



Safety Insurance®
AUTO • HOME • BUSINESS

2021 Environmental, Social and Governance Report



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MESSAGE FROM THE PRESIDENT AND CEO

We believe that Safety Insurance has a responsibility to both its stakeholders and the environment in which it operates, and that the effective management of Environmental, Social and Governance (ESG) issues will help drive the continued success of the business. To that end, Safety Insurance is committed to developing environmentally- and socially-conscious solutions for our employees, our community, our investors and our independent agency partners and policyholders.

We're excited to share our ESG report to highlight the significance of our journey and how ESG has been a key focal point for the company. We continue to make indelible impacts in our communities in various ways, from the Parent's Supervised Driving Program and In Control Advanced Driver Training, which encourage new and young drivers to be responsible and drive safe, to donating to organizations our employees are passionate about and supporting industry job training and work opportunities for students in nearby high schools and community colleges. For the environment, we continue to efficiently operate our physical footprint in the heart of Boston, Massachusetts. Organizationally, we are committed to investigating additional ways to measure and reduce our overall carbon footprint in line with industry practices. Finally, and perhaps most impactfully, ESG risk management is incorporated into our formal Enterprise Risk Management Program. Through this program, our senior leadership team oversees the management and risk mitigation process and works with the Board of Directors to evolve our ESG strategy and monitor ESG initiatives. Our Board, which oversees these initiatives, recognizes the importance of ESG



responsibilities. We continuously engage with internal and external stakeholders on ESG topics to help further inform our future direction and priorities. Our areas of focus are: human capital, social impact, environmental sustainability and corporate governance. The Nominating and Governance Committee is charged with oversight of the company's governance.

As we continue to grow our ESG program at Safety Insurance, we're excited to bring you along. We invite you to join us on this journey as we do our part to make the world a better place.

A handwritten signature in black ink, reading "George M. Murphy". The signature is stylized with a large, sweeping initial "G" and "M".

George M. Murphy
President and CEO

ABOUT THIS REPORT



We are proud to present our 2021 Environmental, Social and Governance Report, which we will now be updating and distributing annually. Safety has always valued the initiatives covered in this report and we look forward to sharing our progress regarding these topics moving forward. This report was created according to the Sustainability Accounting Standards Board (SASB) metrics for the Financials, Insurance Sector (FN-IN). SASB is an independent nonprofit whose mission is to develop and disseminate sustainability accounting standards that help public corporations disclose financial information that is specific to their industry's ESG initiatives to

investors. Safety Insurance has begun to adhere to the SASB Insurance Sustainability Accounting Standards (2018).

All mentions of Safety Insurance (or Safety), the company's activities and employees are in reference to Safety Insurance Group, Inc. When discussing energy efficiency, we are referring to the operations of our headquarters, which is located at 20 Custom House Street, Boston, MA 02110 and hosts 99% of our non-telecommuting employees. Additional information can be found on our [website](#).

ABOUT SAFETY INSURANCE

Safety Insurance was founded in 1979 with a belief that we would succeed as a company if customers were given the best possible service. As we've grown and expanded our product line to include a full range of property and casualty insurance products, staying committed to that belief has meant even more. Today, we are one of the leading providers of property and casualty insurance in Massachusetts, New Hampshire and Maine and distribute our policies exclusively through independent agents.

At Safety, we do everything in our power to make it easy for our agents and policyholders to do business with us; and we ensure our clients have the necessary tools to avoid dangerous driving situations and keep their loved ones safe whenever

they're on the road. Our other-than-auto products — including homeowners, umbrella and business policies — offer a broad selection of coverage opportunities that help our customers protect what is important to them. At Safety Insurance, "We help you manage life's storms."

Our sights are set on building on the strong foundation Safety has forged as we navigate the evolving needs of our clients, a transforming business landscape and a changing world. We look forward to the future where we will continue to grow together with our policyholders and independent agency partners.



