markets and beyond, through charitable donations and utilising the talent and energy of our people for good.

Responsible Board decision making

The Code requires formal disclosure around the interests of and engagement with stakeholders, and the duties falling upon boards under Section 172 of the UK Companies Act 2006. Although the Company is incorporated in Bermuda and is therefore not subject to the UK Companies Act requirements, the Board continues to pay close attention to developments in English law and governance best practice.

In this 2023 Annual Report and Accounts, we give an overview of how both the Board and the business have factored in the needs of our stakeholders in their discussions and decision making in all areas of performance review, strategy, risk and capital management. To that end, this section should be considered together with the rest of this report as the Company's comprehensive summary of its Directors' compliance with their equivalent Section 172 duties.

Section 172 responsibilities in focus

Capital return to shareholders

Criteria considered (See table)

Relevant stakeholders

Our shareholders
Our people
Our policyholders and brokers
Government and regulators

a b c e f

Due to the robust capital position of the Group, arising from the strong operational performance of the business during 2023, the Board approved a special dividend of $0.50 per common share, which was paid to shareholders on 15 December 2023. Additionally, the Board approved expenditure of up to $50 million to repurchase Lancashire's shares. No shares were repurchased under the programme. Including the final and interim dividends paid during 2023 the total dividend to shareholders during the year amounted to $0.65 per common share. In taking these capital deployment decisions, the Board considered the capital requirements for the business to support its underwriting and wider business plans for 2024. The Board also discussed requirements for capital held in light of the Group's regulatory capital requirements and with regard to the market credit rating agency models. The Board concluded that Lancashire's performance and diversification strategy over recent years has both improved its capital efficiency and strengthened its overall capital position. The Board also actively considered the needs of the Group's policyholders as a key part of capital planning. The Company's financial security and balance sheet strength is a key part of its offering to its (re)insured policyholders. Additionally, the Board noted that employees who are members of the RSS were eligible to share in the company's strong performance through the special dividend.

Board succession planning

Criteria considered (See table)

Relevant stakeholders

Our policyholders and brokers
Government and regulators
Our shareholders
Our people
Society
Environment

a b c d e f

During 2023, two new appointments to the Board were approved. In November, Philip Broadley was appointed as a Non-Executive Director and as the LHL Chair designate. His appointment as Chair is expected to take effect immediately following Lancashire's 2024 AGM, subject to shareholder approval. The search for a Chair successor was led by Robert Lusardi, Lancashire's Senior Independent Director, who assumed the role of Chair for all relevant Board and Committee discussions. The appointment process was conducted through Lancashire's Nomination, Corporate Governance and Sustainability Committee and approved by the LHL Board. In April, Bryan Joseph was also appointed as a Non-Executive Director and a member of both the Audit and Underwriting and Underwriting Risk Committees. Philip and Bryan bring significant additional expertise to the Board to help us deliver on our strategic ambitions.

Growth in premiums written and geographic expansion

Criteria considered (See table)

Relevant stakeholders

Our policyholders and brokers
Government and regulators
Our shareholders
Our people
Society
Environment

a b c d e f

Lancashire continued to grow premiums written in 2023 with an increase of 16.9%. This growth included business written in both existing and newer lines of business. The Board discusses the growth strategy of the business at its quarterly meetings and meets with senior underwriters to understand current market dynamics, risks and opportunities. Additionally, all Board members attend the quarterly UURC. During 2023 the Board also considered and approved the expansion of the business through the launch of Lancashire Insurance U.S. Lancashire Insurance U.S. will operate under a delegated underwriting arrangement with Lancashire's UK company platform and is expected to begin underwriting in early 2024. The U.S. operation will be complementary to our existing capabilities. This growth strengthens the policy offering to our clients and further enhances the societal benefits of the risk management (re)insurance products we offer, delivers opportunity for our people, and generates returns for our investors. It is implemented with due regard to legal and regulatory requirements and close consideration of the capital demands of our business.

Section 172(1):	Duty to promote the success of the company, with regard to:	For further details, see:
a	The likely consequences of any decision in the long term;	The Group's statement of purpose – page 9 The Group's business model – page 9 The Group's strategic goal and three priorities: that Underwriting comes first; balancing risk and return through the cycle; operating as an insurance market employer of choice – pages 10 and 11 Embedding a sustainable culture for a profitable business – page 41 The Board's assessment of the Group's viability and prospects as set out in the going concern and viability statement – page 120
b	The interests of the company's employees;	The importance of our people, and the business's focus on Lancashire's values, culture, diversity & inclusion, training and development and workforce engagement – page 33
c	The need to foster the company's business relationships with suppliers, customers and others;	Our business depends upon the strong business relationships that we build and maintain with our core and broader stakeholders. All Board members attend the quarterly UURC and, during 2023, gave close consideration to business development opportunities as summarised in the Committee's report – page 96
d	The impact of the company's operations on the community and the environment;	Society and the environment form part of our 'core' set of stakeholders. The Board is engaged with the impact of the Company's operations through its oversight of the Lancashire Foundation, the Group's submission to the CDP, the annual offsetting of our own operations' GHG emissions, and our commitments to report against the UNEP FI Principles for Sustainable Insurance (see our website for details) and address the requirements of the TCFD – page 49 to 64.
e	The desirability of the company maintaining a reputation for high standards of business conduct; and	Through its compliance with the Code, the Company strives to operate in line with high standards of governance expectation and business conduct. A healthy and sustainable corporate culture is embedded throughout the business, which is assessed by the Board through various channels – page 92 The Audit Committee oversees the Group's implementation of whistleblowing arrangements, and other systems and controls for the prevention of fraud, bribery and money laundering – page 88
f	The need to act fairly as between members of the company.	The Board is committed to treating the Company's shareholders fairly, and engaging with them through a broad programme of investor relations activities, meetings (including the AGM), and targeted consultations; be that with our substantial shareholders, the Company's own employees, private individuals, or via shareholder advisory groups. See 'Section 172 responsibilities in focus', regarding the Board's consideration of the balance between underwriting opportunities and the payment of dividends – page 81

Audit Committee

"The Audit Committee has worked closely with Natalie Kershaw and the finance team in overseeing the implementation of the IFRS 17 and IFRS 9 accounting standards, effective from 1 January 2023. I would like to thank all those within the business who have worked hard in embedding these new standards, and in ensuring that the Committee has been given the appropriate tools for oversight of their implementation. The Committee has remained focused on challenging the key accounting judgements, assessing the integrity and fair presentation of the Group's financial reporting, and reviewing the maintenance and effectiveness of the Group's internal controls. The Committee also monitored and reviewed the activities and performance of internal and external audit."

Sally Williams
Chair of the Audit Committee

Committee membership

The Audit Committee comprises four independent Non-Executive Directors and is chaired by Sally Williams. The qualifications for each of the Committee members are detailed on pages 72 to 75. The Committee members bring a diverse range of experience in finance, risk, control and business, with particular experience in the specialty insurance and reinsurance sectors. The Board has confirmed that the members of the Committee have the necessary expertise to provide effective challenge to management; this includes the chair.

The Group's internal and external auditors have the right of direct access to both the management team and the Audit Committee. The Audit Committee's detailed Terms of Reference are available on the Group's website.

Committee members	Meetings attended
Sally Williams (Chair)	4/4
Simon Fraser	2/2
Jack Gressier	1/1
Bryan Joseph	2/2
Robert Lusardi	4/4

Following the 2023 AGM Simon Fraser stepped down as a Director of the Board and Committee member with effect from 26 April 2023. As part of the Board's longer term succession planning, Bryan Joseph joined the Committee on 26 April 2023 and Jack Gressier became a member on 9 August 2023.

Principal responsibilities of the Committee

- Monitoring and reviewing significant accounting judgements;
- Monitoring the integrity of financial and narrative reporting including recommending to the Board if this is fair, balanced and understandable;
- Reviewing the activities and effectiveness of Group internal audit;
- Reviewing the effectiveness and quality of the external audit process, the independence of the external auditor and the findings from the audit with the external auditor;
- Recommending the appointment of the external auditor and the approval of their fees;
- Overseeing the effectiveness of the Group's internal controls and risk management systems; and
- Monitoring compliance, whistleblowing, speaking up mechanisms for financial irregularities, risk and fraud.

Specific details of the Committee's responsibilities and activities in these principal areas during the year are set out in the table on the following pages.

Summary of key areas of Audit Committee challenge

IFRS 17 and IFRS 9 implementation

2023 was the year in which both IFRS 17 and IFRS 9 accounting standards were implemented. Preparing for this new standard has been a multi-year project requiring significant change to accounting systems and processes. The Committee recognises the very considerable efforts by our finance and actuarial teams in delivering this successfully.

The Committee devoted additional time to reviewing reports received from the finance team relating to the assumptions, judgements, restatements, changes to APMs and other changes arising from this implementation, together with the related disclosures in the financial statements.

Significant areas of judgement and estimation

An annual paper is presented by management to the Committee that details the areas of judgement and estimation in the preparation of the consolidated financial statements. This is scrutinised and challenged by the Committee. Key areas of judgement and estimation challenged by the Committee during the year are discussed below.

Measurement of insurance contracts issued and reinsurance contracts held

The most significant area of judgement and estimation considered by the Committee during 2023 related to the Group's measurement of insurance contracts issued and reinsurance contracts held. These are recognised on the statement of financial position as 'insurance contract liabilities' and 'reinsurance contract assets'. As a result of the judgemental nature of these balances, changes in assumptions made may materially change the fulfilment cashflows that make up these balances. The estimation of the fulfilment cashflows is a complex actuarial process which incorporates a significant amount of judgement, in particular in relation to the estimation of the liability for incurred claims and the asset for incurred claims (i.e. the gross and net loss reserves).

The Committee's primary areas of focus and challenge relates to the adequacy of these gross and net loss reserves. The Committee held regular sessions with the Group Chief Actuary and the Group Head of Claims during the year to discuss reserving and claims developments. The Committee also received independent estimates of the Group's loss reserves from an external actuary and compared these third-party estimates to those of the Group at its second and fourth quarter Audit Committee meetings.

During the year the committee discussed and challenged:

- developments in reserves across the Group's entities;
- reserving for loss events which occurred during the year, together with reserve developments in respect of prior year losses;
- the impact of inflation on the Group's approach to reserving and related assumptions;
- developments in the Group's reserving approach;
- the IFRS 17 risk adjustment maintained within insurance contract liabilities above the established actuarial best estimate; and
- the IFRS 17 confidence level for the Group's margin adjusted reserves.

KPMG LLP conducted a detailed re-projection of the Group's loss reserves as part of the annual financial statement audit.

Having reviewed and challenged these areas, the Committee concurred with management's valuation of the Group's loss reserves and the relevant disclosures around loss reserving and related assumptions in the Group's consolidated financial statements.

Assessment of premium allocation approach ("PAA") eligibility

The Committee's work in this area relates to the implementation of the IFRS 17 accounting standard. IFRS 17 includes an option to apply the premium allocation approach, which is designed to simplify the measurement of insurance and reinsurance contracts. Judgement is applied when performing the PAA eligibility assessment on insurance and reinsurance contracts with a coverage period of more than 1 year. The Committee discussed and agreed with management the basis on which the Group would apply judgment in determining that it is eligible to apply the PAA measurement model to its portfolios and groups of contracts as the measurement of the liability for remaining coverage and asset for remaining coverage is not reasonably expected to differ materially from that calculated under the general measurement model. This assessment was made following detailed modelling of the Group's insurance contracts under IFRS 17.

Risk culture and controls and financial reporting

Other key areas of review and challenge by the Committee were in areas of the effectiveness of the business's control environment; the continued integrity of external financial reporting; and the oversight of corporate and risk culture through the reporting of the internal audit and risk management functions.

Going concern basis of accounting and longer term viability

The Audit Committee reviewed and challenged the going concern assessment prepared by management at both its July 2023 and March 2024 meetings, with particular consideration of capital management, the current underwriting and loss environment, the composition and liquidity of the investment portfolio, long-term debt financing arrangements, strategic and financial forecasts over the business planning horizon, and stress and scenario testing (including climate-change risk scenarios). These factors are also relevant in providing assurance to the Board on the longer term viability of the Group's business strategy.

Having reviewed and challenged these areas, the Committee concurred with management's going concern assessment, together with the relevant disclosures in respect of going concern and longer term viability within the Group's consolidated financial statements.

How the Committee discharged its responsibilities

Financial and narrative reporting

Committee responsibility	Committee activities
Monitors the integrity of the Group's consolidated financial statements, including its annual and half-yearly reports, annual reporting arising under applicable supervisory rules, interim management statements, preliminary announcements and any other formal statements relating to the Group's financial performance. Reviews and reports to the Board on significant financial reporting issues and judgements contained in the consolidated financial statements.	At each meeting the Committee reviewed the Group's management accounts, including the annual consolidated financial statements, as well as the Annual Report and Accounts, and other public financial disclosures for the purpose of recommending their approval by the Board. The Group's annual regulatory reports, prepared in accordance with the BMA's reporting requirements, were reviewed in April 2023 at the Audit Committee meeting prior to their recommendation to the Board for approval. The Committee also monitored the activities of the Group's Disclosure Committee and reviewed the Group's financial releases and accompanying earnings call investor presentations. During 2023, the Committee received, discussed and challenged regular and ad hoc reports and presentations from management in the following areas. • Loss reserving, and developments to the Group's reserving process (see the Summary of key areas of Audit Committee challenge section above). • The implementation of IFRS 17 and IFRS 9 and the related enhancements to the Group's finance procedures and IT framework. • Discussing financial reporting related changes arising from the implementation of IFRS 17 and IFRS 9 and other new or significant accounting treatments (including related party transactions). • Developments in accounting and financial reporting requirements impacting the consolidated financial statements. • The new Bermuda corporate income tax rules established in 2023. • Changes made to APMs due to implementation of IFRS 17. • The activities of the finance team. • The 2023 assessment of the Group's ability to continue as a going concern and the longer term viability of the business (see narrative above and page 120 for further details). • Key risk and controls including those relating to information security as part of regular risk controls reporting, together with quarterly confirmatory compliance statements from the Group's legal and compliance function. • The activities of LHL's subsidiary companies boards and audit committees. • Reports from the external auditors and discussion with them, covering audit planning, the results of the external auditor assessment of key financial statement judgements and estimates, control testing, misstatements identified and other audit and accounting matters. The Committee also attended a training session delivered by the management team to the Board on the Group's implementation of the IFRS 17 and IFRS 9 accounting standards. The Audit Committee continued its practice of holding engagement sessions with the Group CFO, the Group Head of Internal Audit, the Group Chief Actuary and the External Auditor without management present. **Judgements and estimation in the consolidated financial statements** The Committee gave detailed consideration to the areas of significant judgement and estimation uncertainty applied in preparing the consolidated financial statements involving a range of views and challenge from the Committee members, the management team and the external auditors. See the summary on the significant areas of judgement and estimation uncertainty applied by management on page 84.
Reviews the content of the Annual Report and Accounts and advises the Board on whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.	The Committee reviewed the early drafts of the 2023 Annual Report and Accounts in order to keep apprised of its key themes and messages. Ahead of presentation to the Committee, a thorough review process of the Annual Report and Accounts was conducted to help ensure disclosures were balanced and accurate. The Committee carefully reviewed the Group's performance and reporting in light of the principal and emerging risks. The Committee carefully reviewed the clarity of the new disclosures made in accordance with IFRS 17 and IFRS 9, and relating to APMs, including consideration of the overall presentation of APMs to ensure that they are properly explained, reconciled and not given undue prominence. The Committee reviewed the final draft of the 2023 Annual Report and Accounts at the March 2024 Audit Committee meeting, together with the external auditor's report. The Committee advised the Board that, in its view, the 2023 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

