



BRITANNIA P&I  
SUSTAINABILITY REPORT 2021

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# GLOSSARY

## OF TERMS AND ABBREVIATIONS

<b>BCP</b>	Business Continuity Plan
<b>BoE</b>	Bank of England
<b>CAA</b>	Commissariat aux Assurances
<b>CRO</b>	Chief Risk Officer
<b>ECI</b>	Economic Complexity Index
<b>ESG</b>	Environmental, Social and Governance
<b>FCA</b>	Financial Conduct Authority
<b>FD&amp;D</b>	Freight, Demurrage and Defence
<b>GHGs</b>	Greenhouse Gases
<b>GRI</b>	Global Reporting Initiative
<b>GT</b>	Gross Tonnage
<b>GXL</b>	Group Excess of Loss reinsurance programme
<b>HSE</b>	Health and Safety Executive
<b>IA</b>	Insurance Authority
<b>IG</b>	International Group
<b>ILO</b>	International Labour Organisation
<b>IMO</b>	International Maritime Organisation
<b>JFSA</b>	Japan Financial Services Authority
<b>MAS</b>	Monetary Authority of Singapore
<b>MRC</b>	Members Representative Committee
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>ORSA</b>	Own Risk and Solvency Assessment
<b>P&amp;I</b>	Protection and Indemnity
<b>PR</b>	Prescribed Responsibilities
<b>PRA</b>	Prudential Regulation Authority
<b>PRI</b>	Principles for Responsible Investment
<b>RAS</b>	Risk Appetite Statement
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SDGs</b>	Sustainable Development Goals
<b>SM&amp;CR</b>	Senior Managers and Certification
<b>SMF</b>	Senior Managers Function
<b>SSC</b>	Standards Sub Committee
<b>SST</b>	Stress and Scenario Testing
<b>TCFD</b>	Task Force on Climate Related Financial Disclosures
<b>TRB</b>	Tindall Riley (Britannia) Limited
<b>TRC</b>	Tindall Riley & Co Ltd
<b>TRE</b>	Tindall Riley Europe Sàrl
<b>TRIR</b>	Total Recordable Incident Rate
<b>UN</b>	United Nations
<b>UNEP</b>	United Nations Environment Programme
<b>WEF</b>	World Economic Forum
<b>WRI</b>	World Resources Institute

## 1

# INTRODUCTION

**BRITANNIA P&I AND THE INTERNATIONAL GROUP**  
**BRITANNIA P&I COMPRISES THE BRITANNIA P&I**  
**STEAM SHIP INSURANCE ASSOCIATION HOLDINGS**  
**LIMITED, THE BRITANNIA STEAM SHIP INSURANCE**  
**ASSOCIATION EUROPE (BRITANNIA EUROPE) AND THE**  
**BRITANNIA STEAM SHIP INSURANCE ASSOCIATION**  
**LIMITED (BRITANNIA). BRITANNIA EUROPE IS A**  
**LUXEMBOURG DOMICILED INSURER REGULATED BY**  
**THE COMMISSARIAT AUX ASSURANCES (CAA).**  
**BRITANNIA IS A UK DOMICILED INSURER REGULATED**  
**BY BOTH THE PRUDENTIAL REGULATION AUTHORITY**  
**(PRA) AND THE FINANCIAL CONDUCT AUTHORITY**  
**(FCA). BRANCHES OF BRITANNIA EUROPE AND**  
**BRITANNIA ENTAIL FURTHER OVERSIGHT BY LOCAL**  
**REGULATORS IN HONG KONG (INSURANCE AUTHORITY**  
**(IA)), JAPAN (JAPANESE FINANCIAL SERVICES AGENCY**  
**(JFSA)) AND SINGAPORE (MONETARY AUTHORITY OF**  
**SINGAPORE (MAS)).**

Britannia P&I is managed by Tindall Riley & Co through Tindall Riley Europe Sàrl (TRE), Tindall Riley (Britannia) Limited (TRB) and Tindall Riley & Co Limited (TRC) (collectively the Managers).

Britannia and Britannia Europe are members of the International Group (IG) of P&I Clubs. Collectively, the IG places the Group Excess of Loss reinsurance programme (GXL) for the benefit of all IG Clubs' members. In addition to that reinsurance, Britannia P&I's business model includes the purchasing of additional reinsurance. It has become an increasing feature of the GXL and Britannia P&I's own reinsurance arrangements that reinsurers are considering the approach of their business partners to sustainability.

The IG's sustainability strategy is to allow individual Clubs to set their own strategy while promoting the combined strength of the IG in four areas: pooling arrangements, casualty response, health and safety and acting as a leading industry voice. By working together in these areas the sustainability of the entire global shipping industry is enhanced.

## THE WIDER CHALLENGE

Climate change represents a material financial risk to all regulated firms and the financial system. Britannia and Britannia Europe, as insurance companies, are equally exposed to those risks. As climate change increasingly creates extreme weather conditions, on land and at sea, the impact on shipping risks needs to be monitored. However, sustainability encompasses not only climate change and greenhouse gas emission control; it also informs a company's overall approach to improving corporate social behaviour and demands sound corporate governance. As a longstanding provider of P&I and FD&D insurance representing a global membership of approximately 250 shipowners, Britannia P&I has always maintained high standards and been an industry leader in ensuring that shipping risk is minimised, for the benefit of stakeholders and society in general. With a history dating back to 1855, sustainability is part of our culture.

This report outlines how we are embedding the management of climate related risk into our business strategy and integrating sustainability into Britannia P&I's and the Managers' core processes of claims, loss prevention, underwriting, investment and human resource management. By doing this we are ensuring that we set high standards for our social policy and governance for the benefit of our Members, suppliers, employees and other stakeholders. We demonstrate how the external demands of our regulators (including the PRA and MAS), the United Nation's Sustainable Development Goals (SDGs) and Global Compact, and the Principles for Sustainable Insurance have all been considered in shaping our strategy. This report also outlines our contribution to the shared effort of the IG as well as how we are supporting all of our Members to reach a minimum standard of sustainability understanding. Last, this report demonstrates our commitment to the 10 principles of the UN Global Compact and, as a mutual marine insurance company, particularly to the following principles:

**Principles 1 / 2 :** supporting the protection of internationally proclaimed human rights and making sure that we are not complicit in human rights abuses especially to seafarers

**Principle 6:** the elimination of discrimination in respect of employment and occupation in the Managers of Britannia P&I and awareness of the issue by our business partners

**Principle 7:** supporting a precautionary approach to environmental challenges

**Principle 8:** undertaking initiatives to promote greater environmental responsibility

**Principle 9:** encouraging the development and diffusion of environmentally friendly technologies

**Principle 10:** working against corruption in all its forms, including extortion and bribery.

ESG considerations have become important across much of the political spectrum and society in general. Companies are required to demonstrate a clear understanding, strategy and progress on ESG issues. This sustainability report seeks to apply ESG concepts to the strategic choices of, and operations within, Britannia P&I.

Britannia P&I will confirm where its ESG goals align with those set by various international or industry bodies and will explain where the application to shipping is more complex and requires a more nuanced approach.

