

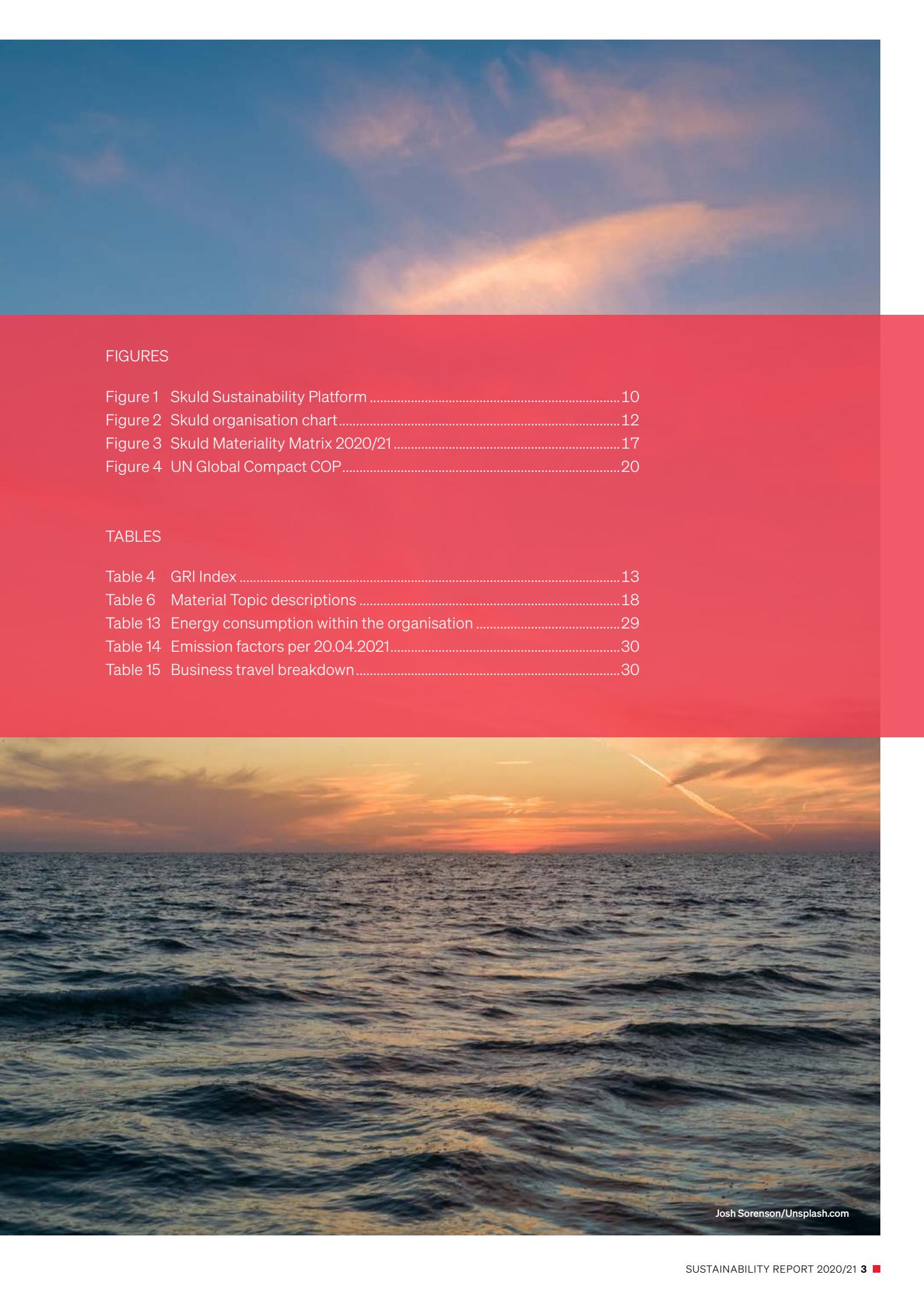


PROTECTING OCEAN INDUSTRIES

SUSTAINABILITY REPORT 2020/21

SERVICE
AND COMPETENCE
YOU CAN RELY ON

01	EXECUTIVE SUMMARY	04
02	MESSAGE FROM THE PRESIDENT AND CEO	08
03	ABOUT THIS REPORT	09
04	SELECTED GRI INDICATORS	13
05	MATERIALITY ASSESSMENT 2020/21	17
06	UN GLOBAL COMPACT	20
07	GOVERNING ELEMENTS	21
08	HEALTH AND WELLBEING	22
09	RISK MANAGEMENT	24
10	GOVERNANCE, TRANSPARENCY AND INTEGRITY	25
11	CRISIS RESPONSE	27
12	DECARBONISATION AND EMISSIONS	29
13	WASTE AND RECYCLING	32
14	EMPLOYEE DIVERSITY AND INCLUSION	33
15	SUSTAINABLE INVESTMENTS	36
16	RENEWABLES	38
17	UNDERWRITING	39
18	EXTERNAL SUSTAINABILITY INITIATIVES	40

The background of the page features a wide-angle photograph of a sunset or sunrise over a calm sea. The sky is filled with soft, wispy clouds colored in shades of orange, yellow, and blue. The horizon line is visible in the distance, where the sea meets the sky.

FIGURES

Figure 1 Skuld Sustainability Platform	10
Figure 2 Skuld organisation chart.....	12
Figure 3 Skuld Materiality Matrix 2020/21	17
Figure 4 UN Global Compact COP.....	20

TABLES

Table 4 GRI Index	13
Table 6 Material Topic descriptions	18
Table 13 Energy consumption within the organisation	29
Table 14 Emission factors per 20.04.2021.....	30
Table 15 Business travel breakdown	30

01 EXECUTIVE SUMMARY

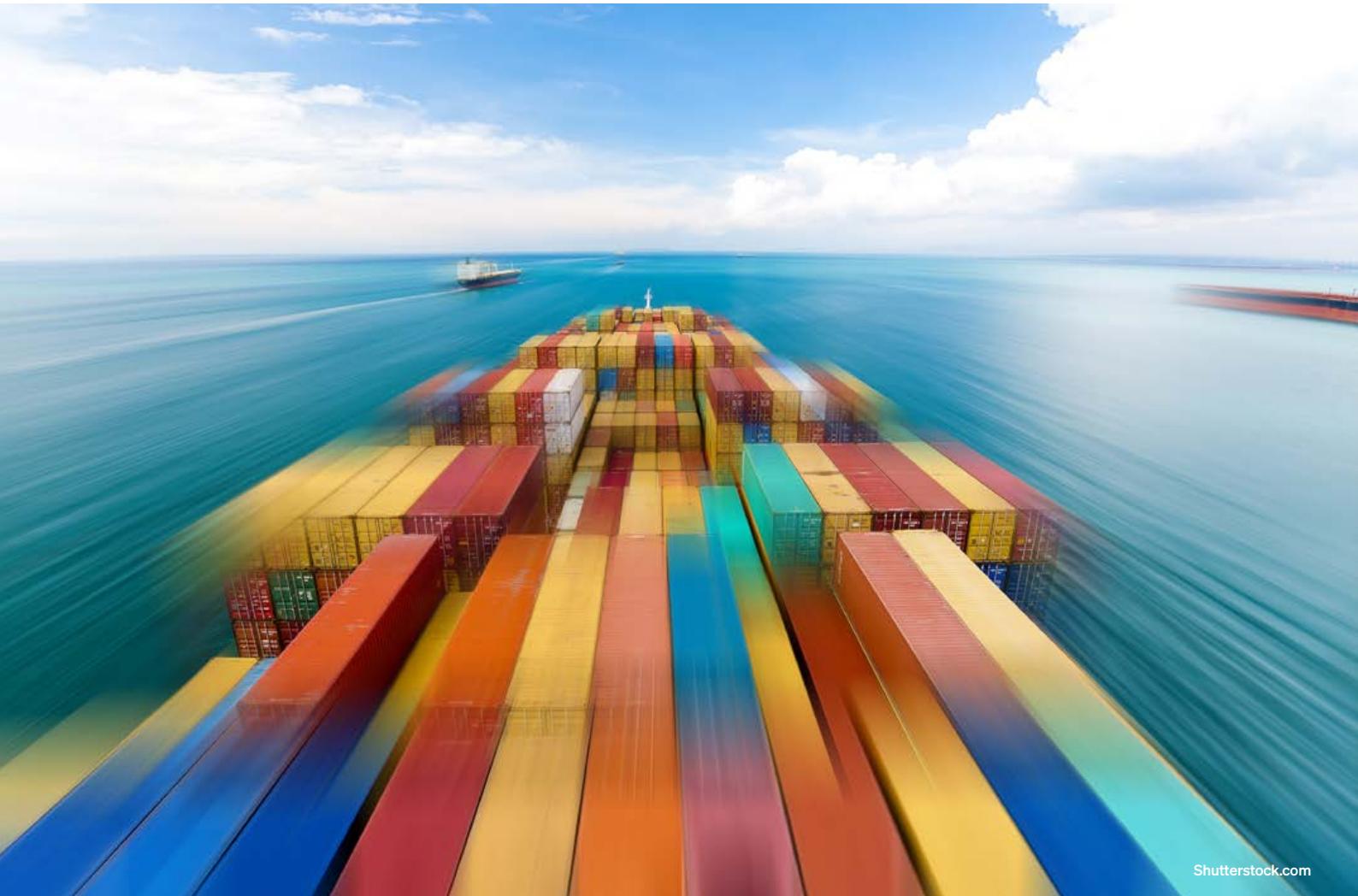
Skuld's purpose statement is 'Protecting Ocean Industries'. It underlines our sustainability commitment to members, clients, and brokers, to the world's ocean industries, and to global society. We are acutely aware of climate challenges and the imperative to pursue sustainable development. We have embraced sustainability as a strategic initiative.

Our sustainability programme incorporates development targets and focused activities in all our relevant operational areas. It is supported by Skuld's board and management, and integrated with our core business process areas of claims, loss prevention, underwriting, finance, human resources, and communications. We are committed to UN Sustainable Development Goals (SDGs).

ADAPTING TO A SUSTAINABLE FUTURE

The shipping industry faces social, environmental, and technological challenges which shed special light on the

case for sustainability. We believe part of our role within the sector is to help our members, clients, and brokers adapt to a sustainable future. As we do so, Skuld's professional expertise benefits society every day, because our actions foster and support our customers' precautionary approach to the foreseeable human and environmental impacts arising from the ocean industries. As the shipping industry meets its sustainability challenges head on, Skuld's ambition is to continuously exert our expertise and influence to ensure positive impacts at sea.



SUSTAINABILITY ACHIEVEMENTS IN 2020/21

Health and wellbeing of members and clients

- We are developing a risk-based analysis method to reduce shipboard injuries.
- We have dedicated considerable effort and resources to assist ill, injured, and stranded crew during the pandemic.
- Skuld signed the Neptune Declaration on Seafarer Wellbeing and Crew Change in January 2021.

Health and wellbeing of Skuld's employees

- We provided financial support to employees for the purchase of ergonomic IT and home-office equipment.
- Skuld conducted employee surveys to monitor stress levels, home-office environments, and motivation, and took action on the findings.
- HR and executive management communicated frequently with employees throughout Covid-19 challenges.
- Executive management approved a 3+2 regime, allowing employees to work three office days and two home days each week.

