

Environmental Social Governance

An overview of our approach
and 2021 initiatives.



Our Approach to ESG

The world is changing, and responsible corporate citizenship is essential to ensuring a healthier and safer society with equal opportunity for all. As the world transforms, our goals and practices will evolve with it. Safety National's Core Values and Vision are the fundamental foundation of our corporate culture and operations, both internally and externally, including our ESG strategy. Our values of Relationships, Integrity, Teamwork, Balance and Stability help us create a sustainable business model. We aim to balance the interests of our stakeholders – clients, employees, regulators and the community – while maintaining our financial stability so that we can deliver on our commitments.

Safety National will continuously monitor the relevance and importance of our ESG strategy, acknowledging that it will likely change over time. We recognize that there is more work to do, and we are committed to continuing the integration of ESG concepts into our business strategies. Our ESG strategy will be influenced by Tokio Marine's evolving ESG process.

Our ESG efforts are aligned with our core business principles, guided by Our Core Values, Vision and Good Company philosophy. This report allows us to share our insights and progress with the transparency our stakeholders deserve.



We have streamlined **our ESG strategy** to encompass the ten initiatives that are most important to us:

Reducing Our Environmental Impact

Increasing Climate Awareness & Education

Ensuring Ethical Operations

Protecting & Developing Our Human Capital

Improving Our Communities

Principled and Responsible Leadership

Enhancing Corporate Resiliency

Creating a Culture of Innovation

Providing Unparalleled Customer Satisfaction

Prioritizing Enterprise Risk Management

Reducing Our Environmental Impact

As our company grows, so does our responsibility to the environment. We strive to make choices that have the least amount of environmental impact possible.



Environmental Impact Reduction Highlights

Renewable Energy Use

Safety National has taken several steps to reduce the company's carbon footprint, including installation and use of solar arrays estimated to reduce CO² emissions by 238,000 lbs. annually.

Managing Waste and Resource Conservation

We have several programs in place to manage waste, including single-stream recycling, increased use of electronic forms of document transmission and an annual electronics recycling event. Our home office utilizes low-flow water fixtures, energy-saving lights, an energy management system, energy efficient HVAC system and appliances and safe, biodegradable cleaning products.

Awards

Safety National has achieved the Champion Level designation in the St. Louis Green Business Challenge, which rates local companies on their commitment to and implementation of sustainability strategies. We have also been recognized for our sustainability initiatives by Tokio Marine's Global CSR Awards in both 2017 and 2021.

Biodiversity and Land Use

The remediated storm water swale installed on home office property channels rainwater to an amended soil basin and includes over 1,000 native forms of flowering plants that attract butterflies and pollinating insects.



Increasing **Climate Awareness** **and Education**

We aim to increase climate awareness and education among our employees via resources and activities provided by our employee-led Sustainability Committee.



Climate Awareness & Education Highlights

01

Educational Activities and Resources

The Sustainability Committee organizes and schedules presentations from outside experts who educate employees about various environmental issues.

02

Volunteer Opportunities

Employees have several opportunities throughout the year to volunteer with environmental nonprofit organizations.

03

Earth Week Celebration

The Sustainability Committee helps employees celebrate Earth Week by providing sustainable activities and resources regarding various climate issues. Some examples include river/stream cleaning, park restoration and trash clean-up.

04

Funding Sustainable Nonprofits

Safety National partners with several organizations dedicated to environmental conservation, including the St. Louis Zoo and Missouri Botanical Gardens.



Climate Awareness at Tokio Marine

Tokio Marine's climate strategy, which applies to all group companies, outlines policies and initiatives to contribute to resolving social issues such as climate change and intensifying natural disasters.

Insurance Underwriting

The Tokio Marine Group, which includes Safety National, is committed to underwriting practices that will enable us to contribute to a transition to a decarbonized society. As part of that commitment, we will not provide new insurance underwriting capabilities to coal fired power generation projects, with limited exceptions.

Investments & Lending

We will not provide new financing for coal fired power generation projects, with limited exceptions. Tokio Marine's investment and lending policy is developed in consideration of both financial and ESG criteria. Through these actions, we support the integration of ESG and climate-related factors into our investment decision-making process.

Tokio Marine maintains a Responsible Investment Committee comprising the heads of investment in each asset class to promote stewardship and active engagement around ESG topics.



