

# SUSTAINABILITY REPORT

## The Swedish Club - Business Model

The Swedish Club (hereafter the Club) is an independent, self-managed, mutual insurance company headquartered in Gothenburg, Sweden, with offices in Hong Kong, Singapore, Oslo, London, and Athens. It has been in existence since 1872. As of 31 December 2023, the number of staff was 136. Mutuality means that the Club is owned and controlled directly by the policyholders (hereafter "members"). The interests of the Club's management and Board of Directors are, therefore, identical to the collective interests of the members. The mutual nature and self-management of the Club puts it in a unique place among its competitors.

The Club's purpose is to provide marine insurance to shipowners and other ship operators worldwide. The liability insurance (P&I) provided by the Club, and through the Club's reinsurance arrangements, is a key factor in enabling world seaborne trade, the protection of the marine environment, as well as compensation to legitimate victims of maritime accidents. The Club's core business is, therefore, a vital component in supporting a well-functioning and sustainable society.

As an insurance company, the Club is subject to stringent regulatory requirements, which prompts equally stringent regulatory compliance. Sound business practices and stability in the operations are safeguarded by robust processes for internal control and a holistic enterprise risk management system. This system is carried out through a control cycle that involves the systematic identification, valuation, monitoring and reporting of all existing and emerging risks. The Club's assessment of its risks and how these risks are managed are regularly reported to the Swedish Financial Supervisory Authority and other stakeholders, internally and externally. The Club's core values are Committed, Reliable and Proactive. These core values are central to the Club's operations and sustainability over time.

Further details of the Club's business model can be found in the Annual Report 2023.

## The Sustainability Report – Structure

This Sustainability Report addresses the sustainability report requirements as a matter of Swedish law.

The Swedish requirements are:

1. Environment;
2. Social and staff-related questions;
3. Respect for Human Rights; and
4. Combatting corruption.

The report also covers the UN Sustainable Development Goals which have been adopted by the Club. The adopted goals are listed on page 38.

## Environmental, Social and Governance (ESG)

Given the nature of shipping, it is impossible to eradicate all maritime-related accidents. As risk manager, insurer and investor, the Club - along with other marine insurers - plays an important role in promoting economic, social and environmental sustainability and development. The Club has a long-standing commitment to assisting its members in managing maritime risks - thereby minimising any negative effect on the environment and society.

The Club is committed to preventing maritime accidents through proactive loss prevention initiatives and risk analysis. By providing proactive loss prevention and relevant insurance solutions, the Club aims to minimise any negative consequences to the environment and society as a whole, at the same time as it services its members. Sustainability therefore is - and has for a long time been - at the core of what the Club delivers.

## ESG Framework Policy

The Club's Board of Directors adopted an ESG Framework Policy at its October 2020 meeting. The purpose of the Club's ESG Framework Policy is to provide the organisation with a declaration of intentions for the Club's work on sustainability. The policy aims at assisting in establishing a common view of what sustainability means to the Club, as well as providing guidance to its employees and members. The ESG Framework Policy is a forward-looking document which is subject to annual review.

The Club's ESG Framework Policy takes the four principles for sustainable insurance - as defined by the United Nations Environment Programme's Finance Initiative (the UNEP FI) - as the starting point, namely:

- To embed ESG in the Club's decision making;
- To raise awareness about ESG;
- To promote widespread action with ESG; and
- To demonstrate accountability and transparency within the ESG area.

To further assist the work in the ESG area, the Club's ESG Framework Policy adopts four of the United Nations' Global Goals for Sustainable Development to provide direction in the Club's further ESG efforts.

The UN Sustainable Development Goals (SDGs) are, as identified by the UN, the blue-print for achieving a better and more sustainable future for everyone.

The goals are all inter-connected and intended to address global challenges.

More information about all 17 goals is available on the following site: UN Sustainable Development Goals (<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>)



# UN Sustainable Development Goals adopted by the Club

The UN Sustainable Development Goals the Club uses as a framework for its sustainability work are:

- **UN Goal 14:** Life Below Water: The Club will work to safeguard life below water through active loss prevention and relevant insurance solutions to its members.
- **UN Goal 12:** Responsible Consumption and Production: The Club will promote the responsible consumption of water, energy, and food.
- **UN Goal 3:** Good Health and Well-Being: The Club will promote health and safety in people's working life, on-shore as well as off-shore.
- **UN Goal 16:** Peace, Justice and Strong Institutions: The Club promotes the rule of law and works against the use of bribes and other illegal or illicit activities.

