



INSURING OUR FUTURE

Sustainability Report



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WHO WE ARE

Safety National is a leading specialty insurance and reinsurance provider. The company is a U.S. market leader in excess workers' compensation for self-insured employers and groups, and a leading multi-line provider of risk solutions for large commercial and public-entity clients. Safety National insures many of the largest health care facilities, educational institutions, retail establishments and public entities throughout the nation. In addition, the company's reinsurance division, Safety National Re, offers lead market terms for a full range of workers' compensation, casualty and professional liability programs.

Safety National has built a loyal client base by practicing a relationship-focused approach to customer service – listening closely to customer needs and designing flexible programs to address them, providing complimentary risk-management resources to help improve safety and compliance programs, and offering specialized claims management proficiency to help produce the greatest possible outcomes.

Headquartered in St. Louis, Missouri, Safety National operates in all 50 U.S. states and Washington, D.C. We are a wholly owned subsidiary of Tokio Marine, a leading Tokyo-based global insurer with a presence in over 45 countries worldwide. With nearly \$200 billion in assets, Tokio Marine is among the largest insurance groups in the world and its companies are among the highest rated.

"On the worst day at your company, you can call us and trust that we will take action and take care of your employees. We are doing good for the world, good for our customers, and ultimately making life better."



Mark Wilhelm,
Executive Chairman

Over

80 YEARS

of experience

Statutory Surplus:

\$3.4 BILLION

GAAP Equity:

\$4.4 BILLION

GAAP Assets:

\$13.8 BILLION



AWARDS AND RATINGS

- **Business Insurance:** Best Places to Work
- **Business Insurance:** Best Places to Work for Women
- **Best Adoption-Friendly Workplace™** by the Dave Thomas Foundation for Adoption
- **Insurance Business America:** 5-Star Workers' Comp Award Winner
- **A.M. Best:** A++ (Superior)
- **Financial Size Category:** XV
- **Standard & Poor's Rating:** A+

OUR SUSTAINABILITY STRATEGY

Insurance plays an important and fundamental role within society. In many ways, we are in the business of sustainability. Through our insurance and reinsurance offerings, we support clients in managing risk, protecting people and sustaining their businesses for the future. Internally within Safety National, we focus on creating an inclusive

and rewarding environment for our people, reducing our environmental impact and improving our community, all while growing and solidifying our business to ensure its longevity.

We have aligned our approach with Tokio Marine's sustainability strategy to extend our collective global impact and address social issues to create a safer and better society for all.

"The relationship-focused business model that gives us an edge in our industry also drives how we think about sustainability. We take responsibility for understanding and meeting the needs of our stakeholders – clients, employees, regulators and the community – while maintaining our financial stability so that we can deliver on our commitments."

Duane Hercules,
CEO



WHAT WE VALUE

Our Core Values are key to serving our clients, our community and our employees. They also guide our approach to sustainability.

RELATIONSHIPS

built on inclusion, trust, respect, humility and long-term commitment are the foundation to our success.

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.

TEAMWORK

drives our passion for mutual success believing that our collective efforts, in collaboration with our customers, will provide exemplary service and superior outcomes.

STABILITY

that comes from knowing we will be there when you need us, expecting top industry expertise and consistency in decision-making.

BALANCE

between achieving business success, personal purpose and our corporate social responsibility.

Where Safety Meets Sustainability

The following sustainability topics matter most to our business and stakeholders, and are where we prioritize our efforts to make an impact.

We are committed to taking action in these areas by continuing to integrate them into our business strategies. As the world changes, we will adapt our focus to ensure that we are meeting the needs of both today and tomorrow. This report shares our sustainability progress and plans with our stakeholders.



PROTECTING THE EARTH

Energy Use

Waste Management

Biodiversity



SUPPORTING PEOPLE

Employee Experience

Diversity, Equity and Inclusion

Community Impact



PROVIDING SAFETY AND SECURITY

Safety and Business Continuity

Cybersecurity

Governance and Risk Management

Protecting the Earth



Protecting our shared environment is everyone's responsibility. Safety National strives to make choices that reduce our environmental impact.

