Governance

1. Disclose the insurer's governance around climate-related risks and opportunities.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

In 2020, Amica established an Environmental, Social, and Governance (ESG) Working Group. Its responsibilities include identifying opportunities around climate-related risks. The Working Group is comprised of senior executives and most recently published Amica's first ESG report. Amica's Sr. Vice President and General Counsel reports to the full Board on ESG strategy and goals.

The Board of Directors is responsible for oversight of climate-related risks and opportunities. From the top, the Board drives the company's efforts to operate in a more environmentally conscious manner while also monitoring the impact of catastrophic losses on our policyholders.

The Executive Risk Committee discusses key risks, including climate-related risks, with the Audit Committee of the Board on a quarterly basis. The Executive Risk Committee determines risk capacity, monitors adherence to the Company's risk appetite, sets tolerances for key stressed risk events, and considers the potential impact of risk on strategic objectives. The business units are responsible for identifying, managing and monitoring risk at the operational level.

Together these groups aim to make decisions in the best interests of our customers, employees and communities.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Amica understands the importance of integrating risk and strategy while further evolving risk management throughout the organization. The ultimate goal is a single source/view of risk, incorporating a common taxonomy for management and reporting. Risks and opportunities are assessed and managed by Amica's management team based upon the "three lines of defense model," to provide independence and oversight, while execution of strategy and its impact on key risks and controls occurs at multiple business functions within the organization. Management in the business unit (1^{st} line) identify, measure, monitor, and manage risks including climate risk, at a granular level. Amica's Enterprise Risk Management (ERM) function (2^{nd} line) performs deterministic and stochastic modeling to assess and measure risks, including climate, on operations and financial stability. An outsourced internal audit model (3^{rd} line) monitors risk from a holistic perspective, which includes climate related risks.

Strategy

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.

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

Amica has developed business solutions and strategies to change the ways we communicate, the way we work, and the way we help mitigate disasters. Below is a summary of the climate-related risks and opportunities Amica has identified over the short, medium, and long term:

Short Term

- We continuously assess climate related risks, where we write risks, and how we reinsure risk.

- We continuously monitor transition risks focusing on new laws and regulations that may impact our short, medium, and long-term strategies.

- We reduced our carbon footprint by communicating and conducting more of our business digitally.
  - Reduced usage of paper, ink, and distribution resources by offering materials online.
    - Amica reduced the size of its policy renewal package from 70 pages to 35 pages and is taking similar action with regard to application packages.
    - Amica Today, our Annual Report and our Annual Meeting proxies are available online.
  - Amica continues to promote the use of electronic billing and policy delivery options to customers by passing along savings in the form of premium discounts.
    - Forty-six percent (46%) of policyholders are enrolled in e-bill
    - Eighty-three percent (83%) of new customers choose to receive and sign their applications electronically.
  - These combined efforts have reduced our use of paper by 206 tons annually.

- When available, we opt for Forest Stewardship Council-certified paper stock. This guarantees our paper comes from a source that uses best practices in conservation and labor, and ensures all print materials are recyclable.

<u>Medium and Long Term</u>

- We're also continually investing in the functionality offered on our digital channels, as they provide more environmentally friendly ways to transact business.
  - Virtual underwriting and claims inspections, digital insurance cards, the ability to upload photos and documents online, and direct deposit of payments are a few of the ways we're using technology to benefit the environment.

- Reinsurance: Amica purchases reinsurance as part of our overall loss mitigation and financial operating plan, to protect against significant catastrophic property loss events. The key focus of our reinsurance program is reducing exposure to our policyholder surplus. Through prudent underwriting and risk management, and with no claims filed against our reinsurance program in 30 years, we're able to carefully vet and choose our reinsurance partners. Our thoughtful approach to reinsurance provides an extra layer of protection and additional peace of mind for our policyholders.