## ESG risks in the Club's Business Segment

The main ESG risks in the Club's business segment, as a marine insurance provider, are:

- Inadvertently providing insurance coverage for illegal fishing, illegal shipping activities, intentional pollution and illegal scrapping of ships; and
- Inadvertently providing insurance coverage for breaches of climate-related emission levels, labour and trafficking laws and regulations, poor worker safety records and money laundering.

Following is an overview of how the Club works to facilitate sustainability and mitigate the ESG risks within its business segments.

## The Environment & UN Goal 14 - Life Below Water

**The Club makes significant efforts to safeguard environmental interests in its routine work. As part of its loss prevention activities, the Club regularly produces publications and holds workshops on how to avoid marine casualties, mitigate marine risks and mitigate the environmental impact through advice about ship bunker fuel management and information on environmental regulations relating to the shipping industry.**

### Courses and Seminars

The Club's Loss Prevention team works in close cooperation with the Club's claims handlers to understand and advise members on what causes maritime accidents. Emergency Response Training is offered to members to stress-test their organisations. It further creates an understanding of ways to cooperate among stakeholders to handle and minimise the adverse consequences of maritime casualties. The Club's Marine Insurance Course and Marine Insurance Seminars - made available to members and business partners on an annual basis - are important means to educate and raise awareness of the importance of marine insurance and casualty response.

### Trade Enabling Loss Prevention (TELP)

The Club's initiative Trade Enabling Loss Prevention (TELP) is at the forefront of providing shipowners with up-to-date proactive loss prevention advice to prevent and minimise loss and accidents at sea. TELP was launched in January 2020 and is a free-of-charge service for members. It is aimed at increasing safety awareness in specific areas and ports worldwide - thereby reducing claims. The information provided through the TELP service was expanded and enhanced further throughout 2023. TELP has enabled efficient and targeted distribution of information on claims experience and risk factors, as well as relevant COVID advice to the Club's membership where their ships approach particular ports.

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**In 2020 the Club became an official corporate member of the Big Blue Ocean Cleanup**

### The Swedish Club Academy

The Club participates in a comprehensive risk-mitigating training programme through The Swedish Club Academy. The programme was developed after having realised that the majority of marine casualties occur due to human factors. The objective of the programme is to establish safe and sound attitudes and behaviour within organisations. The training is conducted at over 70 facilities in 31 countries, licensed by the Club. The Club subsidises its members' start-up fee when first signing up to participate in the programme.

### Big Blue Ocean Cleanup

In 2020 the Club became an official corporate member of the Big Blue Ocean Cleanup, and the Club continued its support throughout 2023. The Big Blue Ocean Cleanup helps keep the oceans clean, protect marine wildlife and support the development of innovative technologies. The Big Blue Ocean Cleanup runs free educational workshops and provides resources for schools around the world, inspiring every generation to take action and protect our blue planet.

The Hellenic Marine Environment Protection Association  
The Club is a sponsor of HELMEPA - the Hellenic Marine Environment Protection Association, the pioneering voluntary commitment of Greek seafarers and shipowners to safeguard the seas from ship-generated pollution, undertaken in Piraeus on 4 June 1982. HELMEPA operates under the motto, "To Save the Seas".



## UN Goal 12 - Responsible Consumption and Production

**Being an insurance company, the impact the Club's own operations have on the environment comes primarily from the use of office space, any waste the operation of its offices generates, and the business travel undertaken by its employees.**

### Minimising Waste

The Club seeks to apply high standards to operate in an eco-friendly way. This includes recycling waste, minimising the use of paper and using video conferences instead of travelling, to the extent that it is reasonable in the business context the Club operates in. Club employees are expected to travel responsibly and consider what the best way to attend a meeting, inspect an incident site, or manage a casualty to achieve and maintain the service-level expected.

### Travel by Employees

Guidelines on the Club's travel policy for employees is provided in The Swedish Club's Personnel Handbook. The Club is assisted by its worldwide network of correspondents, experts and lawyers in its routine claims handling activities. A physical presence is often necessary to maintain a close relationship with the Club's members and to properly manage marine casualties. It is therefore unavoidable to some extent for the Club's employees to travel by airplane.

### Commuting to the Workplace

To encourage more environmentally-friendly commuting, the Club facilitates easy access to public transport fares and enables bicycle parking as an alternative to cars in the majority of its offices. There is also the possibility to charge electric cars at the Club's Gothenburg office.

