



ANNUAL REPORT

2021



NORWEGIAN HULL CLUB

TABLE OF CONTENTS

2	<i>CEO's Review</i>	44	<i>Statement of Comprehensive Income</i>
4	<i>This is Norwegian Hull Club</i>	46	<i>Balance Sheet</i>
8	<i>The Club at a Glance</i>	48	<i>Development in Equity</i>
10	<i>Key Figures</i>	49	<i>Statement of Cash Flow</i>
14	<i>Continuous Journey Towards Sustainability</i>	50	<i>Notes to the Accounts</i>
24	<i>People and the Workplace</i>	74	<i>Auditor's Report</i>
30	<i>Keeping Our House in Order</i>	78	<i>Corporate Governance</i>
36	<i>Company Overview of the Year</i>		



The Norwegian Hull Club Top Management Group - (l-r) Per Gustav Blom, Atle Fjeldstad, Hans Christian Seim, Hilde Førland, Aage Solberg and Ole Jørgen Eikanger

CEO'S REVIEW

WHEN 2021 concluded, it closed the door on what was again another unusual year, with the global pandemic affecting our working days and the way we conducted our business. At the time of writing, it is now Russia's invasion of Ukraine that commands our attention. Along with the deepest sympathy for all those directly affected by the war, The Club's main concern is the health and safety of those personnel working on behalf of The Club's subsidiary Insurance Technology Solutions AS in Ukraine, together with our employees' families and loved ones living there.

The Club's current exposure is limited but the longer-term geopolitical consequences remain to be seen. Nevertheless, it is surreal to experience conflict on such a scale in a Europe that has overwhelmingly been at peace, with the growth of independence and democracy, since the turn of the millennium. We share concerns for the increased populism, nationalism and conspiracy theories which are being asserted by some leading politicians, fearing how these will affect communication, cooperation and geo-politics in the long-term. As a short-term consequence of Russia's actions, Norwegian Hull Club decided not to renew or take on any new Russian and Belarusian business.

A trusted companion on our clients' sustainability voyages

Regardless of our concerns for negative developments in global politics, cooperation and movement within and across industries for a sustainable future nevertheless make us optimistic. Bold, value-driven choices from leading players in different industries have proven to be decisive for both direction and progress. Globally, the world has seen numerous examples of cases where ambitious businesses are ahead of national and international regulations. This is vital if we are to hit the goal of a maximum 1.5°C temperature rise above pre-industrial levels.

Acknowledging the importance of active industry players as driving forces for a sustainable future, we are proud to be one of the founding members of the Poseidon Principles for Marine Insurance (PPMI). Launched in December 2021, the PPMI is expected to come into force

in 2022, recognising the role insurers play in the shipping industry's voyage towards sustainability and zero emissions. The Club has committed to measure the carbon intensity and assess the climate impact of its hull and machinery portfolio on an annual basis. The PPMI are consistent with the policies and ambitions of the International Maritime Organization (IMO) and take steps toward alignment with the Paris Agreement. Currently, we do not have access to all necessary emissions data to include an overview of The Club's portfolio's performance in accordance with the PPMI framework in this report. Nevertheless, we have attempted to use the PPMI methodology to measure the carbon intensity on the parts of our H&M portfolio that had reported their emissions to the EU in 2020.

Norwegian Hull Club's daily operations do not directly affect the environment to a large degree; however, The Club's commitment to influencing and supporting the maritime and offshore energy industries in the drive towards zero emissions is laid out in its strategy.

Norwegian Hull Club will strive to follow its existing clients into new segments within marine and offshore energy such as wind farms, solar or tidal energy, and to support clients with dedicated insurance solutions as they make the transition into new, greener operations - whether it be electrical power, eco-friendly fuel or other emission-reducing initiatives. Furthermore, The Club pledges to develop new, innovative insurance solutions tailor-made to respond to the risks our clients meet through new rules and regulations, or as a result of other choices on their journeys towards zero emissions.

The difference? It's the people

On this journey, having the right people with us is vital. Our experience and our commitment to a safer industry through knowledge sharing continue to constitute the foundation of

Norwegian Hull Club's strategy and core business. While learning from the past and converting experience from one segment into new knowledge in another, we look to the future. We are dependent on employees that are agile enough to respond to ever-changing conditions and curious

enough to seek routes to uncharted solutions. And, with that knowledge, we continue to build a team of people that will

share their insight and delve into new challenges together with members and clients in the future.

To offer the best possible service, we strive to build a diverse team with a breadth of experience and educational backgrounds, ages, nationalities and gender. We strongly believe that the strength of the individual becomes even greater when we challenge each other and cooperate in teams featuring a mix of people, with different perspectives, from a diverse number of backgrounds.

Norwegian Hull Club has special focus on strengthening its diversity, and we have succeeded in recruiting dedicated people from 19 different nationalities, with an age span from 23 to 70, and we have a broad spectrum of educational backgrounds. However, The Club still has a way to go when it comes to closing the gender gap, both in terms of

representation of women on management levels and in salary imbalance. Closing these gaps has a high focus in Norwegian Hull Club and with me personally.

Profit sharing

The 2021 investment return ended positively. Despite a result slightly behind The Club's benchmark, it was ahead of expectations. The marine and energy markets continued to recover in the year that passed and, while some markets remained increasingly cautious in their capacity offering, some new entrants started to pick up market shares. Looking ahead, we expect to see more capacity entering the market and, therefore, a potential stagnation in its recovery. Inflation could, however, prove a counterweight to this.

Norwegian Hull Club continues to grow its portfolio and saw an increase in claims frequency in the year that passed. Factors such as inflation, steel prices and power prices are expected to negatively impact claims costs going forward. However, with an absence of major claims, The Club sees a technical result far above expectations for 2021. As a mutual insurance company, this means that we have the pleasure of returning premium to our members. The Board of Directors has proposed a profit share to Norwegian Hull Club's members of 12 % for the insurance year 2021.

Norwegian Hull Club is well positioned and here for the long run. Well into 2022, we see physical meetings and market activities picking up and we are enthusiastic and thrilled about seeing you face-to-face again. Together, engaged in curious cooperation, we will shape the industry of tomorrow - and help protect both people and the planet.



Hans Christian Seim
CEO

THIS IS NORWEGIAN HULL CLUB

Organisational Profile

Norwegian Hull Club is a mutual marine insurance company serving clients worldwide. As conveyed by the company slogan 'Expect More', The Club aims to be the 'number-one service provider'. Its service concept includes claims handling, emergency response support, prevention and mitigation training for clients' onshore and offshore personnel, benchmarking services for clients, operational, technical and legal advice, as well as knowledge sharing in general. The Club ranks as one of the world's largest marine and offshore energy underwriters and insures 11,728¹ unique vessels and units in total. Of these, 6,688¹ are on claims lead with The Club. The company employs 146 people and has offices in Bergen (main office), Oslo and London.

Norwegian Hull Club is not only dedicated to serving the needs of its clients today – it is also mindful of their needs tomorrow. The Club has therefore focused strongly on digital solutions ever since the foundation of its wholly owned subsidiary company Insurance Technology Solutions AS (Instech) in 1994. Instech develops innovative marine insurance software that supports the transformation of The Club's product and service provision, as well as the long-term needs of the industry. Instech employs 20 people in Bergen.

Norwegian Hull Club's second wholly owned subsidiary, Marine Benefits AS, prides itself on being the shipping industry's leader in employment benefit solutions for seafarers, offering 'Medical Plan' as well as 'Crew P&I'



The Club's main office at Skipet, Bergen

insurance. The company employs nine people in Bergen, 73 people in Manila, one person in Malmö and one person in Singapore.

Ownership

The Club is owned by mutual members, representing owners and managers of insured units. The largest of these have less than 10 % ownership and there are, therefore, no holders of qualifying holdings in the undertaking.

Governance

Members of Norwegian Hull Club, clients that write business on a mutual basis, vote at the general meeting according to the Norwegian Limited Companies Act § 5-2, cf. Norwegian Financial Institutions Act § 8.1-8.3. Members have votes according to the members' share of The Club's mutual earned premium in the preceding calendar year. Joint Members have, together, as many votes as if the insurance agreement had been entered into by one member. The right to vote on behalf of the Joint Members shall be vested in the member named first in the insurance agreement.

The Committee elects the Board, recommends annual accounts to the General Meeting and supervises the Board and management. The members of the Committee are elected from the members, i.e. the owners, of Norwegian Hull Club.

The Board is responsible for setting out the strategy - including risk tolerance - and generally overseeing the management of Norwegian Hull Club. Up to two members of the Board can be independent; the others represent members of The Club. The Board has audit, risk and compensation sub-committees. The Chair of the Audit Committee is independent of Norwegian Hull Club.

The Audit Committee is a subcommittee of the Board. Its responsibility is to discuss significant accounting issues with management and the external auditor, as well as assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditors, assess auditors' work and make recommendations to the Board regarding election of external and internal auditors.

The Risk Committee is a subcommittee of the Board. It is



One of the world's
largest marine and
offshore energy
underwriters



Offices

Bergen (main office),
Oslo and London



Poseidon Principles

for Marine Insurance
Founding Member

Committed to the UN's Sustainable Development Goals



Instech

Dedicated Marine Insurance
Software development



Marine Benefits

Offering Medical insurance
for seafarers and their family

responsible for supervising The Club's total risk and regularly considers whether the management and control systems are adapted to the risk level and scope of operations. The Risk Committee also assesses continuous compliance with capital requirements and requirements for technical insurance provisions, as well as the appropriateness of the risk management system. It shall follow up the company's actuary, as well as compliance and risk management.

The Compensation Committee is also a subcommittee of the Board. It makes recommendations to the Board regarding the compensation of the Chief Executive Officer, as well as the structure of general compensation, including compensation for the management team.

The Election Committee makes recommendations regarding candidates for the various governing bodies. The Election Committee shall have a minimum of five members. At least one member shall have served on the Board of Directors during the preceding five years. The Election Committee shall seek to replace members of governing bodies regularly and in a well-planned manner. In general, members of the Board of Directors, the Election Committee and the Chair and Deputy Chair of the Committee shall step down after 10 years' service.

The Club has established the four key independent control functions required under the Solvency II Directive - risk management, compliance, actuarial and internal audit. These functions are responsible for providing an overview of challenges to the business and for providing assurance to the Board in relation to Norwegian Hull Club's control framework.

The company's remuneration policy is adopted by the Board on an annual basis. In addition to fixed salary, up to 8 % of the operating result in any year may be allocated to employees by way of a bonus.

As a mutual insurance company, The Club will - by definition - enter into commercial agreements with member owners and with members of the Board of Directors. None of these transactions are considered material in relation to Norwegian Hull Club's business volume.

Mission, vision and values

Norwegian Hull Club's Mission is to secure lives, health, environment and property to help protect both people and the planet.

The Club's Vision is to be the leading insurance provider - not necessarily the largest. As such, being considered 'the best' is a more desirable, worthy ambition.

To help Norwegian Hull Club fulfil this ambition, the company's core Values consist of Integrity, Sharing, Agile and Curious. By remaining curious and sharing knowledge, Norwegian Hull Club aims to help its clients and members prevent accidents from occurring, while also being agile enough to react optimally in a crisis to mitigate losses.

INTEGRITY: "We believe in doing 'the right thing' - in holding ourselves to the highest ethical, professional and sustainability standards. This belief is the foundation of everything we do: integrity forms the bedrock of our business and our long-term, valued relationships. It is a matter of trust."

SHARING: "We are committed to knowledge sharing. By promoting such a culture, both internally and within the maritime industry, we better protect lives, health, the environment and assets. This approach is also the cornerstone of our social responsibility program, delivering greater opportunities through increased knowledge."

AGILE: "Our organisation is designed to adapt quickly - to assess conditions promptly and react optimally. This enables us to provide a superior, tailor-made service to our clients, featuring dedicated support and future-oriented solutions founded on nearly 200 years' experience."

CURIOS: "Our team members are not afraid to challenge convention; to ask, "Is there a better way?" for our clients and the industry we serve. We encourage such passionate curiosity - it has helped us become innovators in our field, setting new standards in solutions and services."

Memberships of Associations

Norwegian Hull Club is a member of Cefor - The Nordic Association of Marine Insurers, as well as the International Underwriting Association (IUA). It is also a signatory to the Poseidon Principles for Marine Insurance.

Market and market share

The Club writes a global book of covers including Hull & Machinery, Loss of Hire, Increased Value, War, Yacht, Renewables, Builder's Risks, Energy (fixed and floating) insurance - operation and construction. In addition, P&I covers are provided to owners and charterers. Marine and Energy insurance is placed and written globally, mainly through brokers. A significant amount of business is with international clients.

Norwegian Hull Club has an approximate 26.3 % share (2020 figures, 2021 figures to be released by Cefor early April 2022) of the Nordic market (defined as business written by companies operating from the Nordic countries), which accounts for about 14 % of global hull premium. The Club, therefore, has a 4 % market share of global hull business. The Nordic market has its own conditions (<http://www.nordicplan.org/>), in which the role as claims leader is distinct and important. Norwegian Hull Club has long-held experience as claims leader and the role is an important part of its service offering. The company has a branch office in London, writing business produced by London brokers as well as maintaining existing business relationships.

Insurance risk supply chain

Distribution, diversification and mitigation of risk is central to insurance. In marine insurance, the supply chain is reflected in

the typical Scandinavian business model and market structure: the ship owner purchases insurance directly or through a broker, while Norwegian Hull Club mitigates parts of its own risk by purchasing reinsurance through reinsurance brokers.

The Club operates with clients such as shipping companies, insurance brokers and reinsurance brokers worldwide. It outsources and has outsourcing arrangements only where there is a sound commercial basis for doing so and where the risk can be effectively managed.

A due-diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider's ability to perform the business activity.

The company has established an Outsourcing Policy to cover the requirements for identifying, justifying and implementing material outsourcing arrangements. This policy, adopted by the Board, sets out:

- Roles and responsibilities;

- Definition of outsourcing;
- Criteria for outsourcing;
- Assessing outsourcing risks;
- Contracts and confidentiality agreements;
- Assess controls;
- Security audits;
- Outsourcing audit.

Norwegian Hull Club has outsourced the following operational functions or activities:

- Internal Audit - located in Norway;
- IT Infrastructure - located in Norway;
- Administrative support and service - located in Norway and the Philippines;
- Asset/Fund management of two discretionary accounts - one located in the US and the other in the UK;
- Underwriting of Medical Plan and Crew P&I - located in Norway;
- Claims services of Medical Plan and Crew P&I - located in Norway, Singapore and the Philippines;
- Underwriting and Claims Service of H&M insurance (small hull facility).

1

Integrity

We believe in doing 'the right thing' - in holding ourselves to the highest ethical, professional and sustainability standards. This belief is the foundation of everything we do: integrity forms the bedrock of our business and our long-term, valued relationships. It is a matter of trust.

2

Sharing

We are committed to knowledge sharing. By promoting such a culture, both internally and within the maritime industry, we better protect lives, health, the environment and assets. This approach is also the cornerstone of our social responsibility program, delivering greater opportunities through increased knowledge.

3

Agile

Our organisation is designed to adapt quickly - to assess conditions promptly and react optimally. This enables us to provide a superior, tailor-made service to our clients, featuring dedicated support and future-oriented solutions founded on nearly 200 years' experience.

4

Curious

Our team members are not afraid to challenge convention; to ask, "Is there a better way?" for our clients and the industry we serve. We encourage such passionate curiosity - it has helped us become innovators in our field, setting new standards in solutions and services.

THE CLUB AT A GLANCE

124 000



People insured on Medical Plan

11 728



Vessels insured

284 206



Gross earned premiums

112 BUSD



Total values insured

22%
of the global fleet
over 5000 GT has
an insurance with
Norwegian Hull Club



16.2%
Other

5.9%
Latin America

3.8%
USA

8.6%
UK (Lloyds)

6.8%
UK (IUA)

14%
Nordic

3.7%
Netherlands

5.3%
France

4.5%
Italy

2%
Spain

12.4%
China

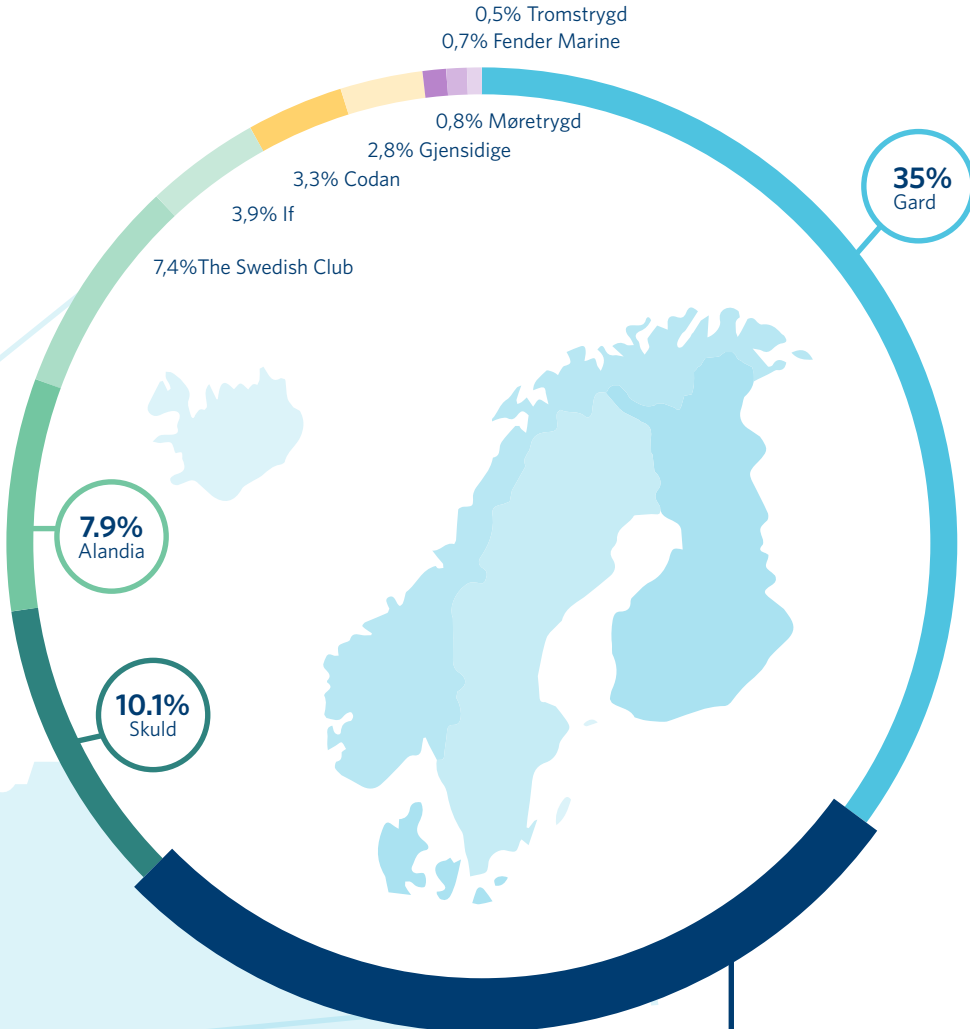
3.1%
Korea, Republic

7.8%
Japan

6%
Singapore

80%

Approx. 80 % of Norwegian Hull Club's
clients are based outside of Norway



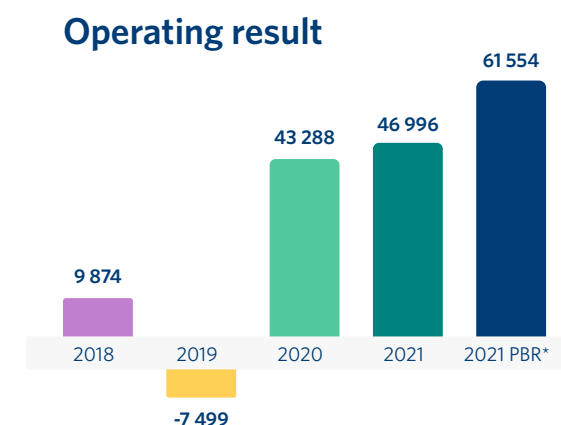
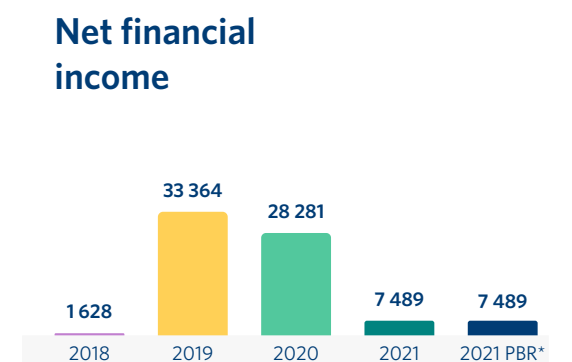
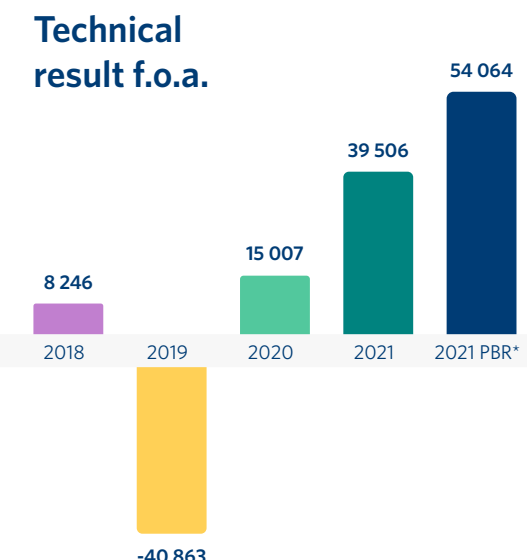
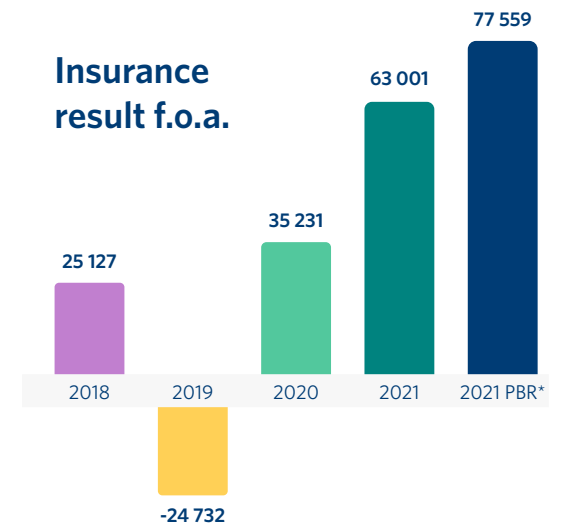
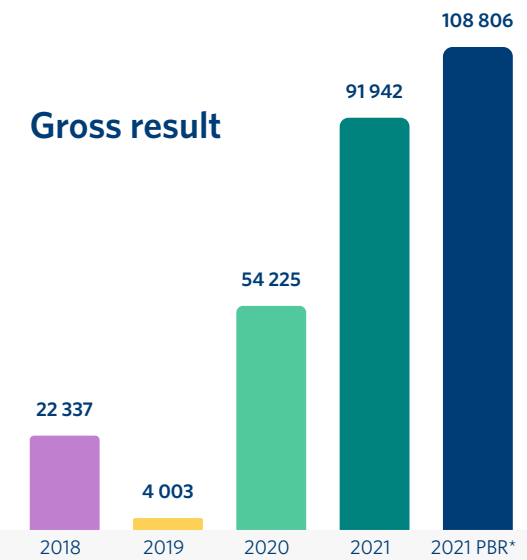
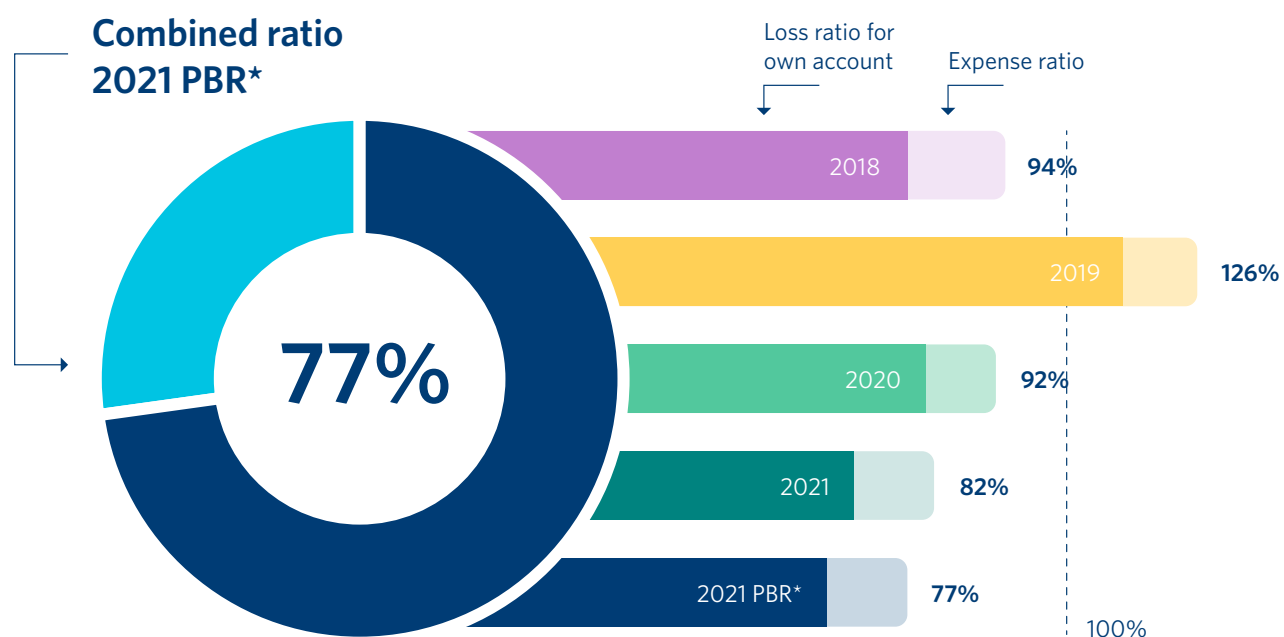
26.3%
Norwegian
Hull Club

