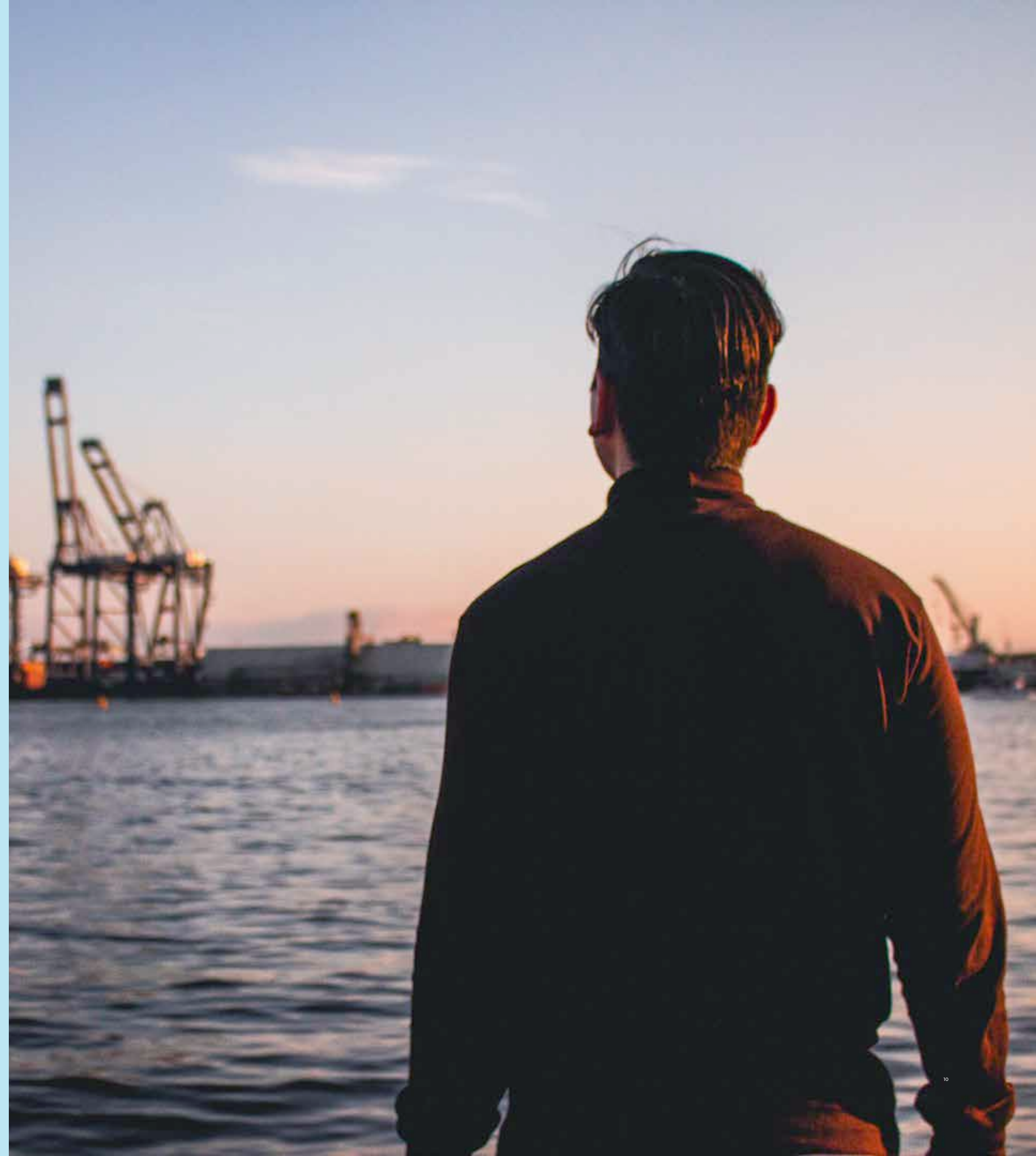




Human Rights Due Diligence

GARD'S TRANSPARENCY ACT
REPORT 2022





Gard is committed to our corporate responsibility to respect human rights.