How the Committee discharged its responsibilities *continued*

External audit oversight

Committee responsibility	Committee activities
Oversees the relationship with the Group's external auditors, approves their remuneration and terms of engagement, and assesses annually their independence and objectivity, taking into account relevant legal, regulatory and professional requirements, together with the Group's relationship with the external auditors as a whole. This includes an annual assessment of the qualifications, expertise and resources, and independence of the external auditors and the effectiveness of the external audit process.	The Committee considered the appropriateness of the annual external audit plan, and whether appropriate professional scepticism was applied by KPMG LLP to key accounting judgements such as reserving. The committee noted that KPMG LLP's work included a detailed re-projection of the Group's loss reserves. Following its review, the Committee was satisfied that the external audit plan was appropriate and hence did not need to request changes to this plan. Following the Committee's approval of the external audit plan the Committee received regular reports from the external auditors, including an ongoing assessment of the effective delivery of the audit compared to the plan. KPMG LLP's terms, scope of engagement and fees were discussed, challenged and subsequently approved by the Committee during the year. Following the 2022 year-end audit, the Committee performed an assessment led by the Committee Chair, of the effectiveness of the external audit process. This year the evaluation focused on the following areas: independence, professional scepticism and culture; the quality of audit expertise; auditor quality control; audit planning; and audit performance and evaluation. The assessment was discussed at the April 2023 Audit Committee meeting. The process identified a number of potential areas for enhancement that were factored into the audit planning process for 2023. Overall, the Committee was able to conclude that the external audit process was operating effectively, both with respect to the service provided by KPMG LLP and management's continued support of the audit process. The Committee reviewed a letter from the external auditor to the management team setting out certain findings and recommendations in respect of the control environment observed during the 2022 audit, together with management responses in each area identified. The Committee reviewed the independence of the external auditors at the half-year and year-end meetings, taking into account any non-audit services provided and related fee arrangements. The Committee concluded that KPMG LLP remain independent.
The development and implementation of a formal policy on the provision of non-audit services by the external auditors, taking into consideration any threats to the independence and objectivity of the external auditors.	Pursuant to its annual review process, the Committee received a recommendation from management and approved and adopted a formal non-audit services policy in April 2023. The policy stipulates the approvals required for various types of non-audit services that may be provided by the external auditors, as well as those from which the external auditors are excluded, and is made available on the Group's website. During 2023, KPMG LLP provided $0.6 million of non-audit services to the Group relating to the half-year reporting review, PRA Solvency II and Lloyd's regulatory returns. The Committee gave careful consideration to the nature of the non-audit services provided, the suitability of KPMG LLP as the supplier of the non-audit services and the level of fees charged and has determined that they do not affect the independence and objectivity of KPMG LLP as auditors.
Makes a recommendation to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment or removal of the Group's external auditors.	The 2023 financial year was the seventh financial year in which KPMG LLP acted as the Group's external auditors. The incumbent lead audit partner is Salim Tharani, who assumed this role in February 2022 and has now completed two full years as the designated KPMG LLP lead audit partner. In conformance with the required rules, provisions and good corporate governance, the Group will be required to tender for the external audit ahead of the 2027 year end. The Committee will consider in due course its plan for the tender process. The external audit fee arrangements across the Group were agreed after discussion between the Committee, management, and KPMG LLP. The Committee and the Board are recommending the re-appointment of KPMG LLP as external auditors at the 2024 AGM. The Committee monitored the developing corporate governance and regulatory landscape relating to the governance, delivery and conduct of the external audit.

How the Committee discharged its responsibilities *continued*

Internal audit oversight

Committee responsibility	Committee activities
Monitors and assesses the role and effectiveness of the Group's internal audit function in the overall context of the Group's risk management system, ensuring it has unrestricted scope, and the necessary resources and access to information to enable it to fulfil its mandate in accordance with appropriate professional standards.	The Group's internal audit function reports directly to the Committee. The Committee oversaw the appointment of a new Head of Group Internal Audit during the year. The Group Head of Internal Audit presented the annual internal audit strategy and plan to the Committee for review, discussion and approval. The internal audit plan considers current and emerging risks which impact the business and adopts a risk weighted approach. The Committee received reports from the Group Head of Internal Audit summarising the status of the internal audit plan; findings from internal audits conducted in the period; and the status of actions taken by management to implement recommendations arising. The internal audit programme also covers the assessment of the Group's culture, including risk culture, for each audit undertaken. An overall summary of observations identified in respect of the Group's culture is presented to the Committee and discussed in open and closed Committee sessions. The Committee reviewed and approved the Internal Audit Charter, which can be viewed on the Group's website. The Chair of the Committee undertook an annual review of the effectiveness of the internal audit function and its activities. At its November 2023 meeting, the Committee discussed the report and its findings and concluded that the internal audit function had operated effectively in the overall context of the Group's risk management system, has appropriate standing within the Group, and that the Group Head of Internal Audit has the appropriate reporting lines to maintain independence.

Internal controls and risk management systems

Reviews the adequacy and effectiveness of the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems. Reviews and approves the statements to be included within the Annual Report and Accounts concerning internal control, risk management, including the assessment of principle and emerging risks, and the statements regarding going concern and viability.	The Board has ultimate responsibility for ensuring the maintenance of a robust framework of internal control and risk management systems across the Group and has delegated the monitoring and review of these systems to the Committee. The Committee reviewed and challenged the Group's control environment, the results of the risk and control affirmation review and testing work performed and the ongoing effective operation of key controls. At each meeting the Committee is presented with a report from the Group Head of Internal Audit, and reviews findings relating to the control environment and management responses. In addition, the Committee received from the Group Head of Internal Audit an annual assessment of the effectiveness of the Group's governance, risk and control framework for discussion, together with an analysis of themes and trends from the internal audit work performed and their impact on the Group's risk profile. The Group Head of Internal Audit gave explicit consideration to management's fraud risk assessment as part of this work. Fraud risk and the associated controls were, otherwise, ordinarily considered by the Group internal audit function as part of the planning phase for each audit conducted. The Committee and Board were satisfied that the governance, risk and control framework continue to remain strong and appropriate for the Group, whilst noting those areas for enhancement, action and improvement which had been identified through the Group's established processes, or internal audit and risk and controls monitoring. The Committee assisted the Board in determining the appropriateness of adopting the going concern basis of accounting and in performing the assessment of the viability of the group, as more fully described in the Directors' Report at page 120.

How the Committee discharged its responsibilities *continued*

Compliance, speaking up and fraud

Committee responsibility	Committee activities
Reviews for adequacy and security the Group's compliance, speaking up and fraud controls.	The Committee conducted an annual effectiveness review of the Group's policies and procedures relevant to financial controls, and recommended the adoption by the Board of updated policies and procedures in respect of: anti-money laundering; the prevention of bribery and financial crime (including the detection of fraud); conflicts of interest; whistleblowing arrangements; and sanctions monitoring. The operation of the controls that are documented in these policies and procedures are reported to the Committee on a quarterly basis in the form of confirmatory compliance statements from the Group's legal and compliance function, members of which include the Group's Money Laundering Reporting Officers and Group Data Protection Officer. The Committee also keeps under review the adequacy and effectiveness of the Group's legal and compliance function, and receives regular updates on compliance training delivered to employees across the Group. The Group's whistleblowing policy and procedures provide an internal mechanism for the reporting, investigation and remediation of any workplace wrongdoing, with arrangements in place that allow for the independent investigation of such matters and appropriate follow-up action. A whistleblowing champion has been appointed to each of the Group's principal operating subsidiaries, as well as at a parent company level, with the Chair of the Audit Committee serving in such capacity. The appointed whistleblowing champions have responsibility for ensuring and overseeing the integrity, independence and effectiveness of the Company's policies and procedures on whistleblowing. The Group places a high priority on employees' understanding of this process to enable them to speak out with confidence when appropriate. This message, as well as the arrangements that are in place, is regularly communicated to all employees.

Priorities for 2024

- To maintain the focus on the effectiveness of the Group's control environment, the operation of the business's financial reporting systems and the integrity of external financial reporting;
- To continue to monitor and embed aspects of positive business culture in quarterly reporting, in particular regarding the Group's financial and risk control environment;
- To continue to monitor emerging practice in IFRS 17 reporting to enable the Committee to consider whether further refinements could be made to the Group's reporting; and
- To continue to monitor developments and implement recommendations relating to anticipated changes in the corporate governance, corporate reporting, audit practice landscape, ESG, sustainability and climate reporting.

Nomination, Corporate Governance and Sustainability Committee

"The Committee has had a very active year, engaging fully with the processes for Board and Chair succession. We appointed Bryan Joseph as an independent Non-Executive Director in April 2023 and, under the leadership of Rob Lusardi as our Senior Independent Director, the Committee monitored and managed the process for the identification and engagement with a range of potential candidates to join the Board as its Chair designate. This culminated in the appointment of Philip Broadley in November 2023. As I reach the end of my tenure as Board and Committee Chair, I am confident that the Board benefits from a broad diversity and has the right balance of skills and perspectives to deliver strong, challenging, engaged and supportive governance for our business for the years ahead."

Peter Clarke
Chair of the Nomination, Corporate Governance and Sustainability Committee

Committee membership

The majority of the Nomination, Corporate Governance and Sustainability Committee members are independent Non-Executive Directors. The Committee Chair is Peter Clarke, who is also the Chair of the Board.

Committee members	Meetings attended
Peter Clarke (Chair)	4/4
Michael Dawson	4/4
Sally Williams	4/4
Irene McDermott Brown	4/4

Principal responsibilities of the Committee

- Reviews the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board and oversees Board engagement with the workforce;
- Considers succession planning for the Directors and other senior executives;
- Nominates candidates to fill Board vacancies;
- Makes recommendations to the Board concerning Non-Executive Director independence, membership of Committees, suitable candidates for the role of Senior Independent Director, and the re-election of Directors by shareholders;
- Reviews the Company's corporate governance arrangements and compliance with the Code;
- Monitors and makes recommendations to the Board regarding the environmental, social and governance responsibilities of the Company; and
- Makes recommendations to the Board concerning the charitable and corporate social responsibility activities of the Company and donations to the Lancashire Foundation.

How the Committee discharged its responsibilities

Corporate governance

Committee responsibility	Committee activities
Chair succession	The Committee approved the appointment of Spencer Stuart as the independent external recruitment consultancy to carry out a search for candidates for the role of Board Chair, to succeed Peter Clarke in that role following the conclusion of the 2024 AGM. The Chair search process was led by the Board's Senior Independent Director (SID) Robert Lusardi. The Committee agreed a detailed specification, which was structured with regard to the requirements of both the Chair role and broader Board succession considerations, and held regular meetings with representatives of Spencer Stuart during the course of 2023. Numerous meetings were held between Directors, members of management and the candidates. The Company Secretary assisted in conducting due diligence and in giving advice around governance requirements for candidates under consideration. All Directors were involved in meeting and approving the principal candidates emerging from the search process. The Committee considered questions of experience, skills, fitness and a formal paper on independence (with due regard to the requirements of the Code) in recommending to the Board the appointment of Philip Broadley. The Board determined Mr Broadley to be independent in character and judgement on appointment. The Committee and Board paid close regard to the agreed role specification and noted Mr Broadley's 40 years' experience in the insurance and financial services sectors, including as executive and non-executive director on a number of UK listed boards. The Committee and the Board concluded that Mr Broadley brings a wealth of strategic and leadership skills to Lancashire's Board and is a suitable candidate for the role of Board Chair. Mr Broadley was appointed as a Non-Executive Director with effect from 8 November 2023, and, subject to shareholder approval at the 2024 AGM, will assume the role of Board Chair following the 2024 AGM on 1 May 2024. A detailed induction programme has been arranged for Mr Broadley.

How the Committee discharged its responsibilities *continued*

Corporate governance

Committee responsibility	Committee activities
Board and Committee composition and effectiveness and succession	The Committee discussed in its meetings the balance of skills and experience on the Board and its Committees. The Committee regularly discussed Board succession and skills planning over the year and monitored the diversity of the Board members. The Committee formally considered the questions of independence, the skills and fitness in recommending to the Board the appointment of Bryan Joseph, who was appointed as a Non-Executive Director with effect from 26 April 2023. The Committee paid close regard to the agreed role specification and noted Mr Joseph's many years' experience as an actuary in the global insurance and reinsurance industry and his wider board experience, including his service as director, audit committee chair and chair of an insurance company within the Axa XL group and his knowledge and expertise within the insurance and reinsurance third party capital sector. The Committee also approved the appointment of Mr Joseph to the Underwriting and Underwriting Risk Committee and the Audit Committee. During the year, the Committee also oversaw the appointment of Jack Gressier as a member of the Audit Committee. The Committee reviewed the composition of the Board at its November 2023 meeting, and it considered that the balance of skills, knowledge, independence, experience and diversity continues to be appropriate for the Group's business to meet its strategic objectives. The Committee noted in its discussions that the Board had met its Parker review objective for the Board of having at least one director from a minority ethnic background. The Committee has also noted that, due to the appointment of two male Non-Executive Directors during 2023, the gender balance of the Board has decreased slightly. The Committee and Board remain committed to an objective of having at least 40% female membership of the Board and intends to address this as part of its succession planning over the next couple of years. The Committee oversaw the process for the year-end review of the effectiveness of the Board, the Committees and each of the Directors, which was facilitated internally by the Company Secretariat team, and led by the Chair of the Board. The Committee and the Board were satisfied that the Board and each of its Committees were operating effectively. Further details of the 2023 performance evaluation process and its outcomes can be found on page 77. In accordance with the provisions of the Code, all of the Directors are subject to annual (re)election by shareholders. With the exception of Bryan Joseph and Philip Broadley who were appointed after the April 2023 AGM, all of the Group's current Directors were elected or re-elected by shareholders at the 2023 AGM. With the exception of Peter Clarke, who will not submit himself for election or re-election having completed nine years' service as a Director, all other serving Directors will be submitted for election or re-election at the 2024 AGM. The Committee reviewed the Group's fit and proper policy for Board appointments.
UK Code compliance	The Committee keeps under review the Company's corporate governance arrangements, particularly the Company's compliance with the Code. The Committee reviewed the Company Secretariat's checklist record of the Company's compliance with the Code on a quarterly basis.
Governance documentation	Each Committee considered its Terms of Reference as part of the 2022 year-end evaluation process and has recently completed a similar exercise as part of the 2023 evaluation. In light of this work the Committee recommended a change to the Audit Committee Terms of Reference, relating to oversight of cyber, data and IT security risks and controls, and a minor change to the Investment Committee Terms of Reference to capture requirements for ESG and carbon data reporting for the investment portfolio. The Committee concluded that the Terms of Reference for all the Committees were fit for purpose. The Committee reviewed and approved changes to the Company's Bye-Laws which were recommended to shareholders and which were approved at the April 2023 AGM. In August 2023, the Committee reviewed and recommended to the Board minor revisions to both the Board's Schedule of Reserved Matters and to the document describing the division of responsibilities between the Group CEO and the Chair.