CLIMATE AND ENERGY IMPACTS

In 2023, Safety National completed a massive office renovation at our St. Louis headquarters. This provided an ideal opportunity to not only refresh our design and layout, but also reduce the environmental footprint of our facilities. As part of the renovations, Safety National:

- Installed solar panels, capable of reducing carbon emissions by 238,000 lbs. annually, on the roof of our headquarters.
- Built an energy-saving building shell within the exterior of both buildings that provides added insulation and reduces heating and cooling needs.
- Replaced HVAC filters with high-efficiency filters that improve air quality.
- Swapped out old incandescent fixtures for LED lighting.
- Put in motion sensors so lights are only on when they are needed.
- Switched to green cleaning products that are safer for the environment.
- Replaced a gas-fueled vehicle with an electric vehicle for the maintenance team to travel around campus.

“Many building owners in the Midwest don’t follow LEED guidance because it can be expensive to implement, but it was important to us that Safety National be a good partner to the environment,” said Elizabeth Meyer, Assistant Vice President of Facilities. “Over time, we also expect many of these upgrades to save money by reducing our energy consumption.”



WASTE MANAGEMENT AND RECYCLING

We subscribe to the “reduce, reuse, recycle, repurpose” mantra when it comes to waste management at our facilities. This means less mining and deforestation that comes with extracting new resources from the Earth. Plus, it helps preserve biodiversity and natural habitats, which are crucial for a healthy planet. Below are some of the ways we are living this waste management philosophy:



Installed water bottle fillers, tap water filters and filtered water pitchers, and gave all employees Yeti tumblers as an 80th anniversary gift to **reduce** the use of disposable cups and bottled water.



Gave employees their own sets of silverware to **reuse** instead of relying on disposable utensils, and hosted a Safety National swag swap to trade branded clothing and other items that might have otherwise been trashed.

Safety National once again earned a 2023 Champion ranking from the St. Louis Green Business Challenge for our sustainability program. The company has participated in the challenge for 10 years.



Compiled 150 commercial-size printer toners per year to **recycle** into other products, including new printer cartridges, in addition to recycling other electronics and establishing single-stream recycling.



Collected 90 lbs. of plastic bottle and jug caps annually since 2016 to **repurpose** into plastic benches for local school grounds, saving schools money and keeping plastic out of landfills.

When our original buildings were demolished to build new facilities, we recycled 70% of the building materials. We also provided old furniture to Color Art to be recycled or repurposed for other commercial clients.



BIODIVERSITY

Safety National's 20-acre headquarters includes a small pond that creates a natural habitat for native wildlife, so caring for the quality of this water is important. In line with the Metropolitan Sewer District's Clean Water Act, we repaved a parking lot with a porous surface to maximize rain drainage and installed a forebay system to filter rain runoff before it flows into our pond. We also installed sensors to automatically shut off our outdoor sprinklers when it is raining or has recently rained, better managing our water consumption.



When we needed to remove some trees to install a property fence, we had the bark recycled into mulch.

Employees take an active role in caring for nature:

- Kicked off a 10-10-10 Challenge, encouraging employees to spend 10 minutes outdoors for 10 days, picking up trash.
- Provided seedlings to employees to plant at home for Earth Week, and invited employees to bring in their own plants to swap with others.
- Volunteered at the pollinator garden spring clean-up at Creve Coeur Mallard Lake.
- Participated in education opportunities, including a talk with the Missouri Botanical Garden about how to support the Homegrown National Park initiative by planting native plants at home.



Safety National employees take environmental stewardship into their own hands. Employee-led projects include building bee hotels on campus, recycling candy wrappers, and repurposing expired coffee grounds as hydrangea mulch.

Supporting People



Our vision is to be first with clients, first with coworkers and first with our communities. People are at the heart of our business.

EMPLOYEE EXPERIENCE

Our clients say that they see and feel the difference when they work with our team, and we know our people make us stand out from the competition. To be a successful and sustainable business, it is important that we attract and retain employees who are committed to our core values of stability, teamwork, relationships, integrity and balance, so collectively, we can deliver the best service to our clients and communities.

Safety National has been intentional about creating a welcoming and inclusive workplace. We hold regular meetings with all employees to provide transparent updates about our business. We also host events throughout the year to celebrate progress on our company goals and recognize employee achievements.



