Integrated annual report 2022

For the year to
20 February 2022

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1.0 Introduction by the Chairman and the CEO

CHAIRMAN´S STATEMENT

Looking back at the past year, we can safely say that this has been another turbulent year for shipping and marine insurance. The pandemic has continued to challenge global supply chains and trade, as well as the wellbeing of seafarers. And just when the waters were starting to calm, thanks to global vaccination efforts and the emergence of Covid variants that cause less severe disease, conflict broke out in Europe.

The war in Ukraine is having a profound impact on global shipping and trade. It remains to be seen what the long-term effects of the conflict will be, but already we are witnessing a horrendous humanitarian crisis, as well as trade disruptions and geopolitical changes that will likely have impacts for a long time.

Sanctions regimes are also complicating matters. The rules are complex, and out of fear of transgression, we are seeing caution and self-imposed sanctioning. Reinsurance is becoming more challenging in this situation. Another major unknown is how long-standing rivalry between China and the West will play out against the backdrop of the Ukraine crisis. The political rhetoric on both sides is strong, but only time will tell the course of action.

Moreover, as a financial institution Gard is highly impacted by complex international regulatory developments. Many jurisdictions deem global environmental treaties and conventions to be insufficient and are pressing ahead with more ambitious regulations applied on a regional basis. California´s oil-spill regulations, those covering air quality in Japan, and the EU´s upcoming carbon Emissions Trading System (ETS) for shipping, are just some examples.

Success in adversity

In spite of significant challenges and uncertainties, it delights me to recognise the results that Gard achieved on behalf of its Members during this financial year. We secured a record premium of USD 1.036bn and a healthy combined ratio of 94%. We also maintained a solid capital base and regained our S&P capital rating of A+ with a stable outlook.

Gard is using its experience from traditional markets to grow organically into new markets, and we expect this trend to continue in the years to come. We are also seeing promising expansion of business, particularly in Greece and Asia, and are pursuing these markets with the same dedication and service offering that has served us well in our traditional core Nordic and Northern European markets.

I welcome Rolf Thore Roppestad´s efforts to place Gard at the head of several pivotal ESG initiatives, such as the Poseidon Principles for Marine Insurance, a global framework to quantify and disclose the carbon intensity of insurers' marine-hull portfolios, and the sustainability work being done in CEFOR and in the International Group of P&I Clubs (IG). P&I is essentially a 'ticket to trade' in shipping around the globe and, with that, we both can and should set certain expectations. As the largest P&I club in the International Group, Gard should lead by example. For instance, Gard expects Members and clients to comply with the Hong Kong Convention and EU regulations on wreck removal, even in markets where there is no regulatory obligation to comply with these conventions. This a practical example of our commitment to sustainable business practices.

> ***I look back over this year with admiration for all those who work in Gard, and the great effort they have put in to achieve this years' results.***
>
> *Morten W. Høegh*

Equally so, we welcome the global shipping industry's efforts to combat climate change. As we saw at the COP26 event in Glasgow last October, the private sector is now increasingly driving progress, and is in some respects more proactive than governments and policymakers. As a leading marine insurer, we aim to be part of these conversations in order to create initiatives and incentives supporting the transition to a low carbon economy.

A changing industry

In light of the changes in our markets and the challenges ahead, I welcome the moves towards consolidation that we are now seeing in the marine insurance industry. Increased competition and stronger industry players help to keep us on our toes and motivate us to carry on performing at our best. Consolidation in the industry will also help when it comes to pooling of resources, which will in turn lead to greater efficiency and efficacy in responding to claims.

I look back over this year with admiration for all those who work in Gard, and the great effort they have put in to achieve this years' results. I also want to thank those who serve on our Board and committees for their contribution. It is thanks to our Members, clients and employees; our forward-thinking approach to digitalisation and intellectual capital; and our financial strength and stability that we continue to do what we do best: mitigate risks and support sustainable maritime development.

Fortunately, not every decade begins with the extremes of pandemic and war involving alliances of multiple nations. In the face of adversity, we see time and again that our model works. We provide stability not only to the maritime industry, but also in the global economy that relies so greatly on the services of our Members and clients. It is with gratitude that I introduce this, our first integrated annual report, and I look forward to yet greater success to come.

Morten W. Høegh

FOREWORD FROM THE CEO

As I write this foreword, the developments of yet another major crisis has rocked the foundations of our normal life. The war in Ukraine is first and foremost a growing human tragedy. It is also causing major disruptions throughout international politics and our global industry. It would be unwise to speculate on the long-term effects of the conflict: my sincere hope, of course, is that fighting and the loss of innocent lives will cease at the earliest opportunity.

Already we have seen significant consequences for global trade and the maritime industries. Supply chains are disrupted, energy and food prices are soaring, and hundreds of vessels have been trapped in the Black Sea, unable to escape the conflict. Once again, our seafarers are among those being hit the hardest. Add to that a sanctions regime that is increasingly difficult to navigate, and it is safe to say that we find ourselves in turbulent waters.

Strong results in challenging times

The Ukraine crisis comes on top of the Covid-19 pandemic, which had already given a shock to the global economy. Looking back at the financial year 2021, we got off to a challenging start, with significant outgoings resulting from a number of big claims. Some of these claims reached unusually high levels, partly as a result of delays and logistical difficulties presented by the pandemic. There was also a continuous inflow of claims linked to crew, many of which were caused by the pandemic. These claims ranged from sick pay and hospitalisation to, in the saddest cases, covering expenses related to deceased seafarers.

In spite of a turbulent year, however, Gard has managed to deliver extraordinary results. We recorded our highest-ever turnover of USD 1.036 billion – a clear vote of confidence in the services, insights, and expertise we provide. Strong results from fixed price P&I and our Marine and Energy book also mean that the group can deliver a robust profit and a net combined ratio of 94 per cent – strong achievements given the circumstances. Particularly uplifting is the continued growth within renewable energy – offshore wind now constitutes more than 30 per cent of our total premium earned in the energy segment, almost double what it was just a year ago.

Focusing on our people and expertise

Though the cost of claims is increasing across the industry, Gard has in relative terms seen a positive development in claims costs compared to the market over the last ten years. This reflects the 'Gard mode of operation': pricing risk correctly, having Members and clients with high-quality operations, and a claims team that shows deep expertise in everything they do.

In Gard, we know that it is our people that make the difference. That is why we continue to focus on the well-being and development of our employees and organisation. Throughout the year we have implemented strong HR policies and prioritised our work to promote Equality, Diversity and Inclusion (EDI). This year we conducted a comprehensive EDI analysis that will serve as the baseline for future work. Some gaps have been closed already; others will follow. We are not there yet, not as a company nor as an industry, but we continue to focus our efforts on this area.

Data-driven solutions

Likewise, we will continue to push for data-driven solutions and insight-led decisions in underwriting, claims, and risk management, to the benefit of our Members and clients. Our industry is in the midst of a digital transformation, and we have probably only seen the start of it. New technology and the potential for improved analysis will only accelerate in the years ahead, and in Gard, we are a strong supporter of these developments. We will continue to be an advocate for increased and improved knowledge-sharing within the IG, CEFOR, and in other industry associations. All with one core purpose in mind: to minimize risks, prevent losses, and to enable sustainable maritime development.

As an example, Gard this year co-founded the Poseidon Principles for Marine Insurance. This initiative means that we will assess and disclose the climate alignment of our hull and machinery portfolio, benchmarking it against the emission targets set by the IMO and the Paris Agreement. Being a market leader, we have an opportunity – and an obligation – to be at the forefront, pushing for increased transparency and new solutions that can help enable a low-carbon future.

Maturing our thinking

My sincere hope for the year ahead is that we see more, not less, global trade and integration. If global society and business become fragmented, some will be left behind while others surge ahead. Those left behind will inevitably be those most dependent on export trade, and on foreign direct investment. It is only through the web of international trade and cooperation that we will solve the great challenges of our time.

In spite of the adversity the world faces in this third decade of the 21st century, Gard has the wind in its sails. This integrated report, the very first for Gard, shows that we are maturing in our thinking around our value creation and sustainability. I would like to thank our Members and clients, the Board of Directors, and the entire Gard organisation for the tremendous work they have done in yet another challenging year. I look forward to captaining the voyage ahead, and hopefully into a time of plainer and altogether more pleasant sailing.

Rolf Thore Roppestad

In Gard, we know that it is our people that make the difference. That is why we continue to focus on the well-being and development of our employees and organisation.

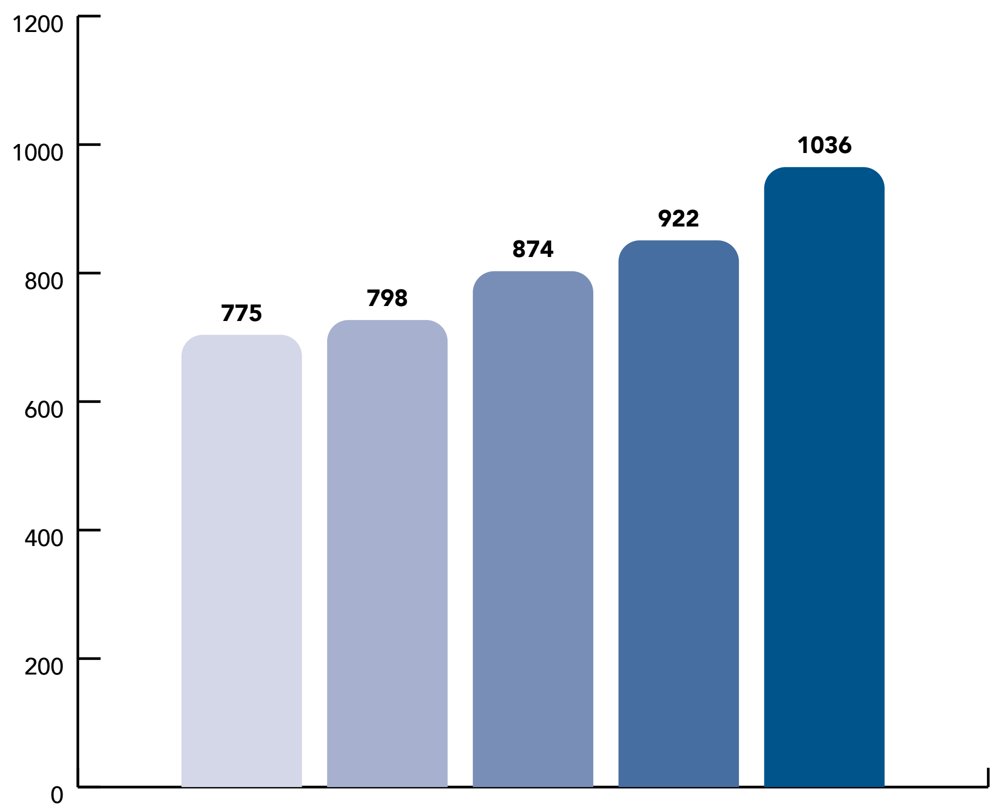
Rolf Thore Roppestad

2.0

Our year in brief 2021-2022

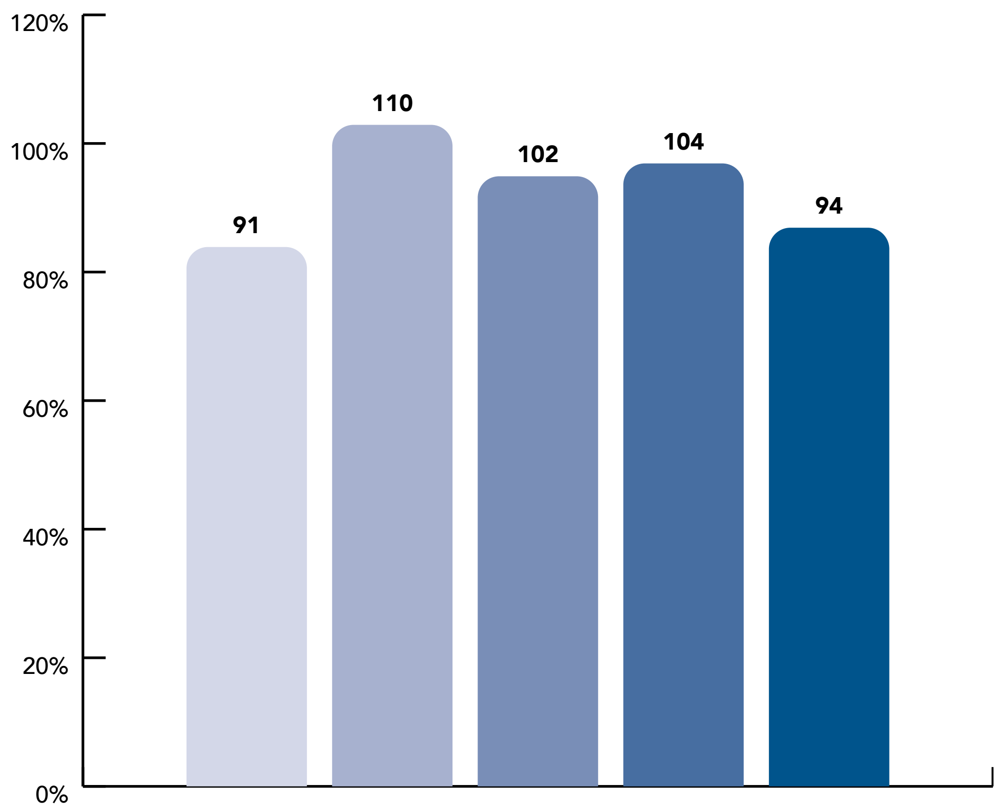
Gross written premium

Amounts in USD millions, ETC basis (five-year period)



Combined ratio

ETC basis (five-year period)



A combined ratio below 100% indicates a positive underwriting result and is measured by calculating the sum of claims and 'operational expenses' as a percentage of premium income.

Legends

Gross written premium, and Technical results

2022

2021

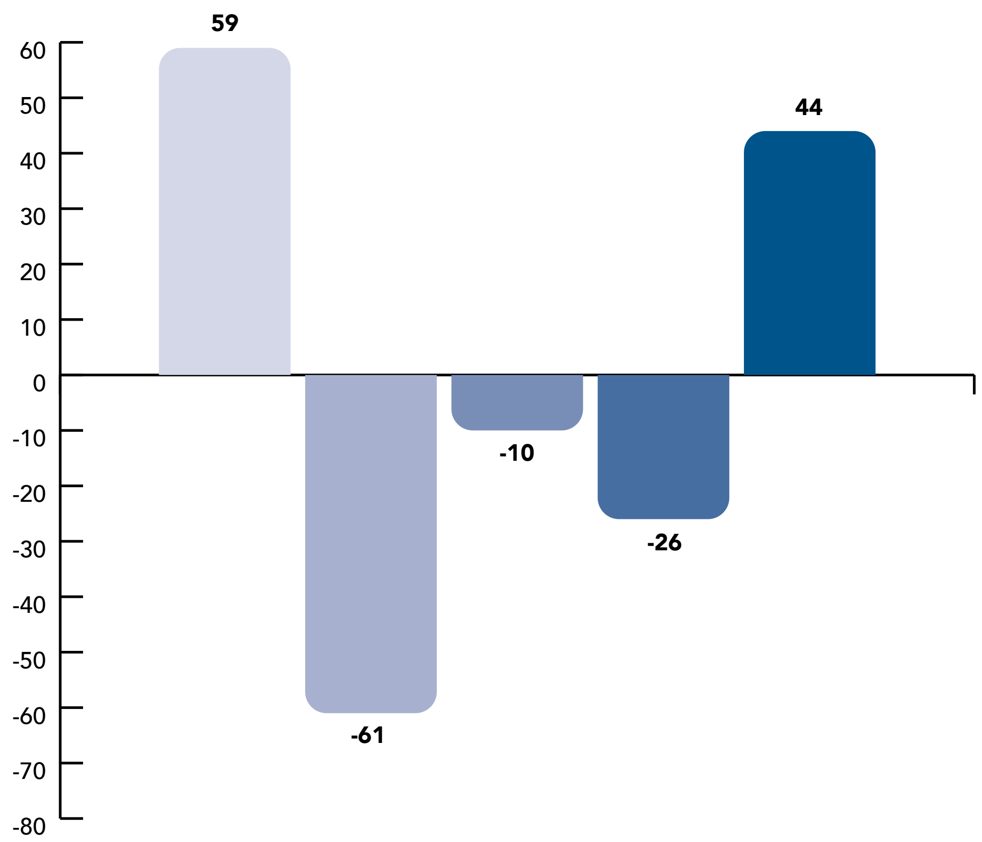
2020

2019

2018

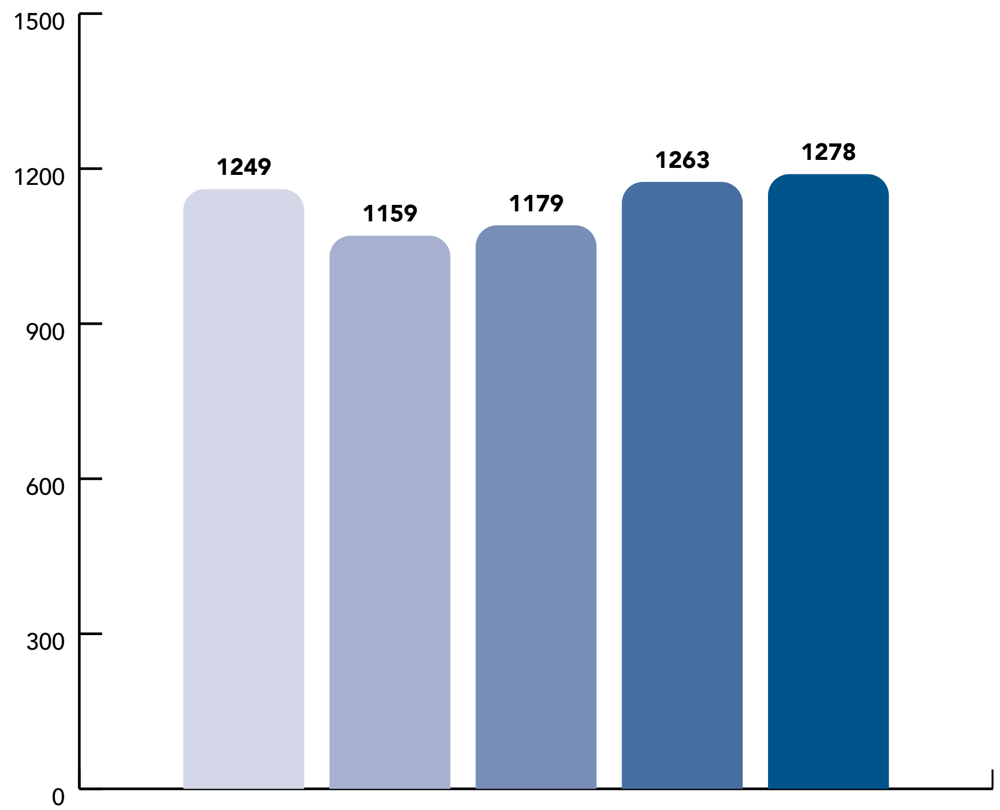
Technical results

Amounts in USD millions, ETC basis (five-year period)



Equity

Amounts in USD millions (five-year period)



Legends

Combined ratio, and Equity

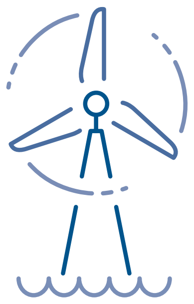
2022

2021

2020

2019

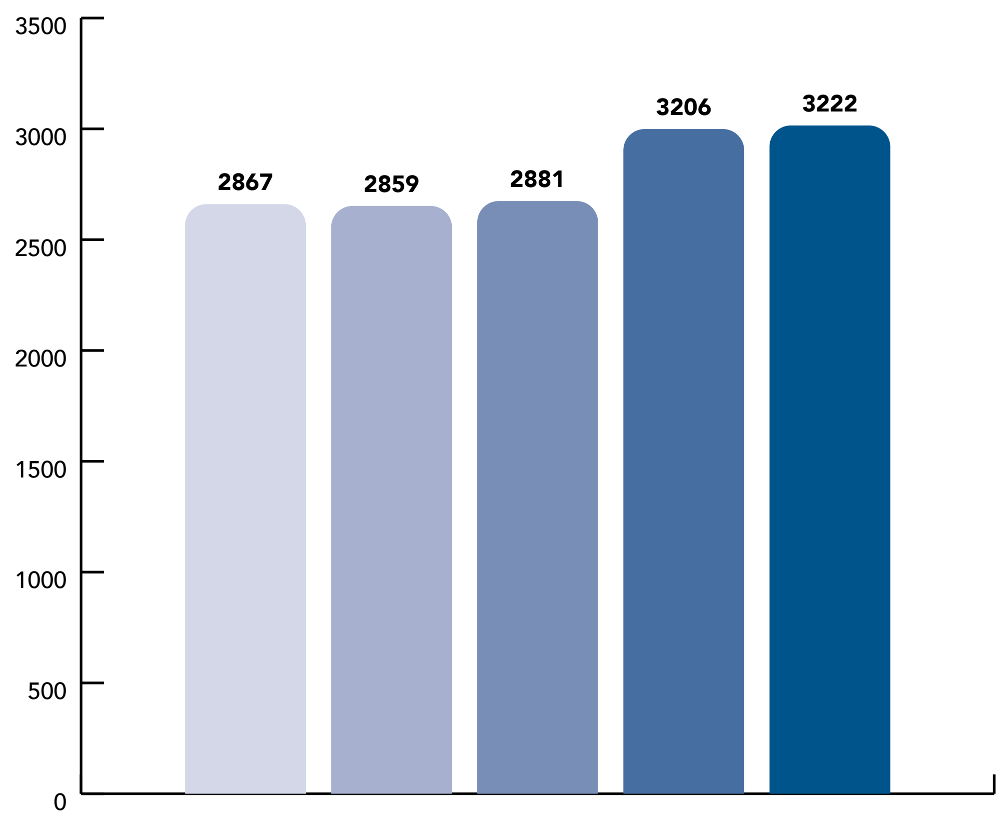
2018



By February 2022, offshore wind constituted 33% of the total premium earned in the energy segment, almost doubling from 17.2% the year before.

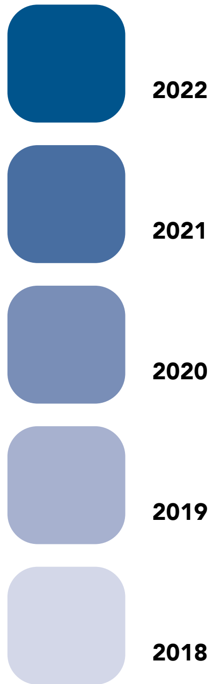
Assets

Amounts in USD millions, ETC basis (five-year period).



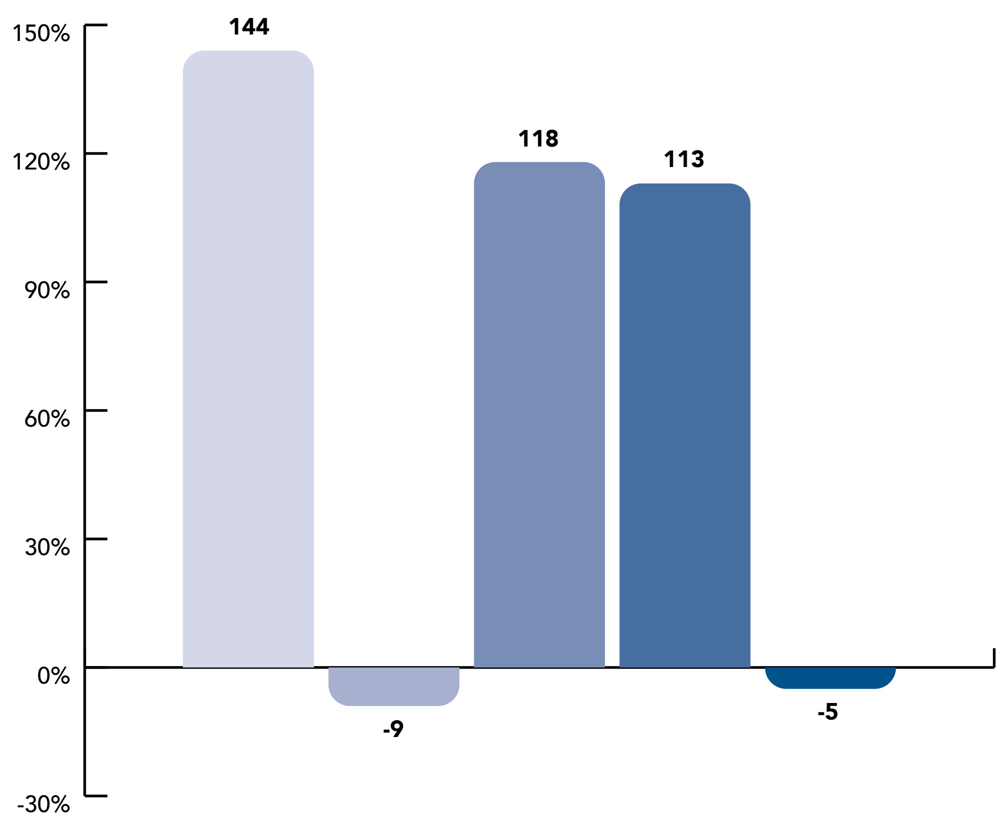
Legends

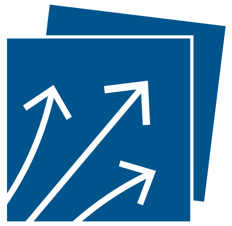
Assets, and Non-Technical



Non-technical

Amounts in USD millions, ETC basis (five-year period).





This year we co-founded the Poseidon Principles for Marine Insurance.

Reduced gender pay gap:

Salary increase male in percentages:

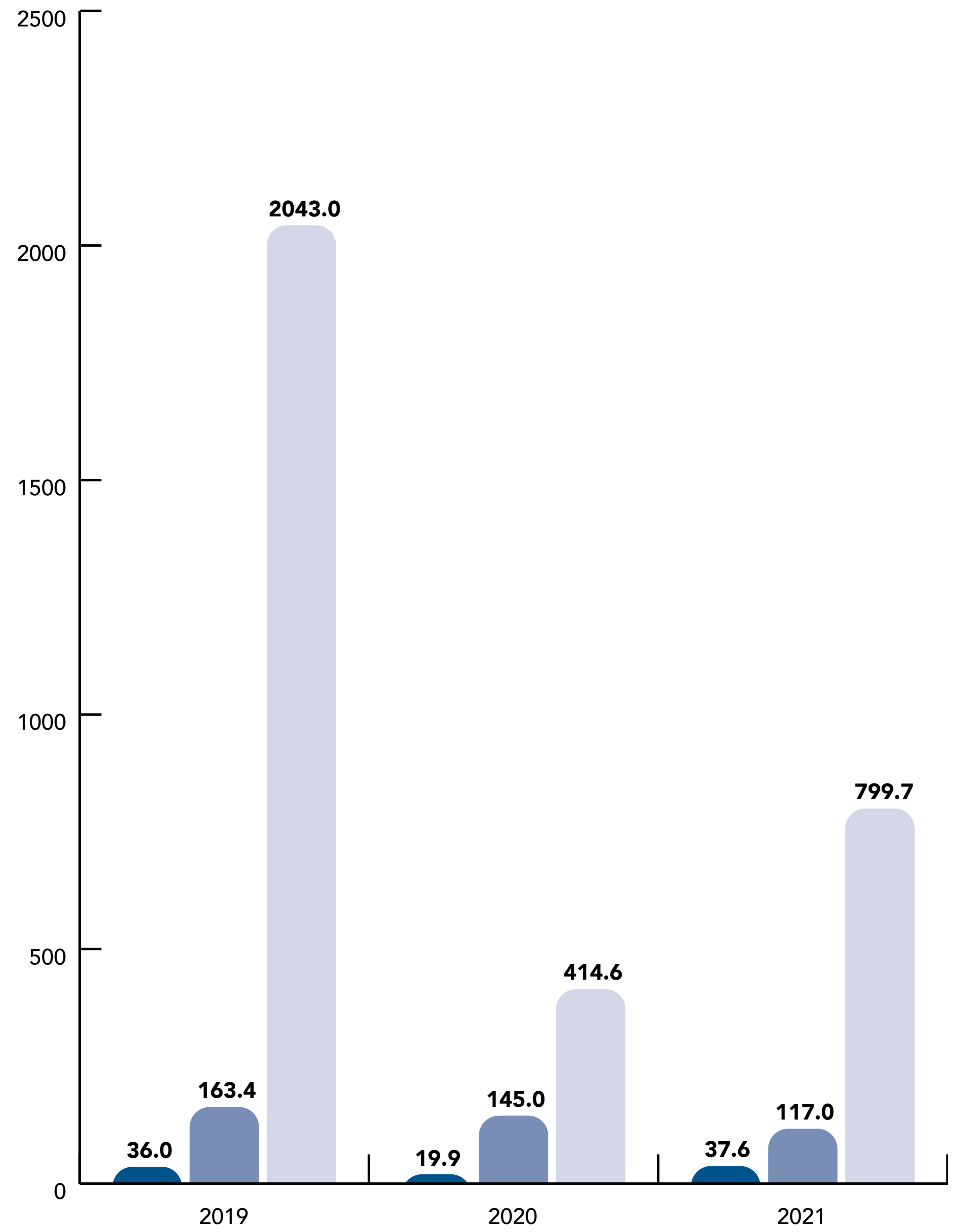
3.4

Salary increase female in percentages:

5.5

Emissions data

Scope 1, 2, 3 (three-year period) all in tCO_2e.



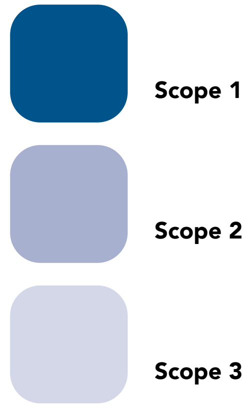
Gard's Standard & Poor rating:

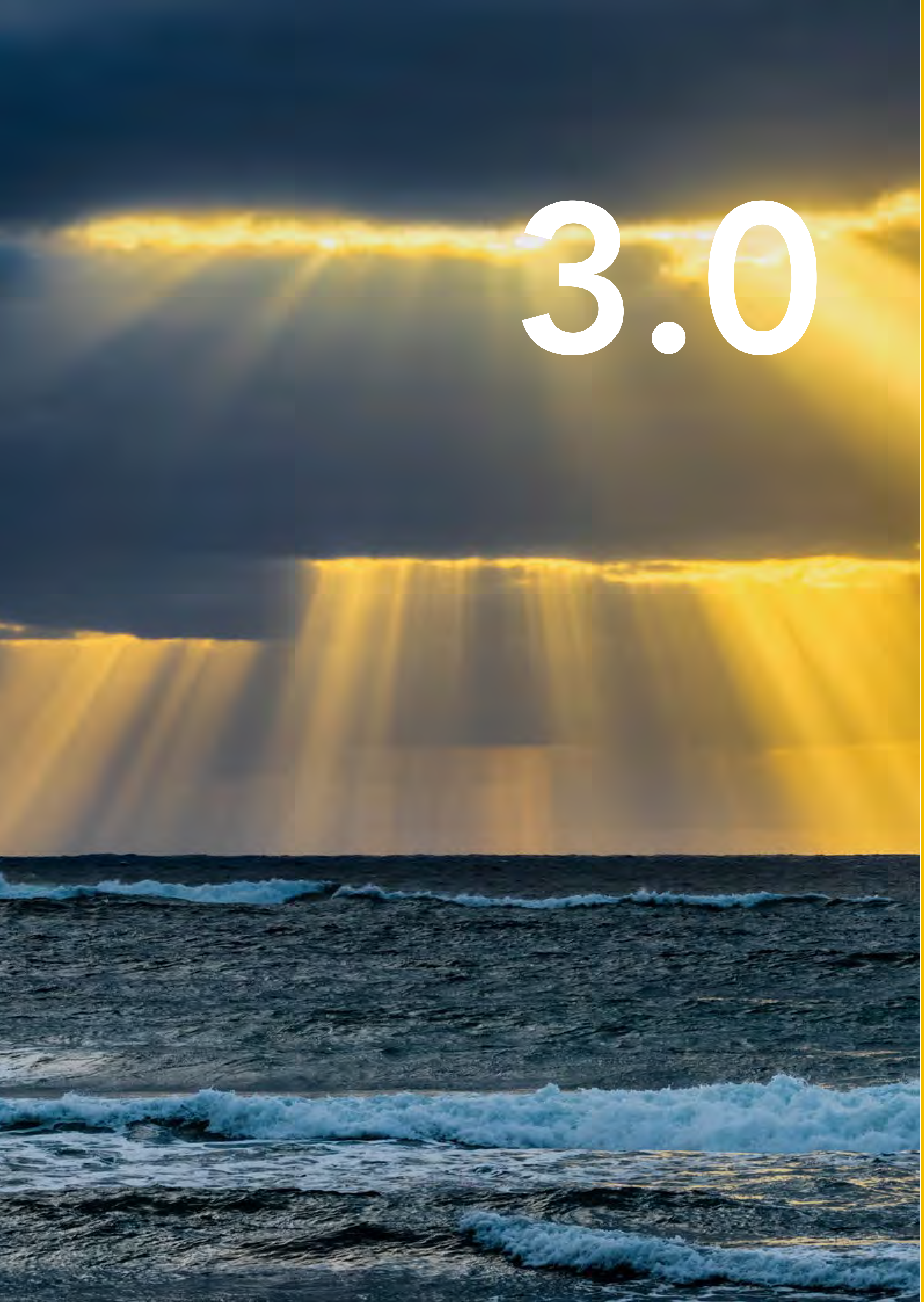
A+

Stable Outlook

Legends

Emissions data





Value creation at Gard

This is Gard's first integrated report and value creation model, and it is based on the Value Reporting Foundation's Integrated Reporting standards. With this approach, which combines the sustainability report and directors' report previously presented as two separate documents, we are maturing our reporting, and providing a more holistic overview of our business performance.