Britannia P&I will also describe where its goals are dependent on third parties and where they can be met through its own decisions and actions. Finally, Britannia P&I will explain how progress will be monitored and reported on going forward.





“SUSTAINABILITY IS ESSENTIAL FOR A P&I CLUB AS MEMBERS RELY ON US TO BE THEIR LONG TERM TRUSTED PARTNER.”

## 2

## A STATEMENT FROM THE CHAIR



**ANTHONY FIRMIN**, CHAIR,  
BRITANNIA P&I

**AS CHAIR OF BRITANNIA P&I, IT IS MY ROLE TO STEWARD ITS BOARDS AND TO DIRECT THE MANAGERS TO DELIVER ON BRITANNIA P&I'S AGREED STRATEGY. SUSTAINABILITY IS ESSENTIAL FOR A P&I CLUB AS MEMBERS RELY ON US TO BE THEIR LONG TERM TRUSTED PARTNER. LET ME FOCUS FIRST ON CLIMATE RELATED RISK.**

Climate risk may be categorised in two forms, physical and transitional, with increasing liability attached to both. We are conscious that the physical risks to shipping are likely to increase with claims directly related to more extreme weather, for example cargo damage. Transitional risks are those created by changing to a low carbon economy, including risks relating to the introduction of new technology and fuel changes. We can expect increased liability relating to a number of factors including new government policies, customer preferences, new technologies, low carbon fuels, carbon tax claims by charterers or even delays due to new fuel supply chains. To ensure that we foresee these risks and price them accordingly our risk management structure from the Board downward has been enhanced and is explained within Section 11.

In addition to climate change we have developed our sustainability strategy in relation to the Environmental, Social and Governance (ESG) aspects of the 17 UN SDGs as they relate to Britannia P&I's business. We have reviewed the actions of other stakeholders in the marine industry including banks, classification societies, flag administrators, charterers, owners and other insurance groups. We have considered our own approach to sustainability but will also collaborate with partners across the industry to ensure the sustainability of the wider maritime industry. This will ensure that we contribute to, but do not duplicate, the activities of others.

Whilst all the UN SDGs can relate to shipping there are those that we consider to be more material. These are summarised in Section 3. All of the material issues are then analysed within our risk management system to ensure that we can identify those events which are likely to impact us the most. This ensures we consider not only the likelihood of a risk occurring, through research and partnerships, but also that we assess the impact. Environmental risks associated with carbon emissions and other greenhouse gases (GHGs) are quantitative risks based on our current 125 million GT owned fleet portfolio – all of which have a strong external reliance on new technologies and other factors which are outside our control. However, social and governance issues are more within our own control, and we can ensure that our policies and processes define best practice and the expectations of society and our stakeholders. How we define and establish these policies and processes is detailed in Sections 12 to 18.

Whilst the ships and fleet managers in the marine sector are heavily regulated by the IMO, ILO, flag states and classification societies, there is increased interest in shipping activities from governments, financial regulators and the financial markets. The US administration, the European Commission and Chinese Government have set clear climate ambitions and it is apparent that shipping will be included in global metrics. The financial regulators in both the UK and Singapore have published their expectations of the insurance industry, with which we will comply. How we will do that is outlined in Sections 6 and 7.

As you read this report we trust that you will find our transparency and approach instils confidence that Britannia P&I will continue to thrive and build on its long history. As this first report shows, we have begun this process and are involving and encouraging all members of the Mangers' staff to understand our sustainability strategy and apply it in their day to day responsibilities.

## 3

## ALIGNMENT WITH UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS



## SUSTAINABLE DEVELOPMENT GOALS



THE UN SDGs ARE INTEGRATED: ACTION IN ONE AREA WILL AFFECT OUTCOMES IN OTHERS AND ALL MUST ENHANCE SOCIAL, ECONOMIC AND ENVIRONMENTAL SUSTAINABILITY. IN PREPARING THIS REPORT WE HAVE BEEN SPECIFIC IN CONSIDERING THE SDG RISKS AND OPPORTUNITIES RELATED TO THE RESPONSIBILITIES OF A MUTUAL P&I CLUB INSURING OWNERS AND CHARTERERS OF SHIPS. THE GLOBAL MARINE INDUSTRY HAS THE ABILITY TO REDUCE THE NEGATIVE IMPACT, INCREASE THE POSITIVE IMPACT AND PROMOTE IMPROVEMENT IN MANY OF THE 17 AREAS BUT BRITANNIA P&I CAN INFLUENCE ONLY SOME OF THOSE ACTIVITIES.

From our analysis, and with the assumption that fundamentally the maritime sector (which includes our Members) is sustainable, we believe that the following SDGs are key to ensuring the future sustainability of Britannia P&I:

**SDG 3 – ‘GOOD HEALTH AND WELLBEING’** with an emphasis on the care and protection of our employees and also crews on board our Members’ and other’s ships – this is covered in Section 17

**SDG 8 – ‘DECENT WORK AND ECONOMIC GROWTH’** with an emphasis on the work to improve the marine industry with our peers in the IG – this is covered in Section 9

**SDG 10 – ‘REDUCED INEQUALITIES’** with an emphasis on employee diversity and inclusion – this is covered in Section 16

**SDG 13 – ‘CLIMATE ACTION’** focusing on managing the risk of our potential enhanced liability through a transition to a low carbon economy and climate change resulting in further severe weather. There is also increasing pressure to consider a sustainable investment strategy for our balance sheet reserves

**SDG 14 – ‘LIFE BELOW WATER’** with an emphasis on crisis management and pollution prevention in the air, sea and on land – this is covered in our work with the IG detailed in Section 14

**SDG 16 – ‘PEACE, JUSTICE, STRONG INSTITUTIONS’** with an emphasis on corporate governance, robust and auditable policies, and transparent procedures and reporting together with the elimination of corruption in the marine industry – this is covered in Section 10

**SDG 17 – ‘PARTNERSHIPS TO ACHIEVE GOALS’** with an emphasis on participation in the mutual risk sharing of the International Group and collaborating to provide a leading industry voice – this is covered in Section 9.

## 4

## MATERIALITY ANALYSIS

AS REQUIRED OR RECOMMENDED BY ALL NATIONAL, GLOBAL AND INDUSTRY BODIES REFERENCED IN THIS REPORT, IT IS NECESSARY AT THE START OF THE RISK MANAGEMENT PROCESS TO CONSIDER THE INDIVIDUAL BUSINESS INVOLVED AND IDENTIFY THOSE RISKS THAT ARE MATERIAL TO ITS SUSTAINABILITY.

