Financial Condition Report

Gard P. & I. (Bermuda) Ltd. - 2025

Contents

EXECUTIVE SUMMARY

This report covers Gard P&I Bermuda Ltd (‘Gard Bermuda') business and performance, system of governance, risk profile, valuation for Economic Balance Sheet (EBS) purposes and capital management.

Gard Bermuda’s Board of Directors has ultimate responsibility for these matters. The Board maintains a proper overview of the company’s business and risk profile with the assistance of various governance and control functions that have been put in place to monitor and manage the company’s business.

In the tables, values are stated in USD million. Values below USD 500,000 are displayed as ‘0’.

An empty cell means that there is no value to state. Rounding differences +/– one unit can occur.

This is the maiden report for Gard Bermuda following the reclassification of the company from Class 2 to Class 3B by the Bermuda Monetary Authority (BMA), starting 2025. Consequently no comparative data for 2024 is available.

It should further be noted that this report is on company and nonconsolidated basis, as per the exemption provided by the BMA through 31 December 2027.

Gard P&I Bermuda, key figures

USD million	31/12/2025
Economic balance sheet	
Assets	1,918
Technical provisions	345
Other liabilities	146
Excess of assets over liabilities	1,427
Eligible capital	
Tier 1 capital	1,427
Tier 2 capital	0
Tier 3 capital	
Eligible capital	1,427
Required Capital	
Solvency Capital Requirement (SCR)	389
Minimum Capital Requirement (MCR)	97
Solvency ratio	
Eligible own funds to meet SCR	367%
Eligible own funds to meet MCR	1468%
Tier 1 share of total eligible own funds	100%

Gard Bermuda fulfils the minimum solvency capital requirements (hereafter referred to as Minimum Margin of Solvency or MMS) and Bermuda Solvency Capital Requirement (BSCR) stipulated by the supervisory authorities as of the reporting date of 31 December 2025.

The principles used to determine the solvency ratio are explained in this document. Chapter D describes the valuation principles used to determine eligible capital, and Chapter E those used to determine the BSCR.

1. Business and performance

The section discusses the group structure and all legal entities included in the group and states the underwriting and investment performance of Gard Bermuda.

Gard is a marine and energy insurance group that is active in Protection and Indemnity (P&I) and Marine and Energy (M&E) business. Gard operates in global markets, offering insurance solutions to corporate customers, often through insurance brokers. Its global presence and activities allow the company to achieve efficient risk diversification.

The financial statements for the year ending 31 December 2025 cover the activity for the period from 1 January 2025 to 31 December 2025.

The statement of comprehensive income shows a positive result for the period of USD 4 million compared to a positive result of USD 54 million last year.

The gross written premium was USD 494 million.

Gross earned premium was USD 490 million, an increase of USD 18 million or 4 per cent from last year but below expectations.

The earned premium for own account is USD 186 million.

Claims incurred for own account for P&I is USD 190 million due to a better than expected claims development.

2. System of governance

The section discusses the Gard group's system of governance which Gard Bermuda is part of.

Gard has an effective system of governance, which provides for sound and prudent management.

An assessment of the risk management system concluded that the system is adequate considering the size and complexity of the operations.

The individual elements of the System of Governance at Gard can be found in section B.

3. Risk profile

In the context of its business operations, Gard Bermuda enters a broad variety of risks, where the main risks are underwriting risk and market risk. How these risks are dealt with is described in section C.

Total BSCR as of 31 December 2025 was USD 389 million.

A major risk area as of 31 December 2025 is diversified market risk of USD 322 million, where undiversified equity risk of USD 299 million is a significant contributor due to fully ownership of subsidiaries. Other undiversified risk areas within market risk are fixed income investment risk of USD 9 million, interest rate/ liquidity risk of USD 3 million, currency risk of USD 39 million and concentration risk of 58 million. Diversified insurance risk of USD 168 million consists of undiversified premium risk of USD 57 million, reserve risk of USD 97 million and catastrophe risk of USD 105 million. Gard Bermuda has a credit risk of USD 9 million and an operational risk of USD 4 million.

The material risks that Gard is facing are believed to be captured in the risk landscape.

4. Valuation for Solvency purposes

This section specifies and describes the valuation of assets and liabilities for Economic Balance Sheet (EBS) purposes, and the differences between the bases, methods and main assumptions used for the valuation of assets for EBS purposes and those used in statutory financial statements. The fair value of assets is mainly measured on a mark-to-market basis, determined by reference to published price quotations in active markets. For unquoted financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices (mark-to-model). The technical provisions under BSCR include the sum of net best estimate premium provisions, the discounted value of net best estimate loss and loss expense provisions and risk margin. For BSCR purposes the calculation of the discounting effect for the technical provisions has been prepared based on risk-free spot rates distributed by the Bermuda Monetary Authority (BMA). The risk margin calculation has been prepared by using the Solvency II standard method. Valuation methods are elaborated on in section D.

5. Capital management

The Gard group aims to hold sufficient capital and liquidity as well as constrain its risk-taking to ensure that the group can continue to operate following an extreme loss event with the same risk tolerance for insurance risk. The probability that the Gard group would have to raise additional capital from its mutual Members by way of unbudgeted supplementary calls should be low.

The Gard group aims to manage its capital such that all its regulated entities always meet local regulatory capital requirements. This was the case throughout the financial year up to 31 December 2025.

Gard Bermuda has a simple capital structure consisting of Tier 1 capital through equity capital, which is fully paid in and available, and Tier 2 capital consisting of excess of encumbered assets less capital requirement applicable to the encumbered assets or approved guarantees, and no Tier 3 capital. 100 per cent of all available capital is assigned to the highest quality level (Tier 1). Capital management is described in section E.

Declaration

'We the undersigned attest that, to the best of our knowledge and belief, this financial condition report fairly represents the financial condition of the Company in all material respects as of 31 December 2025.'

Rolf Thore Roppestad

Chief Executive Officer

Lars Birger Martinsen

Head of Risk Management

30-April-2026

A BUSINESS AND PERFORMANCE

A1 Business

A 1.1 Group structure

The parent company of the group, Gard Bermuda, is a mutual insurance association. The other companies in the group are joint-stock companies fully owned and controlled by Gard Bermuda, except for Gard Norway, which is a mutual insurance association controlled by Gard Bermuda through an agreement on the exercise of ownership rights.

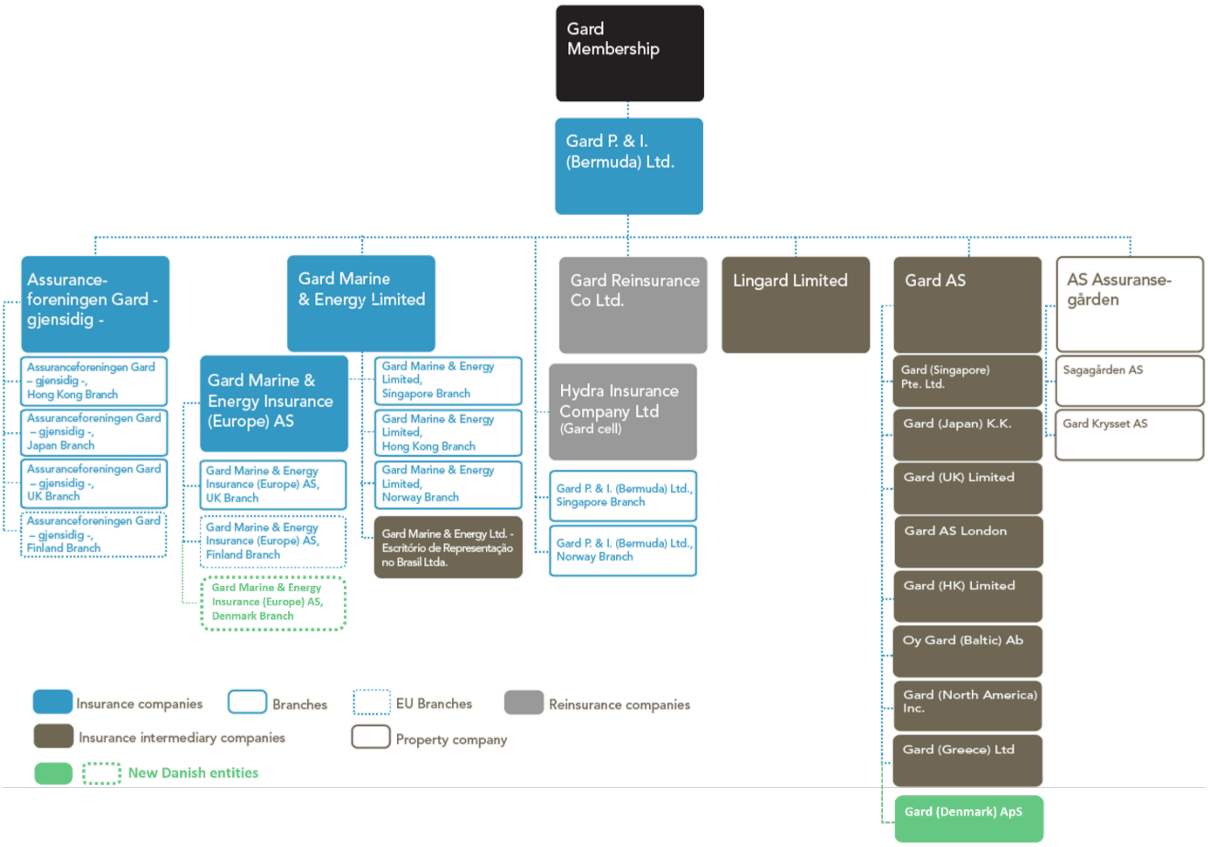
There are no external capital owners involved who expect a return on capital invested, or who otherwise have voting rights at the general meetings of the companies.

The mutual Members of Gard Bermuda obtain the benefit of the value creation generated by the group's business through reduced mutual premiums. Correspondingly, the right and ability to levy unbudgeted supplementary calls to recapitalize the group is a fundamental element of the Members' mutual risk-sharing.

The Gard group consists of four direct insurance entities, two captive reinsurance companies, one insurance management company, eleven insurance intermediary companies, one representative office and three property companies. The insurance entities have eleven branches in seven different jurisdictions.

In general, there are separate direct insurance companies for the P&I business and the Marine & Energy business. There are EEA-domiciled direct insurance companies and Bermuda-based insurance entities. Risk and capital in the group are pooled through the captive Gard Bermuda.

Hydra is a Bermuda-registered segregated accounts company that was established by the 12 parties to the International Group of P&I Clubs' Pooling Agreement to reinsure certain layers of risk retained by the parties to the Pooling Agreement. The Hydra Gard cell is wholly owned by Gard Bermuda. Branches have been established where required to conduct business.



A 1.2 Legal Entities

Gard group

'Gard group' is the totality of legal entities ultimately controlled by Gard P. & I. (Bermuda) Ltd. The Gard group is under group supervision by the Norwegian Financial Supervisory Authority (FSA) (Finanstilsynet), based on an agreement between the FSA and the Bermuda Monetary Authority (BMA).

Gard Bermuda

Gard P. & I. (Bermuda) Ltd. ('Gard Bermuda') is the parent company of the Gard group. The company is a mutual insurance association domiciled in Bermuda and registered by the Bermuda Monetary Authority (BMA). The manager of Gard Bermuda is Lingard Limited.

Gard Bermuda provides Protection & Indemnity (P&I) and related insurance products to its Members, who are shipowners, operators and charterers with ships entered into the association. As a mutual insurance association, the company is owned by its Members. There are no external capital owners.

Gard Bermuda carries out its direct insurance business through branches in Norway and Singapore. The general agents of the branches are Gard AS in Norway and Gard (Singapore) Pte. Ltd. in Singapore.