### Insurance-solutions supporting Decarbonisation of Shipping

Being a mutual marine insurance provider, the Club has an important role to play in supporting the decarbonisation of shipping by ensuring that there are relevant insurance solutions made available for the emerging risks its members may face. Alternative fuels and new ship design are changing the landscape of shipping. For the Club it is important to honour its heritage by supporting the technological transition by providing relevant insurance solutions. After all, the Club was founded in 1872 by shipowners finding themselves unable to procure relevant insurance for their modern ships.

## Social-related Questions & UN Goal 3 - Good Health and Well-Being

### Ethical Code of Conduct

Social responsibility is a central part of the Club's operations. The Club has an Ethical Code of Conduct which each employee reviews and gives consent to annually. Adherence to the ethical guidelines is followed up at regular employee/manager meetings, as well as through interactive questionnaires on the Club's intranet.

### Community of the Club's Members

Another important social dimension involves the community that ownership in the Club entails. The Club's membership stretches from local bunker barge operators to the world's largest state-owned shipowners. Furthermore, some of the Club's members are based in countries that have tense political relationship with each other and, as a result, have little or no business relationships. Therefore, the Club serves as a unique platform in creating a community and building relationships beyond political and geographical boundaries.

### The Swedish Sea Rescue Society (SSRS)

The Club supports the local community by sponsoring The Swedish Sea Rescue Society (SSRS). The SSRS is a non-profit organisation founded by dedicated volunteers in 1907. More than 100 years later, the dedication still runs deep among the volunteers, who are always prepared to help whenever someone needs assistance at sea.

### Sponsor of 'Faktum'

The Club is also a proud sponsor of the magazine 'Faktum', a monthly magazine sold by, and for the benefit of, homeless people, raising awareness of the situation and providing a way back.



**Being a mutual marine insurance provider, the Club has an important role to play in supporting the decarbonisation of shipping**

## Staff-related Questions & UN Goal 3 – Good Health and Well-Being

### Staff

The Club is a true knowledge-based company. As such, it is entirely dependent on the expertise, as well as the well-being of its employees. The Club is dedicated to growing and developing its staff. Equally important is promoting good health, motivation and commitment through initiatives that encourages a healthy life-style, whilst also developing job skills. The Club is a signatory to collective bargaining agreements through its membership in The Swedish Insurance Employers' Association (Försäkringsbranschens Arbetsgivareorganisation, FAO) and engages in dialogue with the local unions.

### Employee Engagement

Every second year, the Club measures employee engagement and satisfaction through a survey carried out by a third party. Following the survey in 2023, the KPI for employee work satisfaction was significantly higher than the Swedish national industry benchmark. Further, a majority of other KPIs came out better or levelled with the benchmark. The employee satisfaction level remains on the same high level as in the previous surveys from 2017, 2019 and 2021. It is high for all employee groups. Satisfaction with physical, as well as the social working environment is included in the survey. Results are followed up over time and any issues arising are actively addressed.

The survey covers areas of discrimination and bullying. A field in which the Club has a zero tolerance. According to the Club's written policy on equal treatment, the Club shall safeguard equal opportunities or employment, education, promotion, and development in the work role, regardless of gender, sexual orientation, ethnicity or religion. The Club has a policy to combat discriminatory behaviour.

### Equality

The Club strives for an equal split between men and women in the Club's different functions and organisational levels based on merits. The Club's gender division in 2023 was 49% women and 51% men. The Club facilitates the possibility to combine work with family life. In 2023, 13 employees used the opportunity of being on parental leave. An annual mapping of salaries is carried out to detect and enable rectification of undue differences in the salaries between men and women.

The use of digital means for Club internal activities has enabled a number of training sessions and seminars to be held on a wide range of topics. These include stress-management and well-being. In 2023 the Club organised training sessions and employees participated in events. During spring 13 members of staff together with a number of clients ran the Gothenburg Half-Marathon, Göteborgsvarvet. The Club also held skiing sessions for employees, as well as yoga classes. In addition, an activity challenge was arranged.

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The Club is dedicated to growing and developing its staff



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## Human Rights & UN Goal 16 – Peace, Justice and Strong Institutions

**Sound business behaviour and compliance with internal and external regulations are ultimately dependent on the acts of the individual employee. This includes safeguarding the values set out in this sustainability report.**

### **Risk-Management Workshops**

The Club has several channels through which employees can alert management about any abuse or wrongdoing. Annual risk workshops are held under the auspices of the risk management function. These workshops aim to target operational risks. These include fraud, malicious damage, employment practices, business practices, workplace and public safety.

