**Lancashire Holdings Limited’s Chairman’s statement on diversity policy and on the representation of women on the board of directors and within executive and senior management and in relation to ethnic diversity**

The Board of Lancashire Holdings Limited (“LHL”) (the “Board”) has updated and approved the following statement on the representation of women on the board of directors, on executive committees and in senior management and in relation to ethnic diversity:

“The Hampton-Alexander Review (the “Review”), chaired by Sir Philip Hampton, former Chair of GlaxoSmithKline, published its first report in November 2016. The Review builds on the work of the voluntary business-led approach of the Davies Review and reiterates the recommendation that listed companies adopt a 33% minimum target for women on boards and executive committees (and direct reports) by 2020. In the spring of 2016 the UK Treasury published the “Women in Finance Charter” (the “Charter”) inviting financial services firms to become signatories. Signatories to the Charter are asked to commit to the adoption of internal targets on gender diversity, as well as other steps for the monitoring, advancement and reporting of gender diversity.

In October 2017, the Parker Review Committee published its final report into the ethnic diversity of UK boards and recommended that each FTSE 250 board should have at least one director of colour by 2024 and that, led by board chairs, existing board directors of FTSE 350 companies should mentor and/or sponsor people of colour within their own companies to ensure their readiness to assume senior managerial or executive positions internally or non-executive board positions externally.

In recent years the importance of diversity has been extensively discussed by the Board. Whilst wholly sympathetic to the objective of increasing the range of useful diversity within the business, until February 2018 the Board had previously decided not to adopt a fixed percentage target for gender diversity (or any other one feature of diversity), in case doing so might compromise the paramount objective of identifying the person with the skills and experience best suited to any particular role.

Further to debate during 2017, the Board decided for LHL to adopt a 33% goal for the representation of women on the Board and the Group’s principal executive committee by 2020. The Board has not adopted any formal goal with regard to ethnic diversity on the Board but will keep this matter under review. In particular, the Board will ensure that the processes for the selection of LHL Directors address the need to consider and appoint candidates with a diverse range of backgrounds, experience and perspectives to the ultimate benefit of the business and its stakeholders.

Both on the Board, within the executive management team and throughout its business, the Lancashire Group has for many years benefitted from gender and other forms of diversity. As at 30th June 2020, the percentage of female representation on the Board stood at 37.5%, within the executive management team (excluding LHL Non-Executive Directors) the percentage stood at 40.9% and the percentage of female employees (excluding contractors) within the Lancashire Group stood at 38.5%.

The business does not currently formally monitor the composition of the business by reference to aspects of ethnicity and, on balance, considers this to be the right approach. The Board still believes that the skills and experience needed to take the business of the Group forward are of paramount importance in selecting Board members and employees. Accordingly, the gender diversity goal should not be treated as a “black line” but rather a flexible target against which the business should periodically measure its performance and strategy. Balanced against the attainment of the stated gender diversity goal should be the need to identify “the best person for the job” to best advance the business and interests of the Group and its stakeholders. Given the importance of this and the desirability of ensuring that the stated goals are to be applied flexibly, whilst sympathetic to the objectives of the Charter, the Board remains of the view that LHL is not able to become a formal signatory to the Charter.

The Lancashire Group is an equal opportunity employer and does not tolerate discrimination of any kind in any area of employment or corporate life. All decisions relating to recruitment, assessment,  remuneration and promotion are based on the ability of the individual to do the job, without consideration to race, age, gender, sexual orientation, disability, beliefs, background (except as may be pertinent to the requirements of a role, such as educational qualifications or prior employment experience) or nationality.

Peter Clarke, as Chairman of the Board and the Nomination, Corporate Governance and Sustainability Committee, will be accountable to the Board for monitoring progress on gender diversity and other diversities, and in ensuring that appropriate performance objectives are set for Executive Directors, appropriately linking the pay of the senior executive team to the delivery of the gender diversity goals and ensuring the benefits of a broad diversity and the strategic objectives of the business.

In compliance with the FRC’s UK Corporate Governance Code, a description of the Board’s policy on diversity and inclusion, including gender, has been included in LHL’s Annual Reports, together with statistics relevant to the gender composition of the Board, Group management and their direct reports and overall Group employees.”

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