



AMERISAFE®

Safe Above All

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

AMERISAFE 2021

TCFD INDICES

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Task Force on Climate-related Financial Disclosures (TCFD) Information



The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. The work and recommendations of the Task Force help firms understand what financial markets want from disclosure in order to measure and respond to climate change risks and encourage firms to align their disclosures with investors' needs.

GOVERNANCE

Describe the board's oversight of climate-related risks and opportunities.

AMERISAFE's Risk Committee is comprised of all members of the Board of Directors and is responsible for assessing risks and challenges the company is facing. Our Nominating and Corporate Governance Committee is primarily responsible for oversight of risks and opportunities presented by ESG matters, including climate-related risks, and coordinates with the Risk Committee with respect to such risks as appropriate. While the Board generally considers climate impacts to be indirect to AMERISAFE's operations and business strategy, we recognize that climate affects the industries in which our policyholders operate and may indirectly affect our business and operations.

Describe the management's role in assessing and managing climate-related risks and opportunities.

Currently, our Enterprise Risk Management (ERM) program, led by our Chief Risk Officer, assesses climate-related risks in terms of the potential impact on the industries of our policyholders. These industries include construction, trucking, logging and lumber, manufacturing, agriculture, maritime, and other industries.

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STRATEGY

Climate-related risks and opportunities identified over the short, medium, and long term.

Compared to other lines of business, workers' compensation insurance is less affected by natural disasters. We do not write property risks, and the industries in which we insure workers are unlikely to be working during catastrophic weather-related events.

In terms of our business strategy, we are exploring whether to use additional geography-based modeling for assessing how weather events and other physical climate risks may impact our policyholders and their employees at one time, such as snowstorms or floods which may increase in frequency, intensity, and duration over time due to climate change. We are still evaluating ways of quantifying the indirect impacts of such natural disasters and other climate risks on our business and those of our policyholders.

For our operations, we recognize we are exposed to hurricane risk due to our headquarters being located in DeRidder, Louisiana. As part of the annual report we file with the State of California which highlights our organization's exposure to climate change risks, we report our office's distance from the Gulf of Mexico along with other climate risk factors.

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Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

To mitigate the climate-related risks on our business, we have in place an internal Disaster Recovery Plan. The Disaster Recovery Plan seeks to ensure the efficient and effective restoration of our Information Technology (IT) platform following a disaster. This plan establishes protocols and critical business continuity measures to guide AMERISAFE IT personnel and employees before, during, and after a disaster. In 2020, our Disaster Recovery Plan allowed our business operations to continue functioning in critical areas, even after our main DeRidder, Louisiana location was disrupted by two major storms.

We recognize that climate-related risks may also provide an opportunity for AMERISAFE to share resources that can innovate worker safety and education around climate risks as they affect our policyholders' industries and may explore such opportunities with our safety training providers and partners in the future.

Resilience of strategy using a 2°C or lower scenario.

Because we only write workers' compensation we have no property-related exposure, we have not yet conducted climate-related scenario analysis.

RISK MANAGEMENT

Processes for identifying and assessing climate-related risks.

The Nominating and Corporate Governance Committee has responsibility for oversight of environmental, social and governance risks, including those indirectly raised by climate-related issues, and coordinates with the Risk Committee on such risks as appropriate. The Risk Committee has responsibility for the identification of current and emerging risks broadly across organizational and functional boundaries.

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Processes for managing climate-related risks.

When AMERISAFE's strategic, operational, and physical risks are identified, including those indirectly impacted by climate-related issues, risk mitigation plans are developed as part of our ERM program. The Chief Risk Officer is primarily responsible for the administration of the ERM program and supports periodic risk management training to ensure both employees and the Board are appropriately informed of their responsibilities and have plans to manage AMERISAFE's top risks. Because of the nature of our business, climate change is not one of our top ten risks at this time.

Integration of risk processes into overall risk management.

We maintain a risk universe of strategic, operational, and physical risks that are assessed on an annual basis to determine what the most significant risks are to the company, what controls are in place to address these risks, and what their potential impacts are. Our department heads are responsible for executing on plans throughout the year to address or mitigate our key, identified risks.

METRICS AND TARGETS

Metrics used to assess climate-related risks and opportunities.

AMERISAFE is exploring operational as well as geography-based metrics for managing climate-related risks and opportunities. In terms of operational metrics, we track our main office's electricity usage as well as our printed paper usage by department, with a goal of using less paper overall as a company. As a result of our efforts, overall paper usage has decreased by 68% over the past five years.

In terms of broader climate-related risk exposures from our policyholders, we are evaluating whether geography-based metrics can help us assess the risks of weather-related events to our policyholders. We currently account for earthquakes in assessing our PMLs and may expand this to other weather-related perils.

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Scope 1 and 2 GHG emissions

We currently do not track our Scope 1 and 2 emissions.

Metrics used to assess climate-related risks and opportunities.

AMERISAFE does not currently have established targets in place. We may do so in the future as we continue to assess the potential risks that climate change may directly or indirectly pose to our business and operations.

We have established other operational sustainability targets, such as a goal towards reducing paper usage. To achieve this, we have instituted a recycling initiative to track how much paper is being printed by each department (which is in turn converted into a trees and emissions consumed metric to raise awareness), ensure that recycling bins for paper are clearly marked and available in all breakrooms, and that our waste hauler comes to recycle all of our shredded paper. We are also investigating ways to make our business operations use less paper but are somewhat limited by regulatory barriers such as state guidelines requiring policyholders to affirmatively choose to not receive information in paper form.