Ensuring **Ethical Operations**

We are unwavering in our commitment to conduct business in full compliance with all applicable regulations and with the highest ethical standards.



Ethical Operations Highlights

Business Practices & Reviews

- Our Core Values serve as the basis of our business practices. We operate with integrity, based on a foundation of ethics, discipline and communication, with full acknowledgment of our duty to our policyholders and our responsibility as an industry leader.
- Each year, all employees are required to review and sign our Code of Conduct and complete mandatory ethics training.
- Safety National is subject to annual external audits and internal audits conducted by independent national auditing firms, based upon detailed risk assessments.
- We participate in triennial Insurance Department examinations and comply with all applicable regulations.

Responsible Sourcing / Vendor Management

- Safety National has a robust vendor management assessment program in place to analyze relationships with all vendors used by the company.
- Our primary vendor for office supplies publishes an annual disclosure regarding the sustainability of their products and completes regular audits of their factories to ensure that no child labor is used.
- We also purchase and utilize cleaning solvents and solutions that have been certified as environmentally safe and/or biodegradable.



Ethical Operations Highlights

Our Response to COVID-19

Remote Work

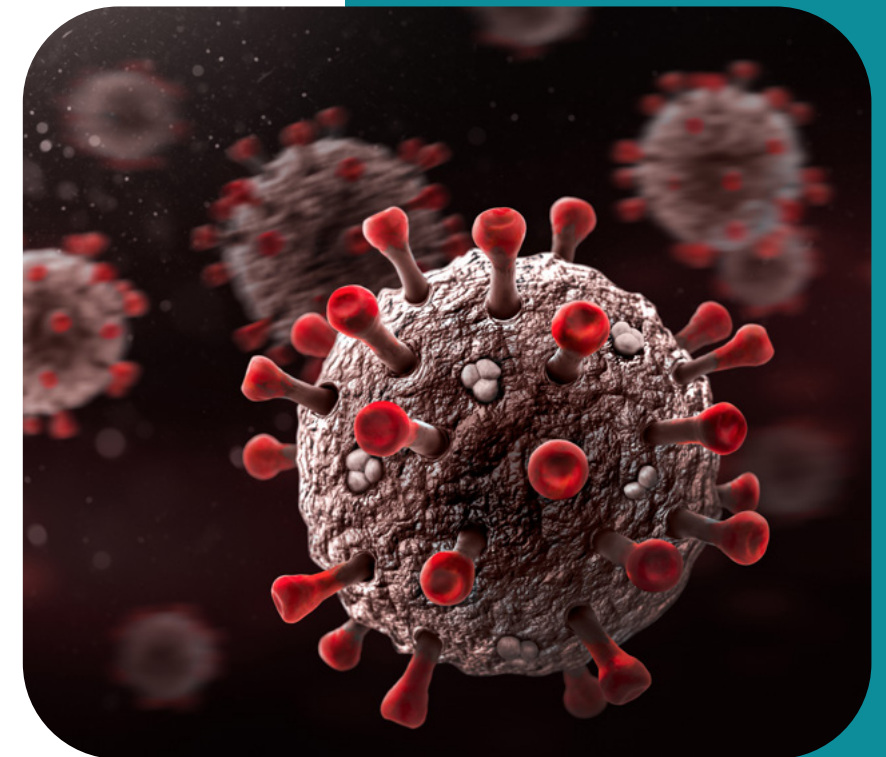
In response to increasing COVID-19 infections, we quickly transitioned to remote work for 98% of employees. Before returning employees to the office, our pandemic response team evaluated conditions and created a comprehensive employee safety guide to ensure that all necessary protocols were in place and enforced to provide a safe work environment.

Protecting Vital Industries

Safety National provides workers' compensation insurance to several of the most vital industries, including healthcare, first responders and retail workers. Our role is to ensure that these front-line employers have financial peace of mind so they can continue focusing on their service to the community.

Client Services

We created an online resource center on our external website that allowed clients to access podcasts, webinars, safety guides, published articles and other information about how to contend with operations during the pandemic. This included complimentary weekly webinars addressing the risks and preventative measures associated with COVID-19.



Protecting and Developing Our Human Capital

We view our employees as our greatest asset, and we are committed to attracting and cultivating a diverse workforce, nurturing an environment of inclusiveness and equality. Our commitment to our employees extends well past their initial employment to include continuous career development, resources that improve employee wellbeing and opportunities to engage with employee committees.



