



ESG REPORT

2022

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EMPLOYERS

Cerity.

A LETTER FROM THE CEO

Welcome to the first
EMPLOYERS Environmental,
Social, and Governance Report.



Thank you for reading EMPLOYERS' first ESG Report which summarizes our commitment to being a better partner to the stakeholders we serve and to society.

Each year our corporate Charitable Giving Committee identifies philanthropic and community efforts that focus on providing support to injured workers, their families, and their employers. In addition to our corporatewide efforts, we also strive to reflect our employees' priorities, by empowering them to support their own local charities. The robust benefits we provide— from insurance plans to leave policies — enable them to be their best selves at work and with their families and loved ones.

As an office-oriented workplace and as an insurer of low-risk businesses, our environmental impact and influence are less than that of some other organizations; nonetheless, we are committed to sustainability and reducing our carbon emissions. Recent actions include significantly decreasing our office footprint and providing remote and hybrid work arrangements.

In terms of governance, we achieve high marks from independent rating agencies, and we will continue to operate with a strong commitment to transparency and effective controls.

The world has faced severe challenges in recent years and so have our policyholders, especially those in the hospitality industry. In the following pages, you will see examples of the steps we've taken to help them navigate these challenges successfully, by providing the industry groups we serve with assistance such as grants and job placement.

ESG is an ongoing commitment for us, and this report represents just a few of the steps on our journey. In future years, we will report back to you on the progress we've made toward these important goals for us, our policyholders, shareholders, communities, and other constituents.

Thank you for taking an interest in EMPLOYERS and for sharing the journey with us.

A handwritten signature in cursive script that reads "Kathy".

Katherine Antonello
President and Chief Executive Officer
Employers Holdings, Inc.

ENVIRONMENTAL

EMPLOYERS is firmly committed to concrete action that mitigates climate damage, reduces the impact of our day-to-day operations, and improves the environment.



Carbon footprint

EMPLOYERS is taking steps to reduce our carbon footprint. In the past 24 months, we have made a major move to shift our workforce to more remote and flexible work arrangements, thus sharply reducing or eliminating commutes and their resulting carbon emissions. In fact, we have eliminated over 1 million miles of annual commuting through these changes.

We have closed offices in North Carolina, California, Wisconsin, and Pennsylvania, with additional closures in Missouri and Texas in process. The employees in these locations are now working entirely from home. These remote work programs help us reduce expenses and have a clear and positive impact on employee morale and retention, and there are other environmental benefits as well.

For example, when considering purchased energy, the national average for office spaces like ours is 15.9 kWh/sq ft annually, according to the U.S. Energy Information Administration. Our average across all our facilities was 8.4 kWh/sq ft in 2021, less than 53% of the national average.

In addition, we have made a concerted effort to reduce travel throughout our operations.

We have reduced our in-person board meetings by 50%, shifting to two in-person and two virtual meetings each year.

We are also creating more sustainable business practices by building digital systems that allow our customers to “go paperless” more easily. In 2021, we estimate we created more than 1.2 million pieces of physical mail through existing processes. However, by improving our digital delivery capabilities, we will keep the potential for future paper waste to a minimum.

Investing responsibly

EMPLOYERS has an investment portfolio of nearly \$3 billion. The portfolio is essential to our ability to underwrite workers’ compensation insurance, cover claims, and operate efficiently.

Nearly all of those assets – 99% – are managed by two prominent investment managers on a discretionary basis. Each of the investment managers is a signatory to the United Nations Principles for Responsible Investing.

In the recent past, EMPLOYERS had a rather substantial portion of its equity portfolio – \$50 million to \$60 million – invested directly in oil and gas. We have completely divested ourselves of those investments.



▴ Targeted clientele

By virtue of the kinds of businesses for which EMPLOYERS provides workers' compensation coverage, there is relatively little environmental risk on the client side.

Our policyholders are in low-hazard categories and are largely restaurant and hospitality-focused. This is in contrast to other workers' compensation providers that may focus on businesses with greater environmental impact, such as refineries and mining companies.

▴ Toward greater sustainability

EMPLOYERS sustainability initiatives will be ongoing. We will continue to identify and act on opportunities to reduce our carbon footprint and improve our environmental performance.

SOCIAL

In our day-to-day business, EMPLOYERS works to advance the well-being of our policyholders, their employees, our own employees, and our communities. We provide protection and strengthen the connections that are fundamental to a healthy, thriving social environment. We help people when they are in trouble or when their employees are injured on the job. Approaching society through our focus on workplace safety, we protect our policyholders' businesses and we help protect their employees.





