



TASK FORCE ON CLIMATE- RELATED FINANCIAL DISCLOSURES REPORT

2025

employers.com

Emissions data as of December 31, 2024,
all other data as of June 30, 2025

EMPLOYERS[®]

Cerity[®]



A NOTE FROM OUR CEO

Welcome to our TCFD climate-related disclosure report for calendar year 2024.

Background

In 2017, the Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. In April 2022, the National Association of Insurance Commissioners (NAIC) adopted these recommendations as a new standard for insurance companies to report their climate-related risks. Most industry participants, including the NAIC and the European Union, believe the TCFD standard is the international benchmark for climate-related disclosure, and helps stakeholders understand the climate-related risks to the insurance market.

Sustainability

Environmental goals and understanding the potential impact of climate-related risks are important considerations for EMPLOYERS. We strive to reduce our own carbon footprint through programs and everyday actions, such as reducing our office footprint and providing flexible remote and hybrid work arrangements.

As a primarily remote workforce and a monoline insurer of relatively low-natural catastrophe risk businesses, our environmental impact and influence are significantly less than that of many other organizations. Nonetheless, we are committed to sustainability and making improvements where possible.

Enterprise Risk Management (ERM)

In addition to our sustainability efforts, the Company's comprehensive ERM framework is focused on responsible investment stewardship while limiting our exposure to climate-related losses, including protecting the Company and its invested assets against a catastrophic climate-related event.

As we continue to grow our business, minimizing our carbon footprint is important to us. We will continue to focus on those areas we can control and look for ways to engage our stakeholders and constituents to both educate and influence them on this critical topic.

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

A handwritten signature in black ink that reads "Kathy".

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





GOVERNANCE

What is our oversight?

The Audit Committee of our Board of Directors oversees the Company’s investment guidelines, compliance and investment risk management, while our Risk Management, Technology and Investment Committee oversees our reinsurance treaties. The Company’s investment and reinsurance activities are embedded and overseen within the operations of the Company’s Chief Financial Officer. In addition, the Chief Financial Officer oversees the organization’s financial strategy and financial planning activities.

The Governance and Nominating Committee of our Board of Directors oversees Environmental, Social, and Governance (ESG) matters, including receiving periodic updates from the management team responsible for such activities. The Company’s Executive ESG Committee reviews and monitors major initiatives and strategies to address climate-related risks and opportunities. Members of this Committee include our Chief Financial Officer, General Counsel and Chief Administrative Officer, with active engagement from EMPLOYERS representatives from across the organization.





STRATEGY

As a monoline Workers' Compensation carrier, the Company's primary climate-change-related risk is the potential impact to our investment portfolio. While not proven to be correlated with the effects of climate change, catastrophic modeling and purchasing third party reinsurance to mitigate against the financial impacts of a major seismic event is also integral to our overall environmental risk strategy.

What risks have we identified?

