

# **Task Force on Climate-Related Financial Disclosures Report**

for the year ending December 31, 2021



# Table of Contents

Introduction .....	3
Governance .....	3
Board Oversight and Senior Management .....	3
Strategy .....	3
Climate Risks .....	3
Climate Opportunities .....	4
Doing Green Business .....	4
Incorporating Climate Considerations into Our Investment Philosophy .....	4
Climate Considerations in Our Investment Portfolio and Other Investments .....	5
Engagement on Climate Policy .....	5
Maintaining Eco-Friendly Operations .....	6
Updating Our Indoor Office Environment .....	6
Striving to Recycle, Reuse and Donate .....	6
Helping Policyholders and Shareholders Go Paperless .....	7
Loss Control .....	8
Risk Management .....	8
Overview .....	8
Identifying Climate-Related Risks and Modeling .....	8
Mitigation of Climate Risks in Our Underwriting and Pricing Decisions .....	10
Metrics and Targets .....	10
Catastrophe Losses .....	10
Catastrophe Losses Incurred .....	10
Probable Maximum Loss .....	11
Reducing Energy Consumption and Emissions .....	12
Conclusion .....	13

## Introduction

We are appropriately responding to climate risk for our organization by understanding and planning for increasing weather-related catastrophes brought on by changing weather patterns. Our solid capital position and extensive abilities to model potential losses give us confidence to profitably grow our insurance business across the United States. To do our part to slow climate change, we are implementing sound environmental office and fleet practices, offering products that encourage green rebuilding options after a covered claim and encouraging paperless delivery of policy and shareholder documents. We ensure that we are ready to fulfill our responsibilities far into the future because we act with integrity and high ethical standards.

The insurance industry has been called the economy's financial first responders. After a major catastrophe – earthquake, hurricane, tornado or wildfire – ravages a community, the insurance industry starts the process of making people and businesses whole again. That's a responsibility The Cincinnati Insurance Companies doesn't take lightly. It underscores why we believe we must focus on business initiatives and strategies that fulfill our desire to be a steady, fair and responsible focus on business initiatives and strategies that fulfill our desire to be a steady, fair and responsible insurance carrier.

However, as an industry insurance agents and carriers support our clients beyond providing coverage for unexpected events. Through the underwriting process, we conduct inspections to identify potential risks and encourage additional safety measures that can reduce the frequency or severity of losses, and perhaps even avoid a loss altogether.

## Governance

### Board Oversight and Senior Management

Our policy is to incorporate climate change-related risks into our overall risk management program. One of the main risks addressed by our enterprise risk management process is the risk of insured losses from extreme weather events, in part influenced by climate change.

Our chief risk officer is responsible for overseeing enterprise risk management within our organization, including risks related to climate change. This position reports to the chairman and chief executive officer and is supported by a team of representatives from multiple business areas. Our chief risk officer reports on risk assessments, risk metrics and risk plans to our chairman and chief executive officer and our board of directors, as appropriate. We continue to study climate change risk and its potential effects. As with any risk, we seek to identify the extent of the risk exposure and possible actions to mitigate potential negative effects of the risk at an enterprise level.

## Strategy

### Climate Risks

In the normal course of our business, both in our insurance and reinsurance operations, we provide coverage against perils for which estimates of losses are highly uncertain. Natural peril catastrophe events to which we may be exposed include, but are not limited to, hurricanes, tornadoes, windstorms, earthquakes, landslides, hailstorms, flooding, severe winter weather and wildfires. Due to the nature of these events, we are unable to predict precisely the frequency or potential cost of catastrophe occurrences. Various scientists and other experts

believe that changing climate conditions have added to the unpredictability, frequency and severity of such natural disasters in certain parts of the world and have created additional uncertainty as to future trends and exposures. We cannot predict the impact that changing climate conditions may have on our results of operations nor can we predict how any legal, regulatory or social responses to concerns about climate change may impact our business.

