Governance

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*

EMC's Board of Directors, through its Enterprise Risk Management Committee ("ERM Committee"), is responsible for oversight of the strategies, processes and controls relating to EMC's risk management policies and procedures to ensure that top enterprise risks and emerging risks are identified, prioritized and managed based on sound risk management principles. Climate-related risks are embedded within those various risks overseen by the ERM Committee. The ERM Committee oversees these risks at a group level, such that the oversight extends to the overall enterprise consisting of multiple companies in the EMC company structure. The ERM Committee assists the Board in overseeing the operational activities of the Company and the identification and review of risks that could have a material impact on EMC. It meets on a quarterly basis with the Enterprise Risk Officer and key members of management and, as appropriate, risk senior leaders and risk owners to discuss these risks. The ERM Committee, in turn, reports to the full Board with regard to its discussions. EMC's Board of Directors also has an Investment Committee, which is responsible for oversight of EMC's asset management strategies, including the potential impact of climate-related risks on the investment portfolio and investment strategies.

In addition to the ERM Committee, EMC utilizes a management-level enterprise risk committee called the ERM Oversight Committee, which consists of EMC's executive team, EMC's Enterprise Risk Officer, and other management-level team members. The Enterprise Risk Management (ERM) Oversight Committee exists to approve and oversee EMC's ERM framework, and the processes used to identify, evaluate and manage risks faced by the organization, to ensure that risks are managed holistically and within defined tolerances, and to provide a discussion forum for top enterprise risk owners. Climate-related risks are embedded within those various risks overseen by the ERM Oversight Committee.

Additional management-level risk committees are key elements of EMC's ERM structure and help establish and reinforce its strong culture of risk management, including with respect to climate-related risks. This includes EMC's Operational Risk Committee and Catastrophe Management Committee ("CAT Committee"), both of which are tasked with reporting up through the ERM Oversight Committee. EMC also maintains an Environmental, Social and Governance Committee ("ESG Committee") that is a cross-functional committee made up of subject matter experts in various areas of EMC. The ESG Committee coordinates and supports climate-related initiatives and strategies across EMC, assists in the oversight of various ESG risks including those related to environmental components such as climate-related risks, and is a venue to share information and leverage expertise regarding varied business operations and the impact of changing climate conditions on those business operations.

EMC currently does not have any publicly stated goals on climate-related risks and opportunities.

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.

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 1-5years 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.*

EMC has taken steps to engage key constituencies on the topic of climate change. EMC coordinates with insurance trade organizations of which it is a member, such as APCIA, NAMIC, and the Insurance Information Institute, to review studies and theoretical analysis of climate change issues produced by such organizations.

EMC has made a continuing effort to reduce its environmental impact through ongoing programs to reduce its emissions while implementing programs to reduce its carbon footprint. EMC recently received a Certificate of Verification that 88.5% of electricity delivered came from renewable resources. During building renovations, all efforts are given to focus on energy efficiency items through lighting rebate programs along with items for mechanical cooling which include variable frequency drives ("VFDs") on HVAC fans, chillers, and large motors. EMC implemented a VFD project on the main fans for one of its corporate campus buildings in the fourth quarter of 2021 with a project payback of less than two years. All combustion equipment used in EMC-owned facilities is checked and calibrated for peak operating efficiency on an annual basis. These efforts have reduced EMC's energy consumption on some buildings over 30% since 2015. EMC's tier three data site has implemented hot/cold isles cooling principals and distribution which allows EMC to focus the points of cooling where it is needed to maximize the equipment cooling while not cooling unneeded areas of the room.

EMC's efforts to use sustainable products in EMC-owned facility projects in existing as well as new buildings are ongoing. EMC's latest building project at 219 8th street is LEED certified with a gold rating due to its energy conservation measures and its incorporation of sustainable materials. In addition, by offering a flexible work environment, EMC will be able to reduce its real estate footprint and gain efficiencies. For those employees that continue to come into the office, EMC has a ride share program in cooperation with the local transit authority where EMC pays for bus usage for employees and coordinated carpool efforts with free parking for ride share vans as well as a safe storage location for bicycles.

EMC has a point of disposal recycling program for paper, cardboard and printer ink cartridges, as well as glass, plastic bottles, containers, and aluminum cans. In addition, used carpet replaced during building renovations is recycled back to the manufacturer, as well as utilizing eco-friendly furniture and paint.

EMC's business relies on the secure and efficient delivery of agreements, claims forms and signatures. To enhance the customer experience between team members, agents and policyholders, EMC utilizes a secure electronic signature platform. The environmental benefits of using less paper have been significant.

Regarding the impact of climate-related risks and opportunities on EMC's business strategy and financial planning, EMC's Corporate Strategy department engaged in cross-functional collaboration to complete a Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis as part of the annual strategic planning process, which informs the strategic plan. As part of the environmental analysis, various opportunities and risks were identified, including those related to climate change.

