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North

North Group North Impact Report

2022

North Group Impact Report 2022

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Welcome to our 2022 Impact Report

We are delighted to present our second annual Impact Report. In last year's report we introduced our 2030 Sustainability Strategy, designed to guide our priorities in the decade to come.

We do not underestimate the scale of the task before us but are able to report real progress made over the last 12 months in delivering our strategy.

Following approval of the merger between North and the Standard Club, with the combined NorthStandard launching in February 2023, we will be empowered to improve our impacts and have a greater influence. The sustainability of International Group P&I Clubs, and the maritime sector more generally, is threatened by the global challenges that we are seeking to address. The combination of the two clubs will provide a platform to accelerate our progress and to have industry leading impacts.

Paul Jennings
Chief Executive

James Tyrrell
Chair



Introduction – our 2030 strategy

In 2015, the United Nations agreed 17 Sustainable Development Goals (SDGs). In developing our strategy we determined that following SDGs are most relevant to North:



Our strategy recognises that climate change is one of the biggest challenges that we face. Impacts will not only be felt in claims liabilities and types but also in underwriting risks and the movement of goods more generally as we as move to a carbon neutral environment and adopt new technologies.

We are working to ensure that we understand the likely effect of a changing climate on our own sustainability. To monitor and address these risks, we incorporated climate related risks within our existing risk management framework. Risk reporting continues to be undertaken on a quarterly basis and considered by our risk committees and Group Boards, enabling the financial risks of climate change to be continuously monitored and associated mitigating controls to be reassessed.

Further details of our approach to climate change risks can be found in our 2021 Impact Report. Another very significant challenge faced by our Members and clients this year has been the ongoing disruption to global trade caused by Russia's invasion of the Ukraine. Our strategy to focus on the challenges facing our Members and clients means we have taken a leading role in helping our Members and clients in navigating probably the most complex set of sanctions ever imposed.

Our 2030 strategy reflects our dual role. Our vision is not confined to simply addressing sustainability issues within North. We have a broader and potentially more significant role in acting as a facilitator of sustainability more generally across our industry.

Each of the issues we are focussing on is linked to one or more UN SDGs:

A facilitator of sustainability

Our focus is not just on improving our own internal performance but also ensuring that we are having wider beneficial impacts. This is through:



Target

Further embedding sustainability considerations into our claims handling

SDGs 13, 14 and 16



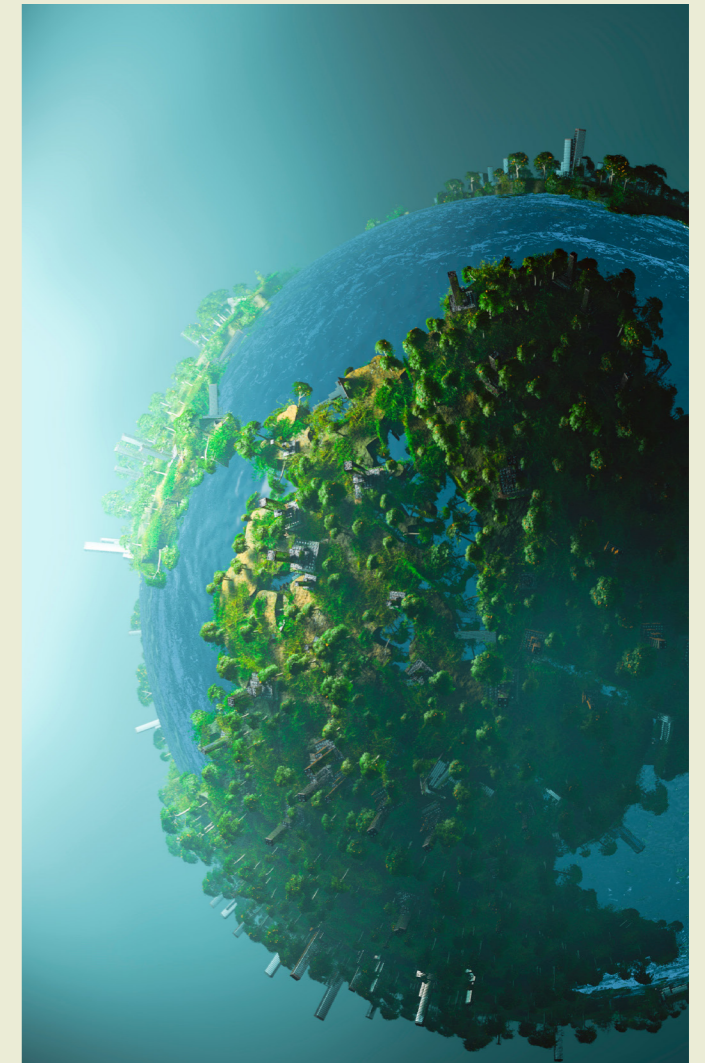
Cooperation and data sharing

SDGs 9 and 16



Focussing on the key challenges facing our Members and clients

SDGs 8, 9 and 14



Addressing sustainability issues within North

In addition to having a broad industry role, we are also focused on improving our own impacts:



Target

Carbon Emissions

Net zero carbon emissions

SDGs 3, 13 and 14



Target

Corporate Social Responsibility

Market leading programme of volunteering and donations

SDGs 9 and 16



Waste

Zero waste to landfill

SDG 3



Employee Engagement

All employees understand the importance of sustainability and the role they can play in furthering a sustainability agenda

SDGs 8 and 16



Supply Chain

Minimum standards for all major suppliers

SDG 9



Investment Policy

The ESG standards of all investments will be evaluated

SDGs 8 and 9



Diversity and Inclusion

A level playing field for all

SDGs 5 and 8



Impact Review





A facilitator of Sustainability

The environmental and societal issues that we are seeking to address affect the ability of our Members and clients to trade with confidence.

Being able to trade with confidence means knowing that we are minimising risks, making the seas safer and dealing with incidents in an environmentally sound manner. It also means knowing that we are there to support, facilitate and enable Members as they also take steps to become more sustainable. Clarksons Research reported in October 2022 that a record 59% of all newbuilding orders are classed as alternative-fuel capable, up from 31.5% a year earlier. We will be there to aid and support this transition.

We are committed to acting as a facilitator of sustainability by:

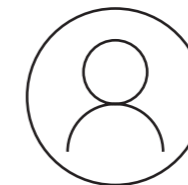
Further embedding sustainability considerations into our claims handling

We have this year introduced our first set of Sustainability Claims Reporting Guidelines. This means that going forward we will be able to put together a comprehensive picture of the impacts that we are having at North and learn lessons from our claims handling as to how we might improve these impacts. North's aim when handling maritime incidents remains to provide the best possible technical, operational, and legal expertise. Safety of life is our number one priority when dealing with casualty situations. Safeguarding the marine environment is of course also absolutely critical in our response to claims.

We are already having significant impacts across the spectrum of P&I claims:

People Claims

Sustainability is as much about looking after the people on the planet as it is about caring for the planet itself. Handling people claims, whether crew, passengers, third parties or stowaways, is something we do on a day-to-day basis, however, it is how we do it that properly demonstrates our commitment to sustainability. Prompt claims handling of an emergency medical situation can impact the extent to which an individual might recover. Early claims settlement, especially for undisputed contractual amounts, can significantly reduce the stress and financial hardship of the family of a crewmember who has passed away. Recognition that incidents on board, such as a piracy attack or the suicide of a colleague, can cause significant mental stress enables us to consider what additional steps might be taken to help alleviate that. Our proactive approach should ultimately be the most cost-effective way of handling such claims and, in most cases, also represents the best outcome for affected individuals.



