

Governance

1. While not publicly stated, Mutual Benefit Group (MBG) takes a strategic approach to manage climate-related risks and opportunities. This approach allows MBG to assess and manage the current and future climate-related risks and opportunities in a manner appropriate to MBG's size and complexity of business. This strategic approach originates with management and is shared with the Board of Directors and employees.

Climate-related risk management is included in the enterprise risk management (ERM) process. Management, assessment, and tolerance of risk are outlined in MBG's formal ERM process. Each quarter, management reviews risk tolerance to determine the risk they are willing to accept and shares the results with the Audit Committee and the Board of Directors.

Weather- related loss trends and catastrophes are closely monitored and shared with the Board of Directors.

The Investment Committee reviews environmental, social, and corporate governance (ESG) each quarter.

Strategy

2. MBG carefully assesses and manages weather-related events. The company has a written catastrophe management plan. There is limited coastal risk, and management recognizes that Pennsylvania's geography limits a weather-related event from impacting the whole territory. Management works with reinsurers (key constituents) to set appropriate catastrophe retention amounts within the reinsurance program, and to better understand the potential climate-related risks.

MBG supports NAMIC, PAMIC, and the Insurance Institute for Business and Home Safety initiatives leading to successful legislation that rewards sustainability initiatives in support of reducing damage from weather- related events.

MBG continues to reduce greenhouse gas emissions at its corporate home office, which is its only location. The company has converted oil heat to natural gas, uses chillers in new construction to become more fuel efficient, monitors our trees and courtyard to provide for carbon absorption, oxygen replacement, and reduce water runoff. We have implemented motion sensitive lighting to reduce unnecessary electric consumption and are replacing older light fixtures with more energy efficient lighting. We are also converting a significant amount of our technology to the Cloud, further reducing our energy consumption. MBG has a telecommuting option for employees, which reduces commuting emissions.

MBG has a written disaster recovery plan in the event the office is involved in a natural or man-made disaster. The plan enables MBG to continue in business when our policyholders need us the most.

Risk Management

3. MBG seeks to identify, quantify, and manage underwriting risk in several different ways. Product and pricing are at the core of this process. MBG consistently analyzes the risk of each product and the price charged. Underwriting works closely with claims to better evaluate and understand the risk. Underwriting also works closely with Agency Development to insure the spread of risk. All of this is documented in MBG's Catastrophe Management Plan.

MBG works closely with the reinsurance broker to model catastrophe risk for the short, medium, and long term. Both AIR and RMS catastrophe modeling systems are used to help identify, quantify, and manage our Hurricane, Severe Convection, and Winter Storm risk. MBG also works with the reinsurance broker to model the concentration of risk exposed to Severe Convection. The modeled results are used in the ERM risk tolerance analysis, relative to the company surplus, to determine if any action is warranted. Underwriting, Agency Management, and Senior Management are all involved in setting the risk tolerance for the company. This is then discussed with the Audit Committee and Board of Directors, at least quarterly.

MBG utilizes our website and feeds to our agents and insureds to provide education on developing risks, as well as offering ideas for reduction, elimination and/or remediation of the risk through coverage changes/additions that are supportable within our offerings. Some examples of this are messages that provide risk avoidance, safety measures and precautions, key links to sources of information, advisory websites, and emergency information dealing with weather-related events, perils, and situations.

MBG's Investment Committee receives ESG information from two sources related to investments: fixed income and equity. The findings are reviewed quarterly by the Investment Committee.

Metrics and Targets

4. As earlier stated, MBG uses both AIR and RMS to better understand weather-related risks. This information is used by Underwriting and Agency Development to manage individual risk and agent risk. Management uses the modeling in the reinsurance purchase decisions and for setting and measuring risk tolerance in the ERM process.

The formal Catastrophe Management Plan helps everyone understand and execute the management of weather-related risk.