

Nationwide's Task Force on Climate Related Financial Disclosures Report 2022



Nationwide®



Introduction

Climate risk is not a new risk to Nationwide. We have been managing aspects of this risk as part of our business for a long time. However, this risk and the insurance landscape are evolving and as we come to learn and better understand climate risk, our response must also mature. Doing our part to manage climate risk requires a disciplined approach based on our Company values, sound business principles, and an established risk management framework. In alignment with our mission and vision, we will:

Protect Our Members and Communities

Nationwide provides protection solutions for our members, where economically feasible, while at the same time advocating for increased focus on community development, appropriate building codes, and regulations in line with learnings and science by:

- Aligning product prices with the risk being insured, while rewarding proactive consumer behaviors that help mitigate future loss.
- Restoring our members and their communities' livelihoods in the wake of catastrophes.
- Promoting research, mitigation, and resiliency strategies for combating severe weather and natural disasters.
- Engaging with state regulators on new products, greater understanding of risks and pricing by leveraging our subject matter expertise.
- Partnering with government, trade associations, farm bureaus and/or national organizations on advocacy efforts.

Ensure Our Viability by Managing Our Company's Climate Risk

Nationwide is committed to fulfilling the promises we make to our members, associates, external stakeholders, and regulators while managing the impact of climate risk to our earnings and capital by:

- Leveraging our diverse portfolio of products and extensive experience managing risk to generate the capital needed to pay claims, meet other obligations and reinvest in our businesses to promote profitable growth.
- Leveraging risk management approaches to assess climate risk in both our assets and liabilities and developing appropriate and reasonable disclosures as regulatory requirements emerge.
- Establishing and maintaining policies that consider sustainability factors and align to Nationwide values.
- Taking steps to reduce the Company's carbon footprint.

What is Climate Risk?

Nationwide defines climate risk as the potential for negative impacts resulting from:

- Damage to physical property insured or held as investments due to increased extreme weather events.
- Financial losses or decreased revenues resulting from the transition to a low carbon economy.
- Legal and regulatory related losses attributable to climate change or failing to manage climate risk factors.

These risks could manifest across our assets and liabilities.

This report discusses our approach to managing climate risk consistent with the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).

Governance of Climate Risk

The organization's governance around climate related risks and opportunities.

Board Oversight

Nationwide's Board of Directors and its Committees play an important role in overseeing risk management practices and strategies including climate related risks and opportunities. The Board of Directors is ultimately accountable for oversight of the Company's risk profile and uses a distributed risk oversight model to ensure both broad and deep coverage of risk. This structure allows for open communication surrounding enterprise top risk initiatives, including climate risk, between Senior Management Leaders and the Board of Directors.

Additionally, Nationwide utilizes a comprehensive risk committee structure to monitor the effectiveness of risk management practices for specific risks, against the Board approved appetite, to determine tolerances and/or limits for specific risks, delegate responsibilities, and escalate issues when they arise.

The Governance Committee of the Board is the primary governing body for climate risk and the Finance Committee of the Board has oversight of financial risks, which is inclusive of climate related financial risks. We also anticipate aspects of climate risk will be covered in other Board committees as developments warrant. Additionally, the Chief Risk Officer and other senior risk leaders provide regular and ad hoc risk reports to the Board committees on a wide range of risk and capital related topics.

Climate risk has been deemed an elevated top risk for the organization. Since climate risk is considered an elevated top risk, the Governance Committee of the Board receives an annual deep dive of the risk as well as any applicable updates throughout the year.

Distributed Risk Model

Below is an illustration of Nationwide's Board of Directors and its Risk Committees that oversee risk strategy, process and control effectiveness, tolerances/limits, and related actions.



Nationwide's Risk Committee Structure

In addition to the oversight provided at the Board level, management level oversight is provided through Nationwide's risk committee structure. Since climate risk has been deemed an elevated top strategic risk and due to the broad nature of the risk, Nationwide relies on a comprehensive risk committee structure to identify and escalate manifestations of climate risk and climate risk opportunities. The Enterprise Strategic Risk Committee (ESRC) is charged with managing top strategic risks. To mitigate strategic risks, the ESRC regularly monitors changes within each top strategic risk, which also includes an annual deep dive into each risk area.

