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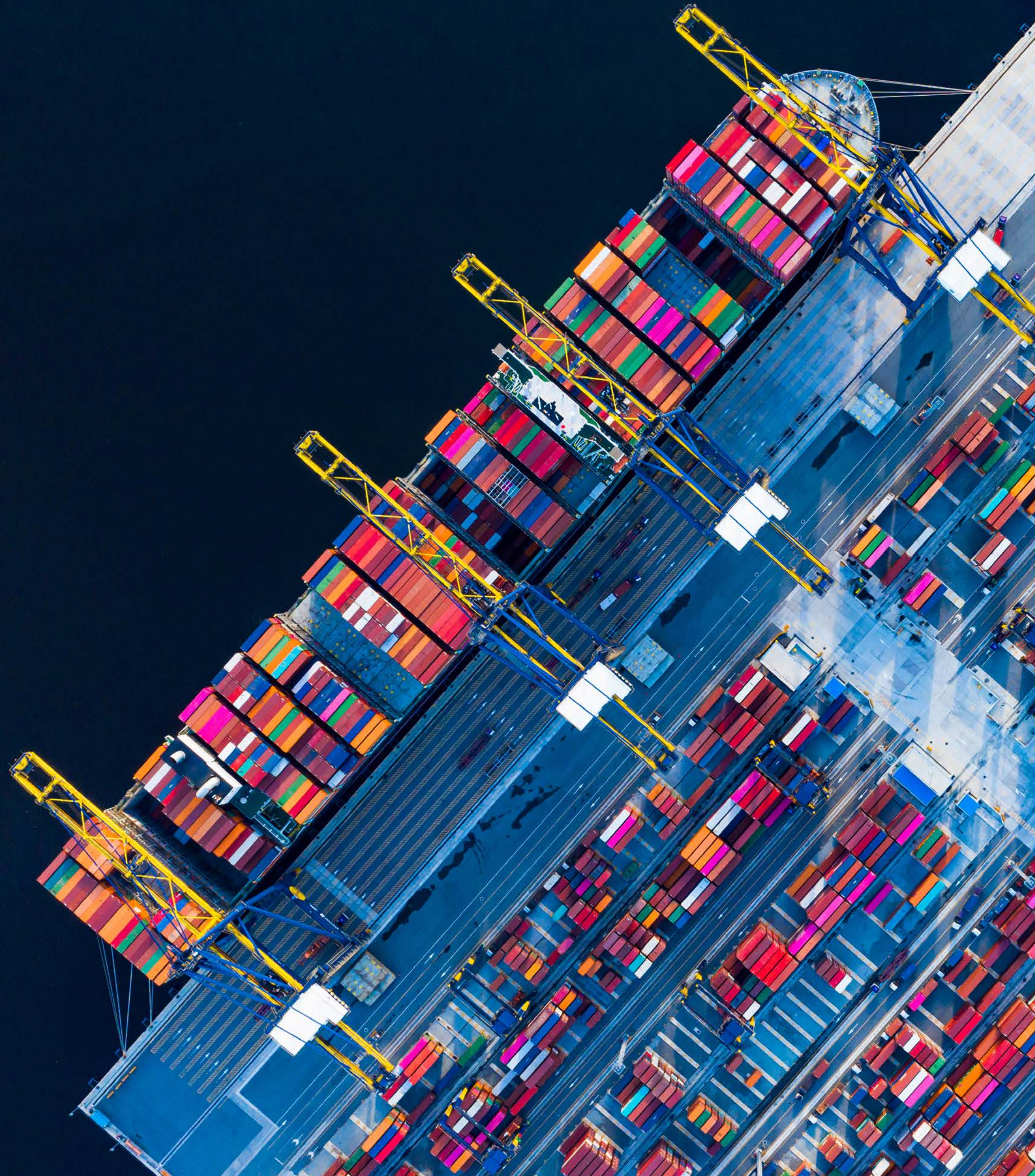
Marine, cargo, and logistics trends report 2023



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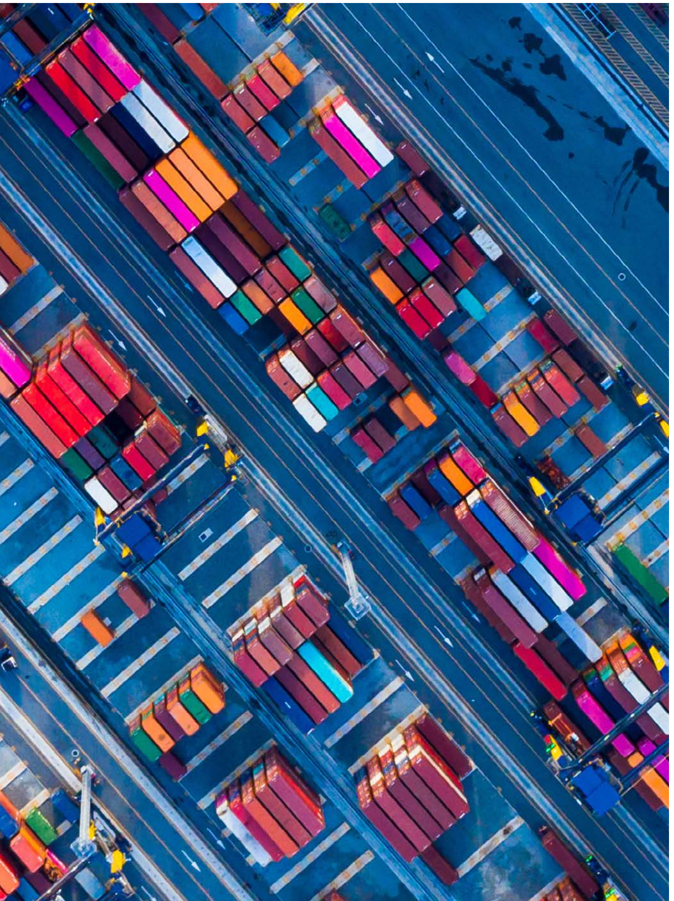


Foreword

Marine, cargo, and logistics organizations that support global supply chains continue to show extraordinary resilience and adaptability. Recent international events, combined with economic challenges and disruptive technologies, have transformed the ecosystem underpinning the movement of goods around the world and highlighted risks for which the industry needs to improve its preparedness.