Rolf Thore Roppestad, CEO Gard

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Introduction

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Gard is a world-leading provider of Protection & Indemnity (P&I) and marine and energy insurance offering a wide variety of insurance products and services. Gard operates in 13 offices across the globe and has more than 634 employees representing 30 nationalities. Our core purpose is to help our members and clients in the marine industries to manage risks and consequences. Respecting human rights and decent working conditions is an important part of Gard's mission to enable sustainable maritime development.

This report presents Gard's human rights due diligence methodology and the processes implemented in accordance with the requirements of the Norwegian Transparency Act and United Nations Global Compact principles 1-6.¹ It outlines our methodology, the approach we have taken to assess actual and potential adverse impacts on fundamental human rights and decent working conditions, our key findings and lessons learned so far. The due diligence covers not only Gard's own operations but also our supply chain and business partners.

Our reporting seeks to follow best practices recommended by the global authoritative framework for business and human rights, the United Nations Guiding Principles on Business and Human Rights (UNGPs).²

1. Principles 1-6 of the UN Global Compact relates to human rights and labor.
 2. The United Nations Guiding Principles on Business and Human Rights (UNGPs) are set of universal standards that provide concrete and actionable steps for governments and companies to make their respective duties and responsibilities to prevent human rights abuses in the company operations and provide remedies when a violation occurs.

Gard's Human Rights Due Diligence Process

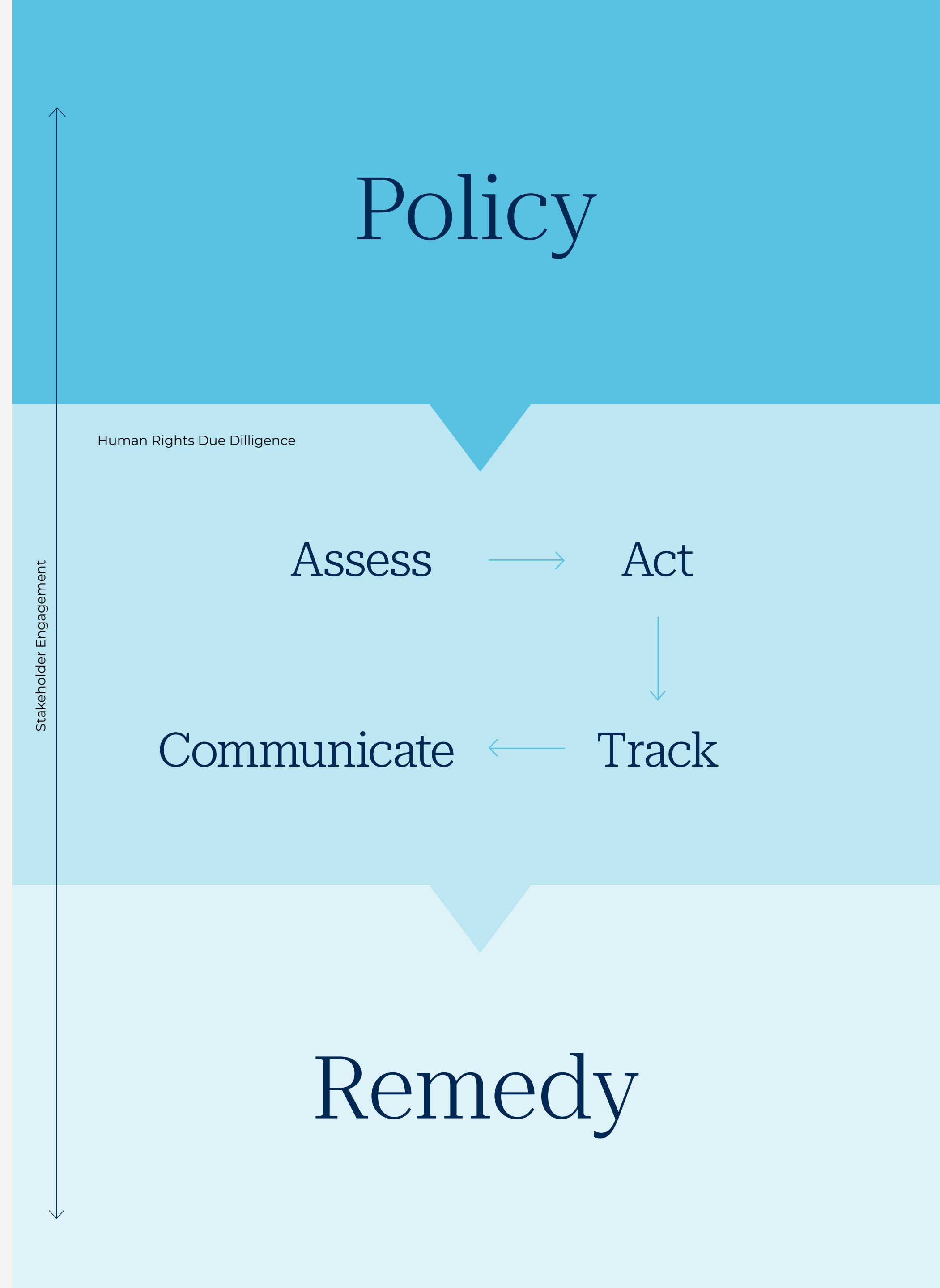
In accordance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises³, Gard has adopted the following:

- a. Statement of policy commitment to respect human rights as embedded throughout our organisation
- b. Human rights due diligence processes
 - to assess actual and potential impacts on fundamental human rights and decent working conditions
 - to integrate findings and take action to prevent or mitigate potential impacts
 - to track and monitor measures and actions in place to improve performance
 - to communicate our performance internally and externally
- c. Remediation schemes and grievance mechanisms

These elements are compounded with stakeholder engagement as cross-cutting theme. To obtain and understand the rights holders' perspectives, we engage with our stakeholders in identifying relevant human rights issues and in addressing challenges.

An important part of our due diligence process is the focus on risks to people, not just risks to Gard's business.

3. The OECD Guidelines for Multinational Enterprises (OECD Guidelines) are recommendations from governments to multinational enterprises on responsible business conduct. The Guidelines set standards for responsible business conduct across a range of issues such as human rights, labor rights, and the environment.



Policy Commitment

Conducting human rights due diligence requires a policy framework. As a starting point, we initially identified Gard's existing policies, codes, and standards referencing fundamental human rights and decent working conditions as part of our core business principles. Some of the most relevant of these policies and codes are:

- *Code of Ethics and Business Conduct* in which Gard outlines principles in conducting ethical business, norms, rules, expectations, responsibilities, and proper practices applicable to the organisation
- *Policy on Sustainable Business* aimed at establishing a general framework for sustainable business operations that is in line with internationally recognized principles and guidelines and stakeholders' expectations
- *Equality, Diversity, and Inclusion Policy* where Gard outlines goals in developing a diverse and inclusive company culture providing for equal opportunities for employees, prohibiting any form of discrimination, and ensuring equal pay for work of equal value
- *Whistleblowing Policy* where Gard provides mechanisms and a portal to raise, and report concerns of misconduct or censurable conditions

Based on this existing framework, Gard further developed a new Human Rights policy and a Supplier Code of Conduct, both of which are further outlined to the right.

Human Rights Policy

The Gard Human Rights Policy outlines our commitment to respect and support human rights and decent working conditions. It is anchored in the International Bill of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the UN Global Compact's Ten Principles, and the UN Guiding Principles on Business and Human Rights.

Through our policy, we are committed to take adequate measures to identify, prevent and mitigate risks or address adverse impacts on fundamental human rights and decent working conditions within our operations. We seek to accomplish this by carrying out impact assessments, provisions for remediation and grievance mechanisms, and endorsement of our Supplier Code of Conduct. The policy is applicable to the entire Gard group and its employees and also extends to persons affected by Gard's business activities through our suppliers and business partners connected to the delivery of our services.

