



TASK FORCE ON CLIMATE- RELATED FINANCIAL DISCLOSURES REPORT

2024

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Emissions data as of December 31, 2023,
all other data as of June 30, 2024

EMPLOYERS

Cerity



A NOTE FROM OUR CEO

Welcome to our
annual Climate-
Related Financial
Disclosure Report

Overview

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. The TCFD standard is currently the international benchmark for climate-related disclosures and helps stakeholders understand the climate-related risks to the insurance market.

Calendar year 2023 represents our third consecutive year of reporting and encompasses our most recent efforts and successes. Below, you will note what's changed and how this process aligns with our broader business objectives.

What's new in this year's report

With this, our most detailed TCFD report to date, our ongoing reporting of Scope 1, 2 and limited Scope 3 Greenhouse Gas (GHG) Emissions includes individual facility reporting for the first time. We're also continuing to report on a broader cross-section of our investment portfolio.

Our focus

As we move forward with our "North Star of Ease" strategy, the efficiencies gained will contribute positively to our efforts in minimizing our GHG emissions. Responsible growth, with a focus on a more streamlined organization, will continue to drive our future success.

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

A handwritten signature in black ink that reads "Kathy". The signature is written in a cursive, flowing style.

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





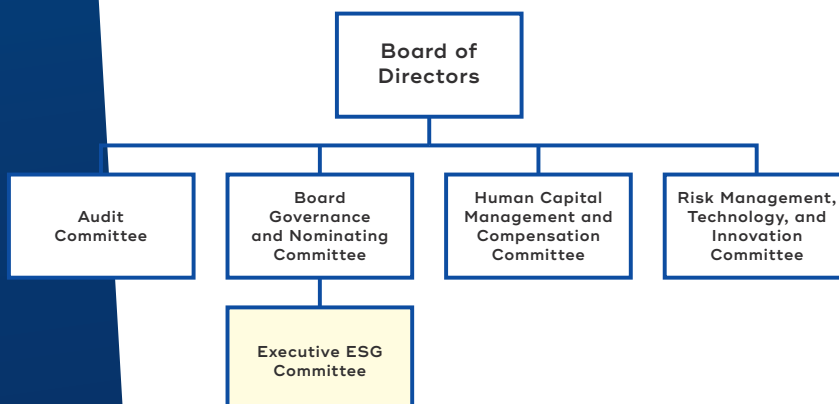
GOVERNANCE

What is our oversight?

The Audit Committee of our Board of Directors oversees the Company’s investment guidelines, transactions and investment risk management, and the Risk Management, Technology and Innovation Committee oversees the Company’s reinsurance treaties. The Company’s investment and reinsurance activities are embedded and overseen within the operations of the Company’s Chief Financial Officer. The Chief Financial Officer is also primarily involved in the organization’s business strategy and financial planning activities.

The Board Governance and Nominating Committee of our Board of Directors has formal oversight of Environmental, Social, and Governance (ESG) matters, including receiving periodic updates from the management team responsible for such activities.

Overseen by the Board Governance and Nominating Committee, the Company’s Executive ESG Committee reviews and monitors major initiatives and strategies to address climate related risks and opportunities. Members include our Chief Administrative Officer (as the Chair), Chief Financial Officer and Chief Legal Officer, along with company representatives from other areas of the organization.





STRATEGY

As a monoline Workers' Compensation carrier, material climate-change and environmental risks are primarily limited to: (1) the potential impacts to our investment portfolio over time, and (2), while not proven to be directly correlated with the effects of climate change, a catastrophic seismic event.

What risks have we identified?

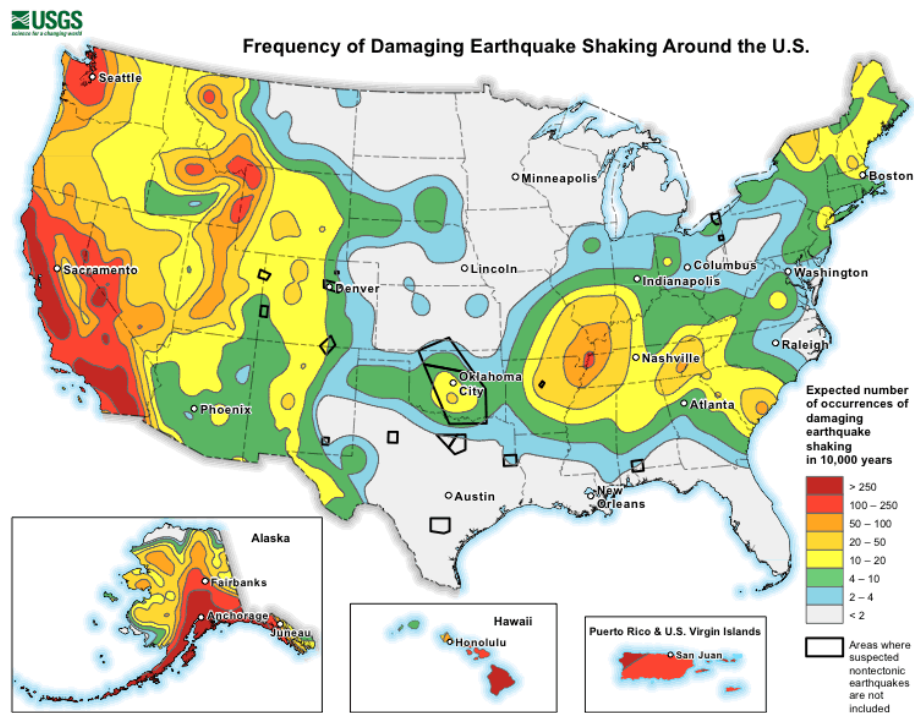
Investment climate-related risks include potential costs associated with continuing to hold assets that may have exposure to the effects of climate change and a shifting global economy. Increasing credit risk and limited growth opportunities, as well as the potential reputational risk of maintaining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