How the Committee discharged its responsibilities *continued*

Corporate governance

Committee responsibility	Committee activities
Management and staff appointments and succession planning	The Committee reviewed and recommended the approval and adoption by the Board of the Group's succession plan and talent management and development programme for the senior management population in November 2023. The business has the objective of fostering a skilled and diverse workforce to meet the needs of the business. The Committee engaged with Sarah Rogers, the newly appointed Group Chief HR Officer and discussed with her plans for the enhancement of data collection and reporting for employees. The Committee reviewed training and development proposals for a number of key employees across the Group as part of the succession planning process.
Workforce engagement	With regard to its arrangements for workforce engagement the Board does not use the suggested methods set out in the Code, but an alternative arrangement involving the designation of non-executive directors on a rotating basis. During 2023, the Group continued the practice of the Group CEO holding 'town hall' meetings with employees following the announcement of the Group's quarterly results. In order to further enhance arrangements for engagement between the Non-Executive Directors and members of the workforce, the Committee arranged for these town hall meetings to be attended by the Chair of the Board or another Non-Executive Director. In addition to Mr Clarke, the Non-Executive Directors participants in the town hall meeting held during 2023 were Simon Fraser, Sally Williams and Bryan Joseph. The Board and Committee also received the results of an employee engagement survey undertaken during 2023 which covered topics including staff satisfaction and engagement (see page 33 for further details of the survey). The Directors once again had the opportunity to meet with employees less formally at lunches and other social gatherings organised around the time of the Board's regular meetings in Bermuda. The Committee considered these and other tools for workforce engagement at its November 2023 meeting and discussed arrangements for workforce engagement during 2024. The Committee, and the Board, consider that the mechanisms for workforce engagement and feedback have an appropriately high profile and this, in turn, informs debate within the relevant Committees, the Board and the wider Group.
Legal, regulatory and governance developments reform	The Committee monitored developments in the areas of law, regulation and guidance relevant to the Group and its operation. Topics covered included proposals for reform to corporate reporting requirements for UK listed entities, developments in audit market reform and guidance, UK guidance with regard to ethnicity pay data and developments in ESG regulation and practice.
Subsidiary boards	The Committee and Board monitored the composition and appointments and changes to the Group's subsidiary boards.

Sustainability

Sustainability and ESG reporting	The Committee received regular reports from Jelena Bjelanovic as Chair of the management ESG Committee regarding the current and developing ESG regulatory landscape as well as the Group's progress in these areas. The Committee has continued to monitor developments in the area of the Group's ESG responsibilities, including the climate change risk management, data collection and reporting within the business throughout its work in 2023. The Committee received feedback on the work of the Group's newly appointed sustainability manager, the activities of the Lancashire Employee Network and the Group's DE&I working group. The Committee noted the FCA consultation regarding the adoption of sustainability disclosures reporting standards.

How the Committee discharged its responsibilities *continued*

Environment

Committee responsibility	Committee activities
Climate change risk and opportunity and nature-related risk	The Committee also periodically reviews developments in the areas of environmental sustainability and climate change, and the management of related risks and opportunities. The Committee and Board reviewed and ratified the Group's 2023 CDP response and the Group's ClimateWise submission. For more information on these matters, please see the 2023 TCFD report starting on page 49. The Committee noted recommendations with regard to a reporting framework produced by the Taskforce on Nature-related Financial Disclosures (TNFD).

Social responsibility

Diversity, equity and inclusion	For data regarding the gender and ethnicity of the Board and executive management please refer to page 38. The Chair's introduction on page 41 covers the Board's disclosures under the UK listing rules with regard to the Company's diversity targets. The Committee recommended approval of an updated Board diversity policy, which is posted on the Company's website, and covers the Board and each of its committees. The gender makeup of each committee is included in the relevant committee reports. The Committee was pleased that during 2023 the Board was able to meet its Board level Parker review objective for minority ethnic representation. The Committee also discussed the option of the adoption of a Parker Review target for the executive management group and its reports, which is an option which the Committee and Board will keep under review pending enhancements to the Group's data collation and management capabilities. The Committee noted the drop in gender diversity on the Board and intends to address this as part of Board succession planning. The Committee received a report from management on the Group's gender pay gap data and discussed areas for focus and action, including workforce communication.
The Lancashire Foundation	The Committee is responsible for monitoring and making recommendations to the Board in relation to the Company's charitable giving policy and the operation of, and reporting requirements for, the Lancashire Foundation. During 2023, the Committee received a report from the Foundation, including its objectives, governance, approach to funding for 2024 and beyond, alongside its investment strategy, donations policy and charitable activities, as well as the ways in which the Foundation engages employees throughout the Group with its work and initiatives. The Committee made a recommendation to the Board that the Company donate to the Foundation 0.75% of full-year Group profits (subject to a cap of $750,000 and a $250,000 collar), conditional on the determination of financial performance for the full year. For more information regarding the work of the Lancashire Foundation, please see pages 45 to 48.
UK Modern Slavery Act 2015 and human rights	During 2023, the Committee recommended the approval by the Board of an updated anti-slavery and human trafficking statement, a copy of which is posted on the Company's website. The Committee discussed ongoing work on the development of a Group human rights statement which was approved by the Board at its meeting in March 2024.

Priorities for 2024

- To continue to ensure that the Company is able to effectively discharge its governance responsibilities and to monitor and report its compliance with the UK Corporate Governance Code;
- To support management in the development of the talent pipeline and training and retention tools within the business;
- To review developments with regards to the Company's sustainability and ESG activities including management of climate change risk and opportunity; and
- To monitor the Company's progress on diversity and to consider the Board's objectives for female and ethnic minority membership of the Board as part of its succession planning.

Investment Committee

"In 2023, the Group's investment portfolio has contributed materially to the Group's overall returns, which accorded with my expectations at the time of last year's Annual Report.

In 2023, the relatively more stable and higher yield interest rate environment, in conjunction with the relatively short duration profile of the Lancashire portfolio tended to reverse last year's losses and to generate higher returns. The investment portfolio is managed to support underwriting opportunities and to provide adequate liquidity to match the Group's risk exposures. The growth of the business over recent years, including the Group's longer tail casualty portfolio, has led to an increase in the size of the overall investment portfolio. This increased portfolio size, together with a higher interest rate environment is expected to deliver enhanced net investment income in future years."

Robert Lusardi
Chair of the Investment Committee

Committee membership

The Terms of Reference of the Investment Committee provide that the Committee shall comprise at least two Non-Executive Directors (one of whom may be the Chair of the Board) and the Group CFO and/or the Group CIO. Any Executive Director may also serve on the Committee.

The Investment Committee comprises one independent Non-Executive Director, the Chair of the Board, one Executive Director (the Group CFO) and the Group CIO (who is not a Director).

Committee members	Meetings attended
Robert Lusardi (Chair)	4/4
Peter Clarke*	3/4
Natalie Kershaw	4/4
Denise O'Donoghue	4/4

*Peter Clarke was unable to attend the November 2023 meeting due to illness.

Principal responsibilities of the Committee

- Recommends investment strategies, guidelines and policies to the Board and other Group entities to approve;
- Recommends and sets risk asset definitions and investment risk tolerance levels;
- Recommends to the relevant subsidiary Boards the appointment of investment managers to manage the Group's investments;
- Monitors the performance of investment strategies within the risk framework; and
- Establishes and monitors compliance with investment operating guidelines.

How the Committee discharged its responsibilities

During 2023, the Group's investment portfolio generated $160.5 million, representing a positive return of 5.7%. This strong return was driven by the higher interest yield environment and the relatively short duration of the portfolio. The Committee received regular comprehensive reports from management regarding investment performance, strategy and risk monitoring. The Committee continued to work constructively with management to articulate, support and implement the Board's investment philosophy and discussed and agreed the resourcing requirements for the Group's investment department.

The Committee received regular reports from the professional investment portfolio managers concerning their forward-looking view of the macro-economic environment and implications for investment asset classes and strategy. The Committee received presentations from managers regarding potential new asset classes including senior tranches of collateralised loan obligations.

The Committee considered regular reports on the performance of the Group's investment portfolios, including asset allocation and compliance with pre-defined guidelines and tolerances; and recommended amendments to portfolio investment guidelines to the Board. During the year, the Committee approved an increased portfolio allocation to CLOs and decided to progressively liquidate the Group's hedge fund portfolio, which, though positive, had not delivered the expected risk-adjusted returns over the long term.

The Committee monitored a suite of investment portfolio risk analytics throughout the year, including a 1 in 100 Value at Risk measure, realistic disaster scenarios and realistic loss scenarios, credit risk and credit quality, liquidity risk and other market risks. The Committee also tracked FX exposure and its management.

The Committee monitors a number of tools to measure the ESG profile, climate change risk exposure and carbon intensity of the Group's investment portfolio, including the MSCI ESG and carbon intensity rating tools, with due regard to stakeholder expectations in these areas. The Committee considers that most of the available tools and methodologies for the ESG, carbon and climate factors are imperfect. Accordingly, the Committee expects to further develop and refine its ability to analyse these factors in future years, in consultation with the Group's external advisors and portfolio managers and aligned with the evolving market and regulatory standards and expectations for the measuring and reporting in these areas.

Notwithstanding these current perceived imperfections, the Committee has tracked the carbon intensity of portfolio assets covered by the MSCI carbon intensity rating (representing approximately 49% of portfolio assets, since U.S. treasuries and structural assets, among others, are not included).

In 2022, the Committee had directed its external managers to begin repositioning its portfolio to reduce the carbon intensity score, which continued in 2023.

The Committee noted that 96.7% of the Group's externally managed investment portfolio is assigned to mangers which are signatories to the UNPRI.

The Committee continues to operate a framework for the measurement of climate sensitivity for corporate bonds within the fixed maturity portfolio through the use of a Climate VaR, which is aligned with the Paris Accord goal of limiting global temperature increases to a maximum of 1.5°C, for the Group's investment risk tolerance statements. The Committee and Board have a preference for the financial impact of this scenario on the Group's fixed maturity portfolio, covered by MSCI, to have a less detrimental impact than the MSCI benchmark model. The Committee noted that the fixed maturity portfolio continues to outperform the benchmark portfolio on the Climate VaR measure.

Priorities for 2024

- To build a diversified portfolio which supports Group underwriting activities, contributes to growth in DBVS and is balanced with the preservation of capital and the maintenance of liquidity to pay claims;
- To increase portfolio duration to align with the longer overall reserve duration as a result of the growth of the Group's casualty portfolio;
- To focus on the implications of macro-economic trends and the measurement and monitoring of associated investment risk within a framework of prudent investment risk management; and
- To monitor the climate change risk sensitivity, ESG profile and carbon intensity profile of the Group's investment portfolio with due regard to developing expectations and methodologies.

Underwriting Committee

“We had another record-breaking year in 2023 for our highest ever annual premium income, which was achieved through a combination of a strong premium rating environment and organic growth in our client base, particularly in our newer lines of business. The Committee had actively monitored underwriting performance during the year and also continues to approve and monitor the Group’s underwriting risk tolerances and preferences and related performance. One of the Committee’s roles is to monitor the Group’s reinsurance planning, which is an important tool in managing our exposures across the portfolio. Through a combination of disciplined underwriting in well-priced markets and growth in non-catastrophe exposed lines, the Group has built a more diversified book which has improved our portfolio’s overall resilience to the impact of catastrophe losses.

The Committee has also monitored progress in implementing our new U.S. underwriting platform.”

Alex Maloney
Group CEO and Chair of the Underwriting and Underwriting Risk Committee

Committee membership

During 2023, the Underwriting and Underwriting Risk Committee comprised one Executive Director (the Group CEO) and three Non-Executive Directors (Bryan Joseph joined the Committee during the second quarter), together with other senior members of the Group’s underwriting and actuarial management teams (who are not Directors).

Committee members	Meetings attended
Alex Maloney (Chair)	4/4
Jon Barnes	4/4
Michael Dawson	4/4
James Flude	4/4
Paul Gregory	4/4
Jack Gressier	4/4
James Irvine	4/4
Hayley Johnston	4/4
Bryan Joseph	2/2
Ben Readdy	4/4

Principal responsibilities of the Committee

- Reviews Group underwriting strategy, including consideration of new lines of business;
- Oversees the development of, and adherence to, underwriting criteria, limits, guidelines and authorities by operating company CUOs;
- Reviews underwriting performance;
- Reviews significant changes in underwriting rules and policies; and
- Monitors underwriting risk and its consistency with the Group’s risk profile and risk appetite.

How the Committee discharged its responsibilities

Strategic oversight

During 2023, the Committee continued to monitor the overarching strategic priority for the business to maximise the underwriting opportunity during the improved pricing environment of the current insurance market cycle.

Management reporting to the Committee was developed for richer underwriting information, which was re-configured to align with the Group's streamlined insurance and reinsurance reporting segments. Reporting enhancements included dashboard presentation of data, which is a product of the Group's improved data warehouse and data management capabilities as a key part of the Group's IT development strategy.

The Committee received regular updates on the Group's strategic underwriting plans and the Lloyd's business plans, including related capital requirements.

The Committee regularly reviewed progress in the development of the Group's U.S. underwriting initiative, and worked in conjunction with a dedicated project committee, with Board and management participation, which also monitored progress. The Committee also received reports on a number of new business initiatives, including several which were explored but not pursued.

The LCM platform did not deploy third party capital during 2023 and the Committee monitored reserve movements on open Kinesis contracts.

Underwriting Performance

The Committee received regular reports on the Group's underwriting activities, including quarterly updates on gross premium written, insurance and reinsurance pricing trends, and combined ratio developments. In particular, the Committee considered the work performed by management in repositioning some of the Group's inwards reinsurance lines.

The Committee received a management progress report on those classes of business established during 2018. These included aviation deductible reinsurance, and the energy power and energy downstream insurance classes. All these lines are now contributing meaningfully to the Group's gross written premium.

The Committee received a presentation on the Group's US mortgage reinsurance protection portfolio and discussed an appropriate tolerance for a mortgage risk PML scenario.

In April 2023, the Committee received a presentation from Syndicate 2010 property reinsurance underwriters relating to underwriting optimisation work, which has been informed by improved data analysis.

Across the year the Committee monitored the progress made in building a more diversified underwriting portfolio, within which catastrophe risk is more broadly balanced against other non-correlating risks.

In April 2023, the Committee received a presentation on the Group's property insurance D&F lines of business, including a report on the allocation of D&F risks between the Group's LUK and Syndicate platforms.

In April 2023, the Committee received a report on progress made by the property construction underwriting team, first established during 2021. The focus in this class is within the North American and Australian markets.

The Committee received reports on underwriting conditions across a number of business classes including changes in underwriting appetites and client base.

The Committee discussed the Group's Japan property reinsurance treaty renewal season during April 2023.

The Committee also discussed data relating to insurance and reinsurance pricing trends. There has been a strong improvement in the pricing environment over recent years which has contributed to the Group's ability to grow its premium income materially.

At the half-year meeting, the Committee received its first report summarising the (re)insurance service result performance calculated under the new IFRS 17 accounting standard.

In August 2023, the Committee received an update of the Group's mid-year Florida property reinsurance renewals including pricing, underwriting appetite, and positioning.

Underwriting Controls

In April 2023, the Committee recommended to the Board approval of the Group's underwriting controls policy and procedure.

The Committee reviewed and recommended to the Board the summary of underwriting authorities and normal maximum lines by class of business and the statements for the aggregate political risk exposures by country.

Risk appetites and monitoring

The Committee reviewed and recommended to the Board the Group's underwriting PML and RDS risk tolerances and preferences. The Committee reviewed at each of its meetings a summary of the Group's top PML and RDS exposures, including quarterly movements.

