

The Club's purpose has always been to create value for its Members, brokers, staff, and seafarers and to offer products and services which are relevant and give its Membership, and in turn their stakeholders, the reassurance that their P&I liabilities are covered. This is underpinned by the Club's vision of Ensuring Peace of Mind.







"Whilst Environmental, Social and Governance (ESG) factors have been an area of importance for the Shipowners' Club for many years, it was in 2019 when the Club really focused its attention on how ESG factors related to our business model as a service provider. Fast forward three years and we are now issuing our second Corporate Responsibility (CR) Report. It is important for us that when detailing our CR strategy externally, it is from a place of substance and action. We believe we are proceeding along our strategic CR roadmap with the appropriate direction and speed. We are pleased to provide this update on what we have learnt and detail the process we have been through over the last reporting period, whilst also acknowledging that, of course, we still have work to do to do as part of our evolving CR strategy. We hope our CR reporting may assist others on their own sustainability journeys both within our market and the wider industry."

Louise Hall Director of Loss Prevention/ Corporate Responsibility

Foreword statement

ESG is a subject matter dominating the business landscape at present, with new investments and initiatives developing on a near daily basis.

One example is technical innovation which plays an essential part in the maritime industry's evolution when it comes to CR. While the Club continues its business journey, we consistently keep in mind that everything we do is done in the best interest of the Club's Members. We have found, and it is interesting to note, that the formal CR process has codified well established and historic practices at Shipowners'.

In this second CR Report, we look to update our Membership on the activities that have been undertaken in all three areas of ESG since our last report (2022), building on the core governance foundations that were established and that uphold the Club's core values, mission and underpinning vision of Ensuring Peace of Mind. This ethos is reflected in one of the Club's key guiding principles: 'We will strive to incorporate and embrace a CR strategy that focuses on the long-term sustainability of the Club while adding value to its business activities for the benefit of our Membership.' We support the fundamental principle of keeping the distinctive operations of our Members front and centre in all that we do.

Our stakeholders remain an important part of our CR journey and with this in mind, throughout 2022/2023, the Club has engaged with Members, Regulatory Authorities and Academia to understand the operating environments that our Members work in, with their unique and specialist vessels in every corner of the globe. It is with collaboration, including the sharing of our own experiences, that we can collectively make inroads in these areas and create a positive impact.

Even though this is our second CR Report, our journey has only just begun and as we look to its development, we will continue to be transparent, engage with our stakeholders, and seek opportunities to create value for the benefit of all as we embrace a more sustainable future.

The Board and Management endorse CR as a guiding principle, and reporting on the Club's CR practices will provide added comfort to our staff, Members and all our other partners that the Club is responsible in all it does.

Donald A. MacLeod KC Chairman



Donald A. MacLeod KC Cnairman

The Shipowners' Club's vision is "Ensuring Peace of Mind". That vision aims to give comfort as to the Club's service mentality and our ability and willingness to pay our Members' insured claims.

That vision also aims to reinforce that we stand alongside our Members, with an imperative to provide high quality cover in a mutual 'at cost' (not for profit) manner. We are not here to seek to profit from the business that our Members and their brokers entrust with us.

With regards to this, our second CR Report, that vision also intends to convey that the Club's business partners, whether they be Members, brokers, reinsurance partners, solicitors, surveyors, regulators etc, can be confident that they are dealing with a Club that takes its responsibility to wider society seriously and with great care. 'Ensuring Peace of Mind' extends to considering the impact we have on the environment, to society and to governance issues, and to managing that impact.

The Board and staff of the Club want to know that they are associated with a Club that is responsible in all that it does, and they want to know that they can be proud of the Club's activities and can speak highly of those activities when meeting with our Members and other stakeholders.

We hope that you will be interested to learn what further strides the Shipowners' Club has made since our previous CR Report and we hope that this report, along with all the other touch points you have with the Club, can add to the comfort you have in dealing with us. In short, we hope this CR Report will help to add to your peace of mind.



Simon Peacock Chief Executive

At a glance

Further KPIs are highlighted throughout the report.



Governance

When embarking on the Club's sustainability roadmap, ensuring the appropriate CR Governance was in place was a priority and this has led to the establishment of robust internal systems.



ESG impact of the Club's investment portfolio.

U

number of contraventions of the Maritime Labour Convention per year that can be considered repeat cases.

99%

Membership retention rate.

0

The number of cases associated with bribery and corruption.