Protecting and Developing Our Human Capital



Succeeding at Safety National

In 2019, Safety National launched a comprehensive onboarding program to welcome new employees. The program includes about 15 hours of instructor-led learning, including information about the company's history, culture and values. The program follows new hires for their first year of employment, providing valuable resources to help them succeed in their new roles.



Comprehensive Benefit and Compensation Plans

Safety National offers medical, dental, vision and long-term disability coverages and pays 100% of premium costs for employees and their dependents. UHC's FlexPoint medical plan covers all outpatient mental health services at 100%. Employees also have access to the company's Employee Assistance Program (EAP), which provides 24/7 access to mental health resources. We also offer 401(k) matching and profit-sharing programs. The minimum potential pay, including incentive awards, for an entry-level position at Safety National is \$20/hour.



Health & Wellness Resources

Our employee-led Wellness Committee provides activities and resources that encourage wellbeing. The home office offers an outdoor walking trail, on-site fitness center and an employee lounge/game room.

Professional and Career Development

Employees have access to in-person and virtual training courses facilitated by Safety National's Learning & Development team. These courses cover many relevant hard and soft skills. Employees also have access to online training via Tokio Marine University.

As part of the annual evaluation process, employees work with their managers to create individual development plans, which help them reach their ultimate career goals.

The company has provided "Job Families" and position descriptions to aid in this effort, as well as a comprehensive summary of core competencies needed to advance for various management levels. This includes a suggested training curriculum to help employees attain those competencies.

Employee Experience

Core Values Ambassador Program

In 2014, Safety National created a unified program to help explain and instill our company culture to all new hires. Current employees serve as Core Values Ambassadors and are paired with new hires to mentor them and guide them through the company culture.

Employee-led Committees

By joining one of six volunteer committees, employees can help shape the culture of the company from within. Each committee offers a range of opportunities to participate in specific interest areas.

Community & Philanthropy

The C&P Committee is dedicated to improving the communities in which we work and live. The committee plans events and encourages employees to become more involved in the community by supporting various nonprofit agencies, both with monetary donations and volunteer work.

Sustainability

The Sustainability Committee's mission is to enhance Safety National's sustainability efforts by organizing activities and educating employees about ways in which we can reduce our overall carbon footprint, both as a company and as individuals.

Wellness

This committee promotes the physical, nutritional and mental wellbeing of employees. The committee offers a wide variety of fun activities and educational information to encourage employees to live a healthy lifestyle.

Newsletter

This committee creates and publishes a quarterly newsletter. The committee's goal is to educate and inform all employees by providing meaningful internal and external company updates.

Events

The Events Committee enhances Safety National's culture while promoting employee relationships. The committee plans and organizes creatively-staged events for all employees throughout the year.

Core Values

This committee oversees the Core Values Ambassador Program, which helps new employees acclimate to our culture.



Diversity & Inclusion



Mandatory Annual Training

Safety National requires mandatory annual training for all employees that includes diversity, unconscious bias and inclusivity.

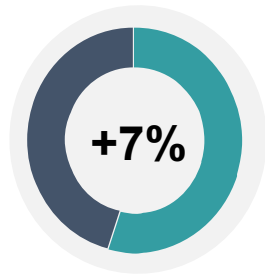
Equitable Pay

To ensure that all employees are compensated fairly, we complete an annual wage analysis according to each employee's role, experience and performance.

Organizational Support and Sponsorship

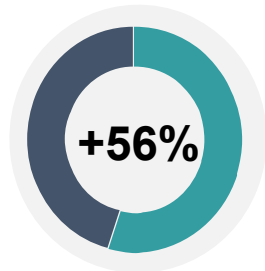
Safety National sponsors the Alliance of Women in Workers' Compensation, IBA Women in Insurance and Business Insurance's Diversity & Inclusion Institute. These organizations provide educational resources and opportunities related to diversity & inclusion, which our employees are encouraged to access.

Diversity & Inclusion



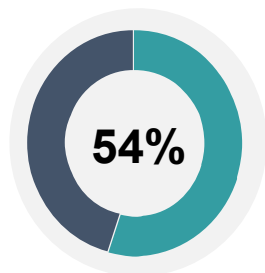
Women in the Workplace

Women make up the majority of Safety National's employee base and that number increased by 7% from 2016-2020.