GOVERNANCE

Board of Directors

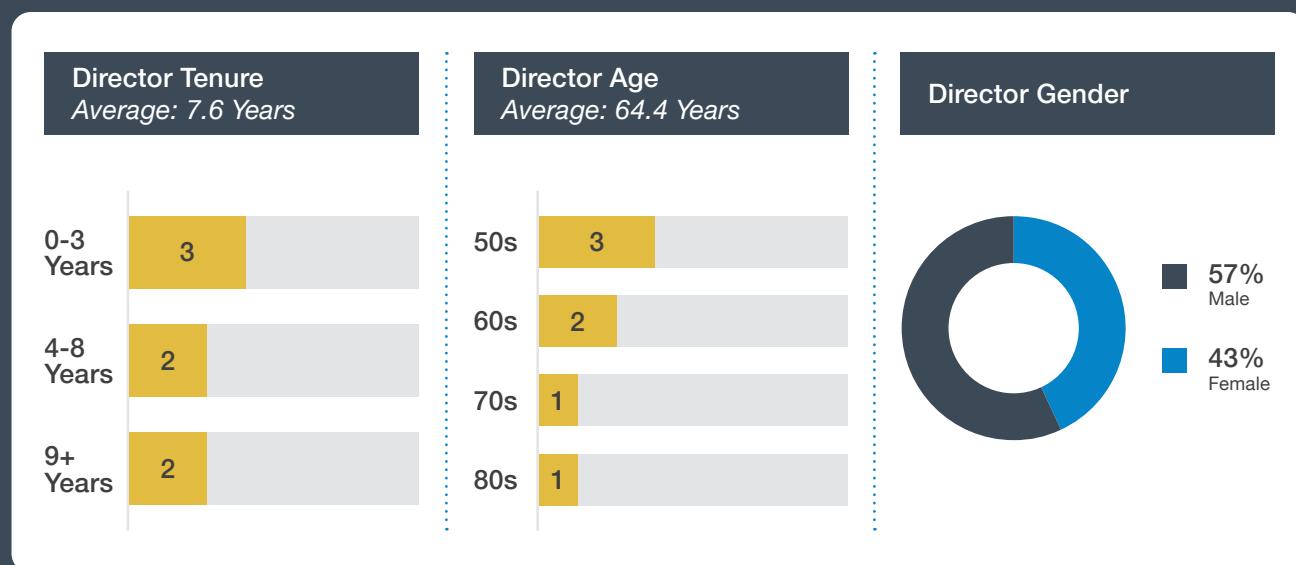


Safety Insurance's value in citizenship starts with our Board of Directors, where we honor our obligations to society by being an economic, intellectual and social asset to our company and the community. The Board has an active role, as a whole and also at the committee level, in overseeing the management of the company's risks and ensuring we uphold our company values.

The Board regularly reviews information regarding the company's strategic, financial, compliance and operational risks. The Nominating and Corporate Governance Committee oversees risks associated with the independence of the Board. The Audit Committee oversees the management of risks associated with accounting, auditing, financial reporting and internal controls over financial reporting. The Audit Committee is also responsible for reviewing and discussing the guidelines and policies governing the process by which senior management

and the Risk, Audit, and Compliance department assess and manage the company's exposure to risk, as well as the company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The company's Compensation Committee oversees the management of risks related to Safety's compensation policies and practices. While each committee is responsible for evaluating certain risks and overseeing their management, the entire Board is frequently informed about these risks through regular committee reports. As mentioned previously, the Board is charged with overseeing our ESG strategy and monitoring our ESG initiatives, per our decision to incorporate ESG risk management into our formal Enterprise Risk Management Program in 2021.

Total Number of Directors: 7



Each member of our Board brings extensive management and leadership experience gained through their service as executives and distinguished careers in a variety of businesses. In these roles, they have taken hands-on, day-to-day responsibilities for strategy and operations, including the management of capital, risk and business cycles. The process to recommend qualified Board of Director candidates is described in our Nominating and Governance Committee policies. The Board is committed to a policy of inclusiveness and actively seeks highly-qualified candidates from different genders, ethnicities, backgrounds, experiences and skills in every search the Board undertakes. The Board has appointed four new members since 2016 and has focused its efforts on identifying diverse candidates.

For more information about our Board's role, including ownership and control, please refer to our [2022 Proxy Statement](#).

Board of Directors Matrix				
Total Number of Directors: 7				
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors' Gender Identities	3	4	-	-
Part II: Demographic Background				
African American or Black	1	-	-	-
Alaskan Native or Native American	-	-	-	-
Asian	-	-	-	-
Hispanic or Latino	-	-	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	2	4	-	-
Two or More Races or Ethnicities	-	-	-	-
LGBTQ+	1	-	-	-

Business Ethics

Responsibility, integrity and accountability, as well as respect and support for human rights issues, are foundational to our culture. These values are embedded in how we do business. Our respect for human rights is evidenced through various corporate policies and practices including those related to workforce diversity, non-discrimination, non-harassment and employee well-being. These values are also the basis of our Code of Business Conduct and Ethics, which applies to all directors, executive officers and employees. The Code covers matters that we believe are supportive of high standards of ethical business conduct, including those regarding legal compliance, conflicts of interest, insider trading, maintenance of corporate books and records, gifts and entertainment, political contributions, confidentiality, public communications, special obligations applicable to our CFO and members of the Audit Committee and standards and procedures for compliance with the Code.

We've established a whistleblower hotline which allows any individual to confidentially and anonymously communicate recommendations, complaints or concerns without fear of retaliation. This includes employees providing information about theft, fraud, conflicts of interest, financial reporting issues, internal accounting control matters, audit issues and violations of Safety's Code. Quarterly summary reports regarding conduct, ethical matters and compliance violations are produced and distributed to the Chairperson of the Board, the Chairperson of the Audit Committee and the Director of Risk, Audit, and Compliance.

Risk Management

We recognize that an ever-changing risk portfolio must be continually managed to meet our value-based objectives. Through our formal Enterprise Risk Management Program, we seek to provide assurance that the portfolio of risks impacting our ability to meet our business objectives and strategic initiatives are understood and properly managed by risk owners throughout the organization. We recognize the importance of managing risk not only to avoid large, unexpected losses but also with a desire to increase shareholder value. Safety's overall corporate risk profile is comprised of various financial, operational, compliance and strategic risks, many of which are ESG-related. Examples of such ESG-related risks include corporate governance, human capital, information security, cybersecurity, climate change, catastrophe and customer expectations.

The Board has delegated oversight responsibilities of the Enterprise Risk Management Program to the Audit Committee. Through their risk oversight role of this program, the Audit Committee seeks assurance that Safety's risks are properly managed, which in turn supports the business objectives and strategy of the company. Managing Safety's organizational risks is the ultimate responsibility of the President and CEO. An Executive Committee of seven vice presidents supports the President and CEO. This committee is responsible for establishing Safety's culture, business objectives and strategic initiatives, and has direct ownership of the company's risk portfolio.

