



Steamship Mutual and Sustainability

#MutualVision

Introduction

The role that the shipping industry plays in sustaining world trade and economic activity cannot be understated. Around 80% of all goods are transported by sea, and ships are the most efficient means of transporting large quantities of raw materials and products over considerable distances and are likely to remain so for many decades to come. If any illustration is required to emphasise the importance of shipping to the sustainability of world business operations, one need look no further than the grounding of the container vessel “EVER GIVEN” in the Suez Canal in March 2021 to see the considerable disruption that flowed from that incident and the associated interruption of traffic through that strategically important waterway. Shipping therefore has a key sustainability function.

Simply by virtue of the environment in which it operates, shipping is also an industry that is beset by risk. It would be extremely challenging, potentially impossible, for it to survive without insurance to protect against the ever-growing liabilities to which shipping operations are inevitably exposed. Steamship Mutual is a member of the International Group of P&I Clubs (IG), and the thirteen individual P&I Clubs that currently constitute the IG play a vital role in sustaining the commercial operations of their ship owner and charterer Members, both individually and collectively.

The insurance that Steamship Mutual provides to its Members provides protection against the liabilities to which they become exposed through their ship operating activities. These liabilities include amongst many others, responsibility for the consequences of pollution, illness injury or loss of life of crew, and obligations in relation to wreck removal. Liabilities in these categories have significant environmental and social relevance. As will be outlined later in this report, Steamship Mutual’s approach to claims handling, and the importance that is attached to mitigating the consequences of incidents that give rise to liabilities in these, and indeed other areas, has important sustainability relevance.



Steamship Mutual has been providing P&I insurance to its Members since 1909 and the longevity of that service of itself points to a business that has clearly been sustainable. Against that background, it may seem somewhat strange that this should be our inaugural Sustainability Report. However, and notwithstanding that sustainability has underpinned the Club's activities throughout, as this report will illustrate, it is only relatively recently that sustainability has acquired the prominence and focus that it currently has in all businesses.

The predominant threat to global sustainability and most pressing topic in the shipping industry is the unchecked effects of climate change. Climate change presents two main areas of risk for the shipping industry and the P&I Clubs that support it. The first is the physical risk that arises from more severe and more frequent weather events such as tropical storms, and excessive rainfall or droughts that affect water levels in navigable waterways. The second is the transitional risk associated with the new fuels and propulsion technology required as the shipping industry pursues the International Maritime Organisation (IMO) targets for the decarbonisation of shipping. These targets require by 2050 a 50% reduction in Greenhouse Gas (GHG) emissions compared to the levels of 2008.

We believe the Club and its Managers have an important role to play supporting both existing and potential Members in their own ESG and sustainability agendas, including supporting their transitions to zero carbon fuels, meeting new and evolving regulatory requirements and embracing new and emerging technologies. We keep under constant review the question of what more we might offer existing and potential Members by way of support through loss prevention, finding underwriting solutions to new issues, and ensuring we are well-placed to give advice and guidance on contractual and regulatory issues. This is something we can do as Managers, as a Club and through our engagement with the IG.

In this report we will describe the various ways in which the activities of Steamship Mutual and its Managers contribute to sustainability against the framework of the United Nations Sustainable Development Goals (SDGs).



Governance

The Club is an association of ship owner Members who together provide mutual insurance with the objective of providing protection and indemnity on a not-for-profit basis for a wide range of risks defined by the Club's Rules.

The P&I insurance protection that our Members require is provided by Steamship Mutual Underwriting Association Limited, London (SMUAL) and Steamship Mutual Underwriting Association (Europe) Limited, Cyprus (SMUAE). Both SMUAL and SMUAE are mutual P&I Associations and are members of the IG and participants in the IG Pool and reinsurance arrangements, along with The Steamship Mutual Underwriting Association (Bermuda) Limited, which is reinsured by The Steamship Mutual Trust (hereinafter collectively referred to as 'the Club').

The Club has appointed Managers, Steamship P&I Management LLP who are responsible for the day-to-day handling of claims and the administration of the Club's financial and underwriting functions in accordance with the policies laid down by the Club Boards of Directors and using representatives in Hong Kong, Limassol, London, Piraeus, Rio de Janeiro, Singapore, Tokyo and Bermuda.

The Club Boards of Directors, to whom the Managers report, are principally comprised of senior executives drawn from a selection of the Club's shipowning Members and are as representative as possible of the geographical and vessel-type diversity of the Club's entered tonnage.



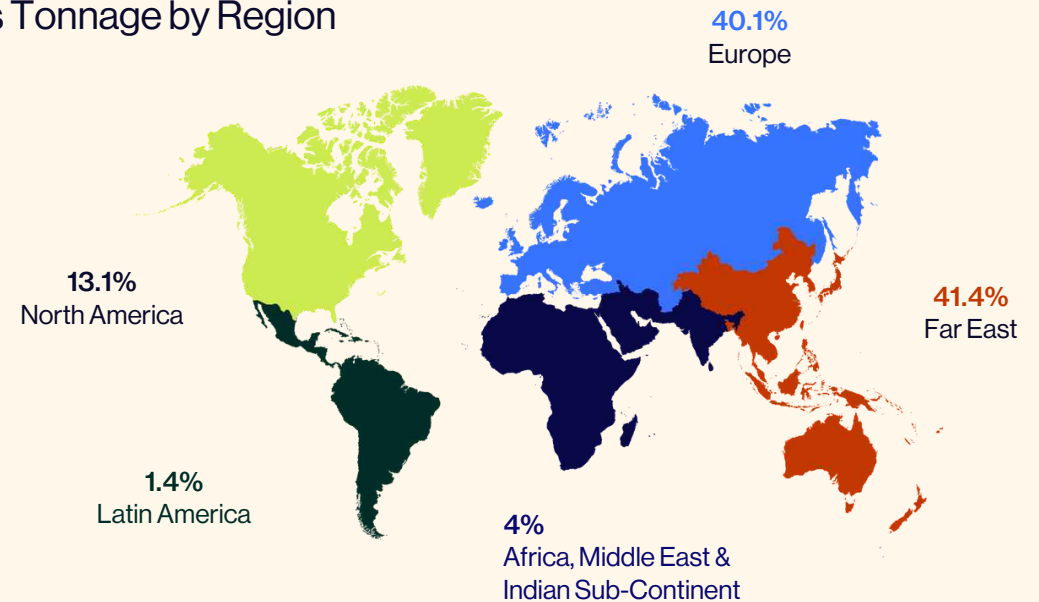
Business Model

As at 20 February 2022 Steamship Mutual insured over 110 million GT of owned business, and total entered tonnage, including chartered, was 195 million GT. The growth in owned tonnage compared to the preceding year was 14.8%.