Restaurant and hospitality associations awarded \$50,000 in grants

EMPLOYERS submitted two grant proposals through the AHEAD Program of the Federal Home Loan Bank (FHLB) of San Francisco on behalf of the California and Arizona Restaurant Associations, and as a result, each association will receive \$25,000.

EMPLOYERS collaborated with the associations to write and submit the proposals. Funds will be used to develop culinary training programs and provide job assistance programs. These grants, in addition to other contributions and matched donations through the FHLB over the past 24 months, total over \$250,000 in funds paid to the restaurant associations in Nevada, California, and Arizona.

Our Risk Advisory and Loss Control Group manages programs geared toward helping our small business partners increase workplace safety and provide timely and appropriate care to their injured employees. We provide expert advice on the root cause of incidents and assistance in the development of policies and programs to help protect workers and navigate the often confusing workers' compensation process.

▲ Well-being of policyholders and their employees

Our approach to working with policyholders helps promote safety on the job and positive outcomes for employees when they do sustain on-the-job injuries.

EMPLOYERS provides risk advisory and loss control services and programs for policyholders and their employees. Each help policyholders evaluate the safety risks in their businesses and identify cost-effective methods to reduce workplace injuries and illnesses.

Our approach to our Risk Advisory services is focused on assisting our policyholders in developing a positive safety culture, helping to ensure employees have a voice and are active participants in their workplace safety and well-being. Among our loss control services are hazard analyses to evaluate operations and make recommendations for hazard control, management and supervisory education programs to assist in reinforcing best health and safety practices, and employee safety presentations and training.

For injured workers, we utilize an outcome-based medical network that employs predictive analytics to identify medical providers who achieve superior clinical outcomes for injured workers. This enables us to optimize our provider network and enhance quality of care.

We have also implemented a proactive pharmacy benefit management program that focuses on accelerating injured workers' return to work.

In addition, EMPLOYERS Injured Employee Hotline allows employees who are injured at work to consult with a professional nurse from home by phone when reporting a claim. This service has proven to reduce overall claims costs, thus benefiting all our policyholders while also ensuring the injured worker receives appropriate and timely care.

▲ Socially focused initiatives

EMPLOYERS is solely focused on workers' compensation and primarily serves small businesses.

Our commitment to these businesses is unwavering, including when they are most challenged. EMPLOYERS has undertaken several COVID-related initiatives during the pandemic, beyond just making sure that injured workers received their benefits at a time when healthcare systems were stressed. When many companies had to reduce their workforces, EMPLOYERS worked to ensure that those policyholders were only charged premiums for their current, active workforce employees. At the same time, we donated to the COVID worker relief programs of the restaurant associations with whom we partner.

Our COVID relief efforts are just one example of our support at critical moments. EMPLOYERS is committed to helping businesses and their employees when they are under pressure because we know that tired, stressed, and overworked employees are more likely to be injured in the workplace. Stress, fatigue, and

overwork have been more common in the time of the pandemic, but we remain steadfast in our approach to offer consistent support.

We know that businesses are vibrant when their workers are at their best and feel they are safe on the job. Many of EMPLOYERS programs, and the programs we support, were developed in recognition of this. Here are just a few examples:

EMPLOYERS supports ProStart, a program of the National Restaurant Association Education Foundation. This high school curriculum helps young people, many from underserved areas, get their first exposure to the food and hospitality industry via scholarships. The program helps feed a pipeline of qualified employees into an industry that is critically important to the local and national economy.

EMPLOYERS has co-hosted webinars with United Healthcare, the California Restaurant Association Foundation, and the Illinois Restaurant Association on mental health in the workplace, with particular focus on the stress people feel because of the pandemic

and returning to work. These programs were successful in creating an outlet for workers to communicate and gain insight into various difficulties resulting from the pandemic. EMPLOYERS sponsors and participates in dozens of similar webinar programs each year.

EMPLOYERS works with and supports restaurant and lodging associations across the United States, including the California Restaurant Association, the Arizona Restaurant Association, the Illinois Restaurant Association, Hospitality Tennessee, the Illinois Hotel & Lodging Association, North Carolina Restaurant & Lodging Association, South Carolina Restaurant & Lodging Association, and Nevada Restaurant Association.



EMPLOYERS partners with Kids' Chance of Nevada to support the educational futures of children whose parents were injured at work

EMPLOYERS is a platinum sponsor of the nonprofit Kids' Chance of Nevada, a state chapter of the national organization Kids' Chance of America. Kids' Chance was established to create, assist, and support programs that provide educational opportunities and scholarships for the children of workers who were disabled or killed in a workplace accident.

