



Skuld annual report 2023/24

Financial- and sustainability reporting





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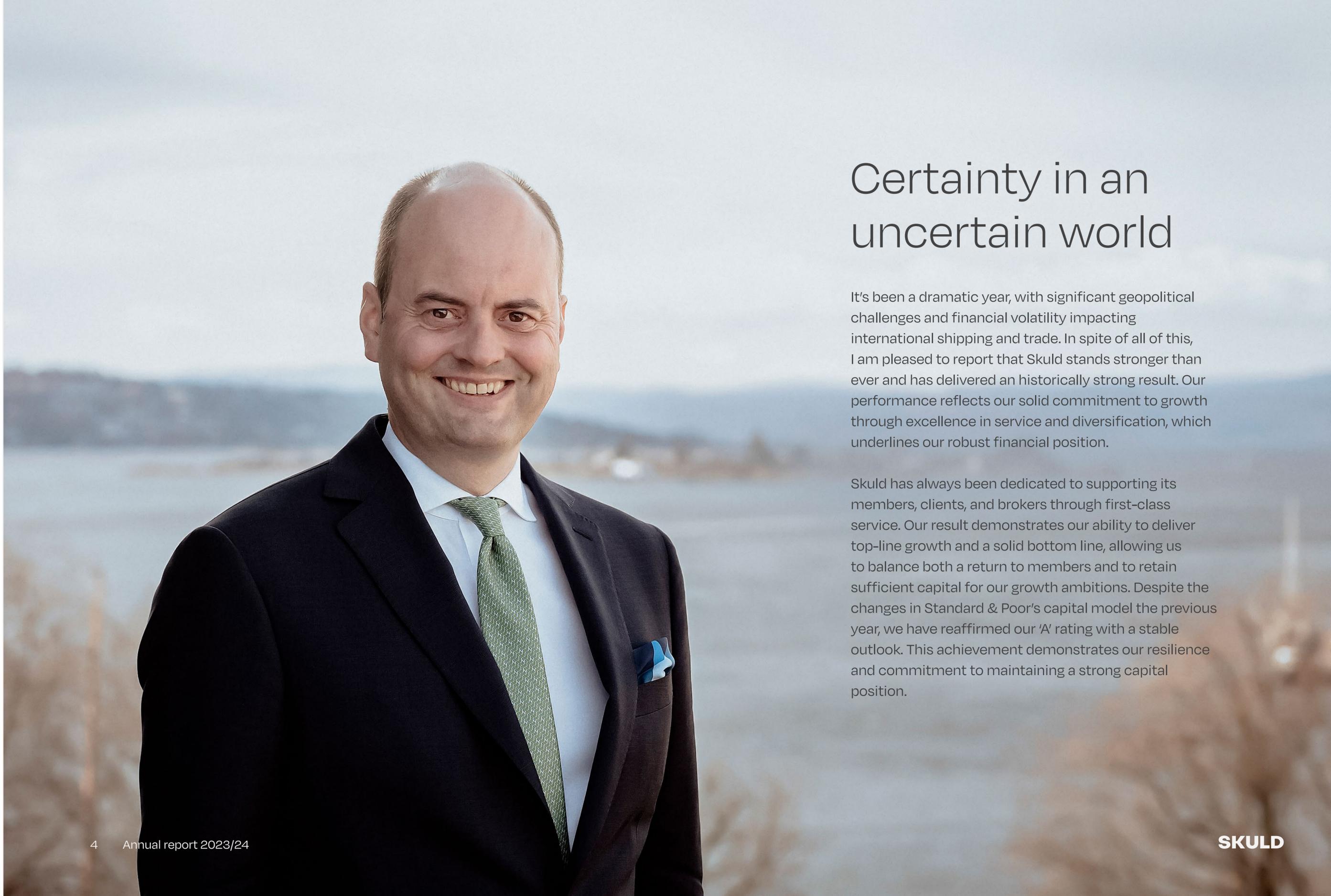
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CEO's report



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Certainty in an uncertain world

It's been a dramatic year, with significant geopolitical challenges and financial volatility impacting international shipping and trade. In spite of all of this, I am pleased to report that Skuld stands stronger than ever and has delivered an historically strong result. Our performance reflects our solid commitment to growth through excellence in service and diversification, which underlines our robust financial position.

Skuld has always been dedicated to supporting its members, clients, and brokers through first-class service. Our result demonstrates our ability to deliver top-line growth and a solid bottom line, allowing us to balance both a return to members and to retain sufficient capital for our growth ambitions. Despite the changes in Standard & Poor's capital model the previous year, we have reaffirmed our 'A' rating with a stable outlook. This achievement demonstrates our resilience and commitment to maintaining a strong capital position.



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Ambition

Our clear ambition is to lead in our industry. Size is a critical factor in handling the financial volatility inherent in our sector. But it isn't just about size; we pride ourselves on leading in the service, competence, and knowledge we provide while understanding and responding to our customers' ever-evolving needs. Our comprehensive range of marine insurance offerings meets the demands of our diverse members and client base, and our continuous product developments will ensure that future requirements are met.

Global player, local heroes

With our 11 offices worldwide, our global presence ensures proximity to the markets we serve. This global reach enables us to offload our members and clients' marine risks everywhere and foster international trade, thus benefiting society. We believe in a world without national borders for shipping, and we are proud to be part of world trade, which enables growth in emerging economies and developing countries. This underlines our commitment to being a true global player.

We take great pride in what we consider a unique Skuld culture that empowers our employees, encouraging them to take ownership and responsibility for their tasks. Our business is, above all, still a people business, including the solid relationships and the knowledge sharing our staff enjoy with our members, clients, and brokers on a day-to-day basis. Our flat structure ensures little bureaucracy and hierarchy, enabling outstanding and efficient service delivery.

In our continuous pursuit of efficiency and service excellence, we embrace digitalisation and artificial intelligence (AI) as essential to running our business. Digital tools support our work and business processes. However, our undisputable strength lies in our highly skilled and knowledgeable team of Skuld colleagues worldwide: You will meet the same friendly attitude to support wherever you travel in any Skuld location.

Navigating challenges

In the face of increasing geopolitical challenges, we stand firm and robust,

“We take great pride in what we consider a unique Skuld culture that empowers our employees, encouraging them to take ownership and responsibility for their tasks.”

always ready to support our customers in demanding times. We are proud to be one of the first P&I Clubs to offer solutions such as buy-back cover on RUB and the Red Sea, and we rank among the top clubs in providing sanctions advisory. We recognise the critical role of insurance in keeping world trade flowing, and we are fully committed to ensuring the safety of our shipowners' crew, their assets, the environment, and society. Our first-class loss prevention efforts and legal advisory have never been more critical than they are now. These areas will continue to be of high value to our membership.

Skuld is involved in numerous industry-wide collaborations, making us

stronger together. For example, being a long-standing member of The International Group of P&I Clubs (IG) remains critical to our reinsurance and pooling arrangements, delivering significant cost benefits to our members and assurance of any risks now and in the future. Our membership in CEFOR – The Nordic Association of Marine Insurers – brings invaluable benefits to our customers through competitive marine insurance conditions, industry statistics and competence building.

ESG

We are dedicated to sustainability in everything we do, which is a pivotal part of our strategic approach. We proactively support our members and clients in



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meeting global emission targets by establishing an in-house decarbonisation hub to build competence, share insights and provide advisory support for the green transition.

For the first time, we are reporting on the Poseidon Principles for Marine Insurance on our H&M portfolio as well as disclosing our Scope 3 emissions on our mutual P&I and H&M portfolios, ensuring transparency both in mutual and commercial product lines in the global pursuit of reaching the UN's sustainable development goals.

We see the change in reporting requirements as an opportunity, and we welcome the Norwegian Transparency Act, placing human rights on the agenda. The act aligns with our commitment to uphold human rights, promote transparency, and adhere to the principles of ESG in our operations. The heightened focus on the 'S' in ESG is a valuable development we fully embrace.

Our journey ahead

We intend to continue our growth by exploring new areas such as renewables and alternative energy sources. We're proud to be one of the largest P&I insurers

for construction vessels that install windmills, and we see this as a potential development area. We are not dependent on others to expand; for now, organic growth is our focus as our long-term diversification strategy continues.

As we celebrate last year's results, we warmly welcome new members and clients to Skuld while expressing our gratitude to our existing members and clients for their trust and loyalty. Thank you also for the excellent cooperation we enjoy with our broker relationships throughout all our Skuld offices.

Lastly, I would like to extend my heartfelt thanks to the Skuld team. Your dedication and professionalism are the foundation of Skuld's strength.

Together, we are making a difference in the marine industry, and rest assured, we are genuinely excited about the journey ahead!

STÅLE HANSEN
President and CEO





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Chair of the Board's report



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Sailing ahead with confidence

This past year, Skuld has had a strong wind in its sails. Despite the geopolitical unrest affecting global shipping and energy markets, Skuld has achieved an extraordinary and historically outstanding result. This achievement is a testament to our disciplined underwriting and service capabilities and Skuld's firm strategy, which was set out many years ago.



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"Our strategy, coupled with the dedication and passion of our highly qualified employees, has set us on the path to being among the best in class in our industry!"

Strategy

Skuld's clear and transparent strategy, executed by management and employees worldwide, has played a significant role in achieving the result. The cooperation between the board, management, and all offices worldwide has been instrumental in navigating challenging waters. Our strategy, coupled with the dedication and passion of our highly qualified employees, has set us on the path to being among the best in class in our industry.

Our renewals this year were handled exceptionally well, and we are seeing an influx of new vessels in our mutual P&I line of business and overall growth in all lines of business. Our conservative approach to

the market and investments has proved prudent and beneficial and has secured a highly satisfactory financial return. Skuld is in a solid position, and its 'A' rating with a stable outlook from Standard & Poor's was reaffirmed at the end of last year. We remain committed to maintaining our rating and strong financial stability.

Global markets

Despite the complex geopolitical unrest, the shipping market has shown exceptional strength, particularly in the tanker market. The dry bulk market has also improved after a volatile year, and we anticipate positive short-term trends. The container market is showing signs of stabilising. Developments in the LNG market are positive, and the car carrier market is experiencing a boom due to the shift to electric cars. The cruise market has also made a strong recovery post-pandemic, and at the time of writing, shipping stocks have seen a significant increase in value.

We are optimistic about the future but also mindful of challenges due to severe geopolitical issues taking place in our world. I am proud to state that Skuld has been at the forefront this year of advising its membership and clients on the impacts of the war in Ukraine and the demanding

situation in the Middle East affecting global marine traffic. With the competence and knowledge within Skuld, our customers can rely entirely on us as a trusted insurance partner in dire times.

At the forefront of sustainability

Addressing decarbonisation and climate issues is a strategic priority for Skuld. We are dedicated to implementing sustainable practices and assisting our members in meeting future requirements while pushing for industry-wide change. I am pleased that Skuld is at the forefront of the work in the International Group of P&I Clubs and Cefor, setting pressure on important ESG issues. Having said this, we, and the whole industry, have a long way to go before we can conclude the green shift is completed. This work will continue relentlessly in the coming years, ensuring our members are fully supported in their transitional stages.

Skuld culture

Skuld's company culture is characterised by professionalism, passion, and cooperation, which is critical to our success. Our ability to attract top talent has allowed us to deliver exceptional service and results. Our HR strategy will continue to focus on educating, maintaining, and developing our

employees, an approach that has proven successful over many years.

Looking ahead

Despite geopolitical challenges, the outlook for Skuld is promising. However, we can never rest on our laurels. We must remain humble and moderate in our expectations, anticipating continued market volatility and an unpredictable future. Our robust financial platform, with a clear strategy and dedicated employees, puts us in the best position to navigate these uncertainties.

Gratitude

On behalf of the Skuld Board, I want to express our deepest gratitude to all Skuld's employees worldwide for their dedication and hard work. We also want to thank our members and clients for their loyalty to Skuld, as without them, we wouldn't be where we are today.

Here's to another year of excellence and growth at Skuld!

KLAUS KJÆRULFF
Chair of the Board



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Our role in society



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Protecting ocean industries

'Protecting ocean industries' emphasises our role in society, our commitment towards global ocean industries and our inherent role of protecting people, the environment and property.



Skuld will be the world leading marine insurance provider through sustainability, financial strength and the talents of our people.



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Highlights



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Highlights

The following highlights sum up the year 2023/24:

Premium income

 **527** Million
USD

- the first time we exceed USD 500 million

Members' Credit

5%

- we are giving back to our members

Financial result

 **126** Million
USD

- USD 10 million will be allocated to Members' Credit

Standard & Poor's

A

- the outlook is stable



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Highlights

The following highlights sum up the year 2023/24:

Contingency reserve

551 Million
USD

Combined ratio

In percent



The combined ratio is a measure of underwriting performance calculated by the sum of claims and operating expenses as a percentage of premium income. A ratio below 100% indicates a positive underwriting result, while a ratio above 100% means that more money is paid out in claims than what is received in premiums.

Investment portfolio return

7.2%

Favorable market conditions led to a positive investment return, which gives us a solid basis for further growth.



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Key figures



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Key Figures 2023/24

Record high total result

Skuld delivers a record high financial result of USD 126 million for the year ended 20 February 2024 with strong contributions from both the technical result and the investment result.

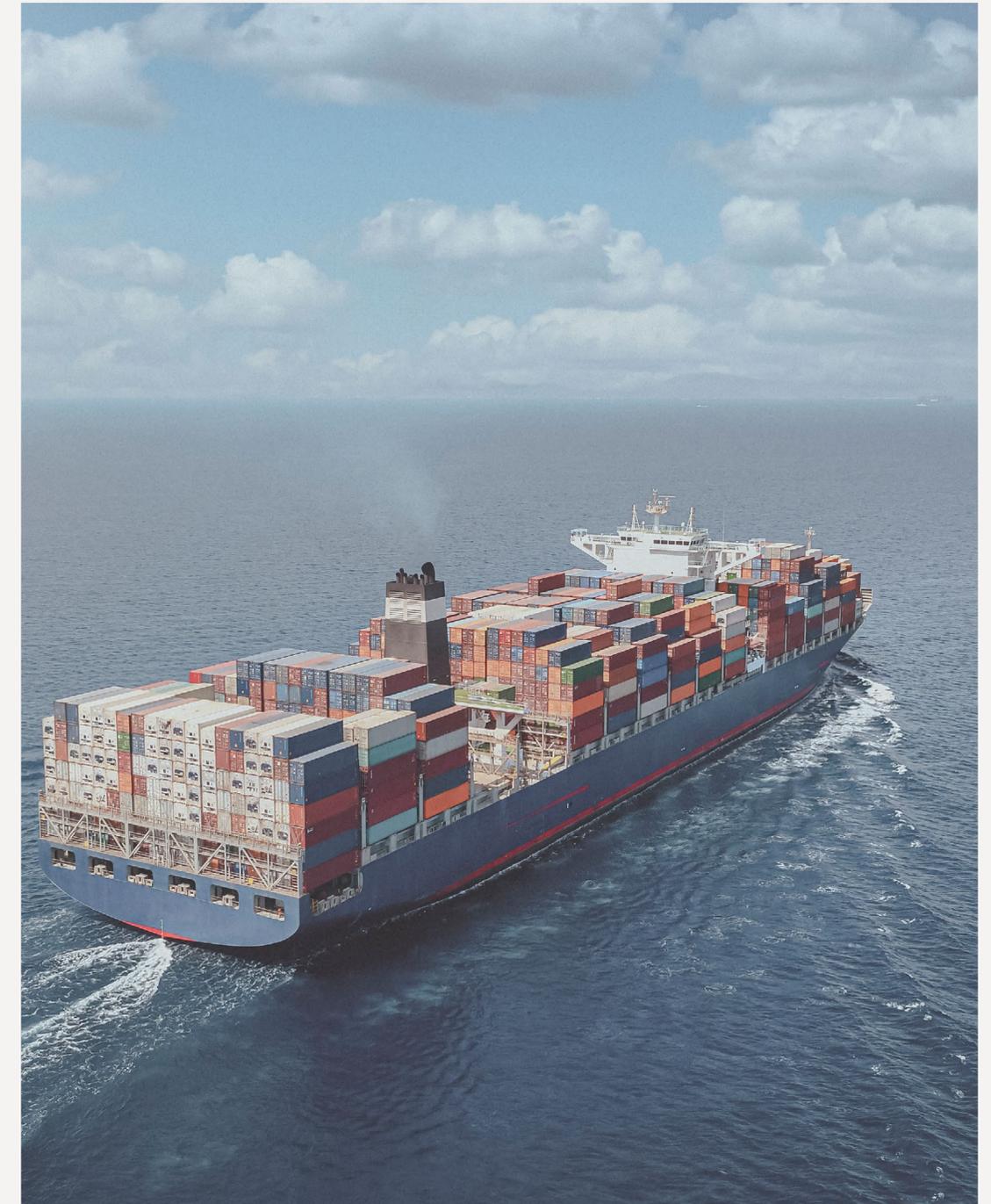
Technical result ended at USD 60 million, resulting in a net combined ratio of 86%. Driven by a strong renewal with increased rates and new vessels entering Skuld during the year, significant premium growth is seen in both mutual and commercial lines of business contributing to gross earned premiums and calls exceeding USD 500 million and ending at USD 527 million.

The financial year was characterised by a benign claims environment within P&I, particularly the mutual line of business, while the physical damage line

of business was affected negatively by increased competition and heavier claims environment. Net claims incurred ended at USD 278 million, compared to USD 287 million in 2022/23. The International Group (IG) pool cost affected the total claims cost with USD 24 million, a reduction of USD 5 million from 2022/23. Skuld reported no new pool claims this year.

The gradual improvement of the technical result in the mutual book of business continued in 2023/24. Based on the strong contributions this year, a premium credit (members' credit) of USD 10 million will be returned to Skuld's mutual members for policy year 2023

High treasury yields and expectations towards more AI-driven technology





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caused strong positive contribution from both fixed income and equities. Total investment income, including fair value changes through other comprehensive income (OCI), ended at USD 75.5 million for 2023/24 with an investment portfolio return of 7.2%.

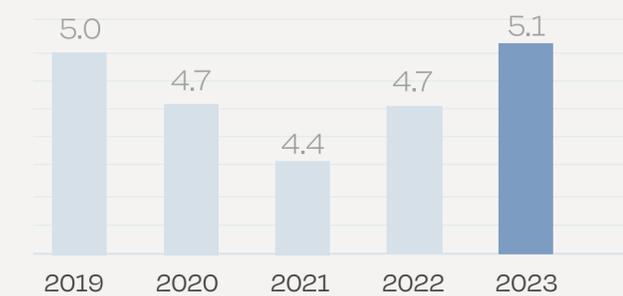
Total tax expenses including tax on other comprehensive income amounted to USD 9.3 million, mainly driven by the positive results in the Norwegian Association.

Skuld's financial and solvency position is strong, and the contingency reserves now stand at USD 551 million leaving Skuld well-capitalised and equipped for future growth. Skuld remains well above all regulatory solvency requirements and is aligned with its own stricter internal solvency targets as set by the Board.

Contingency reserve
USD mill.



Contingency reserve per GT
USD

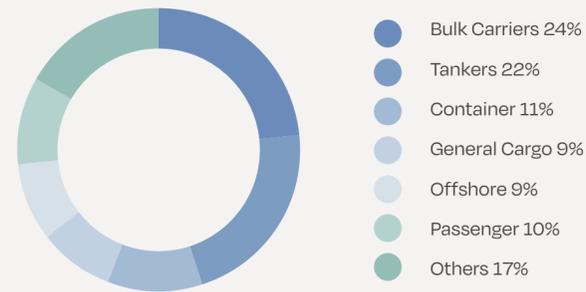




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Premium distribution*

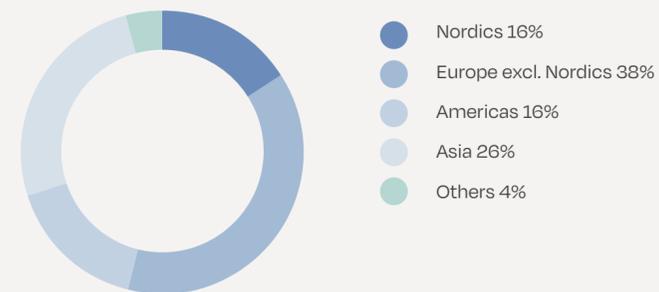
By vessel type



* Total gross premium: USD 527 million

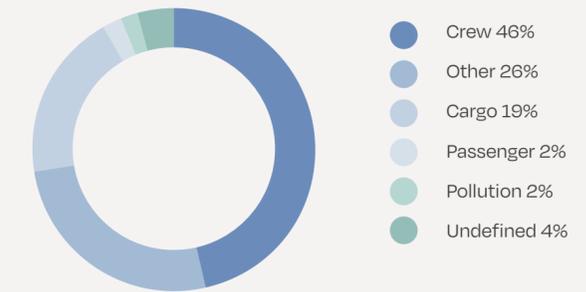
Premium distribution*

By region



Distribution of claims costs

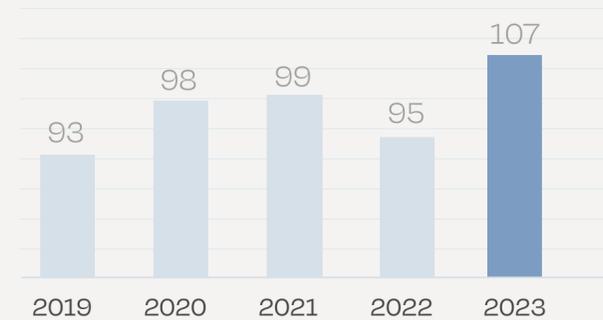
In percent



Only claims relating to Owner P&I included in the above chart.

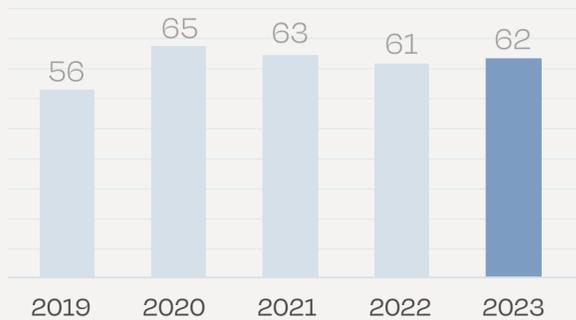
P&I owners' GT

Mill. GT



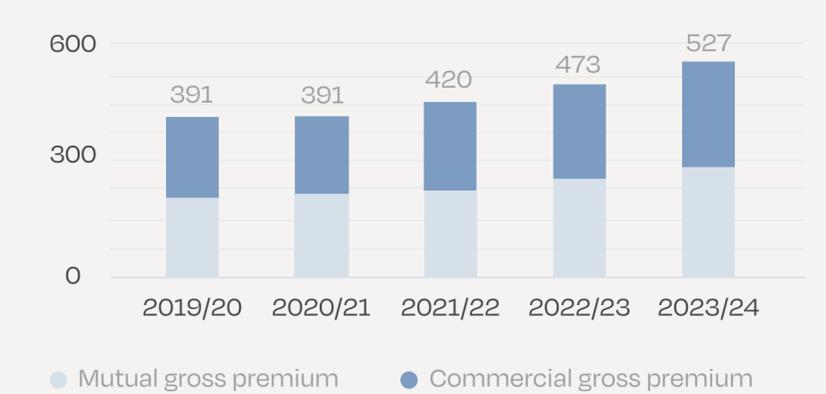
Charterer P&I GT

Average Mill. GT



Gross premium

USD mill.





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Net premiums and calls for own account

USD mill.



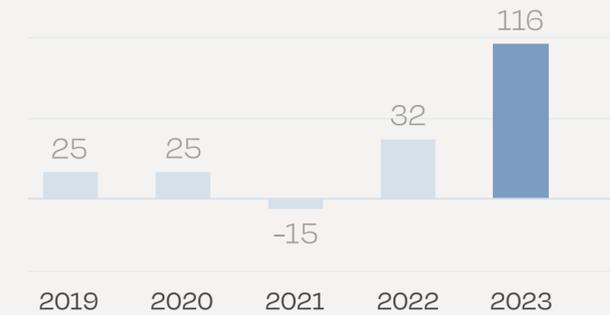
Net claims incurred for own account

USD mill.



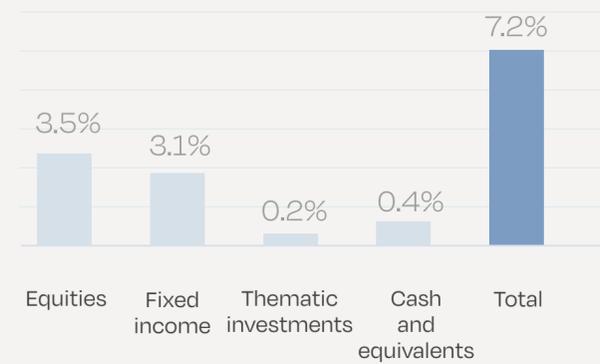
Balance carried to contingency reserve

USD mill.



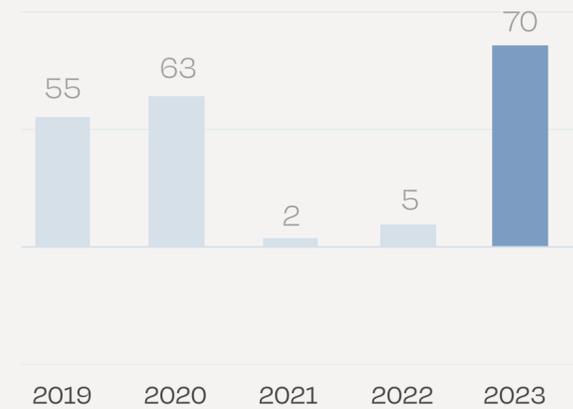
Contribution to investment portfolio

In percent



Net investments income

USD mill.



