

GREAT AMERICAN INSURANCE GROUP
2022 NAIC CLIMATE RISK DISCLOSURE SURVEY

I. Governance: Disclose the organization's governance around climate-related risks and opportunities.

American Financial Group, Inc. ("**AFG**") is an insurance holding company. Through the operations of Great American Insurance Group ("**GAIG**"), AFG is engaged in property and casualty insurance, primarily focusing on specialized commercial products for businesses. GAIG provides a wide range of commercial coverages through approximately 35 insurance divisions and subsidiaries ("**business units**"). The majority of AFG's insurance company subsidiaries are domiciled in Ohio. In addition to Ohio, AFG's other U.S.-based insurance company subsidiaries are domiciled in California, Florida, and New York. AFG's international insurance company subsidiaries are domiciled in Bermuda, the Cayman Islands, Ireland, Mexico, and the United Kingdom.

Each business unit is responsible for managing climate risk, and the insurance company subsidiaries of AFG are responsible for overseeing their business units' management of climate risk. To encourage consistency and coordination in the management of climate risk across the company, a single climate risk management framework has been adopted by all U.S. insurance subsidiaries. AFG's foreign insurance divisions and subsidiaries manage climate risk in accordance with local requirements. This report is prepared and filed on a group basis for AFG's U.S.-based insurance divisions and subsidiaries.

A. Describe the Board's oversight of climate-related risks and opportunities.

AFG Board of Directors:

The AFG Board of Directors has 11 members, including the Co-CEOs as well as 7 independent directors. The board has 3 committees, all of which are comprised of independent directors: (1) Audit Committee, (2) Corporate Governance Committee, and (3) Compensation Committee. Each committee has responsibilities enumerated in its committee charter which relates to climate-related risks and opportunities.

The Audit Committee of the AFG Board of Directors is responsible for, among other things, the oversight of the Company's enterprise risk management. This includes discussing with management the company's guidelines and policies related to enterprise risk management and assisting the Board of Directors in its oversight of the company's enterprise risk management process, including environmental (including climate), social, and governance (ESG) risk.

The Corporate Governance Committee of the AFG Board of Directors is responsible for, among other things, advising the Board with respect to environmental and social risks as well as governance, stewardship, and sustainability issues, in order to assist in the development and refinement of the company's strategies and policies in these areas.

The Compensation Committee of the AFG Board of Directors is responsible for, among other things, reviewing and approving the compensation to be paid to the company's Co-CEOs, reviewing the compensation of other AFG senior executive officers, and overseeing the AFG executive compensation policies. The Compensation Committee reviews the risk profile of the components of the AFG executive

compensation program, including the performance objectives and target levels used in connection with incentive awards, and incentivizes the appropriate risk-taking behavior by senior executive officers needed to grow the business, while encouraging prudent decision-making that focuses on both short-term and long-term results.

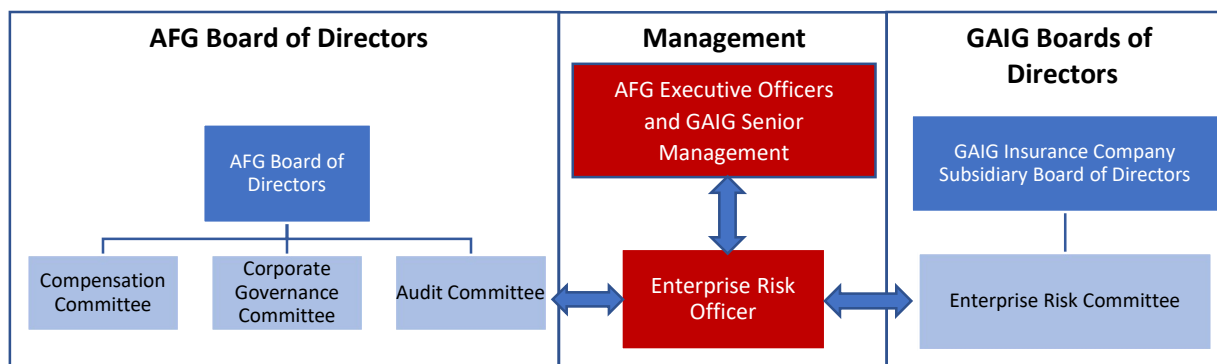
Insurance Company Subsidiary Boards of Directors:

Each insurance company subsidiary board of directors has an Enterprise Risk Committee. The Enterprise Risk Committee is responsible for the oversight of all material financial risks to the company. In addition to identified material financial risk, the Enterprise Risk Committee is specifically responsible for the oversight of climate risk.