KEY FIGURES*

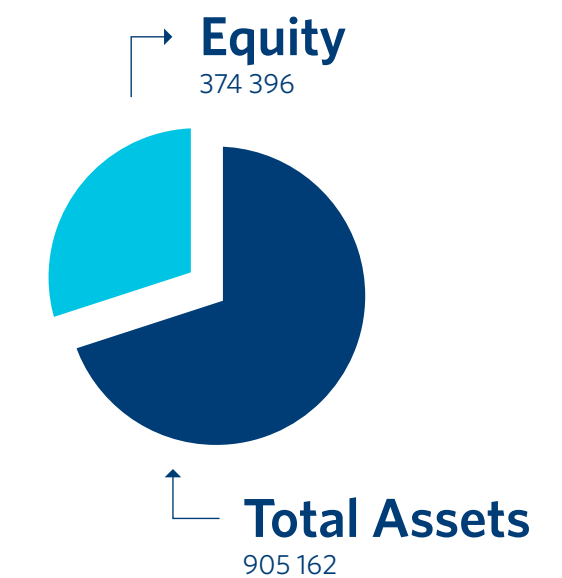
All figures in USD 000's

	2021 PBR*	2021	2020	2019	2018	2017
Gross earned premiums	284 206	267 642	229 959	203 153	172 105	167 687
Gross claims	175 700	175 700	175 733	199 150	149 768	237 356
Gross result	108 806	91 942	54 226	4 003	22 337	-69 668
Premiums for own account	236 626	222 068	181 340	156 192	141 219	136 965
Claims for own account	159 067	159 067	146 109	-180 924	116 092	126 026
Insurance result f.o.a.	77 559	63 001	35 231	-24 732	25 127	10 938
Other income	7 284	7 284	8 363	6 760	7 168	8 142
Operating expenses	30 778	30 778	28 588	22 891	24 049	25 100
Technical result f.o.a.	54 065	39 507	15 007	-40 863	8 246	-6 020
Net financial income	7 489	7 489	28 281	33 364	1 628	35 853
Operating result	61 554	46 996	43 288	-7 499	9 874	29 833
Total assets	905 162	905 162	833 133	746 955	720 390	681 826
Equity	374 396	374 396	336 335	301 263	303 691	294 671
Loss ratio for own account	67 %	72 %	81 %	116 %	82 %	92 %
Expense ratio	10 %	10 %	11 %	10 %	12 %	12 %
Combined ratio	77 %	82 %	92 %	126 %	94 %	104 %
Gross loss ratio	62 %	66 %	76 %	98 %	87 %	142 %
Return on investment portfolio	3 %	3 %	5 %	8 %	0	9 %
Deviation from benchmark	-0.5 %	-0.5 %	0.4 %	-0.1 %	0.2 %	0.4 %

*Figures in tables are before Return Premium



*Figures in tables are before Return Premium
PRB = Premium Before Return

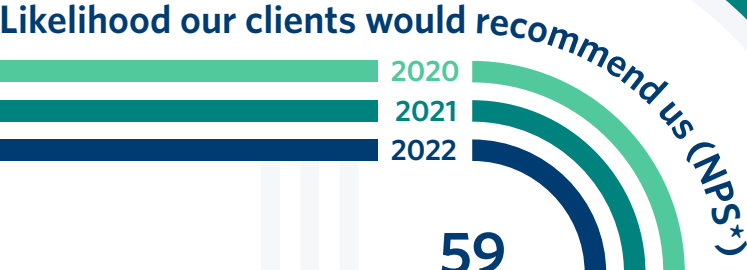
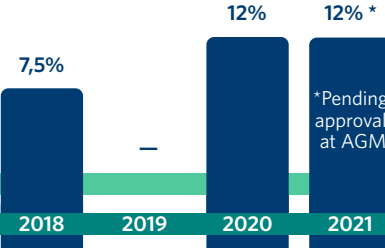


Poseidon Principles for Marine Insurance

CO₂ emissions from vessels with H&M covers are 6.7% higher than the Poseidon Principles Target in 2020. This estimate is based on emissions on voyages to/from the EU and calculated in accordance with the Poseidon Principles. The target is designed to achieve a 50% reduction in overall emissions, from 2008 to 2050. Due to increased shipping demand, an 88% reduction in emissions per nautical mile is required. The target per year assumes a fixed absolute reduction in emissions per nautical mile per vessel per year.

PORTFOLIO EMISSIONS
6.7%
ABOVE TARGET

Return premium to members

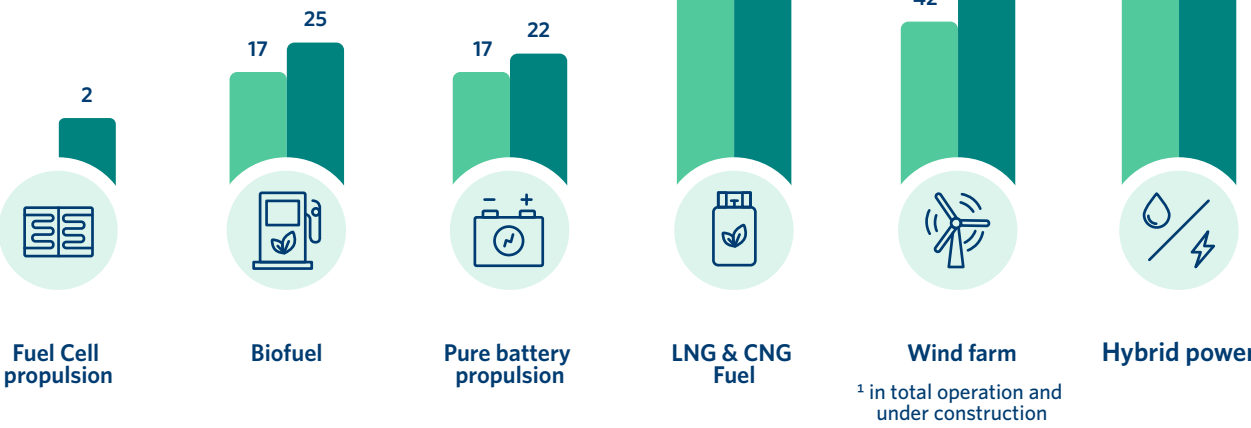


124 000

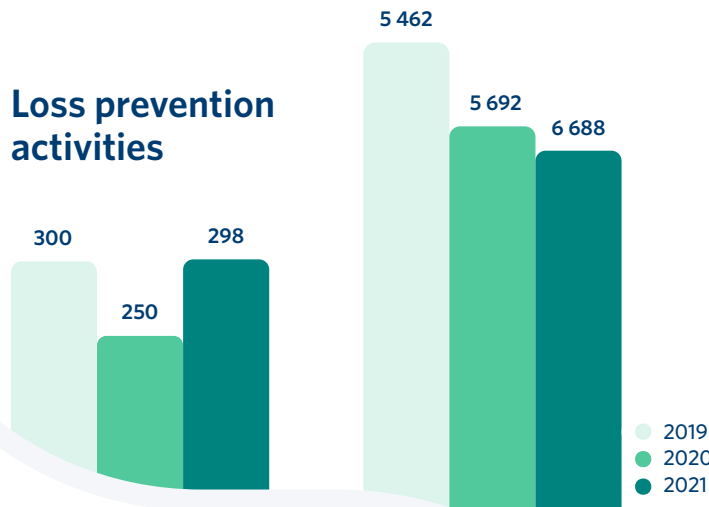
People insured on Medical Plan

11 728

Vessels insured



Claims lead vessels



OUR PEOPLE & OFFICES

Office energy consumption 2021

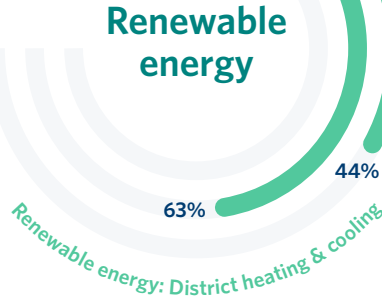


Bergen 2589 m² Oslo 1211 m² London 173 m²

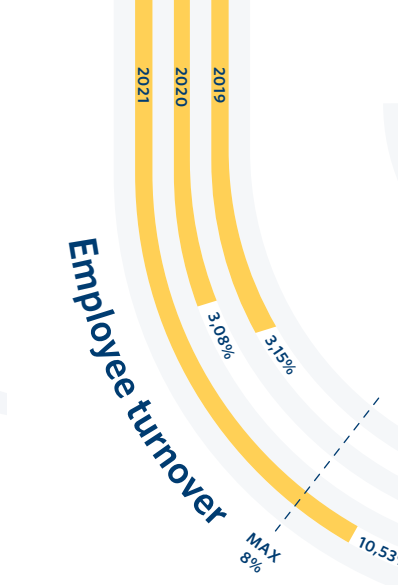
Total kWh consumption per office



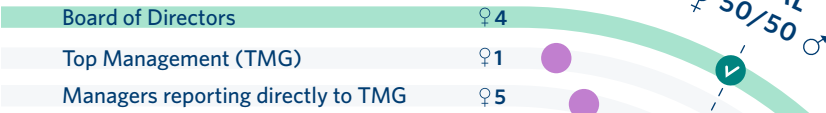
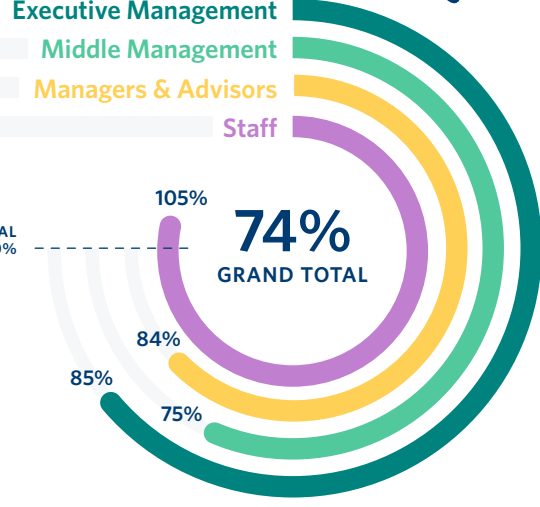
Renewable energy



Employee turnover



Women's share of men's wages

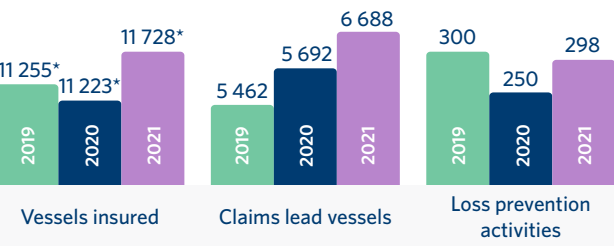


GOAL 50/50

CONTINUOUS JOURNEY TOWARDS SUSTAINABILITY

Norwegian Hull Club's mission is to secure lives, health, environment and property - its business model reflects this. The Club believes that the claims experience and knowledge it has accumulated over almost 200 years provide a degree of insight and readiness that enable it to help prevent and reduce the negative outcome of unwanted incidents.

Norwegian Hull Club is committed to knowledge sharing and a pro-active approach to loss prevention, emergency response and the claims handling process. This is at the very heart of what The Club believes in and what it does. A 'curious' approach to every challenge is encouraged amongst employees, in keeping with the company's core values. Norwegian Hull Club believes that remaining curious will improve its ability to increase knowledge and assist clients when new risks emerge.



*H&M, LOH, Energy, Yacht and War insurance only

Preventive and mitigating contingency training

In its Loss Prevention programme, The Club works closely with clients to find ways to better safeguard and prevent loss or damage to life, health, environment and assets. Norwegian Hull Club receives and processes around 3,300 claims annually. They provide insight into what can go wrong on-board vessels and energy units, as well as experience of handling emergencies together with clients. Based on this insight and experience, Norwegian Hull Club organises a range of activities through which it can share and discuss issues related to preventing losses, as well as how best to respond when an incident occurs.

Amongst the initiatives is The Club's Loss Prevention Committee, where a broad spectrum of industry and relevant non-industry specialists, clients and members are united in the aim of improving best practice through knowledge sharing.

The committee, consisting of representatives from 35 of The Club's clients, meets biannually to discuss general safety and security challenges, as well as looking into emerging risks. These meetings also generate insight that can be used in The Club's general training programme in which the main activity is the planning and facilitation of tailor made, one-to-one training for clients. These activities include workshops, table-tops, larger training scenarios, seminars and courses for clients' office personnel. It also includes workshops, seminars and courses for clients' crew members at officers' conferences.

In 2021, most of these activities had to be conducted digitally. Whilst travel and meeting restrictions hindered face-to-face activities, the Covid-19 pandemic affected The Club's clients more significantly through challenges related to closed ports and crew changes, as well as dockings and repairs. Covid-19 also affected the total number of activities conducted throughout the year. However, as both Norwegian Hull Club and its clients adapted to the situation, The Club offered tailor-made digital training sessions and seminars. After a drop in the number of activities in the first year of the pandemic, The Club facilitated 298 loss prevention seminars and workshops in 2021, most of them digitally.

Surveys conducted among clients and brokers show that companies that have attended training with The Club appreciate it highly. Norwegian Hull Club is satisfied with the average score of 4.69 out of 5 in its most recent survey, conducted in February 2022. The ambition is to maintain a score over 4.4 in the years to come.



Preventive and mitigating contingency training

When an incident occurs involving a client, The Club possesses both the expertise and the technology to provide experience-based, real-time support. From a dedicated Situation Room, the latest technology is utilised and combined with best practice and knowledge from both in-house experts and external strategic partners. Such real-time situational awareness capability - quickly generated via such channels as



AIS-based tracking systems, weather monitoring, satellites and social media monitoring - helps Norwegian Hull Club ensure that its clients are better informed when they need to make crucial, early decisions.

Norwegian Hull Club has developed its toolbox over time and keeps including new resources, both open and subscription based, in order to provide a service that harnesses the latest technology. A dedicated team is continuously trained in using the tools in emergency situations and is an important resource in The Club's emergency response team. This emergency response team also consists of in-house legal, technical and claims resources.

In case of an incident, Norwegian Hull Club will assist the client in managing the crisis, focusing on supporting the client with the aim of minimising the potential for loss of life, injury, pollution and damage to the environment, damage to the vessel, her cargo and other property.

In addition to in-house knowledge and support, Norwegian Hull Club assists by utilising its global network of correspondents, qualified surveyors, legal representatives and other experts as required. Immediate response together with mobilisation of professional salvors is of the utmost importance when handling a casualty, in order to mitigate the potential of loss of life, environmental impact and property

damage. Consequently, Norwegian Hull Club is constantly in dialogue with the few global salvors in order to secure immediate and timely mobilisation, as well as implementing structures to secure these.

Waste management has become an increasingly important factor in most major casualties handled in recent years. As such, it forms part of the initial strategic considerations conducted by Norwegian Hull Club - together with our members and salvors - immediately after an incident, in order to mitigate the negative potential at a later stage. A four-step waste management plan has been launched and is included in The Club's casualty response procedures.

As mentioned, Norwegian Hull Club typically handles in excess of 3,300 new claims of varying severity each year. This figure is steadily growing - as is the portfolio - and overall severity differs from year to year. It is challenging, therefore, to find a solid, measurable target to aim for. It remains the ambition of The Club to grow its claims lead portfolio as it is strongly believed that the company's hands-on response affects the outcome of a claim in a positive way.

The client survey confirms that The Club's emergency response and claims handling service is regarded with satisfaction. A priority target is, therefore, to maintain client satisfaction with the overall claims handling experience. For

those clients who have experienced a claim with Norwegian Hull Club as claims lead in the past two years, the satisfaction rate is at 4.57 out of 5, a slight increase on the average score of 4.52 in both 2020 and 2021.



Knowledge sharing

Sharing knowledge is also used as a preventive measure when The Club is called upon to provide operational advice on such challenges as heavy weather, trading in ice / Arctic conditions, war / piracy, cyber, passage planning and special risks. Norwegian Hull Club also provides operational warnings related to heavy weather and security risks. These warnings are shared with all clients and brokers through newsletters, as well as a one-by-one service for vessels sailing in areas with higher security risks. It is difficult to measure the effect of these warnings, plus the frequency will also vary with the number of events imposing additional risk. The Club, however, has established routines and guidelines in order to ensure warnings of all risks above a certain threshold are distributed.

Decarbonization

Owners and operators face challenges in meeting decarbonization requirements. Owners have to navigate unknown waters when deciding on measures to reduce their carbon footprint at sea. Huge investments are required and important choices have to be made. Many of these choices must be based on predictions, such as what types of fuels will be the optimal choice in years to come? Will it be biofuels, batteries, LNG, LPG, hydrogen, ammonia, methanol, fuel cells? And will these fuels / technical solutions be commercially available and sufficiently safe for crews and their surroundings? Norwegian Hull Club has chosen to support owners and operators in their pursuit of sustainable shipping. This requires The Club to pay attention to the development of future fuels, of the technology that is required to ensure they are safe energy carriers, and to be a proactive discussion partner for owners assessing the various risks they are facing. This is also the case for our participation in offshore wind, a contributor to a new sustainable energy supply with new technology, new suppliers and new operators, among other elements. This segment has a 'certification regime' for quality assurance and quality control, rather than the conventional 'classification regime' in the shipping and offshore sector. Norwegian Hull Club participates in supporting decarbonization by working to help ensure its safe development and operation.

Battery power

Working with new technologies presents not only opportunities but also considerable risks. The development and use of batteries for electric propulsion systems in marine vessels has a positive effect in reducing greenhouse emissions. However, The Club has also seen cases of extensive battery fires causing major damage to vessels and, unfortunately,

injuries to first responders sent to fight such blazes. Battery propulsion is becoming popular on passenger ferries operating shorter fjord crossings. 'Hybrid solutions', featuring a combination of diesel engines and batteries, are seen in various power supply configurations on other commercial vessels. Tackling battery installation fires is a challenge, both for the crew and local firefighters if the vessel is ashore. These challenges are also present on car carriers transporting electric vehicles. As an initiative to help the industry driving the development of battery propulsion, Norwegian Hull Club has taken a leading role in a cooperation to gather and develop safety directives for the prevention and mitigation of marine battery fires.

Agile technology enables surveys during pandemic

Survey reports are crucial for proper claims handling and adjusting, as well as owners getting their rightful compensation, in a timely manner. The Covid-19 pandemic has not, of course, reduced the urgency of such reports - it has instead highlighted the need for agile ways of working to solve emerging common challenges. Norwegian Hull Club entered into a collaboration with Librestream, using their On-Sight connect tool that enables The Club to facilitate Remote Surveys to inspect damage, or to follow up on repairs, without the surveyor physically attending.

The use of this technology enables a surveyor, no matter the vessel's location, to examine any damage in real time via live streaming. The surveyor will see the damage on board through the camera of a handheld smartphone on board. They will guide the person on board holding these 'eyes' in order to see whichever different views of the damage they require. This can be the damage location itself or surrounding areas - whatever is considered necessary for the surveyor's report on the cause of damage or cost / time for repairs. The surveyor will combine the Remote Survey with relevant documentation / information obtained from the vessel, owners or the manager in order to compile their survey report.

The Club may also accept a damage is to be surveyed 'Without Attendance', where the appointed surveyor will only use retrospective information and documentation supplied by the owner / client, such as reports, photographs and videos, as well other supporting documentation, in order to compile a survey report. Remote Survey is a game changer in maritime insurance surveying / claims handling and using new technology is always challenging. Norwegian Hull Club does see an increased number of Surveys Without Attendance and Remote Surveys and applies considerable internal resources promoting the tool. Norwegian Hull Club is confident that this will be part of tomorrow's marine survey and claims handling processes, reducing travel and increasing accessibility to damage sites / repair sites.

Low-pressure fuel pipe fires

Fires on vessels pose a huge risk to human lives, the environment and valuable assets. The 'low pressure fuel pipe fires project', started through Cefor Technical Forum in 2017, is still very current. It is of course unfortunate that such fires



continue to occur due to leaks from low pressure fuel pipes. However, it is positive to see the cooperation and knowledge sharing displayed by Norwegian Hull Club, Cefor Tech Forum, IUMI, IACS and other stakeholders as they continue to work together on this important subject.