Investments by asset class

In percent





Consolidated income and expenditure account as at 20 February

USD million

TECHNICAL ACCOUNT	2023/24	2022/23	2021/22	2020/21	2019/20
Premiums and calls	527.0	473.3	419.5	390.8	390.8
Reinsurance premiums	-91.6	-81.3	-54.1	-44.7	-47.4
Premiums for own account	435.4	392.0	365.4	346.1	343.4
Pool claims	-24.1	-29.1	-31.2	-41.1	-24.5
Own claims for own account	-254.2	-258.1	-286.7	-260.0	-264.3
Claims incurred for own account	-278.3	-287.2	-317.7	-301.2	-288.8
Acquisition costs	-74.1	-69.5	-59.9	-57.7	-70.5
Administrative expenses	-22.6	-20.2	-18.3	-17.4	-19.3
Net operating expenses	-96.6	-89.7	-78.0	-75.1	-89.8
Balance carried to non-technical account	60.5	15.0	-30.3	-30.1	-35.2
NON TECHNICAL ACCOUNT					
Balance from technical account	60.5	15.0	-30.3	-30.1	-35.2
Net investment income	70.3	4.7	2.1	62.9	55.1
Tax (expense) / income	-8.0	13.8	13.2	-6.3	5.0
Other result components	3.6	-1.6	0.3	-1.9	0.6
Profit / loss	126.3	31.8	-14.7	24.6	25.5
Members' Credit	-10.4	0.0	0.0	0.0	0.0
Balance carried to contingency reserve	115.9	31.8	-14.7	24.6	25.5

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Balance sheet as at 20 February

USD million

ASSETS	2023/24	2022/23	2021/22	2020/21	2019/20
Intangible assets	4.5	2.0	0.0	0.0	0.0
Financial investments	1 037.6	912.7	889.2	863.5	817.5
Debtors	22.8	36.3	11.2	7.6	11.7
Other assets	172.4	181.0	196.7	192.8	216.6
Prepayment and accrued income	23.6	25.5	19.0	17.1	21.2
Total assets	1 261.0	1 157.5	1 116.0	1 081.0	1 067.1
LIABILITIES					
Provision for outstanding claims for own account	587.3	608.0	595.2	529.9	546.9
Contingency reserve	551.4	444.6	430.1	459.1	465.8
- Members' funds	517.4	401.2	370.7	385.4	363.8
- Deferred cessation tax	34.0	43.4	59.4	73.7	102.1
Minority interest	0.0	0.0	0.0	0.0	-3.4
Technical provisions for own account	1 138.7	1 052.6	1 025.2	989.0	1 009.4
Provisions for other liabilities	65.8	47.6	58.8	61.1	11.7
Creditors	43.7	50.4	30.0	24.3	27.1
Accruals and deferred income	12.8	6.9	2.0	6.5	19.0
Total liabilities	1 261.0	1 157.5	1 116.0	1 081.0	1 067.1

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⁰⁶
Good health and well-being



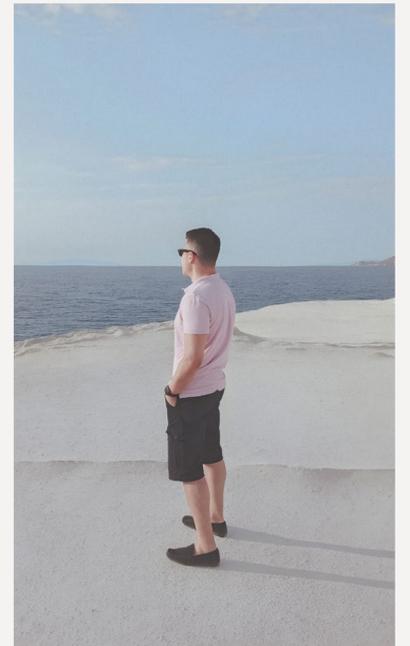
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We raise awareness for seafarers around the world by collectively counting our steps one week a year and, at the same time, fostering a culture of health and well-being across our offices in Skuld.



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Our unwavering commitment to providing a safe and healthy work environment is coupled with a focus on flexibility and trust. This approach empowers our employees to maintain a healthy work-life balance, tailored to each individual's lifestyle and personal circumstances.



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Service and teamwork - global network



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Service and teamwork – global network

People is our most important asset. Our service is personal and hands-on. Dedicated and coordinated teamwork across our network of offices and time zones underpins our close cooperation with members to protect their interests.

Claims

Cases opened

11 462

Lawyers and claims executives

124

Legal jurisdictions

23



Proactively serving members and clients with competence, experience and in-house legal and technical specialists.



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Loss Prevention

Condition surveys

196



Master mariners, naval architects and engineers

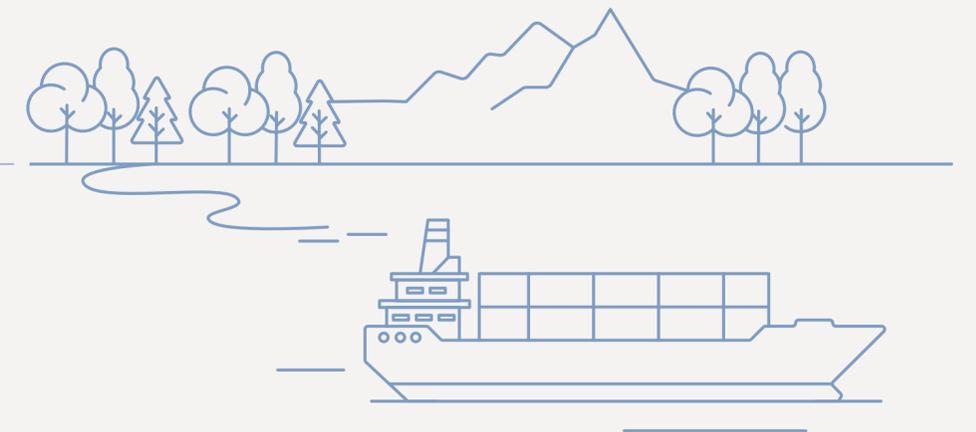
15



28% of the condition surveys are carried out by Skuld's own technical managers.

Webinars, seminars and workshops

215



Providing timely, accurate and actionable loss prevention advice is a key service to our members.



Casualty and Major Claims

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Notified Casualties

55

Wreck removal incidents

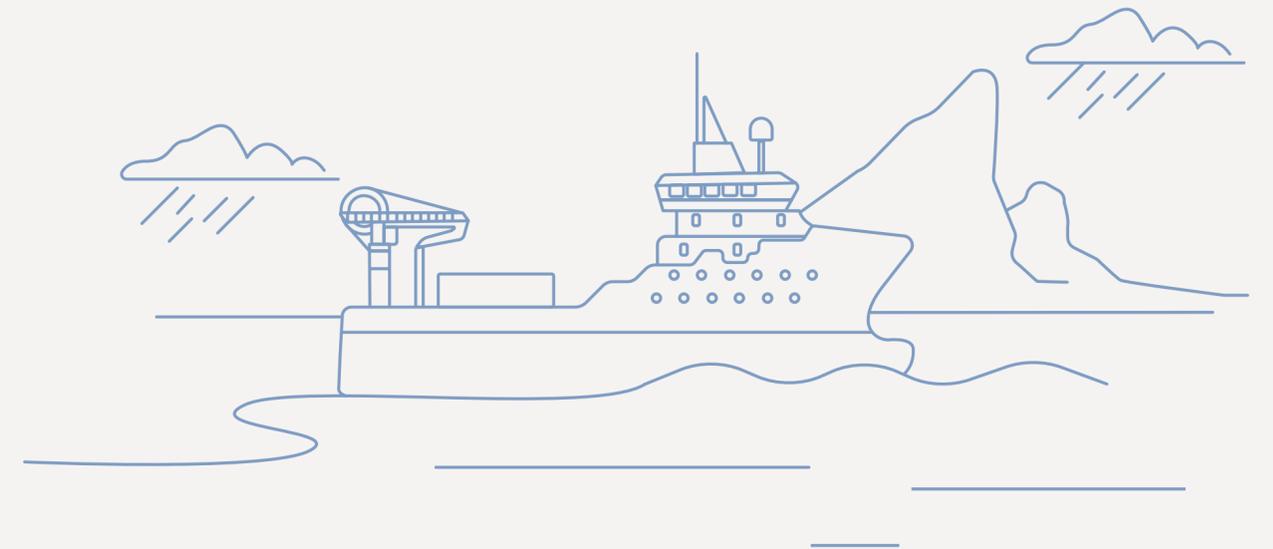
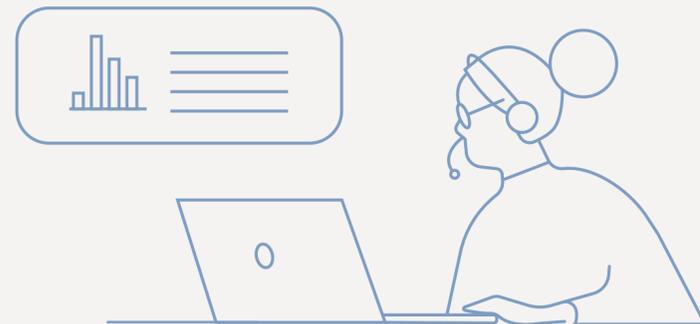
5

Casualty specialists

15

Pool claims

0



24/7/365

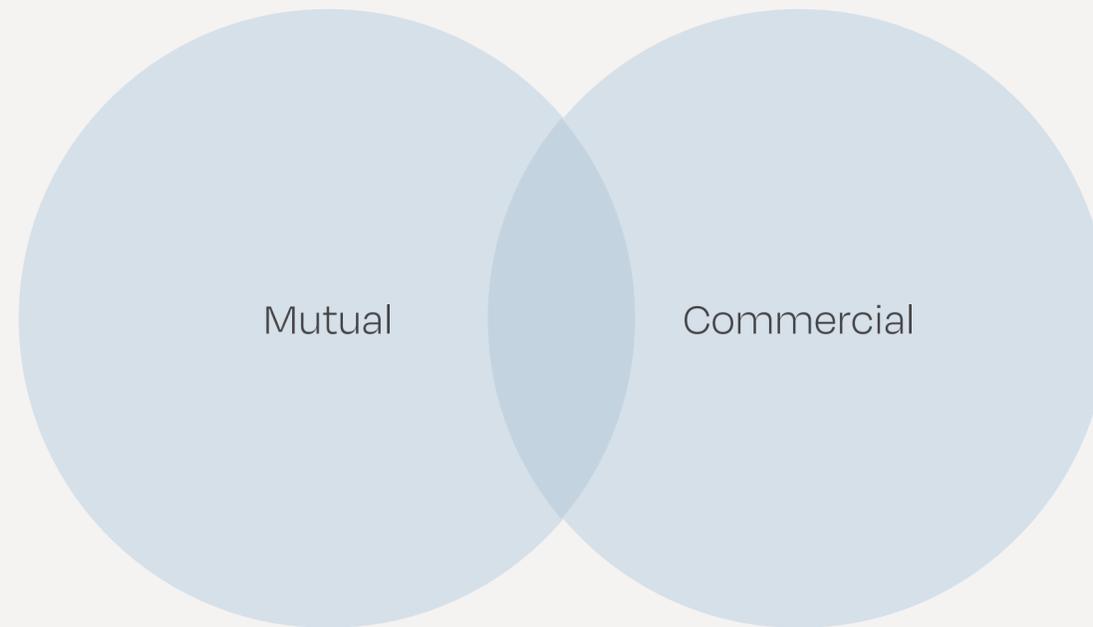
Hands-on casualty response.
 Legal, technical and operational support.
 Worldwide collaborative network.



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Underwriting

Synergies – one team



We focus on quality selection of members and vessels, and cover the marine insurance needs for shipowners, charterers, the offshore and energy sector, the superyacht community, offshore aquaculture and more.

Premium growth

+11.4%

Earned premium for 2023/24 as of 20 February 2024 compared to earned premium for 2022/23 as of 20 February 2023.

Commercial

+15.5%

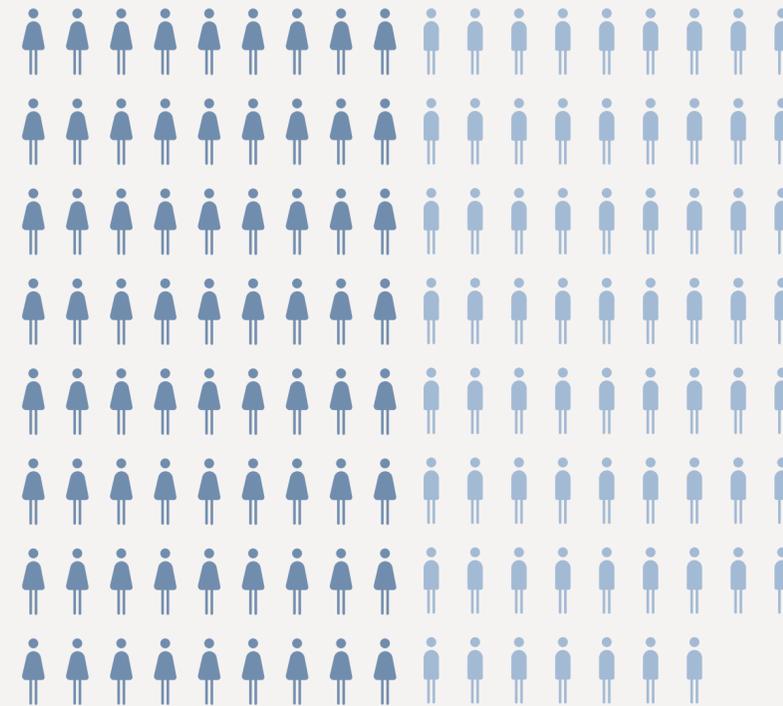
Mutual

+7.7%



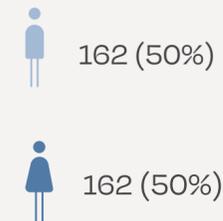
Global network - One team

Ratio men/women



Total employes

324



Average age

44

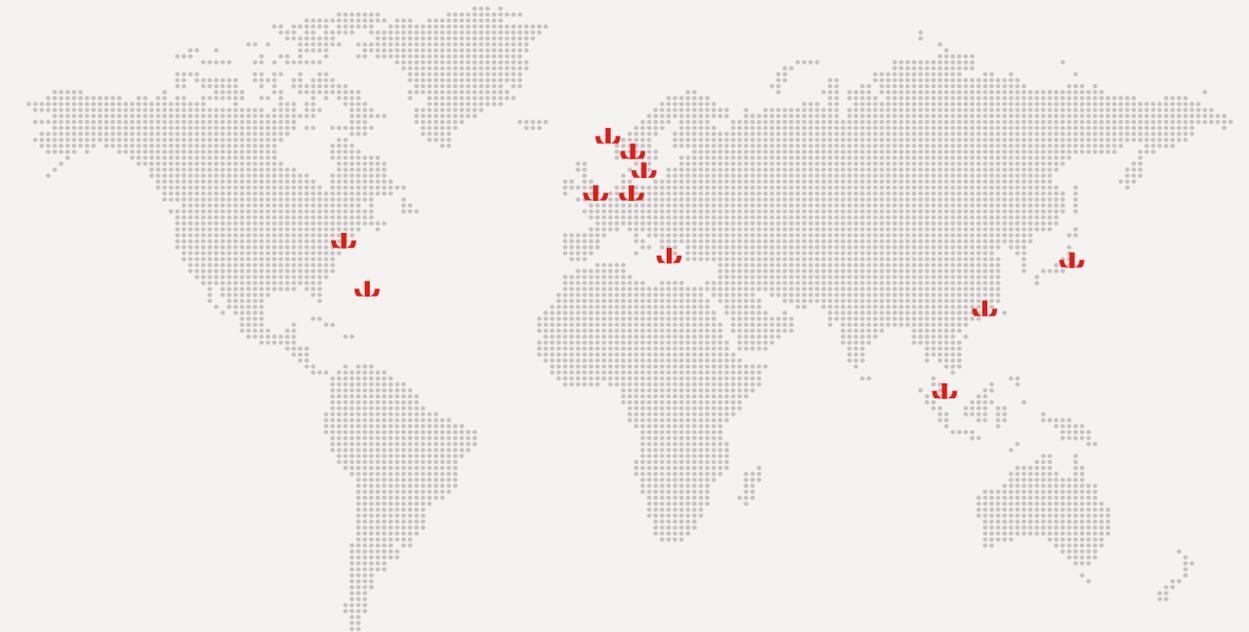
Nationalities

34

Average years employed

9

11 offices around the world



North America

Skuld New York
Skuld Bermuda

Europe

Skuld Oslo (HQ)
Skuld Bergen
Skuld Copenhagen
Skuld Hamburg
Skuld London
Skuld Piraeus

Asia

Skuld Hong Kong
Skuld Singapore
Skuld Tokyo

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We are committed



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Committed to sustainability

At Skuld, sustainability is integral to our operations and is embedded in our strategy. The Skuld Sustainability Working Group (SWG), a cross-functional team represented by all business areas, ensures that sustainability principles permeate every aspect of our operations, encompassing everything we do. We believe that our commitment to sustainability not only benefits people, property and the planet but also strengthens our business and the services we provide to our clients.

Transparency is cornerstone of our commitment. This year, we are publishing our second integrated annual report, which combines our annual Financial and Sustainability Reports into one comprehensive document. This report serves as our fifth Communication on Progress (COP) in implementing the Ten

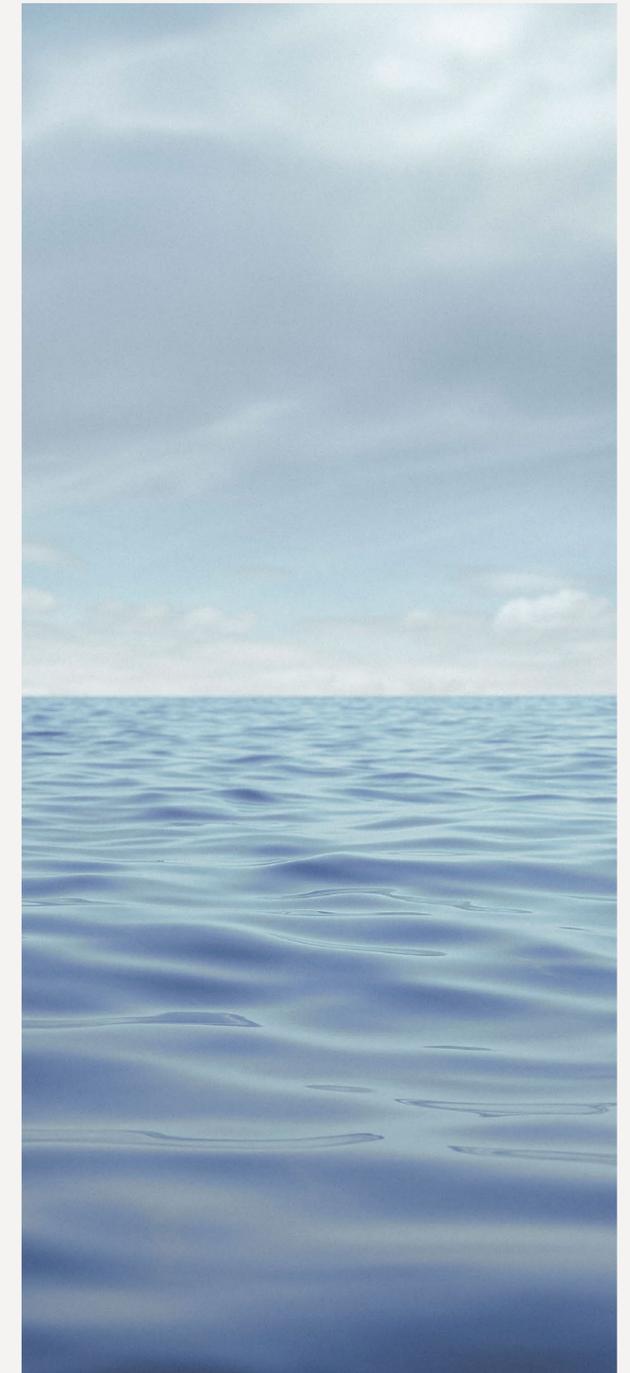
Principles of the UN Global Compact (UNGC) across our operations.

Skuld has embarked on a comprehensive journey to reduce our carbon footprint and incorporate sustainable practices since 2019, our inaugural reporting year. Adopting stringent new standards highlights our dedication to this cause, aligning with our corporate values and contributing to a sustainable future for our planet.

This year marks a significant milestone for Skuld: For the first time, we are reporting on the Poseidon Principles for Marine Insurance (PPMI), in addition to our first disclosure of Scope 3 emissions, offering a comprehensive view of our portfolio's carbon footprint. We continue our commitment to operating in a manner that respects human rights and last year,

Norway's new Transparency Act was fully implemented within Skuld.

We are constantly working to ensure we meet all pertinent reporting requirements. This includes preparing for the Corporate Sustainability Reporting Directive (CSRD), and aligning with the European Sustainability Reporting Standards (ESRS). Our ongoing efforts in sustainability and transparency reflect our dedication to responsible business practices and contributing to a better future for all. In compliance with the CSRD's reporting obligations, Skuld is required to categorise and assess its economic activities in line with the EU Taxonomy. Skuld's strategy for managing climate risk is informed by the EU Taxonomy, serving as an essential resource for managing climate change impacts within its core business operations.





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UN guidance

Skuld views the sustainability efforts of the United Nations as a guiding light and a benchmark. In September 2020, marking the 75th anniversary of the United Nations and the 20th of the UNGC, our CEO endorsed a global statement advocating for and committing to renewed international cooperation on sustainability. This collective pledge aligns with the UN's sustainability mission to guide our world towards a more equitable, inclusive, and sustainable trajectory.

Skuld reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

Related information:

- [UNGC ten principles](#)
- [UNGC participation Skuld profile](#)
- [UNGC UN 75 Uniting Business Statement](#)



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.



09
ESG Highlights

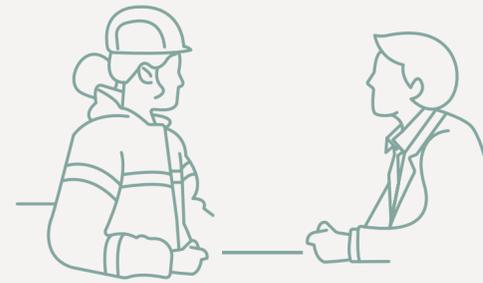
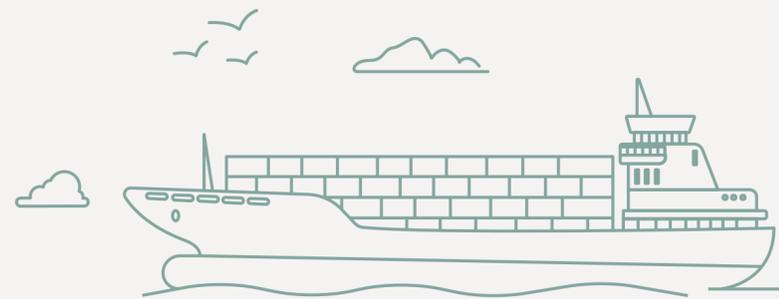


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Environmental

- First year of Scope 3 disclosure on Skuld's mutual P&I and H&M portfolios.
- First year of reporting under the Poseidon Principles for Marine Insurance.
- Committed investment capital into strategies focusing on green energy transition.



Social

- Inaugural Skuld School for Seafarers with 200 attendees.
- The Oslo office was reconstructed to facilitate a flexible future way of work.
- Completed a review of our own and several of our suppliers' impact on human rights.
- Based on an internal leadership survey, Skuld supports a healthy balance between work and personal life and promotes an inclusive and diverse culture (5.4 on a 1-6 scale).

Governance

- Published our first report in line with the Norwegian Transparency Act.
- Enhanced our risk scoring model for assessments of our business partners to match partners and third parties against our AML policies more accurately.
- Completed the first stage of implementing a Governance Risk and Compliance IT system, compliance and governance within the fields of CSRD, RISK, AML/CTF, Transparency Act and GDPR.





10

Skuld sustainability platform



Skuld sustainability platform

Our sustainability platform outlines the principles and commitments we have selected to reflect the governing elements of sustainability at Skuld. They include chosen UN Sustainable Development Goals, the UN Global Compact (UNGC), the UN Women's Empowerment Principles, and the Global Reporting Initiative (GRI).

The platform highlights the main areas of our work.

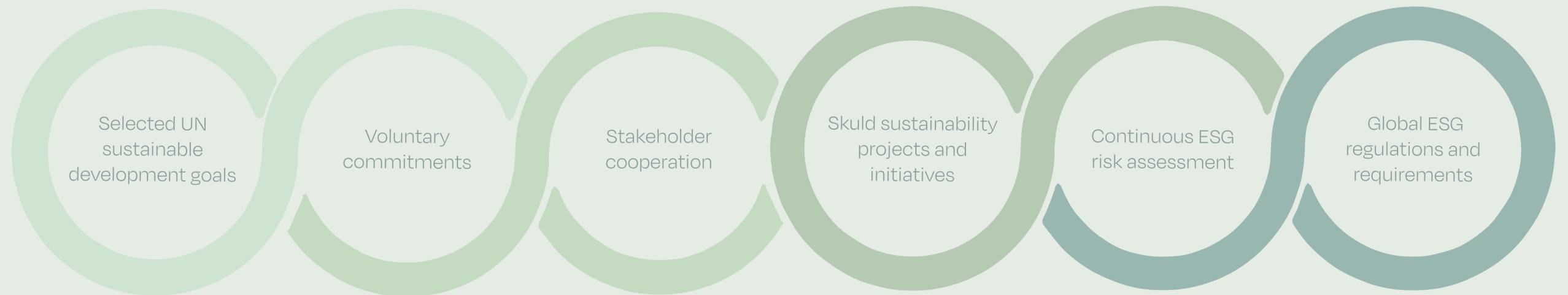


Figure 1. Skuld Sustainability platform

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01

Selected UN sustainable development goals

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 puts particular focus on five key SDGs:



GOOD HEALTH AND WELLBEING

Skuld is committed to improving the health and safety of crew and employees during work.



REDUCED INEQUALITIES

Skuld actively promotes diversity and gender equality both internally and externally.



CLIMATE ACTION

Skuld integrates climate change measures into strategy, decision-making, underwriting, and investment practices.



LIFE BELOW WATER

Skuld encourages resource-sensitive behaviours.



PEACE, JUSTICE AND STRONG INSTITUTIONS

Skuld acts against corruption and bribery in all their forms.

02

Voluntary commitments

Our voluntary commitments are categorised into environmental, social, and governance aspects.

ENVIRONMENTAL

Aligning our clients' hull and machinery emissions with the goals of the Paris Agreement on climate change:

- Signatory to the Poseidon Principles for Marine Insurance.

Accelerating the development of new, sustainable technologies and fuels for the shipping industry:

- Mission Ambassador for Maersk Mc-Kinney Moller Center for Zero Carbon Shipping (MMMCZCS).

Promoting and encouraging the adoption of environmentally sustainable practices in the shipping industry:

- Partner to the Green Shipping Programme.

Contributing to the achievement of a zero-emissions shipping sector by 2050:

- Signatory to the Call to Action for Shipping Decarbonization.

Accelerating the decarbonisation of the shipping industry:

- Member of Getting to Zero 2030 Coalition.

SOCIAL

Ensuring the well-being of seafarers:

- Signatory to the Neptune Declaration on Seafarer Wellbeing and Crew Change.

Supporting women's empowerment:

- Adherent to the seven UN Women's Empowerment Principles.

Promoting gender equality in the maritime industry:

- Signatory to WISTA Norway's '40 by 30' pledge. Contributing to gender equality in the maritime industry.

Benchmarking our performance against others in the industry:

- Reporting to the SHE Index.



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GOVERNANCE

Contributing to eliminating bribery and corruption in the maritime industry:

- Member of the Maritime Anti-Corruption Network.

Adopting sustainable and socially responsible policies:

- Signatory to the UN Global Compact.

Operating responsibly and sustainably:

- Support the Ten Principles of the UNGC on human rights, labour, the environment, and anti-corruption.

Improving our transparency and accountability:

- Report according to the Global Reporting Initiative (GRI).
- Report according to the Norwegian Transparency Act.

