



UNEP-FI Principles for Sustainable Insurance (PSI)

Gard is a member of and signatory to the Principles for Sustainable Insurance. Each year, we disclose how we have aligned our business activities and interactions with our stakeholders with the Principles.

The main activities we carried out in the past year are outlined below and aligned with each Principle and with reference to the relevant section in our Annual Report 2023. Our Annual Report covers the financial statements and non-financial disclosures for the year ending 31 December 2023.

<p>Principle 1: We will embed in our decision-making environmental, social and governance (ESG) issues relevant to our insurance business</p>	<p>Sections: How we create value – pp. 13-14 Our support to Members and clients – pp. 15-23 Our people and organisation – pp. 24-28 Our investments – pp. 29-30 Governance – pp. 32-36</p>
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We have integrated our selected focus areas, based on the UN Sustainable Development Goals, into Gard’s value creation model. Our main activities and results encapsulate who we are as a company and how our operations impact the UN Sustainable Development Goals. These are as follows:

1. We support our Members and clients

We provide a range of insurance products, hands-on casualty and claims handling, and targeted loss prevention services.

- **Support Members and clients by protecting the health and wellbeing of seafarers**
 Throughout 2023, our emphasis has been on the importance of equitable and transparent contracts for crew members. This approach is designed not just to guarantee appropriate assistance and remuneration, but also to prevent lengthy disputes. We assist with examining crew contracts to confirm they adhere to Maritime Labor Convention standards, ensuring clarity and predictability, and maintaining a strong focus on the welfare and wellbeing of the crew.

We consider mental health to be an integral part of our Pre-employment Medical Examination (PEME). To reinforce our focus on mental health, Gard also offers courses and training sessions to Members and clients interested in promoting seafarer health and wellbeing onboard their ships.

In 2022 Gard launched the Mariners Medico Guide, a medical application designed to improve medical treatment onboard ship and potentially save seafarers’ lives. The app is a reference tool for medical treatment onboard and can be downloaded and used offline mid-ocean without an internet connection.

- **Supporting the green transition**

Gard supports a wide range of new technology initiatives, alternative fuels, and other innovations to help the maritime industry decarbonise. Although the majority of our portfolio is dependent on conventional fuels, there is a noticeable trend and readiness to invest in innovative technologies and alternative fuel sources. Our role is to facilitate and support this shift, and we are prepared to offer insurance for the risks linked to emerging fuel varieties and technological advances.

In anticipation of the green transition, we collaborate with two decarbonisation research and development centres – the Global Centre for Maritime Decarbonisation and the Maersk McKinney Møller Center for Zero Carbon Shipping. This allows us to gain knowledge and understanding of the consequences of transitioning to alternative fuel technologies and zero-emission ships and how this will affect the crew.

- **Climate alignment disclosure of Gard's hull and machinery portfolio**

In 2023, Gard disclosed its second climate alignment score highlighting the carbon intensity of our hull and machinery portfolio.

2. We focus on our people

We develop competence, foster diversity, ensure equal opportunities, and a good working environment.

- **Organisational priorities**

In 2023, we implemented a onboarding program for new employees designed to quickly familiarise new employees with Gard's business and culture. We also prioritised diversity leadership training for all Gard leaders. Recognising our increasingly diverse and global workforce, we aim to foster inclusive leadership practices and promote workplace diversity. We anticipate that this initiative will contribute to enhancing our employees' working conditions.

We believe that employee engagement is vital to unlock our organisational potential and to achieve our long-term goals. When developing our business aspirations, we ensure that employees are part of the process through various activities, including a global Strategy Festival.

In relation to our own greenhouse gas emissions, we measure scope 1, scope 2, and parts of scope 3 which are business travel and emissions from waste disposal. In 2023 our scope 3 emissions increased, primarily due to business travel post-Covid. We will continue to prioritise emission reductions by cutting down on unnecessary travel.

- **Knowing our suppliers**

Our human rights due diligence process is aimed at identifying human rights and labour rights issues within our own operations and that of our supply chain and to implement measures to address any such issues. Part of the process is to assess our suppliers' performance vis-à-vis various human rights indicators. We maintain a constant dialogue with our suppliers and try to find common solutions to address any issues found or a way forward where improvements are needed.

3. We strive for long-term sustainable investment returns

Through our scale and financial strength, we focus on responsible investments to the benefit of our Members and society.

- **ESG considerations in investments**

In 2023, 98 per cent of Gard's equity portfolio was screened for its ESG performance. The screening was conducted by a leading external provider of financial data and analytics to investors – MSCI. Our long-term goal is to take further steps in integrating ESG into our investments and report according to the requirements of EU Taxonomy.

