

# Environmental, Social, and Governance 2022 Report



## A Note from Our Executive Vice President and CEO



American Agricultural Insurance Company (“AmericanAg™”) continues to be very active in its consideration of environmental, social, and governance factors, and is pleased to publish the 2022 Environmental, Social, and Governance Report.

We recognize the value of ESG in our role as:

- ✓ A company that seeks to help people and businesses prepare for, recover from, and rebuild after losses
- ✓ A corporate investor and trusted business partner, and
- ✓ An employer that seeks to support a diverse, innovative, and highly engaged workforce

At AmericanAg™, we know that ESG-related initiatives are a critical component to fulfilling our corporate purpose and mission. As a global reinsurer, we consistently work with our clients to help them manage their most challenging risks. In the report you will see many examples of how we serve our clients, shareholders, and employees. We are committed to sustainable operations with respect to our own actions and how we help our clients.

We understand the significant challenges our industry will face in addressing ESG issues, and our approach to addressing these issues will evolve over time. We will continue to respond in an appropriate manner, aligned with the nature, scale, and complexity of our company and our clients.

AmericanAg™ has managed ESG risks in our overall risk management framework for many years and will continue to do so by developing products and services that help our ceding companies provide resources that rebuild policyholders’ lives after unforeseen events. We will continue to do our part to transform the world for the better.

I hope you enjoy the summary of ESG-related activities and initiatives at AmericanAg™.

**Andrew Boris**

# WHO WE ARE

## MISSION

As a global reinsurer, we aim to create value through long-term relationships, innovative solutions, and exceptional service.

## VISION

To be an internationally recognized leader in the management of insurance risk.

## PURPOSE

Helping people rebuild their lives after unforeseen events.

## OUR VALUES



### Care for our clients

We work to understand our clients' needs and support their financial success with innovative tools, resources, and services.



### Serve the community

We take an active role in our professional and local communities.



### Demonstrate integrity

We believe that transparency and accountability are the foundation for strong, long-term professional relationships.



### Display professionalism

We value education and high performance and go above and beyond in our service to each other and our clients.



# SUSTAINABILITY AT OUR CORE

## Fundamental to Long-Term Success at AmericanAg™

Sustainability is a fundamental component of our business. It helps us achieve our corporate purpose, “Helping people rebuild their lives after unforeseen events.” At AmericanAg™, that means being able to provide advice, capital, and knowledge to our insurance company clients which ultimately allows them to best support their policyholders.

Our industry relies upon highly technical information in risk management, concentration of exposures, and pricing. Sustainability issues are a growing part of the guidance and information provided by AmericanAg™. This includes issues such as changing weather patterns, productive use of capital, and effective use of policies to support policyholders and economic progress in the communities where they live.

# CORPORATE INVESTMENTS

## Contemplating ESG for Corporate Investments

One of the most significant and urgent impacts that our company can have in the area of corporate investments is to analyze what factors to consider when evaluating where to invest our financial resources.

Understanding that ESG factors can present non-financial material considerations for responsible investing, AmericanAg™ relies upon business partners that consider and integrate ESG considerations when evaluating investment recommendations. In fact, we work with an investment advisor that signed the United Nations Principles for Responsible Investment – a set of six principles that provide a global standard for responsible investing as it relates to ESG factors. Through the use of those business partners, AmericanAg™ is able to evaluate ESG factors as an investment consideration and has access to portfolio-level analysis concerning ESG risk issues.

# ENVIRONMENTAL

## Creating a Positive Impact

Changing weather patterns and the way society adapts to those shifts are vitally important to the business at AmericanAg™. The very nature of our business means involvement in climate risk.

## Monitoring and Managing Climate Risk

AmericanAg™ utilizes sophisticated tools and innovative software to analyze climate risks and how they affect our clients and the industry. Our Catastrophe Modeling and Actuarial teams work closely to monitor both the challenges associated with changing weather patterns and concurrent opportunities that might develop as a result of any trends. Senior management and the Board of Directors receive regular updates concerning new developments and changes to our strategy in response to this evolving area.

## Catastrophe Prevention and Preparedness

At AmericanAg™, we know that our role is to be proactive and respond to catastrophe-related trends. The insurance industry is a strong advocate for solutions that address future challenges, such as the adoption of modernized building codes and the use of better building materials. To help research and identify new approaches, we are a member of the Insurance Institute for Business and Home Safety® (“IBHS”). The IBHS is an independent, nonprofit scientific research and communications organization working to develop and build stronger structures.

AmericanAg™ is committed to navigating the complex issues of climate risk by investing in technology, people, and initiatives that benefit our company and our clients.