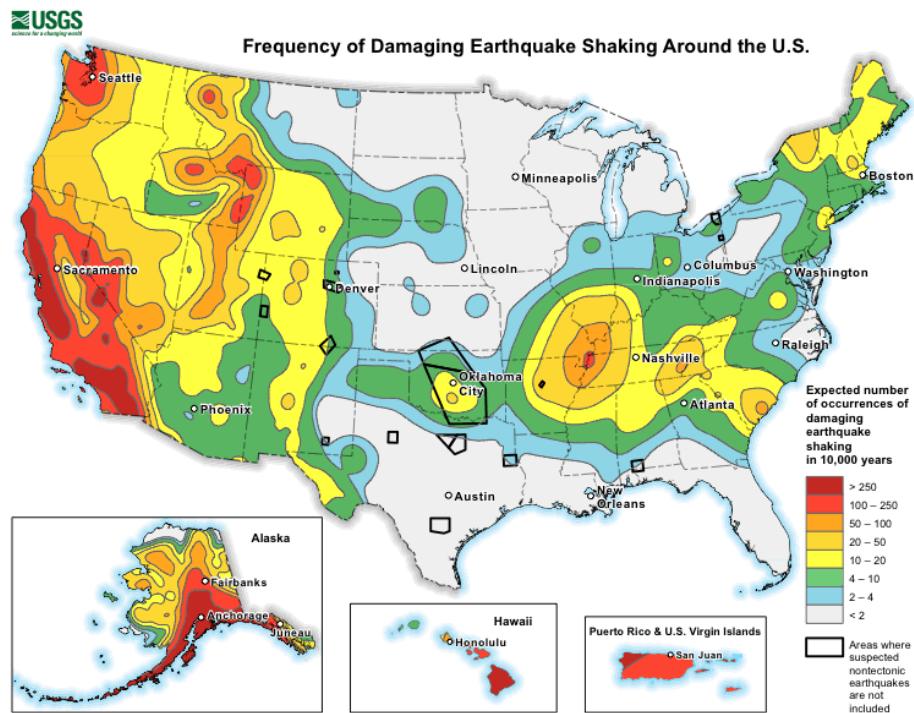
Climate-related investment risks include potential costs associated with continuing to hold assets that may have exposure, or perceived exposure, to the effects of climate change and its potential impact on the global economy. Increasing credit risk and limited growth opportunities, as well as the potential reputational risk of maintaining a high concentration of assets in any given industry or sector, all have the potential to negatively impact us as an organization.



The Company’s largest underwriting exposure to natural catastrophes is currently a major U.S. earthquake, particularly if such an event were to occur during normal business hours. This risk exists as earthquakes cannot be predicted and have the potential to impact a large geographic area. Further, California, where 46% of our in-force premiums are currently generated, is home to two-thirds of our nation’s earthquake risk.

What are some opportunities?

Climate-related opportunities include the ability to participate in the global transition to a low-carbon economy, and the potential to capitalize on efficiencies, innovation, and growth that will extend beyond industries such as energy and transportation.





How do we use this information?

Reliable data and climate-related insights are important to help uncover the catalysts that could impact asset values over the long term. Investing in sectors that support innovation and a transition toward a net-zero carbon economy, while also providing positive risk-adjusted returns, is an important consideration for the Company.

Each of our Investment Managers is signatory to the United Nations Principles for Responsible Investment Group (PRI), an independent non-profit organization that encourages investors to use responsible and sustainable investment practices to enhance returns and better manage risks. Our asset managers actively monitor the ability of our bond issuers to repay their obligations, remain competitive, and maintain a strong financial position. ESG criteria are significant components of those considerations over the short, medium, and long-term investment horizons.

Over the past several years, the Company, along with our investment managers, has considered California's Carbon Initiative, designed to reduce the insurance industry's exposure to fossil fuel-based investments, in its investment strategy.

Lastly, the catastrophic loss models that we rely on to identify potential exposure to the organization also consider the potential risks associated with climate change. Although not directly correlated to climate change, the Company's largest underwriting exposure to natural catastrophes is U.S. earthquake risk, and the Company purchases a significant amount of catastrophe reinsurance annually to mitigate our exposure to this risk.

How resilient are we?

The Company periodically analyzes our investment portfolio exposure to climate-related risks. This analysis allows us to conduct a series of climate-related scenarios and consider the potential impact to our portfolio, our policyholders' surplus, and our statutory net income.

The results of these analyses indicate that the value and liquidity of the Company's investment portfolio and associated revenues could be significantly impacted by various climate scenarios. The Company continues to work with its investment managers to evaluate both the challenges and the range of potential outcomes with respect to climate-related change and the uncertainty with which the Company may need to contend.

Despite these challenges and uncertainties, the range of possibilities suggests that our analytical approach toward a well-diversified investment portfolio and our minimal exposure to direct climate-related risks should continue to enhance the Company's resilience as we adapt to the impacts of climate change.