The industry is greatly affected by today's rapidly-changing and interconnected global trends. Understanding the importance and impact of geopolitics, sustainability agendas, technological advances, and the subsequent changing workforce — while factoring in further uncertainty — will help organizations take the actions needed to plan strategically for the future and retain a competitive advantage.

As a critical link in global supply chains, how the industry handles these trends, and their associated accelerating and converging risks, is highly consequential. For example, many governments now consider this sector to be critical national infrastructure given its significance when considering things like food and energy security.

The marine, cargo, and logistics sector is responsible for 90% of global trade — it is the backbone of the global economy providing development and growth for countries and businesses alike. Digitalization is enabling the industry to do more, faster, with increased transparency and efficiency; while new technologies and forward-thinking leaders with innovative logistics strategies are also driving the industry towards sustainable improvements. Simultaneously, with the potential for geopolitics to disrupt the industry, its constituent businesses are adapting their resiliency by coordinating actions to avoid blockages across the ecosystem. Underpinning all of this has to be a resilient workforce aligned with common goals and values.

As organizations continue to adapt and respond to change, Marsh has compiled an overview of four specific trends — geopolitics, sustainability (environmental, social, and governance), digitalization, and workforce strategies. In terms of impact on the industry over the coming decade, these four trends remain largely unchanged from previous *Global Maritime Issues Monitor* findings. They ranked highly in our survey results year-over-year and align with those noted in *The Global Risks Report 2023.* These challenges also link back to organizations' corporate behavioral drivers: access to capital, legislation and regulation, as well as customer, employee, and supplier demands.

Because of the accelerated interconnectedness of the global marine, cargo, and logistics industry, organizations should prepare and position themselves to help shape the future. This may lead to further vertical integration and consolidation within the industry, greater cooperation around energy-saving solutions to meet energy transition goals, and a rewriting of skill sets for a digitally augmented future.

For centuries, world trade and maritime transport have been fundamental to driving economic opportunity, sustaining economic growth, and spreading prosperity. It is in our common interest to support the industry as it evolves, adapts, and recalibrates to rapidly changing trends. To remain competitive, organizations need to capitalize on new opportunities, be innovative and forward-thinking in meeting any challenges that arise, and ensure that resilience planning and action are at the core of their strategies.

MARCUS BAKER
Global Head of Marine, Cargo & Logistics, Marsh

Geopolitical risk: Troubled waters

Marine, cargo, and logistics organizations operate in an ecosystem with millions of touchpoints happening every day across global supply chains. The ecosystem can be greatly affected by geopolitics at different levels, from interstate conflict or the threat of conflict, international regulations and sanctions, to differing governmental reactions to events such as global pandemics. Whether shipping goods by air, land, or sea, cargo transportation disruption makes the logistics behind routing, efficient operation of ports and terminals, cost control, and other operational processes critical to success.

Global supply chains have a history of being able to “rewire” themselves. While geopolitical tensions can add uncertainty and the risk of higher costs, greater complexity, and less efficiency, maritime trade volumes are set to triple by 2050 — driven by growing world populations and wealth — creating opportunities for agile organizations.

Plotting a course through disruption

Recent geopolitical events are a reminder that interstate conflict can suddenly restrict global supply chains and the key role played by the marine, cargo, and logistics sector.

For instance, the Russia-Ukraine conflict has disrupted trade and logistics in the Black Sea region and complicated operations further afield. The conflict in Yemen has also led to concern for ships traveling in the Red Sea and the Gulf of Aden. The Bab-el-Mandeb Strait, which connects the Red Sea and the Gulf of Aden, is one of several potential marine chokepoints for the global economy. Other chokepoints include the Suez and Panama Canals and the Straits of Hormuz and Malacca.

When a chokepoint or major sea route becomes threatened or blocked — through accidents, political events, or physical risks due to climate change — there can be serious impacts on the industry and those that depend on it.

The search for alternative trade routes and diversification of supply chains has increased the use of already congested sea areas, river systems, and ports while encouraging agile organizations to find opportunities with new or historically less popular routes.

It is not just maritime transit that can be impacted by geopolitical tensions. The Russia-Ukraine conflict has caused supply chain disruption in road, rail, air, and multimodal transportation, resulting in a realignment of trade routes between Europe and Asia. The Eurasian Middle Corridor — a multimodal sea and rail route used as an alternative to the rail line in Russia's Northern Corridor — bypasses higher-risk territories, and transport demand is rising: cargo volumes on the route increased six-fold in 2022. But as routes and means of transit need to adapt to the changing geopolitical landscape, so too do the risk models of the companies using them. Possible conflict must inform resilience planning, especially for companies operating in areas of high tension, such as the South China Sea, where up to one-third of the world's maritime trade transits.