Environmental

Minimising environmental impact, including decarbonisation, is a global concern. Engaging and learning from our Membership, in conjunction with industry bodies, is fundamental in ensuring we continue to offer insurance solutions and services that support our Members into the future.

1,370 tonnes CO₂e

total emissions from the Club's operations in the most recently measured year.

Dedicated 'emission reduction' platform on the Club's website to ensure Members are kept up to date on industry measures, regulation and technological advancements.

97%

of applicable vessels whose flag state require a Carbon Intensity Indicator (CII) rating.



Social

When considering the Club's responsibility to society, three communities have been identified; namely the Club's employees, the seafaring community and the local community in relation to our office locations.

17.7 hours

the average time each employee spent on learning & development.

88%

employee retention rate.

5,146 downloads

of the ISWAN App since launched.

other Board discussion papers."

Pascal Herrmann General Manager

Governance





ESG impact rating of the Club's investment portfolio.

The number of cases associated with bribery and corruption.











0.15% **Proportion of vessels** detained following a Port State Control (PSC) inspection.



Governance

As the Club's CR journey progresses, it's supported by an established governance and internal reporting framework that ensures any related task is:

1 transparent to all stakeholders;





proportionate, fit for purpose and complements the Club's business model; and





3 of benefit/value to its Membership.



These CR principles have ensured that the Club's strategy has retained its focus.

Examples of some of the measures that have been undertaken/implemented this year include:

- The Club's CR Report was prepared with reference to the Global Reporting Initiative (GRI) Standards. An updated GRI framework came into effect in January 2023. A gap analysis has been undertaken and the new requirements are included in the Club's reporting framework.
- A mapping exercise was undertaken
 to understand the ESG framework
 requirements of the Club's regulators (CAA,
 MAS, HKMA, FCA and PRA), to identify
 and understand the potential application
 requirements so that the Club is prepared
 for any mandatory application.
- CR is an established key guiding principle
 of the Club's strategic business plan:
 'We will strive to incorporate and embrace
 a CR strategy that focuses on the long term sustainability of the Club whilst
 adding value to its business activities'.
- The <u>Club's Code of Conduct</u> is made available to all internal and external stakeholders and is actively referred to as the Club's required standards such as containing it within the Club's Procurement Policy.
- CR is a standing agenda item in all management board meetings.

- Staff can follow the progress of the Club's CR roadmap by referring to the dedicated area on its intranet which has been developed to ensure transparency.
- The Environmental, Community and Equality, Diversity and Inclusion (EDI)
 Committee (ECE) was incorporated into the CR governance framework to reiterate the importance of this forum to the Club and its CR strategy.
- The Club continues to monitor the associated developing landscapes surrounding areas of risk which may be perceived to have CR implications.
- The CR strategy has supported the Club's compliance with the updated Solvency II regulations which require the integration of sustainability risks in the risk management and governance processes.

Member Case Study



Find out more on what the Club's

Member 'Bourbon' is doing in

this area and watch the video to

understand the Group's commitments
in terms of Compliance.

- The Club is committed to supporting its Membership towards a sustainable future and looks to achieve this by:
- Engaging with industry experts such as
 Government Representatives, University
 College London (UCL), Global Maritime
 Decarbonisation Centre in Singapore, the
 Boston Consulting Group and the Mærsk
 McKinney Møller Center to gain a wider
 perspective of the developments in the
 maritime sector.
- Ensuring staff are involved with CRrelated business intelligence gathering so that the Club has a true picture of any changing local requirements.
- Exploring the alignment of the Club with industry partnerships. In 2023, the Club became a member of the United Nations Environment Programme's (UNEP) Sustainable Blue Economy (SBE) Finance Initiative, a UN-convened global community comprised of financial institutions and experts working together to accelerate the transition towards sustainable use of the world's ocean, seas and marine resources.





(2) Environmental



Proportion of insured ships of over 5,000GT whose flag state require them to report a Carbon Intensity Indicator (CII) rating.

97%



"The introduction of alternative fuels to the maritime industry has implications for all stakeholders within the sector, the complexities of which may only be overcome through collaborative research and operational cooperation."

Colin Robertshaw

Doctoral Researcher – UCL Energy Institute











Environmental

The maritime landscape has continued to evolve over the past 12 months, especially when it comes to environmental concerns such as decarbonisation and the road to net-zero.

The Club's priority continues to be in supporting its Membership, wherever possible, with their own emission reduction journeys to meet impending targets.

Along with the rest of the insurance industry, the Club continues to investigate how it can collect appropriate data to understand the carbon impact of our entered vessels and to inform our continued support.