Increasing Diversity

The percentage of non-white employees at Safety National has risen 56% since 2016.



Management Composition

Women hold 54% of all management positions at Safety National.



Improving Our Communities

We recognize the importance of being a civic-minded business partner to help strengthen the communities in which we work and live.



Community Highlights



Employee Volunteering

Our employee-led Community & Philanthropy Committee researches, organizes and carries out various volunteer opportunities for employees throughout the year. Through our annual Days of Service Program, more than 80% of employees across the company volunteer with a local organization in their community.



Support

Safety National partners with several nonprofit organizations to help advance their missions in the community, which include helping children, those with disabilities or illnesses, those experiencing homelessness and animals.



Sponsorships

We recognize local cultural institutions as a fundamental component of a healthy community. The company sponsors numerous local institutions, including the St. Louis Art Museum, MO Botanical Gardens, St. Louis Zoo, Science Center, Forest Park, Gateway Arch and many others, including those in other cities in which we operate.



VOLUNTEERS

Principled and **Responsible Leadership**

Strong corporate governance is one of Safety National's highest priorities, as reflected in our Code of Conduct.



Principled and Responsible Leadership



Code of Conduct

Safety National operates by a comprehensive set of guidelines, which are all contained in our Code of Conduct. All employees are required to complete annual training on this policy. Employees are encouraged to report all ethical violations to the General Counsel or anonymously via the toll-free hotline or website provided. Safety National also follows a strict non-retaliation policy for those who report violations.



Our Core Values

Safety National’s Core Values of relationships, integrity, teamwork, balance and stability serve as the fundamental foundation of our corporate culture and drive our interactions, both internally and externally.



Board of Directors Composition



female



non-white

Enhancing **Corporate Resiliency**

We are committed to enhancing the resiliency of our business operations, including the improvement of cybersecurity and data privacy practices.