Enterprise Risk Officer:

The AFG Enterprise Risk Officer (“**ERO**”) manages the Enterprise Risk Management (“**ERM**”) program at GAIG. The ERO meets with AFG executive officers (including the Chief Administrative Officer, Chief Financial Officer, and General Counsel), GAIG senior management, and members of the insurance company board of directors’ Enterprise Risk Committee to review and monitor risks to the organization. The ERO then reviews changes to the organization’s risk profile with the AFG Audit Committee on a quarterly basis and presents documented Risk Summaries for each significant risk to the AFG Board of Directors at least annually. Additional information about the ERM program at GAIG is set forth in the Risk Management section below.

Figure 1. Governance and Risk Management Relationships Between AFG and GAIG



B. Describe Management’s role in assessing and managing climate-related risks and opportunities.

Each business unit executive is responsible for identifying and managing material risks to their business, including climate risk. However, overall responsibility for management of climate risk at GAIG is assigned to a GAIG Executive Vice President (“**EVP**”), who reports to the GAIG President. The EVP is also a member of the Enterprise Risk Committee of each insurance company’s board of directors. The EVP works with the ERO, AFG executive officers, GAIG senior management, and business unit executives to identify, assess, and monitor significant and emerging risks to the organization.

II. Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

The strategy of AFG is to create long-term value through superior underwriting results, superior investment returns, and intelligent deployment of capital within our risk profile. As such, managing risk is core to AFG's strategy and financial planning. Climate events pose different risks to different business units. AFG's diversified business model mitigates this risk.

A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

AFG has identified a variety of potential climate-related risks, including impact to operations, catastrophe losses (losses relating to certain natural disasters such as hurricanes, severe storms, earthquakes, tornadoes, floods, etc., as well as other incidents of major loss such as explosions, civil disorder, terrorist events, fires, etc.), loss costs, ability to obtain reinsurance, the value of investments, reputation, operating and compliance expenses, and product offerings.

AFG's results of operations could be adversely impacted by catastrophes, both natural and man-made, severe weather conditions, or climate change. Catastrophic events may have a material adverse effect on AFG's workforce and business operations, as well as the workforce and business operations of AFG's customers and independent agents. A severe catastrophe or series of catastrophes could result in losses exceeding AFG's reinsurance protection and may have a material adverse impact on its results of operations or financial condition. In addition, weather conditions, including too much moisture (flooding or excessive rain) or not enough moisture (droughts), and the level of crop prices in the commodities market heavily impact AFG's crop insurance business.

B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

AFG's strategy to operate through approximately 35 diverse business units, which offer an array of commercial insurance products across geographies, mitigates the impact of climate-related risk to AFG. AFG understands the importance of mitigating climate-related (particularly catastrophe) risk, and as such generally seeks to reduce its exposure to catastrophes through individual risk selection, including minimizing coastal and known fault-line exposures, and through the purchase of reinsurance. In addition to traditional reinsurance, which includes catastrophe coverage of \$75 million in excess of \$50 million per event primary retention, AFG has catastrophe coverage through a catastrophe bond structure with Riverfront Re Ltd. from May 26, 2021 through December 31, 2024, which provides coverage of up to 94% of \$325 million for catastrophe losses in excess of \$125 million. Although changing weather patterns may make it more difficult for AFG to predict and model catastrophic events, AFG uses catastrophe modeling for convective storms, earthquakes, and hurricanes.