Modeling around the potential closure of chokepoints, routes, or even a critical logistics hub should be included in resilience planning and can provide competitive advantages for organizations that do so.

Trade transit can also be complicated by various economic tariffs and trade sanctions imposed by governments and others. The differences between countries' sanctions regimes adds additional complexity and risk of breach.

Companies that operate internationally need to consider not only sanctions that apply to them — domestically and wherever they are operating — but also how local sanctions may impact other parties in their supply chain, as well as their banks, lenders, and insurers.

It's important for companies to conduct due diligence on partners, counterparties, and their overall supply chains to ensure they are not vulnerable to costly violations or legal blocks. Likewise, conflict or sanctions can complicate insurance market restrictions and the payment of premiums and/or claims.

Economic and security challenges

Geopolitical events sometimes play a role in sparking local, regional, and global economic crises that reverberate through global supply chains. Such crises can lead to strikes, riots, and civil commotion in or near critical infrastructure, as well as terrorism, piracy, theft, resource scarcity, and large-scale migration.

For example, cargo damage and theft typically increase during periods of economic stress and political instability — in 2023, cargo theft of retail goods in the US surged 57% higher compared to 2022. Strikes, industrial action, and even malicious damage — often attributed to socioeconomic causes — at ports, terminals, and elsewhere in the ecosystem can also compromise security and supply chains.

Another economic challenge stemming from geopolitical events is the potential impact on fuel prices. For example, at the start of the Russia-Ukraine conflict in early 2022, the rising cost of fuel was cited by shipping companies as a top five concern (from the tenth concern in 2021) in a Global Maritime Forum survey. Geopolitics overall also ranked higher (from ninth in 2021 to third in 2022) in the list of issues with the highest potential impact on the maritime industry. The same survey, however, found respondents to believe the industry was well prepared to meet said challenges, likely a testament to shipping's longevity and the number of times it has faced complex issues.

Understanding the links between geopolitics, economic activity, and security continues to be important for organizations as they prepare resilience strategies, including aspects related to risk finance. Investors, capital providers, insurers, and others typically will want to understand how an organization plans to meet the challenges. Those that undertake such planning are likely to achieve a competitive advantage in capital markets and on the ground. This speaks to the "G" in ESG.

New routes offer potential efficiencies and pose new risks

The industry has consistently shown resilience in seeking alternative routes to help alleviate disruptions. With interference to transportation routes, marine, cargo, and logistics companies need to frequently review their supply chain profiles and routing options. They may consider alternatives, including localizing, reshoring, regionalizing, and other de-risking methods.

The world is seeing alternate routes result from climate change, notably in the Arctic, where sea ice melting has opened new shipping lanes such as the Northern Sea Route (NSR) and the Northwest Passage (NWP). The new routes have increased accessibility to Arctic ports, with littoral states looking to capitalize on the potential for savings in moving goods under some conditions. However, the region is somewhat sensitive to both geopolitics and environmental politics.

Geopolitical considerations and impacts

For marine, cargo, and logistics organizations, geopolitical disruption can lead to a range of direct and indirect impacts, including:

- Physical damage or loss of ships, trucks, rail cars and/or assets in transportation nodes, and/or cyberattacks — a modern weapon used by some state actors, with contagion risk to supply chain partners.
- Damage to, or degradation of, cargoes — including sensitive food, livestock in transit, and medicines — and the ability to maintain environmental controls.
- Delay, disruption, re-routing, and frictional costs.
- The disruption and/or end of business relationships with certain stakeholders, particularly if sanctions are imposed.
- Risks to workforce health and safety and increased challenges experienced by crew.
- Assets trapped or blocked by events, authorities, and/or denial of access to assets or infrastructure.

Finding opportunity in disruption

Companies should prioritize improving resilience. Those with a view of the changing landscape and the possible chokepoints across their supply chain are more likely to capitalize on the opportunities available through robust risk management, mitigation strategies, and insurance solutions.

Resilience planning, including modeling and scenario/incident management planning prior to an event occurring, allows companies to interrogate how a changing landscape may impact their business model and profitability and allows for contingencies to be considered and implemented. It could also improve ESG ratings.

Where risks cannot be sufficiently mitigated to align with risk appetite, insurance solutions designed to protect credit, performance, and political risks continue to provide confidence.