Example of our impact:

- In July 2022 a 58 year old Ukrainian Chief Officer had been disembarked and hospitalised in Lome, Togo and was diagnosed as suffering from pancreatic cancer. Unfortunately the hospital did not have the facilities and specialists to provide treatment and he therefore needed to continue treatment elsewhere. Due to the conflict in the Ukraine the C/O did not want to return home for treatment but nor did he have any family or friends outside of the Ukraine to assist with his accommodation and welfare during treatment.
- North contacted our local correspondents in Czech Republic, Bulgaria, Poland and Germany to investigate alternative possibilities and whether there might be any state assistance with medical and welfare costs. We received a wide range of responses from our correspondents who were all quick to come back to us with suggestions. We were advised that in Poland the high number of Ukrainian refugees had left the health and welfare services struggling to cope, but the other correspondents were very keen to assist us in finding a solution albeit they all confirmed that there was unlikely to be state assistance with medical or welfare costs.
- After a lot of work analysing all the options and liaising with both the Member and the C/O, it was agreed that he would be transferred to Bulgaria. After 30 hours of travel the patient was taken to a hotel for an overnight stay and the next day transferred to a hospital with a suitable specialist team.
- Although we always endeavour to ensure all crew receive appropriate and prompt treatment, it is unusual for a crewmember to not have anywhere that they wish to be repatriated to and it can be difficult to obtain care in a third party country where the crew was not taken ill and is not a national of. Great efforts were made by the team at North, and by our network of representatives, to ensure not just the physical care of the C/O but also to assist with his mental wellbeing at a difficult time.

Admiralty Claims

In emergency response scenarios it is the speed of response and the communication network developed at the inception of the incident which often leads to the best result.



North's Admiralty team includes a mixture of lawyers and mariners who have experience in handling casualties in an efficient and responsible manner and who (once the seafarers are safe) can mitigate the impact of casualties on the marine environment in a cost-effective manner.

Example of our impact:

- The sustainable management and disposal of waste in a wreck removal operation is always a challenge. However, in a recent case in India, early planning and engagement with local authorities and contractors resulted in the successful removal and disposal of a container feeder vessel and its cargo. A team of international waste management experts worked alongside local experts, local government, and port authorities to agree a Waste Management Plan that complied with national regulations. This Plan was incorporated into the wreck removal and disposal contract at a competitive lumpsum rate. All containers were lifted from semi-submerged cargo holds onto a converted barge where they were inspected by a Marine Chemist before segregation. The barges were equipped with a cargo specific contingency plan, including steel mesh nets to reduce the possibility of any part of the container being lifted from escaping the Grab Containment Area. The Grab Containment Area was surrounded by a steel pipe frame and floating impermeable booming equipment to contain any waste escaping from the containers. The containers were delivered onshore to a waste management team who advised on the segregation of materials, including disposal of hazardous waste. On completion of the wreck removal operation, a final survey of the seabed confirmed that no cargo remained at the wreck site.



Cargo Claims

Handling of cargo claims on a day-to-day basis can have a positive impact through the choices that we make in our claims handling.



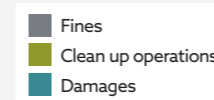
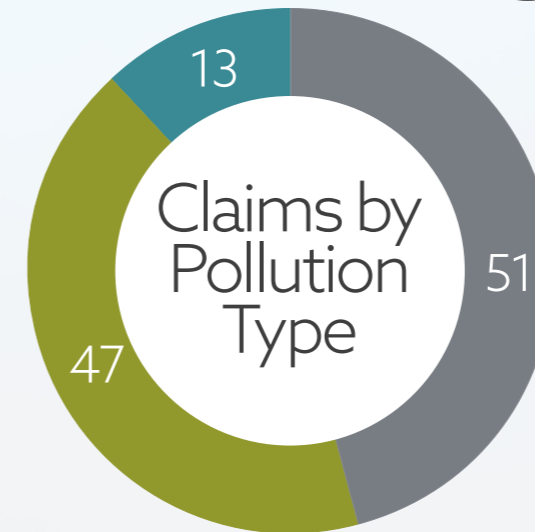
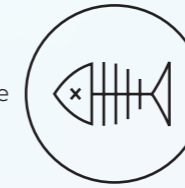
Example of our impact:

- A vessel loaded chemical cargoes at Saudi Arabia. During loading, approximately 150mt of Ethylene Glycol was found to be off-spec. Shippers and Charterers considered the cargo to be a total loss and requested cargo disposal. However, we believed there would be some value in the cargo. As a result, Members transferred the off-spec cargo to an empty ship tank and a buyer for the cargo was found at one of the scheduled discharge ports realising value for cargo that would have otherwise been disposed of as waste.