The extent of gross losses for AFG's insurance operations from a catastrophe event is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event, potentially mitigated by any reinsurance coverage purchased by AFG's insurance subsidiaries. In addition, certain catastrophes can result in both property and non-property claims from the same event.

AFG's net exposure to a catastrophic earthquake or windstorm as of December 31, 2022, as a percentage of AFG's Shareholders' Equity, is as follows:

- 100-year event: 2% of AFG's Shareholders' Equity
- 250-year event: 2% of AFG's Shareholders' Equity
- 500-year event: 2% of AFG's Shareholders' Equity.¹

AFG regularly reviews the financial strength of its current and potential reinsurers. These reviews include consideration of credit ratings, available capital, claims paying history, and expertise. This process periodically results in the transfer of risks to more financially secure reinsurers.

C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

AFG manages capital such that it can maintain commercially viable ratings for its business units under severely adverse scenarios. On an annual basis, AFG measures the impact of multiple stress scenarios (which include severely adverse climate-related events, but not a specific 2°C scenario) on AFG's capital over a three-year projection period and has not discovered any material challenges to the execution of our business plans or remote threats to the company's solvency, even under scenarios that we believe to be severely adverse in nature.

¹ AFG's calculations are based on net losses, which are net of reinsurance, estimated reinstatement premiums, and income taxes (assuming a 21% federal tax rate).

III. Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.

Risk Culture

Risk culture emanates from the top of our organization, including our AFG Board of Directors, Co-CEOs, and other AFG executive officers. All levels of the organization, from the AFG boardroom to the GAIG business unit level, consider risk in all significant decisions. The company believes the role of management is to identify and manage risks confronting the company.

AFG's stable ownership structure, conservative risk profile, and long-term incentive compensation structure foster decisions designed to result in long-term value creation, rather than taking short term profits that may destabilize our risk profile. In addition, the company's flat organizational structure, highly engaged executive team, and collaborative culture fosters effective communication, which encourages recognition and discussion of issues that might affect the risk profile for a business unit or line of coverage. In addition to our Enterprise Risk Management program (described below), the company has regular forums to discuss risk outside the formal governance structure, as part of ongoing operations.