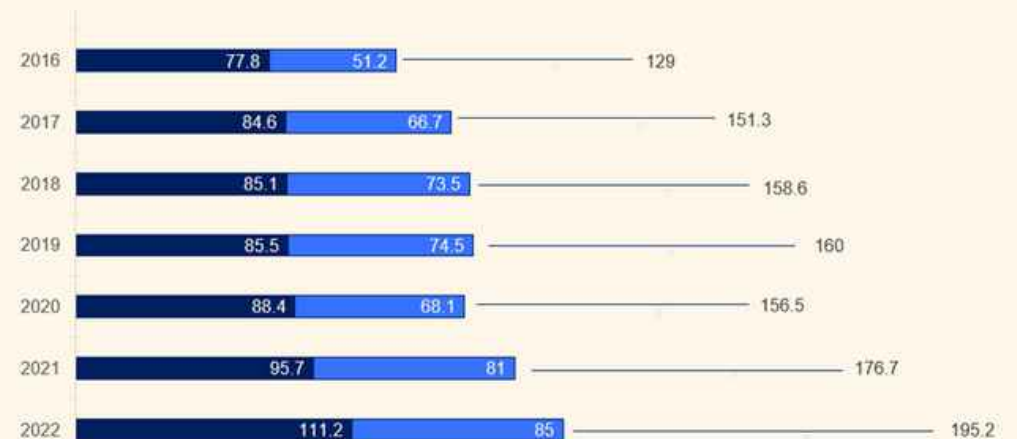
For many years the Managers have firmly believed that business strength and stability is to be derived from the diversity of its entered tonnage, both in terms of vessel type and geographical location, and rigorous risk selection.

The growth and strength of the Club's business is very heavily dependent upon the quality of service provided to the Club's Members and other stakeholders by the personnel in all its offices. In the last ten years the number of offices has increased significantly. Their proximity to the Club's Members in the cities or regions they serve, and the service levels they deliver have contributed very substantially to the steady growth in entered tonnage that the Club has experienced in recent years.

Gross Tonnage by Region



Owned and Chartered Tonnage



Figures as at 20 February

Our Offices



Mutual Vision

Steamship Mutual's aim is to provide a comprehensive high-quality P&I service backed by sound underwriting and strong reserves. The Managers are determined to ensure that these objectives continue to be met.

Members choose to place their business with Steamship Mutual for reasons of financial stability, service, creativity, and flexibility. It is these qualities that attract new Members, and which bolster our reputation within the IG and support our sustainability.

Members remain at the centre of the Club and Managers' business, and we strive to offer them the best advice and support wherever they are around the world, an objective that is supported by our network of overseas offices.

We firmly believe that the service we provide to Members will help define our future success and the sustainability of the Club.

With over 110 years' experience in P&I we always support Members and find insurance solutions to suit their needs and risk appetite. This specialism in P&I is our strength.

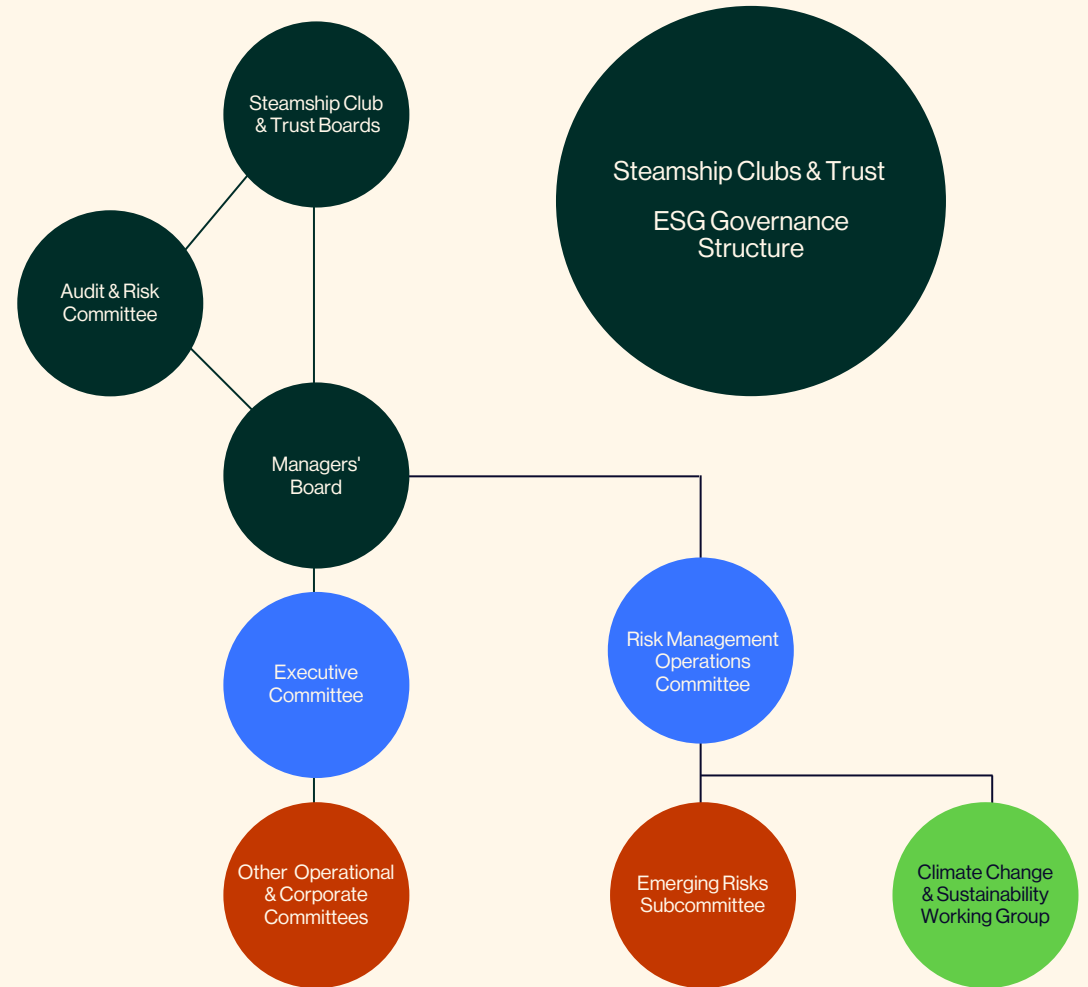
Steamship Mutual and its Managers aim to fulfil the Club's primary insurance function in an environmentally and socially responsible manner. This includes aiming to minimise the impact of its operations on the environment and ensuring the well-being of employees.

Sustainability at Steamship Mutual

At the beginning of 2020 the Managers established a Climate Change Working Group that was tasked to examine the financial risks to the business arising from climate change. That working group comprised many of the Managers' senior executives drawn from all operational departments. The initial work of that group was to assess the potential financial risks to which the business was exposed by conducting several climate related stress tests, details of which were incorporated in the Group Solvency Self-Assessment (GSSA)/Own Risk Solvency Assessment (ORSA) reports and conveyed within the publicly available Financial Condition Report (FCR). The FCR provides an overview of Steamship's solvency and financial condition covering business performance, its system of governance, the adequacy of its risk profile and a description of its capital management.

More recently that working group has widened its focus to become the Climate Change and Sustainability Working Group ("CCSWG") reporting to the Risk Management Operations Committee. The participants in that working group have been closely involved in the preparatory work leading to the development of this report. In approaching the topic, we will be examining the contributions to sustainability attributable both to the activities of the Club as an insurer of P&I liabilities, as well as the activities of the Club's Managers.

In this, our first Sustainability Report, we have been guided by Global Reporting Initiative (GRI) standards, and for future iterations of this report we aim to align more closely with those standards. The work we have been and are currently doing, alongside this report, will assist us to further develop formal targets and goals with additional quantifiable performance indicators to monitor our progress going forward.