Pollution Claims

The number of pollution related claims handled by North is slightly down from the 129 pollution related claims reported last year, to 111 this year:



The in-house expertise at North and the experience of navigating complex local, national, and international regulations enables North to provide clear and often innovative advice to Members to minimise impact on the marine environment.

Example of our impact:

- Through North's proactive response in engaging ITOPF, it was recognised that a bunker spill in Portugal would impact upon a local beach. Although the Port Authority did not require a cleanup outside of port limits it was recognised that if the oil, by way of tar balls, were not cleaned up, further damage could occur. Using ITOPF and local contractors the beach was cleaned, and no claims were received from users of the beach.



"The introduction of Sustainability Claims Reporting Guidelines is a significant step in allowing us to review, and improve, the impacts that we are having through our day to day claims handling".

Mike Salthouse and Matt Moore, Global Heads of P&I



Co-operation and data sharing

Each of the thirteen International Group P&I clubs has access to information and data not only around trading areas, vessels, crews and cargoes but also around casualty and incident response. The IG P&I Clubs collectively undertake a periodic large casualty review to assess the management of major casualties.

North firmly believes in the need to work together with other P&I insurers and share more data where appropriate. All 13 members of the International Group have now agreed to share their marine safety and loss prevention data with the National Innovation Centre for Data based at Newcastle University, heralding the prospect of finding ways to improve safety and reduce risk at sea. This is a significant and welcome development.

“I’m absolutely delighted we now have agreement on this sharing of data – and really pleased too that it is being co-ordinated here in the North-East”

Paul Jennings, CEO

“Biofuels are one of the decarbonization strategies we are exploring in d’Amico for existing tonnage. While we closely monitor the development of alternative fuels of the future, new propulsion technologies and invest in innovative digital designs we believe that using biofuel blends can speed up decarbonisation of existing tonnage with immediate effect. Drop-in solutions bring an immediate benefit to the environment with very low investment.”

Salvatore d’Amico, Fleet Director, d’Amico Group

Focussing on the challenges facing our Members and clients

Our Members and clients face a number of critical societal and environmental challenges on issues as diverse as seafarer wellbeing, decarbonisation, the war in Ukraine and Covid-19.

Our Sanctions Advice and Navigating Decarbonisation teams have been particularly active this year helping and supporting our Members and clients. Our Mind Matters program (a North initiative to provide our Members and clients with materials to support their crew in maintaining emotional wellbeing at sea and to give guidance if problems arise) continues to be a valuable resource.

The availability of International Group level cover provided by North to as many vessels and owners as possible is of real benefit to third parties and in addressing environmental risks; It ensures that fair and sufficient compensation is available to the third-parties who suffer loss as a result of maritime incidents and that sufficient resources exist to help restore healthy marine environments.

There is no cover where the trade, or insurance of that trade, is unlawful. In circumstances where the trade is lawful and it is also lawful for us to provide insurance, then to protect innocent third parties and to minimise the impacts on the environment wherever in the world a maritime incident occurs, it is critical that the availability of such cover is maintained.

There is a clear danger to our ability to best protect the environment if older more inefficient vessels or vessels lawfully carrying challenging cargoes are locked out of the ability to obtain first class P&I cover.

Our Navigating Decarbonisation team in the past 12 months have provided webinars for North’s Members and clients. Additionally, guidance has been added to our Navigating Decarbonisation website for the benefit of our Members and clients as well as the wider shipping community.