## Supporting Clients with Analysis of Climate Risks

Climate risk is an issue for all of us, no matter where we live, work, or operate. To help our clients, AmericanAg™ provides analytic tools, guidance, and thought leadership such as:

- ✓ Specialized software and tools to help our insurance company clients analyze concentration and geographic risks that could be affected by changing weather patterns
- ✓ Training and support for Enterprise Risk Management programs to help evaluate ESG-related risks and how they impact clients' portfolio of risks
- ✓ Market and production data for different lines of insurance that may be adversely impacted by climate risks and other patterns that could affect clients' evaluation of their risk portfolio
- ✓ Articles and white papers that identify emerging issues with new pressures and opportunities for our clients as climate changes impact all parts of our society

## A Work Environment That Encourages Environmental Engagement

Being an environmentally conscious company means taking steps to evaluate the efficiency of the energy used and burdens placed on the environment as part of our operations.

### Our Efforts

#### Where We Work

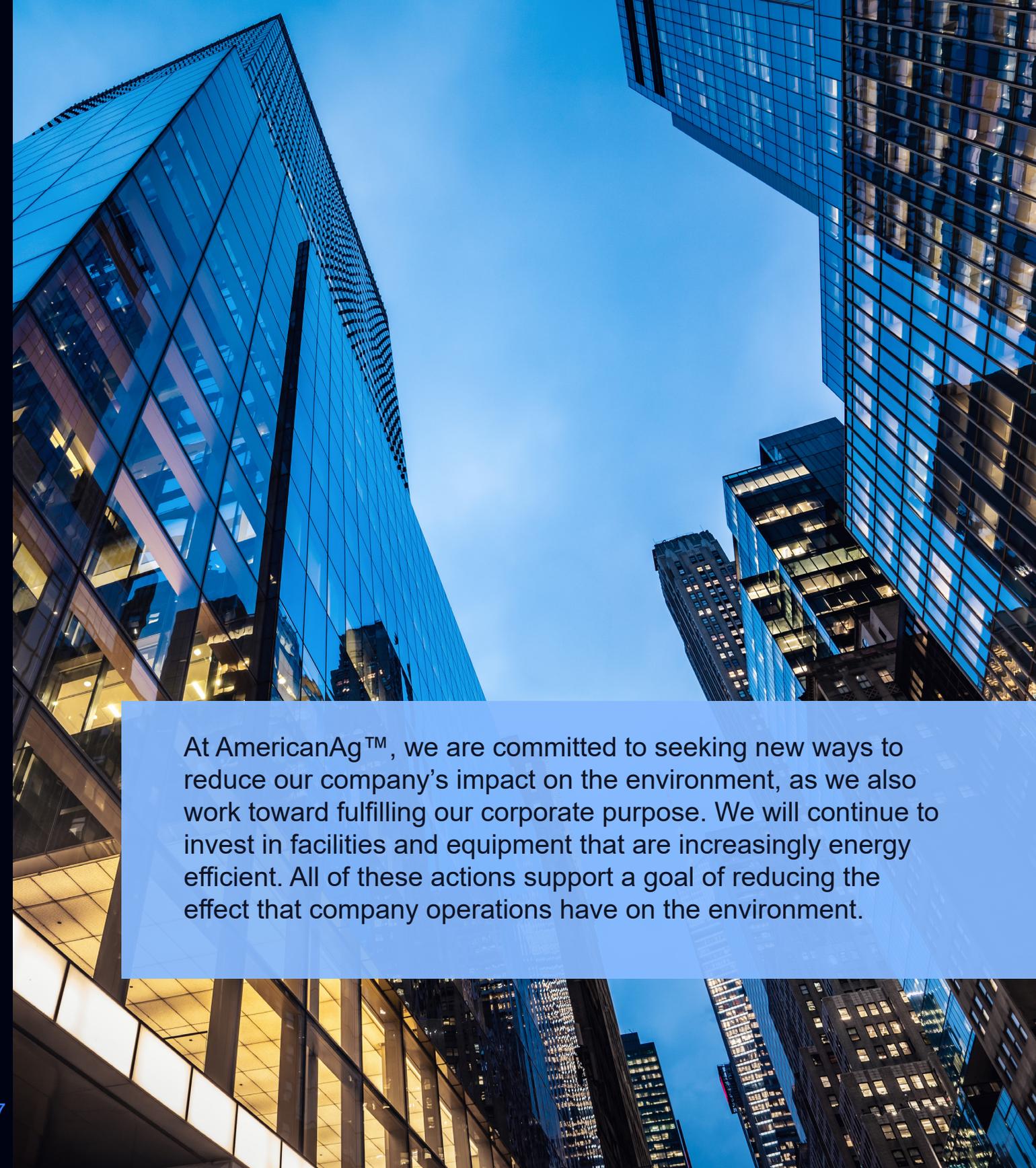
The company's energy usage and efficiency starts with where we do our work.

