Quincy Mutual Group – Reporting Year 2023

1. Quincy Mutual is a values-driven organization committed to achieving long-term success in a sustainable and complaint manner. We believe that businesses succeed when people and communities succeed. One of the primary ways we aim to create a sustainable future for our company and our community is through implementation of ESG criteria. Quincy Mutual integrates environmental sustainability factors into our operational practices and investment decision-making.

Managing climate related risks is addressed at the group level via our officers and various internal teams. Our investment team addresses potential green investments. Our underwriting and risk management team analyzes the risk of ruin impact of writing coastal property business. Lastly, we assess the potential impact of climate on our results of any current or potential property catastrophe partnership we enter. We also have staff that form a "Green Team" to assist on our path of improved environmental sustainability in the office.

We formally discuss and assess the impact of climate change in our group's enterprise risk management plan which is approved by the Board of Directors on an annual basis. Further, overall risk management of the group is overseen at the Board and Executive level.

Closed end questions:

- N
- Y
- Y
- Y

2. As a homeowner's property writer in the northeast, climate change affects weather-related losses over time, which is QM's primary risk. These weather-related risks include freezing temperatures, snow and ice in the winter such a, severe convective storms such as tornado and hail storms, and hurricanes. We are also susceptible to large weather related losses stemming from our property catastrophe inwards book which we write with professional reinsurers.

QM actively promotes catastrophe mitigation techniques through recommendations from our agents and customer communications via social media which inform and educate the public by providing useful tips on preparing for upcoming local weather events and how to reduce exposures to loss.

Quincy Mutual Group owns two office buildings—our main office in Quincy, MA and our subsidiary office in Portland, ME. We have implemented sustainable updates to both offices. In Maine, we use all LED lighting to reduce energy consumption and have 92 solar panels on the roof for renewable energy. We are in the process of adding additional solar panels on the grounds. In our Quincy office, we have replaced every light with LED fixtures. We also eliminated the use of plastic straws in our cafeteria, installed filtered water systems on each floor to reduce use of plastic bottles, recycle paper through our secure-shred program, and encourage the recycling of plastics, cardboard, glass and metals. We are currently assessing charging stations for automobiles at home office as well. We currently have two in operation.

Since 2016, we have invested approximately $200 million in renewable energy projects in partnership with Green Development LLC, a leading developer of large-scale renewable energy projects in New England. Quincy Mutual and Green Development have been instrumental in transforming the energy mix to clean, reliable energy, and producing enough electricity to power more than 29,000 homes each year. This joint venture delivers significant energy savings to municipalities, quasi-public entities, nonprofits, and other qualified entities through a virtual net metering utility program.

Quincy Mutual's current renewable energy portfolio consists of seven wind turbines, and three solar arrays, for a total annual output of 129,700,000 kWh. Renewable power from these sites is sold to a variety of consumers, including hospitals, universities, libraries, convention centers/auditoriums, and houses of worship.

Quincy Mutual's real estate portfolio consists of properties across New England, but particularly focused in areas populated with our policyholders. Our investment objective is to capitalize on high yielding assets that earn cash to replenish claims reserves, and at the same time, to better the community at-large. For example, Quincy Mutual partnered with a local developer to construct and operate a large scale, 10-acre shopping plaza on a former municipal landfill. The repurposing of the site has a win-win effect on the small Massachusetts town which has now capped a potentially environmentally unfriendly municipal dump and converted it into an asset that benefits scores of individuals and businesses, daily. In addition, the project features many sustainable design and engineering techniques that have been replicated around the country such as the water recycling program that captures rainfall runoff from the expansive open-air parking lot, which is directed into large cisterns, filtered, and then reused as recycled irrigation water for the site.

We have invested in several multi-family, mixed use housing complexes which account for approximately 325 residential units occupying 250,000 square feet of space. The buildings utilize energy efficient appliances, LED lighting fixtures, smart learning/remote controlled thermostats, and purified water-bottle filling fountains that reduce the number of discarded plastic bottles. The apartment buildings are in urban centers, designed to attract residents who utilize public transportation, pet-friendly, offer an array of indoor and outdoor communal space for interaction with friends, family, and neighbors, and utilize modern personal applications such as a package delivery concierge locker system.

For our policyholders, Quincy Group offers discounts for Hurricane and Windstorm mitigation features. We offer discounts for Storm Shutters and Impact Resistant Glass when permanently installed on all exterior wall and roof openings such as doors, windows, skylights, and vents.

In the medium and long term, we will need to monitor the increased frequency and severity of large scale weather events on our property catastrophe inwards book. We will assess our exposure through catastrophe modeling and analyzing our written capacity. For our own book, while we have reduced our coastal exposure, we will monitor the risk of any major northeast hurricane via underwriting discipline.

Opportunities in the short, medium and long term will arise through increased investments in green technologies.

We have not yet conducted resilience stress tests for various degrees of change. We do however monitor our catastrophe modeling through both RMS and AIR modeling agency on a near-term and long-term model output basis.

Closed end questions:

- Y
- N
- Y
- Y

3. Quincy Mutual manages their underwriting exposure to climate risk by analyzing the distance to coast of the homeowner's book. Given our main risk is a major hurricane impacting the northeast, our best way of minimizing the financial impact is reducing our coastal exposure. We monitor this through consistent underwriting discipline and a biannual review of catastrophe models at various return periods which is developed with our reinsurance broker. As per above, we encourage policyholders to manage their exposure to climate by offering discounts on their policy.

QM does not specifically consider the impact of climate change and has not altered the investment strategy due to climate change. However, the company has invested in renewable energy and views them as a positive return on investment. Further, investment strategies span across an array of asset classes utilizing industry benchmarks to define portfolio boundaries which inherently considers different market segments and concentrations. The returns of each portfolio are measured against this benchmark and, from time to time, the investments and/or benchmarks are modified based on changes to the financial market's environment.

The discussion of the impact of climate related risks on the company's financials is discussed in the enterprise risk plan. We discuss an estimate of the annual probability, various scenario impacts, ways of identifying risks and mitigation measures. That plan is updated on an annual basis and approved by the company's board of directors. The ERM document does not take into account the impact of climate risk on its investments.

Closed end questions:

- Y
  - Y
- Y
  - N
- Y
- Y
- Y

- N
- Y
- N

4. With regards metrics, we utilize the RMS catastrophe model to manage our exposure to hurricane, severe convective storm and winter weather. The model is run twice a year by our reinsurance broker and is used in developing our reinsurance property catastrophe tower. This is analyzed against the prior year's output along with any changes to our book of business and the model itself. Our broker also runs the AIR catastrophe model for comparison purposes. On a RMS basis, our 1 in 100 year hurricane return period is $396M. We buy reinsurance to roughly a 1 in 272 year return period. We also manage our AAL on a policy level basis for underwriting and pricing purposes. Our catastrophe modeling is not specific to climate risk scenarios, but instead natural exposures.

We do not currently assess and monitor specific to carbon intensity or Scope 1/2/3 GHG emissions, nor developed internal metrics

Closed end questions:

- Y
- N
- N
- N