Risk Management

- Skuld established a cross-functional Climate Risk Working Group to ensure we assess climate change risks in a consistent manner.
- We identified action points to enable granular, data-driven analysis of climate change impacts based on claims data.
- The Climate Risk Working Group issued its inaugural report.

Governance, Transparency and Integrity

- Skuld implemented a holistic Know Your Customer process for all accounts.
- We created and rolled out a tailor-made internal anti-money laundering course.
- We launched a comprehensive data protection impact assessment for claims processes.
- We completed sustainability training in all departments.
- Skuld improved data collection for better and more transparent reporting.

Crisis response

- We drafted and deployed wreck contract templates which include an environment clause for ship disposal requiring compliance with the Basel Ban and EU ship recycling regulations.
- We began testing a virtual reality platform for casualty-scenario team-training which includes day-long case-based collaboration.
- We enhanced targeted loss prevention advice through the use of digital causation analysis tools.

Decarbonisation

- We ceased to insure, from the 2020/21 policy year, extra bunker [fuel] handling costs arising from non-compliance with IMO sulphur emissions regulations.
- We reduced our own carbon footprint through reduced travel and procurement of greener electricity in Skuld offices.

Waste and recycling

- Skuld reduced plastic bag consumption by 20,700 per year, and increased waste recycling by installing office recycling stations.
- We continued to ensure all current legal requirements are met when a wreck is removed, including the Basel and Hong Kong Conventions (although the latter is not yet in force).
- We review all wreck removals and record the number of instances where Skuld's stringent internal requirements have been successfully incorporated.

Employee diversity and inclusion

- Skuld's SHE Index score improved from 54 in 2020 to 62 in 2021.
- We increased the number of women in key and managerial positions to 35%, up two points.
- Skuld made 27 new hires during 2020, of whom 13 were men and 14 were women.

Sustainable investments

- Skuld has adopted meaningful sustainability criteria for selecting fund managers.
- We established a framework to register and assess each fund management company's sustainability approach.
- We have developed and maintain a reference database for evaluation of potential new fund managers.
- Skuld has categorised its investment holdings according to common expected physical and transitional outcomes to provide an indication of alignment with the 2015 Paris Agreement.
- We obtained insight through the process to guide future investment decision-making.

SUSTAINABILITY FOCUS FOR 2021/22

During the year ahead, Skuld will implement the initiatives outlined below, with emphasis on transparent presentation of outcomes. Throughout, we will strive to continue to increase our internal competences, and to engage actively with sustainability throughout Skuld.

Health and wellbeing

- Further develop Skuld's measures for crew health, well-being, and stress management.
- Enhance crew wellbeing through Skuld's Ship Survey Programme.
- Within Skuld, maintain board, management, and Employee Cooperation Committee focus on employee wellbeing.
- Reduce or eliminate stress-related illness among our staff, and build mental health resilience.

Risk Management

- Continue to develop our approach to address financial risks connected to climate change.
- Closely monitor regulatory and technological developments related to transition risk, and assess their potential impacts on Skuld and our members and clients.
- Define requirements to enable the systematic collection of data necessary to quantify and mitigate physical risks.

Governance, Transparency and Integrity

- Implement an integrated and automated 3-in-1 screening system for Sanctions, Terrorism and Money Laundering risks and provide training to all relevant members of staff.
- Conduct a complete review and update of Skuld's underwriting guidance framework to embed sustainability factors.
- Enhance Skuld's compliance framework and risk-based system of internal control.

Crisis response

- Optimise organisational resources to mitigate the impact of ocean casualties.
- Roll out virtual training platforms.
- Increase our use of digital tools for casualty and major-claim causation analysis.
- Conduct an annual business continuity exercise.

Decarbonisation

- Continue Skuld's strict approach to the 2020 sulphur cap and other pollution-related fines.
- Train all underwriters on new regulations related to decarbonisation.
- Analyse the effectiveness of Skuld's Rules and Terms and Conditions in catering for new risks and new technologies.
- Challenge all employees to consider and explore sustainable measures and options when they must travel on behalf of Skuld.

Waste and recycling

- Bring an environmental, health, and compliance focus to all wreck removal and ship recycling operations.
- Implement recycling stations in all Skuld offices.

Employee diversity and inclusion

- Advance Skuld's inclusive and diverse leadership culture.
- Promote gender equality.
- Maintain unbiased and objective recruitment.
- Assess and map equality and diversity risks within Skuld.
- Prepare an activity plan to address identified equality and diversity risks.

Sustainable investments

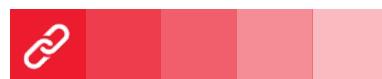
- Monitor the development of regulatory requirements.
- Prepare for climate-related non-financial disclosure.
- Identify and assess investment opportunities to improve Skuld's overall ESG-risk profile.
- Encourage external managers to develop investment vehicles combining sustainability with Skuld's other investment criteria

Renewables

- Continue to increase Skuld's underwriting support for renewable ocean industries, including offshore aquaculture, floating windfarms, and electric ferries.

Underwriting

- Present underwriting initiatives at global underwriting meetings to encourage open discussion.
- Convene the new internal Underwriting Sustainability Competence Group.
- Review underwriting instructions annually to ensure risk appetite is in line with sustainability strategy.
- Map special clauses to risks arising from new, sustainability-related revenue streams.



Related information:

[Link to The Neptune Declaration](#) >
[Link to The Basel Convention](#) >

[Link to EU ship recycling regulations](#) >
[Link to SHE Index](#) >
[Link to 2015 Paris Agreement](#) >



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02 CEO MESSAGE

I am proud of the achievements reported in Skuld's second Annual Sustainability Report. They reflect our commitment to act on our inherent responsibility to ensure ocean industries are sustainable and healthy. Sustainability has genuinely become a fundamental part of Skuld's culture and identity, and remains one of our four strategic initiatives. It is now integrated into our core business through the application of powerful environmental, social, and governance (ESG) principles.



In the pages which follow we communicate our sustainability goals, and declare our new ambitions and priorities for the coming year. The latter were set based on an updated materiality analysis which reveals the sustainability issues with the greatest potential impact on our business, and those highest on our stakeholders' agendas. The approach ensures our sustainability work over time is systematic, transparent, and accountable.

THE IMPORTANCE OF WELLBEING

The global pandemic showed that the health and wellbeing of seafarers and Skuld employees must be our highest priority. For example, the crisis highlighted crew's vulnerability to travel restrictions and limited access to medical assistance. We spared no time or expense to restore the health of stricken crew and passengers.

In support of crew, I signed the Neptune Declaration on Seafarer Wellbeing and Crew Change. To assist our employees during lockdowns, Skuld's leaders provided flexibility, delivered active support, and communicated how best to handle the new challenges of working from home. I am pleased to say that Skuld has made zero redundancies due to the pandemic.

OCEAN INDUSTRIES AND SOCIETY

The ocean is critical to the development of society. It provides nutrition, energy, trade, and fair distribution of goods to the growing global population. Its protection through decarbonisation and fostering sustainable development is an essential human responsibility, and the greatest challenge facing the ocean industries.

The shipping sector, encouraged by participants' own ESG initiatives and by stricter regulation, is improving its green credentials through reduced emissions and increased attention to renewable ocean activities. P&I clubs like Skuld must respond with appropriate services, work which will intensify over time. We will contribute significantly to the zero-carbon transition through loss-prevention initiatives, and by building internal competences that support the transition to environmentally friendly shipping.

Ultimately, I believe sustainability impacts will have to be considered more broadly in underwriting decision-making. We already have a very restrictive approach to covering fines which arise as a result of breach of environmental laws and regulations. For instance, we do not cover fines for non-accidental discharge of pollutants in air or water.

INWARDS AND OUTWARDS

To understand and analyse the long- and short-term effects of physical and transitional climate risks, Skuld established an internal risk working group. Risk management is high on its agenda. Beyond this internal work, we continue to expand and intensify our collaboration with industry organisations on issues that must be resolved collectively. Skuld sits on relevant working parties of the International Group, CEFOR, and on London's Joint Hull Committee, through which we influence action on sustainability in the insurance community.

We have held a focus on diversity, inclusion, and gender equality for many years, but continue to improve. Promotion processes, training, and introduction programmes have been applied equally to all employees irrespective of age, gender, or geographical location.

Next year we celebrate Skuld's 125th anniversary as a young, diverse, and ambitious world-leading marine insurer. We will continue to protect the ocean industries, with sustainability at our heart, to ensure the health of the seas for all humankind for the next 125 years and beyond.



STÅLE HANSEN
President and CEO

03 ABOUT THIS REPORT

This annual Sustainability Report covers the activities of Assuranceforeningen Skuld (Gjensidig) during the period 20.02.2020 – 20.02.2021, reflecting a shift to fall into line with the period covered by our Annual Report and the traditional P&I coverage year. Its contents are guided by an annually updated materiality assessment, first conducted in 2019. General information about our management approach and governance is available on our online home page. Partial sustainability reporting is included in our Annual Report.

This is the second year we report in accordance with the Core Option of the Global Reporting Initiative (GRI). No external assurance has been undertaken. This report also serves as our second Communication of Progress (COP) towards the ten principles of the UN Global Compact (UNG), to which we remain committed.

This document contains more data than last year's report, which reflects improved data collection. We will continue to improve.

SKULD SUSTAINABILITY PLATFORM

The Skuld Sustainability Platform outlines principles and commitments that reflect the governing elements of sustainability at Skuld, including selected Sustainable Development Goals, the UNGC, the UN Women's Empowerment Principles, and the GRI. It highlights the main areas of our work.