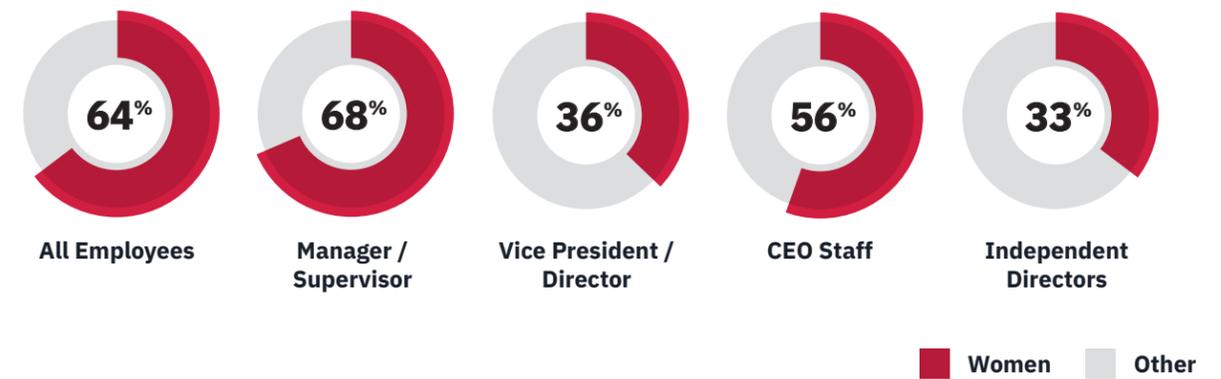
According to the Bureau of Labor Statistics, private industry employers reported 2.7 million nonfatal workplace injuries and illnesses and 4,764 fatal occupational injuries in 2020.

Workplace injuries and fatalities leave a catastrophic financial and emotional toll on workers and their families. Through our partnership with Kids' Chance of Nevada, we can help alleviate these burdens and give kids the resources and opportunities they need to pursue higher education.

The national Kids' Chance of America scholarship fund, Planning for the Future, is an all-inclusive program designed to take some of the financial burden of college off of families affected by workplace injuries. The fund's goal is to give students the tools they need for success in the workplace as well as enable them to make a difference in their own lives and the lives of others. Nationally, the scholarship fund has assisted more than 6,000 students in pursuing their education goals.



Women at EMPLOYERS



Diversity

EMPLOYERS and its Board are committed to advancing diversity, equity, and inclusion across the company. With respect to gender, the company has made improvements in female representation in leadership roles.

We will continue to take positive action to increase diversity and inclusion at all levels of the company. Some of our recent initiatives include:

- Completed a series of diversity and inclusion focus groups facilitated by the Human Resources Team.
- Developed and launched an employee affinity group framework.
- Launched a review of our hiring, promotion, and succession practices to increase diversity and inclusion at all levels of the organization.
- Sponsored and supported the International Women's Forum, an organization of 7,500 women leaders worldwide with a mission to advance women's leadership and champion equality, and its 2022 World Leadership Conference.

Philanthropy

EMPLOYERS philanthropic efforts are closely aligned with our mission.

A core philanthropic focus is our support for Kids' Chance, which gives scholarships to children whose parents have been killed or severely injured in a workplace accident. EMPLOYERS is involved with Kids' Chance at a national level and via affiliated state organizations around the country. Several EMPLOYERS executives serve on Kids' Chance boards and advisory boards on both the national and local levels.

In addition, EMPLOYERS is focused on formalizing and adding more oversight to its other philanthropic efforts to improve effectiveness. Formed in 2021, our Charitable Giving Committee is charged with guiding our corporate giving programs at the national, regional, and individual employee levels.

Our charitable donations focus on four pillars: children and education, equity and inclusion in the workplace, health and science, and catastrophic event relief. In addition to corporate giving, in 2021, EMPLOYERS

also launched a volunteer time-off benefit for all employees who engage in volunteer work in their local communities.

Finally, in January 2022, we launched a new program for matching employee donations to charitable organizations to encourage and support our employees' efforts to make a difference in their communities for causes they support.

▶ **Protecting policyholders and insureds**

EMPLOYERS has reinsurance coverage to make certain we will be able to cover large numbers of employees in case of a massive event, such as an earthquake, that might occur when they are at work. This is a primary reason why we purchase reinsurance: to enable the company to handle claims from an event that adversely affects a great many people.

▶ **Practices for employees**

Our dedication to our community at large is mirrored in our commitment to our own community – our employees.

EMPLOYERS policies and employee programs include excellent insurance options, progressive leave policies, and education assistance.