SPARKING INNOVATION

In 2023, Safety National established an Innovation Working Group composed of employees representing all areas of the company. This group works to facilitate and encourage innovation by engaging and empowering employees to share their ideas. In its first year, the group hosted a "Spark Tank" event, modeled after television's popular Shark Tank. Employees submitted innovative ideas, which were turned into pitches, presented to a panel of executive judges, and voted on by an audience of their peers. All ideas were eventually approved and are currently in various stages of implementation. Other efforts of this group include the creation of an idea submission platform that's accessible to all employees, and communication and education efforts to encourage participation and inclusion in company-wide innovation activities.

Everyone Benefits

Our stability and financial strength make it possible for us to offer competitive salaries and unrivaled employee benefits that help employees and their families thrive. This commitment to our people has earned us the Best Places to Work in Insurance recognition eight times.



Safety National supports our employees and their families with a wide range of benefits, including:

- Generous PTO and paid holidays
- Flexible schedules and work-from-home policies
- Company-paid medical, dental and vision plans
- Employee assistance program
- Expanded benefits and financial support for fertility and adoption
- Paid parental leave policies
- Paid caregiver leave to allow employees to care for aging relatives and other family members
- 401(k) and profit sharing with employer matching
- Bonuses and performance incentives



We are constantly expanding and improving our benefits offerings, which now include more holidays, bereavement leave, child and elder care resources, pet insurance, and more.

True work-life balance enables employees to bring their best to work and home. We go above and beyond traditional PTO and paid holidays by providing other unique ways for employees to disconnect, including a Virtual Vacation Perk that reimburses up to \$2,500 in vacation lodging expenses.

Learning and Development

Safety National employees often spend 10, 20, 30 or more years at the company because there is so much potential to grow. Our employees are empowered to explore a variety of career paths within their own departments or by branching out into other areas of the company. At their one-year anniversary, employees participate in our Owning Your Career program, which empowers employees to be proactive in their professional development and career goals. Employees learn more about job families and opportunities across the company, and how to pursue open positions and understand the formal promotion process. Employees and their leaders also discuss short- and long-term career growth goals during the annual performance appraisal, and revisit progress towards those goals throughout the year.

Formal training programs are one of the primary ways employees build skills to advance their careers. This begins from day one with our Succeeding at Safety National onboarding program. Succeeding at Safety National is a year-long program that reduces the learning curve

for new employees through sessions that help them understand how their role fits within the company and help them build relationships across departments. The program includes a roadmap of the employee's first year, as well as various tools and training.

Employee-led committees provide opportunities to develop leadership and project management skills while connecting with people from across multiple functions. Safety National employee committees lead our sustainability approach, community engagement, philanthropic giving and employee events.

Many employees take advantage of other learning opportunities based on their personal career goals. More than 2,900 on-demand training courses are available online through Tokio Marine University. Our tuition reimbursement program provides up to \$8,500 per year to pursue additional education, such as an MBA. We also cover the cost of earning select professional designations and provide a monetary award to employees upon completion.



DIVERSITY, EQUITY AND INCLUSION

We are focused on cultivating a diverse workforce that reflects our communities, customers and business partners, and building a place where people are valued and respected for the unique strengths and perspectives they bring.

Diversity efforts can often become a checklist, and it is important to us that we foster an inclusive and equitable environment for all employees. Some of the ways we are championing diversity, equity and inclusion include:

- Collaborating with an outside consultant to complete a job evaluation and compensation equity assessment of all positions, based on industry and regional data.
- Recruiting prospective employees from a variety of backgrounds and experiences.
- Providing benefits that are inclusive of all family types, including domestic partnerships and adoptive parents.
- Integrating new employees early on through the Succeeding at Safety National program.
- Participating in unconscious-bias training and annual training focused on inclusion in the workplace.
- Facilitating a Core Values Ambassador program to reinforce our Core Values and champion inclusivity throughout the organization.

Our commitment to diversity extends to the broader insurance industry. For example, we sponsor the national and local chapters of the National African American Insurance Association (NAAIA), which creates a network among people of color employed in or affiliated with the insurance industry. At NAAIA's annual Black History Month celebration, Safety National received the Rising Leadership Award as the first official corporate sponsor of the St. Louis chapter.