Supplier Code of Conduct

One of the measures for the operationalization of human rights due diligence in our supply chain and business partners is the endorsement of our Supplier

Code of Conduct. Through this code of conduct, we seek to convey the standards we endeavor to achieve in terms of responsible procurement and sourcing practices and communicate our expectations to actively comply with these standards.

Gard's human rights policy outlines our commitment to respect human rights based on international standards, and is complemented by our Code of Ethics and Business Conduct as well as a Supplier Code of Conduct.

Human rights due diligence

Assess

Assessing how business activities may pose risks to fundamental human rights and decent working conditions is a significant aspect of human rights due diligence. This involves considering all areas of business operations and identifying the areas where the risk is most critical. These risks are identified by performing assessment exercises involving relevant business units and by engaging stakeholders through interviews, self-assessment questionnaires, research, and gap analysis.

1. Map own operations, supply chain, and business partners

We mapped our operations by outlining Gard's business organization, countries of operations, supply chain structure including business partners, and listing all our existing policies, guidelines, and procedures related to fundamental human rights and decent working conditions.

In the process, we decided to focus on our roles as an employer and as an insurer and looked into the suppliers and business partners connected to our operational segments:

- professional – shipping/insurance industry related services, for example local shipping correspondents and external service providers
- operational – services to maintain the business, for example office services, ICT support, on site / off site contractors, supplies, and cleaning services

Gard's human rights impact and risk assessment process

1 Map own operations, supply chain, and business partners

2 Identify and prioritize fundamental human rights and decent working conditions issues

3 Risk assessment of own operations, suppliers, and business partners

4 Further assessment of high-risk suppliers and business partners

5 Assessment findings and result

Concurrently, reinsurers were considered in the assessment. We extracted a list of our professional and operational suppliers and reinsurers and grouped them by country and sector. We then identified risks associated with the supply chain and the stakeholders possibly affected by our business activities. In doing so, we weighed and assessed factors pertaining to country and sector risks and investigated suppliers and business partners where workers are at greatest risk. We considered rightsholders that could possibly be affected, such as children, women, migrant and seasonal workers, contract and agency workers, minorities, and local communities.

2. Identify and prioritize fundamental human rights and decent working conditions issues

In parallel with the mapping of our own operations, supply chain and business partners, we investigated possible fundamental human rights and decent working conditions issues connected to the financial sector ⁴ and marine insurance industry by conducting desk research. We then compared and analyzed these research findings against our stakeholder dialogue results and found that the most relevant issues concerning our supply chain are:

- Forced labor / modern slavery / human trafficking
- Freedom of association and the right to collective bargaining
- Freedom of movement / restriction on people's liberty or freedom
- Work conditions / health and safety
- Child labor
- Low wages and long work hours
- Discrimination
- Terms of employment / Contractual terms

- Substantial use of migrant workers and minorities

Apart from using publicly available materials and sources, we utilized the results of our stakeholder dialogue as a reference in identifying fundamental human rights and decent working conditions issues connected to our business operations. Relevant topics are:

- Modern slavery
- Equality, diversity and inclusion
- Protection of labor rights
- Working conditions
- Supply chain management

3. Risk assessment of own operations, suppliers, and business partners

Risk assessment of own operations

We gathered data on the full range of human rights risks in our own workforce by a self-assessment exercise using our internal human rights impact assessment questionnaire and by performing policy gap analysis of our policies, guidelines, procedures, and available mechanisms in finding issues relevant to Gard's own operations.