Changes in regulation on climate change issues affecting the insurance industry could increase our cost of doing business or could restrict our ability to conduct business. Regulatory changes could cause unexpected and unintended issues related to insurance pricing, claims and coverage. These issues may adversely affect our business by impeding our ability to obtain adequate rates for covered risks, extending coverage beyond underwriting intent or by increasing the number or size of claims.

## Climate Opportunities

We can offer our insurance policyholders new products, such as coverage for green buildings, allowing them to rebuild damaged buildings so they become more energy efficient despite potential changes in temperature extremes. To the extent that our insurance underwriting and pricing is appropriate we can grow our business with adequate profitability to benefit our insurance agencies and shareholders.

Pricing and related planned revenues, particularly for property risks subject to climate change, can be significant and is an impact we consider in the financial planning process. Operating costs can be affected by lowering facility or fleet operating expenses, and despite those items representing a relatively small amount of total operating costs they are considered in our financial planning process. We are in a service industry, property casualty and life insurance, and therefore have a relatively small amount of capital expenditures. How we allocate capital to support our insurance operations is influenced in part by risks related to climate change as certain types of insurance products are more sensitive to severe weather.

## Doing Green Business

Our Executive Capstone™ homeowner insurance policy automatically provides some coverage for the reasonable costs to repair or replace covered, damaged property with green alternatives. A Green Upgrade coverage endorsement is also available and offers broader benefits, such as coverage for green upgrade expenses after a covered loss.

We have offered a commercial property green endorsement since 2013. Our green endorsement provides policyholders with:

- additional coverage, at no additional charge, to cover the increased cost of repairing a building insured at replacement cost values with a current green certification
- coverage, at an additional premium charge, to repair a building not currently green certified using green materials and building techniques to help it qualify for green certification in the future

## Incorporating Climate Considerations into Our Investment Philosophy

We recognize that we must balance risk and reward in our investment philosophy and strategies to achieve value for our shareholders, while also protecting policyholders. We invest the money earned through our insurance operations, pursuing a total return investment strategy that generates both investment income growth and capital appreciation, providing a return to

shareholders through a combination of earnings, growth in book value, increasing dividends and share repurchases.

The investment department factors all elements of risk in its analysis, including climate factors, in addition to significant regulatory requirements designed to make sure that an insurer has the liquidity necessary to pay claims as they arise.

Risk guidelines set forth in our investment policy shape our decisions, along with oversight of the investment committee of our board of directors. These guidelines set parameters for risk tolerances governing, among other items, the allocation of the portfolio as well as security and sector concentrations. These parameters are part of an integrated corporate risk management program.

## Climate Considerations in Our Investment Portfolio and Other Investments

Fixed-maturity securities are the largest part of our investment portfolio and are intended to cover our insurance obligations. By maintaining a well-diversified fixed-maturity portfolio, we attempt to manage overall interest rate, reinvestment, credit and liquidity risk. We pursue a buy-and-hold strategy and do not attempt to make large-scale changes to the portfolio in anticipation of rate movements. By investing new money on a regular basis and analyzing risk-adjusted after-tax yields, we work to achieve a general laddering effect to our portfolio that may mitigate some of the effects of adverse interest rate movements.

We support the communities where we live and work through investments in municipal bonds. These bonds are debt securities issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects such as building schools, highways or sewer systems.

Our equity investment strategy includes pursuing market exposure with an eye toward sector diversification as a risk management tool. We have positions in all S&P 500 sectors, including energy.

We believe market forces will ultimately drive adaptive management teams at high-quality companies, such as Exxon Mobil Corporation and Chevron Corporation, to be a part of the long-term solution to carbon alternatives. By investing in these companies, we are supporting economic stability during the energy transition to low-carbon alternatives.

## Engagement on Climate Policy

Our company indirectly influences climate change policy through our membership in the American Property Casualty Insurers Association. We believe APCIA is a significant policy influencer with respect to climate change issues and a senior officer of our company regularly engages with the organization to ensure alignment with our interests and strategy on such issues.