Using the UN SDGs highlighted in Section 3, we have ranked the key SDGs based on their relative risk to Britannia P&I as below. The relevant mitigations are detailed in the Sections referenced:

### HIGH MATERIALITY

SDG 13 Risk Management – Section 16

SDG 14 Crisis Response – Section 14

SDG 16 Corporate Governance – Section 10

SDG 16 Transparency and Integrity – Section 10

### MEDIUM MATERIALITY:

SDG 3 Health and Wellbeing (Employees and Crews) – Section 17

SDG 10 Employee Diversity and Inclusion – Section 16

SDG 13 Emissions – Section 15

SDG 13 Sustainable Investments – Section 19

SDG 14 Waste and Recycling – Section 18

## 5

## ALIGNMENT WITH TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES

THE TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) RECOGNISES THAT CLIMATE RELATED RISKS AND OPPORTUNITIES ARE KEY ISSUES AFFECTING INSURANCE COMPANIES. IT RECOGNISES THAT THE IMPACT OF CLIMATE CHANGE ON EXTREME WEATHER RISKS, AND THEREFORE SHIPPING INSURANCE, HAS INCREASED THE RISKS TO CONSIDER. THE TCFD REQUIRES INSURANCE COMPANIES TO DEMONSTRATE HOW THEY INCORPORATE CLIMATE RELATED RISKS INTO THEIR GOVERNANCE, STRATEGY, RISK MANAGEMENT, UNDERWRITING AND INVESTMENT DECISIONS. SPECIFICALLY THE TCFD EXPECTS TO SEE EVIDENCE THAT, IN ALL CASES, RISKS ARE EITHER MITIGATED, TRANSFERRED, ACCEPTED OR CONTROLLED. THE FRAMEWORK TO DO THIS, IN LINE WITH SIMILAR STANDARDS, IS THROUGH:

### GOVERNANCE:

 See Section 10

Britannia P&I's Boards are informed of climate related issues and how they guide strategy, action and business plans together with the associated goals and targets

Britannia P&I's Managers have assigned climate related responsibilities to senior individuals and sub committees

### STRATEGY:

 See Section 20

Short, medium and long term issues that are affected by climate change in international locations are identified, mitigated or compensated for within the risk management system

Issues identified are related to the control and development of products (quantitative impact), services, supply chains, mitigations, R&D and operating centres' capacity and capability

Climate related scenarios, including critical input parameters and assumptions for a 2 degree scenario under the Paris Accord, are created with corresponding short, medium and long-term action plans developed

### RISK MANAGEMENT:

 See Section 11

Britannia P&I and its Managers clearly describe their risk management process to address the issues developed under governance and strategy above, including regulatory changes and reinsurance impacts

### METRICS AND TARGETS:

 See Section 13

All organisations should provide greenhouse gas (GHG) emissions in line with GHG protocol and state their targets, including for GHG, water use and energy use over given KPI timescales.



# COMPLIANCE WITH BANK OF ENGLAND PRUDENTIAL REGULATION AUTHORITY CLIMATE SUPERVISORY STATEMENT 3/19

EXPANDING ON THE TCFD RECOMMENDATIONS, THIS SUPERVISORY STATEMENT COVERS THE PRA'S APPROACH TO MANAGING FINANCIAL RISKS FROM CLIMATE CHANGE. IT INCLUDES THE REQUIREMENTS FOR ALL INSURANCE AND REINSURANCE COMPANIES THAT FALL WITHIN SCOPE AND OUTLINES THE TOP TWO RISKS OF PHYSICAL AND TRANSITIONAL RISK TOGETHER WITH INCREASED LIABILITY RISK.

The requirements are clear and require all companies to be able to demonstrate a strategic approach to managing climate change risks, in particular:

- Embedding the consideration of financial risk from climate change in their governance (Section 20)
- Evidence of how the company monitors and manages financial risk from climate change using the results of stress and scenario testing for short and long timescales. Such governance will also include balance sheet sensitivity. Within this requirement, clear roles and responsibilities of the senior managers are to be defined (Section 20)
- Embedding the consideration of financial risk from climate change in risk management (Section 11)
- Using qualitative and quantitative methods in relevant committees to identify the risks and evidence of how firms will mitigate the financial risks and plan to manage exposures. This plan should minimise exposure to climate-related concentrations of risk. For insurers, the PRA states that particular attention should be paid to transition risk (Section 11)
- Using long term scenario planning to inform strategy setting (Section 11)
- Evidence of resilience and vulnerabilities within the business model being accounted for in the scenario analysis. The scenarios should address different transition paths to a low carbon economy including a no transition path. The PRA considers the ORSA as a useful framework to consider the financial risk (Section 11)
- Developing an approach to disclosure of financial risk (Section 11)
- Evolving disclosures to make them as insightful as possible and show a growing understanding of the risks as they develop. It is anticipated that these disclosures will become increasingly mandatory in many jurisdictions and companies should prepare accordingly (Section 11)
- Demonstrating an understanding that using past data may not be a good predictor of future risk. The PRA raises the concern that climate change financial risk is far reaching in its breadth and magnitude impacting across lines of business, sectors and geography (Section 11).

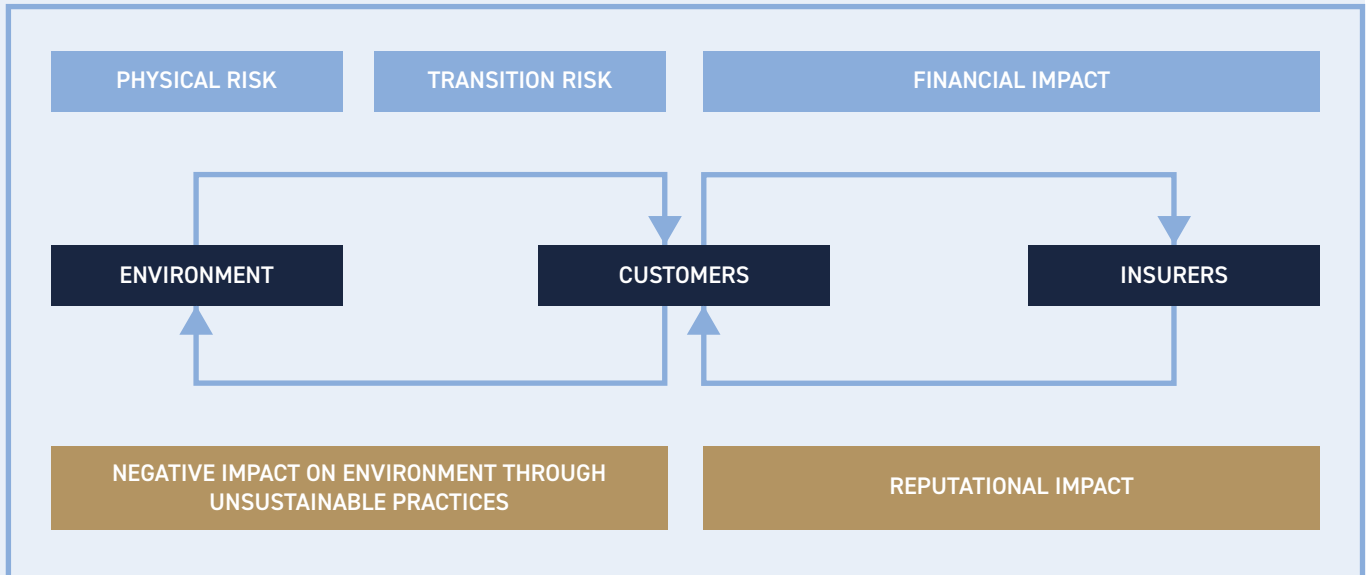




“WITH A HISTORY DATING BACK TO 1855,  
SUSTAINABILITY IS PART OF OUR CULTURE.”

