INSURER CLIMATE RISK DISCLOSURE SURVEY

Reporting Year 2022
Climate Risk Disclosure Survey Questions

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 risk, insurers should consider 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: The Company identifies, measures, manages, and monitors material risks, including climate-related risks, through an Enterprise Risk Management (ERM) framework that is overseen by The Fortegra Group CEO and the Risk Committee of The Fortegra Group Board of Directors. All significant enterprise risks, including climate-related risks, are monitored and mitigated by the Company's management team on a regular basis.

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

Response: **No**.

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

Response: **Yes,** the Risk Committee of The Fortegra Group Board has oversight of all risks facing the Company, including environmental and climate change risks.

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

Response: Yes, through the Company's ERM process and through its actuarial reviews of its different underwritten programs.

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

Response: Yes, through developing and overseeing risk mitigation measures to the identified risks facing the Company.

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.

Response: As an insurer, most of the Company's green house gas emissions result from leased office activity. To help reduce greenhouse gas emissions from the Company's Jacksonville, Florida headquarters, the Company has implemented internal sustainability initiatives, including: motion sensor lights and 3M Sun Control Window Film that blocks 97% of infrared light to increase energy efficiency; refillable water bottles and refill stations to reduce our use of plastic (since the initiative's implementation in 2020, we have kept over

- 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 long term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5 years as short, 5-10 years as medium term, and 10-30 years 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.

100,000 plastic bottles out of oceans and landfills); recycling bins throughout the office; dual monitors, cloud-enabled platforms, and print-on-demand services for our partners to reduce paper dependency; management of the quality and quantity of our stormwater through the retention pond; and use of all green cleaning products which, unlike conventional cleaning products, are biodegradable, reduce air and water pollution, and do not contribute to ozone depletion.

The Company also provides free lunch every day to its Jacksonville associates. These lunches show our appreciation of our staff, support our local restaurants and economy, and aid in reducing our carbon footprint by eliminating travel to and from food establishments during peak travel hours. In 2022, the Company served over 65,000 lunches, which helped keep approximately 174 metric tons of CO_2 emissions from being released in the atmosphere.

Additionally, the Company relocated our London office to The Fenchurch Building (The Walkie-Talkie), which has been rated as excellent by BREAM, the internationally recognized Building Research Establishment's Environmental Assessment Method.

As part of the Company's ESG initiatives, the Company has donated to Golf Fore Africa – a contribution that allowed the organization to build two wells in the Republic of Zambia, a landlocked nation in southern Africa. One of these wells is a solar-powered, mechanized well that benefits a health clinic serving 3,556 people, a school of 596 students, and 489 community members in the Nyamphande village.

The Company is subject to extensive regulation. Increased climate-related regulation may impact the Company and its customers through higher operating costs and expenses. Increased climate-related regulation may include the imposition of moratoriums on policy cancellation or non-renewals for nonpayment of premium or requiring further claim handling requirements or procedures after natural catastrophes.

An increase in frequency and severity of natural catastrophes may impact the cost and number of claims submitted by the Company's policyholders. Associated rate increases could also impact the customer experience and the Company's reputation.

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

Response: Yes.

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

Response: No.

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

Response: Yes, such as the installation of 3M film and suppling free lunches, as outlined in an earlier responses.

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

Response: Yes.

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 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 in its investment portfolio, including what investment classes have been considered.

A. Describe the insurer's 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: The Company identifies, measures, manages, and monitors material risks, including climate-related risks, through an enterprise risk management (ERM) framework The ERM is conducted annually, with mitigation strategies identified for the highest risks facing the Company. The Company also assesses these types of risks through our actuarial reviews and identifies acceptable risks through our underwriting guidelines.

At this stage, the Company does not identify substantial climate related risks given the mix of coverages written and the composition of the investment portfolio maintained. While the Company has limited exposure to CAT exposed risks, the Company does maintain CAT reinsurance to mitigate the risk exposure on our auto, manufactured homes, commercial property, commercial general liability, and lender placed auto and mortgage programs. In addition, we monitor concentration of risks within CAT exposed areas.

As for the investment management approach, we match asset duration with liability terms as we seek to achieve attractive returns while maintaining adequate liquidity to meet our claims payment obligations. As such, our portfolio duration is less than three years and concentrated in high-credit quality fixed maturity securities with an average S&P rating of AA.

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

Response: Yes.

If yes, are climate-related risks addressed through the insurer’s general enterprise-risk management process?	**Response:** Yes.
Does the insurer have a process for assessing climate-related risks?	**Response:** Yes.
If yes, does the process include an assessment of financial implications?	**Response:** Yes.
Does the insurer have a process for managing climate-related risks?	**Response:** Yes.
Has the insurer considered the impact of climate-related risks on its underwriting portfolio?	**Response: Yes**.
Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks?	**Response:** No.
Has the insurer considered the impact of climate-related risks on its investment portfolio?	**Response:** No.
Has the insurer utilized climate scenarios to analyze their underwriting risk?	**Response:** No.
Has the insurer utilized climate scenarios to analyze their investment risk?	**Response:** No.

METRICS AND TARGETS

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

Response: The Company uses computer modeling to monitor for concentrations of CAT exposed risks. We also use predictive analytics and machine learning assisted underwriting to identify risks that fit into an acceptable risk profile. In addition, the Company has business continuity plans in place should a natural disaster or other event force the company out of its offices.

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 risk 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.

Does the insurer use catastrophe modeling to manage your climate-related risks?	**<u>Response</u>:** Yes.
Does the insurer use metrics to assess and monitor climate-related risks?	**<u>Response</u>:** No.
Does the insurer have targets to manage climate-related risks and opportunities?	**<u>Response</u>:** No.
Does the insurer have targets to manage climate-related performance?	**<u>Response</u>:** No.