We are a mutual association, and our core purpose is to help our Members and clients to manage risks and their consequences. In our model we have selected four out of the six classes of capital from the integrated reporting standards that are most relevant for Gard. As showcased in our value creation model (p. 21), our business strategy relies on three pillars: financial strength, market development and global operational excellence.

Our main activities are summarised in the value creation model and form the outline and core of this report. We aim to develop this model continuously in the future and to increase transparency about Gard's overall value creation. Gard uses the UN Sustainable Development Goals (SDGs) as a framework for identifying targets for a sustainable business.

3.1 OUR ROLE IN SOCIETY

Around 90 per cent of the world's trade is transported by sea. Gard has one or more insurances in more than half of the global merchant fleet measured by gross tonnage. This means that we have significant reach, and potentially a significant voice, in the ocean economy.

We focus on our chosen customer segments. We prudently select risks and price them correctly. We share knowledge on how to prevent and handle maritime accidents. We minimise the impact of casualties, both for the insured and for society at large, by handling claims efficiently and fairly, and by working for improved standards and best-practice operations across the industry.

By offering financial strength, and a strong problem-solving approach, we help the maritime industry transition to a low-carbon future and to sustainable business practices. We support our Members, clients, people and society to make the most of the opportunities provided by the sea.

With a global presence across 13 offices, we strive to deliver customer-centric solutions and round-the-clock service, when and where our customers need it. We remain committed to using our market-leading position, our scale and strength, for the benefit of society and our Members and clients. Ultimately, we help to keep global trade moving.

This is not something we do alone. Collaboration is more important than ever, and by doing this we ensure that we stay close to our clients and at the forefront of sector trends. To this end we also rely on strong partnerships such as the International Group of P&I Clubs, market reinsurers, the Nordic Association of Marine Insurers, and a host of industry organisations. Together, we enable sustainable maritime development.

3.2 OUR BUSINESS MODEL

Being a specialist marine insurer, we create value by understanding, managing, carrying and sharing maritime risks. Our knowledge of marine industries, combined with legal, environmental, financial and technical

Protection and indemnity insurance
Third-party liability insurance to owners, operators and charterers of ships and mobile offshore units, and various related insurance covers. For example, related to collision, property damage, pollution, environmental damage and removal of wrecks.

Marine
Hull and machinery insurance. For example, for loss of income resulting from physical damage to a vessel, or due to circumstances that prevent the vessel from leaving a port. Disbursements, marine war and other specialist covers for owners and operators of ships.

Energy
Cover for the oil, gas and renewable industry. For example, mobile offshore units (MOUs), plant and installations offshore and onshore.

expertise, enables us to do this effectively.

Financial strength has been at the core of Gard's value proposition to its Membership since the very beginning in 1907. The marine insurance segment is generally characterised by low frequency/high severity claims. Financial strength enables Gard to tackle volatility, pay claims timely, as well as to run a stable premium policy with a low probability of calling unbudgeted supplementary premium. We have no external capital providers with short-term return requirements. Finally, as a licensed insurer we are required to meet regulatory capital levels for legal entities and branches where we are established. Our financial strength, as confirmed by our industry-leading A+ rating, ensures that we robustly meet the regulatory capital and solvency requirements for all legal entities and branches, enabling us to grow our business sustainably to the benefit of our Members and clients.

We work to reduce risk rather than merely insure against it. We increasingly offer data-driven loss prevention, and continuously monitor the technical and integrity characteristics of our portfolio.

A wave of new regulations is spreading across all sectors, and shipping will be no exception. Gard helps its Members and clients to understand and adapt to these changes, and to future-proof market access and therefore the profitability of marine operations.

3.3 SUSTAINABLE BUSINESS AT GARD

Sustainability is an integrated part of Gard's strategy, starting with our mission statement, "Together, we enable sustainable maritime development". Our aim is that sustainability becomes embedded as a watermark throughout our operations. This is an important priority for Gard as it will create good conditions for managing climate and sustainability risks and capitalising on the opportunities these factors represent. We believe that companies with a clear strategy supporting the SDGs will be better placed than others to succeed and create long-term returns in future markets.

Having assessed the SDGs, the opportunities and responsibilities each of them represents to our business, and our ability to have an impact on them, we have so far prioritised SDG 8, 13, 14, 16 and 17. These priorities are reviewed on a regular basis and will be adjusted according to the expectations of our stakeholders and/or where our business can have an impact change.

8 DECENT WORK AND ECONOMIC GROWTH

We focus on people for sustainable growth

We respect human rights and promote labour rights throughout our value chain and in our own operations. We develop competence, foster diversity and equal opportunities, and prevent discrimination. We help Members and clients by protecting the lives and livelihoods of seafarers and promote their wellbeing. We realise business opportunities for sustainable growth.

13 CLIMATE ACTION

We support the maritime industry to limit the impacts of climate change

We respond to our Members and clients' changing operations and needs by developing products and services that enable them to thrive in the transition to a more sustainable maritime sector. We use the risk categorisation proposed by the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to identify and report on climate risks and opportunities. We are carbon neutral in our own business operations.

14 LIFE BELOW WATER

We prevent and minimise the impact of marine pollution

We handle marine accidents and pollution efficiently, fairly and responsibly, and continue to work with responsible authorities to prepare for such eventualities. We use data to prevent and guide our response to marine accidents. We encourage ship recycling according to the Hong Kong Convention and the EU Ship Recycling Regulation.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

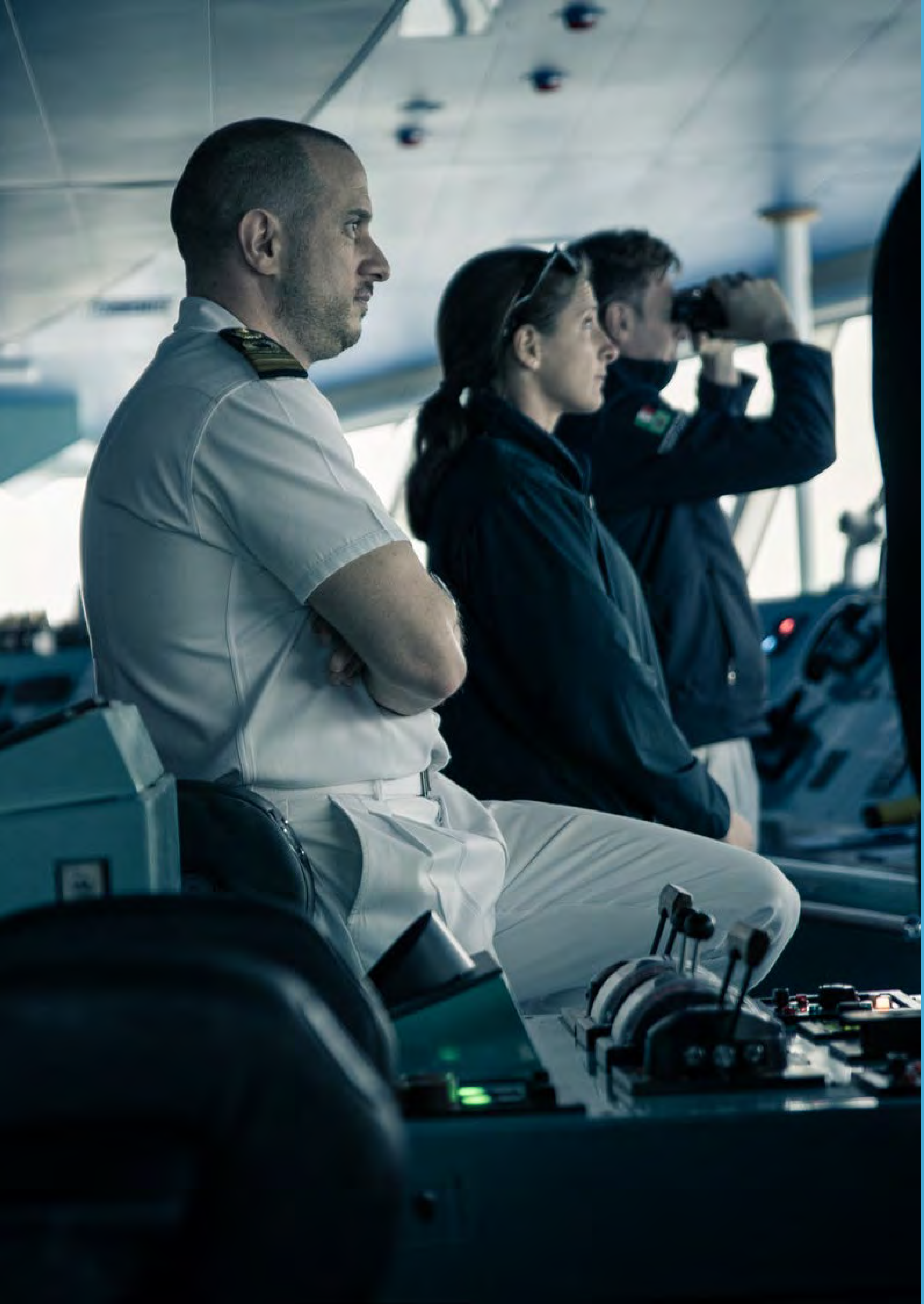
We push towards higher business ethics throughout global operations

We implement standards and practices to combat corruption, fraud and money laundering. We implement requirements and standards designed to make shipping more sustainable. We are transparent in our own sustainability targets, activities and results.

17 PARTNERSHIPS FOR THE GOALS

Driving sustainable development within maritime industries and beyond

We cooperate with private, public and civil society, and share insights with multiple stake-holder groups through seminars, articles and partnerships.



Value Creation Model

MISSION

Together, we enable sustainable maritime development

OUR CAPITAL

Social and Relationship Capital
We support our Members and clients. Long-term & strong partnerships with business partners and key stakeholders

Intellectual Capital
Insight-led approach based on our data, internal models and analytical capabilities.

Human Capital
580 employees with deep expertise and experience covering all key insurance competencies: Maritime, legal, environmental, financial and technical.

Financial Capital
Strongly rated capital base enabling us to pay claims and to offer predictable and competitive premium levels.

WHAT WE DO

As a mutual, we help our Members and clients in the marine industries to manage risk and its consequences.

WHAT WE AIM FOR

Financial strength:
Withstand extreme loss events. Meet increasing capital requirements.

Market development:
Achieve sustainable growth

Global Operational Excellence:
Engaged, effective, responsible.

OUR MAIN ACTIVITIES

We support the industry
Positive portfolio development with focus on sustainable business. Based on insight and deep maritime expertise, we provide timely advice and services that reduce losses and mitigate risks.

We push for sustainable solutions
Focusing on emerging technologies, the safety and wellbeing of seafarers, and ESG standards.

We focus on our people
By developing competence, fostering diversity and ensuring equal opportunities, we create good working conditions and stay forward-looking and curious.

We strive for long-term sustainable investment return
Through our scale and financial strength, we invest responsibly to the benefit of our Members and society

THE RESULT OF EVERYTHING WE DO

Safer and cleaner operations
By reducing the likelihood and impact of marine casualties, our Members and clients run safer and cleaner operations, securing business continuity.

Protected lives
Through timely and targeted loss prevention, the lives of seafarers are protected, illness and injuries prevented, and better livelihoods secured.

Reduced risk
Through tailor-made products and services, we mitigate risks and support a sustainable transition in the maritime industry.

Empowered employees
We attract, develop and retain competent and engaged colleagues

Lower premiums
We build capital over time that has a direct positive impact on premiums.

WE HAVE AN IMPACT ON

Keeping world trade moving

A safer and cleaner maritime industry

A sustainable ocean economy

8 13 14 16 17

4.0 Value created in 2021-2022

4.1

WE SUPPORT THE INDUSTRY

Gard is the world´s leading provider of marine insurance. As outlined in the previous chapter, the heart of Gard's value creation happens through our insurance product offering. We create value by understanding, managing, carrying and sharing maritime risks. With memberships in a number of industry bodies, boards and committees, we are well placed to provide guidance on the industry's most pressing topics. Through strategic and academic partnerships, we invest in the future of the maritime industry.

We provide timely and relevant advice to Members and clients

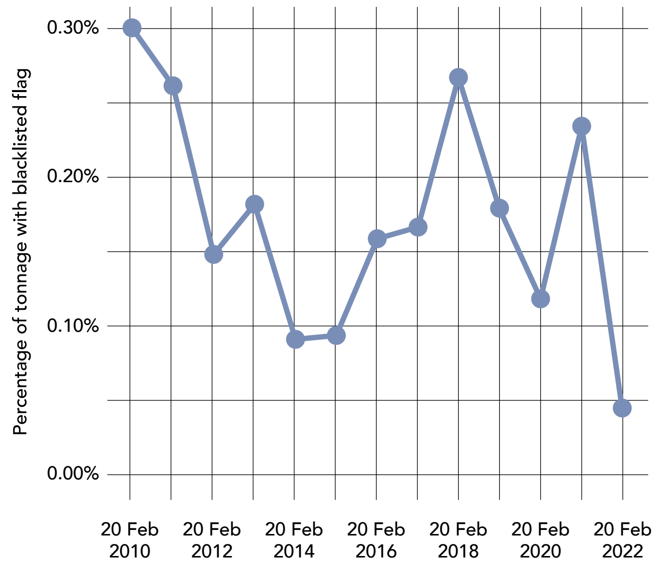
Data-driven loss prevention was a core focus area in the Financial Year (FY) 2022, as we worked to understand trends and geographical hotspots for marine casualties. In addition, monitoring the technical quality and integrity of our portfolio enables us to understand more clearly what we are insuring. More than before, we are analysing real-time data to assess both acute and potential risks.

We monitor under-performing flags, and as a general rule do not insure flags that are on the blacklist of certain memoranda of understanding (MOUs). These include the Paris and Tokyo MOUs, whose aim is to eliminate the operation of sub-standard ships, through a harmonised system of port and state control. The high-risk flags are listed in our database and risk is considered on a case-by-case basis. Based on average score from port state controls inspections some flags are under-performing and listed as black-listed. A blacklisted flagged object is not necessarily an object with higher risk of incidents or of poor quality. Blacklisted flags are more of a risk indication rather than actual risk. Therefore, Gard's loss prevention team is consulted before quoting and a thorough risk assessment is done by using available data to determine risk and/or actual ship inspections. Gard currently has 88 objects insured with blacklisted flags. One of the blacklisted flag states has improved its security standards and was therefore removed from the list in the beginning of 2022, resulting in a significant reduction of insured objects with blacklisted flags. Objects with blacklisted flags are reviewed and assessed more thoroughly than others by Gard's internal surveyors.

Class societies certify vessels according to international safety standards and such certification is required in order to retain P&I insurance cover. Class inspections and knowing the class society is an important source of information when assessing risk. As a general rule, Gard only insures ocean-going tonnage that are classified by the International Association of Classification Societies (IACS). In FY 2022

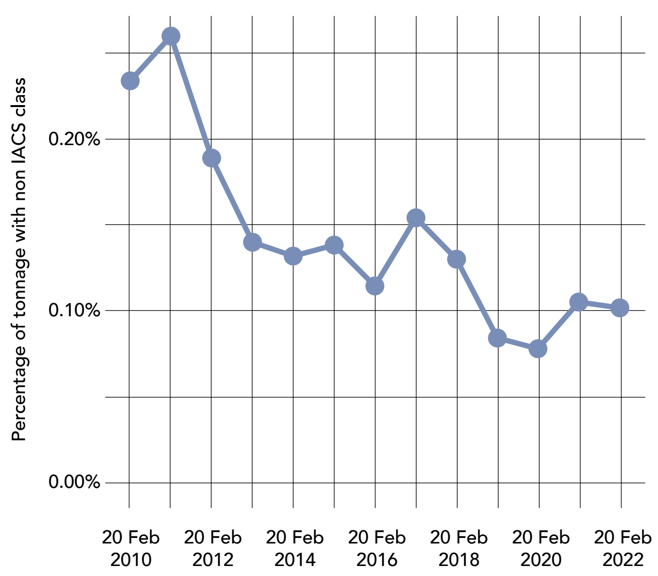
Relative tonnage of vessels

Relative tonnage of vessels with blacklisted flag *



Owner's P&I Portfolio
Gard

Relative tonnage of vessels with non IACS class *



* P&I Info from Paris

Incident hot spots

Some geographical areas are more prone to casualties than others. This year Gard conducted a thorough mapping of all navigation incidents in its portfolio from 2016 and 2020, resulting in a 'heat map' of collision hotspots. Almost all incidents occurred during berthing and de-berthing.

Using data from Lloyd´s List and Windward we established that high traffic does not necessarily correlate with high risk. More important factors are traffic separation, depth of water, effectiveness of vessel information and traffic systems, and pilot training. High risks for grounding incidents include maximum speed relative to service speed, river traffic, number of unique port calls, and proportion of time spent at median speed. Perhaps paradox-ically, more time anchored represented a higher collision risk, as did calls to large ports. Frequent acceleration was anoth-er risk factor, while the higher a vessel´s mileage, the lower its risk profile.

The full review of our analysis can be found here. By sharing our findings, we aim to reduce losses and promote safe navigation both for our Members and clients and for the wider industry.

Gard covered 23 assets on P&I with non-IACS class (excluding small craft and specialty vessels). For Gard, this is an acceptably low number, and these assets have been subject to a thorough risk assessment.

IACS has withdrawn Russian register's membership of IACS. Gard has no immediate short-term concerns for this withdrawal, however the impact this may have long term is more uncertain. Gard has limited numbers of Russian Registered vessel in the portfolio, and we also see that the number of objects is being reduced from one month to the other. For more information on subsequent events, see note 23 in the financial statements.

We are at the forefront of risk recognition

This year, we further strengthened our work related to climate risk. The insurance sector is highly exposed to climate-related risks and both the Asset and Liability sides of the balance sheet could potentially be affected simultaneously. Climate-related risks are also regarded as a key element that could affect the capitalisation of the company, and this is reflected in the strategy leading up to Gard's 2025 aspirations.

When approaching climate-related risks, Gard uses the risk categorisation framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD). We have appointed an internal expert group to identify and assess climate-related risks and opportunities for Gard. Based on the Network for Greening the Financial System (NGFS), we have assessed three different climate-change scenarios, each of them tailored to reflect various degrees of physical and transitional risks for Gard. A summary of this work can be found on page 31. This methodology will be further improved going forward.

WE INVEST IN THE FUTURE THROUGH STRATEGIC PARTNERSHIPS

Gard works to have a positive influence on our industry, via participation in various committees and boards. We currently have 102 direct and 11 indirect memberships of industry bodies (Appendix E), boards and committees including a wide range of participation. There are now 206 separate lines of participation involving 97 Gard employees.

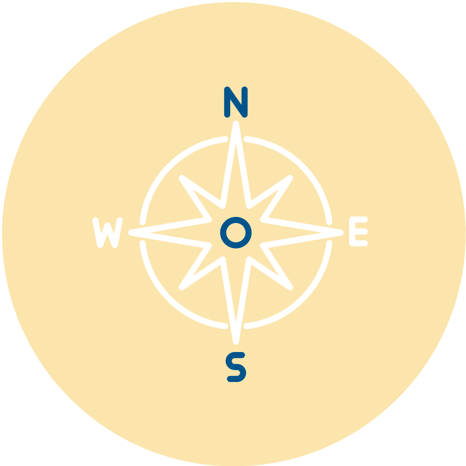
International Group of P&I Clubs (IG)

Gard is a member of the International Group of P&I Clubs (IG) and, together with the other 12 mutual insurers making up the IG, we provide liability insurance to over 90% of the world's commercial shipping tonnage. This enables us to provide the financial resources to meet the demands of international maritime compensation and liability

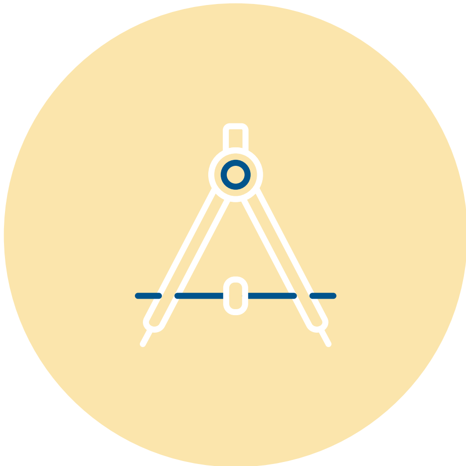
Climate risk assessment

Material risks to Gard

Acute physical risks: Gard has not yet seen a significant increase in claims related to extreme weather and costs associated with weather-related claims remain fairly limited. However, claims for which extreme weather is a root cause, e.g. groundings, collisions or contact with fixed objects, may not necessarily be reported as such. Hence, we are exploring ways to improve detection and reporting of climate-related claims. Acute physical risks could also affect Gard indirectly through reinsurance where extreme events could challenge the reinsurance market. Several of the potential risks associated with physical climate changes are considered in the extreme event scenarios for the insurance stress testing. This includes Gulf of Mexico windstorms, North Sea freak waves, typhoons affecting Korea, and land-slides causing a tsunami.



Chronic physical risks: Shipping in polar areas has increased over recent years and Gard is monitoring the traffic going through the Northern Sea Route. This year, a polar extreme event scenario was examined, demonstrating some of the challenges and uncertainties when operating in Arctic areas. The net costs associated with smaller events are manageable, but larger vessels could present significant challenges. Gard will look more closely at polar shipping in the coming year.



Transition risks: In a scenario where we see delayed climate action and sudden impacts, transition risks for Gard will be higher. The Gard expert group has assessed that we are able to adjust pricing and investment portfolios quite quickly. However, organisational challenges could be more significant such as not being able to recruit, develop, and retain talent with the skills relevant for this transition.

regimes. We are pleased to have been part of discussions leading to the establishment of a sustainability working group within the IG in 2019, and that there has been a steep increase in work on sustainability since then. The four work streams established as part of this work in 2020 – 'one industry voice', 'casualty response', 'pooling and reinsurance', and 'safety' – have mapped current contributions within the UN SDG framework and have begun to develop thinking on new potential areas of engagement on the same basis.

Last year, we supported proposals to do more to explain the IG´s journey so far and the IG's existing contributions with regards to sustainability. We hope this will lead to increased awareness within the ship-owning community, by focusing on the potential for new areas of engagement but also on the broad range of detailed work on sustainable development the IG has been doing for many years. This includes safety and loss prevention work aimed at minimising the risk of personal injury and damage to the environment, thereby preserving the economic welfare of those within our value chain.

International Union of Marine Insurers (IUMI)

Ever-increasing levels of fines combined with a general lowering of the threshold to impose them represents a potential threat to the viability of the products and the protection we offer. We raised this for discussion, suggesting that the industry could communicate these concerns. IUMI formed a working group on the subject. We contributed to similar discussions elsewhere and we were involved in producing a recommended model wording to allow us to ensure that, where necessary, priority is given to compensating victims of maritime casualties and restoration of the environment.

Global Maritime Forum

Gard is a strategic partner to the Global Maritime Forum and in December 2021 we became a co-founding partner to the Poseidon Principles for Marine Insurance, a global framework to quantify and disclose the carbon intensity of insurers' marine-hull portfolios. The Poseidon Principles are an important contribution from the marine hull insurance industry, where leading marine insurers come together to support shipping's transition towards a decarbonised future.

As a signatory to the Principles, we commit to assessing and disclosing the climate alignment of our hull and machinery portfolios, and to benchmark this against two trajectories: one linked to the International Maritime Organisation's Initial Green House Gas Strategy, with a 50% reduction of annual CO_2 emissions by 2050 compared to 2008; and one with a 100% reduction of $C0_2$ emissions by 2050. Being a signatory to the Principles will enable us and other financial institutions to assess and manage our portfolios' impact on the environment, using a common set of guidelines.

UN Global Compact

As a member of the UN Global Compact-led Ocean Stewardship Coalition, we have continued to raise the need to designate seafarers as "key workers" to ensure that they have access to appropriate medical care and can rotate off their ships when they are due to go on leave. Many of our proposals were developed in the UN's Covid-19 Task Force on Geopolitical Risks and Responses, which we joined when the pandemic arose.

As we identified in our last sustainability report, progress has, however, been slow. Some jurisdictions have taken a cautious approach to following the UN´s recommendations and seafarers have continued to face hardship and logistical barriers as a result. The problems faced by seafarers have highlighted the importance of cooperation between multiple stakeholders, reinforcing our view that real progress can only be made when each stakeholder in the value chain plays their part, doing the bit that they do best and hoping that others will follow suit. It was necessary, for example, for us to amend our rules mid-year to provide shipowners with cover in respect of re-routing their ships to enable them to repatriate deceased seafarers, something which has very rarely been an issue until covid happened.

Singapore Maritime Foundation

We are pleased to have gained a seat on the board of the Singapore Maritime Foundation. This is a collaborative foundation linking public and private sectors to important international partnerships, industry collaboration, education, training, and maritime careers. Singapore is an international maritime centre and having a place on the board increases our ability to learn and develop as an organisation. It also creates an opportunity for us to influence the sustainable development of the maritime industry.

University relationships

We have strong relationships with several universities worldwide, including with the Institute of Maritime Law at the University of Southampton. In 2021, we signed a formal agreement with this top-ranked university to establish the "Gard Fund – enabling sustainable maritime development". The Fund will support international workshops, beginning with one in June 2022, to review the legal framework governing maritime labour and best practices, drawing lessons from the Covid era. Furthermore, the Fund creates a platform to engage with key stakeholders from industry, the government, academia and selected UN agencies.

Gard supports the World Maritime University (WMU), an IMO initiative. The University offers unique postgraduate educational programmes, undertakes wide-ranging research and maritime capacity-building in line with the UN SDG's. Gard sponsors a fellowship every year, making it possible for candidates from developing countries in the maritime sector to get a fully sponsored master's degree. This year we have also increased our engagement with the University of Oslo, Trondheim and Rome.

Our regional offices

In our last report we considered how Gard's industry contribution could be linked more closely to our long-term aspirations of financial strength, market development and global operational excellence. In 2021, we undertook a review process with each of our regional offices to consider industry representation from a local perspective. The discussions focused on Gard's outreach activities, which involves developing trusted relationships with local authorities to help when casualties arise. These activities are designed to work in tandem with other, separate outreach initiatives, and industry liaison work, which involves effective contribution to industry bodies and local professional networks.

This process identified opportunities across our regional offices for greater engagement with industry bodies on a local level including local shipowner associations. In turn, this should lead to opportunities to gain knowledge of local initiatives relevant to sustainable development, as well as providing an opportunity to influence sustainable development in a positive way.

4.2

WE PUSH FOR SUSTAINABLE SOLUTIONS

Gard is at the forefront of efforts to push for sustainable solutions in the maritime industry. We work closely together with shipowners and seafarers to ensure the highest levels of performance and safety and we are dedicated to constant improvement of terms and conditions to ensure safe working conditions in the industry. We work to ensure that disposal of removed wrecks are done in compliance with the Hong Kong Convention and EU regulatory standards, and we continue our efforts to ensure that both salvage and wreck removal operations are conducted with minimal adverse effects for the environment.

Insuring the future's energy system

At Gard, we respond to our Members and clients' changing needs by developing products and services that support the transition to a more sustainable maritime sector.

Gard Energy has almost 50 years of experience of insuring offshore oil and gas energy installations, both floating and fixed. Renewable energy sources will be vital to achieve climate goals and the offshore wind market is expected to grow considerably in the course of this decade. Since 2017 Gard has built on its experience in the energy sector and we have gained specialist knowledge in offshore renewable energy. Gard is involved across three continents insuring a large portfolio of offshore wind installations, both fixed and floating. This allows us to gather information and experience of technical developments, legal frameworks, and loss history. Gard is also closely monitoring the development of other marine renewable power sources that have not reached commercial stages yet. We use the knowledge gained to advise clients on risk mitigation and insurance solutions.

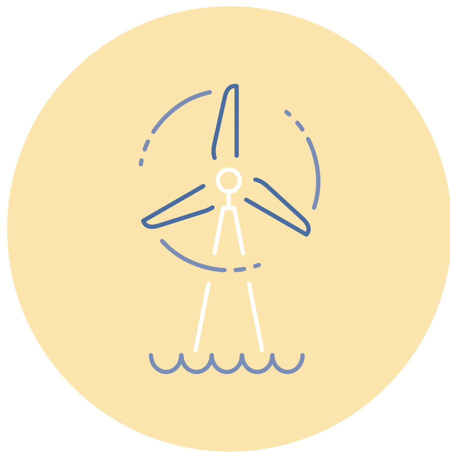
Understanding the risks and opportunities of autonomous shipping

We are involved in projects and pilots for new fuel technologies and zero-emissions shipping, in addition to bringing new technologies into the portfolio. Since 2016, autonomous ships have received significant attention in the maritime industry globally. The motivations are an expected reduction in the cost of maritime and offshore operations, and improved safety depending on whether autonomous systems can manage hazardous situations more effectively than manned operations. Autonomous shipping could transform water-borne transport to become significantly more energy efficient as autonomous ships have more

By February 2022, offshore wind constituted more than 33% of the total premium earned in the Energy segment, almost doubling from 17.2% the year before.

33.0%

2022



17.2%

2021

space for green-energy solutions. On November 19, 2021, the world's first electric and self-propelled container ship, Yara Birkeland, insured by Gard, made its first voyage in Norway. Commercial operation will start in April and thereby commence the testing and development of autonomous capabilities while operating and sailing. The Yara Birkeland will start with one voyage per week, increasing to two before the summer. During the coming year Yara will ramp-up the delivery chain from production and throughout the transport of containers by Yara Birkeland to be able to move all containers from trucks and over to Yara Birkeland. It is planned for the summer of 2023 to have 5 voyages per week and by that have eliminated transport on road.

Reducing the negative impact on the environment

Our role as a marine insurer is to work closely together with the industry, as well as with other stakeholders, to support safe shipping and a sustainable ocean economy. The P&I cover is designed to help to safeguard the ocean and protect society. Providing this insurance means that we can act swiftly and proactively if an accident occurs, focusing on protecting people and the environment.

When handling a marine casualty, Gard adheres to the Hong Kong Convention and EU regulations, which are stricter with respect to standards of disposal and recycling of scrap than regulations in jurisdictions not party to these instruments. As a reflection of our commitment to sustainable practices, Gard adheres to these standards regardless, wherever in the world there is an incident. We are also part of the Sustainable Ship Recycling Transparency Initiative to accelerate a voluntary marked driven approach to responsible ship recycling practices through transparency, which will inform decision-making and create fair competition across the shipping industry.

When Gard is involved with the removal of a wreck on behalf of a Member, Gard is in charge of a significant industrial project which may in itself have a substantial environmental impact. This year we have initiated a pilot project where we require potential contractors to report the expected carbon footprint as well as other environmental effects of the operation. This gives us the opportunity to compare the expected environmental impact of each tender (bidder), which will then be one of the key factors considered when Gard decides on which contractor to enlist.

In order to continue to put sustainable business high on the agenda, Gard has decided to produce separate sustainability reports for casualties involving substantial response operations. These reports will address relevant ESG issues for the actual casualty including environmental impact of the casualty itself and the response operation, carbon accounts for the operation, and decisions where sustainability aspects have been part of the decision-making. These include alternatives with less environmental impact or recycling of materials. The report will also address social aspects such as working conditions for response personnel and local involvement in the operation. A template for such reports is under development and a first test case is being reported.