## 7

# COMPLIANCE WITH MONETARY AUTHORITY OF SINGAPORE'S ENVIRONMENTAL RISK MANAGEMENT



THE REQUIREMENTS OF MAS ECHO THOSE OF BOTH THE TFCO AND THE PRA, EVIDENCING THE EXPANSION OF OBLIGATIONS BEING IMPOSED ON INSURERS ACROSS THE GLOBE. MAS REQUIREMENTS EXTEND TO INSURERS ASSESSING CUSTOMERS' ENVIRONMENTAL RISKS AS PART OF THE UNDERWRITING MODELLING, PARTICULARLY FOR SECTORS WITH PERCEIVED HIGHER ENVIRONMENTAL RISKS. THE MODELLING SHOULD INCLUDE, WHERE RELEVANT, AN ANALYSIS OF THE SEVERITY OF THE ENVIRONMENTAL RISK, AS WELL AS THE CAPACITY, COMMITMENT AND TRACK RECORD OF THE CUSTOMER IN MANAGING SUCH RISK. THE ASSESSMENT SHOULD ALSO CONSIDER THE ABILITY AND WILLINGNESS OF THE CUSTOMER TO INTRODUCE RISK MITIGATION MEASURES – SEE SECTION 11.

As with the PRA, MAS expects the insurer, where material, to develop quantitative and qualitative tools and metrics to monitor and assess its underwriting exposures to environmental risks. For example, these metrics may be used to assess the insurer's underwriting exposures to geographical areas and sectors with higher environmental risk, or measure the carbon intensity as included in the 'guidelines on environmental risk management (insurers)' published by MAS in December 2020 – see Section 20.

Particularly relevant to shipping, MAS recommends that insurers evaluate their modelling against international climate targets and benchmarks, such as the Paris Agreement. Beyond climate change, metrics may be used to evaluate the dependencies of key customer segments on ecosystem services and natural capital. In determining the environmental risk metrics, the insurer should consider the materiality of environmental risk factors, and risks of greater materiality and severity should be prioritised and monitored more closely. Where the potential impact of environmental risk is assessed to be material, the insurer should take appropriate mitigating measures. For example, an insurer could develop plans to manage significant concentrations of exposure to geographies and sectors with higher environmental risks within its portfolio – see Sections 11 and 20.

The insurer should, at least on an annual basis, disclose its approach to managing environmental risk in a manner that is clear and meaningful to its stakeholders. The insurer is encouraged to disclose the potential impact of material environmental risk on itself, including quantitative metrics such as exposures to sectors with higher environmental risk. The insurer's disclosure may be consolidated at the group or head office level – see Section 13.

## 8

## UN ENVIRONMENTAL PROGRAMME – PRINCIPLES FOR SUSTAINABLE INSURANCE

THE UNEP PRINCIPLES FOR SUSTAINABLE INSURANCE STATE THAT THE INSURANCE INDUSTRY HAS A VITAL INTEREST AND PLAYS AN IMPORTANT ROLE IN FOSTERING SUSTAINABLE ECONOMIC AND SOCIAL DEVELOPMENT. UNEP BELIEVES BETTER MANAGEMENT OF ESG ISSUES WILL STRENGTHEN THE INSURANCE INDUSTRY'S CONTRIBUTION TO BUILDING A RESILIENT, INCLUSIVE AND SUSTAINABLE SOCIETY. UNEP IS USING ITS POSITION, UNDER THE UMBRELLA OF THE UN, TO IMPLEMENT PRINCIPLES ACROSS ITS SPHERE OF INFLUENCE IN THE LAWS, RULES, REGULATIONS AND DUTIES OWED TO POLICYHOLDERS AND SOCIETY. UNEP ASKS ALL INSURANCE BUSINESSES TO ADOPT THE FOLLOWING PRINCIPLES:

- Embed consideration of ESG decision making into their business at management and board level
- Work with clients and business partners to raise ESG awareness
- Work with governments, regulators and others to promote ESG action
- Demonstrate accountability by publicly declaring progress on implementing the Principles.

It is considered that the scope and content of this sustainability report satisfies those requirements without any additional content.

## 9

## CONTRIBUTION TO THE SUSTAINABILITY STRATEGY OF THE INTERNATIONAL GROUP

IN 2020 THE BOARDS OF ALL 13 IG CLUBS AGREED TO SUPPORT THE RECOMMENDATIONS IN A COMMON IG SUSTAINABILITY PAPER. THIS HAS LED TO FOCUSING THE IG'S SUSTAINABILITY STRATEGY AROUND THE FOUR TOPICS OF POOLING, INCIDENT RESPONSE, HEALTH AND SAFETY, AND ACTING AS A LEADING INDUSTRY VOICE, WITH EACH CLUB'S MANAGERS REVERTING TO THEIR RESPECTIVE BOARDS AS AND WHEN REQUIRED. IT IS EXPECTED THAT EACH CLUB WILL MAINTAIN ITS OWN SUSTAINABILITY STRATEGY AND REPORTING PROCESS.

The IG's strapline is 'Collectively Stronger'. That strength is best evidenced by the IG pooling claims at cost (up to USD100m) and arranging the competitively priced Group Excess of Loss reinsurance programme (GXL), under which reinsurers cover claims in excess of USD100m to between USD1bn and USD3.1bn. Pooling and the GXL provide the IG's shipowners (approximately 90% of world blue water tonnage) with high levels of cost-effective and stable insurance for a diverse range of ship types, all of which contribute to world trade and sustainable development.

The IG is also heavily engaged in a number of activities that similarly fall within the wider definition of sustainability, including preventing and managing the consequences of maritime losses. These activities flow from the IG's constitution and objectives, which include: 'using strong and ethical governance processes to promote, participate and implement initiatives aimed at safety of life at sea, protecting the environment and property and providing effective security, compensation and immediate and effective casualty response for the victims of maritime accidents worldwide under international liability conventions, and other national or regional liability regimes, with a view to ensuring a sustainable future'.

In summary, the IG's unique claims sharing arrangements and the key role that it plays in the establishment of global regulatory regimes to compensate victims of maritime accidents are fundamental to the day to day operations of the shipping industry.

The pooling of loss prevention information within the IG is a key factor in ensuring a safer and more sustainable shipping industry.