Health insurance and studies

Norwegian Hull Club's fully owned subsidiary, Marine Benefits, offers employment benefit solutions for seafarers through 'Medical Plan' and 'Crew P&I' insurance - innovative crew insurance solutions for the maritime industry. This insurance enables access to quality healthcare, for both crew members and their families, whether at home or at sea. These benefits have proven to bring about positive effects by providing peace of mind for the seafarer and their family, as well as for the ship owner / manager. The products meet all the requirements of the Maritime Labour Convention (MLC) of 2006, the Amended Migrant Workers Act and the Data Protection Act.

124 000

People insured on Medical Plan, 51% of whom are family members.



More than 124,000 seafarers and family members had medical plan insurance from Marine Benefits at the end of 2021, 63,789 of whom are spouses, children and other family members who would otherwise not have health insurance. This is an increase of approx. 20,000 since the previous report. The ambition is to keep increasing this number in the years to come, so more people without a medical welfare system gain access to quality healthcare. Re:refresh

Re:refresh

Marine Benefits also has its own loss prevention programme. Besides providing access to health care for seafarers and their families, Marine Benefits promotes health and wellbeing for the international seafarer through the Re:refresh health-risk assessment programme. This involves appraising health from a holistic perspective and looking into areas such as living conditions, food, employment satisfaction, as well as physical and psychological health risks. In this way, the client is given the opportunity to address areas where possible risks are found, while creating awareness and better enabling the seafarer to make healthy choices. Safe, decent working conditions are crucial for a healthy workforce which will, in turn, contribute to economic growth - for the individual seafarer, the shipping company and the shipping industry as a whole.

Seafarers (and people in general) suffer needlessly from preventable diseases and too many are dying prematurely. By addressing these risks among seafarers, Marine Benefits is part of the global effort to combat such ailments by providing access to health care, promoting health, preventing disease, building awareness and empowering the seafarer and shipping company in regard to health and wellbeing.

Through Re:refresh, Marine Benefits has conducted studies on 20,000 seafarers from India, the Philippines and Myanmar. In October 2020 a similar study, mainly focusing on seafarers' mental well-being during Covid-19, was conducted. The input from 17,000 seafarers provided nuanced insight into how crew members have been affected by the ongoing pandemic.

Marine Benefits did not conduct any new Re:refresh studies in 2021; however, the analysis and presentation of its 2020 Covid-19 study continued. Participating companies were given individual presentations of the results and the opportunity to delve into the findings together with Marine Benefits. The final written report was distributed to all participants and made

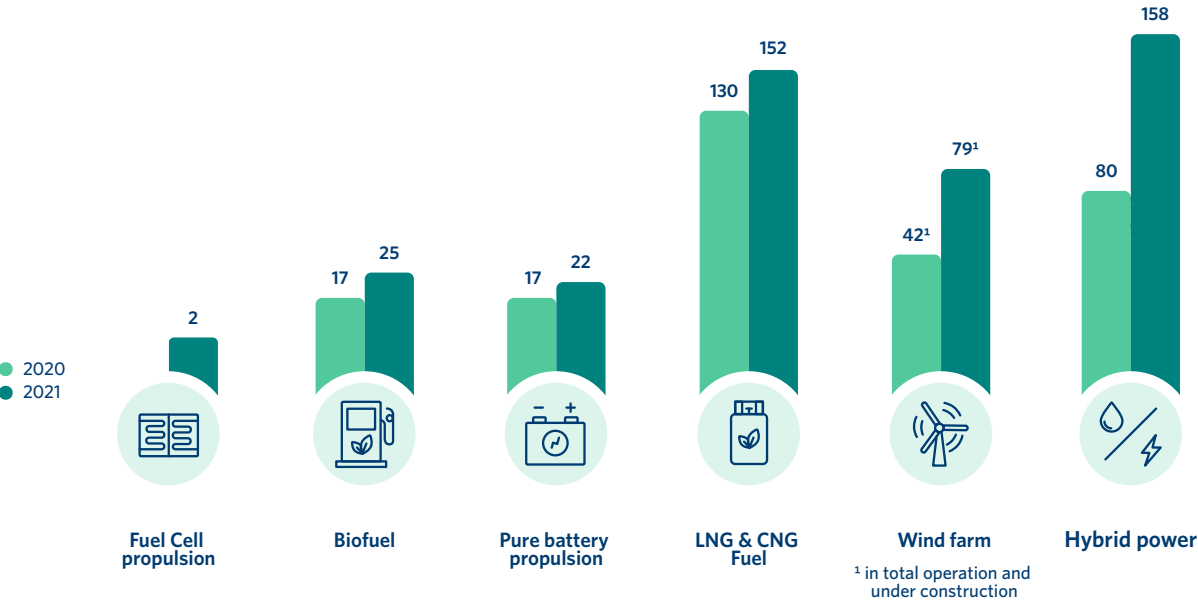
available on Marine Benefits’ website. The wellbeing survey results were also presented at Crew Connect in June 2021, as well as the Women in Shipping Summit in September 2021. This particular presentation focused specifically on findings from female seafarers who participated in the wellbeing study. Marine Benefits was also invited to attend online officers’ conferences to speak about the wellbeing results and share health advice in relation to the findings.

Planning of Re:fresh Wellbeing 2022, a follow-up study, started during Q4 of 2021. To date there are 22 companies registered for the 2022 study, representing around 100,000 seafarers.

As a result of the Covid-19 study, Marine Benefits launched its new online solution ‘E-Psychologist’ to help reduce depression among crew members. The service is currently available to 4,000 seafarers as part of their health insurance, providing them with free access for up to five video consultations with a psychologist. The service is available in the seafarers’ first language for crew from the Philippines, India, Russia, Ukraine and Latvia – in addition to English.

Re:start

The next step of the Re:refresh programme is Re:start, another initiative aimed at reducing depression and loneliness on board. Re:Start is a one-to-one company service, where crew members enter into a programme that focuses on eating healthily and getting enough sleep, as well as promoting physical and social activity on board. Vessels are provided with nutrition and training guidelines, while the crew members wear Fitbit activity trackers to measure their sleeping and training activity. In addition, participating vessels organise two weekly common social activities on board, to help prevent crew members from being alone in their cabins outside working hours. Two companies and close to 6,000 seafarers are currently involved in the Re:start programme.



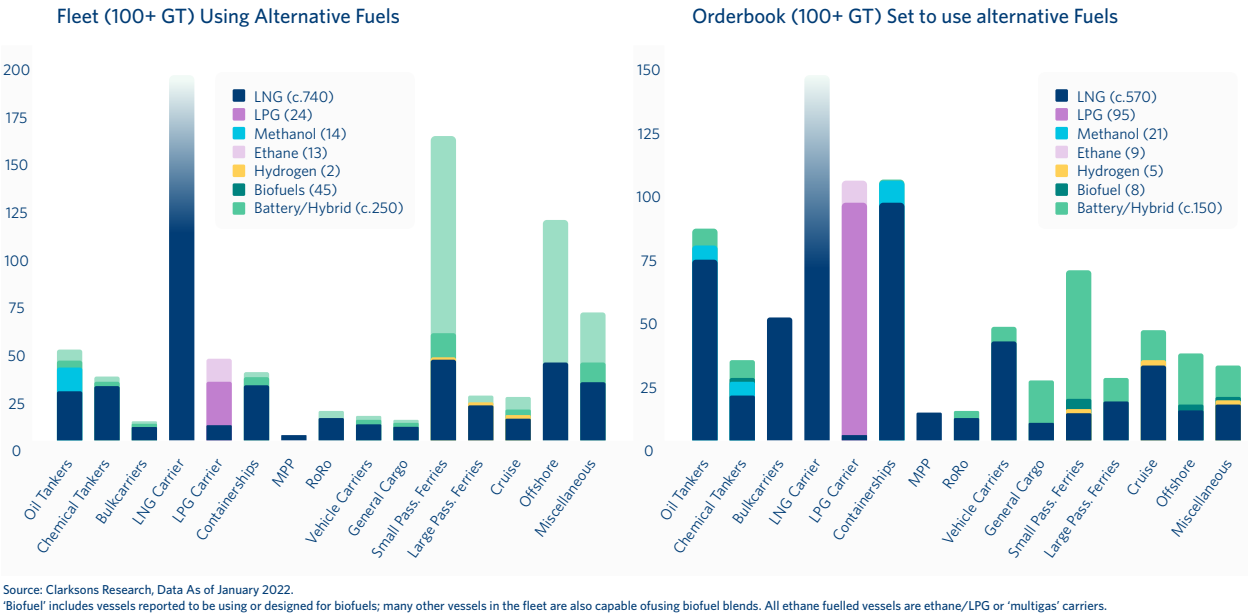
A trusted companion on our clients’ sustainability voyages
Central to Norwegian Hull Club’s service concept is an unwavering dedication to providing exceptional solutions, service and support. This approach remains steadfast when faced with the challenges and opportunities that sustainability presents.

The Club strives to help its clients as they make choices for a better future through innovative, enabling insurance solutions. Norwegian Hull Club’s commitment to supporting the maritime and offshore energy industries in the drive towards zero emissions is laid out in its strategy. This commitment is realized through continual development of insurance products and services that cater to these increasingly sustainability-driven industries. This includes Prevention Through Awareness training, hands-on contingency support, as well as the strengthening of our knowledge and understanding of new risks emerging from greener operations.

Transition through innovative technology
Norwegian Hull Club pledges to support clients with dedicated insurance solutions as they make the transition into new, greener operations - whether it be electrical power, eco-friendly fuel or other initiatives to reduce emissions. Innovation and development of new technology present a greater risk for incidents, whether it is the likelihood of them happening, or the lack of necessary means for mitigation, or the lack of facilities or necessary equipment for repair.

The road to a successful transition to a more sustainable future is filled with innovation and technology that have not yet been exposed to all possible scenarios of its normal operation. It is however the only feasible way forward, and the additional risk of developing the solutions for a better tomorrow for all of us shall not rest with the developers and forward leaning operators, ship owners and managers alone.

Alternative Fuels: Current Uptake by Sector
LNG Fuel Gaining Traction but huge uncertainty over longer-term ‘Solution’



This is a risk shared by all industry players and Norwegian Hull Club will doubtless take its part in the journey by striving to develop the necessary insurance solutions that keep our clients covered.

The Club is building on its experience with exhaust gas scrubbers, battery propulsion and LNG fuelled vessels. In 2021, 1,111 vessels in The Club’s H&M portfolio have installed exhaust gas scrubbers. In 2021, six claims involving scrubber-related claims were reported. As for batteries, Norwegian Hull Club insures 22 vessels with pure battery propulsion, 2 fuel cell vessels and another 158 vessels with hybrid power. Fires in batteries are hard to extinguish so such blazes are therefore seen as a particular concern. The Club has experience with one fire involving propulsion batteries in addition to fires in batteries in cargo and fires in conventional battery rooms. As for LNG, most of the experience is based on LNG-tankers, but LNG is being increasingly used as fuel in other types of vessels. The Club insures 150 vessels that can be fuelled by LNG and two CNG carriers. It is however worth noting that with current LNG prices, we have had indications that many LNG fuelled vessels use oil instead of LNG. Norwegian Hull Club has also been involved in members’ testing of biofuels and currently insures 25 vessels that can use this fuel.

So far, the experience from a technical standpoint has been positive. Clarksons Research has strong focus on CO2 emissions and the ongoing energy transition and has produced statistics (see table above) on the uptake of alternative fuels by sector.

Transition through new regulations
Norwegian Hull Club pledges to develop new, innovative insurance solutions tailor-made to respond to the risks our clients meet through new rules and regulations, or as a result of their choices on their journey towards zero emissions. The transition to a more sustainable tomorrow will unfortunately not be possible if based solely on voluntary initiatives. No matter the good intentions, we are dependent on carrots as well as sticks to reach the zero emission goals. The threats imposed by the risks of continuing to increase the global temperature have proven not to have the necessary impact to make us change. Thus, we are dependent on international, regional and national legislation to gently push us in the right direction.

Such legislation might impose additional risk to Norwegian Hull Club’s clients as they adapt to and change operations to meet requirements. A sustainable approach to conducting business requires taking a larger responsibility also for one’s value chain. Norwegian Hull Club will develop insurance covers to support its clients as they take the necessary measures.

Transition through renewables
Norwegian Hull Club pledges to strive to follow its existing clients into new segments within marine and offshore energy, such as wind farms, solar or tidal energy. The Club shall also grow its Renewables portfolio. The need to transition to a more sustainable economy and low carbon future is a pressing



one. The focus on developing a climate-neutral energy mix has gained substantial attention and support globally.

Norwegian Hull Club, through its Offshore Renewables products and services, supports those clients and members involved in developing, establishing, operating and servicing the offshore energy industry - both for today and for tomorrow. Working with new technologies presents opportunities but also considerable risks. Norwegian Hull Club utilizes its substantial experience from offshore and marine operations to provide specialist risk-transfer knowledge through a tailor-made service concept for renewables. The Club keeps increasing its renewables portfolio and now insures 79 offshore wind farms in operation or under construction.

Transition through insight

Norwegian Hull Club pledges to continue to explore statistics and delve into new technologies to understand claims trends and possible emerging risks. The Club possesses a large amount of data and statistics generated from years of claims experience. Combined with information from databases containing vessel specifics, travel patterns and other data, these provide insight to identify patterns that can reveal claims trends such as manufacture errors, increased likelihood for specific claim types for specific propulsion or increased fire risks. This is used for selection and pricing but is also used to generate benchmark reports to clients. The reports benchmark clients' claim frequency, claim type, detention frequency, Rightship rating, detention frequency, insured values and CO2 emissions to similar vessels in the Club's portfolio.

Aware that even the most valuable knowledge is worthless unless it is shared, Norwegian Hull Club has initiated several in-depth studies and knowledge sharing across the broader marine industry, and will continue to do so by remaining curious, and by exploring and investigating statistical facts. Statistical findings are often shared through the Cefor annual reports. More detailed findings are shared through The Club's casualty information library available at www.norclub.com/insights

Transition through smarter solutions

Norwegian Hull Club and its subsidiary Instech Solutions pledge to utilise new technology and develop software solutions to simplify the placing of insurance, improve the claims handling process, ease the survey process and to quickly provide critical information in emergency situations.

With safety, security, transparency and efficiency as drivers, Norwegian Hull Club and Instech Solutions are building upon almost three decades' experience of improving marine insurance processes through digital solutions. Although technology is always evolving and has an increasing effect on our daily lives, it has so far had limited development and impact on marine insurance business.

The challenge of a fragmented market with many stakeholders and little to no standardization makes any digital initiative

challenging. As there are few tailor-made solutions for marine insurance, Norwegian Hull Club has decided to take on the challenge to delve into new technologies to simplify placing of insurance and understand claims trends and possible emerging risks. To take development further, it is important to challenge the marine insurance value chain, and study where improvements can be made. This requires new technical solutions and processes.

Instech Solutions is developing a new technical platform, which promises to be "the smarter solution" for marine insurance. Its portals will provide ease of use, transparency, collaboration and communication, all in one infinitely expandable future-proof toolbox. All development is carried out in close collaboration with clients, brokers and other stakeholders to ensure that software solutions are developed in line with their expectations. One example is improving claims handling. New emergency tools for swift overview of a critical situation are in place, improving Norwegian Hull Club's ability to act quickly and reduce the potential of huge losses that can have an environmental impact. Further tightening the bonds between stakeholders involved in a claim is crucial, and new solutions are underway. This provides the opportunity for remote survey and online reporting using standardized tools, reducing the need for travel, speeding up the claims process and increasing the quality of work for all involved parties.

Norwegian Hull Club also works on solutions to automate placing of insurance to improve quality and reduce manual work. Finally, Norwegian Hull Club is also committed to working with the marine industry to evaluate how it can work smarter, improving services and quality for those it serves while trying to solve one of the top priorities of various digital transformation efforts: data standards.

Transition through partnerships

Norwegian Hull Club pledges to be a trusted companion to its clients. We shall listen, ask questions and assess how we can best support their sustainability journeys. Through our Loss Prevention Committee, Cefor, IUMI and other partnerships,

The Club shall work to fulfil its Mission and promote best practice and the importance of sustainability throughout the industry. Norwegian Hull Club is a signatory to the Poseidon Principles for Marine Insurance. Through this recently launched initiative, The Club can help influence how the insurance industry contributes to the transition to greener operation.

Cooperation and partnerships are vital to reaching our shared goal of a more sustainable future. Voluntary organisations are driving forces for a more equal world. Norwegian Hull Club has a long tradition of engaging in partnerships and sponsorships that work towards global sustainability, with a particular focus on engaging in initiatives that support the company's knowledge-sharing concept, especially access to education.

Social responsibility - Cooperation for the future

Norwegian Hull Club has a long tradition of supporting

humanitarian and maritime cultural charities and initiatives. In recent years, The Club has focused its partnerships and sponsorships on maritime innovation initiatives and charity projects that support the company's belief in building and sharing knowledge for a more sustainable future. In addition, The Club invests time and knowledge sharing in various maritime organisations and projects.

Cefor: Norwegian Hull Club is a member of Cefor - The Nordic Association of Marine Insurers. Cefor's purpose is to represent members' common interests in the field of marine insurance, contributing to a sustainable ocean industry. The Club engages in Cefor's Board, various forums and working groups, as well as contributing to its educational programme through the provision of lecturers and lesson material. Together, the Nordic Marine Insurers support Cefor's efforts to influence industry framework conditions and share a vision for a sustainable insurance market. Cefor members have commonly entered into a long-term partnership to support the Scandinavian Institute of Maritime Law at the University of Oslo. Since 2019, the Cefor members secure an associate professoriate position for ten years. The cooperation with the institute is important for upholding Maritime Law knowledge development in the Nordic countries. The institute contributes to revision of marine insurance conditions and special considerations for the industry.

Maritime Cyber Resilience Project (MarCy): The primary objective of this research project is to develop validated means for improving cyber resilience of maritime digital control systems and maritime operations. The project is run by the Norwegian University of Science and Technology (NTNU) Department of Information Security and Communication Technology, partnering with Norwegian Hull Club, Norwegian Defence University College, DNV and Kongsberg Defence and Aerospace AS.

Statsraad Lehmkuhl: In August 2021, the sailing ship Statsraad Lehmkuhl embarked on its first around-the-world voyage. The 19-month voyage - named "One Ocean" - is a national cooperation between a range of companies and educational institutions, and an official part of the UN's Decade of Ocean Science for Sustainable Development. The ship will visit 35 ports around the globe with a focus on ocean sustainability and knowledge sharing. Norwegian Hull Club has had a long partnership with Statsraad Lehmkuhl and is also engaged in the main committee, the security committee and the PR committee for this voyage.

Vocational training in Garowe in Puntland, Somalia: Through Norwegian Church Aid (Kirkens Nødhjelp), Norwegian Hull Club contributes to a project that carries out preventive efforts on land to fight piracy in Somalia. The project creates an alternative career to piracy through information vocational training. The project also follows up on former pirates to help prevent a relapse into piracy.

Micro investing in Tanzania: Norwegian Hull Club also supports a second project run by the Norwegian Church Aid. Their micro investing project in Tanzania helps peasant

farmers become profitable, thereby helping prevent poverty, hunger and malnutrition. Through the project, such farmers can invest in reasonable start kits for sustainable farming that are also better for the agricultural land. The project gives access to support and advice from agronomists, so that these farmers attain new knowledge while contributing to reducing hunger.

Thade School Project in Thade, Nepal: The Thade School Project offers all children in the district equal opportunities of primary education. Due to discrimination and social exclusion in Nepal, it has been difficult for children in poverty to acquire an education. In addition, the closest primary school outside of Thade is located more than two hours walk away, making it difficult for Thade children to attend school. As well as tuition and school supplies, the project also provides daily nutritious meals to all students. This is a strong incentive for those families suffering from poverty to enrol their children at the school. The Thade School Project is run by two sister organisations based in Sweden and Nepal.

The Church City Mission in Bergen, Norway: This is an inclusive, non-profit organisation, which works with people who face challenges in life for various reasons in towns and cities across Norway. The vision of the Bergen mission is that people in the city shall experience respect, justice and care. Norwegian Hull Club has chosen to directly support its initiatives that help people that have fallen out of working life to get job training and experience.

Mercy Ships: Mercy Ships runs and operates the world's largest charity hospital fleet, with the mission to bring medical assistance to those with the least access to safe, affordable and timely surgical care. The organisation mainly operates in Africa due to the lack of professional surgery south of Sahara, with more than 1,300 volunteers representing over 50 nations. The diverse crews consist of medical staff, as well as many non-medical staff, enabling Mercy Ships to provide safe, free surgical care to people who need it most.

Gi Gaven Videre: Through a new software called Gi Gaven Videre ("Forward your gift"), Norwegian Hull Club started a new tradition at Christmas 2019. Rather than sending out Christmas gifts, all employees receive an electronic donation 'gift card' which they can forward to one of a number of good causes. Gi Gaven Videre is a new, non-profit initiative and the receiver of the gift card can choose amongst more than 100 local, national or global non-profit organisations. Norwegian Hull Club has continued using Gi Gaven Videre for Christmas gifts to employees, as well as for anniversary gifts to clients and relations. Encouraged by Norwegian Hull Club, Gi Gaven Videre launched its English version just before Christmas 2020, and The Club intends expanding on its use of this charitable gift solution.

YoungShip Bergen: This is a competence and network-building non-profit organisation for young professional maritime employees in the Bergen area of Norway. The organisation has more than 250 members from over 70 different companies within the maritime industry.



PEOPLE AND THE WORKPLACE

The difference? It's the people

Norwegian Hull Club seeks to differentiate itself from its competitors via the skills, knowledge, experience and extraordinary dedication to service possessed by its employees. These qualities, when taken with the core value of 'sharing' - particularly when it comes to knowledge - have helped to forge the long-term client relationships that Norwegian Hull Club depends on at a strategic level. In doing so, they have also helped cement the company's reputation within the marine and energy offshore insurance market, acting as the foundation for The Club's 'Expect more' promise.

An attractive employer with dedicated employees

Attracting, developing and retaining highly competent employees is crucial for reaching The Club's overarching objectives, for executing strategies and for implementing changes in the organisation. Through continuous development of its culture, knowledge and employee behaviour, The Club will continue to deliver on its 'Expect more' promise.

The overall policy for people in the organisation entails:

- Understanding that the company's success depends on the skills, motivation and attitude of its employees;
- Offering good, stable working conditions, competitive terms and equal opportunities for personal growth and development;
- Involving employees in the planning and efficient execution of activities;
- Promoting cooperation, knowledge sharing and team spirit throughout the organisation.

The Club will focus on developing a culture characterised by diversity, transparency, openness and trust, and ensure its employees are also relevant in the future. In 2021,

employee turnover was 10.53% - higher than the company has experienced for many years. Analysis has shown that such turnover is partly the result of changes in The Club: the company has been growing, its head office has relocated, plus some parts of business have been reorganised. It can also be seen that some employee turnover is the result of effects caused by the Covid-19 pandemic: employees might feel less connected to and engaged with their employers generally, given that remote work has been 'the norm' for the past two years. Also, it has been seen that competition with regard to workforce in the industry is very high, and employees have been headhunted by competitors. A lower turnover is a goal for 2022 (less than 8%). Focus on and actions to retain personnel will continue going forward.