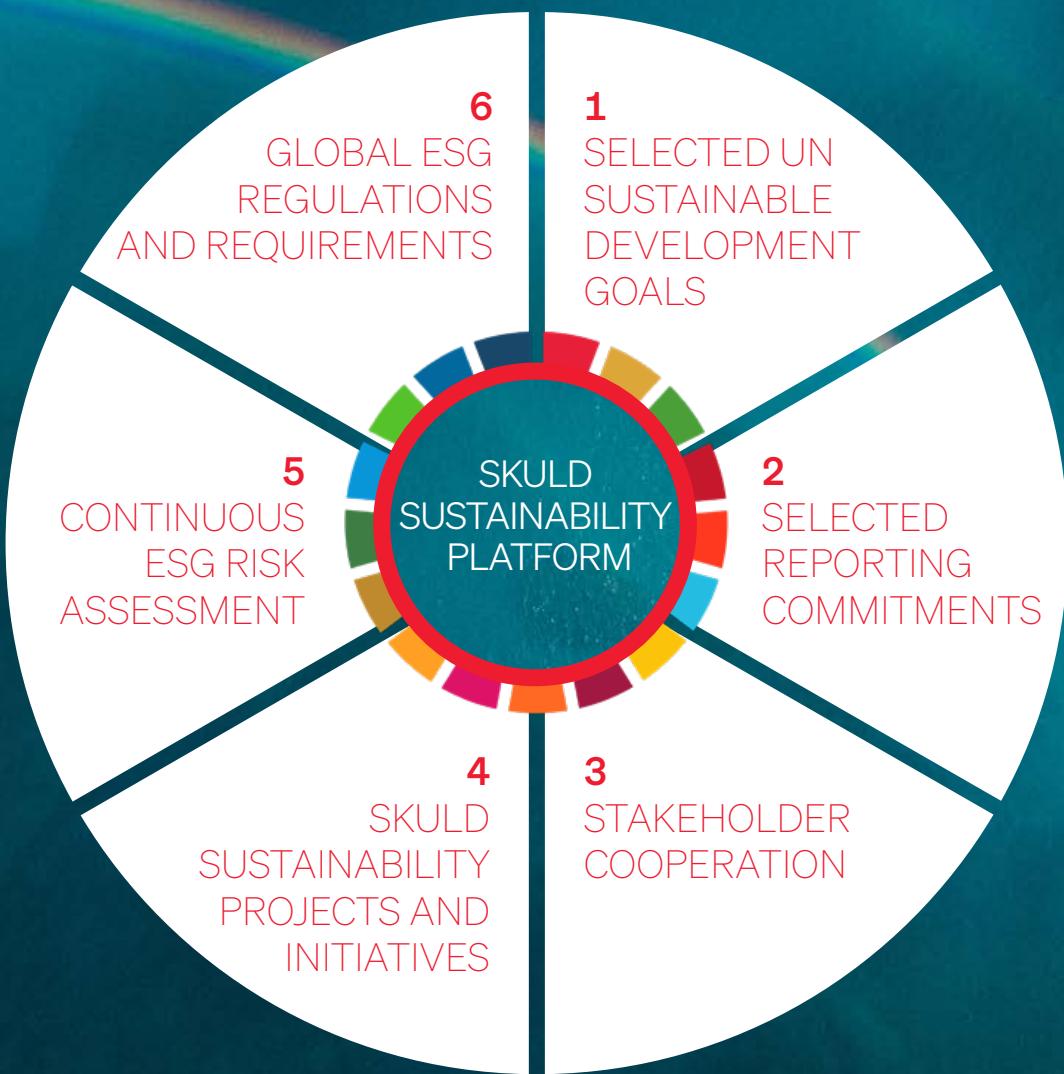


Figure 1 Skuld Sustainability Platform

1 The 17 UN Sustainable Development Goals (SDGs) constitute a universal call to action to end poverty, protect the planet, and improve the lives and prospects of everyone, everywhere. As part of our commitment to sustainability, Skuld focuses on five key SDGs:



SDG 3, GOOD HEALTH AND WELLBEING.

Skuld works to improve health and safety during working life for crew and employees.



SDG 10, REDUCED INEQUALITIES.

Skuld promotes diversity and gender equality internally and externally.



SDG 13, CLIMATE ACTION.

Skuld integrates climate change measures in its strategy, decision-making, and investment practices.



SDG 14, LIFE BELOW WATER.

Skuld encourages resource-sensitive behaviours.



SDG 16, PEACE, JUSTICE AND STRONG INSTITUTIONS.

Skuld acts against corruption and bribery in all their forms.

2 Skuld commits voluntarily to:

- Report according to the GRI
- Support the Ten Principles of the UNGC on human rights, labour, the environment, and anti-corruption
- Adhere to the seven UN Women's Empowerment Principles, and
- Report to the SHE Index.

3 In cooperation with members, clients, brokers, employees, correspondents, authorities, industry organisations, and suppliers, Skuld contributes to multiple sustainability initiatives.

4 Skuld's Sustainability Working Group is dedicated to various sustainability projects and activities, internal and external.

5 Skuld conducts continuous internal assessments of Environmental, Social, and Governance (ESG) risks.

6 Skuld complies with all mandatory ESG risk assessment and reporting requirements.



Related information:
[UN SDGs >](#)

REPORTING BOUNDARY

All Skuld units are included in the boundary of this report.

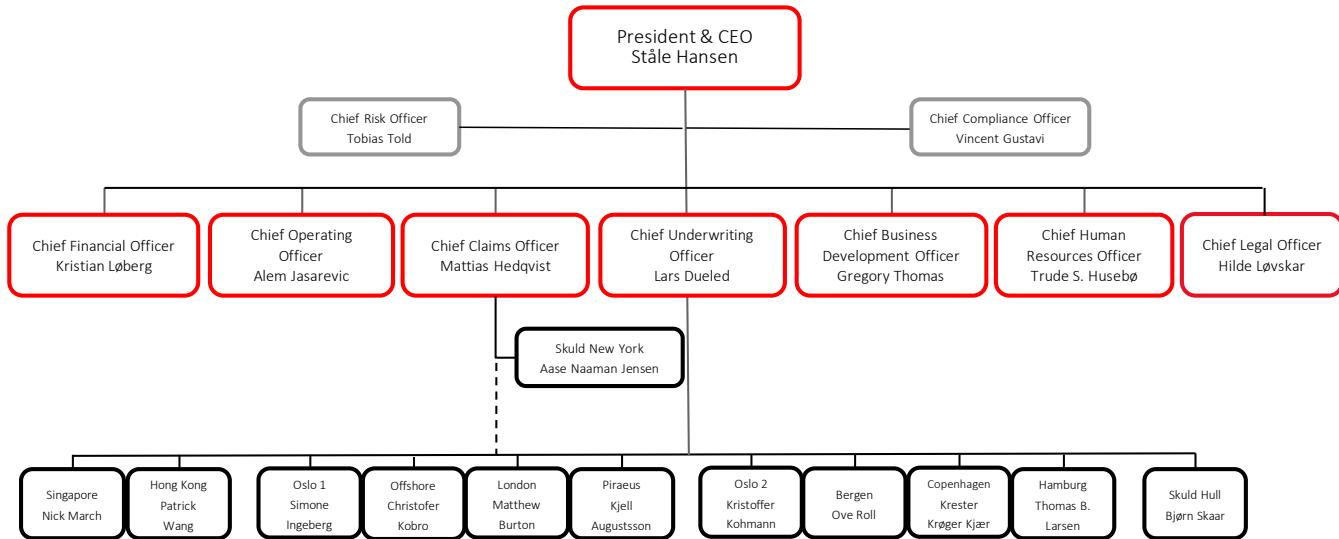


Figure 2 Skuld organisation chart



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04 SELECTED GRI INDICATORS

GRI indicator	Disclosure title	Disclosure	Description	SDG	UNGC
102-1	Name of the organisation	Assuranceforeningen Skuld (Gjensidig)	Fully	-	-
102-2	Activities, brands, products, and services	skuld.com/about/facts--figures/ skuld.com/products/ skuld.com/about/service/	Fully	-	-
102-3	Location of headquarters	Oslo, Norway	Fully	-	-
102-4	Location of operations	skuld.com/contacts/	Fully	-	-
102-5	Ownership and legal form	skuld.com/about/governance/ Skuld statutes	Fully	-	-
102-6	Markets served	skuld.com/about/facts--figures/	Fully	-	-
102-7	Scale of the organisation	Skuld annual review 2020	Fully	-	-
102-8	Information on employees and other workers	Skuld annual review 2020 Sustainability report/Employee diversity and inclusion p. 33	Fully	8	3
102-11	Precautionary Principle or approach	Sustainability report/Risk Management p. 24	Fully	-	-
102-12	External initiatives	skuld.com/about/sponsorships/ Sustainability report/External sustainability initiatives p.40	Fully	-	-
102-13	Membership of associations	skuld.com/about/External sustainability initiatives p. 40	Fully	15, 17	-
102-14	Statement from senior decision-maker	Sustainability report/CEO message p. 08	Fully	16	1
102-16	Values, principles, standards, and norms of behaviour	skuld.com/about/purpose-vision-and-values/ https://www.skuld.com/about/code-of-conduct/	Fully	16	10
102-17	Mechanisms for advice and concerns about ethics	Sustainability report/Governance, transparency and integrity p. 25 https://www.skuld.com/about/compliance/complaint-handling-procedure/	Fully	16	10
102-18	Governance structure	Sustainability report/Governing elements p. 21 https://www.skuld.com/about/governance/	Fully	16	10
102-19	Delegating authority	Sustainability report/Governing elements p. 21	Fully	16	10
102-20	Executive-level responsibility for economic, environmental, and social topics	Skuld Sustainability Working Group	Fully	16	10
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability report/Materiality assessment 2020/21 p. 17	Fully	16	10
102-22	Composition of the highest governance body and its committees	Skuld statutes skuld.com/about/governance/	Fully	16	10
102-24	Nominating and selecting the highest governance body	Skuld statutes	Fully	16	10
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability report/Governing elements p. 21	Fully	16	10
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability report/Governing elements p. 21 Skuld statutes	Fully	16	10
102-40	List of stakeholder groups	Sustainability report/Materiality assessment 2020/21 p. 17	Fully	16	10
102-42	Identifying and selecting stakeholders	Sustainability report/Materiality assessment 2020/21 p. 17	Fully	16	10
102-43	Approach to stakeholder engagement	Sustainability report/Materiality assessment 2020/21 p. 17	Fully	16	10
102-44	Key topics and concerns raised	Sustainability report/Materiality assessment 2020/21 p. 17	Fully	16	10

GRI indicator	Disclosure title	Disclosure	Description	SDG	UNGC
102-45	Entities included in the consolidated financial statements	Skuld annual report 2020	Fully	16	10
102-46	Defining report content and topic Boundaries	Sustainability report/Reporting boundary p.12	Fully	16	10
102-47	List of material topics	Sustainability report/Materiality assessment 2020/21 p.17	Fully	16	10
102-48	Restatements of information	No restatements	Fully	-	-
102-49	Changes in reporting	Materiality matrix and topics are reviewed and updated Formula for the method of calculation has been changed from last year's "Average kg CO2 per unique ticket" to Average kg CO2 per employee.	Fully	-	-
102-50	Reporting period	Annual Report and the traditional P&I coverage year 20.02.20-20.02.21	Fully	-	-
102-51	Date of most recent report	UNGC COP and GRI 19. June 2020	Fully	-	-
102-52	Reporting cycle	Annual	Fully	-	-
102-53	Contact point for questions regarding the report	Chief Human Resources Officer - Trude S. Husebø email: trude.husebo@skuld.com	Fully	-	-
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option. No external assurance.	Fully	-	-
102-55	GRI content index	Sustainability report/Selected GRI Indicators p. 13	Fully	16	-
102-56	External assurance	The sustainability report has not been externally assured.	Fully	-	-
103-1	Explanation of the material topic and its Boundary	Sustainability report/Materiality assessment 2020 p. 17	Fully	16	-
103-2	The management approach and its components	Sustainability report/Materiality assessment 2020 p. 17	Fully	16	-
103-3	Evaluation of the management approach	Sustainability report/Materiality assessment 2020 p. 17	Fully	16	-
201-1	Direct economic value generated and distributed	Skuld annual report 2020 Most figures are reported, however not set up as required by GRI due to business complexity	Partially - information unavailable	12	-
201-2	Financial implications and other risks and opportunities due to climate change	Sustainability report/Risk management Sustainability report/Sustainable investments p. 36	Fully	12, 13	7
201-3	Defined benefit plan obligations and other retirement plans	Skuld annual review 2020		8	3
205-1	Operations assessed for risks related to corruption	Sustainability report/Governance, transparency, and integrity p. 25	Fully	16	10
205-2	Communication and training about anti-corruption policies and procedures	Sustainability report/Governance, transparency, and integrity p. 25	Fully	16	10
205-3	Confirmed incidents of corruption and actions taken	Sustainability report/Governance, transparency, and integrity p. 25	Fully	16	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability report/Governance, transparency, and integrity p. 25	Fully	16	
302-1	Energy consumption within the organisation	Sustainability report/Decarbonisation and Emissions p. 29	Partially - information unavailable	10, 13	7, 8, 9
302-3	Energy intensity	Sustainability report/Decarbonisation and Emissions p. 29	Fully	10, 13	7, 8, 9
302-4	Reduction of energy consumption	Sustainability report/Decarbonisation and Emissions pp. 29	Fully	10, 13	7, 8, 9
305-1	Direct (Scope 1) GHG emissions	Sustainability report/Decarbonisation and Emissions p. 29	Fully	10, 13	7, 8, 9