Stakeholder Analysis

The Club and its Managers attach great importance to the interests of stakeholders in business decision making. These stakeholders include:

- The Club Boards of Directors
- Members (and Brokers)
- Reinsurers
- Employees (actual and potential)
- Government Authorities/Regulators
- The International Group of P&I Clubs and Industry Organisations
- Banks and Ratings Agencies
- Service Providers, Correspondents and Suppliers
- Auditors



Materiality Matrix

An analysis of the impact of business activities on the economic, environmental, and social aspects of sustainable development considering the interests of stakeholders has identified and prioritised material topics. They are:

1. Biodiversity, Marine Life, and Coastal Areas
2. Political Engagement and Partnerships
3. Well-being and Development of Employees
4. Resource Management and Emissions
5. Risk Management
6. Compliance and Ethics

Material Topics per Stakeholder Group

Relevant Stakeholder Group	Material Topic
The Club Boards of Directors	<ul style="list-style-type: none"> Biodiversity, Marine Life, and Coastal Areas Well-being and Development of Employees Resource Management and Emissions Risk Management Compliance and Ethics
Members (and Brokers)	<ul style="list-style-type: none"> Biodiversity, Marine Life, and Coastal Areas Political Engagement and Partnerships Well-being and Development of Employees Risk Management Compliance and Ethics
Reinsurers	<ul style="list-style-type: none"> Biodiversity, Marine Life, and Coastal Areas Political Engagement and Partnerships Risk Management Compliance and Ethics
Employees (actual and potential)	<ul style="list-style-type: none"> Biodiversity, Marine Life, and Coastal Areas Political Engagement and Partnerships Wellbeing and Development of Employees Resource Management and Emissions Risk Management Compliance and Ethics





Material Topics Per Stakeholder Group

Relevant Stakeholder Group	Material Topic
Government Authorities/Regulators	Political Engagement and Partnerships Resource Management Emissions Risk Management Compliance and Ethics
The International Group of P&I Clubs and Industry Organisations	Biodiversity, Marine Life, and Coastal Areas Political Engagement and Partnerships Risk Management Compliance and Ethics
Banks and Ratings Agencies	Risk Management Compliance and Ethics
Service Providers, Correspondents and Suppliers	Biodiversity, Marine Life, and Coastal Areas Well-being and Development of Employees Risk Management Compliance and Ethics
Auditors	Well-being and Development of Employees Resource Management and Emissions Risk Management Compliance and Ethics

We have identified the following seven of the 17 UN Sustainable Development Goals as areas of focus for the various material topics:

UN SDG and Material Topic

 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Well-being and Development of Employees</p> <p>Political Engagement and Partnerships</p>
 <p>5 GENDER EQUALITY</p>	<p>Well-being and Development of Employees</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Well-being and Development of Employees</p> <p>Risk Management</p>

3

We promote the health, well-being, and development of employees through a safe working environment, fair working conditions with access to core and flexible benefits to fit lifestyle choices and provide well-being support. Through partnership and political engagement, we promote and support safety of life at sea and seafarer well-being

5

The Managers foster a culture of inclusion, diversity, and equal opportunity within all Steamship Mutual's offices

8

Our aim is to ensure a safe and comfortable working environment for all our employees knowing that such conditions will aid productivity and support the growth of the Club's business. Adherence to sound principles of risk management supports the Club's economic growth, business continuity and the prosperity of employees



13

The Managers strive for continuous improvement in operational efficiency whilst reducing reliance on resources and carbon footprint. Climate change measures are considered in strategies and planning

14

The cover and claims handling responses provided by the Club help to prevent or significantly reduce marine pollution of all kinds. Through sustainable risk selection and management, loss prevention activities, and claims handling/response the Managers support the protection and conservation of marine ecosystems, consistent with national and international law

17

We support partnerships that promote sustainability of the Club's P&I insurance and claims handling response. By sharing knowledge and expertise we can promote health and well-being and safety of life at sea



16

The Managers promote the Rule of Law at national and international levels; adopting effective, accountable, and transparent approaches, including a focus on compliance with international sanctions and combating financial crime whilst assisting Members to meet their obligations in those areas.
We promote and enforce laws and policies for sustainable development and support fair and transparent frameworks for liability and compensation

UN SDG and Material Topic

 <p>13 CLIMATE ACTION</p>	<p>Resource Management and Emissions</p> <p>Risk Management</p>
 <p>14 LIFE BELOW WATER</p>	<p>Biodiversity, Marine Life, and Coastal Areas</p> <p>Risk Management</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Political Engagement and Partnerships</p> <p>Risk Management</p> <p>Compliance and Ethics</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Political Engagement and Partnerships</p>

1. Biodiversity, Marine Life, and Coastal Areas

The Club is committed to the promotion of safety of life at sea and preservation of the marine environment. One way in which we, as Managers, seek to achieve this is through the work of our Loss Prevention Department (“LPD”), aimed at minimising the risk of incidents and learning lessons to try to assist ship owner Members to avoid incidents which might have a negative impact on life and / or the environment.

Also fundamental to this goal is the cover afforded by the Club and the environmental and social benefits that are derived from effective claims handling when casualties and other incidents occur.

Qualitative Goal:

“To promote the safety of life at sea and minimise ship-source damage to the environment, marine life, and coastal areas”

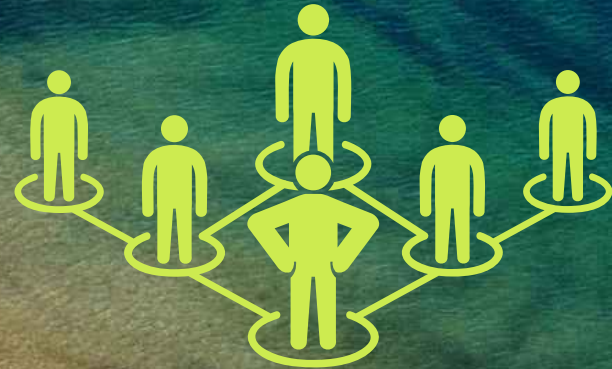
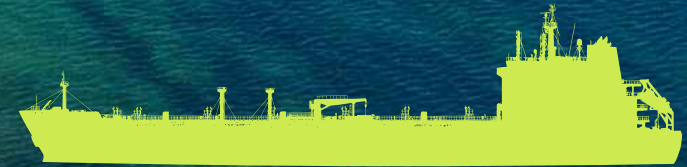
Contribution to SDGs:



The cover and claims handling responses provided by the Club help to prevent or significantly reduce marine pollution of all kinds. Through sustainable risk selection and management, loss prevention activities, and claims handling/response the Managers support the protection and conservation of marine ecosystems, consistent with national and international law

Loss Prevention

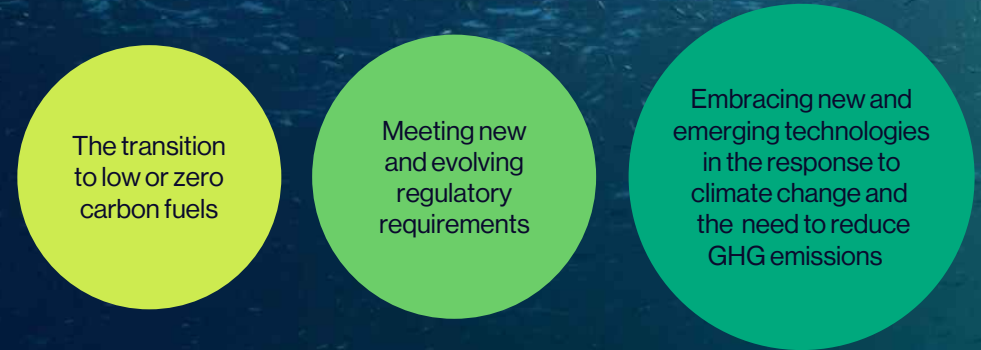
To support the objectives of promoting safety of life at sea and preserving the marine environment, the Loss Prevention Department plays a key role in the quality management of the Club's entered tonnage. This is primarily achieved through the Club's vessel condition survey programme. These vessel inspections serve not only to identify defects or deficiencies with the potential to generate P&I liabilities if not rectified, but also provide insight into the quality and experience of the vessel's officers and crew and shore management. The inspection programme aims to provide confidence that the Members and the vessels insured by the Club have the necessary resources to operate in a safe and environmentally friendly manner. The inspections assist in verifying that appropriate processes and procedures are in place to avoid the potential for personal harm and injury not only to the seafarers onboard, but also other persons who may interact with the vessels, and to minimise the potential for damage to be caused to the environment, marine life, and coastal areas.