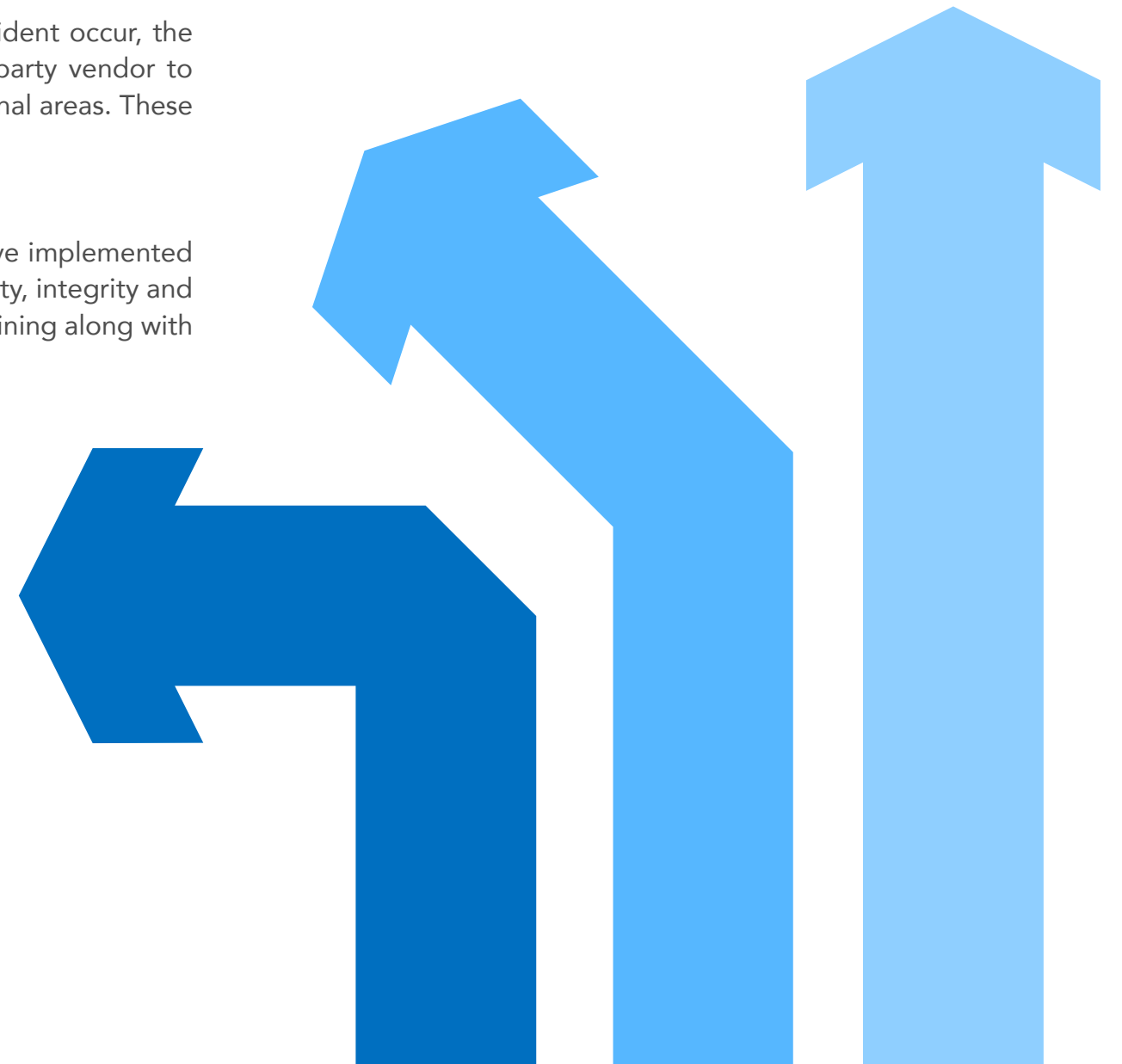
Corporate Resiliency Highlights

Business Continuity/Disaster Recovery

Safety National regularly analyzes its disaster recovery policies and plans to ensure that, should an incident occur, the company could continue to operate and serve clients. Each year, Safety National works with a third-party vendor to complete business continuity and disaster planning exercises that bring together leaders from all functional areas. These exercises help the company improve upon existing crisis plans.



We believe that protecting company, employee and client data is critical. We have implemented controls and safeguards to offset possible data security threats, ensuring availability, integrity and confidentiality of data. This includes mandatory annual and ongoing employee training along with annual third-party audits that include attack and penetration testing.



Creating a **Culture of Innovation**

Safety National continues to promote a culture of innovation to support our clients and respond to emerging risks.



Innovation Highlights

Business Process Management (BPM)

We regularly analyze business processes across departments to find efficiencies and improve outcomes.

These wide-ranging efforts contemplate improvements in processes that occur within specific units and those involving several different business areas.

Robotic Process Automation (RPA)

Safety National's RPA Committee solicits ideas from employees and develops robotic process automations that can eliminate manual tasks, which creates opportunities for efficiency and increased productivity throughout the organization, allowing employees to focus their efforts on more interesting and impactful tasks.



Maintaining a Culture of Providing **Unparalleled Customer Satisfaction**

Our clients turn to us for support when they experience a loss, and we must ensure that we respond with integrity and the highest ethical standards. Our customer-centric approach to business ensures that we routinely receive client satisfaction scores well above the average for our peer group in the industry.



Customer Satisfaction Highlights

Our broker partners consistently rank Safety National among the best carriers to work with in the industry, with the highest net promoter score among our peers.

We frequently receive high marks in the following categories:

Underwriting Expertise
Flexibility
Pricing
Claims Handling
Technology
Automation

Maintaining a Culture of **Responsible Risk Management**

Our robust enterprise risk management (ERM) and compliance strategies ensure responsible and sustainable business operations.



Enterprise **Risk Management** Highlights

Managing risk is a priority for our company and its employees. As an insurance carrier, we consider ourselves experts in risk assessment, prevention and mitigation. We apply our deep knowledge and experience in this arena to our formalized risk management policy and framework to ensure responsible business operations. Safety National's Enterprise Risk Management Committee regularly evaluates and updates our risk framework, policy and controls.

Our internal controls follow the Three Lines of Defense model, allowing for increased oversight and effective management.

First Line of Defense

Business unit guidelines, annual tactical planning for each line of business, oversight committees at the senior management level.

Second Line of Defense

Enterprise Risk Management Committee, Operations Committee, Tactical Implementation Steering Committee, Chief Risk Officer.

Third Line of Defense

Control self-assessment, internal audit process