GRI indicator	Disclosure title	Disclosure	Description	SDG	UNGC
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability report/Decarbonisation and Emissions p. 29	Partially - information unavailable	10,13	7,8,9
305-3	Other indirect (Scope 3) GHG emissions	Sustainability report/Decarbonisation and Emissions p. 29	Partially - information unavailable	10,13	7,8,9
305-4	GHG emissions intensity	Sustainability report/Decarbonisation and Emissions p. 29	Fully	10,13	7,8,9
305-5	Reduction of GHG emissions	Sustainability report/Decarbonisation and Emissions p. 29	Fully	10,13	7,8,9
308-1	New suppliers that were screened using environmental criteria	Sustainability report/Governance, transparency, and integrity p. 25 Partially reported due to lack of data for all business segments.	Partially - information unavailable	13	7,8
401-1	New employee hires and employee turnover	Skuld annual review Sustainability report/Employee diversity and inclusion p. 33	Partially - information unavailable	8	6
403-6	Promotion of worker health	Sustainability report/Health and wellbeing. p 22	Fully	8,10,14	1,2,4
403-9	Work-related injuries	Non reported	Fully	8,10,14	1,2,4
403-10	Work related ill health	Non reported	Fully	8,10,14	1,2,4
404-1	Average hours of training per year per employee	Sustainability report/chapters 8–18 All training is a mix of online and in-person activities. Average hours per employee is not calculated.	Partially - information unavailable	4,5,8,10	1,2,4,6
404-3	Percentage of employees receiving regular performance and career development reviews	All Skuld employees receive regular performance and career development reviews at least twice each year.	Fully	4,5,8,10	1,2,4,6
405-1	Diversity of governance bodies and employees	Sustainability report/Employee diversity and inclusion p. 33	Partially - information unavailable	10	1,2,4,6
414-1	New suppliers that were screened using social criteria	Sustainability report/Governance, transparency, and integrity p. 25	Partially - information unavailable	13	1,2,10
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability report/Governance, transparency, and integrity p. 25	Fully	16	10

Table 1 GRI Index



Related information:
[GRI standards >](#)



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05 MATERIALITY ASSESSMENT 2020/21

Skuld's 2020/21 materiality assessment review, which is aligned with our selected UN Sustainable Development Goals, informed our redefined sustainability priorities for the year. Nine material areas were identified and targeted for action. Health and Wellbeing received the highest priority, particularly in light of Covid-19, which will remain an area of high importance beyond the pandemic. Other areas prioritised with high materiality, both for Skuld and our stakeholders, are Risk Management, Governance, Integrity and Transparency, and Crisis Response.

The results are set out in our revised 2020/21 Materiality Matrix (Figure 3), which maps the relative impact of these nine areas on Skuld and our stakeholders, and links each to one of Skuld's five selected UN SDGs.



Figure 3 Skuld Materiality Matrix 2020/21

MATERIAL TOPIC	WHAT THE TOPIC COVERS	WHY IS THE TOPIC MATERIAL	TOPIC BOUNDARY
HEALTH AND WELLBEING	Ensure health and safety during working life, on shore as well as off shore.	A ship is a dangerous workplace located a long way from home. Making life aboard safer and healthier, both mentally and physically, will have a great impact on crew and their families at home, who are impacted indirectly when seafarers suffer from ill health.	Applies to all branches, particularly claims and loss prevention.
	Provide information, opportunity, and support to ensure health and work-life balance for Skuld employees.	A year of pandemic has highlighted the importance of focusing closely on the mental and physical health of employees to enable a sound approach to work and life, whether working from home or in the office.	Applies to all employees in all Skuld offices globally.
Changes since 2019: Renamed from '(Crew) health and wellbeing' to include Skuld employees as well as the seafarers employed by members and clients. Priority increased to highest, due to potential impacts on stakeholders and Skuld			
RISK MANAGEMENT	Make informed decisions about risks related to underwriting and other aspects of Skuld's activities, and those of our members and clients.	Climate change, environmental degradation, and social risk issues will increasingly affect Skuld. The physical impact of climate change will increase loss potentials. A transition to a carbon-neutral economy will lead to substantial adjustment costs for shipowners, and enforcement of new legislation could lead to disruptions in the shipping industry. Falling behind general developments or being perceived to have insufficient sustainability measures in place will lead to increased reputational, regulatory, and financial risk.	Applies to Skuld's general risk management framework, the measurement of financial, reputational, and regulatory risks, and Skuld's underwriting policy.
Changes since 2019: Priority heightened due to increased focus on risk management by EU and other regulators.			
GOVERNANCE, TRANSPARENCY, AND INTEGRITY	Zero tolerance of corruption, facilitation payments, money laundering, and bribery.	In compliance with mandatory regulatory requirements and industry best practice, Skuld will also avert high reputational risk.	Applies to Skuld globally including branches and subsidiaries.
	Ensure Skuld's ethical commitments and requirements are known and met, and set expectations for employee conduct and sustainable business practice.	Insurance buyers increasingly expect Skuld to practise sustainability. Conversely, since we are able to make an impact through their operations, our members and clients should be responsive to our information requests and expectations about their own emissions, risk management, and crew welfare.	Applies to underwriting, compliance, legal, finance, claims, and loss prevention.
Changes since 2019: 'Corporate governance' and 'Transparency & integrity' were combined into a single topic. Their relative priority is lower due to the increased assessed impact on stakeholders of health and wellbeing and risk management, although the actual priority of governance, transparency, and integrity is constant.			
CRISIS RESPONSE	Maintain and develop sufficient resources, structure, and unobstructed lines of communication to deliver quick and efficient casualty response.	Proper responses limit the consequences of marine casualties, thereby safeguarding life and health, the environment, and financial assets.	Applies to all branches, particularly claims and loss prevention.
Changes since 2019: Priority for stakeholders is slightly increased due to the rising potential impact of a vessel loss, cyber attack, or other crisis event.			
DECARBONISATION	Drive decarbonisation through collaboration and measurement.	Shipping is a highly energy efficient means of transport, but it yields significant emissions. Skuld contributes by refusing cover for fines levied for non-compliance with emissions regulations.	Applies to all branches, particularly underwriting, claims, and loss prevention.
Changes since 2019: Renamed from 'Emissions' to cover decarbonisation initiatives, including emissions.			

MATERIAL TOPIC	WHAT THE TOPIC COVERS	WHY IS THE TOPIC MATERIAL	TOPIC BOUNDARY
WASTE AND RECYCLING	Promote and encourage resource-sensitive behaviours.	Ships receive substantial quantities of consumables. Inadequate planning and poor procurement may result in wastage, excessive handling, surplus packaging.	Applies to all branches, particularly claims and loss prevention.
Changes since 2019: Priority is slightly lower due to reduced assessed impact on stakeholders.			
EMPLOYEE DIVERSITY AND INCLUSION	Promote and support diversity in recruitment and career development.	Presenting opportunities to all Skuld employees and ensuring a diverse and inclusive culture are essential to achieving our strategic goals, since Skuld believes a diverse, inclusive environment fosters better overall decision-making.	Applies to Skuld globally, including branches and subsidiaries.
Changes since 2019: Priority has increased due to higher assessed impact on stakeholders and continued high impact on Skuld.			
SUSTAINABLE INVESTMENTS	Integrate UN SDGs in investment decision-making.	Risk and return impacts may be substantial.	Applies to Skuld's investment portfolio.
Changes since 2019: Priority is slightly lower overall.			
RENEWABLES	Develop products and services to support insurance buyers that have adopted a sustainability focus.	Skuld supports increasing global demand for renewable and environmentally friendly energy and transportation, and sustainable food production.	Applies to all branches, particularly underwriting activities.
Changes since 2019: Renamed from 'New revenue streams', and shifted to SDG 13, Climate action, from SDG 14, Life below water. Renewables now covers products and services, in addition to new revenue streams. Priority has increased with the impact on stakeholders arising from Skuld's continued shift towards sustainable ocean industries.			

Table 6 Material Topic descriptions

STAKEHOLDERS

We have divided Skuld's key stakeholders into five discrete groups. Sustainability is an important area of discussion and interaction with each.

EMPLOYEES	MEMBERS, CLIENTS & BROKERS	STATE AND REGULATORY AUTHORITIES	INDUSTRY ORGANISATIONS	SUPPLIERS AND CORRESPONDENTS
Employees are our main commercial asset and the foundation of our organisation. We demand high levels of professional competence to assess and underwrite risk, handle claims, manage Skuld's capital, develop innovative products to meet market needs, update operational systems, and comply with applicable laws and regulations. We believe our dedication to sustainability helps us to attract the best quality employees.	Skuld acts as an extension of the operations of our members, clients, and brokers. In turn, their good performance is fundamental to ours. Skuld regularly conducts market research to obtain feedback from these critical stakeholders, which in 2020 addressed the strategic importance of sustainability within their operations, and their preference for Skuld's involvement.	Compliance with licencing, financial, and other regulations is an increasing responsibility. Open, effective dialogue with authorities, alongside constant monitoring of regulatory developments – including sustainability requirements and expectations – are vital to Skuld's operation.	Skuld cooperates with international industry organisations such as the International Group of P&I Clubs to follow and influence regulatory changes, and to share information on various topics.	Skuld relies on a wide range of suppliers and a global network of agents. We continue to encourage and support their sustainability efforts, and where appropriate include suppliers' ESG activities in procurement decisions.



06 UN GLOBAL COMPACT

Skuld committed in 2019 to include the principles of the UN Global Compact (UNGC) in the strategy, culture, and day-to-day operations of our organisation. We are engaged in collaborative projects which advance the broader development of the United Nations, particularly the SDGs.

In September 2020, in conjunction with the 75th anniversary of the UN and the 20th anniversary of the UNGC, Skuld and other business leaders world-wide signed a global statement for renewed international cooperation to realign behind the mission of the UN and steer our world onto a more equitable, inclusive and sustainable path.

This report constitutes Skuld's second communication of progress in the implementation of, and our continued commitment to, the ten principles of the UNGC.

COMMUNICATION
ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Related information:
[UNGC ten principles](#) >
[UNGC participation Skuld profile](#) >
[UNGC UN 75 Uniting Business Statement](#) >

Figure 4 UN Global Compact COP



07 GOVERNING ELEMENTS

Skuld's governance system is defined in our Statutes, which establish the structure and roles of our governing bodies, our election procedures, and various scopes of authority. In addition, Skuld has created a comprehensive system of internal regulations, including

- **Policies** approved by the Board of Directors
- **Instructions** (each owned by a member of the Executive Management), and
- **Guidelines** for specific areas of Skuld's operations.

These documents provide detailed guidance on various important subjects.

Skuld is owned by its member shipowners. Their Annual General Meeting (AGM) is the organisation's highest authority. The responsibilities of the meeting include election of the Election and Member's Committees, approval of updated Statutes and financial statements, and closing underwriting years.

