

## **Governance – narrative**

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.

## **SAIF's Response:**

SAIF is a monoline workers' compensation insurance company with nearly all of its exposure concentrated in Oregon. Climate-related events are not likely to be a material driver of workers' compensation losses compared to other lines of business. SAIF does not yet have any stated goals on climate-related risks or opportunities. However, we do consider how climate-related risks may affect our customers and key operational and strategic decisions.

SAIF evaluates climate-related risks through its Enterprise Risk Management (ERM) program, which is governed by an ERM Committee. Risk owners within SAIF's business units are responsible for identifying, monitoring, managing, and reporting key risks. The ERM committee evaluates and approves risk exposure assessments, risk appetite statements, and risk management practices proposed by risk owners annually. The ERM committee also reviews significant new and existing risks that may materially impact the enterprise. The audit committee of SAIF's board of directors is informed about material risks by senior management.

## **Governance – closed-ended questions answered in addition to the narrative**

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/**N**)
- Does your board have a member, members, a committee, or committees responsible for managing the climate-related financial risk? (Y/**N**)
- Does management have a role in assessing climate-related risks and opportunities? (**Y**/N)
- Does management have a role in managing climate-related risks and opportunities? (**Y**/N)

**Strategy – narrative**

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.

**SAIF's Response:**

As noted above, climate-related events are not likely to be a material risk driver for SAIF. However, we consider how climate-related risks may affect our customers and key operational and strategic decisions.

SAIF has not taken steps with key constituencies on the broader topic of climate change. SAIF does have a robust safety and health program for our policyholders and their workers designed to drive awareness, promote proactive safety cultures, and mitigate the impact of workplace risk and hazards. These include climate-related exposures, such as heat-related illnesses, wildfire smoke illnesses, and weather-related injuries due to wet or icy conditions.

Within our organization, we continue to implement changes to reduce the impact of our carbon footprint. While SAIF does not have a detailed plan to assess, reduce, or mitigate its emissions in its operations, we have strategies and programs in place to help us reduce our overall emissions, including:

- Flexible work: SAIF has a flexible work policy that allows many employees to work remotely most days, significantly reducing the number of employees driving to offices and energy consumption within our buildings.
- Vehicle fleet management: SAIF's fleet includes a mix of hybrid, electric, and fuel-efficient vehicles. SAIF ensures that all vehicles have regular maintenance, keeping the fleet running at optimum efficiency. Electric vehicle charges are available for fleet and employee vehicle use.
- Sustainable building design and management: SAIF's Salem headquarters was designed to meet silver LEED standards (certification not applied for) and includes many energy-saving features, including HVAC, lighting, windows, plumbing, roofing, insulation, and equipment. Recent renovations and retrofits of other real estate holdings also included energy-efficient and environmentally conscious features.
- Recycling: SAIF recycles many items, including paper, electronics, batteries, fluorescent lamps, printer cartridges, and cooking oil.
- Environmentally responsible purchasing: SAIF gives preference to environmentally superior products when making purchasing decisions and includes contract language to support similar practices by SAIF vendors. When appropriate, SAIF also considers life-cycle cost, including how the products are produced, management practices of suppliers and producers, the product's use, and end-of-life disposal.

SAIF does not have a climate change policy with respect to investment management. SAIF's investment managers are hired and directed by the Oregon State Treasury, and they consider climate-related risks along with other risks in evaluating investment decisions.

SAIF has not identified climate-related risks by time horizon or assessed the impact of specific climate-related scenarios.

**Strategy - closed ended questions answered in addition to the narrative**

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/**N**) \*
- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/**N**)
- Does the insurer make investments to support the transition to a low carbon economy? (Y/**N**)
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/**N**)\*

## **Risk Management – narrative**

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.\**

- 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 the insurer utilizes to analyze risks on its investments, including which risk factors are utilized, what scenarios are used, and what timeframes are considered.*

## **SAIF's Response:**

SAIF considers climate-related risks through our ERM process using our organizational risk taxonomy and in other operational efforts.

For example, SAIF addresses some climate-related underwriting risks through partnership between our safety & health and underwriting teams. Our safety and health team works directly with our customers to provide training on safe working practices in extreme weather conditions. We hold seminars in English and Spanish (virtually and in-

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Climate Risk Survey

RY 2023

person) and provide print, online resources, and on-site consultations. Underwriters consider the impact of climate-related injuries, such as heat-related claims, slip trips and falls in inclement weather, and injuries sustained in wildfire efforts in making underwriting and pricing decisions. We also have processes and procedures for managing heat-related risks for our employees.

SAIF's investment managers consider climate-related risks and other risks as they evaluate investment decisions. SAIF's investments include real estate holdings, which are diversified by region to mitigate the impacts of weather-related disasters.

SAIF does not use specific climate scenarios for assessing underwriting or investment risk.

**Risk Management – closed ended questions answered in addition to the narrative**

- Does the insurer have a process for identifying climate-related risks? (Y/N)
  - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)
- Does the insurer have a process for assessing climate-related risks? (Y/N)
  - If yes, does the process include an assessment of financial implications? (Y/N)
- Does the insurer have a process for managing climate-related risks? (Y/N)
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)\*
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)\*
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)\*
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)

**Metrics and Targets – narrative**

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

**SAIF's Response:**

As noted above, climate-related events are not likely to be a material driver of risk for SAIF, and thus SAIF does not have specific climate-related metrics or targets. SAIF conducts regular capital analyses and stress testing to assess several key sources of risk, including underwriting, reserving, investment, and catastrophe risks. Given our exposure and risk profile, SAIF's catastrophe modeling focuses on earthquake and terrorism events. SAIF purchases reinsurance to help mitigate the risk of catastrophic events, which may include climate-related events.

**Metrics and Targets – closed ended questions answered in addition to the narrative**

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/**N**)
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/**N**)
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/**N**)
- Does the insurer have targets to manage climate-related performance? (Y/**N**)