

CA Climate Risk Survey Instructions

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

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities. In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

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

Response:

Currently the company does not have any publicly-stated goals on climate-related risks and opportunities, however, the Company does support prudent climate related initiatives. The Company monitors climate risk and concentrations of climate risk at the group level.

Management is actively involved with oversight and assessment of climate-related risks on our lines of business and partners with actuarial team members, product managers, finance leadership, as well as strategy and risk committee members to determine property and liability exposures in establishing appropriate pricing levels to ensure adequacy to cover claims and future loss and loss adjustment expense development.

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

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

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

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

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

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

In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

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

Response:

The Company does not have a formal climate change policy. The Company's scale and exposure to climate risk is currently not significant therefore a formal plan is not necessary given the Company's US operations, insurance coverage, infrastructure, and footprint. As the company grows with a commensurate increase in climate risk exposure, the Company may dedicate additional resources to designing, implementing, and managing a formal policy as such resources become necessary.

Our operations in California have potential to experience increasingly significant weather and wildfire events due to climate change. Our Business Resilience plans account for the potential impacts to personnel and continuity of operations that may occur in climate related disasters. We note our book of business includes limited exposure to catastrophe events. We also have a diversified reinsurance panel to support us in the event of catastrophic weather events.

With regards to assessing, reducing or mitigating emissions within our organization, our current corporate headquarters was opened in 2021 in Palo Alto, California. This office includes various climate-friendly initiatives such as compost and recycling, electric car chargers, and close proximity to public transit that incentivizes employees to reduce carbon emissions. Many employees are fully remote throughout the country or follow a hybrid work style that reduces emissions due to commuting to the office as well. Further, Next does not have any corporate jets or vehicles that would increase emissions.

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

In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

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

In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.

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

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

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Response:

Next has determined climate related insurance risks are currently not material to its business. We perform annual risk assessments and climate related risks have not surfaced. The Company's enterprise risk management program is designed to identify, assess, manage and monitor risks, including climate-related risks, which have not been identified as significant at this time.

We manage climate-related risk at the group level. Our group-level board of directors has an Audit Committee, which meets quarterly. Management's response to governance is provided, when needed and/or requested, to the Audit Committee. The group strategy is to manage its risks, including any climate risk, in a manner that is mutually-exclusive and completely exhaustive – this

means separately identifying each distinct risk and identifying all risks.

Further, Next has not identified that climate change elements are affecting trend or utilization of Next's insurance products amongst its policyholders.

We believe our strategy for managing risk, including climate risk, is sufficient based on the level of risk climate change poses to the company at this time.

We are not currently utilizing climate scenarios to analyze investment risk.

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

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

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

In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

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

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

Response:

We run modeling for all perils and purchase catastrophe reinsurance for 1000 year events.

As far as limiting emissions, we provide our workforce with full-time remote or hybrid work from home schedules and have encouraged other climate-friendly initiatives such as compost and recycling and having on-site electric car charging stations.

While the company has not set specific metrics and targets related to climate-related risks to the business as they have been deemed not material to the company as a whole, we do work with external actuaries to model catastrophe-related risks on an annual basis.