EMC's insurance operations expose it to claims arising out of catastrophes caused by various unpredictable weather-related perils. Climate risks include increased uncertainty and unpredictability of the frequency and severity of natural catastrophes across its book of business. EMC already offers insurance products and loss control services that help policyholders who want protection from weather-related events. Increases in the values and concentrations of exposures would increase EMC's potential exposure to catastrophic events in the future and could require increased capital requirements. Model risk from increased claims frequency and severity that may not be included in historical data could impact pricing adequacy, which presents an opportunity to further evaluate potential implications within the third-party catastrophe models. Reputation risk exists if EMC is not meeting the needs of stakeholders, which could impact demand for products and services. Regulatory risk is also increasing as mandates and requirements related to climate-related issues continue to evolve.

EMC's Loss Control department plays a pivotal role in identifying potential risks and assessing the efficacy of control measures to guide prudent underwriting decisions. They propose risk mitigation recommendations aimed at diminishing the occurrence and impact of insured losses, including those arising from catastrophic events. They may also deliver essential value-added services that form a core component of our insurance offerings, engaging directly with policyholders and agents to devise efficient solutions that minimize energy waste. These services include a suite of digital resources for information and education, practical tools, and comprehensive in-person evaluations of business operations and potential risk to workers, visitors, vehicles, equipment, and the property. Beyond aiding clients in enhancing their resource management and resilience, the Loss Control team has also achieved a reduction in travel and associated energy expenditures by implementing optimized travel routes and conducting remote inspections for certain types of occupancies.

EMC's rating structure for property risks allows for variations in rates based on construction type and various physical characteristics of the risk, providing premium credits for superior quality construction. Some insurance products include “green” coverage allowing policyholders to upgrade mechanical systems and appliances to higher efficiency models as part of the loss settlement.

In addition, EMC performs a full analysis of all investments and only makes investments that are supported by fundamentals. The transition to a low carbon economy is not a specific factor considered; however, entities not utilizing sound business practices with a vision for the future would not score well and therefore would not enter the portfolio.

EMC utilizes various third-party models and an internally developed economic capital model in assessing its business operations and strategies. These models are considered when establishing pricing and geographic concentrations for the insurance products EMC offers to policyholders, and in EMC's ceded reinsurance coverages it purchases for its protection. In addition, EMC worked with its reinsurance broker to evaluate various stress scenarios, including a scenario for increased severity across all catastrophic losses to aid in understanding potential impact on modeled return on surplus and in managing catastrophe risk. EMC has not currently estimated the impacts of a 2 degree Celsius change in the models that it utilizes.

Risk Management

3. Disclose how the company 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.*

Within the EMC Enterprise Risk Management (ERM) program, risk identification, assessment and mitigation activities are designed and in place to identify, articulate, measure, report, monitor, and mitigate risks from within and outside the company for those risks that are relevant to the operations and strategic plans of EMC. The scope of these activities is inclusive of all risks, including risks with climate-related risks embedded in them. The risks are tiered based on their assessed impact and likelihood to prioritize the most significant risks facing EMC for oversight and mitigation activities. This is designed to monitor the risks within developed risk appetite and tolerance levels.

There are several committees in EMC that contribute to the strategies and governance of activities related to enterprise risks with climate-related risks embedded in them as described in question 1 within the Governance section.

As part of EMC's ongoing risk identification, quantification, and mitigation strategy for weather-related losses, EMC's Catastrophe Management Committee ("CAT Committee"), which has executive-level representation from Underwriting, Actuary, Field Operations and Corporate Risk Management, oversees the risk of excessive catastrophic losses and is responsible for establishing tolerances for various property and casualty exposures from which to operate within. The CAT Committee seeks to limit EMC's exposure to catastrophe losses from a single event, and losses in aggregate, in any geographic region or concentration of exposure. Climate-related risk could arise to the extent that it results in a material change in the frequency and/or severity of weather-related events, including changes in weather patterns away from expected norms. These changes in the frequency and/or severity can also be amplified by population growth in weather prone regions, driven by the changing economics and population density.

The CAT Committee's analysis incorporates third party catastrophe model results for individual and combined perils to ensure that EMC remains within an acceptable probable maximum loss (PML) range at various return periods being assessed. The perils evaluated within the catastrophe models include climate-impacted events, such as severe convective storms, coastal storms (hurricanes), and earthquakes. . For the hurricane peril, EMC has modeled increased frequency by utilizing the near-term outlook with full loss amplification and storm surge. Past actions have reduced exposure concentrations in some catastrophe-prone areas and limited growth in others. Changes in exposure distribution are monitored throughout the year to ensure that exposure concentrations are managed within established guidelines. In addition, better pricing and risk selection, use of deductibles, and limiting endorsements are important underwriting considerations to help mitigate the overall impact of catastrophes. Catastrophic reinsurance is purchased as added protection of EMC's surplus and financial position against losses arising from significant weather-related events.