Enterprise Risk Management

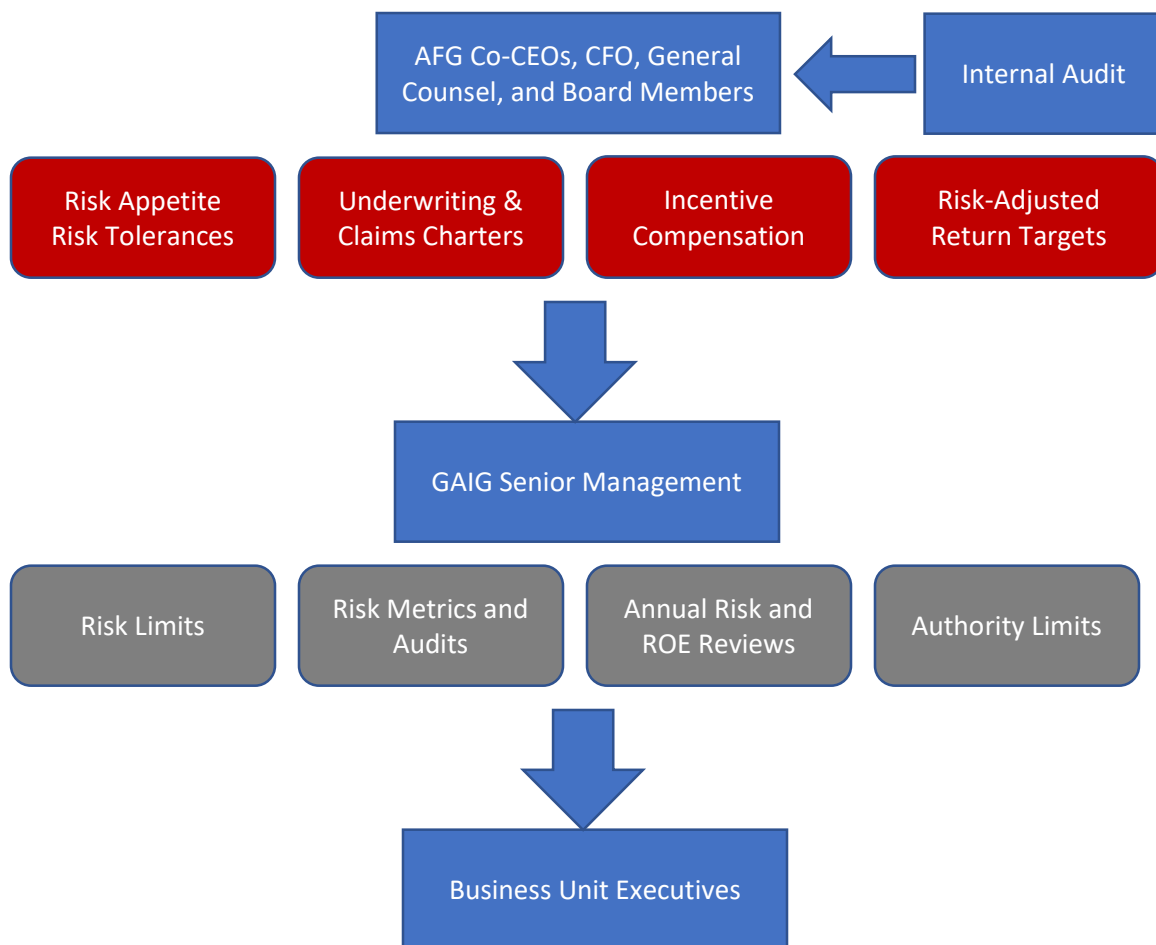
AFG maintains a robust Enterprise Risk Management ("**ERM**") program. This program identifies, assesses, and manages all significant financial risks to the organization. The program is designed to reinforce the way we operate our business and reflect our culture and risks. The ERM process is overseen by the AFG Enterprise Risk Officer ("**ERO**"), who is a Divisional Vice President of AFG and reports to a Vice President of AFG.

The goals of AFG's ERM framework that drive the company's corporate strategy are as follows:

- Identify and manage the actual and perceived risks that threaten the company and its solvency;
- Optimize the company's risk-based capital position;
- Optimize actual returns relative to targeted, risk-adjusted returns on capital;
- Manage underwriting, investment, and operational volatility;
- Engage the Board of Directors, senior management, and other employees in the ERM process to ensure business decisions are aligned with our framework; and
- Embed risk management principles in all key business decisions and transactions.

AFG operates under a business model that allows local decision-making for underwriting, claims, and policy servicing in each of the approximately 35 business units. Each business unit is managed by experienced professionals in particular lines of business or customer groups and operates autonomously, with key central controls and accountability. The decentralized approach allows each business unit the autonomy necessary to respond to local and specialty market conditions while capitalizing on the efficiencies of centralized investment and administrative support functions.

Figure 2. AFG's ERM Framework



Tone from the Top: AFG Executive Officers and Board Members

The AFG Board of Directors and executive officers play an integral role in the company's risk oversight by (1) reviewing the processes used by management to identify and report risk, and (2) monitoring corporate actions so as to minimize inappropriate levels of risk. The AFG Audit Committee reviews the organization's risk profile with the ERO on a quarterly basis and receives annual Risk Summaries of the organization's top risks. Risk Summaries include details such as the risk owner, risk monitor, risk definition, inherent risk rating (i.e., risk rating prior to any mitigation strategies), mitigating strategies, risk measurements, the frequency of reporting, and current status of the risk.

AFG executive officers and board members then set the tone from the top and manage risk through the following tools:

- **Risk Appetites and Risk Tolerances:** Risk Summaries include qualitative and/or quantitative risk appetites and risk tolerances, as appropriate, to guide GAIG senior management and business unit executives in maintaining risks within the limits set by AFG.