03 Stakeholder cooperation

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

04 Skuld sustainability projects and initiatives

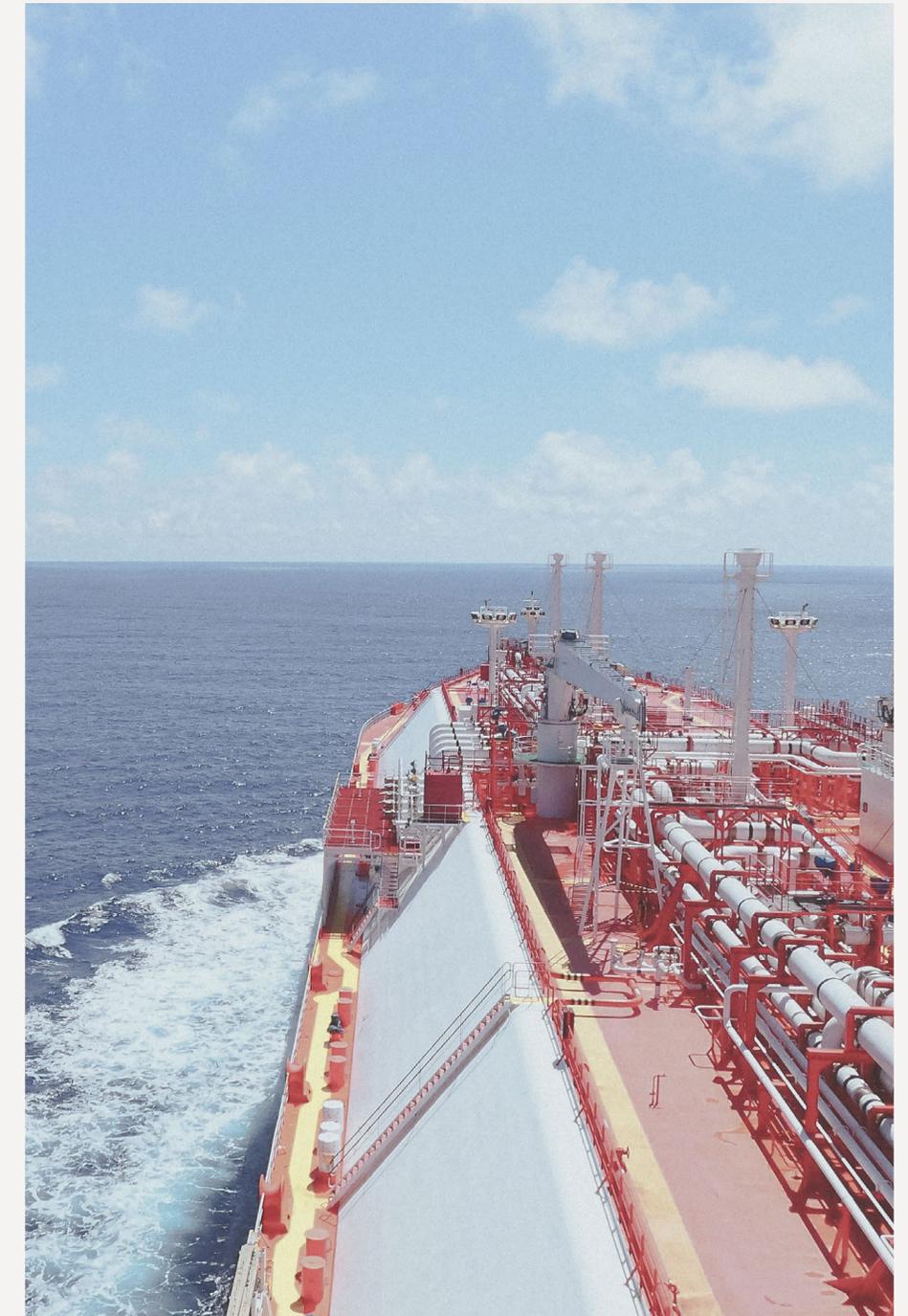
Our Sustainability Working Group spans all departments and organisational key functions and is dedicated to various sustainability projects and activities, internal and external.

05 Continuous ESG risk assessment

Skuld conducts continuous internal assessments of ESG risks.

06 Global ESG regulations and requirements

We comply with all mandatory ESG risk assessment and reporting requirements and seek to embrace them as an opportunity to enhance our sustainability efforts further.



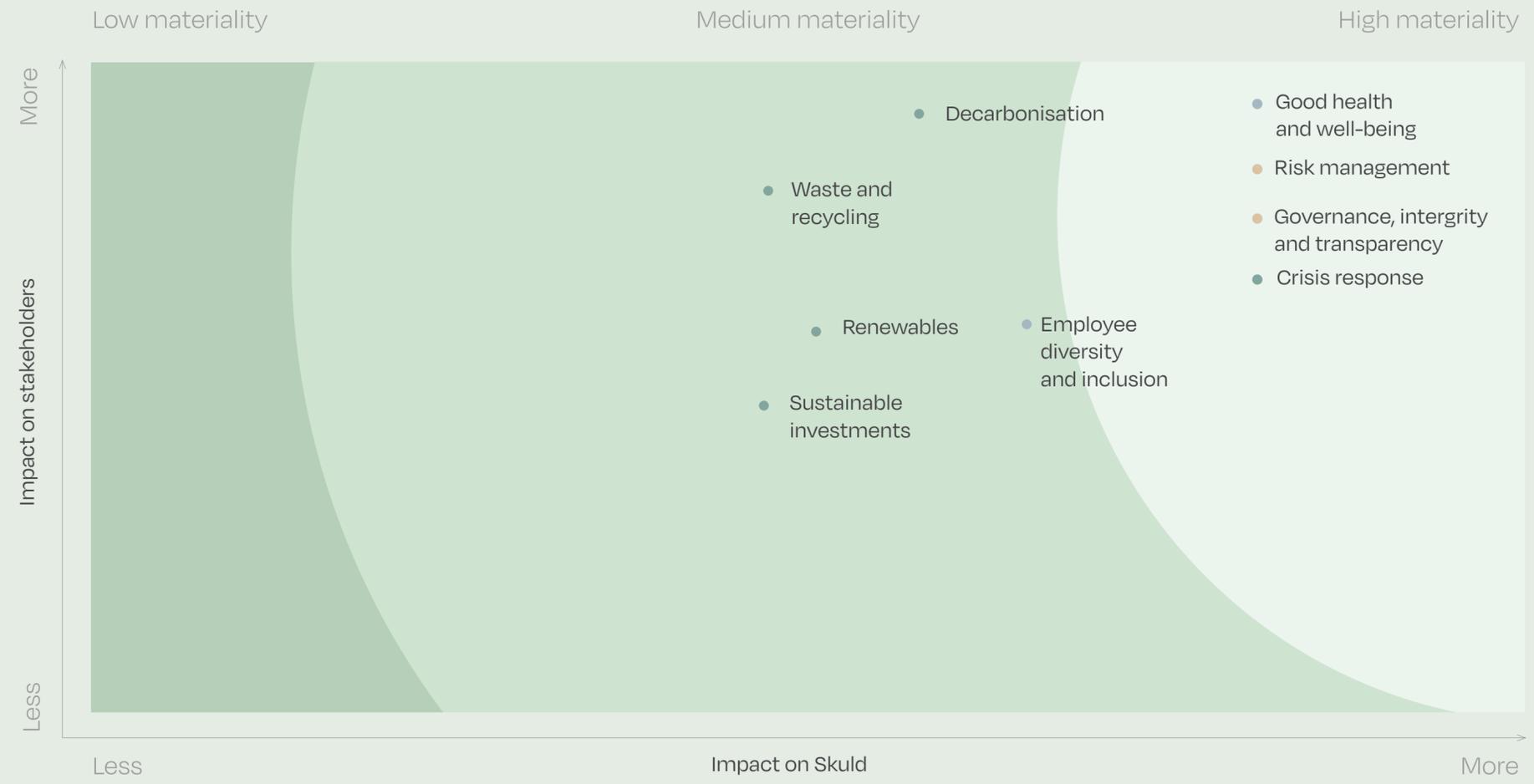


¹¹ Skuld materiality matrix



Skuld materiality matrix 2023/24

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Skuld materiality assessment 2023/24
 The review of Skuld's Materiality Matrix for 2023-2024 identified and prioritised the most crucial sustainability issues, incorporating ESG factors into consideration. The nine material areas from this review align with our chosen five Sustainable Development Goals (SDGs), consistent with the previous year.

Maintaining health and well-being continues to be our most significant priority. Given the constantly evolving and complex risk landscape, risk management retains its vital importance. In addition, governance, integrity and transparency, and crisis response have also been emphasised as high-priority areas.

Figure 2. Skuld Materiality Assessment 2023/24

Environmental

- Crisis response
- Decarbonisation
- Waste and recycling
- Renewables
- Sustainable investments

Social

- Good health and well-being
- Employee diversity and inclusion

Governance

- Risk management
- Governance, integrity and transparency



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Employees

Skuld's main asset and the foundation of our organisation is our employees. We demand high 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 attract the best qualified employees.

State and regulatory authorities

Compliance with licensing, 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 operations.

Members, clients & brokers

Skuld acts in cooperation with 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.

Industry organisations

We firmly believe in the benefits of collaboration: Skuld works closely with international industry organisations, such as the International Group of P&I Clubs (IG), the Nordic Association of Marine Insurers (CEFOR), and the Maritime Anti-Corruption Network (MACN), to follow and influence regulatory changes, and to share information on various topics.

As a member of the IG, Skuld - together with 11 mutual insurance associations - provides protection and indemnity cover to around 90%

of the world's ocean commercial tonnage. We are collectively stronger as we speak with a unified voice to help improve vessel standards, environmental protection, share data, and collaborate with the authorities around the globe to advance safety, protect seafarers and share knowledge to reduce the frequency and impact of maritime incidents. IG has a dedicated Sustainability Committee overseeing and coordinating strategic initiatives in the areas of liability regimes, safety, sanctions, educational outreach, casualty response and decarbonisation.

Suppliers and correspondents

Skuld relies on a wide range of suppliers and a global network of correspondents. We continue to encourage and support their sustainability efforts, and where appropriate, include suppliers' ESG activities in procurement decisions.



¹²
Our impact



Decarbonisation and emissions

13 CLIMATE ACTION



Achieving net-zero emissions stands as a principal challenge for the maritime industry, and Skuld is committed to supporting our members and clients as they face the many challenges of this transition. As an insurance provider, we must remain at the forefront of the developments and build the necessary knowledge and insight to comprehensively understand the risks and opportunities of new regulations, fuels, and technologies.

This is important not only to manage the transition risk in our portfolio but also to support and provide added value to our members and clients through collaboration and knowledge sharing as we gain experience over time.

To further strengthen our focus in this area, a decarbonisation competence hub was established within Skuld in the autumn of 2023, with a mandate to map, build

and share competence internally and externally as we continue to support our members and clients in the transition.

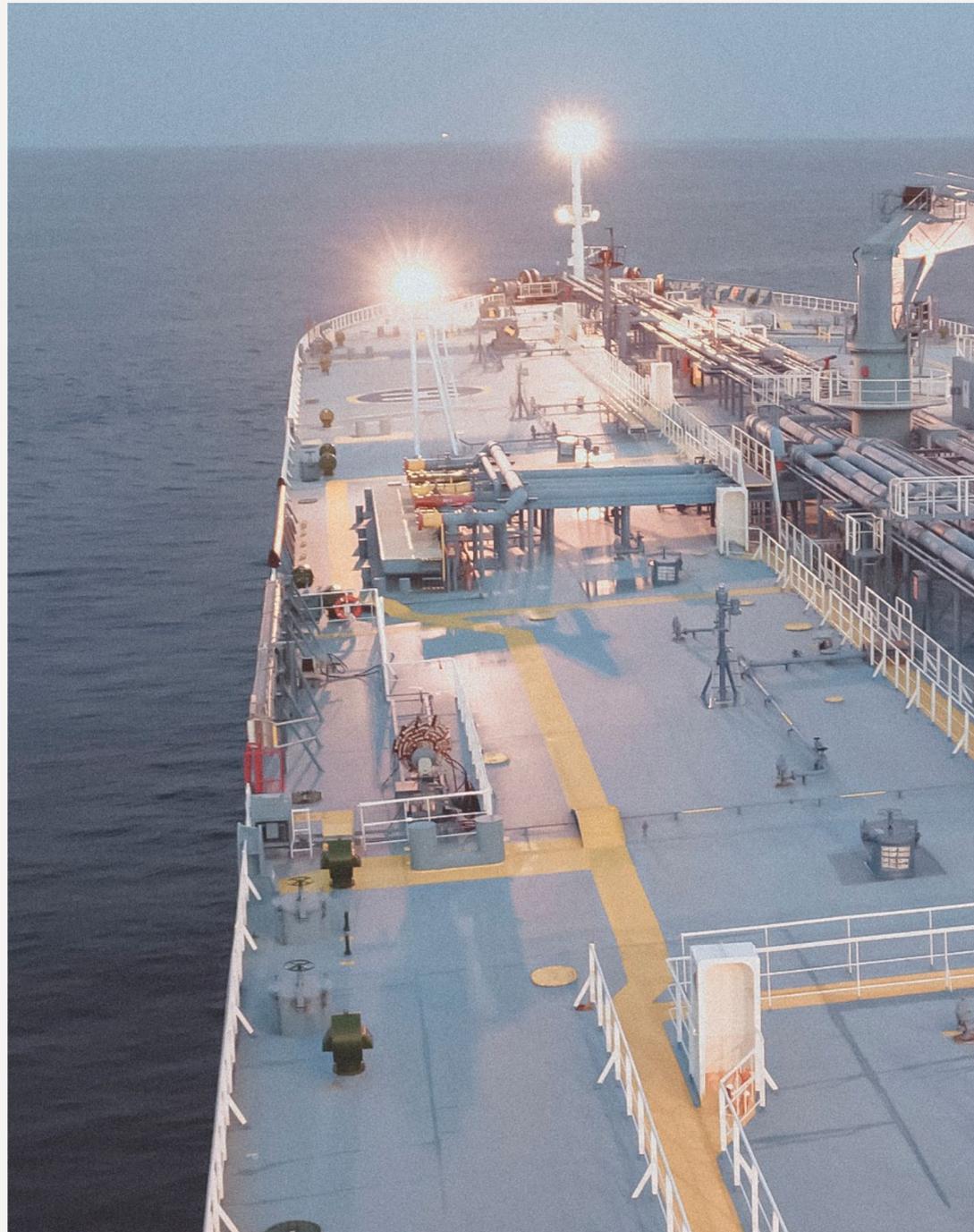
2023 also marked another turning point for Skuld on our decarbonisation journey. For the first time, we are reporting the Scope 3 emissions of our mutual P&I and H&M portfolios. This step, though currently voluntary, is deemed crucial by Skuld for the ongoing effort to disclose Scope 3



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emissions. Most emissions in Skuld's value chain are related to shipowner activities. Understanding our portfolio is therefore vital to grasping the challenges shipowners' face in achieving net zero by 2050.

2023 also marks our first year of reporting to the Poseidon Principles for Marine Insurance for our H&M portfolio. We are pleased to have witnessed a strong commitment from most of our clients, leading to a high reporting rate on our own claims lead portfolio.

Scope 3 emissions

Scope 3 emissions constitute most of Skuld's emissions, making it crucial for us to comprehend the complexities and impact of these emissions on our portfolio. By utilising AIS and open sources like EU MRV data, our data provider (OceanScore) calculates the emission profile for each vessel for the previous reporting year. The use of AIS data depends on vessels travelling between points A and B throughout the year, which typically yields reliable results for most segments. However, our energy portfolio presents an exception, as many units within this portfolio are stationary, making it challenging to calculate emissions in the same manner. Consequently, we have

"Scope 3 emissions constitute most of Skuld's emissions, making it crucial for us to comprehend the complexities and impact of these emissions on our portfolio."

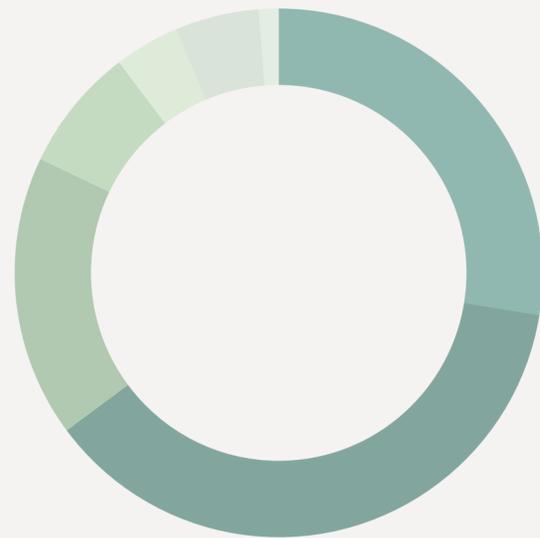
excluded the energy portfolio from the calculation this year. Furthermore, as the fixed P&I portfolio consists of mostly smaller vessels with higher uncertainties in emissions calculations, this part of our portfolio is not included. For P&I we are reporting on our mutual P&I portfolio only, which constitutes the majority of the vessels we insure for P&I.

Since estimations are based on the previous reporting year, the information disclosed is based on 2022 data. For mutual P&I, we have used 25.02.22 as the cut-off date to make sure all vessels renewed at 20.02 are accounted for. For H&M, 01.10.2022 is used as the cut-off date, the same date that applied for our reporting under PPMI.



Skuld Scope 3 — 2022

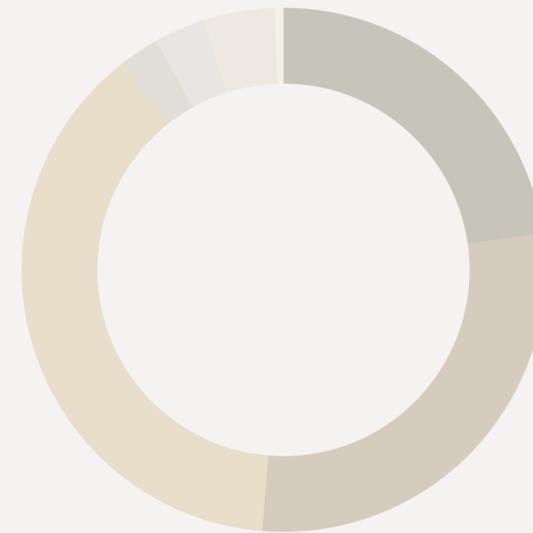
Mutual P&I emissions by vessel type



- Bulk Carriers, 28 %
- Tankers, 37 %
- Containers, 17 %
- General Cargo, 8 %
- Ro-Ro Cargo, 4 %
- Passenger, 5 %
- Others, 1 %

Total
47.63 Million t CO₂

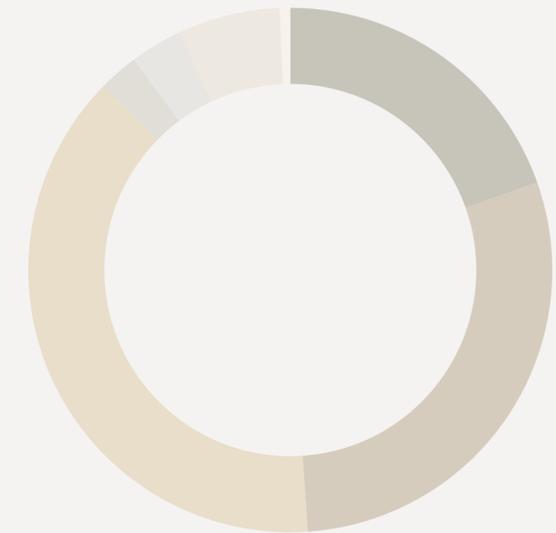
H&M emissions by vessel type, Skuld share



- Bulk Carriers, 23 %
- Tankers, 29 %
- Containers, 38 %
- General Cargo, 2 %
- Ro-Ro Cargo, 3 %
- Passenger, 4 %
- Others, 1 %

Total
26.86 Million t CO₂

H&M emissions by vessel type



- Bulk Carriers, 20 %
- Tankers, 29 %
- Containers, 39 %
- General Cargo, 2 %
- Ro-Ro Cargo, 3 %
- Passenger, 6 %
- Others, 1 %

Total
292.47 Million t CO₂

All data provided by OceanScore

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Vessel portfolio

Mutual P&I

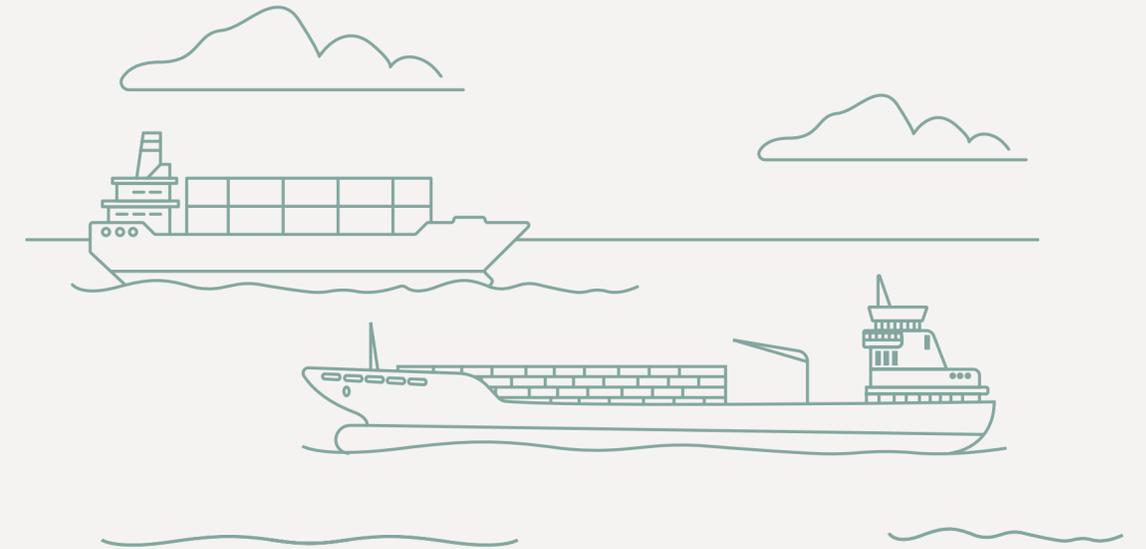
For mutual P&I, the core of our business, the total Scope 3 emissions amount to an estimated 47,629,605 tonnes of CO₂ (mutual only). The number of vessels covered with Skuld for mutual P&I at 25.02.2022 was 2,684.

The emissions reflect our portfolio's composition, featuring a significant number of larger vessels, like tankers and bulkers. Considering energy efficiency, maritime cargo transport still emerges as the most efficient method for moving goods per transport mile.

In line with this, we place importance on assessing the Carbon Intensity Indicator (CII) score for each vessel, calculated using the AER formula as outlined in IMO regulations. With the IMO updating its greenhouse gas (GHG) strategy, we await

the decision to incorporate all GHGs and Well-to-Wake assessments. Our anticipation extends to the IMO's 2024 resolution on applying this metric.

A central goal for Skuld is to expand our collaboration with shipping companies to better understand the challenges, risks and opportunities faced by our members as they transition to net zero emissions. We are committed to supporting this transition, and we expect that this clear commitment, combined with new and more stringent regulations taking effect, will positively impact the emissions reported in our mutual P&I portfolio over time. Portfolio growth will naturally also impact total reported emissions, which must be considered when comparing year-on-year development in portfolio emissions.



"Considering energy efficiency, maritime cargo transport still emerges as the most efficient method for moving goods per transport mile."



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“This year marks our first year submitting data to the PPMI”

H&M

Our total H&M portfolio comprised 12,387 (ex Offshore) vessels in 2022, a significantly higher number than our P&I portfolio. Of those, some vessels are also covered on mutual P&I. To avoid duplicates in emissions we calculate these vessels only in the mutual P&I overview. This reduces the amounts of vessels reported to 10,916 vessels. As we only insure a share of each vessel, we apply two methods when calculating the Scope 3 emissions of our H&M portfolio.

1. Sum of all vessel's total emissions : 292,469,750 tonnes CO₂
2. Multiplying share % of each vessel emissions: 26,863,970 tonnes CO₂.

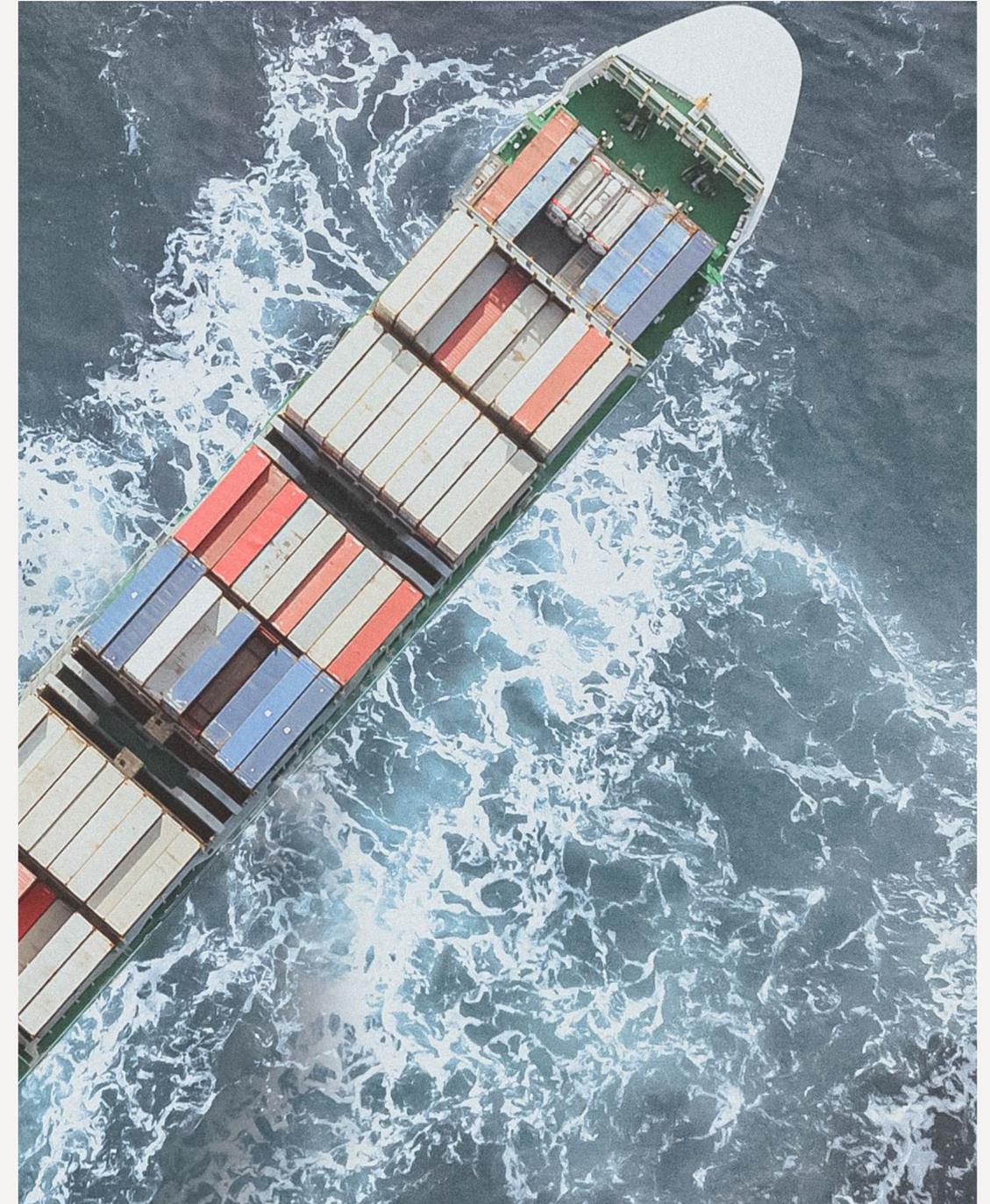
Considering both methods when assessing the impact on our scope 3 emission is important. The former indicates the estimated total emissions of the vessels

in our H&M portfolio. The latter reflects Skuld's share of each vessel's insurance and the corresponding share of emissions in Skuld's portfolio.