In addition to the ESRC, the Corporate Sustainability Council incorporates climate risk into its senior level management coverage of the Company's four pillars of sustainability. Additionally, the Enterprise Financial Risk Committee (EFRC), a subcommittee of the ESRC that focuses on financial risks, is regularly provided climate risk related updates, such as catastrophe loss monitoring and related investment activities.

Nationwide publicly issues an annual Corporate Sustainability Report that highlights actions taken by the Company in four key areas, including environmental sustainability. Additionally, Nationwide's Own Risk Solvency Assessment (ORSA) report, annually reviewed by the Board, includes a climate risk overview similarly to how other top risks are captured within the report. These disclosures occur at the enterprise level, consistent with how risks are managed in the aggregate. Activities at the business unit level, described in more detail later in this report, focus on key fundamentals at the asset and liability level.

Risk Committee Structure Illustration

Below is an illustration of Nationwide's senior management level risk committee structure and risk responsibilities and oversight, which includes climate related risks.



Strategy

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.

Protecting People, Businesses, and Futures with Extraordinary Care

Our mission is to protect people, businesses, and futures with extraordinary care. To fulfill that mission and the promises made to our stakeholders, we should be prepared to protect our members from the adverse effects of climate risk and ensure Nationwide is well capitalized to honor those promises today and for years to come.

As climate risk evolves, we are learning more about the impact on our business and how to better prepare our members for its continuous evolution. As is common in the industry, Nationwide segments climate into three categories, allowing for a more holistic understanding of the risk Nationwide faces:

Physical Risk	Transition Risk	Liability Risk
The potential negative financial impacts that may arise from an increase in the severity and/or frequency of extreme weather events (acute risks) or the long-term shifts in climate patterns (chronic risks) caused directly or indirectly by climate risk.	The potential negative financial impacts that may arise from a transition to a low-carbon economy.	The risk of climate-related claims under liability policies, regulatory actions, as well as direct actions against insurers, for failing to manage climate risks.

Engaging Key Stakeholders

Nationwide engages associates (employees), members (customers), business partners, other insurers, and policymakers on topics related to climate risk using several different strategies. Some examples of Nationwide's engagement with key stakeholders include:

Members and Associates

Nationwide believes that action should be taken to make homes and businesses stronger and more resilient. Incentives for members like building permit rebates, state level tax incentives, and state and federal grants could lead to more resilient communities by offsetting some of the costs.

Nationwide works with agents and members to provide information and resources for better understanding and managing climate related risks, including the mitigation of losses and building code enforcement. Ongoing Company actions include forming strategic partnerships and supporting nongovernmental organizations; achieving formal certifications and designations from organizations assessing the impacts of our buildings and operations (e.g., LEED, Energy Star, USGBC); supporting research; formulating public policy decisions that drive our decision making; providing education/communication to associates and members to raise awareness; and creating incentives for members to influence behavior. In 2021, Nationwide published its first Corporate Sustainability Report (CSR). We issued the second CSR in 2022, highlighting our efforts in reducing carbon emissions, increasing landfill diversion and reducing waste and water usage.

Industry

The insurance industry continues to play a unique and critical role in the disaster mitigation and recovery process, serving as a leader in promoting pre-disaster loss prevention techniques, and standing shoulder to shoulder with the federal government and emergency responders to make victims whole after a catastrophe.

Nationwide recently partnered with the Insurance Institute for Business & Home Safety (IBHS) in developing materials to educate policymakers on steps that can be taken to improve the resilience of America's homes, businesses, and communities.

Federal & State Legislation

Nationwide continues our efforts to advocate at the federal and state level for legislation that provides incentives for consumers, home builders and contractors to build or reinforce homes and small businesses using IBHS construction and retrofit standards to mitigate the impacts of climate risk. Nationwide has long been an advocate for sustainability and long term thinking when it comes to climate.

We were instrumental in working with Congress and the Federal Emergency Association in passing the Disaster Recovery Reform Act of 2018 (DRRA), a national strategy for investing in disaster mitigation as a means of addressing our nation's increasing number of severe and costly weather events. Nationwide continues work within the industry and with the IBHS to continue to implement the DRRA.