4. Other areas

▪ **Push for transparency and good governance**

In 2023, Gard updated its Risk Policy to encompass sustainability risks, reflecting our commitment to holistic risk management. Among the material sustainability risks identified by Gard are those pertaining to human rights and climate change, underscoring the organisation’s proactive stance on addressing pressing global challenges.

Gard requires all employees and partners to adhere to our Code of Ethics and Business Conduct, covering policies on financial crime, anti-corruption, anti-money laundering, and whistleblowing. We also enforce a Supplier Code of Conduct. Additionally, we have specific Bribery Prevention Requirements for correspondents, along with internal General Claims Handling Instructions and Underwriting Instructions for employees.

In 2023, Gard dedicated significant resources to a Know Your Client (KYC) project, implementing an enhanced customer vetting framework. This reduces the risks associated with money laundering, terrorist financing, corruption, sanctions violations, and fraud. We formed a specialised KYC advisory team to support our underwriters and claims handlers in their day to day due diligence tasks. Despite the challenges and time involved, these efforts are becoming embedded in our operation, as they likely are for the wider industry.

Our Whistleblowing policy offers an external, independent channel to report suspected misconduct, allowing for anonymity if desired. Throughout last year, we focused on increasing awareness and training on whistleblowing procedures. This resulted in a slight increase in the number of reported cases.

Gard monitors its ESG and sustainable business efforts through its Group Leadership Team and a dedicated Sustainable Business team. Additionally, the Sustainable Operations Panel (SOP), set up in 2019 and comprising senior representatives from various departments, facilitates strategic discussions on identifying risks and opportunities. Leaders are tasked with integrating sustainability into team goals and identifying relevant targets and KPIs aligned with Gard's strategy. Every individual at Gard is expected to integrate sustainability into their day to day work.

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop situations

Sections:
Our support to Members and clients – pp. 15-23
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We have a proactive and collaborative approach in our robust dialogue with industry stakeholders and regulatory authorities. Our engagement with the International Group of P&I Clubs and consultation with industry peers are invaluable avenues for navigating the swiftly evolving regulatory landscape, particularly amidst the current geopolitical tensions. This collaboration affords us clarity and reassurance in effectively addressing emerging challenges.

To strengthen our commitment to compliance and integrity, we have intensified our internal compliance and know-your-customer efforts. By boosting these internal mechanisms, we enhance our capacity to uphold the highest ethical standards and mitigate risks effectively.

In our work with pollution response, we worked with maritime authorities, salvors, technical advisors, and experts to swiftly contain further pollution and avert the total loss of a vessel.

In October 2023, Gard launched a new digital insurance portal accessible via desktop and mobile devices. The portal provides Members and brokers with simplified access to fleet information, insurance covers, claims data, loss records, and more. We interviewed a wide range of stakeholders, including Board members, brokers, correspondents, external service providers and industry organisations. We did this to make sure we understood their views and experiences, monitored trends and to be able to continuously adjust our strategy going forward.

We recognise the importance of fostering sustainability throughout our value chain. Through active engagement with our suppliers and business partners, we strive to enhance sustainability practices and elevate awareness of the human rights challenges prevalent in the maritime industry. Our concerted efforts in this regard aim to promote transparency and accountability across our operations.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance (ESG) issues

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In addition to providing insurance products and services that support the green transition, Gard has maintained a constant commitment to collaboration with key organisations driving maritime decarbonization. Our collaboration with the Global Centre for Maritime Decarbonization and the Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping is driven by a dual purpose: to acquire valuable knowledge and to contribute to the research, development, and knowledge-sharing necessary for the success of this transition.

Throughout 2023, Gard has actively supported several research projects aimed at advancing decarbonisation efforts within the maritime industry. Notable projects include pilots focusing on ammonia bunkering and onboard carbon capture, as well as upcoming initiatives centred around crew safety onboard low and zero-emission vessels. These endeavours underscore our commitment to fostering innovation and progress in sustainable shipping practices.

Additionally, Gard has been instrumental in the efforts to enhance regulatory clarity surrounding the shift towards cleaner fuels. We have contributed to the drafting of decarbonisation clauses at BIMCO and actively participate in the decarbonisation steering committee of the Comité Maritime International (CMI). Furthermore, as chair of an International Group (IG) working group, we are assessing the adequacy of international liability conventions in light of alternative fuels and new cargoes, aiming to reduce legal ambiguities and facilitate the transition towards greener practices.

Gard is an active member of Maritime Anti-Corruption Network (MACN). This collaborative platform enables us to work collectively with industry peers to combat corruption and uphold ethical standards within the maritime sector. Through these collective endeavours, we are committed to fostering a maritime industry characterised by integrity, transparency, and equitable practices.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles

This is our fourth progress report, referencing the insights gained from our Annual Report 2023. Our Annual Report stands as a testament to our unwavering commitment to accountability and transparency in implementing the Principles for Sustainable Insurance.