WESTFIELD®

Task Force for Climate-Related Financial Disclosures (TCFD) Report

Reporting Year 2021

Introduction

Westfield considers climate change to be a significant and evolving risk topic within our Enterprise Risk Management framework. As you will read throughout this report, risks associated with a changing climate are managed across the organization in a variety of settings and contexts.

Westfield's risk management practices around climate change enable the organization to mitigate risk while embracing opportunities. These practices manifest themselves in a variety of ways.

- **Governance**
  - ✓ Corporate Board of Directors climate related activities
- **Strategy**
  - ✓ Westfield's core values
  - ✓ Corporate Sustainability Initiative
  - ✓ Corporate investments
  - ✓ Underwriting and Product enhancements
- **Risk Management**
  - ✓ Climate Change within the ERM framework
  - ✓ Climate change risk assessment
  - ✓ Catastrophe management
- **Metrics**
  - ✓ Sustainability metrics around power, waste, and water
  - ✓ Reporting of Scope 1 and 2 emissions

This report aims to broadly illustrate Westfield's key activities related to climate change. It is not an exhaustive list of specific actions being taken across the company.

Our company mission is to enable our customers' peace of mind and financial stability. Managing risks related to climate change is one component to achieving our mission.

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I. Governance

Climate change is addressed by members of various management and board-level committees within our ERM governance structure. These committees and working groups include but are not limited to:

- **Board of Directors**
- **Enterprise Risk Management Committee of the Board**
- **Enterprise Risk Management Leadership Committee**
- **Finance Committee**
- **Emerging Risk Panel**

Corporate Board of Directors Climate Related Activities

Climate change is addressed across multiple Board related activities and responsibilities, examples include the following:

- Quarterly operating results reviews consistently incorporate the effects of an increase in frequency of severe weather events and the impact on our operating results.
- Board meeting agenda time dedicated to enhancing the Board's knowledge and understanding of climate change, including climate change experts sharing thought leadership as guest speakers.
- Board engagement in strategy development includes contemplating the risks and opportunities presented by climate change within strategy and associated business plans.
- At least annually, the ERM Leadership Committee meets to discuss climate change related risks. This includes a review of our Climate Change risk report (found in Section III of this report). The ERM Leadership Committee reports up through the ERM Board Committee. This ERM Board Committee reviews the minutes from ERM Leadership Committee meetings, as well as the Climate Change risk report.

More broadly, risks and opportunities associated with climate change are managed across the business in a variety of settings. The disciplines of Reinsurance and Catastrophe Management, Actuarial, Investments, Underwriting, Claims, and Product Research & Development are embedded in decision making impacted by a changing climate. Various weather models are utilized by leaders across the organization to predict loss activity, develop appropriate rates, enhance our view of risk, and in reinsurance purchasing.

II. Strategy

Westfield's Core Values

Core Values

GUIDING PRINCIPLES BY WHICH WESTFIELD NAVIGATES

Respect
Nurture relationships with mutual respect and shared values

Integrity
Act with consistent character and stand accountable as honest, fair and ethical

Trust
Deliver on promises

Knowledge
Dedicate ourselves to pursuing knowledge and sharing what we know

Stewardship
Protect the assets entrusted to us and enhance them for future generations

Corporate Sustainability Initiative

Climate change is viewed as both a risk and an opportunity. The organization takes many actions to conserve energy, minimize waste, and protect the environment. Westfield has implemented several initiatives and projects which reduce emissions in the physical environment.

Examples of specific actions include:

- Ongoing identification and evaluation of facility components that consume energy; development of strategies to reduce consumption over the short and long term.
- Conversion of all corporate headquarters light fixtures to LED with daylight harvesting, in addition to reconfiguring workspaces to receive more natural light.
- Replacement or refurbishment of all corporate headquarters HVAC equipment to meet higher efficiency standards.
- Commissioned building envelope, resulting in increased insulation and seals, to reduce thermal loss
- Reduction of Data Center energy needs through changing server layouts, raising temperatures, and using free cooling during the winter.
- Existing building automation systems and meters are being upgraded to better control and monitor energy, water and HVAC.
- Separation, collection and recycling of paper
- Separation, collection and recycling of comingled plastics and metal
- Use of biodegradable water treatment chemicals for cooling tower applications.
- Use of environmentally friendly cleaning chemicals in our housekeeping and food service operations.
- Utilization of organic fertilizers and recycling organic waste.
- Use of recyclable building materials and low volatile organic compound (VOC) materials where appropriate.
- Substituted battery powered hand tools replacing combustion engine hand tools in our grounds operations.
- Replaced vacuum cleaning equipment with Green certified equipment with HEPA filters to provide healthier work environment.
- Renewable Energy Credit (REC) certificates for the powering of owned home office facilities

Corporate Investments

Westfield has considered the impact of climate change on its investment portfolio. However, given the nature of our portfolio, climate change as a factor in the risk/return profile is insignificant given our investment objectives and time horizon. The primary objective of the investment portfolio is to provide a stable growing stream of income to support insurance operations. In excess of 90% of the assets are committed to very high-quality investments with a high degree of liquidity.