- **Underwriting and Claims Charters:** Local decision-making is governed by underwriting and claims charters for each business unit that set certain risk parameters. Underwriting charters are reviewed and approved annually, as views on current risks and emerging risks evolve. Claims charters are reviewed every two years.
- **Incentive Compensation:** The incentive compensation structure at GAIG emphasizes building long-term value, as the amount and timing of payments depend on the development of accident year combined ratios.
- **Risk-Adjusted Return Targets:** Combined ratio targets are established annually for each business unit and are reflective of each business unit's respective risk profile.

Centralized Controls and Accountabilities: GAIG Senior Management

Relevant risks are identified and discussed, and mitigation strategies are developed, at the GAIG senior management level. Assessments of significant risks are completed on either a quarterly, semiannual, or annual basis, with input provided by senior leaders representing key areas throughout the organization, including administration, operations, finance, accounting, legal, information technology, and information security. The ERO, through regular meetings with senior leaders of the company, monitors these risks, as well as any other significant and emerging risks that may arise during the year.

Within the risk limits set by the AFG executive officers and board members, GAIG senior management then establishes risk limits, risk metrics and audits, annual risk and ROE (return on equity) reviews, and authority limits for each business unit.

Local Decision-Making: Business Unit Executives

As noted above, AFG allows each of its business units the autonomy to make decisions related to underwriting, claims, and policy servicing. This entrepreneurial business model promotes agility, innovative product design, unique applications of pricing segmentation, as well as developing distribution strategies and building relationships in the markets served. Local decision-making is constrained by the risk limits, authority limits, and risk appetites established by the AFG executive officers, AFG board members, and GAIG senior management, as reflected in the business unit's Underwriting Charter, Claims Charter, and other documents.

A. Describe the organization's process for identifying and assessing climate-related risks.

Consistent with GAIG's risk culture, ERM process, and local decision-making business model, material climate risks are identified and assessed – like other material risks – at all levels of the organization through both formal and informal processes.

As a property and casualty insurer, assessment and management of catastrophe risk (risk from certain natural disasters such as hurricanes, severe storms, earthquakes, tornadoes, floods, etc., as well as other incidents of major loss such as explosions, civil disorder, terrorist events, fires, etc.) ("**CAT risk**") has been embedded in GAIG's ERM process and informal risk management processes for many years.

In order to quantify CAT risk, AFG uses third-party, peer-reviewed modeling tools to assess the potential impact of convective storms, earthquakes, and hurricanes on its business. These models assist

AFG in calculating its net exposure to a catastrophic earthquake or windstorm as a percentage of AFG's Shareholders' Equity.

B. Describe the organization's process for managing climate-related risks.

In order to manage its CAT risk, AFG generally seeks to reduce its exposure to catastrophes through individual risk selection (including minimizing coastal and known fault-line exposures) and through the purchase of reinsurance. AFG regularly reviews the financial strength of its current and potential reinsurers. These reviews include consideration of credit ratings, available capital, claims paying history, and expertise. This process periodically results in the transfer of risks to more financially secure reinsurers. In addition to traditional reinsurance, which includes catastrophe coverage of \$75 million in excess of \$50 million per event primary retention, AFG has catastrophe coverage through a catastrophe bond structure with Riverfront Re Ltd. from May 26, 2021 through December 31, 2024, which provides coverage of up to 94% of \$325 million for catastrophe losses in excess of \$125 million.

In order to mitigate losses from catastrophes, several of GAIG's business units (including, for example, the Environmental and Property and Inland Marine business units) may also provide policyholders with advice regarding precautionary measures that can be taken to increase their resiliency to natural disasters, as well as how to safely clean up and recover from natural disasters, such as hurricanes, windstorms, tornadoes, earthquakes, and wildfires.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

As described above, CAT risk is embedded in GAIG's ERM program and informal risk management structures. In addition, GAIG is in the process of integrating the identification, assessment, and management of other physical and transition climate risks into its formal ERM process and informal risk management discussions among senior management and business unit executives. To date, this integration process has included identifying climate risk as an emerging risk within the ERM framework and designating a risk owner and risk monitor for climate risk. In November 2022, GAIG also distributed a qualitative assessment of climate risks and opportunities to each business unit. GAIG is in the process of analyzing the results of that assessment, which will aid GAIG in assessing the materiality of physical and transition risks to GAIG's business units.