The Members of Gard Bermuda are also Members of Gard Norway and vice versa. However, all the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard Bermuda in the same way as the other wholly-owned subsidiaries, such as Gard M&E, Gard Re, Lingard, and Gard AS.

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs, and both are parties to the International Group of P&I Clubs' Pooling Agreement. The Pooling Agreement is the contractual basis for the sharing of claims among the P&I Clubs and the collective purchase of market reinsurance. The two associations are recorded as 'Paired Associations' in the Pooling Agreement, with Gard Bermuda as the principal.

Gard Bermuda is regulated by the BMA.

Gard Norway

Assuranceforeningen Gard - gjensidig - ('Gard Norway') is the Norwegian P&I Club founded in Arendal, Norway, in 1907. The company is registered and domiciled in Norway and is licensed by the Norwegian Ministry of Finance. The head office of Gard Norway is in Arendal, Norway. Gard AS acts as an intermediary for Gard Norway.

Gard Norway provides P&I and related insurance products to its Members, who are shipowners, operators and charterers with ships entered into the club. As a mutual insurance association, the company is owned by its Members. There are no external capital owners.

Based on the group's governance structure, Gard Bermuda has the power to govern and control the business activities of Gard Norway. This includes the power to appoint the members of its Board of Directors. Based on internationally accepted accounting standards, this creates the legal basis required for the consolidation of the two companies' accounts.

Gard Norway is primarily used as a vehicle for writing direct P&I business in certain countries where an EU/EEA-based insurer is required or preferred to comply with local regulations.

Gard Norway primarily provides P&I insurance. However, Gard Norway Japan has acquired a license to write Marine and Energy business. All M&E business is 100 per cent ceded to Gard M&E Bermuda.

Gard Norway is regulated by the Norwegian FSA.

Gard M&E

Gard Marine & Energy Limited ('Gard M&E') is a joint-stock company and a wholly-owned subsidiary of Gard Bermuda. The company is domiciled in Bermuda. The manager of Gard M&E is Lingard Limited.

Gard M&E offers Marine and Energy insurance products on a commercial basis to shipowners and operators, and operators within the international oil and gas industry. Gard M&E carries out its direct insurance business through branches in Norway, Hong Kong and Singapore. The general agents of the branches are Gard AS in Norway, Gard (HK) Ltd. in Hong Kong and Gard (Singapore) Pte. Ltd. in Singapore.

Gard Marine & Energy Limited – Escritório de Representação no Brasil Ltda. (Gard Brazil) is a wholly owned subsidiary of Gard M&E and is registered and domiciled in Brazil. Gard Brazil is established to allow the Company to be registered as an Admitted Reinsurer in Brazil. The status as Admitted Reinsurer is required for the Company to get access to the Brazilian marine and energy market. Gard Brazil is the local representative of the Admitted Reinsurer.

Gard M&E Europe

Gard Marine & Energy Insurance (Europe) AS ('Gard M&E Europe') is a wholly-owned subsidiary of Gard M&E and is registered and domiciled in Arendal, Norway and licensed by the Norwegian Ministry of Finance to carry out Marine and Energy business.

Gard M&E Europe is primarily used as a vehicle for writing M&E business in certain countries where an EU/EEA-based insurer is required or preferred to comply with local regulations. Gard AS acts as an intermediary for Gard M&E Europe.

In March 2025 Gard M&E Europe completed the acquisition of Codan's Marine & Energy portfolio. As a consequence, a new Denmark branch has been established.

Gard M&E Europe is regulated by the Norwegian FSA.

Gard Re

Gard Re Ltd ('Gard Re') is a joint-stock company and is a wholly-owned subsidiary of Gard Bermuda. The company is domiciled in Bermuda and is registered by the BMA. The manager of Gard Re is Lingard Limited.

Reinsurance agreements have been entered into between Gard Re, as the reinsurer, and Gard Bermuda and Gard M&E as the reassured, covering a certain proportion of these two direct insurers' retained risks. A stop-loss reinsurance agreement has also been entered into between Gard P&I Bermuda and Gard Norway.

Gard Re is regulated by the BMA.

Hydra Insurance Company Ltd

Hydra Insurance Company Ltd ('Hydra') is a segregated accounts company. It is permitted to create 'segregated accounts' or 'cells' to isolate the assets and liabilities attributable to a particular segregated account from those attributable to other segregated accounts and the company's general account.

Hydra was established by the parties to the International Group of P&I Clubs' Pooling Agreement as a captive insurance company to reinsure certain layers of risk retained by the parties to the Pooling Agreement. Each party to the Pooling Agreement owns a segregated account in Hydra and is responsible for its own account, or cell, within the company. The Hydra Gard cell is wholly owned by Gard Bermuda.

Hydra Insurance Company is regulated by the BMA.

Lingard Limited

Lingard Limited ('Lingard') is a joint-stock company domiciled in Bermuda. It is a wholly-owned subsidiary of Gard Bermuda and is registered as an Insurance Manager by the Bermuda Monetary Authority.

Lingard has entered into management agreements with each of Gard Bermuda, Gard M&E and Gard Re whereby it has delegated the responsibility of administering the day-to-day business and corporate functions of these Bermuda-domiciled companies. Certain insurance intermediary functions, such as inter alia, underwriting and claims handling, are sub-delegated under an agency agreement with Gard AS as an insurance intermediary.

Lingard is regulated by the BMA.

Gard AS

Gard AS is a Norwegian joint-stock company domiciled in Arendal, Norway, and a wholly-owned subsidiary of Gard Bermuda. Gard AS is registered with the Norwegian Financial Supervisory Authority as an insurance agent.

Gard AS has entered into separate agency agreements with Gard Norway, Gard M&E Europe and Lingard pursuant to which Gard AS acts as an agent and intermediary with regard to the portfolios of direct business of Gard Bermuda, Gard Norway, Gard M&E and Gard M&E Europe. The agency agreements give Gard AS, inter alia, the power to conclude contracts of insurance on behalf of the companies and to handle claims which fall within the scope of each company’s insurance coverage. Furthermore, Gard AS provides accounting, risk management, legal, regulatory reporting, actuary services, and compliance including KYC and sanctions advisory services to the members in the Group.

Gard AS has also established a service network of wholly-owned subsidiaries (random order);

i. Finland – Oy Gard (Baltic) Ab

ii. The United Kingdom/England – Gard (UK) Limited

iii. The United States – Gard (North America) Inc.

iv. Hong Kong – Gard (HK) Limited

v. Greece – Gard (Greece) Ltd

vi. Japan - Gard (Japan) K.K.

vii. Singapore - Gard (Singapore) Pte. Ltd.

viii. Denmark – Gard (Denmark) ApS

These subsidiaries are the Members’ and clients’ local contact points and perform, inter alia, insurance intermediary services in their respective local markets on behalf of Gard AS’ principals.

In addition to these subsidiaries, Gard AS has established a branch in the UK, Gard AS London. The reason for this is due to the UK leaving the EU. For the underwriters situated in Norway to operate within UK borders, Gard AS has to have a license under the supervision of FCA - Financial Conduct Authority in the UK.

Gard AS is regulated by the Norwegian FSA.

Name	Function	Entity
Norwegian Financial Supervisory Authority (Finanstilsynet) Revierstredet 3 0151 Oslo Norway Phone: +47 22 93 98 00 Main contact: Hege M. Bogstrand	Regulator	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton Bermuda Phone: +441 295 5278	Regulator	Gard Bermuda Gard M&E Gard RE Hydra Gard Cell Lingard
KPMG AS Kystveien 14 4841 Arendal Norway Phone: +47 45 40 40 63	External auditor	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
KPMG Bermuda 4 Par-La-Ville RD Hamilton Bermuda Phone: +441 295 5063	External auditor	Gard group Gard Bermuda Gard M&E Gard RE Hydra Gard Cell Lingard

A 1.3 Lines of business and geographical areas

Gard is a mutual Marine and Energy insurance group which principally provides two lines of insurance business:

• Protection and Indemnity (P&I) is liability insurance for owners, charterers and operators of ships and mobile offshore units.

• Marine and Energy (M&E) which includes Marine products such as Hull & Machinery and Loss of Hire insurance for shipowners, as well as Builder's Risk insurance for shipyards. Energy includes products such as property and casualty insurance for operators and contractors in the upstream oil and gas industry, with a focus on offshore operations.

The Energy segment also includes insurance for offshore wind farms, onshore renewables and other onshore products like heat and power plants.

Gard's mission 'Together, we enable sustainable maritime development' - means that the Association helps Members and clients, people and society make the most of opportunities at sea. This sets the direction of our business. The core purpose of the Association is to help Gard's Members and clients in the Marine industries manage risk and its consequences. The two main components of Gard's value proposition are strong financial security and excellent service. This is combined with effective and efficient claims handling, strong risk selection and good pricing skills.

Gard operates in global markets, offering insurance solutions to mainly corporate customers, often through insurance brokers. Most markets where Gard operates are highly competitive. The main competitors besides the other P&I clubs are the London insurance market, large global insurance and reinsurance companies, and national and local insurance companies.

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs (IG), which covers 86 per cent of the world's ocean-going tonnage. The 12 P&I clubs in the IG share claims above a certain level and collectively purchase reinsurance programs.

Gard is the largest club in the IG and insures approximately 20 per cent of the tonnage and represents about 15 per cent of the total premium written by the IG clubs. Gard is one of the world's leading Marine Hull insurers with a market share of 8 per cent in the global Marine Hull market and is a medium-sized capacity provider in Energy.

A 1.4 Significant events in the reporting period

In the summer of 2024, Gard reached an agreement with the Danish insurance Alm. Brand Group to acquire its global Marine & Energy portfolio ("Codan" - after the Alm. Brand subsidiary currently handling this portfolio). The transaction was completed primo March 2025

A 1.5 Operations and transactions within the group

Material intra-group operations and transactions within the group are:

• Reinsurance. Reinsurance of insurance risk between the insurance entities

• Insurance intermediary services. Services from the insurance intermediary companies to the insurance entities

• Intra-group services provided by Gard AS, such as technical, financial and human resource services

• Financial services. Loans and property leases between certain entities

Other intercompany transactions that exist between entities in the group are not listed as any such transactions are deemed non-material. Gard AS and its subsidiaries act as intermediary agents, and Lingard acts as Manager for the insurance entities in the Gard group. Some functions are sub-delegated from Lingard to Gard AS and subsidiaries.

Internal reinsurance agreements between entities in the group are established to achieve efficient utilisation of the capital in the group and to contain the risk profile of the direct insurance companies within their respective risk tolerance levels. Besides, the reinsurance arrangements between Gard Bermuda and Gard Norway facilitate the mutual membership of both associations.

A 1.6 Holders of qualifying holdings in the undertaking

Gard is established as a mutual insurance association, owned by its Members. There are no external capital owners. The Members of Gard Bermuda are also Members of Gard Norway and vice versa. However, all the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Gard Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard Bermuda in the same way as the other wholly-owned subsidiaries, such as Gard M&E and Gard Bermuda.

A 1.7 Consolidation of group data

The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest. In as much as the Company has the right to exercise membership rights in Gard Norway, the Company controls all voting rights in Gard Norway, being the legal basis for consolidating the two associations' accounts pursuant to the International Accounting Standard 27 Consolidated and Separate Financial Statements. Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared following the same accounting principles for both parent and subsidiaries. The acquisition method is applied when accounting for business combinations.

A2 Underwriting performance

The financial statements for the year ending 31 December 2025 cover the activity for the period from 1 January 2025 to 31 December 2025.

The statement of comprehensive income shows a result of USD 62 million for the period compared to a result of USD 116 million last year.

The gross written premium was USD 494 million, an increase of USD 18 million or 4 per cent from the last year. The market was softer compared to last year and the increase in premium comes from volume increase for P&I mutual.