Poseidon Principles for Marine Insurance (PPMI)

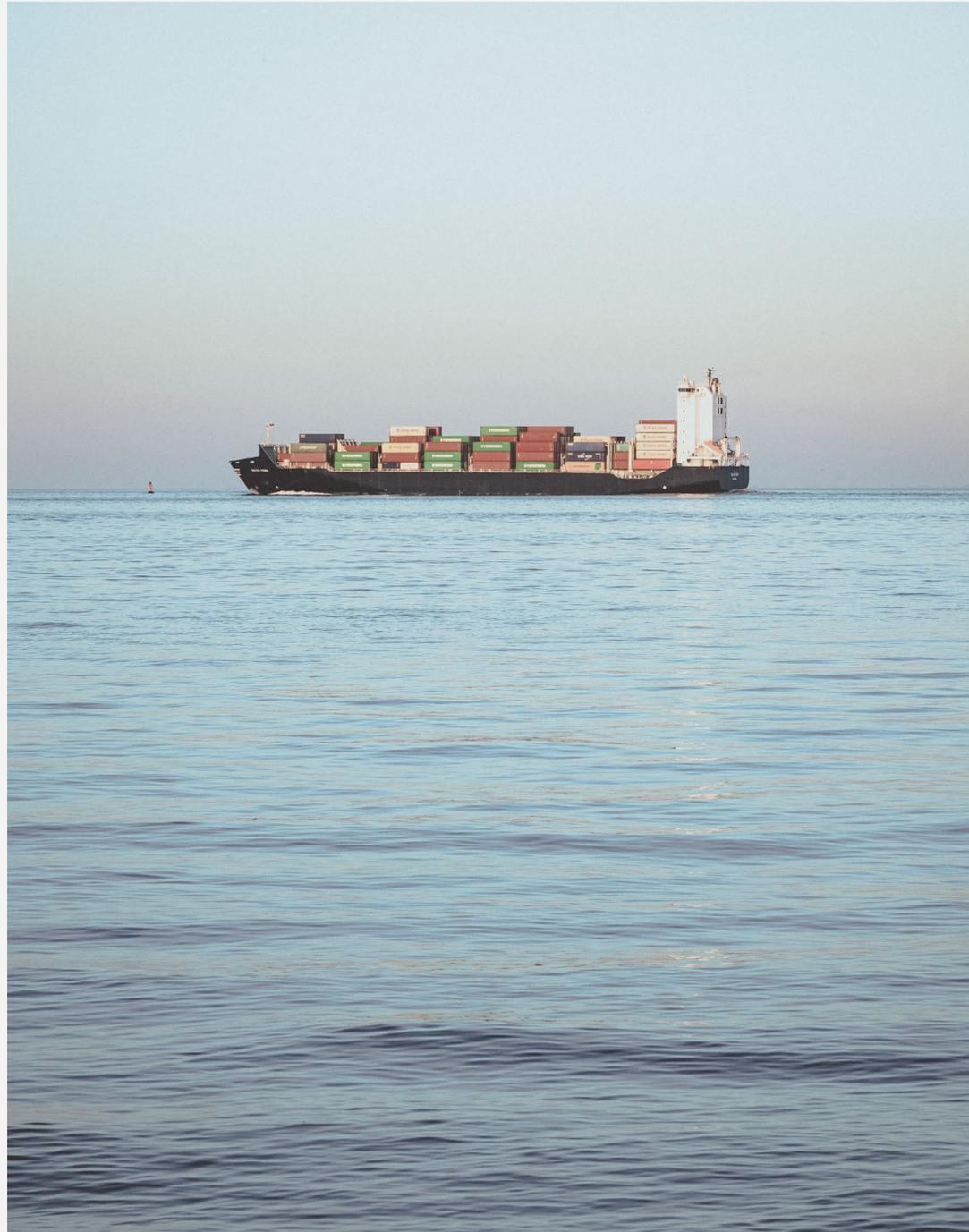
This year marks our first year submitting data to the PPMI, with the 2023 report accessible [here](#). Our findings can be divided into three key insights:

1. All participating companies have surpassed the two forecasted trajectory lines, signifying that the industry has considerable ground to cover to meet the goals outlined in the previous IMO strategy.
2. The path forward is illuminated by collaboration. The commitment of PPMI signatories to foster cooperative efforts, as highlighted in the report, is crucial.
3. Skuld reported a high participation rate within our claims lead portfolio, with approximately 70% of our vessels and 77% of our weighted measure (DWT x Share) reported.





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As we advance, the PPMI's significance is expected to grow with an increased response rate from all participants, including new PPMI signatories. Implementing the covenant clause for all PPMI members will aid in enhancing our reporting figures. Since we are reporting on the previous year as submitted to IMO, we will see the effect of the covenant clause after the 2024 reporting year. However, with our high first year reporting results, we aim to reach >90% next year.

Moreover, the PPMI is prepared for changes. In April 2024, the IMO will decide on calculation methodologies to standardise all GHG Well-to-Wake assessments in line with its GHG reduction targets. We anticipate that setting an interim target of a 20% reduction by 2030 will present a more attainable goal for the maritime sector.

Own Operations

Hardware and Software

The increase of connected devices is anticipated to surge, reaching an estimated 55.7 billion by 2025. Collectively, the technology sector is projected

to contribute approximately 14% to worldwide emissions by 2040.

While technological advancements offer promising avenues for addressing climate change, a comprehensive strategy that considers our digital carbon footprint is imperative. In recognition of addressing climate change holistically, Skuld has initiated the practice of monitoring CO₂ emissions stemming from our hardware and software. The aim of this initiative is to gain a deeper understanding of our environmental impact, with the ultimate goal of enhancing our carbon footprint mitigation efforts in the future.

Hardware and Software: 59.7 tonnes (-1.52% from last year)

- Emissions per employee: 176.06 kg CO₂
- Computers 92% calculated and accounted for
- Mobile devices 92% calculated and accounted for
- Network Devices 98% calculated and accounted for
- Cloud Services 100% calculated and accounted for



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Business travel

Skuld's GHG emissions derived from business travel were 237 metric tonnes of CO₂ equivalent in 2023 and an average per employee of 718 kg CO₂.

The Emissions Calculator used by our travel agency estimates fuel consumption 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. An estimated 15% deviation is accounted for, as some flight bookings may occur outside the travel agency. The increase in CO₂ emissions in 2023 can be linked to the revival of travel activities post-pandemic, especially when compared to the emissions levels of 2021 and 2022.

We continue to challenge all employees to consider and explore sustainable measures and options that will contribute to reducing our environmental impact when they must meet others on behalf of Skuld; for example, we encourage using

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

- Select the most sustainable options among hotels and airlines.
- Choose economy class for flights with a duration of four or fewer hours.
- As hotel guests, follow the hotel's sustainability initiatives.

Office Reconstruction

In a recent strategic initiative, the "Future Way of Work" project, we embarked on an office reconstruction project with a steadfast commitment to reducing our environmental footprint. Central to this commitment was to prioritise the reuse of existing furniture.

This decision led to significant carbon savings. By choosing to repurpose existing furniture, we successfully prevented 49.8 metric tonnes of CO₂ emissions. New office furnishings bought accounted for 36.5 metric tonnes of CO₂ emissions. Any necessary purchases were carefully considered, with a clear preference for environmentally friendly materials. This

Kg CO ₂	Year	Average Kg CO ₂ per employee*
45 000	2020	166.6 kg CO ₂
17 791	2021	58.7 kg CO ₂
148 937	2022	491.5 kg CO ₂
237 000	2023	718 kg CO ₂

Table 1. Business Travel

approach ensured that all new additions to our office were made with sustainability at the forefront, minimising our environmental impact.

Scope 2 emissions

Scope 2 emissions in the context of office energy consumption represent the indirect emissions from the generation of purchased energy.

Since 2019, Skuld has been enhancing its data collection and refining its

methodologies. This effort has culminated in the disclosure of energy consumption across all our office locations starting from last year. We have established 2022 as the baseline year for benchmarking future enhancements and measurements in our sustainability journey. Notably, in 2023, we reduced our total Scope 2 CO₂ emissions to 53.1 metric tonnes. This marks a 19% reduction in CO₂ emissions compared with our 2022 baseline.



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Several measures were taken in 2023 to achieve this result. A focus was the optimisation of our Oslo head office. Here, we undertook significant technical enhancements, including a comprehensive overhaul of the ventilation system. Another important change was the upgrade of our lighting infrastructure. We transitioned from halogen to LED lighting, capitalising on

the energy efficiency of LED bulbs as LEDs emit less heat than halogen bulbs, further enhancing our energy conservation efforts.

As we continue into 2024, this project is still underway, and we anticipate even more significant improvements in energy efficiency.

CO ₂	Consumption Year	Number of offices
55 tonnes	2019	4
53 tonnes	2020	7
42 tonnes	2021	8
66 tonnes	2022	10 (baseline year)
53 tonnes	2023	10

Table 2. CO₂ derived from Office Energy Consumption

	Bergen	Oslo	London	Singapore	Hong Kong	New York	Copenhagen	Hamburg	Piraeus	Tokyo
Factor (kgCO ₂ e per kWh)	0.027	0.032	0.151	0.645	0.435	0.243	0.121	0.239	0.240	0,586
Low-Carbon (includes renewables and nuclear)	99%	99%	72%	7%	28%	57%	92%	78%	71%	8%
Renewable	99%	90%	60%	7%	0%	34%	85%	77%	71%	8%

Table 3. Energy emissions factors



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13 CLIMATE ACTION



Sustainable underwriting

Sustainability is integral to underwriting decisions at Skuld. We have clear instructions on risk selection, which include a focus on companies' sustainability policies and their efforts to promote a better society. In 2023, decarbonisation of the shipping industry has been a key focus for the Underwriting Sustainability Competence Group. Shipowners' increasing adoption of new fuels and technologies contributes to building awareness and knowledge among our underwriters, resulting in better risk assessment and underwriting decisions. Our sustainability commitments are high on the agenda in all our meetings with members and clients.

To achieve a robust competence network across Skuld we are committed and involved in several key industry initiatives. In 2023, we have joined two important pilot studies through our partnership in the Green Shipping Programme (GSP):

- Carbon capture and storage (CCS) systems on-board vessels, lead Altera.
- Every stone must be turned. Nuclear power cannot be excluded, lead OSM Thome.

Through our role as mission ambassador in MMMCZCS (see link above), we are involved when the centre wants to utilise our knowledge. Skuld participated in the annual summit in Copenhagen in May 2023, which saw a greater focus on decarbonisation than ever before. We have two parallel studies ongoing where Skuld is participating:

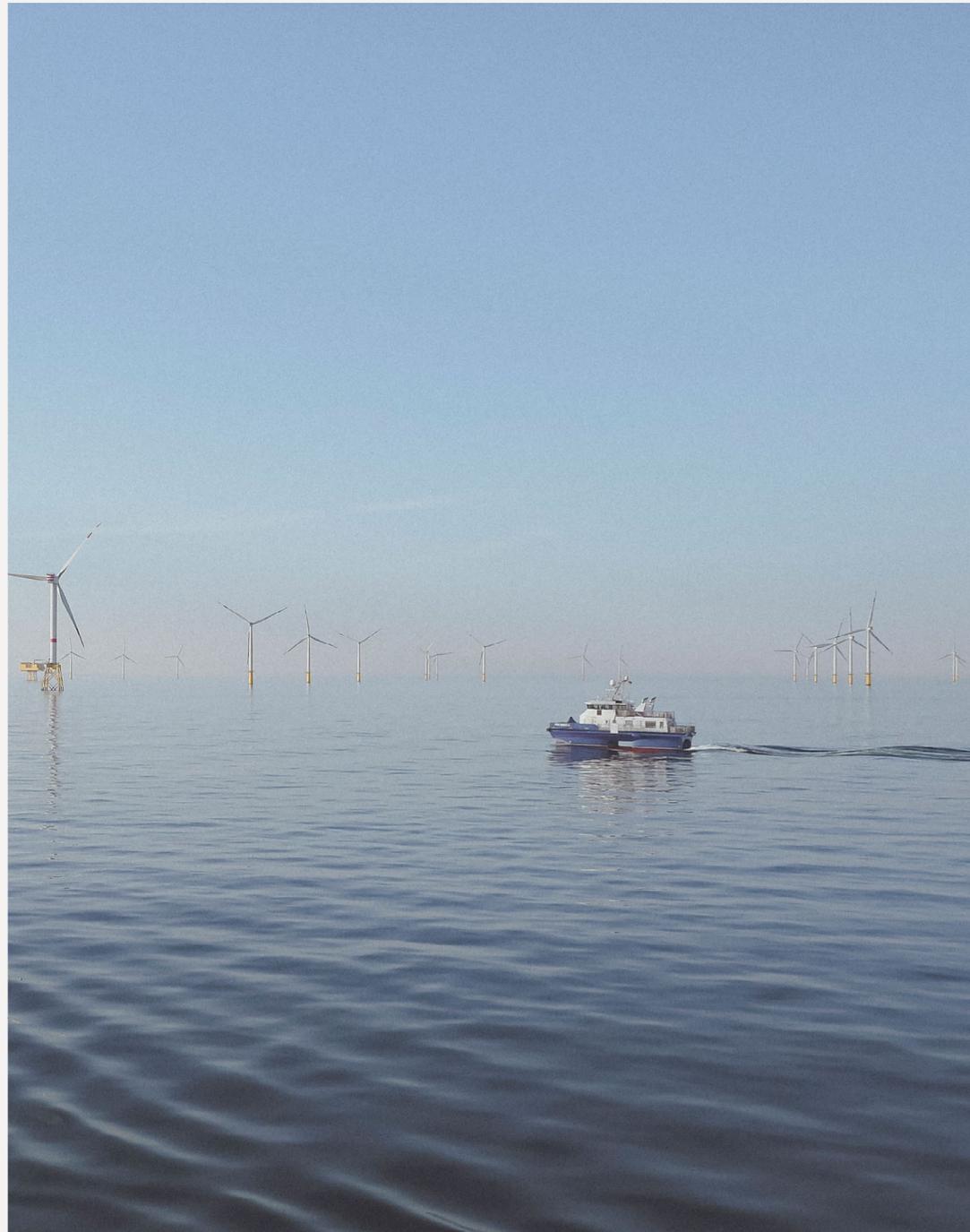
- Safety of Crew in Low/Zero Emission Ships.
- Project Collaborative Business Frameworks to Accelerate Uptake of EEMs.

In addition to participation in key industry initiatives and projects, proximity to





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“Through participation in pilot projects and partnerships, Skuld is gaining knowledge about the various types of alternative fuels at an early stage.”

the market through our loss prevention (LP) team provides further insight and knowledge to underwriters, assisting them in applying competitive but sustainable rates to segments with a low to zero carbon profile.

Although alternative fuels are still in their infancy, we have seen throughout the past year an increasing number of vessels with low-carbon fuels entering our portfolio. Skuld has, through the Maritime Battery Forum, positioned itself as a leading provider of P&I for electric propulsion. 2023 also marked a year where methanol, hydrogen and ammonia got increased attention. Through participation in pilot

projects and partnerships, Skuld is gaining knowledge about the various types of alternative fuels at an early stage. This makes us better equipped to understand the unique risks related to each fuel type and to support the transition through the sharing of insight and experience across our member base.

Skuld is actively engaged in a number of projects that are being undertaken in the offshore wind and renewables market. These range from supporting shipowners utilising their assets in the development and installation of offshore wind farms and infrastructure to supporting renewables operators in their own ambitions. Our capabilities and engagement are further enhanced by our ability to actively support the construction and operation of offshore wind farms. We continue to develop our knowledge and risk appetite as the developments in the renewables arena continue to expand and grow.

Our commitment to all stakeholders who are engaged in developing, promoting, and delivering sustainable energy is clear evidence of our desire to play an active and leading role in the green transition.



Crisis response



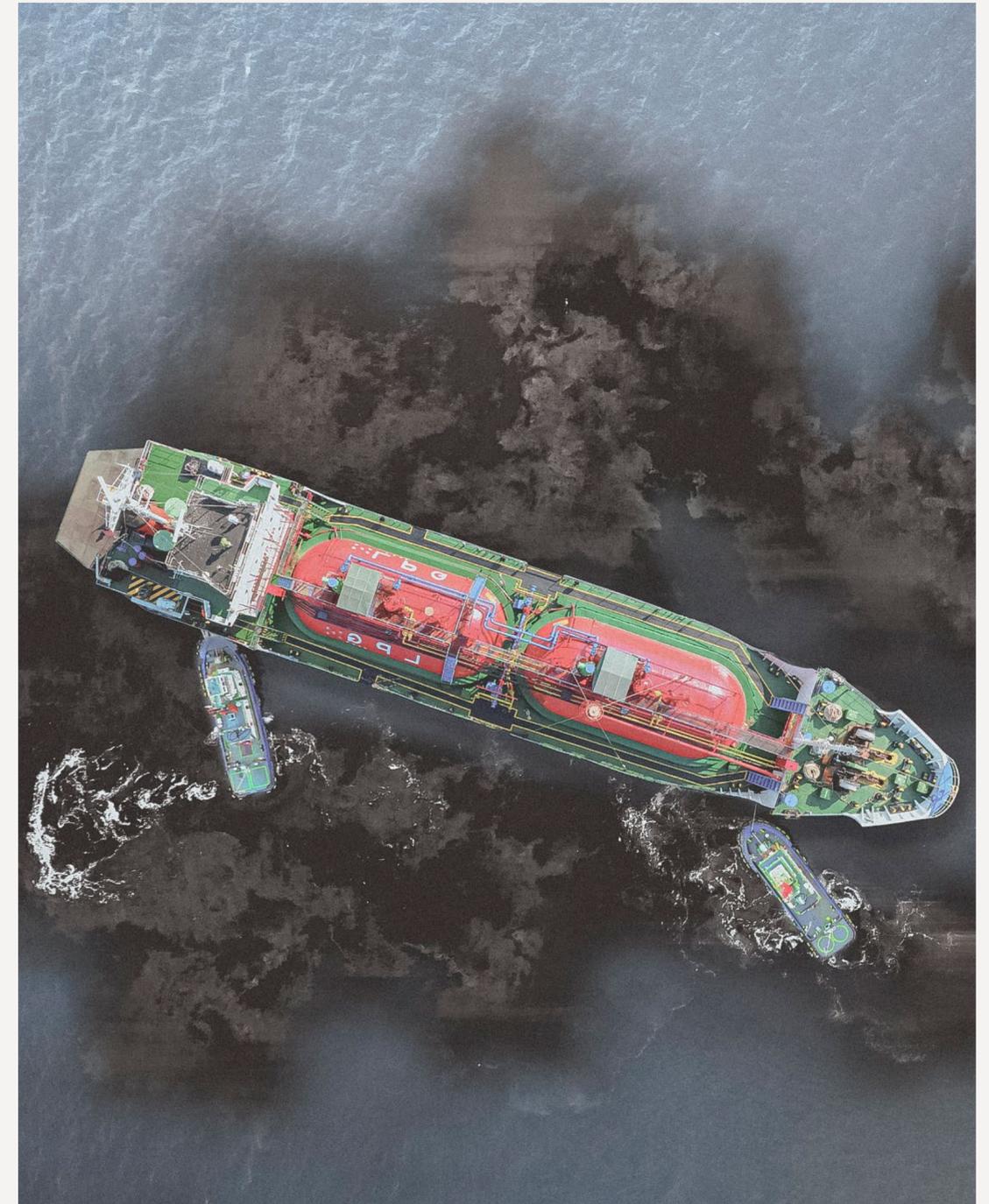
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Reduce the impact of marine casualties

In 2023, Skuld continued to explore opportunities to reduce the impact of marine casualties. In August, we launched an internal Casualty Handling Guidance Note which provides guidance to the casualty response team to increase awareness of sustainability concerns and possibilities when handling such incidents. The Guidance Note addresses issues such as fair treatment of seafarers, pollution handling, wreck removal and waste disposal standards, cultural sensitivities and governance, as well as internal processes to ensure adherence to the principles set out in the Guidance Note.

Reporting requirements in wreck removal contracts

Skuld has previously introduced sustainability reporting requirements in wreck removal contracts in order to raise contractors' awareness of the environmental and social impact of large-scale removals and to provide information on the handling of sustainability concerns. We have continued to develop this work by engaging with external consultants to develop a reporting template which will provide guidance for a uniform approach. The template has been tested on one wreck removal in 2023 and is expected to be ready for general application in the spring of 2024. We continue to engage with the wider industry through participation at industry events, panels and one-to-one dialogue with an aim of developing a coherent industry approach to such reporting.





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Waste and Recycling



Ship and Waste Recycling

Skuld is committed to the recycling of wrecked vessels and waste generated through salvage operations in accordance with high-quality industry standards. In 2023, we were involved in five recycling operations, all of which are still in progress at the start of 2024. One of these recycling operations gave us additional insight into the challenges of applying the Basel Convention on the Transboundary Movement of Hazardous Waste to wrecked ships, which is required when transporting a vessel to a recycling facility located in

another jurisdiction. Two other recycling operations are taking place in jurisdictions where the Hong Kong Convention has yet to be in force, and we have worked closely with the contractors to ensure that the recycling standards are in accordance with our expectations. Throughout the year, we have seen the benefits of working closely with specialist advisers with expertise in recycling and sustainable casualty handling to ensure the success of the operations.





Sustainable investments

13 CLIMATE ACTION



The financial sector is a catalyst for the global transition towards a more sustainable future, and Skuld participates as an asset owner.

The global pool of financial securities is primarily managed by external fund managers but also bought directly in treasury markets. The quality of non-financial data being reported by companies and fund managers globally is generally improving, especially in Europe, where regulation has come the furthest. Better insight enhances monitoring capabilities and facilitates decisions about the overall sustainability profile stemming from underlying investments.

Skuld's investment portfolio comprises more than 70% sovereign debt and short-term debt securities, around 20% listed equities, and some 5% listed corporate bonds. Equities and bonds are part of index funds and reflect the proportion of

companies making up chosen indices. Active management comprise the remainder of Skuld's portfolio and includes specialised mandates that balance some of the inherent ESG profile in the index funds. Asset ownership has an impact on a sustainable transition, and it is essential for Skuld to carefully select its fund managers. Climate change, social responsibility and corporate governance can also affect the valuation of assets in Skuld's investment portfolio. Opportunities and risks are evaluated and will be monitored as they evolve.

Financed emissions

Financed greenhouse gas emissions are considered the most significant impact on



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	Weight in equity portfolio (%)	Skuld Carbon Emissions from Equities (tonnes)
Portfolio	100.0	13,192
Utilities	2.5	3,785
Materials	3.5	3,359
Industrials	10.5	1,394
Consumer Staples	6.9	507
Consumer Discretionary	10.7	444
Financials	15.4	224
Information Technology	23.9	209
Communication Services	7.5	153
Health Care	12.4	133
Real Estate	2.4	64

Table 4. Financed emissions portfolio

climate from the investment portfolio, and the majority comes from listed equities, given their weight in the overall portfolio. Scope 3 emissions from equities reflect the composition of the indices Skuld follow and is presented by sector weights and approximate greenhouse gas emissions in the table below. Skuld indirectly emits an estimated 13,192 tonnes of CO₂ equivalents via this exposure. This figure is calculated at fund level with fund manager information.

Increased volatility

Climate change and mitigating actions represent both risks and opportunities to Skuld's investment portfolio. Physical climate change and new regulations may have an effect on investments, potentially leading to more volatile returns. The sectors and companies that will be affected positively or negatively are not given. Skuld's investment principles favour a high degree of diversification, and it is important to maintain this belief as we go through this joint global effort. Over time,

companies that Skuld has exposure to will likely either become more sustainable or make up a smaller weight in indices. By investing broadly, Skuld reduces the general concentration risk. Selectively funding the green transition via active managers is one way of taking part in the opportunities ahead and seeking improvement of risk-adjusted return.

Positive impact

Skuld has, during the past year, committed investment capital into strategies focusing on green energy transition. Subject to significant sustainability demands, it is expected that underlying companies in these funds will have a positive impact on sustainable development goals. These specialised investments constitute a financial opportunity for good risk-adjusted return. These commitments will also balance out some of the overall ESG factor risk represented in Skuld's total investment portfolio.



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Digital solutions for Sustainability

Digital services

Skuld's digital platform is a robust, around-the-clock resource for our members and brokers. The platform provides access to comprehensive information, including real-time overviews of all clients and vessels, policy documents, claims data with current estimates, statistical insights, loss records, online charterer declarations, invoices, and financial statements.

These features contribute to Skuld's sustainability by reducing reliance on email communication and increasing accuracy, security, and transparency. Our platform streamlines administrative tasks, optimises efficiency, and enables more informed decision-making and effective risk management.

Claims online

Skuld's claims online tool will allow members, clients, brokers and crewing managers to notify all crew claims on skuld.com and add information and documents. More straightforward claims will be handled automatically, with reimbursements being processed as quickly as the banking system allows. The system recognises more complex cases, which will be referred to Skuld's skilled claims handlers. This efficient and streamlined solution benefits all stakeholders with less email correspondence, and it also provides enhanced transparency with a good overview of all notified and submitted claims and their status.



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Skuld Insight

On Skuld Insight we view our members' vessels' movements by using AIS data. A member can log on and view their Skuld entered vessels live on the world map. In addition, we present key comparison figures such as distance sailed, areas of operation, number of port calls and port state control data compared with the global fleet. This gives Skuld's members an opportunity to compare themselves with others, within certain performance data.

We also publish regular Insights; an Insight is a short descriptive piece of information that can be used as input in a risk assessment. It is mainly Skuld's own experience taken from cases we are involved in, but we supplement it with data from both security- and fuel-testing providers. Using our data will help our members reduce their operational risk.



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Health and well-being



Supporting a safer life at sea

Skuld is dedicated to promoting a safer life at sea. To achieve this goal, Skuld has partnered with the Norwegian Training Centre (NTC) in Manila, the leading maritime and offshore simulator training service in the global community. Together with NTC we have created our own tailored seminar for seafarers' mental health. It is a two-day interactive digital seminar. NTC then hosts this seminar and it is also open to non Skuld members.

Skuld will also produce a series of safety/ loss prevention videos which will be made available on our website. The first video of the series will be launched by the end of Q1 2024 and will handle the liquefaction risk of nickel ore cargo.

Safely with Skuld

In 2023 Skuld published an updated edition of Safely with Skuld. This booklet has been re-written, so it is up to date on today's shipping, and it is an important loss prevention guide for seafarers. The booklet is intended to be a guide for seafarers serving on board our members' vessels who want to learn about what we, Skuld, as their global marine insurer can offer and how they can contribute to reducing any damage or loss to people, the environment, the vessel, and/or her cargo.

The advice in the booklet is based on more than 125 years of claims handling experience. A part of our loss prevention effort is to share our experience with our members and the industry. By sharing knowledge, we can form a vital part of our members' continuous risk assessments for the safe operation of their vessels and a safer life at sea.





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Skuld School for Seafarers

Inaugural Skuld School for Seafarers: A Resounding Success

In November 2023, Manila hosted the inaugural Skuld School for Seafarers. This event was a two-day testament to the commitment, learning, and successful strides being made towards maritime safety. Nearly 200 seafarers holding various positions converged on the venue to participate in the event, which was organised in co-operation with the Norwegian Training Centre (NTC) in Manila, to promote a safer and healthier life at sea.

