

## 2024 NAIC Climate Risk Disclosure

Mitsui Sumitomo Insurance Company of America (NAIC 20362)

Mitsui Sumitomo Insurance USA Inc. (NAIC 22551)

MSIG Specialty Insurance USA Inc. (NAIC 34886)

Questions 2023 year	MSIG Response
<b>Governance</b>  1. Disclose the insurer's governance around climate-related risks and opportunities. In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following: Identify and include any publicly stated goals on climate related risks and opportunities. Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level or a combination. If handled at a group level, describe what opportunities are undertaken at the company level.  A. Describe the Board and/or committee responsible for the oversight of climate-related risks and opportunities. In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should include the following: Describe the position on the board and/or the committee responsible for the oversight of managing the climate-related financial risks.  B. Describe management's role in assessing and managing the climate related risks and opportunities.	<p>The Company and its affiliated U.S. domestic companies are part of a global insurance group called MS&amp;AD Insurance Group Holdings, Inc. ("MS&amp;AD").</p> <p>MS&amp;AD has issued a Climate-Related Financial Disclosure report that follows the disclosure guidance provided by the Task Force on Climate-related Financial Disclosures ("TCFD"). The report goes into details about the MS&amp;AD climate-related governance structure of Board of Directors, Group Management Committee and Task-Specific Committees. The report is available on the MS&amp;AD website as of the date of this filing.</p> <p>The Company recognizes that climate change has a significant impact on society and on us. The Company is committed to furthering the goals noted by the TCFD to move towards a decarbonized society and are guided by MS&amp;AD's numerous initiatives towards that end.</p> <p>The Company maintains a robust system of governance as regards climate change issues. This governance system is comprised of a Board of Directors ("Board"), Enterprise Risk Management ("ERM") Committee, a Board level committee, and two sub-committees of the ERM Committee. Additionally, individuals in a committee or on the Board work to stay abreast of climate change related issues, their potential impact on the Company, and provide guidance to the Board as to climate-change related issues, risks and opportunities.</p> <p>In 2021, the Board (i) appointed the ERM Committee as the Board committee responsible for oversight of climate change risks and disclosures and (ii) appointed the ERM Committee Chair, who is also a member of the Board and Chief Financial Officer of the Company,</p>

	<p>as the Board member and member of Senior Management responsible for oversight of climate change financial risks and disclosures; both appointments made in response to the New York Department of Financial Services Insurance Circular Letter No. 15 (Sept. 22, 2020). Risk categories subject to oversight by the ERM Committee include, but are not limited to, compliance risk, operational risk, underwriting risk, reputational risk, financial risk (liquidity, investment, and the like) and reinsurance counterparty risk. Climate change related risks are looked at holistically, because climate change can exacerbate or diminish existing operational risks.</p> <p>The ERM Committee meets four times a year and its actions and decisions are reported to the Board.</p> <p>The ERM Committee further oversees the activities of two (2) subcommittees, the Compliance and Operational Risk Subcommittee ("CORS") and the Working Group for Qualitative Risks ("Q Group"). CORS focuses on identifying, evaluating and addressing oversight and management of compliance and operational risk, while Q Group focuses on oversight and management of quantitative risk. Both groups provide the results of their efforts to the ERM Committee.</p>

Question	MSIG Response
<p><b>Strategy</b></p> <p>2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material. In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:</p>	<p>The Company's risk management strategy, including for climate change, are set out in an Enterprise Risk Report and an ORSA Summary Report, each of which are filed with its domicile regulator, the New York Department of Financial Services (DFS). The reports address the areas set out in DFS Circular Letter No. 15 (Sept. 22, 2020). The Board of Directors also has appointed the Enterprise Risk Management (ERM) Chair responsible for oversight of climate change risks</p>