Prevention of plastic nurdle spills

The problem of container ships spilling plastic nurdles – small lentil-sized plastic pellets – into the ocean has received increasing attention over the last few years. There have been two major spills in South Africa, one very large spill in Sri Lanka, and smaller spills in Norway, England, the USA and many other countries. Gard was involved with a nurdle spill in Norway in 2020 and realised the many challenges associated with this kind of pollution. The nurdles are extremely difficult to collect from the environment and persist for many years, contributing to the increasing amount of plastic pollution in the ocean. Still, this type of cargo is yet to be classified as hazardous by the IMO, which would make it subject to stricter conditions for shipping.

Gard has set up a working group focusing on understanding the transport and value chain involved with this type of trade and to see where preventive measures can be taken. The problem with nurdles needs to be communicated widely in order to put pressure on the parties who can take action to prevent spills. Gard issued a podcast about the 2020 spill in Norway to share lessons learned and will continue to publish articles on this topic.

Assessing the carbon footprint in claims handling

When a marine insurer is committing to claims under its policies, it does so on behalf of itself as well as its followers or re-insurers. The (lead-) insurer is therefore restricted to follow the terms of the policy and not commit the fellow insurers to costs over and above what the policy allows for when handling a claim. This restriction may sometimes come in the way of making sustainable choices. Gard has therefore together with fellow CEFOR members taken the initiative to amend the terms of the Nordic Marine Insurance Plan from 2023 to include consideration of carbon footprint when an assured decides on which repair yard to tow its vessel to. The estimated carbon emissions from such tonnage will now be considered a cost calculated on top of the monetary cost, favouring repair yards situated close to the vessel in need of repair. This is an example of how Gard aims to meet the sustainability ambitions of Members and clients by adapting its insurance products to meet them.

Taking care of abandoned seafarers

In addition to covering traditional P&I liability, Gard provides financial security for certain obligations ship owners have under the Maritime Labour Convention 2006 (MLC). This is important in the event that crew wages are left unpaid, and the crew remain aboard ship without appropriate supplies. Gard undertakes a direct financial responsibility for abandoned seafarers for all ships entered for owners' P&I risks. In FY 2022 there was an increase in abandonment cases globally, possibly as a result of the pandemic and the operational difficulties many shipowners faced. Gard played an important role in securing payment of salaries in some cases where the ship owner either had a dispute with the crew, had temporary liquidity challenges, or for other reasons was not fulfilling obligations in crew contracts. In these circumstances, Gard works closely with Members to find good solutions that result in the settlement of obligations and the crew being paid as they should.

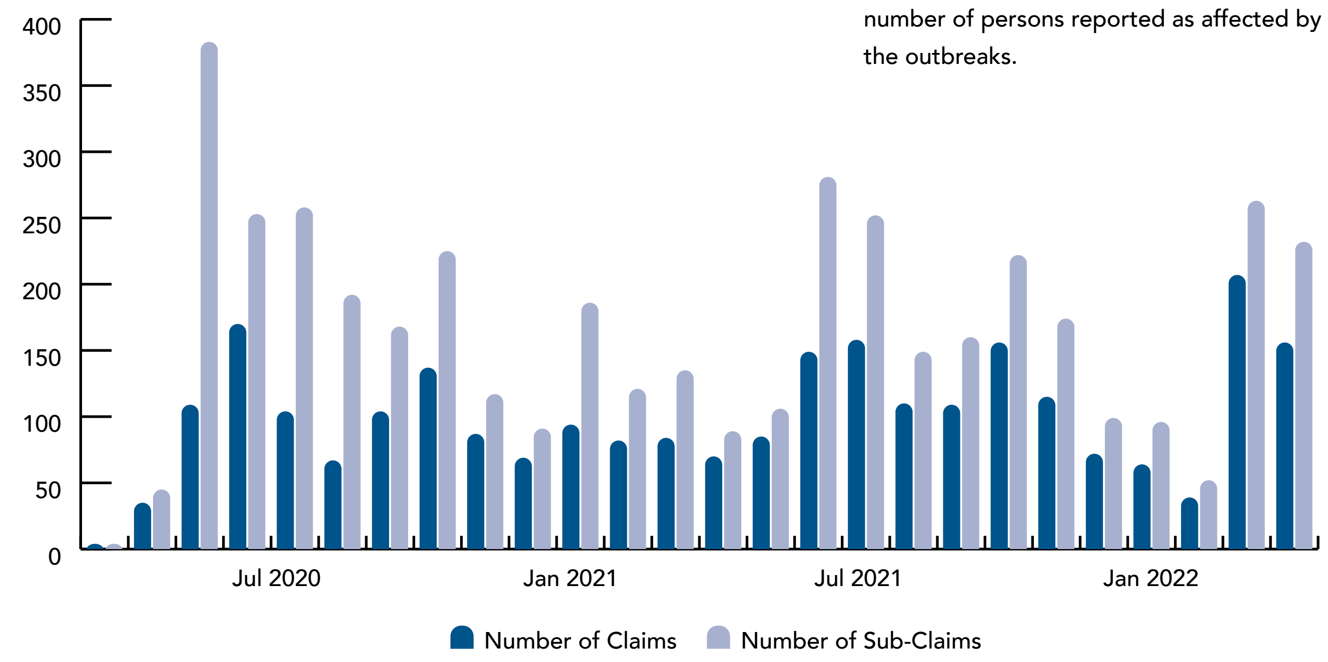
Ensuring the wellbeing of seafarers

The Covid-19 pandemic has continued to bring in high numbers of illness claims. Gard's Members and clients operated under extreme pressure to continue their trade under these circumstances, and they have faced difficult situations where insurance cover with Gard has been challenged. In view of problems experienced by several members to obtain permission from very Covid-cautionary ports to repatriate deceased seafarers to their next-of-kin, the Gard Board determined mid-year to expand P&I cover for costs and expenses to divert ships to ports which allowed such repatriation. With all Members and clients facing the same type of challenges, and as a global organisation, it was particularly important for us to apply the same fair standard and practice for everyone. There was therefore a focus on drawing up consistent lines for cover for the new situations that have occurred.

Another focus for Gard is to assist our Members and clients with tools and procedures that can help detect how crew members are faring,

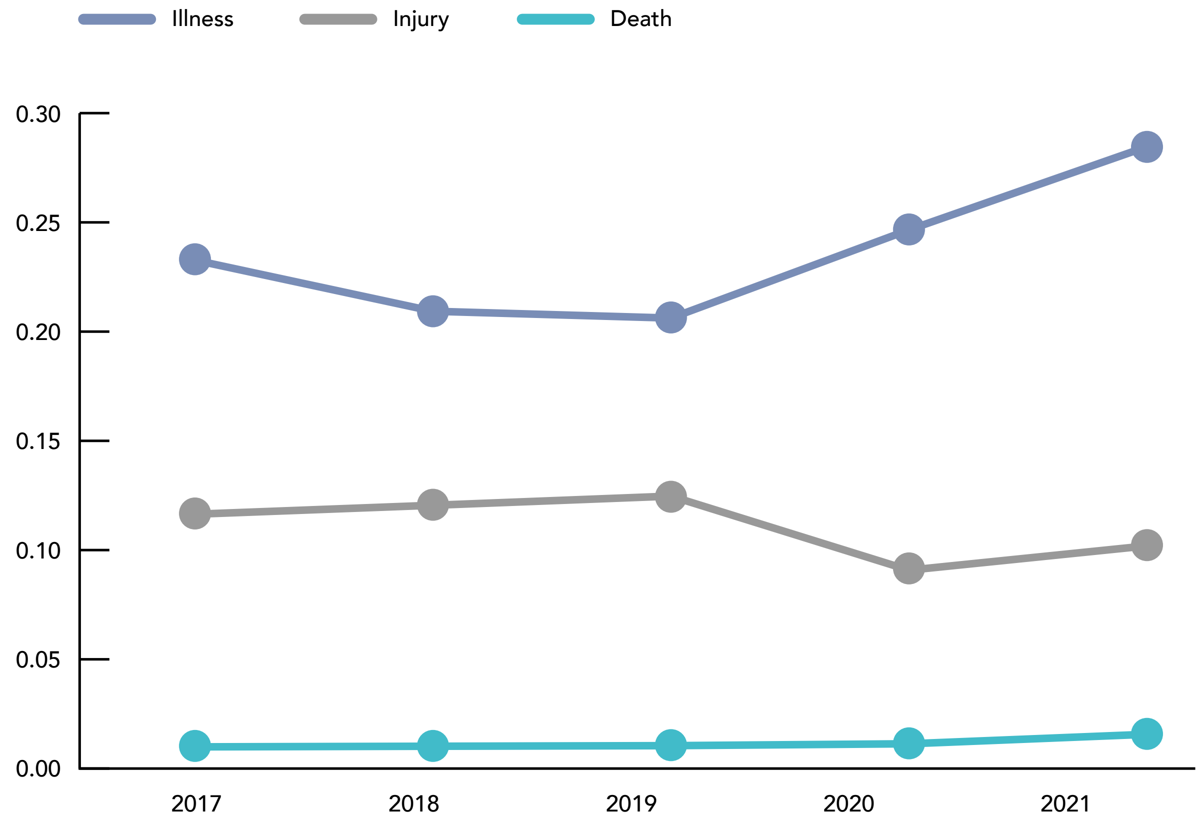
Number of Claims and Sub-claims over time

The graph shows firstly the number of Covid-19 claims, which are the number of outbreaks on board entered vessels, as well as sub-claims representing the total number of persons reported as affected by the outbreaks.



Protection and indemnity (P&I)

Average frequency of crew claims, reported per calendar year. The frequency is number of claims divided by number of vessels insured.



particularly safeguarding their mental health. We are currently in the process of developing new tools in this regard, aiming to make it easier to both monitor and promote crew wellbeing.

In the same spirit, we introduced an initiative to improve crew contracts to secure fair and clear contractual terms. Decent working conditions and fair contracts are important both to improve crew wellbeing and to attract loyal seafarers who feel valued and motivated to commit to the profession.

To get more insight into how we can contribute to seafarer wellbeing, we will organise Member forums where we can collaborate with relevant stakeholders and organisations to put seafarer wellness at the top of the agenda.

Product mapping through a sustainability lens

The challenges our Members, clients and the shipping industry face through a changing political, regulatory, and technological landscape are complex. Gard is uniquely positioned to help our Members and clients mitigate their risk through various initiatives and examples illustrated in this report, and our insurance products also play an integral part in this.

This year, Gard mapped its most relevant insurance products to assess how they support the SDGs. Understanding the changes and trends that surround us, and how these impact our product portfolio, is an important step towards future-proofing our business.

Identifying gaps and opportunities for future product development helped us reflect on how we work today and to share ideas on how to make ESG considerations an integral part of our product development. Most of our current insurance products have a positive impact on one or several SDGs. We will work with relevant stakeholders to implement the recommendations from the mapping to ensure further improvement.

The figure below indicates how many of our products can have a positive impact on various SDGs.

25	**15**	**12**	**11**	**10**
Decent work and economic growth	Life below water	Industry, innovation, and infrastructure	Good health and wellbeing	Responsible consumption and prodction

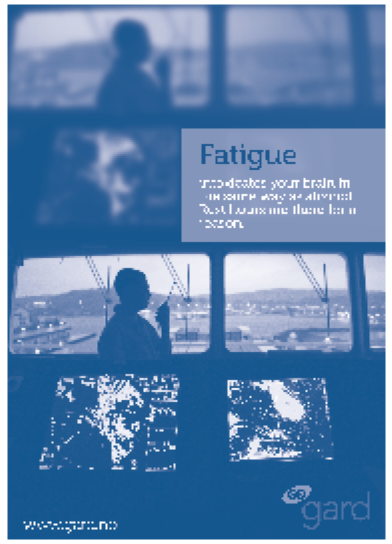
At Gard, we handle about 12,000 protection and indemnity, and some 2,500 hull and machinery, claims every year. From these cases there are lessons to be learnt and, by sharing these with our Members and clients, we can help raise awareness and consequently prevent accidents from happening in the future.

Safety alerts and insight articles, case studies for on-board discussions, posters for awareness, podcasts and awareness videos are all important ways of getting our message across and sharing relevant advice. Gard developed 106 of these products in FY 2022, and they cover the different areas in which our Members do business. Several of them also had a clear link to the SDGs.

UN SDG 8 – 27
UN SDG 8 – 13
UN SDG 14 – 11
UN SDG 13 – 4

We draw upon internal and external experts to produce publications, workshops, webinars, podcasts and videos to highlight important claim trends and spread loss prevention knowledge.

- Example – Partnership with Brooks Bell to produce video on microbiological instability in soya bean cargos
- Example – Workshop and podcast with Torkel Soma of SAYFR on organisational culture



Expectations towards our correspondents

Gard greatly values the relationship we have with our correspondents as they play a vital role in providing high-quality service to our Members and clients all over the world. Gard's listed correspondents, acting for or on behalf of an entity of the Gard Group or its customers, are required to act in accordance with Gard's anti-bribery requirements. Correspondents are also expected to operate to the highest ethical standards, and to have appropriate systems and procedures in place to meet these criteria. We are happy to report that 100 % of Gard's listed correspondents have signed, and thereby agreed to, Gard's Bribery Prevention requirements and Gard's Code of Ethics and Business Conduct Policy for 2022.

Responsible procurement

Gard supports Members and clients all around the globe and, as a result, works with a wide variety of suppliers. This year, Gard established Procurement as a new support function, helping to ensure a competitive and sustainable supply chain in Gard. Procurement works cross-functionally to optimise supplier outcomes and save costs, yet also focuses on reducing supplier-related risks and resource allocation. Furthermore, the function might assist when considering which services to provide in-house, and which to outsource.

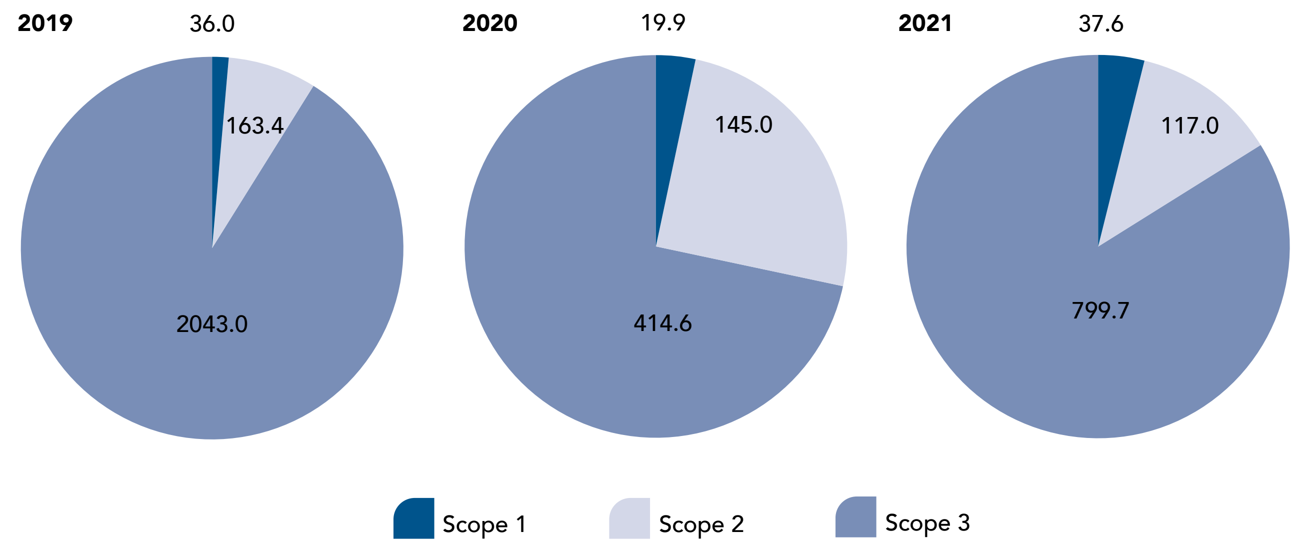
Procurement is aligned with other support functions in the organisation such as Technology, Sustainability, Group Legal and Compliance, and has the core mission of enhancing the commercial aspects of the supply chain. Each department will still be responsible for deciding on which suppliers and solutions to contract with, but Procurement assists with processes and tools to help improve structure, optimise outcomes and monitor development. Procurement aims to contribute to introduce useful tools, processes, and systems and implement and monitor relevant KPIs. There is a focus on ESG (environmental, social and governance) measures when selecting suppliers and solutions.

Continued reduction in $C0_2$ emissions due to covid

Gard's impact on climate and the environment is primarily connected to energy consumption, business travel and waste from our offices. In order to support our aim to reduce GHG emissions, we measure our progress yearly. The Greenhouse Gas Protocol (GGP) is the global standard for calculating this. The GGP uses a distinction of three different emission levels: Scope 1, 2 and 3. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed. Scope 3 includes other indirect emissions that occur in a company's value chain. We measure part of our Scope 3 by reporting our emissions resulting from business travel and waste. Just as in FY 2021, our emissions were significantly less than normal in FY 2022 due to the global pandemic, and many employees were fully or partly working from home. Gard's head office in Arendal, Norway, has a continuous focus on reducing its energy consumption. We have started looking into possibilities for expanding our office space in Arendal and environmental sustainability has been taken into account by a dedicated working group.

Our global operations are now climate neutral as we offset residual emissions through verified carbon units. As in 2019 and 2020, we have purchased credits in the Thor Heyerdahl Climate Park mangrove re-forestation project. This project is part of the UNFCCC's mechanism to combat global warming, which guarantees the reduction of greenhouse-gas emissions and supports sustainable growth in developing countries. The destruction of mangrove forests in tropical coastal areas is an ecological disaster for the people who live there and the ecosystems. Planting new mangrove forests binds CO_2 from the atmosphere through photosynthesis and thereby contributes to mitigating climate change.

Greenhouse gas emissions from Gard's own operations



4.3

WE FOCUS ON OUR PEOPLE

The Gard Group currently has 580 employees spanning 13 offices around the world. Our staff, and the specialized competence and engagement they bring to the table, are essential to achieve our goals. That is why we focus on recruiting, developing, and retaining the best people in our industry. We strive to build a collaborative culture that is underpinned by attractive work conditions, a good work-life balance, and fair reward systems.

COVID-19 Update

The Covid pandemic continued to affect our operations throughout 2021. Our top priority was to ensure the safety and wellbeing of our employees and thereby ensure continued quality operations and services. As part of this, we implemented the Resilience & Well-being program for all employees, providing professional advice in the form of short videos, webinars, and practical tools from a certified provider. Advisory videos on 'remote leadership' were also made available to all in our digital handbooks.

Digital tools and home office equipment have enabled our employees to work efficiently from home since the very start of the pandemic. Digital meetings will likely remain a key feature also after we return to the 'new normal', as it reduces air miles and thereby carbon footprint, and may promote better work-life balance.

While our office operations in Europe are back to normal from early 2022, the pandemic continues to impact our offices in Asia and the United States. We have had no layoffs and have continued to pay full salary to all employees. Guidelines concerning workplace flexibility have been developed and shared with the organization.

Future-proofing our organisation

Global operational excellence is both a strategic focus area on its own, and a key enabler for reaching our long-term aspirations for market development and financial strength. To achieve global operational excellence, we need to have:

- Engaged, competent and empowered employees who work towards our goals
- Ways of working, tools and structures that help our people succeed

In addition, we aspire to meet our goals for sustainable business throughout our value chain and integrate ESG considerations in all operations.

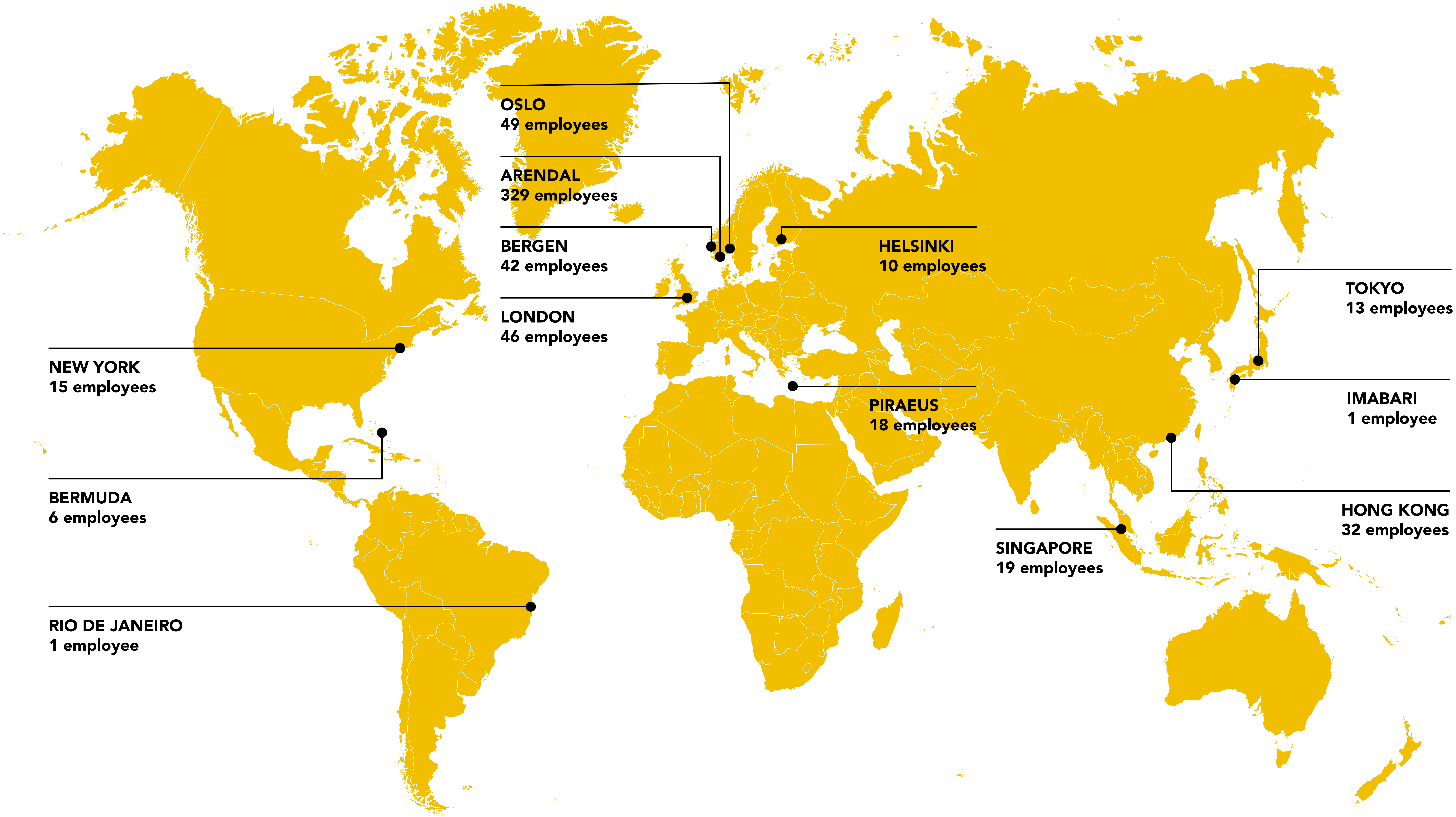
Together with all leaders, HR works to ensure that we recruit the right people at the right time. In other words, that we timely attract, develop, and retain the right competencies to cater for both our current and evolving needs. The competition for talent is on the rise with higher employee mobility also within our industry. We are therefore looking into new ways of attracting and recruiting the right people. We also actively look for diversity when we recruit. Looking ahead, we believe that changes in our business and regulatory environment will have the following impacts on the type of skills and competencies needed:

- Improved technology, safety culture and risk awareness within the maritime industries are likely to increase the demand for loss prevention and risk mitigation capabilities.
- The transition toward a low carbon economy is accelerating, with strong growth in offshore wind and other renewables. We believe more employees with specialist knowledge both as to risk management, claims handling, markets, and customers will be needed.
- The demand for improved customer interfaces and digital business solutions within our industry is on the rise, increasing the demand for customer experience, technological and analytical capabilities.
- Stricter regulatory requirements drive needs for more compliance competence and tools, both in business units and risk management/control functions.
- Further expertise and capacity to support structured, goal-oriented improvement efforts in operations and projects will probably be needed.

Equality, diversity, and inclusion (EDI)

Equality, diversity, and inclusion (EDI) was a key focus area for Gard in 2021 and remains so. A new EDI policy was agreed in February 2021, and a global EDI survey was conducted in March and April. This provided basic insight into the employees' views and perceptions about EDI aspects and challenges within our organisation. Based on insights gained from the survey results, we conducted a listening process involving all employees, to better understand sentiments, as well as engaging

Employees


OSLO
49 employees
ARENDAL
329 employees
BERGEN
42 employees
LONDON
46 employees
HELSINKI
10 employees
TOKYO
13 employees
NEW YORK
15 employees
IMABARI
1 employee
PIRAEUS
18 employees
BERMUDA
6 employees
HONG KONG
32 employees
SINGAPORE
19 employees
RIO DE JANEIRO
1 employee

employees to set goals for improvement, and how best to meet those goals.

Following this process, the leadership team defined corporate EDI goals. These include quantified EDI improvement targets to be measured by similar surveys end 2022 and 2025, which were anchored with our Executive Committee in September 2021. In addition, the leadership team defined the following corporate EDI priorities for 2022:

A 'pulse' survey on EDI was conducted in March/April 2022 to assess status and gain insight as to the effect of EDI efforts over the past year.

Equal opportunities: gender balance

Over the past year, we have seen some positive changes in the share of female employees in the leadership team and those reporting to members of that team, among team leaders and for support professionals. In the table below our progress towards our targets is presented.

The targets per role for 2025 are presented in the table on page 51 and are the same as reported in our previous annual sustainability reports. For the targets towards 2025, we will apply 'traffic light' brackets around the targets, as follows: +/- 5 percentage points is "light grey", meaning sufficient gender balance with no actions required. +/- 15 percentage points around "light grey" is "dark grey", suggesting a gender imbalance, and that management action should be taken. Any percentage outside both "light grey" and "dark grey" suggests strong gender imbalance and that management action must be taken.

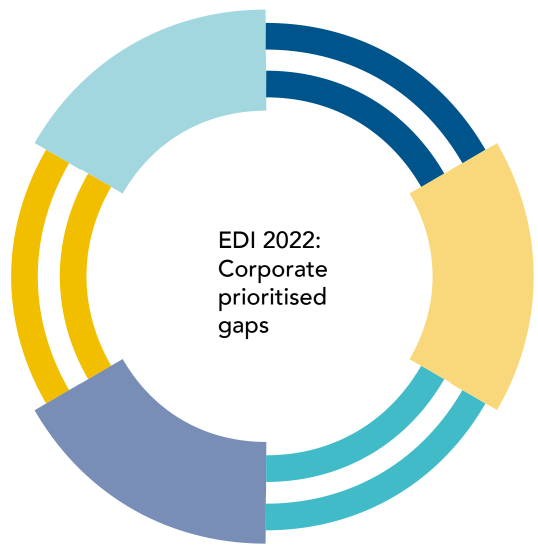
Through annual reporting to the SHE Index, we compare our gender equality performance with peers in Norway, both within and outside our industry. Our second annual reporting was submitted in February 2022. Our score had improved in one year from 41 to 64 out of a maximum achievable 100 points. Improved gender balance in senior positions and lower gender pay gaps were the main drivers for the improvement.

For employees promoted in FY 22, the average number of years to become promoted was 4.7 years for women and 4.4 years for men.

Equal pay for work of equal value

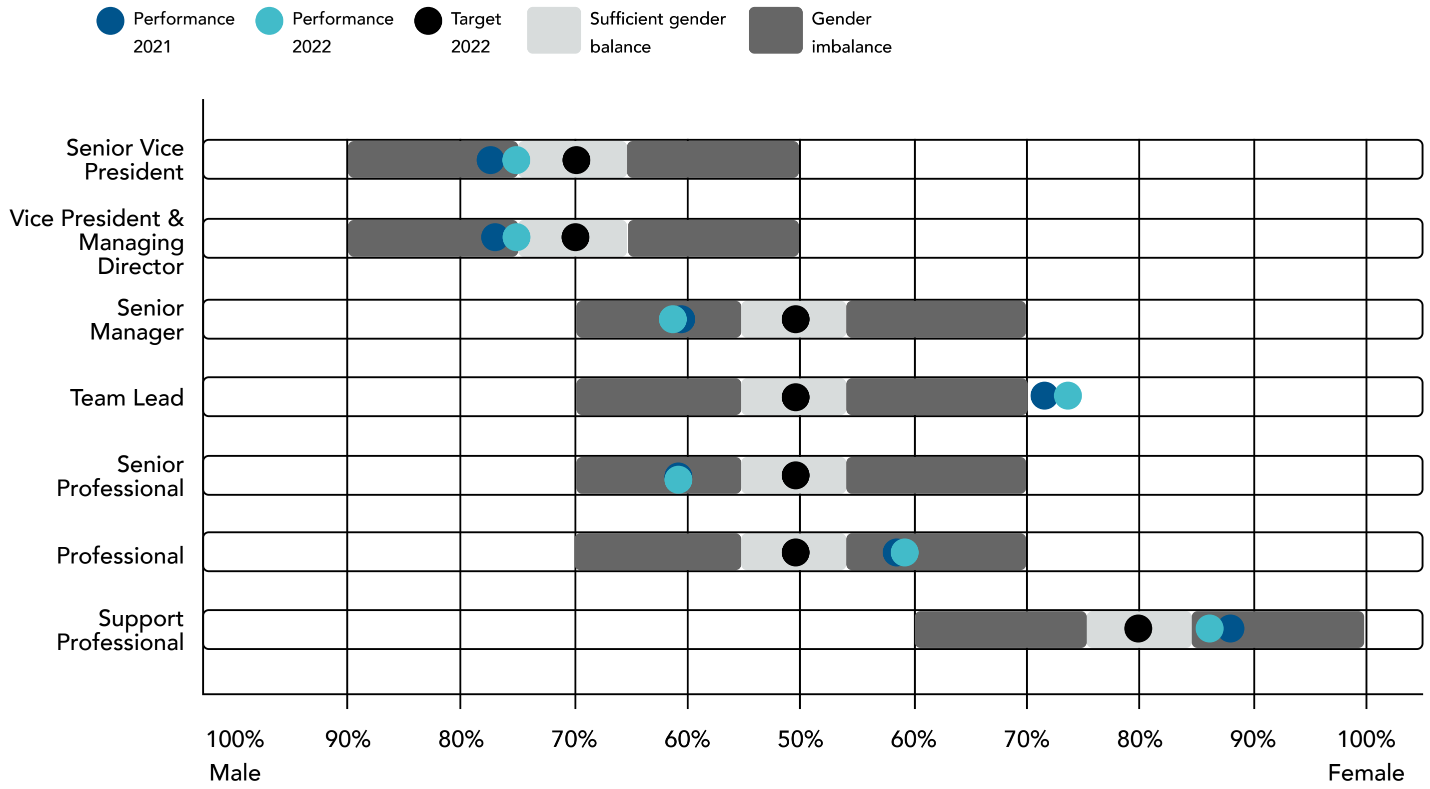
Our policy is to offer equal pay for work of equal value considering seniority, scope of responsibility, and individual performance when assessing the value of work. Furthermore, all employees shall have equal opportunities to develop and prosper based on their potential.

Corporate Equality, Diversity and Inclusion (EDI) Priorities 2022



1. **Global inclusion:** More global participation in business/strategy decision-making processes
2. **Global equality and inclusion:** Open processes to enforce fair opportunity for all open roles/positions
3. **Global equality:** Continued focus on fair pay for all employees
4. **Global inclusion:** Leader/Team dialogues with active use of Partnership Agreement
5. **Global inclusion:** Work to eliminate bullying and harassment
6. **Global diversity:** Start work to assess current organisational culture and diversity

Gender distribution and development



	Performance 2021		Performance 2022		Target 2022		Target 2025	
Role	Female	Male	Female	Male	Female	Male	Female	Male
Support Professional	87%	13%	85%	15%	80%	20%	70%	30%
Professional	60%	40%	61%	39%	50%	50%	50%	50%
Senior Professional	43%	57%	43%	57%	50%	50%	50%	50%
Team Lead	72%	28%	75%	25%	50%	50%	50%	50%
Senior Manager	44%	56%	42%	58%	50%	50%	50%	50%
Vice President & Managing Director	23%	77%	25%	75%	30%	70%	40%	60%
Senior Vice President	22%	78%	25%	75%	30%	70%	40%	60%

Working to ensure fair pay without gender pay gaps was a key priority in 2021. As part of this, we strengthened our external comparison basis concerning salary levels across all roles, ranks, and locations. We conducted a global remuneration review which formed the basis for a comprehensive salary adjustment process with more involvement from the leadership team and governing bodies than in previous years. The Remuneration and Executive Committees agreed to provide additional salary adjustment funds to accelerate the closing of gender pay gaps, reward particularly strong performers, and ensure fair remuneration development for young talented employees. The global average salary adjustment was 5.5% for female employees vs. 3.4% for male employees. These and other effects of the review created a fairer basis for performance-based adjustments in the future. The table below shows average salary for female employees as a percentage of average salary level for male employees (globally) per rank level. The current differences can be explained by:

- Similarly ranked roles having variation in responsibility between functional areas, with a higher proportion of male employees in higher pay areas,
- Differences in educational backgrounds and work experience before joining Gard, causing differences in career and salary trajectories,
- Differences in years of work experience and thereby seniority within given roles.