Through the review and monitoring of underwriting PMLs, the Committee continued to monitor exposures to a range of natural catastrophe risks, including regional windstorm and hurricane exposures, and the articulation of an appropriate underwriting and risk management strategy and management preference for these and other risk exposures linked to climate change factors. The Committee is satisfied that the Group's underwriting strategy and reinsurance and risk management programmes are appropriate for the management of underwriting risk and natural catastrophe and climate linked exposures relating to these factors. For more detail, please see the ERM report starting on page 23 and the Group's TCFD report starting on page 49.

The Committee also monitors the potential for conflicts and their management within the business.

Oversight of reinsurance structures

The Group's programme of outwards reinsurance protections is a core risk and exposure management tool. The Committee reviewed the structure, pricing and operation of the outwards reinsurance programme and regularly discussed management reports covering outwards reinsurance developments. The Committee's work included a forward-looking presentation by management regarding opportunities for the Group's reinsurance structure for 2024. The Committee also approved the Group's intra-group reinsurance approval controls.

Claims reporting

The Committee monitored the status of key claims, including reserve developments during the course of the year. Topics discussed included market loss developments on winter storm Elliott, COVID-related market litigation developments and developments in aviation claims relating to the conflict in Ukraine. The Committee also discussed reserving, including within the context of the Group's business plan assumptions. At its November 2023 meeting, the Committee discussed with management the Group's potential policy exposures within Israel and the Middle East.

Board engagement

During 2023, the Committee meetings were ordinarily attended by all Board members. The Committee and Board seek to match the Company's capital to the underwriting requirements of the business in all parts of the underwriting cycle. A more detailed analysis of the Group's underwriting performance appears in the underwriting and business review starting on page 14.

Priorities for 2024

- To continue to monitor the development and implementation of a forward-looking and disciplined underwriting strategy with a focus on disciplined growth appropriate to the current market opportunities and nimble use of the Group's underwriting platforms, within a framework of appropriate risk tolerances;
- To work actively with management in the identification, analysis and consideration of new underwriting opportunities, including potential new lines of business, opportunities in new markets, opportunities for the Group's newly established U.S. underwriting platform and opportunities for the managed 'organic' growth in the Group's existing business lines;
- To consider opportunities for development of the Group's reinsurance structures; and
- To continue to foster a nimble, sustainable and responsive underwriting culture, capable of responding to the needs of clients, investors, employees and other stakeholders.

Remuneration Committee

"The 2023 year has been one of strong performance for the business, on both the underwriting and investment side. This represents significant delivery on our long term strategic objective of balancing risk and return to generate attractive returns for our investors across the insurance cycle. The Committee recognises the importance of management contribution in leading the Lancashire team to achieve these outcomes.

The year has also been one of transition in a number of important respects. Firstly, I would like to thank our shareholders for their strong support of our Remuneration Policy at the 2023 AGM, which included a number of minor changes. The Committee and Board have also tracked the implementation of the new IFRS 17 insurance accounting standard and performance outcomes during the year. The Committee also conducted a tender for remuneration advisory services, which has resulted in the appointment of PwC as our new advisor.

The Committee is satisfied that Lancashire's remuneration structures continue to ensure appropriate reward for our management and our people, who are the Group's key asset, and are strongly aligned with the Group's strategic priorities."

Irene McDermott Brown
Chair of the Remuneration Committee

Committee membership

The Remuneration Committee comprises four independent Non-Executive Directors and the Chair of the Board. Simon Fraser stepped down from the Committee and the Board, having completed nine years' service, at the 2023 AGM.

Committee members	Meetings attended
Irene McDermott Brown (Chair)	4/4
Peter Clarke	4/4
Michael Dawson	4/4
Jack Gressier	4/4
Robert Lusardi	4/4
Simon Fraser	2/2

Principal responsibilities of the Committee

- Sets the Remuneration Policy for all Directors and determines the total individual remuneration packages of the Company's Chair, the Executive Directors, Company Secretary and other designated senior executives, to deliver long-term benefits to the Group;
- Recommends to the Board the financial and personal objectives for each Executive Director and monitors the performance against these objectives for the annual bonus;
- Determines each year whether awards will be made under the Group's RSS and, if so, the overall amount of such awards, the individual awards to Executive Directors and other designated senior executives, and the performance targets to be used;
- Ensures that contractual terms on termination or retirement, and any payments subsequently made, are fair to the individual and the Company; and
- Oversees any major changes in employee reward and benefit structures throughout the Group.

How the Committee discharged its responsibilities

Throughout the year, the Committee kept under review the Group's performance and remuneration structures, in the light of due consideration of investor and stakeholder input and interests.

At the 2023 AGM, the Board put to our shareholders a revised Directors' Remuneration Policy, following a period of shareholder consultation led by Irene McDermott Brown as the Committee Chair. The Policy has a three-year term and was approved by shareholders with a majority of 92.9% of votes cast. The Remuneration Policy is summarised on page 105 of the Directors' Remuneration Report. The vote on the 2022 Annual Report on Remuneration received 92.2% of votes cast. The Committee noted the strong level of shareholder support for the Directors' Remuneration Policy and its implementation for the 2022 year.

Following shareholder feedback the Committee and Board agreed to utilise a profit-related RoE measure for the annual bonus for Executive Directors. The Committee and Board retained change in DBVS and TSR as the metrics used in the longer term RSS equity-linked awards for Executive Directors. The Committee monitored throughout the year the financial performance of the business, which was reported for the first time on the basis of the IFRS 17 and IFRS 9 accounting standards.

Under the leadership of Irene McDermott Brown the Committee conducted a tender process for remuneration advisory services. Following consideration of three shortlisted candidates (including Alvarez & Marsal, the Group's adviser in recent years) the Committee decided to appoint PwC as the Group's independent remuneration advisers. The Committee felt that PwC had access to excellent comparative data for UK and internationally listed businesses, and with regard to the insurance and financial services sectors, and has informed experts capable of giving practical remuneration advice.

During 2023, the Committee reviewed the Group's incentive packages for Executive Directors, for other designated senior executives within the agreed remuneration framework and more generally for the staff population, to ensure that remuneration is structured appropriately in order to promote the long-term success of the Company. The Committee reviewed industry benchmarking data for the Group's senior executive roles. In considering the salary and bonus awards for the Executive Directors, as well as other designated senior executives, the Committee also had regard to remuneration levels and practices across the workforce. The Committee and the Board noted and discussed the outcomes of the employee surveys conducted during the year and the results of the Group's gender pay gap data analysis.

The Committee also approved the grant of long-term incentive awards under the Company's RSS, considering a range of factors including the Company's share price movement. The Committee reviewed Executive Directors' shareholdings in the context of the Company's share ownership guidelines for senior/key executives. Share ownership targets have either been met, or acceptable progress made in accordance with guideline requirements. The Committee also discussed and agreed proposals for the treatment of unvested RSS equity awards of departing employees, including retirees.

In considering remuneration outcomes, the Committee gave formal consideration to the questions of malus and clawback and made enquiries with respect to the effective operation of the Group's risk and control framework.

The Committee reviewed and recommended to the Board two supplementary schedules to the Group RSS rules, relating to RSS awards made to U.S. and Canadian employees. These were duly approved by the Board.

At the November 2023 meeting, the Committee and all Directors received a presentation from PwC on developments in remuneration practice. Discussion covered developments in law, regulation, best practice and reporting obligations as well as the remuneration guidance from leading shareholder advisory groups.

The Committee reviewed and recommended to the Board for approval the Group's Solvency II remuneration policy relevant to the management population of staff within the Group's UK regulated entities.

The Committee received market benchmarking data on fees for directors of listed entities and operating insurance companies.

For discussion of the linkage between performance and remuneration outcomes, please see Irene McDermott Brown's introduction to the Directors' Remuneration Report on page 101. The Report also sets out in greater detail 2023 remuneration for Executive Directors and the Committee's work in reviewing performance and outcomes and in determining appropriate implementation of the Policy for 2024 (see pages 108 to 117 for the full report).

Priorities for 2024

- To ensure the appropriateness and relevance of the Group's remuneration structures and alignment with the Board's business strategy and objectives, effective risk management and the interests of stakeholders;
- To ensure that remuneration across the wider Group is appropriate to retain and reward employees and remains competitive and appropriate to meet the skills and resourcing needs of the business; and
- To work with the Group's independent remuneration adviser to keep abreast of compensation levels amongst the Group's London, Bermudian and other international peers, and appropriately reflect good market practices.

Annual Statement

Dear Shareholder,

I am pleased to present the 2023 Directors' Remuneration Report to shareholders.

2023 has been a year of strong operational and financial performance. For the third year in succession the business has achieved strong premium growth in excess of the rates of growth in premium pricing generating comprehensive income of $321.5 million, the highest since 2010. We have seen robust organic growth in our underwriting portfolio and the addition of new underwriting lines, including the Group's casualty reinsurance portfolio over recent years, has diversified the premium income streams and related policy exposures thereby creating greater portfolio resilience to the Group's catastrophe loss exposures. Whilst there have been several smaller to medium-sized industry losses during 2023, we have not witnessed any major catastrophe loss, which has further enhanced the Group's underwriting performance. Our investment portfolio has also delivered strong returns and investment performance has contributed meaningfully to Group returns.

In light of the strong financial performance, the Board has been very pleased with the strong growth in DBVS of 24.7%, with an undiscounted combined ratio of 82.6%. The Group's simple RoE, being adjusted profit over average shareholders' equity, has been similarly strong at 20.0%. Further detail on the RoE outturn is provided on page 109.

Expectations are that the current pricing environment and growth opportunity will continue into 2024. Overall, as we enter 2024, the Group is in a strong position to continue to maximise attractive underwriting opportunities in what we expect will be a positive pricing environment. The business has also reinforced its long-standing commitment to active capital management and, in light of the strong returns generated in 2023, the Board was able to declare in November 2023 a special dividend of $0.50 per share which was paid to shareholders during December 2023. The Board is confident that the business has the required capital and resilience to support its underwriting and growth plan for 2024 and the foreseeable future.

Against this background, total remuneration for our Group CEO and Group CFO has increased in comparison to 2022. The principal driver for this change is the strong performance delivery on the financial metric of the annual bonus, which accounts for 75% of bonus outturn. The financial element of annual bonus did not meet threshold in 2022 (see the comparison table for single figure remuneration on page 108). In 2023, the Directors' Remuneration Policy operated in line with the intentions set out in the 2022 Annual Report on Remuneration.

2023 AGM voting outcomes

Shareholders will recall that in the autumn of 2022, I led a consultation exercise in which shareholder feedback was sought, with a particular focus on proposals for the updated Directors' Remuneration Policy, which was included in last year's report and is summarised in this report (see page 105), and a proposal to modify the financial metrics used for annual bonus purposes to include a new simple RoE measure – which the Board adopted for the first time in 2023.

As is noted in the Remuneration Committee Report (see page 100) the Committee was very pleased with the levels of shareholder support at the 2023 AGM for the three year Directors' Remuneration Policy and report on remuneration both of which received over 92% of votes cast.

The Board and management continue to believe that there is a strong link between the Remuneration Policy and business strategy. The Committee and Board keep remuneration policy and performance metrics under regular review to ensure appropriate focus and alignment of our management team with the interests of our stakeholders. The Committee and Board consider that the three-year Directors' Remuneration Policy, which was set out in full in the 2022 Annual Report and approved at the 2023 AGM, remains fit for purpose and no policy changes are proposed at the 2024 AGM.

Performance outcomes for 2023

The Executive Directors' 2023 annual bonus performance targets for both financial and personal performance were stretching. The financial element made up 75% of the annual bonus opportunity and was linked to the Company's simple RoE metric. 2023 RoE performance of 20.0% exceeded the maximum level set by the Committee at the start of the year (19.2% being the risk free rate, confirmed as 5.2%, plus 14%), resulting in a 2023 annual bonus pay out for the financial performance element at the maximum level. This was considered by the Committee and Board to be an appropriate outcome for 2023 and therefore no discretion was exercised by the Committee.

The Board considered that the Executive Directors performed extremely well in achieving the agreed strategic aims for the business aligned with their personal performance targets. The outcomes achieved included strong organic growth in underwriting premium income, establishing and embedding new lines of underwriting, the establishment of the Group's new U.S. underwriting presence, successfully implementing the new IFRS 17 and 9 accounting standards, managing risk within the business and structuring a more diversified and resilient underwriting portfolio. The business has continued to demonstrate high levels of operational effectiveness, which has in turn driven the strong financial outcome for the 2023 year. The Board also noted the dynamic action of management in managing the Group's capital and in managing and monitoring risk.

The business was able not only to match its capital resources to the Group's underwriting activities but also to facilitate the payment to our shareholders of a special dividend. The Board considers that our Executive Directors have continued to provide the effective leadership which has contributed to the Group's strong financial performance during the year and has placed Lancashire in a robust position to grow, to return capital as appropriate and to withstand any future, more challenging, parts of the cycle. Performance versus personal and strategic objectives was assessed at 93% of maximum for the Group CEO and 94% of maximum for the Group CFO, resulting in 2023 bonus outcomes at 98% of maximum level for the Group CEO and 99% of maximum level for the Group CFO (see page 110 for further details of personal performance).

In relation to long-term incentives for Executive Directors, the 2021 Performance RSS awards were 85% based on the annual change in DBVS targets and 15% on compound annual growth TSR targets over the three-year period to 31 December 2023. The Company's TSR (calculated in U.S. dollars) for the performance period resulted in a compound annual rate of negative 3.5%, resulting in 0% vesting for the TSR component. The Change in DBVS performance over the three-year performance period was assessed based on the change for each of the three separate financial years as disclosed on page 111, resulting in nil vesting in respect of the 2021 and 2022 years for this element and 33.3% vesting in respect of the 2023 year for this element of the 2021 Performance RSS awards. Therefore overall, the 2021 Performance RSS awards will vest at 28.3%.

The Committee believes in setting challenging performance criteria and having a significant proportion of the overall package linked to Company performance. Furthermore, the Committee also continues to recognise the need to ensure that Executive Directors are appropriately remunerated and incentivised throughout every phase of the insurance cycle. The Board seeks to ensure that Executive Director compensation is structured in such a way as to discourage excessive risk to the business.

The Committee noted the 28.3% vesting of the 2021 RSS awards, which was a result of the three-year performance delivered. This outcome is relatively low and was a reflection of the challenging loss environment faced by insurance markets in 2021 and 2022 and the Group's strong performance in 2023. The Committee is satisfied that there has been sufficient linkage between longer-term performance and reward for Executive Directors. The Committee also considers that the Executive Directors will not benefit from any windfall gains; and as a result, no discretion was applied to the formulaic outcome. The Committee will continue to ensure that there is appropriate alignment between executive remuneration and Company performance in line with the Group's cross-cycle return expectations and is satisfied that the Policy operated as intended for 2023.

During the year, the Committee also engaged with management on matters of broader employee engagement and remuneration. As a committee, we value the opportunity to hear the views of employees and to support management in gathering and considering feedback and implementing changes. The Board and Committee received feedback during the year on a Group-wide employee survey monitoring issues of engagement, purpose and perception of management effectiveness and structures. As in previous years, one of our Non-Executive Directors routinely joins Alex in the Group CEO's quarterly staff town hall meetings. These are a forum for the presentation and discussion with staff of the performance and operation of the business and the activities and operation of the Board. They also afford Alex and the Board the opportunity to address employee questions and receive feedback.