Climate Related Risks and Opportunities

Nationwide has identified climate related risks and opportunities over various time horizons (short term, medium term, and long term) that could impact Nationwide's business strategy and financial planning. These risks and opportunities take into consideration different climate related scenarios and are described in more detail in the following sections. Additional opportunities and activities, such as modeling efforts, can be found in the Risk Management section of this report.

Time Horizon	Time Horizon Considerations	Climate Risk	Climate Opportunities
Short Term: 1-5 years	Aligns with our short term goals and enterprise vision	<ul style="list-style-type: none"> Regulatory constraints for pricing and services Change in frequency and/or severity of weather related catastrophic losses 	<ul style="list-style-type: none"> Investing in our members and communities
Medium Term: 5-10 years	Aligns with our development of our strategic planning	<ul style="list-style-type: none"> Catastrophic weather events impacting uncommon areas Different impacts of climate risk by industry 	<ul style="list-style-type: none"> Improving product offerings Loss control services and Member education
Long Term: 10-30 years	Aligns with anticipated long term changes due to potential climate risk impacts	<ul style="list-style-type: none"> Demographic shifts impacting market share Potential long term changes to living conditions 	<ul style="list-style-type: none"> Preparing our business to respond to long term opportunities

Climate Related Risks

As climate risk evolves, we need to understand the short, medium, and long term risks and opportunities for our Company and our members. Nationwide is committed to integrating risk management findings into our pricing, product development, and distribution planning, along with continued member education. The following sections outline identified climate risks over various time horizons.

Regulatory Constraints of Pricing and Services

Nationwide has property exposures in all 50 states and the District of Columbia, and the entire geography is subject to some potential consequence of climate risk. Nationwide's life and retirement solutions exposures also include all 50 states and the District of Columbia. While overall timing and severity trends and increased weather pattern uncertainty are being incorporated into long term planning, historical statistics, used in determining appropriate rates, do not reflect the quickly changing environment of climate risk. Regulatory constraints on charging an appropriate rate, that considers possible weather changes and related losses, could negatively impact Nationwide's ability to continue doing business in a particular geographic area.

Change in Frequency and/or Severity of Weather Related Catastrophic Losses

Potential changes to the frequency and/or severity of weather related catastrophic losses pose a risk in both the short and long term. It's been observed in recent years that activity has differed from historical norms or modeled expectations.

With the quickly changing impacts of climate risk, catastrophe models should be updated at least every few years to take into account recent climate and be better aligned with near present climate risk. Outdated models may not provide an adequate view of risk for pricing and capital based applications.

The various regions of the United States, where Nationwide writes business, each pose an increased risk in weather related losses. Tropical cyclones, extratropical cyclones (winter storms), and severe thunderstorms, wildfires and floods have the potential to change in both intensity and frequency.

As weather related catastrophic events could become more frequent and unpredictable, Nationwide maintains strategic partnerships to monitor recent developments from the scientific community in regard to climate risk and its potential impacts. Nationwide has relationships with key catastrophe modeling vendors, who monitor and implement potential impacts of climate risk into their models when warranted. As the impacts are implemented, Nationwide tends to adopt these impacts and uses them to help inform strategies going forward.

In addition, Nationwide maintains relationships with The Ohio State University (OSU) to help keep abreast of the latest research in regard to climate risk. Nationwide is a founding member of OSU's Risk Institute and our associates and leaders continue to engage with the institute to stay up to date on current research and thinking related to climate risk.

Catastrophic Weather Events Impacting Uncommon Areas

As catastrophic weather events have the potential to become more frequent, catastrophic losses in areas historically not impacted may increase as well. For example, as hurricanes increase in intensity and frequency, not only might the impact to coastal lands increase, but the storms may have the potential of traveling further inland and impact areas not historically impacted by hurricanes. Additionally, other catastrophic events such as wildfires and tornadoes may occur in uncommon areas, leading to less impactful forecasting and traditionally beneficial geographic diversification.