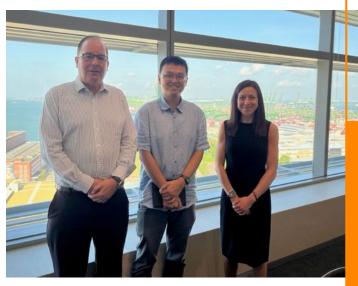
Activities in which the Club seeks to support its Membership are varied and include:

- Providing a voice for the Club's Members
 within industry/stakeholder forums, to ensure
 that the unique aspects of the Club's entered
 tonnage are represented effectively.
- A range of guidance produced by the Club's Loss Prevention department to assist Members in their efforts to minimise their carbon impact on the environment and help them to contribute to a sustainable shipping industry. This includes an infographic, which the Club produced with an expert from the UCL, that highlights the practical considerations to be taken when considering alternative fuels.



Read about the Club's Member
'Magallanes Renovables' whose
mission is: 'To achieve a 100%
renewable world by unlocking the
potential oceans have in delivering
energy to our homes and industries'.





Steven Randall and Louise Hall met with Wei Jie Lau, Director of Partnerships at the Global Centre for Maritime Decarbonisation (GCMD), to discuss sustainability and decarbonisation strategies. and Louise Hall (Director of Loss
Prevention/Corporate Responsibility)
visited the Maritime and Port Authority of
Singapore (MPA) and Singapore Registry
of Ships (SRS) to discuss the Club's and
the MPA's respective sustainability and
decarbonisation strategies.

Environmental continued

• The gathering of business intelligence to understand the impact of ESG on the Club's stakeholders and its operations. This includes engaging with stakeholders to understand local/geographical transition plans to achieving net-zero, for example, Emission Trading Schemes (ETS), restrictions on high emission fuel usage, trends in Energy Saving Technologies (EST), phasing out of cargoes and/or operations that may be considered ESG sensitive and local regulatory requirements.



Louise Hall met with Mr Barkah Bayu Mirajaya (Transportation Attache) and **Mr Stephanus Risdiy Anto** (Director of Marine Safety & Seafarers, Indonesian Ministry of Transportation) at the Embassy of the Republic of Indonesia to discuss the steps being taken by all stakeholders in Indonesia to meet emission reduction targets.

- To further understand the Club's tonnage, an environmental supplement has been added to the Condition Survey Programme (CSP) criteria to assess the types of EST and operational efficiency initiatives the Club's Members are installing. This includes the use of alternative fuels, wind technology, route optimisation and high efficiency lighting. Of note, in 2022, 35% of the vessels surveyed by the Club as part of its CSP, utilised shore power where possible. This has been echoed in 2023 with 31% of vessels utilising these facilities to date.
- The Club has engaged with industry bodies to understand the wider impact of decarbonisation on the Club's tonnage. As a high majority of the Club's tonnage is <5.000 GT, and therefore falls below the Carbon Intensity Indicator requirements, it was considered important to have a clear understanding of the impact on this essential sector of the maritime ecosystem.

Alternative fuels

The introduction of alternative fuels to power the world maritime fleet is vitally important to assist with limiting the impact of global warming. These are some of the practical considerations we believe are important when considering which alternative fuels may be most appropriate or likely to be taken up within the maritime community.

Operational Safety and the Environment



Fuel Characteristics

Differences in the physical and chemical characteristics influences their handling and storage, and the resultant emissions.



Sustainability Issues

Characteristics of

Fuel Production

The sustainability of alternative fuels is associated with their source materials and with the impact of them being used to replace traditional fuels.



Vessel

Personnel

Hazards posed by alternative fuels in relation to safety of the vessel and its systems must be adequately understood.

To ensure the safety of crew, fuel

hazard characteristics relating to

people must be considered and

control measures introduced.



Production Methods

Characteristics of

Operational Utilisation

Alternative fuels can be produced using different methods and various source materials, such as fossil based through to biomass and renewable energy.



Fuel Availability

Fuel product availability is dependent upon their terrestrial accessibility, global distribution and the specific quantities known to be in the reserves.



Environment

The Club has engaged with industry bodies to understand the wider impact of decarbonisation on the Club's tonnage.



Carriage States

Traditional handling and storage practices may not be possible, requiring the use of machinery and systems that are only used in specialist applications at present.



Adoption Trends

The number of vessels at present that have, or can be modified to have, the systems needed to safely carry and use specific alternative fuels.