DIVERSITY, EQUITY AND INCLUSION STATEMENT

Safety National is committed to creating a culture where **inclusiveness** is a standard, not an initiative. We strive to build and nurture an environment in which individual differences are **valued** and **respected**. Our goal is to cultivate a diverse workforce, representative of the communities in which we work and live, the customers we serve and our business partners.

COMMUNITY IMPACT

Safety National is one of the largest insurers of institutions that directly work on behalf of local communities: first responders, city governments, school districts, water districts, parks departments, health care facilities, and more. When catastrophic events occur at these organizations, we play an important role in enabling them to get back to the business of serving their communities.

Safety National also has a responsibility to be a good partner in the communities where we live and work. We provide financial support to several nonprofit organizations that are improving the quality of lives in St. Louis, where Safety National is headquartered and the majority of our employees live, as well as in other regions where we are located. Some long-time St. Louis partners include:

- St. Patrick Center, which provides support for those experiencing homelessness in St. Louis.
- Variety the Children's Charity of St. Louis, which provides access to therapies for children with disabilities.
- Suited for Success, which supports and empowers women to find jobs that provide them with economic independence.

"One tenet of our vision statement is to be first with community, and we genuinely believe that Safety National and our employees are helping ensure equitable access to resources in our communities."

Angie Schaefer,
SVP and Chief Human Resources Officer

We also sponsor cultural institutions that enhance our community, including the Saint Louis Art Museum, Missouri Botanical Garden, Saint Louis Zoo, Saint Louis Science Center, Forest Park, the Gateway Arch and more, including those in other cities in which we operate. Because we insure many police and fire departments, we also donate to Backstoppers to support first responders and their families. In addition, the Safety National employee-led Community and Philanthropy Committee donates \$1,000 each month to a nonprofit nominated by employees.



Employees Give Back

In addition to providing financial support to nonprofit organizations, we have another valuable asset we share with our community – our people. We are proud of our SN Days of Service Program, which gives employees a half day off work to volunteer at organizations, such as Gateway Pet Guardians, Boys Hope Girls Hope, Foster & Adoptive Care Coalition, Feed the Need STL, Annie Malone Children & Family Services, Duo Dogs, Fit and Food Connection, St. Louis Arc, Urban Harvest STL, Wild Bird Rehabilitation, and more. Not only does our work benefit these organizations, it also provides a valuable opportunity for team building.

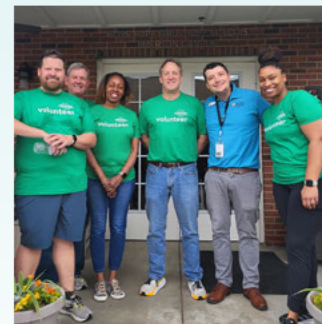
Safety National employees are generous with their own dollars, and we offer a charitable matching-gift program that provides up to \$2,000 per employee to support the causes that are important to them. In 2023, 131 nonprofits across the country benefited from our matching-gift program. We also encourage employees to contribute their professional skills by serving on nonprofit boards.



Employees assist Habitat for Humanity with building a new house.

BRINGING HOPE TO CHILDREN IN POVERTY

Boys Hope Girls Hope was created to help motivated young people overcome economic and systemic barriers to become well-educated and career-ready. Safety National employees have volunteered at the organization for more than 10 years, assisting with landscaping and cleaning, as well as serving on the Board of Directors. We also provide experiences that help put kids on the path for academic and job success, such as hosting them at our office to provide public speaking training.



MAKING A PAWSITIVE IMPACT

Beyond rescuing animals, Gateway Pet Guardians strives to keep pet-owner families together and prevent owned pets from entering an already-crowded shelter system. Safety National employees step up each year to assemble food bags, walk dogs, clean pens, do laundry and staff fundraising events. Safety National is also a corporate sponsor of the Meet-and-Greet Room where potential adopters meet pets, and senior leaders have individually sponsored other parts of the facility and serve on the Board of Directors.



Providing Safety and Security



There is a reason safety is in our name. Our business protects the safety and security of workers and organizations. We do meaningful work by helping people and businesses overcome bad things that happen.

SAFETY

Safety National is a market leader and safety advocate, and we are committed to identifying ways to reduce the risk of employee injury and illness – both for those we insure and for our own team.