An Owners' General Discount (OGD) of 10 per cent was given to mutual entries for the policy year 2025 and 10 percent for the policy year 2024.

Claims incurred for own account was USD 119 million

The P&I area faced four claims in excess of USD 5 million in the period. There was no own IG Pool claims reported. The claims from other P&I clubs pool were higher than expected. Claims incurred for own account was in line with expectations.

The technical result was USD 4 million with a CRN of 98 per cent and better than expected.

Gard P&I Bermuda technical result, ETC basis	31/12/2025	31/12/2024
Gross written premium	494	476
Gross earned premium	490	476
Ceded reinsurance	-303	-284
Earned premium for own account	**186**	**192**
Other insurance related income	**3**	**3**
Claims incurred, gross:		
Incurred this year	370	388
Incurred previous years	47	-23
Total claims incurred, gross	417	365
Reinsurers share of gross incurred claims	-227	-175
Claims incurred for own account	**190**	**190**
Insurance related expenses for own account	-13	-13
Other insurance related expenses	8	7
Technical result	**4**	**11**

Gard P&I Bermuda

USD million	31/12/2025
EEA	181
Norway	126
Other areas	152
Total gross written premium	**459**

A3 Investment performance

The investment portfolio delivered a positive return of USD 36 million for 2025. All asset classes in the portfolio delivered a positive return for the year and the primary drivers were holdings across credit, alternatives and commodities.

The returns in credit were driven by continued strong market demand for corporate debt, which caused spreads to narrow further, especially for higher yielding bonds. Alternatives delivered a strong returns based on favourable positioning across global interest rates, currencies and equity indices. In commodities, the portfolio saw strong returns from a broad exposure to commodities and in particular its positioning in gold.

Most expenses related to investment activities are accounted for within the net asset value of investment funds and will have an impact on changes in unrealised gain & loss. Expenses outside investment funds are mainly related to interest payments on swap contracts. Total expenses linked to investment activities are in line with expectations.

There were no major changes to the portfolio's strategic asset allocation between the two periods. Gard has implemented a more dynamic approach to strategic asset allocation, meaning that the target allocation to asset classes is considered as a range rather than a fixed target. This allows for greater flexibility in asset allocation that enables the Group to better adjust its overall risk profile in response to changing conditions whilst maintaining its longer-term strategic targets.

Gard P&I Bermuda, investment income and expenses by asset class

31/12/2025 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	1	2	0	1	4
Expenses	0	0	0	0	0
Realised gain & loss	26	11	-11	0	26
Change in unrealised gain &	4	2	0	0	6
Total	31	15	-11	1	36

Gard P&I Bermuda

Asset allocation	31/12/2025
Equities	13 %
Alternatives	40 %
Emerging Market Bonds	2 %
Government & Credit Bonds	42 %
Cash & Cash Equivalents	3 %

A4 Performance of other activities

There are no other material income and expenses for the company

A5 Any other material information

No additional material information to report.

B SYSTEM OF GOVERNANCE

B1 General information on the system of governance

B 1.1 Governance structure

Gard Bermuda is the parent company of the Gard group. Each subsidiary is a legal entity organised under the law of its country of incorporation and subject to its domestic laws and regulations. The Boards of Directors (BoD) of each subsidiary give due consideration to applicable laws and the constitutional documents of the relevant company. To the extent appropriate and consistent with such laws and regulations, the BoD of the individual subsidiary shall comply with directions from the BoD of Gard Bermuda as the ultimate shareholder of the relevant subsidiary.

Composition of Boards and Committees

The Members of Gard Bermuda and Gard Norway are the owners of the Gard group. For this reason, the composition of the governing corporate bodies of the various legal entities of the group should to the extent possible and practical, mirror the composition of the membership of the two associations with regard to, inter alia, the categories of tonnage entered and geographical spread. Participation in sub-committees established by the BoD of the parent company is widely distributed.

Roles and responsibilities for governing bodies

The General Meeting of Gard Bermuda is the highest authority in the group. It has no direct risk governance function.

The BoD of Gard Bermuda is ultimately responsible for the management of the group. It sets the overall strategy and is involved in all significant decisions, including the establishment of general principles for the administration of the company's funds. It determines the risk appetite and Comfort zone at the group level through the Gard group Risk Policy as well as the Investment Guidelines. The BoD shall be informed of any breach of minimum capital requirements. It has delegated authority in respect of overseeing the day-to-day management to the Executive Committee (ExCom). The Risk Management function, the Compliance function and the Internal Audit function report to the BoD in matters relating to risk management and compliance.

The Executive Committee is given the task to implement strategies and decisions determined by the BoD and make the operational decisions that are required for this purpose within the overall strategy, risk appetite and Comfort zone established by the BoD. It makes recommendations on the risk appetite and Comfort zone. The Executive Committee approves the risk tolerance and overall limits for material risk exposures and determines how much risk each of the subsidiaries is allowed to take. It monitors compliance with the overall risk appetite and Investment Guidelines and shall make recommendations to the BoD following the contingency procedures. The Executive Committee shall be informed about any significant weaknesses in the Risk Management System and/or the internal model.

The Audit Committee is responsible for overseeing the integrity of the financial statements and as regards financial reporting, monitoring compliance with legal and regulatory requirements, monitoring the appropriateness of the internal controls, and monitoring the qualifications, independence and performance of the external auditor. Reports from the Compliance and Internal Audit function shall be addressed to the Audit Committee, if relevant in relation to the assessment of the integrity of the financial statements.

The Risk Committee shall have oversight of the group's risks with a particular focus on reviewing the group's risk strategy, risk appetite, risk tolerance, risk profile and assessing the effectiveness of the risk management framework. The Risk Committee shall also consider the risks' impact on both the financial and non-financial goals of the group.

The Risk Committee assesses the risk in the portfolio to have increased somewhat compared with 2024, but there have been no major changes to the overall strategic asset allocation.

The Remuneration Committee's role is to establish transparent procedures for reviewing and determining the remuneration of the Directors and the Chief Executive Officer and to make recommendations thereon to the Executive Committee and the BoD as the case may be. The Remuneration Committee shall also review Gard's remuneration policy in general, including the operation of any employee incentive scheme from time to time. The Remuneration Committee shall ensure that the compensation structure is in line with the group risk appetite statement approved by the BoD.

The Boards of Directors of the subsidiary insurance companies (i.e., Gard M&E, Gard M&E Europe, Gard Norway and Gard Bermuda) are responsible for considering and approving the financial plan and new business for underwriting and ensuring compliance with local regulations. They review and endorse the group risk appetite statement approved by the BoD and the Executive Committee.

The President holds the office of Chief Executive Officer (CEO) of Gard Bermuda, Gard M&E, Gard AS and Gard Norway and is an ex officio member of the Executive Committee. The CEO is responsible for implementing the Risk Management System and for ensuring that risk-taking is aligned with the risk appetite. The CEO shall monitor that all risks are appropriately managed and shall inform the Executive Committee and the BoD of any breaches in accordance with the contingency procedures.

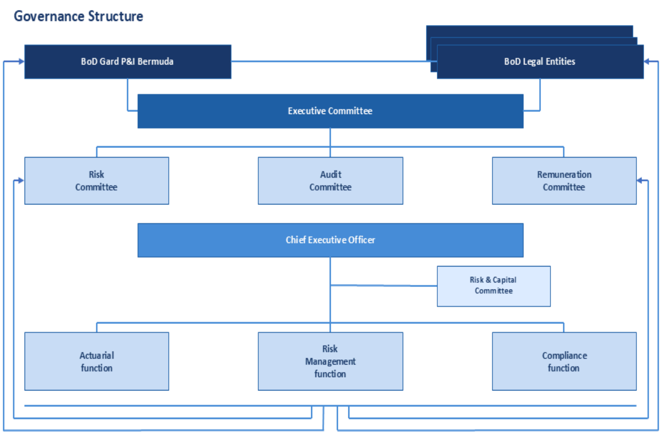
The Board's ability to delegate its powers regarding the day-to-day management of the company is limited as stated in the By-Laws of Gard Bermuda. BoD of Gard Bermuda has issued terms of reference for the CEO, which documents the role and authority of the CEO and Manager in line with current practices.

The Senior Vice Presidents (SVPs) in the Group Leadership Team (GLT) report to the CEO.

The Risk and Capital Committee is an advisory forum to the CEO on matters relating to risk and capital management. It comprises the CEO, Chief Risk Officer, Chief Financial Officer, Chief Investment Officer, Chief Legal Counsel, Group Chief Underwriting Officer, Head of Accounting, Head of Risk Management and the Head of Business Intelligence. Relevant reports to the Executive Committee, Risk Committee, Audit Committee and/or the BoD, shall be reviewed by the Risk and Capital Committee before submission.

All key functions are equipped with proper resources and skills. The reporting lines to one another and the BoD have been clearly defined.

The following figure illustrates the roles and responsibilities of the governing bodies, key decision-makers, and the second and third line of defence functions. The figure also illustrates how the risk management function is integrated into the decision-making process of Gard. For more information regarding the Three Lines of Defence model and how the risk management function is integrated into the organisational structure of Gard see chapter B 3.3.



Board of Directors

- Morten W. Høegh, Chairman - Leif Höegh (UK) Ltd., United Kingdom
- Michael F. Lykiardopulo,, Deputy Chairman - Neda Maritime Agency Co. Ltd. - Piraeus
- Nils Aden, Harren Shipping Services GmbH & Co. KG., Germany
- Aristidis Alafouzos, Kyklades Maritime Corporation, Greece
- Ian Beveridge, Bernhard Schulte GmbH & Co. KG, Germany
- Sheng-En Chang, The Evergreen Group, Taiwan
- Cyril Ducau, Eastern Pacific Shipping Pte. Ltd, Singapore
- Alexandra Economou, TMS Group, Greece
- Trond Eilertsen, Norway
- Timothy C. Faries Bermuda
- Angeliki Frangou, Navios Maritime Partners LP , Greece
- Bjørn Giæver, Nordic American Tankers Limited , Norway
- Turid Grotmoll, Norway
- Carl Johan Hagman , NYK Group , Japan
- Naftali Holtz, The Royal Caribbean Group , USA
- Weng Yew Hor - Pacific Carriers Limited - Singapore
- Kenneth Hvid, Teekay Corporation Ltd., Canada

- Georgios Karageorgiou, Olympic Shipping and Management S.A., Greece
- Lasse Kristoffersen, Wallenius Wilhelmsen ASA, Norway
- Marit Lunde, Equinor ASA, Norway
- Zahid Osman, MISC Berhad, Malaysia
- Petros Pappas, Star Bulk Carriers Corp., Greece
- Callum Sinclair, Berge Bulk, Singapore
- Herman Steen, Norway
- Takaya Uchida, Meiji Shipping Co. Ltd., Japan
- Knut N. T. Ugland , The J.J. Ugland Companies , Norway
- Lois Zabrocky, International Seaways, Inc., USA
- Rolf Thore Roppestad, President - Norway

A fit and proper assessment of the Board of Directors members has been submitted to the BMA.

No material transactions between key stakeholders and the financial entity are to disclose.

B 1.2 Remuneration policy

The purpose of the remuneration policy outlines the Gard group principles and processes in respect of remuneration. Gard group aim to appropriately remunerate the employees, ensuring that we are able to attract, retain and motivate our people towards their highest performance. The policy and principles are in line with the group's business strategies, objectives and long-term interests. The remuneration shall encourage prudent risk management, ensuring that no employee is encouraged to take risks exceeding the risk appetite as defined in the Group Risk Policy approved by the BoD of Gard Bermuda.

The remuneration of all employees, including Key Employees or members of a governing or supervisory body of a company within the Group, shall be appropriate regarding the individual's function and responsibilities and the nature, scope, and complexity of the relevant business activities. It shall be commensurate with industry standards and proportional to their respective duties.