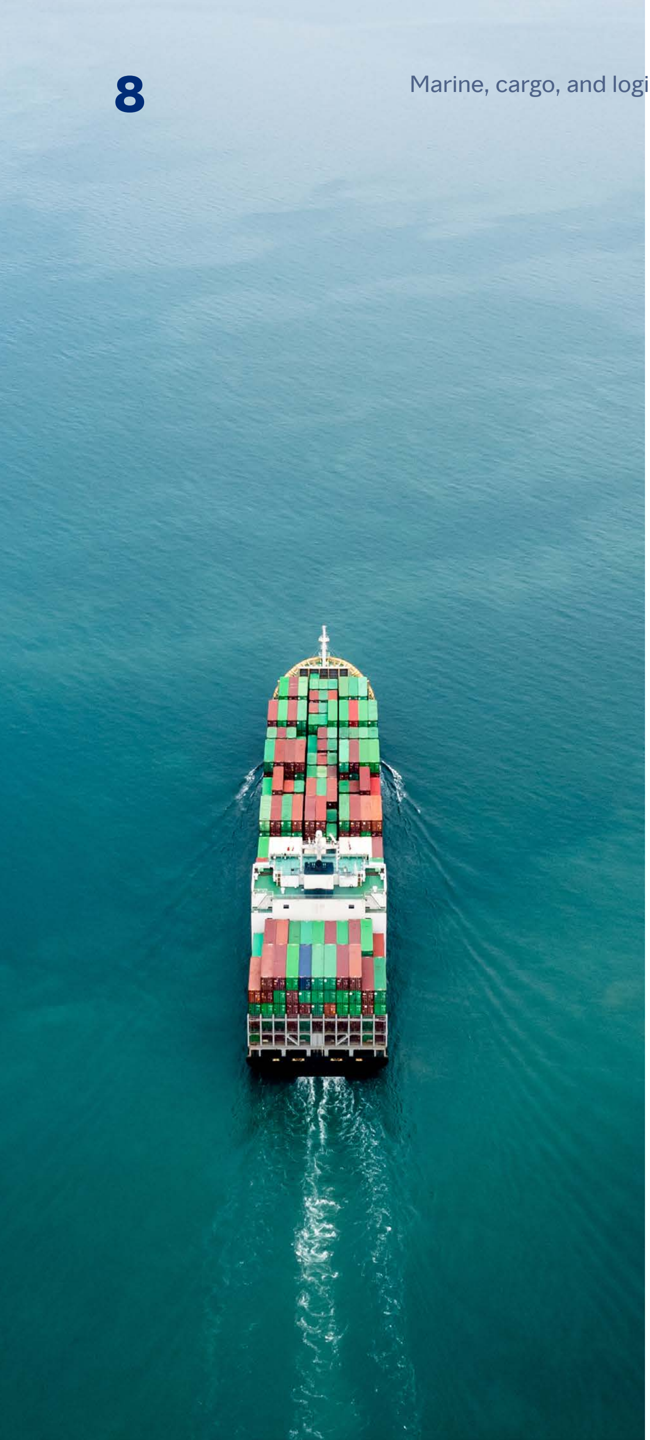
Environmental, social, and governance risks

Organizations are increasingly concerned with sustainability, and environmental, social, and governance (ESG) challenges. Companies are considering not only how they manage the risks but what they can do to capitalize on opportunities. Most marine, cargo, and logistics organizations have moved away from simply being aware of the issues and are now genuinely committed to implementing a strategy. It is time to take action, but many are not sure where to focus their next steps.

Environmental concerns hinge on climate, but extend beyond

Environmental risks are generally considered in two ways:

- **What is the impact of the environment on my business?**
- **What is the impact of my business and operations on the environment?**



Why is ESG important to my business?

Stakeholders care about your ESG credentials, including:

- Capital providers (finance and insurance) with their own ESG strategy and Task Force on Climate-Related Financial Disclosures (TCFD) constraints.
- Regulators (state and supra-national) who may mandate the adoption of ESG or climate-related disclosures.
- Clients and customers becoming more aware of ESG issues and their role in moving towards ESG-positive products and services.
- Employees who want their job and employer to reflect ESG values.

Shareholders are wary of all the above.

Although climate is a major theme, environmental concerns for the maritime and logistics industry extend much further. Considerations include minimizing accidental spills of hazardous cargo, meeting regulators and shareholders' goals and expectations on decarbonization, adjusting operations at ports and terminals as sea levels rise, navigating the impacts of increasing severe weather events, and managing related supply chain disruptions and the potential of reduced capacity.

Decarbonization and navigating new environmental regulations consistently ranked as the top two issues facing the shipping industry in recent surveys. Decarbonization is a key risk for all aspects of the maritime and logistics ecosystem, with shipping companies facing challenges in the transition to low-carbon fuels.

For many ship owners and owners of port infrastructure, it is unclear which fuel type will prevail. However, investments are being made in new low-carbon technologies, from alternative fuels to sail power. In ports, decarbonization is driven by operators providing power offtake for ships at berth to reduce air pollution and the potential for water pollution; in some cases, this is powered via renewable energy. Beyond shipping, logistics companies are also investing, for example, in electric vehicles for last-mile deliveries.

Managing and mitigating nature-related risks is another priority for many marine, cargo, and logistics organizations that operate in areas prone to weather and climate-related exposures. Climate risks remain a major concern for the industry, raising questions about their potential impact and how they can be assessed, mitigated, and/or insured in the years ahead.

Natural catastrophe events can have devastating effects on communities and businesses. Low water levels in river and canal systems, often due to drought, or floods after severe rainfall, can affect the movement of ships and goods and cause infrastructure destruction. Elsewhere, rapid warming in the Arctic has opened up faster shipping channels through northern sea lanes, although caution surrounds the legal, environmental, and geopolitical implications. Risks to organizations continue to evolve as the climate landscape changes.

Across the breadth of the maritime and logistics ecosystem it is clear that building environmental resilience is key for operations today and into the future. Sustainable projects are increasingly seen as attractive from an investment returns point of view: nearly 80% of investors in a recent survey said ESG factors were important in their decision making and this is a trend we expect to continue as regulatory and legislative changes come into force. Delivering on ambitious environmental goals requires organizations to have an evolving strategy that aligns with advancements in technology and policy.

Social issues range from employee safety to diversity

The geographical spread of the industry means that companies are often working in locations with diverse economic and regulatory practices. This can result in disparities and inequities within the workforce regarding healthcare, education, employment opportunities, and digital technology provisions. A lack of, or hard to access, services can widen inequalities, expose potential gaps in benefit packages, and pose reputational risks for businesses.

Managing social risks by taking steps to enhance and ensure employees have access to emotional, physical, financial, and social health support can benefit businesses in two ways:

- Potential health issues and risks are identified and mitigated early.
- Improved employee well-being can drive significant gains in performance, engagement, and retention, as well as better financial returns and innovation.