In the self-assessment exercise, we have listed all fundamental human rights and decent working conditions issues and categorized them by topics:

- Wages, benefits and working hours
- Equal pay and opportunities
- Health and safety
- Expression and religious freedom

- Discrimination and harassment
- Peaceful assembly and association and collective bargaining
- Child labor
- Ethical hiring and recruitment
- Forced labor and human trafficking
- Privacy
- Marriage and family
- Access to effective remedies and grievance mechanisms
- Civic participation

For each of these topics, we identified risk scenarios where we would likely have an impact and formulated questions accordingly. We then plotted each response according to risk levels – critical, high, medium, and low, where each risk level has descriptive criteria of assessment standards and findings. Similarly, for each response we identified which policies or guidelines are currently in place to prevent or manage the specific issue. This process allowed us to see the gaps and identify further which fundamental human rights and decent working conditions issues are relevant to our workplace and which areas we need to focus on and improve further.

We conduct human rights assessments to understand our potential and actual human rights risks and impacts in our operations, supply chain and towards our business partners.

4. UNEP Finance Initiative – Human Rights Guidance Tool for the Financial Sector and BSR:10 Human Rights Priorities for the Financial Sector

The self-assessment exercise and policy gap analysis findings were further supplemented by stakeholder dialogue results where equality, diversity, and inclusion, working conditions, and competence development are highlighted.

Risk assessment of suppliers and business partners

In further assessing the risks on fundamental human rights and decent working conditions within our supply chain and business relationships, we screened suppliers and business partners according to the following criteria and risk factors (Figure 3).

Screened suppliers and business partners are further evaluated using a three-level traffic lights scoring system – red, yellow, and green (Figure 4). Those rated in the “red” zone are automatically submitted for further assessments while those in the “yellow” zone were investigated further using additional criteria such as length of commercial relationship, significance of supplier and business partner’s contribution to overall business operations, and the entity’s structure, whether the entity is a network company. Suppliers and business partners assessed as “green” triggered no further action, although the list will be revisited and reevaluated in an ongoing manner.

As a result of the screening exercise, a list of professional and operational suppliers and business partners has been identified for further in-depth and detailed assessments to obtain more information, while reinsurers are considered in the green zone. In parallel, we identified which professional suppliers or business partners engaged in hazardous working environments such as in shipwreck removal, salvage, and clean-up operations that will be submitted for further assessments.

Figure 3: Risk factors

Criteria	Factors considered
Country risks	<ul style="list-style-type: none"> Utilized Human Freedom Index as reference to determine which suppliers are situated in countries with high risks of human rights violations Reference score – suppliers located in the 4th quartile of the Human Freedom Index with an index score of 6.53 or below
Level of spend	<ul style="list-style-type: none"> The higher the spend, the greater risk may be. We considered that a high value contract and numerous engagements involved a larger number of workers and a more complex supply chain that would possibly increase the risks of human rights impacts
Sector risks	<ul style="list-style-type: none"> Labor-intensive sectors such as IT companies sourcing consultants and workers, construction, cleaning, general services, and other service providers where there is likely reliance on low-skilled labor, widespread use of contract and agency workers, employment of migrant and vulnerable workers Presence of high occupational hazards such as in ships’ wreck removal, major salvage and clean-up operations
Link to business and relationship	<ul style="list-style-type: none"> Length of commercial relationship with the supplier Number of engagements Significance of suppliers’ contribution and level of service delivery strategic and critical to overall business operations
Entity structure	<ul style="list-style-type: none"> Business structure and how the entity is organized – a network company situated in a low-risk country but has subsidiaries, agencies or offices operating in high-risk countries

Figure 4: Screening scoring criteria

	Criteria	Actions taken
Green - low risk	There is no indication of risk related to fundamental human rights and decent working conditions in the industry or sector	No further action but the list will be revisited and reevaluated
Yellow - medium risk	There is indication of risk related to fundamental human rights and decent working conditions in the industry or sector where the supplier or business partner belongs	To be investigated further using additional criteria such as length of relationships, significance of services and contribution to Gard’s operations, and entity’s structure and to be evaluated to include in the prioritized list for further assessments
Red - high risk	There are identified risks to fundamental human rights and decent working conditions in the country, industry or sector	For further assessments to obtain more in-depth information



5. EcoVadis is a rating agency that assesses the quality of a company's sustainability management. It provides sustainability ratings and allow companies to monitor the sustainability performance of their business partners or suppliers, www.ecovadis.com.