## CORPORATE GOVERNANCE – COMPLIANCE WITH REQUIREMENTS

### BOARD RESPONSIBILITIES FOR ESG

**BRITANNIA P&I IS GOVERNED BY COMMON BOARDS EACH COMPRISING AN INDEPENDENT CHAIR, DIRECTORS OR SENIOR STAFF FROM SHIPOWNER MEMBERS, AN INDEPENDENT DIRECTOR WHO IS AN EXPERT IN INSURANCE MATTERS ('THE EXPERT DIRECTOR') AND TWO DIRECTORS FROM BRITANNIA P&I'S MANAGERS. THE BOARDS INTERACT CLOSELY WITH BRITANNIA P&I'S MEMBERS' REPRESENTATIVE COMMITTEE (MRC). THE MRC COMPRISES ALL OF THE DIRECTORS ON THE BOARDS (EXCEPT FOR THE TWO MANAGER DIRECTORS) TOGETHER WITH ADDITIONAL REPRESENTATIVES, AGAIN, DRAWN FROM BRITANNIA P&I'S WIDER MEMBERSHIP. THE BOARDS ARE THE PRIME DECISION MAKING BODIES FOR THE CONSTITUENT PARTS OF BRITANNIA P&I, BUT THEY CONSULT WITH THE MRC PRIOR TO TAKING DECISIONS ON KEY MATTERS SUCH AS STRATEGY.**

The Managers exercise the rights and duties conferred upon them by Britannia P&I's Articles of Association, its Rules, and all other powers that Britannia P&I's Boards may from time to time entrust to them. The Managers report to the Boards and the MRC in accordance with the Management Agreement, which clearly sets out the scope of the executive day-to-day management responsibilities delegated to the Managers.

In respect of Britannia P&I, TRB is its 'appointed representative' meaning that it uses regulatory permissions given to Britannia P&I itself and is accountable to Britannia P&I for meeting the responsibilities that are associated with the use of those permissions.

It is incumbent on the Managers to ensure that the ESG requirements set out in the previous Sections are fully implemented in Britannia P&I's strategy, policies and reported in accordance with Section 13 of this report.

The Managers have a detailed procedures manual (The Britannia P&I Procedures Manual), which sets out the way in which all aspects of the business, including underwriting, claims handling, accounting and risk management responsibilities, including ESG, are executed. The Britannia P&I Procedures Manual also contains details of the levels of authority held by claims handlers and underwriters, with particular reference to payment authorisation.

### SENIOR MANAGEMENT

The CAA retains the power to grant or deny approval for nominated individuals to become a Director of Britannia Europe or to hold one of the other specified regulated roles for this Association, being the Dirigeant Agréé, Chief Risk Officer, Compliance Officer, Chief Actuary and Head of Internal Audit.

In keeping with other global regulators, the CAA may also assess the systems and controls used to determine the fitness and propriety of other senior managers within Luxembourg or any of Britannia Europe's branches.

Britannia P&I is subject to the Senior Managers and Certification Regime (SM&CR), which requires regulated businesses to have a robust and transparent framework of accountability, including matters related to ESG. This promotes a culture of individual and personal responsibility within financial services.

The SM&CR sets out a number of Senior Management Functions (SMF) along with Prescribed Responsibilities (PR) which can only be discharged by senior managers that have been approved by the FCA and PRA. This is done to ensure that senior management meets standards of professional conduct and is held accountable for functions they personally direct.

The SM&CR expands the Prescribed Responsibilities, adding to the specific activities that must be allocated to a SMF.

A Senior Managers' responsibility map is available and identifies the key individuals that require UK regulatory approval as a SMF and their prescribed responsibilities along with their reporting lines. The overall responsibilities can be found in the job description for each individual.



## 11

# RISK MANAGEMENT – COMPLIANCE WITH REQUIREMENTS

**BRITANNIA P&I EXISTS TO BENEFIT ITS MEMBERS, WITH A KEY ELEMENT OF ITS STRATEGY BEING THE PROVISION OF STABLE AND COMPETITIVE P&I AND FD&D INSURANCE, WHILST MAINTAINING ITS FINANCIAL STRENGTH TO ENSURE THAT MEMBERS' CLAIMS CAN BE MET EVEN IN EXTREME CIRCUMSTANCES AND TO AVOID THE NEED FOR UNBUDGETED CALLS.**

Understanding the implications of ESG in the short and long term allows Britannia P&I to support its Members now, as well as to plan its strategy and manage capital over a longer time horizon.

Britannia P&I's risk management system considers the wider risks to its Members' business models as well as the more traditional risk management considerations expected from insurers under Solvency II. In the latter case this means a proportionate approach to risk management that is reflective of the nature, scale and complexity of Britannia P&I's operations, especially considering the monoline nature of its business and transparency and accountability between Britannia P&I and the Managers. The risk management policy sets out seven standards (below) that help Britannia P&I achieve these targeted outcomes which will be used to assess the ESG risk.

**1) IDENTIFY:** maintain a risk register that includes significant ESG risks to Britannia P&I and the 'material'/'important' controls that are used to manage these risks. ESG is considered as a major influence on all strategic, reputational, insurance and investment risks, as well as some operational and counterparty risks. Treating ESG as a standalone risk was considered, but this would make insufficient allowance for the breadth of the influence this has across Britannia P&I's balance sheet and the activities of its Members.

**2) ASSESS:** assess the impact of all ESG risks in the risk register at the 1-in-10 and 1-in-200 confidence levels using a score of 1 to 5 (set out in Britannia P&I's risk management framework). Assess the effectiveness of the controls supporting ESG risks (through self-attestation). To ensure the accuracy of the ESG risk assessment, regularly back test against risk incidents and the results of stress and scenario testing (SST).

**3) MONITOR:** measure the current ESG risk exposure against the Boards' risk appetite as set out in the Risk Appetite Statements (RAS) and as devolved into risk limits, key control and key risk indicators.

**4) RESPOND:** respond where there are instances of ESG risk taking outside the Boards' expectations (outside risk appetite), and ensure Board approved remedial actions are executed in a timely manner.

**5) REPORT:** report exceptions to the Boards where the ESG risk profile is outside Britannia P&I's risk appetite or material controls are not operating in line with expectation. The reporting should also consider ESG risk incidents, emerging risks and updates on remediation actions. At least annually, prepare an Own Risk and Solvency Assessment (ORSA) report, summarising the results of all ESG risk management activities.

**6) RISK INCIDENTS:** capture all ESG risk incidents (unexpected events that cause, or nearly cause, financial or reputational impacts due to a failed control or unforeseen exposure) and update the processes and control environment in order to avoid repetition.

**7) EMERGING RISKS:** be forward looking in our ESG risk identification and consider ESG risks that may emerge for the business due to internal or external change.

The following role holders have specific responsibilities in the ESG risk management process:

## BOARDS

- Set and update Britannia P&I's RAS to include ESG matters
- Carry out the ORSA, with particular attention to long term emerging risks that may not be reflected in the risk capital modelling over the medium term.