Our regulatory review team participates in industry trade groups that keep our company abreast of regulatory and statutory changes. We maintain strong and healthy relationships with state insurance regulators and carefully monitor market conditions, including those that are influenced by local regulatory changes.

## Maintaining Eco-Friendly Operations

Our campus consists of 109 acres, which includes 49 acres of green space. We follow a holistic grounds management program that addresses the impacts of our hardscape, as well as sustainable landscaping initiatives to maintain our campus. When we expand or update the campus, we have used environmentally responsible features for energy consumption and recycling of materials.

Our 48,000 square-foot business continuity center received LEED® gold certification. The LEED (Leadership in Energy & Environmental Design) rating system is the recognized authority for measuring “green” buildings.

Our headquarters earned its 2022 ENERGY STAR® certification for superior energy performance driven by efforts to save energy, reduce pollution and increase efficiency. To receive this certification, commercial buildings must perform in the top 25% of similar buildings nationwide, based on key metrics such as energy performance, occupancy, hours of operation and more.

In addition, a carpooling program for associates helps ease traffic congestion and pollution near our Fairfield, Ohio, headquarters. In 2022, we increased the daily reimbursement to the associate who drives to \$2.50 from \$1 per passenger.

## Updating Our Indoor Office Environment

We recognize that a quality indoor office environment increases productivity by keeping associates healthy and comfortable. We have used a certified green janitorial service and prohibited tobacco use on our campus for a number of years.

In 2021, we completed a multiyear, floor-by-floor renovation of the oldest of the three office buildings that comprise our headquarters. Updates included brand-new restrooms and kitchenettes as well as new ceilings, LED lighting, carpeting, wall coverings and LEED-qualified office furniture. Air diffusers and increased natural lighting also contribute to a better indoor environment in all three office buildings.

Enhancements to our HVAC systems in 2021 resulted in improved air quality and safety in our headquarters office buildings:

- Adding UVC lighting to air handlers
- Increased humidification

## Striving to Recycle, Reuse and Donate

Recycling of paper, cardboard, cans and bottles reflect our associates’ efforts to find ways of incorporating environmental awareness into our daily operations. Recycling bins are located in the community kitchenettes on each floor of our headquarters office buildings.

Associates organized an annual community shred day in conjunction with ARMA International, a nonprofit professional association for records managers and administrators. The 2022 event collected 1,500 pounds of paper for recycling. We did not hold community shred day in 2020 or 2021 due to the pandemic.

In addition to these associate-led efforts, our corporate recycling activity in 2021 included:

- 26.7 tons of electronic equipment
- 560 pounds of printer toner
- 105 tons of paper
- 16 tons of cardboard

We focus on being environmentally responsible in our document printing operations. As a nine year member of the Forest Stewardship Council, we use paper that comes from mills with certified sustainability programs, including reforestation and chain of custody requirements. Where practical and not cost prohibitive, paper purchases are made with 10% to 30% post-consumer waste included.

Our initiatives to reduce the amount of paper we use are wide-ranging and have included eliminating old printers, fax machines and copiers in favor of centrally located multi-function devices capable of printing, copying, scanning and faxing documents. Our corporate copy paper usage has declined 58% since 2017.

In 2022, we received Office Depot's Leadership in Green Purchasing award based on the volume of eco-conscious products purchased in 2021, compared with other large customers. We also take part in a program with Office Depot and the Arbor Day Foundation to offset our paper purchases with the planting of new trees in our National Forests.

### Helping Policyholders and Shareholders Go Paperless

Converting policyholders to paperless options eliminates the need to print and mail multi-page policy documents, avoiding postal mailing and related emissions. Personal lines policyholders can go paperless and receive policy information via a secure online portal or through the MyCincinnati<sup>SM</sup> mobile app for Android<sup>™</sup> and Apple<sup>®</sup> devices. As of year-end 2021, more than 25% of our personal lines policyholders had gone paperless.

Along with the mobile app, we introduced a mobile wallet program in early 2018. Using Android and Apple devices, personal lines policyholders can view a statement summary and access their accounts. The mobile wallet program supplements online payment, pay-by-phone and electronic funds transfer options and has more than 21,000 subscribers.