The Board of Directors is responsible for strategic decisions related to Skuld's operations. Its members are elected from amongst the membership, and are actively involved in Skuld's operations and initiatives. The Board's responsibilities include appointing the President and Chief Executive Officer, deciding general premium levels, and approving Skuld's Rules. The Board also approves Skuld's development strategy, which includes our clear focus on sustainability and robust Code of Conduct.

The President, CEO, and other members of senior management form the Executive Management. Their responsibility is to ensure that instructions and recommendations of the governing bodies are carried out, and that Skuld operates efficiently. The Executive Management is vital to ensuring Skuld's vision is carried out through day-to-day operations that allow Skuld to deliver sustainable solutions.



Related information:
[Statutes, Board and Executive Management >](#)

08 HEALTH AND WELLBEING

The global pandemic made it clear that health and wellbeing must rank high on corporate sustainability agendas. In response, we have made them Skuld's highest sustainability priority. We have combined the welfare of Skuld's employees with that of crew serving aboard the vessels we insure into a single area of focus. We are aware that high-impact results demand a sustained, long-term commitment, but through considered action we can achieve many improvements in the interim.

SHIPBOARD HEALTH

To reduce personal injuries and pollution at sea, Skuld develops risk-based analysis tools, carries out condition and loss prevention surveys, and assesses members' and clients' technical management. The findings guide targeted welfare initiatives which go beyond regulation. For example, lectures and seminars for members and clients include crew and officer conferences which focus on injury, illness, and environmental topics. The aim overall is to reduce incident frequency through raised awareness and promotion of a strong environmental, health, and safety culture.

We understand that health extends beyond physical wellness. A ship can be a challenging workplace, one that may take crew a long way from home for very long periods. Improving mental health on board has a great positive impact for all seafarers and their families ashore, who are affected indirectly when crewmembers' wellbeing is challenged.

The pandemic highlighted seafarers' vulnerability both to physical and mental health challenges, as travel restrictions and limited access to medical assistance affected individuals. In the large number of Covid-related cases handled by Skuld, arranging assistance to ill or injured crew or passengers proved much more complicated and costly than normal. We spared no time or expense to resolve these challenges, including to deliver very costly repatriations.

This work continues into 2021, to the benefit of a large number of crewmembers.

Covid-related restrictions have interfered in other ways. For example, scheduled services such as Skuld School for Seafarers, which support shipboard health, have been postponed. Similarly, Skuld's in-house surveyors gauge crew wellness when performing vessel condition surveys, but travel restrictions made that difficult in 2020.

Services interrupted by the pandemic will be resumed as soon as is prudent, but the heightened focus it placed on shipboard health and wellbeing will remain. Meanwhile we continue to provide assistance to abandoned crew according to the Maritime Labour Convention, and our claims staff reports any incidents of poor crew treatment.

EMPLOYEE HEALTH AND WELLBEING DURING COVID-19

Skuld's offices and employees have been impacted by the pandemic. Skuld management acted early to assure employees that no redundancies, temporary or permanent, were planned. Instead, we hired 27 new employees.

Our management and HR department continues to provide employees with regular updates and recommendations about handling pandemic-related regulatory requirements.



Employees have been working from home, full-time or periodically, in compliance with various national regulations. We implemented measures – including financial support for technical and ergonomic equipment – to support home-working, advised the organisation of a productive home office, and implemented strict practices for occasions when employees' presence in the office have been required.

Skuld's Coronavirus Working Group meets weekly to ensure continuous evaluation and timely communication with employees. The group provides guidelines on health measures and work routines for home-working, and encourages managers to keep in regular contact with team members.

REDUCE OR ELIMINATE STRESS-RELATED ILLNESS AMONG STAFF

We believe close and transparent communication is critical to ensure we achieve our sustainability goals, and act accordingly. Since 'caring' is one of Skuld's values, employee communication and support have always been a core focus.

Alongside regular communication of developments and expectations, Skuld's HR department conducts regular Employee Engagement Surveys. Two additional surveys were made during 2020/21 to understand the unusual

challenges employees faced. The first assessed the situation and mood among employees early during the pandemic, and mapped their main challenges of their unfamiliar working environments. The second, conducted more than a year into the pandemic, measured Skuld's organisational temperature with a focus on mental health, central support, and the provision of resources. The survey was designed to uncover signs of burnout or stress. Despite continued global uncertainty, the survey indicated high levels of employee wellbeing.

Skuld's management and Employee Cooperation Committee met digitally throughout 2020 to discuss employee wellbeing, including the causes and symptoms of mental health issues. Managers and employees were given information and practical advice to prevent mental health problems during the challenge of lockdown.

Skuld will continue to focus on mental health as a priority in 2021, as we plan gradually to re-open our offices, but with new flexible work arrangements. Skuld will introduce a 3+2 working arrangement that allows three office days and two home days each week. We believe this will reduce return-to-office stress and create a better work life balance for all employees.

09 RISK MANAGEMENT

Risk management is a high priority area for Skuld, including in our approach to sustainability. Our goal is to develop approaches that:

- Identify, measure, and manage Skuld's exposure to climate risk, and
- Support the development of sustainable strategies that will make Skuld more resilient for the changes to come.

The initial task of Skuld's new Climate Risk Working Group, which first met in January 2021, is to establish a framework for systematic assessment of the impacts of climate change on Skuld. It is structured around scientific evidence from the International Panel on Climate Change (IPCC). The working group also considers regulatory requirements surrounding sustainability based on guidance from the European Insurance and Occupational Pensions Authority.

Financial risks arising from climate change are typically assessed as physical or transition risks, either of which may manifest through increased underwriting, reserving, credit, or market risk. A third factor – third-party liability risk – arises when a party that has suffered loss or damage from physical or transition risks seek to recover from those they hold responsible. Skuld is an insurer of such risks.

PHYSICAL RISK

Skuld bases its assessment of physical climate change risks on the IPCC's report outlining the impacts of global warming of 1.5°C above pre-industrial levels and the related global greenhouse gas emission pathways. If no effective policy responses are taken, it is expected that physical risk will crystallise and begin to impact Skuld's insurance portfolio significantly from 2050. The Climate Risk Working

Group has identified claims types which could be directly impacted, and assessed their probability. The Group has identified action points to enable data-driven analysis of climate change impacts at adequate granularity and based on claims data.

TRANSITIONAL RISK

Transitional risk will affect Skuld directly and indirectly as impacts on the global economy and the shipping industry feed through to Skuld as an insurance provider.

The obvious direct effect is our need to allocate resources to satisfy steadily increasing reporting requirements. Skuld is expected by Finanstilsynet, the Financial Supervisory Authority of Norway, to take climate risk into account in our Own Risk and Solvency Assessment, and to publish progress reports on our climate risk work in our Solvency and Financial Condition Reports. More detailed reporting requirements are expected. Other direct impacts could include changes to the requirements for buildings Skuld occupies around the world, and to the energy sources used. All may result in an increase to operational expenses.

Indirect effects of transition risk on Skuld include the increasingly ambitious programme of the International Maritime Organisation to halve greenhouse gas emissions from shipping by 2050, and decarbonise entirely as soon as possible. Skuld will support members and clients during this transition. We will therefore expend resources to stay ahead of developments, leading to increased operational expenses. Premium income may decline, since retaining clients and members that fall behind on their sustainability efforts will increase reputational risk. Alternative fuels might require special handling and storage, thereby increasing the risk of incidents and average claim costs. Transition therefore makes pricing new risks accurately more complex, since actual underlying risk may have changed.





10 GOVERNANCE, TRANSPARENCY AND INTEGRITY

Corporate governance interacts with Skuld's sustainability efforts on a daily basis, which enables us to create awareness throughout the organisation, and to embed sustainability in all activities and processes. It goes hand-in-hand with our compliance with laws, regulations, and internal risk models. Our main focus in 2020/21 has been to ensure we have robust and user-friendly systems and processes which are aligned to our sustainability goals.

MONEY-LAUndering, BRIBERY, CORRUPTION AND TERRORISM FINANCING

In 2020 we updated Skuld's anti-money laundering (AML) instruction and implemented a top-tier, data-driven customer due diligence platform. So far 105 employees have been trained to use the system. In addition, we have developed and launched an internal training programme tailored to our risk landscape and internal routines. Alongside the extensive third party compliance training, the programme is mandatory for all employees, and has been completed by 94% of employees. It covers AML, bribery, corruption, terrorism financing, and Skuld's guidelines for handling

these risks. We will continue to increase employee awareness of them.

GDPR AND PERSONAL DATA

Skuld has implemented process improvements and regular internal controls to ensure compliance with the GDPR. These include e-mail encryption, data archiving, security measures, and retention and deletion routines. A Data Protection Impact Assessment for all claims processes was conducted during the first quarter of 2021.

CODE OF CONDUCT

Skuld's Code of Conduct, which governs the behaviour of all employees, was updated in 2020 to align with our sustainability efforts and regulatory requirements. Training on the Code – alongside dilemma training – now forms an integral part of Skuld's mandatory Compliance Introduction Programme for new employees. Following this work, the Code of Conduct goal is now closed, although Skuld will continue to monitor relevant legislation.

2021 TARGETS:

Due Diligence

Our current system for Know Your Customer checks relies partly on manual process and the collection of information directly from customers. An automated, integrated system would contribute to SDG 16, and ensure continuous monitoring of potential money laundering, terrorism financing, and sanctions risks arising from Skuld's day-to-day business. To achieve this, we have adopted a long-term view of corporate governance which begins with a systematic implementation of clear and holistic governance processes. This approach provides the backdrop for our 2021 focus to implement a new, integrated, automated 3-in-1 system for CTF/AML and sanctions screening, provide training to users in the operation of the system and ensure 100% of relevant counterparties being screened against the system's built-in risk decision model.

During implementation, the underwriting department will work with legal and compliance to provide feedback and ensure the system is fit for purpose.

Risk-based internal compliance and controls

Skuld's continued development continued of existing and new compliance controls will focus in 2021 on measures intended to:

- Ensure timely and accurate reporting to authorities.
- Improve internal fraud prevention.
- Enhance GDPR systems to minimise human errors.
- Strengthen AML/CTF and sanctions controls through the use of metrics.

DURING 2021/22 SKULD INTENDS TO:

- Establish a compliance-control review system
- Produce quarterly compliance controls reports
- Establish compliance forums or alternative meeting structures in all overseas offices

WHISTLE-BLOWING

Skuld's whistle-blowing procedure allows anyone to report incidents and breaches or suspected breaches of the Code of Conduct, other internal policies, or laws or regulations. It includes an external whistleblowing channel for safe and confidential referrals. The system is hosted by a third-party provider, and has been designed to secure reports that include all relevant data while protecting the identity of the whistle-blower. Targets for 2021 include:

- Review and update Skuld's whistle-blowing routines to ensure they reflect best practice and meet regulatory requirements.
- Ensuring the facility is described in and integrated with all relevant instructions.
- Raise awareness of internal of whistle-blowing to facilitate a speak-up culture.
- Train 100% of employees in Skuld's whistle-blowing procedure.





11 CRISIS RESPONSE

REDUCE THE IMPACTS OF VESSEL CASUALTIES

Skuld's increased use of digital tools to analyse the causes of major claims supports targeted loss prevention advice for members and clients, which ultimately reduces accidents at sea. For example, we have rolled out a virtual reality platform for team training in casualty response, which includes day-long case-based collaborations. We aim to have 50% participation among Skuld's Casualty Coordinators and Technical Managers in 2021, rising to 100% in 2022.