- ✓ Our corporate office in Schaumburg, Illinois, is located in a building that:
  - Carries LEED Gold certification, Energy Star certification, WiredScore Gold certification, and a BOMA 360 designation
  - Partners with Siemens to maintain an advanced building automation system to reduce the building's carbon footprint and promote energy efficiency
  - Employs a comprehensive water management program adhering to or exceeding the ANSI/ASHRAE Standard 188, while further utilizing remote technology to reduce utility consumption and maximize treatment usage
- ✓ Our company further promotes energy efficiency by automating lighting, printers, and other equipment based upon occupancy.
- ✓ Our company maintains a robust Hybrid Work Policy, allowing employees to work multiple days per week from home or other locations, which has a measurable impact on energy usage through reduced commuting and transportation activities.

#### Use of Resources

The company's energy usage and efficiency includes an evaluation of how we work.

- ✓ Recycling and Reduction in Paper Usage – We've made meaningful advances toward a "paperless" environment. Even when paper is necessary, the company utilizes recycling and shredding programs to lessen the impact on the environment.
- ✓ Electronics Recycling – We reconstitute and salvage as much as possible. Where repurposing is not an option, we contract with business partners to recycle and properly destroy equipment.



At AmericanAg™, we are committed to seeking new ways to reduce our company's impact on the environment, as we also work toward fulfilling our corporate purpose. We will continue to invest in facilities and equipment that are increasingly energy efficient. All of these actions support a goal of reducing the effect that company operations have on the environment.

# SOCIAL

## A Commitment to Employees and Community

It is important for our employees to have a voice. Employee feedback provides actionable insights that help our company continuously enhance our culture and employee engagement.

In 2021, AmericanAg™ was named one of the Best Workplaces in Chicago™ by Great Place To Work®, a global authority on workplace culture. The Best Workplaces in Chicago™ certification recognizes organizations that are classified as having a great workplace, as scored in five dimensions of the Trust Model®: Credibility, Respect, Fairness, Pride, and Camaraderie.

We know that our employees will only be successful if they also receive support for activities away from the workplace. As part of our commitment, we want every employee to have confidence that AmericanAg™ will be there with resources and an understanding of what it means to balance work with personal responsibilities and challenges. We also recognize that being good citizens means something special. We recognize that service and supporting the communities where we live and work helps everyone succeed and prosper.

In 2022, AmericanAg™ launched a virtual “Water Cooler,” an online environment for casual discussion where employees can feel connected and build a sense of community regardless of where they are working.



### Holistic Support

To succeed on any level, personally or professionally, it is imperative for people to have a healthy mind and body. AmericanAg™ provides a variety of tools and programs to assist employees in managing their well-being, addressing life’s stresses, and developing a well-calibrated work/life balance.

- ✓ Robust health and welfare benefits programs for employees and their families
- ✓ Wellness program
- ✓ Reimbursement for fitness center memberships
- ✓ Employee Assistance Program
- ✓ Hybrid and remote working programs
- ✓ Modern technology and IT support to facilitate individualized work habits
- ✓ Ergonomic office support

### Expectant Parents

Starting or expanding a family is one of life’s joys, and AmericanAg™ has a variety of programs and support mechanisms for expectant parents, including:

- ✓ Healthcare plans focusing on prenatal care, labor and delivery, and newborn care
- ✓ Generous leave policies for new parents
- ✓ Ergonomic accommodations for working environments
- ✓ Confidential advocacy and healthcare system guidance
- ✓ Wellness room
- ✓ An understanding by management that major life events, such as the birth or adoption of a child, can generate new life challenges, leading to short-term changes in availability and completion of work-related assignments



## Diversity and Inclusion

Our goal is to create an environment where all employees can prosper, develop, and reach their greatest potential. In turn, they will be better equipped to serve our clients by offering diverse perspectives based upon different histories and the fabric of different communities.

At AmericanAg™, we view diversity broadly, including factors such as gender, race, sexual orientation, gender identity, veteran status, disability, and all other characteristics that make individuals who they are.

### Our Efforts

AmericanAg™ has undertaken several steps to increase both the diversity of our workforce and communication in our business communities, including the following:

- ✓ We use online platforms, media outlets, and search firms to recruit top talent with diverse backgrounds
- ✓ We do not tolerate gender gap compensation issues among employees
- ✓ We initiated all-employee discussion sessions concerning diversity, equity, and inclusion to bolster communication and education
- ✓ We formed a Diversity, Equity, and Inclusion Committee to provide feedback and suggestions to management to help promote an inclusive culture
- ✓ We hosted guest speakers to provide training on a broad range of topics such as inclusive leadership and unconscious bias

## Investing in Personal and Professional Development

It is important to take the opportunity to improve – both as a company and for the development of individual skill sets. AmericanAg™ cannot advance as an organization unless our employees have the opportunity to increase their knowledge base, business acumen, and leadership abilities.