EMPLOYERS is committed to providing equal employment opportunity to qualified applicants without regard to race, creed, color, religion, sex, national origin or ancestry, age, marital status, pregnancy, sexual orientation, gender identification, medical condition, genetic information, disability, veteran status, and/or any other characteristic protected by law. This commitment extends to all areas of employment, including recruitment, selection and placement, compensation, promotion and transfer, disciplinary measures and demotion, layoffs and terminations, testing and training, working conditions, awards and benefits, and all other employment-related actions.

As we continue to develop employee-focused policies and programs, our skilled and dedicated employees provide the services our customers rely upon, enabling us to grow and create new opportunities in the years to come.

EMPLOYERS maintains an open-door policy and believes that everyone should feel comfortable to speak their minds, particularly with respect to ethics concerns. Leaders have a responsibility to create an open and supportive environment where employees feel comfortable raising questions and concerns.



EMPLOYERS partners with the Illinois Restaurant Association Educational Foundation (IRAEF) to offer scholarships

When the pandemic caused U.S. businesses to close in 2020, EMPLOYERS helped kick off the COVID Worker Relief Fund, which provided grants to workers in the restaurant industry who suffered economic hardships. Since then, that fund has evolved into a permanent part of the IRAEF and now provides grants to workers who have an unexpected life change and need a helping hand.

Over the past two years, EMPLOYERS worked with IRAEF to support ProStart as one of the most effective and visible programs designed to bring new young talent into the restaurant and hospitality industry. ProStart is a two-year, industry-backed culinary arts and restaurant management program for high school students. The IRAEF decided to use our donation in 2021 to fund ProStart scholarships, enabling the IRAEF to meet the needs of deserving scholarship recipients at a level they had not been expecting to achieve.

ProStart is a key pathway toward addressing the critical workforce development issues facing the industry, and EMPLOYERS is honored to support these young students who represent the future of the hospitality workforce.



GOVERNANCE

EMPLOYERS is focused on robust governance – a commitment recognized by independent rating agencies. The strength of our governance means we always endeavor to operate with the highest level of integrity, in compliance with all relevant regulations in a highly regulated industry.



▲ Governance practices

EMPLOYERS strives for excellence in its governance practices. EMPLOYERS has established robust procedures, guidelines, policies, and codes of business ethics and conduct to promote the effective governance of the organization in the interest of our stakeholders. These practices have been adopted and cover directors, officers, and employees. Details of these practices, policies, and guidelines can be reviewed in the Governance section of our website, found at employers.com/investors/governance.

In order to deliver upon our environmental, social and governance goals, we have recently appointed an ESG Committee that will drive these critical initiatives and report progress to the Governance and Nominating Committee of our Board of Directors.

▲ Board structure and independence

EMPLOYERS Board is composed of 10 members with diverse and varied ages, genders, racial/ethnic backgrounds, and professional experiences. With the exception of our CEO,

all members have been determined as independent in accordance with the rules of the NYSE as set forth in Section 303A of the Listing Standards. We believe diversity and experience are critical to ensuring sound decision-making that creates shareholder value. EMPLOYERS is proud of its strong, diverse Board composition; its ability to recruit new Board members and manage CEO succession; its robust Board and committee evaluations, including peer-to-peer reviews; and its transparency of its financial performance.

The Board maintains there is no single best organizational model that is the most effective in all circumstances, and the members believe the stockholders' interests are best served by allowing the Board to retain the flexibility to determine the optimal organizational structure for the Company at any given time, including whether the role of Chair of the Board should be held by an independent director or a senior executive who serves on the Board. The members of the Board possess considerable experience and unique knowledge of the challenges and opportunities the Company faces and is in the best position to evaluate the needs of the Company and how to best organize the capabilities of the directors and

Board of Directors



Kathy Antonello



Prasanna Dhole



John
de Figueiredo



Valerie Glenn



Barbara Higgins



Jim Kroner



Mike McColgan



Mike McSally



Jeanne Mockard



Alex Perez-
Tenessa



management to meet those needs. The Board has determined that having an independent director serve as Chair of the Board is in the best interest of the Company's stockholders at this time.

This structure ensures a greater role for the independent directors in the oversight of the Company, encourages active participation of the independent directors in setting agendas and establishing Board priorities and procedures, and is useful in establishing a system of corporate checks and balances. In addition, as managing the Board can be a time-intensive responsibility, this structure permits our President and Chief Executive Officer to focus on the management of the Company's day-to-day operations.

For more information regarding the structure of the Board and its committees, please refer to [EMPLOYERS Proxy and Corporate Governance Guidelines](#).