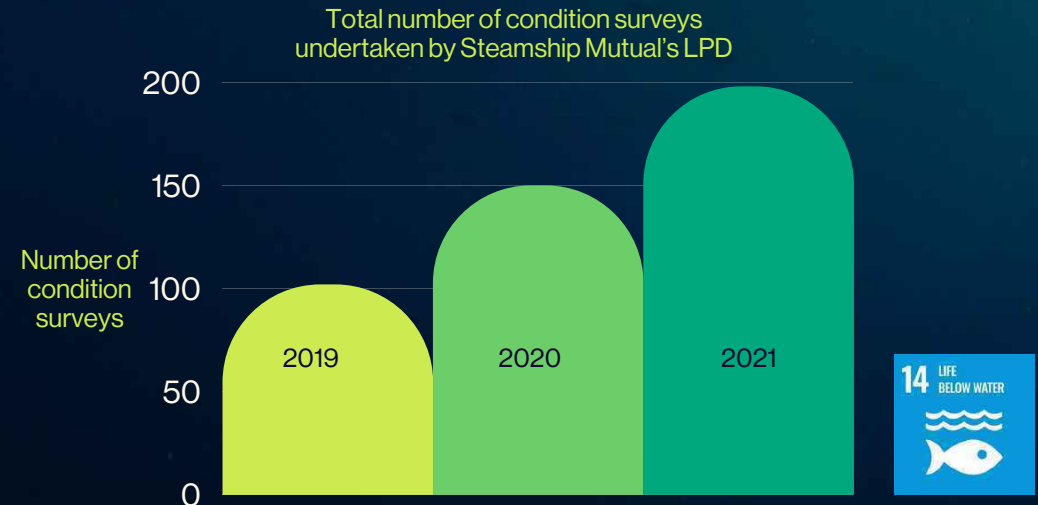
Other areas of focus for the Loss Prevention Department:

- Management Assessments of a Member's operations either prior to entry with the Club or during their membership.
- Routine pre-entry surveys of those vessels that, due to their type and/or age, fall within the requirements for inspection specified in our underwriting procedures. Additionally, vessels may be surveyed based on their performance, for example, the history of claims and port and flag state inspections, changes in design or intended areas of operation of the vessel.
- Undertaking an annual programme of surveys, evaluating entered vessels against their individual and/or their combined fleet claims records, casualty records and their Port State Control (PSC) inspection and detention records to identify vessels that may not have been previously inspected or not inspected for some years, and which may therefore present a potentially higher risk of claim exposure to the Club.
- An annual review of large claims in excess of US\$250,000 to identify the root causes and identify any lessons learnt for sharing with the Club's Members and where appropriate the industry, to eliminate or minimise future repeat events.
- Monitoring industry casualties, PSC inspection and detention records, marine press, and other sources of maritime intelligence, to identify potential trends and areas of risk that may require addressing and further investigation. These matters are brought to the attention of Members and the Club in the form of Risk Alerts, highlighting risk mitigation measures to ideally eliminate or else minimise these risks.
- Monitoring legislative and regulatory changes and new industry developments to identify areas of interest and potential risk, for both the present and future, to bring to the attention of the Club and Members.
- Producing bulletins and videos that serve to identify areas of risk and raise awareness such that the potential for loss, damage or injury can be avoided or minimised.

- Understanding the issues and potential risks, and providing assistance to Members and potential new Members in areas such as:



- Undertaking and supporting training seminars for Members, their shore and seagoing staff, the marine industry and within the Club to promote safe and environmentally friendly operating practices with the objective of sharing our knowledge and experience to minimise environmental damage arising from marine activities.



Minimise the Effects of Pollution and Wreck Removal Incidents

Unfortunately, accidents happen. They can happen anywhere and at any time. The role of the Club is to provide advice, expertise, and other resources to manage the response to an incident swiftly, efficiently, fairly, and responsibly. The Club, through its claim handling teams, has a wealth of in-house experience responding to casualties and engages, on behalf of its Members, with local correspondents, subject matter experts and lawyers to assist and guide the response with a particular focus on minimising or mitigating damage to the environment and the impact on local communities, ensuring fair compensation for victims.

The Club provides cover up to US\$1 billion per accident or occurrence for liabilities costs and expenses caused by or consequent upon the escape or threatened escape of oil or any other substance from an entered vessel. This includes liability for the costs of seeking to avoid or minimise any pollution, clean-up costs and compensation of victims of pollution. Club cover also responds to liabilities, costs, and expenses in the event an entered vessel, or any part of it, becomes a wreck requiring removal and destruction.

The aim in any pollution response or wreck removal is to minimise damage and to restore the environment so far as possible and appropriate to its pre-incident condition.

All Members of the Club are automatically members or associates of ITOPF, which is a non-profit organisation offering objective technical advice to shipowners and governments worldwide on preparedness and response to marine spills.

To support the effective functioning of the IMO liability and compensation conventions related to both pollution and wreck removal, the Club issues certificates of insurance (known as “Blue Cards”) to evidence that insurance is in place to cover all a ship owner’s liabilities under the Conventions. Under the terms of the IMO Conventions the Club, despite being an indemnity insurer, accepts that claimants have direct rights of action against it under the Blue Cards it issues. The aim is to ensure fair and adequate compensation without the need for protracted litigation for those entitled to it.

Number of Steamship Mutual pollution/wreck removal claims estimated > US\$1 million

Pollution Incidents

2019	0
2020	2
2021	0

Wreck Removals

2019	1
2020	1
2021	1

Minimise the Social Impact of P&I Incidents

The impact of casualties is often felt by individuals and local communities. Unfortunately, incidents can also result in personal injury to those on board. The cover provided by the Club and the claims handling response is designed to assist ship owners ensure their crews and third parties who need it have access to timely and effective medical treatment, and fair and prompt compensation where appropriate.

Impact upon the environment includes not only marine life and coastal areas but also local communities. Local communities may be impacted financially by an incident. By way of example, in the event of an oil spill local fishermen may be unable to work and/or their ability to earn may be impaired. Similarly, the local tourism industry may be affected by a downturn in visitors or unplanned closures. Cover afforded by the Club helps to ensure that legitimate claims are compensated swiftly and effectively to minimise any financial hardship.

2. Political Engagement and Partnerships

The Club works with various parties to achieve its objectives of providing comprehensive cover and the highest standards of service to its Members, to promote safety of life at sea and to protect the well-being of seafarers. Principal amongst the partnerships in which the Club, and Managers engage, are:

1. The International Group of P&I Clubs
2. A worldwide network of correspondents
3. Seafarer focused partnerships

Contribution to SDGs:

The cover and claims handling responses provided by the Club help to prevent or significantly reduce marine pollution of all kinds. Through sustainable risk selection and management, loss prevention activities, and claims handling/response the Managers support the protection and conservation of marine ecosystems, consistent with national and international law



Through partnership and political engagement, we promote and support safety of life at sea and seafarer well-being

We support partnerships that promote sustainability of the Club's P&I insurance and claims handling response. By sharing knowledge and expertise we can promote health and well-being and safety of life at sea



International Group of P&I Clubs (IG)

Steamship Mutual is a committed member of the IG; working with others to protect and promote the well-being and sustainability of the Group and the interests of its shipowner Members.

