

Closed ended questions directly correspond to the narrative, allowing for explanation and qualification of the yes/no answers.

Closed ended questions are voluntary for reporting year 2023.

Governance – narrative

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 the group level, describe what activities 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 consider including the following:

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.
- B. Describe management's role in assessing and managing climate-related risks and opportunities

Response to Governance

The Board of Governors of Physicians' Reciprocal Insurers ("PRI"), the parent of EmPRO Insurance Company ("EmPRO"), (the "Board") is the senior-most governing entity within the holding company system which is comprised of PRI and EmPRO (collectively the "Company"). The Board delegates responsibilities for the oversight of the management of climate risks to its Executive Management ("Management") and Investment Advisory Committee ("IAC"). Board governance is done at the ultimate holding company level. Policies and procedures relating to climate change when implemented are applied to all companies within the holding company system.

The Company underwrites medical malpractice insurance and does not underwrite property/casualty lines inherently exposed to actual and potential impacts of climate-related risk. Management therefore views the qualitative exposure to physical and transition climate risks to be immaterial to its policy liabilities at this time.

Governance – closed ended questions answered in addition to the narrative

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N) **No**
- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N) **Yes**
- Does management have a role in assessing climate-related risks and opportunities? (Y/N) **Yes**
- Does management have a role in managing climate-related risks and opportunities? (Y/N) **Yes**

Strategy – narrative

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:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency. *

- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.*
- 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:

- Define short, medium, and long-term, if different than 1-5 years as short term, 5-10 years as medium term, and 10-30 years as long term.
- 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:

- 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.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.
- C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Response to Strategy

The Company underwrites medical malpractice insurance and does not underwrite property/casualty lines inherently exposed to actual and potential impacts of climate-related risk. Management therefore views the qualitative exposure to physical and transition climate risks to be immaterial to its policy liabilities at this time. The investment portfolio of the Company is structured with the objective to achieve the appropriate balance between stability of principal to meet future policyholder obligations, providing income to enhance profitability and maintaining liquidity to meet liabilities as they become due.

The Company undertakes a yearly review of investments to identify its portfolio holdings in high carbon sectors. Specifically, the Company utilizes the opens-source PACTA program to aid in this analysis. Depending on the results of the analysis, the Company may pursue strategies to mitigate climate exposure in its holdings including, if appropriate, divestment of holdings within carbon-intensive sectors.

Strategy - closed ended questions answered in addition to the narrative

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) * **No**
- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N) **No**
- Does the insurer make investments to support the transition to a low carbon economy? (Y/N) **No**
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)* **No**

Risk Management – narrative

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:

- 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.*

- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.*
 - Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.*
- 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:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.*
- B. Describe the insurer's processes for managing climate-related risks.
- C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

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:

- 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.
- 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.
- 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 timeframes are considered.

Response to Risk Management

The Company underwrites medical malpractice insurance and does not underwrite property/casualty business lines inherently exposed to actual and potential impacts of climate-related risk. Management therefore views the qualitative exposure to physical and transition climate risks to be immaterial to its policy liabilities at this time. The investment portfolio of the Company is structured with the objective to achieve the appropriate balance between stability of principal to meet future policyholder obligations, providing income to enhance profitability, and maintaining liquidity to meet liabilities as they become due.

The Company undertakes a yearly review of investments to identify its portfolio holdings in high carbon sectors. Specifically, the Company utilizes the opens-source PACTA program to aid in this analysis. Depending on the results of the analysis, the Company may pursue strategies to mitigate climate exposure in its holdings including, if appropriate, divestment of holdings within carbon-intensive sectors.

Risk Management – closed ended questions answered in addition to the narrative

- Does the insurer have a process for identifying climate-related risks? (Y/N)
 - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N) **No**
 - Does the insurer have a process for assessing climate-related risks? (Y/N) **No**
 - If yes, does the process include an assessment of financial implications? (Y/N) **No**
 - Does the insurer have a process for managing climate-related risks? (Y/N) **No**
 - Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)* **Yes**
 - Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)* **No**
 - Has the insurer considered the impact of climate-related risks on its investment portfolio?(Y/N)* **Yes**
 - Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N) **No**
 - Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N) **Yes**
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Metrics and Targets – narrative

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:

- 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.
- A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

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:

- 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)
- B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Response to Metrics and Targets

The Company underwrites medical malpractice insurance and does not underwrite property/casualty lines inherently exposed to actual and potential impacts of climate-related risk. Management therefore views the qualitative exposure to physical and transition climate risks to be immaterial to its policy liabilities at this time.

The Company undertakes a yearly review of investments to identify its portfolio holdings in high carbon sectors. Specifically, the Company utilizes the opens-source PACTA program to aid in this analysis. Depending on the results of the analysis, the Company may pursue strategies to mitigate climate exposure in its holdings including, if appropriate, divestment of holdings within carbon-intensive sectors.

Metrics and Targets – closed ended questions answered in addition to the narrative

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N) **No**
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N) **No**
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N) **No**
- Does the insurer have targets to manage climate-related performance? (Y/N) **No**

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.