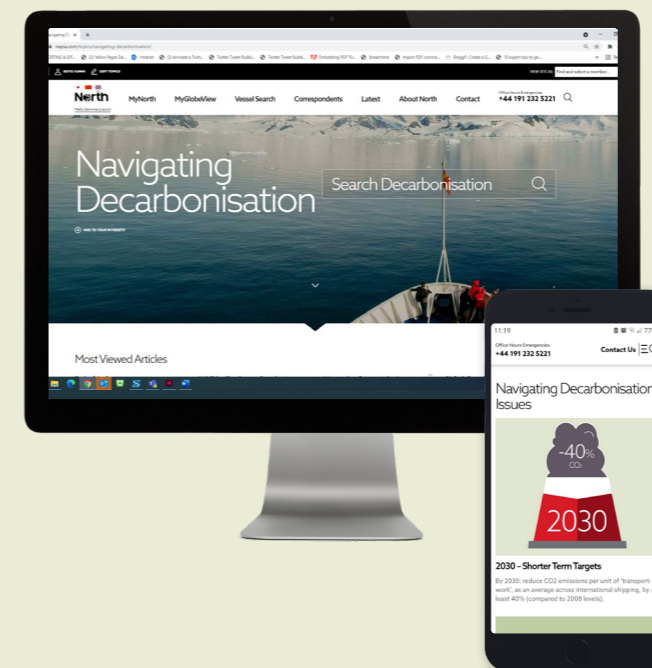
Our aim is to demystify the myriad of technical and contractual guidance. But we can’t do it alone and bring in external expertise to assist, if required.

In the interests of mutuality two of North’s Members shared their decarbonisation stories. This is a very useful information resource for all shipowners and operators.



Below is a summary of webinar topics and written guidance provided in the past 12 months:

- MEPC 77 & 78 – webinars
- EU ETS webinar
- Biofuels and Methanol webinar
- Emissions reporting, validation, and verification after 2023 webinar
- Carbon Intensity indicator (CII) rating challenges webinar
- Understanding the new Rightship GHG Rating
- Understanding the EU ETS
- Capturing carbon on board
- Hull fouling
- Biofuels use and testing
- Hull air lubrication systems
- Shipping to go nuclear on climate change
- UK MRV guidance



Furthermore, North continues to provide data on off-spec fuels on the VPS layer of our My Globeview platform so shipowners can try to avoid problematic fuel. As more samples of low to zero carbon fuels are tested North will look to share trends with their Members under the "My North" umbrella.

North also recognises the importance of tackling corruption to enable fair trade in shipping. In the latest demonstration of its commitment to supporting a more sustainable maritime community, North has this year joined the Maritime Anti-Corruption Network (MACN). As an MACN member, North joins over 165 global companies in working towards the elimination of all forms of maritime corruption. The Network's activities include raising awareness of the issue; implementing the MACN Anti-Corruption Principles and establishing best practices; collaborating with governments, non-governmental organisations and wider society to determine and address the root causes of corruption; and fostering a culture of integrity within the shipping community.

MyGlobeView
powered by Geollect

North is a member of the International Group of P&I Clubs, a collective of 13 competing not for profit mutual insurance associations. Whilst this report focusses on North activities, our work through the International Group is a further means of facilitating sustainability. The International Group has this year published its own sustainability report which demonstrates the positive outcomes the work of the International Group is having across five key areas of activities:

Healthier marine environments

Supporting and providing financial security for response activities aimed at reducing the impact of significant maritime casualties and the restoration of healthy marine environments.

Training a skilled workforce

Advancing knowledge and understanding of the maritime industry amongst our stakeholders.

Safer environments

Working to help create safer environments for seafarers and to reduce the number of accidents at sea.