The compensation structure is based on the philosophy that Gard's success is the result of the joint effort of the whole organization. The collective bonus scheme reflects this, as it applies to all employees of the Group regardless of position and place of work, with some exceptions and special provisions for Key Employees as required by applicable laws and guidelines, respectively. The collective bonus scheme underpins the value of teamwork and collective performance across the individual departments and offices.

Governance

The remuneration of Directors and members of supervisory bodies of a legal entity of the group is determined by the

General Meeting of the relevant legal entity. The remuneration of the CEO of a legal entity is determined by the BoD of that legal entity. The remuneration of staff below the CEO level is determined by the CEO or those being delegated authority by the CEO to determine such matters.

The Board of Directors of Gard P. & I. (Bermuda) Ltd. has appointed a Remuneration Committee with a mandate to assist the Board regarding remuneration matters, with a special focus on the remuneration of members of the various boards and committees of the Group and the CEO. The Remuneration Committee's role is to establish transparent procedures for reviewing and determining the remuneration of the Directors and the Chief Executive Officer and to make recommendations thereon to the Executive Committee and the Board, as the case may be.

The Remuneration Committee shall also review Gard's remuneration policy in general, including the operation of any employee bonus scheme from time to time in force.

Remuneration structure

The remuneration entitlements of employees for their work shall be stipulated in their contracts of employment. This includes gross annual salary, pension entitlements and other benefits that apply to the position concerned. Participation in collective and/or individual bonus schemes is a contractual entitlement contingent upon such schemes being approved and capital renewed by the Remuneration Committee and Executive Committee.

Annual salary reviews and conversations shall be held with each employee, focussing on actual vs. expected performance in the role concerned, and any other factors that ought to be considered to ensure a fair and competitive salary level going forward.

The majority of Gard's staff is employed by Gard AS in Norway. Gard AS has an agreement with Finansforbundet and are thereby committed to follow terms of agreement between Finansforbundet and Finans Norge, also when it comes to the collective salary adjustment centrally negotiated between the parties.

A collective bonus scheme applies to all employees of the Group regardless of their position or place of employment. However, the collective bonus scheme shall be applicable to Key Employees who shall be governed by special provisions as required by mandatory law.

The variable component of employees' remuneration shall not be significant relative to the overall remuneration for the relevant employee. The maximum bonus achievable for employees shall be in accordance with applicable regulatory requirements and shall not exceed 20 percent of an employee's annual salary. The bonus shall be calculated using several key performance indicators and it shall not encourage any employee to take on risk outside of the Risk Appetite.

Special terms have been determined for Key Employees to comply with regulatory requirements in Norway and their guidelines. These require that payment of a proportion of not less than 40% of the total variable remuneration bonus, shall be deferred for a period of no less than three years counting from the end of the bonus-earning year. This applies both to bonus awarded under the collective and individual bonus schemes but with the distinction that payment of the deferred part of the collective bonus is contingent upon the three years succeeding the bonus-earning year showing a surplus in the aggregate.

Special terms have been determined for Control Function Holders to comply with regulatory requirements in Norway and their guidelines, which mandate that the variable part of remuneration shall be independent from the performance of operational units and areas that are subject to the control of these functions. To ensure compliance, the Control Function Holders do not take part in the collective bonus scheme and receive instead an unconditional compensation calculated as a percentage of their gross annual salary.

Pension scheme

Most employees in Gard take part in a defined contribution pension scheme, where a certain amount or percentage of their salary is set aside each year by the association for the benefit of each of its employees. Some members of the GLT and certain key personnel have a pension scheme that gives them the right to retire at 60 years of age. For all GLT members and certain other key employees a cover is also agreed on salary above 12 times the Norwegian 'G' (National Insurance basic amount used for calculating benefits). This pension scheme is secured through an agreement with Norsk Tillitsmann Pensjon/Nordic Trustee. The obligation is secured through a pledged deposit on a bank account owned by Gard AS.

B 1.3 Assessment of the adequacy of the system of governance

The system of governance is assessed as adequate considering the size, nature and complexity of the Gard group's operations, and sufficient to ensure that all the risks the entities in the group are exposed to are appropriately dealt with and that the applicable requirements in respect of the governance system are being met.

B2 Fit and proper requirements

The regulations in Bermuda, Norway and other countries require insurance companies to ensure that the members of the governing corporate bodies collectively possess the right professional qualifications, knowledge and experience. This is known as the 'fit and proper' requirement.

All persons who effectively run the Group's business, including the members of the BoD, the Executive Committee, GLT, and key functions, hereunder, the Actuarial function, the Risk Management function, the Compliance function and the Internal Audit function, must at all times be fit and proper for the role. 'Fit' implies that their professional qualifications, knowledge and experience must be adequate to enable sound and prudent management and 'proper' requires the person to be of good repute and integrity.

B3 Risk management system including ORSA

B 3.1 Strategy

The purpose of the risk management system is to ensure that material risks are managed in accordance with our corporate objectives and risk-carrying capacity.

Gard’s risk strategy establishes, through the risk appetite statement, the level of risk that Gard deems to be acceptable as part of its ‘business as usual’-activities.

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

Gard aims to fulfil the following key objectives:

• Have a high probability of meeting its insurance liabilities and providing its services

• Preserve the continuity of its offering after an extreme loss event

• Have the flexibility and competence to help Members and clients manage new risks and pursue attractive business opportunities as and when they arise

The risk profile of Gard is managed to provide Members and customers with high security so that Gard can meet its liabilities, protect the capital base, and minimise long-term premium costs for the Members.

The risk strategy is reviewed annually as part of the financial plan process.

The following principles define Gard’s approach to risk management:

• Controlled risk-taking – We have an unambiguous definition of our risk appetite. We only accept risks in line with our risk appetite, which we understand and are able to manage

• Clear accountability – Authority is delegated and responsibilities are clearly defined. Individuals are accountable for the risks they take on. There is no reward for taking risks that are outside our risk appetite

• Responsiveness – Efficient information flow and effective decision-making procedures enable sufficient risk monitoring and prompt remediation if and when the risk profile deteriorates

• Independent control – Our Risk Management function, Compliance function and Internal Audit function provide independent advice, challenge the business functions, and monitor the effectiveness of the Risk Management System. The independent control functions shall have unrestricted access to the CEO, the Executive Committee, the Audit Committee, the Risk Committee and the BoD, and shall report any issues of concern in a timely manner

• Risk culture – We are open and transparent about losses and failures. We take corrective action and learn from mistakes

B 3.2 Key elements of Gard's risk management system

The risk management system consists of the following components:

Risk appetite and limits

Our overall risk appetite and Comfort zone (target range for capitalization) are defined in accordance with Gard's risk-carrying capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies

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

Risk management cycle

Risks are identified, assessed, managed, monitored and reported according to the following principles:

• Identify – Material risks are defined and described in the risk landscape (see chapter C)

• Assess – Material risks and emerging risks are assessed regularly and at least annually. The Own Risk and Solvency Assessment process is the main process for assessing the overall risk and solvency position at a group, legal entity level and branches

• Manage – Risk is managed proactively, on an individual and aggregated level, in line with the risk appetite and risk tolerance

• Monitor – There is regular monitoring of the risk exposures and the alignment with the risk appetite. The purpose of the monitoring is to ensure that adequate remedial actions can be taken swiftly if necessary

• Report – There is regular reporting of risk exposures from the 2nd line to the CEO and the BoD of the legal entities, as well as to the Executive Committee, the Audit Committee, the Risk Committee and the BoD of Gard Bermuda

Internal model

Gard's internal model is used to calculate the internal capital requirements of the group and all insurance entities. The internal model is also used to calculate the regulatory capital requirement of the Gard group, Gard Norway and Gard M&E Europe. For more information see B 3.5 Determination of Gard's own solvency needs, B 3.6 Risk management system for internal model, and E 2.1 Calculation of group solvency requirements.

Contingency procedures

There are contingency procedures in place describing how to respond to a breach in Risk Appetite or limits, ensuring that appropriate and proportionate remedial actions are taken when needed.

Disclosure

There are procedures in place to ensure that information about risk and capital that is disclosed to regulators, rating agencies and other external stakeholders, is appropriate, accurate, timely and complete.

B 3.3 Implementation and integration of the risk management system

Risk governance is based on the three lines of defence model, with clearly defined roles and responsibilities. Risk execution is carried out in the business functions (1st line), risk oversight is primarily carried out by the Risk management, Compliance and Actuarial functions (2nd line), and independent assurance is provided by Internal Audit (3rd line). External audit conducts an independent and objective assessment of the financial statements and financial reporting.

1st line of defence functions: Accountable for implementing, embedding, and using the Risk Management System, hereunder:

Establishing and delivering the business plan within the risk appetite and managing the risk exposure

Identifying and evaluating all material risks within their area of responsibility

Monitoring and analysing changes in the risk exposure regularly and assessing these against the risk appetite

2nd line of defence functions: The Risk Management and Compliance functions are responsible for developing and maintaining the Risk Management System for the 1st line to use in its day-to-day business and for providing an independent and forward-looking view of the risk profile to the BoD and the Executive Committee, hereunder:

- Support the 1st line of defence in assessing material risks
- Provide value-adding challenges and support to help ensure that risk has been adequately considered in all significant business decisions
- Assure the Executive Committee and BoD that the Risk Management System is being operated effectively by the 1st line
- Make remedial recommendations in respect of limit breaches and improvements to the Risk Management System

The 2nd line of defence functions shall operate efficiently and effectively and be independent of the 1st line of defence. The 2nd line of defence functions is responsible for their respective tasks across the group, including all subsidiaries and associated companies.

3rd line of defence function: Responsible for providing independent assurance on the adequacy and effectiveness of the Risk Management System to the Audit Committee, the Executive Committee, and the BoD. The internal audit function is appointed by and reports to the Audit Committee.

The three lines of defence model is illustrated in the figure below.

B 3.4 Own Risk and Solvency Assessment (ORSA)

The ORSA process comprises the totality of processes that Gard utilises to identify, assess, monitor, manage and report risks in the short and long term, as well as determine capital requirements.

The ORSA report is prepared annually by the Risk Management function consistently for all areas and on behalf of all insurance companies, branches and management companies in the Gard group. The risk profile, capital and solvency situation and outlook over the planning period are reviewed throughout the year for each legal entity by key executive members.

Additional risk and solvency assessments will be conducted when required by changes in the capital adequacy or risk profile. The financial plan is used for projecting the future development of the risk profile and future capital and solvency requirements and the findings from the ORSA process are used in the financial planning process and any decisions on group contributions, and capital contributions within the group and owners' general discount.

The ORSA report is approved by the Executive Committee and the Boards of Directors of all legal entities and distributed to the Norwegian FSA (Finanstilsynet), the Bermuda Monetary Authority (BMA) and other relevant authorities after the internal approval process is finalised.

B 3.5 Determination of Gard's own solvency needs

To determine the economic capital requirements given Gard's risk profile, Gard uses an internal model.

B 3.6 Risk management system for internal model

B 3.6.1 Roles and responsibilities

The first internal model in Gard was developed in 2004 and has since been refined to meet business needs and regulatory requirements. All insurance undertakings in Gard are included in the internal model. Economic capital is used for all internal purposes, such as capitalisation, hereunder assessment of capital against risk appetite and Comfort zone, financial planning, reinsurance and investment planning.

The model provides the best estimate of risk and ensures a consistent understanding of the risk exposures and solvency requirements across all legal entities. Results from the internal model are communicated quarterly to the Executive Committee, BoD, the Risk Committee, the Group Leadership Team and other key decision-makers.

The economic capital expresses the potential loss over a one-year time horizon with a confidence level of 99.5 per cent. This is consistent with industry practice and Solvency II. The Executive Committee ensures effective governance of the internal model and decides on major changes to the model. The Executive Committee approves the output of the internal model four times a year.