<ul style="list-style-type: none"> <li>• Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.</li> <li>• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.</li> </ul> <p>A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term. In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• <b>Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30 years as long term.</b></li> </ul> <p>B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning. In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.</li> <li>• Discuss if and how the insurer makes investments to support the transition to a low carbon economy.</li> </ul> <p>C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.</p>	<p>and disclosures and appointed a Board member and member of Senior Management responsible for oversight of climate change financial risks and disclosures. Accordingly, the Company approaches climate change as an ERM issue, with direct involvement of the Board of Directors and Senior Management.</p> <p>The Company has reviewed its portfolio of risks to determine that the main focus for its strategy to evaluate and address the actual and potential impacts of climate-related risks and opportunities is catastrophic weather events, underwriting discipline and investment decisions.</p> <p>Catastrophic weather events: The Company engages in numerous modeling analyses to evaluate such events and attendant risks. The modeling permits the Company to assess the likelihood and severity of modeled events spanning a number of time horizons. Modeling results informs the Company's risk management for catastrophic weather events, types and concentration of risks and implementation solutions, such as reinsurance as appropriate. All fixed location property risks at the Company are modeled individually and at the portfolio level. Portfolio results are further segregated geographically to support accumulation management, as well as monitoring shifting in results for the portfolio. The modelling is conducted quarterly for various purposes using the full suite of models provided by a third party modeling company.</p> <p>Underwriting discipline: The Company has adopted specific standards for underwriting when deciding types of risks to insure. With respect to climate-change related risks, the Company has decided not to write insurance policies for coal fired power plants or coal mines.</p> <p>Investments: The Company has adopted an Investment Guideline to prudently invest capital in compliance with applicable state investment laws for insurance companies. With respect to climate-change related risks, the Company has</p>
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	<p>decided not to invest in coal fired power plants or coal mines.</p> <p>The company supports clients by providing insurance products that can insure client investments in making the transition to a low carbon economy. The Company has reviewed and determined that transition risks are currently not material to the company's business.</p> <p>The Company strategically reviews its office space needs and operations including conservation and reduction measures where possible. Staff are currently permitted to work three days per week in offices and two days per week remote reducing the Company's emissions. Conservation and reduction measures include the exploration of reduction measures such as review of paper consumption and replacement with more electronic communication, measures to reduce fuel usage across company cars by exploring the use of fuel-efficient vehicles, and ensuring electricity and water use is conserved. The building has replaced common area, parking lot and emergency/life safety lighting, as well as the entire office space of the largest tenant with LED lighting. Facilities are equipped with state-of-the-art air purifiers. Water conservation is addressed at facilities through the use of automatic flush/sink sensors, low flow faucets and toilets, and rain sensors installed on the property's irrigation system to prevent unnecessary watering.</p> <p>Climate change is included as part of the Company's catastrophe management plans for insured loss potentialities. Climate change is also addressed as part of the Company's disaster planning via business continuity plans including systems recovery.</p> <p>The Company's ultimate parent, MS&amp;AD Insurance Group Holdings, Inc., has pledged to not undertake projects related to the construction of new coal-fired power plants or underwrite or invest in companies that manufacture controversial weapons, such as cluster munitions. Coal fired power plants, coal</p>
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	<p>mines (that produce thermal coal), and controversial weapons are excluded from underwriting. They are also excluded from investment strategies. Ongoing review is taking place to similarly exclude from underwriting and investment oil sand mining, oil and gas extraction in the Arctic region, projects with negative impact on UNESCO World Heritage Sites or Ramsar-listed wetlands that may have negative impacts on the environment and local communities, and business which may violate human rights of indigenous people or local communities. The Company will adhere to all of its ultimate parent company's investment strategies in this regard to further the transition to a low carbon economy.</p>
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Question	MSIG Response
<p><b>Risk Management</b></p> <p>3. Disclose how the insurer identifies, assesses, and manages climate-related risks. In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.*</li> <li>• Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.*</li> <li>• Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.*</li> </ul> <p>A. Describe the insurers' processes for identifying and assessing climate-related risks. In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.*</li> </ul>	<p>The Company believes that climate-related risks may exacerbate or diminish operational risks, thus the importance of holistically seeing climate-related risks as part of monitoring and addressing other operational risks.</p> <p>The Company makes informed decisions when identifying and assessing climate-related risks. Such risks by themselves do not appear to be material to the Company. Materiality may change over time as the Company grows, offers different types of insurance products, acquires a different portfolio of clients or as climate change related risks develop.</p> <p>The Company engages in a robust catastrophic modeling program to identify and evaluate weather-related risks, as mentioned in response to Question 2, above. The Company engages in numerous modeling analyses to evaluate such events and attendant risks. The modeling permits the Company to assess the likelihood and severity of modeled events spanning a number of time horizons. Modeling results informs the Company's risk management for catastrophic weather events, types and concentration of risks and implementation solutions, such as</p>