The IG is a collective of 13 competing not-for-profit mutual P&I Clubs. Whilst individually competitive, collectively the Group of P&I Clubs share, or pool, liabilities arising from the largest shipping incidents. The Clubs pool liabilities which exceed the individual Club retention currently set at US\$10 million.

This sharing is supported by an extensive commercial market reinsurance programme. The Group collectively purchases very high levels of reinsurance from the world's reinsurance markets. This allows individual Clubs to provide high levels of cover to ship owners, which in turn enables ship owners to trade internationally and meet port state control requirements around the world. Clubs in the IG are able to provide cover up to approximately US\$3.1 billion per accident or occurrence and US\$1 billion in respect of oil pollution.

Collectively the International Group insures over 90% of the world's ocean-going tonnage and over 95% of ocean-going tankers. The total entered tonnage is approximately 1.3 billion GT and around 65,000 vessels.

The functioning of the IG is underpinned by the International Group Agreement. All Steamship Mutual underwriting staff receive annual training on the terms of the International Group Agreement to ensure they act fully in accordance with its terms.

The IG also provides a valuable forum for sharing information on a broad range of issues of importance to the Clubs and their Members. As a collective, the IG Clubs can effectively represent the interests of ship owners. This involves engaging with governments, legislators, and regulators on matters of importance to the industry, including where appropriate amending legislation to promote and ensure the safety of life at sea and preservation of the environment. The IG has consultative status at the IMO. Steamship Mutual is represented on and participates in the work of IG Committees related to Sustainability, Reinsurance, Sanctions, Pollution, Ship Safety, Pooling and many more. As a Group the Clubs are collectively stronger.

IGP&I International
Group of
P&I Clubs



Overarching
Goal:

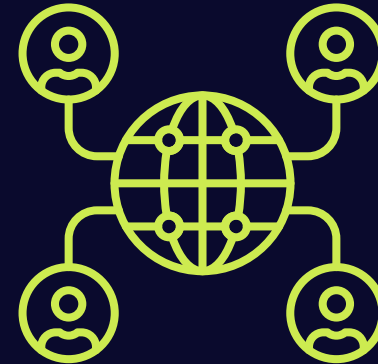
“ Sustainability
of the Club through
pooling and collective
reinsurance ”



Worldwide Network of Correspondents

Steamship Mutual maintains a worldwide network of correspondents available to assist Members in the event of an incident falling within the scope of P&I cover. The Club works hard to ensure that those correspondents listed are able to provide the highest quality 24/7 service to Members in their times of need. The Managers nominate a dedicated Correspondent Manager to oversee the work of correspondents and engage with them on matters related to service. This includes, but is not limited to, an annual review of all listed correspondents.

Correspondents are vital to the service Clubs provide and the achievement of goals related to sustainability; protection of not only Members' interests but individuals and the environment through incident response and management, and the engagement of victims of casualties.



Seafarer Focused Partnerships

Thirty years ago, the Managers of the Club established the Ship Safety Trust (SST) to support initiatives that served to improve safety of life at sea and education. Through funding provided by the SST, various partnerships were established which enabled support and education of seafarers in the following ways:

- The production of safety training and information video materials in association with Marine Media Enterprises designed to reduce the risk of accidents that could otherwise cause loss of life or injury to seafarers or generate P&I liabilities.
- Providing information to seafarers about various aspects of the COVID-19 pandemic.
- In the arrangement with Mental Health Support Solutions, providing mental well-being support to the seafarers on board our Members' vessels entered with the Club through a free of charge 24/7 helpline that provides access to a multi-lingual counselling service staffed by qualified clinical psychologists with substantial experience in the maritime sector.
- Supporting the work of the International Maritime Bureau's Piracy Reporting Centre.
- Supporting the training of officer cadets through the Maritime London Officer Cadet Scholarship scheme.
- Supporting the work of The Nautical Institute through participation in conferences and seminars with the objective of raising awareness of issues that present P&I risk.

“...Partnerships were established which enabled support and education of seafarers...”



MENTAL HEALTH
SUPPORT SOLUTIONS



Strengthening Relationships with our Members

Member Training Course

2023 will see the return of the Steamship Mutual Member Training Course.

The course sees the Managers partner with prominent experts in their fields to deliver a programme of presentations, workshops and discussions on key P&I topics and issues to delegates from the Club's Members around the world. These courses serve not only to share knowledge and experience, but also sustain and strengthen the bond between the Club and its Members.



#MTC2023



3. Well-Being and Development of Employees

The Managers' overriding objective is to employ and retain qualified, trained, diverse and motivated staff through providing a good working environment; promoting health, well-being and development through fair working conditions with access to both core and flexible benefits to fit lifestyle choices. We aim to provide our staff with a range of well-being resources, events and training and development opportunities.

Contribution to SDGs:



The Managers foster a culture of inclusion, diversity, and equal opportunity within all Steamship Mutual's offices



We promote the health, well-being, and development of employees through a safe working environment, fair working conditions with access to core and flexible benefits to fit lifestyle choices and provide well-being support



Our aim is to ensure a safe and comfortable working environment for all our employees knowing that such conditions will aid productivity and support the growth of the Club's business



“ Our people
are the reason for
Steamship Mutual's
success ”

Employee Well-Being

Our people are the reason for Steamship Mutual's success.

Our staff are the cornerstone of the business, providing the commitment and service which enables the Club to thrive. We have worked together to navigate the challenges that COVID-19 presented and to chart a course for our future way of working. In doing so, we have recognised the need for flexibility and introduced hybrid working as well as technology and tools that enable staff to be connected whether at home or in the office. We are also taking steps towards making the office environment a more inviting place for staff to attend and collaborate with peers. On these, and other important issues, we maintain a constant and open dialogue with our staff, including through our Employee Forum.

Employee assistance programmes are available to colleagues seeking extra support. Virtual counselling, wellness apps, videos, and webinars on topics like nutrition, mental health, physical activity and financial well-being are provided as digital resources for colleagues, ensuring workforce assistance is always available regardless of where work takes place. On site we have mental health first aiders and can offer staff confidential face to face counselling services if required.

We continue to prioritise the safety, health and well-being of our staff.





Learning and Development

We offer a range of learning and development programmes spanning all levels of the organisation. Over the past three years, we have increased our financial investment in learning and development by an average of more than 11.5% per annum. We continue to prioritise specialised learning and development programming to set our people up for success. We offer management essentials training for those who are taking their first steps as a manager, through to a leadership training course to prepare staff for progression to senior leadership roles. These courses have been implemented globally.

Diversity and Inclusion

We aim to foster a culture of inclusion, diversity, and equal opportunity within our organisation to enable personal growth and encourage all to appreciate a range of perspectives. We have continued to build on actions and programmes that support inclusion, diversity, equal opportunity, and workforce well-being, and which aim to build an equitable culture within Steamship Mutual.