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# RISK MANAGEMENT – COMPLIANCE WITH REQUIREMENTS (Continued)

## RISK AND AUDIT GROUP

- Provides ongoing oversight on the effectiveness of the ESG risk management framework
- Provides ongoing oversight on the effectiveness of Britannia P&I's system of internal financial controls on ESG matters

## INVESTMENT GROUP

- Provides the strategy towards sustainability considerations in the investment strategy
- Considers environmental impacts on society of the companies in which we invest but equally the alignment of those companies with the UN SDGs on social and governance ambitions
- Recognises that all ESG targets will change over time towards 2030 and 2050 and therefore that a roadmap of changing strategic decisions will be made

## RISK & CONTROL OWNERS

- Actively assess and manage the effect of ESG on the risks that they assess or the controls that they operate
- Contribute towards a revision of RAS to reflect ESG risk in a way that allows objective measurement of exposure over time
- Identify and respond to ESG risk incidents in their areas of responsibility
- Identify and monitor emerging ESG risks for the business, contributing towards scenarios for the ORSA as needed

## CRITICAL OUTSOURCED ARRANGEMENTS

- Accountable for the timely provision of information and exceptional notifications (e.g. risk incidents) so that risk owners remain accountable for their area of operation

## STANDARDS SUB COMMITTEE (SSC)

- In addition to the formal risk committees, the SSC with delegated responsibility from the MRC, is responsible for assisting the Managers in developing the standards of membership
- In its role, the SSC, ensures that the Managers maintain clear governance over the condition and management of Members' fleets. This ensures that the risk of an incident which may cause environmental damage, a third party claim or personal injury is minimised
- The SSC reviews the performance of Britannia P&I's Members' ships against historical performance and the global fleet metrics that are available to understand any changing trends
- The SSC also has responsibility to understand future technical and operational risks that may occur from design, technology, regulation or cargo changes and assist the Managers' Loss Prevention Department to consider suitable mitigations.



“ UNDERSTANDING THE IMPLICATIONS OF ESG IN THE SHORT AND LONG TERM ALLOWS BRITANNIA P&I TO SUPPORT ITS MEMBERS NOW, AS WELL AS TO PLAN ITS STRATEGY AND MANAGE CAPITAL OVER A LONGER TIME HORIZON. ”

## 12

## BRIBERY, CORRUPTION AND ETHICS

BRITANNIA P&I HAS CLEARLY DEFINED ITS EXPECTATIONS AND CONTROLS TO ENSURE IT AVOIDS INVOLVEMENT IN FINANCIAL CRIME. THIS IS ACHIEVED BY A CLEAR POLICY THAT ALL STAFF OF THE MANAGERS ARE MADE AWARE OF DURING INDUCTION AND AS PART OF THEIR ANNUAL TRAINING REQUIREMENTS.

This policy sets out five standards that help Britannia P&I achieve that outcome:

**1) AWARENESS:** ensure appropriate and up-to-date training is delivered to all staff and relevant trading parties, clearly outlining their responsibilities in fighting financial crime.

**2) ACCOUNTABILITY:** ensure at least one individual is identified to manage one or more of the following financial crimes:

- Money laundering
- Dealing with sanctioned or terrorist organisations
- Bribery and/or corruption
- Fraud (internal and external)
- Tax evasion
- Insider trading

**3) MANAGE:** ensure appropriate measures are in place, reflecting the nature, scale and complexity of Britannia P&I, to limit financial crime

**4) MONITOR:** put in place appropriate measures to monitor incidents of financial crime

**5) REPORT:** ensure appropriate reporting is in place, escalating identified instances of financial crime internally and externally as necessary.

#### ROLES AND RESPONSIBILITIES

All individuals involved in business operations and certain trading partners are responsible for helping Britannia P&I limit its exposure to financial crime. This also meets regulatory expectations.

The following role holders have additional obligations regarding various aspects of Britannia P&I's financial crime policy:

#### RISK AND AUDIT GROUP

- Sets the Financial Crime Policy every three years or sooner if required
- Reviews exception reports and oversees appropriate action

#### EXECUTIVES (RISK OWNERS)

- Manage risks for the different types of financial crime in their area
- Implement proportionate controls that are in line with the nature, scale and complexity of the business to limit financial crime
- Monitor instances of financial crime within Britannia P&I's operations
- Report any instances of identified financial crime events

#### CHIEF RISK OFFICER

- Develops and maintains financial crime training within the Managers
- Provides independent challenge to the executives (risk owners) on their financial risk management activities (risks, controls, monitoring and reporting)
- Manages external reporting of financial crime incidents with regulators and other such bodies

#### INTERNAL AUDIT

- Periodic independent challenge on the effectiveness of the controls helping Britannia P&I manage financial crime

#### EMPLOYEES AND OTHER TRADING PARTNERS

- Be aware of their role in helping Britannia P&I manage financial crime
- In addition to the internal controls, Britannia P&I is a member of the Maritime Anti-Corruption Network, which allows us to contribute to an industry wide effort to eliminate bribery and corruption through promoting ethical business standards.

#### MODERN SLAVERY STATEMENT

Britannia P&I has a zero-tolerance position in respect of slavery and human trafficking, and is committed to ensuring that this does not occur in its supply chains or business. Britannia P&I is also committed to acting ethically and with integrity in all its business relationships. Britannia P&I's annual Modern Slavery Statement is approved by the Board and published on [www.britanniapandi.com](http://www.britanniapandi.com)



## 13

## METRICS AND TRANSPARENT REPORTING

**DEFINING AND DEMONSTRATING OUR ESG PERFORMANCE IS ABOUT GAINING CONSENT TO OPERATE BRITANNIA P&I'S BUSINESS AMONG AN INCREASINGLY SUSTAINABILITY-CONSCIOUS MEMBER COMMUNITY AND WITHIN OUR PEER GROUP OF THE IG. DEMONSTRATING THAT WE MEASURE ESG METRICS SHOWS THAT WE UNDERSTAND AND ARE ABLE TO MANAGE THOSE RISKS WITHIN BRITANNIA P&I'S RISK APPETITE, WHICH HELPS TO DELIVER A MORE SUSTAINABLE BUSINESS FOR THE FUTURE.**

At the 2020 World Economic Forum (WEF) in Davos the world's largest companies supported efforts to develop a core set of common metrics and disclosures to

replace the varied approach of the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and TCFD. However, the overall approach remains closely aligned to these existing standards with the near term objectives of accelerating convergence and consistency of ESG disclosures. There are 21 core metrics (or 34 if broader metrics are adopted). They are organised under the four SDG pillars of Governance, Planet, People and Prosperity.

As Britannia P&I is now starting on its ESG journey, we will be adopting the WEF approach outlined below. Our target is to collate data over the next two years and, from 2023, set a five-year target for improvements.

PRINCIPLES OF GOVERNANCE	BRITANNIA P&I IMPLICATION	REPORT REFERENCE
Governing purpose	How Britannia P&I provides ESG solutions in the delivery of its business. The value to stakeholders and shareholders	GRI 102-26
Quality of governing body	Competencies of the highest governance body and its committees relating to ESG issues	GRI 102-22 GRI 405-1a
Stakeholder engagement	A list of topics material to stakeholders and how they are engaged	GRI 102-21 GRI 102-43 GRI 102-47
Ethical behaviour	Anti-corruption, ethical controls, unlawful behaviour	GRI 102-17
Risk and opportunity oversight	Integrating ESG risks and opportunity into business processes	GRI 102-15
<b>PLANET</b>		
Climate change	Greenhouse Gas Emissions (CO <sub>2</sub> equivalent) TCFD implementation (alignment targets with the Paris Accord)	GRI 305 1-3 TCFD and Science Based Targets Initiative
Nature loss/freshwater availability	Not considered relevant to Britannia P&I	SASB/WRI risk tool
<b>PEOPLE</b>		
Dignity and equality	Diversity and inclusion % Gender pay equality % Wage level % Child, forced or compulsory labour incidents	GRI 406-1 GRI 405-2 GRI 202-1 GRI 408 409
Health and wellbeing	Health and safety TRIR Absentee rate	GRI 403-2 SASB
Future skills	Average training hours per person Average training budget per employee	GRI 404-1
<b>PROSPERITY</b>		
Wealth creation and employment	New jobs created by age, gender and region Total number and rate of employee turnover by age, gender and region	GRI 401-1a/b
Net economic contribution	Economic value generated and distributed Financial assistance received from governments Net Economic contribution	GRI 201-1 / 4
Net investment	Not considered relevant to Britannia P&I	IAS 7
Innovation for better products and services	R&D equivalent expenditure as a percentage of income	Frascati Manual (OECD 2015a)
Community and social vitality	Community investment normalised as % of profit Tax disclosures for each jurisdiction	GRI G4-EC1 GRI 207-4