### **'Near Misses' Register**

The Club has two web-based applications where risks, as well as incidents - "near misses" – in the line organisation, are registered. The findings are compiled and presented to management and the Club's board on an annual basis.

### **Whistle-blower Policy**

The Club has a whistle-blower policy that enables employees to submit complaints on a confidential basis, through an external law firm.

The confidential complaint may relate to amongst others: non-compliance; any kind of illegal or unethical activity; or any other abusive or erroneous behaviour which has an adverse impact on an individual, the Club, its members, other stakeholders or the environment.

### **Human Rights – Employees & Business Associates**

The Club's work in identifying and mitigating risks include several tools that are used for safeguarding respect for human rights of both the Club's employees and the Club's business associates. The P&I insurance provided by the Club contains elements for enabling due compensation to be reimbursed by the Club to its members for compensating their seafarers for work-related illness and injuries under applicable contracts, law and convention limits when serving on insured ships.

### **Repatriation of Seafarers following Abandonment**

The P&I insurance has been extended to include financial security, required under the Maritime Labour Convention, for repatriating seafarers as well as up to four months' wages, in case the seafarers are abandoned by their employer on a ship entered with the Club for P&I risks. This was done in response to a request put forward by the International Labour Organization.



# Combatting Corruption & UN Goal 16 - Peace, Justice and Strong Institutions

## Zero-tolerance towards Corruption and Bribery

The Club has zero-tolerance towards corruption and bribery. The Club applies the UK Bribery Act 2010 as a benchmark for its employee policy. This is, in general, more stringent than the equivalent Swedish legislation that would otherwise apply. An annual sign-off procedure was introduced in 2020 and performed also in 2023, whereby all employees read and sign-off on their understanding of the Club's Ethical Directive, among other policy documents.

## Screening of Members and Vessels

To combat corruption, the Club uses a market-leading screening tool provided by World-Check whereby all the Club's members and insured vessels are screened on a monthly basis. The screening includes global sanctions lists, global enforcement and warning lists, global politically exposed (PEP) lists and global state-owned entity lists (SOE).

The screening also includes corporate managers who are directly or indirectly connected to, or associated with, an embargoed country or entity which carries related or other risk-relevant information.

World-Check also draws on hundreds of thousands of credible media sources to monitor all the categories above. It is also used to identify and maintain a lot of profiles related to individuals convicted of one or more of the predicate offences as defined by the Financial Action Task Force (FATF). The purpose of the screening is to avoid the Club doing business with inappropriate companies or individuals.

## Know Your Client (KYC)

In 2023 the Club continued to enhance its "know your client" routines through which its membership is reviewed. While the Club, being a non-life insurer, is not subject to the Swedish Anti-Money Laundering Act, it has voluntarily introduced a number of measures to enhance its routines for anti-money laundering and countering the financing of terrorism.

## Vessel Tracking & Sanctions Screening

During the year, the Club has continued and refined its work using an AIS tracking system, enabling the Club to carry out more in-depth due diligence on vessel's trading patterns and ownership structures to combat illicit trade. Compliance data and automated screening against sanctions list have been integrated into the Club's compliance and risk assessment tools to enable early identification of risk factors. The Club utilises compliance data from IHS MIRS to assess



## The Club has zero-tolerance towards corruption and bribery

prospective and existing members before entry into the Club and throughout the insurance relationship. Automated backstops - based on sanctions lists - were incorporated into the Club's insurance and payments systems in 2021 to further enhance the anti-money laundering activities. These measures help mitigate the risk of inadvertently providing insurance cover for illicit activities as well as to mitigate the risk of the Club inadvertently facilitating money laundering.

## Illegal Acts are Uninsurable

It is noteworthy that illegal acts, as a matter of Swedish law, are uninsurable as a result of being contrary to public policy and good insurance practice. As an example, to enhance this fact, the Club's Rules for P&I insurance expressly excludes liabilities arising from unlawful trade.

Finally, all the Club's board members, members of the management group and personnel responsible for the Club's central functions (actuary, risk managers, internal audit and compliance) are subject to an equivalent screening process to ensure that regulatory fit and proper standards are met by these individuals.