For the marine, cargo, and logistics industry, much of the discussion in recent years has been around employee health and safety. For example, companies are exploring ways to improve employee safety when transporting or storing cargo.

The risk of fire on vessels is among shipping's most significant safety issues. Safety's current significance can be seen in the the International Maritime Organization's (IMO) adoption of the theme for 2024: "Navigating the future: Safety first!"

The theme is linked to the UN 2030 Agenda for Sustainable Development and several of the UN's Sustainable Development Goals (SDGs), which include promoting full and productive employment and decent work for all people. Aligning to the UN SDGs is one way for marine, cargo, and logistics organizations to show a commitment to ESG.

Another social concern across the industry is assimilating the workforce to new ways of working, including the automation and digitalization of processes. Workforce diversification and development is increasingly seen as a financial imperative as investors and capital providers examine diversity, equity, and inclusion (DE&I) results in ESG reporting.

The crew change crisis, which saw thousands of seafarers forced to spend longer at sea during the COVID-19 pandemic highlighted concerns about human rights and the existence of modern slavery conditions for some workers on ships, in ports, and elsewhere. These conditions can manifest in forced work beyond contract expiry, overwork, and failure to pay wages. Combatting modern slavery, trafficking, and illegal migration is a requirement under various local and global regulations, and requires a dedicated strategy and policies including education and monitoring (including of suppliers).

Impact of climate change on key infrastructure assets and supply chains

The Mississippi River is running at historically low levels. This is a concern as it has significant strategic importance: 60% of US grain exports leave through the Mississippi River. Because the river is flowing at such low levels, larger ships aren't able to get up or downstream as far as they normally could or would.

Estimates suggest that low water levels on the Mississippi River contributed to US$20 billion in economic losses in 2022, with some barges grounded and others lightening their load to keep them from sitting too low. The knock-on effects include rising transportation and commodity costs, and increased carbon emissions from re-routing stocks.

It's not just grain that comes through the Mississippi; crops, fertilizer, sand and gravel, oil, salt, gas, and glycol all pass through. Glycol is an essential deicing fluid that is used to keep airports operational in freezing weather — without it, aircraft are stuck. While it is unlikely there will be a shift to favor land transit over water, the Mississippi River shows the potential impact of climate change on key infrastructure assets.

Elsewhere, water levels on the Rhine River have continued to drop owing to high temperatures, putting the trade of huge quantities of goods at risk. A lack of rainfall has affected the Panama Canal, leading to restrictions being imposed on the largest ships passing through the key global trade route.

Governance of "E" and "S"

It is critical for companies to have governance structures around their strategy to manage the risks and capture the opportunities afforded by ESG. Governance relates to the framework that boards, investors, and executives use to measure and promote their environmental and social agendas and strategies.

Business resilience is critical in ensuring an organization can withstand unexpected aftershocks of a sudden event or an evolving situation. For instance, the Mississippi River example shows the impact that disruption can have across the supply chain. It also provides a reminder of the importance of understanding key pinch points and having contingency plans ready to minimize and mitigate losses.

Effective risk management processes integrate climate, environmental, social, and governance risk into company-wide assessments. Overseeing compliance with local regulations can be complex where multiple regulatory jurisdictions may exist, each with differing requirements. Some governance measures must consider local and international regulations, notably the IMO's Energy Efficiency Existing Ship Index. The index requires ships to improve their energy efficiency by looking at ship speed and routing, with success rated by carbon intensity indicators — impacting ports, terminals, and logistics firms.

Building sustainable foundations

Having a strong ESG framework can support mitigation strategies that protect organizations against future risk. The ability to anticipate, measure, and manage risks will be a critical advantage as the transition to a lower-carbon economy unfolds.

Marsh can help businesses ensure they are resilient throughout the transition:

- Analyzing the evolving risk environment.
- Preparing for what may happen.
- Insuring against new types of risk.

By understanding the unique risk profile of each business, Marsh can support organizations to develop a risk management plan designed to address each risk and support financial stability, while helping create a world that is sustainable for generations to come.