Severe weather could also affect EMC corporate and branch office facilities, but EMC has business continuity plans to ensure continuing operations that is overseen by EMC's Business Continuity Committee. EMC's wide geographic distribution of branches and remote team members mitigates the risk of severe weather impairing operations because those located in unaffected areas would be available to assist those affected by a catastrophic event. In addition, given that many of EMC's team members have chosen to work remotely from home, and the majority of those who choose to work at an EMC office location have the ability to work from home, this provides another mitigating factor to this risk.

EMC's investment team is responsible for preserving and protecting EMC's assets. As stewards of EMC's capital, they manage the portfolio to ensure EMC's ability to pay claims when due and grow surplus. EMC reviews all financial and nonfinancial factors pertaining to the success of each investment as part of its fundamental analysis of its fixed income portfolio, which accounts for approximately 75% of its investment portfolio on December 31, 2023, including a review of the potential impact from climate-related risks. While the fundamental analysis does not contain a specific ESG component, companies not considering ESG in their operations, generally, will not score well in this fundamental analysis. EMC believes this comprehensive review will enhance its investment returns over the long-term. EMC's external managers perform similar fundamental analysis of investments to ensure all investments will provide the best risk-adjusted return.

Metrics and Targets

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.*

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

As noted in the question 3 within the Risk Management section, the Catastrophe Management Committee's ("CAT Committee") analysis incorporates third party catastrophe model results for individual and combined perils to ensure that exposures remain within an acceptable probable maximum loss (PML) range at the various return periods being assessed.

Within EMC's economic capital model (ECM), the quantity of domestic modeled events by type (earthquake, hurricane, and convective storm) are simulated based on selected means and standard deviations for each iteration. The ECM uses a database of modeled domestic events and randomly samples the desired number of events from the database based on its rate of occurrence. The loss estimates for each event based on EMC's direct exposures are then trended for average exposure changes since the model was run.

EMC currently does not measure or assess carbon emissions and greenhouse gases or those vulnerabilities to business lines, sectors or geographies. EMC's primary climate-related physical risks are property exposures, which are assessed for potential losses.

2023 Climate Risk Disclosure Survey Yes/No Questions Filed August 2024

Governance

Question Title

2. Does the insurer have publicly stated goals on climate-related risks and opportunities?

- ○ Yes
- ● No

Question Title

3. Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk?

- ● Yes
- ○ No

Question Title

4. Does management have a role in assessing climate-related risks and opportunities?

- ● Yes
- ○ No

Question Title

5. Does management have a role in managing climate-related risks and opportunities?

- ● Yes
- ○ No

Strategy

Question Title

6. Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency?

- (•) Yes
- ( ) No

Question Title

7. Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk?

- ( ) Yes
- (•) No

Question Title

8. Does the insurer make investments to support the transition to a low carbon economy?

- ( ) Yes
- (•) No

Question Title

9. Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations?

- ( ) Yes
- (•) No

Risk Management

Question Title

10. Does the insurer have a process for identifying climate-related risks?

- (•) Yes
- ( ) No

Question Title

11. If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process?

- (•) Yes
- ( ) No

Question Title

12. Does the insurer have a process for assessing climate-related risks?

◉ Yes

○ No

Question Title

13. If yes, does the process include an assessment of financial implications?

◉ Yes

○ No

Question Title

14. Does the insurer have a process for managing climate-related risks?

◉ Yes

○ No

Question Title

15. Has the insurer considered the impact of climate-related risks on its underwriting portfolio?

◉ Yes

○ No

○ Not Applicable

Question Title

16. Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks?

○ Yes

◉ No

Question Title

17. Has the insurer considered the impact of climate-related risks on its investment portfolio?

◉ Yes

○ No

Question Title

18. Has the insurer utilized climate scenarios to analyze their underwriting risk?

- [ ] Yes
- [x] No

Question Title

19. Has the insurer utilized climate scenarios to analyze their investment risk?

- [ ] Yes
- [x] No

Metrics and Targets

Question Title

20. Does the insurer use catastrophe modeling to manage your climate-related risks?

- [x] Yes
- [ ] No

Question Title

21. Does the insurer use metrics to assess and monitor climate-related risks?

- [x] Yes
- [ ] No

Question Title

22. Does the insurer have targets to manage climate-related risks and opportunities?

- [x] Yes
- [ ] No

Question Title

23. Does the insurer have targets to manage climate-related performance?

- [x] Yes
- [ ] No