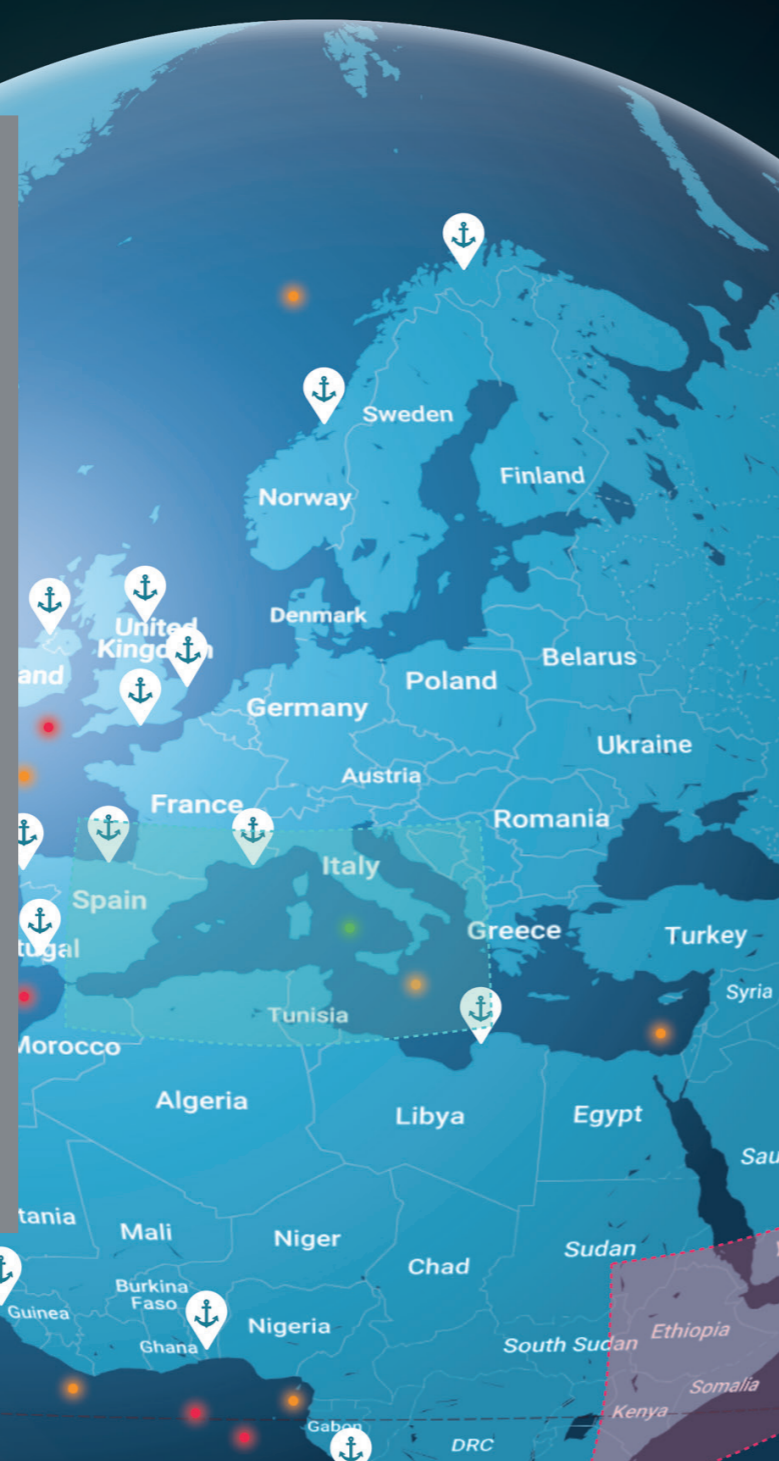
Partnership for the goals - Engaging with the International Maritime Organization (IMO)

The global regulator for shipping – and collaborating with maritime agencies and industry bodies around the globe to assist in the implementation of sustainable initiatives and frameworks.

Cleaner energy

Supporting shipowners in the move towards a cleaner energy and low-carbon future.

We will continue to work with the IG and other partners in the maritime sector to support their sustainability efforts.



Addressing sustainability issues within North

What progress have we made towards our targets for 2030 in order to improve our people and planet impacts?



Carbon emissions – Net zero carbon emissions

We committed to 'net zero' emissions by latest 2030. Net zero means reducing our carbon footprint as much as possible before offsetting the rest. This commitment covers Scope 1 emissions as a result of directly burning fossil fuels in our buildings for air conditioning, lighting and powering our equipment and the use of company vehicles. It also includes Scope 2 emissions that we cause indirectly by purchasing energy to run our operations. Some Scope 3 emissions will be covered, such as business travel and commuting. We will use The Greenhouse Gas Protocol to calculate our footprint.

We have recently set up a carbon reduction taskforce. Steps are being taken to reduce our carbon footprint; in our Newcastle Head Office we have installed a replacement LED lighting system with reprogrammed sensors and renewable energy supply. We are also looking at adding solar panels. Our company car is being replaced by an electric vehicle, with an electric vehicle charging point installed in our Newcastle car park.