The Executive Committee established the Risk Management Committee to oversee the organization-wide Enterprise Risk Management Program. The committee is comprised of the President and CEO, the Chief Financial Officer (CFO), the Vice President of Underwriting, the Vice President of Management Information Services, General Counsel and the Director of Risk, Audit, and Compliance, who is responsible for the ongoing execution of the program and chairs the committee.

Through this formal program, a framework is in place for the company to identify, assess, monitor and manage its most material risks. Risk owners are continuously collaborated with to ensure the effectiveness of their execution, oversight and monitoring. Close collaboration with Safety's Actuarial Services department also exists to ensure our required capital requirements are met and the financial strength of the organization is solid. As a component of Safety's comprehensive risk management framework, an annual Own Risk and Solvency Assessment ("ORSA") Summary Report is prepared which links our Enterprise Risk Management Program, strategic planning initiatives and Capital Management Program together. To support their risk oversight responsibilities, the Director of Risk, Audit, and Compliance provides the Audit Committee with quarterly updates.



CREATING VALUE

As we strive to create value for our customers, communities and shareholders through the products we offer and investments we make, we remain ever aware of the risks to our business and ensure that we are taking every step necessary to protect our information technology and data.

Cybersecurity and Data Privacy

Data Security

Safety Insurance maintains a comprehensive Information Security Program that creates effective administrative, technical and physical safeguards to protect the personal information of policyholders and claimants, in accordance with applicable legal requirements.



To ensure compliance with the stated obligations, Safety's Information Security Program seeks to:



Identify reasonably foreseeable internal and external risks to the security, confidentiality and/or integrity of any electronic, paper or other records containing personal information.



Assess the likelihood and potential damage of these threats, taking into consideration the sensitivity of the personal information.



Evaluate the existing policies, procedures, customer information systems and other safeguards in place to control risks.



Design and implement a plan that puts safeguards in place to minimize those risks, consistent with the requirements of the obligations noted above.



Regularly monitor the effectiveness of those safeguards.

Safety restricts access to customer information to only those employees and others who need to know such information to perform their duties or for legitimate business purposes. The company restricts access to physical locations where customer information is stored, maintains appropriate security measures and safeguards for electronic customer information and has implemented controls to prevent employees from providing customer information to persons seeking it through fraudulent means. Additionally, the company has taken measures to protect customer information against physical loss, destruction or damage.

To foster the growth of data security as part of our everyday responsibility, employees are required to participate in information security training. In addition to that, the success rate of our employee phishing training exercise has increased by 3% since 2019, from 93.5% to 96.2%.

Our Internal Audit function performs periodic assessments of the design and operating effectiveness of management's control environment against these requirements, and our Risk Management Committee

has ultimate oversight responsibility for the company's Information Security Program. The Director of Risk, Audit, and Compliance apprises the Audit Committee of the Information Security Program's status on a quarterly basis.

Cybersecurity

Safety recognizes the ever-increasing threat cybersecurity poses to the organization and our stakeholders. Accordingly, under the direction of the Executive Management team, specifically the Vice President of Management Information Services, a Cybersecurity Program is in place which identifies the policies and procedures that, taken together, protect Safety's information assets, including computers, networks, programs and data from unauthorized access. These policies and procedures seek to align management's cyber risk-related activities to effectively identify, protect, detect, respond and recover from a cybersecurity event. Our Vice President of Management Information Services presents our Cybersecurity Program to the Board annually.

Our cybersecurity controls framework seeks to comply with recognized industry best practices, including the Center for Internet Security and National Institute of Standards and Technology (NIST) Cybersecurity Framework. Our Internal Audit function performs periodic assessments of the design and operating effectiveness of management's control environment against these best practices.





Cybersecurity Risk Oversight

The Cybersecurity Committee, consisting of key information technology management and staff, assists the Risk Management Committee in fulfilling its oversight responsibilities by overseeing and reviewing Safety's internal controls to protect the company's information and proprietary assets.

Incident Response

Safety Insurance IT systems are fundamental to business operations, and any problem affecting IT resources can quickly impact the business. Responding efficiently and effectively is crucial for minimizing risks to the business, Safety Insurance customers and our network of independent agents. Safety Insurance has created a dedicated incident response team, along with carefully-designed and well-maintained incident response procedures. The purpose of this plan is to provide Safety Insurance management and IT staff with processes and procedures to properly identify and handle incidents that may affect the safety and/or security of Safety Insurance IT resources.

Third-Party Risk Management

Safety leverages multiple third-party vendors to help the company meet its business objectives. To manage the risks arising from these relationships, we are actively enhancing our Third-Party Vendor Risk Program to meet emerging regulatory requirements and strengthen the vendor management capabilities across the organization. This standardized process is utilized to effectively manage third- and fourth-party vendors. Our program is designed to identify and mitigate risks that our vendors pose, including vendor code of conduct, vendor service levels, data privacy and appropriate contracting.