The BoD of each insurance entity ensures that the model design and operations are aligned with the entity's risk profile and the use of the internal model output.

The Executive Committee ensures effective governance of the internal model and decides on major changes to the model. The Executive Committee approves the output of the internal model four times a year.

The BoD of each insurance entity ensures that the model design and operations are aligned with the entity's risk profile and the use of the internal model output.

The Risk Committee ensures that the model design and operations are aligned with Gard's risk profile and that there are adequate independent review procedures in place around the internal model design, operation, and validation. The Risk Committee reviews output from the internal model four times a year.

The Risk and Capital Committee reviews the output from the model four times a year and challenges the assumptions and results. The Risk and Capital Committee will also review the model on an ad hoc basis.

The CEO ensures that there are sufficient resources to develop, monitor and maintain the model.

The Head of Risk Management ensures appropriate design development and operations of the internal model, ensures that testing and validation of the model takes place, analyses the performance of the internal model, reports to the various committees and communicates model results of major weaknesses and limitations in the internal model.

B 3.6.2 Internal model validation process

The internal model is validated at least annually to verify that the internal model is current, uses reliable and relevant data, remains fit for the purposes intended under changing conditions, and is operated and maintained by personnel with adequate expertise and experience.

The validation shall be conducted by an independent reviewer who can provide an objective challenge of the internal model design, parameterisation, and implementation. The independent reviewer shall not have been directly involved in the development and operations of the internal model and should be free from influence from those responsible for the development and operations of the internal model.

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The validation is performed by a member of the business controlling team with 20 plus years of experience and holding a Master's in Finance from Norges Handelshøyskole and a Master's in Mathematics (Actuarial Science, Insurance and financial mathematics) from the University in Oslo.

B 3.7 Material intra-group outsourcing arrangements

See section A 1.2.8 Lingard and A 1.2.9 Gard AS for management and agency agreements within the Gard group.

B4 Internal control system

B 4.1 Elements of internal control system

Gard's internal control system is built on the three lines of defence model as described in section B 3.3, where preventive and detective controls shall be carried out in the 1st line of defence, risk oversight, detective controls and monitoring shall be carried out by the 2nd line of defence, and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by the 3rd line of defence.

The internal controls shall contribute to the prevention of financial losses or other adverse outcomes such as loss of reputation through timely and proactive control of relevant risks. Effective prevention averts or mitigates risks before any loss occurs. The internal control system shall also contribute to the detection of irregular business conduct at an early stage, deviations from agreed standards for process execution or data errors that have caused or may cause losses/adverse outcomes. Early detection enables timely and effective actions to avoid any recurrence and to implement preventive measures for similar risks.

When Gard designs and implements internal controls, the following key principles apply:

- Internal controls shall be embedded in the business to continually improve the quality and security of our operations, and foster a positive risk culture

- Both preventive and detective controls shall be proportionate to the nature, scale and complexity of the operations and risks involved

- Periodic reviews of the adequacy and effectiveness of internal controls shall be carried out

The BoD is ultimately responsible for the internal control framework. The Executive Committee is responsible for assessing the adequacy of the internal control system. The Executive Committee receives an annual report from the management concerning internal control, as well as independent reports from the internal auditors on the adequacy and effectiveness of the internal control system.

The CEO must ensure that the organisation has an adequate and effective internal control system in place, with suitable processes, systems and activities to control and monitor that Gard's business is conducted properly.

B 4.2 Compliance function

Gard's internal control system is built on the three lines of defence model as described in section B 3.3, where preventive and detective controls shall be carried out in the 1st line of defence, risk oversight, detective controls and monitoring shall be carried out by the 2nd line of defence, and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by the 3rd line of defence. The internal controls shall contribute to the prevention of financial losses or other adverse outcomes such as loss of reputation through timely and proactive control of relevant risks.

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The CEO must ensure that the organisation has an adequate and effective internal control system in place, with suitable processes, systems and activities to control and monitor that Gard's business is conducted properly.Gard's Compliance function comprises a Group Compliance department at its headquarters in Norway and Regional Compliance Officers (RCOs) appointed in all countries outside of Norway. The Group Compliance Officer (GCO) has a direct reporting line to the CEO, the BoD of Gard P. & I. (Bermuda) Ltd., as well as to the Managing Directors of each legal entity in the group. The GCO is fully independent and has no operational responsibilities within the first line of defence.

The GCO is responsible for ensuring that Gard operates within a clearly defined compliance framework. The Group Compliance function, including the GCO and RCOs, ensures that the entities registered in specific jurisdictions remain compliant with governing laws, regulations, and administrative provisions.

The RCOs support the GCO in identifying, assessing, monitoring, and reporting risks. They provide advice and challenge local business functions, contributing to the adequate management of compliance risk, and serve as the local point of contact with local Financial Supervisory Authorities (FSAs). They report to the GCO on compliance matters. Members of the compliance function should generally not have operational responsibility or authority over any of the activities or operations they review. However, given the limited number of employees in the regional offices and the complex nature of Gard's business, RCOs may also execute operational activities in addition to their RCO role.

B5 Implementation of the internal audit function

Gard's internal control system is built on the three lines of defence model as described in section B 3.3, where preventive and detective controls shall be carried out in the 1st line of defence, risk oversight, detective controls and monitoring shall be carried out by the 2nd line of defence, and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by the 3rd line of defence. The internal controls shall contribute to the prevention of financial losses or other adverse outcomes such as loss of reputation through timely and proactive control of relevant risks. Effective prevention averts or mitigates risks before any loss occurs. The internal control system shall also contribute to the detection of irregular business conduct at an early stage, deviations from agreed standards for process execution or data errors that have caused or may cause losses/adverse outcomes. Early detection enables timely and effective actions to avoid any recurrence and to implement preventive measures for similar risks.

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The internal audit function forms part of the 3rd line of defence function, assuring Gard’s management and the Executive Committee that material risks are identified and managed within the group’s stated risk appetite. The internal audit function also provides independent and objective assurance that the governance processes and systems of internal control are adequate and effective to identify and mitigate the most significant risks that could threaten the achievement of Gard’s objectives.

The scope of work of the internal audit function is to determine whether Gard’s system of risk management and internal controls and governance processes, as designed and represented by the management, are adequate and functioning effectively to ensure that:

a) Material risks are appropriately identified and managed

b) Established policies, procedures and processes are adequate, appropriate and implemented to manage risks within defined risk appetite, and are effective to meet regulatory and legal requirements

c) Significant financial, managerial, and operating information is accurate, reliable, and timely

d) Employees’ actions comply with policies, standards, procedures, and applicable laws and regulations

e) Significant legislative or regulatory issues impacting the organisation are recognised and addressed properly

f) Opportunities for improving management control, profitability, business processes and Gard’s reputation may be identified during audits. They will be communicated to the appropriate level of management

The internal audit function in Gard has been outsourced.

An annual plan is prepared based on the internal audit’s risk assessment and Gard’s strategy. The audit plan is prepared in dialogue with the administration and is approved by the Executive Committee and the Audit Committee. The internal audit function evaluates the appropriateness and effectiveness of the group’s management and control processes. The function also provides targeted and structured feedback on the organisation’s compliance with guidelines and relevant legal requirements. The internal audit function shall contribute to continuous improvement in management and control. A biannual report from the internal audit function summarises its independent assessment of the quality and efficiency of governance structure, risk management and internal control, including the compliance with relevant laws and regulations. The principal point of contact and administrative reporting line is to the Head of Compliance and Quality Management.

The internal audit teams are functionally independent and objective from the activities audited and the day-to-day internal control processes of the organisation and shall be able to conduct an assignment on their own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the actions of outsourced activities.

Internal Audit is authorised to:

- Have access to functions, records, property, and personnel, including all documents pertaining to meetings of the boards and other governing bodies of the organisation
- Obtain the necessary assistance of personnel in the organisation, as well as other specialised services from within or outside the organisation
- Have full and free access to management and the Audit Committee
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.

Report any material solvency challenges or other fraudulently activity directly to the Supervisory Authority.

B6 Implementation of Actuarial function

The actuarial function is organised within the Actuary and Risk Capital team. The team is led by the actuarial function holder. The actuarial function holder reports to the CEO, the Executive Committee and the BoD. The Actuarial function is independent of the actuary in the Actuarial Reserving team.

B7 Outsourcing

Gard's core purpose is delivered through three pillars of excellence; knowledge and expertise, financial strength and long-term relationships. This also governs our approach to external service providers. Gard assesses service providers thoroughly, ensuring that Gard only enters contractual relationships with providers that support our values and ethical standards. Gard takes a long-term perspective when entering into agreements with external service providers.

Outsourcing is a way of getting access to sufficient scale and adequate competence which could not effectively be achieved by providing the service in-house.

Outsourcing contracts must comply with all the relevant regulatory requirements. To ensure this, Gard's legal department shall be consulted in all cases, with additional external legal advice sought where appropriate.

Intra-Group outsourcing

During 2024 Group Risk together with Group Legal reviewed the Group's intra-group outsourcing arrangements. The assessment was based on the elements of the third-party risk management policy (see Monitoring and oversight chapter).

The 2024 assessment did not identify any material risks, but it recommended a review of the currently implemented controls vis-à-vis new regulatory requirements (in particular the EU Digital Operational Resilience Act), and a review of the adequacy of the current controls in demonstrating that the operating company’s provisioning of services is in line with the financial entities’ requirements.

Internal Control

To ensure that the outsourcing of any critical or essential functions or activities does not lead to material impairment of the quality of Gard’s governance system, the service provider must have in place adequate risk management and internal control system, and Gard must maintain the contractual right to issue instructions concerning the outsourced function or activity.

Business continuity and exit strategy

The outsourcing arrangement must be established in such a way that business can continue in the event the contract with the licensee is terminated. Thus, Gard shall secure title and ownership to all records, documents and information and rights to use computer software systems and programs for a certain period after the relevant outsourcing agreement has been terminated, as required to manage and operate the business without any interruptions.

The contractual terms and conditions with the service provider must have an agreed and embedded workable exit plan placing obligations on all parties to fully assist and co-operate to ensure the contract is terminated with the minimum disruption.

Monitoring and oversight

The governing body or role that has entered into an outsourcing contract is responsible for monitoring that the contractual terms are being adhered to and that all parties honour their obligations under the contract.

Further to the review of Gard’s outsourcing policy in 2023 securing the necessary due diligence when entering outsourcing contracts, the third-party risk management policy was approved by the Board of Directors. The latter complements the Outsourcing policy as it ensures continuous risk-based monitoring of outsourced services. The tier-based monitoring uses the criticality of the services and their monetary value as classification criteria. Tier 1 service providers are to be reviewed annually.

The monitoring of significant outsourcing contracts is defined to be part of the intra group outsourcing risk assessment.

Monitoring should cover the following risk components of services provided by external parties:

• Business Continuity risk: to which extent will a failure in the provisioning of the service impact Gard’s ability to continue to provide its services to its members and clients;

• Internal Control risk: the risk that contracted service cannot be delivered consistently at agreed quality levels due to inadequate control systems in place;

• Concentration risk: to which extent the sum of all contracted services to a single provider creates too great a dependency on this provider for the Group;

• Financial risk: to which extent does the provider's solvency or liquidity pose a risk to providing the necessary services to the Group;

• Compliance risk: to which extent does the service provider comply with the regulatory requirements that Gard is subject to pertaining to anti-money laundering, sanctions, data privacy, information security, business continuity and wider Environmental, Social and Governance (ESG) requirements.

Reporting

Gard shall notify the relevant supervisory authorities before the outsourcing of critical and or important functions or activities as required and of any subsequent material developments for those functions or activities. This may include material changes in the outsourcing arrangements, a change of service provider or major problems with the performance of the service provider.