Application of Remuneration Policy for 2024

The Committee has reviewed and discussed the remuneration structures to be used in 2024 in some detail and, following engagement with major shareholders and agencies, is putting forward an adjustment to RSS award level and increase to salary for the CEO. Both adjustments are within Policy and address concerns related to international competitive pressure for talent across the industry, highlighted in a remuneration benchmarking study commissioned from our independent remuneration adviser. The exercise considered the CEO remuneration levels of a bespoke peer group of comparable UK and US-listed insurers and reinsurers, primarily headquartered in the UK and Bermuda (taking note of the size and complexity in each case, and paying particular attention to the market capitalisation), to reflect the relevant talent market for Lancashire. The Committee proposes a salary uplift equal to 10% for Alex Maloney, comprised of an inflationary uplift of 5% plus an additional 5% (the average uplift across the workforce for 2024 is 6.2%) and an adjustment to RSS from the current level of 300% of salary to 350% of salary. The decision to adjust RSS in addition to salary is to ensure the link between CEO remuneration and shareholder value is maintained. No additional adjustment beyond an inflationary salary uplift of 5% is proposed for the CFO.

The Annual Report on Remuneration provides detailed disclosure on how the Policy will be implemented for 2024 and how Directors have been paid in relation to 2023.

The disclosures provide our shareholders with the information necessary to form a judgement as to the link between Company performance and how the Executive Directors are paid. This Annual Statement, together with the Annual Report on Remuneration, will be subject to an advisory vote, and I hope that you will be able to support this resolution at the forthcoming 2024 AGM. The Committee is committed to maintaining an open and constructive dialogue with our shareholders on remuneration matters and I welcome any feedback you may have.

Irene McDermott Brown
Chair of the Remuneration Committee

Directors' Remuneration Policy

As a Company incorporated in Bermuda, LHL is not bound by UK law or regulation in the area of Directors' remuneration to the same extent that it applies to UK incorporated companies. However, by virtue of the Company's premium listing on the LSE, and for the purposes of explaining its compliance against the requirements of the Code, the Board is committed to providing full information on Directors' remuneration to shareholders.

The Company's current Remuneration Policy was approved by shareholders at the 2023 AGM, which is effective for a period of three years.

The Committee considers the Policy to be in line with best practice and shareholder expectations.

The Remuneration Policy addresses the following principles as set out in the Code:

- Clarity – the Committee regularly engages with shareholders to take into account shareholder feedback (as it did in developing the current Policy and proposals for 2024 implementation) and with the workforce, as described in the Annual Statement on page 101, to ensure there is transparency on the Remuneration Policy and its implementation. The Remuneration Policy has a clear objective: to enable the Group to attract, retain and motivate Executive Directors of the highest calibre to further the Company's interests and to optimise long-term shareholder value creation, within appropriate risk parameters.
- Simplicity – the Remuneration Policy is designed such that the arrangements are considered easy to communicate to all stakeholders. This includes variable pay which operates as an annual bonus plan and a single LTIP. The objective and rationale for each element of the Remuneration Policy is clearly explained in the Policy table.
- Risk – the Committee considers that the structure of remuneration does not encourage inappropriate risk-taking. The performance metrics used ensure remuneration aligns to the Board's strategic objective which is to achieve attractive returns appropriate to overall risk levels across the (re)insurance market cycle. There is a mixture of short-term and long-term performance metrics with an appropriate mix of performance conditions. Malus and clawback provisions are in place across all incentive plans and the Committee has the ability to use its discretion to override formulaic outcomes. The Committee receives a report from the Group CRO with regard to risk management developments which may be relevant to remuneration outcomes, and also makes inquiry with the Group Head of Internal Audit.
- Predictability – the range of possible reward outcomes is shown in the 'Illustrations of annual application of Remuneration Policy' (see page 114 for full details), which demonstrates the potential threshold, on-target and maximum scenarios of performance and the resulting pay outcomes which could be expected.
- Proportionality – a significant proportion of pay is delivered through variable remuneration. No variable remuneration will be delivered for below threshold performance with incentives only paying out if strong performance has been delivered by the Executive Directors. The Committee has the discretion to override outcomes if they are deemed inappropriate to ensure a robust link between reward and performance.
- Alignment to culture – the Policy has been designed to support the delivery of the Group's long-term strategy, and the interests of its shareholders and employees. Annual bonus performance metrics include an assessment of whether each Executive Director's contribution aligns to the Group values. The Policy seeks to appropriately motivate Executive Directors to deliver long-term, sustainable performance which benefits all stakeholders.

Governance and approach

The Company's Remuneration Policy is geared towards providing a level of remuneration which attracts, retains and motivates Executive Directors of the highest calibre to further the Company's interests and to optimise long-term shareholder value creation, within appropriate risk parameters. The Remuneration Policy also seeks to ensure that Executive Directors are provided with appropriate incentives to drive Company and individual performance and to reward them fairly for their contribution to the successful performance of the Company.

The Remuneration Committee and the Board have again considered whether any element of the Remuneration Policy could conceivably encourage Executive Directors to take inappropriate risks and have concluded that this is not the case, given the following:

- there is an appropriate balance between fixed and variable pay, and therefore Executive Directors are not required to earn performance-related pay to meet their day-to-day living expenses;
- there is a blend of short-term and long-term performance metrics with an appropriate mix of performance conditions, meaning that there is no undue focus on any one particular metric;
- in the case of Alex Maloney, the Group CEO, there is a high level of share ownership, and in the case of Natalie Kershaw, who assumed the role of Group CFO and Executive Director during 2020, there is an appropriate opportunity to acquire a longer-term equity holding on a measured basis, meaning that there is a strong focus on sustainable long-term shareholder value; and
- the Company has the power to claw back bonuses (including the deferred element of the annual bonus) and long-term incentive payments made to Executive Directors in the event of material misstatements in the Group's consolidated financial statements, errors in the calculation of any performance condition, corporate failure and material damage to the Group's business or reputation or the Executive Director ceasing to be a Director and/or employee due to gross misconduct (see page 105 for a summary of the Policy). The full Policy details are included in the 2022 Lancashire Holdings Limited Annual Report.

How the views of shareholders are taken into account

The Committee Chair and, where appropriate, the Company Chair consult with major investors and representative bodies on any significant remuneration proposal relating to Executive Directors. Views of shareholders at the AGM, and feedback received at other times, will be considered by the Committee. The Committee also takes into account published guidance from shareholders and proxy agencies.

During 2023, management engaged regularly with investors touching on matters including remuneration and wider workforce pay principles. The Committee engaged specifically with the Group's major shareholders on the matter of CEO pay structure for 2024 which, within the Policy parameters approved at the 2023 AGM, addresses the challenges of an international competitive market in a proportionate manner. A number of investors sought additional clarity on the comparator group used, and we confirmed that this was based on listed companies, taking into account the business mix, geographic market, size and complexity compared to Lancashire and that, where comparators were larger or smaller than Lancashire, this was taken into account in the remuneration comparison.

How the views of employees are taken into account

The Remuneration Committee takes into account levels of pay elsewhere in the Group when determining the pay levels for Executive Directors. The Remuneration Policy for all staff is, in principle, broadly the same as that for Executive Directors in that any of the Group's employees may be offered similarly structured packages, with participation in annual bonus and long-term incentive plans, although award types (restricted cash, restricted stock or performance shares) and size may vary between different categories of staff. For Executive Directors, with higher remuneration levels, a higher proportion of the compensation package is subject to performance pay, share-based remuneration and deferral. This ensures that there is a strong link between remuneration, Company performance and the interests of shareholders.

Reflecting good practice in this area, Executive Directors' pension provision is the same as the standard pension contributions made to employees in the Group (in percentage of salary terms).

Whilst the Company does not expressly consult with employees on Executive Directors' remuneration, the Board and Committee, through the structured arrangements for regular workforce engagement, do receive employee feedback, including where relevant to matters of remuneration. As noted above, the Committee is made aware of pay structures across the wider Group when setting the Remuneration Policy for Executive Directors. The Committee also reviews and approves the size of any annual bonus pot to be distributed to employees and the allocation of RSS awards or other LTI structures, and its practice in this regard is well aligned with the expectations introduced within the Code. There is a broad understanding across the business of the influence of the financial performance of the Group on year-end remuneration outcomes via town hall meetings and internal communication of quarter end results with managers engaging directly with employees on their contribution. The percentage change in remuneration table on page 116 shows that wider employee pay outcomes are broadly aligned to those of senior executives, albeit with a less dramatic impact from financial performance due to active management decisions in previous years to soften the effect of more challenging years and the larger proportion of variable components in senior executive pay.

Remuneration Policy Summary

The following table summarises Lancashire's Remuneration Policy which became binding on 26 April 2023 with 92.9% of votes cast in favour. The full Policy can be reviewed in the 2022 Annual Report which can be found in the Results, Reports & Presentations section on the Group's website, www.lancashiregroup.com.

Component	Operation/Key Features	Maximum Potential Opportunity	Applicable Performance Measures
Salary	• Typically reviewed annually with regard to market conditions, role, experience and peer group • Percentage increases aligned with workforce other than in exceptional circumstances	• No maximum	• None
Pension and other benefits	• Money purchase pension arrangement or cash alternative • Benefits offered in line with wider workforce • Additional benefits can be offered to support relocation or local practice • Reasonable business-related expenses	• Maximum employer pension contribution of 10% in line with wider workforce	• None
Annual Bonus	• One third of annual bonus deferred into Lancashire shares vesting in three equal tranches over three years • Dividend equivalent is earned on deferred portion • Cash and deferred elements are subject to malus and clawback	• 400% of salary (2x target)	• At least 75% based on Financial Performance, e.g., growth in DBVS, profit, comprehensive income, combined ratio, investment return, simple RoE or any other financial KPI • No more than 25% based on strategic/personal objectives
Long Term Incentives (LTI)	• Normally awarded annually as nil-cost options or conditional awards • Vesting after three years with a two-year holding period • Dividend equivalent accrues in cash or shares • All awards are subject to malus and clawback	• Maximum 350% of salary	• Performance measures that reflect the long-term strategy of the business at the time of grant • May include TSR, growth in DBVS, Company profitability or any other relevant financial or strategic measure

Remuneration Policy Summary continued

Component	Operation/Key Features
Shareholding requirements	• Executive Directors are expected to maintain an interest equivalent in value to no less than two times salary • To be achieved within five years of appointment, with 50% of the shares (net of tax) from vesting RSS to be retained until the required level is achieved • Requirement to retain minimum shareholding level for two years post termination
Chair and Non-Executive Director fees	• Chair receives a single fee for all responsibilities which is reviewed periodically by the Committee and Group CEO • Non-Executive Directors receive a single fee for all responsibilities with the option to pay supplemental fees where additional responsibilities are undertaken • Any reasonable business expenses can be reimbursed
Committee discretion	• The Committee has discretion within the Policy over a number of areas of bonus and LTI operation including, but not limited to, participants, award timing, award size and vesting proportion, change of control arrangements, leaver treatment, special circumstances including rights issues, corporate restructuring, special dividends and adjustments to performance metrics, outcomes and deferral • Any use of exceptional discretion to override formulaic outcomes would, where relevant, be explained in the Annual Report on Remuneration, as appropriate
Approach to recruitment	• Remuneration packages for new Executive Directors would be set in accordance with the terms of the Company's prevailing approved Remuneration Policy at the time of appointment, taking into account the skills and experience of the individual • The Committee may offer to compensate a new Executive Director for deferred or incentive pay deemed forfeit on leaving a previous employer ensuring, where possible, that value, timing and performance requirements are consistent with the forfeit awards • The Committee may also agree that the Company should meet appropriate relocation and expatriate expenses
Service contracts and loss of office payments	• Notice periods for Executive Directors will normally be limited to six months and will not exceed 12 months • Base salary and benefits will continue for the notice period, in the event that a proportion of the notice period is not worked, the Executive Director would have no contractual right to bonus for this proportion • Depending on the leaver classification, an Executive Director may be eligible for certain payments or benefits to continue after cessation of employment
Leaver arrangements	• If an Executive Director leaves on agreed terms, there may be payments after cessation of employment and, subject to performance, the Committee has discretion to approve a bonus payment for the portion of the year worked with or without a deferral requirement. The Committee also has discretion to treat unvested RSS awards in line with the Good Leaver provisions contained within the plan rules • If an Executive Director resigns or is summarily dismissed, all payments will cease on the last day of employment
Non-Executive Director terms of appointment	• Non-Executive Directors are appointed subject to re-election at the AGM and are terminable by either party on six months' notice • Non-Executive Directors typically serve for up to six years, but can be invited to serve for an additional period
Legacy arrangements	• Authority is given to the Company to honour commitments paid, promised to be paid or awarded prior to commencement of this Policy, either under a previous Policy or made prior to appointment as a Director
Unexpired terms	• The Executive Directors are employed under service contracts with no fixed duration • Non-Executive Directors have letters of appointment rather than service contracts

Remuneration at a glance

Remuneration in the Group

Group CEO pay ratio to the median colleagues

31:1

2022 15:1

Total spend on pay

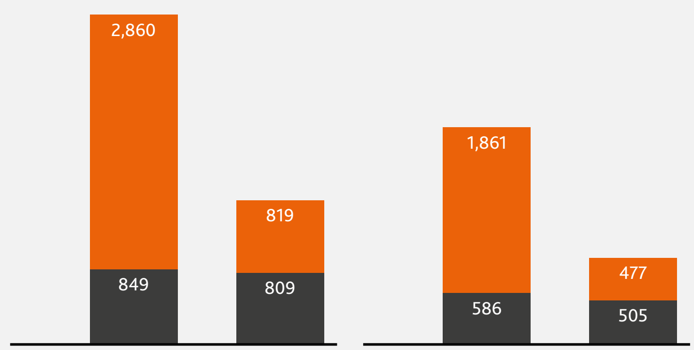
$135.1m

2022 $82.6m

2023 Total single figure remuneration

Alex Maloney
CEO

Natalie Kershaw
CFO



	Alex Maloney 2023 (£'000)	Alex Maloney 2022 (£'000)	Natalie Kershaw 2023 (£'000)	Natalie Kershaw 2022 (£'000)
Salary	**764**	728	**525**	453
Benefits	**9**	8	**8**	7
Pension	**76**	73	**53**	45
Bonus paid in cash	**1,503**	363	**1,034**	229
Bonus deferred in shares	**751**	121	**517**	77
Long-term Incentive Plan (LTIP)	**606**	335	**310**	171
Total	**3,709**	1,628	**2,447**	983

2023 RSS awards granted

On 20 February 2023, RSS nil cost option awards were granted to the Group CEO and Group CFO. Details are set out below.

Director	Basis of award % Salary	Date of grant	Number of options granted
Alex Maloney	300%	20-Feb-23	373,899
Natalie Kershaw	275%	20-Feb-23	235,523

Annual Report on Remuneration

This Annual Report on Remuneration together with the Chair's statement, as detailed on pages 101 to 104 and 108 to 117, will be subject to an advisory vote at the 2024 AGM. The following sections in respect of Directors' emoluments have been audited by KPMG LLP:

- Single figure of remuneration
- Non-Executive Director fees
- Annual bonus payments in respect of 2023 performance
- Long-term share awards with performance periods ending in the year – 2021 RSS awards
- Scheme interests awarded during the year
- Directors' shareholdings and share interests.