Since 2021, we have enrolled all staff on our diversity programme. This will be a foundation course for all new joiners going forward. We have given all staff the business objective of creating a work environment that promotes mutual respect and inclusion for everyone and calls on all colleagues to start modelling our values and inclusive behaviours. As of 31 January 2022, we invited staff to help us develop an understanding of our diversity data, with 90% of our staff agreeing share data so we could understand our baseline and start to implement initiatives to ensure the continued diversification of our global workforce.

2022 has seen the launch of our work aimed at social mobility. We have introduced our first apprenticeship programme and have been proud to assist Ukrainian refugees into the UK workforce.



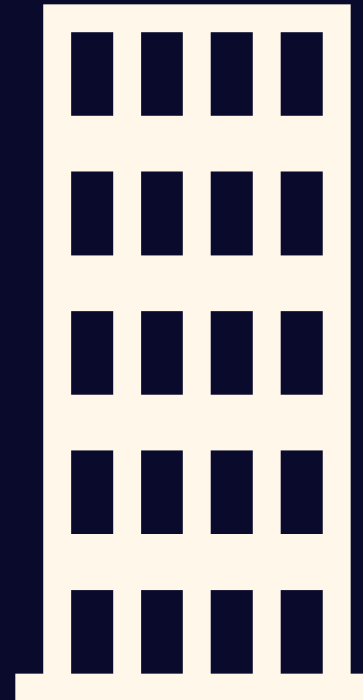
4. Resource Management and Emissions

The Managers have for many years operated with a clear purpose: to minimise our impact on the environment.

The majority of Steamship Mutual offices are leased, and high importance is placed upon the occupation of energy efficient buildings and spaces. The most recent office move took place in Singapore, where our Singaporean colleagues now occupy a building rated BREEAM (Building Research Establishment Environmental Assessment Method) Excellent. The building has also been awarded the Platinum Green Mark Award for buildings, with key features being energy efficiencies and savings.

Our London office, and headquarters, is the most established and populated office and so forms the focus of this first report. Our dedicated Office Manager has worked for many years to exploit efficiencies and minimise our energy usage and carbon output, as well as implementing initiatives to reduce water consumption and waste. Whilst these efforts have not been formally monitored or reported upon, they have underpinned our operating ethos with a clear goal to reduce, recycle and operate in an efficient and environmentally conscious way.

Being building owners, we have the autonomy to implement controls and trial initiatives as well as having direct control of all building environmental systems, allowing us to operate the building systems to meet office occupancy and demand. Going forward, we will strive to increase formal monitoring and reporting on all our worldwide offices as well as performing detailed audits and setting specific targets in line with global sustainability goals.



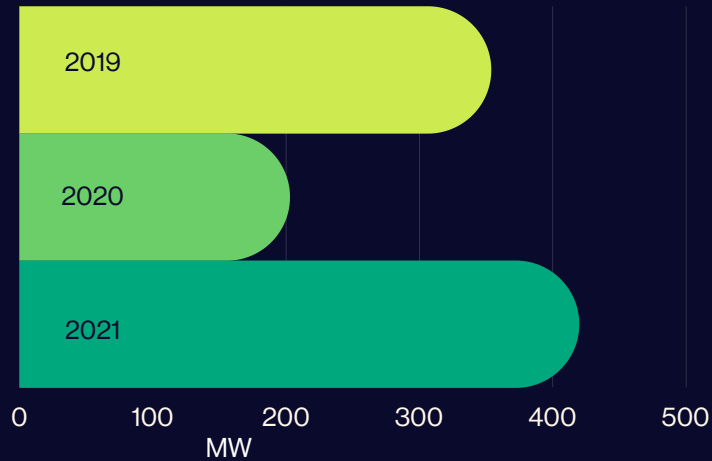
Contribution to SDGs:



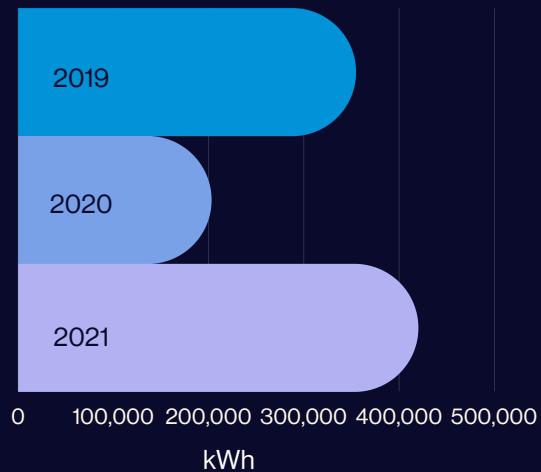
We strive for continuous improvement in operational efficiency whilst reducing reliance on resources and carbon footprint



Electricity



Gas



Energy

We are committed to the reduction of energy consumption wherever possible across all offices through smart technology, education, and the use of renewable energy sources so far as reasonably practicable.

Electricity is the primary resource used for operations. Operations in the London office have been fully powered by electricity from renewable energy sources since 2019, and since 2016 partially from renewable energy. This has enabled the Managers to achieve net zero emissions in relation to electricity consumption. We nevertheless seek to reduce consumption through, for example, sensor-controlled lighting. This not only reduces energy consumption but also our use of consumables and waste.

Currently hot water and heating in most of the building is supplied through the conventional method of gas boilers, with the exception of the reception area, which since 2010 has used a heat recovery system to provide heating and cooling. This is unavoidable in our current building given its age and design, but policies are in place to try to mitigate and minimise our consumption, for example turning heating off whenever possible, particularly during summer months and during evenings and weekends when the office is not occupied.

Water Consumption

As one of the most precious resources on the planet, the Managers have been very aware that wasting water is not acceptable and have installed water saving technologies and equipment. As far back as 2006 steps were taken to reduce consumption through removing auto flushing toilets. This resulted in a reduction of 300,000L of water per annum, equating to a total saving of 4.8 million litres of water in 16 years. Our goal is to limit water consumption to that which is essential.

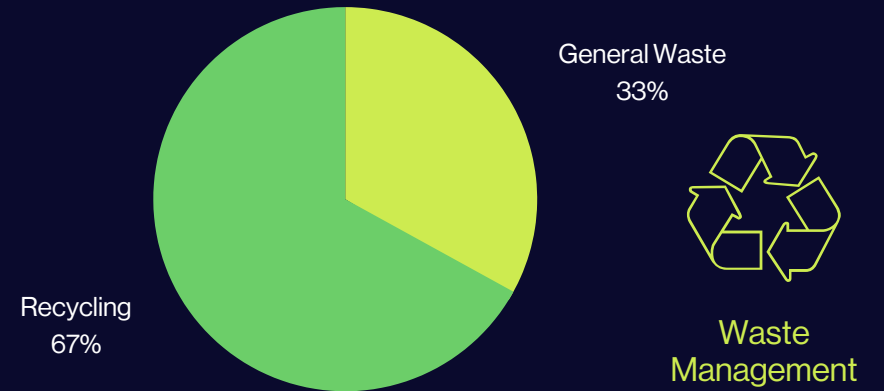


Waste Management

Recycling of waste from the London office has been a feature for over 25 years. Since 2007 we have adopted a 'maxi-waste' scheme, which means that any waste that is not contaminated by food or other excluded substances can be recycled.

All staff are strongly encouraged to dispose of their waste responsibly in the appropriate receptacles to maximise our recycling potential. In 2021 individual office and desk bins were replaced by central receptacles for recyclable, general and confidential waste.

We already recycle 67% of waste produced and further ways to increase this figure alongside realistic but challenging targets are being explored.



Supplier Assessment

All suppliers are screened against sanction and other financial crime lists. A risk-based approach is applied to determine the level of due diligence required to address potential threats such as modern slavery and financial crime laws. The intention is to extend this approach to include sustainability and their response within their business.