6. The gold rating places Gard among top 5% of more than 100,000 companies covering more than 200 sectors with 800 industry leaders in over 175 countries rated by EcoVadis in terms of sustainable business practices. The rating was awarded following an extensive review of Gard's policies, practices, and reporting on results, www.ecovadis.com.

4. Further assessment of high-risk suppliers and business partners

The initial screening of suppliers and business partners allowed us to identify which entities should be prioritized for further assessment. To collect more in-depth information, we utilized two tools: 1) an internal self-assessment questionnaire, and 2) a third-party assessment provided by EcoVadis⁵. EcoVadis rates the quality of a company's sustainability management system, including their human rights and labor rights efforts.

We presented these two tools as options to our high-risk suppliers and business partners. Those who opted to complete our self-assessment questionnaire were briefed and informed in advance about our internal assessment process. The self-assessment questionnaire was designed and customized according to the size and operational structure of identified high-risk suppliers and business partners. Other high-risk suppliers, specifically our operational services suppliers, are currently being assessed by EcoVadis.

Both internal and external assessment procedures are still ongoing, and we are in constant communication with our suppliers regarding the process.

5. Assessment findings and results

Risk assessment of own operations

Gard's policies, guidelines and procedures are applicable regardless of geography. Although local laws determine working hours, health and safety regulations and other labor standards, we need to ensure that all our regional offices are compliant with Gard policies. On this note, we will strive to periodically review and update our internal guidelines and policies in line with the latest regulations and consistent with the industry's best practices.

While the internal risk assessment of our own operations found no actual adverse impacts or significant risks of adverse impacts, this does not warrant complacency on our side. We will continue to work with our stakeholders to develop tools and mechanisms in improving our human rights strategy and actions. We will also continue to develop an updated mapping of risk areas and identification of salient

human rights issues adapted to our operational context and emerging issues related to the marine insurance industry.

To assess Gard's sustainability performance, Gard underwent a thorough assessment by EcoVadis. As a result of our collective efforts in integrating environmental, social and governance principles into our business operations, Gard received a gold rating⁶. Going forward we will strive to develop a framework for identifying salient human rights issues and key improvement indicators. This will allow us to communicate more clearly on our progress.

Risk assessments of suppliers and business partners

While the review of high-risk suppliers and business partners that completed our self-assessment questionnaire revealed no actual adverse impacts or significant risks of adverse impacts, it did identify some common areas where practices can be improved. These include policies, labor standard practices, and grievance mechanisms. Specifically, the findings revealed that:

- there are policies or codes in place, but these need further improvement in terms of covering other areas and topics relating to responsible business conduct
- there are standard practices in place relating to decent working conditions. However some of these practices are not codified or documented
- there are grievance mechanisms in place but not formally structured
- there is a need for further improvement in implementing own due diligence processes

We will strive to collaborate with suppliers and business partners in finding solutions to improve these areas and in monitoring their progress.

The assessment provided by EcoVadis gave us more detailed information on our operational services suppliers' rating and sustainability performance. Although the assessment process is still ongoing, findings so far indicate that improvements can be made in areas relating to policies, organizational prac-

tices, and reporting. We will strive to collaborate with suppliers on these improvement areas and will monitor their improvements going forward.

Act

Guidelines in addressing identified human rights impact

In anticipation of the assessment findings, we have developed guidelines based on the normative frameworks⁷ on business and human rights for addressing identified impacts on fundamental human rights and decent working conditions.

Use of leverage

The internal and external assessment findings revealed that suppliers and business partners' performance on policies and organizational practices relating to fundamental human rights and decent working conditions require further improvement. We see this as an opportunity to use our business relationships to influence and affect positive changes on areas that require action.