The Company also analyzes our business exposure to climate-related risk by monitoring our modeled risk to a severe U.S. earthquake event. Our internal guidelines call for our probable maximum loss for a 1 in 250-year catastrophic event (a 0.4% chance of occurrence) to be less than 20% of our pre-event capital. As of June 2025, we estimate that a 1-250 year earthquake event would produce a gross loss of approximately \$155 million to the Company, which is within the reinsurance limit (\$170 million) we purchased for the 2025/2026 treaty year.

Based on the above modeling, we believe our current level of catastrophic reinsurance is adequate to protect the Company from experiencing a rating downgrade, adverse regulatory action, reputational harm, and/or potential insolvency from a US earthquake event.





RISK MANAGEMENT

How do we identify, assess, and manage climate-related risks?

As part of our comprehensive ERM program, we maintain and actively monitor a risk register of strategic, operational, and physical risks to determine what the most significant risks are to the organization, what controls are needed to address these risks, and what the current and potential impacts are. This process includes both catastrophic and financial risk modeling. The Executive ESG Committee has responsibility for the identification and assessment of current and emerging climate-related risks broadly across the organization.





METRICS

How do we measure success?

As mentioned previously, we utilize catastrophic modeling to evaluate our reinsurance coverage as related to our largest underwriting catastrophe risk, a significant U.S earthquake. Every year, these models are recalibrated, which allow us to review reinsurance coverage and ensure adequate financial protection. While our internal guidelines call for our probable maximum loss for a 1 in 250-year net catastrophic event (a 0.4% chance of occurrence) to be less than 20% of pre-event capital, our reinsurance coverage for such a loss comfortably exceeds that guideline.

As related to our investment portfolio, and after evaluating both our fixed income and equity portfolios, our portfolio ESG score exceeded benchmarks¹ in both categories².

What is our Carbon Footprint?

The GHG Protocol establishes comprehensive, global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations. Per the GHG website, in 2023, 97% of disclosing S&P 500 companies reported to CDP using GHG Protocol. This TCFD report includes the organization's accounting for Scope 1 (mobile sources of emissions), Scope 2 (purchased energy), and Scope 3 (business-related transportation) GHG emissions, as well as a calculation of our overall Carbon Intensity, during the year ended December 31, 2024.

¹ Fixed Income Benchmark: 100% Bloomberg US Intermediate Aggregates; Equity benchmark - Russell 1000

² Sourced from MSCI ESG Research LLC and Neuberger/Berman annual Portfolio Review

While the Company eliminated its auto fleet in late 2024, the Scope 1 GHG emissions for EMPLOYERS in 2024 were driven primarily by our fleet vehicles and the associated miles driven each month. Using the U.S Environmental Protection Agency’s (EPA) Center for Corporate Climate Leadership calculator, the 275,115 reported miles driven in 2024, represented Scope 1 GHG emissions of **97.5 metric tons of Carbon Dioxide Equivalent (CO2e)**.

Our Scope 2 emissions include purchased energy at our facilities. The same EPA tool is used to calculate this portion of our carbon footprint and considers our office sizes, varying energy efficiency in each region across the country, and Kilowatt Hours (kWh) of electricity purchased. **Combined, our Scope 2 emissions for 2024 were 173.7 metric tons of CO2e**, our third straight year of reductions in Scope 2 emissions.

Lastly, our Scope 3 emissions are related to business travel by both air and non-fleet vehicle use. Combined, these totaled **15 metric tons of Carbon Dioxide Equivalent (CO2e)**.

Carbon intensity is a widely accepted metric used to gauge the efficiency of our organization related to our GHG generation and can be used both as a benchmark against our peers and a way to measure year-to-year efficiencies within our organization.

In 2024, the organization generated 0.38 metric tons of CO2e/\$M in net written premium via our Scope 1,2, and 3 emissions—a **61% reduction since first reported in 2021**.



Scope 1

97.5

metric tons CO₂e



Scope 2

173.7

metric tons CO₂e



Scope 1 + 2

0.38

metric tons CO₂e / \$M of NWP

Net Written Premium (NWP)



Scope 3

15

metric tons CO₂e