Regulations

Regulatory regimes under maritime authorities for the use of alternative fuels on board are fundamental to operational safety.



Possible Interchangeability

Where some alternative fuels have characteristics it may be possible



Training

Further training for crew will be necessary to improve knowledge of specific characteristics of the alternative fuels and their hazards.



relative similarity in physical for fuel substitution if machinery systems are compatible.



Environmental continued

Sustainable ship recycling and scrap towages

The Club's diverse and global Membership trades in many jurisdictions with differing regulatory requirements. It is envisaged that the ratification of the Hong Kong Convention (HKC), that will come into force on 6 June 2025, will assist in ensuring that vessels being recycled are done so without unnecessary risk to human health and safety or to the environment. The Club is committed to promoting sustainable ship recycling practices, through collaboration with industry stakeholders, to safeguard its environment and ensure the safety and well-being of workers involved in the shipbreaking process. The Club acknowledges the importance of responsible ship recycling in reducing the environmental impact of end-of-life vessels and supporting the circular economy within the maritime industry.

The Club also recognises that the scrapping of end-of-life vessels is an integral part of the industry's life cycle. In this regard, the Club advocates for the sustainable performance of scrap tows, ensuring that shipowners and operators adhere to the highest standards of safety, pollution prevention and regulatory compliance. By emphasising the importance of conducting scrap tows in a sustainable and environmentally sound manner, the Club aims to contribute to a greener and more sustainable future for the maritime industry as a whole.

To provide stakeholders with the knowledge to be able to navigate through this ever-evolving area, the Club has developed guidance on Ship Recycling and the Performing of Scrap Tows.

Carbon impact assessment

In 2022, a carbon impact assessment was undertaken that showed the Club's global annual operations emit 1,370 tonnes CO2e. Since then, the Club has been assessing where reductions can be made in its operations in preparation for the carbon impact exercise to be re-run, in full, in 2024. This has included:

- The implementation of an electric vehicle salary sacrifice scheme for employees in the UK, with expansion to further geographical areas being investigated.
- The continued support and promotion of the cycle to work scheme in the UK.
- Assessments of office suppliers and related services.
- Working with the Club's main travel partners on a dashboard to enable staff to compare, choose and book more sustainable travel where appropriate.

Member Case Study



Our Member, Viking Cruises, is committed to ensuring their fleet of engineers are upskilled and trained to ensure a strong safety and sustainability culture on board. With the prime focus being on care and responsibility for the engines on board, engineers are developed to become Environmental Officers.



(Lit) Social



"Seafarers are at the heart of our industry and

their safety and wellbeing is paramount. We are extremely grateful for the Shipowners' Club's continued and committed support of ISWAN's work to improve the lives of seafarers around the world. Our partnership has enabled us to create and launch a mobile app dedicated to providing seafarers with access to vital support - something we are incredibly proud of and excited to develop together in the future."

Amy Liebthal ISWAN's Communications Officer



the average amount of hours each employee spent on learning & development over the course of a year.

95%

Proportion of existing seafarers that passed the Medisea health screening consultation.

30 Products and/or product features that incentivise health, safety, and/ or environmentally responsible actions

and/or behaviours.

Proportion of senior management who are women.

5,146

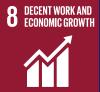
number of downloads of the ISWAN app since it was launched, an increase of 51% in the last 12 months.

















Social

The Club's working environment and culture is underpinned by core guiding principles and values that cover all areas of ESG.

However, when it comes to Social, the Club's ethos is highlighted in the values:

- To expect safety, care and support for each other.
- To provide an environment that maximises potential.

Part of establishing that the Club operates in this way is by ensuring staff feel supported and have the opportunity and resources available to align to the Club's values and behavioural expectations. To determine whether this is the case, an annual staff survey is undertaken so the Club can obtain and listen to feedback from its colleagues which not only helps the Club identify and target areas for improvement, but also allows it to establish and share successes. By undertaking this process frequently, the Club can strive to continuously improve, with the overall aim of providing Members with the best possible service. As part of the My Voice survey, staff are asked to submit opinions on six statements that assess the Club as a place to work.

In 2023, the results show very positive engagement across the offices.