The event was graced by His Excellency Mr. Christian Halaas Lyster, the Norwegian Ambassador to the Philippines, who delivered the opening address. The Maritime Industry Authority (MARINA) also contributed to the insightful discussions over the two days.

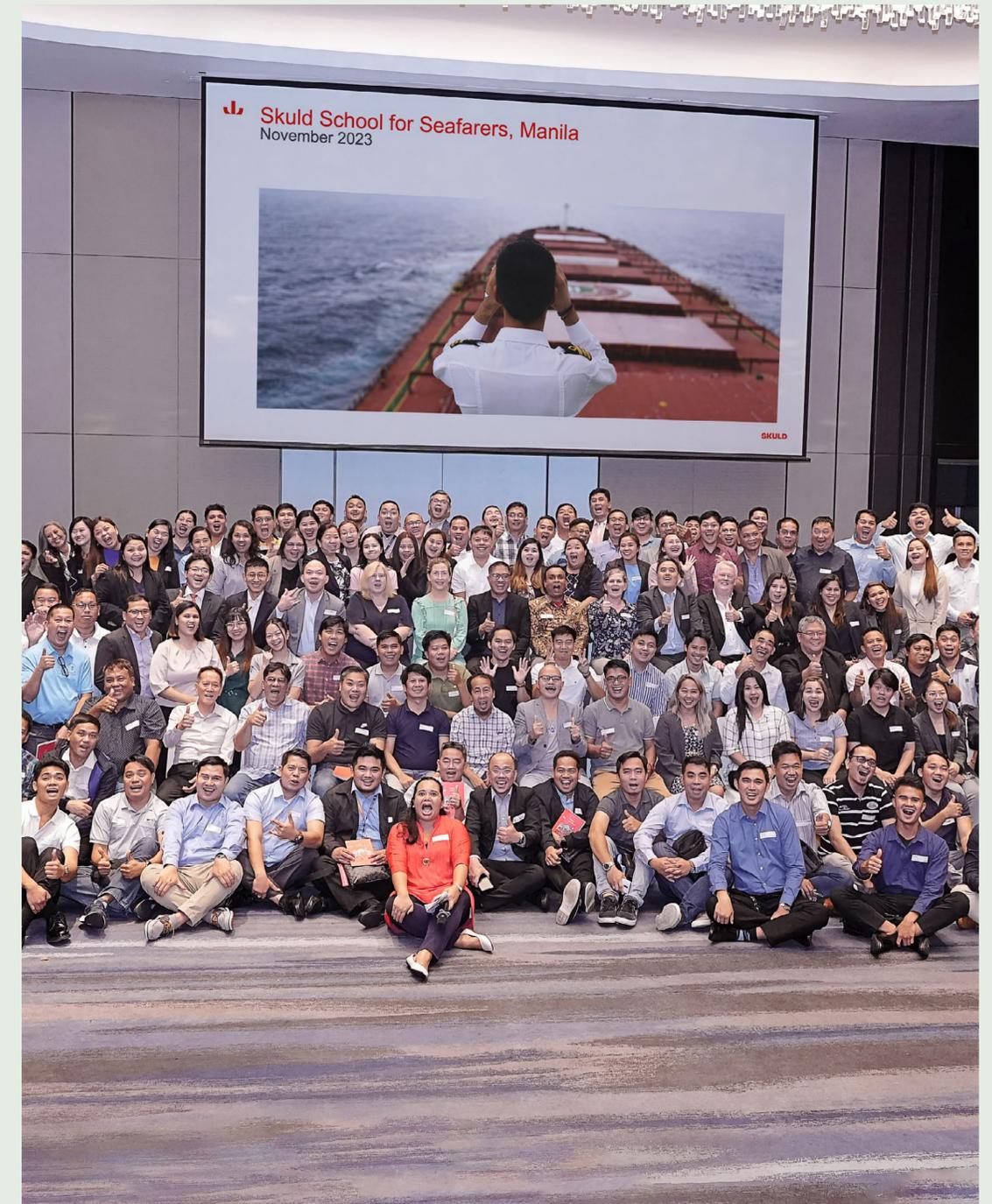
The topics covered were extensive, including P&I, H&M, claims handling, case studies, Pre-Employment Medical Examination (PEME) findings, and emerging trends. There was also a strong focus on the mental well-being of seafarers, loss prevention, sustainability,

and training needs, particularly in relation to decarbonisation.

The commitment and active involvement of the seafarers throughout the two days was inspiring and led to a dynamic exchange of ideas and knowledge. This interactive engagement not only augmented the learning experience but also reinforced our collective dedication to enhancing safety and well-being in the maritime industry.

As part of Skuld's commitment to providing seafarers with the necessary knowledge and skills to effectively manage the challenges of the maritime sector, each seafarer received a copy of the newly revised *Safely with Skuld*.

We want to extend our gratitude to everyone who contributed, presented, and played a vital part in making this inaugural event a resounding success. It was a significant step in our ongoing journey towards a safer and more sustainable maritime industry.



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Maintaining employee well-being

Employees' well-being and mental health is very important to Skuld, and we completed several initiatives throughout 2023 to strengthen and sustain well-being and mental health among our employees. In addition to focusing on providing a safe and healthy workplace, we also have an increased focus on flexibility and trust, empowering our employees to conduct their work in line with a sound work-life balance suitable for each employee and their life situations. At the same time, we believe that our company culture and relations in the workplace are equally important for good health and well-being. Our strategic initiative to "foster a diverse, competent and innovative culture" has been a focus in 2023 and will continue to be of great importance in 2024.

We acted throughout 2023 in support of this approach

- Psychological flexibility and a diverse and inclusive culture were the main topics at the annual Leaders' Forum in May, when all Skuld leaders shared ideas about how they could implement psychological flexibility to support employees, as well as how Skuld in general could improve a diverse and inclusive culture. The forum included a presentation and discussions on psychological flexibility with an external lecturer Skuld has used on several occasions.
- Our biennial leadership survey recorded an all-time high for employee engagement with a 90% response rate and a combined score of 5.3 (on a 1–6-point scale). Every team reflected on the results and gave their leader relevant feedback on how to maintain employee engagement and satisfaction.



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General feedback to leaders in Skuld is that they support a healthy balance between work and personal life, take an overall Skuld perspective when approaching issues and promoting an inclusive culture. Our goal is to maintain employee engagement and leadership survey results above 5.0.

- As part of the onboarding programme, all new employees are asked to complete an onboarding survey. The combined score in 2023 was 5.4 on a scale from 1-6. The feedback from the survey indicates that Skuld is an attractive employer in our market, where opportunities for career development, company culture and the focus on work-life balance as well as our flexible work arrangement are listed as important factors for new employees to join Skuld.

Staff turnover decreased in 2023, despite indications from the global market of a high demand for skilled employees. Our turnover for 2023 was 5.1%. Skuld completed 43 recruitment processes in 2023, of which 26 female and 17 male candidates were hired.





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Employee diversity and inclusion



Inclusive and diverse culture

In 2023, we continued focusing on developing an inclusive and diverse culture. Marking the next stage of this journey, Skuld reviewed its strategic plan with an updated strategic objective: "To foster a diverse, competent and innovative culture and attract top talents". The strategic plan was approved by the Board of Directors and communicated to all employees. It forms a central part of our continuous efforts under the UN SDG 3 "Good health and wellbeing" and the SDG 10 "reduced inequalities" with a strong focus on the needs, development and well-being of employees as well as on diversity and gender equality.

The updated strategic objective will be carried out through three initiatives:

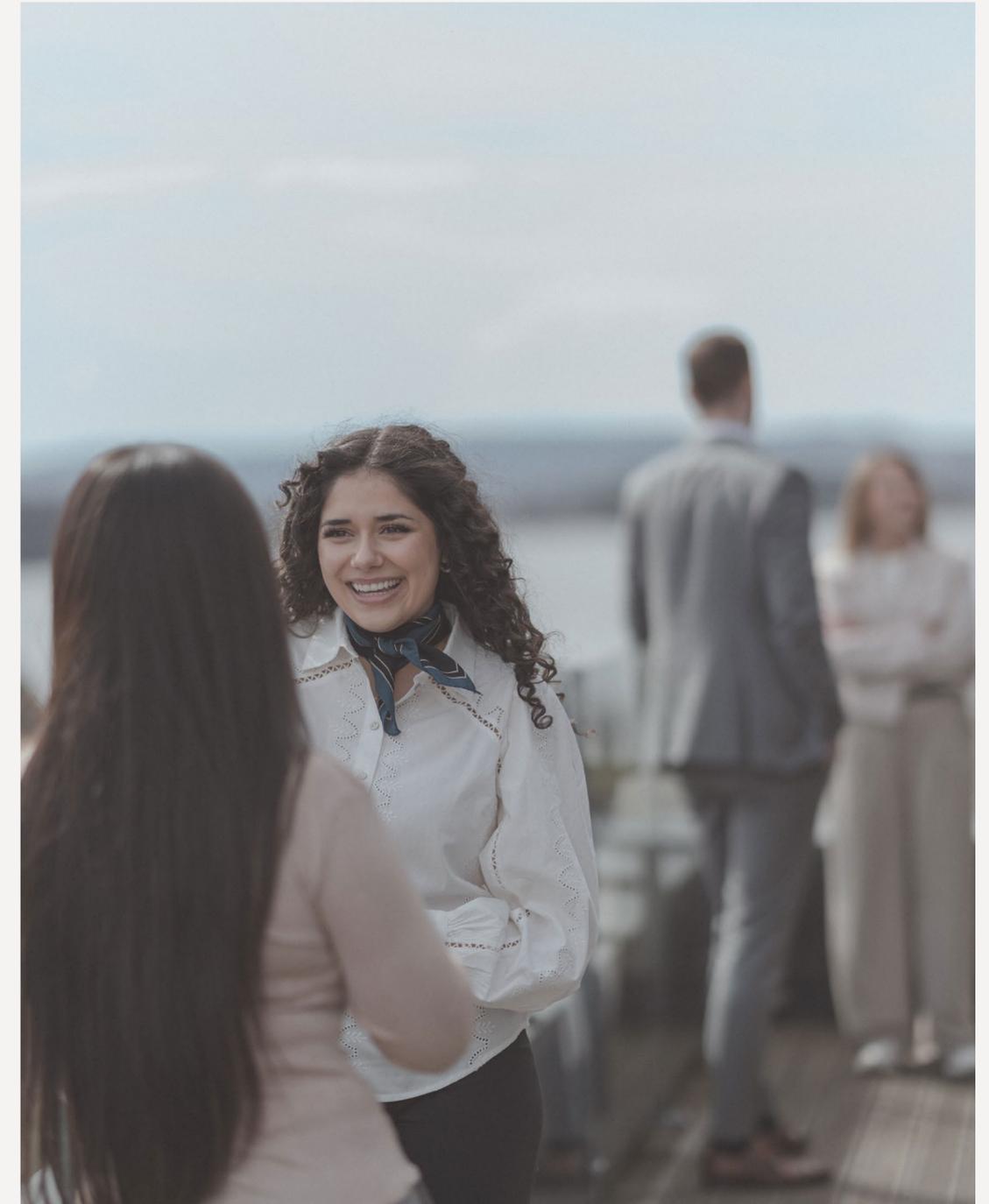
- Distinct culture – with a focus on updating Skuld's way, purpose and

values with direct involvement of all employees.

- Competence development - focus on mapping the organisation's needs, adjusting available training to these needs, and rolling out new training.
- Future Way of Work - an objective Skuld has worked on for some time within the flexible 3+2 work-from-home arrangement. Head office was reconstructed and principles developed for hybrid working: Care, Flex, Collaborate and Plan.

Skuld will continue evaluating and adjusting these initiatives and provide an update on the status in the next year's report.

While Skuld continues implementing new initiatives, we also recognise the importance of carrying out commitments





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set in the previous years to achieve the set goals. One of our long-term commitments is participating in gender equality initiatives like the UN's Women Empowerment Principles, reporting to the SHE Index, WISTA'S "40 by 30" initiative and goals set for gender equality within the organisation. Gender equality is a high priority for Skuld, and our overall goal is to achieve at least 40% of each gender in all managerial and key positions by 2025. Skuld has also committed to ensure equal salary levels between genders at all levels (excl. CEO) by 2025.

To maintain and further develop an inclusive and diverse culture we focus on four areas to strengthen employee diversity and inclusion in our organisation.

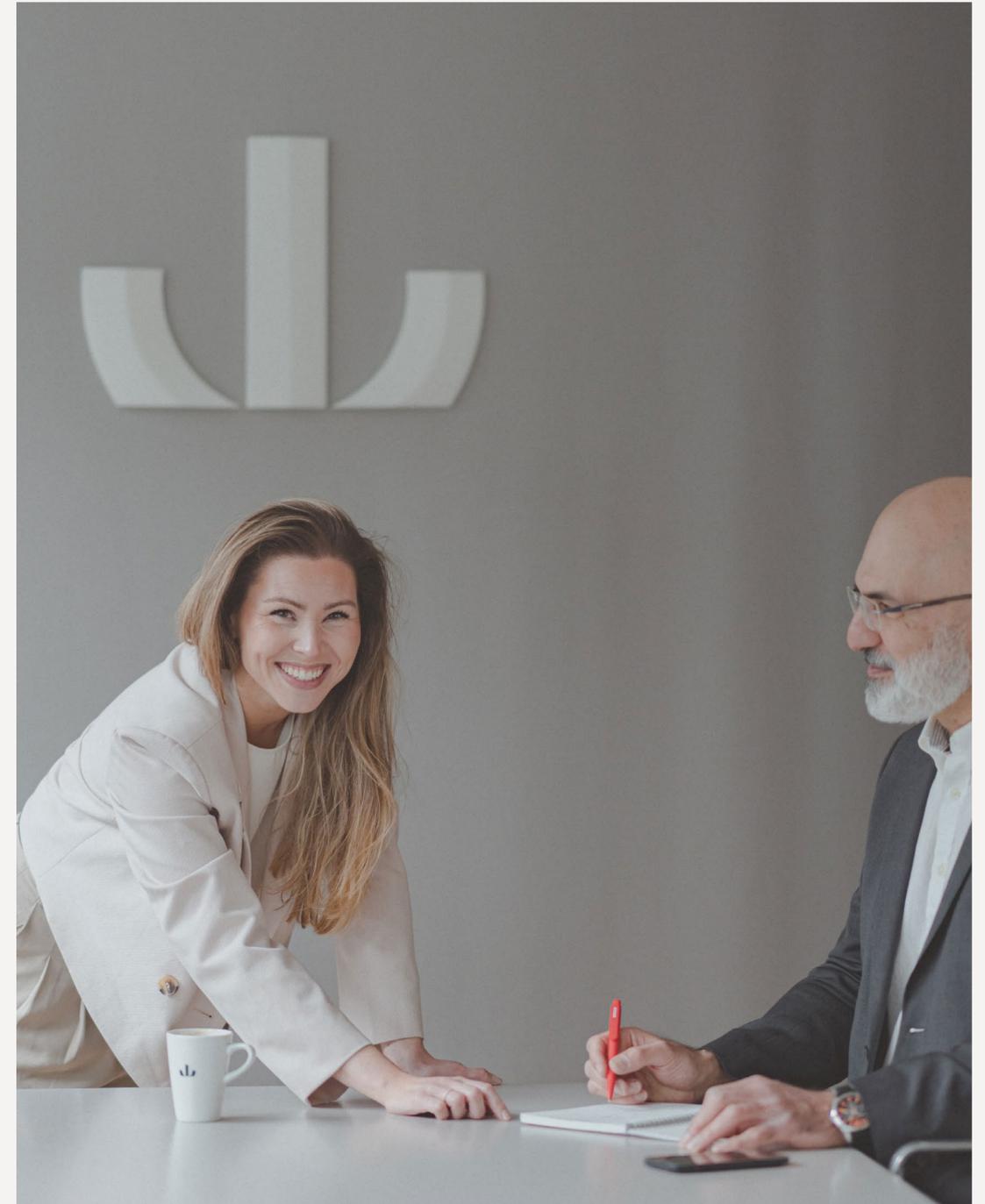
1. Ensuring 40% gender equality by 2025

In 2021, Skuld implemented a requirement that at least one person of each gender be interviewed for all key positions. When members of only one gender apply for a position, we extend our search and/or encourage qualified employees of the other gender to apply.

"During 2023, among the promoted employees, 49% were female and 51% were male."

During 2023, among the promoted employees, 49% were female and 51% were male.

Skuld's strong achievement in matters of gender equality, especially female leadership, is reflected in our commitment to the SHE Index, which measures and compares gender balance within Scandinavian organisations. Skuld continues to improve its SHE score every year. We are proud to have scored 71 in 2024, reflecting the increased proportion of women in key positions (38%, up from 33% in 2019) and our continued work on procedures to reflect diversity and inclusion.





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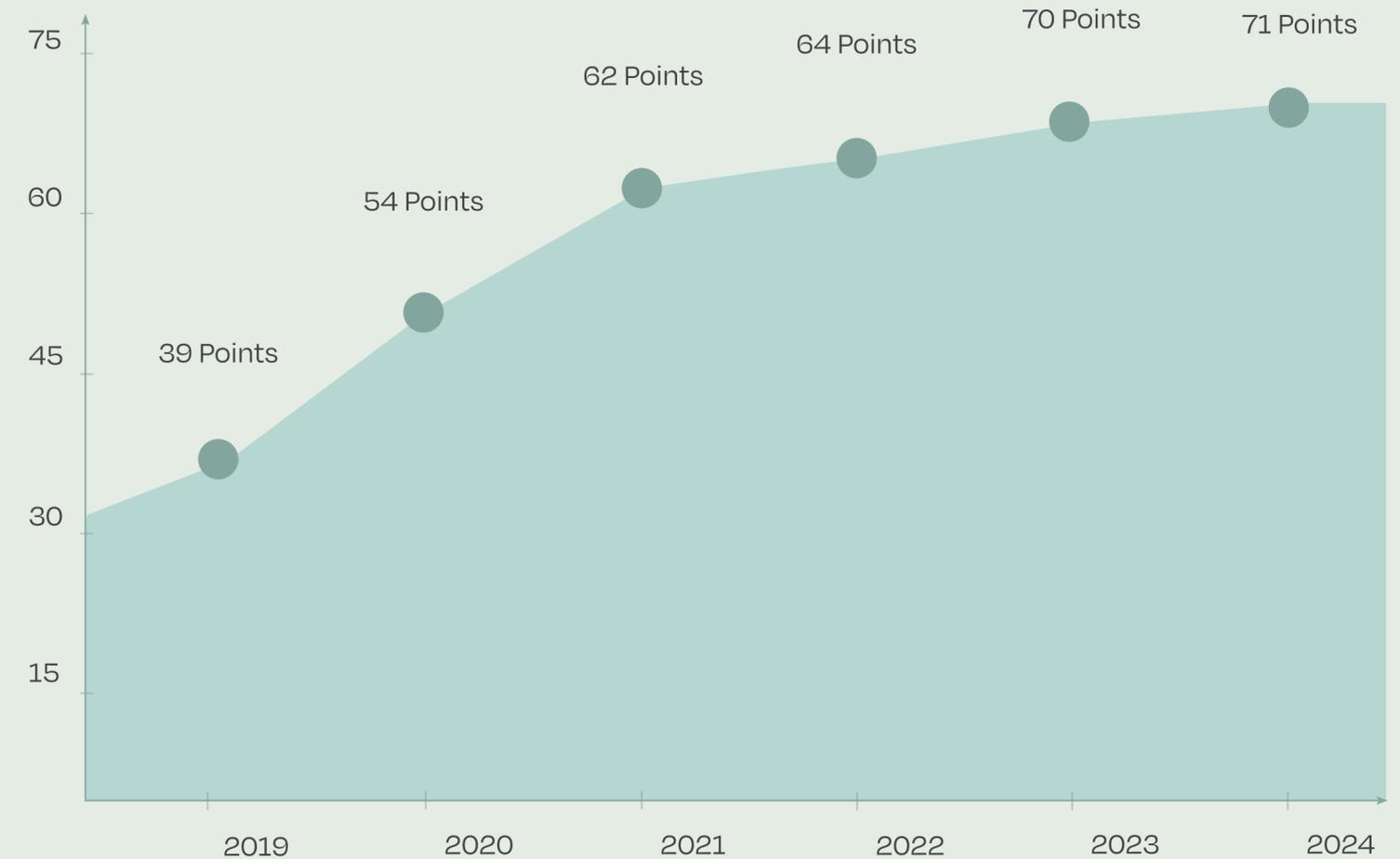


Table 5. SHE Index score



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Goal: 40% gender equality in managerial and key positions by 2025

Globally	Share of women	Goal 2025
Norwegian Board level	43%	
Global Board level	27%	
Leaders at level 1-2	30%	
Leaders in all managerial and key positions	38%	40% gender equality

Table 6. Gender equality in managerial and key positions

2. Ensuring equal salaries by 2025

Skuld believes in equal pay. We aim to achieve equality of salaries at all levels (excluding CEO) by 2025. In 2021 and 2023, we conducted a thorough review of average salaries across the business, compared them with similar companies, and explained the findings to all leaders involved in salary adjustments. We will use the findings to inform salary changes, promotions, and recruitment processes focusing on equal pay for equal work.





Globally	Women's salary as % of men				Share of women		Goal 2025
	2020	2021	2022	2023	2024	23/24	
Operations/Trainees	n/a	n/a	n/a	n/a	n/a	100%	100% Salary equality
Executives	102%	100%	95%	104%	115%	79%	100% Salary equality
Senior Executives	92%	92%	90%	87%	83%	63%	100% Salary equality
AVP/VP	96%	93%	95%	98%	100%	37%	100% Salary equality
SVP	100%	100%	100%	110%	112%	21%	100% Salary equality
CXO (excluding CEO)	81%	79%	79%	82%	80%	33%	100% Salary equality
All levels (excluding CEO)	n/a	n/a	70%	71%	74%	50%	n/a

Table 7. Equal salaries - Globally

Norway only	Women's salary as % of men			Share of women		Goal 2025
	2022	2023	2024	23/24		
Operations/Trainees	n/a	n/a	n/a	100%	100% Salary equality	
Executives	107%	106%	96%	79%	100% Salary equality	
Senior Executives	88%	87%	91%	63%	100% Salary equality	
AVP/VP	91%	92%	93%	37%	100% Salary equality	
SVP	97%	99%	89%	21%	100% Salary equality	
CXO (excluding CEO)	79%	82%	80%	33%	100% Salary equality	

Table 8. Equal salaries - Norway

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3. Ensuring equality and non-discrimination

Skuld aims to be an inclusive and diverse workplace with equal opportunities regardless of gender, age, nationality, race, or other factors.

Throughout 2023, Skuld has continued to work on ensuring diversity, equality, and non-discrimination. This was achieved through clearly defined recruitment and compensation processes, promotions and opportunities for development, adjustments to accommodate individual needs, and fostering a positive working environment that supports non-discrimination, health and safety, work-life balance for all, and parental leave. Skuld's reward, recognition and promotions policies are open and available for everyone to read, ensuring transparent processes. As part of an inclusive and non-retaliation culture, Skuld has several channels through which employees' concerns can be communicated: via direct

leader, human resources, employee co-operation committee, employee health and safety representative or an external channel managed by an outside law firm. As part of our onboarding programme, all employees receive information and training on possible incident reporting and whistle-blowing channels. We are proud to confirm that no incidents related to harassment, discrimination or inequality were reported.

Issues relevant to employees are also discussed in a separate Work Environment and Co-operative Committee, which includes representatives from the Executive Management, health and safety employee representatives and employees from different offices elected to be members of the Committee. In 2023, the Committee met four times, discussing various subjects from Skuld's financial performance to updated future way of work and the Oslo office's renovation project. Minutes of all meetings are shared with all employees.





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In 2021, a cross-departmental working group, which includes representatives from HR, legal, and employee health & safety, was established to conduct an Activity and Reporting Obligation (ARO) risk assessment. In 2023, the group continued following a four-step model (map the relevant processes at Skuld, identify and analyse the causes of risk, implement risk mitigation measures, and evaluate their impact) and building on the report and findings from the previous years repeated the risk assessment. This process included an assessment of agreed measures from the previous year and identified several new priority areas with concrete measures implemented for 2023. The plan was aligned and approved by the Work Environment and Co-operative Committee and anchored with Executive Management. A detailed description of the activities undertaken is provided in the "Activity and Reporting Obligation" chapter below.



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Key Figures	Female			Male			Total
	2022	2023	2024	2022	2023	2024	2024
Total no employees (permanent) pr. 20.02	150 (50%)	148 (50%)	162 (50%)	148 (50%)	150 (50%)	162 (50%)	324
Number of employees recruited	10 (38%)	15 (56%)	26 (60%)	16 (62%)	12 (44%)	17 (40%)	43
Total turnover	5 (3.30%)	14 (9.40%)	11 (7.1%)	6 (4.20%)	8 (5.40%)	5 (3.2%)	5.1%
Number of employees working part-time	3	4	4	0	0	0	4
Number of employees working part-time involuntary	0	0	0	0	0	0	0
Temporary employees	3	3	5	0	0	0	5
Employees on parental leave	10	10	12	9	8	13	25
Number of weeks on parental leave (per 31.12.2022)	189	237	209	87	58	127	336
Global sick leave (per 31.12.2022)	1.94%	2.90%	1.52%	1.51%	1.32%	0.71%	2.51%

Table 9. Skuld employees Key figures

General Figures	23/24
Average age	44
Average years of employment	9
Number of nationalities	34
Number of legal jurisdictions	23
Number of lawyers and claims executives (Claims handler + leader claims (exp technical managers/CCO))	124

Table 10 Skuld employees General figures



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4. Future Way of Work

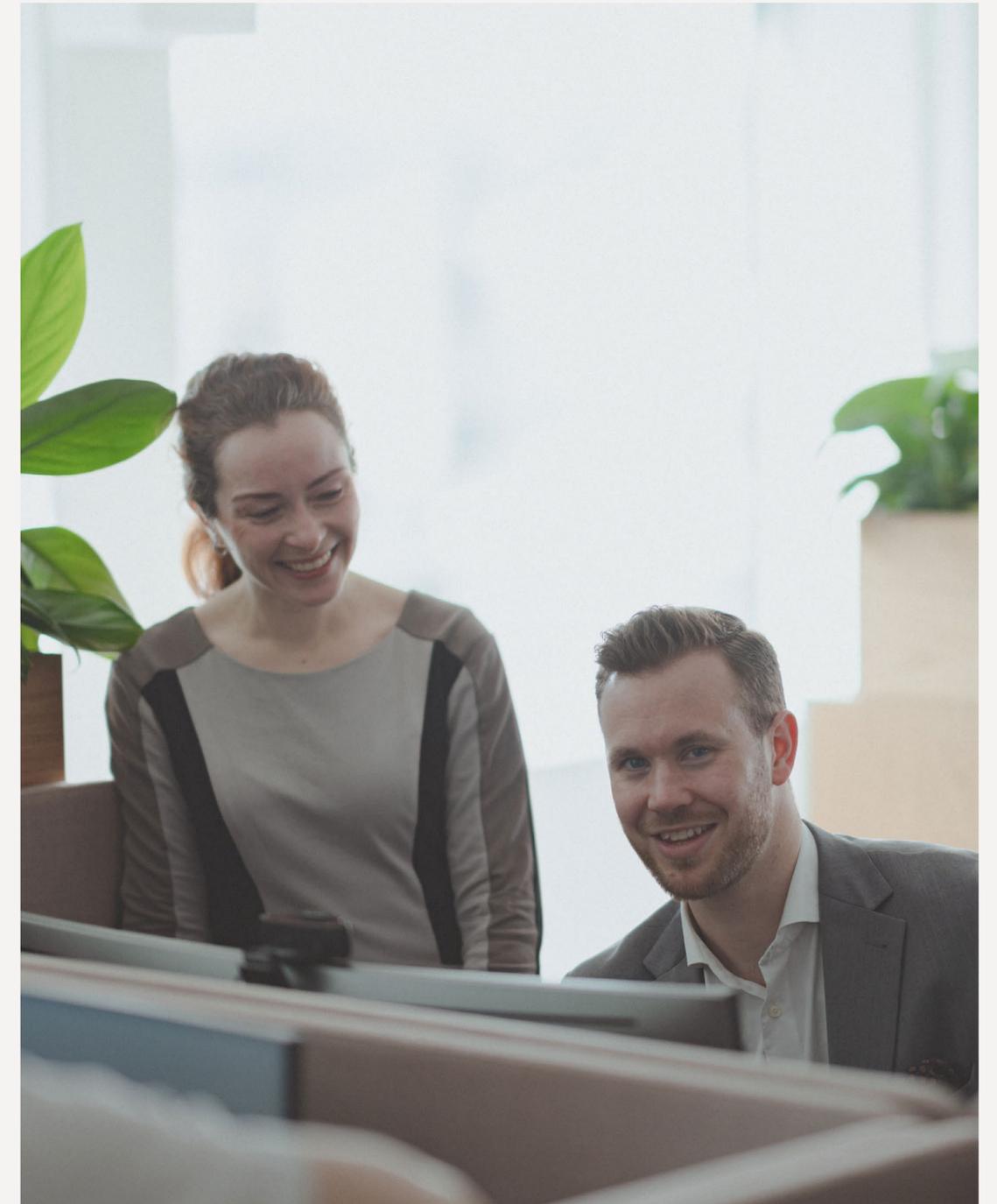
In 2022, the 3+2 flexible working solution was formally implemented in Skuld on a permanent basis.