Policies Designed to Incentivize Responsible Behavior

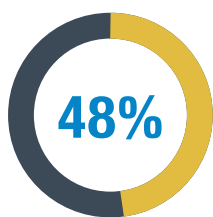
We believe our products and services can encourage safer behavior from our policyholders, as well as provide peace of mind. This principle has helped us think of ways to improve products or services that have a measurable impact to Safety and an enhanced experience to those we insure. Safety offers incentive programs to promote responsible driving, such as In Control Crash Prevention Training, a New England-based training program that addresses driving issues that most affect the safety of drivers while on the road. Safety offers a 5% group discount to customers who participate in the In Control Crash Prevention Training program. Customers will also receive a 5% group discount for completing Advanced Driver Training. Additionally, we are the lead sponsor of the Parent's Supervised Driving Program, a program developed by Safe Roads Alliance that is dedicated to promoting safer driving by educating drivers of all ages.

Through our multiyear digital transformation strategy, we have enhanced how we interact with our policyholders. Through our many paperless programs, we encourage all of our policyholders to take advantage of our product solutions to not only meet their changing needs but also become environmentally responsible by reducing paper consumption.

Electronic Customer

Through our e-Customer program, we offer discounts to policyholders who receive their policy documents electronically. Approximately 48% of our policyholders are enrolled to receive policy documents electronically. Depending on the line of business, policyholder discounts can range from 3% to 9%.

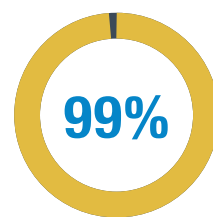
Additionally, approximately 99% of all new policy applications and endorsements are submitted electronically by independent agents through our proprietary agent portal.



ARE ENROLLED TO RECEIVE
POLICY DOCUMENTS
ELECTRONICALLY



RANGE OF
POLICYHOLDER
DISCOUNTS



OF ALL APPLICATIONS
ARE SUBMITTED
ELECTRONICALLY



Electronic Bill Program

We offer an electronic billing program where our policyholders may opt to receive an electronic bill as opposed to a paper invoice. This program currently has 47,500 policies, and we continue to work with our independent agents to expand it even further.



Electronic Payments

We offer our insureds various options to pay their bill via electronic methods. Approximately 65% of our policyholders opt to pay through these electronic methods, thus significantly reducing the paper generated by mailing.



Low-Mileage Discounts

We offer low-mileage discounts to policyholders who drive less than 7,500 miles in a calendar year. This discount ranges from 7% to 15% at various mileage points and encourages a reduction in miles driven, which benefits the policyholder, the environment and the company.

Transparent Information for Customers

We are committed to transparency as we work to provide a broad range of products that protect our customers' assets. Safety partners with a network of over 600 independent agents throughout Massachusetts, New Hampshire and Maine to make our property and casualty insurance products available to customers at a competitive price. We align closely with this partner network and value the relationships we've built over the years, working side by side to serve our customers. We equip our independent agents with state-of-the-art tools and modern technology that empower them to provide a seamless customer experience while making it easy to do business with us.

Our abilities to offer property and casualty insurance products is contingent upon our ability to maintain

clear and transparent information to potential customers. This is accomplished through internal policies and procedures, the oversight and involvement of both the Products and Services and Marketing departments and the support of our General Counsel.



Responsible Investment

As a regulated entity domiciled within the Commonwealth of Massachusetts, we are subject to laws as overseen by the Massachusetts Division of Insurance which, among other responsibilities, seeks to protect the insurance consumer. Internal and external reviews of our operating practices are regularly performed to ensure our compliance to these laws. In 2021, our claims-to-complaints ratio was 0.04% or 1:2,425. We also maintain an above-industry average retention rate for both personal auto and homeowners insurance. We credit this success, in large part, to our commitment to fair, responsive and transparent dealings with our customers.

As climate change affects the broader business landscape, we recognize that its effects could have an impact on our investments and must be taken into consideration. We maintain a conservative, diversified investment portfolio that achieves risk-adjusted return while aligning with our values and ESG priorities. We have found that the incorporation of material, non-financial factors has the potential to enhance long-term investment returns. We also place importance on integrating the same ESG issues prioritized at Safety within the holdings of our investment portfolio. Our assets are overseen by third-party investment managers with robust ESG integration strategies. The partners continuously screen our portfolios for exposure to fossil fuels, tobacco, firearms and other dangers, which are measured at both the individual asset class and total portfolio level. Asset managers engage in ongoing dialogue with investee companies around ESG performance. The Safety Insurance Investment Committee sets guidelines that our investment managers follow. The Investment Committee consists of the Chairperson of the Board, President and CEO, CFO and an independent member of the Board of Directors. We will continue to ensure our investment portfolio achieves compelling financial returns while seeking positive environmental and societal outcomes.

EMPOWERING OUR WORKFORCE

Employee Well-Being

Safety Insurance considers the health and wellness of our employees and their families a top priority. Safety offers a wide range of programs and benefits to support this priority, including:

- Medical coverage
- Dental coverage
- Pharmacy coverage
- Employee Wellness Assistance Hotline
- Vision coverage
- Short- and long-term disability benefits
- Sick days
- Annual health club or wellness center reimbursement dollars

As of 2021, over 87% of Safety employees were enrolled in at least one part of our group healthcare benefits package. Safety also takes an active role in defraying the cost of the group healthcare offerings. Safety pays 80% of individual coverage and 75% of family coverage. Almost all benefits are available after 30 days of employment.