In 2021, we implemented paperless policy delivery for nearly all our business insurance policies. Instead of automatically receiving paper copies of a clients' business insurance documents, our independent agents now have options to manage their clients' policy delivery preferences. We also introduced an online portal for business policyholders in 2021, making it easier to make payments, view billing history and select options for paperless billing delivery and notifications.

As a public company, we publish an annual report to shareholders, which includes our [2021 Annual Report on Form 10-K](#), a letter to shareholders and our Annual Shareholder Meeting Notice and Proxy Statement. We have steadily decreased the number of copies that are printed and mailed as more shareholders choose to receive these materials electronically. Shareholders who opt for e-delivery enjoy quick access to information as well as reducing the amount of paper received and the environmental impact associated with U.S. postal mailings.

## Loss Control

Our loss control representatives, claims representatives and underwriters provide information, inspections and assistance to policyholders regarding improvements they can make to their properties to reduce the losses caused by climate change-influenced events.

Terms, conditions and premiums of our policies are aligned with risk-reducing behavior. For example, policyholders are encouraged to mitigate risk by receiving credits for actions such as installing shutters to protect against hurricane loss, sprinkler systems to protect against fire and updated systems and roofs that protect buildings in severe winter weather.

## Risk Management

### Overview

We manage enterprise risk through formal risk management programs overseen by an executive officer of the company. Our ERM framework includes an enterprise risk management committee, which is responsible for overseeing risk activities and is comprised of senior executive-level risk owners from across the enterprise. The risk committee's activities are supported by a team of representatives from business areas that focus on identifying, evaluating and developing risk plans for emerging risks. A comprehensive report is provided quarterly to our chairman and chief executive officer and also to our board of directors and our senior executive team, as appropriate, on the status of risk metrics relative to identified tolerances and limits, risk assessments and risk plans. The use of operational audits, strategic plans and departmental business plans, as well as our culture of open communications and fundamental respect for our Code of Conduct, continue to help us manage risks on an ongoing basis.

Our risk management programs include a formalized risk appetite element and a risk identification and quantification process. The overall enterprise objective is to appropriately balance risk and reward to achieve an appropriate return on risk capital. Our key risks are discussed in our [2021 Annual Report on Form 10-K](#) Item 1A, Risk Factors, including risks related to natural catastrophes, investments and operations.

### Identifying Climate-Related Risks and Modeling

Climate change has been identified as a key risk and various scenarios have been developed to quantify and manage it. As with any risk, we seek to identify the extent of the risk exposure and possible actions to mitigate potential negative effects of risk at an enterprise level.

In recent years the U.S. property casualty industry has experienced elevated levels of weather-related insured losses. Our company and policyholders have experienced similar trends. We have increased our use of models to predict the risk of loss and the effects on the company's financial strength, in addition to determining appropriate pricing for insurance products providing coverage to property exposed to weather-related losses.

We use computer models to model catastrophes and their impacts on our business, both concerning individual severe events and multiple less-severe events. We use these same models to manage concentrations of risks and develop growth and diversification plans and to transfer risk through reinsurance programs. We run specific scenarios to evaluate the impact of risks given different severity levels and geographic impacts. Models are used to identify areas that may have been impacted by severe weather so we can serve our policyholders faster and better.



The extent of losses from a catastrophe is a function of both the total amount of insured and reinsured exposure in the area affected by the event and the severity of the event. Our ability to appropriately manage catastrophe risk depends partially on catastrophe models, which may be affected by inaccurate or incomplete data, the uncertainty of the frequency and severity of future events and the uncertain impact of climate change. Additionally, these models are recalibrated and changed over time, with more data availability and changing opinions regarding the effect of current or emerging loss patterns and conditions.