All these gap factors will gradually diminish as we continue to reinforce our policy of equal pay for work of equal value. Further improvements regarding gender pay gaps do not just require fair salary adjustments for all employees based on market comparisons and performance in their roles. It will also require an increased proportion of female employees with even stronger educational backgrounds and work experience for the better paid roles, as well as steeper salary trajectories for young talents and strong performers.

Salary increase male in percentages:

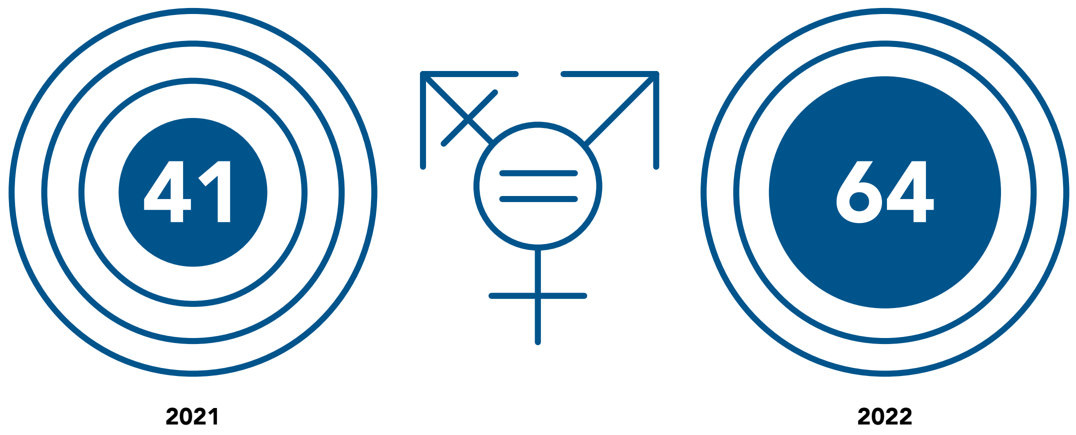
3.4

Salary increase female in percentages:

5.5

SHE index

From 41 til 64 on a scale with a maximum 100.



Female salary in per cent of men's salary, FY2022

	Employees	Average Salary 2022	Avrerage Salary increase
0 – CEO			
Male	1	100%	N/A
1 – Senior Vice President			
Female	2	70.27%	
Male	6	100.00%	
2 – Vice President & Managing Directors			
Female	18	77.94%	5.90%
Male	55	100.00%	3.40%
3 – Senior Manager*			
Female	5		
Male	7		
4 – Team Leader			
Female	18	75.60%	8.90%
Male	6	100.00%	2.20%
5 – Senior Professionals			
Female	89	94.78%	6.00%
Male	118	100.00%	4.70%
6 – Professionals			
Female	71	84.61%	9.50%
Male	46	100.00%	4.10%
7 – Support Professionals			
Female	95	104.31%	3.70%
Male	14	100.00%	4.20%
Grand Total	**551**		

* Information on Senior Managers cannot be disclosed due to GDPR.

4.4

WE STRIVE FOR LONG-TERM SUSTAINABLE INVESTMENT RETURNS

The key purpose of our investment portfolio is to have funds available to cover insured liabilities and to meet regulatory requirements, and the generate returns to the mutual membership Gard's objective for its investment portfolio is to maximise long-term returns within its risk appetite and accompanying risk tolerances in order to benefit owners and society over time.

Our approach to investing

Gard seeks to take on those investment risks that are expected to be rewarded over the long-term, in the form of excess returns relative to liabilities, in a diversified manner. Gard invests globally within a wide range of asset classes. Each region, asset class, sub-asset class and fund manager has different risk characteristics. We believe that an efficient and well-diversified portfolio will reduce unrewarded risks and improve returns over time.

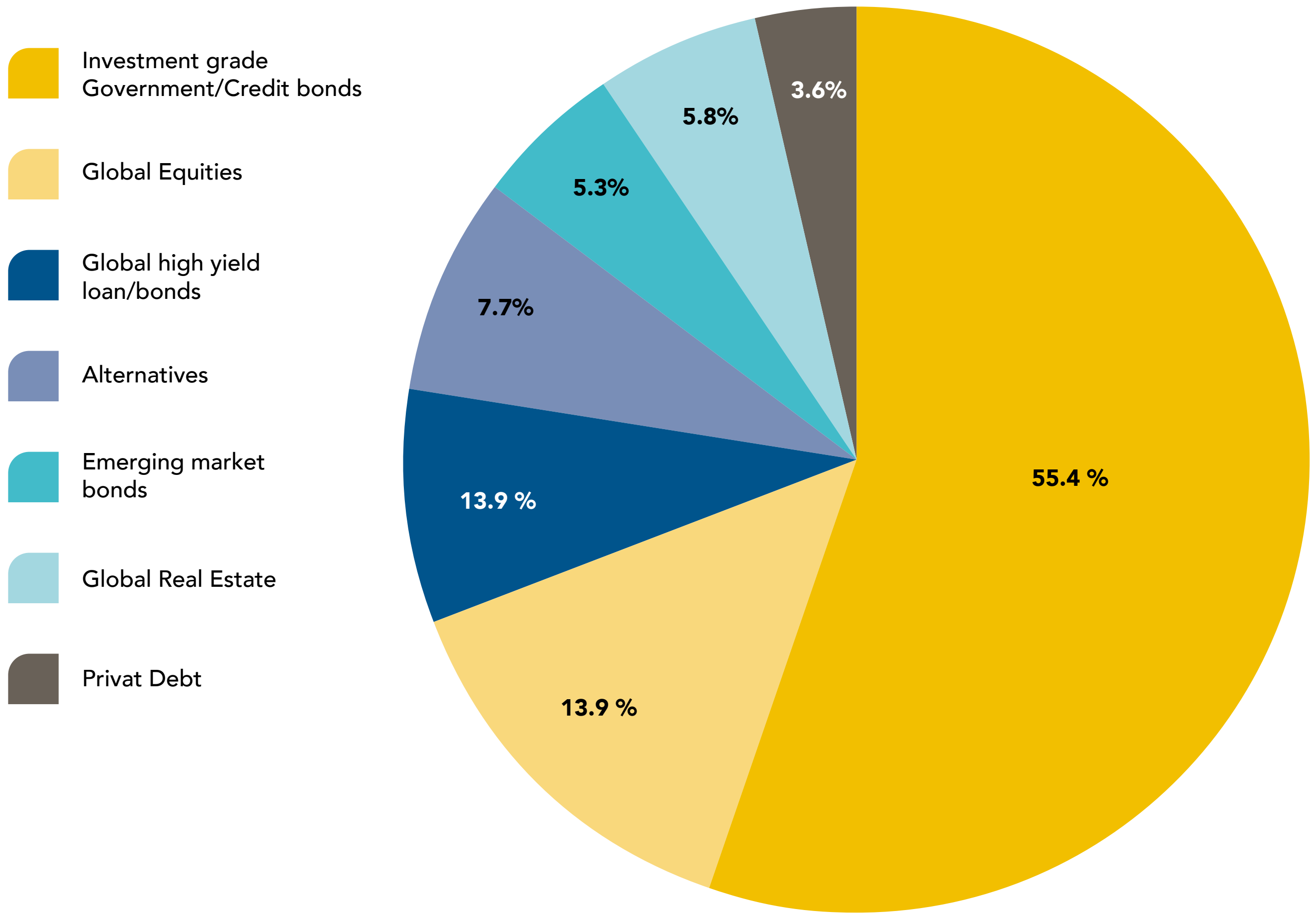
The year in brief

Over the fiscal year ending 20 February 2022 the net return of the investment portfolio for the Gard Group was 0.1 per cent, compared with -1.2 per cent for the strategic benchmark. The return for the previous year was 5.0 per cent. The Net Asset Value (NAV) for the investment portfolio ended the year at USD 2,227 million. See also Note 14 in the financial statements.

The pandemic continued to make its mark in FY 2022, with increasing numbers of vaccines being deployed across the world throughout the first half of the year. As the proportion of the vaccinated in the western Europe and the US rose, moves were gradually made towards economic re-opening, though unequal distribution of vaccines caused big regional differences in pandemic policies across the world. With the gradual re-opening the effects on the real economy became more apparent, with inflationary pressures building across the western world due to a combination of fiscal stimulus, supply-chain issues, labour shortages and reduced supply of several goods, such as microchips and industrial metals. Energy prices also continued to rise due to increased demand as well as increased tensions in Ukraine, with the WTI crude price increasing from USD 59 to USD 92 over the year. Even larger increases were seen in European natural gas prices, starting the fiscal year at EUR 9.5, and ending it at EUR 79. After the close of the FY, with the Russian military invasion of Ukraine and subsequent sanctions imposed by the EU, UK and US, energy prices have continued to soar.

It was a challenging year for the portfolio, especially due to the effect of rising interest rates across the fixed income portfolio. As inflation increased towards the summer, central banks started laying the groundwork for a tightening of financial conditions towards 2022 through increasingly hawkish commentary by the US Federal Reserve. This led to a significant change in the US yield curve, with major increases in the US three- and five-year interest rates, whilst the 10-year increased less, flattening the overall curve. To illustrate, the yield of a US three-year treasury bond increased from 0.21 per cent at the beginning of the year to 1.68 per cent on 20 February 2022. Our fixed-income portfolio tends to have a duration of 2-3 years, meaning that we are particularly affected by changes in this part of the yield curve. Fixed income was a net negative contributor to portfolio performance with an estimated loss of -2.5 per cent.

Investment allocation, as at 20 February 2022



The other negative contribution to performance for the year was emerging market debt, approx. 5.5 per cent of the total portfolio, which returned an estimated -5.9 per cent. The asset class struggled as rising inflation led to rate increases, combined with currency depreciation as USD strengthened through the year.

The globally diversified equity portfolio returned a positive return of 1.8 per cent for the year. We continued to be relatively underweight in US equity market beta and in general have a higher exposure to value and quality than growth. Performance was impacted negatively by holdings in emerging-market equities which, as debt, suffered from currency depreciation and inflationary pressures.

The credit portfolio (high-yield bond and corporate bonds) delivered a positive return of 2.4 per cent, helped by holding a significant portion of assets in floating-rate debt and seeing only limited changes in corporate debt spreads over the year. Our investments in privately held corporate debt continued to do well, with a return of 9.4 per cent for the year.

Real estate and alternatives where the strongest contributors to performance, with returns of 15.2 per cent and 13.8 per cent respectively. Our real-estate portfolio benefitted from strong markets, especially in industrial and logistical properties, which continued to be in demand. Our investments in global macro funds also performed well due to increasing market volatility, especially across interest rate, currency and commodity markets.

Having a meaningful impact on society over time

We aim to improve our long-term performance and reduce risk by embedding ESG factors into the investment process. We do this through our framework for responsible investment. At Gard, we have a long-term investment horizon looking to make meaningful impact on society over time.

Climate risk impacting our investment portfolio

Our investment portfolio will face climate-related risks as repricing of certain assets could cause considerable shifts in the financial markets. Investments in companies particularly exposed to transition risks, e.g. fossil-fuel extraction and production, constitute two per cent of our total investment portfolio. Significant declines in equity markets are reflected in our market risk calculations and associated stress-testing.

Our framework for responsible investing

Gard is aspiring to invest responsibly across all eligible markets and asset classes. We recognise that the generation of long-term sustainable investment returns is dependent on stable, functioning, and well-governed social, environmental, and economic systems. We therefore aim to integrate a framework for responsible investments into the strategic decision-making processes of our investment portfolio.

In 2019 we also set the goal to have all our fund managers as signatories to the UN Principles for Responsible Investment (PRI) by 2022. 96 per cent had already become so by the end of 2021.

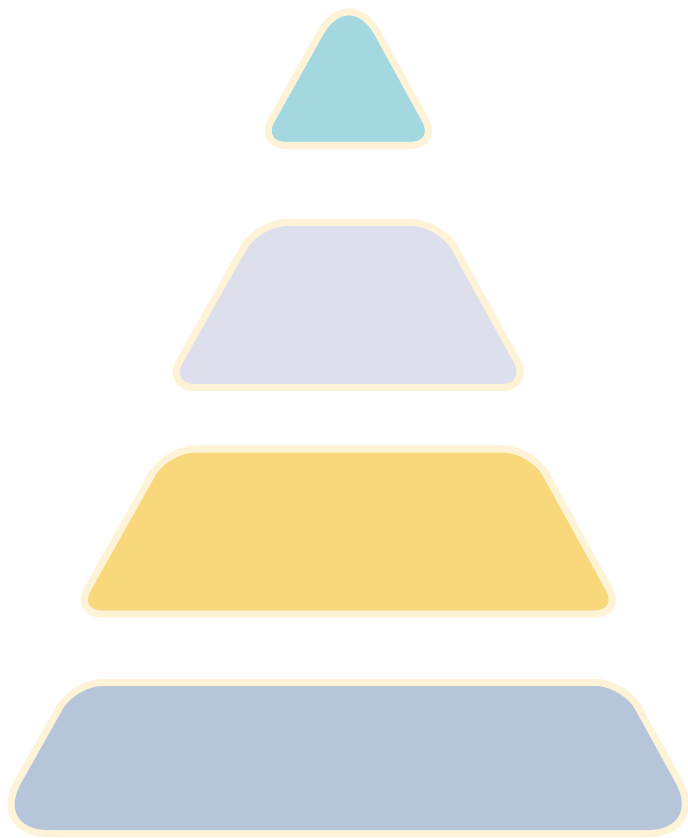
In FY 2022 we started with an analysis of existing ESG policies applied by fund managers in the Gard portfolio. Fund managers were challenged to demonstrate their approach to ESG in their respective investment processes. We are reviewing potential core principles for Gard's approach; these will eventually set the direction for our role as a responsible investor.

Company Exclusion
Gard will consider company specific exclusion as a means to increase the overall effectiveness of the framework.

Industry Exclusion
Gard will consider industry exclusion as a mean to increase the overall effectiveness of the framework.

ESG Framework
All equity or corporate credit mandates on our own platform should apply an appropriate ESG framework for the investment process. Gard will monitor the effectiveness of the applied framework

UN Principles For Responsible Investments
We aspire to have all our fund managers as signatories to UN PRI (Principles for responsible investments). Being a signatory is an important selection criteria for selecting new managers, and we actively encourage existing managers who are not signed up to become signatories.



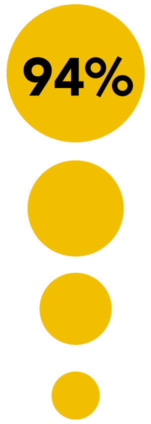
Highlights FY 2022

Participation in the PACTA project – Assessing the alignment of the Norwegian financial sector with the Paris Agreement.

Partnering with MSCI ESG Manager, providing a powerful tool to manage research, analysis and reporting across ESG factors.

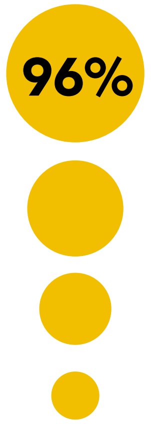
To prepare for further upcoming climate regulations such as the EU Taxonomy and the Non-Financial Reporting Directive (NFRD), which may become mandatory for Gard in the future, we participate in several voluntary initiatives related to climate impact on our investments. This year we participated in the Paris Agreement Capital Transition Assessment (PACTA), which was conducted as part of the Norwegian Climate Compatibility Assessment. Developed by 2° Investing Initiative with backing from UN Principles for Responsible Investment, PACTA enables users to measure the alignment of financial portfolios with climate scenarios as well as to analyse specific companies. 40 financial institutions including some of the country's biggest asset managers, insurance providers, and pension funds, participated in the exercise. PACTA allows for calculation of the extent to which corporate capital expenditures and industrial assets behind a given equity, bond, or lending portfolio are aligned with various climate scenarios. Based on projected data on production capacities, the progress of the technology mix in each sector is evaluated and benchmarked to roadmaps. The results from this exercise are currently analysed internally and will be used for future decision-making processes and reporting purposes.

Milestones this year

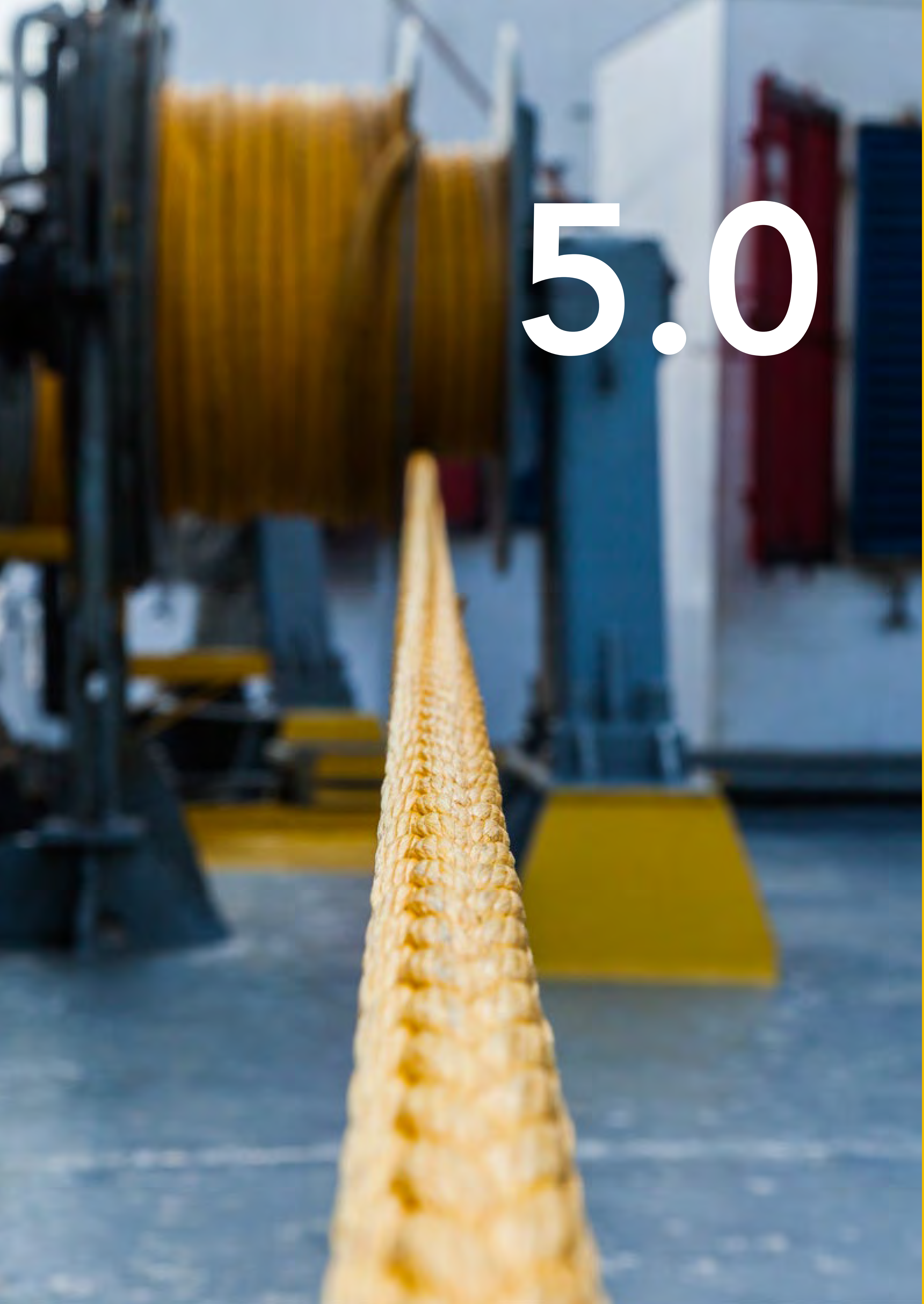


94 per cent of external fund managers have an ESG framework for their investment process

Gard is invested in a Global Impact Portfolio that consists of three per cent of total assets under management.



96 per cent of assets managed by external fund managers are signatories to the UN PRI



5.0 Operational review

Gard group result and owners general discount in last instalment
FY 2022 produced a total comprehensive profit on an estimated total call (ETC) basis of USD 34 million. This is a good result considering that the COVID-19 pandemic has continued to negatively affect international trade, shipping and financial markets throughout the year.

Despite these challenges, Gard has given a five per cent Owners' General Discount (OGD) to mutual entries renewed with Gard for the 2021 policy year amounting to USD 19 million, and five per cent for those renewing for the 2022 policy year. See also Note 5 in the financial statements.

In the comparative accounts of last year, a reduction in the last instalment for the 2020 policy year of 10 per cent was included amounting to USD 38 million. A deferred 15 per cent last instalment for the 2019 policy year amounting to USD 54 million was included. This reduction from the originally forecasted 20 per cent amounted to USD 18 million in return to our Members. The FY 2021 was the final time a last instalment was levied.

Last instalment – Owners General Discount (OGD) from 2021

			Reduction	
Policy year	Estimated	Actual	Per cent	USD million
2012	20%	12%	8%	31
2013	20%	12%	8%	35
2014	20%	12%	8%	37
2015	20%	12%	8%	37
2016	20%	0%	20%	90
2017	20%	0%	20%	79
2018	20%	10%	10%	37
2019	20%	15%	5%	18
2020	20%	10%	10%	38
2021 OGD			5%	19
Total 10 years				**421**
Total 5 years				**191**

The total comprehensive profit including OGD was USD 15 million for FY 2022.

The consolidated equity, which provides security and stability for the membership, was USD 1,278 million on 20 February 2022, compared to USD 1,263 million the previous year. The financial position of the group at the time of reporting remains strong, with a low probability of levying any unbudgeted supplementary call.

Gard group on estimated total call basis (ETC basis)
Gross written premium on ETC basis saw strong development in the year to 20 February 2022, reaching USD 1.036 million. This represents an increase of USD 114 million or 12.4 per cent compared to last year. The premium growth is driven by hardening rates across all classes of business and volume growth for both P&I and M&E. As a result of this, the Gard group has increased its overall market share.

The panel of reinsurers on the Gard group reinsurance programs remains stable. There is an upward market pressure on the cost of reinsurance, but the impact on Gard has been acceptable due to strong, long-term relationships with reinsurers, satisfactory claims records relative to the overall market and changes to our risk profile.

Claims incurred for own account totaled USD 629 million, a decrease of USD 3 million from last year. See also Note 6 in the financial statements. This is a satisfactory level considering the growth in volume, a high level of Covid-19 related claims and a higher-than-expected influx of pool claims from the International Group of P&I clubs in the first half of the 2022 financial year, which includes an adverse development on claims from prior years. The trend of increasing pool claims thus continued, as it has done since 2019.

Operating costs have been lower than expected over the last two years due to limited activity level as a consequence of Covid-19. This is now expected to normalise. See also Note 7 in the financial statements.

The technical result is a profit of USD 44 million and a combined ratio net on an ETC basis of 94 per cent. Last year there was a loss of USD 26 million and a combined ratio net on an ETC basis of 104 per cent.

The non-technical result is below expectation at a negative USD five million. The Group's investment portfolio experienced a volatile year due to the COVID-19 pandemic and the tension prior to the Russian invasion of Ukraine. The net return of the investment portfolio for the Gard Group was 0.1 per cent, compared with -1.2 per cent for the strategic benchmark. The return for the previous year was 5.0 per cent. The reason for ending at a small negative non-technical result for the financial year 2022 is currency exchange losses.

Protection and indemnity on ETC basis
Gross written P&I premium on ETC basis saw a strong development in FY 2022, increasing with 5.7 per cent from last year to USD 534 million. The

increase is driven by both hardening rates and increased volume within the P&I portfolio. After a period of declining rates, P&I premium levels have gradually started to recover. The main driver of higher rates is the increased level of International Group pool claims seen over the past years. Most Clubs have responded to the increase in costs by targeting higher rates in their renewals.

P&I claims incurred for own account totaled USD 384 million, a decrease of USD 28 million or 6.8 per cent from last year. See also Note 6 in the financial statements. This is at an acceptable level considering a high level of Covid-19 related claims. There has also been a higher-than-expected influx of pool claims from the International Group clubs in the first half of the 2022 financial year, which also includes an adverse development on certain claims from prior policy years. The level of claims from Gard's own P&I portfolio is below expectation, and there was only one large claim above USD five million in the 2022 financial year.

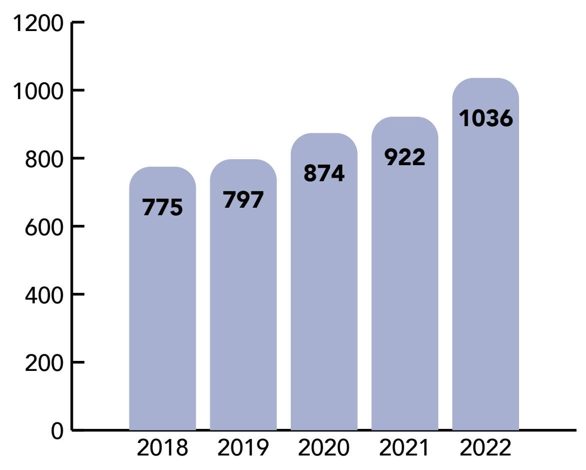
The technical result for P&I is small loss of USD two million and a combined ratio net on an ETC basis of 100 per cent. For P&I mutual the combined ratio net on ETC basis is 109 per cent and below expectations. The P&I area came out on an acceptable level due to the strong support from P&I Fixed. Last year the technical result for P&I was a loss of USD 47 million and a combined ratio net on an ETC basis of 112 per cent.

Marine & Energy

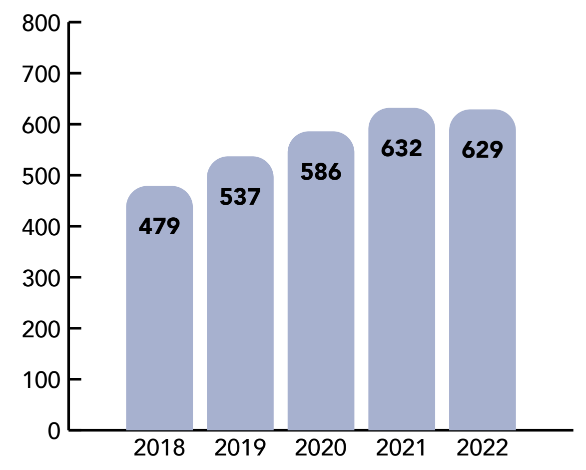
Gross written M&E premium grew to USD 502 million in the year to 20 February 2022, an increase of USD 85 million or 20.5 per cent from last year. The increase is driven by hardening rates for Marine, Energy and Builder Risk and growth in business volume for Marine.

M&E claims incurred for own account totaled USD 245 million, an increase of USD 25 million or 11.6 per cent from last year. See also Note 6 in the financial statements. This is at an acceptable level considering increases in the claims costs caused by Covid-19 due to restrained yard availability, delays and stricter infection control schemes. There has been an increase in frequency of Marine claims that exceeds the underlying volume growth, but the influx of energy and builder's risk claims were lower than expected. There was only one large claim above USD five million in Gard's Marine & Energy portfolio in the 2022 financial year. The technical result for M&E is a profit of USD 46 million and a combined ratio net of 87 per cent. Last year there was a profit of USD 20 million and a combined ratio net of 93 per cent.

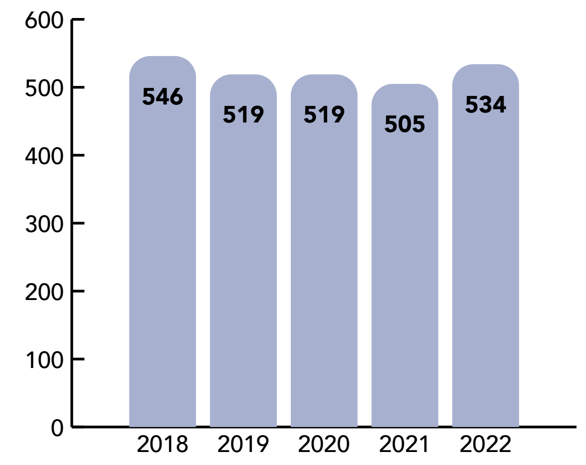
Development of gross written premium in the last five years, as at 20 February. (USD million)



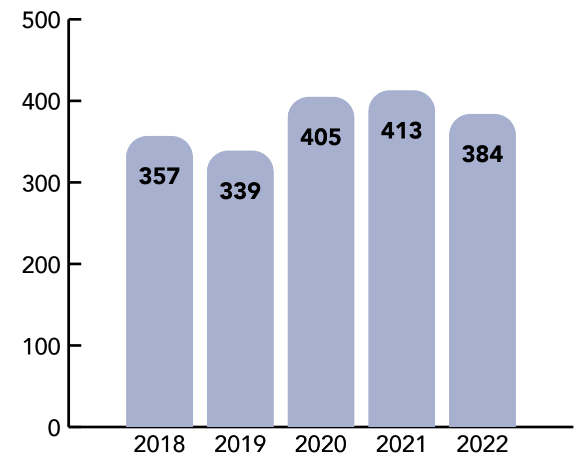
Development of claims incurred for own account in the last five years, as at 20 February (USD million)



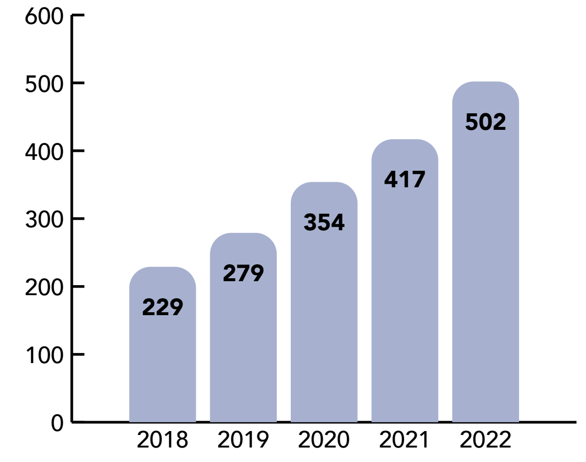
Development of gross written P&I premium, on ETC basis, in the last five years, as of 20 February (USD million)



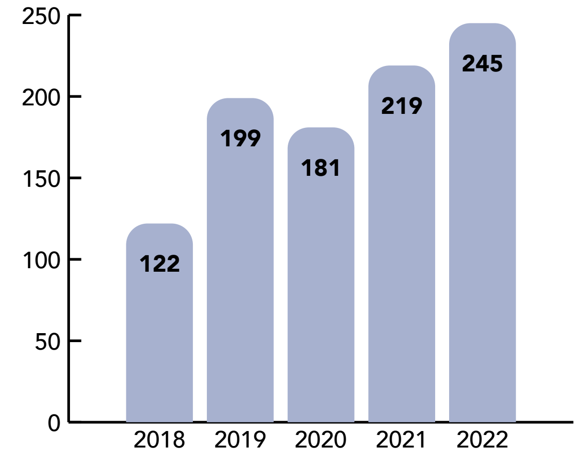
Development of P&I claims incurred for own account in the last five years, as of 20 February (USD million).



Development of gross written M&E premium in the last five years, as of 20 February (USD millions)



Development of M&E claims incurred for own account in the last five years, as of 20 February (USD million)



6.0

Governance and risk management

There is a strong interdependence between the success of businesses and the sustainability of the societies in which they operate. An operating environment governed by the rule of law provides the basis for commercial stability and long-term investment, growth, and sustainable development for all. Gard believes that a modern, sustainable maritime sector must be built on transparency, fairness, and inclusion. We believe that effective corporate governance is essential to make our insurance operations secure, efficient, and transparent.

6.1

GOVERNANCE

Our corporate governance underpins the strong platform from which we deliver insurance products and services to our Members and clients. The governance framework is built upon well-developed and transparent procedures and policies and covers the work of the governing bodies, how the board and committees oversee and collaborate with management and Gard's internal set up and procedures. It is through our robust governance framework we embed our principles and operating standards, and it is through this lens that we focus on our business goals. For more information about the remuneration of the Group Leadership Team, Board of Directors and Committees, see Note 7. Members of the Board of Directors and Committees can be found under the section Additional Information.

Our Code of Ethics and Business Conduct

Gard conducts all business to the highest legal and ethical standards. Gard will not, directly, or indirectly, be party to corruption in any form. Gard takes a zero-tolerance approach to corruption by our people and all our external service providers. The aim is that all external parties which are cooperating with Gard must be familiar with and comply to Gard's Code of Ethics and Business Conduct and follow the ESG standards that Gard aspires to.