Roles and responsibilities

The CEO shall administer the daily business of the group on behalf of the Executive Committee. The CEO is responsible for entering into contracts on the group's behalf when this is required to implement its strategy, goals and financial plan, taking into consideration the risk appetite and Comfort zone as determined by the company's Board of Directors.

Major contracts which may significantly impact the way a Gard entity operates shall be signed by that entity's CEO or Managing Director. The Executive Committee shall be informed before entering into any contracts that may alter the group's operating model and/or that may involve significant risk or costs.

All Senior Vice Presidents and most senior managers have been delegated authority to enter into contracts in their respective areas of responsibility, however, the CEO shall be informed of any significant engagements before their execution. Contracts entered into in the ordinary course of business, for example, a contract with a local loss adjustor can be signed by personnel with the relevant level of authority.

When Gard legal entities enter into contracts between themselves, the signatory for each legal entity may be the same person, acting in a different capacity. For example, the Managing Director of Lingard may sign the contract on behalf of Gard Bermuda as its insurance manager, and on behalf of Gard M&E as its insurance manager.

The Legal Department shall be responsible for reviewing significant contracts before they are signed. They shall also keep a record of all contracts made between Gard legal entities.

Group Risk is responsible for ensuring that the necessary risk assessments are executed before entering relevant contracts. Group Risk shall also keep a record of all executed risk assessments and that identified, required mitigating actions are implemented.

Gard outsources the internal audit function, IT services and fund management. The Internal Audit function is based in Norway, the IT services provider is based in India and the fund management company is based in Ireland.

B 7.1 Outsourced important operational functions or activities

Gard has only to a limited extent outsourced important operational functions or activities. In the reporting period Gard has outsourced important operational functions in three areas; 1) Internal audit, 2) IT services and 3) Fund management.

1) Internal audit

Gard has entered a contract outsourcing the internal audit function to PwC Norway, in 2025. The internal auditor has the following main responsibilities:

- Facilitate the development of a risk-based, annual audit plan
- Plan execute, report and follow up on internal audit projects based on the approved annual internal audit plan
- Report regularly to the Audit and Executive Committees of Gard Bermuda, as well as the Boards of Directors of the other risk carriers in the Gard Group
- Meet periodically with the Risk Management, Compliance and Quality Management functions in Gard AS
- Share knowledge and insight about leading practice in respect of corporate governance, risk management and internal controls
- Contribute to following up on previous recommendations, hereunder evaluating whether the recommendations have been followed up

Gard's main contact in PwC Norway is partner Henrik Flygind.

2) IT services

The current provider of IT services is Cognizant Technology Solutions UK. Gard's main contact in Cognizant is Associate Sales Director and Client Partner, Oliver Bernau

Since October 2009 Gard has outsourced its IT operational services, and divided responsibility with the outsourced partner as follows:

Operational Services – General		
Service Area	Contractor	Gard
Base Services		
Data Centre		X
Server	X	
Storage & Backup	X	
Operation of Database(s)	X	
Network Operations	X	
WAN	X	
Citrix	X	
Print server	X	
Peripheral, others	X	
Internet Access		X
Asset Management		X
Hardware and Basic Software	X	X
Active Directory	X	
File server	X	
IDS/IPS (Intrusion Detection System/ Intrusion Prevention System)	X	
Anti-malware / Anti-spyware	X	
Operational Tools		
General monitoring and operational tools	X	
Service Desk tools	X	
Business		
Collaboration and Email	X	
Work Place Service (SCCM and MDM)	X	
Service Desk	X	
Deskside	X	
Fixed phones	X	
VOIP	X	

3) Fund management

Affiliates of the Northern Trust Company, the global custodian, have a key role in managing the Unit Trust structure on behalf of Gard. The management of the Unit itself is outsourced to a professional management company registered in Ireland. The investment adviser of the Unit Trust is Gard's management company: Lingard, in Bermuda.

The Unit trust structure includes many roles and responsibilities, and Northern Trust performs the majority of supporting functions, such as administrator services, performance and compliance monitoring.

The structure is regulated by the European Alternative Investment Fund Management Directive (AIFMD) under regulatory supervision by the Irish regulator.

B8 Any other information

There is no other material information to be disclosed regarding the system of governance.

C RISK PROFILE

In the context of its operations, Gard enters into a broad variety of risks. Gard aims to have a comprehensive understanding of its risk profile by identifying, assessing, and measuring its risk through multiple approaches.

The material risks that Gard is facing are believed to be captured in the risk landscape. The risk landscape comprises both quantifiable risks and non-quantifiable risks that arise from doing business. The risk landscape is shown in the figure below.

Gard uses the BSCR for calculating regulatory capital requirements for the Bermuda insurance entities. However, to determine the economic capital, Gard uses an internal risk capital model. All material quantifiable risk types are within the internal risk model scope. This includes underwriting risk (insurance risk), market risk, counterparty default risk and operational risk. Besides, Gard uses various exposure measures and stress tests to quantify its risk profile. All material risks are assessed at least annually through the ORSA process and quarterly through the model updates. Significant internal or external events may require additional assessments. To test Gard's ability to withstand severe conditions, several stress tests are conducted regularly. The risk identification process ensures that material risks are identified and assessed from a group and legal entity perspective. It considers the industry, the type of Members and clients and the global nature of the organisation and covers existing and emerging risks.

C1 Material risks

The below table summarizes the various risks included in the Bermuda Solvency Capital Requirement:

The Transitional Enhanced Capital Requirements (ECR) under 2019 and 2024 year-end Rules amounts to USD 389 million as of 31 December 2025 .

Market risk is defined as the risk of economic losses resulting from deviations in the value of assets and/or liabilities caused by market prices or volatilities of market prices differing from their expected values.

Gard is mainly exposed to market risk through the investment portfolio. The investment portfolio is set up to match the maturity of the liabilities.

Gard obtains diversification in its investment portfolio through asset allocation within and between different asset classes. On the liability side, Gard is exposed to market risk through changes in interest rates and exchange rates.

The ECR calculation for market risk is factor-based.

A major risk area a of 31 December 2025 is diversified market risk of USD 322 million, where undiversified equity risk of USD 299 is a significant contributor due to fully ownership of subsidiaries. Other undiversified risk areas within market risk are fixed income investment risk of USD 9 million, interest rate/liquidity risk of USD 3 million, currency risk of USD 39 million and concentration risk of USD 58 million. Diversified insurance risk of USD 168 million consists of undiversified premium risk of USD 57 million, reserve risk of USD 97 million and catastrophe risk of USD 105 million. As of 31 December 2025, Gard Bermuda has a credit risk of USD 9 million and an operational risk of USD 4 million.

Insurance risk arises from existing claims (reserve risk) and future claims (premium risk) and catastrophe risk (cat risk) and originates from claims being different from what is expected. Many of the covers provided by Gard have high exposures, and potentially, very high severity. These claims fluctuate from year to year and the results are volatile.

The premium and reserve risk capital requirement calculation has a factor-based approach, based on geographically diversified net premium written and geographically diversified net loss & loss expense provisions. The basis for catastrophe risk is net probable maximum loss for natural catastrophes (after reinsurance) plus a 10 per cent credit risk charge on reinsurance share of maximum probable catastrophe loss, less total catastrophe premium. Under the 2024 Rules, a marine catastrophe risk scenario has been added as man-made catastrophe risk.

Operational risk is the risk of losses arising from inadequacy or failure of internal processes or because of events triggered by employee-related, system-induced, or external factors. Operational risks are an ‘invisible’ part of our business activities, and the focus is therefore on risk avoidance and risk minimisation.

Operational risk is reviewed annually through an internal self-assessment and reported to the Audit Committee. The process enables Gard to identify, prioritise, and manage operational risks. Within this operational risk review business process risks (including data quality), compliance risks, fraud risks and information security risks are considered in particular.

The operational risk factor under ECR is based on an assessment of Corporate Governance and Risk Management Function. The operational risk module is based on a linear formula and is therefore not risk-sensitive.

Gard P&I Bermuda, material risks

BSCR risk type	31/12/2025
Market risk	
Fixed Income Investment Risk	9
Equity Investment Risk	299
Interest Rate / Liquidity Risk	3
Currency Risk	39
Concentration Risk	58
Underwriting risk	
Premium Risk	57
Reserve Risk	97
Catastrophe Risk	105
Credit Risk	**9**
Diversification	-292
BSCR (after diversification)	**385**
Operational Risk	4
BSCR	389

C2 Other risks

Business risks

Business risk is the risk of losses or failure to meet business objectives due to unexpected changes to legal and regulatory conditions, changes in the economic and social environment, as well as changes in business profile and the general business cycle. The Gard group has companies and branches in several jurisdictions. Unexpected changes initiated by e.g. the regulators in one part of the group may have consequences for other parts of the group.

Gard does not hold capital against business risk. The level of business risk is deemed acceptable given the business model and capital flexibility of the Group.

Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, material economic loss, or loss to the reputation the group may suffer as a result of its non-compliance with laws and regulations which govern the business activities.

Gard group comprises companies and branches in several jurisdictions, as well as captive reinsurance companies, insurance intermediary companies, subsidiaries, and a property company. As a natural consequence of the group structure Gard is subject to several regulatory regimes such as those of Norway, the UK, Bermuda, Hong Kong, Singapore and Japan. Unexpected changes in legal and regulatory conditions, as well as changes in the economic and social environment in which the group operates, may pose a risk to Gard.

Compliance risk is managed through ongoing monitoring of regulatory environments that Gard operates in, as well as periodic regulatory reviews with participants from all jurisdictions where Gard conducts business. Tools that are implemented to reduce compliance risk are supplemented by compliance training programmes.

Gard does not hold capital against compliance risk directly, but indirectly through the operational risk capital charge. The level of compliance risk is deemed acceptable given the business model.

Gard's business is built on the trust of its Members and clients, as well as other stakeholders. The Gard group must be seen to act with integrity towards all its Members and clients, regulators and other stakeholders.

Reputational risks

Gard's reputation may be damaged due to e.g.:

- Data breach and privacy (GDPR)
- The inability to provide the required level of service due to prolonged IT-system disruptions
- Misalignments (non-compliance) with regulatory requirements
- Sanctions non-compliance
- Failing to keep up with the changing beliefs of stakeholders, e.g., ESG issues
- Wrongdoing from top management, CEO or board members

Gard does not hold capital against reputational risk as such but holds capital against many of the risk events that could damage the reputation of the company. The level of reputational risk is deemed acceptable.

Sustainability risks

The insurance sector is exposed to climate-related risks and both the insurance portfolio and the investments of a company could potentially be affected simultaneously. Increases in extreme weather could affect the covered assets while the investment portfolios could be vulnerable to transition risks. In the stakeholder assessments Gard has conducted, climate-related issues have scored high. Risks associated with climate change are also repeatedly highly ranked in our emerging risk reviews.

Gard has taken a comprehensive approach to climate-related risks hrough double materiality assessments and scenario analyses, and by establishing a Climate Expert Group with representatives from 10 different departments across the organisation.

Sustainability risk assessment: Gard conducts double materiality assessments at regular intervals to evaluate the sustainability risks that are important to its business and stakeholders. Our latest assessment was based on the Corporate Sustainability Reporting Directive (CSRD) guidelines and the results will be published in the Annual Report for 2024.

Human impact risk: Gard publishes a Human Rights Due Diligence report every year, following the Norwegian Transparency Act. The latest internal risk assessment found no actual or significant potential adverse impacts, but it did find some common areas where practices can be improved. These areas include policies covering responsible business conduct and codifying decent working conditions.

Physical climate risk: Climate change has increased the frequency and severity of extreme weather events and is expected to continue to do so going forward. Gard has not observed significant trends in the number or cost of claims associated with extreme weather but continues to monitor the development. Gard is especially concerned about fixed objects that cannot avoid the weather, such as windfarms, ships in lay-up and shipyards. Gard's insurance portfolio could also be indirectly affected by the reinsurance market, which could face capacity or premium challenges due to extreme events.