According to these models, probable maximum loss estimates from a single hurricane event that combine the effects of property casualty insurance written on a direct basis by The Cincinnati Insurance Companies, the Cincinnati Re<sup>®</sup> reinsurance portfolio and risks insured by Cincinnati Global Underwriting Ltd.<sup>SM</sup> include the following amounts, net of amounts recoverable through reinsurance ceded and also income taxes, and including the effects of estimated reinstatement premiums: \$428 million for a once-in-a-100-year event and \$602 million for a once-in-a-250-year event. Please see our [2021 Annual Report on Form 10-K](#) Item 7, Liquidity and Capital Resources, 2022 Reinsurance Programs, for a discussion of modeled losses considered in evaluating our risk mitigation strategy, which includes our ceded reinsurance program.

Techniques and tools used include evaluating frequency or likelihood of various risks or opportunities along with estimated impact. Risk tolerances and limits are also determined, in part by dynamic financial analysis that simulates numerous events and outcomes with various levels of probability, providing confidence that the company's financial strength is adequate to pay obligations to insurance policyholders. Weather-related catastrophe losses that are influenced by climate change are a prominently featured aspect in the tools and related reports assessing risks/opportunities. We use catastrophe models to identify the impact of weather-related losses on our business and to identify how these losses are expected to change.

We use deterministic scenario models to evaluate the potential cost of climate change and are integrating responses proportional to the modeled impact to our company. The models are used to look at short and long-term historical data as well as future projections over various return periods to identify areas of concern and set appropriate risk limits, underwriting guidelines, growth plans, reinsurance purchases and programs to reduce policyholder losses. Our focus is on singular events as well as multiple events that could impact our company's financial results and operations over time.

We also use a three-pronged strategy to assess and manage risks, all of which include the evaluation of weather and investment-related risks. We use a sophisticated, stochastic economic capital model to evaluate the impact of over 100,000 different risk trials – including natural catastrophe and investment scenarios – to understand their effects on our capital position and business plan. We also do a robust, bi-annual risk assessment, evaluating our key risks both qualitatively and quantitatively. These risks include impacts from natural catastrophes and investments as well as combinations such as a pandemic causing a global financial recession. Finally, our investment and underwriting units have authorization levels, policies and procedures that are used to manage the risks managed in those units every day. These risk management practices necessarily allow us to see the impacts and correlations of various risks to each other and allow us to put management systems in place to appropriately address.

Our catastrophe models are also discussed in our [2021 Annual Report on Form 10-K](#) in Item 1A, Risk Factors, page 33, and Item 7, 2022 Reinsurance Ceded Programs, page 104.

## Mitigation of Climate Risks in Our Underwriting and Pricing Decisions

We continue to refine our comprehensive, enterprise-level catastrophe management program, including risks from extreme weather-related events, to identify an overall tolerance for catastrophe risk and regional guidelines that work with our underwriting and reinsurance efforts. We are developing additional models to better understand risk exposures and correlations. We seek to diversify our catastrophe exposure by expanding our operations geographically and obtain reinsurance from highly-rated reinsurers to mitigate underwriting risk.

Across the 46 states where our property casualty companies operate, climate change could influence extreme weather events, including hurricanes (primarily coastal states), tornadoes, windstorms, hailstorms, severe winter weather and fires. As a result, insured losses for our property casualty insurance business would adversely affect our financial performance and condition if the level of losses we experience over a period of time were to exceed our actuarially determined expectations.

Our property lines of business are the most exposed and we are actively expanding our geographic footprint to areas of the U.S. that have a different or reduced catastrophe loss potential.

## Metrics and Targets

### Catastrophe Losses

The following table shows catastrophe losses incurred for the most recent calendar year, net of reinsurance, as well as the effect of loss development on prior period catastrophe reserves. We individually list declared catastrophe events for which our incurred losses reached or exceeded \$10 million.