- Business Recovery and Continuity: We've adopted business recovery plans for all of our critical functions. Overall, our business continuity plan enables us to maintain operations in the face of a crisis, disaster or other emergency. This allows us to protect our financial standing, public image and the safety of our employees. The strategies we've developed will minimize the effects of such events, helping us to quickly resume key operations.

- Since 2019, we've reduced our corporate footprint by consolidating office locations and transferring some employees to fully remote work. These changes have reduced our direct and indirect value-chain emissions without lessening our ability to be there for our policyholders across the country.

- In Amica-owned buildings, we've incorporated environmentally friendly technology, including energy-efficient temperature controls, LED sensory lighting and smart technology maintenance systems. At our corporate headquarters, we monitor water usage and recycle groundwater for irrigation purposes.

- Additionally, we've reduced carbon monoxide emissions by approximately 70% through modifications to the generator exhaust system on our corporate campus. The system was modified for our participation in a demand response program, designed to lower the overall load on the grid to prevent brownouts and help out with power reliability in the local community. When we participate in a demand response, we keep other, larger-producing generators off the grid, resulting in a reduction in their carbon emissions.

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

We are continuously assessing climate risk in our business strategies. This includes catastrophe modeling and stress testing to better understand changes in the drivers of risk by peril. These results assist in larger strategies to manage risk, including geographic policy growth strategies, improvement of pricing accuracy, enhancements in underwriting risk selection/retention, and the purchase of appropriate catastrophic reinsurance protection. Further, using various external products that aid individual risk assessment, we have incorporated wildfire risk scoring and roof condition into our pricing and underwriting processes. Analysis and review of additional sources of information to aid in these efforts is ongoing.

The strategic objective of Amica's Investment Department is to maximize the risk-adjusted returns of Amica's investment portfolios in accordance with the Company's Investment Policy and appetite for risk, as determined by management and the Board of Directors. An assessment of the impact of climate risk is part of a total mosaic of risk and return considerations. Understanding the impact of climate change on current and potential investments helps us identify whether the market assessment and pricing is accurate. The company considers the impact of climate change risk on its investment portfolio. Amica believes climate represents an additional lens to evaluate risks and opportunities. Evaluating investments through this lens helps identify the impact of these future risks on securities prices. This practice is growing among market participants, regulators and rating agencies and we observe these factors increasingly reflected in assets prices.

Currently, climate change factors are most prominent in our evaluation of municipal bonds. Environmental factors and climate change present a unique set of risks to municipal credits while bonds that are issued to fund green projects offer a unique set of rewards. As with all investments, these rewards must be measured against risk. When determining the risk of a municipal creditor, we pay close attention to locations in or near areas that could be at risk for negative weather and climate related events and identify what the municipality is doing to protect itself. We also consider rating agencies views and observe whether their examination of climate change risks to municipal credits has increased in recent years. Other fixed income sectors where climate change risks are considered include corporate bonds and mortgage backed securities.

Another step is in the evaluation and purchase, if appropriate, of specific securities which attempt to reduce or mitigate an issuers impact on the climate. The growing issuance of ESG "approved" bonds is an opportunity to add bonds in new municipal or corporate sectors or switch into these new bonds in existing sectors. This provides diversification benefits and if purchased at appropriate prices, does not sacrifice returns. The proceeds of our Green/Social bonds are pledged by their issuers at time of issuance to be used to fund assets and projects that fulfill green or social criteria (examples include alternative energy projects, energy efficiency upgrades, green buildings, sustainable water and wastewater management, pollution prevention and control, and low income housing projects).

In our equity portfolio, climate impacts are considered on an industry level. As an example, in the energy sector, as governments and consumers increasingly favor renewable sources of production, this pressures the long-term outlook for traditional hydrocarbon demand as well as increasing political risk from rising regulatory costs. As an investor in the energy sector, we favor companies better positioned for the new longer-term outlook prepared to provide diversified sources of energy. As environmental and social issues alter the outlooks for industries and/or individual businesses, our fundamental analysis will seek to uncover the changing landscapes and make corresponding portfolio adjustments. We are witnessing an accelerating level of ESG-related disclosures from individual businesses and have been analyzing this new information as part of the mosaic of data we analyze as it impacts cash flows projections, risks and ultimately asset prices.