Where local employment law permits, the Code of Ethics and Business Conduct has been incorporated in employment contracts but irrespective of this, all employees confirm they have read and understood the Code.

Our Code of Ethics and Business Conduct is publicly available and catalogues our various policies covering anti-corruption, money laundering, the financing of terrorism, whistleblowing and know your customer (KYC). In addition, internally, we have General Claims Handling Instructions, Underwriting Instructions and Bribery Prevention Requirements for Correspondents. We aim to have all our correspondents in overseas jurisdictions sign our code of business conduct. We constantly challenge ourselves to improve our processes and this last year we have been working to enhance our KYC process. As a consequence, we are currently delivering new, team specific, KYC training modules to employees.

Further policies on Gard's responsibility to respect human rights will apply in 2022 in relation to the Norwegian Transparency Act valid from July 2022. The Transparency Act requires certain companies to conduct due-diligence activities and report on the risk of negative impact on human rights and decent working conditions within its own organisation and supply chains, including its business partners. The level of due diligence activity should be in proportion to the size of a business and the severity and likelihood of violations. The Act enters into force on 1 July 2022 and is applicable to Gard. Gard is currently providing due diligence and risk assessments to meet these requirements. The Act also requires companies to respond to information requests about the risks relating to human rights and decent working conditions. Gard is developing internal systems to be able to effectively respond to such requests for information.

Whistleblowing channels

Gard offers an external whistleblowing channel via a professional supplier which is available to all employees. A direct link to the portal and QR code may be found in the whistleblowing policy in our corporate-governance manual. Submissions via the portal can be made anonymously. The portal makes it possible to highlight censurable conditions and conditions related to money laundering. The professional supplier will conduct a preliminary review of the case, before it is referred to the Group Compliance Officer for next steps. Money laundering reports are sent immediately to Chief Legal Counsel for action and onward reporting to the authorities where necessary.

Governance for sustainable business

Even though our mission statement and the work towards a more structured approach to sustainable business in Gard started in 2018, we are still continuously improving and maturing our approach to sustainable business. Good internal governance is critical for successful integration, and hence it is essential to evaluate and update our approach regularly. A couple of years ago, we established the Sustainable Operations Panel (SOP) consisting of senior representatives from all business functions to identify, prevent, and mitigate matters where there is an actual or potential adverse impact on the sustainable business conduct related to our business or internal and external stakeholders. The SOP's goal was to provide high-quality advice and guidance to the organisation and account for how we address our adverse impacts on sustainable business conduct. Since then, the integration of sustainability within Gard has improved. From now on, the SOP will also function as a discussion body for strategic sustainability-related dilemmas and ensure the escalation of potential sustainability risks and opportunities towards the GLT. As sustainability and ESG are increasingly integrated into our 2025 aspiration, team leaders are responsible for integrating sustainability in team goals and helping the organisation identify relevant sustainability targets and KPIs in line with Gard's strategy realisation process.

6.2 CAPITAL AND RISK MANAGEMENT

Over the 12 months to 20 February 2022, the Gard group continued to be very well capitalised, despite challenging insurance conditions, higher than expected losses from the International Group's pooling system, and volatile investment markets.

Risk management

Gard has an effective system of risk governance, which provides sound and prudent risk management. Risk governance is based on the three lines of defence model, with clearly defines roles and responsibilities. Risk taking is carried out in the business functions (1st line), risk oversight is carried out by the Risk Management function, Compliance function and the Actuarial function (2nd line). Independent assurance is provided by Internal Audit (3rd line).

Gard's Risk Management function is mandated to ensure that the group has the necessary expertise, frameworks and infrastructure to support good risk-taking. In addition, it performs reporting activities. The independence of the Risk Management function is maintained by a direct reporting line from the Chief Risk Officer to the Chief Executive Officer, and regular reporting to the Risk Committee.

Gard's internal risk capital model provides a quantification of the risks to which Gard group and its legal entities are exposed to and is an important tool for the group. The full internal model is used to determine the risk and capital requirements for internal purposes. The insurance risk and market risk modules have been approved by the Norwegian FSA to be used for calculating Solvency II capital requirements for Gard group, Assuranceforeningen Gard – gjensidig - and Gard Marine & Energy Insurance (Europe) AS. The Standard Formula is used for calculating regulatory requirements for counterparty risk and operational risk. The internal model and its parameters are reviewed regularly to reflect Gard's experiences, changes in the risk environment and best practice. For more information about the Risk management framework and detailed information on main financial risk, see Note 7.

Risk appetite and strategy

Gard's risk appetite is to hold sufficient capital and liquidity as well as to constrain its risk-taking to ensure that the group can continue to operate following an extreme loss event with the same risk tolerance for insurance risk. The risk-taking must be aligned to Gard's risk-carrying capacity.

Gard aims to fulfil the following key objectives:

- Have a high probability of meeting its insurance liabilities and providing its services;
- Preserve the continuity of its offering after an extreme loss event; and
- Have the flexibility and competence to help Members and clients manage new risks and pursue attractive business opportunities as and when they arise.

Eligible own funds – partial internal model	20 February 2022	20 February 2021
Tier 1 Basic own funds	1 145	1 153
Tier 2 Ancillary own funds	245	279
Tier 3 Other own funds		
Eligible own funds	1 391	1 432

Capital management

Gard has a simple capital structure consisting of Tier 1 capital through equity, which is earned and available, high-quality Tier 2 capital in the form of unbudgeted supplementary calls, and tax assets included as Tier 3 capital. The probability that Gard would have to raise additional capital from its mutual Members by way of unbudgeted supplementary calls should be low.

The Gard group aims to manage its capital such that all its regulated entities always meet local regulatory capital requirements.

Risk profile

In context of its business operations Gard enters into a broad variety of risks, where the main risks are insurance risk and market risk. Gard is also exposed to counterparty default risk, operational risk, liquidity risk, business risk, compliance risk and reputational risk. For more information see Note 15 in the financial statements.

Reinsurance

Gard has an extensive reinsurance programme. The mutual business is pooled between International Group (IG) clubs. For the 2021 policy year the IG clubs pool claims above the club retention of USD 10 million and up to USD 30 million. Between USD 30 million and up to USD 100 million the IG clubs are reinsuring each other through Hydra. Above USD 100 million the group purchases a reinsurance programme with USD 2 billion cover per vessel per event with an annual aggregate deductible of USD 100 million which is shared between the IG clubs. In addition, an overspill protection cover of a further USD 1 billion is purchased. For P&I Fixed and the Marine and Energy businesses there are high-capacity reinsurance programmes in place. The structure of the reinsurance programmes has been stable during the last years.

Liquidity

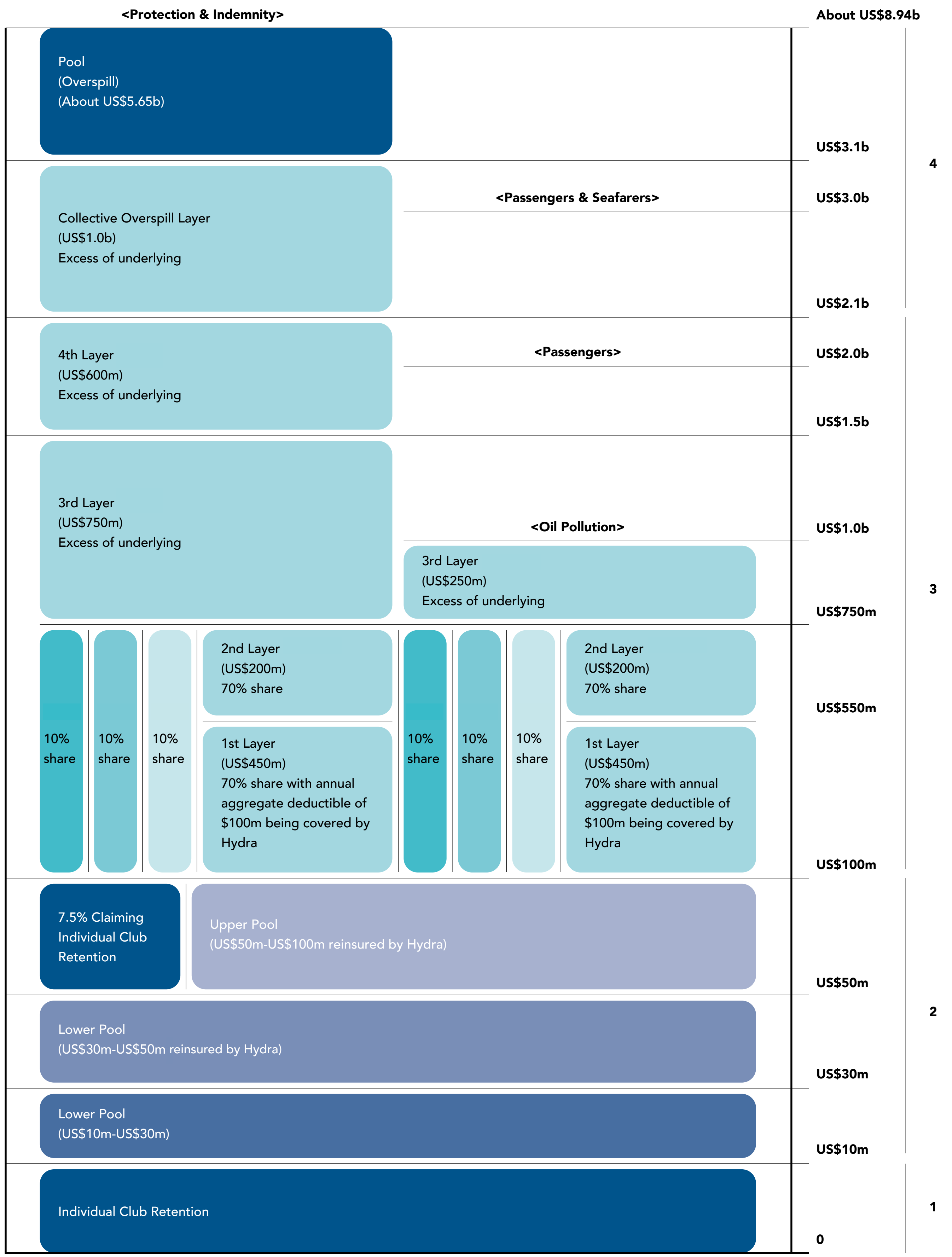
Liquidity risk is the risk that Gard group, a legal entity and/or branch either does not have available sufficient financial resources to meet its obligations as they fall due or can secure such resources only at an excessive cost. The sources of inflows are stable in Gard, where liquidity is generated primarily through premium income. Although payments are fairly stable over time, the nature of the insurance business means that Gard must be prepared to make sudden and large payments.

The amount of liquidity held is largely determined by internal liquidity stress tests. Based on these stress tests, we estimate short-term and long-term liquidity needs. To mitigate liquidity risk, Gard has established several mechanisms including cash pool arrangements within the group and holding highly liquid assets.

S&P rating

In March 2022 Standard & Poor's affirmed the A+ financial strength of the Gard group and its direct writing subsidiaries (Gard P. & I. (Bermuda) Ltd., Assuranceforeningen Gard – gjensidig -, Gard Marine & Energy Limited and Gard Marine & Energy Insurance (Europe) AS), whilst at the same time revising the rating outlook from negative to stable. S&P's research update stated: "We expect Gard P&I (Bermuda)Ltd. (Gard, the club or the mutual) to substantially outperform our underwriting expectations for the FY2022". The rating reflects Gard's strong capital adequacy and business profile as a leading insurer.

IG Pool and Reinsurance Programme (2022/23 Policy Year)



1. up to US$10 million (Individual Club Retention)

7.0 About this report

7.1 STAKEHOLDER DIALOGUE

Gard takes a proactive and constructive approach by engaging our stakeholders to identify the most relevant topics as we develop our efforts in the area of sustainable business. From November 2020 to February 2021, we undertook an extensive internal and external stakeholder dialogue. The material topics that have been identified during this dialogue have been used for last year's report and to further develop our goals and sustainability action plan in the period leading up to this year's report. For next year's report an update of the stakeholder dialogue will be conducted.

Industry analysis

As a starting point, a longlist of topics was created based on an analysis of material subjects identified in Gard and the wider industry during the previous reporting cycle. This has enabled us to make an initial outline of 19 potential topics which were included in the stakeholder questionnaire.

Stakeholder mapping

Before the dialogue started, we selected stakeholder groups whose input is considered important to Gard. To achieve this, we looked at the degree of interest in, and the level of impact each stakeholder group has on Gard. As a mutual, Gard places great value on the vision of our Members, hence it was of particular importance that their ideas be integrated into our business strategy.

Internal and external dialogues

A total of 31 internal and external interviews were conducted between January and February 2021. Stakeholders were asked about Gard's mission statement, future risks and opportunities related to sustainable business, and to evaluate our media coverage. Afterwards, they were asked to prioritise 19 material topics to identify those most relevant to them as a stakeholder, and to Gard's business success. The views of employees were obtained using a survey.

Materiality matrix

The results of the stakeholder dialogue and surveys were analysed and presented in a materiality matrix, which was validated and approved by the Group Leadership Team. Seven topics have been defined as being material both in terms of importance to Gard's business success and to key stakeholders. In the matrix the vertical axis represents the level of importance to key stakeholders, the horizontal axis represents the level of importance to Gard's business success. The matrix has been drawn up based on the average ranking per stakeholder group. Definitions of the material topics and the management approach, combined with the stakeholder groups who have indicated the subsequent topic is highly relevant to them can be found in the GRI Index.

7.2 REPORTING CRITERIA

During the preparation of this first integrated report, we used the Value Reporting Foundation's Integrated Reporting framework. The framework enables us to communicate about how our strategy, governance, and (non-) financial performance, within the context of external developments, lead to long term value creation. The report has not been externally verified to be in accordance with the guidelines. It has however undergone a rigorous process of internal assurance. Our aim is to mature further in this area in the upcoming years and we strive for external assurance in the future.

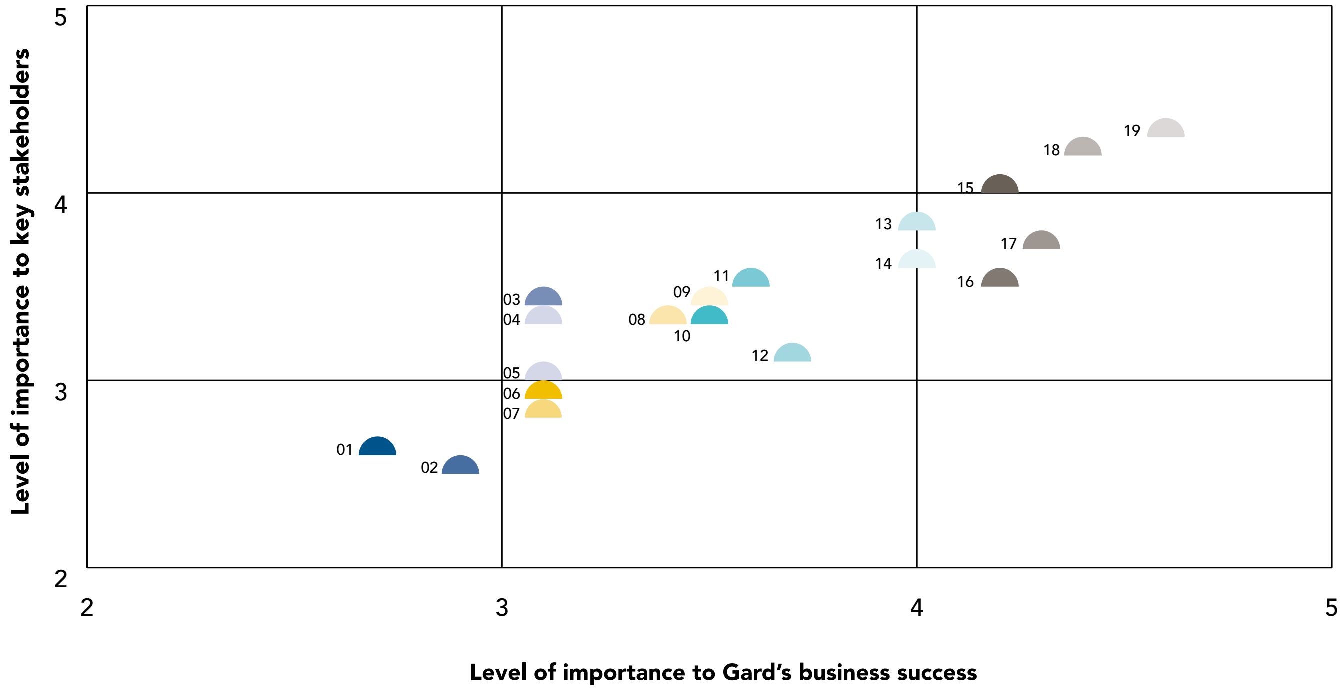
The process for defining the material topics and report content, as well as the list of material topics, is described in the materiality analysis section of this document. The progress around these topics, is set out in this report. We aim to mature in the transparency around targets and indicators to measure the progress of our broader value creation as a company.

This report has been prepared in accordance with the 'core' reporting requirements of the Global Reporting Initiative (GRI) standards. A detailed GRI content index has been compiled separately and is available in the document GRI index & appendixes.

The Integrated Report and complementing GRI index & appendixes are our annual Communication on Progress (COP) to the UN Global Compact, shows our commitment to the Principles for Sustainable Insurance (PSI), and it incorporates information on our sustainability activities according to the UN Global Compact Advanced Level criteria. Our Communication on Progress report is available on the UN Global Compact's and the UN Environment Finance Initiative (UNE FI) website's. Gard is a signatory to the Principles for Sustainable Insurance (Appendix A), the UN Sustainable Ocean Principles (Appendix B) and the ten principles of the United Nations Global Compact (Appendix C). We are also committed to the Agenda 2030 for Sustainable Development.

Reporting criteria were defined as part of our materiality assessment. For certain data sets, information is only available for our Norwegian operations at present, as specified in the relevant sections of this report.

Materiality Matrix

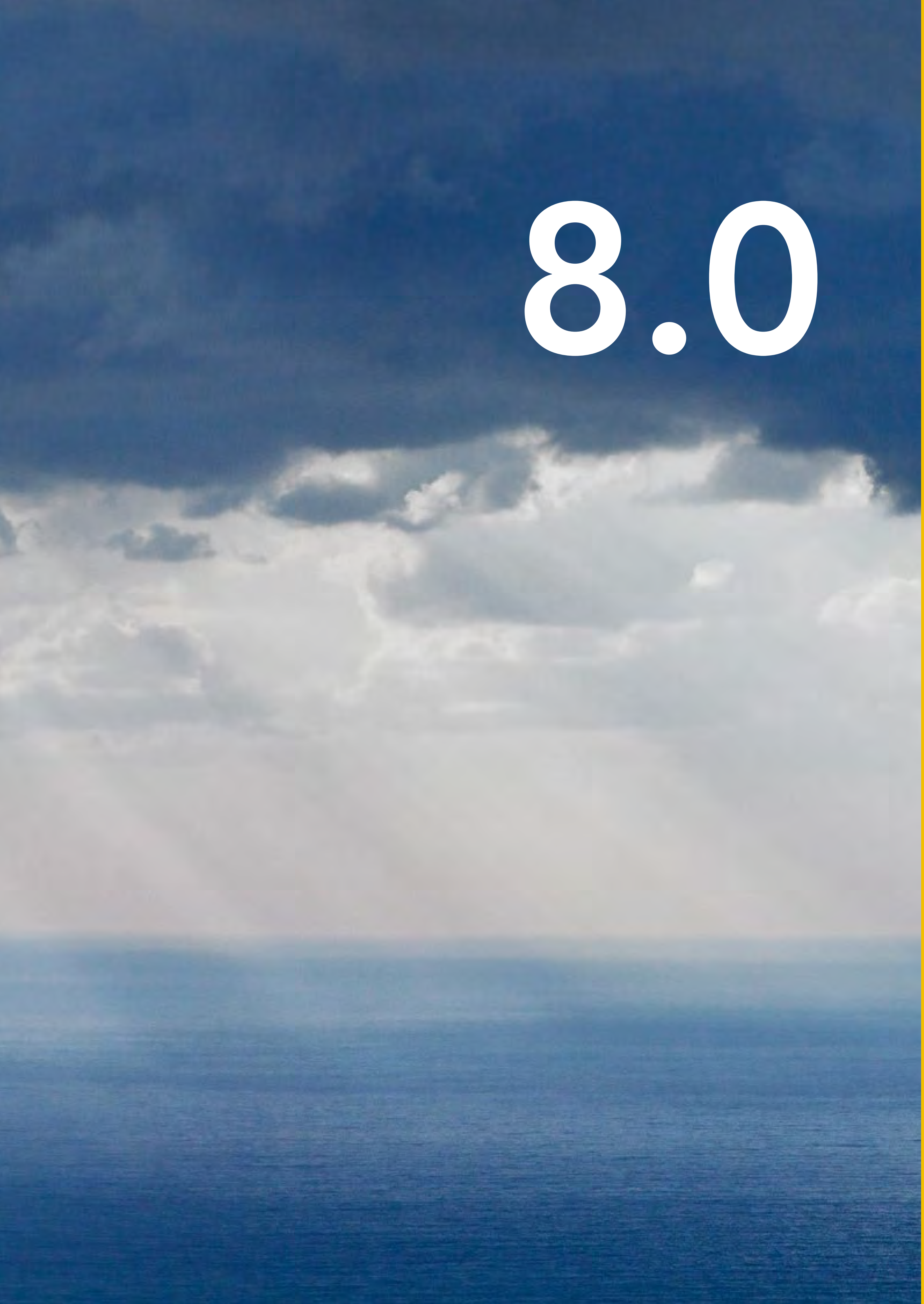


01 Tax Transparency
02 Corporate Citizenship
03 Modern Slavery
04 Financial crime
05 Protecting labour rights for crews.
06 Supply chain management
07 Environmental management
08 Sharing Competence and Knowledge
09 Supporting Responsible Ship Recycling
10 Responsible Investing
11 Company specific disclosures
12 Competence Development
13 Climate Risks and Opportunities
14 Equality, Diversity, and Inclusion
15 Seafarer safety and well being
16 Working conditions
17 Realise business opportunities in the transition to a decarbonized economy
18 Pollution response through claims handling
19 Prevent marine casualty and pollution

Stakeholders

- Members and clients
- Reinsurers
- Regulators and authorities, politicians and related organisations
- Universities and young professionals
- Industry organisations, NGOs and other nonprofit initiatives
- External service providers
- Correspondents
- Brokers
- Employees
- Members of Gard's Sustainable Operations Panel
- Gard's Group Leadership Team

External Internal



8.0

Financial Statements

GARD P. & I. (BERMUDA) LTD.

Statement of comprehensive income

Amounts in USD 000's	Notes	Parent company 21.02.21 to 20.02.22	Parent company 21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	Consolidated accounts 21.02.20 to 20.02.21
TECHNICAL ACCOUNT					
Gross written premium	4 5 6	369 265	381 076	1 016 888	937 736
Gross earned premium	5 6	365 601	380 685	964 560	887 651
Ceded reinsurance	6	(239 930)	(270 502)	(201 859)	(183 438)
Earned premium for own account	6	**125 671**	**110 183**	**762 702**	**704 213**
Other insurance related income		**2**	**81**	**690**	**938**
Gross incurred claims	6	306 239	332 383	684 877	696 659
Reinsurers' share of gross incurred claims	6	(159 437)	(181 575)	(55 849)	(64 829)
Claims incurred for own account	6	**146 802**	**150 808**	**629 028**	**631 830**
Acquisition costs	7	16 014	10 996	43 723	35 533
Agents' commission	7	23 990	23 849	66 675	60 051
Commission received	7	(45 345)	(51 739)	(12 496)	(19 611)
Insurance related expenses for own account	7	**(5 341)**	**(16 894)**	**97 902**	**75 973**
Other insurance related expenses	7	**3 566**	**2 710**	**11 434**	**8 026**
Technical result		**(19 353)**	**(26 360)**	**25 029**	**(10 678)**
NON-TECHNICAL ACCOUNT					
Income from investments in group companies		5 618	6 671	0	0
Interest and similar income/(expenses)	8	(1 203)	4 732	101	10 151
Change in unrealised gain/(loss) on investments		(11 253)	25 706	(27 045)	79 116
Gain on realisation of investments		11 183	3 847	23 634	25 147
Other income/(expenses)		(106)	(112)	(1 405)	(1 808)
Non-technical result		**4 239**	**40 843**	**(4 715)**	**112 606**
Profit before tax		**(15 114)**	**14 483**	**20 314**	**101 928**
Corporate income tax	9	(2 736)	865	768	16 008
Net result before other comprehensive income/(loss)		**(12 378)**	**13 618**	**19 546**	**85 920**
OTHER COMPREHENSIVE INCOME/(LOSS)					
Items that will not be reclassified to profit or loss					
Remeasurement due to change in pension assumptions	16	(39)	(70)	(2 739)	(7 008)
Income tax related to change in pension assumptions	16	0	0	675	1 736
Other comprehensive loss for the period, net of tax		**(39)**	**(70)**	**(2 064)**	**(5 273)**
Items that may be reclassified to profit or loss					
Exchange differences on subsidiaries		0	0	(2 137)	3 092
Total comprehensive income		**(12 417)**	**13 548**	**15 345**	**83 739**

GARD P. & I. (BERMUDA) LTD.

Balance sheet

Amounts in USD 000's	Notes	Parent company As at 20.02.22	Parent company As at 20.02.21	Consolidated accounts As at 20.02.22	Consolidated accounts As at 20.02.21
ASSETS					
Intangible					
Developed software	10	0	0	9 012	8 722
Total intangible assets		**0**	**0**	**9 012**	**8 722**
INVESTMENTS					
Property and plant used in operations	11	0	0	26 946	27 561
Financial investments in subsidiaries					
Investments in subsidiaries	13	642 578	593 363	0	0
Loan to subsidiaries	3 15	11 571	12 315	0	0
Financial investments at fair value through profit or loss					
Equities and investment funds	14	189 211	180 310	619 684	558 905
Interest-bearing securities and funds	14 15	399 033	458 644	1 607 052	1 693 137
Other financial investments	14 15	1	18 130	1	43 388
Total investments		**1 242 394**	**1 262 762**	**2 253 683**	**2 322 991**
REINSURERS' SHARE OF TECHNICAL PROVISIONS					
Reinsurers' share of gross premium reserve	6	3 470	1 595	60 249	41 444
Reinsurers' share of gross claims reserve	6 15	507 576	510 928	169 857	247 484
Total reinsurers' share of technical provisions		**511 046**	**512 523**	**230 106**	**288 928**
RECEIVABLES					
Receivables from direct insurance operations					
Policyholders	5 17	21 149	37 304	299 199	284 345
Receivables from reinsurance operations					
Receivables from reinsurance operations		7 538	781	8 486	977
Receivables from subsidiaries		25 117	10 762	0	0
Other receivables					
Other receivables	18	5	0	19 072	22 356
Other receivables from subsidiaries	18	516	13 386	0	0
Total receivables	15	**54 324**	**62 233**	**326 757**	**307 678**
OTHER ASSETS					
Equipment	12	661	661	7 465	7 866
Cash and cash equivalents	15 19	133 348	63 015	301 643	186 471
Deferred tax asset	9	21 994	20 498	22 325	18 772
Other assets	15	5 478	5 478	29 552	29 761
Total other assets		**161 479**	**89 652**	**360 985**	**242 871**
PREPAYMENTS AND ACCRUED INCOME					
Accrued income and other prepayments		3 584	2 415	41 944	35 190
Total prepayments and accrued income		**3 584**	**2 415**	**41 944**	**35 190**
Total assets		**1 972 828**	**1 929 585**	**3 222 487**	**3 206 380**

GARD P. & I. (BERMUDA) LTD.

Balance sheet

Amounts in USD 000's	Notes	Parent company As at 20.02.22	Parent company As at 20.02.21	Consolidated accounts As at 20.02.22	Consolidated accounts As at 20.02.21
EQUITY AND LIABILITIES					
Equity					
Statutory reserve	20	463	463	463	463
Retained earnings					
Guarantee scheme	20	452	454	575	535
Other equity	20	972 214	984 628	1 277 243	1 261 922
Total equity	21	**973 128**	**985 545**	**1 278 281**	**1 262 920**
TECHNICAL PROVISIONS					
Gross premium reserve	6	6 771	3 107	287 800	235 472
Gross claims reserve	6 15	827 423	850 587	1 403 790	1 473 288
Total technical provisions		**834 194**	**853 694**	**1 691 590**	**1 708 760**
PROVISIONS FOR OTHER LIABILITIES					
Pension obligations, net	16	1 372	1 417	44 887	46 176
Income tax payable	9 15	0	0	7 387	16 913
Other provision for liabilities		0	0	571	697
Total provisions for other liabilities		**1 372**	**1 417**	**52 844**	**63 785**
PAYABLES					
Payables arising out of direct insurance operations	15	53 043	55 956	83 630	85 557
Payables arising out of reinsurance operations	15	10 629	4 033	82 500	57 596
Payables arising out of reinsurance operations - group companies	15	2 214	3 227	0	0
Payables to group companies	15	87 035	19 795	0	0
Other payables	15	92	145	8 740	8 844
Total payables		**153 012**	**83 156**	**174 870**	**151 997**
ACCRUALS AND DEFERRED INCOME					
Accruals and deferred income	15	11 122	5 773	24 902	18 918
Total accruals and deferred income		**11 122**	**5 773**	**24 902**	**18 918**
Total liabilities		**999 700**	**944 040**	**1 944 206**	**1 943 460**
Total equity and liabilities		**1 972 828**	**1 929 585**	**3 222 487**	**3 206 380**

GARD P. & I. (BERMUDA) LTD.

Statement of changes in equity

Parent company

Amounts in USD 000's	Statutory reserve	Guarantee Scheme	Other equity	Total
EQUITY AS AT 21.02.20	**463**	**422**	**971 112**	**971 997**
Net result	0	0	13 618	13 618
Remeasurement due to change in pension assumptions	0	0	(70)	(70)
Provision to obliged fund	0	31	(31)	0
Equity as at 20.02.21	**463**	**453**	**984 628**	**985 545**
EQUITY AS AT 21.02.21	**463**	**453**	**984 628**	**985 545**
Net result	0	0	(12 378)	(12 378)
Remeasurement due to change in pension assumptions	0	0	(39)	(39)
Provision to obliged fund	0	(2)	2	0
Equity as at 20.02.22	**463**	**452**	**972 213**	**973 128**

Consolidated accounts

Amounts in USD 000's	Statutory reserve	Guarantee Scheme	Other equity	Total
EQUITY AS AT 21.02.20	**463**	**490**	**1 178 248**	**1 179 200**
Net result	0	0	85 920	85 920
Remeasurement due to change in pension assumptions	0	0	(7 008)	(7 008)
Income tax related to change in pension assumptions	0	0	1 736	1 736
Provision to obliged fund	0	45	(45)	0
Other changes in equity	0	0	(19)	(19)
Exchange differences on subsidiaries	0	0	3 092	3 092
Equity as at 20.02.20	**463**	**535**	**1 261 922**	**1 262 920**
EQUITY AS AT 21.02.21	**463**	**535**	**1 261 922**	**1 262 920**
Net result	0	0	19 546	19 546
Remeasurement due to change in pension assumptions	0	0	(2 739)	(2 739)
Income tax related to change in pension assumptions	0	0	675	675
Provision to obliged fund	0	41	(41)	0
Other changes in equity	0	0	17	17
Exchange differences on subsidiaries	0	0	(2 137)	(2 137)
Equity as at 20.02.22	**463**	**575**	**1 277 243**	**1 278 281**

GARD P. & I. (BERMUDA) LTD.

Statement of cash flow

Amounts in USD 000's	Notes	Parent company 21.02.21 to 20.02.22	Parent company 21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	Consolidated accounts 21.02.20 to 20.02.21
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax		(15 114)	14 483	20 314	101 928
Tax paid	9	0	0	(13 785)	(4 128)
Dividends received from subsidiaries	3	(5 500)	(6 500)	0	0
Change in unrealised gain/(loss)		11 253	(25 706)	27 045	(79 116)
Depreciation, impairment and amortisation expenses	10 11 12	0	0	4 713	2 723
Change in pension obligations	16	(45)	173	(1 289)	11 561
Pension defined benefit plan/pension cost paid		(87)	(81)	(2 334)	(1 199)
Financial investments		57 586	(25 144)	41 648	(114 354)
Change in valuation due to change in exchange rates		1 986	(2 447)	(67)	(8 129)
Change in receivables and payables		77 765	33 939	4 004	(1 584)
Change in technical provisions and other accruals		(13 795)	(4 149)	40 882	106 472
Net cash flow from operating activities		**114 048**	**(15 431)**	**121 130**	**14 173**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Dividends received from subsidiaries	3	5 500	6 500	0	0
Payments of capital increases in subsidiaries	13	(49 215)	0	0	0
Purchase of intangible assets	10	0	0	(2 160)	(5 623)
Purchase of equipment	12	0	0	(2 527)	(261)
Purchase of property and plant	11	0	0	(1 533)	(5 563)
Proceeds from disposal of equipment		0	0	262	555
Net cash flow from investment activities		**(43 715)**	**6 500**	**(5 957)**	**(10 892)**
CASH FLOW FROM FINANCIAL ACTIVITIES					
Borrowings		0	(1 080)	0	0
Repayment of borrowings		0	9 167	0	0
Net cash flow from financial activities		**0**	**8 087**	**0**	**0**
Net change in cash and cash equivalents		70 332	(843)	115 173	3 281
Cash and cash equivalents at the beginning of the year		63 015	63 858	186 471	183 189
Cash and cash equivalents at the end of the year		**133 348**	**63 015**	**301 643**	**186 471**

GARD P. & I. (BERMUDA) LTD.