Putting Safety First

As an insurer, we have a vested interest in helping our clients reduce safety risks in their workplaces. Through the Safety First grant program, annually, we award matching grants to three of our policyholders to develop creative risk-control ideas into full-scale safety programs for their organizations. The 2023 winners included:

- A horticultural company, which was awarded a \$10,000 matching grant for implementing the use of harvesting robots that will reduce slip, trip, fall and ergonomic-related employee injuries associated with spacing tasks.
- A grocery retailer, which received a \$5,000 matching grant to install ergonomic mixing tables that will reduce dangerous lifting exposures, which lead to frequent back and shoulder injuries for bakery personnel.
- A packaging manufacturer, which was awarded a \$2,500 matching grant to create safer operating conditions on the production floor by retrofitting machines with light curtains and mechanical hard guarding.



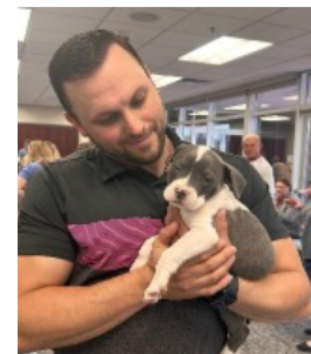
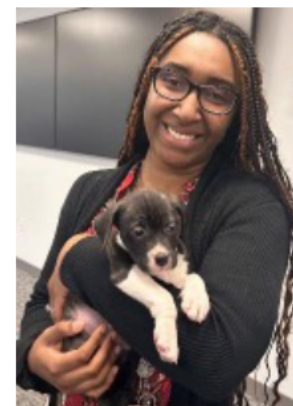
In total, Safety National has funded 29 Safety First risk-control projects to create safer workplaces. An added benefit of the program is that customers are interested in hearing what others are doing, and we often connect customers so they can share best practices for creating new safety programs.

Safety National also provides safety-related information through [Carrier Chronicles](#). Companies can share these tips and trends with their employees to reinforce ways to maintain a safe workplace.

Safety at Safety

We provide for our own employees' health and safety in a number of ways:

- Maintaining secure offices, including keycard access and video surveillance.
- Offering accommodations to avoid office-related injuries, such as ergonomic desk equipment.
- Engaging in emergency preparation drills.
- Providing comprehensive physical and mental health benefits.
- Encouraging health and wellness through on-site gym access, wellness fairs and comprehensive health insurance.
- Supporting mental well-being by providing access to an employee assistance program.



Several times a year, dogs visit the Safety National office to play with our employees, reducing stress through touch therapy.

CYBERSECURITY

Safety National writes cyber-insurance policies, and we take cybersecurity seriously in our own organization as well. We continue to evolve our policies and systems to protect the confidentiality, integrity, and availability of our business and customer data.

Our information security vision: We will strengthen our safe and secure culture, driven by our core values, to enable the business and protect clients, coworkers and community.

Our cybersecurity program is based on the National Institute of Standards and Technology's (NIST) Cybersecurity Framework (CSF). Safety National's program is designed to assess cybersecurity risks and implement policies and procedures to protect against unauthorized access and usage. The program focuses on continuous monitoring, event detection, and response planning to recover and restore

operations if necessary. In addition, we comply with Japan's Financial Instruments and Exchange Law (J-SOX), New York State's 23 NYCRR 500, and other applicable U.S. state cybersecurity laws and regulations. Program compliance and effectiveness is measured annually by independent third-party auditing firms and by our parent company, Tokio Marine.

The protection and recovery of critical information systems and data are also outlined as part of Safety National's comprehensive business continuity and disaster recovery procedures. Periodic testing of the recovery procedures takes place at least bi-annually.

Cybersecurity is overseen by our Chief Information Security Officer with support from the Chief Information Officer and their teams. In 2023, we created a new role – Assistant Vice President of IT Risk Management – to formalize policies and procedures related to IT and data security, and create alignment with the Chief Risk Officer and broader enterprise risk management (ERM) practices of the company.

Today's business world is digital, and we are seeing that in the increased digital data trading that occurs with brokers and third-party administrators. In 2023, Safety National launched a new API management gateway to improve the security of data sharing.



GOVERNANCE

As a wholly owned subsidiary of Tokio Marine Holdings, Safety National is governed by a seven-member executive team. This team is responsible for considering the impact of sustainability-related topics on the business and for making decisions that align with our sustainability strategy and values.