While ESG, including climate change, is not a primary consideration on the front end of our investing, we do review our portfolio on a quarterly basis to measure our ESG standing within the Morningstar S&P 500 index. In addition to the Morningstar S&P 500 review, Westfield reviews an annual ESG BlackRock report to evaluate where the company's portfolio stands in relation to our peer group. These two reviews are two key indicators which inform our overall forward-looking investment strategy.

Underwriting and Product Enhancements

Westfield views renewable energy operations (including solar, wind, battery storage, etc.) as a future growth area as we expand our commercial footprint across the United States. We have a strategic plan to improve our expertise and product offerings for these areas over time.

In addition to improving our product offerings, Westfield is partnering with CoreLogic, a property intelligence vendor, to improve our underwriting and expand our appetite to writing property coverage in areas that have a higher risk of

wildfire and other catastrophe exposure. Given the increased risk potential, these additional tools/data enables Westfield to expand into more markets.

We are also working to mitigate the financial impact to our mutual company policyholders by implementing cosmetic hail damage endorsements and higher wind/hail deductible in high-risk areas where we do business.

III. Risk Management

Climate Change within ERM Framework

Our ERM Framework aims to identify, monitor, and report on all risks which could impact the enterprise. Part of this process includes an evaluation of the likelihood, impact, and onset of each risk and its accompanying scenarios. As such, risks associated with climate change are captured in a variety of contexts across the ERM Framework. For example, climate change is considered an emerging risk scenario within our Aggregate Property Catastrophe Exposure risk, which is one of our top risks to the organization.

Beginning in 2021, the ERM department and the Emerging Risk Panel developed a Climate Change Risk Report. Portions of the final output of that report can be found below.

Climate Change Risk Assessment

Within Westfield's ERM framework, **Climate Change** is defined as the long-term change in the average weather patterns that have come to define Earth's local, regional, and global climates.[1] These long-term changes could impact Westfield for several decades due in part to the scenarios listed below:	
In what ways could Climate Change manifest itself?	**Which areas (segments, departments, teams, etc.) of the enterprise will be most affected?**

• Climate change may increase the frequency and severity of major weather events affecting property insurance (hurricanes, severe convective storms, flooding, wildfires, and extreme temperatures)
  ○ Increased heavy precipitation events will lead to more frequent high-severity flooding events
  ○ More frequent heat waves and droughts may lead to water scarcity, affecting daily life and the economy in particular regions, as well as increased wildfire risk
  ○ The severity of North Atlantic hurricanes is expected to increase, leading to more costly catastrophe losses in coastal regions
  ○ Rising sea levels will likely lead to flooding complications in many regions[2]
	• Actuarial team will be challenged in accurately estimating appropriate product pricing
	• Investment team could be challenged with growing uncertainty in the U.S. economy due to climate change and specific investment choices with long term climate impact potential
	• Business units and product managers will need to regularly review coverage provisions within policies and manage portfolio concentration risk
	• Legal, Compliance and Risk Management will need to understand changing regulations and regulator and rating agency expectations

[1] https://climate.nasa.gov/resources/global-warming-vs-climate-change/
[2] https://climate.nasa.gov/effects/

○ Wildfires are becoming more common in western regions due to faster water evaporation • Increased regulatory and compliance expectations, such as insurers being required to lead the way in building codes and zoning changes with built in insurance policy incentives (similar to automobile safety advancements) • Rate regulation and competition will suppress adequate product pricing until after increased losses materialize • Investment holdings that don't account for climate change risks (positive or negative) could be impacted • Legal theories of liability as to who is to blame trickling down beyond coal/oil-based companies (similar to asbestos) • Business continuity/interruption claims related to severe weather (i.e. utility outages) may become more common due to an increase in severe weather events. For Westfield employees, short term business continuity issues could arise from remote work outside of an office with backup generator power.	
What is Westfield currently doing to understand and/or mitigate this emerging risk?	**What actions could we consider to further mitigate this emerging risk?**
• Property catastrophe modeling and other analysis to quantify the impact of longer-term climate change trends • Westfield's home office and service office operations have undertaken a vast amount of green initiatives to reduce emissions in the physical environment • Westfield's state expansion playbook serves as a roadmap to ready us for new exposures in new states • Westfield's Product team performs research on green products • Leadership's participation in industry trade groups gives us valuable insight into the changing landscape	• Continue to build out our view of catastrophe risk across the 48 contiguous states to better understand the risks of climate change, particularly as we plan to expand our geographical footprint over the next five years. • Across the enterprise, begin to incorporate climate change considerations into competitive business strategies, where applicable. • While the Investment team is aware of portfolio holdings from an ESG perspective, they currently do not account for climate change considerations within individual investment positions • For the commercial insurance portfolio, develop and track portfolio metrics over time that contemplate classes/geographies/lines that may be positively or negatively affected.
Risk Indicators	
Possible considerations to develop further: • Monitoring and managing property TIV exposed to various perils • PMLs from vendor models that project climate change scenarios • Categorize commercial lines sectors (or NAIC codes) as positively, neutrally, or negatively affected by climate change and measure and track the portfolio • Share of investment portfolio with positive/negative climate change implications	