Different Impacts of Climate Risk by Industry

Nationwide provides insurance products to various industries, however, there are certain segments that may be significantly impacted more than others, either directly or indirectly by climate risk (e.g., agriculture, transportation, and heavy industries).

Nationwide also has a diversified investment portfolio with holdings in a variety of industries. Some of these industries will transition to a low carbon economy more readily than others, and those that have not adequately prepared to transition may perform below expectations, which could adversely impact investment returns or company ratings.

Demographic Shifts Impacting Market Share

Geographic diversification is one of the best ways that Nationwide can maintain or decrease its climate risk exposure. As people move around the country there is a risk that a disproportionate growth of population and/or property along the coasts and in wildland urban interface (WUI) areas could impact Nationwide's ability to continue to grow in the marketplace.

As Nationwide goes to market with different initiatives, geographic diversification is one of the factors taken into consideration. As many of these risks cross boundaries, ongoing risk assessment and monitoring activities consider the correlation of the risk across the entire enterprise.

Potential Long Term Changes to Living Conditions

Changes in the environment due to climate related weather events have the potential to change the landscape of the world. With increased frequency and severity of storms, as well as the potential for rising sea levels, our members' living conditions and lifestyles may change to adapt to a new environment. The traditional ways of living, specifically in areas impacted by climate related risks, may change over time. As our members adapt to a new way of living, this could influence changes in the insurance industry or market, specific product offerings, and the way Nationwide manages evolving risks related to climate.

Climate Related Opportunities

Although climate risk comes with many challenges, Nationwide is working to identify opportunities to invest in our communities, evolve our product offerings, and encourage our members to be proactive in loss prevention measures to minimize potential losses. The following sections outline, over various time horizons, additional ways Nationwide is responding to the evolving impact of climate risks.

Investing in Our Members and Communities

Nationwide has long been an advocate for sustainability and long term thinking when it comes to climate risk. In support of our mission and values, Nationwide is dedicated to finding new ways to invest in tools and partnerships that help to decrease the impacts of climate related risks for our members and in our communities. Some of the many ways Nationwide continues to invest is through our partnerships with organizations that aim to improve standards and investments in the necessary tools needed to better understand and prepare for climate related risks and impacts.

Advocating for Higher Standards

We are committed to continuing to work with representatives at the local and national levels to make homes stronger and more resilient against climate related weather.

Nationwide also participates in various associations that aim to decrease the impact of events related to climate risk. Below are just a few examples:

- We continue to be an active member of the National Fire Protection Association (NFPA) Wildland and Rural Fire Protection committee, which develops codes, standards, and recommended practices for fire protection infrastructure used in land development in wildland, rural, and suburban areas.
- Nationwide business units worked with Wildfire Defense Systems to add a layer of protection for our insureds when fires approach.
- We continue to partner with the IBHS, which conducts objective, scientific research to identify and promote the most effective ways to strengthen homes, businesses and communities against natural disasters.

Nationwide continues to not only help drive these types of changes within communities, but also advocate for stronger building codes and general improvements in managing risk with home builders, banks, consumers, IBHS and legislatures. Nationwide's efforts to reduce greenhouse gas emissions are outlined within the Metrics section of this report.

Investing in Necessary Tools and Programs

As Nationwide considers the potential impacts of climate risk over various time horizons, we continue to plan for the future through investments in the necessary tools and programs that better support our business and members.

As catastrophe risk increases in certain markets, Nationwide will continue to invest in the necessary tools to better understand climate risk, whether it be hurricanes, severe thunderstorms, or wildfires.

The use of catastrophe models allows Nationwide to measure potential exposure and develop a perspective on the potential size and likelihood of various catastrophes. These models also enable Nationwide to assess how various strategies will impact this risk, including changes to deductibles, changes to market share, and geographic diversification. These models are described in greater detail in the Risk Management section of this report.

In addition to investing in the necessary tools, Nationwide continues to look for ways to invest in programs that support our members in a low carbon economy. One example of this is Nationwide's \$43M investment in solar energy with Renewable Energy Alternatives. This investment supports programs that allow members to share the benefits from solar power by subscribing to a portion of the solar project's output in exchange for credits on their utility bills.