### Catastrophe Losses Incurred

(Dollars in millions, net of reinsurance)

Dates	Events	Regions	Commercial lines	Personal lines	Excess and surplus lines	Other	Total
<b>2021</b>							
Feb. 12-15	Flood, Freeze, Ice, Snow, Wind	South, West	\$9	\$5	\$ —	\$34	\$48
Feb. 16-20	Flood, Freeze, Ice, Snow, Wind	Midwest, Northeast, South	18	27	1	8	54
Mar. 24-26	Flood, Hail, Wind	Midwest, Northeast, South	12	18	—	—	30
Mar. 27-29	Flood, Hail, Wind	Midwest, Northeast, South	4	9	—	—	13
May 3-4	Flood, Hail, Wind	South	8	4	—	—	12
Jun. 17-20	Flood, Hail, Wind	Midwest	10	16	—	—	26
Jun. 24 - Jul. 1	Flood, Hail, Wind	Midwest, Northeast, South, West	4	10	—	—	14
Jul. 8-10	Flood, Hail, Wind	Midwest	5	6	—	—	11
Aug. 10-13	Flood, Hail, Wind	Midwest, Northeast, South	5	8	—	—	13
Aug. 29 - Sep. 2	Flood, Hail, Wind	Northeast, South (Ida)	14	36	—	118	168
Dec. 10-12	Flood, Hail, Wind	Midwest, Northeast, South	40	22	—	—	62
Dec. 13-16	Flood, Lightning, Wind	Midwest, West	10	9	—	—	19
All other 2021 catastrophes			29	48	2	13	92
Development on 2020 and prior catastrophes			(44)	(7)	—	(14)	(65)
Calendar year incurred total			<u>\$124</u>	<u>\$211</u>	<u>\$3</u>	<u>\$159</u>	<u>\$497</u>

We discuss our consolidated results, including catastrophe losses, in our [2021 Annual Report on Form 10-K](#) beginning on page 60.

## Probable Maximum Loss

A single large loss or an unexpected rise in claims severity or frequency due to a catastrophic event is a risk to the company's liquidity and financial strength. To control such losses, we limit marketing property casualty insurance in specific geographic areas and monitor our exposure in certain coastal regions. Examples of this include the reduction in recent years of our homeowner policies in the southeastern U.S. coastal region or limiting our earthquake writings in the New Madrid region. Loss exposures in these areas have been identified as a major contributor to our catastrophe probable maximum loss estimates. The table below includes probable maximum loss estimates for the peril of hurricane. These estimates were subsequently reduced, in large part due to less exposure from southeastern U.S. homeowner policies. We also continually review aggregate exposures to large disasters and purchase reinsurance protection to cover these exposures. For business other than Cincinnati Re and Cincinnati Global, we use the Risk Management Solutions (RMS) and Applied Insurance Research (AIR) models to evaluate exposures to a once-in-a-100-year and a once-in-a-250-year event to help determine appropriate reinsurance coverage programs. In conjunction with these activities, we also continue to evaluate information provided by our reinsurance broker. Examples include deterministic modeling of probable maximum loss contribution from growth in new geographic territories.

To help determine appropriate reinsurance coverage for hurricane, earthquake and tornado/hail exposures, for business other than Cincinnati Re and Cincinnati Global, we use the RMS and AIR models to estimate the probable maximum loss from a single event or multiple events occurring in a one-year period. The models are proprietary in nature, and the vendors that provide them periodically update the models, sometimes resulting in significant changes to their estimate of probable maximum loss. As of the end of 2021, both models indicated that a hurricane event represents our largest amount of exposure to losses. The table below summarizes estimated probabilities and the corresponding probable maximum loss from a single hurricane event occurring in a one-year period, for business other than Cincinnati Re and Cincinnati Global, and indicates the effect of such losses on consolidated shareholders' equity at December 31, 2021. Net losses are net of reinsurance, estimated reinstatement premiums and income taxes, assuming a 21% federal tax rate, and assume our 2022 reinsurance programs apply.

