

CLIMATE RISK DISCLOSURE SURVEY FOR REPORTING YEAR 2023

Governance

At Mutual of Enumclaw, the Audit Committee and the full Board oversee the Company's climate risk strategy and have the overall task of monitoring Mutual of Enumclaw's climate related initiatives and actions. The Investment Committee reviews Mutual of Enumclaw's Asset Management related activities and, as part of this, provides regular updates to the Board of Directors on its responsible investing approach.

Strategy

Mutual of Enumclaw utilizes professional asset managers to manage our investments. We are unaware if the managers have policies around the impact of climate change regarding investment strategy. We have not mandated any such rules as we provide our Investment Policy Statement approved by the Board of Directors to the asset managers.

Mutual of Enumclaw has undertaken several initiatives to help reduce its carbon footprint. Building initiatives include recycling, energy conservation with fewer people in the building, working with Puget Sound Energy to be an early adopter of HB1257, and a hybrid/virtual organization that significantly reduces commuting hours. Technology initiatives include investing in platforms to allow employees to work virtually, recycling of all our decommissioned computers, modern technology platforms allowing the delivery of policies and other documents electronically when its policyholders elect to receive them that way. Additionally, new systems allow utilization of digital claims and underwriting files. The Company has continuously reduced the amount of paper it uses by not providing printers for remote workers. Fleet initiatives include shifting to more fuel-efficient vehicles for its fleet. From a product perspective, Mutual of Enumclaw has always put multi-vehicle automobile policies on a single policy which significantly reduces the amount of paper used and mailed. We encourage policyholders to receive policy documents electronically.

Risk Management

Mutual of Enumclaw has a risk management program in which key risks are identified and plans for dealing with each risk are documented. Depending on the circumstances, the Company may decide to accept certain risks and in other cases determine they need to be avoided or mitigated. Part of the Enterprise Risk Management (ERM) program involves monitoring the Company's exposure to severe weather events which have become more frequent and more severe over the last decade. Reinsurance programs using financially strong reinsurers on a property aggregate basis which aggregates numerous smaller occurrences into a single event, including pure catastrophe coverage, protects the Company from very large events. The overall effect is to plan for no more than a 10% loss of surplus in any kind of natural catastrophe scenario. The risk management program includes business continuity plans should the

home office become damaged or uninhabitable. The home office can also generate its own power and functions as a community shelter during severe local events.

For the insurance industry, climate change poses a significant risk due to weather events. This ranges from severe winter storms to flooding to wildfire risk exacerbated by drought. Mutual of Enumclaw manages these risks through underwriting activities to ensure the Company is not over-exposed for any one risk and through reinsurance partners as described earlier. Other risks posed by climate change are regulatory in nature. If regulatory agencies do not allow the insurance mechanism to work naturally and introduce mandates for coverage, then consumers will suffer as insurers lose the ability to manage their risk portfolios. The basic tenet of insurability of risk is that it must be measurable and random in nature. It is also important that companies have the ability to determine what risks they will insure so as to manage their overall risk and mix of business effectively and prudently. Other risks of climate change include potential litigation concerning climate-based change and potential lawsuits alleging that businesses are responsible for causing climate change. This could result in additional loss costs not anticipated when drafting the coverage grants in the policies.

Mutual of Enumclaw provides education to its agents regarding how policyholders can reduce loss potential from weather-related loss events. The Company also encourages policyholders to reduce losses with its series of “Think It Through” videos located on its website and on social media. Examples are the requirements of “buffer” zones or “defensible space” in wildfire prone areas. These zones are to be kept free of flammable fuels from around the property, which can save homes from being lost in the event of wildfire. In addition, the Company financially supports the Institute for Building and Home Safety (IBHS) which has created a research facility to determine how to build better homes and to influence the adoption of better building codes to mitigate the damage from wind and weather events.

Metric and Targets

Mutual of Enumclaw uses research from our reinsurance broker and their sophisticated catastrophe models to understand exposure to weather- and climate-related risks. In addition, the Company uses catastrophe models to assist with risk management and managing exposure. The models assist the company to determine reinsurance program objectives and strategies. Besides reinsurance protection, the Company also utilizes underwriting guidelines and requirements to mitigate climate-related risks. These guidelines also assist our policyholders to better manage their risk of loss.