Throughout 2023, Skuld focused on developing an effective and sustainable way of work for all employees, focusing on culture and knowledge sharing within a flexible work regime. Strengthening the Skuld culture in a remote work context is key to developing an inclusive and diverse culture.

To facilitate and develop the future way of work in Skuld, a Future Way of Work project group has been established with representatives from various departments. The purpose of the project was to develop and implement principles and guidelines for an effective future way of work for all

employees globally. It resulted in agreeing on several principles for the hybrid work regime: Care - Flex- Collaborate - Plan. These principles were implemented in the headquarters during the reconstruction of the office. The project group will establish the work principles in all offices, as well as further developing our future way of work during 2024.

A new office layout in Oslo was modelled with input from the project group, the Work Environment and Co-operative Committee and a working group of employees from all functions and floors in Oslo. Specifically, the office layout is now aimed at supporting collaboration, culture and effectiveness and also ensuring that Skuld is fit for growth in numbers (particularly in Oslo). The re-design also included specially designed quiet, collaboration, and relaxation zones in the office.





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Activity and reporting obligations

Measures and results implemented in 2023

Based on an Activity and Reporting Obligations (ARO) risk assessment conducted in 2023, the following measures were selected for action in 2023/2024:

Annual review of corporate governance

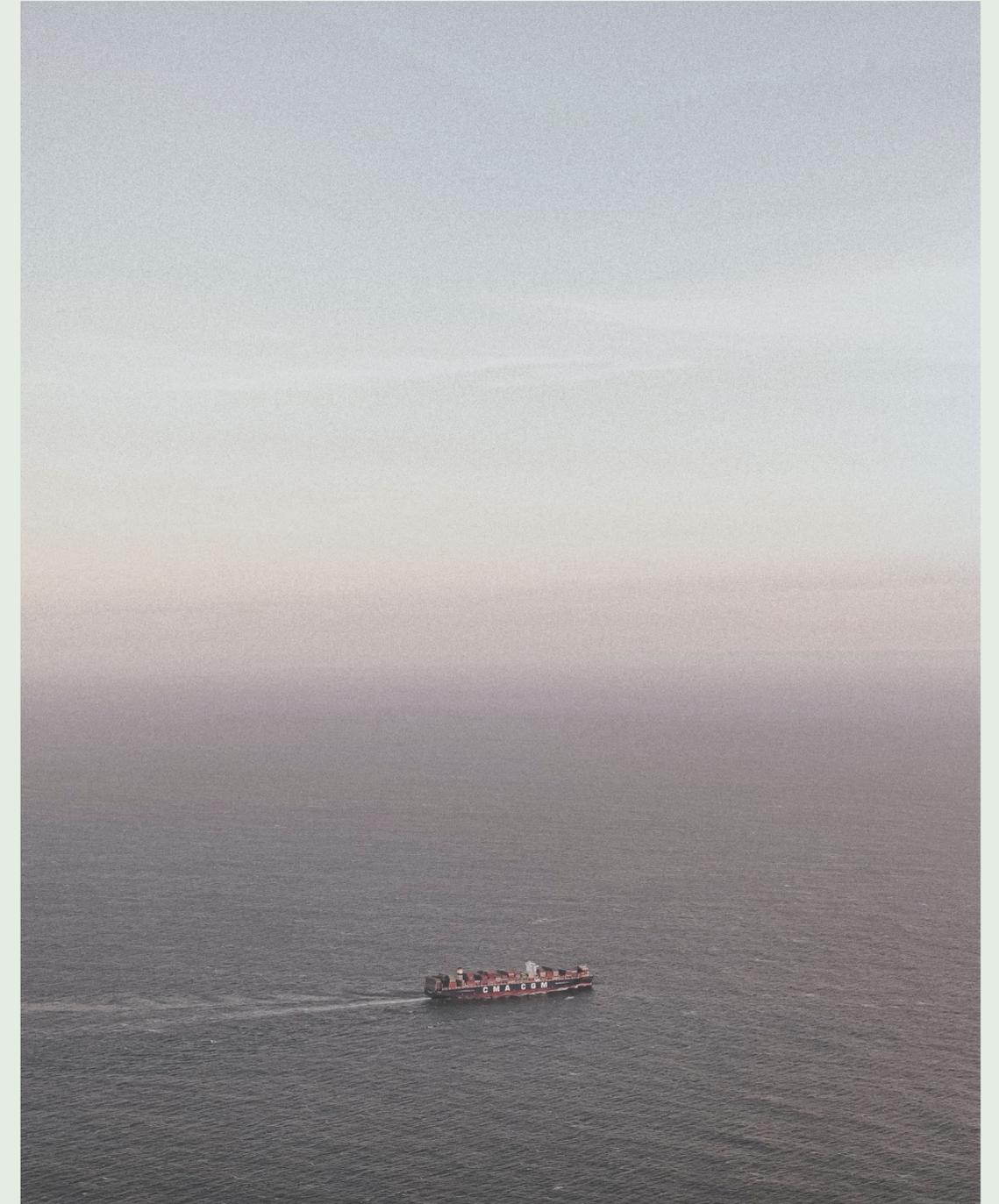
Following a thorough review and update of Skuld's corporate governance documents in 2021, including procedures covering equality, non-discrimination, recruitment, reward and recognition, antiharassment, whistle-blowing, and Code of Conduct, Skuld has committed to performing an annual review of these documents and procedures. These documents apply to all Skuld employees globally.

The annual review conducted in 2023 confirmed that Skuld's governance documents remain compliant with our ambitions and applicable legislation. In

this review, we have, in addition, put extra attention into documents and procedures related to equality and diversity, e.g. amending our Anti-Harassment Instruction.

Recruitment

We continue to follow the equality and diversity recruitment processes adopted in 2021, which include the requirement to interview at least one candidate of each gender for all managerial and key positions. By applying this recruitment strategy, we aim to have no fewer than 40% of people of each gender in all such positions by 2025.





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Salary/promotions/competence development

Our reward and recognition processes, including protocols for salary reviews and promotions, focus on Skuld's established goal of achieving salary equality at all levels (ex. CEO) by 2025. We conduct an annual review of all promotions to ensure equality among promoted employees, which found that 11% of Skuld employees were promoted in 2024, of whom 49% were female and 51% male.

In 2023, we launched a tailor-made Diversity, Equality and Inclusion introductory training programme for all employees. All new employees are invited to take the course as part of their onboarding programme and all existing employees are encouraged to take it. The course was created to support greater understanding, competence-building, and awareness of these areas.

In 2024, Skuld is set to initiate a key project aimed at developing a platform for competence development. This initiative will assemble a cross-functional team

to establish tailored training and specific learning pathways, showcasing Skuld's ongoing commitment to employee development.

Individual adjustments

In 2023, Skuld Oslo conducted a thorough renovation of our office facilities to better meet the future needs of a hybrid work situation, collaboration and individual needs. To ensure that the office changes met our employees' expectations and needs, employees representing the various departments and functions were included in the process to provide on-going input to all decisions. Specific measures were taken to ensure individual needs were met, including floor carpet and noise reducing headsets in open office spaces, free seating in cell offices, silent areas and improved light and air quality. A survey conducted after the completed renovation process showed that most employees are satisfied with the look, feel and layout of the new office solutions, although some concerns were raised around the flexible seating solution, and measures have been taken to address these concerns.



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Global approach

As a global organisation, Skuld strives to ensure equal treatment of its employees in all our international offices. Our Human Resources department began to update the Employee Handbook for Norway in 2022, and this work continues to ensure up-to-date compliance with any local employment requirements on diversity, non-discrimination and parental benefits, among others.

Skuld will also continue to strengthen our own vision for a diverse and inclusive culture, and we see the importance of building such a culture in a collaborative environment. With our great experience of gathering all our employees in Oslo for a three-day gathering in connection with our 125th anniversary, Skuld will continue to arrange physical gatherings with all employees in 2024 and beyond. In 2024 we will invite all employees to Geilo in Norway for a three-day gathering for professional development, group activities, and team building. Before the gathering, all employees in all locations will complete a workshop with members of EM

to gather all employees' input on Skuld's current purpose-statement and update Skuld's values. We believe the benefits of these gatherings and the pre-work will strengthen our culture, co-operation, and trust among our employees.

Work-life balance and flexibility

Skuld conducted the biennial Leadership in Practice survey in 2023 with a 90% response rate and a total score of 5.3 (on a 1-6 point scale). The survey was adjusted this year to include questions related to work-life balance, flexibility and hybrid working. Among the top-rated questions, focus on a sound work-life balance, accessibility and information sharing in the hybrid work situation was highly rated. The results confirmed that Skuld has continued support for our hybrid work situation, that we provide flexibility, and that our leaders can promote this arrangement in a sustainable way for our employees. As practised in Skuld, in 2024, we will conduct a new Employee Satisfaction Survey, where the questions will be updated to reflect the hybrid working and new initiatives.



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Skuld Walking for Seafarers

Raising awareness and funds for seafarers

In alignment with Skuld's commitment to the UN SDG 3, Good Health and Wellbeing, Skuld marked its third year participating in our annual walk for seafarers. This has been a part of our activities in 2021, 2022, and 2023. We continue this important initiative because we understand seafarers' vital role in the marine industry. #SkuldWalkingforSeafarers is a collective activity by all Skuld employees to raise awareness for seafarers worldwide and foster a culture of health and well-being within Skuld.

From 30 October to 5 November 2023, Skuld employees collectively walked a total of 17.8 million steps. That is an average of 55,000 steps per person throughout the week.

Through our collective efforts, we raised funds for the Sailor's Society for their commitment to seafarers and their families, a cause that is very important to us. We encourage all our friends in the maritime industry to continue Walking for Seafarers and to support seafaring communities worldwide.

Year	Average per employee	Total
2024	55 Thousand steps	17.8 Million steps

Skuld helps protect ocean industries through our support of various initiatives that contribute to marine humanitarian causes, safety at sea, and marine education and heritage.

See www.skuld.com/about/sponsorships





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Risk management

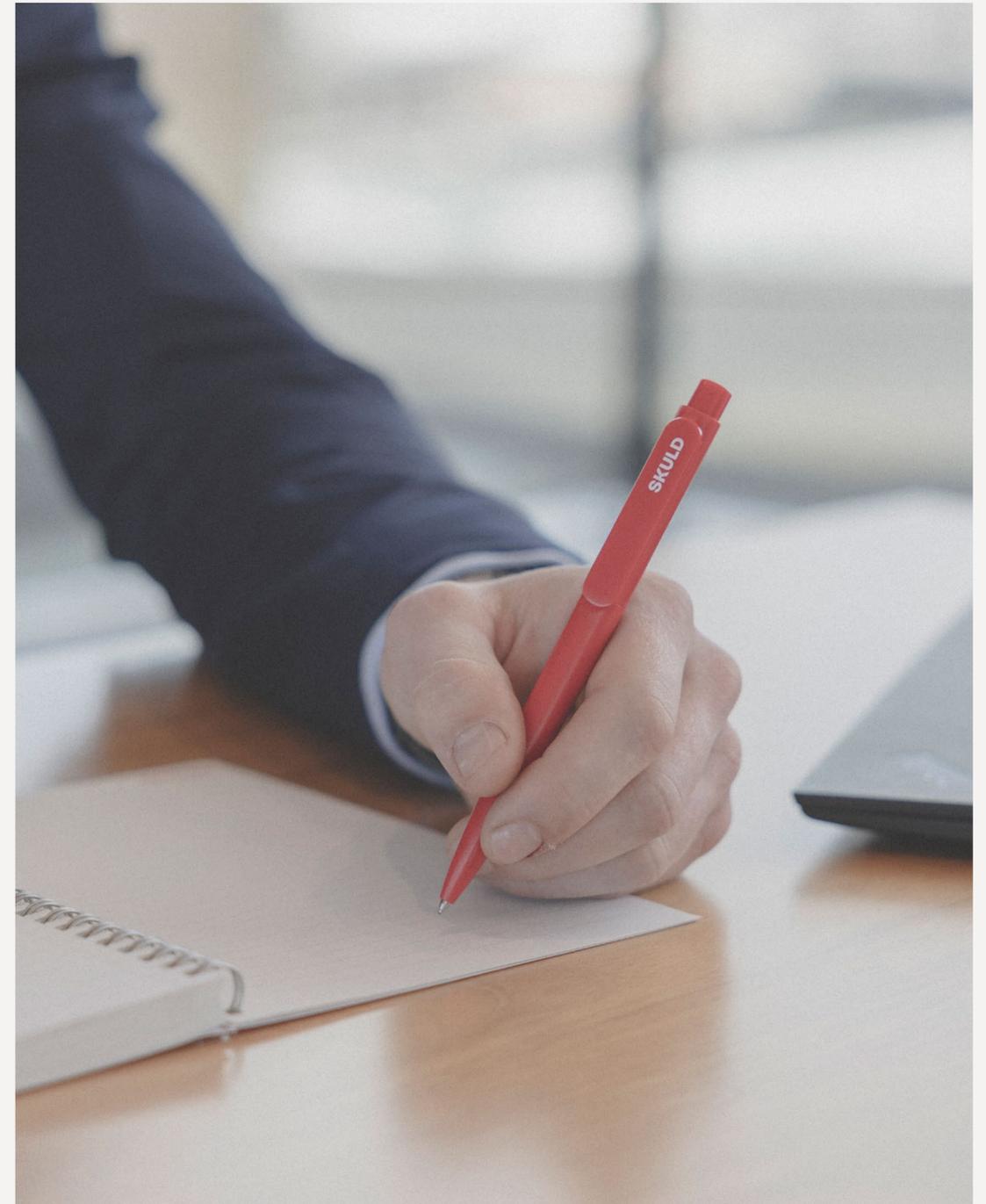
Identifying, measuring, and managing the effects of climate change

Skuld's approach to managing the risk from climate change involves identifying, measuring, and managing the impact of climate change on the shipping industry as a whole, and on the marine insurance industry in particular.

Climate change, environmental degradation, and social risk issues increasingly affect Skuld, presenting both opportunities and risks. The physical impact of climate change increases the potential for claims. At the same time, the ongoing transition to a carbon-neutral economy requires shipowners to make strategic decisions under significant uncertainty and increasing costs. Sudden and unanticipated future policy responses could disrupt the industry. Falling behind, or even being perceived as

insufficiently active in becoming more sustainable, could increase reputational, regulatory, and financial risks. In response to these threats, Skuld has made managing climate-related risks an area of high-priority action. This aligns with UNGC Principle 7, stipulating that businesses should support a precautionary approach to environmental challenges.

As part of the reporting requirements under CSRD, Skuld needs to classify and rate its economic activities according to the EU Taxonomy. In its approach to addressing climate risk, Skuld takes guidance from the EU Taxonomy, which provides a useful toolbox for handling the effects of climate change in Skuld's central business processes.





Potential impacts of climate change on the shipping and marine insurance industry

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At Skuld, a cross-functional Climate Risk Working Group addresses the risks arising from climate change and examines opportunities to be embraced. The working group continuously monitors and evaluates developments that might indicate manifestations of climate change. Understanding how these developments will impact the shipping and marine insurance industry will enable Skuld to take action by adapting and strengthening its strategic approach.

The following are examples of issues being considered by Skuld:

Changes in water levels

For the second year in a row, extreme drought caused a low water level in the Mississippi in 2023, making it difficult to move cargo, causing delays and increasing the risk of groundings. At the same time, the Rhine has periodically been closed for shipping due to high water levels, in stark contrast to the reported drought in 2022. Simultaneously, the Panama Canal is operating at reduced capacity due to water shortage, creating a bottleneck that forces ships to take alternative routes and

potentially increases costs related to cargo claims.

Enforcement of environmental regulations

Discrepancies have recently been observed in the interpretation of environmental regulations. Port authorities have imposed strict fines on ship owners based on unclear local emissions regulations. When negotiations have proved difficult, ships have been detained for more extended periods.

Rise of vector-borne diseases

Temperate regions in Europe are seeing repeated introductions of invasive mosquito species, as well as mosquito-borne viruses not previously detected. This is in line with expectations that habitats and life cycles of disease-carrying vectors, such as mosquitoes, ticks, flies, fleas and lice, will change, leading to a wider spread or increased prevalence of certain diseases. In the longer term, this development will likely increase costs related to people claims.

Transportation of electric vehicles

Concerns over fires on car carriers carrying

"At Skuld, a cross-functional Climate Risk Working Group addresses the risks arising from climate change and examines opportunities to be embraced.."

electric vehicles (EVs) have reignited after the much-publicised case of the Freemantle Highway in 2023, when the question was raised whether the fire was started by an EV. Studies show, however, that the transportation of new EVs does not necessarily imply a greater risk than that of transporting conventional vehicles but rather a different risk. These speculations have taken the focus away from the most critical challenge, which is the vehicle fire itself, no matter what kind of energy source it has. Most of the burnable energy comes from the vehicle's interiors (plastics and rubber), and the vehicles are getting bigger and contain more burnable energy than before. The SOLAS convention has not yet been revised to take this into consideration.

Skuld's Loss Prevention team is working actively to address this challenge in

multiple forums, including the International Group (IG) of P&I Clubs and CEFOR. In the IG, Skuld is chairing the Ships Technical Committee, which gives us the opportunity to lobby with a stronger voice towards both IMO through work in correspondence groups and to IACS. The goals are to develop common standards for the transport of vehicles and to lobby for mandatory training of crew working with these cargoes.

Skuld supports the electrification of vehicles as a part of worldwide decarbonisation. Alongside that support, Skuld is at the same time working together with the operators within this segment to better understand the transport risks and have the measures in place to ensure the required safety.



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Data-driven measurement of climate-related changes

Incidents related to weather, new technologies, and diseases have always affected the shipping industry and marine insurance in general. New incidents are, therefore not necessarily attributable to climate change. To effectively identify and measure the actual impact of climate change, Skuld continuously works on improving data-driven analysis at an appropriate level of granularity based on actual claims data.

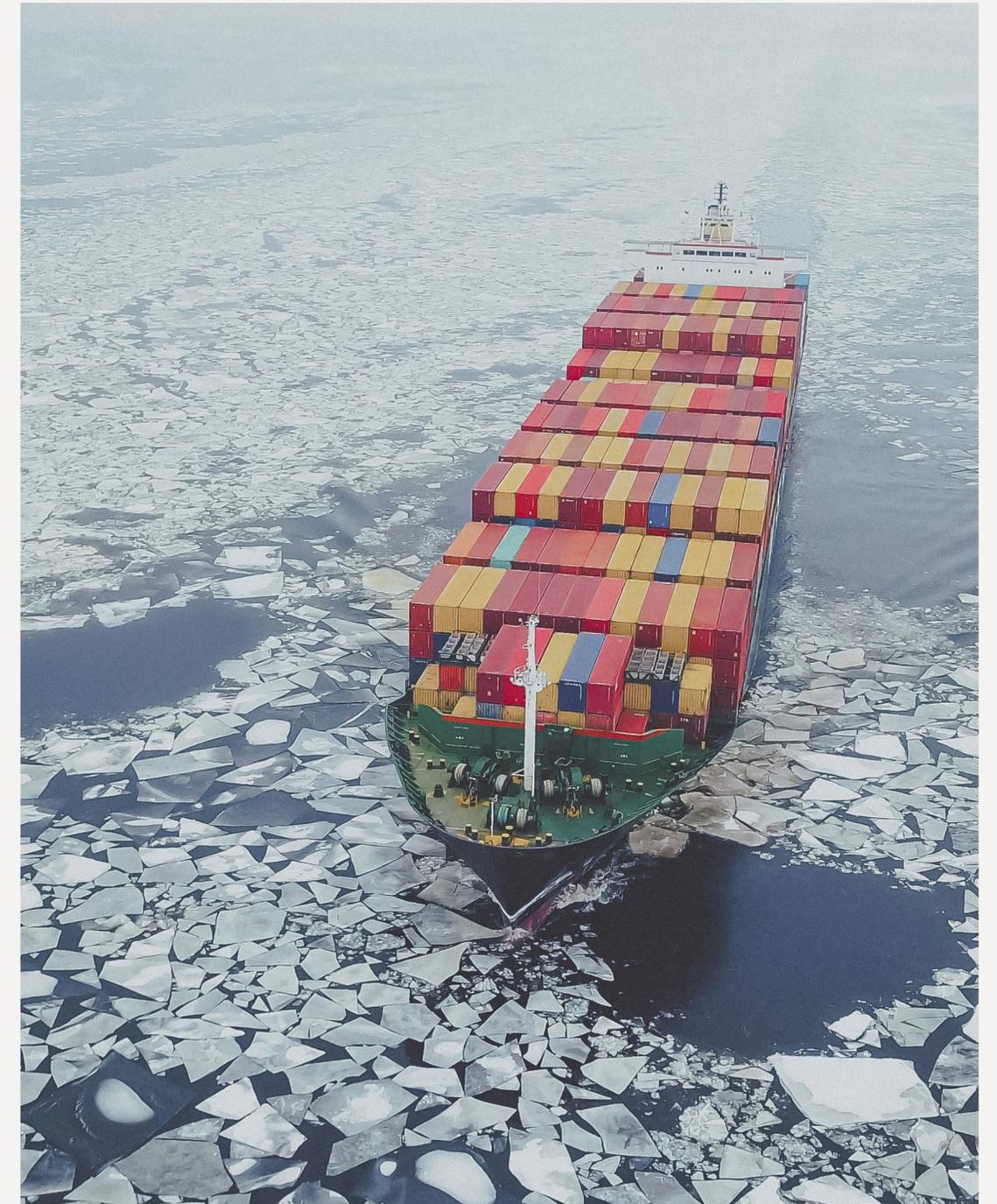
Further developing the tagging of claims potentially related to climate change will help improve the data input for future modelling of both pricing and reserving. At the same time, Skuld is performing scenario-based qualitative and quantitative evaluations of both risks and opportunities associated with the transformation to a low-carbon society. Potential risks and opportunities are evaluated based on three Representative

Concentration Pathways (RCPs) from the Intergovernmental Panel on Climate Change (IPCC): the Paris scenario (RCP2.6), the intermediate scenario (RCP4.5), and the very high emissions scenario (RCP8.5).

Knowledge gained through identifying and measuring potential climate-related changes is applied by Skuld in the development of a strategy that is resilient to the effects of these changes.

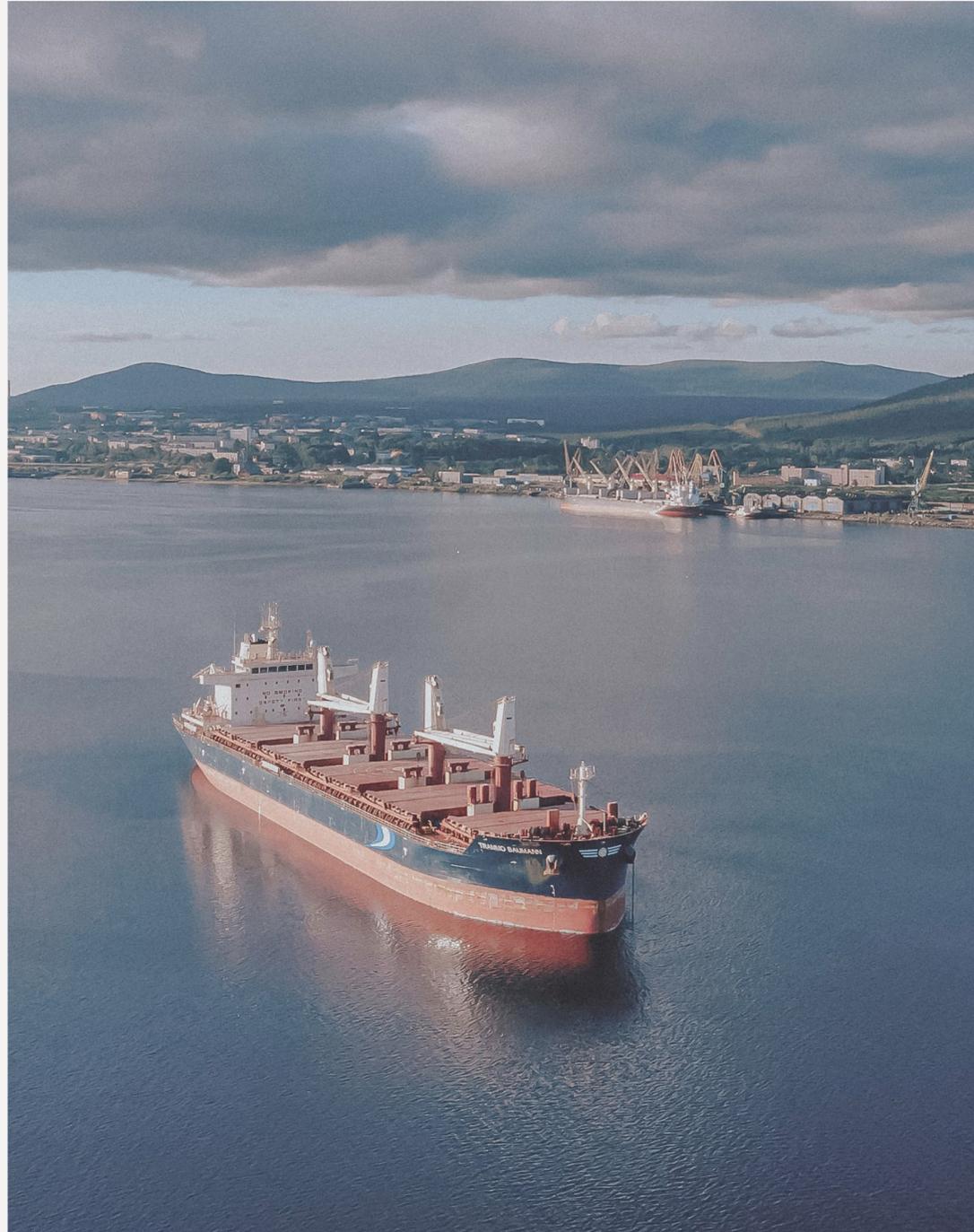
Supporting Skuld's customers through the transition

Despite international policy responses, global emissions have continued to grow also through 2023. Increasing global average temperatures lead to more extreme weather and the manifestation of physical risks. Parallel to that, the energy transition in the shipping industry is gaining pace. The International Maritime Organisation adopted a revised strategy to reduce greenhouse gas emissions from international shipping in July 2023.