Improving Product Offerings

Our mission is to protect people, businesses, and futures with extraordinary care and we aim to create products and services that will best suit the needs of our members. One way of fulfilling this mission is offering incentive and monitoring programs that can provide peace of mind as weather related events occur and as member behaviors change due to the effects of climate risk.

Loss Control Services and Member Education

Nationwide continues to take steps towards finding ways to support our members, from helping to prevent losses from occurring, to being there for our members when they need us most. A few examples of mitigation efforts include:

- When an eligible roof needs replaced, Nationwide provides new endorsements focused on replacing the roofs with more stringent building requirements, resulting in a more weatherproof roof.
- We provide our commercial members with education and loss control services to assist in identifying and mitigating risks.

Preparing Our Business to Respond to Long Term Opportunities

Changes in the environment have the potential to influence new ways of living such as changes to infrastructures, buildings, or our members' lifestyle choices. By monitoring the impact and evolution of climate related risks, Nationwide can be ready to adapt our portfolio and business.

Adapting to a new way of living could create additional opportunities such as investment opportunities, innovation of new products or services, new insurance markets, or further partnerships with our communities. In order to continue to anticipate the needs of our members, Nationwide annually reviews macro trends as well as regularly reviews our business unit strategies to ensure alignment with member needs.

Risk Management

How the organization identifies, assesses, and manages climate related risks.

Nationwide has a robust risk management framework that is leveraged to manage climate risk. Our capabilities within the framework include identifying and assessing risks, risk measurement, managing the risk and monitoring the risk environment. Our capabilities within the framework are at varying levels of maturity in their extensibility to climate risk and are consistent with the industry's ability to manage the risk and corresponding toolsets available.

Nationwide's Enterprise Risk Management (ERM) program annually performs the Top and Emerging Risk Process to comprehensively identify, assess, categorize, and prioritize those risks with the greatest potential to impact the achievement of Nationwide's objectives. Climate risk has been designated a top strategic risk and is integrated into the overall ERM framework. On an annual basis, all risks are reviewed through risk reviews, performed by management and risk committees, and adjustments are made, as necessary.

Additionally, Nationwide has also developed external relationships and regularly avails itself of information from sources, such as trade associations, experts from modeling vendors, and reinsurers and brokers, as an integral part of the risk management program.

How Our Businesses are Managing Risk and Preparing for the Future

External Strategic Partnerships

Nationwide identifies climate related risks and assesses the degree to which they could affect our businesses, including any financial implications. We also maintain strategic partnerships with the scientific community regarding climate risk considerations, as well as partner with modeling vendors to ensure the latest science is incorporated into modeling software.

Nationwide engages with various entities to continuously evolve our management of climate risk. Nationwide continues to evaluate capabilities provided by existing vendors, and evaluate new relationships, including the ability to produce forward looking climate scenarios that can be integrated into our risk management processes.

Nationwide Financial

In Nationwide Financial, the focus on climate risk considers the impacts on the health and safety of our members. Our underwriting leaders and pricing actuaries are reviewing and discussing industry studies and the impact the results could have on Nationwide.

Aspects discussed include, for example, the potential for an increase in occupational heat related deaths, particularly in agriculture and construction in the southeastern United States, and heat related deaths in heavily populated urban areas, especially for the elderly and people with pre-existing conditions.

Nationwide Investments

Nationwide Investments (NWI) manages the invested assets for the Nationwide Life and Mutual companies, as well as pension assets and some sub-advised mutual funds for Nationwide Financial.

NWI's primary responsibility is to adhere to the investment and compliance policies established by its clients. In accordance with the investment policies of the clients, NWI has a duty to assess the risks and opportunities of potential and current investments, which include those arising from climate risk. NWI's investment teams consider both climate risk and environmental regulations and disclosures, along with many other factors, in its assessment of the business risks and opportunities of all current and potential investments. NWI also considers the effects of regulatory action at the portfolio level when allocating funds across asset classes.