Notes to the accounts

NOTE 1–CORPORATE INFORMATION–THE GARD GROUP OF COMPANIES

Gard P. & I. (Bermuda) Ltd. (the "Company") is a mutual insurance association domiciled in Bermuda. The Company is incorporated as an exempt company and is registered by the Bermuda Monetary Authority as a Class 2 insurer. As a mutual insurance association, the Company is owned by its Members, being the owners and charterers of the ships from time to time insured by the Company for Protection and Indemnity risks ("P&I"). There are no external capital owners.

The principal activities of the Company and its subsidiaries (the "Gard group" or the "group") are to insure its Members for: marine P&I risks; marine and energy risks through its wholly owned subsidiary Gard Marine & Energy Limited; and management of its assets which are used to cover the technical provisions.

The Members of the Company are also Members of Assuranceforeningen Gard - gjensidig - and vice versa. The major part of the two associations' combined portfolio of direct business (currently about 60 per cent) is underwritten by the Company through its Norwegian branch as a direct insurer. Assuranceforeningen Gard - gjensidig - is primarily used as a vehicle for a smaller proportion of the combined P&I portfolio, which is primarily,direct P&I business where an EU/EEA based insurer is required to comply with governing regulations regarding cross border activities.

Assuranceforeningen Gard - gjensidig–("Gard Norway") is a mutual insurance association registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out marine liability and legal costs insurances. The principal activity of Gard Norway is to insure its Members for marine P&I risks, including the reinsurance of a proportion of the P&I risks underwritten by the Company as a direct insurer.

Gard Marine & Energy Limited ("Gard M&E") is a wholly owned subsidiary of the Company. Gard M&E is domiciled in Bermuda and is registered by the Bermuda Monetary Authority as a Class 3B insurer covering, inter alia, marine, and energy risks. The principal activity of Gard M&E is direct insurance of marine and energy risks.

Gard Marine & Energy Insurance (Europe) AS ("Gard M&E Europe") is a wholly owned subsidiary of Gard M&E. Gard M&E Europe is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of marine and energy risks.

Hydra Gard Cell. Hydra Insurance Company Limited ("Hydra") is an insurance company established by the parties to the International Group of P&I Clubs' Pooling Agreement. Hydra is a segregated accounts company incorporated under the Bermuda Segregated Accounts Companies Act 2000, as amended, to reinsure certain layers of risks which have been retained by the parties to the said Pooling Agreement. The Hydra Gard Cell (a segregated account) is owned 100 per cent by the Company. The assets and liabilities of the Hydra Gard Cell, are separated from Hydra's general accounts and from the other cells or segregated accounts, of the company.

Gard Reinsurance Co Ltd ("Gard Re") is a wholly owned subsidiary of the Company domiciled in Bermuda. Gard Re is registered by the Bermuda Monetary Authority as a Class 3A insurer. Its principal activity is the reinsurance of an agreed proportion of the risks retained by the Company, Gard M&E, and Gard Norway.

Lingard Limited ("Lingard") is an insurance management company registered and domiciled in Bermuda and is a wholly owned subsidiary of the Company. Lingard offers insurance management and insurance intermediary services to the Company and its Bermuda based subsidiaries: Gard M&E, and Gard Re.

Gard AS is a wholly owned subsidiary of the Company. Gard AS is registered and domiciled in Norway. Its principal activity is to provide insurance agency and intermediary services to Lingard, Gard Norway, and Gard M&E Europe.

AS Assuransegården is a wholly owned subsidiary of the Company. AS Assuransegården is a Norwegian registered and domiciled company and is the owner of various fixed properties in Norway, which are used by the companies in the Gard group.

NOTE 2–ACCOUNTING POLICIES

2.1 Basis of preparation of the Accounts
Gard P. & I. (Bermuda) Ltd. is incorporated under Bermuda Law. The operations and insurance activities of the Company are carried out by Lingard. The accounts include the activity from 21 February 2021 to 20 February 2022. The financial statements have been prepared under regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

2.2 Changes in accounting policies
There are no changes in accounting policies for Gard P. & I. (Bermuda) Ltd. for the financial year ending 20 February 2022. The Board of Directors of Gard P. & I. (Bermuda) Ltd. has resolved to change the group's financial year in the upcoming financial period, which will now end on 31 December 2022. Therefore, the next financial period will be from 21 February 2022 to 31 December 2022, and from 1 January 2023, the full financial year will be 1 January to 31 December.

2.3 Basis for consolidation
The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the accounts of the companies over which the Company has a controlling interest. A controlling interest is usually obtained when ownership of the shares in a company is more than 50 per cent, and that ownership can exercise control over the company. The Company has the right to exercise membership rights in Gard Norway; therefore the Company controls all voting rights in Gard Norway. This is the legal basis for consolidating the two associations' accounts according to the International

Financial Reporting Standard 10 - Consolidated and Separate Financial Statements. Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared under the same accounting principles for both parent and subsidiaries. The acquisition method is applied when accounting for business combinations.

2.4 Use of accounting estimates when preparing the accounts
The preparation of the accounts requires management to make estimates and assumptions that affect the valuation of assets, liabilities, revenues, expenses, and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

2.5 Foreign currency
Functional currency and presentation currency
The accounts are prepared in USD, which is both the functional currency and presentation currency of the Company.

Transactions in foreign currency
Transactions in foreign currencies are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims in foreign currency are translated into USD based on the same method as for monetary items. Translation differences are recognised in the statement of comprehensive income as they occur during the accounting period. Foreign exchange gains and losses that relate to borrowings, cash, and cash equivalents are presented as part of the non-technical result as 'Interest and similar income'. Foreign exchange gains and losses that relate to financial investments are presented as part of the non-technical result as 'Change in unrealised gain/loss on investments'.

All foreign exchange gains and losses relating to technical operations are presented in the statement of comprehensive income as part of the technical result.

The assets and liabilities of group companies that have a functional currency different from USD are converted into USD at the rate of exchange at the closing date. Income and expenses are translated at an average rate of exchange. All resulting exchange differences are recognised in 'Other comprehensive income.'

2.5 Provisions, contingent liabilities and assets
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is not remote or probable (i.e., not 'more likely than not'), a contingent liability is disclosed.

Contingent assets are not recognised in the financial statements but are disclosed if it is likely that resources embodying economic benefits will flow to the Company.

2.6 Events after the reporting period
New and material information on the group's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the financial statements. Events after the reporting period that do not affect the financial position at the end of the reporting period, but which will affect the financial position in the future, are disclosed if significant.

2.7 Other significant accounting policies
Other significant accounting policies are presented and described in other notes to the financial statements, together with the more expanded disclosures for that particular area. This is done to make the disclosures more relevant to the users and make it easier to get an overview of the related note.

The following table includes other significant accounting policies that are described in separate notes to the financial statements, including the number of the note:

Accounting policy	Note
Technical result	6
Technical provisions	6
Insurance related expenses	7
Interest and similar income/(expenses)	8
Tax	9
Intangible assets	10
Property, plant, and equipment	11
Investments in subsidiaries	13
Financial Investments	14
Pensions	16
Cash and cash equivalents	19

NOTE 3 – INTRA-GROUP TRANSACTIONS

Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. and Gard Norway have entered into mutual reinsurance agreements. The Company reinsures a proportion amounting to 85 per cent for policy year up to 2009 and 25 per cent for policy year from 2010 of the Gard Norway's insurance portfolio after taking the external reinsurance into account. The Company cedes to Gard Norway by way of reinsurance 15 per cent for policy year up to 2009 and 2 per cent for policy year from 2010 of the Company's insurance portion after taking the external reinsurance into account.

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21	21.02.21 to 20.02.22	21.02.20 to 20.02.21
Reinsurance premium	32 059	29 757	(4 548)	51 857
Reinsurers' share of gross settled claims	(21 083)	(7 591)	4 129	4 136
Reinsurance commission	(10 950)	(9 790)	1 531	13 609

	Received from Gard Norway		Ceded to Gard Norway	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Reinsurers' share of gross claims reserve	83 890	74 389	10 120	11 092

Both the Company and Gard M&E have entered into reinsurance agreements with Gard Re, where the two direct insurers are ceding 50 per cent of their insurance portfolio after taking the external reinsurance into account.

	Ceded to Gard Re	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21
Reinsurance premium	127 460	110 374
Reinsurers' share of gross settled claims	110 603	110 186
Reinsurance commission	43 643	30 536

	Received from Gard Re	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21
Reinsurers' share of gross claims reserve	276 455	298 009

The Company and Gard Norway have entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Company's segregated account (cell) in Hydra is covering the former companies' liability to layers of the International Group (IG) Pool and retention in the 1st market excess layer.

	Ceded to Hydra	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21
Ceded reinsurance premium	40 720	37 196

NOTE 3–INTRA-GROUP TRANSACTIONS, CONTINUED

Insurance management agreement
The Company, Gard M&E and Gard Re have appointed Lingard as their insurance manager and principal representative in Bermuda. The services provided by Lingard are governed by individual insurance management agreements entered into between each of the above three companies and Lingard. The Company and Gard M&E have entered into an insurance services agreement with Gard (Singapore) Pte. Ltd. where Gard (Singapore) Pte. Ltd. is performing certain day-to-day operational functions for the companies'.

In addition, secondment agreements have been entered into between the insurance branches in Singapore, Japan and Hong Kong, and the insurance intermediary service company in the same country. Costs related to these agreements are reimbursed by the insurance branches directly to the insurance intermediary service companies.

	Insurance services invoiced	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21
Lingard	56 988	53 810
Gard (Singapore) Pte. Ltd.	3 656	2 995

Insurance/reinsurance agency agreements
Lingard in its capacity as insurance manager of the Company and Gard M&E has entered into insurance agency agreements with Gard AS and its subsidiaries. Gard AS is the general agent of the Norwegian branches of the Company and Gard M&E, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the two Bermuda based risk carriers. A similar agency agreement has been entered into between Gard Norway and Gard M&E Europe as the principal and Gard AS as the agent. Insurance agency agreements have been concluded between Lingard and each of the subsidiaries of Gard AS for the purpose of sub-delegating certain insurance intermediary functions to regional offices in Finland, Greece, Hong Kong, Singapore, Japan, the United Kingdom and the United States of America.

Loan agreement
The Company has entered into loan agreement with AS Assuransegården. The loan is payable on demand and is subject to an interest of NIBOR plus 0.5 per cent per annum.

	Loan balance	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21
AS Assuransegården (borrower)	11 571	12 315
Total loan to subsidiaries	**11 571**	**12 315**

	Interest received	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21
AS Assuransegården	118	120
Gard AS	0	51

NOTE 3–INTRA-GROUP TRANSACTIONS, CONTINUED

Dividends and capital contributions	Dividends received	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21
Gard M&E	0	5 000
Gard Re	1 500	0
Lingard	4 000	1 500
Total dividends and capital contributions	**5 500**	**6 500**

NOTE 4–GROSS WRITTEN PREMIUM BY GEOGRAPHICAL AREAS

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21	21.02.20 to 20.02.21	21.02.20 to 20.02.21
EEA/European Economic Area	139 418	147 263	518 318	436 221
Norway	103 472	105 736	127 020	125 591
Other areas	126 374	128 077	371 550	375 923
Total gross written premium	**369 265**	**381 076**	**1 016 888**	**937 736**

The geographical split is made based on the location of the individual Member or client.

A Member is an owner, operator or charterer (including a bareboat or demise charterer) or a ship entered in the Association who according to the Articles of the Association and the Rules is entitled to membership of the Association. Client is defined as any entity with an active insurance cover from the Gard group of companies that is not in the capacity of a Member (P&I Owners' Entry and Charterer's Entry). Members may also be a Client of Gard.

NOTE 5–OWNERS' GENERAL DISCOUNT (LAST INSTALMENT)

Starting from the 2021 policy year (financial year ending 20 February 2022), the Gard group introduced a new premium policy for mutual Members. The reduction in last instalment was replaced with Owners' General Discount, which is given as a percentage of the agreed Estimated Total Call at renewal in the forthcoming policy and financial year.

These accounts are prepared on the basis of 5 per cent Owners' General Discount in respect of the 2021 policy year (financial year ending 20 February 2022). The last instalment in the respect of the 2020 policy year (financial year ending 20 February 2021) was 10 per cent.

The Owners' General Discount amounted to USD 19.1 million for the financial year ending 20 February 2022 (the reduction in last instalment amounted to USD 38.4 million for the financial year ending 20 February 2021). On Estimated Total Call basis the gross written premium for the financial year ending 20 February 2022 is USD 1,036.0 million (financial year ending 20 February 2021 USD 921.6 million).

NOTE 6 – TECHNICAL RESULT AND TECHNICAL PROVISIONS

Accounting policy

Premiums and received reinsurance premiums
Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. Supplementary calls for P&I business may be charged to Members for previous policy years.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro-rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

Ceded reinsurance premiums
Reinsurance premiums are recognised as an expense over the underlying policy period.

Claims expenses
Expenses regarding incurred claims and other administrative expenses are recognised in the period they are incurred. Paid claims include an allocated portion of both direct and indirect claims handling cost.

	Parent company			Consolidated accounts		
			21.02.21 to 20.02.22			21.02.21 to 20.02.22
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
TECHNICAL RESULT						
Gross written premium	369 265	0	369 265	514 760	502 127	1 016 888
Gross earned premium	365 601	0	365 601	509 959	454 601	964 560
Ceded reinsurance	(239 930)	0	(239 930)	(98 687)	(103 172)	(201 859)
Earned premium for own account	**125 671**	**0**	**125 671**	**411 273**	**351 429**	**762 702**
Claims incurred, gross						
Incurred this year	293 401	0	293 401	432 255	265 107	697 363
Incurred previous years	12 838	0	12 838	-19 015	6 529	-12 486
Total claims incurred, gross	**306 239**	**0**	**306 239**	**413 240**	**271 637**	**684 877**
Reinsurers' share of gross incurred claims	(159 437)	0	(159 437)	(28 917)	(26 932)	(55 849)
Claims incurred for own account	**146 802**	**0**	**146 802**	**384 323**	**244 705**	**629 028**

	Parent company			Consolidated accounts		
			21.02.20 to 20.02.21			21.02.20 to 20.02.21
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
TECHNICAL RESULT						
Gross written premium	381 076	0	381 076	520 999	416 737	937 736
Gross earned premium	380 685	0	380 685	519 838	367 813	887 651
Ceded reinsurance	(270 502)	0	(270 502)	(103 238)	(80 200)	(183 438)
Earned premium for own account	**110 183**	**0**	**110 183**	**416 600**	**287 613**	**704 213**
Claims incurred, gross						
Incurred this year	338 220	0	338 220	465 535	258 758	724 293
Incurred previous years	(5 838)	0	(5 838)	(50 117)	22 483	(27 634)
Total claims incurred, gross	**332 383**	**0**	**332 383**	**415 418**	**281 241**	**696 659**
Reinsurers' share of gross incurred claims	(181 575)	0	(181 575)	(2 914)	(61 915)	(64 829)
Claims incurred for own account	**150 808**	**0**	**150 808**	**412 504**	**219 326**	**631 830**

NOTE 6 – TECHNICAL RESULT AND TECHNICAL PROVISIONS, CONTINUED

Accounting policy

Technical provisions are calculated in accordance with the regulations for annual accounts for insurance companies.

Gross premium reserve
The gross premium reserve is amortised over the risk period and is calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial year. Changes in the provision are charged to the statement of comprehensive income.

Gross claims reserve
The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Company (RBNS), and from claims that have been incurred, but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

In accordance with the Norwegian regulations for insurance companies, provisions for internal claims handling expenses (unallocated loss adjustment expenses, or ULAE) and binary events are included in the 'Gross claims reserve'.

Insurance contract liabilities
Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates. Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred, but not reported, at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial methods use historical data as one of the elements in the model to estimate future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

	Parent company			Consolidated accounts		
			As at 20.02.22			As at 20.02.22
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
TECHNICAL PROVISIONS GROSS						
Provisions, at the beginning of the year	850 587	0	850 587	1 100 289	372 999	1 473 288
Claims paid	(329 404)	0	(329 404)	(480 293)	(274 081)	(754 375)
Claims incurred – gross this year	293 401	0	293 401	432 255	265 107	697 363
Claims incurred – gross previous years	12 839	0	12 839	(19 015)	6 529	-12 486
Provisions, at the end of the year	**827 423**	**0**	**827 423**	**1 033 236**	**370 554**	**1 403 790**
Reinsurers' share of claims provision	(507 576)	0	(507 576)	(101 467)	(68 390)	(169 857)
Provisions net, at the end of the year	**319 847**	**0**	**319 847**	**931 769**	**302 164**	**1 233 933**
Provision for unearned premiums, gross	6 771	0	6 771	9 454	278 345	287 800
Reinsurers' share of premium provision	(3 470)	0	(3 470)	(52)	(60 196)	(60 249)
Provision for unearned premiums, net	**3 301**	**0**	**3 301**	**9 402**	**218 149**	**227 551**
The Company is a member of the International Group of P&I Clubs.						
Gross technical provision regarding Pooling Agreement	(198 640)	0	(198 640)	(235 352)	0	(235 352)
Net technical provision regarding Pooling Agreement	(57 098)	0	(57 098)	(101 725)	0	(101 725)

PROVISION FOR OUTSTANDING CLAIMS						
Technical provision gross	827 423	0	827 423	1 033 236	370 554	1 403 790
Technical provision net	319 847	0	319 847	931 769	302 164	1 233 933

Provided guarantees outside cover, not recognised in the balance sheet, amount to USD 10.0 million as at 20 February 2022.

Sensitivity analysis has been performed in order to evaluate how sensitive gross claims reserve is dependent on the actuarial methods applied. The Company applied the following methods: Development factor method, Bornhuetter Ferguson, Apriori reduced method and Benktander. Based on these methodologies the gross claim reserve for the group ranges between USD 1,388 million and USD 1,415 million. The claim reserves for the parent company ranges between USD 819 million and 832 million.

NOTE 6–TECHNICAL RESULT AND TECHNICAL PROVISIONS, CONTINUED

	Parent company			Consolidated accounts		
	As at 20.02.21			As at 20.02.21		
Amounts in USD 000's	P&I	M&E	Total	P&I	M&E	Total
TECHNICAL PROVISIONS GROSS						
Provisions, at the beginning of the year	846 075	0	846 075	1 088 219	292 905	1 381 124
Claims paid	(327 870)	0	(327 870)	(403 348)	(201 147)	(604 495)
Claims incurred–gross this year	338 220	0	338 220	465 535	258 758	724 293
Claims incurred–gross previous years	(5 838)	0	(5 838)	(50 118)	22 483	(27 634)
Provisions, at the end of the year	**850 587**	**0**	**850 587**	**1 100 289**	**372 999**	**1 473 288**
Reinsurers' share of claims provision	(510 928)	0	(510 928)	(164 694)	(82 790)	(247 484)
Provisions net, at the end of the year	**339 659**	**0**	**339 659**	**935 595**	**290 209**	**1 225 804**
Provision for unearned premiums, gross	3 107	0	3 107	4 653	230 819	235 472
Reinsurers' share of premium provision	(1 595)	0	(1 595)	(40)	(41 405)	(41 445)
Provision for unearned premiums, net	**1 512**	**0**	**1 512**	**4 613**	**189 414**	**194 027**
The Company is a member of the International Group of P&I Clubs.						
Gross technical provision regarding Pooling Agreement	(178 671)	0	(178 671)	(207 600)	0	(207 600)
Net technical provision regarding Pooling Agreement	(64 295)	0	(64 295)	(104 040)	0	(104 040)

PROVISION FOR OUTSTANDING CLAIMS						
Technical provision gross	850 587	0	850 587	1 100 289	372 999	1 473 288
Technical provision net	339 660	0	339 660	935 595	290 209	1 225 804

Provided guarantees outside cover, not recognised in the balance sheet, amount to USD 12.1 million as at 20 February 2021.

GARD P. & I. (BERMUDA) LTD.
Notes to the accounts

NOTE 7–INSURANCE RELATED EXPENSES AND NUMBER OF STAFF

Accounting policy

Insurance related expenses for own account consist of broker and agent commissions, sales and administrative expenses, less commission received on ceded reinsurance premiums. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

Insurance related expenses are accounted for in the period they are incurred.

	Parent company		Consolidated accounts	
Amounts in USD 000's	21.02.21 to 20.02.22	21.02.20 to 20.02.21	21.02.21 to 20.02.22	21.02.20 to 20.02.21
ACQUISITION COSTS AND COMMISSIONS				
Sales related salaries	0	0	26 219	21 356
Other acquisition costs	0	0	17 503	14 177
Insurance intermediary	16 014	10 996	0	0
Agents' commission	23 990	23 849	66 675	60 051
Commission received	(45 345)	(51 739)	(12 496)	(19 611)
Insurance related expenses for own account	**(5 341)**	**(16 894)**	**97 902**	**75 973**
Number of staff	**0**	**0**	**567**	**546**

Remuneration to Group Leadership Team

Amounts in USD 000's	Salary incl. bonus *	Benefits in kind *	Total	Loan balance
GROUP LEADERSHIP TEAM				
Rolf Thore Roppestad (CEO)	1 012	110	1 122	167
Bjørnar Andresen	505	42	547	291
Torunn Biller White	269	2	271	0
Kristian Dalene	540	221	761	0
Lars Lislegard-Bækken	284	4	288	133
Christen Guddal	467	40	507	0
Line Dahle	300	5	305	0
Christian Pritchard-Davies	331	2	333	20
Total	**3 708**	**426**	**4 134**	**611**

* All figures are excluding social security costs.

NOTE 7–INSURANCE RELATED EXPENSES AND NUMBER OF STAFF, CONTINUED

The table below provides information regarding payments made in the financial year 2022 to members of the Board of Directors within the group. Remuneration relating to the financial year 2022, but not yet paid, is accrued for in the accounts.

Remuneration to Board of Directors and Committees

Amounts in USD 000's	Consolidated accounts Board remuneration	Board committee remuneration	Board remuneration, other group companies	Total remuneration
MEMBERS OF THE BOARD OF DIRECTORS				
Morten W. Høegh (Chairman)	75	25	0	100
Michael Lykiardopulo (Deputy Chairman)	40	5	0	45
Nils Aden (Member)	20	45	25	90
Aristidis Alafouzus (Member)	20	0	0	20
Yngvil Åsheim (Member)	20	58	10	88
Ian Beveridge (Member)	20	75	10	105
Ian Blackley (Member)	20	0	0	20
Kuo-Hua Chang (Member)	20	0	0	20
Trond Eilertsen	20	115	37	172
Timothy C. Faries	20	0	0	20
Konstantinos Gerapetritis (Member)	20	5	0	25
Carl-Johan Hagman (Member)	20	45	0	65
Herbjørn Hansson (Member)	20	5	0	25
Kenneth Hvid (Member)	20	5	0	25
Craig Jasienski (Member)	20	5	0	25
Jarle Haugsdal (Member)	20	13	0	33
Georgios Karagergiou (Member)	20	0	0	20
Stephen Knudtzon	20	12	0	32
Jason Liberty (Member)	20	0	0	20
Halvor Ribe (Member)	20	13	0	33
Callum Sinclair (Member)	20	12	0	32
Rajalingam Subramaniam (Member)	20	0	0	20
Jane Lim Sy (Member)	20	45	25	90
Takaya Uchida (Member)	20	0	0	20
Anne Glestad Lech (Employee representative)	0	0	12	12
Jostein Aaland (Employee representative)	0	0	12	12
Are Solum (Employee representative)	0	0	12	12
Total	**555**	**483**	**142**	**1 180**

Some of the insurance intermediaries offer their employees (minimum 50 per cent position) mortgage loans, secured by real estate. The loans have a rate of interest according to the interest set by the Tax Ministry in Norway and the repayment period is before retirement age.

The CEO has a remuneration guarantee that comes into force if the Board should ask him to leave his position. The remuneration guarantee gives him 12 months' salary in addition to a contractual six months' notice period.

The minority of the Group Leadership Team (GLT) and certain key personnel have a pension scheme that gives them the right to retire at 60 years of age and covers income included and above 12 times the base amount (see note 20 for definition of base amount). The full pension requires a thirty year accrual period in Gard, or it will be reduced accordingly. The accounting expense for the pension benefits earned in the period are for Roppestad (USD 0.8 million), Guddal (USD 0.3 million), Andresen (USD 0.4 million), Dalene (USD 0.1 million), Dahle (USD 21 thousand), Lislegard-Bækken (USD 21 thousand), White (USD 21 thousand) and Pritchard-Davies (USD 21 thousand).

NOTE 7–INSURANCE RELATED EXPENSES AND NUMBER OF STAFF, CONTINUED

Gard P. & I. (Bermuda) Ltd. has given a collective bonus promise to all employees within the group including the CEO. A bonus will be paid if predefined targets are met. Members of GLT (Group Leadership Team including CEO) and other Key Employees, as defined in the legislation, are participating in the collective bonus scheme subject to certain adjustments required in the new Finance Institution Act of 2015 (Finansforetaksloven). The bonus will be paid through the companies where the employees work and refunded by Gard P. & I. (Bermuda) Ltd. A maximum possible bonus is 20 per cent of gross salary. For all employees a bonus of 11.5 per cent of gross salary is expected to be paid for the year to 20 February 2022.

The key features of the special terms for members of GLT and Key Employees can be summarized as follows:

1. The payment of a proportion of the bonus triggered by the collective scheme above shall be deferred for a period of 36 months from the expiry of the financial year the bonus is linked.

2. An individual component based on an individual assessment conducted by the CEO in consultation with the Chairman of the Executive Committee of Gard P. & I. (Bermuda) Ltd.

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	21.02.20 to 20.02.21
REMUNERATION AUDITOR				
Auditing fee	316	240	1 114	861
Tax advising	0	0	43	116
Non audit services	0	0	79	85
Total auditors' fee	**316**	**240**	**1 236**	**1 062**

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	21.02.20 to 20.02.21
REMUNERATION TO RELATED PARTIES				
Wikborg, Rein & Co.	1 886	0	2 680	1 360
Total remumeration related parties	**1 886**	**11**	**2 680**	**1 378**

During the financial year, one of the board members of the group was a partner in the company Wikborg Rein & Co.
VAT is included in the fees specified above.

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	21.02.20 to 20.02.21
NET OPERATING EXPENSES				
Bad debt	(736)	791	158	2 702
Service cost	60 644	56 805	0	0
Allocated to claims handling and acquisition costs	(61 603)	(56 509)	0	0
Other operating expenses	5 260	1 623	11 276	5 324
Other insurance related expenses	**3 566**	**2 710**	**11 434**	**8 026**

Included in other operating expenses are also revenues related to non-insurance activities.

NOTE 8 – INTEREST AND SIMILAR INCOME/(EXPENSES)

Accounting policy
Other income and expenses are accounted for in the period they are incurred.

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	Parent company 21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	Consolidated accounts 21.02.20 to 20.02.21
INTEREST AND SIMILAR INCOME/(EXPENSES)				
Interest income/(expenses)	(8)	(4)	293	430
Income from financial investments	2 166	933	5 349	2 384
Foreign exchange gain/(loss)	(3 361)	3 803	(5 541)	7 337
Total interest and similar income/(expenses)	**(1 203)**	**4 732**	**101**	**10 151**

NOTE 9 – TAX

Accounting policy
The tax expense consists of tax payable and changes in deferred tax.

Deferred tax/tax asset of the subsidiaries is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet, when it is more likely than not that the tax asset will be utilised.

Taxes are calculated as follows

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	Parent company 21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	Consolidated accounts 21.02.20 to 20.02.21
BASIS FOR INCOME TAX EXPENSE, CHANGES IN DEFERRED TAX AND TAX PAYABLE				
Profit before tax as basis for tax calculation	(15 114)	14 483	20 314	101 928
Total comprehensive income/(loss) as basis for tax calculation	(5 387)	(3 186)	(6 580)	67 764
Basis for calculating tax	**(20 501)**	**(3 186)**	**(6 580)**	**67 764**
Permanent differences	(5 207)	8 940	25 478	(12 788)
Pension charged directly to equity	0	0	(2 415)	(7 464)
Basis for the tax expense for the year	**(25 708)**	**5 754**	**16 483**	**47 512**
Change in temporary differences	(729)	468	(1 735)	25 629
Basis for payable taxes in the income statement	**(26 437)**	**6 222**	**14 748**	**73 141**
Change in (utilisation of) tax losses carried forward	11 323	(2 909)	(456)	(15 987)
Taxable income (basis for payable taxes in the balance sheet)	**(15 114)**	**3 313**	**14 292**	**57 154**
INCOME TAX EXPENSES				
Tax payable	0	0	4 702	7 062
Tax correction earlier year	(88)	255	(64)	(78)
Change in deferred tax	(2 648)	610	(3 918)	8 970
Paid foreign withheld tax	0	0	48	54
Tax expenses ordinary result	**(2 736)**	**865**	**768**	**16 008**

NOTE 9 – TAX, CONTINUED

Taxes are calculated as follows

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	Parent company 21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	Consolidated accounts 21.02.20 to 20.02.21
INCOME TAX PAYABLE				
Tax at the beginning of the year	0	0	16 657	13 628
Tax payable related to the year	0	0	4 491	7 052
Tax paid during the year	0	0	(13 785)	(4 128)
Tax correction earlier year	0	0	(6)	(304)
Exchange adjustments	0	0	30	665
Tax payable at the end of the year	**0**	**0**	**7 387**	**16 913**
DEFERRED TAX/TAX ASSET				
Specification of tax effect resulting from temporary differences				
Pension obligations	0	0	42 895	44 140
Portfolio investments	0	0	(16 210)	(26 183)
Equipment	0	0	830	859
Tax loss carried forward	86 538	79 691	120 736	128 122
Retained earnings	0	0	(64 814)	(80 482)
Other temporary differences	1 435	2 302	5 862	8 632
Total temporary differences	**87 973**	**81 993**	**89 299**	**75 088**
Deferred tax asset, 25 per cent of total temporary differences	**21 994**	**20 498**	**22 325**	**18 772**

As a company organised under the laws of Bermuda, the Company is not subject to taxation in Bermuda, as Bermuda does not impose taxation on receipts, dividends, capital gains, gifts or net income. In the event that such taxes are levied, the Company has received an assurance from the Bermuda government to be exempted from all such taxes until 28 March 2035.

Amounts in USD 000's	Parent company 21.02.21 to 20.02.22	Parent company 21.02.20 to 20.02.21	Consolidated accounts 21.02.21 to 20.02.22	Consolidated accounts 21.02.20 to 20.02.21
RECONCILIATION OF THE TAX EXPENSE				
Basis for calculating tax	(5 387)	(3 186)	(6 580)	67 764
Calculated tax 25 per cent	**(1 347)**	**(797)**	**(1 645)**	**16 941**
Tax expense	(2 736)	865	768	16 008
Difference	**1 390**	**(1 662)**	**(2 413)**	**933**
The difference consists of:				
Changes in permanent and temporary differences not subject to deferred tax	1 302	(2 235)	(5 306)	1 939
Tax regarding tax audit earlier year	88	(255)	117	(245)
Differences related to different tax rates within the group	0	680	(897)	(396)
Other differences	0	148	3 673	(365)
Sum explained differences	**1 390**	**(1 662)**	**(2 413)**	**933**

NOTE 10 – INTANGIBLE ASSETS

Accounting policy
Intangible assets relate to key software used in the group's operation. External cost of acquiring and implementing software as well as employee costs directly attributable to implementation are capitalized. Amortisation is charged to comprehensive income on a straight-line basis over the estimated useful life of each intangible asset, starting from the point at which the asset is ready for use.