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The new strategy includes an enhanced ambition to reach net zero by or around 2050, a commitment to ensure an uptake of alternative zero and near-zero GHG fuels by 2030, as well as indicative checkpoints for 2030 and 2040.

Skuld stands ready to support our customers through the transition. We continue to invest in knowledge-building initiatives, and to learn from our members and the Norwegian maritime cluster. Our strategic initiatives include supporting the industry by utilising our growing in-house knowledge of alternative and carbon-neutral fuels. We aim to gain the understanding necessary to identify technology trends that could be important in the decades ahead. We further support our customers by developing and implementing new loss prevention methods and risk mitigation activities intended to counteract the physical risks associated with climate change.

Looking ahead

The shipping industry and the environment in which we operate are transforming fast as a consequence both of the energy transition and the direct effects of climate change. The transition is still proceeding in an orderly fashion. However, if it fails to deliver the desired results, future policy-based climate mitigation responses will become increasingly forceful, potentially leading to greater disruption.

Skuld fully acknowledges the high degree of uncertainty in trying to understand or model the implications of future climate developments. However, by continuously increasing our knowledge, developing our analytical tools, and adopting our strategies, we will be able to manage the risks and exploit the opportunities effectively.



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Governance, transparency, and integrity

Enhancing measures to counter financial crime

Skuld's Customer Due Diligence system is designed to detect and evaluate potential risks associated with money laundering, terrorism financing, and sanctions in our underwriting portfolio. It involves a thorough screening of all our customers, their ownership structures, and related individuals through a set of predefined checks aimed at identifying violations of sanctions and financial crime risks, including corruption. By enhancing data collection quality and updating the scoring model, and utilising analytics and risk monitoring, Skuld can gain more profound customer insights, improving our management of financial crime risks.

These client onboarding and monitoring tools and procedures also support UN SDG 16, which promotes peace, justice, and strong institutions, by reinforcing Skuld's adherence to sanctions and our fight against financial crime and corruption. The system has been vital in closely monitoring the rapidly changing sanctions regime over the past year.

Skuld's dedicated anti-financial crime officer oversees our ongoing efforts to enhance our due diligence measures and controls. This includes a continuous initiative to fortify our anti-money laundering and counter-terrorism





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measures by reassessing all of Skuld's operations. Further activities include ensuring relevant training for employees and a revision of related written procedures.

Adhering to transparent business practices

Bribery and corruption are detrimental to society and undermine the United Nations Sustainable Development Goals (SDGs). Skuld stands firmly against these practices in all their manifestations and is committed to conducting business in a way that is sustainable and beneficial to the community. To intensify efforts against corruption, Skuld has assessed its entire operations and reviewed and updated the key which establish its global framework for combating bribery and corruption. Additionally, we have revised our procedures for gifts and hospitality to ensure increased awareness among employees of potential corruption.

In addition to our internal efforts, we are dedicated to participating in collective action to address corruption within the maritime industry and have partnered with

the Maritime Anti-Corruption Network, a group of like-minded companies committed to promoting compliance with anti-corruption laws and eradicating corrupt practices. This commitment is echoed in Skuld's new Supplier Code of Conduct, which requires all suppliers to conduct their business with the highest ethical standards, integrity and transparency at all times.

Ensuring Data Privacy

We understand the critical importance of data security in maintaining the trust and confidence of our clients, and we're committed to continuous improvements in this area.

This year, a priority has been to further enhance our data protection framework and measures. This involves not only strengthening our existing data security protocols but also implementing new technology to further safeguard that we handle data with appropriate care. Skuld's new governance risk and compliance system, helps us to map all processes relating to the data privacy area to ensure that our internal procedures and controls

relating to data privacy are adequate. This also involves the establishment of new, and enhancement of existing controls. This creates a need for new training, and in 2024 we will focus on equipping Skuld employees with the necessary knowledge and skills to effectively manage and protect sensitive data, understand the potential risks, and follow the best practices for data security.

Raising awareness of whistleblowing and non-retaliation culture in Skuld

Speaking up about a questionable practice in the workplace is essential for uncovering, handling, or stopping misconduct. Therefore, a good whistleblowing framework that promotes freedom of speech and protects the whistleblower from any form of retaliation can help to correct and prevent unacceptable practices.

Skuld continues to foster a culture of openness and integrity by encouraging the communication of any corrupt, fraudulent, unethical, illegal, or otherwise

unacceptable behaviour. This proactive stance enhances our capability to uncover and rectify any improper conduct.

In Skuld, employees are encouraged to disclose observed or suspected incidents and violations that contravene internal or external regulations. The mechanism in Skuld's whistleblowing framework, allows for entirely anonymous reporting through an external whistle-blowing channel hosted by a law firm to facilitate secure and confidential submissions, shielding whistle-blowers from retaliation. To ensure its robustness, Skuld has tested the channel using simulated reports. In 2024 efforts will be aimed at further enhancing our internal procedures for handling whistleblowing.



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Human Rights and Decent Working Conditions (Transparency Act)

“Skuld is committed to respecting and promoting human rights and decent working conditions.”

Handling potential negative impacts on human rights and decent working conditions

Skuld is committed to respecting and promoting human rights and decent working conditions. As a global business, this includes a focus on respecting human rights in our own business, as well as in our supply chain and with our business partners. We will act ethically and with integrity in all our business dealings and relationships. That includes zero-tolerance

for modern slavery. We implement and enforce effective systems and controls to ensure modern slavery does not take place within Skuld or our supply chains. We state our zero-tolerance policy on slavery, human trafficking, and human rights abuses clearly in our global Code of Conduct. We pledge transparency on these issues wherever they are relevant or required.

Skuld's cross-functional Human Rights Working Group ensures that our commitment to human rights is embedded in the organisation. It works to map and





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assess how well Skuld, our suppliers, and our business partners adhere to fundamental human rights and whether employees enjoy decent working conditions.

The latest version of Skuld's report on human rights and decent working conditions will be available on www.skuld.com as required by the Transparency Act.

Own workforce

Skuld is a knowledge-based company headquartered in Norway. We have identified the main potential drivers of internal risk to human rights as discrimination and poor working hours. We believe measures in place are sufficient to manage those risks. Over time we have focused on work-life balance and prioritised employee well-being. We offer the flexibility of hybrid working and have delivered mental health training to our managers and employees. In addition, Skuld's Working Environment Committee (AMU), Co-operative Committee (SAMU) and Health & Safety Representatives help address risks within the workplace and are important forums for addressing working conditions.

Suppliers and Business Partners due diligence

Skuld's human rights due diligence assessment of our suppliers and business partners is a process that is continually exercised. The purpose is to identify and assess actual and potential negative scenarios where our suppliers and business partners could be involved and to implement suitable measures to cease, prevent, or mitigate their adverse impacts. The risk-based approach deployed directs greater focus towards higher-risk areas and to those where we have sufficient leverage to implement change. An initial high-level risk assessment that identifies the risk factors which pose the greatest threat is followed by a detailed mapping of suppliers and business partners. All suppliers and business partners with whom we transact more than NOK100,000 per year are included. We consider several risk factors, including geographic location, sector, and number of employees in our risk assessment of all suppliers and business partners within scope.

Subsequently, factors such as scale, probability and leverage are considered to decide which risks to prioritise for follow-

up and potential enforcement. Based on the outcomes of the risk assessment and in line with our risk-based approach, a group of suppliers and business partners are identified for follow-up measures. We issue self-assessment questionnaires to these companies to gain a greater understanding of their position on human rights and decent working conditions. Further action will then be considered on a case-by-case basis.

Measures to mitigate risk

We have integrated into Skuld's governance framework our commitment to respect and support human rights and decent working conditions, both internally and when working with suppliers and business partners. Our board-approved Human Rights Policy outlines Skuld's commitment to respect, support, and promote human rights. It includes our commitment to comply with the Norwegian Transparency Act in its references to:

- The UN Convention on Economic, Social and Cultural Rights from 1966.
- The UN Convention on Civil and Political Rights from 1966.

- The International Labour Organization's core conventions on fundamental rights and principles in working life.

Our Correspondent Guidelines have been updated to enhance their focus on human rights and decent working conditions. They make our expectation that suppliers adhere to these precepts clear. We seek continuously to improve our knowledge and work related to human rights. Our procedure for handling information requests under the Transparency Act is described in our Transparency Act Information Request Instruction. Skuld's Purchasing Instruction is to be updated to include human rights considerations, and a Supplier Code of Conduct has been introduced in 2023.

A separate report is published annually on www.skuld.com in line with the Norwegian Transparency Act within the end of June detailing the results of Skuld's analysis on its human rights impacts and that of the impact of its Suppliers and Business Partners.





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

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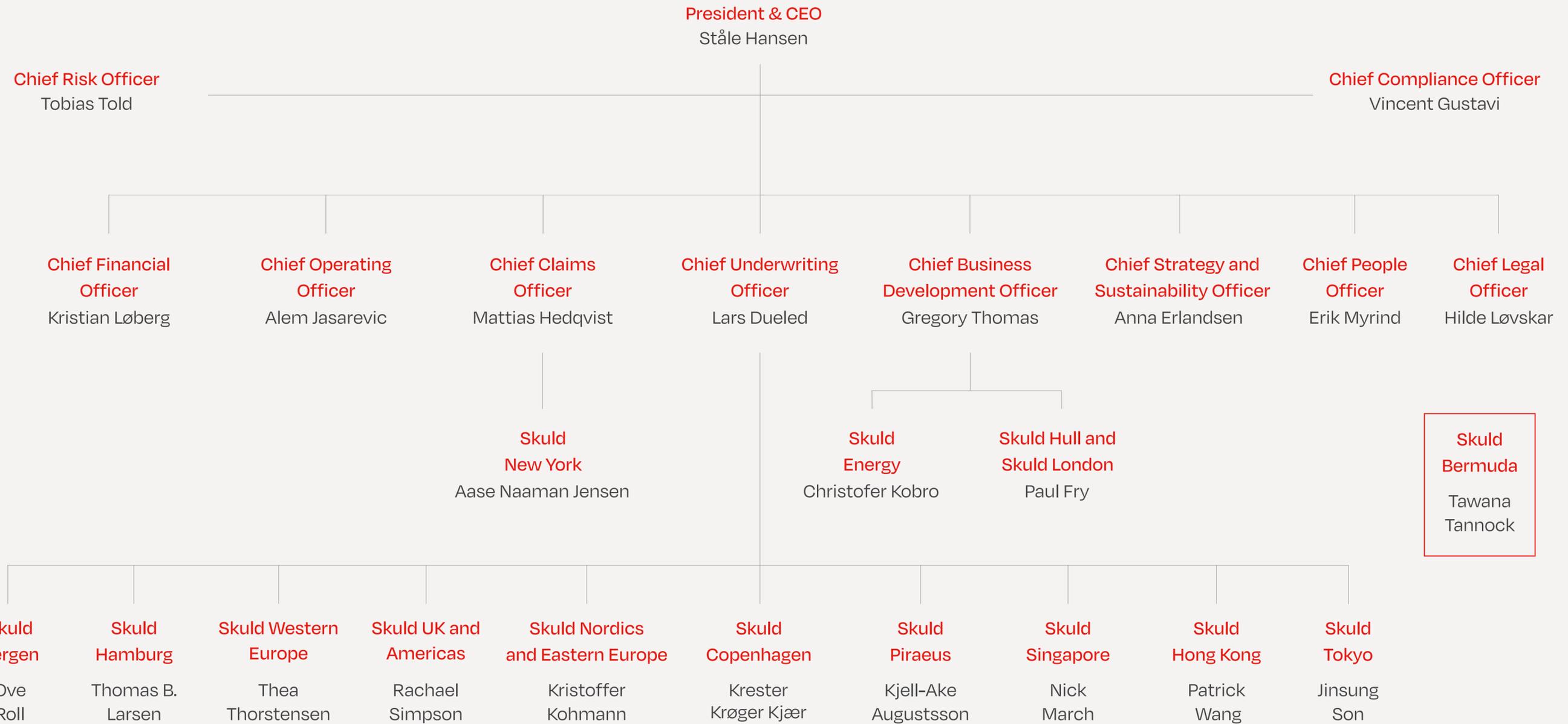


Figure 3. Skuld Organisation Chart



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Corporate governance

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)
- 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 Nomination 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 among 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 our robust Code of Conduct.

The President, CEO, and other members of senior management form the Executive Management. Their responsibility is to ensure that the instructions and

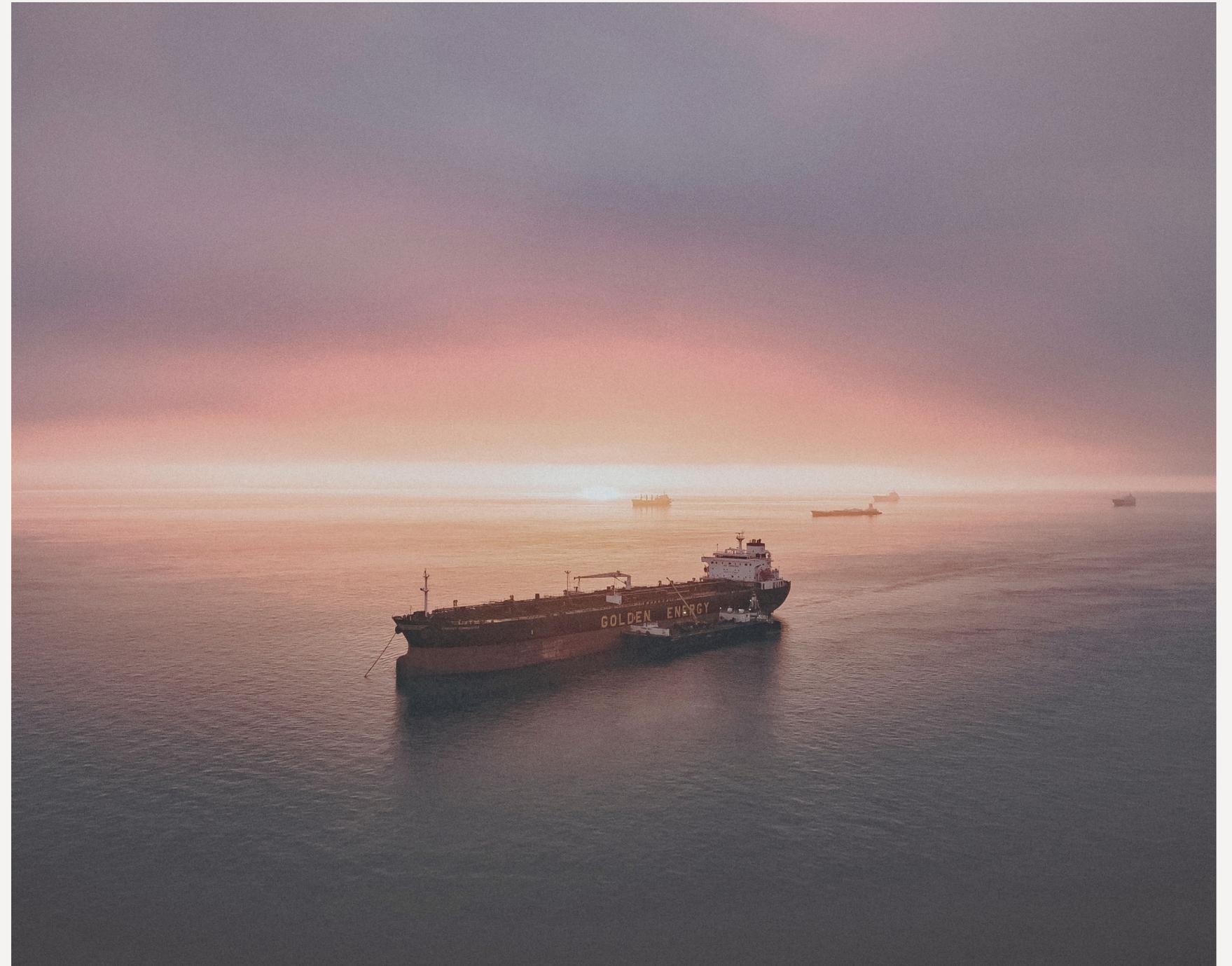


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recommendations of the governing bodies are carried out, and that Skuld operates efficiently. The Executive Management is vital to ensuring Skuld's vision is carried out through day-to-day operations that allow Skuld to deliver sustainable solutions.

Skuld aims to have open and transparent communication with members, employees and other stakeholders.

Code of Conduct describes our ethical commitments and requirements. It sets expectations for personal conduct and business practice. Areas covered include conflict of interest, fraud prevention, human rights and employment conditions. Together with other global policies, guidelines and legal requirements, Code of Conduct applies to all leaders, employees and others who perform services on behalf of Skuld.





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Annual accounts



Consolidated income and expenditure account

All figures in USD 1,000

TECHNICAL ACCOUNT	Note	2023/24	2022/23
Premiums and calls			
Gross earned premiums and calls	2	526 956	473 276
- Reinsurance premiums		- 91 590	- 81 275
Premiums and calls for own account	12, 13	435 366	392 001
Claims incurred			
Gross claims paid		390 282	352 592
- Reinsurance recoveries		- 103 539	- 98 044
Gross change in estimated outstanding claims		- 110 450	211 828
- Reinsurers' share		101 965	- 179 137
Claims incurred for own account	3, 12, 13	278 259	287 240
Operating expenses			
Acquisition costs		74 055	69 540
Administrative expenses	5	22 579	20 207
Net operating expenses	4	96 634	89 747
Balance carried to non-technical account		60 474	15 013

NON-TECHNICAL ACCOUNT	Note	2023/24	2022/23
Balance from technical account		60 474	15 013
Investment income			
Investment income		23 192	9 772
Unrealised gains / losses on investments		46 483	- 74 051
Realised gains / losses on investments		3 715	64 619
Total investment income / expenses		73 390	341
Investment management expenses			
Investment management expenses		1 167	1 158
Foreign exchange adjustments			
Foreign exchange adjustments		- 1 950	5 475
Balance before tax on ordinary activities		130 747	19 671
Taxes			
Tax expense / (income)		8 045	- 13 760
Other comprehensive income			
Net gain/(loss) on financial assets measured at fair value through OCI		5 830	- 1 263
Other income and expenses through OCI		- 956	- 522
Tax (expense) / income on other comprehensive income		- 1 276	178
Total other comprehensive income	1	3 598	- 1 607
Profit / loss		126 300	31 825
Members' Credit	1	- 10 360	0
Balance carried to members' funds		115 940	31 825



Balance sheet

All figures in USD 1,000

ASSETS	Note	20.02.2024	20.02.2023
Intangible assets			
Intangible assets	5	4 501	2 034
Total intangible assets		4 501	2 034
Financial assets			
Strategic investments		20	20
Equities	6	250 908	212 105
Fixed income	6	755 744	670 947
Other investments	6	30 954	29 610
Total financial assets		1 037 626	912 682
Debtors			
Reinsurers		16 681	31 272
Other debtors		6 160	4 986
Total debtors		22 840	36 258
Other assets			
Fixed assets	5	5 688	4 174
Cash at bank		166 713	176 822
Total other assets		172 401	180 996
Prepayments and accrued income			
Prepayments and accrued income		23 590	25 495
Total prepayments and accrued income		23 590	25 495
Total assets		1 260 958	1 157 466

LIABILITIES	Note	20.02.2024	20.02.2023
Technical provisions			
Gross provision for outstanding claims	8,9	986 650	1 107 176
Reinsurers' share	8,9	- 399 300	- 499 184
Provisions for outstanding claims for own account	8,9	587 349	607 991
Contingency reserve		551 387	444 626
- Members' funds	7	517 418	401 205
- Deferred cessation tax	1,7	33 970	43 421
Total technical provisions for own account	8,9	1 138 737	1 052 617
Provisions for other liabilities			
Pension liabilities		9 999	8 712
Deferred tax		16 415	9 361
Tax payable	7	39 358	29 503
Total provisions for other liabilities		65 772	47 575
Creditors			
Members and brokers		31 414	19 187
Reinsurers		0	19 792
Financial derivatives		347	918
Other creditors		11 920	10 460
Total creditors		43 681	50 357
Accruals and deferred income			
Accruals and deferred income		12 768	6 916
Total accruals and deferred income		12 768	6 916
Total liabilities		1 260 958	1 157 466



Paris, 15 May 2024

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sign.	sign.	sign.	sign.
<hr style="border: 0.5px solid #ccc;"/> KLAUS KJÆRULFF Chair of the Board	<hr style="border: 0.5px solid #ccc;"/> MARTIN LARSEN Vice Chair of the Board	<hr style="border: 0.5px solid #ccc;"/> TERJE HJ MICHELSEN Vice Chair of the Board	<hr style="border: 0.5px solid #ccc;"/> BERNT O. BODAL Board member
sign.	sign.	sign.	sign.
<hr style="border: 0.5px solid #ccc;"/> CATHERINE CHEUNG Board member	<hr style="border: 0.5px solid #ccc;"/> EIVIND EIDESVIK Board member	<hr style="border: 0.5px solid #ccc;"/> ERIK HÅNELL Board member	<hr style="border: 0.5px solid #ccc;"/> GERARD PATRONIS Board member
sign.	sign.	sign.	sign.
<hr style="border: 0.5px solid #ccc;"/> TRYGVE SEGLEM Board member	<hr style="border: 0.5px solid #ccc;"/> UTA URBANIAK-SAGE Board member	<hr style="border: 0.5px solid #ccc;"/> ANN-MARIE ÅSTRÖM Board member	<hr style="border: 0.5px solid #ccc;"/> DARIA AVDEEVA Employees representative
	sign.	sign.	
	<hr style="border: 0.5px solid #ccc;"/> MORTEN BJERREGAARD Employees representative	<hr style="border: 0.5px solid #ccc;"/> STÅLE HANSEN President & CEO	



Note 1

Accounting policy

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The accounts have been prepared according to regulations for Norwegian Insurance Companies and are prepared in USD. These sets of USD accounts are based on the official Norwegian accounts, but some reclassifications have been made in order to make the accounts comparable to the accounts of the other P&I clubs in the International Group. Reclassifications are technical provisions presented net of reinsurers' share and Members' Credit deducted from total profit and loss and not as a reduction of Gross earned premiums and calls.

The notes have been prepared in accordance with International Group of P&I Clubs' agreed accounting standards, hence they are a simplified version of the official accounts.

Basis of accounting

The accounts are prepared on an annual accounting basis and include the following:

- All premiums for policies commencing during the year.
- The cost of claims incurred and reinsurance for the current year.
- Any adjustments relating to earlier years.

- Operating expenses and investment income.

Consolidation

The consolidated accounts include the accounts for Assuranceforeningen Skuld (Gjensidig), Skuld Mutual Protection and Indemnity Association (Bermuda) Limited, Assuranceforeningen Skuld (Gjensidig)'s subsidiaries: Vika Management AS, Skuld Germany GmbH, Skuld Far East Ltd, Skuld Hellas Ltd, Skuld North America Inc, Skuld Services Ltd, and Skuld Prosjekt AS. Hydra Insurance Company Ltd, Skuld Holding Ltd, Skuld Investments Ltd and Skuld Re Ltd are fully-owned and controlled by Skuld Mutual Protection and Indemnity Association (Bermuda) Limited.

In the accounts, shares in subsidiaries, receivables from and payables to subsidiaries, and transactions between the companies within Skuld, have been eliminated.

Calls and Premiums

Gross premiums and calls include gross calls and supplementary calls, less return premiums and provisions for bad and

doubtful debts. These premiums and calls are the total receivable for the whole period of cover provided by the contracts commencing during the accounting period, together with any premium adjustments relating to prior accounting years and unearned premium for future accounting years. The gross premiums and calls include provisions for estimated future supplementary calls in respect of open policy years. The gross premiums and calls, reinsurance premiums, claims and commission to brokers are allocated to the policy year to which they relate.

Reinsurance premiums

These include premiums payable to market underwriters, charged to the consolidated income and expenditure account on an accruals basis.

Gross claims incurred

Gross claims incurred include all claims incurred during the year together with claims adjustment related to prior years and administration expenses. Gross provision for outstanding claims includes reported but not settled claims (RBNS) and an element of claims incurred but

not reported (IBNR). Provisions for claims are assessed individually by the claims handlers, and IBNR provision is based on empirical data for estimating the extent of subsequent claims based on statistical models. In addition, unallocated loss adjustment expenses are included in the technical provision for claims.

Reinsurance recoveries

Reinsurance recoveries are accrued to match relevant claims, and include estimated recoveries on estimated outstanding claims.

Operating expenses

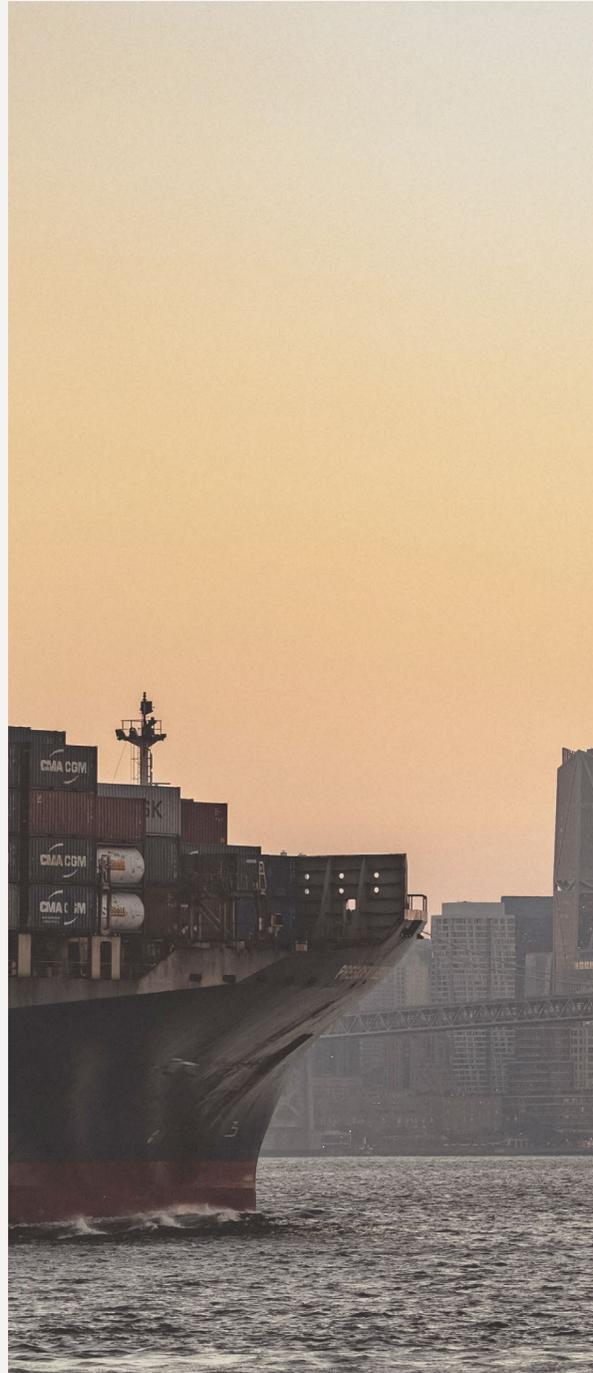
Operating expenses consists of acquisition cost and administrative expenses.