Single figure of remuneration

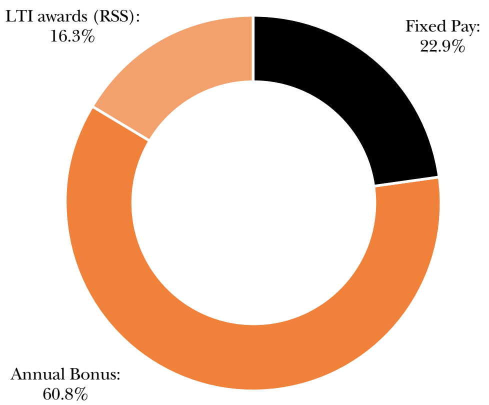
The following table presents the Executive Directors' emoluments in GBP in respect of the years ended 31 December 2023 and 31 December 2022 for time served as an Executive Director.

Executive Director		Salary £'000	Pension £'000	Taxable benefits[4] £'000	Total Fixed pay £'000	Annual bonus[1] £'000	Long-term incentives (RSS)[2,3] £'000	Total Variable pay £'000	Total '000
Alex Maloney, Group CEO	**2023**	**764**	**76**	**9**	**849**	**2,254**	**606**	**2,860**	**3,709**
	2022	728	73	8	809	484	335	819	1,628
Natalie Kershaw, Group CFO	**2023**	**525**	**53**	**8**	**586**	**1,551**	**310**	**1,861**	**2,447**
	2022	453	45	7	505	306	171	477	983

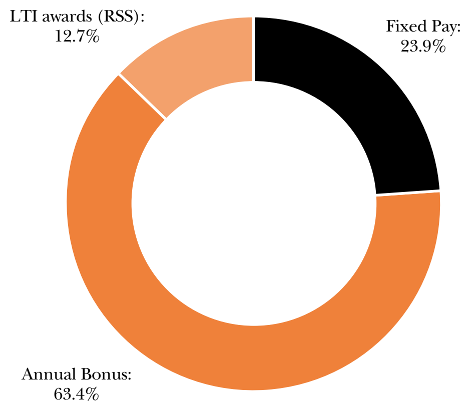
1. The final bonus earned by Executive Directors will be 98.4% of the maximum for the Group CEO, 98.5% of the maximum for the Group CFO. For full details of Executive Directors' bonuses and the associated performance delivered, see pages 110 and 111. One third of the serving Executive Directors' annual bonus is deferred into RSS awards without performance conditions, vesting at 33.3% per year over a three-year period.
2. For 2023, the long-term incentive values are based on the 2021 Performance RSS awards which vested at 28.3% and are based on a three-year performance period that ended on 31 December 2023. The values above are based on the average share price for the final quarter of 2023, being £6.0637, and includes the value of dividend equivalents accrued up to 31 December 2023.
3. For 2022, the long-term incentive values are based on the 2020 RSS awards which vested at 19.8%, and have been restated using the share price as at the date of vesting (10 February 2023) which was £6.145. The figures reflect the final number of shares that vested on 10 February 2023.
4. The benefits value shown reflects taxable benefits provided (Private Medical, Critical Illness, Dental and Gym reimbursement).

The following charts set out the above disclosed 2023 total remuneration received by serving Executive Directors as a percentage of their total 2023 remuneration.

Alex Maloney



Natalie Kershaw



Non-Executive Director fees

The following table presents the Non-Executive Directors' fees in respect of the years ended 31 December 2023 and 31 December 2022 for time served as a Non-Executive Director.

Current Non-Executive Directors		Fee $'000[6]	Other $'000	Total $'000
Peter Clarke	**2023**	**350**	**–**	**350**
	2022	350	–	350
Michael Dawson	**2023**	**175**	**–**	**175**
	2022	175	–	175
Simon Fraser[1]	**2023**	**56**	**50**	**106**
	2022	175	95	270
Jack Gressier[2]	**2023**	**175**	**–**	**175**
	2022	75	–	75
Robert Lusardi	**2023**	**175**	**–**	**175**
	2022	175	–	175
Irene McDermott Brown	**2023**	**175**	**–**	**175**
	2022	175	–	175
Sally Williams[3]	**2023**	**175**	**67**	**242**
	2022	175	39	214
Bryan Joseph[4]	**2023**	**119**	**41**	**161**
	2022	–	–	–
Philip Broadley[5]	**2023**	**26**	**–**	**26**
	2022	–	–	–

1. Simon Fraser stepped down from the Board on 26 April 2023 and from his role on the LSL Board on 18 May 2023, his fees represent his 2023 tenure.
2. Jack Gressier was appointed to the Board on 26 July 2022 and his fees represent his time as a Director.
3. Sally Williams was appointed to the LUK Board on 10 May 2022 and fees for LUK in 2022 represent her time as a Director in 2022.
4. Bryan Joseph was appointed to the Board on 26 April 2023 and the LSL Board on 1 August 2023. His 2023 fees represent his time as a Director.
5. Philip Broadley was appointed to the Board on 8 November 2023 and his fees represent his time as a Director.
6. LSL and LUK fees are paid in GBP at the average exchange rate for the month of payment.

Annual bonus payments in respect of 2023 performance

As detailed in the Remuneration Policy, each Executive Director participates in the annual bonus plan, under which performance is measured over a single financial year.

Bonus targets were set at the beginning of 2023 and based on a clear split between Company financial performance and personal performance on a 75:25 basis. The target value of bonus was 150% of salary for the Group CEO and Group CFO respectively, and the maximum payable was two times the target value.

Financial performance

75% of the 2023 bonus was based on Company performance conditions and the extent to which these were achieved is as follows:

Performance measure	Financial performance weighting (of total bonus) %	Threshold %	Target %	Max %	Actual performance %
RoE	75	RFR +5% (10.2%)	RFR +8% (13.2%)	RFR +14% (19.2%)	**RFR +14.8% (20.0%)**
Payout	% of Target	25%	100%	200%	200%

2023 is the first year in which financial performance has been measured using simple RoE, it is also the year in which the IFRS 17 and IFRS 9 accounting standards were implemented. The RoE outturn was calculated using adjusted profit after tax divided by average shareholders' equity. Profit in the RoE calculation was adjusted for elements considered to be outside management's control, most significantly the change in unrealised investment gains and losses, and on the impact of interest rate movements on the discounting of IFRS 17 loss reserves. Average equity was calculated as the average of the opening and closing shareholders' equity position, excluding the unrealised investment gains and losses and discounting impacts noted above. The RFR was calculated with reference to the average 13 week UST rates for the year.

Personal performance

25% of the 2023 bonus was based on performance against clearly defined personal objectives set at the start of the year.

The table below sets out a summary of the 2023 personal objectives for each Executive Director and some of the factors the Board has considered to determine whether the objectives have been met.

Executive Director	Personal strategic objectives	Factors relevant to the Board's determination for the 2023 performance year
Alex Maloney	Business management and leadership, including transformation and values	Strategy of diversification executed and delivering strong financial returns. Significant and tangible progress delivered on business transformation. Group COO appointed to directly oversee the delivery of further efficiencies. The Lloyd's relationship continues to develop positively and efficiently. Alex is highly regarded across all stakeholders as demonstrated in shareholder feedback, counterparty interactions, and the strongly positive Employee Opinion Survey (EOS) results. Leads by example in supporting and promoting the company values.
	Implementation of the long-term business growth and development strategy	Ongoing execution of the diversification strategy is evident in the financial results. Lancashire continues to attract leading talent to support the strategy and has built the framework for a successful and measured expansion into the U.S. market. Effective diversification and thoughtful capital allocation now enable capital returns to shareholders while maintaining headroom and facilitating growth. Significant focus and progress achieved on climate-related considerations in underwriting and investments, and in risk and reporting.
	ESG, with a focus on People and Culture and continued embedding and management of environmental considerations	Diversity continues to develop in terms of gender and ethnicity data tracking, and the EOS results demonstrate strong support and inclusion levels across Lancashire. Talent and succession planning is developing, positively supported by the new Group CHRO. Governance continues to be strong at Lancashire, and the appointment of a new Chair to work with management and the Board has been a successful demonstration of this.
Natalie Kershaw	Business Management and Leadership, including transformation and values	Strong performance delivered across all aspects of business management and leadership. IFRS 17 was implemented effectively and efficiently on time and below budget. Strong cost management demonstrated and delivery on major aspects of transformation. Effective team leadership with strong inter and intra departmental relationships demonstrated by strong EOS scores. Natalie is one of the strongest role models for Lancashire values with a commercial focus and ability to challenge and cut through complexity within the business.
	Strategic Financial Management supporting growth and transformation	Robust and prudent capital management has facilitated business growth and has directly contributed to the ability to deliver shareholder returns via special dividend. Significantly more streamlined business planning that will continue to evolve and deliver. Strong hiring decisions have added to the resilience and skills base of the finance function, creating a platform that will continue to support business growth.
	ESG, focusing on maintaining environmental considerations in investment portfolio management, and continued strong financial governance	Investment performance continues to generate strong returns despite challenging market conditions, making a material contribution to overall business performance in 2023. The investment portfolio continues to perform strongly, while maintaining a responsible approach to carbon intensity, via prudent management and oversight. Natalie assumed the leadership role over the reward function during the transition to the new Group CHRO. The approach to Group reward is now more structured and planned. Natalie's approach to financial governance and oversight is exemplary, resulting in high quality reporting, facilitating strong business performance.

The personal targets were tailored to each of the Executive Directors, according to their respective roles and areas of personal development.

During the 2023 annual performance reviews of each Executive Director, a performance rating, determined following an evaluation process and discussion and agreement of the outcomes with the Chair and members of the Board, was assigned to determine the level of bonus earned for delivery versus personal strategic objectives. The bonus earned by the Executive Directors in relation to 2023 personal strategic objectives assessment is, for the Group CEO, 70% of salary (being 93% of the maximum available for this element) and, for the Group CFO, 71% of salary (being 94% of the maximum available for this element).

A table of performance measures and total 2023 bonus achievement is set out below:

Executive Director	Financial performance (max % of total bonus)	Personal performance (max % of total bonus)	Bonus % of maximum awarded	Total bonus value £'000	Value of bonus paid in cash (2/3 of total bonus) £'000	Value of bonus deferred into RSS awards (1/3 of total bonus)[1] £'000
Alex Maloney[1]	75% (of 75%)	23% (of 25%)	98%	2,254	1,503	751
Natalie Kershaw[1]	75% (of 75%)	24% (of 25%)	99%	1,551	1,034	517

1. In line with the 2023 Remuneration Policy, one-third of total bonus award will be deferred into RSS awards with one-third of the award vesting annually over a three-year period with the first third becoming exercisable in February or March 2025, subject to the Company not being in a closed period. Vesting is subject to continued employment.

Long-term share awards with performance periods ending in the year – 2021 RSS awards

The 2021 RSS awards were based on a three-year performance period ending on 31 December 2023 and vest following the determination of financial results by the Board. The tables below set out the achievement against the performance conditions attached to the award and the resulting vesting.

	Absolute compound annual growth in TSR (relevant to 15% of the 2021 RSS awards)		Annual Change in DBVS (within the three year performance period) (relevant to 85% of the 2021 RSS awards)[1]	
Performance level	Performance required (%)	% vesting	Performance required (%)	% vesting
Below threshold	Below 8	–	Below 6	0
Threshold	8	25	6	25
Stretch or above	12 or above	100	13 or above	100
Actual achieved	(3.5)	–	see note[1]	33.3

Note 1.	2023	2022	2021
Change in DBVS	**24.7%**	(6.7%)	(5.8)%
Vesting % of one third by performance year	**100%**	0.0%	0.0%
2021 RSS Awards	**33.3%**	0.0%	0.0%

The table above shows the growth in DBVS for the performance period. The detailed vesting for each Executive Director is shown below.

Executive Director	Number of shares at grant	Number of shares to lapse	Number of shares to vest	Dividend accrual on vested shares value[1] £	Value of shares including dividend accrual[2] £
Alex Maloney	313,321	224,555	88,766	67,464	605,715
Natalie Kershaw	160,356	114,926	45,430	34,528	310,002

1. Dividend equivalents accrue on awards at the record date of a dividend payment and upon exercise the cash value of the accrued dividend equivalent is paid to the employee on the number of vested awards net of tax required.
2. The value of vested shares is based on the 2021 RSS awards which vest at 28.3% and are based on a three-year performance period that ended on 31 December 2023. The average share price rate for the final quarter of 2023 (£6.0637) is used for this calculation. No value is attributable to share price appreciation.

There is a two-year post-vesting holding requirement for the 2021 RSS awards for Executive Directors.

Scheme interests awarded during the year

The table below sets out the performance RSS awards that were granted to the serving Executive Directors as nil-cost options on 20 February 2023.

Executive Director	% Salary	Grant date[2]	Number of awards granted during the year	Face value of awards granted during the year[1] £	% vesting at threshold performance
Alex Maloney	300	20-Feb-23	373,899	2,292,001	25
Natalie Kershaw	275	20-Feb-23	235,523	1,443,756	25

1. The awards were based on the five-day average closing share price following announcement of the 2022 results, being £6.13 and the awards were granted as nil-cost options.
2. These awards are due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2025 and becoming exercisable in the first open period following the release of the Company's 2025 year-end results.

Performance conditions attached to 2023 RSS Awards

Absolute compound annual growth in TSR targets for RSS (15% weighting)

As at	2020	2021	2022	2023
100%	12%	12%	12%	**12%**
25%	8%	8%	8%	**8%**
Nil	< 8%	<8%	<8%	**<8%**

Annual internal rate of return of the Change in DBVS targets for RSS (85% weighting)

As at	2020	2021	2022	2023
100%	13%	13%	13%	**13%**
25%	6%	6%	6%	**6%**
Nil	< 6%	<6%	<6%	**<6%**

See above for the vesting methodology to be applied for the RSS awards.

The table below sets out the deferred bonus RSS awards that were granted to the serving Executive Directors as nil-cost options on 20 February 2023.

Executive Director	Award Type	Grant date	Number of awards granted during the year	Face value of awards granted during the year £	% vesting annually (without specific performance conditions)
Alex Maloney	Deferred Bonus	20-Feb-23	19,753	121,086	33.3
Natalie Kershaw	Deferred Bonus	20-Feb-23	12,474	76,466	33.3

Implementation of Remuneration Policy for 2024

Base salary and fees

Executive Directors

Salaries effective from 1 January 2024 are set out below:

Group CEO – £840,000, a 10% increase

Group CFO – £551,250, a 5% increase

Salary uplifts for Group employees varied across the workforce skewed towards the lowest paid cohort with an average of 7.2%, and an overall average uplift for Group employees of 6.2% for 2024.

Non-Executive Directors

The Chairman's and Non-Executive Directors' fees are as follows for 2024:

- The fee for the Board Chair will remain at $350,000 per annum.
- The Non-Executive Director fee will remain at $175,000 per annum.

Other fees

Sally Williams is a Non-Executive Director of LUK in which capacity she will receive a fee of $70,000 per annum.

Bryan Joseph is a Non-Executive Director of LSL in which capacity he will receive a fee of $100,000 per annum.

Annual bonus

For 2024, the Group CEO and the Group CFO will have a target bonus of 150% of salary and, therefore, a maximum opportunity of 300% of salary. This is within the approved policy limit and is in line with last year's opportunity and represents a maximum bonus opportunity which is 100% of salary less than the set policy limit.

The financial and personal portions of the annual bonus will remain unchanged with 75% on financial performance and 25% on personal performance.

Financial performance (75%)

Financial performance for bonus purposes will be measured on the basis of RoE (being profit divided by average equity).

Specific targets and ranges will be disclosed in full with the assessment of financial performance in the 2024 Annual Report on Remuneration. The Committee appreciates that this is a break from the historic practice of disclosing targets prospectively but is of the view that, in the current growth phase of the business, specific financial targets are commercially sensitive and should be disclosed retrospectively.