Amounts in USD 000's	Consolidated accounts As at 20.02.22	As at 20.02.21
SOFTWARE AT COST		
Costs at the beginning of the year	17 087	10 403
Net additions/(disposals)	2 160	5 623
Exchange adjustments	(1 035)	1 061
Costs at the end of the year	**18 212**	**17 087**
Depreciation and impairment at the beginning of the year	8 365	7 030
Depreciation	1 341	618
Exchange adjustments	(506)	717
Depreciation at the end of the year	**9 200**	**8 365**
Net book value at the end of the year	**9 012**	**8 722**
Amortisation period	3-5 years	3-5 years
Amortisation type	linear	linear

NOTE 11 – PROPERTY AND PLANT USED IN OPERATION

Accounting policy
Property, plant and equipment, notes 11 and 12, is capitalised and depreciated linearly over its estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and are depreciated with the related asset. If the carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount.

	Consolidated accounts		
Amounts in USD 000's	**Real estate** As at 20.02.22	**Property, plant** As at 20.02.22	**Total** As at 20.02.22
Costs at the beginning of the year	20 554	22 568	43 121
Net additions/(disposals)	1 129	404	1 533
Exchange adjustments	(1 213)	(1 141)	(2 354)
Costs at the end of the year	**20 470**	**21 831**	**42 300**
Depreciation at the beginning of the year	10 650	4 911	15 561
Depreciation charge for the year	240	471	711
Exchange adjustments	(621)	(296)	(917)
Depreciation at the end of the year	**10 269**	**5 086**	**15 355**
Net book value at the end of the year	**10 201**	**16 745**	**26 946**

NOTE 11 – PROPERTY AND PLANT USED IN OPERATION, CONTINUED

	Consolidated accounts		
Amounts in USD 000's	**Real estate** As at 20.02.21	**Property, plant** As at 20.02.21	**Total** As at 20.02.21
Costs at the beginning of the year	18 391	15 738	34 129
Net additions/(disposals)	338	5 225	5 563
Exchange adjustments	1 825	1 605	3 430
Costs at the end of the year	**20 554**	**22 568**	**43 122**
Depreciation at the beginning of the year	9 416	3 484	12 901
Depreciation charge for the year	251	418	669
Impairment	56	654	710
Exchange adjustments	926	355	1 281
Depreciation at the end of the year	**10 650**	**4 911**	**15 561**
Net book value at the end of the year	**9 904**	**17 657**	**27 561**
Amortisation period	67 years	5-20 years	
Amortisation type	linear	linear	

Rent included in the consolidated accounts is charged to Comprehensive income in the period the offices are used. Any remaining rental liabilities are not included in the balance sheet. Exernal rental liabilities amount to USD 10.1 million as at the balance sheet date (USD 8.1 million as at 20 February 2021). Total costs regarding rent in the consolidated account amount to USD 4.7 million (USD 4.6 million as at 20 February 2021).

NOTE 12 – EQUIPMENT

	Parent company	Consolidated accounts		
Amounts in USD 000's	**Art** As at 20.02.22	**Art** As at 20.02.22	**Equipment** As at 20.02.22	**Total** As at 20.02.22
Costs at the beginning of the year	1 356	4 390	18 554	22 944
Additions	0	0	2 527	2 527
Disposals	0	0	(4 851)	(4 851)
Exchange adjustments	0	(6)	(982)	(989)
Costs at the end of the year	**1 356**	**4 385**	**15 248**	**19 631**
Depreciation at the beginning of the year	695	1 482	13 596	15 078
Depreciation charge for the year	0	0	2 661	2 661
Reversal of depreciations on disposals	0	0	(4 851)	(4 851)
Exchange adjustments	0	0	(722)	(722)
Depreciation at the end of the year	**695**	**1 482**	**10 684**	**12 167**
Net book value at the end of the year	**661**	**2 902**	**4 563**	**7 465**

NOTE 12 – EQUIPMENT, CONTINUED

	Parent company	Consolidated accounts		
Amounts in USD 000's	Art As at 20.02.21	Art As at 20.02.21	Equipment As at 20.02.21	Total As at 20.02.21
Acquisition costs at the beginning of the year	1 356	4 377	16 820	21 196
Net additions/(disposals)	0	2	259	261
Exchange adjustments	0	11	1 475	1 487
Costs at the end of the year	**1 356**	**4 390**	**18 554**	**22 944**
Depreciation at the beginning of the year	695	1 477	11 829	13 307
Depreciation charge for the year	0	0	726	726
Exchange adjustments	0	5	1 041	1 046
Depreciation at the end of the year	**695**	**1 482**	**13 596**	**15 078**
Net book value at the end of the year	**661**	**2 908**	**4 958**	**7 866**
Amortisation period			3-5 years	
Amortisation type			linear	

Art is not subject to depreciation.

NOTE 13 – INVESTMENTS IN SUBSIDIARIES

Accounting policy

Investments in the subsidiaries are valued at the lower of cost and fair value in the parent company accounts. The investments are valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Amounts in USD 000's	Ownership	Voting share	Place of office	Currency	Share capital	Book value USD As at 20.02.22
AS Assuransegården	100%	100%	Norway	NOK	22 220	21 096
Gard AS	100%	100%	Norway	NOK	30 000	70 932
Gard Marine & Energy Limited	100%	100%	Bermuda	USD	190 000	197 737
Gard Reinsurance Co Ltd	100%	100%	Bermuda	USD	150 000	295 000
Hydra Insurance Company Ltd. (Gard's cell)	100%	100%	Bermuda	USD	56 913	56 913
Lingard Limited	100%	100%	Bermuda	USD	900	900
Total						**642 578**

NOTE 14 – FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivative financial investments are also categorised as held for trading.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as receivables and payables in the balance sheet.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where group's management has the positive intention and ability to hold to maturity, other than:

– Those that the group upon initial recognition designates as at fair value through profit or loss;
– Those that meet the definition of loans and receivables.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans, receivables and held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Unrealised gains or losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Change in unrealised gain/loss on investments' in the period in which they arise. Realised gains or losses are presented within 'Gains on realisation of investments'. Dividends and interest income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of 'Interest and similar income' when the right to receive payments is established. Dividends from investments are recognised when the Company has an unconditional right to receive the dividend.

Dividend paid is recognised as a liability at the time when the General Meeting approves the payment of the dividend. Interest on held-to-maturity investments is included in the consolidated statement of comprehensive income and reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated statement of comprehensive income.

Offsetting financial investments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the 'loans and receivables' category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Company may measure impairment on the basis of an investment's fair value using an observable market price.

NOTE 14–FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, CONTINUED

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Determination of fair value

The following describes the methodologies and assumptions used to determine fair values.

Financial investments at fair value through profit or loss
The fair value of financial assets classified as financial investments at fair value through profit or loss and the fair value of interest-bearing securities included is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices.

Assets for which fair value approximates carrying value
For financial assets and liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fair value hierarchy

The Gard group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique.

Financial investments in Level 1
The fair value of financial investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the last trade price (these investments are included in Level 1). US government bonds and other financial investments have been classified on Level 1 in the pricing hierarchy.

Financial investments in Level 2
The fair value of financial investments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an investment are observable, the investment is included in Level 2.

Investments listed in the following have been classified on Level 2 in the pricing hierarchy:
– Equity funds and interest-bearing securities and funds where fair values are determined by using quoted market prices of the assets where the funds are invested.
– Equity futures, interest futures, currency futures, currency forwards and interest rate swaps where fair values are determined on the basis of the price development on an underlying asset or instrument. All deriviatives are priced by standard and well recognized methods.

If one or more of the significant inputs is not based on observable market data, the investment is included in Level 3.

Specific valuation techniques used to value financial investments include:
– Quoted market prices or dealer quotes for similar investments;
– The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
– The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
– Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial investments.

Note that all of the resulting fair value estimates are included in Level 2 except for financial investments explained below.

Financial investments in Level 3
Level 3 includes investments in less liquid fund structures in real estate and private debt instruments.

NOTE 14–FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, CONTINUED

	Parent company				Parent company			
	As at 20.02.22				As at 20.02.21			
	Quoted market prices	Observable market data	Non-observable market data		Quoted market prices	Observable market data	Non-observable market data	
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL INVESTMENTS								
Equities and investment funds	11 395	137 148	40 668	189 211	0	143 403	36 907	180 310
Interest-bearing securities and funds	53 304	305 246	40 483	399 033	54 495	374 456	29 693	458 644
Other financial investments	1	0	0	1	18 130	0	0	18 130
Total financial investments	**64 700**	**442 394**	**81 151**	**588 245**	**72 625**	**517 859**	**66 600**	**657 084**

	Consolidated accounts				Consolidated accounts			
	As at 20.02.22				As at 20.02.21			
	Quoted market prices	Observable market data	Non-observable market data		Quoted market prices	Observable market data	Non-observable market data	
Amounts in USD 000's	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
FINANCIAL INVESTMENTS								
Equities and investment funds	42 951	477 023	99 709	619 684	0	471 314	87 591	558 905
Interest-bearing securities and funds	249 168	1 276 918	80 966	1 607 052	229 559	1 404 192	59 385	1 693 137
Other financial investments	1	0	0	1	43 388	0	0	43 388
Total financial investments	**292 120**	**1 753 941**	**180 675**	**2 226 737**	**272 947**	**1 875 507**	**146 976**	**2 295 430**

NOTE 14–FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, CONTINUED

The majority of investments held are subfunds of the Gard Unit Trust Fund, a legal fund structure establised in Ireland.

Equities and investment funds
Each subfund holds well diversified portfolios with different investment objectives, and the underlying holdings are common stocks traded on regional stock exchanges. The group possesses only minority interests in quoted companies. The group also has funds other than the Gard Unit Trust Fund that hold investments in direct property, alternatives and private debt.

Interest-bearing securities and funds
Funds classified as Interest-bearing securities and funds are predominantly invested in fixed income securities and money markets. There is also some exposure to floating rate loans and private debt.

Parent company

Amounts in USD 000's	Investment profile	As at 20.02.22
EQUITY FUNDS		
Gard Global Equity Fund II	Global equity	40 276
Gard Global Impact Equity Fund	Global equity	19 743
Gard Global Multifactor Equity Fund	Global equity	9 189
Gard Emerging Markets Fund	Emerging market equity	16 622
GS Specialized Investment Fund	Volatility option strategy	51 318
CBRE Global Real Estate Fund	Global real estate	38 698
iShares REIT ETF	Global real estate	10 714
Phoenix Global Real Estate Fund I	Global real estate	1 970
iShares Commodity ETF	Commodities	682
Total Equity funds		**189 211**
Total Equities and investment funds		**189 211**
The part of Equity fund invested in quoted shares		86 512

Parent company

Amounts in USD 000's	Investment profile	As at 20.02.22
INTEREST-BEARING SECURITIES		
US Treasury Bills	US Treasury bond	27 432
Total Interest-bearing securities		**27 432**
INTEREST-BEARING FUNDS		
CQS Credit Fund	Global multi asset credit	56 051
Gard Emerging Market Debt Fund	Emerging market debt	42 415
Gard Global Bond Fund I	Global aggregate bonds	115 369
Gard Global Credit Bond Fund I	Global corporate bonds	31 335
Gard Global Treasury Fund	Government debt	73
Gard Private Debt Fund	Global private debt	40 483
Gard Strategic Global Bond Fund	Global aggregate bonds	60 003
iShares TIPS ETF	Government debt	17 752
Northern Trust Cash Fund	Money market US Dollar	8 120
Total Interest-bearing funds		**371 601**
Total Interest-bearing securities and funds		**399 033**

NOTE 14–FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS, CONTINUED

The group has an equity exposure of 14.0 per cent (financial year ending 20 February 2021 15.9 per cent) of its total investments.

Consolidated accounts

Amounts in USD 000's	Investment profile	As at 20.02.22
EQUITY FUNDS		
Gard Global Equity Fund II	Global equity	81 342
Gard Global Impact Equity Fund	Global equity	67 112
Gard Global Multifactor Equity Fund	Global equity	83 586
Gard Emerging Markets Fund	Emerging market equity	71 202
Invesco S&P500 ETF	US equity	5 605
iShares MSCI ETF	Global equity	5 635
GS Specialized Investment Fund	Volatility option strategy	51 318
CBRE Global Real Estate Fund	Global real estate	77 396
iShares REIT ETF	Global real estate	30 244
Phoenix Global Real Estate Fund I	Global real estate	1 970
Phoenix Global Real Estate Fund II	Global real estate	20 344
Caxton Global Investments Ltd	Global tactical asset allocation	58 765
Bridgewater Pure Alpha Fund	Global tactical asset allocation	63 700
iShares Commodity ETF	Commodities	1 468
Total Equity funds		**619 684**
Total Equities and investment funds		**619 684**
The part of Equity fund invested in quoted shares		315 949

Consolidated accounts

Amounts in USD 000's	Investment profile	As at 20.02.22
INTEREST-BEARING SECURITIES		
United States Treasuries	US Treasury bonds	55 282
Total Interest-bearing securities		**55 282**
INTEREST-BEARING FUNDS		
CQS Credit Fund	Global multi asset credit	187 842
Gard Emerging Market Debt Fund	Emerging market debt	118 705
Gard Global Bond Fund I	Global aggregate bonds	408 406
Gard Global Credit Bond Fund I	Global corporate bonds	157 966
Gard Global Treasury Fund	Government debt	187 344
Gard Private Debt Fund	Global private debt	80 966
Gard Strategic Global Bond Fund	Global aggregate bonds	216 656
iShares China CNY Bonds	Government debt	11 731
iShares Corporate ETF	Global corporate bonds	20 836
iShares TIPS ETF	Government debt	84 503
iShares Treasury ETF	Government debt	33 231
Northern Trust Cash Fund	Money market US Dollar	43 585
Total Interest-bearing funds		**1 551 770**
Total Interest-bearing securities and funds		**1 607 052**

NOTE 15 – FINANCIAL RISK

Risk management framework
The purpose of the risk management system is to ensure that material risks are managed in accordance with the Company's corporate objectives and risk-bearing capacity. The risk management system consists of the following components:

Risk appetite and limits: Overall Risk Appetite and Comfort Zone (target range for capitalisation) are defined in accordance with risk-bearing capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies: There are group policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

Risk management cycle: Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to the relevant responsible body. Assessments are made on a quarterly basis as a minimum.

Main financial risks
The Covid-19 pandemic situation was monitored closely throughout 2021, not only the development of market risk, but also insurance risk, counterparty risk, operational risk and liquidity risk. During the year, management took steps to manage the adverse financial and operational effects as events unfolded, with satisfactory results as the year came to an end. Future challenges due to Covid-19 might arise, however the experience from the previous year will strengthen the risk management going forward.

Market risk
Market risk arises from the investment activities and the sensitivity of liabilities to changes in market price. The sensitivity analysis of investments assets aims to illustrate the risk of economic losses resulting from deviations in the value of assets caused by changes in observable market prices differing from expected values. The five main market risks selected for testing of sensitivity due to price changes are;

Equity risk
The risk of economic losses resulting from deviations of market values of equities from expected values. The equity portfolio is well diversified, although with skewedness towards emerging markets and smaller companies compared to a global market capitalised benchmark. This is expected to generate a slightly higher return combined with higher volatility over time. The equity portfolio is being managed by a selection of specialist fund managers.

Interest rate risk
The risk of economic losses resulting from deviations in actual interest rates from expected interest rates. The term structure of interestbearing assets is broadly matched to the expected duration of the liabilities. The sensitivity analysis for interest-bearing securities instruments is testing the portfolio's interest rate sensitivity with a weighted average duration approach. Interest sensitive liabilities are not part of the analysis.

Alternatives risk
The risk that the actual return or performance relative to benchmark of investments due to active management decisions will be lower than expected. The sensitivity analysis for alternative risk is assigned to global alternative funds which aim to generate excess return by tactically adjusting asset allocation across a variety of asset classes.

Real estate risk
The risk of economic losses resulting from deviations of actual values and/or income from real estate from those expected.

The sensitivity analysis for real estate risk is performed on funds which represent the part that is strategically allocated to real estate.

Currency risk
The risk of economic losses resulting from actual foreign exchange rates differing from expected foreign exchange rates. Foreign currency exposures are assumed to be reasonably matched across the balance sheet and managed with an emphasize on major currency exposures. The sensitivity analysis for foreign currencies only applies to investments assets and illustrates the impact on values given changes in exchange rates against USD.

Inflation risk
Inflation risk is the risk of a loss in the value of nominal assets or nominal cash flows due to a persistence of high inflation. This risk is most visible in fixed income assets and liabilities due to the tendency of inflation to be followed by higher interest rates. This risk is mitigated by monitoring the duration profile of the portfolio and by maintaining a diversified portfolio of assets whose values are impacted differently by inflation, including inflation protected securities and real assets.

The table below splits the balance sheet into the major currencies USD, EUR and GBP, and remaining currencies are grouped into Other. Note that investments held as shares/units in various fund structures are reported in base currency. The split deviates from underlying currency exposure that is used as input in the enterprise risk models.

NOTE 15 – FINANCIAL RISK, CONTINUED

Currency split balance sheet	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
ASSETS				
USD	1 811 787	1 749 589	2 874 595	2 813 182
EUR	6 586	21 154	62 965	83 160
GBP	7 490	13 930	17 245	34 751
Other	146 965	144 912	267 681	275 287
Total assets	**1 972 828**	**1 929 585**	**3 222 487**	**3 206 380**
EQUITY AND LIABILITIES				
USD	1 774 945	1 598 322	2 742 510	2 496 582
EUR	48 073	160 740	151 972	288 627
GBP	49 551	100 356	64 207	153 859
Other	100 259	70 167	263 798	267 312
Total equity and liabilities	**1 972 828**	**1 929 585**	**3 222 487**	**3 206 380**
NET ASSET EXPOSURE				
USD	36 842	151 267	132 085	316 600
EUR	(41 487)	(139 586)	(89 007)	(205 467)
GBP	(42 061)	(86 426)	(46 962)	(119 108)
Other	46 706	74 745	3 883	7 975

Financial investments – sensitivity analysis
The analysis below is performed for reasonably possible movements in key market variables with all other variables held constant.

Taxes are calculated as follows	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Impact on fixed income portfolio investments given an increase of 50 basis points	(8 128)	(6 702)	(28 778)	(24 458)
Impact on equity portfolio given a 10 per cent drop in quoted market prices	(13 720)	(14 347)	(36 481)	(36 950)
Impact on total investment portfolio given a change of 10 per cent in foreign exchange rates against USD	(11 651)	(15 265)	(46 564)	(50 507)
Impact on real estate portfolio given a 10 per cent drop in NAV	(4 067)	(3 691)	(9 971)	(8 759)
Impact on alternatives portfolio given a 10 per cent drop NAV	0	0	(12 246)	(10 198)

The sensitivity analysis assumes no correlation between equity price, property market and foreign currency rate risk. It also assumes that all other receivables and payables remain unchanged and that no management action is taken. The Gard group has no significant risk concentrations which are not in line with the overall investment guidelines set by the Company's Board of Directors. Any impact from risk tested in the table above is not, due to tax regulations, assumed to have any taxable impact.

Credit risk
The risk of economic losses resulting from the default of third parties split into:

Credit default risk
The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligation.

Credit spread risk.
The risk of economic losses due to the difference in yield between a defined rating class bucket and interest-bearing securities/funds with the same duration.

Credit migration risk.
The risk that a portfolio's credit quality will materially deteriorate over time without allowing a re-pricing of the constituent loans to compensate the creditor for the higher default risk being uvndertaken.

NOTE 15–FINANCIAL RISK, CONTINUED

Counterparty default risk
The main sources of counterparty default risk are reinsurers, cash deposits at banks and receivables from policyholders.

The credit exposure on the reinsurance program is in line with the guidelines of only accepting reinsurers with an A- or higher rating. The Group is, however, faced with BBB rating exposure through the IG Pooling agreement. Among the thirteen clubs, three have ratings of BBB or lower.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable, except from minor amounts that have ratings of BB, in addition to not rated petty cash.

The credit risk in respect of receivables is handled by policies and by close follow up. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

The tables below show the credit risk exposure as at 20 February 2022. Assets are classified according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. Top rated assets are denoted with AAA rating and US long-term sovereign credit rating is equivalent to a AAA rating due to an applied median approach.

Credit risk exposure in balance sheet

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
INTEREST-BEARING SECURITIES AND FUNDS				
AAA	8 120	15 708	43 585	151 974
AA	27 432	28 588	55 282	57 566
Not rated	363 481	414 348	1 508 186	1 483 598
Total interest-bearing securities and funds	**399 033**	**458 644**	**1 607 052**	**1 693 137**
OTHER FINANCIAL INVESTMENTS				
A	1	18 130	1	43 388
Total other financial investments	**1**	**18 130**	**1**	**43 388**
REINSURERS' SHARE OF GROSS CLAIMS RESERVE				
AA	8 011	7 597	9 467	9 074
A	488 508	490 914	84 731	137 098
BB	0	0	230	0
BBB	11 057	12 417	75 275	100 725
Not rated	0	0	155	587
Total reinsurers' share of gross claims reserve	**507 576**	**510 928**	**169 857**	**247 484**
RECEIVABLES				
AA	0	396	0	527
A	27 182	28 571	5 563	6 705
BBB	32	1 235	1 652	1 573
Not rated	27 111	32 031	319 542	298 873
Total receivables	**54 324**	**62 233**	**326 757**	**307 678**
CASH AND CASH EQUIVALENTS				
AA	129 913	63 015	201 482	127 306
A	3 435	0	98 907	57 185
B	0	0	105	0
BB	0	0	0	193
BBB	0	0	1 140	1 778
Not rated	0	0	8	9
Total cash and cash equivalents	**133 348**	**63 015**	**301 643**	**186 471**

NOTE 15–FINANCIAL RISK, CONTINUED

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
OTHER FINANCIAL ASSETS PRESENTED IN BALANCE SHEET*				
AAA	5 478	5 478	21 931	21 931
A	0	0	1 832	2 004
BB	0	0	5 000	5 000
Not rated	11 571	12 315	788	826
Total other financial assets presented in balance sheet	**17 048**	**17 793**	**29 552**	**29 761**

* Includes loan to subsidiaries and other financial assets.

Age analysis of receivables after provision for bad debt

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Not due	42 642	56 674	278 186	285 174
0-60 days	2 361	1 851	32 008	13 999
61-90 days	1 272	2 379	3 656	4 860
Above 90 days	9 792	3 795	18 606	12 263
Provision for bad debt	(1 743)	(2 466)	(5 699)	(8 618)
Total receivables	**54 324**	**62 233**	**326 757**	**307 678**

Impaired receivables
As at 20 February 2022 there are impaired receivables in the parent company of USD 1.7 million (20 February 2021 USD 2.5 million) and there are impaired receivables in the consolidated accounts of USD 5.7 million (20 February 2021 USD 8.6 million), related to past due. No collateral is held as security for the impaired receivables, but the receivables can be deducted from future claim payments if any. Impairment allowance is included in 'Other insurance related expenses'.

Age analysis of receivables after provision for bad debt

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Balance as at the beginning of the year	2 466	2 494	8 618	7 171
Provision for receivables impairment	723	1 783	174	3 308
Receivables written off during the year as uncollectable	(13)	(818)	(2 981)	(1 160)
Unused amounts reversed	(1 433)	(993)	(111)	(701)
Balance as at the end of the year	**1 743**	**2 466**	**5 699**	**8 618**

The creation and release of provisions for impaired receivables has been included in 'Other insurance related expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

NOTE 15–FINANCIAL RISK, CONTINUED

Liquidity risk

The risk that cash and other liquid assets are insufficient to meet financial obligations when they fall due. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount. The risk is mitigated through a cash pool agreement between Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard AS and AS Assuransegården that improves access to liquidity across the legal entities.

Maturity profile

The following tables set out the maturity profile of liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years. The Gard group maintains highly marketable financial investments and diverse assets that can be liquidated in the event of an unforeseen interruption of cash flow. This, combined with the cash pool to meet liquidity needs, gives a presentation of how assets and liabilities have been matched.

Parent company

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.22 Total
Gross claims reserve	266 390	484 322	76 711	0	827 423
Payables and accruals	164 042	0	0	0	164 042
Other payables	92	0	0	0	92

Parent company

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.21 Total
Gross claims reserve	268 316	511 228	71 043	0	850 587
Payables and accruals	88 783	0	0	0	88 783
Other payables	145	0	0	0	145

Consolidated accounts

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.22 Total
Gross claims reserve	486 170	812 386	105 233	0	1 403 790
Income tax payable	7 387	0	0	0	7 387
Payables and accruals	191 032	0	0	0	191 032
Other payables	8 740	0	0	0	8 740

NOTE 15–FINANCIAL RISK, CONTINUED

Consolidated accounts

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.21 Total
Gross claims reserve	506 127	870 328	96 833	0	1 473 288
Income tax payable	16 913	0	0	0	16 913
Payables and accruals	162 071	0	0	0	162 071
Other payables	8 844	0	0	0	8 844

NOTE 16–PENSIONS

Accounting policy

The Gard group operates various pension schemes and employees are covered by pension plans, which comply with local laws and regulations in each country in which the group operates. The companies have a defined contribution plan and a closed defined benefit plan.

Pension obligations

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a straight-line earnings method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries wwhere there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Statement of comprehensive income in the period in which they arise. Past-service costs are recognised immediately in technical result.

For defined contribution plans, the companies pay contributions to privately administered pension insurance plans on a contractual basis. The companies have no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Pensions

The companies have entered into pension contracts with some former and current employees. These contracts are mainly financed directly through the companies' operations. The subsidiaries have entered into various pension plans with both former and present employees.

The companies have collective pension agreements in place in accordance with the Norwegian Pension Act. As of 31 December 2015 the defined benefit plan was terminated for active employees, with the option for employees born in or before 1954 to remain in the previous defined benefit plan. All other active employees have been transferred to a defined contribution plan with effect of 1 January 2016, with contribution levels of 7 per cent from 0–12 G, and an additional 18.1 per cent from 7.1–12 G. G is a base rate used as the basis for calculating benefits. G is adjusted annually and is approved each year by the Norwegian parliament. The last time G was updated was in May 2021. As of 20 February 2022 G equals NOK 106,399 (USD 11,838). Retired and disabled employees were not subject to change and remain in the defined benefit plan. All employees hired after February 2009 are covered by the new levels in the defined contribution scheme.

The contribution plan as of 1 January 2022 covers a total of 395 employees, including 4 of the employees who made the active choice to be transferred. In the defined contribution plan 8 employees are disabled.

In relation to the defined benefit plan, 3 employees born in 1954 or earlier remain active members, 9 are partly or wholly disabled, 3 are active with flexible pension withdrawals and 82 are retired.

In addition to the collective agreement, all employees can apply for a tariff based lifelong retirement pension (AFP) which the employee may start to draw from the age of 62. The AFP pension is partially financed by Gard AS.

NOTE 16–PENSIONS, CONTINUED

The closed pension scheme for part of the Group Leadership Team, which provides coverage for an amount above 12 G as well as early retirement, is secured by an agreement with Norsk Tillitsmann Pensjon/Nordic Trustee. The obligation is secured through a pledge deposit on a bank account owned by Gard AS. The same solution is in place with respect to a compensation agreement for GLT members being transferred from the defined benefit plan to the defined contribution plan with effect from 1 January 2016.

For the defined benefit pension plan actuarial calculations are made with regard to pension commitments and funds at year end and resulting changes in pension obligations are charged to the income statement and other comprehensive income. Pension costs and pension liabilities have been accounted for in accordance with IAS19.

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
PENSION COST				
Defined benefit pension plans				
Pension benefits earned during the year	13	113	1 073	1 689
Interest expense on earned pension	12	16	1 158	1 470
Yield on pension funds	0	0	(450)	(647)
Past service cost - curtailment/plan amendment	0	0	(604)	0
Net pension cost earning related plan	**24**	**129**	**1 177**	**2 512**
Defined contribution pension plan	**0**	**0**	**6 953**	**7 401**
Total pension cost charged to the statement of comprehensive income	**24**	**129**	**8 130**	**9 913**
Changes in pension assumptions charged to other comprehensive income				
Change in pension assumptions	(39)	(70)	(2 739)	(7 008)
Income tax related to change in pension assumptions	0	0	675	1 736
LIABILITIES ACCORDING TO THE ACTUARIAL CALCULATIONS				
Pension obligation gross	(1 372)	(1 417)	(72 261)	(75 742)
Pension funds at market value	0	0	27 374	29 566
Net pension obligation at the end of the year	**(1 372)**	**(1 417)**	**(44 887)**	**(46 176)**
CHANGES IN PENSION FUNDS AT MARKET VALUE				
Fair value of assets at the beginning of the year	0	0	31 663	31 420
Expected return on plan assets	0	0	451	648
Actuarial gains or losses	0	0	252	268
Employer contribution	0	0	817	872
Benefits paid	0	0	(1 451)	(1 545)
Fair value of assets at the end of the year	**0**	**0**	**31 731**	**31 663**
FINANCIAL ASSUMPTIONS	Per cent	Per cent	Per cent	Per cent
Discount rate	1.90	1.70	1.90	1.70
Assumed annual salary regulation	2.75	2.25	2.75	2.25
Assumed pension increase	1.75	1.50	1.75	1.50
Assumed regulations of public pensions	2.00	2.00	2.00	2.00
Assumed yield on funds	1.90	1.70	1.90	1.70
Actual yield on funds	3.7	5.6	3.7	5.6

NOTE 17–RECEIVABLES FROM DIRECT INSURANCE OPERATIONS

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Direct and received premium	20 657	13 984	42 322	40 206
Direct and received premium through broker	319	(14)	121 186	102 759
Accrued last instalment	0	25 800	0	38 345
Not closed premium	30	0	87 504	66 045
Claims related debtors, co-insurers	1 886	0	53 853	42 732
Provision for bad debts	(1 743)	(2 466)	(5 666)	(5 742)
Receivables from direct insurance operations	**21 149**	**37 304**	**299 199**	**284 345**

NOTE 18–OTHER RECEIVABLES

	Parent company		Consolidated accounts	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Other receivables	5	0	1 606	1 626
Other receivables from subsidiaries	516	13 386	0	0
Loan to employees	0	0	17 467	20 730
Total other receivables	**520**	**13 386**	**19 072**	**22 356**

NOTE 19–CASH AND CASH EQUIVALENTS

Accounting policy
Cash and cash equivalents include cash in hand and deposits held at call with banks, brokers and fund managers. In the balance sheet, cash and cash equivalents that relate to investment management is presented as other financial investments. All other cash is presented as cash and cash equivalents. In the cash flow statement, cash and cash equivalents do not include cash and cash equivalents presented as other financial investments.

Cash and cash equivalents
Cash and cash equivalents include restricted cash amounting to USD 31.2 million as at 20 February 2022 (USD 31.6 million as at 20 February 2021). The Company has a group account agreement and participates in a cash pool agreement. Both agreements are made with the Company's main bank, Nordea Bank Abp filial i Norge. The group account agreement implies that the Company can make overdrafts on individual bank accounts as long as the Company's total bank deposit is positive. The cash pool agreement secures efficient use of the operating bank deposits through the companies' opportunities to make use of the overdraft facility on individual bank accounts. Each company participating in the cash pool agreement is jointly liable for the overdraft facility through unsecured guarantees.

Cash and cash equivalents also include regulatory and contractually required cash deposits that is considered restricted cash amounting to USD 64.1 million as at 20 February 2022 (USD 50.1 million as at 20 February 2021).

NOTE 20 – STATUTORY RESERVE

Gard P. & I. (Bermuda) Ltd. is registered under and regulated by the Insurance Act 1978 and related regulations. The Company is under the supervision of the Bermuda Monetary Authority (BMA) and has to be in compliance with a set of regulatory requirements. Gard P. & I. (Bermuda) Ltd. maintained a statutory reserve of USD 462,500 and all regulatory requirements are complied with as at 20 February 2022.

The Company is a member of the property and casuality insurance companies guarantee scheme. The purpose of the scheme is to ensure payments to assured and third parties, pursuant to the Norwegian Act on Bank Contingency Scheme and Insurance Companies' Guarantee Scheme of 1996 no. 75. Provision shall be made for payment of 1 per cent of gross premium relevant to the scheme.

NOTE 21 – STATUTORY AND REGULATORY REQUIREMENT

Gard P. &. I. (Bermuda) Ltd. including subsidiaries have operations which are subject to laws and regulations in the jurisdictions in which they operate, of which the most significant ones are Bermuda and Norway. The statutory capital and swurplus in Bermuda and Norway as at 20 February 2022 and 2021 was as follows:

	Parent Bermuda (a)		Regulated by Bermuda (b)		Regulated by Norway (c)	
Amounts in USD 000's	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21	As at 20.02.22	As at 20.02.21
Required statutory capital and surplus	37 527	38 708	86 274	318 203	399 130	396 801
Actual capital and surplus	973 128	985 545	788 329	664 373	514 054	517 168

(a) As a Class 2 company, Gard P. & I. (Bermuda) Ltd. is required to maintain minimum statutory capital and surplus equal to the Minimum Solvency Margin ("MSM").