Transition climate risk: The world is moving towards carbon neutrality and the shipping sector will have to comply with new emission targets and pricing mechanisms from the IMO and the EU. Gard expects to be able to adjust its pricing and investment portfolios rapidly, but it also sees a challenge in ensuring that it has the relevant skills and expertise to adapt to the changing regulations and requirements. Gard also anticipates that the transition will alter the market segments it insures, as some fossil fuel-related assets could decline in value or maintenance, while renewable energy assets could increase in demand and complexity.

Gard's response to climate risk: Gard has a Climate Expert Group that monitors the developments and identifies opportunities related to climate change. Gard also aims to increase its portfolio share of offshore wind and other renewables, such as tidal and solar power, and to support the energy transition with its competence and understanding. Gard's investments are exposed to. transition risks, but a screening by MSCI showed that its equity portfolio has a low carbon intensity and a high ESG rating. Gard recognizes that transition risks go beyond carbon intensity and that ESG ratings have limitations.

Litigation risks: Gard has not identified significant litigation risks related to climate issues, as its coverage is limited to physical assets and specific events. However, it acknowledges that there has been a considerable increase in climate-related litigation taking place and that it will follow the developments closely.

C3 Risk mitigation

Reinsurance is a method to ensure that insurance liability risk is kept within the overall risk appetite and Comfort zone and that rating and regulatory requirements are met.

Reinsurance is used to ensure continuity after an extreme loss event; providing flexibility to help Members and clients manage new risks and pursue business opportunities.

The reinsurance program is established to protect against high-severity, low-frequency claims.

C4 Risk concentration

Reinsurance is a method to ensure that insurance liability risk is kept within the overall risk appetite and Comfort zone and that rating and regulatory requirements are met.

Reinsurance is used to ensure continuity after an extreme loss event; providing

flexibility to help Members and clients manage new risks and pursue business opportunities.

The reinsurance program is established to protect against high-severity, low-frequency claims.

Risk concentration cuts through and across risk types as well as within single risks. The most material risk concentrations are within insurance and market risk.

Concentration within and between the other single risks is not considered material. Risk concentration is mainly managed through limits, e.g., limit on exposures held for investments per rating category, exposures to a single counterparty, and maximum aggregated exposure to a single reinsurer. The limits are monitored and reported regularly.

C5 Prudent person principle

The BoD of Gard approves the overall investment policy. The investment policy contains the objectives, principles, risk appetite and constraints governing investment-related decisions.

The BoD has ultimate overall responsibility for decision-making on investment matters and has delegated responsibility for implementing the investment strategy to the Executive Committee (ExCom). ExCom is therefore responsible for determining the investment strategy and setting the Strategic Asset Allocation at the Group level and constructing an appropriate benchmark. The composite benchmark is defined to make a representation of the asset allocation and liability structure of the group. The allocation is reviewed at least annually. ExCom also monitors compliance with the Investment Policy and sets specific limits and restrictions on deviations from the strategic asset allocation and is required to notify the BoD when it deems it necessary to operate outside of the target ranges. ExCom takes a total market risk view when implementing strategies within the overall policy.

Investment management is responsible for implementing the asset management strategy as determined by the BoD and ExCom. The asset management is primarily outsourced to independent fund managers and is mainly coordinated through the Gard Unit Trust Fund (Gard UTF) for insurers within the group. Gard is not doing any active internal asset management at an individual security selection level but may use financial instruments such as ETFs to alter the asset allocation at a strategic level.

C6 Risk sensitivity

Gard is in a solid position to meet current and future solvency needs, as evidenced by our current basic capital adequacy ratio of 255 per cent, and our projections indicate that this ratio will steadily increase in the future. A solid capital adequacy ratio is also achieved by all legal entities.

The probability of falling below the solvency requirements is therefore considered low, particularly given Gard's ability to recapitalise the Group and all of its legal entities. The Gard group and all legal entities are also expected to stay compliant with all risk tolerance limits set by the Board of Directors.

No actions to strengthen the capitalisation of the Group are deemed necessary.

Gard performs various sets of stress tests. The main methods used are the following:

Insurance risk stress tests

A set of extreme events for insurance risk have been identified and the realistic possible loss to Gard has been estimated. The scenarios are calculated using Gard's exposure to actual insured objects, showing the expected loss, gross and net of external reinsurance, by line of business. Further, to calculate the loss by each legal entity, internal reinsurance is applied. The most severe losses from a single extreme event would be a scenario where Gard is exposed across several product areas with separate reinsurance programs. The Gard group may experience multiple extreme events in a single year.

Reverse stress tests

Complementary to insurance risk stress tests and market risk stress tests, reverse stress testing is carried out to identify scenarios that would be the probable cause of business failure. 'Business failure' is defined as the solvency position falling below a level where the business model becomes unviable. A consequence of this would be that counterparties and other stakeholders could be unwilling to transact with or provide capital to the Gard group and, where relevant, existing counterparties may seek to terminate their contracts.

The reverse stress tests identify events that will jeopardize the Gard group's solvency, but not circumstances that will cause Gard to 'cease being a going concern'. The results of the reverse stress tests answer the question of which scenarios represent real risks to the existence of the company.

The reverse stress tests are based on one insurance scenario and one market scenario.

The stress tests are quantitative. Gard is aware of other non-quantifiable situations which could also render the business model unviable.

There are policies and contingency plans in place describing how to take immediate action or act as precautionary measures in advance, to restore or improve the solvency capital adequacy.

Multi-year stress tests

To complement the one-year stress tests, multi-year stress scenarios have been developed to test the effect on the capitalisation of the group by an adverse development over time. Three scenarios have been assessed. The estimated total probability for each of the scenarios is low.

1. Increased demand for Marine transport

An increased demand in the world for Marine transport, resulting in high utilisation of the available ships and crew, affects both claims frequency and severity.

2. Financial market crisis

The scenario describes a situation where the market values are over-priced at t=0 and the market is being re-priced over three years.

3. Combined insurance risk and market risk scenario

The scenario describes a situation where higher claims concur with adverse movements in global financial markets for years. The Gard group will in all the above scenarios still be compliant with regulatory requirements - without any management actions - at the end of the stress period. Market risk stress and drawdown risk tests. Several stress tests using a range of scenarios for short-term market shocks as well as for longer, multi-year periods have been performed to estimate the potential impact on Gard's portfolio and capital situation. Market shocks are assumed to be one-off instantaneous changes in asset prices and portfolio allocations. Combined scenarios, in which several factors experience simultaneous shifts in prices, have been designed in line with EIOPA's Insurance Stress Test specifications, published in May 2018.

We have also stressed the portfolio to model historical events. Especially drawdown risk happening at the same time for multiple asset classes constitutes an adverse tail event and reduces diversification benefits.

C7 Any other information regarding the risk profile

There is no other material information to be disclosed.

D VALUATION FOR SOLVENCY PURPOSES

This section specifies and describes the valuation of assets and liabilities for solvency purposes, and the differences between the bases, methods and main assumptions used for the valuation of assets for solvency purposes and those used for financial statements.

The bases, methods, and assumptions are similar for all legal entities and follow the principles outlined in the Solvency II directive, i.e.:

• Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction (fair value)

• Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction

• The materiality principle shall be considered when valuing assets and liabilities.

Information is material if its omission or misstatement influences the decision-making or the judgement of the users of that information, including the supervisory authorities

• The valuation shall assume that the company will continue to operate and write new business for the foreseeable future ('going concern basis')

The economic balance sheet ('Solvency II balance sheet') represents a risk-based view of the entire balance sheet at a given date, where assets and liabilities are valuated in line with the above concepts. The table below summarises each material class of assets and liabilities the value according to BSCR together with the values of the assets recognised and valued in the statutory accounts.

The statutory account values in the balance sheet are classified according to BSCR rules and are different from the values in the balance sheet in the Financial Statements.

No changes have been made to the recognition and valuation bases used or to the estimates during the reporting period.

There are no differences in major parts of the balance sheet items in the valuation for solvency purposes and those used for the valuation in statutory accounts. The main difference is the discounting of reserves and risk margin that are included in the BSCR values.

The statutory accounts values in the balance sheet are classified according to Bermuda rules and are different from the balance sheet in the Financial Statements

No changes have been made to the recognition and valuation bases used or to estimations during the reporting period.

For Gard Bermuda, only the line of business ‘Energy Offshore / Marine’’ is applicable.

D1 Valuation of assets

Gard P&I Bermuda, Economic balance sheet

USD million, as of 31/12/2025	Economic Balance Sheet	Statutory Financial Statement	Difference
Assets			
Cash and cash equivalents	140	140	0
Total bonds and debentures	157	157	0
Total equity investments	184	184	0
Total other investments	2	2	0
Total investments in subsidiaries	1,210	871	339
Advances to affiliates	42	42	0
Total accounts and premiums receivable	67	67	0
Total reinsurance balances receivable	59	59	0
Total sundry assets	57	57	0
Total assets	**1,918**	**1,579**	**339**

USD million, as of 31/12/2025	Economic Balance Sheet	Statutory Financial Statement	Difference
Liabilities			
Net premium provisions	33		33
Net unearned premium reserves		23	-23
Net loss and loss expense provisions	300	317	-17
Risk margin	12		12
Technical provisions – non-life	**345**	**340**	**5**
Insurance and reinsurance balances payable	68	68	0
Accounts payable and accrued liabilities	56	65	
Pension obligation	1	1	
Total contingent liabilities	21		21
Total sundry liabilities	0		0
Total other liabilities	**146**	**134**	**12**
Total statutory economic capital and surplus	1,427	1,105	322
Total liabilities	**1,918**	**1,579**	**339**

Gard group has mainly investments in the following asset classes; investment funds, bonds, equities, other investments, and property. The investment assets are held in custody at Northern Trust.

In the statutory accounts balance sheet, the fair value of assets is mainly measured on a mark-to-market basis. The fair value is determined by reference to published price quotations in an active market. For unquoted financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices (mark-to-model).

There are no significant differences between the valuation of GAAP (statutory accounts) and BSCR balance sheets, except for prepaid expenses that are non-admitted assets for the BSCR statutory balance sheet.

D2 Valuation of technical provisions

This section specifies and describes the valuation of technical provisions and reinsurance recoverables for Solvency purposes.

The technical provisions under BSCR are determined as the sum of best estimate liabilities and the risk margin.

The best estimate liabilities are shown both on a gross basis and for the reinsurers' share. The risk margin is shown on a net basis reflecting the risk mitigation effect.

Best estimate liabilities

The calculation of the best estimate liabilities is based on the projection of future cash inflows and outflows like premiums, claims and expenses.

Risk margin

A risk margin is included in the technical provisions. The risk margin is calculated in accordance with the requirement set out for the BSCR standard formula per legal entity. Diversification between legal entities is not considered. Risk margin is not included in the statutory accounts.

D 2.1 Valuation of technical provisions – basis (data) and methods

In the calculation of the best estimate liabilities under BSCR, the business of the Gard group is split into homogenous risk groups, such that the nature, scale, and complexity of the business are considered.

Methods

Best estimate provisions (on a net basis) represent the discounted best estimate of all future cash flows relating to future exposure arising from policies that the insurer is obligated to at the valuation date. The best estimate is the probability-weighted average of the present value of the future in and out-flow cashflows. The best estimate liabilities are calculated separately for the best estimate premium provisions and the best estimate claims provisions.

The best estimate premium provisions relate to claim events occurring after the valuation date. All future cash flows from premiums, losses and costs relating to unearned incepted and bound but not incepted (BBNI) business is calculated.

The best estimate claim provision relates to claim events occurring before the valuation date. All future cash flows from losses and costs relating to these losses are calculated considering the discounting effects.