BUSINESS CONTINUITY PLAN AND CYBER SECURITY

Skuld maintains a comprehensive Business Continuity Plan (BCP) which provides guidelines on our response to emergencies which could interrupt our operations. The BCP is a prudent operational risk management measure for Skuld and our customers, and meets regulatory requirements. It outlines practical emergency-management measures to ensure Skuld's operations return to normal as quickly and smoothly as possible following an incident, and that member and client services are therefore maintained.

The BCP describes:

- Skuld's decision-making structure and the organisation of an emergency management team.
- Our responses to different emergency scenarios and long-term operational disruptions.
- How to restore business processes as quickly as possible.

The BCP includes measures to counteract physical and technology event failures which disrupt technology systems, power supplies, office accommodations, telecommunications, or data. The responsibility of the Chief Operating Officer, the BCP is approved by Executive Management and reviewed annually, including external assurance.

Skuld's BCP was tested in part from 12 March 2020 by the global pandemic. All global employees made a successful transition to home working. In addition, Skuld conducted an annual business continuity exercise in October. It simulated a full-scale cyber attack on our systems, and was conducted online via TEAMS. We have rolled out several new cyber and IT courses and webinars to employees. All courses are mandatory and registered in the Skuld Academy Learning Management System.



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12 DECARBONISATION AND EMISSIONS

We foresee wider use of alternative fuels as vessels work to meet emissions requirements. For example we acknowledge that EEXI/EEDI and carbon intensity indicators (CII) will have great impact on the maritime industry. We will conduct careful analysis as of our Rules and/or Terms and Conditions to ensure they are sufficient to cater for these and other new risks.

Several other IMO initiatives and regulations will be launched during the coming years. Skuld's underwriting team will be kept fully aware of and trained in any new regulations and their impact on members and clients.

IMO SULPHUR CAP 2020

In 2020 the International Maritime Organisation introduced stringent new limitations on the sulphur emissions permitted by ocean-going vessels. Breaches of the sulphur cap regulations may result in substantial fines. To motivate our clients into full compliance, Skuld takes a strict line on the insurability of these fines. We do not cover them. Nor, from the 2020/21 policy year, do we cover additional fuel-related handling costs which arise because fuels – or ‘bunkers’ – are unfit for use due to non-compliance with the sulphur

emissions regulations. Coverage is limited to cases where off-spec bunkers cause a risk of engine damage. We record all borderline cases, and those where commercial pressure is placed on us. Such cases must be reported to the Claims Management Team. Uninsured emissions-related fines are mapped and counted.

ENERGY CONSUMPTION AND INTENSITY

Skuld's energy consumption report for 2020/21 has been extended to include data from Skuld offices in Hong Kong, New York, and Copenhagen.

It now includes:

- Headquarters in Oslo, Norway, which accommodate 150 full-time employees based on 5,077 square metres in use
- Bergen, Norway office which accommodates 6 employees
- London, UK office, which accommodates 31 employees
- Singapore office, which accommodates 11 employees
- Hong Kong office, which accommodates 23 employees
- New York office, which accommodates 9 employees
- Copenhagen office, which accommodates 19 employees

Our goal is to include all offices in Skuld Sustainability Report 2021/22.

Energy consumption within the organisation

Period	Oslo kWh	London kWh	Bergen kWh	Singapore kWh	Hong Kong kWh	New York kWh	Copenhagen kWh
January	19 103	1 578	1 041	1 355	3 455	2 794	
February	17 330	2 295	1 121	1 094	2 850	2 918	5 202
March	15 455	2 970	1 054	1 265	1 821	2 577	
April	12 888	3 156	958	1 224	571	2 587	
May	14 455	2 132	845	326	506	939	5 447
June	15 309	2 921	950	805	661	3 242	
July	13 830	2 433	936	971	700	3 302	
August	14 902	1 850	954	841	654	3 193	5 449
September	16 119	1 889	1 060	995	483	2 347	
October	16 221	2 765	978	967	652	2 682	
November	13 216	2 837	1 003	1 153	1 335	3 426	5 592
December	11 922	2 582	876	1 063	1 863	3 153	
Our share of common areas	412 077						
Sum electricity per office	576 606	29 408	11 776	12 059	15 551	33 160	21 690
CO2	16 721	10 439	412	5 836	7 775*	5 902	6 159
TOTAL kWh	700 250						

Table 13 Table Energy consumption within the organisation

*CO2 factors are not available for Hong Kong. Factor kgCo2e per kwh is therefore estimated to 0.5.

ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Total gross energy indirect (Scope 2) GHG emissions of 53.24 metric tons of CO₂ equivalent were reported in total for Skuld's offices in Oslo, Bergen, London, Singapore, Hong Kong, New York, and Copenhagen in 2020/21. Electricity consumption was significantly lower compared to the previous period, due to extensive use of home offices as a result of the pandemic.

	Norway Bergen	Norway Oslo	UK	Singapore	Hong Kong	New York	Denmark
Factor (kgCo2e per kWh)	0.035	0.029	0.355	0.484	Data not available	0.178	0.284
Low-Carbon Includes renewables and nuclear	98%	99%	37%	4%	Data not available	67%	73%
Renewable	98%	99%	20%	4%	Data not available	32%	70%

Table 14 Emission factors per 20.04.2021

ELECTRICITY PRODUCTION

Energy consumed at Skuld headquarters is primarily renewable, comprising mainly hydro, wind, and solar power. Norway is part of the common Nordic power market, which is integrated into the European market. Because of this, we are unable to guarantee that green power always flows from the sockets. Available energy varies with factors including rainfall to reservoirs, wind, and sunshine, so the power market depends additionally on electricity from oil, gas, coal, and nuclear power generation facilities. In practice, Nordic and European cooperation delivers green energy across national borders, and increases its share when production is high, but at present non-renewable energy must supply remaining needs. Electricity certificates, intended to support schemes which ensure the development of renewable energy, are provided for all power purchased.

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS – BUSINESS TRAVEL

Total gross other indirect (Scope 3) GHG emissions were 45 tons metric tons of CO₂ equivalent. Emissions are calculated by our travel agency. The Emissions Calculator estimates fuel burn and emissions using several parameters. The most important are aircraft type and distance flown. Distance is calculated as the great circle distance (the shortest distance between two airports). Emissions are based on data from aircraft and engine manufacturers.

BUSINESS TRAVEL REDUCTION

In line with Skuld's sustainability commitments, we have established measurable objectives to reduce the number of business flights undertaken, which will reduce our CO₂ emissions. To ensure all employees have a clear understanding of Skuld's attitude towards sustainable business travel, we have updated our travel instructions. To reduce our carbon

footprint by raising awareness and encouraging sustainable travel among Skuld employees, we set the following objectives (before the impact of Covid-19 virus outbreak):

- Reduce the number of business flights undertaken by Skuld by 10% in 2020
- Reduce Skuld's travel costs by 15% in 2020

Covid-19 has impacted global CO₂ emissions, especially those arising from air travel. We therefore acknowledge that our emissions goals were reached mostly due to the pandemic. We have however gained very good experience using TEAMS and Zoom that will be instrumental to our business in the future. We challenge all employees to consider and explore sustainable measures and options that will contribute to the reduction of our environmental impact when they must meet others on behalf of Skuld. For example, we have seen that new technologies make virtual meetings viable and productive.

When business travel is necessary, employees should be mindful of ways to make their journey as sustainable as possible. This includes:

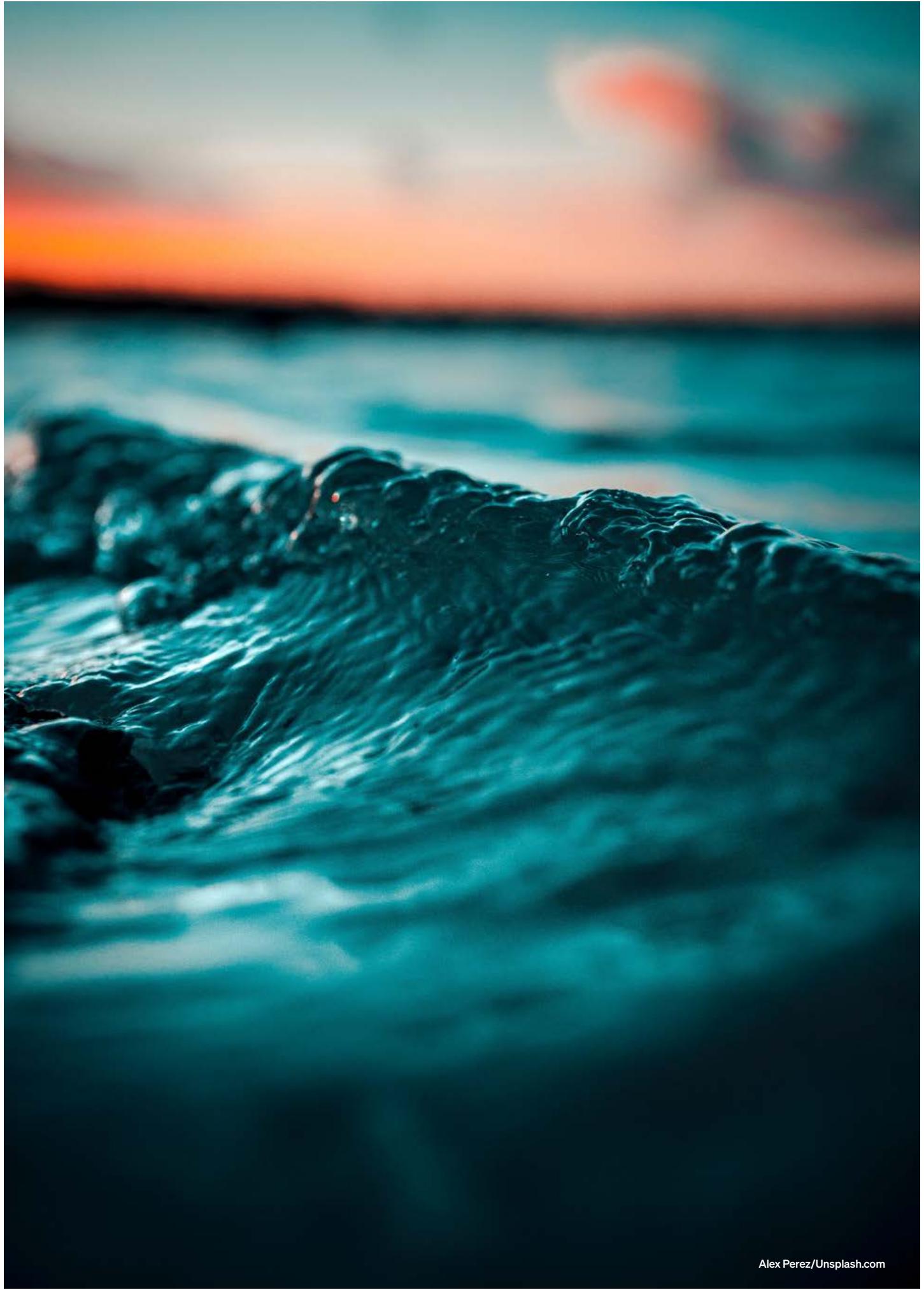
- Selecting the most sustainable options among hotels and airlines.
- Choosing economy class for flights with a duration of four hours or less.
- As hotel guests, following the hotel's sustainability initiatives.