(b) The Company's Bermuda based insurance subsidiaries are required to maintain minimum statutory capital and surplus equal to the greater of a Minimum Solvency Margin ("MSM") and the Enchanced Capital Requirement ("ECR"). The ECR is equal to the higher of each insurers' MSM or the Bermuda Solvency Capital Requirement ("BSCR") model or approved internal capital model. The BSCR for the relevant insurers for the year ended 20 February 2022 will not be filed with the BMA until June 2022. As a result, the required statutory capital and surplus as at 20 February 2022, as set out above, is based on the MSM of all relevant insurers, whereas the required statutory capital and surplus as at 20 February 2021 is based on the MSM and ECR where applicable for all relevant insurers. The required statutory capital and surplus based on MSM of all relevant insurers disclosed in previous year financial statement amounted to USD 000's 33,986 (Parent Bermuda), 86,597 (Regulated by Bermuda) and 396,640 (Regulated by Norway). Required statutory capital and surplus includes Gard P. & I. (Bermuda) Ltd., Gard Marine & Energy Limited, Gard Reinsurance Co Ltd and Hydra Gard Cell.

(c) Gard P. & I. (Bermuda) Ltd., Norwegian branch, Gard Marine & Energy Limited, Norwegian branch, Assuranceforeningen Gard - gjensidig - and Gard Marine & Energy Insurance (Europe) AS are required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The statutory capital and surplus for Gard P. & I. (Bermuda) Ltd., Norwegian branch and Assuranceforeningen Gard - gjensidig - include supplementary calls based on gross written premium for the last three open policy years. The SCR, which is part of the Solvency II reporting package, will not be filed with the Norwegian Financial Services Authority (Finanstilsynet) until May 2022. As a result, preliminary figures are included as at 20 February 2022.

Statutory capital and surplus and actual capital and surplus for Gard P. & I. (Bermuda) Ltd., Norwegian branch and Gard Marine & Energy Limited, Norwegian branch are included in both (a) and (c).

NOTE 22 – SUBSEQUENT EVENTS

Prior to the closing of the financial year ending 20 February 2022, Gard group acknowledged the increased geopolitical tensions between Ukraine and the Russia Federation and started working proactively to identify any heightened risks and exposures that could be triggered by an escalation in the conflict.

Gard group has limited exposure towards Russian entities and entities controlled by Russian interests. Neither does Gard have any exposure towards Russian reinsurers. In addition to the Russian registered objects, Gard have some additional objects on risk which are partly owned by Russian interests and companies and objects with Russian co-insureds. Going forward, Gard will not engage in new business from Russia.

As at 20 February 2022, outstanding receivables related to insured vessels that are owned by Russian entities or entities controlled by Russian interests amounted to USD 70,000. Gross claim reserve related to insured vessels that are owned by Russian entities or entities controlled by Russian interests amounted to USD 809,000.

Gard's internal Sanctions Consultancy Group is mobilized, and back-up resources prepared to cater any additional workload. The initial view is that the main challenge will be to ensure through enhanced vigilance and strong advisory services that neither Gard nor our members or clients are in breach of rapidly evolving sanction regulations against Russia and Russian special designated parties imposed by the USA, EU, UK, and other countries.

		Consolidated accounts	
Amounts in USD 000's Policy year	2021	2020	2019
PREMIUMS AND CALLS			
Premiums	484 807	390 908	437 849
Additional calls debited	473	77 798	60 363
Owners' general discount	19 075	0	0
Total premiums and last instalment	**504 356**	**468 706**	**498 212**
Reinsurance premiums	(101 673)	(103 327)	(99 559)
Net premium earned	**402 682**	**365 379**	**398 653**
INCURRED CLAIMS NET			
Claims paid	140 835	231 334	281 107
Estimates on outstanding claims	192 411	159 081	130 793
IBNRs	76 607	17 347	6 766
Unallocated Loss Adjustment Expenses	5 504	3 824	3 016
Incurred claims net	**415 358**	**411 587**	**421 683**
Acquisition cost and net operating expenses	47 716	35 088	38 881
Technical result	**(60 392)**	**(81 295)**	**(61 910)**

NOTES TO THE CONSOLIDATED POLICY YEAR ACCOUNTS

1. Premiums, supplementary calls, reinsurances and claims are credited/charged to the policy year to which they relate. Operating expenses are charged/credited to the same policy year as the financial year in which they are brought to account.

2. These accounts are prepared on the basis of 5 per cent Owners' General Discount in respect of the 2021 policy year (financial year ending 20 February 2022). The last instalment in the respect of the 2020 policy year (financial year ending 20 February 2021) was 10 per cent.

3. The approximate additional premium of 10 per cent from a supplementary call on the open policy years would be:
   2019 policy year USD 36.9 million
   2020 policy year USD 38.4 million
   2021 policy year USD 39.1 million

4. Incurred claims net comprises claims paid net of reinsurance recoveries, together with contributions to other P&I associations under the Group Pooling arrangement and net estimates for outstanding and unreported claims. Estimates on outstanding claims refer to those incidents which have been notified to the Association (RBNS) and on which estimates of the expected exposure have been placed. Incurred but not reported claims (IBNRs) have been calculated on a basis approved by the Company's actuary.

5. Due to the characteristics of P&I claims, both RBNS and IBNR, in particular in respect of the more recent years, may change substantially.

6. Provision for outstanding and unreported claims for closed years before policy year 2019, USD 336.4 million, consists of estimated outstanding claims in the amount of USD 290.0 million and estimates for IBNR claims of USD 46.5 million.

AVERAGE EXPENSE RATIO (AER)–P&I

In accordance with Schedule 3 of the International Group Agreement 1999 the group is required to disclose the AER for the group's P&I business for the five years ended 20 February 2022. The ratio of 13.7 per cent (13.5 per cent last year) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant financial statements.

The five year AER for the group's P&I business expresses the operating costs on a consolidated basis as a percentage of the relevant premiums and investment income earned. Operating costs of the P&I business exclude all claims handling costs. Investment income earned is stated after deducting all investment management costs. Internal claims handling and internal investment management costs include a reasonable allocation for general overhead expenses.

9.0 Auditor's report

To the Members of Gard P. & I. (Bermuda) Ltd.

Independent Auditor's Report

Opinion

We have audited the financial statements of Gard P. & I. (Bermuda) Ltd., which comprise:

- The financial statements of the parent company Gard P. & I. (Bermuda) Ltd. (the "Company"), which comprise the balance sheet as at February 20, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Gard P. & I. (Bermuda) Ltd. and its subsidiaries (together the "Group"), which comprise the balance sheet as at February 20, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements of the Company give a true and fair view of the financial position of the Company as at February 20, 2022, and of its financial performance and its cash flow for the year then ended in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance, and
- the consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at February 20, 2022, and of its consolidated financial performance and its consolidated cash flow for the year then ended in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Ltd., Chartered Professional Accountants, P.O. Box HM 1171, Hamilton HM EX, Bermuda
T: +1 (441) 295 2000, F:+1 (441) 295 1242, www.pwc.com/bermuda

Independence

We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements of the Company and the consolidated financial statements of the Group in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Other Information

The Board of Directors and the Managing Director (together "Management") are responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements of the Company and the consolidated financial statements of the Group and our auditor's report thereon. Our opinion on the financial statements of the Company and the consolidated financial statements of the Group does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company and the consolidated financial statements of the Group, our responsibility is to read the other information identified above, and in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company and the consolidated financial statements of the Group or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of the financial statements of the Company and the consolidated financial statements of the Group that give a true and fair view in accordance with the "Regulations for Annual Accounts for General Insurance Companies" approved by the Norwegian Ministry of Finance, and for such internal control as Management determines is necessary to enable the preparation of financial statements of the Company and the consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company and the consolidated financial statements of the Group, Management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and/or the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements, both the Company's and the Group's.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company and the consolidated financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company and the consolidated financial statements of the Group, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

May 9, 2022

GRI Index & appendixes

GRI 102 General Disclosures

GRI	Description	Disclosure or reference to relevant chapter in the Annual Integrated Report. Details of omission, if applicable.
ORGANISATIONAL PROFILE		
102-1	Name of the organization	Gard P. & I. (Bermuda) Ltd.
102-2	Activities, brands, products and services	Our role in society Our business model Value creation model
102-3	Location of headquarters	Head office: Hamilton Main office: Arendal
102-4	Location of operations	We focus on our people
102-5	Ownership and legal form	Financial Statements, Notes to the Accounts, Note 1.
102-6	Markets served	Our business model
102-7	Scale of the organization	Our business model Financial Statements, Notes to the Accounts, Note 7.
102-8	Information of employees and other workers	We focus on our people GRI 405-1 Significant variations n/a. We extract data from our ERP system, we do this on salary, positions, and age. We choose a division that makes the data compliance with GDPR and still provides value and use. We do this on an aggregate level.
102-9	A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	Our role in society Our business model
102-10	Significant changes to the organization and its supply chain	There have been no significant changes to Gard's supply chain.
102-11	Precautionary principle or approach	Gard adopts the precautionary principle of 'prudent overreaction' when addressing social and environmental risks. We have set clear expectations for ourselves by placing sustainability at the core of our business and we are continuously working towards setting clearer expectations throughout our value chain. This indicator supports principle 7 of the UN Global Compact

GRI 102 General Disclosures, Continued

GRI	Description	Disclosure or reference to relevant chapter in the Annual Integrated Report. Details of omission, if applicable.
102-12	A list of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	Appendix A, B, C, D.
102-13	Membership of associations	Appendix E
STRATEGY		
102-14	Statement from senior decision-maker	Foreword from the CEO
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behaviour	Governance Our Code of Ethics and Business Conduct
GOVERNANCE		
102-18	Governance structure	Governance For more information about the remuneration of the Group Leadership Team, Board of Directors and Committees, see note 7. Members of the Board of Directors and Committees can be found under the section Additional Information.
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder dialogue
102-41	Collective bargaining agreements Percentage of total employees covered by collective bargaining agreements.	100 per cent of employees based in Norwegian offices are covered by a collective bargaining agreement. This indicator supports principle 1 and 3 of the UN Global Compact
102-42	Identifying and selecting stakeholders	Stakeholder dialogue
102-43	Approach to stakeholder engagement	Stakeholder dialogue
102-44	Key topics and concerns raised	Stakeholder dialogue

GRI 102 General Disclosures, Continued

GRI	Description	Disclosure or reference to relevant chapter in the Annual Integrated Report. Details of omission, if applicable.
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Financial Statements, Notes to the Accounts, Note 1.
102-46	Defining report content and topic boundaries	Stakeholder dialogue
102-47	List of material topics	Stakeholder dialogue
102-48	Restatements of information	Restatement of information regarding Gard's CO_2 emission calculations: The methodology used to estimate electricity usage was updated for Rio and Bermuda in 2021. For consistency and comparability across years, 2019 and 2020 numbers have been recalculated and are updated in this 2021 report with the new methodology. Electricity estimates were based on Odyssee-Mure data, on average kWh electricity consumption per office worker from 2015 to 2019 in the EU Services Sector (or 5070.2 kWH per worker per year). The adjustment was made due to a more robust dataset source being available this year. For the same reason, methodological changes were also made for the estimation of waste generation data for the nine offices in question in 2021. As for electricity estimates, 2019 and 2020 waste numbers have been recalculated and are updated in this 2021 report.
102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries.	There have been no changes regarding the previous reporting period in the list of material topics and topic boundaries.
102-50	Reporting period	21-02-21/20-02-22
102-51	Date of most recent report	Our previous report was published externally on 19.05.21
102-52	Reporting cycle	Yearly
102-53	Contact point for questions regarding the Integrated Report	Christian Pritchard-Davies, CFO Christian.Pritchard.Davies@gard.no
102-54	Claims of reporting in accordance with the GRI standards	About this report, GRI Index
102-55	GRI content index	GRI Index
102-56	External assurance	About this report Assurance financial statements: Auditor's Report.

GRI 103 Management Approach

Material Topic	Reference (or details of omission, if applicable)
103-1 **EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY**	
Material Topic 1: Prevent marine casualty and pollution.	Gard aims to actively monitor and subsequently create safety recommendations to prevent marine casualties and pollution. Casualties and pollution are events that have resulted in the loss, presumed loss or abandonment of a ship, death of or serious injuries to people, or material or environmental damage caused by, or in connection with the operations of a ship or ships.
Material Topic 2: Pollution response through claims handling	The provision of competence, advice, and other resources to manage pollution response efficiently, fairly, and responsibly. Moreover, it aims to support making the right decisions and priorities when pollution has occurred. In doing this, Gard enables Members and clients to minimize pollution and the effect thereof and minimizes the liability for our Members and clients.
Material Topic 3: Realise business opportunities in the transition to a decarbonized economy	Develop products and services and identify new business areas that enable relevant internal and external stakeholders to thrive in the transition to a more sustainable maritime sector.
Material Topic 4: Seafarer safety and wellbeing	Seafarer safety entails operational as well as process safety. Create and maintain a safe working environment and promote safe behaviour by proactive accident prevention and risk assessments. Implementing necessary preventative measures before accidents and ill-health arise. Seafarer wellbeing is a holistic concept combining physical, mental, and social wellbeing.
Material Topic 5: Working conditions	This includes investing in engaged, competent and empowered employees. Working conditions that support the opportunity for development, diverse and varied work, a good work-life balance and a friendly working environment.
Material Topic 6: Equality, Diversity and Inclusion	Equality is that all employees have equal value with a fundamental right to equal treatment and avoidance of discrimination, which in this context means unfair and/or unacceptable treatment of the employee and/or putting the employee at a disadvantage compared to Gard employees generally. Diversity is the range of human differences, including but not limited to race, ethnicity, gender, gender identity, sexual orientation, age, social class, physical ability, or attributes, religious or ethical values system, national origin, and political beliefs. Inclusion is the sum of involvement and empowerment, where the inherent worth and dignity of all employees are recognized. An inclusive workplace promotes and sustains a sense of belonging by living values and practices that respect the talent, beliefs, backgrounds, and ways of living of our employees.
Material Topic 7: Climate Risks and Opportunities	Involves both transitional and physical climate risks and opportunities. Transitional risks and opportunities include the consequences of a tightening of climate policies and regulations to shift the economy away from fossil fuels. Physical risks and opportunities are linked to potential adverse impacts from climate change such as extreme weather, floods or droughts, and sea level rise. Opportunities include insurance in mobile offshore units.

Material Topic	Reference (or details of omission, if applicable)
103-2: THE MANAGEMENT APPROACH AND ITS COMPONENTS	
Material Topic 1: Prevent marine casualty and pollution.	We believe in a proactive Loss Prevention approach. Our core purpose includes identifying and managing risks arising from ship operations (preventing accidents) as well as the handling the results from casualties that do occur (mitigating the consequences of accidents).
Material Topic 2: Pollution response through claims handling	When pollution occurs from a Gard entered vessel, there are experienced claims handlers ready to contribute to minimize the effects of the spill as much as possible. The immediate action is to make sure that the spill is responded to in the most efficient manner. This usually means cooperating with the local authorities and give advice on the best possible response for the specific pollutant and situation in question. Gard may provide world leading expertise in oil spill response to the decision makers locally and may furthermore provide equipment or an Oil Spill Response Organisation to lead the work when needed. Gard prepares for this cooperation through its Outreach activities to salvage and pollution response authorities worldwide. Expenses incurred in responding to pollution incidents is a covered liability for the shipowner which Gard will pay in accordance with its rules. Gard also aims to settle all valid claims from affected third parties as quickly as possible, minimizing the negative consequences of the spill for those being affected.
Material Topic 3: Realise business opportunities in the transition to a decarbonized economy	At Gard, we respond to our Members' and clients' changing operations and needs. We develop products and services and identify new business areas that enable Gard, and its Members and clients, to thrive in the transition to a more sustainable maritime sector. Gard is involved in writing P&I insurance and/or Hull and Machinery cover for several vessels and rigs powered by alternative fuels and we aim to increase our presence in this segment in the coming years.
Material Topic 4: Seafarer safety and wellbeing	We believe that helping seafarers in their own environment reduces the number of incidents. Providing the right medical assistance when needed and ensuring correct follow-up and compensation is where we contribute to support the seafarer after an incident. Over the last year we have worked with various initiatives to enhance crew welfare and have set down some focus areas The contractual situation regarding crew benefits when an incident occurs. Enhanced competence around mental illness. Closer dialogue with organisations supporting crew and authorities so that when an unprecedented or new situation occur, we get quicker and better access to important resources to solve the situation.
Material Topic 5: Working conditions	Employees' rights and responsibilities are governed by their respective contracts of employment in accordance with local laws and tariffs, and furthermore in accordance with Gard's global corporate policies including our business ethics policy. This also applies to contract workers or secondees. Gard's Health, Security and Environment (HSE) handbook describes our occupational health and safety (OHS) management system, and our approach to preventing and mitigating negative HSE impacts. Our OHS management system is designed such that local offices are responsible for ensuring compliance with local HSE legislation
Material Topic 6: Equality, Diversity and Inclusion	A policy for Equality, diversity, and inclusion (EDI) was launched in 2021. The purpose of this policy is to help all leaders and employees in their efforts to develop a diverse and inclusive company culture providing for equal opportunities for our employees. Corporate EDI priorities was agreed in February 2022 based on results from a global survey on EDI topics and subsequent listening process

Material Topic	Reference (or details of omission, if applicable)
Material Topic 7: Climate Risks and Opportunities	When approaching climate-related risks, Gard is using the risk categorisation proposed by the framework of the Task Force on Climate-related Financial Disclosures (TCFD).
103-3: EVALUATION OF THE MANAGEMENT APPROACH	
Material Topic 1: Prevent marine casualty and pollution.	In Gard, we handle about 12,000 P&I and 2,500 H&M claims every year. From these cases there are lessons to be learnt and, by sharing these this with our Members and clients, we can help raise awareness and consequently avoid accidents from happening in the future.
Material Topic 2: Pollution response through claims handling	Each casualty of significance is handled in line with Gard's Crisis Management Plan providing a process for a competent and efficient team dedicated to the casualty at hand. Following such a mobilization, a Lessons Learned session is held leading to a report including improvement points for each of the defined phases of the crisis response. Starting this year, we also include all relevant environmental sustainability considerations of the case in this report. During the upcoming year, ESG (Environmental, Safety and Governance) reports will be introduced for claims not falling into the category of claims handled under the Crisis Management Plan. These reports will focus on which ESG issues became relevant for the claim in question and how they were dealt with. We take a holistic approach towards looking at the environmental outcome of the casualty, which can be used for further evaluation and decision making.
Material Topic 3: Realise business opportunities in the transition to a decarbonized economy	We continuously adjust to changes in developing market segments. Premiums from this segment are increasing rapidly and the growth is expected to continue in the coming years.
Material Topic 4: Seafarer safety and wellbeing	To monitor our performance, we follow best practices, update the Claims handling guidelines on a regular basis and monitor and comply with relevant privacy rules.
Material Topic 5: Working conditions	To monitor our performance, we will track and report on HR indicators both internally and in our Sustainability report. HR related matters are reviewed continuously by the Head of HR.
Material Topic 6: Equality, Diversity, and Inclusion	To monitor our performance, we will track and report on EDI indicators internally and in our reporting to the SHE-index. The policy for equality, diversity, and inclusion (EDI) is reviewed annually.
Material Topic 7: Climate Risks and Opportunities	We have appointed an internal expert group to identify and assess climate-related risks and opportunities for Gard. Based on the Network for Greening the Financial System (NGFS), we have assessed three different climate-change scenarios, each of them tailored to reflect various degrees of physical and transitional risks for Gard. This methodology will be further improved going forward.

GRI 103 Management Approach, Continued

The table below shows Gard's most important material topics, combined with the stakeholder groups who have indicated the subsequent topic is highly relevant to them.

Material topic:	Most important to:
Prevent marine casualties and pollution	Members and clients, Gard's Group Leadership Team, Reinsurers, Universities and young professionals, Regulators and authorities, politicians and related organisations, Industry organisations, NGOs and other non-profit initiatives, correspondents
Pollution response through claims handling	Members and clients, reinsurers, universities and young professionals, regulators and authorities, politicians and related organisations, Members of Gard's Sustainable Operations Panel, Gard's Group Leadership Team, Industry organisations, NGOs and other non-profit initiatives, external service providers, Correspondents
Realise business opportunities in the transition to a decarbonised economy	Members and clients, reinsurers, Members of Gard's Sustainable Operations Panel, Gard's Group Leadership Team, external service providers, brokers
Seafarer safety and wellbeing	Members and clients, universities and young professionals, Industry organisations, NGOs and other non-profit initiatives, external service providers
Working conditions	Universities and young professionals, Members of Gard's Sustainable Operations Panel, Gard's Group Leadership Team, external service providers
Equality, Diversity and Inclusion	Members of Gard's Sustainable Operations Panel, Gard's Group Leadership Team, external service providers, brokers
Climate Risks and Opportunities	Universities and young professionals, regulators and authorities, politicians and related organisations, Members of Gard's Sustainable Operations Panel, industry organisations, NGOs and other non-profit initiatives, external service providers, brokers

GRI Topic-specific Disclosures

GRI	Description	Reference (or details of omission, if applicable)
Diversity and Equal Opportunity 405-1	a. Percentage of individuals within the organization's governance bodies by age and gender. b. Percentage of employees per employee category by gender and age group.	a. The gender of our CEO is male. In our Board of Directors serve 23 Men and 2 Women. In the General Leadership Team serve 6 Men and 2 Women. b. More details can be found in the tables added under GRI 102-8

GRI Topic-specific Disclosures, Continued

Total number of employees by employment contract, by gender.

	Number of Employees
FULL TIME	
Female	296
Male	255
PART TIME	
Female	24
Male	5
Grand Total	**580**

Age categories globally – Not all employees globally register age due to GDPR

	Number of Employees
<30	31
30-40	134
40-50	163
50-60	173
>60	76
Grand Total	**577**

Total number of employees by employment contract, region, and gender.

	Number of Employees
FULL TIME	
Female	
America	12
Asia	34
Europe	39
Norway	211
Male	
America	10
Asia	29
Europe	31
Norway	185
PART TIME	
Female	
Europe	4
Norway	20
Male	
Asia	1
Norway	4
Grant Total	**580**
AMERICA	
Female	12
Male	10
ASIA	
Female	34
Male	30
EUROPE	
Female	43
Male	13
NORWAY	
Female	231
Male	189
Grant Total	**580**

GRI Topic-specific Disclosures, Continued

GRI	Description	Reference (or details of omission, if applicable)
Diversity and Equal Opportunity 405-2	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'	a. Section: We focus on our people b. We have not included a breakdown of the numbers per office due to the small number of employees some offices have. However, on an aggregated level, we have included all offices that are part of Gard P. & I. (Bermuda) Ltd.

Information required by the Norwegian law Aktivitets- og redegjøringsplikt. Data points only apply to Gard's Norwegian branches.

Table 1:
Parental Leave, Norway

	Gender Balance	Temporary Employees	Actual parental leave taken (average number of weeks)	Part time employees	
				Actual part time	Involuntary part time
Women	208	2	20	14	0
Men	183	0	13	4	0

Table 2:
Other conditions, Norway

Other conditions that may uncover challenges (voluntary)	
RECRUITMENT	
Women	47%
Men	53%
ABSENCE DUE TO SICKNESS	
Women	4.50%
Men	2.10%
ABSENCE DUE TO CHILD'S SICKNESS (TOTAL NUMBER OF DAYS)	
Women	177
Men	104

Table 3:
Gender Pay Gap, Norway

As mentioned in chapter 4.3, the global average salary adjustment was 5.5% for female employees vs. 3.4% for male employees. These and other effects of the review created a fairer basis for performance-based adjustments in the future. The table below shows the gender pay gap in Norway. The current differences can be explained by:

• Similarly ranked roles having variation in responsibility between functional areas, with a higher proportion of male employees in higher pay areas,

• Differences in educational backgrounds and work experience before joining Gard, causing differences in career and salary trajectories,

• Differences in years of work experience and thereby seniority within given roles.

Gender Pay Gap Analysis

	Women	Men	Gender gap men/ Women	Average fixed salary (NOK) Women	Average fixed salary (%) Men	Pay Gap (%) Women/ Men	Pay Gap (actual NOK) Women/Men
Senior Vice President	2	5	29%	2 113 500	2 813 477	75%	699 977
Vice President	15	40	27%	1 188 807	1 353 248	88%	164 441
Senior Manager*							
Team Leader	11	5	69%	701 609	795 800	88%	94 191
Senior Professionals	51	74	41%	850 617	912 943	93%	62 326
Professionals	53	42	56%	644 163	760 160	85%	115 997
Support Professionals	72	11	87%	518 377	507 818	102%	10 559

* numbers missing due to too few respondents/GDPR sensitive data

Appendix A:
The ten principles of the United Nations Global Compact

Description	Section(s)
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and **Principle 2:** make sure that they are not complicit in human rights abuses. **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; **Principle 4:** The elimination of all forms of forced and compulsory labour; **Principle 5:** The effective abolition of child labour; and **Principle 6:** The elimination of discrimination in respect of employment and occupation.	We push for sustainable solutions We focus on our people
Principle 7: Businesses should support a precautionary approach to environmental challenges;	GRI 102-11

Appendix A:
The ten principles of the United Nations Global Compact, Continued

Description	Section(s)
Principle 8: Undertake initiatives to promote greater environmental responsibility; and **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies. **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.	We support the industry We push for sustainable solutions We focus on our people Governance and risk management

Appendix B:
UN Sustainable Ocean Principles

Description	Section(s)
Principle 1: Assess the short and long-term impact of their activities on ocean health and incorporate such impacts into their strategy and policies. **Principle 2:** Consider sustainable business opportunities that promote or contribute to restoring, protecting or maintaining ocean health and productivity and livelihoods dependent on the ocean **Principle 3:** Take action to prevent pollution affecting the ocean, reduce greenhouse gas emissions in their operations to prevent ocean warming and acidification, and work towards a circular economy. **Principle 4:** Plan and manage their use of and impact on marine resources and space in a manner that ensures long-term sustainability and take precautionary measures where their activities may impact vulnerable marine and coastal areas and the communities that are dependent upon them. **Principle 5:** Engage responsibly with relevant regulatory or enforcement bodies on ocean-related laws, regulations and other frameworks. **Principle 6:** Follow and support the development of standards and best practices that are recognized in the relevant sector or market contributing to a healthy and productive ocean and secure livelihoods. **Principle 7:** Respect human-, labour- and indigenous peoples' rights in the company's ocean related activities, including exercise appropriate due diligence in their supply-chain, consult and engage with relevant stakeholders and communities in a timely, transparent and inclusive manner, and address identified impacts. **Principle 8:** Where appropriate, share relevant scientific data to support research on and mapping of relevance to the ocean.	We support the industry We push for sustainable solutions
Principle 9: Be transparent about their ocean-related activities, impacts and dependencies in line with relevant reporting frameworks.	The Integrated Report shows our transparency in implementing the Principles

Appendix C:
UN Global Compact Self-Assessment

Description	Section(s)
The COP describes mainstreaming into corporate functions and business units The COP describes value chain implementation The COP describes robust commitments, strategies or policies in the area of human rights The COP describes effective management systems to integrate the human rights principles The COP describes effective monitoring and evaluation mechanisms of human rights integration The COP describes robust commitments, strategies or policies in the area of labour principles The COP describes effective monitoring and evaluation mechanisms of labour principles integration The COP describes robust commitments, strategies or policies in the area of environmental stewardship The COP describes effective management systems to integrate the environmental principles The COP describes effective monitoring and evaluation mechanisms for environmental stewardship The COP describes robust commitments, strategies or policies in the area of anti-corruption The COP describes effective management systems to integrate the anti-corruption principle The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption The COP describes core business contributions to the UN Goals and issues The COP describes strategic social investments and philanthropy The COP describes advocacy and public policy engagement The COP describes partnerships and collective action The COP describes CEO commitment and leadership The COP describes Board adoption and oversight The COP describes stakeholder engagement	Foreword from the CEO Value creation at Gard We support the industry We push for sustainable solutions We focus on our people We strive for long-term sustainable investment returns Governance and risk management

Appendix D:
Principles for Sustainable Insurance

Description	Section(s)
Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.	Foreword from the CEO We support the industry
Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.	We push for sustainable solutions We focus on our people
Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social and governance issues.	We strive for long-term sustainable investment returns
Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.	Governance and risk management

Appendix E:
Membership of associations

DIRECT MEMBERSHIPS (102 organisations)
Accord
Agdering
American Chamber of Commerce in Norway
Andros Maritime Association
Arendal International School
Association of Average Adjusters
Barristers and Accountants AML/ATF Board
Bergen Maritime Personnel Forum
Bergen Næringsråd
Bergen Shipowners Association
BIMCO (The Baltic and International Maritime Council)
BIMCO Documentary Committee
CBS Executive (Copenhagen Business School)
CEFOR (The Nordic Association of Marine Insurers)
Plan Revision Forum
Cefor - ESG (Environmental Social Governance) Working Group
CFA Society Norway
CINS (Cargo Incident Notification System)
CMA (Connecticut Maritime Association)
Defence Industry Insurers Forum
Dialogforum County Governor of Aust-Agder and Vest-Agder
Digital Norway
DNV GL (Det Norske Veritas)
Executive Management Forum for the Mayor of Arendal
FENABER (Federação Nacional das Empresas de Resseguros)
Gender Inclusion Network for Insurance (GIN)
Global Maritime Forum
Hellenic American Chamber of Commerce
HELMEPA - Hellenic Marine Environment Protection Association
HÖGSKOLAN PÅ ÅLAND / ÅLAND UNIVERSITY OF APPLIED SCIENCES
Hong Kong Federation of Insurers

Appendix E:
Membership of associations, Continued

DIRECT MEMBERSHIPS (102 organisations)
Hong Kong Shipowners Association
Honourable Company of Master Mariners
IIA Norge (Institute of Internal Auditors Norway)
IIDM (Ibero-American Institute of Maritime Law)
Indian Maritime Association
Institute of Chartered Shipbrokers
ICC Commercial Crime Services (a division of ICC Norge)
ICC Norge (International Chamber of Commerce Norway)
Institute of Seatransport
Insurance Nexus
International Group of P&I Clubs
IMLS (International Maritime Law Seminar) Singapore:
ITOPF (International Tanker Owners Pollution Federation)
IUA (International Underwriting Association of London)
IUMI (International Union of Marine Insurance)
LMAA
Lillehammer Energy Claims Conference
Marine Disaster Prevention Center
Marine Insurance Claims Association (MICA)
Maritime Association of the Port of NY/NJ
Maritime Bergen
(The) Maritime Industry Foundation
Maritime Law Association of the United States
Maritime London
Maritime London Officer Cadet Scholarship (MLOCS)
Maritime Rescue Advisory Board / Meripelastustoimen neuvottelukunta
Maritime UK
Markedsforum Aust Agder
MeriDiLogis
Næringsforeningen i Kristiansandsregionen
National University of Singapore Centre for Maritime Law (NUS CML)
Nautical Institute
NBCC Brazil (Norwegian-Brazilian Chamber of Commerce)
NBCC UK (Norwegian British Chamber of Commerce)
New York City Bar Association (NY Bar Admiralty Committee)
Norwegian American Chamber of Commerce
Norwegian Association for Quality and Risk Management (NFKR)
Norwegian Chamber of Commerce Hong Kong
Norwegian Forum for Autonomous Ships
Norske Sjørettsforening (The Norwegian Maritime Association)
Norwegian Wind Cluster
Nova Scotia Barristers' Society
Oil Petrochemical and Energy Risks Association (OPERA), Forum of Offshore Risk Engineers (FORE)
Piraeus Marine Club
Polyteknisk Forening
Propeller Club of New York & New Jersey
ScanReach
Seaman's Church Institute (SCI)
Shipowners Insurance Guarantee Co Ltd
Shipping & Offshore Network
Shippingforum
Singapore Business Federation
Singapore Chamber of Maritime Arbitration (SCMA)
Singapore International Mediation Institute
Singapore Maritime Foundation

Appendix E:
Membership of associations, Continued

DIRECT MEMBERSHIPS (102 organisations)
Singapore Mediation Centre (SMC)
Singapore-Norway Chamber of Commerce
Singapore Shipping Association
Sintef Ocean AS
Society of International Gas Tanker and Terminal Operators
Society of Maritime Arbitrators of New York
Sørlandet Rederiforening
Tokyo Maritime Arbitration Commission
UK Chamber of Shipping
United Nations Global Compact
University of Agder
WISTA (Women's International Shipping & Trading Association)
World Maritime University
Worshipful Company of Shipwrights
YoungShip Helsinki
YoungShip Oslo (See Youngship Helsinki)