The cash flows for premiums, claims and costs are modelled separately.

There is no deviation in the valuation methods between the different lines of business. Therefore, the valuation methods described below are valid for all risk categories.

Claim provisions

For the evaluation of claim provisions, total outstanding liabilities due to loss and allocated loss adjustment expenses, the reserves held are based on the following:

For the calculation of the incurred but not reported claims (IBNR), Gard uses the developments of the claim incurred i.e., claim paid plus claim reserves, as the basis for future expected developments. This is primarily due to the volatility of large single payments that can distort any paid development factors

For the analysis of IBNR, Gard uses accident and development quarters to calculate the ultimate incurred claims

For the definition of risk categories, the following three main criteria are used:

A fit with the established business dimensions

Similar underlying drivers of risk.

Sufficient amount of data within each risk category

The financial plan is used as the initial expected ultimate incurred (also known as 'Apriori').

The current reinsurance program is on the same basis as last year's reinsurance program and is taken into account on a large claim basis.

The claim provisions are broken down into case reserves, IBNR, unallocated loss adjustment expenses (ULAE) and binary events. The case reserves and IBNR figures are the reserves that directly attribute to the claims, while the ULAE estimate is related to expenses that cannot be directly attributed to a specific claim or incident. Binary events are the provisions held for potential claims that Gard does not have in the data. The IBNR, binary event and ULAE reserves are calculated and reported by the Actuarial Reserving and Reinsurance Support team and controlled by the Actuarial function.

The only differences between the economic balance sheet and the statutory account figures for claims provisions are that the economic balance sheet figures include the discounting effect.

IBNR

The development of losses for the Gard group is typically analysed using standard actuarial methods such as the Chain ladder, Bornhuetter Ferguson and Benktander methods. The method selection is based on the quarters and the significance of large losses that may have occurred. The external reinsurer's share is based on the reinsurer's share of the individual losses including development in excess of the retention. All internal reinsurance is calculated net of the effect of external reinsurance.

ULAE

To calculate ULAE, the Actuarial Reserving and Reinsurance Support team divides the claim provisions (case reserves and IBNR) between reported claim provisions and unreported claim provisions. The unreported claim provision is multiplied by a ratio of unallocated expenses paid to total claims paid, π. The reported future claim reserves are multiplied with π and (1-r), where r is the proportion of claims handling cost due to claim registration.

Binary events

The binary event reserve is meant to satisfy the additional coverage of technical liabilities from a best-estimate basis to an all-possible outcomes basis. This is a measure of the potential volatility that is envisaged but has not been experienced to date. To bring the best estimate to include 'all possible outcomes, a binary event factor is calculated based on historical binary event factors, tail values from our internal model and estimated volatility in our claims data.

Best estimate premium provisions

The calculation of best estimate premium provisions is the best estimate of all future cash flows such as claim payments, expenses and future premiums due, relating to future exposure arising from unearned incepted and BBNI business. The future expected cash flow calculation is based on the expected combined ratio for the relevant business. This estimation is done on a gross basis and for the reinsurer's share of the business.

The difference in the method for calculating premium provision under economic balance sheet and the statutory accounts is that the economic balance sheet method calculates the effect of all expected future cash flows, while the statutory accounts are depositing the unearned premium in full.

Main assumptions

The calculation of the best estimate liabilities, development pattern and estimated ultimates are applied to the segments used for N-GAAP reserving. The pattern and ultimates are determined on run-off triangles using traditional actuarial methods. The triangles are generated using reconciled data.

D 2.2 Uncertainty associated with the value of technical provisions

As with all insurance businesses, there is a degree of uncertainty over the exact amount that will be needed to settle claim liabilities, and there are several potential sources that contribute to this uncertainty.

Claims environment: One of the key assumptions for the claim liabilities is that historical claim developments are indicators for future developments. Uncertainty remains surrounding the ultimate outcome of long-tailed casualty claims. The early years are not necessarily fully developed and incurred values on these years help in forming the estimates for the more recent years.

A sensitivity analysis on the loss development factors showed that with a 10 per cent point increase in the incremental development factor, the gross IBNR increases by 10.4 per cent. A 10 per cent decrease reduces the gross IBNR by 10.1 per cent

Financial Plan: Another assumption for the claim liabilities is that the financial plan indication of the pure loss (Apriori) can be used in helping to assess the number of liabilities for less mature development periods. This means that any uncertainty in the financial plan also applies to the best estimates. Sensitivity tests show that an increase of the Apriori estimate by 10 per cent increases gross IBNR by 8.3 per cent. A decrease of Apriori by 10 per cent decreases gross IBNR by 8.3 per cent.

Currency: Even though the reserves are reported in USD, parts of the liabilities are exposed to exchange rate fluctuations and inflation rates in other currencies. This means that fluctuations in foreign exchange rates can influence ultimate claims.

D 2.3 Best estimate liabilities

The difference between the BSCR value and the statutory account's value of technical provisions is due to discounting effects and BBNI gross. Further, commission provisions are deducted from the BSCR values in the technical provisions, while they are reported as deferred acquisition costs for the statutory account values. The retained earnings are included in the statutory account values of technical provisions

Gard P&I Bermuda, best estimate technical provisions

USD million, as of 31/12/2025	EBS value	Statutory accounts value
Technical provisions – non-life	834	886
Risk margin	12	
Technical provisions	**846**	**886**

D 2.4 Total liabilities

There are no differences in valuation for Accounts payable and accrued liabilities between the EBS and statutory balance sheet as there is no reinsurance commission provision for the company.

D3 Alternative methods for valuations

When determining the value of an asset, it is necessary to assess whether the market is active or not. If the market is active, the value can be taken directly from the market or comparable assets traded in the same market. If the market cannot be categorised as active, the market value is determined using valuation models.

Gard's assets are mainly valued using quoted market prices in active markets for the same or similar assets. Listed shares are valued on an item-by-item basis and bonds are valued based on realised quoted prices in active markets. Alternative valuation methods can occur for real estate funds, where there are no active markets, or the relevant markets are deemed to be inactive. Alternative valuation methods are only used for a non-significant part of the investment portfolio and the same principles are used both in the economic balance sheet and statutory balance sheet

D4 Any other material information

Gard Bermuda has no material provisions other than technical provisions. There is no other material information to be disclosed.

E CAPITAL MANAGEMENT

Under BSCR, a company's own funds consist of basic own funds, ancillary own funds and deferred tax assets:

Basic available capital: Excess of assets over liabilities

Ancillary own funds: Items other than basic own funds which can be called upon to absorb losses

Basic own funds can be classified in Tiers 1, 2 or 3. Tier 1 funds are equity capital that is fully paid in and available. Tier 1 is further classified as either ‘unrestricted’ or ‘restricted’. Tier 3 is deferred tax assets.

Ancillary own fund is classified as Tier 2. This is high-quality capital in the form of unbudgeted supplementary calls or approved guarantees. Ancillary own fund items require the prior approval of the supervisory authority to be considered when determining their own funds. The BMA has approved that Gard Bermuda may include Supplementary Calls amount, as Tier 2 capital, up to the lower of 40 percent of BSCR or 50 percent of annual premium, or "Estimated Total Call", for the three most recent open insurance years at any given time. The approval will remain effective until 20 February 2028. No Supplementary Calls have been included as of 31 December 2025.

The classification into tiers is relevant to the determination of eligible own funds. These are the own funds that are eligible for covering the regulatory capital requirements – Bermuda Solvency Capital Requirement (BSCR) and Minimum Margin of Solvency (MMS). The MMS must be covered by basic own funds classified as Tier 1.

E1 Eligible capital

Eligible capital is made up of total statutory economic capital and surplus less encumbered assets.

Eligible capital can be classified into tiers 1, 2 or 3, based on ‘permanence’ and ‘loss absorbency’. Tier 1 funds are of the highest quality.

The classification into tiers is relevant to the determination of eligible capital, that is capital that qualifies for covering the regulatory capital requirements – BSCR and Minimum Margin of Solvency (MMS) i.e., minimum capital requirement. The minimum capital requirement must be covered by Tier 1 and Tier 2 basic own funds.

E 1.1 Available capital

Gard has a simple capital structure consisting of Tier 1 capital through equity capital, which is fully paid in and available, high-quality Tier 2 capital in the form of unbudgeted supplementary calls and deferred tax assets included as Tier 3 capital.

Gard aims to manage the capital for the group so that all its regulated entities always meet local regulatory capital requirements. Gard is subject to different capital requirements depending on the country of operation, and the type of business conducted. In each country, the local regulator specifies the minimum amount and type of capital that each regulated entity must hold. Gard targets to hold, in addition to the minimum capital required to comply with the solvency requirements, an adequate buffer to ensure that each of its regulated subsidiaries meets the local capital requirements over time. If an entity should fall below the target capital level, the management action will be to increase capitalisation or de-risk the portfolio to bring the capital ratio back to an acceptable level.

The different management actions will vary with the company and the type of business it writes.

Means to strengthen the capitalization may be:

- Adjust premium reduction to members
- Make an unbudgeted supplementary call on members
- Dividend payments from subsidiaries
- Sale of assets of participations
- Issue subordinated debt
- Parent company guarantee
- De-risk assets (e.g., reduce equities exposure)
- De-risk liabilities (e.g., changes to reinsurance – reduce retention for own share)

The total statutory capital and surplus as calculated in the statutory financial statement was USD 1,105 million for Gard Bermuda on 31 December 2025.

Technical provisions are calculated according to the requirements under EBS. The risks arising from the uncertainties connected to the calculation of technical provisions are quantified as part of the reserve risk.

The capital and surplus as calculated in the EBS was USD 1,427 million for Gard Bermuda (see table Economic balance sheet, in chapter D Valuation for solvency purposes. The first table below explains the difference between total assets, total liabilities, and total statutory economic capital and surplus between EBS and statutory accounts as of 31 December 2025.

The second table below shows eligible capital classified in tiers.

Gard P&I Bermuda, difference between statutory accounts and EBS

USD million	31/12/2025
Capital and surplus statutory account	1,105
Capital and surplus EBS	1,427
Difference between statutory accounts and EBS	**-322**
Specification of difference:	
Deferred Acquisition Costs	5
Deferred Tax Assets	-3
Investments in subsidiaries	-339
Gross Loss and Loss Expense Provision	-46
Gross Premium Provisions	-7
Reinsurance Recoverables	45
Risk Margin	12
Reinsurance Commission Provisions	-10
Non-admitted assets	-1
Contingent liabilities	21
Total	**-322**

Gard P&I Bermuda, total eligible capital as under EBS

USD million	31/12/2025
Tier 1	1,426
Tier 2	0
Tier 3	
Total	**1,426**

E2 Capital Requirements

The Transitional Enhanced Capital Requirements (ECR) under 2019 and 2024 year-end Rules was USD 389 million as of 31 December 2025. The total eligible capital to meet the ECR was USD 1,426 million. The Transitional Enhanced Capital Requirement Ratio/Transitional Bermuda Solvency Capital Requirements was 367 per cent.

Minimum Margin of Solvency (MMS) under BSCR standard formula was USD 97 million. Total statutory economic capital and surplus to meet the MMS was USD 1,105 million.

The MMS is calculated based on defined factors and is calculated as the higher of:

- 15 per cent of statutory accounts Net loss and loss expense provisions
- 25 per cent of ECR

E3 Internal model

The Gard group has an internal risk capital model which is used to manage risk at both group and entity levels.

E4 Compliance with MMS/BSCR

Gard Bermuda has been compliant with both the Minimum Margin of Solvency and the BSCR during the last financial year.

E5 Any other material information

There is no other material information to be disclosed.

F SIGNIFICANT EVENTS

There have been no events after the reporting date of 31 December 2025 leading to any material changes to the capital and solvency position provided in this report.