Prior to the COVID-19 pandemic, approximately half of our employees participated in a work from home program that helps contribute to a flexible work-life balance and allows the company to minimize the real estate rented at our home office. In response to the pandemic, we quickly transitioned all other employees to a work from home environment and have the capacity for 100% of our workforce to work in a remote setting. This flexibility has allowed us to retain high-level talent and created value for our employees by fostering a substantial work-life balance for our workforce.

During the COVID-19 pandemic, we also ensured our employee base was well informed. This included providing updates to company procedures and awareness to any support programs available to them. One such area was Safety's Employee Assistance Program. Through this sponsored program, Safety employees and dependents can reach out, at no cost, to our provider and receive information and confidential support to assist them during this challenging time.

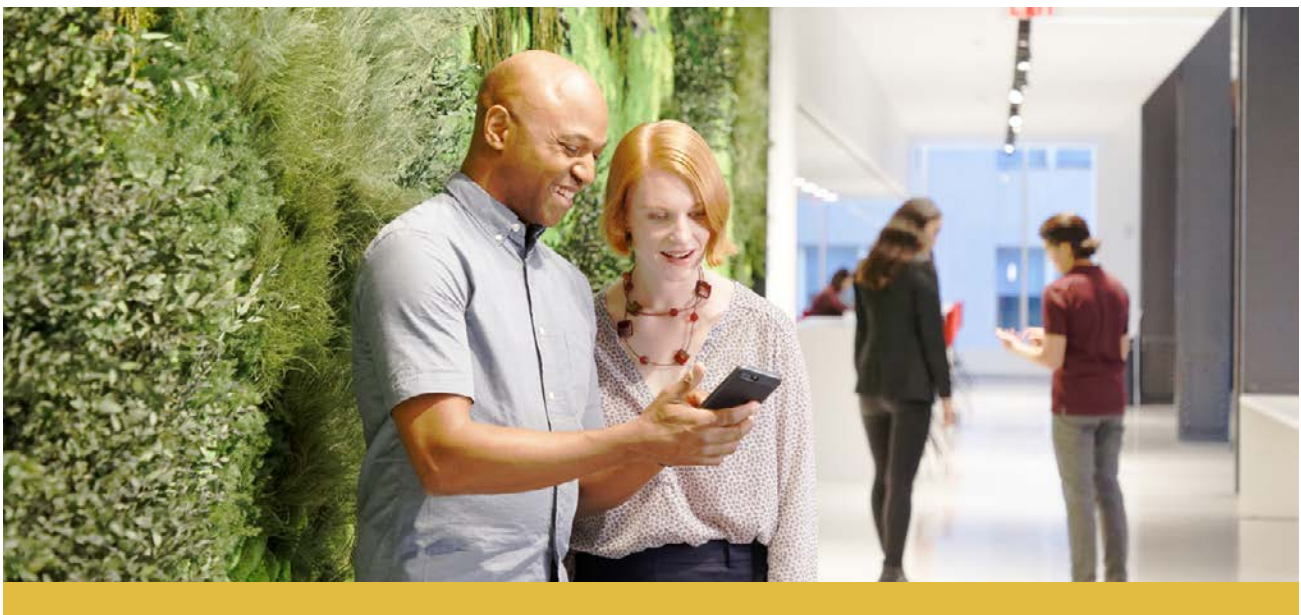
Safety is dedicated to retaining and engaging our employees professionally while allowing for a flexible and dynamic work environment. Safety has 332 employees, over 60% of our workforce, on either a full- or part-time telecommuting schedule. Safety management engages in a face-to-face comprehensive review process with every employee twice a year.



We offer competitive salaries at all job grades and engage in an annual salary survey process to evaluate each grade to ensure they are geographically market competitive and attractive. Our median annual salary was \$86,873 in 2021.

The company recognizes its responsibility to provide employees with a safe, secure work environment across all office locations. In doing so, the company is committed to complying with all applicable legal and regulatory requirements as they relate to health and safety as the minimum standard. It is the responsibility of all employees, regardless of department or level, to adhere to corporate policies and maintain a safe work environment. Compliance is monitored on an ongoing basis and the company is committed to investigating and managing workplace accidents and injuries, which is done through Human Resources. Expectations on health and safety are communicated to employees through the company's Employee Handbook, which all employees must annually read and formally acknowledge. The Employee Handbook is made available to all employees online through the Safety Virtual Community (SVC).

Safety Insurance values the positive work environment that attracts and retains employees through a combination of employee satisfaction, working conditions, company culture and benefits. Of our 551 employees, we have an average tenure of 15.9 years with a median of 16 years with the company. Approximately 20% of our workforce has been with the company for more than 25 years.



Human Capital Development

In 2021, we continued to build on our efforts to foster a culture that creates value for our employees through our robust learning and development program, our competitive compensation and our health and benefit programs. We have a strong foundation in recruiting, developing and retaining talent and take pride in a workforce that upholds our corporate reputation of maintaining the highest ethical standards. Safety is deeply committed to the long-term development of our staff.

All Safety employees receive training through both our in-house Safety Training & Education Program (STEP) and our Learning Management System (LMS). Our LMS has over 1,000 individual classes available in an open-learning architecture, meaning all learning opportunities are open to all Safety employees.