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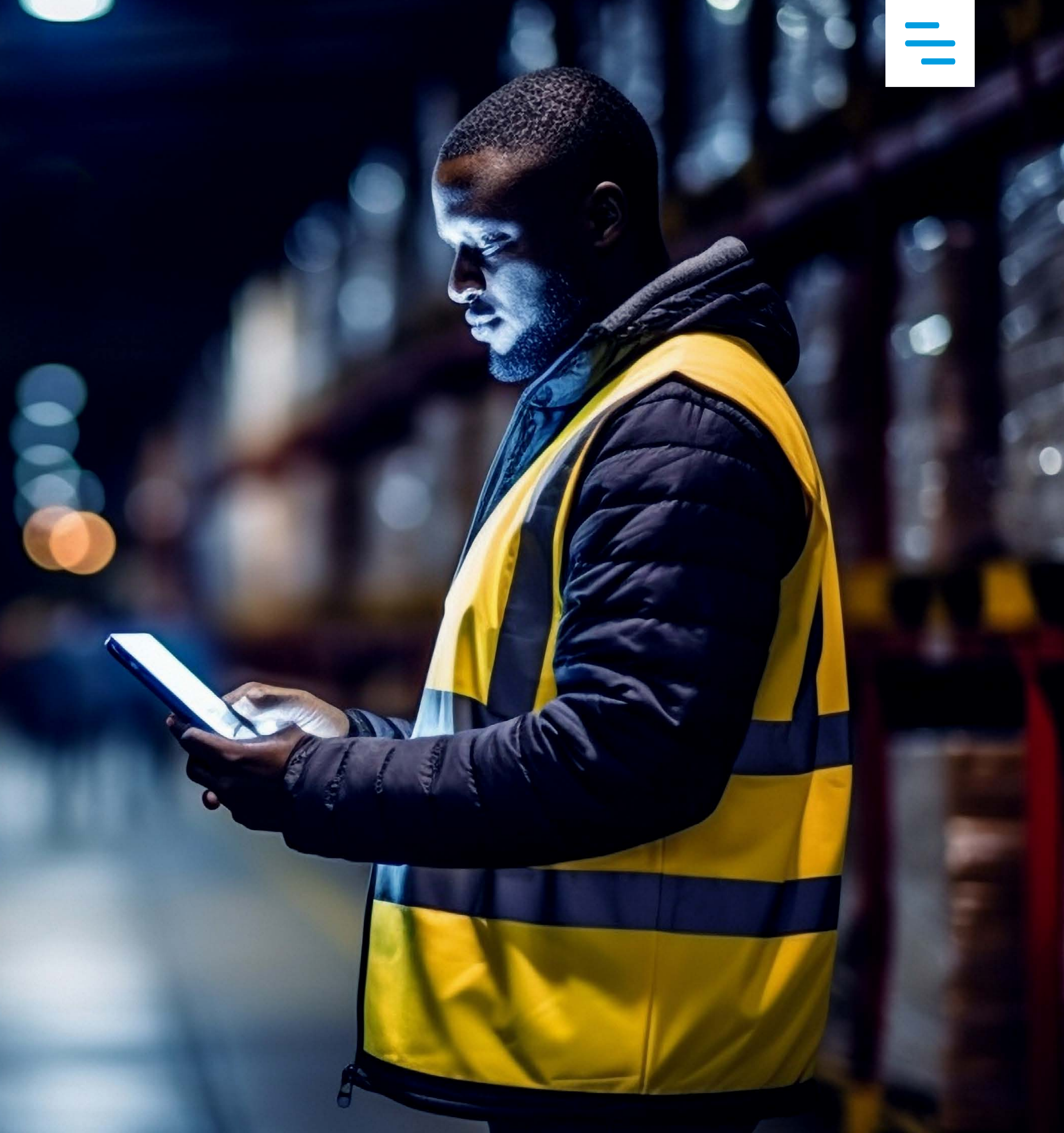
Keeping up with the pace of digitalization

Effective and efficient expansion of digitalization is key to the future success of global supply chains. While embracing vast opportunities for speed and efficiency, organizations should ensure that they can also manage the challenges and risks that come with digital transformation.

Logistics constraints, rising demand for consumer goods, increased e-commerce, and a surge in freight rates during the COVID-19 pandemic have added urgency to the industry's digital progress. With its opportunities, digitalization brings new challenges: evolving cybersecurity needs, changes to operational processes, supply chain fragility, increased competition, and enterprise-wide business risk.



Building cyber resilience

Alongside digitalization, technology upgrades, and automation, organizations need to reinforce and upgrade their cybersecurity. No organization is immune to a cyberattack and cyber risk cannot be mitigated to zero. According to a [DNV survey] of maritime professionals, 90% of respondents said they expected disruption of ship/fleet operations from cyber incidents. In 2022, there were at least [57 known ransomware attacks] across the maritime industry, with many attacks relating to IT security and perpetuated through supply chains.

The global supply chains' digital backbones are exposed to a range of cyber-related vulnerabilities. Financial loss can occur through operational downtime, business interruption, litigation, and reputational damage. Non-financial loss is also present in safety risk, especially in terms of operational technologies.

Ports and terminals are generally considered critical national infrastructure as any disruption can ripple through global supply chains, causing significant upheaval, cost, food insecurity, and even defense issues.

To better protect against cyber risks in the supply chain and workforce, it is important that organizations understand the full scope of their data and digital relationships (including with their suppliers and customers). This requires understanding the digitized aspects of the physical supply chain, the Internet of Things (IoT), and operational technologies, such as those used in navigation and engine management, vessel tracking, cranes, stackers, and chassis. In the last few years, cyber insurers have called for increasingly detailed information about companies' [cybersecurity controls,] including information about measures in place among vendors and suppliers.

Cyber risk is not simply a technology challenge or a software issue — it is an enterprise-wide, constantly evolving, and human risk that must be actively managed. Dramatic advances in supply chain interconnectivity, automation and digitization, and critical infrastructure status mean maritime and logistics organizations may need new mitigation strategies. To thrive, they must move beyond protection to resilience.

Taking the first step

The optimal approach to cyber resilience depends on each organization. Marsh works with organizations to refine and evolve an approach in a fast-changing landscape as new technologies and supply chain partners bring new vulnerabilities. One important first step is to understand the organization's standing against 12 widely-accepted [cybersecurity controls.] In addition, Marsh's [Cyber Self-Assessment] diagnostic empowers organizations to evaluate their maturity in relation to these controls.

Cybercrime and cyber insecurity ranked among the top ten short and long-term risks in the *Global Risks Report 2023* — prepared by the World Economic Forum with the support of Marsh McLennan.

Managing and adapting to supply chain risks

Advances in digital technology are enabling organizations to improve supply chain performance and boost their resilience to shocks when the movement of goods is disrupted.