Health, Safety and the Environment (HSE)

The company structures its HSE work around several processes and activities, with different tools for both identifying and assessing any HSE challenges. It has also developed a system that enables employees to "whistle-blow" anonymously.

The Club's employees have full freedom of association. Employee representatives are engaged by the company on a regular basis. Employees are represented in the governing bodies, being voted for by their co-workers. Working environment issues, both physical and psychosocial, are also integrated in the employee satisfaction survey, which is conducted among all employees to identify matters that require special attention. The response rate in 2020 was 86% and the general satisfaction score was 4.5 (out of a possible 5.0). The Club will conduct its next employee satisfaction survey in autumn 2022.

To complement the biannual working environment survey, The Club implemented a PULSE survey in December 2021.



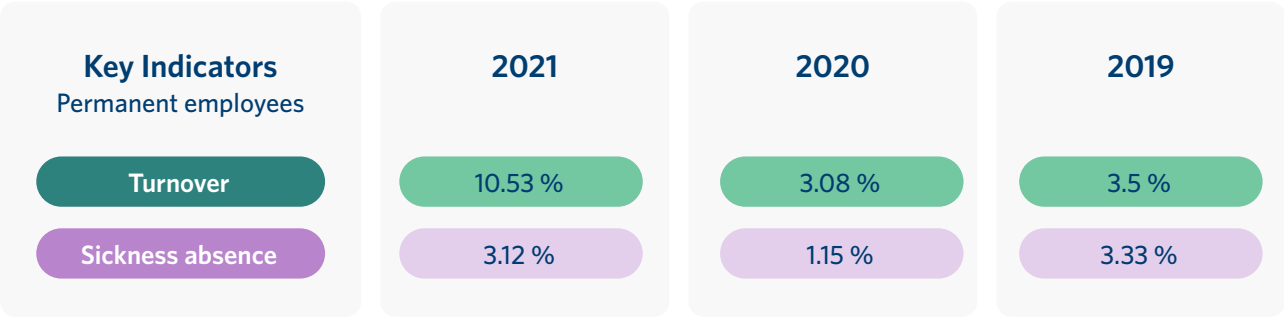
This is a tool for all managers to receive feedback from their employees on a more regular basis. PULSE will be run three times a year, and The Club also considers this tool to be important for meeting and monitoring a more hybrid working life going forward. The engagement score (Net Promoter Score in December) was 48.

- General measures to promote health and a good working environment also include:
- Annual medical check offered to all employees;
 - Company Sports Club that organises a wide range of activities;
 - Company membership offered to all employees at Naardic, Norway's largest online training studio;
 - Company Social Committee that organises social activities throughout the year;
 - A yearly company contribution up to NOK 6,000 per employee for individual training activities.

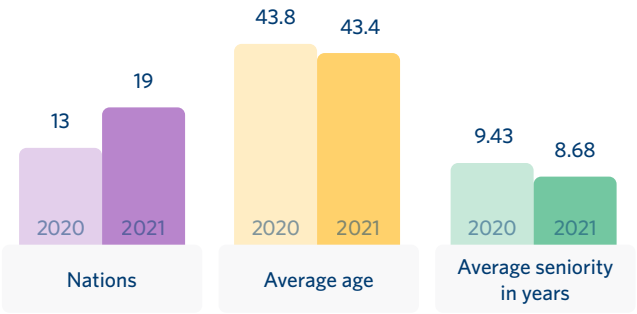
Learning and development philosophy

Norwegian Hull Club is a competence-based company. The office as a place to work and meet has been - and is sure to become again post-pandemic - the most important arena for interaction, culture and competence building. At the same time, The Club sees that working life going forward will

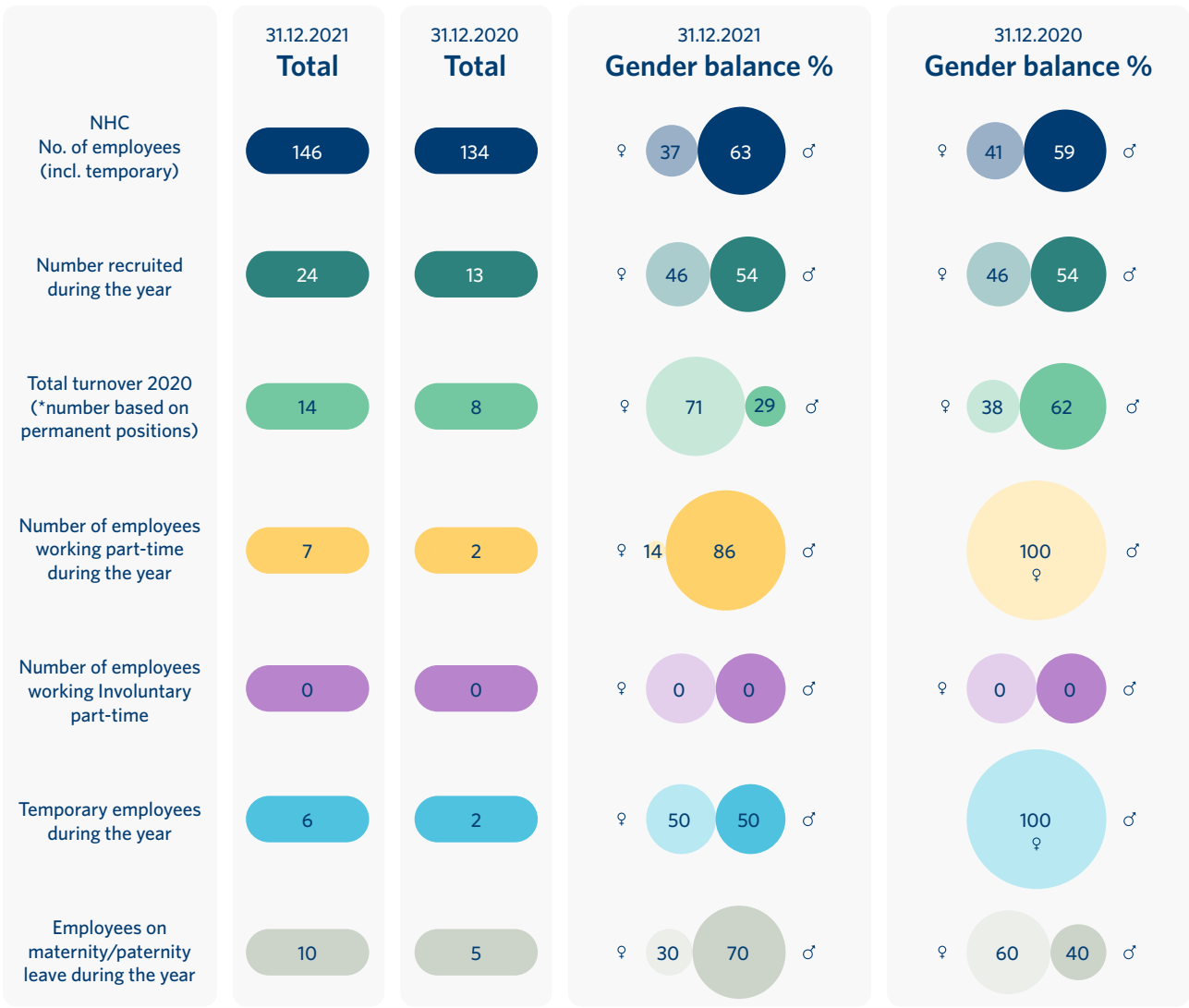
increasingly be characterised by individual flexibility and the possibility to work from places other than permanent office spaces. The most essential elements regarding development happen daily in the workplace. The Club puts great efforts into such 'development from within', providing employees with career development and growth opportunities.



Key Indicators Permanent employees



Employee overview / gender balance - 2020 / 2021



This is an important leadership responsibility. Career development opportunities are also important in order to promote the attractiveness of the industry in general. Through the biannual appraisal process, development opportunities and goals are discussed and planned.

- In 2021, 20 employees were promoted (nine female, 11 male);
- The Club hired four new students in 2021 on Internship programmes. It also extended the time with the company for one student;
- Both of The Club's Trainee Vest trainees were hired in permanent positions after finalising their programme which ran from August 2020 until June 2021;
- In 2021, The Club hired six employees on temporary contracts.

Norwegian Hull Club's Internal Academy focuses on structuring and aligning leadership development and employee development. The Internal Academy is an arena for developing and strengthening a common culture across

departments, plus is an important arena for knowledge sharing. It is also an important part of The Club's onboarding and strategic competence development processes. Through the Internal Academy, a wide variety of training activities are organised and offered:

- In-house digital company leadership programmes were developed and deployed, with a 'Diversity in the recruitment process' focus;
- Training all managers in the new digital appraisal tool;
- In 2021, 28 shorter digital sessions within different relevant business subjects were held through the Internal Academy.

External development processes

External programmes have become an important, integral part of leadership succession pipeline planning, as well as the strategy for company development. External programmes must be compatible with the company's values and desired leadership culture standards. Through collaboration with leadership and organisational development consultancy AFF at NHH - Norwegian School of Economics, The Club

Overview of men and women in management positions



has developed an in-house programme with both the top management and their direct reports as participants. Norwegian Hull Club also has participants on the AFF Accelerate and Solstrand programmes. Through its agreement with AFF, The Club also offers coaching for individual development, aimed at both leaders and key personnel.

Equality and diversity work

In order for Norwegian Hull Club to achieve its goals of being an attractive employer and delivering the best service to its clients, we strive to build a diverse team with a wide variety of experience and educational backgrounds, ages, nationalities and gender. Differing viewpoints, together with the wide-ranging personal and professional skills that characterize such diverse teams, can offer new perspectives that inspire The Club to further innovate and evolve.

The Club's diversity and equality focus began in 2016, when the Top Management Group (TMG) took active action towards diversity and - in particular - gender equality. Today, employees have an age range spanning from 23 to 70 boasting a broad spectrum of educational backgrounds. The Club has succeeded in recruiting motivated people from 19 different nations around the world. However, closing the gender gap - both in terms of representation of women on management levels and of salary imbalance- remains a challenge on which we maintain a dedicated focus.

The proportion of women in senior roles at Norwegian Hull Club has gradually increased in recent years but the goal to recruit and promote more women to senior positions remains. Increasing diversity and inclusion starts with management commitment and role modelling. Therefore, Norwegian Hull Club works to increase awareness of unconscious bias, as well as mitigating bias, in business and people decisions. It is fundamental to have managers at all levels who are aware of the value that diverse, inclusive teams bring to the company. The role modelling of such teams is important for supporting The Club's development towards gender equality and further inclusivity.

Norwegian Hull Club embraces flexibility, realising that this is a necessary element in balancing and combining home-life and work. All employees are offered equipment and economic support to set up a well-functioning home office.

Since 2019, Norwegian Hull Club has reported on gender equality and diversity by attending the SHE Index. The SHE Index is a catalyst for encouraging companies to focus on gender balance in leadership and the workforce, compensation and work / life balance. By joining the SHE Index, an active step towards gender equality has been taken. There has also been the realisation that what can be measured can also be

Women's share of men's wages in %	
Executive Management	85.47 %
Middle Management	75.39 %
Managers & Advisors	83.63 %
Staff	104.53 %
Grand Total	74.0 %

changed and, since 2019, Norwegian Hull Club has improved its SHE Index score each year. In 2021, Norwegian Hull Club scored 61 out of 100 – an eight-point increase on 2020.

Other concrete actions taken in 2021 to work towards diversity relate to revising the entire recruitment process in order to appeal to a more diverse group of candidates. The Club also interviews all employees who resign from the company, systematically analysing the responses to identify the main motivation behind their decision. During the spring of 2022, The Club will conduct a diversity survey among employees and discuss the results in a company-wide

workshop for all employees in April. Norwegian Hull Club realises that building a completely gender-balanced workforce takes time, and the work towards this must be systematic and consistent. The eventual goal is a workforce with 50% women and 50% men. In addition, The Club's ambition is to continue to build diverse teams in terms of experience, nationality, age and background.

We believe that our company culture and its policies, combined with a good benefits and reward package, will contribute to attracting diverse talent and building an organisation of even greater inclusivity.



KEEPING OUR HOUSE IN ORDER

As a financial institution subject to regulatory governance, Norwegian Hull Club complies with a number of requirements regarding governance and organisational structure, financial strength and operational issues, in addition to standard business enterprise considerations and compliance regulations.

The European Solvency II regulation defines the responsibilities of the Board and management. It has specific requirements for independent compliance and control functions.

Solvency II also has specific requirements regarding financial strength. The Club's capital is substantially above this requirement. In addition, Norwegian Hull Club has chosen to be rated by Standard & Poor's in order to obtain a financial strength rating that is widely acknowledged globally.

Managing financial strength is key to providing first-class insurance protection and other services to clients.

Over the past few years, awareness of sustainability and ESG (Environmental, Social and Governance) issues have increased substantially, both among businesses and governments. This is a wide and complex area but 'keeping our house in order' is an important part of The Club's sustainability efforts. Using as few resources as possible in the operation, knowing business partners - both clients and service providers - as well as limiting cyber risk and protecting business partners' data, are all important issues in a sustainability context and make sense commercially.

Corporate governance and compliance
Norwegian Hull Club conducts its business and operations with the greatest integrity and to the highest ethical



standards. These elements are embraced by the entire organisation. Integrity is also one of the core values of the company. The Club has a comprehensive risk management and internal control framework to systematically identify, assess, manage and communicate risks throughout the organisation.

Clients and business partners can trust that Norwegian Hull Club conducts its business with a high level of responsibility, respect, and transparency and in accordance with the laws, legislations and standards presented in the model on the previous page.

Responsible investments

Norwegian Hull Club is - and aims to remain - a responsible investor. Active corporate governance, international conventions and integration of sustainability topics into asset management form the basis of responsible investments.

The foundation of Norwegian Hull Club's investment philosophy is the conviction that strong corporate governance, combined with a focus on environmental and social issues, is instrumental for long-term profitability. The best investments over time are those made in well-managed companies that - in addition to strong business performance - apply a systematic and integrated approach to sustainability to protect and grow future cashflows. Such companies will also be best able to manage risk associated with ESG issues. Sustainability and ESG are, therefore, integral parts of the investment manager screening and selection process.

Norwegian Hull Club uses third-party asset managers for security selection, through funds and discretionary mandates. Responsible investment is a key consideration when selecting external asset managers. In general, asset managers continue to improve their abilities within the field of sustainable investments as clients and society increase expectations. Norwegian Hull Club primarily seeks external asset managers that:

- Are signatories to UN Principles for responsible investments (Norms-based screening)
- Are transparent about ESG issues
- Apply a systematic and integrated approach to sustainability factors in their investment processes (ESG integration)
- Report on ESG
- Seek investments with positive ESG effects that do not require financial trade-off

Sustainable practices through value chain

Poseidon Principles for Marine Insurance (PPMI) was launched in December 2021. Norwegian Hull Club has signed up to the initiative together with Swiss Re, Gard, Hellenic Hull Management, SCOR, Victor Insurance and Fidelis. Further affiliated members are Cefor, IUML, Willis Towers Watson and EF Marine.

The PPMI is a framework to quantitatively assess and disclose the climate alignment of marine insurers’ underwriting portfolios. The initiative makes marine insurance the first line of business to establish a sector-specific methodology to support the ambition of the Net-Zero Insurance Alliance (NZIA), where members commit to transitioning their

underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the COP21 Paris Agreement. The PPMI will officially enter into force as it reaches eight signatories, likely during the spring of 2022. The Club will report vessel emissions according to this methodology later in 2022.

Since 2018, the European Maritime Safety Agency has collected annual CO₂ emission data for cargo-carrying vessels calling at European ports that are over 5,000 GT. This data is available for download and covered 43 % of The Club's H&M claims-lead ships above 5,000 GT in 2020.

The graph opposite shows a comparison of emissions per transport work for vessels of different types, sizes and ages. The graph shows that small vessels have higher emissions per transport work than large vessels and that old vessels have higher emissions than newer vessels. The graph also shows that Ro-Ro vessels have the highest emissions per transport work and Bulk carriers and Tankers have the lowest emissions.

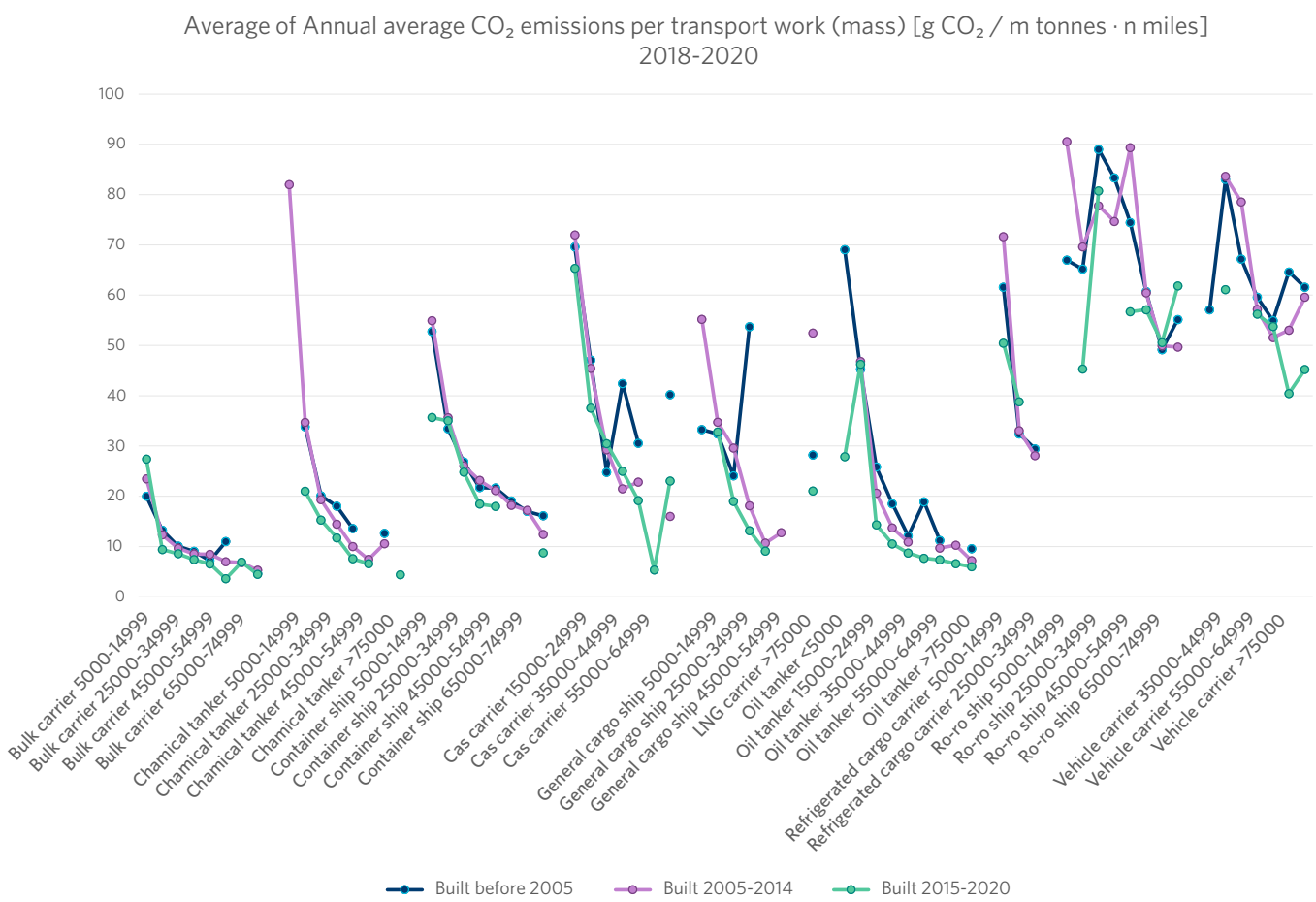
According to other data, road transport has higher emissions than all vessel segments shown in this graph. The largest emission change has been observed in the Passenger/Cruise segment. Here, emissions-per-transport-work increased materially due to the pandemic as although transport-work levels dropped, the vessels still burnt fuel for heating/cooling etc.

Shipowners are facing new IMO and EU regulations from 2023, when shipping will be included in the EU Emissions Trading System (ETS) and IMO regulations require vessels to report a Carbon Intensity Rating and corrective action on the worst emitters. The Club has signed up for the Poseidon Principles for Marine Insurance and will report vessel emissions according to this methodology later in 2022.

CO₂ emissions from vessels with H&M covers with The Club are 6.7% higher than the Poseidon Principles Target in 2020. This estimate is based on publicly available emissions on voyages to/from the EU and calculated in accordance with the Poseidon Principles. The target is designed to achieve a 50% reduction in overall emissions, from 2008 to 2050. Due to increased shipping demand this requires a 88% reduction in emission per nautical mile. The target per year assumes a fixed absolute reduction in emissions per nautical mile per vessel per year. In 2020, the passenger/cruise segment was adversely affected by the pandemic as idle vessels get very high emissions per nautical mile. Insurers’ overall results are less affected by this segment than banks as the vessel results are weighted by share-DWT for insurers and outstanding debt for banks.

Sustainability assurance

Norwegian Hull Club believes in the positive effects of transparency and drawing attention to topics for improvement. Sustainability reporting is not yet a requirement, but the focus on sustainability in the marine industry is both increasing and welcomed. The reporting of information regarding economic, environmental, social and governance performance in relation to sustainability is strived for. However, the intention is not just to report - it is also the aim to internalise and improve The Club’s commitment to sustainable development in a



way that can be demonstrated to both internal and external stakeholders, ensuring that sustainability and profitability go together.

Norwegian Hull Club has chosen to base its reporting on the GRI Standards and the report is, therefore, GRI inspired. This report is The Club’s third sustainability report. The Club awaits the requirements related to sustainability reporting from the European Insurance and Occupational Pensions Authority (EIOPA) as it revises the Solvency II regime, before deciding on the reporting framework for the future.

Norwegian Hull Club is a signatory to the Poseidon Principles for Marine Insurance (PPMI) which is expected to come into force during spring 2022, and will implement reporting of emissions from its client portfolio in accordance with PPMI from 2023. Norwegian Hull Club’s mission is to secure lives, health, environment and property; a sustainable approach to emergency response and the claims handling process is, therefore, at the very heart of what the company believes in and what it does.

Integrity is the backbone of the business and one of The Club’s four core values; business is conducted in accordance with strict ethical guidelines. The Club is also a valued workplace as well as a service provider likely to be recommended by clients. As such, Norwegian Hull Club rests upon a solid and sustainable foundation. However, to succeed in finding the more responsible solutions and make sustainable choices

requires a clearly communicated focus that pervades the organisation. An internal committee is therefore responsible for driving the company’s sustainability initiatives forward. The committee is headed by the CEO, supported by other members of the top management group, as well as key personnel from other departments.

Since April 2020, when Norwegian Hull Club launched its first report, The Club has increased its ambitions on a strategic level and defined more concrete actions to reflect these ambitions. By repeatedly discussing relevant topics, reflections have matured, and new opportunities have appeared. For some areas, concrete goals and measures have been implemented.