In light of the merger between North and Standard which will launch in February 2023, we need to ensure that we have the correct baseline calculation for our total footprint against which we can measure our progress against our sustainability strategy, which we intend to include in next year's report.

Waste – Zero waste to landfill

We strive for Zero Waste offices around the world and follow some key general principles for waste minimisation and recycling. The type of waste generated, and disposal options differ in our locations and employees in each office are in control of their own action plan to minimise waste.

Examples of the steps taken so far include:

- Recycling paper, plastic, aluminium, toners and mobile phones
- Using carbon neutral corporate stationery
- Re-using office equipment rather than buying new
- Reducing catering orders to reduce wastage at meetings
- Removing plastic bottles from meeting rooms

Further measure will be introduced following completion of our global waste audit.

Supply Chain – Minimum standards for all major suppliers

We have introduced a Group Sustainable Procurement Policy to embed the consideration of environmental, social, and economic impact as factors in decisions made by all staff and our partners and suppliers whilst adhering to our supplier management framework. We recognise the significant importance within the procurement of goods and services as not only ensuring sound investment and good value for money, but also in understanding and managing the economic, social and environmental impacts of our operations.



“Having a diverse and inclusive workforce is critical to our success. The aims of diversity and inclusion at North are simple; they are to ensure that everyone has access to the same opportunities, the same fair treatment, and that everyone is made to feel as though they belong. It’s about people feeling themselves at work, that they hold an important role and can make a meaningful contribution”.

Dawn Robinson, Global Director (People) at North

Diversity and inclusion – A level playing field for all

Since 2021 we have taken several steps to showcase and enhance Diversity and Inclusion throughout North.

Our 2021 PWC audit suggested we align our D&I Strategy to our overall Strategy and this was put in place and later the launch of an updated policy across North Group. Autumn 2021 saw D&I training rolled out to the Board and unconscious bias training undertaken by managers.

At the start of 2022 we undertook a voluntary, anonymised data collection exercise across North Group to try to ascertain a baseline before holding our first D&I Forum. 143 people completed the survey across all offices giving us information around, sexual orientation, ethnic origin, education level, religion, neurodiversity, and caring responsibilities. We plan to develop further our data to influence and inform the campaigns and direction of the D&I strategy. The People team have attended various webinars and external forums to gain insight into other companies D&I strategies and focus with another forum member attending a Pride in Maritime event.

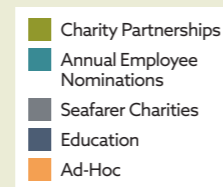
To support our aims a Diversity and Inclusion forum has been set up with the first meeting taking place in May 2022. The Forum is comprised of 20 volunteers from across North Group. The first forum meeting covered the Group Terms of Reference, feedback from the data gathering exercise and future options within our HR system plus what areas to focus on.

Our future plans include a campaign in conjunction with wellbeing around caring responsibilities and the support we can offer, supporting and promoting Pride in Maritime within North and across the International Group. D&I will continue to be a cornerstone of us as the Club of Choice.



Corporate social responsibility – Market leading programme of volunteering and donations

We are committed to our communities in which we live and work, building relationships with not-for-profit organisations through our North 150 Fund (established on North’s 150 year anniversary) and North in the Community Programme. Our aims are to have a positive impact on our communities and environment and to maintain high levels of engagement in CSR, wellbeing and environmental initiatives. The generosity of North’s members mean that the North 150 fund currently has an annual budget of USD200,000 per year. Donations have been split between the following areas:



There has been a renewed focus on building partnerships with selected charities order to build strong relationships particularly in the local community and increase the impact North is able to have. To assist with developing the relationship, members of the CSR team manage a small number of the relationships so the point of contact in each organisation is clear. This has enabled us to make a real impact and change with these charities- not just by giving money to a cause but by giving staff the opportunity to engage in other ways.