Safety offers 100% tuition reimbursement to employees seeking to further their education in business-related areas of study with no internal limit on the amount of tuition reimbursement an employee can receive. Safety also incentivizes employees to receive Insurance Professional Designations such as the Chartered Property Casualty Underwriter (CPCU) and Associate in Claims (AIC) designations. Safety also maintains close corporate relationships with the Insurance Library of Boston, as well as The Institutes, which allow Safety employees to access a full range of professional insurance educational opportunities on demand. Over the past five years, Safety has reimbursed over \$1,272,000 in employee tuition fees.

Safety offers both a traditional 401k plan as well as a ROTH plan through Fidelity that is open to all employees who are 18 years of age upon date of hire. Safety matches 100% of the first 8% each employee contributes. Safety's match vests incrementally over five years. Approximately 96% of our employees participate in Safety's 401k retirement program.

We take our fiduciary responsibility to our employees' financial well-being very seriously. To that end, Safety has engaged with a third-party partner, The Newport



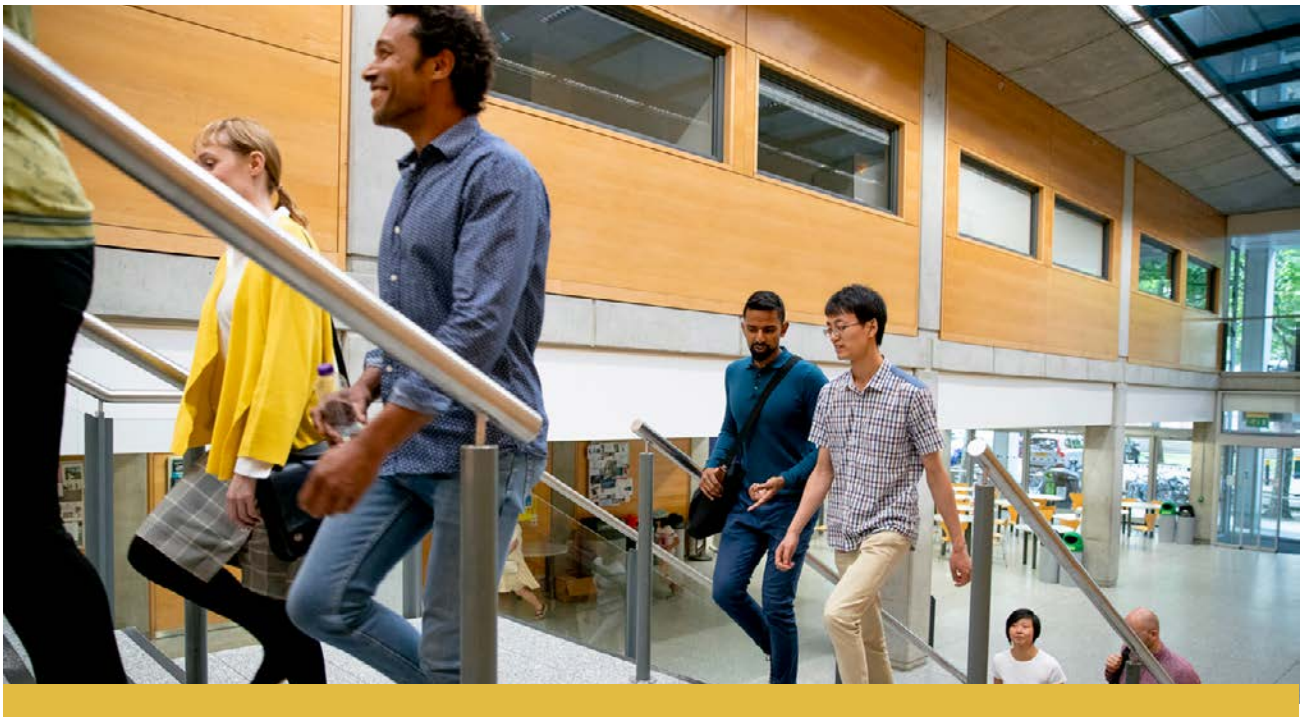
Group, to review the costs and returns associated with our 401k plan on a quarterly basis. Safety has created a 401k Investment Review Committee to partner directly with The Newport Group, which has members at both the executive and management level.

Safety diligently tracks turnover and analyzes both type and reason to better understand the data and identify any developing trends. Over the past five years, Safety has an average voluntary turnover rate of 6.31% compared to the U.S. Bureau of Labor, which reported an insurance sector average of 25.06% over the same five-year period. We believe that this number illustrates an environment where employees feel valued, heard and allowed to craft a work-life balance that benefits themselves as well as Safety Insurance.

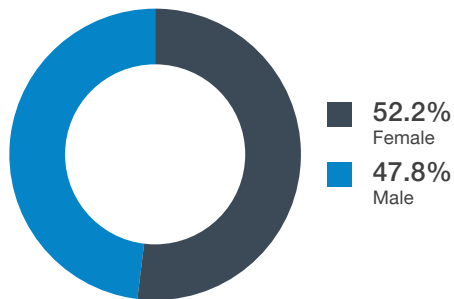
Workforce Diversity

Safety values the strengths that come from a diverse and inclusive workplace. We are proud of the strong representation of diverse talent at Safety and we are committed to increasing employee diversity at all levels within our organization. The company's goal to create and foster an environment of diversity and inclusion extends to our Board of Directors. When considering our Board nominees, the Nominating and Governance Committee looks for candidates who represent a mix of skills, experiences and a diversity of genders, ages, races, ethnicities, backgrounds and perspectives that enhance the quality of Board deliberations and align with the needs of the Board and company strategy. We believe that our Board, as currently constituted, consists of a highly-qualified and diverse group of leaders in their respective fields, all of whom bring together a fresh mix of perspectives and deep institutional knowledge of the company and its business.