Stakeholder involvement

Various representatives from Norwegian Hull Club’s key stakeholders were involved in the process of selecting relevant material topics in 2019. Governing Bodies were represented by the Board of Directors (BoD) and the Committee. The BoD continues to play an active role in The Club’s sustainability work through regular dialogue at Board meetings. The members of Norwegian Hull Club’s Committee contributed by means of a workshop. A survey was sent to The Club’s clients and to the insurance brokers involved in Norwegian Hull Club’s business both in 2019 and in 2022. In addition, all employees in Norwegian Hull Club and its two subsidiaries, Marine Benefits and Insurance Technology Solutions, have contributed through an employee survey, a company-wide workshop

and in informal meetings. Furthermore, The Club’s surveyor network has been approached for input in a seminar. The Club further discusses the topic with reinsurers, with clients and brokers in regular meetings and with its Nordic competitors in Cefor – The Nordic Association of Marine Insurers. The topic and how to contribute to a more sustainable future are also discussed with other key stakeholders, such as salvage companies, audit companies, and investment managers. The Club will continue to conduct a survey every second year to systematically map out which material topics are important to the internal and external stakeholders.

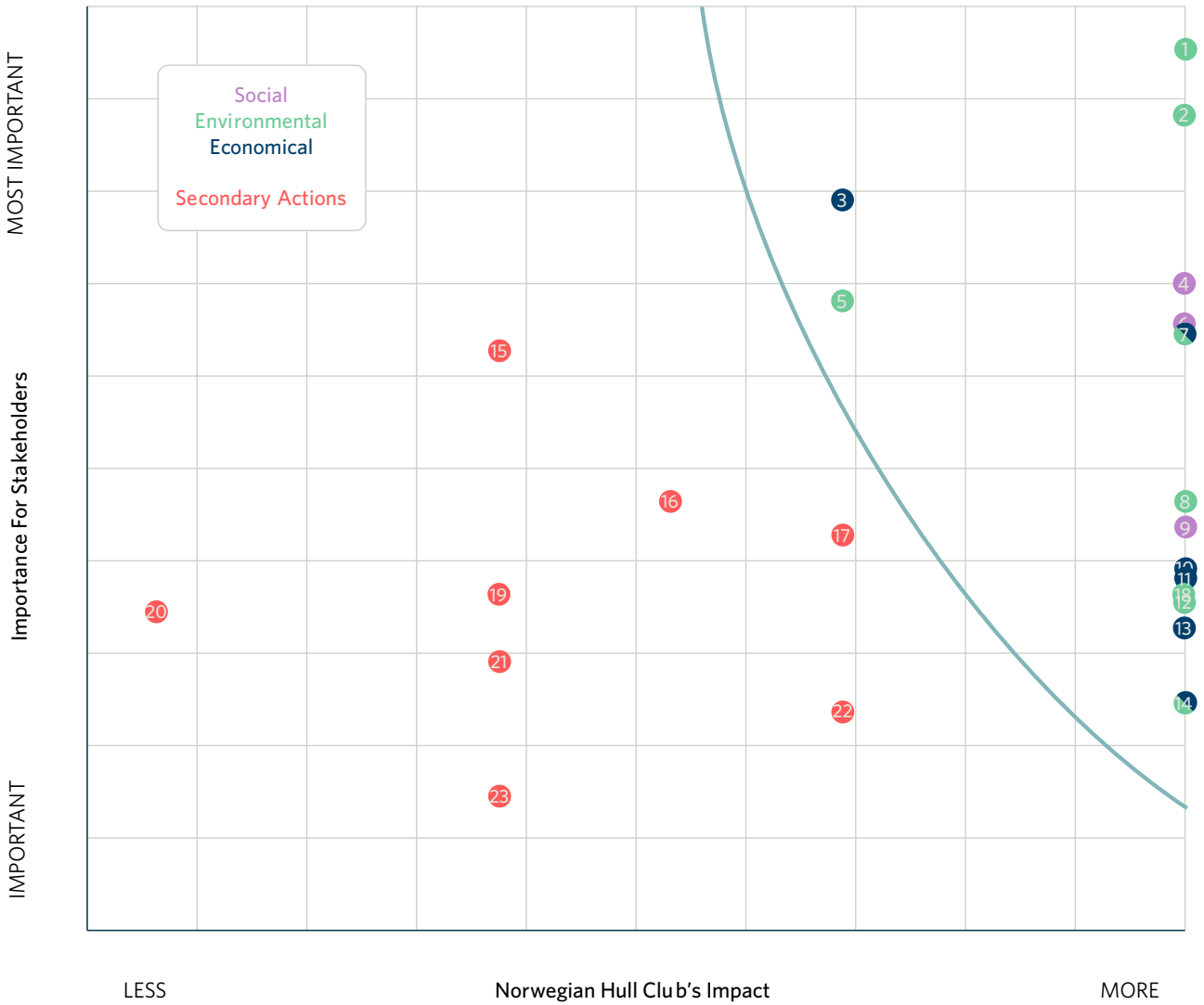
Material topics

Norwegian Hull Club identified relevant material topics from the strategy and business model of the mother company and its subsidiaries. Other sources of inspiration in the process were global competitors, the general insurance industry, clients, media, governmental authorities, industry associations, GRI Standards and the GRI G4 Financial Services Sector Disclosures.

- After assessing all the input, Norwegian Hull Club ended up with a list of 23 topics:
- Preventive and mitigating emergency training for onshore and offshore crew
 - Providing clients with warnings related to operational risks
 - Hands-on emergency response support to clients
 - Hands-on claims handling to mitigate injuries, spill and damage
 - Contributing to due diligence and sustainability (compliance, working conditions and waste/spill management) assessment of common suppliers (e.g. yards)
 - Contributing to the development of insurance conditions tailored to adapt to a more sustainable industry
 - Offering a health insurance (for off-hire periods) to seafarers from countries with low or no medical welfare system
 - Conducting studies on clients’ crew members’ physical and

- mental health (mapping of a crew’s working conditions)
- Expanding its renewable energy portfolio
- Developing “green” insurance products to support expanded use of environmentally friendly technology
- Contributing to the development of environmentally friendly technology
- Making use of data and technology to adapt for quicker decision making in emergencies
- Making use of data to identify new risks
- Reducing organisational/operational carbon footprint
- Developing employee skills and training
- Focusing on diversity in own organisation
- Securing equal rights and framework conditions for Norwegian Hull Club’s employees
- Exclusionary screening: the exclusion of certain sectors, companies or practices based on specific ESG criteria.
- Best-in-class screening: invest in sectors, companies or projects selected for positive ESG performance relative to industry peers.
- Norms-based screening: screening of investments against minimum standards of business practice based on international norms, such as those issued for example by the OECD, ILO, UN and UNICEF.
- ESG integration: the systematic and explicit inclusion of environmental, social and governance factors into the investment analysis.
- Sustainability themed investments: investing in assets specifically related to sustainability (e.g. clean energy, green technology or sustainable agriculture).
- Corporate engagement and shareholder action: the use of shareholder power to influence corporate behaviour.

As many topics related to company governance are legal requirements, they are not included amongst the material topics but are covered in a separate section in the report. The Club has identified a list of 15 material topics when summarising the importance for stakeholders and comparing this to the company’s impact on the various topics.



- 1 Hands-on claims handling to mitigate injuries, spill and damage

2 Hands-on emergency response support to clients

5 Making use of data and technology to adapt for quicker decision making in emergencies

7 Provide clients with warnings related to operational risks

8 Preventive and mitigating emergency training for onshore and offshore crew

12 Reduce organisational/operational carbon footprint

14 Conducting studies on clients’ crew members’ physical and mental health (mapping of crew’s working conditions)

18 Expanding its renewable energy portfolio
- 3 Making use of data to identify new risks

7 Provide clients with warnings related to operational risks

10 Offering a health insurance (for off-hire periods) to seafarers from countries with low or no medical welfare system

11 Norms-based screening: screening of investments against minimum standards of business practice based on international norms, such as those issued for example by the OECD, ILO, UN and UNICEF.

13 ESG integration: the systematic and explicit inclusion of environmental, social and governance factors into the investment analysis.

14 Conducting studies on clients’ crew members’ physical and mental health (mapping of crew’s working conditions)

- 4 Secure equal rights and framework conditions for Norwegian Hull Club’s employees

6 Develop employee skills and training

9 Focus on diversity in own organisation
- 15 Contribute to developing insurance conditions tailored to adapt for a more sustainable industry

16 Develop “green” insurance products to support expanded use of environmentally friendly technology

17 Contribute to due diligence and sustainability (compliance, working conditions and waste/spill management) assessment of common suppliers (e.g. yards)

19 Exclusionary screening: the exclusion of certain sectors, companies or practices based on specific ESG criteria

20 Best-in-class screening: invest in sectors, companies or projects selected for positive ESG performance relative to industry peers

21 Contribute to development of environmentally friendly technology

22 Sustainability themed investing: investing in assets specifically related to sustainability (e.g. clean energy, green technology or sustainable agriculture)

23 Corporate engagement and shareholder action: the use of shareholder power to influence corporate behaviour.

COMPANY OVERVIEW OF THE YEAR

Business Strategy

Norwegian Hull Club is a global mutual marine and energy insurer. Its business model and strategy both focus on providing an integrated claims-leader service as well as diverse, innovative and competitive insurance solutions that cater to the needs of its clients and members. This integrated claims-leader service includes - but is not limited to - efficient claims handling, as well as emergency response and loss-prevention activities. Norwegian Hull Club covers vessels, offshore energy assets and yachts for the following traditional products: Hull & Machinery (H&M), Loss of Hire (LoH), Total Loss, War, and Builders'/Construction Risks. The Club also offers medical insurance for seafarers, Crew Contractual Liability Insurance, P&I and FD&D. There is also a portfolio of Special Risks products. The majority of The Club's premium income comes from international members and clients. The company's registered office is in Bergen, Norway.

Management

As in 2020, Covid-19 again affected Norwegian Hull Club's ability to physically meet members, clients and business partners in 2021. Despite this, The Club's business strategy remained the same and the organisation continued to deliver its claims-leader service, largely through digital platforms.

Another year with limited travel activity provided additional time for internal training and knowledge sharing among employees, a strengthening of the business concept. The optimisation of business processes following reorganisation late in 2020, as well as alignment across the organisation, continued in line with The Club's strategy to remain relevant and serve members and clients in the best possible way.

The Club experienced an employee turnover rate of 10.5% in 2021. Employee gender imbalance widened despite a strong focus on reducing it. The aim of recruiting and retaining diverse, qualified and motivated employees to safeguard that The Club continues to deliver on its promises remains, therefore, a key priority set by the CEO.

Sustainability

Sustainability matters continue to be increasingly material for the marine insurance ecosystem and for The Club itself. Climate change risks, Covid-19 impact and The Club's shipping and energy clients' goal to reach zero emissions are high on the agenda and, clearly, impact the business model now and going forward.

The Club's sustainability strategy is closely linked to its mission 'to secure lives, health, environment and property' and is embedded in the overall company strategy. In time, the

aim is that members, clients, suppliers and business partners will recognise The Club's consideration for a sustainable future throughout all steps of the operation. The Club aims to be at the forefront of viable development of its industry in this respect. This position was strengthened in 2021 when Norwegian Hull Club become one of six founding members of the Poseidon Principles for Marine Insurers. This initiative aims to map out the carbon footprint of the signatories' H&M portfolios. Initiatives to increase all employees' awareness and understanding of its sustainability strategy further commit The Club to its mission, and promise to increase knowledge of the impact the organisation has - or can make - within Environmental, Social and Governance aspects.

Operational Review

Underwriting

The Marine and Energy markets continued to recover in 2021. The Lloyd's market and the UK branch markets maintained their 2020 approach by remaining increasingly cautious in the offering of insurance capacity. During 2021, some new entrants started to pick up market shares. Currently, the market is quite disciplined. However, more underwriting capacity is expected to be offered to the market and could potentially lead to a 'flat' rate development going forward.

Local competition - in Scandinavia in particular - has seen the market stagnate somewhat on specific fleets within some segments.

Norwegian Hull Club has continued to implement its strategy of cautious growth, recognising that underwriting discipline remains key to achieving required profitability.

The Covid-19 pandemic is testing societies, governments, markets and Norwegian Hull Club in a way that was unimaginable before February / March 2020. With the situation being so fluid and fast moving, The Club is constantly reviewing the current, likely and potential impacts on its portfolio.

Looking ahead, 2022 is likely to see a flattening in the premium volume growth for The Club on traditional core products such as H&M, LoH, IV (Increased Value) and War. However, LoH may be an exception due to increasing freight rates within some segments. Increased daily indemnity will result in premium growth - obviously a positive in the short term. However, increased risk exposure will potentially have a negative impact on the result if the risk is not priced adequately.

The increased volume will come from lines of business such as Renewables, Special Risks, Marine Benefits and Owners' P&I. There is uncertainty regarding the volume of the War product but, with a newly implemented web-based platform for handling War Calls and a solid portfolio of vessels, Norwegian Hull Club is well positioned to handle the volume within this segment.

Activity in the Offshore Renewables market continues to grow. The Global Wind Energy Council (GWEC) expects 2022 to be a record-year for new offshore wind capacity installed globally. Predictions for the coming years are even higher. As new projects increase in size, MWs and capex, this leads to an increased demand for insurance capacity.

The Renewables segment is supported in the insurance market by onshore power / property insurers moving into offshore, and offshore energy insurers entering Renewables from the traditional oil and gas segment. There is an increase in capacity offered but the market is still hardening slightly. Norwegian Hull Club is continuing to grow in this segment.

An improved portfolio, as well as increased top line, should indicate positive development in the years to come. However, external factors - such as the Covid-19 pandemic, inflation, uncertainty surrounding technology, the scarcity of repair facilities, as well as geopolitical instability - may very well impact the results.

Reinsurance

In general, reinsurance capacity for the 2022 renewal remained plentiful, yet with disciplined deployment against a backdrop of pandemic-related uncertainties, concerns around the impact of climate change, inflationary pressures and low interest rates. Overall, this resulted in a wide range of renewal outcomes highly differentiated by client, portfolio and territory, with final terms invariably settled on a client and portfolio-specific basis.

For Norwegian Hull Club, the overall renewal result was satisfactory: improving the net position for most segments and, in doing so, adding to the profitability and longer-term competitiveness of The Club.

Reinsurers, as with any other large financial organisations, play a vital role in the shift towards a more sustainable future. By using their financial muscles both as investors as well as influencers, they actively support the signal they already convey of identifying business activities which they consider negative from an ESG perspective. For Norwegian Hull Club, one of these areas under review is Arctic drilling. Core reinsurance partners are already posing questions about The Club's exposure within this activity class.

At the same time, a keen interest in and support of the greener part of the book is visible. Our Offshore Windfarm areas, and more recently Clean Renewable Generation Devices, are prime

Members of the Board



NORWEGIAN HULL CLUB

**Rebekka
Glasser
Herlofsen**
Chair of the
Board



**Magne
Øvreås**
Deputy
Chair



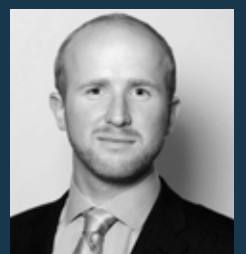
**Øystein
Beisland**



**Anna F.
Erlandsen**



**Anders
Furnes**



**Martin
Karset**



**Marianne
Møgster**



**Siri P.
Strandenes**



examples of areas where The Club's reinsurers are enhancing their support but always balanced against risk-adequate terms and conditions.

Claims

A total of 3,310 new claims were registered as of December 31, 2021 - an average of 9.07 new claims registered daily. Of this total, lead claims accounted for 1,905 (including P&I), while co-insurance claims stood at 1,405.

The Club's Claims Department is designed and manned for the Claims Lead position under marine policies, in particular products such as H&M, LoH, IV and War.

The number of lead vessels insured by The Club continued to increase in 2021, now exceeding 6,000. A total of 1,582 adjustments were finalised on policies in 2021 where Norwegian Hull Club was Claims Lead. Reported claims costs for 2021, including increases from previous periods, stood at USD 150,379,400 - slightly higher than 2020 but lower than 2019. An absence of major claims in 2021 was also a key factor in claims costs reported.

During the pandemic in 2020/2021, The Club launched several digital initiatives including the Emergency App, Remote Survey, Survey Without Attendance, as well as developing the Norwegian Hull Club digital survey platform. So far, 143 surveys have been conducted on this new digital survey platform.

Norwegian Hull Club observed that it continued to deliver quicker settlements under lead Hull & Machinery policies than its peers. Median handling time from notification to payment for Norwegian Hull Club's lead portfolio was lower than that of 2020.

Digital initiatives will continue to be implemented in 2022 and beyond to further increase efficiency in the claims-handling process. Norwegian Hull Club's role as Claims Lead for many insured units enabled it to continue sharing valuable knowledge and experience with its stakeholders. The Loss Prevention & Emergency Response department maintained its focus on the Pro-Active Method/Contingency training, promoting these extensively in crisis-handling training sessions. In addition, tools and products for risk assessment are today a part of our service programme.

The Club's Claims and Service concept continues to be well received, with high demand experienced for its digital platforms. The Claims Department continued to deliver a high number of member and client activities globally through such platforms in 2021.

The new situation room in 'Skipet' - the building that houses The Club's head office in Bergen - has been finalised and is in use. Technology and competence have together delivered 'Expect More' on a higher level, handling contingency and training sessions for Norwegian Hull Club's members and clients.

Investments

The investment portfolio delivered a 2.64 % return in 2021 against the benchmark return of +3.14 % (in local currencies).

In nominal terms, the return was USD 11.7 million.

Compared to budgeted returns for the year, the actual portfolio returns exceeded expectations. Risk-assets, such as public equities, private equity and real estate, delivered extraordinary returns. Fixed income returns were more dampened, with the aggregate bond benchmark barely breaking even in 2021. As a result, with high allocation to low-risk fixed-income investments in the portfolio, combined with an average inflation of +4.4% throughout the year, the real (i.e. inflation-adjusted) return was negative.

2021 was another year of uncertainty and volatility following the onset of the Covid-19 pandemic, along with a surging economy resulting from the reopening of societies and strong fiscal and monetary stimuli. In addition to effective vaccines and accelerating vaccination rates leading to an easing of lockdowns, the global economy recovered rapidly despite setbacks from the emergence of new virus variants. The recovery has been accompanied by labour shortages and pick up in nominal wage growth, as labour-force participation rate has fallen significantly during the pandemic and has not yet recovered.

The development set out above was particularly pronounced in the US. Much of the surge in demand, especially for goods, was driven by stimulus checks transferred directly from the US Government to people's deposit accounts. This stimulus was indirectly funded by the central bank creating money. With consumer spending trending higher, and financial conditions being as accommodative as never before, strong corporate earnings followed suit as US corporations pulled in record profits.

Companies around the world had to battle supply-chain bottlenecks as strong consumer demand converged with industrial production struggling to catch up after lengthy Covid-induced shutdowns, labour shortages and even shortages in certain commodities that led to higher input costs to manufacturers. As a result, price pressures took off and led to inflation not seen in decades, well above market expectations.

Reduced confidence in the transitory nature of inflation led the Federal Reserve in the US to change its rhetoric about a taper of its massive asset purchases. It announced that it would start to reverse its ultra-easy monetary policy already in November 2021. Yields on US Treasuries increased significantly, and yield curves finished the year higher and steeper than at the start. While risk markets boomed and speculative trades flourished, the more rate-sensitive and low-risk investments, such as investment grade corporate bonds and Treasury bonds, struggled. Even though short-term bonds outperformed longer-dated bonds, they still posted negative returns over the year.

Other Activities

Marine Benefits AS

Marine Benefits AS (henceforth Marine Benefits) is a 100 %-owned subsidiary of Norwegian Hull Club. It provides employment-related benefit solutions, health insurance and

Crew Contractual Liability insurance for the global shipping community. Marine Benefits also performs third-party services for ship owners and managers on crew claims handling. More than 124,000 seafarers and family members had medical plan insurance from Marine Benefits at the end of 2021.

Insurance Technology Solutions AS

Insurance Technology Solutions AS (henceforth Instech) is a 100 %-owned subsidiary of Norwegian Hull Club. It develops and operates software systems for the marine insurance industry. At the end of 2021, the company had 13 clients.

Risk Management

Risk Management framework

The foundation of good internal governance is a strong risk-management framework, combined with delegation of authority to ensure the effective management and reporting of risks in the organisation. The Board of Directors defines The Club's strategy and risk profile, including capital targets, risk tolerance and risk appetite. The primary responsibility for managing risks within applicable limits rests with the Chief Executive Officer and the respective operating units. Norwegian Hull Club has implemented Key Functions in line with Solvency II requirements, comprising independent risk management, compliance, actuary and internal audit functions. The Club established a Risk Management section in 2020 to further strengthen its risk management framework.

Norwegian Hull Club is exposed to the following main risks:

Strategic risk

Strategic risk relates to external and internal factors such as market and product developments, required personnel skills, as well as risk to reputation. Developments in the marine and energy insurance markets in general, as well as The Club's competitive situation, are monitored both in daily operations and through participation in industry forums. Requirements for new skills within the workforce are met through training, talent development or recruitment of new employees.

Insurance risk

Insurance risk relates to the likelihood that the premium charged is insufficient to cover claims incurred, and that provisions for claims already incurred are not enough to cover the ultimate cost. Clear limits are established for what level of insurance risk can be undertaken. The actuarial function continuously monitors the adequacy of both pricing and provisions made. The Board of Directors decides upon the reinsurance programme and structure each year. The primary objective is to protect capital and limit fluctuations in results. The benefits of buying reinsurance protection are weighed against the costs.

Financial risk

Financial risk refers to market, credit, liquidity and currency risks. Norwegian Hull Club seeks to expose the investment portfolio to systematic market risk and has, therefore, implemented highly diversified asset portfolios in order to diversify unsystematic risks. All asset classes are highly diversified. Spread risk is the risk that market pricing of credit risk increases. To reduce the spread risk, the bond

portfolio shall have an adequate rating level from a holistic point of view. Liquidity risk is considered low. The objective is, however, to have sufficient liquid assets to maintain a balanced investment portfolio - even following a severe, negative event where asset prices fall significantly and/or where assets may have to be sold. The Board of Directors has adopted a strategic asset allocation and maximum exposure for each asset class of investments. Risk level is monitored and managed both for investments and as part of Norwegian Hull Club's overall risk. Stress tests are carried out to ensure that The Club can withstand the impact of severe negative scenarios.

Currency risk is a complex matter with several factors impacting result and capital position. Currency risk is managed with the aim of limiting the impact of any significant fluctuations in currency exchange rates on results and capital position. Market risk has not changed significantly in relation to Norwegian Hull Club's equity.

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes and systems, mistakes made by employees, or as a result of external events. The Club's Operational risk policy describes how the company systematically identifies, assesses, mitigates and reports operational risks. The document also describes the ownership of the various operational risks and provides an overview of the control environment. The Operational risk policy, together with a set of other relevant policies and procedures, is retained in a quality management system accessible by all employees.

In October 2020, Norwegian Hull Club established a Business Operations section responsible for the control, workflow and handling of all operational insurance-related transactions and documentation. This section focuses on control, compliance and standardisation, with the aim of reducing operational risk through improved quality assurance, while establishing a safe foundation for continuing forward-leaning agility towards clients.