To foster the personal and professional development of its people, AmericanAg™ has:

- ✓ A wide-reaching Education Assistance and Reimbursement Policy that allows employees to pursue advanced degrees and specialized designations in fields related to their business responsibilities
- ✓ Company-wide training on topics ranging from innovation to the use of technology platforms to understanding and improving communication among different types of people
- ✓ Individualized coaching and training for new and emerging leaders at AmericanAg™ to help them develop the skills necessary to lead and manage others

## Service and Community

One of our core values is “Serve the Community.” Our industry has its foundation in the service to others, and we are proud to help communities rebuild in the aftermath of loss or disaster. AmericanAg™ also promotes service through initiatives that help the communities around us and encourages our people to serve in ways that are meaningful to them.

Among the corporate initiatives in this area:

- ✓ A program that allows employees to volunteer in the community for a set number of days each year, in lieu of working their “regular job”
- ✓ A program that matches employee contributions to charities and service organizations
- ✓ Contribution to college scholarship programs for those who want to pursue insurance-related occupations



# GOVERNANCE

## Sensible Governance

Our Corporate Vision – “To be an internationally recognized leader in the management of insurance risk” – sets the standard for our business. Our success is predicated on the effective management of risk by relying upon the expertise of our people and the analysis of data. Working to identify, address, mitigate, and potentially capitalize on environmental, social, reputational, and other risks is the basis of sound and responsible governance at AmericanAg™.

## Enterprise Risk Management

A detailed and holistic approach to risk management is integrated into the fabric of AmericanAg™. At the highest leadership levels, the company routinely and systematically examines strategic, financial, underwriting, operational, legal, environmental, social, and governance risks. This approach allows us to identify changes in risks that might require attention when risk tolerance levels are reached. This also provides insights on risks that require quick action to capitalize upon an opportunity. This holistic risk management approach is strengthened by the following:

- ✓ Annual reports by the Chief Risk Officer to the Board of Directors regarding the company’s risk management program and changes from prior reports
- ✓ Internal Emerging Risk Task Force to monitor emerging trends and risks
- ✓ Programs to help clients with their risk management programs, bolstering the opportunity to identify business opportunities and strengthen relationships

Robust risk management provides a framework and the tools to effectively navigate the increasing complexity of our rapidly changing world.

Strong corporate governance is at the core of our company's culture.



## The Governance of Environmental and Social Risks

Including environmental and social risks as part of our overall risk management process is simply good business and reinforces our corporate obligation to act responsibly. Whether it is changing climate patterns, data that suggests new trends for frequency or severity of losses, or new societal patterns or values that influence activity, the people at AmericanAg™ are charged with addressing a broad range of risk management impacts related to environmental and social issues.

To help both our people and our clients in these areas, we utilize a number of methods such as:

- ✓ Underwriting guidelines that identify acceptable risks within certain defined measurements and parameters
- ✓ Investment guidelines that identify guideposts and restrictions regarding types and limits of investments made at the corporate level
- ✓ A Code of Conduct that outlines our shared responsibilities to our clients, business partners, colleagues, and communities
- ✓ Utilization of and reliance on an Internal Audit department to help us check that we are staying within the boundaries that we set for ourselves

## Board of Directors

Our commitment to sound governance is reflected by:

### Code of Conduct

The company's Code of Conduct is reviewed and approved on an annual basis by the Board of Directors. It addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, information security, protection and proper use of company assets, compliance with laws and regulations, and reporting of illegal and unethical behavior.

### Orientation and Board Training

All new members of the Board of Directors attend an orientation session that includes topics about the reinsurance industry, the history and operational structure of the company, and duties and obligations that each Director has toward the company.

### Board Performance Evaluation

Performance evaluations of the Board are conducted no less than every three years via a self-evaluation format to determine whether the Board and its committees are functioning effectively, including assessing whether the Board has the right mix of skills, experience, and talent.

### Advisory Board Directors

AmericanAg™ bylaws call for the Board of Directors to include between five and seven Advisory Directors that are former insurance company executives.

### Routine Meetings Between the CEO and Chairman of the Board

Routinely scheduled meetings between the CEO and Chairman of the Board allow for a free flow of information concerning operational successes and challenges, business strategy, and items to be discussed with the full Board of Directors.



American Agricultural Insurance Company

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