In our Alternatives portfolio, timberland and conservation strategies recognize the impact of climate change. Amica has long-term investments in conservation timberland, which involves purchasing land which will be permanently protected from development. We also invest in mitigation banks, where properties are restored to their original ecological condition to offset the impacts of nearby development and forest carbon sequestration, where timberland is purchased and its carbon dioxide absorption capacity offsets carbon emissions.

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

In 2022, multiple scenarios, not including a 2 degree Celsius or lower scenario, were run in our modeling tool to determine the impact to surplus, combined ratio and net income. Based on guidance from our reinsurance brokers, we've modelled a Wildfire and Severe Convective Storm scenario whereby the modeled Annual Average Loss (AAL) was increased by 59% in each state that has exposure to the particular catastrophe. For the Hurricane peril, the AAL was increased by 15% in each state that has exposure to that particular catastrophe. In each of these scenarios, we reviewed our expected return on surplus and total risk, each of which produced sustainable results within the risk tolerance for the company. We will continue to iterate on these types of analyses to better understand risk and how to prepare for it.

Risk Management

3. ***Disclose how the insurer identifies, assesses, and manages climate-related risks.***

A. *Describe the insurers' processes for identifying and assessing climate-related risks.*

To identify and assess climate related risks, we conduct risk assessments within the Company's integrated risk management process, which is aligned with the COSO Enterprise Risk Management framework. The Company's ERM process ensures that a systematic approach is used in the assessment of the timing, likelihood, and magnitude of the risks to which the Company is exposed.

Amica uses third-party modeling tools to assist in the analysis of climate-related risks to evaluate exposure used in decision making on pricing, underwriting and reinsurance. Additionally, other internal modeling tools are used to stress test scenarios and to evaluate capital adequacy. For example, modeling is used to indicate likely losses at certain return periods allowing the identification of average annual losses and probable maximum losses. This information is reviewed to assess both short and long term implications for our business. Correlation between catastrophic losses and subsequent impacts on financial markets is also considered.

Amica has a robust ERM function that analyzes the potential impact on our organization from catastrophic risks as well as financial risks whether or not correlated with catastrophes.

B. Describe the insurer's processes for managing climate-related risks.

Amica manages property risks through pricing, underwriting and reinsurance which is detailed in our responses to 2A and 2B.

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

Amica's ERM program is a fundamental component of Amica's Integrated Risk Management Model, the framework used for managing risk across the enterprise. ERM identifies, assesses, monitors and reports on risks and risk tolerances for the Company. The Company's enterprise risk appetite statement is a foundational element of corporate strategy. The business units are responsible for identifying, managing and monitoring risk at the operational level.

Climate change is incorporated into the Company's risk hierarchy, with catastrophic risk exposures mitigated through prudent underwriting and the strategic purchase of reinsurance.

ERM integrates the risk of climate change into the existing risk assessment framework. Climate change impacts the following key risk areas:
- Catastrophe
- Products and Underwriting
- Asset
- Reinsurance
- Legal, Compliance and Regulatory

Amica's Governance, Risk, and Compliance (GRC) technology enables climate integration through the appropriate data points during the annual risk assessment process; incorporates a climate assessment; identifies impacts and develops metrics to monitor the risk and our compliance/regulatory initiative.

Metrics and Targets

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

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

Management assesses climate related physical risks by state and line of business for pricing, underwriting, reinsurance and reserving. Management also evaluates climate exposures by executing stress testing scenarios, using both internal and external modeling tools, against internally derived tolerances, with probabilities ranging from 1:25 to 1:500 years. The Company will continue to develop specific climate related scenarios to manage risk and identify opportunities.

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

Amica is currently assessing its Scope 1, 2, and 3 emissions.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Amica is in the process of determining the targets to be used to manage climate-related risks and opportunities.