## 14

## CRISIS RESPONSE AND SUPPORT TO MEMBERS' EMERGENCY RESPONSE TEAMS

**CRISIS RESPONSE:** THE MANAGERS' EXECUTIVE BUSINESS CONTINUITY PLAN ('EXEC BCP') PROVIDES A GUIDE TO THE ORDERLY MAINTENANCE AND/OR RE-ESTABLISHMENT OF ITS (AND BRITANNIA P&I'S) BUSINESS OPERATIONS AFTER AN INCIDENT (AN 'INCIDENT' IS AN EVENT THAT INTERRUPTS, OR THREATENS TO INTERRUPT, THE MANAGERS' NORMAL BUSINESS OPERATIONS). THE PRIMARY OBJECTIVE IS TO ENSURE THE CONTINUITY AND RESUMPTION OF ALL CRITICAL BUSINESS OPERATIONS AS QUICKLY AS POSSIBLE. THE MANAGERS' STAFF BUSINESS CONTINUITY PLAN ('STAFF BCP') GIVES THE MANAGERS' STAFF THE INFORMATION THEY NEED TO FOLLOW IN THE EVENT OF AN INCIDENT. THE MANAGERS' BUSINESS INCLUDES THE OPERATIONS OF LUXEMBOURG AND REGIONAL HUBS IN DENMARK, GREECE, HONG KONG,

JAPAN, SINGAPORE AND THE UK, EACH OF WHICH HAVE THEIR OWN BCPS BUT ARE INCLUDED IN A GROUP WIDE CASCADE NOTIFICATION FRAMEWORK AND INCIDENT MANAGEMENT FRAMEWORK.

The Managers have cyber liability insurance cover. In the event of a BCP incident caused by a cyber event, the cyber insurance incident response will be invoked, as required, by the Chair of or one of the two IT representatives of the Exec BCP.

**SUPPORT TO MEMBERS' EMERGENCY RESPONSE TEAMS AND LOSS PREVENTION SUPPORT:** As part of its service, the Managers provide support to Britannia P&I's Members in the event of an emergency where third party liability is a potential risk.

## 15

## ENERGY AND EMISSIONS

**THERE ARE TWO PARTS TO THIS SECTION: BRITANNIA P&I'S OWN EMISSIONS AND THOSE OF ITS MEMBERS.**

**BRITANNIA P&I EMISSIONS:** Operating in an office-based environment, the primary use of resources is limited to gas, electricity and water. Travel by both employees and Members, where it is paid for by Britannia P&I, is also a significant part of Britannia P&I's carbon footprint. Wherever appropriate the Managers encourage the use of video conferencing to minimise travel related carbon emissions.

To support Britannia P&I's sustainability commitment, the Managers will:

- Maximise the use of energy saving devices in their offices
- Maximise the use of water conservation devices in their offices
- Consider the impact of energy and emissions in their selection of global offices as part of the competitive criteria

- Consider the location of offices to optimise the availability of public transport options for employees and to reduce the need for long haul travel in support of business partners
- Consider the carbon impact of all travel plans and reduce this on a yearly basis
- Cease the use of single use plastic in all their offices
- Encourage all employees to consider the impact of their decisions on the planet both in and outside of work.

### MEMBERS' EMISSIONS RELATED TO SHIP

**OPERATIONS:** The MRC recognised the importance of GHG emissions from Members' ships, but considered that this was better addressed by other bodies (e.g. via the regulatory regimes of the IMO and EU) rather than by Britannia P&I (as an insurer). Nevertheless, sustainability and the adoption of basic standards across the whole membership is a regular agenda item at meetings of the MRC and Boards.

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## EMPLOYEE DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

THE MANAGERS ARE COMMITTED TO ELIMINATING DISCRIMINATION AND ENCOURAGING DIVERSITY. THEY STRIVE TO CREATE A WORKING ENVIRONMENT THAT IS FREE FROM DISCRIMINATION, HARASSMENT AND VICTIMISATION; WHERE ALL EMPLOYEES, JOB APPLICANTS, CLIENTS AND SUPPLIERS SHOULD BE TREATED EQUALLY AND FAIRLY REGARDLESS OF:

- Gender
- Pregnancy
- Transgender status
- Sexual orientation
- Religion or belief
- Marital status
- Civil partnership status
- Age
- Race
- Colour
- Nationality
- National or ethnic origins
- Disability

It is illegal to discriminate against a person on any of the above grounds (referred to as 'protected characteristics') and the Managers treat any discriminatory act as a serious disciplinary offence which may result in dismissal. All employees, whether part-time, full-time, permanent or temporary, will be treated fairly and with respect. Selection for employment, access to training, promotion and other career development opportunities will be on the basis of merit, qualification, experience, aptitude, abilities and appropriate to an individual's position.

In respect of people with a physical or other disability, the Managers will ensure that they have equal opportunities in obtaining employment and gaining promotion.

Every employee of the Managers has personal responsibility for the implementation of this policy.

Discrimination can take the following forms:

**DIRECT DISCRIMINATION:** this occurs when an individual is treated less favourably on the grounds of the above protected characteristics. It can also occur because of their connection with someone else who possesses a protected characteristic (sometimes called discrimination by association). Discrimination can also occur because someone is mistakenly perceived to possess a characteristic (sometimes referred to as discrimination by perception)

**INDIRECT DISCRIMINATION:** this occurs when a (unjustified) requirement or condition is applied equally to all but has a disproportionately adverse effect on a particular group because the proportion of that group which can comply with it is much smaller than the proportion of the other group(s). If such a requirement cannot be justified, it may be deemed unlawful, even if the employer had no intention to discriminate

**VICTIMISATION:** means treating somebody less favourably than others because they have raised a complaint of discrimination or assisted someone else in their complaint

**HARASSMENT:** means unwanted conduct (whether physical, verbal or non-verbal) which causes an individual to feel offended, demeaned or otherwise upset and includes sexist language or racial abuse

**BENEFITS AND PAY:** all pay and benefits are awarded without discrimination.



## 17

## SAFETY, HEALTH AND WELLBEING OF EMPLOYEES AND SEAFARERS

**SAFETY, HEALTH AND WELLBEING OF EMPLOYEES:** THE MANAGERS RECOGNISE THEIR RESPONSIBILITY TO ENSURE THAT ALL REASONABLE PRECAUTIONS ARE TAKEN TO PROVIDE AND MAINTAIN WORKING CONDITIONS WHICH ARE SAFE, HEALTHY AND COMPLY WITH ALL STATUTORY REQUIREMENTS AND CODES OF PRACTICE. THIS INCLUDES (BUT IS NOT LIMITED TO):

- the provision and maintenance of plant and systems of work that are safe and healthy
- arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances
- the provision of such information, instruction, training and supervision to ensure the health and safety at work of employees and others
- the control of the place of work and maintaining it in a safe condition
- the provision of a safe means of access to and egress from the place of work
- the maintenance of a working environment that is safe, without risks to health and provides adequate facilities and arrangements for welfare at work.

