NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

The Ultimate Controlling Person within the CopperPoint Group is CopperPoint Mutual Insurance Holding Company ("CopperPoint MHC"), which owns 100% of the stock of CopperPoint Holdings, Inc., which in turn owns 100% of the stock of CopperPoint Insurance Company (the "Company"), an Arizona domiciled insurer. The Company – directly or indirectly – owns 100% of the stock of its insurance subsidiaries, including Pacific Compensation Insurance Company, a California domiciled insurer, and Alaska National Insurance Company, an Alaska domiciled insurer. Climate-related risks and opportunities are handled at a group level by the Company. While, as noted below, the Company has taken steps related to climate matters, it does not presently have a formal, written climate-related risk program. The Company is considering incorporating climate-related governance into its existing ERM program, which falls under the oversight of the Company's Audit Committee.

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

Management considers climate-related risk factors in its deliberations regarding new and renewal business opportunities in the various states in which it operates in the context of evaluating the Company's reinsurance. Management works with the Company's brokers who perform CAT modeling to assess various risk factors that include climate-related drought, fire and ancillary effects of earthquakes, e.g., landsides. The Company's CAT modeling continues to suggest only a very limited exposure to environmental risks based upon the Company's book of business.

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

The Company is a commercial lines insurer with its predominant line of business in workers' compensation. Climate-related risks and opportunities present to a small degree in the Company's workers' compensation book of business and its investment portfolio.

Regarding the Company's book of business – and given that substantially all the Company's insurance policies are written to cover business risks in the Western United States, – droughts, fires, extreme heat, ancillary effects of earthquakes and sea-level changes likely pose the greatest potential risks to the Company's underwriting operations. As discussed above, the Company's CAT modeling continues to suggest only very limited exposure to environmental risks based upon the Company's book of business. Management considers these risk factors in its deliberations regarding new and renewal business opportunities in the various states in which it operates. Additionally, the Company is considering formalizing climate-related governance through incorporation into its ERM program.

Regarding the Company's investment portfolio, the Company's investment strategy is conservative and is positioned to support the Company's underwriting risk. Part of this underwriting risk is affected by climate change; however, no changes have been made specifically due to the potential impact of climate change.

Regarding the Company's own operations, management strives to reduce costs and mitigate its negative climate-related impact by monitoring its energy consumption, business travel, paper consumption and paper waste production. To conserve energy, some offices have motion activated lighting and energy-saving bulbs and outlets. The Company supports telecommuting and alternative working arrangements that reduce or eliminate in-office commutes, and it encourages the use of mass transit via a commuter flexible spending account benefit.

As discussed above, in the context of assessing the Company's reinsurance, management works with the Company's brokers who perform CAT modeling to assess various risk factors that include climate-related fire, drought and ancillary effects of earthquakes. The Company's CAT modeling continues to suggest only very limited exposure to environmental risks based upon the Company's book of business. In the short-term, management loosely considers these risk factors in its deliberations regarding new and renewal business opportunities in the various states in which it operates.

Regarding identification over the medium- and long-term, the Company is considering addressing these risks and opportunities through a formalization of climate-related governance via incorporation into its ERM program.

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.

Addressing short-term impacts, the Company's management considers various climate-related risk factors, including drought and fires, in its deliberations regarding new and renewal business opportunities in the various states in which it operates.

Addressing medium- and long-term climate-related impacts will be deferred pending climate-related governance being assumed within the Company's existing ERM program.

The Company maintains a robust loss control/health & safety operation that provides policyholders with in-person consultation as well as digital resources for training and adapting their own written health and safety programs, and industrial hygiene monitoring services to address climate-influenced, occupational hazards, including heat exposure, air pollution and various extreme weather events.

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

The Company does not have a formal, written climate-related strategy and, therefore, has not engaged in climate-related scenario assessments but will consider doing so in the future.

RISK MANAGEMENT

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. *

Specifics on how the Company might manage climate-related underwriting and investment portfolio exposure and encourage its policyholders to manage their own potential exposures will be deferred pending consideration of the Audit Committee's future oversight of climate-related governance.

As discussed above, in the context of assessing the Company's reinsurance, management works with the Company's brokers who perform CAT modeling to assess various risk factors that include climate-related fire, drought and ancillary effects of earthquakes. The Company's CAT modeling continues to suggest only very limited exposure to environmental risks based upon the Company's book of business. In the short-term, management loosely considers these risk factors in its deliberations regarding new and renewal business opportunities in the various states in which it operates.

Regarding identification over the medium- and long-term, the Company is considering addressing these risks and opportunities through a formalization of climate-related governance via future incorporation into its ERM program.

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

Please refer to the Company's response to 3.A., above.

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.

Please refer to the Company's response to 3.A., above.

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.

The Company is considering incorporating climate-related governance into its existing ERM program, charging the Audit Committee of its Board of Directors with oversight. Until such time, there are no formal metrics or targets in place to assess and manage climate-related risks.

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

Please refer to the Company's response to 3.A., above.

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

Please refer to the Company's response to 3.A., above.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.