IV. Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

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

For CAT risk, the company uses models to assess the likely impact of 100, 250, and 500-year events (for hurricanes, earthquakes, and convective storms) as a percentage of AFG's Shareholders' Equity. The company also tracks annual CAT losses net and gross of reinsurance, as well as annual CAT losses as a percentage of equity.

B. Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks.

AFG and its insurance subsidiaries lease the majority of their office and storage facilities in numerous cities throughout the US and internationally, including the Company's headquarters in Cincinnati, Ohio. The Company's leased headquarters are in Cincinnati's first and largest green office tower, utilizing numerous environmentally responsible design choices, construction practices and development decisions. The building is certified as Gold by the U.S. Green Building Council under the acclaimed LEED (Leadership in Energy and Environmental Design) program.

In addition to the leased office space, AFG and its affiliates own four buildings in downtown Cincinnati, Ohio and occupy approximately half of the aggregate 645,000 square feet of commercial and office space in these buildings. In addition, AFG's insurance company subsidiaries occupy approximately 90% of the 281,000 square feet of rentable office space on 17.5 acres of land owned in Richfield, Ohio, and 100% of a 135,000 square foot building owned in Lakeland, Florida.

AFG recognizes that our day-to-day business requirements – including travel, lighting, and technology equipment – have an impact on the environment and the Earth's resources. Therefore, the company has taken steps to reduce electricity and natural gas usage through actions such as constructing or leasing energy-efficiency office space and regularly reviewing its operations in order to reduce and mitigate its emissions. Currently, 40% of AFG office space is LEED or ENERGY STAR certified for energy efficiency and other sustainability features.

For the four Cincinnati, Ohio buildings owned by AFG subsidiaries, the real estate and facilities division has been investing in capital energy improvements and energy savings initiatives for over 15 years. The division also maintains a sustainability checklist modeled on the Building Owners and Managers Association ("**BOMA**") 360 Performance Program to improve operational efficiencies and sustainability. In particular, the real estate and facilities division has made the following improvements in the past few years:

- Upgrading the HVAC systems in two buildings in the Cincinnati campus to more efficient technologies, which involved replacing boilers with high efficiency modular units, as well as more robust building control systems to manage energy consumption. These upgrades have resulted in a 50% reduction in natural gas consumption.
- Installation of variable frequency drives on all large electrical motors. Conversion to variable frequency drives has been completed for all large motors within the Cincinnati buildings.

- Installed fan wall technology with direct drive premium efficiency motors on air distribution units, completing Year 1 of a 4-year plan to upgrade the air handling unit fans to new, energy-efficient fan wall technology in one of the Cincinnati campus buildings.
- Established a program to migrate lighting to LED technology as replaced. Conversion to LED lighting has been completed in the parking garages and is ongoing within the office environment.
- Received the Energy Star designation in 2021 for one building in the Cincinnati campus.
- Received the Energy Star designation in 2022 for a second building in the Cincinnati campus.

To help reduce the amount of waste that goes to landfill, the company designated a division to oversee the recycling of paper and electronics, including obsolete computer hardware, across its locations, and the company offers employees the opportunity to recycle personal electronics (including computers, monitors, printers, televisions, DVD players and cell phones) through the same division. The company also has a recycling program for plastic and aluminum. Further, the company offers charging stations for electric and plug-in hybrid vehicles in certain designated parking spaces, bicycle parking, and public transportation discounts to employees. The company's evolving administrative and workflow processes also utilize technology to limit the use of paper by, for example:

- Continually enhancing its website capabilities to allow policyholders and agents to securely access data and complete transactions electronically, which reduces the paper, including physical mail, necessary at policy inception or renewal; and
- Maximizing use of electronic (including cloud-based) record and document management which reduces the need for paper files.