Foreign currency

Income and expenses in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate at the date of the balance sheet. Changes in valuations due to changes in exchange rates between the date of the transaction and the date



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of the balance sheet are recognised in the income statement.

Financial instruments

Effective from the fiscal year 2023 IFRS 9 Financial Instrument replaces IAS 39. For Skuld there is no implementation effects, only reclassifications between fair value through profit or loss and fair value through other comprehensive income.

Financial assets are initially recognised at fair value. The general principle is that financial assets are classified and measured at fair value through profit or loss. However, based on the business model for the portfolio and whether the cash flow is solely payment of principal and interest (SPPI-criteria) certain of Skuld's Fixed income instruments are classified as fair value through other comprehensive income.

Taxes

In 2018 the new tax regulations were approved with impact for the current financial year. In the transition to the new regulations, 75% of contingency reserve

was reclassified to members' funds, while the remaining balance of 25% was recognised as deferred cessation tax and will be payable over a 10-year period. Under the current tax regulations, Skuld can offset incurred claims against the provision for deferred cessation tax. Skuld has disputed the taxation of historical contingency reserve in tax papers since 2018. In 2022 a notice of adjustment of tax assessment was received, which has been challenged by Skuld to the Norwegian Tax Appeals Committee. Members' funds for 2023/24 is presented in accordance with the general tax regulations for insurance companies.

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax assets are recognised when it is probable that the association or group will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the

association or group no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset (long-term liabilities) in the balance sheet.

Other comprehensive income

Other comprehensive income consist of exchange differences on subsidiaries, profit / loss on financial instruments where the cash flow is solely payment of principal and interest (the "SPPI"-criteria) and remeasurement of deferred pension plan.



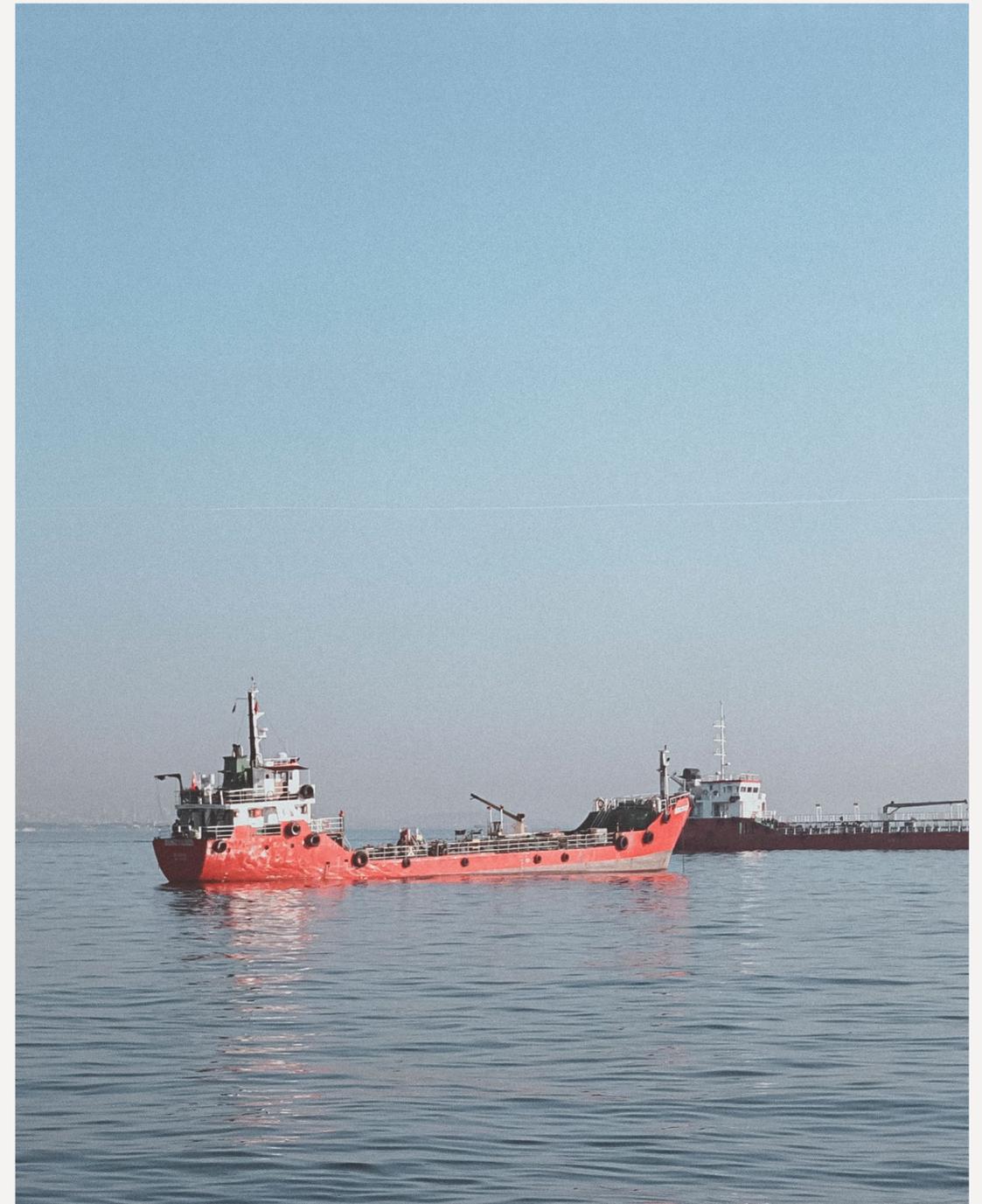
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Note 2

Gross earned premiums and calls distributed by geographical areas

All figures in USD 1,000

Area	2023/24	2022/23
Norway	56 364	49 879
European Economic Area (EEA)	163 182	136 759
Other areas	307 410	286 638
Total gross earned premiums and calls	526 956	473 276





Note 3

Net claims incurred

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All figures in USD 1,000	2023/24	2022/23
Gross claims paid		
Own claims	352 847	321 275
Group pooling arrangements	37 435	31 317
Gross claims paid	390 282	352 592
Reinsurance recoveries		
Group pooling arrangements	- 7 633	- 55 587
Market underwriters	- 95 906	- 42 457
Reinsurance recoveries	- 103 539	- 98 044
Net claims paid	286 743	254 548
Change in provision for gross claims		
Provision opening balance	1 107 176	917 595
Provision closing balance	986 650	1 107 176
Change in currency valuation at year end	10 076	22 248
Gross change in estimated outstanding claims	- 110 450	211 828

	2023/24	2022/23
Less movements in provision for reinsurers' share		
Provision opening balance	- 499 184	- 322 420
Provision closing balance	- 399 300	- 499 184
Change in currency valuation at year end	2 081	- 2 372
Reinsurers' share	101 965	- 179 137
Change in provision for future claims		
Net change in claims provision	- 8 485	32 692
Claims incurred for own account	278 259	287 240



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Note 4

Net operating expenses

All figures in USD 1,000

	CONSOLIDATED		ASSOCIATION	
	2023/24	2022/23	2023/24	2022/23
Administrative expenses	22 579	20 207	22 746	20 211
Commissions	45 303	43 006	30 200	37 785
Allocated underwriting expenses	24 385	21 823	24 566	22 053
Marketing	3 872	4 176	2 358	3 062
Surveys	495	535	491	531
Acquisition costs	74 055	69 540	57 615	63 431
Net operating expenses	96 634	89 747	80 361	83 642

In the consolidated income and expenditure account, direct claims cost and a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively.

In accordance with Schedule 3 of the international Group Agreement, the Association is required to disclose the Average Expense Ratio ("AER") for the Association's P&I business. The AER is calculated as operating expenses divided by premium and investment income. The operating expenses include all expenditure incurred in operating the Association's P&I business, excluding expenditure dealing with claims and a reasonable allocation of general overhead expenses. The premium includes all earned premium allocated to the policy year of origin.

For the five-year period ended 20 February 2024, a ratio of 12.2% (12.7% at 20 February 2023) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant Financial Statements.



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Note 5 Fixed and intangible assets

All figures in USD 1,000

	Fixed assets	Intangible assets
Cost at 20.02.23	11 724	9 982
Purchases in the year	2 266	3 286
Sales / Scrapping in the year	1 622	2 742
Cost at 20.02.24	12 369	10 527
Accumulated depreciation	6 072	6 635
Net book value 20.02.24	6 297	3 892
Depreciation this year	652	687

Note 6 Financial investments

All figures in USD 1,000

	20.02.24 Market value	20.02.23 Market value
Equities		
Equities	250 908	212 105
Total equities	250 908	212 105
Fixed income		
Debt Funds	306 014	286 011
Central Government Bonds	242 442	208 955
Money Market funds	207 289	175 971
Total fixed income	755 744	670 947
Other investments		
Hedge Funds	13 767	12 922
Infrastructure	13 636	12 348
Private Equity	3 551	4 341
Total other investments	30 954	29 610



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Note 7

Members' funds and contingency reserve

All figures in USD 1,000	2023/24	2022/23
Members' funds opening balance	401 205	370 701
Other changes in members' funds	272	- 1 321
Balance carried forward to members' funds	115 940	31 825
Members' funds closing balance	517 418	401 205
Deferred cessation tax	33 970	43 421
Contingency reserve closing balance	551 387	444 626

The Norwegian Ministry of Finance have for a number of years been working on new tax regulations for insurance companies. In 2018 the new tax regulations were approved with impact from financial year 2018. Skuld has disputed the taxation of historical contingency reserve in tax papers since 2018. In 2022 a notice of adjustment of tax assessment was received, which has been challenged by Skuld to the Norwegian Tax Appeals Committee. Members' funds for 2023/24 is presented in accordance with the general tax regulations for insurance companies.

Deferred cessation tax will be payable over a 10-year period starting from financial year 2018/19. The liability is in NOK and will fluctuate with currency.

Incurred claims can be offset against deferred cessation tax, hence presented as part of the contingency reserve.





Note 8

Provisions for outstanding claims by policy year

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All figures in USD 1,000	2023	2022	2021	Closed years	Total
Gross estimated outstanding including IBNR	177 594	153 596	146 507	395 485	873 181
The Association's estimated share of other associations' pool-claims including IBNR	20 949	10 301	25 972	56 246	113 469
Gross provision for outstanding claims	198 543	163 897	172 479	451 731	986 650
Estimated outstanding recoveries including IBNR from:					
Pooling agreements	0	0	7 224	58 586	65 810
Group excess loss	0	0	0	6 728	6 728
Other reinsurers' share	9 272	21 617	61 146	234 727	326 763
Total estimated outstanding recoveries	9 272	21 617	68 370	300 041	399 300
Provisions for outstanding claims for own account	189 271	142 280	104 109	151 690	587 349
Members' funds	59 843	47 483	- 12 982	423 075	517 418
Deferred cessation tax	0	0	0	33 970	33 970
Technical provisions for own account	249 113	189 762	91 127	608 734	1 138 737



Note 9

Technical provisions for own account

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All figures in USD 1,000	20.02.24	20.02.23
P&I		
Gross estimated outstanding including IBNR	705 169	836 268
The Association's estimated share of other associations' pool-claims including IBNR	113 469	123 915
Gross provision for outstanding claims	818 638	960 183
Estimated outstanding recoveries from:		
Pooling agreements	- 65 810	- 65 617
Other reinsurers' share	- 326 484	- 425 887
Total estimated outstanding recoveries	- 392 294	- 491 504
Provision for outstanding claims for own account P&I	426 344	468 679

	20.02.24	20.02.23
Physical damage, FD&D and other		
Gross estimated outstanding including IBNR	168 012	146 993
Gross provision for outstanding claims	168 012	146 993
Estimated outstanding recoveries from:		
Other reinsurers' share	- 7 007	- 7 680
Total estimated outstanding recoveries	- 7 007	- 7 680
Provision for outstanding claims for own account Physical damage, FD&D and other	161 005	139 313
Total P&I, Physical damage, FD&D and other		
Provision for outstanding claims for own account	587 349	607 991
Members' funds	517 418	401 205
Deferred cessation tax	33 970	43 421
Technical provision for own account	1 138 737	1 052 617



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Note 10 Off-balance sheet items

Guarantees

Bank Guarantees and "Club Letter of Guarantees" amounting in total to USD 863.2 million have been issued in connection with claims, of which the latter makes up by far the greater part. The face value of these guarantees greatly exceeds the expected payments from the related claims. The expected payments from these claims are fully covered in the provisions made for outstanding claims.

The Association entered into a 10-years lease period for the Oslo office building commencing 1 June 2012, prolonged with 5 + 5 years.





Note 11

Risk management and reporting

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Skuld's core business is marine insurance, and underwriting risk is Skuld's main risk. Skuld is further exposed to financial risk, i.e. market risk and liquidity risk, due to investment activities. Internal risks, of which sanctions risk is currently the most significant, originate from within the organisation, while Skuld at the same time operates in a risk landscape, being affected by a number of external risks. Skuld's business operations and the way risks are being dealt with may give rise to reputational risk.

Skuld measures its financial risk through monthly calculations of solvency capital requirements with the standard formula.

Underwriting risk

The main documents for managing underwriting risk are Skuld's underwriting policy, describing management of

underwriting risk, and more detailed underwriting instructions. In order to mitigate underwriting risk reinsurance is applied to ensure that underwriting risk is kept within risk appetite. Skuld's reinsurance policy describes the management of the reinsurance process.

Financial Risk

Financial risk consists of market risk, counterparty default risk and liquidity risk. Skuld is exposed to these types of risk through investment activities and the reinsurance programme.

Total risk tolerance for market risk is described in Skuld's risk appetite statement. Investment mandates are established to respect these risk limits. The investment strategy details the operationalisation of investment beliefs, policy and mandates.

Skuld's liquidity strategy details a framework and guidelines for ensuring adequate cash management to meet liabilities in due time.

Market risk

To improve the risk/return relationship funds are invested across a large number of asset classes. Fund of fund vehicles are used to reduce manager risk in private equity.

The majority of equity holdings are invested in passively managed index tracking funds. These funds are benchmarked against an adjusted Bloomberg World Large & Mid Cap Total Return Index. This implies a risk profile consistent with the global equity market, without overweighting specific sectors, countries or regions. The index is widely diversified, including both developed and

emerging countries, large- and mid-cap stocks.

Shifts in interest rates will have an effect in the financial statement because outstanding claims are held at nominal value and are not adjusted to net present value. This implies that increased interest rates could cause a drop in Skuld's assets while the liabilities are unchanged. In real economic terms the net present value of the liabilities will have the same drop and the total effect will be limited. Surplus assets will be exposed to the same risks, as they include fixed income instruments and holdings in other currencies than USD.

Counterparty default risk

Bond issuers, account receivables, bank deposits and reinsurers represent important counterparty risks. The majority of bond holdings consist of high rated



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issues. The average rating of bonds is AA (as defined by S&P). Minimum rating requirements are applied to reinsurers and banks, enabling efficient control of counterparty risk. Bank guarantees issued in favour of the group shall not be rated below A.

Liquidity risk

Liquidity is controlled by placing parts of financial assets in instruments that are highly liquid. A separate portfolio containing liquid bank deposits ensures sufficient cash resources to meet Skuld's daily obligations.

Operational risk

For operational risk, regulations require calculation of risk capital. Unlike for financial risks there is, however, no connection between risk capital and actual risk level, so that risk capital calculations have no real control function for operational risk. A risk assessment process, carried out at least bi-annually, as well as incident reporting and the follow-up of incidents are important tools to manage operational risk

Sustainability risk

Sustainability risk are factors with potential consequences for the climate and environment or socio-economic consequences.

Skuld considers especially the following risks within this category:

- i. reputational, regulatory and financial risk of making insufficient progress in addressing sustainability issues,
- ii. physical impact of climate change and potential consequences for Skuld's portfolio,
- iii. risks connected with the transition to a lower carbon economy, and
- iv. liability risks.

Current risk landscape

Global instability is increasing with a potential escalation of Russian aggression in Europe. The war between Israel and Hamas has heightened tensions in the Middle East, leading to attacks on Red Sea shipping which reshape global trade routes and push up costs. This again has led to a number of war exclusions, all of which are mirrored in P&I terms and

conditions and additional clauses. After a period with uncommon scarcity of large claims, recent development may indicate a return to a more normalised claims environment.

Rapid technological development in a world with escalating global tensions increases cybersecurity risk. Threat actors are often state-sponsored, and their use of technology will likely develop faster than the ability of open democracies to protect themselves.

The sanctions regime following the Russian invasion of Ukraine is extensive, and restrictions have been escalating rapidly. However, it has not proven to be very effective in damaging the Russian economy and military output, but it represents a considerable regulatory burden.



Note 12

Policy year statement by class as at 20.02.24

All figures in USD 1,000

	P&I	2023	2022	2021	Physical damage, FD&D and other	2023	2022	2021
01 CEO's report								
02 Chair of the Board's report	Advance calls, releases and other gross premiums charged in:				Advance calls, releases and other gross premiums charged in:			
03 Our role in society	Years to 20 February 2022	0	0	266 119	Years to 20 February 2022	0	0	70 859
04 Highlights	Year to 20 February 2023	0	293 481	23 898	Year to 20 February 2023	0	80 838	67 126
05 Key figures	Current financial year	334 222	27 140	255	Current financial year	88 431	72 718	3 794
06 Good health and well-being		334 222	320 621	290 271		88 431	153 555	141 779
07 Service and teamwork	Supplementary calls levied in:				Supplementary calls levied in:			
08 We are committed	Years to 20 February 2023	0	0	0	Years to 20 February 2023	0	0	0
09 ESG Highlights	Current financial year	0	0	0	Current financial year	0	0	0
10 Skuld sustainability platform		0	0	0		0	0	0
11 Skuld materiality matrix								
12 Our impact	Total calls and premiums	334 222	320 621	290 271	Total calls and premiums	88 431	153 555	141 779
13 Annual accounts	Reinsurance premiums	- 71 840	- 64 543	- 49 451	Reinsurance premiums	- 15 255	- 10 690	- 7 548
14 GRI index		262 382	256 078	240 820		73 177	142 866	134 231
	Claims incurred net of reinsurance recoveries	- 188 133	- 176 229	- 225 419	Claims incurred net of reinsurance recoveries	- 69 160	- 102 302	- 98 955
	Net underwriting profit	74 249	79 849	15 401	Net underwriting profit	4 017	40 564	35 276
	Net operating expenses	- 61 514	- 58 950	- 51 538	Net operating expenses	- 20 516	- 30 788	- 27 713
	Net investment income	49 206	- 432	2 041	Net investment income	22 444	3 479	331
	Taxes	- 7 340	13 028	12 333	Taxes	- 704	733	887
	Total P&I	54 602	33 495	- 21 762	Total Physical damage, FD&D and other	5 240	13 988	8 780
					Total P&I, Physical damage, FD&D and other	59 843	47 483	- 12 982

Calls and premiums, reinsurance premiums, claims and commission to brokers are allocated to the policy year to which they relate. A part of the fixed premiums for the policy year 2023 will be earned in 2024. Operating expenses and investment income have been allocated to the policy year corresponding to the accounting year.



Note 13

Policy year statement as at 20.02.24 – Mutual and fixed business

All figures in USD 1,000

Mutual	2023	2022	2021
Total calls and premiums	253 868	220 053	195 706
Reinsurance premiums	- 38 229	- 33 362	- 25 325
	215 639	186 691	170 381
Claims incurred net of reinsurance recoveries	- 155 868	- 129 563	- 173 692
Net underwriting profit	59 772	57 129	- 3 312
Net operating expenses	- 46 432	- 41 608	- 35 880
Net investment income	34 510	1 032	4 038
Taxes	- 5 670	9 241	8 051
Total Mutual	42 180	25 795	- 27 102

Calls and premiums, reinsurance premiums, claims and commission to brokers are allocated to the policy year to which they relate. A part of the fixed premiums for the policy year 2023 will be earned in 2024. Operating expenses and investment income have been allocated to the policy year corresponding to the accounting year.

Fixed	2023	2022	2021
Advance calls, releases and other gross premiums charged in:			
Years to 20 February 2022	0	0	140 247
Year to 20 February 2023	0	153 617	92 167
Current financial year	168 785	100 506	3 930
	168 785	254 123	236 344
Total calls and premiums	168 785	254 123	236 344
Reinsurance premiums	- 48 866	- 41 871	- 31 673
	119 920	212 252	204 671
Claims incurred net of reinsurance recoveries	- 101 425	- 148 968	- 150 681
Net underwriting profit	18 494	63 284	53 989
Net operating expenses	- 35 598	- 48 130	- 43 372
Net investment income	37 141	2 016	- 1 667
Taxes	- 2 374	4 519	5 169
Total Fixed	17 663	21 688	14 120
Total Mutual and Fixed business	59 843	47 483	- 12 982



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GRI indicator	Disclosure title	Disclosure
2-1	Organisational details	www.skuld.com/about/
2-2	Entities included in the organisation`s sustainability reporting	www.skuld.com/about/facts--figures/
2-3	Reporting period, frequency and contact point	Annual Report and the traditional P&I coverage year 20.02.23-20.02.24
2-4	Restatements of information	No restatements
2-5	External assurance	No external assurance
2-6	Activities, value chain and other business relationships	www.skuld.com/about/facts--figures/ skuld.com/products/ www.skuld.com/about/service/
2-7	Employees	Global network - One team page 30
2-9	Governance structure and composition	www.skuld.com/about/governance/
2-10	Nomination and selection of the highest governance body	www.skuld.com/about/governance/board-of-directors/ www.skuld.com/about/governance/ www.skuld.com/contentassets/11b0345af9b-84481864d42ae63520f70/2023_skuld_statutes.pdf
2-11	Chair of the highest governance body	www.skuld.com/about/governance/board-of-directors/ www.skuld.com/about/governance/ www.skuld.com/contentassets/11b0345af9b-84481864d42ae63520f70/2023_skuld_statutes.pdf
2-12	Role of the highest governance body in overseeing the management of impacts	www.skuld.com/about/governance/board-of-directors/ www.skuld.com/contentassets/11b0345af9b-84481864d42ae63520f70/2023_skuld_statutes.pdf
2-14	Role of the highest governance body in sustainability reporting	Chief Strategy and Sustainability Officer
2-15	Conflict of interest	www.skuld.com/contentassets/11b0345af9b-84481864d42ae63520f70/2023_skuld_statutes.pdf
2-17	Collective knowledge of the highest governance body	Skuld Sustainability Platform Page 37-42



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GRI indicator	Disclosure title	Disclosure
2-18	Evaluation of the performance of the highest governance body	www.skuld.com/contentassets/11b0345af9b-84481864d42ae63520f70/2023_skuld_statutes.pdf Annual Board Self-assessment
2-22	Statement on the sustainable development strategy	Committed to sustainability. Page 32
2-23	Policy commitments	Governance, transparency, and integrity page 84-87
2-24	Embedding policy commitments	Governance, transparency, and integrity page 84-87
2-25	Process to remediate negative impacts	Governance, transparency, and integrity page 84-87
2-26	Mechanisms for seeking advice and raising concerns	www.skuld.com/about/code-of-conduct/
2-27	Compliance with laws and regulations	Governance, transparency, and integrity page 84-87
2-28	Membership associations	www.skuld.com/about/sponsorships/
2-29	Approach to stakeholder engagement	Skuld stakeholders page 42
201-1	Direct economic value generated and distributed	Page 14-21
201-2	Financial implications and other risks and opportunities due to climate change	Page 14-21
201-4	Financial assistance received from government	None
205-1	Operations assessed for risks related to corruption	Governance, transparency, and integrity page 84-87
205-2	Communication and training about anti-corruption policies and procedures	Governance, transparency, and integrity page 84-87
205-3	Confirmed incidents of corruption and actions taken	Governance, transparency, and integrity page 84-87
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Governance, transparency, and integrity page 84-87



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GRI indicator	Disclosure title	Disclosure
302-1	Energy consumption within the organisation	Decarbonisation and emissions 44-51
302-2	Energy consumption outside of the organisation	Decarbonisation and emissions 44-51
302-3	Energy intensity	Decarbonisation and emissions 44-51
302-4	Reduction of energy consumption	Decarbonisation and emissions 44-51
302-5	Reductions in energy requirements of products and services	Decarbonisation and emissions 44-51
305-2	Energy indirect (scope 2) GHG emissions	Decarbonisation and emissions 44-51
305-3	Other indirect (scope 3) GHG emissions	Decarbonisation and emissions 44-51
305-4	GHG emissions intensity	Decarbonisation and emissions 44-51
305-5	Reduction of GHG emissions	Decarbonisation and emissions 44-51
306-3	Waste generated	Decarbonisation and emissions 44-51
401-1	New employee hires and employee turnover	Employee diversity and inclusion 65-76
401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Employee diversity and inclusion 65-76
401-3	Parental Leave	Employee diversity and inclusion 65-76
402-1	Minimum notice periods regarding operational changes	Governed by Norwegian Law
403-1	Occupational health and safety management system	Health and well-being page 60-64
403-2	Hazard identification, risk assessment, and incident investigation	Health and well-being page 60-64
403-3	Occupational health services	Health and well-being page 60-64



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GRI indicator	Disclosure title	Disclosure
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and well-being page 60-64
403-5	Worker training on occupational health and safety	Health and well-being page 60-64
403-6	Promotion of worker health	Health and well-being page 60-64
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and well-being page 60-64
403-8	Workers covered by an occupational health and safety management system	Health and well-being page 60-64
403-9	Work-related injuries	None
403-10	Work-related ill health	None
404-2	Programs for upgrading employee skills and transition assistance programs	Activity and reporting obligations 74-76
405-2	Ratio of basic salary and remuneration of women to men	Employee diversity and inclusion 65-76
406-1	Incidents of discrimination and corrective actions taken	None
408-1	Operations and suppliers at significant risk for incidents of child labor	Governance, transparency, and integrity page 84-87
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Governance, transparency, and integrity page 84-87
413-1	Operations with local community engagement, impact assessments, and development programs	Skuld Walking for Seafarers page 78
414-1	New suppliers that were screened using social criteria	Governance, transparency, and integrity page 84-87
414-2	Negative social impacts in the supply chain and actions taken	Governance, transparency, and integrity page 84-87
415-1	Political contributions	None

Table 11. GRI Index



What do you think of this report?



Do you have questions?

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What do you think of this report?

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Rest assured.