Business travel breakdown

Kg CO ₂ in 2020*	Number of employees	Average Kg CO ₂ per employee*
45 000	270	166.6 kg CO ₂

Table 15 Business travel breakdown

*the method of calculation has been changed from last year's "Average kg CO₂ per unique ticket" to Average kg CO₂ per employee (total 270 employees).



Alex Perez/Unsplash.com



13 WASTE AND RECYCLING

SHIP RECYCLING

Following the removal of a wrecked vessel, Skuld continues to ensure all legal requirements are met, including the Hong Kong and Basel Conventions when applicable, as well as other requirements regarding the disposal of wrecks and waste. We review all wreck removals, and record the number of instances where our stringent internal and all external considerations and requirements have been successfully incorporated. Our goal, over the short and longer terms, is full compliance.

RECYCLING STATIONS

Skuld aims to ensure all of our global locations are green offices. Our goal is always to reduce, reuse, and recycle. We insist upon similar sustainable behaviours by the suppliers in our procurement and production chain.

As planned, we installed recycling stations in Skuld Oslo, and eliminated individual waste baskets. Instead, visible recycling bins have been introduced to reinforce accountability, a key motivational factor for employees united by a larger purpose to change their behaviours at work and home. In addition, service providers receive waste after accurate sorting at its source.

This initiative alone has reduced Skuld's consumption of plastic bags by 20 700 annually. We plan to implement similar recycling stations in other global offices in 2021/22.



14 EMPLOYEE DIVERSITY AND INCLUSION

Skuld has maintained focus on diversity, inclusion, and gender equality for several years. Promotion processes, training, and introduction programmes have been applied equally to all employees irrespective of age, gender, or geographical location. Skuld continues to promote a culture of non-discrimination and non-harassment, supported through our Code of Conduct, courses, and dilemma training. This anchors our values, all the way from the board to individual employees.

We realise, however, that diversity, inclusion, and by extension complete workplace equality require long-term attention and the belief that any organisation can always be better. Diversity and inclusion in recruitment, career development, and daily operations will therefore form our main focus points for the year ahead.

We also face a new regulatory imperative. From 2021, Norwegian employers must work systemically towards equality and non-discrimination under the Activity and Reporting Obligations (ARP). We are evaluating these new regulations to ensure they are addressed throughout Skuld. A cross-departmental working group will map areas and processes which present a risk of discrimination and/or reduced equality. The group will analyse the causes of risks, evaluate and implement measures and policies to reduce them, and describe internal outcome goals for these actions. We already disclose, in our Annual Report, information on gender differences related to gender balance, salary, and sick leave.



FOCUS AREAS 2021:

ENSURE UNBIASED AND OBJECTIVE RECRUITMENT PROCESSES

Skuld leaders traditionally gather annually for a full day of discussions, workshops, and inspiration. The 2021 meeting will focus on Skuld's sustainability strategy, and in particular on working with internal leaders to identify and promote diversity and inclusion through their leadership style, recruitment, interactions with new employees, and career development. Our goals are to achieve 40% gender equality in managerial and key positions by 2025, and for every male candidate interviewed for management positions at VP-level or higher, to interview at least one female candidate. Total gender distribution in Skuld is 51% women and 49% men.

% of female leaders

LEADERS (per 20.02)	% Female (2019)	% Female (20/21)
% female at Norwegian Board level	43%	43%
% female at global Board level	18%	18%
% female leaders at level 1-2	25%	25%
% female leaders in all managerial and key positions	33%	35%

This year's numbers are reported at 20.2.2021; last year's were at 31.12.2019.

GENDER-RELATED PAY STATISTICS

To ensure full transparency, the figures below are reported in our Annual Report.

Women's salary as % of Men's

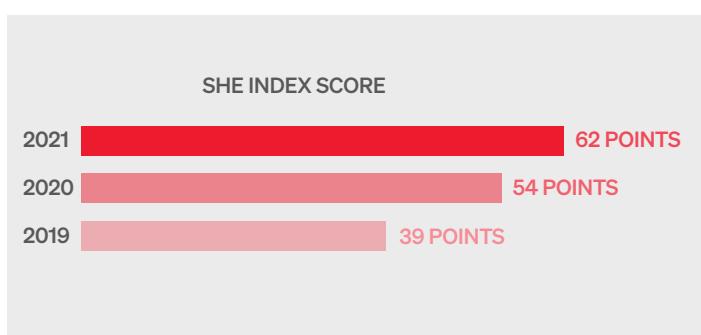
SALARY-GLOBALLY	2019	20/21
Assistants	154%	n/a
Executives	100%	100%
Senior Executives	91%	92%
AVP/VP	97%	93%
SVP	95%	100%
CXO (excluding CEO)	87%	79%

SALARY-NORWAY	2019	20/21
Assistants	n/a	n/a
Executives	104%	97%
Senior Executives	91%	91%
AVP/VP	90%	89%
SVP	90%	93%



SHE INDEX SCORE

We work steadfastly on the issues highlighted in the SHE Index, which measures and compares the gender balance in organisations to foster transparency and motivate. Our wholehearted promotion of gender equality – including in 2020/21 the improvement of internal guidelines and procedures for recruitment, competence development, and rewards and recognition, together with an increased number of female leaders – have all contributed to Skuld's significantly improved SHE Index score for 2021.



VOLUNTARY TURNOVER

Skuld focuses not only on attracting, but also on retaining market-leading employees. We have set an ambitious goal of achieving voluntary turnover below 8%. During 2021 our employee turnover was below 5%.

INTERNAL MAPPING AND PLANNING

Skuld supports regulators' efforts to create a level playing field and encourage companies to focus on equality, inclusion, and non-discrimination. The Norwegian authorities made a first step by introducing the requirement for all-medium-sized and large companies to conduct risk assessments, and map their status on these factors. Companies are further required to work on a plan to close any gaps, and to report by the end of 2021.

Skuld has established an internal working group comprising employees and representatives of HR and Legal to complete these activities. Results will be reported and discussed with executive management and the Employee Cooperation Committee. Any findings or actions will form part of our future work on diversity and inclusion.

SUCCESSFUL INCLUSION OF STARTERS

All new employees joining Skuld participate in a comprehensive introductory programme that spans several months. It ensures they meet colleagues in various departments, and are introduced to Skuld's culture, internal regulations, and working processes. Following the completion of the programme, a survey checks if employee expectations were met and they feel valued as a member of a team, and reveals their general experience of starting at Skuld. Survey results fall on a scale of 0 to 6. Our goal is to achieve an average score of 5. During 2021 the average survey score was 5.3.

KEY FIGURES	FEMALE	MALE	TOTAL
Total no employees (permanent, per 20.02.2021)	147 (51%)	139 (49%)	286
Number of employees recruited	14 (52%)	13 (48%)	27
Total turnover	4.81%	5.12%	4.93%
Number of employees working part-time	4	0	4
Temporary employees	2	0	2
Employees on maternity/paternity leave	6	11	17
Global sick leave (as per 31.12.2020)	2.48%	0.90%	1.71%

Numbers are calculated on Skuld's financial year from 20.02.2020 - 20.02-2021.

15 SUSTAINABLE INVESTMENTS

SKULD'S INVESTMENT APPROACH

A substantial portion of Skuld's investments is deployed to hedge against currency and interest rate risks arising from projected claims. The balance of the portfolio is well diversified between the world's largest financial markets and external fund managers. Passive investments in index funds comprise most of the overall portfolio, although we appoint some active managers to help distribute risk into other asset classes.

Indices with exposure to global large-cap equity and investment-grade bonds across the developed and emerging markets comprise Skuld's core investment risk. This approach provides a relatively efficient way to take part in markets' long-term capital appreciation, and such indices have been part of Skuld's portfolio for several years. Tracking an index means being bound to its components regardless of the sustainability focus of the underlying companies. Over time companies which fail to regard sustainability commitments may fail, and therefore be excluded from indices, but investors are forward-looking, and reposition themselves continuously.

Myriad indices exclude certain kinds of companies, and their number is increasing. For example, a few large polluters may be excluded to reduce the carbon footprint of an index without deviating much from the original. However, the alternatives remain few, and are often based on data that does not necessarily reflect a holistic approach to sustainability. For example, companies in the renewable-energy supply chain may be included in a climate-focused index despite shortfalls in governance and social impact. Alternative indices must be thoroughly vetted to avoid investment in the wrong types of business.

Skuld believes ESG risks have a meaningful impact on investment risk and return over time. We integrate SDGs in our investment decision-making, with an emphasis on climate-change mitigation. Our ambition is gradually to tilt our investment exposures most efficiently towards a balanced ESG portfolio. For 2021 we continue to assess the ways in which the low-carbon transition and the shift towards sustainability will impact Skuld's investments, both in terms of risk and return, and operationally. We are gaining insight by analysing individual investment lines and discussing their composition with external managers.

Diversification between managers and assets is a major contributor to risk mitigation within our investment portfolio. In markets deemed efficient, passive managers will continue to provide the bulk of Skuld's investment exposure, but we

will favour those that go beyond exclusion and have integrated sustainability as part of their own business strategy.

In niche markets, Skuld uses active managers to gain desired exposures. Although the same type of managerial focus on sustainability will apply, Skuld will select those with mandates to concentrate most efficiently on ESG exposures. This strategy will over time shift Skuld's overall exposure towards a better balance of ESG risks. The financial implications are challenging to quantify before action is taken, due to uncertainty over the speed, form, and magnitude of physical climate change, consumer and company behaviours, and regulatory enforcement.

Skuld will continue to incorporate our selected SDGs, particularly Climate Action, into our fund-selection criteria, both for index funds and for dedicated investment mandates. We will build further ESG insights and technical solutions to support our investment- and market-risk analysis.

FOCUS AREAS 2021:

PREPARE FOR CLIMATE-RELATED NON-FINANCIAL DISCLOSURE

The financial sector is viewed as a key contributor to the EU's green deal, as it may allocate capital to the most climate-friendly and profitable opportunities. Many initiatives have been launched during the past decade to address this global challenge together. One difficulty is to reach a common understanding of the net sustainability effect of various economic activities. Different rating companies' ESG scores have diverged, and some fund managers apply their own scoring models. The EU has developed a taxonomy to combat greenwashing.

The Sustainable Finance Disclosure Regulation (SFDR), in force since March 2021, applies to the fund managers Skuld uses. As an asset owner, Skuld will face similar disclosure requirements under the Non-Financial Reporting Directive (NFRD), herein the recent proposed Corporate Sustainability Reporting Directive (CSRD). Both SFDR and NFRD may adopt the EU taxonomy, which may be extended to regular financial auditing. Skuld will monitor EU developments and build our knowledge of the taxonomy to align them with Skuld's exposures, allowing us to prepare to report efficiently on our activities.



Related information:
[EU taxonomy >](#)



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16 RENEWABLES

Skuld intends to be the world's preferred P&I insurance provider within the field of sustainability. We have taken or continued several steps in 2020/21 to realise this ambitious vision.

SUSTAINABLE TECHNOLOGIES

Skuld has begun to offer insurance for emerging sustainable sectors such as offshore aquaculture, wind power, and other new, green technologies. This allows us to foster sustainability directly by giving innovative companies the financial protection they need to create and scale up their work to create the innovative infrastructure necessary for a zero-carbon world.