▴ Board's role in risk oversight

One of the Board's essential functions is oversight of risk management. Risk is inherent in the business of the Company and may

include risk from external sources, such as competitors, the economy and credit markets, and regulatory and legislative developments. The Board's oversight, assessment, and decisions regarding risks occur in the context of and in conjunction with the other activities of the Board and its committees. While management is responsible for identifying risk and risk controls related to significant business activities, mapping the risks to the Company's strategy, and developing programs and recommendations to determine the sufficiency of risk identification and mitigation, the Board is responsible for promoting an appropriate culture of risk management and setting the tone at the top.

The Board also provides oversight so that the Company has the necessary resources to proactively manage risk, including a periodic review of the development, experience, skills, and leadership of the Company's management and the employees who report to them. The Board committees provide oversight under the direction of their respective chairs. For more information regarding the oversight of risk for the Board and its committees, please refer to [EMPLOYERS Proxy](#).

▴ Ethics and integrity

As one of our core values, integrity is fundamental in everything we do. We act honestly, openly, and ethically. We do the right thing, even when no one is watching. Our employees are expected to act with integrity, follow the law and EMPLOYERS policies, ask for help if they are not sure what the right action is, and report concerns in a timely manner. Transparency is key, and we expect employees to be open and honest in all they do for the Company.

Applicable to all employees, our Code of Business Conduct and Ethics is part of the Company's long-standing tradition of ethical business practices. They reflect our goal to not just comply with laws and regulations that apply to our business but to also abide by the highest standards of business conduct.

Additionally, to support transparency, EMPLOYERS provides many reporting channels to report ethics concerns, including a 24-hour hotline operated by an independent third party.

EMPLOYERS also expects its partners, vendors, and contractors to abide by similar values and standards and to act with integrity in accordance

with applicable laws, rules, and regulations. As such, as part of our vendor management program, our standard agreements contain terms outlining these expectations.

▲ **Capital structure supports business operations**

As a monoline workers' compensation underwriter specializing in small businesses, EMPLOYERS is in a unique position to react to trends and developments in our covered industries nimbly and appropriately.

EMPLOYERS capital strategy is focused on supporting business operations by maintaining capital levels that correspond with desired ratings from independent rating agencies. This satisfies regulatory constraints and legal requirements as well as ensures EMPLOYERS sustains a level of financial flexibility. This ability allows EMPLOYERS to both prudently manage the business through insurance and economic cycles and take advantage of investment opportunities, including insurance acquisitions and related entities when they arise.

EMPLOYERS monitors the financial strength of its reinsurers. We do not believe that we are currently exposed to any material credit risk, as substantially all of our reinsurance is recoverable from large, well-capitalized reinsurance companies with A.M. Best financial strength ratings of "A-" (Excellent) or better.

Our environmentally responsible investment portfolio is structured to support the need for: (1) optimizing risk-adjusted total return, (2) providing adequate liquidity, (3) facilitating financial strength and stability, and (4) ensuring regulatory and legal compliance.

▲ **Data privacy and fraud protection**

EMPLOYERS business, including our ability to adequately price products and services, establish reserves, provide effective and secure service to customers, and report financial results in a timely and accurate manner, depends significantly on the integrity, availability, and timeliness of the data the Company maintains as well as the data held by third-party service providers.

To ensure the privacy and integrity of this data, EMPLOYERS continually enhances our cyber and other information security. Staying up to date on security allows EMPLOYERS to remain safe against emerging threats, and it increases our ability to detect, and recover from, a cyberattack or unauthorized access.

EMPLOYERS also aims to safeguard our policyholders. EMPLOYERS Special Investigation Unit (SIU) works diligently to fight workers' compensation fraud nationwide, an effort that reduces costs and protects policyholders. Our dedicated SIU staff, comprised of highly experienced investigators, provides anti-fraud training to internal staff, law enforcement agencies, and to our policyholders. Our SIU Team investigates all potential cases of insurance fraud, working closely with law enforcement on cases where criminal prosecution is warranted. Additionally, as part of our proactive efforts, the department maintains a fraud hotline, monitoring it for tips of suspected insurance fraud, and offers anti-fraud materials for business owners. For more information on our fraud prevention efforts, please refer to our Anti-Fraud Program page on the company website, found at employers.com/workers-compensation/fraud-prevention.



Thank you

Thank you again for your interest in EMPLOYERS first Environmental, Social, and Governance Report. We will report periodically on our initiatives in each of these critically important areas. To learn more about our ESG initiatives and about EMPLOYERS, please visit employers.com. We look forward to your continued interest in our organization.

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