CLIMATE RISK DISCLOSURE SURVEY – REPORTING YEAR 2023

Closed ended questions directly correspond to the narrative, allowing for explanation and qualification of the yes/no answers.

Governance – narrative

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:

While we have not developed publicly stated goals on climate-related risks and opportunities at this time, Canal has a long-established Enterprise Risk Management Program ("ERM Program") to actively foster a risk awareness culture, and identify, assess, mitigate, and monitor and report material risks ("ERM Process"), including climate change, which could impact its strategic plans, investment portfolios, and operations. Canal's Board of Directors ("Board") considers climate-related opportunities when setting its strategic plans, organizational goals, and operational budgets.

Canal's enterprise-wide risk awareness culture considers the risk factor, such as climate change risk, at all levels of the company, which enables its Board, management and employees to participate in the decision-making process and weigh risk-return implications in strategic and operational decisions.

A. The Audit and Finance Committee ("AFC") of the Board is responsible for overseeing the governance of the ERM Program, including the management of financial risks.

B. The AFC established the Enterprise Risk Management Council ("ERM Council"), an executive management council, to lead and manage the ERM Process. The ERM Council meets at least quarterly and reports to the AFC at least on a bi-annual basis. The ERM Council established a governance framework comprising of strategic and cross-functional working groups to implement the ERM Process. Each working group meets regularly to review and monitor the ERM Process and report to the ERM Council on a quarterly basis or more frequently, as needed.

Governance – closed ended questions answered in addition to the narrative

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)
- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)
- Does management have a role in assessing climate-related risks and opportunities? (Y/N)
- Does management have a role in managing climate-related risks and opportunities? (Y/N)

Strategy – narrative

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.*i

- 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 1-5years as short term, 5-10years as medium term, and 10-30years 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:

Canal is a transportation specialist delivering value and expertise through motor carrier solutions. Given the company's heavy focus on liability risks and the very limited property lines written, Canal views climate-related risk exposure to be minimal. Where and when applicable, Canal maintains insurance on its real property and other physical assets due to the exposure to physical climate-related risks. This insurance typically includes coverage for losses related to business interruptions, etc. To reduce the risk of major interruptions of our day-to-day operations, Canal has business continuity plans in place.

The following are examples of actions taken by Canal to reduce greenhouse gas emissions:

a. In late 2022, Canal moved its headquarters to a newer, energy efficient location in downtown Greenville, South Carolina;
b. Implementing the "paperless" office;
c. Offering employees the option to work on a hybrid telecommuting schedule;
d. Using Energy Star rated appliances and business machines, when possible;
e. Using energy saving light bulbs, where possible;
f. Using energy efficient building materials in renovations;
g. Using on-line technology to conduct certain personnel and external training; and
h. Recycling paper.

A. While Canal has actively considered the impact of climate-related risks and opportunities in its ERM Program, strategic plans, organizational goals, and operational budgets, it has not formally identified or classified them as short, medium or long term risks or opportunities. That being said, Canal has identified a potential short-term risk which may impact our reputation as regulators, business partners and customers are increasingly seeking information on our Environmental, Social and Governance ("ESG") initiatives, including climate change.

B. As previously explained, Canal views climate-related risk exposure to be minimal but considers climate-related opportunities when setting our strategic plans, organizational goals, and operational budgets. Canal introduced pay-as-you-go insurance products such as "Miles Per Canal" and "TestDrive" that encourage efficiently planned routes for the trucking industry, all of which contribute to lowering carbon economy. Canal established a Disaster Response Plan to be deployed in the event of various disasters, including natural disasters caused by climate change, for the purpose of helping its customers and local authorities to manage and mitigate the impacts of such disasters. Canal's Strategy and Innovation team is committed to expanding innovation to keep the company fresh relative to market developments, potential business partnerships and investment opportunities, including climate-related opportunities.

C. As Canal views climate-related risk exposure to be minimal, we have not determined a resilience strategy or scenario at this time.

Strategy - closed ended questions answered in addition to the narrative

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) *
- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N)
- Does the insurer make investments to support the transition to a low carbon economy? (Y/N)
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)*

Risk Management – narrative

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:

Climate risk is considered when discussing risks as a component of Canal's ERM Program.

Canal has considered the impact of climate change on our investment portfolio. However, we do not consider this risk to be significant given the conservative make-up of the portfolio and the frequency of oversight provided by both the executive management and the AFC. Canal continues to monitor and assess all new information related to climate change as it becomes available and will stand ready to address any investment related concerns.

At this time, Canal does not take any steps to encourage policyholders to reduce loss caused by climate change influenced events.

A. Canal's ERM Council identifies risks by conducting a risk assessment on an annual basis or more frequently, as needed, including when new risks emerge. We utilize appropriate industry methods and scoring tools to determine Canal's risk appetite and risk tolerance levels. Risks are classified into Strategic, Operational and Financial categories, and are evaluated and prioritized. While assessing the risks, Canal weighs the risk-return implications, including potential financial impact to the company.

B. Canal's ERM Council manages risks by assigning responsibility for risks to working groups to develop and implement approved risk mitigation plans. Working groups report on mitigation efforts and emerging risks concerns at least on a quarterly basis. ERM Council meets at least quarterly and report to the AFC at least on a bi-annual basis.

C. Climate risk is considered when discussing risks as a component of Canal's ERM Program.

At this time, Canal does not use climate scenarios to analyze its underwriting risks or analyze risks on its investments.

Risk Management – closed ended questions answered in addition to the narrative

- Does the insurer have a process for identifying climate-related risks? (Y/N)
  - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)
- Does the insurer have a process for assessing climate-related risks? (Y/N)
  - If yes, does the process include an assessment of financial implications? (Y/N)
- Does the insurer have a process for managing climate-related risks? (Y/N)
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)*
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)*
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)*
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)

Metrics and Targets – narrative

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.

Metrics and Targets – closed ended questions answered in addition to the narrative

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)
- Does the insurer have targets to manage climate-related performance? (Y/N)

Response:

At this time, Canal does not use metrics and targets to monitor climate risks and opportunities.