Potential Opportunities

• Continue to enhance and showcase actions taken in our offices to be more energy efficient, go paperless, trash management and recycling, and environmentally friendly infrastructures.
• Continue to learn and understand how climate change will materially affect the business and convert that knowledge into realized responses. This includes:
  ○ Performing market research to understand what business segments, communities, and customers may be the most affected.
  ○ Enhancing actuarial modeling around loss reserving (new theories of liability) and pricing
  ○ Understanding how climate change affects our customers and providing insurance solutions

Catastrophe Management

Beyond our formal ERM program, our catastrophe management area conducts a thorough ongoing analysis of weather-related hazards and collaborates with other functional areas to formulate our view of risk and develop risk mitigation strategies. We use catastrophe models to identify weather related losses on our business and on how this may change over time and by type of event(s). We also use deterministic models to look at the short and long-term historical data, as well as future projections over various times to set return limits, influence underwriting guidelines, reinsurance purchases and programs, all to reduce policyholder impacts.

We participate on various industry committees which monitor trends including climate change. We also regularly engage in dialogue with our business partners, including reinsurers, on the topic of climate change.

Our view of risk is formed using catastrophe models as well as other tools and methods that are independent of modeled results. We use multiple catastrophe models to develop loss estimates for the perils of hurricane, earthquake, severe convective storm, and winter storm. Our portfolio is modeled using several event sets representing varying climate conditions. In addition to the standard set of modeled output, we blend and adjust the modeled results to reflect a view of risk unique to our exposure. Modeled loss estimates are subject to uncertainty and represent only one method of estimating loss. We recognize that the loss probabilities generated by the models are not predictive of future natural catastrophes and that they only provide estimates of the magnitude of losses that may occur in the event of such catastrophes.

Tools and methods that are independent of modeled results include the analysis of trends in historical catastrophe loss, deterministic scenario analyses, and case studies. We monitor exposure to non-modeled perils including flood and wildfire. Long-term demographic, sociological, and climate trends are also considered. The knowledge gained through these activities provides valuable insight that is used to help form our strategies related to catastrophe exposure management, capital deployment, reinsurance, coverage, and pricing.

An increase in property insurance losses from weather-related hazards is one of the predominant risks that climate change may pose. We face this risk across all lines of business and in all of our operating territories to the extent that there is exposure to hurricane, severe convective storm, winter storm, wildfire, drought, and other related perils. Climate change may also increase loss from liability claims as new liability exposures emerge. Westfield also has reinsurance arrangements in place to support catastrophe events. We anticipate that our coastal exposures will most likely be impacted by events stemming from climate change, but areas which are prone to other convective storms could see outcomes outside of our expectations.

IV. Metrics

Greenhouse Gas Emissions

2021 Emissions (Metric Tons CO_2e)	
Scope 1	**1,653**
Scope 2	**4,189**

* Scope 1 Emissions are the sum of carbon emissions from all fleet vehicles and buildings owned by Westfield. Scope 2 Emissions are estimated CO_2 emissions from the production of electricity used by all buildings that Westfield owns.

** These figures do not account for the potential carbon output related to the natural resources of the Westfield Country Club. (GCSAA carbon report to come)

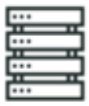
The figures in the table above are Westfield's carbon emissions estimates using the best available data involving fleet usage, building emissions, and electricity production data. Westfield's fleet information is managed by a third-party vendor and was originally reported in pounds of CO_2 emitted. Electrical usage was originally reported in megawatt hours (MWH) and converted to metric tons through a conversion factor provided by the EPA's "Emissions and Generation Resource Integrated Database" (eGRID) to estimate the most accurate carbon emission data associated with Westfield's electricity usage.

Highlights of Corporate Sustainability

6 electric vehicle charging stations installed at the Westfield Home Office

$1.4 million dollar investment in more efficient HVAC equipment throughout the Home Office campus

Paper printing reduced by over 40% and over 500 tons of paper recycled over the past 5 years



Data center energy use reduced by approximately 10% over the past 3 years

V. Conclusion

Climate risk is managed across the enterprise by a variety of functions. We continue to make progress in sustainability, catastrophe management, enterprise risk management, investments, underwriting acumen, and risk governance. We view climate change as a slow-moving risk which will play out over a long period of time, bringing about both risks and opportunities. Moving forward, our ability to understand the various risks associated with climate change will be critical to our ability to achieve our business objectives.