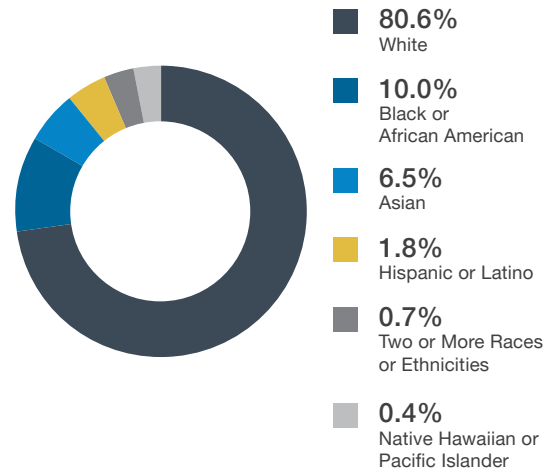
We strive to ensure that racial and gender equity is embedded within our company. We are dedicated to fostering a workplace of inclusion and belonging where all employees are treated with dignity and respect, individual differences are valued and we have secured the trust and satisfaction of our employees. The company actively seeks highly-qualified employees that represent diverse genders, races, colors, religions, ethnicities, ages, marital statuses, abilities, sexual orientations, gender identities or expressions and backgrounds for all levels of employment, including at the senior manager level and for our Board. More than 50% of Safety's workforce is female, while 22% of our workforce self-identifies as ethnically diverse. The company is committed to diversifying our workforce even more and has found that our overall ethnic demographics are similar to those in the New England communities that we serve.



Safety Insurance 2021 Employee Gender Composition



Safety Insurance 2021 Employee Diversity Composition



Safety recruits from diverse sources such as the National African-American Insurance Association (NAAIA) and local colleges that focus on the development of diverse candidates. We are proud of our long-term commitment to Cristo Rey High School Boston, a partnership that brings underserved, inner-city high school students into Safety on a work-study program where Safety both pays for a portion of their high school education and prepares them for a role in a corporate environment. Safety is dedicated to the development of these students and has made job offers to students following graduation.

We annually provide diversity training to all of our employees as well as training focused on identifying and halting harassment and/or the creation of a hostile work environment. The Safety Insurance Employee Handbook has a dedicated section and policy on harassment and requires all employees to familiarize themselves with it. Any employee who

is a managerial role or above is required to complete an annual harassment training program.

Safety is very committed to the idea that diversity and inclusion is a corporate strength and a key element of Safety's future success. To that end, our Board and President and CEO have empowered Human Resources to continue to recruit, hire and develop a more diverse workforce going into 2022 and beyond.



PROTECTING OUR COMMUNITY AND ENVIRONMENT

Community Engagement

Safety is committed to making a positive impact on the communities where our employees live and work. We are proud of the communities we serve and recognize the integral role we play, as a provider of auto and homeowners insurance, in helping our neighbors feel safe in their local communities. One way we are doing this is by improving driver safety. We have been a strong supporter and partner of various safe driving programs where the purpose is to educate teen drivers and their parents about safe driving practices, including our Parent's Supervised Driving Program and In Control Advanced Driver Training.

In addition to providing products that increase safety, employees give both their time and financial resources to charities of all types. The Safety Insurance Charitable Foundation provides financial support to a wide array of charities in areas such as community service, education, job training, homelessness, arts and culture, food banks, youth programs, health-care, medical research and disaster relief. Over the past five years, we have contributed \$2,500,000 to the Charitable Foundation in its efforts to support a variety of charities. For more information about the organizations this foundation supports, please visit our [website](#).

We have a significant relationship with Clear Path for Veterans New England, an organization with a mission to build a safe, supportive and respectful place for veterans to seek the help and resources they need in order to successfully integrate into their communities. Outside of providing financial

support to Clear Path, we are proud to incorporate their fundraising efforts into our core business. We offer a 5% discount on a policyholder's Massachusetts Personal Auto Insurance Premium for any donation of \$50 or more to Clear Path.

We also have an Employee Charitable Contribution Gift-Matching Program that matches employee donations dollar for dollar, thus amplifying the effect of employee giving. Safety Insurance has matched over \$141,000 in employee giving since 2017. Some of the organizations that have benefited from these donations are the Greater Boston Food Bank, YMCA, Boston Museum of Science and Global Giving. Since the pandemic, we are more aware than ever that our success is tied to that of the communities in which we serve, and we look forward to continuing to contribute to our customers in a meaningful way to ensure that we're succeeding together.



Climate Change Risk

Safety recognizes the serious threat climate change poses to our various stakeholders, our financial stability and the resiliency of our business operation. As an insurer, we understand the physical and transition risks of climate change. We recognize the significant increase in this risk and have always addressed climate change and its potential impact to increase both the frequency and volatility of catastrophes and severe weather events like hurricanes, floods, tornadoes and severe storms.