Climate risk

Norwegian Hull Club's operations do not generate significant direct environmental impact. The Club has a focus on the possible consequences of environmental risks (physical risks, liability risks and transition risks). Measures taken to control and/or mitigate such consequences include but are not limited to environmental scanning and issues management workshops to identify threats, monitoring of natural catastrophes and corresponding concentration risks, as well as limiting risks through restricted wordings and exclusions in insurance policies, awareness warnings and daily portfolio screenings. Indirectly, The Club may experience longer-term consequences through changes to the insurance portfolio composition, as activity in the traditional offshore energy sector is reduced in line with sustainability objectives.

Internal Control

Norwegian Hull Club's internal control is based on a three-lines-of-defence system, comprising primary risk owners (first line), independent risk management and control functions

(second line), plus an independent internal and external audit (third line).

The system of internal control is a continuous process throughout the organisation, based on a set of established policies, procedures, controls and activities which are constantly assessed and – where possible – improved upon. The Audit and Risk committees oversee the internal control framework, while Risk Management and Compliance functions coordinate the processes, reporting to Management and the Board of Directors.

Directors’ and Officers’ liability insurance
Norwegian Hull Club purchases insurance for personal liabilities that members of the Board of Directors and members of senior management may incur in their respective capacities. The insurance is placed with an international insurance company with a strong rating. The insurance covers potential personal liabilities to compensate monetary losses that members of the Board of Directors and senior management may cause third parties through negligence in their positions. Monetary losses are defined as financial losses that are not a consequence of, or related, to damage to persons or physical objects.

Corporate Governance

Norwegian Hull Club is subject to supervision by the Financial Supervisory Authority of Norway. In addition, The Club’s governing bodies have adopted separate internal regulations regarding corporate governance issues.

Accounts

Financial statements
In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the financial statements are prepared under the assumption that the enterprise is a going concern and that the conditions for this assumption are present.

Results
The 2021 result was USD 38.1 million (USD 35.1 million for 2020). The technical result from insurance was USD 39.5 million (USD 15.0 million in 2020), while investment income and other financial items contributed with USD 7.5 million (USD 28.3 million in 2020). Gross loss ratio was 66 %, loss ratio for own account was 72 % and combined ratio was 82 %.

Discount on mutual premium
The Board of Directors has proposed a 12 % return premium on mutual premium earned in calendar year 2021. The return premium amounts to USD 16.6 million. Before return premium, the gross loss ratio was 62 % and loss ratio for own account was 67 %. Before return premium, the technical result from insurance was USD 54.1 million and the combined ratio was 77%.

Premium income and claims
Gross premium earned (before return of mutual premium) was USD 284.2 million. The comparable figure for 2020 was USD 244.1 million. Premium earned for own account was USD 236.6 million (USD 194.1 million for 2020). The increase in

premium was due to increases both in premium rates, insured values and the number of units insured.

Gross claims incurred in 2021 were USD 175.5 million (USD 175.5 million in 2020), while claims for own account for 2021 amounted to USD 159.1 million (USD 146.1 million in 2020).

Financial items
Financial income in 2021 was USD 11.0 million (USD 31.2 million in 2020). Of this, USD 10.9 million (USD 32.8 million in 2020) was related to the investment portfolio, with the balance comprising foreign exchange items and other financial income. Administration expenses related to financial assets in 2021 were USD 3.5 million (USD 2.9 million in 2020).

Operating expenses
Personnel, marketing and other operating expenses amounted to USD 30.8 million in 2021, USD 2.2 million higher than in 2020.

Appropriation of result
After tax, the total comprehensive income for 2021 was USD 36 515 533, which the Board of Directors proposes be transferred to Other Equity.

Balance sheet
As per 31 December 2021, Norwegian Hull Club’s equity was USD 372.9 million (USD 336.3 million in 2020).

Cash flow
Cash flow generated by operating activities was USD 10.1 million in 2021 after a USD 19.5 million change in financial assets. Cash flow generated by investments in fixed assets, subsidiaries and employee loans was plus USD 0.8 million in 2021. The change in the cash balance during the year was USD 11.6 million.

Rating

In July 2021, Standard & Poor’s Global Ratings (S&P) reaffirmed its ‘A with stable outlook’ long-term counter-party credit and insurer financial strength rating of Norwegian Hull Club. S&P highlights The Club’s extremely strong capital adequacy and its established position in Marine Hull and Loss of Hire as key strengths. The Club targets a margin of 50 % to the AAA capital requirement in S&P’s capital model. At the end of 2021, the margin was 52 %.

Organisation and environment

At the end of 2021, Norwegian Hull Club had 146 employees, including temporary employees. Personnel turnover was 10.5 %. Sick leave including long-term absence equated to 3.1 % of total working hours.

Including the 100 %-owned subsidiaries Marine Benefits AS and Instech Solutions AS, the total number of employees amounted to 179.

Norwegian Hull Club values and strives towards improved diversity in the organisation. Amongst The Club’s 146 employees, 18 nations were represented, while the gender

ratio at the end of 2021 was 37% female to 63 % male.

The Club aims to be a workplace in which no discrimination occurs, in compliance with the Discrimination and Accessibility Act.

There were no accidents involving either The Club’s employees nor property during the year.

The Covid-19 pandemic has impacted the organisation and the way in which work is conducted. All employees have been subject to significant periods of working from home. The Club has put a lot of effort and resources into supporting and facilitating a good physical and psychosocial environment in such a situation.

At the end of 2021, The Club implemented a PULSE survey - a tool for managers to get feedback from their employees on a regular basis. PULSE will complement the biannual company working environment survey.

Day-to-day operations do not contaminate the external environment to any significant degree. However, The Club insures vessels and units that may contribute to environmental pollution.

Members

48 % of premium earned in 2021 was from mutual members. Members vote at the annual general meeting based on their share of mutual premium earned. The largest member had a 8.3 % share of mutual premium and the ten largest members a 25.7 % share in 2021.

Events After 2021 Year End

No events have occurred in 2022 that significantly affect the capital of Norwegian Hull Club. The Club is, however, closely monitoring potential exposure and other potential consequences of the war in Ukraine. The current exposure

is limited. The main challenge at this point is the practical implications of supporting Ukrainian, Belarusian and Russian seafarers and their family members who have health insurance in their country of residence through Norwegian Hull Club’s subsidiary, Marine Benefits. Marine Benefits has been able to continue its operations and service during the conflict and is in close contact with all clients to provide the required support at this challenging time.

Generally, the long-term geopolitical consequences, potential impact on reinsurance capacity and prices, as well as how growth in inflation may impact claims costs following Russia’s invasion of Ukraine, remain to be seen.

Prospects

Norwegian Hull Club has positioned itself as a preferred Claims Leader in a competitive market. Sustainability is incorporated in The Club’s strategy and core business and is expressed through its mission ‘to secure lives, health, environment and property’ to help protect both people and the planet.

Norwegian Hull Club’s service concept is founded upon its mission and comes in the form of the delivery of a well-regarded service concept, with tailor-made loss prevention activities, hands-on emergency response services and efficient claims handling. The Club further supports its members and clients’ journeys towards zero emissions by tailoring products to new low-emission solutions and technologies. Increased use of technology and easier access to data also influence the way marine and energy insurance is structured and executed – and it will continue to do so in the future. Focus and resources are allocated to secure that The Club proactively adapts to this digitalization and transformation phase.

Such a landscape requires an agile and enthusiastic organisation with a curious mindset, prepared for tomorrow’s challenges through an increased ability and willingness to embrace change. A constant for The Club, however, is the



continuous effort to remain relevant for its members and clients. Norwegian Hull Club will concentrate on securing its capital base and growing the business volume over time in a profitable and sustainable manner. Operational focus will be on profitability and growth, including diversifying into new profitable areas, reducing costs, continuously streamlining operations, quick and professional claims handling, and improving The Club's distribution network through geographical positioning. Members and clients will also be offered first-class service and financial security.

Norwegian Hull Club is well capitalised and has a strong

and expanding portfolio of products and services. In the short term, the challenge is to strike a balance between maintaining and developing the existing book of business in a recovering market, while also protecting capital in order to support further growth and offer members and clients sound protection and services in the longer term.

With the human, structural and financial capital in place, combined with a greater focus on increasing its business in international markets, the Board of Directors believes Norwegian Hull Club is well positioned for long-term profitable and sustainable growth.

Bergen, March 22, 2022



Rebekka Glasser Herlofsen
Chair of the Board



Magne Øvreås
Deputy Chair



Øystein Beisland



Anna F. Erlandsen



Anders Furnes



Martin Karset



Marianne Møgster



Siri P. Strandenes



Hans Christian Seim
CEO



STATEMENT OF COMPREHENSIVE INCOME

All figures in USD			
	Notes	2021	2020
Gross premiums earned	16	267 642 383	229 959 410
Reinsurance premiums	15	-45 574 841	-48 619 039
A Premiums for own account		222 067 542	181 340 371
B Other insurance related income		7 283 659	8 363 351
Gross accrued claims		175 700 225	175 732 951
Reinsurers share of gross claims	15	-16 633 464	-29 624 110
C Claims for own account	11	159 066 761	146 108 841
Marketing expenses	1	16 826 957	14 456 070
Commissions earned		-	-
D Insurance related expenses for own account		16 826 957	14 456 070
E Other insurance-related expenses		13 950 579	14 131 482
F Operating result technical accounts (A+B-C-D-E)		39 506 903	15 007 329
Financial income		9 854 220	11 404 476
Realised gains and losses		6 931 611	3 969 847
Adjustment investment portfolio		-5 763 283	15 777 432
G Total financial income		11 022 548	31 151 755
H Administration expenses financial assets		3 533 574	2 870 716
I Profit before income tax (F+G-H)		46 995 878	43 288 368
J Tax expenses (income)	9	9 193 174	8 466 507
K Profit for the year (I-J)		37 802 703	34 821 860
L Other comprehensive income		258 201	250 246
M Total comprehensive income for the year		38 060 904	35 072 106
Dividend			
Other equity		38 060 904	35 072 106
Total		38 060 904	35 072 106



BALANCE SHEET

Assets

All figures in USD			
	Notes	31.12.2021	31.12.2020
Shares in subsidiaries	4	3 609 044	3 432 104
Other shares	4	7 738 052	7 748 999
Mortgage loans	2	6 158 067	7 589 776
Syndicated loans		3 766	-
Stocks and shares	7	112 288 883	108 301 170
Bonds	8	436 574 158	424 273 589
Financial derivatives	8	1 220 978	-
Bank deposits investment portfolio	1	2 575 924	3 548 842
Total financial assets		570 168 873	554 894 479
Reinsured proportion of gross premium provisions	12	29 240 468	27 488 964
Reinsured proportion of gross claims provision	12	35 609 546	40 733 557
Total reinsured proportion of insurance provisions		64 850 014	68 222 522
Insurance related receivables	5	164 833 941	120 721 891
Reinsurance receivables		3 874 862	4 228 945
Disbursements		36 917 927	35 245 254
Other receivables		19 424 668	16 315 949
Total receivables		225 051 398	176 512 038
Properties	3	2 089 030	2 777 085
Equipment and fixtures	3	4 003 946	4 171 575
Cash and bank deposits		38 012 302	25 493 424
Total other assets		44 105 278	32 442 084
Accrued interest		986 480	1 061 497
Total assets		905 162 043	833 132 621

Equity and Liabilities

All figures in USD			
	Notes	31.12.2021	31.12.2020
Equity		8 042 072	8 042 072
Other equity		366 351 479	328 292 311
Guarantee provision		2 084	347
Total equity		374 395 634	336 334 730
Unearned gross premium provision	12	162 179 692	133 319 155
Gross claims provision	12	247 704 327	225 362 640
Total gross insurance provisions		409 884 019	358 681 794
Pension liability	2	4 251 799	4 375 473
Withheld payroll tax, social security etc.	1	4 518 326	4 476 682
Deferred tax	9	47 905 911	61 114 061
Taxes payable	9	16 114 417	15 233 665
Total tax etc. payable		72 790 454	85 199 881
Payables direct insurance accounts		15 069 829	13 330 528
Payables reinsurance		17 779 957	18 617 804
Financial derivatives		324 696	2 293 849
Payables other accounts		14 917 454	18 674 035
Total payables		48 091 936	52 916 215
Total equity and liabilities		905 162 043	833 132 621

Bergen, March 22, 2022

Rebekka Glasser Herlofsen
Chair of the Board

Magne Øvreås
Deputy Chair

Øystein Beisland

Anna F. Erlandsen

Anders Furnes

Martin Karset

Marianne Møgster

Siri P. Strandenes

Hans Christian Seim
CEO

DEVELOPMENT IN EQUITY

	Owners' Fund	Other Equity	Guarantee provision	Total Equity
Equity at 01.01.2020	8 042 072	293 220 551		301 262 623
Profit for the Year		34 821 514		34 821 514
Other comprehensive income		250 246	347	250 246
Equity as at 31.12.2020	8 042 072	328 292 311	347	336 334 730
	Owners' Fund	Other Equity	Guarantee provision	Total Equity
Equity at 01.01.2021	8 042 072	328 292 311	347	336 334 730
Profit for the year		37 800 967		37 800 967
Other comprehensive income		258 201		258 201
Guarantee provision			1 737	1 737
Equity at 31.12.2021	8 042 072	366 351 479	2 084	374 395 634

STATEMENT OF CASH FLOW

All figures in USD		
	2021	2020
Profit for the year before tax	46 995 878	43 288 368
Change in net technical reserves	54 574 733	3 708 344
Unrealised value change other shares	10 947	-697 148
Net profit on sale of fixed shares	-	-
Change in disbursements	-1 672 673	10 779 494
Net profit on sale of fixed assets	-	-
Change in net pension liabilities	-123 674	310 282
Change in net receivables	-49 605 152	38 440 423
Depreciations and impairment of assets	627 537	584 726
Taxes paid	-21 192 281	-3 983 666
Net cash flow from operations before financial assets	29 615 315	92 430 822
Change in net bonds	-12 304 336	-82 628 059
Change in net stocks and shares	-3 987 713	-5 735 630
Change in net financial derivatives	-3 190 131	2 293 849
Net cash flow from financial assets	-19 482 180	-86 069 839
A Net cash flow from operational activities	10 133 136	6 360 983
Cash generated/used by investing activities		
Net receipts/payments related to purchase/capitalization of subsidiaries and associated companies	-176 940	303 347
Net receipts/payments related to sale/purchase of fixed assets	-443 962	-1 259 275
Change in mortgage loans	1 431 708	278 658
B Net cash inflow/outflow from investment activities	810 806	-677 270
C Net financing activities - dividend paid to members	-	-
D Effect of changes in exchange rates on cash and cash equivalents	602 018	148 375
A+B+C+D Net change in cash and cash equivalents	11 545 960	5 832 088
Cash and cash equivalents 01.01	29 042 265	23 210 177
Cash and cash equivalents	40 588 225	29 042 265

NOTES TO THE ACCOUNTS

Note 1 – Accounting Principles

Basic principles

The financial statements of Norwegian Hull Club have been prepared in accordance with the Norwegian Accounting Act and regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance.

Principally this means that accounting recognition, measurements and disclosures to the financial statements comply with Norwegian generally accepted accounting standards, together with a limited use of certain International Financial Reporting Standards (IFRS) in accordance with the Finance Ministry's regulations on simplified application of the International Financial Reporting Standards.

The financial statements of Norwegian Hull Club as of 31 December 2021 consist of the Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flow and Notes to the Accounts.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations and congruence. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time it is earned. Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred. Hedging and portfolio management are taken into account.

Assets related to current business activities and accounts receivable due within one year of the closing are classified as current assets. The same applies to short-term debt and accounts payable. Current assets/short-term debts are recorded at the lowest/highest of acquisition cost and fair value. Monetary items in foreign currencies are recorded at fair value. Other assets are classified as fixed assets. Fixed assets are recorded at original cost, with deductions for depreciation. In the event of a decline in value, which is not temporary, a fixed asset will be subject to a write-down.

According to Norwegian generally accepted accounting principles, there are some exemptions to common assessment and valuation principles. Comments to these exemptions follow below.

Basis of consolidation

Norwegian Hull Club Group consists of Norwegian Hull Club, Insurance Technology Solutions AS and Marine Benefits AS. Norwegian Hull Club owns 100 % of the latter two companies. The turnover and equity in these companies are regarded as insignificant additions to the group's business and have therefore not been consolidated in the accounts.

Accounting principles for material items

Premium recognition / premium reserve

Premium and commission are recognised over the insurance policy period. Insurance premiums are due for payment in advance and provisions are made for the unearned portion of the premiums related to a period after the end of the fiscal year (premium reserve). Premium is reported net of broker commission and discounts. Provisions (premium reserves) are made to cover the unearned share of the written premium. The unearned premium is calculated per risk assuming linear earnings over the time of the policy. As some information related to the written premium is reported retroactively (adjustments for lay-up, war calls, value changes, performance bonuses etc.) the earned and unearned premium is adjusted to cover the expected future development based on previous aggregated experience. As of 31.12.2021, this leads to a small increase in both earned premium and unearned premium. If the premium is considered insufficient to cover future claims, additional reserves for unexpired risk are made. This

has not been considered necessary as of 31.12.2021. The insurance contracts that The Club issues are entered into the accounts in line with Norwegian accounting regulation ("Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance").

Line of business

Norwegian Hull Club operates in the ocean-marine line of business, including underwriting of medical insurance for seafarers.

Premium from multi-year policies

Norwegian Hull Club has written multi-year policies. The premium for the insurance years 2022 and later is not recorded in the accounts.

Claims incurred but not reported

The reserve for claims incurred but not reported is calculated according to the "Benktander Method" based on reported claims.

Cost recognition and matching / claims reserve

Claims are expensed as incurred. Other costs are expensed in the same period as the income to which they relate is recognised. Claims reserves are intended to cover anticipated future claims payments for losses incurred but not yet settled at the end of the fiscal year. These reserves comprise provisions for losses reported to The Club but not yet settled, as well as provisions for losses incurred but not yet reported at the end of the fiscal year. Provisions for known losses are assessed individually by the claims departments, while provisions for unknown losses are based on The Club's empirical data and future expectations as well as actuarial methods. Reinsurance contracts do not free the ceding Norwegian Club Hull from its obligations to the insured.

Reserve for unallocated loss adjustment expenses (ULAE) and indirect claims expenses related to paid claims

In line with regulations ("Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance") The Club has implemented a provision to cover unallocated loss adjustment expenses (ULAE) based on the claim department's share of operating expenses. Similarly, The Club has transferred a share of actual operating expenses to paid claims.

Accounts receivables

Receivables are accounted for at face value, with deductions for expected loss.

Employee loans

Employee loans are accounted for at face value with deductions for expected loss. At year-end, no deductions were made.

Fixed assets and depreciation

Fixed assets are recorded in the accounts at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items. Depreciation is calculated using the straight-line method. Upgrading of rented office premises is depreciated over the rent period. If the fair value of a fixed asset is lower than book value, and the decline is not temporary, the fixed asset will be written down to fair value. Depreciation is classified as other insurance-related expenses.

Marketing expenses

Marketing expenses do not include any sales commissions.

Foreign exchange

USD is The Club's functional and presentation currency. The major part of Norwegian Hull Club's premium income and claim cost is in USD. The currency is also significant in respect of provisions in the marine-ocean line of business. Profit and loss transactions in foreign currencies are translated into USD using the average yearly rate of exchange.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income as financial income or costs.

Receivables and liabilities (including technical insurance obligations) in foreign currencies are translated into USD at the year-end exchange rates. Foreign exchange gains and losses that relate to payables, receivables and cash and cash equivalents are presented in the Statement of Comprehensive Income under financial income or costs as currency gain/loss. All other foreign

exchange gains and losses are posted in the statement of comprehensive income under items they relate to. Securities and financial instruments in other currencies are valued in USD at the year-end exchange rates.

The Norwegian krone is used in the official Norwegian regulatory reporting. The 2021 year-end exchange rate used for the balance sheet for the Norwegian financial reporting was 8.82 (NOK/USD). The average exchange rate used in the statement of comprehensive income was 8.60 (NOK/USD).

Cash and cash equivalents

Cash and bank deposits are included in cash and cash equivalents in the Statement of Cash Flow. The working capital credit facility amounts to USD 1.1 million and was not used at year-end. In addition, Norwegian Hull Club has another credit facility of USD 30 million covering both bank guarantees and ordinary credits. Restricted deposit amounted to USD 6.5 million at the end of the year. The Club has cash pooling arrangements together with subsidiaries. Liquidity is made available through cash pooling for the subsidiaries of Norwegian Hull Club to meet their obligations.

Exemptions to the Basic Assessment and Valuation Principles

Financial current assets

Norwegian Hull Club uses the opportunity that is given to insurance companies in “Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance” to present all financial assets at fair value through profit or loss in accordance with the fair value option, if not otherwise decided before investment in a financial asset is made. This means that the fair value adjustments on financial assets are recognised in income before other comprehensive income.

Financial instruments are valued at fair market value. Such financial instruments are equities (both listed and unlisted), bonds and other interest generating investments, real estate funds and money market funds. Foreign exchange contracts are valued at fair market value as well.

Regular purchases and sales of financial assets are recognised on the trade date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction cost are expensed in the income statement. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and The Club has transferred substantially all risks and rewards of ownership. Realised gains / losses on financial instruments are presented on a separate line in the statement of comprehensive income. Interest and dividends income are included in financial income for financial assets at fair value through profit and loss.

Shares in subsidiaries and associated companies

Shares in subsidiaries are valued using the cost method in the Norwegian Hull Club accounts. Cost increases when the parent gives the subsidiary increased equity capital by subscription for share issue or group contribution. Dividends / group contribution received are normally recognised as income, but only to the extent that dividends / group contribution received from subsidiary do not exceed the share of retained earnings in the subsidiaries after the purchase. Received dividends / group contributions in excess of this amount are recorded as a reduction of the acquisition cost. Norwegian Hull Club records received dividend / group contributions the same year as the subsidiary makes the provisions.

An associated company is an entity over which The Club has significant influence but not control or joint control. This is generally the case where The Club holds between 20% and 50% of the voting rights. Norwegian Hull Clun has one investment in an associated company that is accounted for using the equity method. The investments were initially recognised at cost and adjusted thereafter to recognise The Club's share of the post-acquisition profits or losses of the investee in profit or loss. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by The Club, including fair value adjustments according to IAS40. The associated company is Olav Kyrresgt 11 AS, and The Club's share is 33.3%.

Pension cost, funding and obligations

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. These are non-funded pension obligations for a limited number of pensioners. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Club has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Deferred tax and tax expense

Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at year-end. For the purpose of calculating deferred tax, nominal tax rates are used. Taxable and deductible temporary differences are offset to the extent that they reverse within the same time frame. However, deferred tax liabilities on net pension assets are treated separately. Temporary differences that will constitute a future tax deduction give rise to a deferred tax asset. Change in deferred tax liability and deferred tax asset, together with taxes payable for the fiscal year adjusted for errors in previous year's tax calculations, constitute tax expenses for the year.

Risk equalisation

The opportunity to make provisions to the risk equalisation has been removed from 01.01.2017. At dissolution, the risk equalisation was divided into other equity and deferred tax.