In addition to the My Voice survey, since 2021, the Club has ran an annual Diversity & Inclusion (D&I) Poll to understand the Club's demographic. This is an important aspect of the CR strategy as the Club believes that a diverse workforce, that represents its valued stakeholders, can improve its resilience and service. The collection of data enables the Club to conduct trend analysis, measure against prior findings and identify movement for different segments and/or disparities by demographic. This voluntary survey which investigated areas such as gender balance, ethnicity, religion and/or beliefs, sexuality and disabilities achieved an 81% response rate. The results identified areas of opportunity to focus on within the year ahead such as the utilisation of an even broader range of recruitment channels to ensure any opportunities reach a diverse pool of potential candidates and informed some of the activities undertaken by the ECE committee.

When considering the submissions of staff participating in the D&I Poll, it is of note that:

2% of staff consider they have a disability.
 The Club continues to utilise a broad range of recruitment channels to ensure it provides opportunities for prospective applicants with disabilities.



- The Club's diverse work force have identified with six different religions or beliefs.
- 5% of staff have identified as LGBTQ+.

The Club's global gender split was 60% female, 40% male at the time of performing this poll. There is a gradual reduction in the proportion of roles occupied by females as the level of seniority increases, with 80% of junior and administrative roles being filled, compared to 40% in senior leadership positions. The Club continues to promote equality in the workplace to ensure all staff, regardless of their demographic including ethnic background, country of origin, physical or mental ability, gender or sexual orientation are offered the same opportunities.

81%

response rate through our voluntary Diversity & Inclusion (D&I) Poll.

The six statements are:

- l am proud to work for the Club.
- I believe employee wellbeing is a priority at the Club.
- I can maintain a healthy work-life balance.
- I have sufficient opportunity to participate in community and environmental activities.
- I have sufficient opportunity to participate in social events or activities with my colleagues.
- 6 I feel that the Club values Diversity & Inclusion and is committed to promoting it.

Social continued

The Club's business model recognises its responsibility when it comes to its communities, namely the Club's employees, the seafaring community, and the local community in relation to its office locations.



YWAM Ships Aotearoa'
who operate a medical ship,
in partnership with Pacific
governments, that offers
free health and healing services
to isolated communities located
on the remote islands of the Pacific.
They state: 'We go where planes
and cars cannot'.

Several highlights from 2023 include:

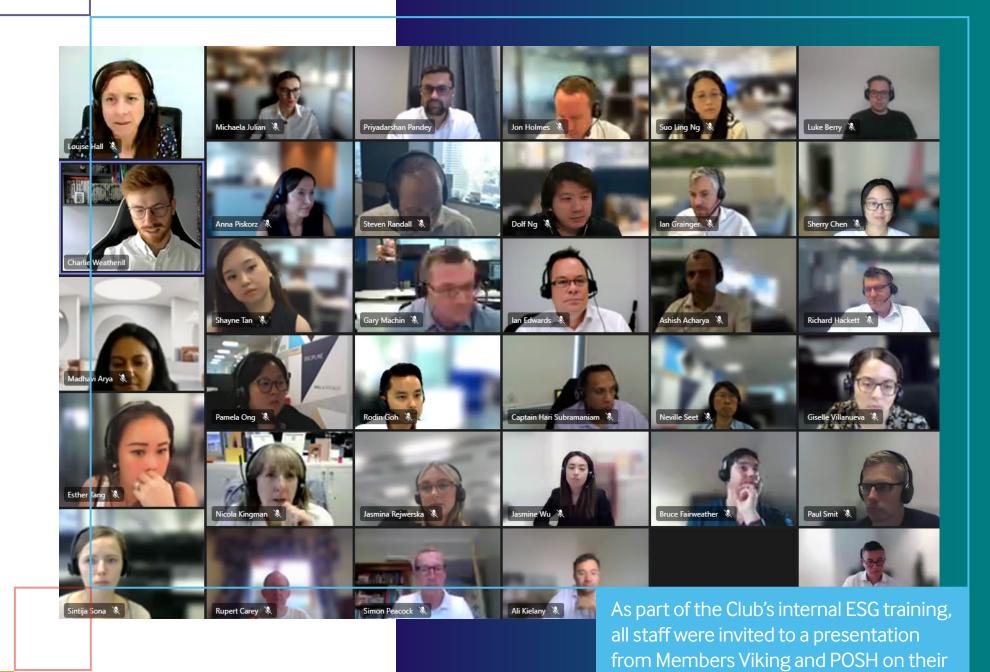
• Internal training was undertaken in August in support of the Club's CR strategy which provided staff with important information on the ESG framework and the Club's own transition to a 'net-zero' economy. The training informed the basis of a wider campaign to the Club's external stakeholders on this subject matter. This project was in collaboration with Mærsk McKinney Møller Center (MMMC) and Boston Consulting Group (BCG).