Personal performance (25%)

This element of the bonus plan is based upon the individual achievement of clearly articulated objectives created at the beginning of each year.

The table below sets out a broad summary of the 2024 personal objectives for each Executive Director.

Executive Director	Personal performance
Alex Maloney	Business Management and Leadership; including oversight of change, talent and succession, relationship management, and values
	Growth Strategy; including opportunity identification, capital management oversight and engagement
	ESG; with specific objectives related to environment, people and culture and governance
Natalie Kershaw	Business Management and Leadership, including values
	Strategic Financial Management supporting growth
	ESG, with a focus on maintaining environmental considerations in portfolio management, identifying and developing talent and continued strong financial governance

Due to their close link to Business Strategy detail, personal objectives for both CEO and CFO are considered commercially sensitive at the present time. Detailed objectives have been presented to and approved by the Committee and will be described in the 2024 Annual Report.

Restricted Share Scheme

Award levels

2024 RSS award levels are as follows:

- Group CEO – RSS awards in respect of shares to the value of £2,940,000 (being 350% of salary)
- Group CFO – RSS awards in respect of shares to the value of £1,515,938 (being 275% of salary)

The number of shares subject to the awards shall be determined based on the closing average share price for a period of five trading days immediately prior to the date of the award.

Weighting

For 2024, the weighting is 85% on annual Change in DBVS and 15% on absolute compound annual growth in TSR.

Target ranges

The annual Change in DBVS target range for 2024 awards is:

- threshold – 6%; and
- maximum – 13%.

Within the three-year performance period each of the separate financial years will be treated as a separate element, each one contributing one-third to the overall outcome of the vesting of this element of the RSS award. In each year, performance will be measured against the target range to determine the ultimate level of vesting in respect of one-third of the RSS award. Vesting will only occur after completion of the full three-year performance period, and continued employment of the Executive Director at the time of vesting.

The relevant elements of the RSS award will not vest if annual Change in DBVS is below threshold, 25% of the relevant element of the RSS award will vest at threshold, and 100% of the relevant element of the RSS award will vest at maximum. Performance between threshold and maximum is determined on a straight-line basis.

The TSR target range for 2024 awards is:

- threshold – 8% compound annual growth; and
- maximum – 12% compound annual growth.

Absolute TSR will be measured for compound annual growth over the full three-year performance period rather than looking at each year separately.

None of the relevant elements of the award will vest if compound annual growth in TSR is below threshold, 25% of the award will vest at threshold, and 100% of the award will vest at maximum. Performance between threshold and maximum is determined on a straight-line basis.

Overriding downwards discretion

If any year produces a return that the Committee believes is significantly worse than competitors and reflects poor management decisions, the Remuneration Committee will use its discretion to determine the extent to which any relevant element of the RSS award shall vest fully (or to a lesser extent) based on the performance over the full three-year period.

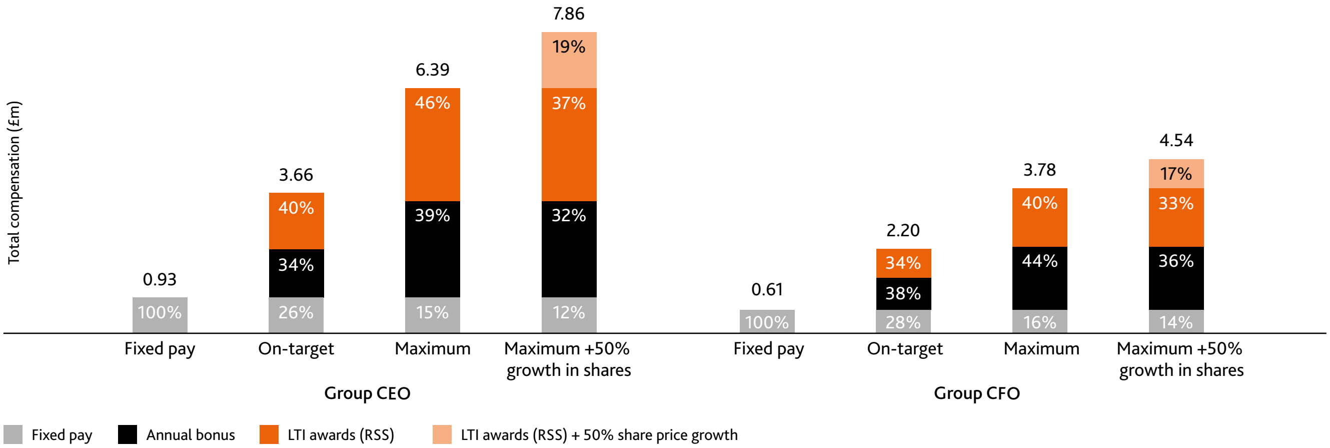
Post-vesting holding period

It is a requirement of RSS awards granted to Executive Directors that they are expected to hold vested RSS awards (or the resultant net of tax shares), which had a performance period of at least three years, for a further period of not less than two years following vesting.

Post-employment holding requirements

In respect of RSS awards made after 1 January 2020, there is a requirement on each Executive Director to retain 50% of the net of tax shares resulting on exercise in order to hold an interest equivalent in value of up to two times salary for a period of two years (or such other period or amount as the Committee may in future determine) following the date of termination of employment of the relevant Executive Director.

The charts below show the potential total remuneration opportunities for the Executive Directors in 2024 at different levels of performance under the Directors' Remuneration Policy.



Fixed pay = 2024 Salary + Actual Value of 2023 Benefits + 2024 Pension Contribution.

On-target = Fixed Pay + Target Bonus (being half the Maximum Bonus Opportunity) + Target Value of 2024 RSS grant (assuming 50% vesting with the face values of grant).

Maximum = Fixed Pay + Maximum Bonus Opportunity + Maximum Value of 2024 RSS grant (assuming 100% vesting with the face values of grant).

Maximum + 50% growth over performance period = Fixed Pay + Maximum Bonus Opportunity + Maximum Value of 2024 RSS grant + 50% share price appreciation (assuming 100% vesting with the face values of grant).

Directors' shareholdings and share interests

Formal shareholding guidelines were first introduced in 2012 and have subsequently been modified. The guidelines require the Group CEO and Group CFO to build and maintain a shareholding in the Company worth two times annual salary as set out in the Policy Report.

Details of the Directors' interests in shares are shown in the table below.

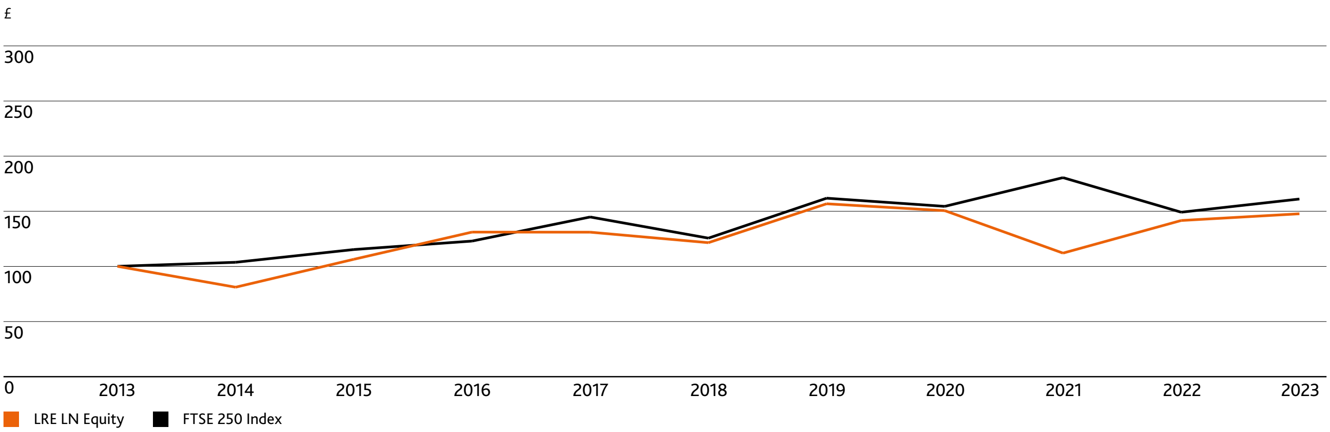
	Number of common shares and nil cost option share interests							
	Total as at 1 January 2023	As at 31 December 2023						
As at		Legally owned	Subject to deferral under the RSS	Subject to performance conditions under the RSS	Unvested and not subject to performance conditions under the RSS	Vested but unexercised awards under other share-based plans	Total	Shareholding guideline achieved
Alex Maloney	1,964,157	810,899	46,766	1,102,298	N/A	N/A	**1,959,963**	**Yes**
Natalie Kershaw	614,379	52,840	42,925	608,313	N/A	26,384	**530,543**	**No**
Peter Clarke	82,500	82,500	N/A	N/A	N/A	N/A	**82,500**	N/A
Michael Dawson	20,000	20,000	N/A	N/A	N/A	N/A	**20,000**	N/A
Jack Gressier	–	–	N/A	N/A	N/A	N/A	–	N/A
Robert Lusardi	48,000	48,000	N/A	N/A	N/A	N/A	**48,000**	N/A
Irene McDermott Brown	–	8,663	N/A	N/A	N/A	N/A	**8,663**	N/A
Sally Williams	11,082	11,082	N/A	N/A	N/A	N/A	**11,082**	N/A
Bryan Joseph	–	4,076	N/A	N/A	N/A	N/A	**4,076**	N/A
Philip Broadley	–	–	N/A	N/A	N/A	N/A	–	N/A

Share ownership interest equivalent is defined as wholly owned shares or the net of taxes value of RSS awards which have vested but are unexercised and the net of tax value of deferred bonus and/or non-performance RSS awards. Shares include those owned by persons closely associated with the relevant Executive Director.

On 24 February 2023 Alex Maloney, Group CEO, exercised 89,105 RSS nil cost options with an exercise price of £5.99602. The total gain on exercise of the awards was £534,275, of which shares to the value of £252,980 were sold to cover applicable taxes and fees, resulting in a net gain of £281,295.

Performance graph and total remuneration history for Group CEO

The following graph shows the Company's performance, measured by TSR, compared with the performance of the FTSE 250 Index. The Company's common shares commenced trading on the main market of the LSE on 16 March 2009 and the Company joined the FTSE 250 Index on 22 June 2009 and is currently a constituent of this.



Source: Datastream (Thomson Reuters)

This graph shows the value, by 31 December 2023, of £100 invested in LHL on 31 December 2013 compared with the value of £100 invested in the FTSE 250 Index. The other points plotted are the values at intervening financial year ends.

The table below sets out the total single figure of remuneration for the Group CEOs over the last 10 years with the annual bonus paid as a percentage of the maximum and the percentage of long-term share awards vesting in each year.

	2014[1]	2014[2]	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Total remuneration (£000s[3])	6,088	1,453	2,511	2,758	1,517	1,067	2,398	3,193	2,033	1,628	**3,709**
Annual bonus (% of maximum)	80	73	72	76	17	19	80	60	19	22	**98**
LTI vesting (% of maximum)	61[1]	50	75	67	22.5	–	–	48.2	48.2	19.8	**28.3**

1. Richard Brindle was the Group CEO from 2005 until he retired from the Group and as a Director on 30 April 2014. Mr Brindle was afforded good leaver status and all RSS award interests were vested upon his departure, using estimated TSR and RoE values (as then defined) at the time of his retirement. The amounts in the table above reflect all awards which vested in 2014. Further particulars of the vesting were reported in the Group's 2014 Annual Report and Accounts.
2. Alex Maloney was appointed Group CEO effective 1 May 2014, after the retirement of Mr Brindle. For the purposes of this table his numbers have been pro-rated to account for only his time in office as CEO for 2014.
3. For the years 2014 – 2020 these figures were converted to GBP using the average exchange rate for the relevant year.

Group Chief Executive Pay Ratio

	Method	25th percentile Total Pay Ratio	Median Total Pay Ratio	75th percentile Total Pay Ratio
2023	**A**	**54:1**	**31:1**	**18:1**
2022	A	24:1	15:1	8:1

In 2022 the number of UK based employees of Group exceeded 250 for the first time and CEO pay ratio was reported. Financial performance in 2023 is significantly stronger than 2022 and a much greater proportion of CEO pay is directly linked to business financial performance versus the broader workforce. This is the driver for the change to CEO pay ratio from 2022 to 2023. The table above sets out how the single total figure of remuneration (STFR) for the Group Chief Executive compares to the STFR of the UK employees at the 25th percentile, median and 75th percentile in both 2023 and 2022. The UK employees included are those employed on 31 December and remuneration figures are determined with reference to the financial year ending on 31 December for the relevant year. The value of each employee's total pay and benefits was calculated using the single figure methodology consistent with the CEO. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent basis based on the employee's average full-time equivalent hours for the year and the proportion of the year they were employed. The table below sets out the split between total remuneration (fixed and variable pay and benefits) and the salary component of that total for the relevant 2023 employees. Lancashire has chosen to use methodology A (as defined in the applicable regulations) to calculate the figures in the tables above and below because it is the most statistically robust methodology.

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	Total Remuneration (£)	Base Salary (£)	Total Remuneration (£)	Base Salary (£)	Total Remuneration (£)	Base Salary (£)
2023	69,047	45,000	118,991	85,900	210,776	127,100
	54:1	17:1	31:1	9:1	18:1	6:1

Percentage change in Directors' remuneration[1]

The following table sets out the percentage change in the aggregate value of salary, benefits and bonus for the Directors from the preceding year and the average percentage change in respect of the employees of the Group taken as a whole.

	2023			2022			2021			2020		
As at	Base salary/ Fees	Benefits[2]	Bonus	Base salary/ Fees	Benefits[2]	Bonus	Base salary/ Fees	Benefits[2]	Bonus	Base salary/ Fees	Benefits[2]	Bonus
Executive Directors												
Alex Maloney	**5.0**	**5.0**	**365.5**	4.0	4.3	23.1	(0.2)	(0.5)	(223.1)	3.1	–	(27.9)
Natalie Kershaw[3]	**15.9**	**16.0**	**407.2**	16.0	13.4	16.0	16.2	11.1	(197.0)	N/A	N/A	N/A
Non-Executive Directors												
Peter Clarke	**–**	**–**	**N/A**	–	–	N/A	–	–	N/A	–	–	N/A
Philip Broadley	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Michael Dawson	**–**	**–**	**N/A**	–	–	N/A	–	–	N/A	–	–	N/A
Simon Fraser[4]	**(60.7)**	**–**	**N/A**	5.9	–	N/A	–	–	N/A	–	–	N/A
Jack Gressier[5]	**134.0**	**–**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bryan Joseph	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Robert Lusardi	**–**	**–**	**N/A**	–	–	N/A	–	–	N/A	–	–	N/A
Irene McDermott Brown	**–**	**–**	**N/A**	–	–	N/A	N/A	N/A	N/A	–	–	N/A
Sally Williams	**13.5**	**–**	**N/A**	34.1	–	N/A	–	–	N/A	–	–	N/A
Employees of the parent company[6]	**N/A**	**N/A**	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	–	–	N/A
Employees of the Group	**10.4**	**14.1**	**168.5**	7.5	7.9	105.0	15.2	27.5	(57.9)	8.7	17.5	4.3

1. The change in remuneration for employees of the Group reported in the 2020 and 2021 annual reports and shown in the table above include the effect of headcount changes. The figures presented for 2022 and 2023 represent employees in post on 31 December of the reported and prior year to provide a like-for-like comparison to Directors.
2. Benefits include pension and all taxable benefits as reported on page 108 in the Single Figure on Remuneration table.
3. The change to Natalie Kershaw's salary in 2022 reflects salary paid including the mid-year adjustment previously disclosed. The 2023 change further reflects the effect of amending salary at the mid-year point in 2022 and resulting pro-rata to that salary. There was no change in her CFO salary from 2020 to 2021. The apparent increase has arisen due to her 2020 salary shown being pro-rata following her appointment as Group CFO on 1 March 2020.
4. Simon Fraser stepped down from the Board on 26 April 2023, and from his role on the LSL Board on 18 May 2023 and his fees represent his 2023 tenure.
5. Jack Gressier was appointed to the Board on 26 July 2022 and his 2022 fees represent his time as a Director.
6. As the parent company does not have any employees, it is not possible to provide a percentage change in their pay and therefore the comparison is to the Group as a whole.