Emissions/Carbon Footprint

One of the largest impacts on carbon footprint is travel. Our business relies on the development and maintenance of relationships with both potential and existing Members. These relationships are managed remotely where possible, but inevitably some travel is essential. Currently all business travel requires approval from the Chief Operating Officer, who approves travel with reference to its necessity for the sustainability of the business. Travel patterns are nevertheless under constant review and steps are being taken to determine how best to manage our carbon impact resulting from essential travel.



5. Risk Management

The Club's commitment to ensuring the strength and stability of Steamship Mutual's business is underpinned by its approach to Risk Management across underwriting, reinsurance, investment, and capital management, and is driven by the Club's strategic business plan. A conservative approach to risk selection, inclusive of an awareness of emerging risks, dictates our underwriting policy with an equally prudent appetite in respect of the Club's investment profile and capital management ensuring that long term stability is achieved.



Contribution to SDGs:





Quantitative Goal:
100% break even Combined Ratio

12.5% General Increase (2022 Policy Year)

Underwriting

The Club's approach, in line with the strategic business plan, is to secure financial strength and stability through selective underwriting of quality tonnage and maintenance of a diverse membership from the perspective of geographical area, trade and vessel type.

The key objective is to achieve a breakeven underwriting result on a consistent basis. Each Member should receive a high level of security and service for a break even cost of insurance. Premium rates should be sustainable noting the risk profile and historic record of each, individual Member.

The underwriters' risk selection process considers management and operational experience, safety, and loss prevention, claims history, vessel details and trade, financial resilience, and loyalty. Members of Steamship Mutual are required to comply with regulatory and statutory requirements which apply to all elements of their operations including their ESG protocols.

The Club's appetite is based upon quality and a strategic goal of achieving an annual rate of growth which tracks that of the overall IG entry. Further, the underwriting objective is to achieve a 100% break even combined ratio on a financial year basis. In the 2021 financial year the Club reported a 112.7% combined ratio which was largely driven by volatility in the Pool where all IG Clubs share a portion of claims. As a result, the Club ordered a General Increase of 12.5% at the February 2022 renewal and a 7.5% General Increase for 2023.





Reinsurance Objectives:

To limit the risk exposure on a sustainable basis to a level consistent with the risk appetite of the Club's Boards

The need to avoid unbudgeted calls wherever possible and to avoid calls at levels which are intolerable for the Membership as a whole

Reinsurance

Steamship Mutual transfers a substantial portion of its risk to its reinsurers through both its own arrangements and those negotiated jointly with other Clubs via the IG. The IG Clubs share liabilities which exceed the individual Club retention, currently set at US\$ 10 million, through a claim sharing 'Pool' and collective purchase of the IG excess loss reinsurance programme. For those risks not falling within the IG pool/excess loss reinsurance programme, individual reinsurance allows the Club to pass on risks, or levels of risk, that it cannot, or does not wish to, be exposed to. The Club typically reinsures some (but not all) of the risks that it is exposed to with specialist reinsurers. This reduces the risk of the failure of the Club as a result of claims of excessive severity and frequency.

The Club considers its reinsurance strategy with the Boards in the medium to long term irrespective of the reinsurance market conditions at any one time. Conditions in the reinsurance market may, however, influence the pace with which any such strategy is implemented. From time to time opportunistic reinsurance purchasing may benefit the Club if the total value of risk creates savings to the Club at a particular moment in the reinsurance market cycle. The Managers continually monitor the performance of the reinsurance programme and its suitability to the claims profile of the Club. Modelling is undertaken using historical data as well as using the capital model to ensure sufficient cover is purchased to match the Club's risk appetite. Maintaining depth of knowledge and contact with the market ensures awareness of reinsurance capacity and new products.



Governance of ESG Risks

As required by Solvency II regulations, the Club maintains a risk management function. The function's objective is to identify, measure, monitor, manage and report on a continuous basis the risks, at an individual and at an aggregated level, to which the Club is or could be exposed and the interdependencies between those risks. This applies as much to ESG risks as to other risk categories.

Steamship Mutual has a Risk Management Operations Committee which provides ongoing, dedicated oversight of general risk management. Reports received by this committee include those of the Climate Change and Sustainability Working Group ("CCSWG"). This group exists to:

- Raise awareness and promote education within the Club of climate change and sustainability issues.
- Develop and maintain strategies and policies relevant to climate change and sustainability for approval by the Boards.
- Monitor and understand emerging worldwide developments in market, scientific, legal, and regulatory environments concerning climate change and sustainability, developing appropriate management and loss prevention responses.
- Monitor claims to identify and understand existing or potential exposures involving risks associated with climate change and/or sustainability, as well as reputational risks and potential exposures derived from association with third parties and external service providers.

All Club Board and Committee terms of reference include a commitment to consider matters arising in the context of the Club's environmental, social and governance responsibilities.



Risk Register

As a tool for assessing and monitoring risks, the Club operates a risk register. As ESG risks, including financial risks from climate change, arise across all areas of the business, rather than capturing ESG as a simple standalone risk, the Club instead operates an ESG risk cause dashboard. The key risks in respect of which ESG may be considered a cause are strategic, underwriting and finance.

The dashboard allows the Managers to review, manage and respond to risk events.

Data relating to events that cause, or nearly cause, financial or reputational impacts due to a failed control or unforeseen exposure is reviewed to continuously improve controls and the accuracy of the capital model.



Scenario Analysis

To ensure the accuracy of its risk assessment the Club regularly tests scenarios, and these include ESG related scenarios, considering their impact on the capital model as appropriate. Climate change stress tests were conducted and considered by the Boards in October 2020, 2021, and 2022.

The focus of the 2020 stress test was the potential physical impact of climate change on weather, water levels and crops, and the impact this might, in turn, have on the Club's exposure. It also looked at the transitional effects of technological developments required to meet the IMO's GHG emissions targets.

“...potential physical impact of climate change on weather, water levels and crops, and the impact this might, in turn, have on the Club's exposure...”

The 2021 exercise consisted of a materiality analysis of climate risks to the Club, documenting, with support from PricewaterhouseCoopers (PwC), those business segments where the Club is most exposed to climate risks as a foundation for future analysis. Of the risks identified, one - physical risk from wreck removal - was rated very high (>US\$50 million potential exposure) and others were rated high (US\$25 million to US\$50 million):

1. Impact on pollution claims of physical risks from climate change.
2. Transitional risk from changes to national/international policy and regulation arising from climate change in respect of pollution and wreck removal claims.
3. The impact to Steamship Mutual arising from its potential exposure to litigation and capital charges arising from changes to national/international policy and regulation arising from climate change.
4. Transitional risks of increasing pollution claims and/or underwriting costs where shipowners may be penalised for not making the switch to low or zero emissions vessels.

Selecting leading segments of the 2021 analysis, the physical and transitional impact of climate change on the Club by way, respectively, of increased storms and societal pressure on wreck removal and pollution claims, the 2022 environmental stress test concluded that whilst the Club continues to be exposed to both the risk of an accumulation of sub-US\$10 million or pool claims, there was currently no data to suggest that there would be a sharp increase under either of these heads of claim as the result of climate change.



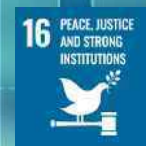
Investments

The key purpose of the investment portfolio is to have funds available to cover insured liabilities and to meet regulatory requirements, and to generate reasonable returns for the Club. The objective for its investment portfolio is to maximise long-term returns within its risk appetite and accompanying risk tolerances.