One of these is offshore aquaculture. Still at the starting line, only a handful of projects have been realised, but if they prove successful the growth potential of the sector is enormous. Skuld supported the world's first offshore aquaculture operation in 2019 by insuring a share of the hull and machinery (H&M) cover for Ocean Farm 1. In the past year the Jostein Albert installation arrived at its destination, with P&I and H&M covered by Skuld. Already well positioned to offer coverage for future projects, we will continue to build internal expertise and competence to support the development of sustainable food production through the offshore aquaculture industry.

Skuld continues to support the development of offshore wind generation projects. We believe they will be an important environmentally friendly source of power. Our experts have extensive experience with a variety of installations, and with the wide range of vessels that support their construction, operation, and maintenance. We continue to build relationships with the operators we already insure, and with potential customers and their specialist brokers.

In response to the transition towards a zero-emission maritime sector, we monitor a broad range of projects and initiatives. New solutions will emerge as the industry searches for technologies to meet regulations such as the Energy Efficiency and Carbon Intensity indices for vessels. These technologies will of course introduce new risks, and Skuld is well positioned to support members and clients as they take the leap towards zero-emission solutions that protect ocean industries in a sustainable way.

17 UNDERWRITING

Skuld established an Underwriting Sustainability Competence Group in 2021. Its members include underwriters from our Oslo, Copenhagen, London, and Asia offices who represent various product specialities. Their long-term aim is to ensure that sustainability forms an integral part of all underwriting decisions at Skuld. In the interim, the Group will increase sustainability competence and knowledge-sharing across the organisation. The group's responsibilities include:

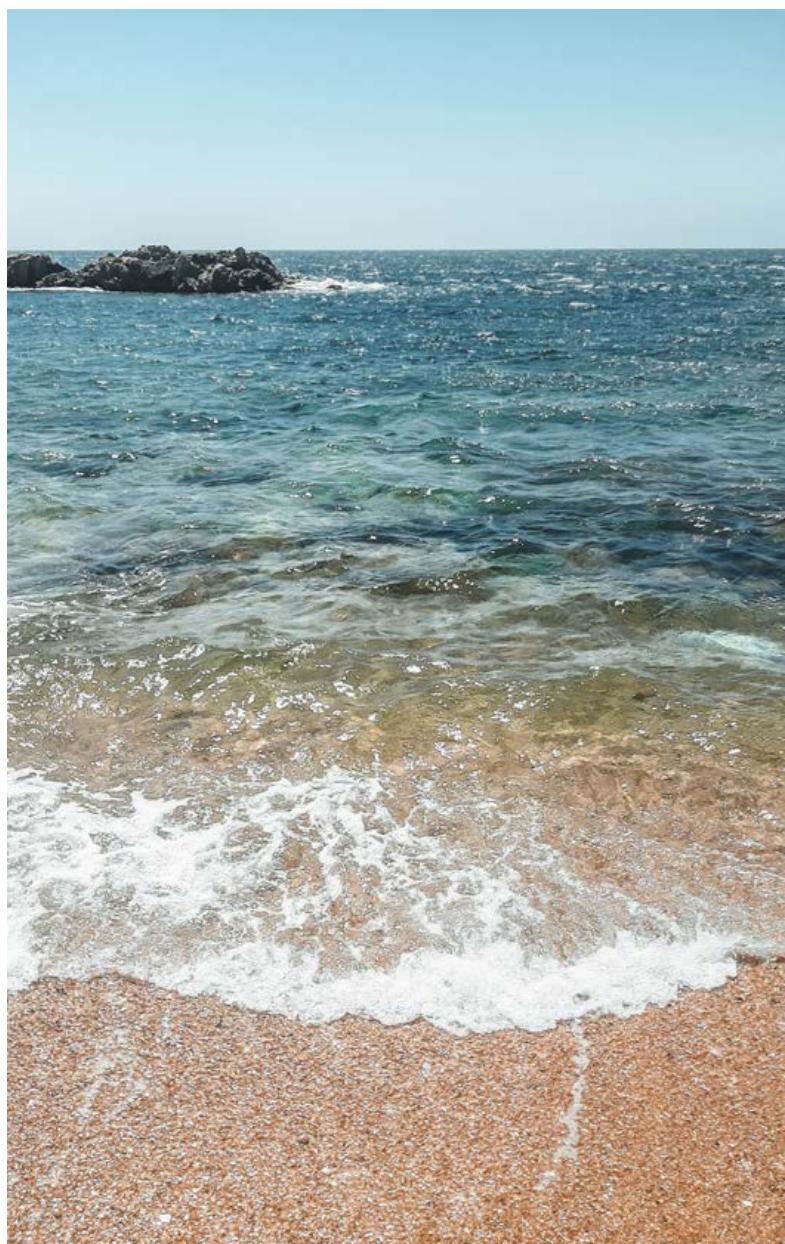
- Receive and share information from Skuld's Global Sustainability Group.
- Report on sustainability initiatives in local markets.
- Participate in projects, reviews, and evaluations, steered by Skuld's sustainable underwriting strategy.
- Consider local differences in the approach to sustainability.

A key part of the work of the Underwriting Sustainability Competence group will be doing is to ensure that the governance framework reflects the sustainability strategy of Skuld. The group intends to perform yearly reviews of the Underwriting Policy and/or Instructions by evaluating risk appetite in the context of sustainability. We do not expect the yearly reviews to materially change our views on risk appetite or areas for growth, however we do expect this process to assist in aligning Skuld's overall sustainability strategy with the risk assessments performed daily by the Underwriting team and increase the focus on sustainability. The yearly review will result in a recommendation to Management and the Board, if appropriate, for a final decision on whether any changes are to be implemented.

The group will streamline Skuld's work to map specific policy clauses to potential risks arising from emerging green technologies and sustainable power alternatives. The first steps are to assess local markets and evaluate existing policies' exposure to these risks. This work will also apply to new revenue streams. The Group will then create a library of clauses and policies to ensure a unified underwriting approach to sustainable industry risks across our organisation. The library will help underwriters to assess risks in a similar way, and will provide the same basis for the insurance of comparable risks. The library will be updated regularly, with no set end date.

The Competence Group will monitor the progress and success of our initiatives through continuous evaluation of our efforts and the value they create for members and clients. It will propose and develop new initiatives based on experiences from across our divisions and offices world-wide.

We expect the focus on sustainability within ocean industries to keep rising. Skuld pledges to play a vital role in facilitating the relevant efforts of our members and clients to make a more sustainable world. We will act in partnership with those that focus heavily on sustainability, and will inform and support those in the initial phases of implementing a sustainability in strategy. Every underwriting decision taken, and all the work of the Underwriting Sustainability Competence Group, will support our objective to be the world's preferred marine insurance provider within the field of sustainability.



18 EXTERNAL SUSTAINABILITY INITIATIVES

Skuld supports multiple non-profit initiatives which work towards UN SDGs and protect ocean industries. We contribute with time, knowledge, money, or all three to the following sample of these projects, which shows their breadth.

SKULD IMPACT DAY

Skuld Impact Day – which sees group of Skuld employees unite to serve a worthy cause for a day – is now in its second year. Past activities successfully connected colleagues and increased internal awareness of Skuld's commitment to the UN SDGs. Impact Day will continue to build an inclusive culture, and foster a sustainable mindset among colleagues at work, at home, and in their wider communities.

Each Skuld offices chooses a cause or an external charity in their local community which reflects either Skuld's purpose, protecting ocean industries, or one of our selected SDGs. Every employee may spend one paid day per year volunteering for that cause. Unfortunately global measures to stem the spread of Covid-19 made it impossible for some offices to execute their planned Skuld Impact Day during 2020/21, but all are eager to resume.



SKULD NORWAY

Skuld supported the Norwegian Broadcaster NRK's 2020 telethon, which raised funds for the World Wildlife Fund's work to prevent plastic entering our oceans.

The effort directly supports UN SDG 14, 'Life below water'. For the first time, fundraising was digital, allowing Skuld colleagues in Oslo and Bergen to create digital collection boxes. Meanwhile Skuld sponsored the removal of two tonnes of litter from the seabed of the Oslo fjord, to help resolve the global threat to all life at sea posed by plastic pollution.



SKULD LONDON

Five Skuld London colleagues spent a day picking litter in Epping Forest and the surrounding area, just before the UK entered a second lockdown in the autumn of 2020. Equipped with bags and gloves, they picked up plenty of litter, supporting SDG 13, 'Climate Action'.



SKULD COPENHAGEN

Skuld Copenhagen supported 'Life Below Water' with their Copenhagen canal clean-up in June. To limit their environmental footprint, the work was done from sustainable GoBoats, powered by solar electricity. Plastic, metal, and other rubbish was collected. The Skuld team was positively surprised by the cleanliness of the canal.



SKULD BERMUDA

Tawana Tannock of Skuld Bermuda was a guest speaker at the Association of Bermuda International Companies' Education Awards in July 2020. The event raised funds to award university scholarships to 25 students from low-income families, and supported SDG 10, 'Reduced inequalities'.

ONE OCEAN

International sustainability project One Ocean will send the tall ship Statsraad Lehmkuhl on a 19-month circumnavigation of the globe. She will be visiting more than 30 ports from August 2021. The voyage will bring together young people, researchers, and the maritime business community for a joint environmental journey to create awareness of the environmental challenges facing our oceans. This local project has now attracted international support, including United Nations participation.

Skuld has provided the P&I insurance for Statsraad Lehmkuhl for more than 30 years. In addition, we play an important role in ensuring this adventure is carried out safely and securely, including through a comprehensive risk analysis. Our worldwide network of correspondents has contributed to ensure the vessel will be able to dock safely in each country. Skuld people continue to participate in the various organisational committees, and they have helped to plan the trip down to the smallest detail.

SPONSORSHIPS

We help to protect ocean industries through our support for various initiatives which contribute to marine humanitarian causes, safety at sea, and marine education and heritage.

Mercy Ships is a humanitarian organisation based in London. The organisation runs the hospital vessel Africa Mercy, which provides free healthcare to people in need.

Windjammer is a programme for young people who have fallen outside education, training, or school. Skuld is a member of the Windjammer Guild and a sponsor of the initiative.

Redningsselskapet (Oslo), part of The Norwegian Society for Sea Rescue, exists to save lives, salvage assets, and protect the coastal environment of Norwegian waters.

Maritime Law at the University of Oslo is a 10-year collaborative project to which Skuld participates with eight other marine and insurance sponsor-participants. We contribute to lectures in maritime and insurance law, and to related research at the Scandinavian Institute of Maritime Law in Oslo.

NorShipping is an international biannual maritime conference where the maritime and ocean industries meet, collaborate, and facilitate sustainable success in the ocean space. Skuld is a lead sponsor of this hub for international decision-makers from the private and public spheres.

Tall ship support by Skuld includes our sponsorship of the P&I insurance of several tall ships, which backs their

important role in marine education and heritage. Vessels sponsored include:

Statsraad Lemkuhl – Norway's largest and oldest square-rigged sailing ship.

Christian Radich – a sailing and training vessel built in 1937 and insured by Skuld since 1976.

Danmark – a three-masted full-rigged, training vessel, 74 meters long including the bowsprit.

Georg Stage – a three-masted full-rigged, training vessel, 54 meters long including the bowsprit.

Skibladner – a paddle steamer built in 1854–56 which has sailed Mjøsa, Norway's largest lake, ever since. She is the world's oldest preserved paddle steamer in timetabled service.





PROTECTING OCEAN INDUSTRIES

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