Potential Long Term Effects of Climate Risk

The potential long term effects of climate risk are considered in a number of ways across the asset classes where NWI actively invests on behalf of its clients. Some examples include:

- For real estate/commercial mortgage loan investments, the potential impact of climate risk factors into the evaluation/underwriting process by considering proximity to coastal areas and increased risk of tropical storm damage.
- For municipal bond investments, the ability of the bond issues (i.e., municipality) to repay debt is largely influenced by the health of its local economy and stability of its population (tax) base. Climate related events ranging from water scarcity in the Southwest to coastal migration in Florida are considered when evaluating potential investments.
- For corporate bond and equity investments, NWI reviews a company's policy and practice to

manage climate risk and environmental risks to assess their potential impact on overall credit worthiness. NWI also actively monitors industry sectors that are more sensitive to climate risk and environmental risks.

When assessing and managing all of these risks, NWI considers overall Company financial exposure, including insured coverage, not just investment risk.

Scenario Analysis

In 2021, Nationwide partnered with Moody's Analytics to purchase climate adjusted expected default frequency data, to be used to conduct scenario analysis on the Corporate Credit portfolio.

With the acquired data, Nationwide has developed the capability to conduct scenarios over both the short term (1 year) and long term (up to 30 years). We also have the ability to conduct scenario analysis over a variety of climate scenarios. Current scenarios used were devised by the Network for Greening the Financial System (NGFS) and include:

- Early Policy / Orderly Scenario: Global carbon policy occurs immediately.
- Late Policy / Disorderly Scenario: Global Carbon Policy commencing in 2030, with the delay necessitating an accelerated pace of carbon reduction.
- No Policy / Hot House Scenario: No additional carbon policy implemented.
- Quick No Policy / Hot House 95 Percentile Scenario: Assumes 95 percentile upper-tail damage estimate reflecting tail physical risk.

Nationwide continues to expand the scenarios under review and the asset classes included in climate scenario analysis.

Property and Casualty

One of the best ways that we can manage our climate risk exposure within our Property and Casualty business is to focus on geographic diversification in our property portfolio and to understand the risk in each area where we do business.

To further understand the impact of climate risk related events on our business and our members, we have developed an internal view of risks for the perils where climate related impacts currently appear to be the largest. This is driven by a combination of modeling results and internal loss experience and is most evident for the wildfire and non-hurricane weather perils.

To understand and ultimately decrease our climate risk related exposure in some geographies we have implemented underwriting guidelines to manage our exposure to wildfires in California and properties within a certain distance to a coastline.

To continue serving the broadest base of members possible and to further manage climate related risk, beginning in the fourth quarter of 2020, Nationwide reduced its exposure levels in some of the highest hazard wildland urban interface areas in California.

Nationwide has also developed non-hurricane weather zones throughout the country, as a way to provide information to management on the frequency and intensity of these non-hurricane weather events that could impact our climate strategy.

Our focus continues to be geographic diversification of our property portfolio and determining how best to match rate to risk. Annual catastrophe losses have been exceeding limits more frequently, causing Nationwide to update and increase its annual catastrophe loss planning expectations, regardless of whether caused by climate related risk. Additionally, Nationwide business units worked with Wildfire Defense Systems, a national leader in insurer wildfire services, to provide federally certified emergency response wildfire suppression services to add a layer of protection for our insureds when fires approach.

Catastrophe Modeling

In addition to internal modeling, Nationwide licenses software and support from external catastrophe modeling vendors. These vendors constantly review and update their models to incorporate the most recent science available. As the impacts are implemented, Nationwide considers these impacts and uses them to help inform strategies going forward.

These models allow Nationwide to measure our catastrophe exposure and develop a perspective on the potential size and likelihood of various catastrophes. These models also allow Nationwide to assess how various strategies will impact this risk including changes to deductibles, changes to market share, and geographic diversification.

Specific to the hurricane peril, the major catastrophe modeling vendors have developed alternative event scenario catalogs associated with increased sea surface temperatures which some scientists might attribute to global warming. Elevated sea surface temperatures are important because hurricanes are fueled by the warmth of the ocean. These alternative event catalogs, therefore, represent a climate conditioned view of risk. This alternate view is used to assess the sensitivity of insured risk to elevated sea surface temperatures.