Relative importance of the spend on pay

The following table sets out the percentage change in dividends and overall spend on pay in the year ended 31 December 2023 compared with the year ended 31 December 2022.

	2023 $m	2022 $m	Percentage change %
Employee remuneration costs	**135.1**	82.6	63.6
Dividends	**155.3**	36.2	329.0

Committee members, attendees and advice

For Remuneration Committee membership and attendance at meetings through 2023, please refer to page 99 of this Annual Report and Accounts.

The Remuneration Committee's responsibilities are contained in its Terms of Reference, a copy of which is available on the Company's website.

These responsibilities include determining the framework for the remuneration, including pension arrangements, for all Executive Directors, the Chair and senior executives. The Committee is also responsible for approving employment contracts for senior executives.

Remuneration Committee adviser

The Remuneration Committee is advised by the Executive Compensation practice at PwC since their appointment in July 2023. PwC replaced Alvarez & Marsal ('A&M'), who had been in place since 2020. Advisers hold discussions with the Remuneration Committee Chair regularly on Committee processes and topics which are of particular relevance to the Company.

The primary role of the Committee adviser is to provide independent and objective advice and support to the Committee's Chair and members. The Committee is satisfied that the advice that it receives is objective and independent, noting that both PwC and A&M are signatories to the Remuneration Consultants Group ('RCG') Code of Conduct which sets out guidelines for managing conflicts of interest, and have confirmed to the Committee their compliance with the RCG Code.

The total fees paid to PwC in respect of its services to the Committee for the year ended 31 December 2023 were $31,606. Additionally fees totalling $52,898 were paid to A&M in respect of services provided to the Committee during 2023 prior to the appointment of PwC. Fees are predominantly charged on both agreed and 'time spent' bases.

Engagement with shareholders

Details of votes cast for and against the resolution to approve last year's Remuneration Report are shown below along with the votes to approve the 2023 Remuneration Policy; any matters discussed with shareholders during the year, are provided in the Annual Statement for 2023 starting on page 101. Details on the 2023 AGM vote are also outlined in the statement.

	Vote to approve 2022 Annual Report on Remuneration (at the 2023 AGM)		Vote to approve 2023-2025 Remuneration Policy (at the 2023 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	**165,996,639**	**92.2**	**166,150,636**	**92.9**
Against	**14,137,270**	**7.8**	**12,769,776**	**7.1**
Total	**180,133,909**	**100.0**	**178,920,412**	**100.0**
Abstentions	**125**		**1,213,622**	

Please see page 101 for the Chair's discussion of the 2023 AGM Remuneration vote outcomes.

Approved by the Board of Directors and signed on behalf of the Board.

Irene McDermott Brown
Chair of the Remuneration Committee

5 March 2024

Directors' Report

Overview of the Group

LHL is a Bermuda incorporated company (Registered Company No. 37415) with operating subsidiaries in Bermuda, London, the U.S., and Australia and two syndicates at Lloyd's.

The Company's common shares were admitted to trading on AIM in December 2005 and were subsequently moved up to the Official List and to trading on the main market of the LSE on 16 March 2009. The shares have been included in the FTSE 250 Index since 22 June 2009 and have a premium listing on the LSE.

Principal activities

The Company's principal activity, through its wholly-owned subsidiaries, is the provision of global specialty, catastrophe and casualty insurance and reinsurance products. An analysis of the Group's business performance can be found in the underwriting and business review starting on page 14.

Dividends

During the year ended 31 December 2023, the following dividends were declared:

- a final dividend of $0.10 per common share was declared on 9 February 2023 subject to shareholder approval, which was received at the 2023 AGM. The final dividend was paid on 2 June 2023 in pounds sterling at the pound/U.S. dollar exchange rate of 1.26135 or £0.0793 per common share;
- an interim dividend of $0.05 per common share was declared on 9 August 2023 and paid on 15 September 2023 in pounds sterling at the pound/U.S. dollar exchange rate of 1.2719 or £0.0393 per common share; and
- a special dividend of $0.50 per common share was declared on 8 November 2023 and paid on 15 December 2023 in pounds sterling at the pound/U.S. dollar exchange rate of 1.2429 or £0.4023 per common share.

Dividend policy

The Group intends to maintain a strong balance sheet at all times, while generating an attractive risk-adjusted total return for shareholders. We actively manage capital to achieve those aims. Capital management is expected to include the payment of a sustainable annual (interim and final) ordinary dividend, supplemented by special dividends from time-to-time. Dividends will be linked to past performance and future prospects.

Under most scenarios, the annual ordinary dividend is not expected to reduce from one year to the next. Special dividends are expected to vary substantially in size and in timing. The Board may cancel the payment of any dividend between declaration and payment for purposes of compliance with regulatory requirements or for exceptional business reasons.

Current Directors

- Peter Clarke (Non-Executive Chair)
- Alex Maloney (Group Chief Executive Officer)
- Natalie Kershaw (Group Chief Financial Officer)
- Philip Broadley (Non-Executive Director and Chair designate)
- Michael Dawson (Non-Executive Director)
- Jack Gressier (Non-Executive Director)
- Bryan Joseph (Non-Executive Director)
- Robert Lusardi (Senior Independent Non-Executive Director)
- Irene McDermott Brown (Non-Executive Director)
- Sally Williams (Non-Executive Director)

Directors' interests

The Directors' beneficial interests in the Company's common shares as at 31 December 2023 and 2022, including interests held by family members, were as follows:

Directors	Common shares held as at 31 December 2023	Common shares held as at 31 December 2022
Philip Broadley[1]	–	N/A
Peter Clarke	**82,500**	82,500
Michael Dawson	**20,000**	20,000
Simon Fraser[2]	**N/A**	3,000
Jack Gressier	–	–
Bryan Joseph[3]	**4,076**	N/A
Natalie Kershaw[4]	**52,840**	77,922
Robert Lusardi	**48,000**	48,000
Alex Maloney[5]	**810,899**	910,899
Irene McDermott Brown[6]	**8,663**	–
Sally Williams	**11,082**	11,082

1. Philip Broadley was appointed to the Board with effect from 8 November 2023.
2. Simon Fraser ceased being a Director on 26 April 2023. Mr Fraser held 3,000 shares in the Company as at 26 April 2023.
3. Bryan Joseph was appointed to the Board with effect from 26 April 2023. Mr Joseph conducted the following transactions in the Company's shares during 2023:
   - 2 June 2023 – purchase of 2,200 shares at a price of £6.24 per share costing £13,725.80.
   - 29 June 2023 – purchase of 1,850 shares at a price of £5.78 per share costing £10,696.70.
   - 22 September 2023 – purchase of 26 shares at a price of £6.01 per share costing £159.26.
4. The 77,922 shares held at 31 December 2022 included 25,082 shares held by her spouse, Adam Burton. Natalie Kershaw conducted the following transactions in the Company's shares during 2023:
   - 17 May 2023 – sale of 25,082 shares at a price of £6.28 per share totalling £157,434.08 by Adam Burton.
5. Includes 181,819 shares owned by his spouse, Amanda Maloney. Alex Maloney conducted the following transactions in the Company's shares during 2023:
   - 24 February 2023 – exercise of 89,105 RSS awards and related sale of 89,105 shares at a price of £5.99 per share realising £534,275.36.
   - 24 February 2023 – sale of 100,000 shares at a price of £6.02 per share realising £601,842.20.
6. Irene McDermott Brown conducted the following transactions in the Company's shares during 2023:
   - 6 March 2023 – purchase of 5,054 shares at a price of £5.93 per share costing £29,983.87.
   - 22 March 2023 – purchase of 3,609 shares at a price of £5.58 per share costing £19,984.73.

Transactions in own shares

Pursuant to the authority granted at the AGM held on 26 April 2023, the Company announced on 22 November 2023 that it would commence a share repurchase programme to expire on 29 February 2024. No shares were repurchased under the programme.

Further details of the share repurchase authority and programme are set out on page 188. The authority to repurchase shares is subject to renewal at the 2024 AGM for an amount of up to 10% of the then issued common share capital.

Directors' remuneration

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. Details of the Directors' remuneration are set out in the Directors' Remuneration Report starting on page 101.

Substantial shareholders

As at 31 January 2024, the Company was aware of the following interests of 5% or more in the Company's issued share capital:

Shareholder	No. of Shares	% of issued ISC
Baillie Gifford	19,140,928	7.84
Setanta Asset Management	16,884,586	6.92
GLG Partners	14,983,203	6.14
Polar Capital	13,556,792	5.56
BlackRock	12,290,322	5.04

As at 5 March 2024, no further material changes have been notified to the Company.

Corporate governance – compliance statement

The Company's compliance with the Code is detailed in the Sustainability and Governance reporting sections of this Annual Report and Accounts on pages 40 to 121 and more particularly in Peter Clarke's introduction to those sections on page 41.

The Board considers, and the Company confirms, in accordance with the principle of 'comply or explain', that the Company has applied the principles and complied with the provisions and guidance set out in the Code throughout the year ended 31 December 2023.

Health and safety

The Group considers the health and safety of its employees to be a management responsibility equal to that of any other function. The Group operates in compliance with health and safety legislative requirements in Bermuda and the UK.

Greenhouse gas emissions and TCFD reporting

The Group's greenhouse gas emissions are detailed on page 69. The Group's TCFD Report is included in this Annual Report and Accounts starting on page 49.

Employees

The Group is an equal opportunities employer and does not tolerate discrimination of any kind in any area of employment or corporate life. The Group believes that education and training for employees is a continuous process and employees are encouraged to discuss training needs with their managers. The Group's health and safety, equal opportunities, training and other employment policies are available to all employees in the staff handbook which is located on the Group's Employee HR portal.

Creditor payment policy

The Group aims to pay all creditors promptly and in accordance with contractual and legal obligations.

Financial instruments and risk exposures

Information regarding the Group's risk exposures is included in the ERM report starting on page 23 and in the risk disclosures section starting on page 148 of the consolidated financial statements. The Group's use of derivative financial instruments can be found on page 158.

Accounting standards

The consolidated financial statements of the Group have been prepared on a going concern basis in compliance with the IFRS accounting standards, as adopted by the E.U.

Annual General Meeting

The Notice of the 2024 AGM, to be held on 1 May 2024 at the Company's head office, Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda, is contained in a separate circular to shareholders which is made available to shareholders at the same time as this Annual Report and Accounts. The Notice of the AGM is also available on the Company's website.

Electronic and website communications

Provisions of the Bermuda Companies Act 1981 enable companies to communicate with shareholders by electronic and/or website communications. The Company will notify shareholders (either in writing or by other permitted means) when a relevant document or other information is placed on the website and a shareholder may request a hard copy version of the document or information.

Going concern and viability statement

The performance review section starting on page 12 sets out details of the Group's financial performance, capital management, business environment and outlook. In addition, further discussion of the principal risks and material uncertainties affecting the Group can be found on pages 23 to 31. Starting on page 148 the risk disclosures section of the consolidated financial statements sets out the principal risks to which the Group is exposed, including insurance, climate change, market, liquidity, credit, operational and strategic, together with the Group's policies for monitoring, managing and mitigating its exposures to these risks. Further details of the Group's scenario testing and resilience to climate change risk can be found in the TCFD Report starting on page 49.

The Board considers annually and on a rolling basis, a strategic plan for the business which the Company progressively implements. The strategic plan approved by the Board at its meeting on 9 August 2023 covered the period to the year 2030. The Board also approved at its meeting on 8 November 2023 a management proposal for a more detailed three-year business forecast covering 2024 to 2026, which (as in 2023 and prior years) will be revised and reviewed by the Board at each of its quarterly meetings throughout 2024. The three year business plan period aligns to the predominantly short-tail nature of the Group's liabilities and the agility in the business model, allowing the Group to adapt capital and solvency quickly in response to market cycles, events and opportunities. This is consistent with the outlook period in the Group's ORSA report. The Board receives quarterly reports from the Group CRO and sets, approves and monitors risk tolerances for the business.

During 2023, the Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. As part of this assessment the business plan was stressed for a number of severe but plausible scenarios and the impact on capital evaluated. As we note in the Audit Committee report on page 83 and throughout this Annual Report and Accounts, the Board continues to monitor Group reserves for a number of loss events including the conflict in Ukraine and various natural catastrophe and specialty market loss events. The Board also continued to monitor the conditions within the global investment markets. The Audit Committee also considered a formal and thorough 'going concern' analysis from management at both its July 2023 and March 2024 meetings (for further details see page 84 in the Audit Committee report). The Directors believe that the Group is well placed to manage its business risks successfully, having considered the current economic outlook. Accordingly, the Board has a reasonable expectation that, taking into account the Group's current position, and subject to the principal risks faced by the business, the Group will be able to continue in operation and to meet its liabilities as they fall due for the period up to 31 December 2026, being the period considered under the Group's current three-year business plan.

Going Concern

Based on the going concern assessment performed as at 31 December 2023, the Directors consider there to be no material uncertainties that may cast significant doubt over the Group's ability to continue to operate as a going concern and to adopt the going concern basis of accounting. The Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence as a going concern in the foreseeable future, a period of at least 12 months from the date of signing the Group's consolidated financial statements.

Auditors

Resolutions will be proposed at the Company's 2024 AGM to re-appoint KPMG LLP as the Company's auditors and to authorise the Directors to set the auditors' remuneration.

Disclosure of information to the auditors

Each of the persons who is a Director at the date of approval of this Annual Report and Accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board.

Christopher Head

Christopher Head
Company Secretary

5 March 2024

The Directors are responsible for preparing the Annual Report and Accounts and the Group’s consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. The consolidated financial statements have been prepared in accordance with the IFRS accounting standards, adopted by the E.U. Further detail on the basis of preparation is described in the consolidated financial statements.

In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with the IFRS standards;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Group’s consolidated financial statements;
- provide additional disclosures where compliance with the specific requirements of IFRS standards are considered to be insufficient to enable users to understand the impact of particular transactions, events and conditions on the financial position and performance;
- assess the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure that the consolidated financial statements comply with applicable laws and regulations. They are also responsible for such internal control as they determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, and also have general responsibility for safeguarding the assets of the Group, and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Directors’ responsibility statement

The Directors confirm that to the best of their knowledge:

- the consolidated financial statements, prepared in accordance with the IFRS accounting standards as adopted by the E.U. give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Board considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy; and
- the strategy report including the business review section of this Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

Legislation in Bermuda governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions. In addition, the rights of shareholders under Bermuda law may differ from those for shareholders of companies incorporated in other jurisdictions.

By order of the Board

5 March 2024