Raising awareness

To embed a culture of respect within the organization, we introduced a human rights awareness course available to our employees through an interactive learning platform with the following objectives:

- to develop a better understanding of the corporate responsibility to respect human rights
- to be aware of the key human rights issues relevant to the finance sector and the marine insurance industry
- to be familiar with resources in managing actual and potential impacts on fundamental human rights and decent working conditions

The course covers the definition of human rights, their relevance to business, and Gard's actions towards meeting its corporate responsibility.

Apart from our awareness course, we have also given internal and external presentations highlighting how we put our human rights commitment into practice.

Track

We are still in the process of developing key performance indicators, but we have defined some indicators relating to suppliers' environmental, social, and governance performance. We are considering further monitoring these possible data sets going forward:

- Instances of negative impacts such as reported instances of discrimination, cases reported to our whistleblowing portal or any other reporting mechanisms
- Outcome of our processes and effects of human-rights related activities such as trainings or awareness sessions
- Suppliers' improvements on their sustainability performance over a defined period

Communicate

We continue to communicate the results of our findings and procedural progress to relevant stakeholders, both internally and externally. Gard employees are informed through our internal communication platforms on status and milestones.

In the same manner, we seek to ensure that we inform our suppliers and business partners of our

Supplier Code of Conduct, Human Rights Policy, and other related policies related to fundamental human rights and decent working conditions. In this way, we convey our expectations and maintain a constant dialogue to create mutual understanding around the importance of human rights. Our Code of Ethics and Business Conduct, Supplier Code of Conduct, Human Rights Policy, Modern Slavery Act Statement, and Whistleblowing Portal are publicly available and accessible on our website.

We have established an internal system for responding to inquiries and assessment questionnaires relating to the Transparency Act and we have published a list of frequently asked questions to describe the actions we have taken so far.

We will strive to collaborate with our suppliers and business partners in finding solutions to improve

7. United Nations Guiding Principles on Business and Human Rights (2011). Guiding principles on remediation (22) (24), access to remedy (III) (29)

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Remedy

Gard's grievance mechanisms allow us to detect incidents early, enabling us to address the matter accordingly. These mechanisms lead us to identify issues and provide a channel for those directly affected to air their concerns, without fear of retaliation. We have internal intermediary channels where employees are encouraged to raise or report concerns relating to misconduct or workplace-related issues to their responsible leader, Human Resources, trade union or employee representatives.

Another mechanism is our Whistleblowing portal available to our employees and other persons who have a relationship with Gard and associated companies. The portal operates on anonymity and is managed by a third-party firm, Ernst & Young.

External whistleblowing such as notifying public authorities can be resorted to if after exhausting all available internal grievance channels, a person has the reason to believe that internal notification would not be appropriate, if the notification concerns censurable conditions of general interest, and if the employee is in non-negligent good faith regarding the content of the notification.



Lessons learned and the way forward

Our due diligence process has revealed the following areas for improvements:

- In our operations:
 - » periodic review and regular updating of policies and internal guidelines
 - » improve our salient human rights framework, identifying the most significant human rights issues within our operations and across the industry
 - » awareness on the topic relating to business and human rights
 - » implement performance indicators to track measures and monitor progress
 - » reporting on results relating to our work on human rights and labor rights
- Among our suppliers and business partners, we can work to promote more structured processes, clear and defined policies and guidelines, and formalized grievance mechanisms – all to grow the maturity level and understanding of responsible business practices across the industry

Our biggest opportunities to improve and strengthen our work on fundamental human rights and decent working conditions are:

- Continuous improvement in our risk and impact assessment process to identify new potential fundamental human rights and decent working conditions challenges and risks throughout our own operations and across our supply chains and business partners
- Enhance stakeholder engagement relating to the identification of impacts and risks
- Strengthen communication and collaboration with our suppliers and business partners to develop solutions facilitating progress in supplier performance
- Design effective communication strategies and capacity building activities for increased awareness and understanding on the concept of human rights and its relation to business
- Improve our tracking performance and monitoring mechanisms

In this report, we have documented our human rights due diligence process and relevant findings so far. We will continue to learn and improve our work with human rights as we mature and grow our understanding in this area.