Beyond the direct output from the models, measurement and sensitivity analysis can be informed by maintaining external partnerships in academia, trade associations, experts from the modeling vendors, and reinsurers and brokers. Additionally, Nationwide uses monitoring and risk reports that include exposure, capital risk, and earnings volatility metrics to monitor the current and near term impacts of climate risk.

Risk Scenarios

Nationwide uses larger event catalogs to provide a greater range of scenarios to identify new or significantly larger catastrophe risks. Nationwide is a long term user of large event catalogs (100,000 years versus the more standard 10,000 years).

Nationwide also uses the Warm Sea Surface Temperature (WSST) hurricane catalog view of risk which accounts for above average sea surface temperatures which are associated with climate risk. The AIR weather models also reflect the current and near future climate. Additionally, with guidance from Verisk, the use of resampling methods and the use of loss modification factors to simulate changes in frequency and severity related to impacts from climate risk is also being explored.

The AIR Worldwide Miami Hurricane Climate Change Event Set used consists of approximately 80 scenarios reflective of different scenarios applicable to the Miami area that capture various climate change assumptions applicable to year 2050. The scenarios consider variations in central pressure, atmospheric moisture, rise in sea level, and changes in forward speed.

Preparing and Supporting our Members

Nationwide works with agents and members to provide information and resources for better understanding and managing climate related risks. We encourage our members to reduce their exposure to risk by taking the appropriate actions, where needed. In addition to the activities described in the Strategy section of this report, additional incentives and resources are in place to support our members in decreasing their potential impact of climate related risks including:

- The IBHS has developed fortified standards, a nationally recognized building method. As part of this program, mitigation credits can be earned by our members thus reducing the premium Nationwide charges along with reducing the potential future losses due to weather type events.
- Nationwide partners with vendors to provide offerings/discounts on mitigation devices. Nationwide believes that proper hazard mitigation is an effective way to address the increasing threat from wildfire. Nationwide is also in the midst of a multi year process of reinspecting our portfolio and making risk reduction recommendations to our members on how to mitigate their wildfire hazard.
- To continue driving more awareness around the benefits from risk mitigation, increased risk sharing through the utilization of wind/hail and hurricane deductibles is used to help encourage consumers to proactively mitigate weather claims.
- Nationwide works with vendor partners to provide innovative solutions to mitigate climate related risk. The use of innovation plays an important role in reducing exposure by providing knowledge of issues to members before they become larger issues.

Metrics and Targets

Metrics and targets used to assess and manage relevant climate related risks and opportunities, where such information is material.

Nationwide monitors various climate related metrics and establishes Green House Gas (GHG) targets that measure our operational efforts of meeting those targets. Nationwide maintains a cross functional group with a focus on sustainability efforts in our operations. This organization is known as the Energy and Environmental Committee. This Committee includes six key business unit and departmental leaders from across Nationwide. Its initiatives are reviewed and ratified by the Corporate Sustainability Council comprised of C-Suite and senior leadership members.

Monitoring Earnings Volatility Risk and Capital Risk

Nationwide desires to have a geographically diverse property portfolio to meet its financial obligations and support its business objectives. In support of this goal, Nationwide has established two P&C group catastrophe risk limits:

- Capital Risk Limit: the tail risk from any one peril (as measured by 1% conditional tail expectation) is measured and monitored to ensure alignment with Nationwide's corporate risk appetite.
- Earnings Risk Limit: the earnings risk from all perils (as measured by 1 in 10 Probable Maximum Loss (PML)) is measured and monitored against underwriting income.

Nationwide regularly monitors these risk measures to understand key drivers so that the portfolio can be diversified, mitigate concentration risk, and achieve rate on risk. By stabilizing our significant catastrophe modeling PML amounts, we can monitor significant changes in results that may be caused by climate risk related conditions. Our businesses develop go to market strategies to achieve these objectives utilizing tactics such as reinsurance, new and renewal business eligibility guidelines, and targeted rate action.

These risk limits are reevaluated and updated annually. Additionally, the EFRC receives updates on these results quarterly and offers guidance to support the success of the business.