The Club maintains a prudent approach in its investment policy which prioritises capital preservation and diversification in order to provide financial security and stability. The Club invests globally within a diverse range of asset classes either through actively managed mandates or tracker funds. An efficient and well-diversified portfolio will reduce unrewarded risks and improve returns over time. ESG is considered within each of the mandates, and ESG ratings are monitored within larger mandates.

The investment portfolio will face climate related risks as repricing of certain assets could cause considerable shifts in the financial markets, but this exposure is limited given the diversified and short investment horizon adopted by the Club.

The contribution to SDGs will be very broad given the breadth of the investment mandates and the breadth of the underlying investments made, albeit the Club does not usually invest directly into individual companies or ventures.



6. Compliance and Ethics

The standards expected of the Managers, its staff, agents, and suppliers are contained in the Club's business strategy, policies, and governance framework.

At a strategic level, Steamship Mutual's corporate value is to uphold high ethical standards in all aspects of Steamship Mutual's business, including in dealings with Members, staff, brokers, and suppliers with a business objective of maintaining strong relationships, trust, transparency, and the highest quality reporting to regulators in order to mitigate as far as possible the risk of regulatory infringement.

This is supported by training and a culture of ethical behaviour in line with the principle of mutuality. The Managers recognise that a consistent and compliant approach is key to ensuring that we meet internal and external expectations.



Overarching Goal:

“Base business practice on ethical principles and comply with all statutory requirements”

Contribution to SDGs:



The Managers promote the Rule of Law at national and international levels; adopting effective, accountable, and transparent approaches, including a focus on compliance with international sanctions and combating financial crime whilst assisting Members to meet their obligations in those areas. The Managers promote and enforce laws and policies for sustainable development and support fair and transparent frameworks for liability and compensation

Financial Crime, Corruption, and Slavery

The threats of financial crime, including fraud, bribery and corruption are faced by all financial institutions. Our enterprise risk management framework looks at these risks regularly and when required by events. Our policies are adapted as risks change or emerge, and controls, which are regularly assessed, are in place to mitigate such risks. The monitoring and reporting of relevant issues and risks is enhanced by regular training for all staff and structured reviews of policies and procedures. This approach has established a culture in which bribery, or the risk of modern slavery is not acceptable and where working practices are aimed at preventing financial crime.

Sanctions and financial crime issues are reported to the Club Boards and the aim is for there to be no incidents of financial crime or sanctions breaches.

Sanctions

The monitoring of and compliance with international sanctions is a critical part of the Managers' operations.

A comprehensive screening programme of Members and suppliers is in place and we pro-actively engage with Members to discuss trades and counterparties which might be prohibited by sanctions.

To support Members, we provide substantial guidance on sanctions issues – notably with respect to those arising from the Russia – Ukraine conflict – and work closely with Members to assist them in complying with the relevant requirements. Steamship Mutual's Rules contain provisions which automatically exclude cover for claims where they are prohibited by sanctions.

Number of major security incidents

Year	Incidents
2019	0
2020	0
2021	0

Percentage of staff completing Information Security Awareness Training

Year	%
2019	100
2020	100
2021	100

Information Security

The Managers are committed to information security, and it is a fundamental expectation of staff, Members, and other Steamship Mutual counterparties. The Chief Information Security Officer and the Data Protection Officer (DPO) are both key members of the IT Steering Committee. This body considers the cyber risks to the Managers' operations and takes action to minimise the likelihood of successful attacks and their impact. A framework of policies, standards, and procedures, supported by staff training and technical solutions, is in place to minimise the risk to the confidentiality, integrity and availability of the information held by the Managers.

All staff have completed cybersecurity awareness training in the last 12 months.

Substantial measures, both technical and cultural, have been taken to protect personal data. The DPO reports directly to the Club Boards at least annually on matters such as data incidents, training, and security measures.

Key performance indicators relating to the protection of IT systems and key risk indicators concerning the number of incidents and other related matters are monitored. We aim to have no data breaches.



Whistleblowing

A Whistleblowing Policy is in place which provides details of internal and external reporting channels which can be used. The Whistleblowing Champion, a non-executive Director, makes an annual report to the Club Boards and staff are encouraged to raise concerns as soon as possible and without fear of reprisal.

Compliance

This is all supported by the Compliance Function, whose aim is to secure operations through the prevention, monitoring, and management of the risk of non-compliance. Compliance helps to promote high standards of professional behaviour and requires all individuals acting on behalf of the Managers to follow practices that comply with the various legal codes applicable to its activities, as well as with the regulations of its supervisory bodies.

As far as possible the Compliance Function works to detect, identify, and prevent compliance risks before they crystallise. Compliance is a key permanent control component of the corporate governance structure and operates within Steamship Mutual's overall risk management framework. It aims to provide reasonable assurance as to the ability to achieve its objectives, helps to secure Steamship Mutual's performance and engenders a culture of compliance, acting in an advisory capacity to assist with the formalisation of internal compliance standards in conjunction with legal and regulatory risk and control owners.

Internal Audit

The Internal Audit Function is an independent, objective assurance and consulting activity designed to add value and to improve Steamship Mutual's options to protect the assets, reputation, and sustainability of Steamship Mutual. It has a risk-based plan consistent with Steamship Mutual's risks, objectives and goals and will provide recommendations for corrective action as well as looking at ways to improve processes and procedures, the control environment and effectiveness and working practices.

Conclusion

An aerial photograph of a tropical coastline. The top right corner shows a dense forest of palm trees. A narrow strip of white sand beach curves along the edge of the forest. The water is a vibrant turquoise color, with visible ripples and a sandy bottom near the shore. The overall scene is bright and clear, suggesting a sunny day.

This first report on sustainability as it relates to Steamship Mutual is merely the beginning of work that will need to continue. The further work will focus upon issues and operations where there is the potential for more to be done, and thereby identify the gaps that may exist between where matters stand currently, and where we would like them to be in the future, so that sustainability performance can be strengthened. This will involve the development of our sustainability strategy, and quantitative measures to enable future performance to be measured with reference to specified targets.

In relation to GHG emissions we will develop the measurement of our Scope 1 (direct) and Scope 2 (indirect) emissions and determine actions necessary and a target timeframe within which to bring those to net zero. Determination of Scope 3 emissions; those that are associated not with Steamship Mutual itself, but the indirect emissions relating to its suppliers and those who benefit from the Club's services will pose a greater challenge.

There is always more that can be done to reduce the consumption of resources and the quantity of waste that is generated, and to maximise the amount of waste that can be recycled. Performance targets in these areas will be determined for the future to strengthen the efforts that are already being made to avoid waste and maximise the recycling of materials.

Recognising that the strength of our business and the quality of our service is entirely dependent upon the quality of the people who work for Steamship Mutual, issues of diversity, equality and inclusivity will continue to be prominent in our employment practices, and in the career development of our staff in all our offices. Parameters will be determined to measure and monitor performance in this important area.

We look forward to enhancing Steamship Mutual's sustainability credentials and to sharing details in future iterations of this report of the improvements that have been achieved.

Steamship Mutual's Climate Change and Sustainability Working Group (“CCSWG”)



Chris Adams



Sue Watkins



Graham Jones



Arjun Thawani



Gary Field



David Ragan



Anthony Warren



John Taylor



Jason Riley



Piers Barclay



Rachael Taylor



Publication Designed
by Jenny Blackburn

#MutualVision