Note 2 – Number of Employees / Benefits / Employee loans / Audit / Pensions

Number of employees	Norwegian Hull Club
31.12.2020	134
31.12.2021	146

Remuneration to executives, Board of Directors, Committee members and auditor per 31.12.2021:

	Salary	Other benefits	Loan	Bonus	Pension cost
Hans Christian Seim, CEO	547 435	17 444	252 035	132 743	79 609
Per Gustav Blom, CFO	228 996	17 444	383 624	62 871	47 804
Aage Solberg, CCO	220 893	17 444	180 492	62 716	43 074
Atle Fjeldstad, CUO	279 933	17 444	-	83 964	48 890
Hilde Førland, CHRO	195 452	17 444	-	32 139	37 346

The pension and profit sharing figures in the table above represent the actual payments in 2021.

Board of Directors with sub committees:	
Rebekka Glasser Herlofsen (Chair) **	56 692
Øystein Beisland	29 073
Siri Pettersen Strandenes */***	60 472
Marianne Møgster */***	50 005
Magne Øvreås **	30 527
Martin Karset	23 258
Anna Erlandsen (employee repr.)	23 258
Anders Furnes (employee repr.) */***	50 005
Total remuneration	323 291

Sub committees:

* = member of Audit Committee

** = member of Remuneration Committee

*** = Member of Risk Committee

Election Committee		
Morten Ulstein (Chair)		11 629
Nils P Dyvik		8 140
Synnøve Seglem		8 140
Njål Sævik		3 489
Eli Vassenden		8 140
Total remuneration to Election Committee		39 539

Committee		
Morten Ulstein (Chair) *****	3 489 per meeting	
Other members	2 907 per meeting	
Total remuneration to Committee		133 735

There are no loans to members of the Board of Directors, Election Committee and Committee.

Employee salary and loans

All employees	2021	2020
Salary	15 691 394	13 828 403
Payroll tax	4 284 384	4 416 801
Profit sharing	3 972 582	3 637 405
Other benefits	307 469	515 947
Pension cost	2 457 115	4 037 256
Total	26 712 944	26 435 813

The Club has extended ordinary loans to employees totalling USD 4.3 million. Interest rates equal the lowest rate allowable if the loans are not to be taxed as employee benefit. All real-estate loans are secured by real-estate collateral. The real-estate loans have repayment period of 20 years.

The Club does not expect any loss from employee loans. Therefore, no provisions have been made. The loans are secured within 80% of the market value of the real estate.

Variable remuneration

The Club has established the principles for remuneration of senior executives, employees with duties essential to the firm’s risk exposure, as well as employees with supervisory responsibilities. The scheme aims to promote good management and control of The Club’s risk and shall not encourage excessive risk taking. A remuneration committee is appointed, and it will annually assess the need for adjustment in the compensation scheme based on the changes of The Club’s risk exposure.

In addition to salary, all employees could be assigned a variable remuneration. The total share of profit available for variable remuneration is decided by The Board. The individual's share of profit available for distribution is determined, among other things, on the basis of salary and individual performance criteria. Any extraordinary effort, large client / personnel responsibility, contributions to skills upgrading in The Club and any breach of internal guidelines or other relevant legislation are given weight. In addition, certain financial criteria could also be emphasised, including the achievement of objectives within the employee's department.

Audit

	2021	2020
Audit Fee	69 019	63 894
Tax advice fee	5 815	9 707
Other services provided by auditor	2 617	73 785
In total	77 450	147 386
<i>(The figures in the table above are presented inclusive of VAT).</i>		

Pension cost, funding and obligations

The Club dissolved the defined benefit plan 31.12.2015, and the unfunded pension obligations were invested in Storebrand on behalf of the employees (initially invested in Holberg). The Club has established a defined contribution hybrid pension scheme for all employees from 01.01.2016. In addition, The Club has an individual top pension scheme for salaries above 12G. The cost for The Club in respect of the hybrid scheme for 2021 was USD 1.5 million. The total investment in Storebrand amounted to USD 7.1 million as per 31.12.2021, which is recognised in the balance sheet as an asset (other receivables) and a liability. The cost for AFP (early retirement pensions) for 2021 was USD 0.2 miliion.

Additionally, The Club has pension obligations for some pensioners. These are non-funded obligations. All pension schemes are valued in accordance with the IFRS (IAS 19). Changes in the pension obligations as a result of changes in the actuarial assumptions and variations between actual and anticipated return on pension funds, are recognised in the balance sheet immediately, through Other Comprehensive Income (OCI). However, in 2020 and 2021 accounts, these items have been regarded as insignificant for reclassification.

Notes for IAS19 disclosures per 31.12.2021:

		Non-funded obligations	
1.	Net pension cost	2020	2021
	Current service cost	63 991	28 954
+	Recognised past service cost	393 064	-
=	Service cost	457 055	28 954
+	Net interest expense/(income)	54 841	50 565
+	Administrative expenses related to management of plan assets	-	-
+	Payroll tax (PT)	72 177	11 212
+	Financial tax	25 595	3 976
=	Cost in financial statement	609 667	94 707

		Non-funded obligations	
2.	Change in defined benefit obligation (DBO)	2020	2021
	DBO at the beginning of year	3 409 263	3 631 842
-	Currency effect DBO	-49 737	-118 105
+	Service cost	70 499	28 230
+	Interest cost on DBO	60 418	49 302
+	Past service cost	433 040	-
+	Remeasurements	75 142	292 103
+	Acquisition/(disposals)	-	-
-	Benefits paid	366 783	453 856
=	DBO at end of year	3 631 842	3 429 517
	TBO at end of year	3 743 245	3 520 657

3.	Obligation in financial statement	2020	2021
	Net defined benefit obligation (asset)	3 631 842	3 429 517
-	Currency effect benefit obligation	-	-
+	Payroll tax	512 090	483 562
+	Financial tax on contribution	181 592	171 476
=	Obligation in financial statement	4 325 524	4 084 554

4.	Reconciliation		
	Balance sheet provision (prepayment) at beginning of year	3 888 318	4 325 524
-	Currency effect balance sheet provision	112 877	140 663
+	Cost in financial statement	671 672	92 341
-	Contributions/benefits paid during year (including PT)	418 499	517 850
-	Financial tax on contribution	18 339	22 693
+	Remeasurements recognised in OCI	89 494	347 895
-	Impact of (acquisition) / disposals	-	-
-	Other movements in the balance sheet	-	-
=	Balance sheet provision (prepayment) at end of year	4 325 524	4 084 554

5.	Assumptions	01.01.2021	31.12.2021
	Number of employees	2	2
	Number of pensioners	7	7
	Contractual Pension Scheme (AFP) probability	-	-
	Resignation rate (over/under 40 years)	0-8 %	0-8 %
	Tariff	K2013/KU	K2013/KU
	Estimated return on plan assets	1.5 %	1.5 %
	Discount rate	1.5 %	1.5 %
	Salary increase	2.0 %	2.5 %
	Increase of pension from the Norwegian National Insurance	1.75 %	2.25 %
	Pension increase	fluctuating	fluctuating
	Payroll tax	14.1 %	14.1 %
	Financial tax	5 %	5 %

Note 3 – Fixed Assets

Depreciation is calculated using straight-line method. Equipment and fixtures are depreciated over a period of 3-7 years. Upgrading of rented office premises, which are part of the equipment and fixtures group are depreciated over the rent period (10 years). The Club has an option to extend the rent period beyond the fixed term. Properties are not depreciated. Depreciation is classified as other insurance related expenses.

31.12.2021	Equipment and fixtures	Properties	Total
Acquisition cost 1.1.2021	10 546 607	2 777 085	13 323 692
Additions	1 276 427	-	1 276 427
Disposals	-752 796	-688 055	-1 440 851
Acquisition cost 31.12	11 070 237	2 089 030	13 159 268
Accumulated depreciation 1.1	6 397 096	-	6 397 096
Ordinary depreciation	738 714	-	738 714
Disposals depreciation	69 519	-	69 519
Accumulated depreciation 31.12	7 066 291	-	7 066 291
Book value 31.12.2021	4 003 946	2 089 030	6 092 977

31.12.2020	Equipment and fixtures	Properties	Total
Acquisition cost 1.1.2020	11 637 532	2 777 085	14 414 617
Additions	2 083 239	-	2 083 239
Disposals	-3 174 164	-	-3 174 164
Acquisition cost 31.12.2020	10 546 607	2 777 085	13 323 692
Accumulated depreciation 1.1	8 140 506	-	8 140 506
Ordinary depreciation	646 849	-	646 849
Disposals depreciation	2 390 259	-	2 390 259
Accumulated depreciation 31.12	6 397 096	-	6 397 096
Book value 31.12.2020	4 149 511	2 777 085	6 926 596

Note 4 – Subsidiaries and Associated Companies

In Norwegian Hull Club the cost method is used for the following companies:

Company	Insurance Technology Solutions AS	Marine Benefits AS
Business office	Bergen	Bergen
Ownership share/Voting share	100 %	100 %
Result in subsidiaries and associated companies	-148 659	348 443
Book value in Norwegian Hull Club	1 548 385	2 060 659
Equity in subsidiaries	667 311	2 626 705

The turnover and equity in the subsidiaries are regarded as insignificant additions to the group's business and have therefore not

been consolidated in the accounts. Subsidiaries’ financial information has been included based on unaudited financial statements as of 31 December 2021. The figures presented in the table above are all results after tax.

IT services purchased from Instech amounts to USD 3.4 million for 2021. Third party assistance regarding claim handling is bought from Marine Benefits. This amounts to USD 2.3 million for 2021. In addition, The Club purchased documentation services from Marine Benefits for USD 0.2 million.

Associated company is accounted for using the equity method:

Associated company	2020	2021
Opening balance 1 January	7 050 000	7 748 148
Share of this year's profits	447 901	248 105
Exchange differences on translation reported as other comprehensive income	250 246	-258 201
Closing Balance as of 31 December	7 748 148	7 738 052

The associated company is Olav Kyrresgate 11 AS, and The Club's share is 33.3%

Net receivables / liabilities to group and associated companies:

Balance due from Marine Benefits is USD 3.2 million (as of 31.12.2020 USD 3.4 million). This is a short-term claims fund. In addition, there is a long term loan of USD 1.6 million due from Marine Benefits. The term and conditions for the loan comprise a floating rate of interest, 3-month LIBOR + 2.0 % p.a. The loan shall be repaid no later than 30 December 2023.

Balance due to Instech is USD 0.2 million, due to group contribution. Balance due from Instech is a long-term loan of USD 6.2 million. The term and conditions for the loan comprise a floating rate of interest, 3-month LIBOR + 2.0 % p.a. The loan shall be repaid no later than 30 December 2025.

Balance due from Olav Kyrresgate 11 As is USD 1.4 million as of 31.12.2021 (USD 1.4 million as of 31.12.2020).

Note 5 – Risk

Underwriting risk

The risk that The Club's premium income will be insufficient to cover the estimated size and frequency of claims. The risk is managed through the use of actuarial models for pricing, risk assessment and adoption of a sound underwriting strategy.

Reserve risk

Reserve risk is the risk that The Club’s technical provisions are insufficient to cover the underlying liabilities. Actuarial models are used to calculate sufficient provisions.

Reinsurance risk

The risk associated with the choice of reinsurance structure and its adequacy as well as the reinsurers’ ability to carry the losses. Experienced employees establish a reinsurance structure ahead of the insurance year, which is regarded as optimal for The Club on the basis of sensitivity analyses of various claims scenarios, the desired exposure of The Club's solvency capital in the event of a major claim and opportunities for transferring risk on the basis of the historical claim picture. The capital adequacy of reinsurers and their ability to meet their obligations are also carefully assessed.

Operational risk

The risk that The Club's operational guidelines are inappropriate or its employees deviate from the guidelines. A set of guidelines has been established to manage the operational risk. The Club defines critical risks and establishes procedures to eliminate or reduce the risk. Estimated loss from operational failure has been calculated. The Club's capital is sufficient to cover such a provision. The operational procedures are subject to continuous monitoring and are reviewed annually by the internal auditor in connection with the assessment of The Club's internal control.

Financial risk

The investment portfolio is exposed to three main categories of risks, namely credit risk, market risk and liquidity risk. The Club

seeks to develop an investment strategy that minimizes the potential consequences of the above listed risks for any defined risk level. Routines have been established in order to make sure that The Club is in compliance with all relevant regulations in terms of capital management, capital adequacy and so forth at any given time. Norwegian Hull Club reviews the investment risk continuously. Furthermore, it has developed stress tests in order to calculate the sensitivity and potential write-down of the investment portfolio and will make sure that the results of these tests are within the risk tolerance limits and parameters adopted by the Board.

Credit risk

Credit risk is the risk that The Club's clients or counterparties to financial instruments will cause The Club financial loss by failing to honour their obligations. Theoretically, The Club's maximum credit exposure in terms of financial assets is the aggregated book value of debt investments. In order to reduce the credit risk, banks shall have a minimum rating of “A” (Standard & Poor's), and the bond portfolios shall be sufficiently diversified and have an adequate rating level from a holistic point of view. The investment grade bond portfolio has on average an “A” rating (Standard & Poor's). Banks had on average an “A+” rating as of 31 December 2021.

The ocean-marine line of business is characterized as a mature market. A large share of the premium income is handled through brokers, and the business is characterized by a delay in terms of payment. The Club has premium income from clients with a reliable history in terms of payment and the bad debts figures are very low. However, USD 0.8 million is set as provision for bad debt at 31 December 2021 (2020: USD 0.8 million). The medical insurance for seafarer business has limited credit risk and is considered as not significant.

Overview of insurance-related receivables:

Direct insurance 2021			Direct insurance 2020		
		in % of total			in % of total
Not Due	139 240 168	84.5 %	Not due	102 129 166	84.6 %
Due 2021	23 876 596	14.5 %	Due 2020	17 411 382	14.4 %
Due 2020	(92 913)	- 0.1 %	Due 2019	630 441	0.5 %
Due before 2020	1 81 089	1.1 %	Due before 2019	550 903	0.5 %
In total	164 833 941	100 %	In Total	120 721 891	100 %

The reinsurance structure is established ahead of the insurance year. The Club is liable towards the insured if a reinsurer does not honour its obligations. The creditworthiness of the reinsurers is therefore a part of the decision basis in the process of placing reinsurance. In order to reduce the credit risk, reinsurers participating on the core reinsurance programme shall have a minimum rating of “A” (Standard & Poor's/ AM Best).

Market risk

Being a marine insurance company operating in a global business such as shipping, USD is the natural base currency. However, parts of The Club's business are exposed to other currencies including, but not limited to, EUR, JPY, GBP and NOK. A portion of The Club’s insurance liabilities and premium income are in currencies other than the base currency, while most of the operating costs are in NOK. The Club seeks to match assets and liabilities in terms of currency. Its investment portfolio is, to a large extent, USD based but is also exposed to other currencies - reflecting both specific investment considerations and the currency composition of the liability side. The remaining structural currency mismatch between assets and liabilities is hedged using tcurrency-forward contracts. As the actual underlying currency risks in equity investments and insurance liabilities are highly complex matters, the hedging approach calls for simplification in monitoring and management. The currency balance is monitored and matched on a quarterly basis, with interim adjustments if there are significant currency events arising from the business. The currency risk in the operating margin, arising from operating costs in NOK, is perpetual in nature and difficult to hedge from a market and cost perspective.

In order to limit the interest rate risk, the investment-grade bond portfolio shall have an average interest rate duration between + / - 1 year relative to benchmark. The applied benchmark includes securities with a remaining term to final maturity between 1-3 years and reflects the duration of The Club's insurance liabilities. At the end of 2021, the actual duration of the investment-grade bond portfolio was 1.8 years while benchmark duration was 1.8 years. The investment-grade bond portfolio was USD 394 million and 71.5 % of the investment portfolio end of year 2021. The value of the investment grade bond portfolio will approximately increase / decrease by 1.8 % if a rate shift of + / - 1.0 % -point across the interest rate curve should occur. The effect on pre-tax

earnings will be +/- USD 7.1 million. End of year 2021, The Club's high-yield bond portfolio was USD 21.7 million, with an interest rate duration of 3.8 years. Meanwhile, the emerging market hard-currency sovereign bond portfolio, USD 22.9 million, has a duration of 8.4 years. The overall bond portfolio, USD 438.5 million and 80 % of the investment portfolio, has an interest duration of 2.3 years. The value of the bond portfolio will increase / decrease by approximately 2.3 % if a parallel interest rate shift of + / - 1.0 % -point across the interest rate curve should occur. The effect on pre-tax earnings will be +/- USD 10.1 million.

At the end of 2021, the listed equity portfolio was USD 45.5 million, approximately 8.3 % of the investment portfolio. The portfolio is well diversified across countries and regions globally. The private markets portfolio was USD 24.9 million, approximately 4.5 % of the investment portfolio. The portfolio comprises private equity, private debt and infrastructure investments, and is well diversified across countries and regions globally. The commercial real estate portfolio was USD 42 million, approximately 7.6 % of the investment portfolio. The portfolio consists of Norwegian, unlevered commercial real estate investments, and is well diversified across different segments of the market.

Liquidity risk

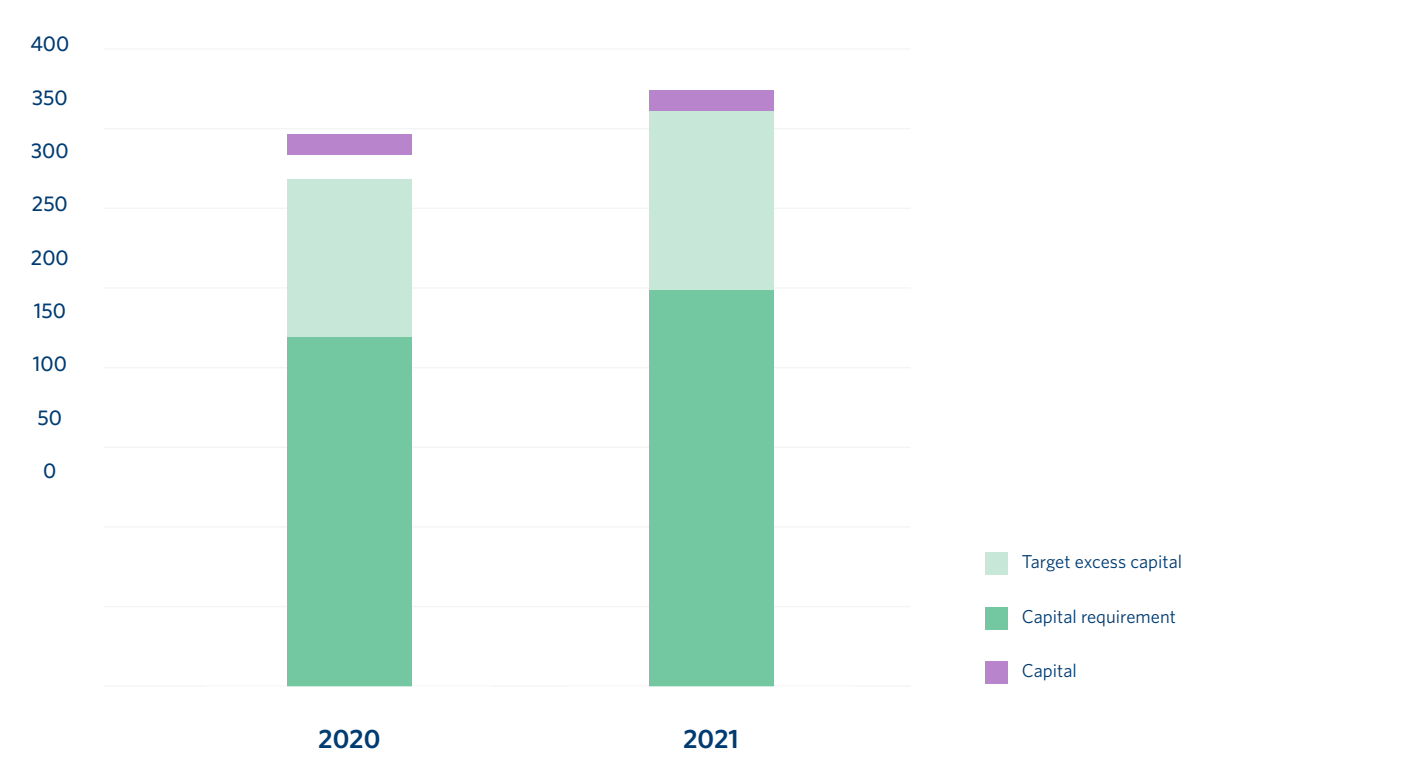
Liquidity risk is the risk that The Club will not be able to meet obligations when due. The liquidity risk in the investment portfolio is considered to be low.

The Club shall, over time, have a working capital (as a deposit in bank accounts) in the region of USD 10 million. In addition, The Club has established credit facilities of a minimum of USD 20 million. At least 70 % of the aggregated market value of the investment portfolio shall be invested in liquid securities or funds. Liquid investments are defined as investments that can be realised within five business days under normal market conditions.

Risk measures and stress testing

The Club monitors its risk taking on a quarterly basis, based on risk models developed by Standard and Poor's. The model covers Market risk (i.e. investment risk and risk arising from asset/liability mismatch in terms of currency and/or interest rates), Counterparty credit risk, Underwriting risk and Operational risk. The Club has established internal targets in terms of capital in excess of the model requirements. As of 31.12.2021, The Club's capital exceeds the S&P A-rating requirement by USD 124 million (2020: USD 125 million). The Club's minimum capital requirement is determined as described above and the excess amounts are shown in the figure below. Formal capital and capital requirements under Solvency II regulations are set out in notes 13 and 14.

Capital and capital requirements



Note 6 – Financial Assets

The table below sets out an overview of the carrying and fair values of The Club's financial instruments and the accounting treatment of these instruments as defined in IAS 39:

	31.12.2021		31.12.2020	
	Book Value	Market Value	Book Value	Market Value
Stocks, shares, bonds and other financial instruments in total	550 084 019	550 084 019	532 574 759	532 574 759
Mortgage loans and receivables	6 161 833	6 161 833	7 589 776	7 589 776
Bank deposits investment portfolio	2 575 924	2 575 924	3 548 842	3 548 842
	558 821 776	558 821 776	543 713 377	543 713 377

31.12.2021	Book value		Market value	
	Mortgage loans & receivables	Asset at Fair Value through P&L	Mortgage loans & receivables	Asset at Fair Value through P&L
Stocks, shares, bonds and other financial instruments in total		550 084 019	-	550 084 019
Mortgage loans and receivables	6 161 833	-	6 161 833	-
Bank deposits investment portfolio	2 575 924	-	2 575 924	-
Total	8 737 757	550 084 019	8 737 757	550 084 019

31.12.2020	Book value		Market value	
	Mortgage loans & receivables	Asset at Fair Value through P&L	Mortgage loans & receivables	Asset at Fair Value through P&L
Stocks, shares, bonds and other financial instruments in total	-	532 574 759	-	532 574 759
Loans and receivables	7 589 776	-	7 589 776	-
Bank deposits investment portfolio	3 548 842	-	3 548 842	-
Total	11 138 618	532 574 759	11 138 618	532 574 759

Financial assets at fair value through P&L	31.12.2021	31.12.2020
Listed securities	445 564 992	411 556 327
Unlisted securities	104 522 794	121 018 432

For more detailed information on carrying and fair values for financial instruments, please see notes 7 and 8.