(Dollars in millions)	RMS Model			AIR Model		
	Gross Losses	Net Losses	Percent of total equity	Gross Losses	Net Losses	Percent of total equity
Probability at December 31, 2021						
2.0% (1 in 50 year event)	\$ 427	\$ 168	1.3 %	\$ 455	\$ 169	1.3 %
1.0% (1 in 100 year event)	682	204	1.6	692	202	1.5
0.4% (1 in 250 year event)	1,161	468	3.6	1,084	386	2.9
0.2% (1 in 500 year event)	1,638	842	6.4	1,482	689	5.3

The modeled losses according to RMS in the table are based on its RiskLink version 18.1 catastrophe model and use a long-term storm catalog methodology. The modeled losses according to AIR in the table are based on its AIR Touchstone® version 8.2.5 catastrophe model and use a long-term methodology. The AIR and RMS storm catalogs include decades of documented weather events used in simulations for probable maximum loss projections.

We discuss our 2022 Reinsurance Ceded Program in our [2021 Annual Report on Form 10-K](#) beginning on page 104.

## Reducing Energy Consumption and Emissions

The ability to manage our energy consumption with greater precision and efficiency has helped achieve reductions in electricity and natural gas use. While weather patterns influence consumption for purposes of facility heating and cooling, we believe a significant portion of the improvement is due to our environmental stewardship efforts. The facility consumption and emissions graphs on the next page show trends over time.

We have participated in demand response programs since 2013, successfully transferring our electrical load from the power grid to company generators during the required testing period. Such transfers, upon request by our electric supplier, can provide stability to the power grid and reduce the need for expansion of utility generation facilities.

In addition to reducing energy consumption, we improved 2021 fuel efficiency (miles per gallon) of our company automobile fleet by approximately 20% since 2010, reducing emissions as more fuel-efficient vehicles are added to the fleet and less efficient vehicles are retired from service.

We added a gas-electric hybrid option to our fleet vehicle program in 2016 and currently offer hybrid options for the Ford C-Max, Fusion and Escape. Drivers selecting a hybrid model receive a credit to help offset the price difference between the traditional and hybrid models.

During 2021, emissions from the fossil fuels used to heat our facilities and power vehicles in our company automobile fleet, in combination, were 24% lower than in 2010. Emissions during 2021 resulting from the generation of electricity used in our facilities declined 54% compared with 2010, which was the first year we tracked emissions from fossil fuels.

We are in a service industry, property casualty and life insurance, which we consider to be a relatively low contributor to emissions. We continue to assess and consider risks and opportunities regarding emissions. While our strategic focus is on providing superior service to our customers and profitably growing our business to increase shareholder value, we also work toward environmental stewardship. At this time we have not invested effort to develop a forecast of how our emissions might change in the next five years, but believe that ongoing efforts to reduce postal mail with paperless solutions and to reduce consumption of electricity and gas at our facilities will favorably affect emissions attributed to our company. The plan we are following is to recycle, reduce use of and reuse resources appropriately and increase awareness of environmental issues among our associates, led by a committee focusing on environmental risk and sustainability. Expansion of our facilities in recent years have used environmentally responsible features for energy consumption and recycling of materials, including a business continuity facility opened in 2010 that was awarded a Gold LEED rating. Our headquarters building earned ENERGY STAR certification for 2017, 2018, 2020 and 2021. We have reduced electricity usage approximately 46% below our 2010 level. We are committed to serving our customers locally, placing field associates (approximately one-third of our total employees) near the agencies and policyholders they serve, reducing their need for planes, trains and longer automobile trips.

The table below outlines our Scope 1 & 2 emissions data. We use The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) to calculate our Scope 1 and 2 greenhouse gas emissions. We do not evaluate our Scope 3 emissions.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Scope 1	13,597	12,803	16,935	17,337	17,224	16,734	16,522	16,658	17,274	16,989	17,969	17,914
Scope 2	10,557	11,605	14,035	15,160	16,529	17,436	16,935	16,664	18,315	19,420	20,749	22,899
Total Scope 1&2	24,154	24,408	30,970	32,497	33,753	34,171	33,456	33,323	35,589	36,409	38,718	40,813

## Conclusion

Additional information, including our ESG Report, our SASB Report and our Sustainability Data Sheet, can be found at [cinfin.com/sustainability](https://cinfin.com/sustainability).