The Company's largest exposure to natural catastrophes is currently a major U.S. earthquake, particularly if such an event were to occur during normal business hours. This is because earthquakes cannot be predicted and have the potential to impact a large geographic area. Further, California, where 45% 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 like energy and transportation.





How do we use this information?

As the world transitions to a more sustainable economy, sustainability data and climate-related insights are increasingly important to help uncover the catalysts that could drive asset values over the long-term. Providing capital to sectors that support innovation and a transition towards a net-zero carbon economy is an important mission for the Company.

Each of our Investment Managers are signatories 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. They 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 management team, have incorporated California’s Carbon Initiative into its investment strategy, designed to reduce the insurance industry exposure to fossil fuel-based investments.

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

How resilient are we?

The Company continually analyzes our investment portfolio exposure to climate-related risks. That 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 works closely with its investment managers to evaluate the potential effects of climate-related changes, considering the uncertainty of various related outcomes, that could negatively impact the valuation and future cash flows of its investment holdings.

Despite these challenges and uncertainties, the range of possibilities suggests that our analytical approach towards 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 closely 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. Currently, our reinsurance coverage for such a loss comfortably exceeds that guideline, and we believe that our current reinsurance could withstand a greater than 1 in 1,000-year U.S. earthquake occurrence (a 0.1% chance of occurrence).

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





RISK MANAGEMENT

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

As part of our comprehensive Enterprise Risk Management (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. Once identified, they are incorporated into our ERM program, and elevated to the Board Governance and Nominating Committee, and are then assigned to the appropriate operational areas to be addressed.

The Board Governance and Nominating Committee maintains ultimate responsibility for oversight of climate-related risks and coordinates with the Executive ESG Committee as appropriate.





METRICS & TARGETS

Our Investment Portfolio

As related to our investment portfolio, and after the most recent evaluation of our fixed income and equity portfolios, our industry weighted MSCI ESG¹ portfolio scores for both our fixed income and equity portfolios exceeded the respective benchmarks^{2,3}. We continue to strive to maintain our portfolios at or above the applicable benchmarks.

What is our carbon footprint?

The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage GHG emissions from private and public sector operations and is the world's most widely used greenhouse gas accounting standard. This TCFD report includes the organization's accounting for Scope 1 (mobile sources of emissions), Scope 2 (purchased energy), and limited Scope 3 (business related travel) GHG emissions, as well as a calculation of our overall Carbon Intensity.

Scope 1 GHG emissions for us are represented by our fleet vehicles and the associated miles driven in the calendar year. Miles driven were fairly consistent year over year and showed only a negligible increase. Using the U.S Environmental Protection Agency's (EPA) Center for Corporate Climate Leadership calculator, the 278,671 reported miles driven in 2023 represents Scope 1 GHG emissions of 99 metric tons (MT) of Carbon Dioxide Equivalent (CO₂e).

¹ Sourced from MSCI ESG Research LLC

² Equity benchmark - Russell 1000

³ Fixed income blended benchmark - 70% Bloomberg US Intermediate Aggregate Index, 15% JP Morgan CLOIE Post Crisis AAA Index, and 15% BBG Intermediate Taxable Municipal Bond Index

Our Scope 2 emissions include 100% grid purchased energy at all our facilities. The same EPA calculator is used for this portion of our carbon footprint and considers our office sizes, varying energy efficiency in each region across the country and overall Kilowatt Hours (kWh) of electricity purchased. Exiting our large Reno and Kansas City facilities had the greatest impact on our overall carbon footprint. Our overall Scope 2 emissions for 2023 were 210MT of CO₂e, compared with 538MT CO₂e in 2022 ... a 61% reduction.

Purchased Electricity by Facility in 2023

Office	Sq. Ft.	Approx. kWh Purchased
Reno, NV (New Office)	6,534	2,587
Reno, NV (Old Office)	79,533	330,698
Henderson, NV	26,419	261,548
Kansas City, MO	8,743	37,465
Maitland, FL	2,486	24,611

Scope 3 reporting includes calculating the carbon footprint associated with our business travel, and we believe it's important to accurately estimate as to what that footprint is, using National averages. Our limited Scope 3 reporting for this year includes both our air travel and hotel usage.

Our business-related air travel in 2023 represented about 101MT of CO₂e and our hotel stays generated roughly 11MT of CO₂e, for an estimated total of 112MT CO₂e for our limited Scope 3 emissions in 2023.

Comparing 2023's overall carbon intensity to the previous year's reporting, our Scope 1 and Scope 2 emissions in 2023 yielded .41MT CO₂e/\$M in net written premium compared with .90MT of CO₂e/\$M in net written premium the previous year representing a 54% decrease in our Scope 1 and 2 carbon intensity.