Existing supply chain approaches are often adequate, with a lot of "muscle memory" used in problem solving. However, to be truly resilient and take advantage of opportunities, organizations need to assimilate and adapt to data. With ships carrying 90% of the goods traded globally through tens of thousands of ports, analytics and other technologies can take organizations from reactive to proactive, enabling them to make timely and effective supply chain and risk management operational decisions.

Recent disruptive events — including the COVID-19 pandemic, the temporary blockage of the Suez Canal in 2021, labor shortages, and the Russia-Ukraine conflict — highlighted organizations' use of digital tools to make rapid supply chain decisions by establishing situational awareness and forecasting ship flow. This shows that managing supply chain risks requires robust mitigation strategies that can optimize routes and scheduling, streamline required documentation, recommend corrective measures, and more.

The overall complexity of digital supply chains makes it increasingly difficult to know where to look to identify risk, underscoring the importance that risk professionals have visibility across the entire organization. Understanding and projecting supply chain risks requires companies to consider resilience during strategy and planning cycles. Digital supply chain modeling tools can support with risk analysis and horizon scanning, which can help organizations assess how they are affected by supply chain pressures.

Staying competitive with data and technology-driven tools and insights

The risks and opportunities stemming from big data, artificial intelligence, and other technology advances creates new dynamics beyond cyber security.

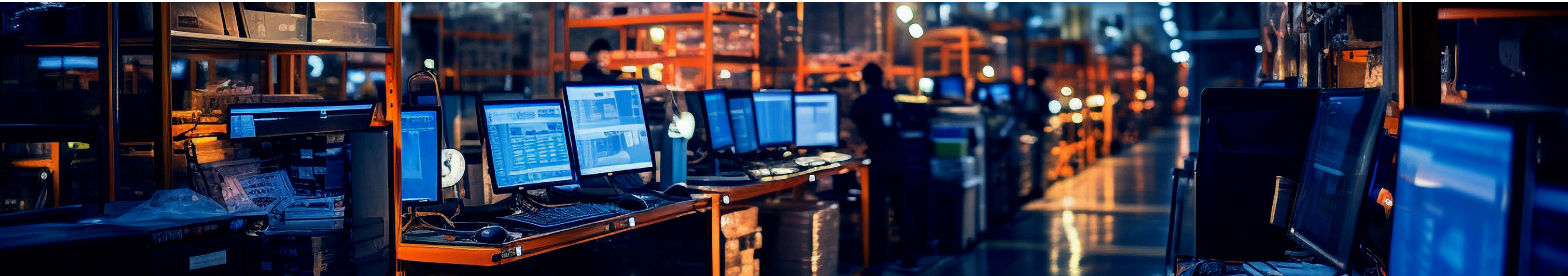
Comprehensive data and analytical tools in areas including vessel navigation, cargo management, routing, and supply chain optimization can help organizations identify their exposures to a variety of risks and highlight opportunities, which in turn can drive strategy and planning — helping them to remain ahead of the competition and increase the chance of operational success.

However, harnessing big data brings challenges including handling and securing the volume of data, and optimizing the data to make informed decisions which often requires new skill sets.

Recent surveys in the maritime sector found that respondents see big data and artificial intelligence as having a high impact in the coming years, but believe the industry is generally unprepared to manage them.

Those companies that effectively manage digitalization and its attendant risks and opportunities will see a competitive advantage over those that don't.

Marsh's services leverage data, technology, and analytics to help organizations better quantify and manage risk. For instance, Marsh's range of digital cargo solutions can aid owners of cargo to more efficiently transact insurance.



Workforce risk: Attracting, developing, and retaining talent in an evolving industry

The maritime and logistics ecosystem is being redefined. Customer expectations, regulator intervention, capital provision, technological transformation, vertical integrations, new business models, and evolving expectations from workers themselves are driving organizations to embrace change. Attention to workforce opportunities is crucial.

In a sector renowned for the diversity of its workforce — from roles and responsibilities through to geographical location — there has never been the ability to take a 'one size fits all' approach. Global trends such as digitalization and decarbonization are changing the world and with it the talent landscape, prompting organizations to rethink how they recruit and retain people. As companies continue to diversify and digital solutions become embedded in core operations, attracting, developing, and retaining talent is a priority.

Responding to the talent challenge

Organizations are facing pressure to find talent with the right skillset needed to build tomorrow's workforce. In highly-competitive markets, the supply of talent is shifting at a time when demand for skills is increasing. For example, rising online sales and labor shortages could see demand outpace supply for seafarers; the International Chamber of Shipping and Bimco warns recruitment levels must "significantly increase" to avoid a shortfall. Demographic changes, including aging workforces and variances in birth rates, are redistributing the working-age population worldwide, adding to recruitment competition.

Societal shifts, such as labor and skill shortages and demographic changes, are just some of the factors that organizations must consider as they undergo digitalization and sustainability transitions with far-reaching implications for the industry and its workforce.

Digitalization, in particular, is influencing the skills that organizations need, and impacting how work is undertaken and delivered. Many organizations are expanding their capacity in roles that require digital skills.

Increasingly, the industry offers workers the possibility of remote working, diversified careers, pathways to advancement, and modern transferable skills. Workers across the maritime and logistics ecosystem — at sea and on land — can have varied careers in areas such as data science, artificial intelligence (AI), cyber security, robotics, analytics, environmental science, and sustainability. These entry points can help attract new and more diverse talent, while complementing more traditional roles. Workers with diverse skills will be crucial to the future of many marine, cargo, and logistics companies.