The employee-led environmental committee provides environmental education and community support opportunities.

RESPONSIBLE SOURCING

Our expectations of ethical and sustainable business practices extends to our vendor relationships. We have a robust vendor management assessment program in place to analyze these relationships, and we seek to purchase products and services that are more sustainable when possible.

Ethical Business

As a premier insurance provider, our customers choose Safety National because they trust us to do what is right. This begins with holding our company and our employees to the highest standards of ethical business conduct. Each year, all employees are required to complete mandatory ethics training and sign our Code of Conduct, which includes:

- Avoiding conflicts of interest
- Refusing gifts and other forms of bribery
- Complying with antitrust laws
- Maintaining confidential information in a safe and secure manner
- Refraining from direct lobbying or political contributions
- Having zero tolerance for criminal activity and money laundering
- Managing risks responsibly to ensure long-term business continuity

Any potential violation of these ethics puts our business at risk, and we take this very seriously. Employees have 24/7 access to the Safety National Ethics Hotline and website, confidential third-party platforms that enable employees to voice any compliance or ethical concerns they have.

In addition, Safety National participates in annual external and internal audits conducted by independent national auditing firms, as well as triennial Insurance Department examinations to ensure we are complying with all applicable regulations.



RISK MANAGEMENT AND BUSINESS CONTINUITY

Our business is all about managing risk. Without insurance, people lose jobs, companies close, and the U.S. economy collapses. In order to be the financial backstop our customers need, we need to start by shoring up any risk within our own company.

Safety National employs the Three Lines of Defense model in its management of risk. This model provides a framework that clarifies the roles and responsibilities of the organization's various functions as they relate to effective risk management.

The defense model begins with the operational managers and their staff on the front line. The managers own the risks and are responsible for the day-to-day management of the exposures. Responsibilities include risk identification, assessment, control and mitigation.

Our Chief Risk Officer takes a lead role in the second line of defense, along with other functional areas, such as Legal, Compliance, IT Security and HR, who are tasked with advising and monitoring the risk management operations of the first line of defense.

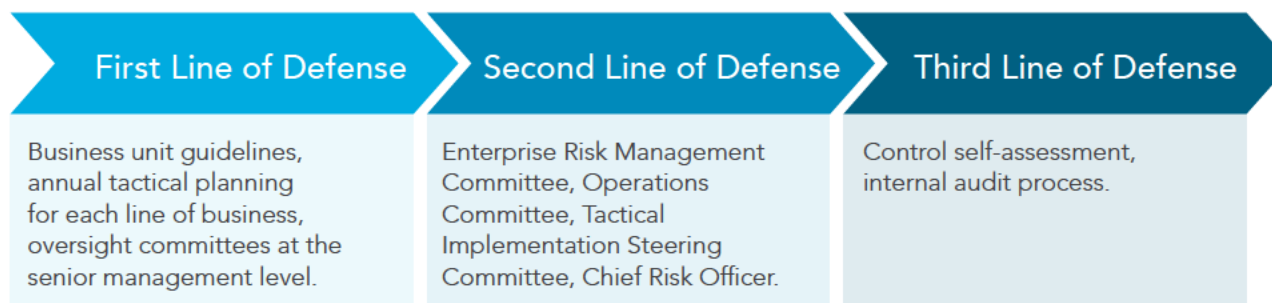
The independent assurance provided by the third line of defense comes primarily from the internal audit department. This department monitors and documents controls organization-wide, providing quarterly reports on open and remediated control deficiencies to the Audit Committee of the Board of Directors.

Safety National prepares for potential risks through robust business continuity planning, which includes policies and procedures that enable us to maintain or quickly return to normal business

operations even in the midst of a crisis. Each year, we gather teams from multiple department areas to participate in a business continuity exercise structured around a hypothetical event, such as a building fire or cyber event. During this exercise, we discuss each team's roles and responsibilities and identify any gaps or questions that need to be addressed.

We also support our customers with their own business continuity. For example, we are one of the only insurance carriers that provides a crisis protection program to all customers. In the tragic instance that their organization experiences a major crisis, we provide access to public relations experts, employee counseling services and international extraction, if needed.

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





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