Fair value hierarchy

Government bonds, corporate bonds and other financial instruments that are traded in active markets where the fair value is determined on the basis of quoted market prices at the balance sheet date, are classified on level 1 in the pricing hierarchy. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2 Investments listed in the following have been classified on Level 2 in the pricing hierarchy:

- Equity funds, government bond funds, corporate bond funds and high-yield bond funds. Values are determined on the basis of the quoted market prices of the assets the funds have invested in.
- Currency futures, interest rate futures, stock and equity options, credit default swaps and currency swaps. Values are

determined on the basis of the price development on an underlying asset or instrument. The aforementioned categories of derivatives are being priced by using standard and well-recognised methods of pricing, such as option pricing models etc.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3 Investments. The following have been classified on Level 3 in the pricing hierarchy:

- Unlisted Private Equity investments. All of these are either investment in funds or in fund of funds. Values are determined on the basis of quarterly NAV (Net Asset Value) reports from the fund managers. These reports are prepared based on the IPEV (International Private Equity and venture capital Valuation) guidelines set forth by the Equity Venture Capital Association, or corresponding guidelines in the respective jurisdictions of the underlying funds. NAVs are calculated by the fund managers by making use of those methods of pricing in the IPEV and similar guidelines that are most suited to estimate actual value for each type of asset subject to all relevant factors. Due to late reporting, NAVs as per the last quarterly reports are used in the accounts. The NAV from the most recent quarterly report is adjusted for capital distributions and/or capital calls in the period until 31.12.21 and might be adjusted if incidents of material character have occurred during the period since last reporting date. An example in this respect could be a substantial change in the market value of a listed company a Private Equity fund has invested in.
- Real Estate funds. As for Private Equity, values are determined on the basis of quarterly NAV reports from the fund managers. Minimum yearly, the values of all properties in the funds are assessed by a publicly authorised real estate agent or valuator. The assessed values of the properties adjusted for other assets and liabilities, and if relevant expected cash flow (for example differentials due to future requirements and /or regulation that will impact the future cash flow of the properties) make up the basis for the NAVs.

The Club uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Per 31.12.2021	Level 1	Level 2	Level 3
	Quoted active market prices	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data
Financial assets at fair value through profit or loss:			
Equity funds	-	45 473 474	-
Private equity funds	-	-	24 858 853
Real estate funds	-	-	41 956 557
Bonds	384 256 738	52 317 420	-
Loans	3 766		
Financial derivatives	-	1 220 978	-
In total	384 260 505	99 011 872	66 815 410
Financial debt			
Financial derivatives		-324 696	
In total		-324 696	

Per 31.12.2020	Level 1	Level 2	Level 3
	Quoted active market prices	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data
Financial assets at fair value through profit or loss:			
Equity funds	-	45 460 361	-
Private equity funds	-	-	24 033 456
Real estate funds	-	-	38 807 353
Bonds	369 674 003	54 599 586	-
Loans	-	-	-
Financial derivatives	-	-	-
In total	369 674 003	100 059 947	62 840 810
Financial debt			
Financial derivatives		-2 293 849	
In total		-2 293 849	

The market value of the Private Market Investment portfolio has changed from USD 24 million per 31.12.20 to USD 24.8 million per 31.12.21. Drawdowns and new investments in the period were USD 4.7 million, while dividends and repaid investments amounted to USD 1 million.

The market value of the real estate funds has changed from USD 38.8 million per 31.12.20 to USD 42 million per 31.12.21. Draw-downs and new investments in the period were USD 1.3 million. Dividends and repaid investments amounted to USD 1.3 million.

Note 7 – Stocks and shares

	Currency	ISIN	Org.number	Acquisition cost	Book value	Market value
Equity fund						
Cantillon FU	USD	IE00B3KF5S87		4 978 844	12 018 677	12 018 677
Egerton Capital Equity Fund Class I USD	USD	IE00B84H3N65		4 998 745	5 232 132	5 232 132
Sands Capital EMG Fund	USD	IE00BDFMDW42		1 197 038	2 500 581	2 500 581
Longview Global Equity Fund	USD	LU0507273943		3 014 440	5 062 689	5 062 689
Skagen Kon-Tiki A Nok	NOK	NO0010140502		2 584 729	2 932 217	2 932 217
Nordea Stabile Askjer Global Etisk	NOK	NO0010452782		5 670 111	12 068 226	12 068 226
Orbis SICA V Global Equity Fund	EUR	LU0334985271		3 257 681	5 658 952	5 658 952
Equity fund in total				25 701 588	45 473 474	45 473 474
Private investments						
Arcmont Senior Loan Fund II	EUR			2 094 047	2 037 683	2 037 683
Bluebay Direct Lending Fund II SLP	EUR			220 257	695 769	695 769
Barings Global Private Loan Fund II	EUR			3 920 053	3 771 290	3 771 290
Cubera International Private Equity 20	EUR			413 680	401 682	401 682
Cubera International Private Equity 21	EUR			117 650	104 057	104 057
Nordea SIF Global Private Equity Fund	EUR			3 324 600	5 092 396	5 092 396
Nordea Private Equity III	EUR			1 192 232	404 723	404 723
Partners Group Direct Mezzanine	USD			1 461 785	1 711 857	1 711 857
Partners Group Direct Infrastructure	EUR			1 094 456	1 266 998	1 266 998
Partners Group Life 2018 S.C.A., SICA V-RAI	EUR			2 634 462	2 722 541	2 722 541
Partners Group Secondary 2008, L.P.	EUR			1 162 132	983 110	983 110
Prime Office Germany	EUR	990 405 131		2 167 270	51 024	51 024
Storebrand International Private Equity	NOK			627 682	718 571	718 571
SI Private Equity VI	NOK			43 023	187 812	187 812
Union Real Estate Fund Holding AS	NOK			1 185 156	510 292	510 292
Viking Global Opportunity Fund	USD			4 000 000	4 199 047	4 199 047
Private investments in total				25 658 484	24 858 853	24 858 853
Real estate fund						
API Eiendomsfond Norge AS	NOK		997 592 816	252 065	235 110	235 110
API Eiendomsfond Norge IS	NOK		090 068 733	24 752 507	23 276 994	23 276 994
Pareto Eiendomsfelleskap AS	NOK		992 043 415	141 440	145 833	145 833
Pareto Eiendomsfelleskap IS	NOK			12 862 769	14 320 406	14 320 406
Union Core REF AS	NOK		916 162 332	34 661	39 755	39 755
Union Core REF IS	NOK			3 400 422	3 938 457	3 938 457
Real estate in total				41 443 864	41 956 556	41 956 556
Stocks and shares in total				92 803 936	112 288 883	112 288 883

Remaining commitments (in local currency):		
Nordea Private Equity III	EUR	281 993
Partners Group Secondary 2008	EUR	1 157 463
Bluebay Direct Lending Fund II SLP	EUR	1 674 694
Barings Global Private Loan Fund II	EUR	330 000
Partner Group Infrastructur	EUR	360 501
Partner Group Mezzanine	USD	177 331
Union Real Estate Fund Holding AS	NOK	6 714 388
Partners Group Life 2018	EUR	2 869 165
Storebrand International Private Equity 19	NOK	4 500 000
Cubera International Private Equity 20	EUR	450 00
Cubera International Private Equity 21	EUR	900 000
Acremont Senior Loan Fund II	EUR	2 317 344
The Partners Fund	EUR	3 000 000



Note 8 – Bonds and Foreign Exchange Contracts

	Currency	Nominal	Acquisition cost	Market value/Book value incl. acc. int.
<i>Bonds discretionary mandates</i>				
Government bonds	USD	204 768 400	205 773 819	204 944 767
Corporate bonds	USD	177 535 537	179 296 034	179 311 972
Bonds discretionary mandates in total		382 303 937	385 069 853	384 256 739
<i>Investment grade bond funds</i>				
Nordea SICA V 1 US Corporate Bond Fund	USD	-	5 914 168	7 769 506
Investment grade bond fund in total		-	5 914 168	7 769 506
High yield bond funds				
Barings Cap GlobalHY BondFund Tranche A	USD	-	2 818 537	4 291 672
Shenkman Finsbury High Income	USD	-	8 142 893	11 479 815
Nordea US High Yield	USD	-	4 732 945	5 907 021
High yield bond funds in total		-	15 694 375	21 678 507
Government Bond funds				
BlueBay EM Bond Fund	USD	-	9 488 023	11 615 310
Ashmore SICAV EM Sovereign Debt Fund	USD	-	12 131 707	11 254 097
Government bonds funds in total		-	21 619 730	22 869 406
Bonds in total		-	428 298 126	436 574 158
Other financial instruments				
Foreign currency exchange contracts		-	-	1 220 978
Foreign currency exchange contracts				-324 696
Interest rate swap			-	-

Currency swap contracts overview:

Due date	Amount sold (in millions)			
	EUR	GBP	NOK	USD
24.01.2022	-	1.9	-	-
07.02.2022	6	-	40.7	-
10.02.2022	1.7	-	148	17.3
16.02.2022	-	-	59.3	5.7
23.02.2022	-	-	44.5	-
24.02.2022	11.4	3.6	-	-
01.03.2022	-	-	37.6	-
24.03.2022	-	5	-	-

Note 9 – Taxes

Tax expense for the year	2021	2020
Taxes payable	16 114 417	15 254 745
Correction previous years provision	6 237 017	464 002
Tax effect of group contribution	49 890	-
Change in deferred tax	-13 208 150	-7 252 240
Total tax expense for the year	9 193 174	8 466 507
Specification of tax expense for the year		
Earnings before tax	46 995 878	43 288 368
Conversion effect	12 587 150	-10 632 804
Earnings before tax	59 583 028	32 655 564
Permanent differences (due to none tax-deductible expenses)	649 190	150 696
Permanent differences (tax-except investment)	-17 830 848	-8 734 889
Change in temporary differences	22 255 857	36 947 611
Basis taxes payable in statement of comprehensive income	64 657 226	61 018 981
Group Contribution with effect on taxable income	199 560	-84 321
Taxable income	64 457 666	60 934 660
Taxes payable 25%	16 114 417	15 233 665
Taxes payable - balance sheet		
Tax payable in tax expense	16 164 307	15 254 745
Effect of Group Contribution	49 890	-21 080
Tax payable - balance sheet	16 114 417	15 233 665
Specification of the basis for deferred tax		
Fixed Assets	1 388 630	1 285 218
Receivables	-1 657 000	-813 000
Pension liabilities	-4 251 799	-4 375 473
Bonds and financial derivatives	8 429 002	19 365 587
Risk provision	188 171 536	226 912 475
Stocks and shares	255 193	414 869
Depreciations office rentals	-687 008	1 644 422
P/L Accounts	-24 908	22 146
Net temporary differences	191 623 644	244 456 244
Loss carried forward	-	-
Basis for deferred tax in the balance	191 623 644	244 456 244
Deferred tax 25 %	47 905 911	61 114 061
Specification of tax expense for the year	2021	2020
25% tax on net income	14 895 757	8 163 891
Correction previous year's provision	580 213	464 002
Currency effect deferred tax	1 987 382	1 984 663
Tax effect from permanent differences	4 295 415	-2 146 048
Estimated tax expense	9 193 174	8 466 507



Note 10 – Guarantees Not Presented in Balance Sheet

As claims leader, Norwegian Hull Club may issue guarantees to third parties on behalf of clients to cover liabilities incurred in connection with collisions, salvage scenarios or other types of third-party claims. Such guarantees will be issued on 100 % basis, thereby including the liabilities of co-insurers that will counter-guarantee Norwegian Hull Club's liability for their respective shares.

Value of guarantee		
	Maximum value	Estimate net liabilities
Guarantees provided by the undertaking, including letters of credit	122 110 549	23 280 798

Note 11 – Claims Expenses

	31.12.2021	31.12.2020
Gross accrued claims	175 700 225	175 732 951
Reinsurers' share of gross claims	-16 633 464	-29 624 110
Claims for own account	159 066 761	146 108 841
Run off gain (+)/loss (-) gross	-11 797 636	-20 368 338
Run off gain (+)/loss(-) for own account	-1 773 356	-2 044 511
Accrued claims equals paid claim and changes in reserves.		

Note 12 – Technical Reserves for Own Account

	31.12.21	31.12.20
Unearned gross premium provision	162 179 692	133 319 155
Reinsured proportion of gross premium provision	-29 240 468	-27 488 964
Unearned premium provision for own account	132 939 224	105 830 190
Gross claims provision	247 704 327	225 362 640
Reinsured proportion of gross claims provision	-35 609 546	-40 733 557
Claims provision for own account	212 094 781	184 629 082
Total risk provision etc.	345 034 005	290 459 273

Note 13 – Solvency II Capital Requirements & Position

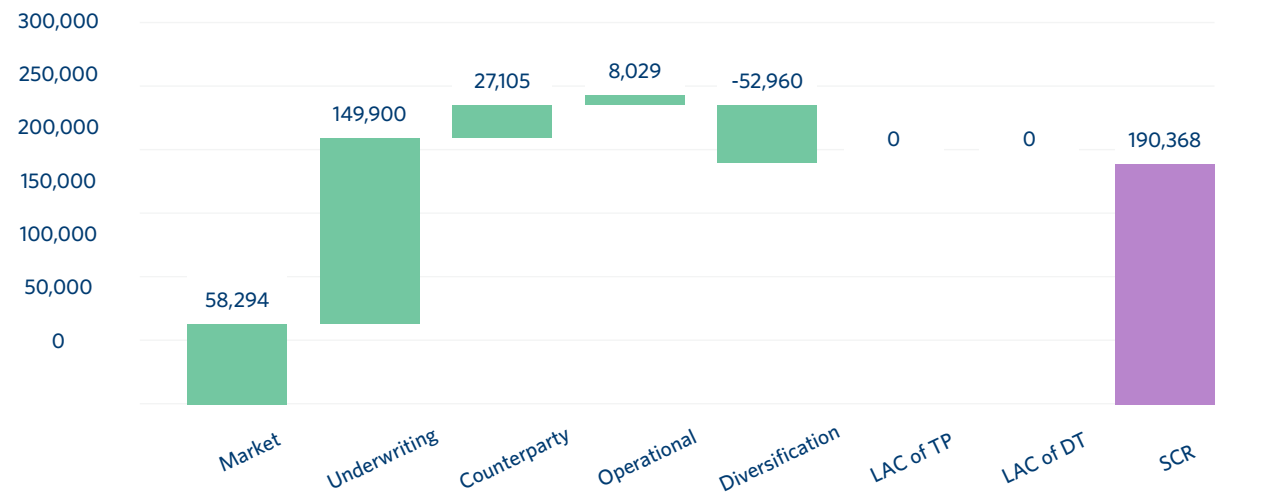
Norwegian Hull Club is a mutual insurance undertaking writing global marine and medical expense insurance. The gross premium earned in 2021 was USD 268 million, up 16 % from 2020. The operating result was USD 47 million.

The below table summarises the solvency conditions in terms of Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR) and Own Funds in USD 1000.

Solvency II - capital requirements and position

	2021		2020	
	SCR	MCR	SCR	MCR
Eligible own funds	486 424	391 240	426 565	346 482
Capital requirement	190 368	47 592	170 535	43 706
Difference	296 056	343 648	256 030	302 776
Ratio	256 %	822 %	250 %	793 %

The chart below shows how Solvency Capital Requirement (SCR) is built up:



Note 14 - Solvency II Balance Sheet

Due to different valuation principles there will be deviations between the Solvency II balance and Statutory accounts. A summary of the differences is shown below:

	Solvency II	Statutory Accounts	Comment
Unearned Gross Premium	162 179 692	162 179 692	
Expected Profit in unearned premium	-29 504 473	-	Negative = profit
Expected Profit in written 2020 business	-6 263 048	-	Negative = profit
Expected Profit in long-term policies	-3 301 911	-	Negative = profit
Non due premium receivables	-136 423 405	-	Reclassification
Discounting	-2 220 068	-	
Gross Premium Provision	-15 533 213	162 179 692	

	Solvency II	Statutory Accounts	Comment
Unearned Reinsurance Premium	29 240 468	29 240 468	
Expected Profit in unearned premium	-6 689 111	-	Negative = ceded
Expected Profit in written 2020 business	-1 596 539	-	Negative = ceded
Expected Profit in long-term policies	-805 859	-	Negative = ceded
Discounting	-394 507	-	
Payables reinsurance	-17 779 957	-	Reclassification
Reinsured proportion of gross premium provisions	1 974 495	29 240 468	

Note 15 – Reinsurers’ Result

	31.12.2021	31.12.2020
Reinsurers' share of gross premiums	45 574 841	48 619 039
Reinsurers' share of gross claims	16 633 464	29 624 110
Reinsurers' result	28 941 377	18 994 929

Note 16 – Geographical Distribution of Gross Premium Earned from Direct Insurance

	31.12.2021	31.12.2020
Norway	52 651 652	45 305 017
Countries covered by the EEA agreement	102 119 266	90 708 112
Other countries	112 871 464	93 946 281
Total	267 642 383	229 959 410

Note 17 – Earned Premium and Claims Per Line of Business

	Marine	Medical	Total
Gross written premium	269 679 794	19 564 030	289 243 823
Gross earned premium	249 041 844	18 600 539	267 642 383
Reinsurance premiums	44 431 401	1 143 440	45 574 841
In total	204 610 443	17 457 099	222 067 542
Gross claims	152 239 628	11 662 962	163 902 590
Run off gain (+) / loss (-) gross	-11 278 846	-518 789	-11 797 636
Gross accrued claims	163 518 475	12 181 751	175 700 225
Reinsurers share of gross claims	16 175 041	458 423	16 633 464
Claims for own account	147 343 433	11 723 328	159 066 761

Note 18 – Insurance Provisions Per Line of Business

	Marine	Medical	Total
Unearned gross premium provision	144 016 781	18 162 911	162 179 692
Gross claims provision	242 233 235	5 471 092	247 704 327

Note 19 – Events After 2021 Year End

No events have occurred in 2022 that significantly affect the capital of Norwegian Hull Club. The Club is, however, closely monitoring potential exposure and other potential consequences of Russia’s invasion of Ukraine that might impact the company's capital.

AUDITOR’S REPORT



Deloitte AS
Lars Hilles gate 30
Postboks 6013 Postterminalen
NO-5892 Bergen
Norway

Tel: +47 55 21 81 00
www.deloitte.no

To the General Meeting of Norwegian Hull Club – Gjensidig Assuransforening

INDEPENDENT AUDITOR’S REPORT

Opinion

We have audited the financial statements of Norwegian Hull Club – Gjensidig Assuransforening (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the meeting of representatives on the shareholders committee on 14 May 2020 for the accounting year 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



side 2
Independent Auditor's Report -
Norwegian Hull Club – Gjensidig
Assuransforening

Measurement of claims provision

Key issues in the Audit	How the matter was addressed in the audit
Measurement of claims provisions is based on various calculation methods and a number of assumptions and estimates related to future developments that are associated with uncertainty.	Norwegian Hull Club - Gjensidig Assuransforening has established an actuarial function. The actuarial function performs various checks of the calculated claims provisions. We obtained the actuarial function's annual report and assessed the results of the inspection and the actuarial function's assessments as they appear in the annual report.
Note 1 discusses the accounting principles used, note 5 discusses insurance risk and note 12 specifies the insurance obligations.	We challenged the measurement of claims provisions by re-estimating claims provisions for three business sectors based on data received from the company. We compared our estimates with the company's estimates.
Management's exercise of discretion related to the calculation models, assumptions and estimates are decisive for measuring the claims provisions and they are therefore a key factor in the audit.	We assessed whether note information on claims provisions is adequate.
	We have used our own actuary in the audit of the claims provisions.

IT-systems and controls relevant to financial reporting

Key issues in the Audit	How the matter was addressed in the audit
Norwegian Hull Club - Gjensidig Assuransforening’s IT-systems are central to the accounting and reporting of completed transactions, to provide a basis for important estimates and calculations, and to provide relevant additional information.	Norwegian Hull Club - Gjensidig Assuransforening has established an overall management model and control activities related to its IT-systems. We have gained an understanding of the overall management model for the IT-systems that is relevant for financial reporting.
Good management and control of the IT-systems is essential to ensure accuracy. Complete and reliable financial reporting and is therefore a key factor in the audit.	We have assessed and tested the design of selected control activities associated with the insurance system relevant to the financial reporting related to IT-operations, change management, information security and application controls. For a selection of these control activities, we tested whether they had worked during the period.
	We used our own IT-specialists in the work of understanding the overall management model for IT-systems and in the assessment and testing of control activities.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bergen, 22 March 2022
Deloitte AS



Jon-Osvold Harila
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

CORPORATE GOVERNANCE

Norwegian Hull Club is subject to supervision by the Financial Supervisory Authority of Norway. In addition, The Club's governing bodies have adopted separate internal regulations regarding corporate governance issues.

General Meeting

Members of The Club, clients that write business on a mutual basis, vote at the general meeting.

Committee

The Committee elects the Board of Directors, recommends annual accounts to the General Meeting and supervises the Board of Directors and management. The members of the Committee are elected from the members, i.e. the owners, of The Club.

Board of Directors

The Board of Directors is responsible for setting out the strategy, including risk tolerance, and generally overseeing the daily management of The Club. Up to two members of the Board of Directors can be independent; the others represent members of The Club. The Board of Directors has audit, risk and compensation sub-committees. The Chair of the Audit Committee is independent of The Club.

Audit Committee

The Audit Committee is a sub committee of the Board of Directors. Its responsibility is to discuss significant accounting issues with management and the external auditor and to assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditors, assess the auditors' work and make

recommendations to the Board of Directors regarding election of external and internal auditors.

Risk Committee

The Risk Committee is a sub committee of the Board of Directors. Its responsibility is to supervise Norwegian Hull Club's total risk and regularly consider if The Club's management and control systems are adapted to the risk level and scope of the operations. The Risk Committee shall further regularly consider the continuous compliance with capital requirements and requirements for technical insurance provisions; it shall regularly consider the appropriateness of the risk management system; it shall follow up the key actuary, compliance, risk management and functions.

Compensation Committee

The Compensation Committee is also a sub committee of the Board of Directors. The Compensation Committee makes recommendations to the Board of Directors on the compensation of the CEO as well as the structure of general compensation and oversees compensation for the management team.

Election Committee

The Election Committee makes recommendations on candidates for the various governing bodies. The Election Committee shall have at least five members. At least one member shall have served on the Board of Directors during the last five years. According to the instructions for the Election Committee, the Chair and deputy chair of the Committee, members of the Board and members of the Election Committee shall in general not be re-elected after ten years of service.



Bergen

Visiting address:

Solheimsgaten 5
5058 Bergen

Postal address:

P.O. 2404
5824 Bergen
Norway

London

**Visiting and postal
address:**

5th Floor, 37-39 Lime Street
London, EC3M 7AY
United Kingdom

Oslo

**Visiting and postal
address:**

Dronning Eufemias gate 16
NO-0191 Oslo
Norway

Web: www.norclub.com
Enterprise No: NO 910 508 334



NORWEGIAN HULL CLUB

www.norclub.com