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 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.

Response to Governance

The Norfolk & Dedham Mutual Fire Insurance Company (the "Company") does not have any publicly stated goals on climate-related risks and opportunities. Climate-related risks and opportunities are identified and monitored no less than quarterly, during the Company's Enterprise Risk Management reviews attended by management from a variety of disciplines, including executive, finance, actuarial, claims and underwriting. Enterprise Risk Management, which includes consideration of climate-related risks, is reviewed by the full Board of Directors on a quarterly basis.

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. *
- 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 1-5 years as short term, 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.

Response to Strategy

As a property and casualty insurer, weather-related events, and their frequency and severity, are of the utmost importance to the Company. Management regularly monitors trends and industry articles regarding climate change and its impact on property and casualty insurance. The Company is an active member of the National Association of Mutual Insurance Carriers (NAMIC) which reports regularly on weather and climate trends affecting the industry. Catastrophic risk and scenario modeling is conducted by management and the impact measured against all lines of business and considered in the Company's Business Continuity and Catastrophe Response plans as well in the determination of appropriate underwriting guidelines, product pricing, reinsurance and assumed reinsurance participation. As a result of increased global CAT activity, the Company withdrew from its property CAT reinsurance quota share program in 2022 and has increased its CAT reinsurance purchase relative to the underlying exposures over the period of 2015 to the present. In addition, the Company exited from a poultry-focused farm owners program in Arkansas and Missouri due to climate-related risks (tornadoes, derechos, winter storms) in those states where existing models were inadequate to fully capture the risk.

While the Company has not formally defined any climate-specific investment mandates, the Company's investment advisors consider climate-related risks when determining which securities are expected to achieve the best long-term return potential without undue risk. In addition, the Company's Commercial Real Estate investment manager (BentellGreenOak) has been recognized as a leader in sustainable investing in the sector, having received several awards for their efforts to minimize the negative impact of their portfolio holdings.

The Company has made efforts to support the transition to a low carbon economy. In June of 2022, the Company completed construction of its new state-of-the-art energy-efficient headquarters. The new building is equipped with all LED lighting, high efficiency appliances and a high efficiency HVAC system, as well as 208 solar panels which can produce 90kwh of electricity, reducing electricity consumption by more than 60%. There are eight electric vehicle charging stations available for visitors and employees. The only fossil fuel that is used in the new building is natural gas, which is only used for hot water and emergency power generation. The Company and its affiliates (the "Group") began an initiative to reduce use of paper in August of 2020. Since the inception of this initiative, through year end of 2023, the Group has reduced its carbon footprint by 23,600 lbs.

The Company also recognizes the benefit of operational and organizational efficiency and, where appropriate, utilizes the following strategies, each of which has a similar impact on emissions:

- Hybrid office and work from home program
- Paperless work environment
- Electronic transmission of policy and invoice documents to policyholders
- Recycling program

Management considered utilizing electric vehicles for its claim services fleet of vehicles, but determined that limitations in infrastructure, charging capability, equipment in the vehicles, and the increased cost of vehicles and repairs, this was not feasible.

The Company is a member of the insurance institute for Business & Home Safety (IBHS). The following text, prepared by IBHS, is a brief description of the Institute and some of its activities that relate to the issue of climate change.

IBHS is a 501(c)(3) organization, wholly supported by the property (re)insurance industry, which conducts objective, scientific research to identify and promote effective actions that strengthen homes, businesses, and communities against natural disasters and other causes of loss. IBHS does this by identifying and advocating improved property design, construction, retrofitting, maintenance, repair, and preparation practices. IBHS guidance for mitigating property losses is available directly to the public and to our members/policyholders, at www.diastersafety.org, and through social media (e.g., Facebook, Twitter, LinkedIn, Youtube and Vimeo).

The Company does not currently model a 2 degree Celsius or lower scenario.

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 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 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 to Risk Management

As discussed in Response 1, management conducts Enterprise Risk Management reviews, which include consideration of climate-related risks, and ERM is reviewed by the full Board of Directors on a quarterly basis.

See Response 2. The Company recognizes that the complex issue of climate change could impact the frequency and severity of catastrophic events such as hurricanes and flooding in the Northeast regions of the country where the Company is actively writing business. As a result, management reviews and considers the need for both product and geographic diversification or changes. The Company also manages risks by purchasing reinsurance. The Company conducts scenario modeling as discussed in Response 4.

The Company's investment strategy has not been materially impacted by climate-related risks.

METRICS AND TARGETS

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.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.

Response to Metrics and Targets

The Company uses catastrophe (CAT) modeling to measure its exposure to four perils:

- Hurricane
- Severe convective storm (also called severe thunderstorm)
- Winter storm
- Earthquake (including following fire)

Two CAT model vendors are used:

- AIR Worldwide (AIR) – currently using Touchstone v10.0
- Risk Management Solutions (RMS) – currently using RiskLink v23.0

For pricing purposes, the Company uses a 50-50 blend of AIR and RMS. For risk management purposes, the Company looks to AIR as the model has proven more stable from year to year.
From a risk management perspective, the Company looks closely at two metrics from AIR:

- 1:200 all-perils gross probable maximum loss (PML)
- 1:250 all-perils net PML

The Company looks to buy CAT reinsurance up to roughly the 1:200 all-perils gross PML. The 1:200 gross PML target has been in place since 2018. Previously the Company purchased reinsurance to a lower return period. The increase in gross PML target has led to an uptick in the Company's purchased CAT reinsurance relative to its exposure – over the 8 year period from 2016 to 2024, the Group's purchased CAT limit increased by 133% (11.2% annualized) while its total insured value (TIV) increased by 86% (8.1% annualized).
The Company also monitors its 1:250 all-perils net PML relative to its policyholders' surplus. The 1:250 all-perils net PML is incorporated into AM Best's Capital Adequacy Ratio (BCAR) at the 1:250 level, which the Company strives to keep above 25%. The Group's 1:250 BCAR score as of 12/31/23 was estimated to be 37.9%.
In addition to stochastic CAT model output, the Company looks annually at the impact of certain deterministic events on its property portfolio. These events include:

- 1938 Express (Hurricane)
- 1960 Donna (Hurricane)
- 2015 ice damming (Winter Storm)

- 2020 Iowa derecho moved over Massachusetts and New Jersey (Severe Convective Storm)

The Company has also established tolerances in its Enterprise Risk Management framework related to property CAT events:

- 1:100 Hurricane net PML post-tax
  - Tolerance: 10% loss of surplus
  - Actual: 11.4% loss of surplus
- 1:200 Hurricane net PML post-tax
  - Tolerance: 15% loss of surplus
  - Actual: 16.8% loss of surplus
- Repeat of 2015 ice dam event on current property book
  - Tolerance: 12% loss of surplus
  - Actual: 11.4% loss of surplus

The Company does not calculate or report Scope 1, Scope 2 or Scope 3 greenhouse (GHG) emissions. See Response 2.