CLIMATE RISK DISCLOSURE SURVEY RESPONSE
Skyward Specialty Insurance Group, Inc. (NAIC#: 4381)
Houston Specialty Insurance Company (NAIC#: 12936)
Imperium Insurance Company (NAIC#: 35408)
Great Midwest Insurance Company (NAIC#: 18694)
Oklahoma Specialty Insurance Company (NAIC#: 14175)

I. Corporate Background

Skyward Specialty Insurance Group, Inc. ("Skyward Specialty," the "Company", or "we") was formed as a Delaware corporation on January 3, 2006 as an insurance holding company. We operated under the name Houston International Insurance Group, Ltd. until we re-branded as Skyward Specialty in November 2020. We are a growing specialty insurance company delivering commercial property and casualty ("P&C") products and solutions on a non-admitted (or excess and surplus ("E&S")) and admitted basis, predominantly in the United States.

We conduct our operations principally through four insurance companies. Houston Specialty Insurance Company ("HSIC"), which is our largest insurance subsidiary, underwrites multiple lines of insurance on a surplus lines basis in 50 states and the District of Columbia. Imperium Insurance Company ("IIC"), a subsidiary of HSIC, underwrites on an admitted basis in all 50 states and the District of Columbia. Great Midwest Insurance Company ("GMIC"), a subsidiary of IIC, underwrites multiple lines of insurance on an admitted basis in all 50 states and the District of Columbia. Oklahoma Specialty Insurance Company ("OSIC"), a subsidiary of GMIC, is an approved surplus lines carrier in 47 states and the District of Columbia.

Below are the Company's responses to the annual Climate Risk Disclosure Survey. This response is structured around four thematic areas that are core elements for how we operate—governance, strategy, risk management, and metrics and targets. The four thematic areas are supported by key climate-related financial disclosures that build out the framework with information that will help regulators and others understand how we approach climate-related issues.

II. Governance

Skyward Specialty has established an Executive Leadership Team ("ELT"), including the Chief Executive Officer, Chief Financial Officer, General Counsel, and other key management positions, that is responsible for the oversight and management of the Company's operations. We have embedded our enterprise risk management ("ERM") within our company and it helps to guide our day-to-day activities. Our Chief Risk Officer oversees several critical ERM processes as well as chairing our cross-functional corporate ERM Committee. At the highest level, our approach to ERM is to ensure we achieve an acceptable risk adjusted return for our shareholders; as such we use reinsurance to manage volatility from a single loss and for cumulative losses tied to a single event or series of events.

The ERM Committee is the key group of individuals responsible for the oversight of climate related risks and opportunities. As climate related risks are identified, our Chief Risk Officer works with our ERM Committee to understand the possible effects to our business and the steps necessary to mitigate such risks. These findings are presented both to the ELT and the Audit Committee of our Board.

III. Strategy

We formalize our own view of risk and solvency in terms of potential economic loss using our Economic Capital Model ("ECM"). We use the output of our ECM to measure potential earnings and capital loss for a range of scenarios. More specifically, our ECM provides a probabilistic modeled view of earnings and capital loss that brings together the potential loss from catastrophes, reserving, underwriting, market, credit risk, strategic and operational risks.

Aside from maintaining our ECM and overseeing our risk tolerance framework, our Chief Risk Officer works with our ERM Committee to review and maintain a comprehensive risk register with accountabilities to ensure appropriate mitigations are in place and are monitored for any change. The top 10 risks are further identified and quantified by the Chief Risk Officer and the ERM Committee and reviewed every quarter with management and the Audit Committee. We construct our operational processes and controls with a view to identify, assess and manage key risks on an ongoing basis.

Our business is exposed to the risk of severe weather conditions, earthquakes and man-made catastrophes. Catastrophes can be caused by various events, including natural events such as severe winter weather, tornadoes, windstorms, earthquakes, hailstorms, severe thunderstorms and fires, or man-made events such as explosions, war, terrorist attacks and riots. Over the past several years, changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters in certain parts of the world, including the markets in which we operate. Climate change may increase the frequency and severity of extreme weather events. This effect has led to conditions in the ocean and atmosphere, including warmer-than-average sea-surface temperatures and low wind shear that increase hurricane activity.

The extent of losses from catastrophes is a function of both the frequency and severity of the insured events and the total amount of insured exposure in the areas affected. The incidence and severity of catastrophes and severe weather conditions are inherently unpredictable. We manage our exposure to losses by analyzing the probability and severity of the occurrence of loss events and the impact of such events on our overall underwriting and investment portfolio and strategically use reinsurance to offset those identified exposures.

IV. Risk Management

The climate related risks that we have identified are substantially limited to a segment of our business that writes commercial property policies which have claims related to weather events. When underwriting these types of policies, we take into account possible weather and climate change risks in conjunction with our computer modelled climate related risks to properly evaluate

and assess the underwriting risk and rating to ensure that our risks are not too heavily aggregated in a particular geographic risk zone. In addition, properties are categorized into different tiers, based on geographic locale, which are also used to make underwriting risk and rating decisions. See the below explanations in Metrics and Targets for more details on how we purchase catastrophe reinsurance and how climate related risks are taken into account.

Lastly, as a company, we look for ways to reduce and mitigate our direct emissions where possible, however; since we operate in office buildings these opportunities are somewhat limited. We have worked with the management company of our primary office building to ensure all avenues are explored in order to reduce our footprint in the future. In addition to our primary office building being LEED certified, the management company has instituted several programs to help reduce its tenants "emissions," including the following:

- Building Automation system - after-hours shut off of over 80% of building lighting.
- Restroom Motion Sensors - saves approximately 216,000 kilowatt-hours per building per year.
- LED Light bulbs are on all new construction.
- Energy efficient chemical water treatment - for cooling of buildings saves 750,000 kilowatt-hours per year.
- Green Cleaning Chemicals - at least 60% of the cleaning and paper products used are approved as Green Seal and Environment choice for low voe content and low environmental impact.
- Water Use Reduction - the installation of low flow, automatic water closets, urinals and faucets saves approximately 600,000 gallons per year compared to similar buildings.
- Landlords in other of our office buildings have introduced similar programs.
- Building wide recycling program for paper, cardboard, plastic metal and batteries

V. Metrics and Targets

We buy catastrophe reinsurance to further mitigate an aggregation of property losses due to a single event or series of events. To inform our purchase of catastrophe reinsurance, we use third-party stochastic and our own deterministic models to analyze the risk of aggregation of losses from such events. These models provide a quantitative view of PML events, which is an estimate of the level of loss we would expect to experience once in a given number of years (referred to as the return period). Based upon our modeling, it would take an event beyond our 1 in 250-year PML to exhaust our $25.0 million property catastrophe coverage. Additionally, we seek to expose no more than 3.0% of our stockholders' equity to a catastrophic loss that is less than a 1 in 250-year event. We have never had a loss that exceeds our CAT Reinsurance cover.

We review climate related risks when running our analysis on CAT Reinsurance purchasing, as well as when we run our capital modeling for ERM Risk Tolerances. We run our PML's through RMS and AIR modeling software. These models take into consideration Hurricane (including Storm Surge), Severe Convective Storm, and Winter Storm. We look at return periods from 5 years to 1,000 years.