Examples include:

- o **Clothe and Feed:** This is the largest “baby bank” in the North East, a resource for families who need assistance: in the previous policy year, North purchased a van for Clothe and Feed which gives them more resource to collect donated items. North engaged with staff by arranging donations of items, which Clothe and Feed then came to collect. In this policy year, we are looking to contribute to their winter clothing drive, donating both money to assist with providing winter clothing and asking staff to donate items.
- o **Ouseburn Farm:** We are working closely with this local Newcastle organisation to improve their facilities and create more opportunities for the community to have hands on learning within the facility.
- o **Greggs:** North continues to support and sponsor a breakfast club at a local school; this has provided more of an opportunity for us to strengthen our links with this school. We have further developed this relationship by creating opportunities for students of this school to visit North.
- o **The Baltic:** We have strengthened our relationship with the Baltic Centre for Contemporary Art by contributing to their Baltic Stars scheme over a three year period. This is the opportunity for artists to work with children with special needs to give them the opportunity to be creative and create pieces for an exhibition.

A local connection is incredibly important as North want to engage with our local communities and give back to our neighbours, as well as raising North’s profile locally. In addition to this, we have connections to partnerships with a maritime connection, including RNLI and Ocean Youth Trust.

We also recognise a crucial aspect of staff engagement is giving staff the opportunity to nominate charities for support each year. This is why each autumn, we invite staff to nominate charities for support. These range from sporting associations, schools, medical charities and children’s clubs. We ask staff to explain the reason for the nomination and any connection they have to that charity. The CSR team then considers the nominations, and has the difficult task of determining which charities can receive support that year. An important consideration is whether the charity meets the criteria for donations; ideally staff will have a connection and the charity will be local to one of our global offices. This year, we have received 20 nominations.

We are passionate about the North East of England which has been the home of our head office for 160 years and this passion is reflected in the work of our CSR team. As North’s global footprint has expanded we are committed to doing more in our local communities worldwide and emulate the success of our work around Newcastle. To this end, we have worked with Umisakura, an NGO that works to maintain safe clean beaches in Japan and with The Kid’s Foundation in New Zealand, amongst many others.

We were also contacted by correspondents in Ukraine, requesting assistance in accessing medical supplies following the Russian invasion of Ukraine. We managed to source some local donations of blast bandages and other equipment to provide financial support to buy further medical equipment that has been shipped to Poland, for onward transfer to Ukraine, through humanitarian connections.

As well as our well-established work on charitable giving, we are developing a more structured approach to volunteering. North already has a policy of allowing staff to reclaim one day's leave in lieu for voluntary work. We are working on setting up a strategy to our voluntary work over the coming years which will recognise the work our staff already do as well as providing opportunities to work with our existing charity partners and new one-off and on-going opportunities.

Employee engagement – All employees understand the importance of sustainability and the role they can play in furthering a sustainability agenda

We have further embedded an awareness of the importance of sustainability to North this year, together with highlighting the role all our employees can play. North staff responded to requests for ideas on our internal innovation forum – with suggestions ranging from electric cycle charge points to how we can best use our office space in a post covid world. Colleagues are kept informed of developments through our sustainability intranet pages and sustainability newsletter.

Investment policy – The ESG standards of all investments will be evaluated

We have been working with our advisors and half of our global equity fund has been moved into a sustainable equity fund. We have also worked to develop a framework to track the ESG trajectory of our investments.



Head of Sustainability statement

As we have set out in this report, our Sustainability Strategy reflects the dual role we can play – addressing sustainability issues within North, but also acting as a facilitator of sustainability more generally within the industry.

We have recognised that the need to deliver upon our Strategy is more pressing than ever, with rising global temperatures, the war in Ukraine, supply chain issues and the Covid 19 pandemic all testing the resilience of the shipping industry.

We will continue be there to support Members and clients in grappling with and managing these issues. Our Strategy comprises workstreams, as detailed in this Report, which reflect the areas North can have most impact and the dual role we can play.

We recognise that our Strategy may need to be refined following the upcoming merger with the Standard Club and upon evaluation of where a combined club can best focus its efforts. Our commitment to playing our part in ensuring a sustainable shipping industry will, however, remain and we look forward to providing more details of our progress in 2023.

Mark Church
Director (FD&D)
and Head of
Sustainability



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