Reducing our Carbon Footprint

In 2004, the World Business Council for Sustainable Development and the World Resources Institute published the Greenhouse Gas Protocol standards designed to provide a framework for businesses, governments, and other entities to measure and report their greenhouse gas emissions in ways that support their missions and goals. Since 2010, Nationwide has completed an annual carbon footprint assessment which includes scope 1 and 2 emissions. Since Nationwide started completing this annual report, we have reduced our carbon footprint by 37.8% per thousand square foot.

Operational Efficiency Targets

Nationwide always strives to better ourselves and meet our commitments. We're also committed to protecting our environment in many ways, such as investing in sustainable farming and renewable energy, recycling, and reducing waste and water use. We track our progress on our long term targets and programs that help us address our overall environmental impact.

REDUCED OUR CARBON FOOTPRINT
37.8% per square foot^{5,6}
 since our 2010 baseline through actions that include installing LED lights, occupancy sensors and new fan units and solar panels

REDUCED OUR WATER USAGE BY
2.2M gallons⁶
 in 2021 from prior year through low building occupancy and installing low-flow bathroom fixtures

INCREASED OUR LANDFILL DIVERSION
50.1% in 2021⁶
 through low building occupancy and actions that include recycling 100% of electronics

OUR WASTE WAS REDUCED BY
919 tons⁶
 in 2021 through the effects of a hybrid workplace and more associates working from home

INVESTED
\$173M in 2021
 in renewable energy

IN 2021 PRINTED
7.89M
 fewer pages than prior year and 175 million fewer pages than in 2012

INVESTED
\$375M in 2021
 in green bonds which support activities to promote climate risk mitigation or adaption, or other environmental sustainability purposes

⁵ Based on Scope 1 & 2 emissions

⁶ Represents reporting period October 2020 - September 2021

Commitment to Change

Nationwide is committed to making changes to support reducing our carbon footprint. Some of those changes include:

- Constructing new office spaces to LEED and/or Energy Star standards. As of 2021, Nationwide owns/occupies seven LEED certified facilities and six facilities that qualify for the Energy Star rating.
 - ◇ Nationwide's new offices in Scottsdale, Arizona incorporate environmentally friendly design principles including LEED certified, solar power, high efficiency glass, occupancy sensors, water efficient fixtures, electric car chargers, and sustainable materials such as 100% carbon neutral flooring.
 - ◇ Nationwide's Grandview Yard in Columbus, Ohio was one of the first developments in the Midwest to be awarded Silver LEED for Neighborhood Development Pre Certification. Now in its final certification phase, the 125 acre mixed use development integrates principles of smart growth, urbanism and green building for sustainable neighborhood design.
- We continue to recycle or reuse 100% of Corporate Electronics.

In addition to the metrics included within this report, Nationwide publicly issues an annual Corporate Sustainability Report that highlights actions taken by the Company in four key areas, including environmental sustainability.

Appendix

TCFD Reference

METRIC	RECOMMENDED DISCLOSURE	RESPONSE
Governance: Disclose the organization's governance around climate related risks and opportunities.	a) Describe the board's oversight of climate related risks and opportunities.	The Board's oversight of climate –related risks and opportunities are in the Board Oversight section.
	b) Describe management's role in assessing and managing climate related risks and opportunities.	The Board's oversight of climate –related risks and opportunities are in the Nationwide's Risk Committee Structure section.
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.	a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	The climate related risks and opportunities are outlined in the Climate Risks and Opportunities section of this report.
	b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	The climate related risks and opportunities are outlined in the Climate Related Risks and Climate Related Opportunities section of this report.
	c) Describe the resilience of the organization's strategy, taking into consideration different Climate related scenarios, including a 2°C or lower scenario.	The climate related risks and opportunities are outlined in the Climate Risks and Opportunities section of this report.

METRIC	RECOMMENDED DISCLOSURE	RESPONSE
Risk Management: Disclose how the organization identifies, assesses, and manages climate related risks.	a) Describe the organization's processes for identifying and assessing climate related risks.	Please see the Risk Management section
	b) Describe the organization's processes for managing climate related risks.	Please see the Risk Management section
	c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	Please see the Risk Management section
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.	Please see the Metric and Targets section
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Please see the Metric and Targets section
	c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	Please see the Metric and Targets section