<p>B. Describe the insurer’s processes for managing climate-related risks.</p> <p>C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer’s overall risk management.</p> <p>In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer’s overall risk management, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• Discuss whether climate-related risks are addressed through the insurer’s general enterprise-risk management process or a separate process and how frequently the process is completed.</li> <li>• Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.</li> <li>• Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what time frames are considered.</li> </ul>	<p>reinsurance as appropriate. All fixed location property risks at the Company are modeled individually and at the portfolio level. Portfolio results are further segregated geographically to support accumulation management, as well as monitoring shifting in results for the portfolio. The modelling is conducted quarterly for various purposes using the full suite of models provided by a third party modeling company. In addition, the evaluation of these risks through the modeling analysis guides the types and quality of the reinsurance programs that the Company will purchase as a result.</p> <p>The Company has reviewed its portfolio of clients and their insurance risks to determine that transition risk presents an immaterial risk to the Company. Part of this analysis included review of the Company’s portfolio of directors and officers liability policies.</p> <p>In addition, the Company utilizes the processes outlined in response to the Governance Question 1, above, to identify, assess, and manage climate-related risk, and develop execution plans where necessary to implement strategy. The Company maintains a robust governance system comprised of a Board of Directors (“Board”), Enterprise Risk Management (“ERM”) Committee, a Board level committee, and two sub-committees of the ERM Committee. Additionally, individuals in a committee or on the Board work to stay abreast of climate change related issues, their potential impact on the Company, and provide guidance to the Board as to climate-change related issues, risks and opportunities.</p> <p>The Company will continue to support sustainable development by providing insurance services designed to reduce damage and loss incurred in client activities due to abnormal weather stemming from climate change, and by developing products/services that help advance the transition to a decarbonized society.</p>
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Question	MSIG Response
<p><b>Metrics and Targets</b></p> <p>4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material. In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• Discuss how the insurer uses catastrophe modeling to manage the climate related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.</li> </ul> <p>A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.</li> </ul> <p>B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.</p>	<p>The Company supports the efforts of its ultimate parent, MS&amp;AD Insurance Group Holdings, Inc. (“MS&amp;AD”), to disclose climate-related risks on behalf of the entire insurance group to constituencies. The MS&amp;AD Insurance Group has announced a goal to reduce the environmental burden accompanying its business activities with a target of net zero greenhouse gas emissions by FY2050 using FY2019 as a benchmark year; endorsing the Task Force on Climate-related Financial Disclosures (“TCFD”) and promoting the disclosure of financial information; creating shared values to mitigate the effects of climate change, providing services and research related to climate change risk assessment and analysis, including a climate risk analytics service for predicting multi-hazard risks such as floods and windstorms caused by climate change; providing insurance and consulting services in addition to developing and providing products that reduce environmental burden, to name but a few awareness and change initiatives. Information of which can be found on the MS&amp;AD website.</p> <p>The Company’s primary metric for evaluating climate change related risks is the use of catastrophe modeling software. The Company engages in numerous modeling analyses to evaluate such events and attendant risks. The modeling permits the Company to assess the likelihood and severity of modeled events spanning a number of time horizons. Modeling results informs the Company’s risk management for catastrophic weather events, types and concentration of risks and implementation solutions, such as reinsurance as appropriate. All fixed location property risks at the Company are modeled individually and at the portfolio level. Portfolio results are further segregated geographically to support accumulation management, as well as monitoring shifting in</p>

	<p>results for the portfolio. The modelling is conducted quarterly for various purposes using the full suite of models provided by a third party modeling company. The evaluation of these risks through the modeling analysis guides the types and quality of the reinsurance programs that the Company will purchase as a result.</p> <p>Scope 1 emissions are direct greenhouse gas emissions that occur from sources that are controlled by an organization. Examples of Scope 1 emissions are hot water boilers, furnaces for heat or vehicle emissions. Scope 2 emissions are indirect greenhouse gas emissions associated with the purchase of electricity, heat or cooling. Staff for the Company only work in office buildings or currently at home up to three days per week. Total office space across the United States is equal to approximately 200,000 square feet. The Company's ultimate parent, MS&amp;AD Insurance Group Holdings, Inc. has set a target of reducing group greenhouse gas emissions by 37% from 2019 levels by its fiscal year 2030. The Company's management company tracked Scope 1 and Scope 2 emissions to monitor progress toward this worthy goal.</p>
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### Closed-ended Questions

Questions	MSIG Responses
<p><b><u>Governance</u></b></p> <ul style="list-style-type: none"> <li>Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)</li> <li>Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)</li> <li>Does management have a role in assessing climate-related risks and opportunities? (Y/N)</li> <li>Does management have a role in managing climate-related risks and opportunities? (Y/N)</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> <li>Yes</li> <li>Yes</li> <li>Yes</li> </ul>





<ul style="list-style-type: none"> <li>• Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)</li> <li>• Does the insurer have targets to manage climate-related performance? (Y/N)</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes</li> <li>• Yes</li> </ul>
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