While insolvency due to catastrophes and severe weather is one of Safety's largest corporate risks, it is also the largest risk facing our agent partners, our policyholders, our small businesses and the communities where we live and work—thus, we take it extremely seriously. Thanks to the ongoing dedication of our experienced Risk Management Committee, we've consistently received an "A" rating from A.M. Best, a score assigned to companies with an unparalleled ability to meet their ongoing obligations to policyholders over a long period of time. Receiving this stamp of approval from this independent

and unaffiliated rating agency signals to our investors and policyholders that Safety's balance sheet is strong enough to withstand a reasonably-large catastrophe or severe weather event. We also maintain a reinsurance program to assist with managing our catastrophe risk. Through this program, guidelines have been established to obtain and manage reinsurance that is used to mitigate the risk of catastrophe loss, extreme weather events and single high-limit claims that may impact the surplus of the organization. We evaluate this program annually.

Climate change risk is also considered in our underwriting practices, as we maintain diversified lines of insurance with a spread of individual risks categorized by line of insurance, territory and class.



From a business resiliency perspective, business impact assessments are completed annually by process owners across the organization. These assessments identify the critical processes, recovery times, people, systems, resources and other third-party vendors required.

Climate change risk is assessed annually as part of the Enterprise Risk Management Program's risk assessment process. As part of this process, threats and opportunities due to climate change are analyzed to ensure strategies are in place to limit our exposure and allow us to effectively operate within our corporate risk appetite and meet corporate objectives. As noted in the Enterprise Risk Management section of this report, the program is overseen by the Director of Risk, Audit, and Compliance, who chairs the internal Risk Management Committee. The Executive Committee and Audit Committee of the Board of Directors, having ultimate oversight of the Enterprise Risk Management Program, receive quarterly program and key risk updates, which would include climate change.

Green Buildings

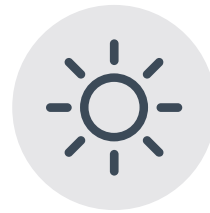
Safety is committed to managing our environmental impact and we constantly look for ways to reduce our carbon footprint. Our largest impact is through our home office space, which we lease in downtown Boston, Massachusetts. As our largest source of operational emissions, we have focused our reduction efforts there.



Since 2017, we've reduced the square footage of our corporate office by 28%.



In 2018, we made significant investments to update our lighting, heating, ventilation and air conditioning systems with state-of-the-art and environmentally-focused technologies, all with a goal to conserve energy.

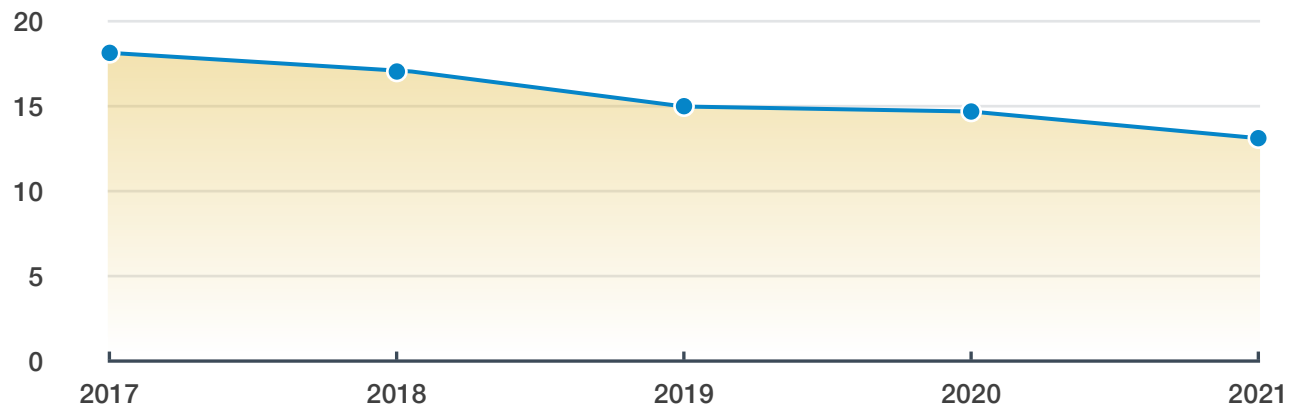


Between these green building measures and the reduction in leased office space, we were able to decrease our electrical grid consumption by 45%.

As our home office is located in the heart of Boston, the majority of our employees that commute to the office are able to rely on public transportation. This fact and our extensive work from home program, all of which reduces the number of cars our employees put on the road, have played an important role in reducing our environmental impact. In partnership with property management, we have put recycling programs in place at our office locations in which all of our employees participate. Through this program, we recycle paper, cans and bottles, which has helped further reduce waste. As a result of the COVID-19 pandemic and the increased adoption

of the work from home model, the majority of our employees now leverage laptops as opposed to desktop equipment. Accordingly, we decommissioned the previously used desktops in an environmentally-safe manner, leveraging a contracted vendor who destroyed and disposed of the equipment in accordance with all U.S. Environmental Protection Agency (EPA) and federal guidelines and Massachusetts state law. These measures have been able to significantly decrease our GHG footprint, and we are committed to looking for more opportunities to minimize our environmental impact in dynamic ways.

Safety Insurance Office EUI in kWh/ft² 2017-2021





Safety prioritizes the topics discussed throughout this report. Proper management of these issues is in large part what has allowed us to become trusted members of the communities in which we operate and reach our current level of success. As the world around us continues to change, we will adapt to remain stewards of the environment, contribute to our communities, manage risks and offer products that make our customers feel safe.

Please direct any questions or comments to investorrelations@safetyinsurance.com.

THANK YOU!