As organizations look to attract new talent they must also train and reward existing employees. Organizations with a culture of supporting their workforce and recognizing talent through a competitive rewards, benefits, and training culture will be in a stronger position to differentiate themselves as an employer of choice.

Training and qualification courses are a staple component of risk management programs and can lead to financial gain if deployed well. Effective and frequent training delivery is critical to getting employees engaged with change, including how it relates to skilled jobs and improved safety with operational technology (OT).

Focusing on well-being

Organizations across global supply chains are embracing their social responsibility to care for their employees' overall well-being. While compensation is often a primary driver for workers, other benefits can be just as attractive, many of which are increasingly tied to health, well-being, and family. This is especially important in a sector where some work requires long hours and/or being away from home for long periods.

Forward-thinking employers are offering benefits packages that champion high workforce welfare standards to stand out. This can help to attract and retain talent, and therefore benefit the productivity of the sector as a whole.

Employee offerings do however require careful consideration; the global nature of this ecosystem means that employees' needs and preferences can vary significantly across different regions and societies, and benefits packages may need to consider local regulations, societal and cultural expectations, the mix of women and men, and age groupings.

According to Mercer's *2023 Health on Demand* research, employers can improve their health and benefits strategy by focusing on four key areas:

Streamline offerings: Good core benefits, such as medical insurance, coupled with carefully curated additional niche options, can help retain employees and enable them to thrive. For instance, workers who spend long hours away from home could benefit from access to virtual health coaches and on-demand mental health support.

Flexibility: Understand employees' needs and make sure the benefits strategy is relevant. For example, allowing employees to access their benefits when and where they need them at sea and on land through such things as online self-service portals, mobile apps, and 24/7 access to support services.

Focus on access and need: For instance, employers can analyze data to address workforce gaps such as finding ways to make benefits more accessible to low earners.

Embed employee resilience: Make well-being part of authentic company culture, for example, committing to addressing workplace burnout through job design, practices, and culture.

Leaning into diversity, equity, and inclusion (DE&I)

DE&I is an increasingly important component of decision-making criteria when hiring new talent. Research has shown that diverse and inclusive companies perform better, and this is changing leadership mindsets within the industry. For example, companies in the top quartile for gender diversity are 15% more likely to surpass their peers.

Organizations can use inclusion and diversity practices as an enabler of business impact and a driver of long-term growth. By embracing DE&I, companies can create a strong ethos that resonates across the business, including among employees, suppliers, investors, and other stakeholder groups.

Organizations can accelerate DE&I efforts by involving their workforce in fostering inclusive environments, with training and awareness on DE&I issues, and robust policies and processes that provide equal opportunities.

Raising awareness and deploying resources can help organizations demonstrate their commitment to improving DE&I, and improve ESG report scores, but the true measure of success will come in the makeup of the workforce — including in leadership positions. Creating an effective DE&I strategy and implementing it meaningfully requires strong, sustained, inclusive leadership, adequate allocation of resources and investment, and accountability.

Several factors are driving the acceleration of diversity, equity, and inclusion (DE&I) efforts:

Attracting and retaining talent is increasingly competitive across all industries. Companies that can show they are committed to DE&I practices can attract top talent, enhancing the company's reputation and improving employee satisfaction.

Supply chain partners are demanding interface with like-minded, enabled stakeholder colleagues. The COVID-19 pandemic and ongoing geopolitical challenges highlight the need for resilient and agile workers.

Capital providers, and others, are increasingly using ESG reporting to assess borrowers' performance — DE&I is central to the "S" in ESG.

Legislators provide levers to ensure corporate behaviors are visible.

Maintaining productivity and profitability

In the post-pandemic global economy, a combination of high inflation, austerity measures, talent shortages, supply chain disruptions, and geopolitical tensions have had significant impacts on both local and global markets.

While advances in automation and digitalization represent opportunities for employers and employees, they also require organizations to critically navigate associated challenges.

In particular, organizations will need to consider disruption to existing jobs, skills development, and adapting to societal changes that are already underway and impacting how people work.

Companies should assess risk over the short- and long-term to identify how these changes may affect their business and people.

Our Marine, Cargo & Logistics practice

Marsh's global Marine, Cargo & Logistics practice has over 650 colleagues in 35 countries, allowing us to deliver international brokerage, consulting, and claims advocacy services to clients around the world.

With specialized marine, cargo, and logistics expertise leveraging data, analytics, and benchmarking, we can help you determine and prioritize your exposures and help reduce the total cost of risk with innovative and customized solutions. Our proprietary, accessible-anywhere technology allows you to assess risks in real time, monitor activity more closely, and manage claims more efficiently.

Our global network and market knowledge allow us to meet your local servicing needs in your time zone without subcontracting or sharing sensitive commercial data with third-party brokers.

With broad experience across the global supply chain ecosystem, we can draw on the whole industry, bringing insights, knowledge, expertise, and advice to promote possibility beyond the traditional insurance transaction.

Supported by Marsh McLennan colleagues, we can help you evolve your risk profile, develop supply chain modeling and resiliency, consider workforce and talent plans, and build strategies across emerging risk areas, including geopolitics, the sustainability transition, and digitalization.

For further advice and guidance on mitigating the risks, please contact your local Marsh representative or visit **www.marsh.com.**

650+

250+

1mn+

Placed approximately US$3.9 billion in premium in 2022

Specialists worldwide

13% of total premium placed with 'A' rated P&I clubs handled by Marsh in 2023

Ports and terminals clients

Insurance innovation award winner in 2023 (Ukraine 'AsOne' Cargo Facility)

Cargo insurance certificates issued through our digital platforms every year

Marsh

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