

**NAIC Climate Risk Survey for Reporting Year 2023**  
**Associated Industries of Massachusetts Mutual Insurance Company**  
**NAIC Number: 33758**

**Governance:**

Management reviews key business risk factors with the Board of Directors throughout the year. There are ongoing discussions about our ERM (Enterprise Risk Management) process and framework as well as our prioritization of risks. We prioritize risk based on estimates of likelihood and magnitude of the exposure, and to date have not identified climate related risks as significant for our geographic area of operations.

Management considers climate-related risks and opportunities in the general operation of our business as well as specific to our policyholders. Monthly large claim review meetings allow management to discuss all aspects of claims with large potential exposure, which could include climate-related issues. In the event there was a pattern of climate-related issues, risk mitigation techniques would be discussed to limit future exposure. As a monoline workers compensation carrier operating in the New England states, climate-related risks are acknowledged by both the Board of Directors and the company's management but have not been a significant cause of our claim costs to date nor are they anticipated to have a large impact on claims in the immediate future.

**Strategy:**

Although climate-related risks are not currently ranked as significant risks for our business, we are still taking steps to limit any potential impact in a few key ways.

Company Fleet

Company vehicles are provided to a limited number of employees based on their job function and business needs. Some of the vehicles are equipped with a start/stop feature. This turns off the engine, thus saving gas consumption and exhaust, when the vehicle is stopped. We have also introduced some Hybrid vehicles to our fleet. These vehicles can get up to 45MPG and run on battery power in certain driving conditions.

Paper Waste

In recent years, we have moved away from the printing of work papers, policies, contracts, and other work-related documents in favor of electronically storing, viewing, and sharing many of our documents. The number of electronic payments, as opposed to payments by paper checks, has increased greatly in the past few years. Therefore, our company has cut down significantly on paper waste. Any paper waste that is created is securely shredded and then recycled.

### Badge Security Access System

We continue to use our badge security access system for our Burlington office. One of the main benefits of this system is the ability to use cell phone app-based badges. This is a green alternative to our previous system involving plastic badges that could not be re-used if they were broken or lost.

### Remote Work

In the past four years, a greater number of our employees are working remotely, either on a full-time or part-time basis, which has decreased the amount of trash created in the office building as well as the amount of energy being used by our company. This shift to remote work also positively impacts the environment via reduced auto emissions for those employees who no longer have a commute or have a reduced commute.

### Class of Business

As a result of the reinsurance exclusions on our voluntary book of business, we are prohibited from insuring certain types of businesses. Some of these businesses are those who negatively impact the climate through the type of work they do. Examples include oil and gas operations, steamship lines, aviation, and chemical manufacturing. Based on our business considerations, we have long-standing limitations and prohibitive classes that support our overall business model.

### Consultation with Policyholders

Regarding our policyholders, our IPWW (Injury Prevention and Worksite Wellness) department focuses on risks specific to our policyholders, including climate-related risks. For example, if workers at a company which we insure are exposed to weather elements during their work, our IPWW consultants provide complimentary information and guidance regarding the weather extremes of ice, snow, and cold temperatures as well as heat which we experience in New England depending on the time of year.

### Reinsurance Program

Regarding our reinsurance program, we have intentionally created a diversified panel of reinsurers to reduce the risk that a catastrophic weather event significantly impacts one or more of our reinsurers.

### **Risk Management:**

Our risk management procedures include our ERM program and prioritization of risks as previously described.

We also consider climate related risks within our investment holdings. Our discretionary investment manager, Conning, considers ESG (Environmental, Social, and Governance) factors as a component of their investment evaluation. Conning adheres to a Responsible Investment (RI)

Policy and is also committed to upholding the six principles that govern responsible investment, according to the Principles for Responsible Investment (PRI). These six principles are: 1) incorporating ESG issues into investment analysis and decision-making processes, 2) being active owners and incorporating ESG issues into ownership policies and practices, 3) seeking appropriate disclosure on ESG issues by the entities in which they invest, 4) promoting acceptance and implementation of the Principles within the investment industry, 5) working together to enhance their effectiveness in implementing the Principles and 6) reporting on their activities and progress towards implementing the Principles. A.I.M. Mutual is comfortable with Conning's approach to ESG and the way in which this topic is integrated into their regular investment decisions.

**Metrics and Targets:**

As part of our annual rating agency filings, we perform catastrophe modeling using a nationally recognized modeling platform. The financial impact of weather-related catastrophe modeling has always been de minimis. While our area of the country is impacted by large snowstorms in the winter, we are rarely impacted by the types of weather events such as hurricanes, earthquakes, or tornados that cause significant and substantial damage in other parts of the country. With our policyholders working in the New England states, this assessment is consistent for them as well.