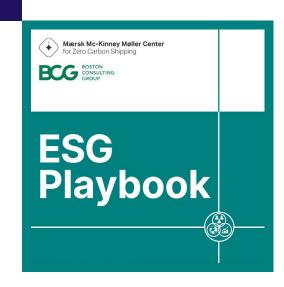
The Club's employees and local communities:

• The Club's high-performance culture is built on providing a combined comprehensive learning and development package with equal proportion given to the Club's wellbeing programme. This approach ensures a well-rounded methodology designed to give employees the opportunity to develop their careers with the Club. This is in line with two of the Club's core values: 'To provide an environment that maximises potential' and 'To expect safety, care and support for each other'.



- The Club's learning opportunities cover areas from first aid to data brilliance and performance and motivation to vessel familiarisation courses. In addition, in line with the Club's Diversity & Inclusion statement, courses were undertaken in areas such as active bystanding, neurodiversity and inclusive recruitment.
- The wellbeing of the Club's staff is paramount and therefore a variety of initiatives are provided to staff to assist in maintaining and improving their personal, financial and mental welfare, for example, support and guidance on nutrition, health and resilience for men, menopause, mental health, pension advice and children's wellbeing.







ESG journeys so far.

The Shipowners' Club Corporate Responsibility Report 2023

Social continued

Spotlight: ED&I statement



We recognise the business benefits of having a diverse and inclusive community. We all have something unique to bring to the table and by embracing those differences we seek to build and maintain an environment which attracts and values diversity and where everyone can develop their talents and be themselves. For us, Diversity and Inclusion go above and beyond focusing on protected characteristics – we want all our colleagues to bring 100% of themselves to work. With a happy and engaged workforce we all strive to work together to be the best that we can be for the mutual benefit of ourselves and our Members.

- The Club's head office in Luxembourg signed up to the Luxembourg Women in Finance Charter.
- The Club has engaged with educational facilities such as the Athens University of Economics and Business who visited the Club's London office in July to discuss the history of P&I, the important role of the International Group of P&I Clubs, claims handling and underwriting considerations.

The ECE committee:

- The launch of an internal video to promote and support the work of the ECE committee.
 This video also reinforces the Club's ambition for its staff to feel that they can bring their authentic selves to work in an inclusive environment, where voices are valued.
- The Club supports staff to participate in community volunteering by providing one day of paid leave per year. To ensure staff feel able to partake in these activities, a survey was conducted in 2023 to understand any barriers for participation and to identify opportunities to increase uptake.

Mark Harrington (Commercial Director – London), Nathaniel Harding (Claims Syndicate Manager) and Hannah Smith (Underwriter) met with Professor Manolis G. Kavussanos (Director at Athens University of Economics and Business) and his students to discuss the history of P&I, the important role of the International Group of P&I Clubs, claims handling and underwriting considerations.

The Club's seafaring community:

- In 2022, the Club highlighted its ongoing partnership with ISWAN and the development of the Seafarers Assistance App, which provides guidance and a link to the 24-hour crew helplines. In addition, the partnership provides free access to the Wellness at Sea Awareness Campaign tools for on board physical and mental wellbeing via podcasts, posters, and other related articles published under the campaign. In 2023, the Club continued supporting this important resource for seafarers by concentrating on the performance and functionality of the App to improve user experience.
- In line with the Club's CR strategy, the
 Medisea programme continues to
 systematically support the seafarer with
 their physical health through enhanced
 pre-employment medical examinations
 available at no extra cost. This scheme
 helps seafarers to detect any medical
 conditions they may have more quickly,
 thereby allowing them more time to improve
 their fitness prior to joining the vessel.
 The scheme continues to grow in popularity
 and therefore as a result, has expanded its
 regional footprint so that it is made available
 to more seafaring nationalities.
- The Club's Medisea programme also provides initiatives to improve the wellbeing of seafarers and their families. The Club hosted over 150 seafarers and their families in Manila in October 2022, coinciding with World Mental Health Day. The itinerary included a workshop/panel discussion on the importance of overall health and wellbeing, beginning with physical health. This was in collaboration with the Club's panel of doctors, a clinical psychologist, the Club's Medisea team as well as the seafarers and their families. Discussions also included details on the available helplines for seafarers and their families.





Find out more on the Club's internal ECE committee.



Issue date of report: 19 October 2023

This report covers the reporting timeframe of 1 August 2022 to 31 July 2023.

Click here to view our separate GRI Index appendix

www.shipownersclub.com