In order to secure the health and safety of all employees, the Managers provide a health and safety induction to all new employees, and this is incorporated into their general induction programme. The office and facilities manager provides this training. In addition mental health awareness training is provided to all staff.

### SAFETY, HEALTH AND WELLBEING OF MEMBERS' CREWS:

Britannia P&I recognises its ability to contribute to the safety, health and wellbeing of its Members' crews through the Managers:

- distributing best practice and recommendations through publications and other correspondence to Members
- disseminating lessons learned from claims as well as perceived future risks via their loss prevention department
- contributing to the work of the IG in the collation of global HSE data
- corporate giving to seafarer charities providing social support networks to seafarers.

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## WASTE AND RECYCLING

THE MANAGERS' EMPLOYEES ARE REQUIRED TO USE THE MANAGERS' EQUIPMENT AND MATERIALS WISELY AND WHERE POSSIBLE REDUCE WASTE. EMPLOYEES CAN PLAY A POSITIVE ROLE IN HELPING THE ENVIRONMENT BY ADHERING TO THE FOLLOWING MEASURES (THE FOLLOWING APPLIES WORLDWIDE ACROSS ALL OFFICES OF THE MANAGERS):

- **Confidential Papers** Shredded and Recycled
- **Non-confidential Papers** Recycled and/or shredded
- **General Waste** Recycled where possible
- **Cardboard** Recycled via the building management team
- **Fluorescent Light Bulbs** Recycled via building management
- **Printing** Duplex printers and multifunctional devices/photocopiers
- **Printing** Double sided and only where necessary
- **Batteries** Recycled via the building management team
- **Lights** Movement detectors to reduce energy use
- **Computers** Employees are advised to turn off each night
- **Printers** Employees are advised to turn off each night
- **Colour Printing** To be used only when necessary.



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## SUSTAINABLE AND RESPONSIBLE INVESTMENTS

BRITANNIA P&I WILL CONSIDER ALIGNING ITS INVESTMENT STRATEGY WITH THE UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) AND THE EMBEDDING OF RESPONSIBLE INVESTMENT CONSIDERATIONS INTO ITS MAIN INVESTMENT POLICY. THOSE DISCUSSIONS WILL INCLUDE RECOGNITION THAT AS A P&I INSURER IT IS ENTIRELY RIGHT TO RESPOND TO THE DEMANDS OF OUR MEMBERS IN CARRYING LEGAL CARGOES WORLDWIDE THAT CONTRIBUTE TO THE WORLD'S ECONOMY (AND THEREFORE IS ITSELF A KEY PART OF THE UN'S SDGs). NEVERTHELESS, SOCIAL AND/OR GOVERNANCE ASPECTS OF ESG ARE LEGITIMATE IMMEDIATE AREAS OF ATTENTION, WHICH MERIT BRITANNIA P&I:

- incorporating ESG issues into investment analysis and decision making
- being active owners and incorporating ESG issues into our ownership policies and practices

- seeking appropriate disclosure on ESG issues by the entities in which we invest

- reporting on our roadmap progress against defined goals and targets in each annual sustainability report.

**In line with the UN recommendations, the goals serve to:**

- demonstrate Britannia P&I's ESG approach with internal and external stakeholders
- clarify Britannia P&I's fiduciary responsibilities
- guide external asset managers on how they should handle ESG matters
- demonstrate Britannia P&I's investment approach.

Senior level commitment and internal and external staff implementation will be part of the declared roadmap.

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## SUSTAINABLE REVENUE PROTECTION THROUGH STRESS AND SCENARIO TESTING

The PRA's Fundamental Rule 4 requires that 'a firm must at all times maintain adequate financial resources'. This requires a firm to have in place sound, effective and complete processes, strategies and systems to assess and maintain on an ongoing basis the amounts, types and distribution of financial resources and capital

resources that it considers adequate to cover the nature and level of the risks to which it is or might be exposed, the risk in the overall financial adequacy rule and the risk that the firm might not be able to meet its capital reserve requirements in the future. These scenarios must include ESG risks, including climate change.

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## CONCLUSION FROM BRITANNIA P&amp;I'S CEO



ANDREW CUTLER, CEO, BRITANNIA P&amp;I

WITH THIS INAUGURAL REPORT, WE ARE DEFINING THE STARTING POSITION OF BRITANNIA P&I'S SUSTAINABILITY INITIATIVE. WE RECOGNISE THAT THIS REPORT COMPARES OUR CURRENT GOVERNANCE, POLICIES AND PROCEDURES AGAINST THE EXTERNAL ESG REQUIREMENTS LAID OUT BY A VARIETY OF INTERNATIONAL AND NATIONAL BODIES WORKING UNDER THE UN SDGs. THESE EXTERNAL TARGETS AND BEST PRACTICE MAY CHANGE BUT BRITANNIA P&I WILL STRIVE TO REACH THE HIGHEST STANDARDS.

WE ARE SETTING OUT A ROADMAP FOR THE FUTURE AND WILL CONCENTRATE IN 2021 ON CONTRIBUTING TO THE SUSTAINABILITY STRATEGY OF THE IG AND, AS APPROPRIATE, WITH THE GUIDANCE OF OUR MEMBERS, DEVELOPING AND DEFINING:

- Our sustainable investment strategy
- Our carbon footprint targets from air travel
- The impact of our corporate giving programme
- The ESG responsibilities of key managers
- Engaging our employees in contributing to our ESG strategy through focus groups.

Insurance is a long term business and Britannia P&I has a long history. We support the marine sector through providing protection to our Members whose ships support the global population and economy and its longer term sustainability through the essential transport of global goods.

As a key contributor to the marine sector, we view sustainability not as a target but as an essential. We will continue to support the UN SDGs, the UN PRI, The Paris Accord and The Principles for Sustainable Insurance, and we will transparently declare our ongoing progress in our forthcoming reports.





“ AS A KEY CONTRIBUTOR TO THE MARINE SECTOR, WE VIEW SUSTAINABILITY NOT AS A TARGET BUT AS AN ESSENTIAL. ”



**TR(E)**

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Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

The Britannia Steam Ship Insurance Association Europe is incorporated in Luxembourg and registered as a mutual association (No.B230379). Authorised by the Luxembourg Minister of Finance and regulated by the Commissariat aux Assurances.

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