



NI Holdings, Inc.

ENVIRONMENTAL
SOCIAL &
GOVERNANCE
REPORT



ANSWERS FOR EVERY GENERATION.

Nodak Insurance Company, recognized as one of the top 50 property/casualty companies in the nation by The Ward Group, is a North Dakota-based company that has been proudly serving the state's residents for over 75 years. We're the agents with answers.

 **Nodak**
Insurance Company

TABLE OF CONTENTS

04 Words from our CEO

05 Company Overview

06 About Us

07 ESG as a Corporate Investment



08 Environmental

14 Social

22 Governance

MESSAGE FROM OUR CEO



JIM ALEXANDER
President and CEO

The history of our company all started in 1946 when a group of farmers and ranchers formed a small mutual insurance company which they named Nodak Mutual Insurance Company.

Over 75 years later, Nodak Insurance Company, now a stock company, has grown from a single state mutual insurance company to a multi-state, publicly traded, AM Best 'A' rated company with a stock holding company (NI Holdings, Inc.) traded on NASDAQ (NODK).

The growth of our organization was necessitated by the need to diversify our business both with respect to lines of business written and geographically. This spread of risk helps to ensure that our company continues to grow and remains financially strong so that we can keep our most important promise, which is the promise to our policyholders to protect the property they have insured with our organization.

As our organization has grown, it has become increasingly important for us to focus not only on the business, but outside factors that impact our company, policyholders, and shareholders. Many of these items are part of our Environmental, Social, and Governance (ESG) related initiatives. While we have in the past engaged in

many actions that would be considered ESG efforts, we have not specifically categorized them as such. We recognize and value our role as a company that helps:

1. Individuals and businesses prepare, plan, and recover from insured perils that have impacted their lives and livelihood.
2. Invest in and be part of the communities that our employees live and work in through our charitable giving, community involvement, and volunteering.
3. Being a company that seeks to attract, develop, and retain a diverse workforce and board of directors.

As an insurance company that is heavily involved with the agricultural market place, we also seek to provide products and services that assist our farmers and ranchers as they enhance their efforts to produce and provide environmentally friendly and sustainable methods for providing food to the world.

COMPANY OVERVIEW

1946

THE BEGINNING

The North Dakota Farm Bureau starts its own insurance company for its farmers and ranchers. With a \$500 investment from 100 members, Nodak Mutual Insurance Company was born. Initial coverages included car, truck and farm liability insurance.

2001

AMERICAN WEST ACQUISITION

Nodak Mutual acquires American West Insurance, a multi-state licensed property/casualty company, that actively writes in South Dakota, Minnesota and North Dakota.

2003

IIHS MEMBERSHIP

Nodak joins the elite company of other national auto insurers and becomes a member of the Insurance Institute for Highway Safety.

2005

ALEXANDER NAMED CEO

Michael James (Jim) Alexander becomes CEO of Nodak Mutual Insurance, which had a surplus of \$40.7 million and an AM Best Rating of B++.

2011

AFFILIATION WITH BATTLE CREEK MUTUAL

Affiliation of Battle Creek Mutual Insurance Company, a domestic property/casualty insurer, located in Battle Creek, Nebraska.

2013

SURPLUS MILESTONE, AM BEST RATING OF A

Nodak achieves milestone of \$100 million in surplus - AM Best Rating of A.

2014

PRIMERO INSURANCE ADDED TO GROUP

Nodak acquired Primero, a South Dakota-based non-standard auto insurer writing in Nevada, Arizona, North Dakota and South Dakota.

2017

DEMUTUALIZATION

After 70 years of operating as a mutual insurance company, Nodak Mutual Insurance is converted to a stock insurance company, Nodak Insurance Company. Nodak's stock holding company, NI Holdings Inc., is listed and traded on the NASDAQ exchange.

2018

DIRECT AUTO ACQUISITION

National footprint continues to grow with the acquisition of auto carrier Direct Auto, a non-standard auto writer, based in Chicago, Illinois.

2020

EASTWARD EXPANSION WITH WESTMINSTER

Based in Maryland, Westminster American Insurance Company becomes part of the Nodak Insurance Group. Westminster specializes in commercial insurance in several states along the Eastern seaboard.

2021

NODAK MARKS 75TH MILESTONE, POISED FOR GROWTH

Nodak Insurance Group is poised for the future with \$314 million of premium writings and \$283 million of policyholder surplus.

2022

WARDS 50 RECOGNITION

Nodak Insurance Company named to Ward's Top 50 Property/Casualty companies for the 10th year in a row.



ABOUT US

OUR MISSION IS:

To profitably grow our companies thus increasing shareholder value over time.

To empower our employees to make decisions that contribute to our success while providing a challenging and fulfilling work environment.

To give back to the communities where we live and work by supporting education, community and charitable organizations through corporate sponsorships and employee volunteerism.



ESG AS A CONSIDERATION FOR CORPORATE INVESTMENTS

One of the most significant impacts that the company can have in this area is to analyze what factors to consider when evaluating where to invest its financial resources.

Recognizing that ESG factors can present non-financial material considerations for responsible investing, NI Holdings Inc. 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.

Through the use of those outside business partners, NI Holdings Inc. is able to utilize ESG factors as an investment consideration with credit reviews and access to portfolio-level analysis concerning ESG risk issues.



ENVIRONMENTAL

EMERGENCY RESPONSE PLAN

We know that emergencies can occur and we want our employees to know how to properly respond, this is why the Emergency Response Plan was formed. Our plan provides clear, concise, and essential direction to recover from varying degrees of interruption and disaster.

SAFETY COMMITTEE

Our Safety Committee is responsible for communicating and evaluating health and safety issues, assisting in continuous improvement of health and safety programs, and ultimately supporting a safer and healthier workplace, as well as clear, concise and essential direction to recover from varying degrees of interruption and disaster.



“Stop the Threat, Stop the Bleed” courses were used in creating awareness during an active shooter situation to create a safer and more secure work environment.

HYBRID

In 2021, many of our employees shifted to working a hybrid schedule. Our employees quickly embraced this new normal and have been efficient in meeting objectives.

Hybrid working can lead to significant reductions in greenhouse gas emissions due to fewer cars traveling to the office.

80%

of employees utilize a hybrid work schedule



Nodak
Insurance Company

GOING GREEN

In efforts to make our office more eco-friendly, recycling bins for paper, electronics, aluminum cans, and plastic bottles have been placed around the office for convenient access.

Nodak Insurance has focused on upgrades that reduce our environmental impact. These upgrades include LED lighting, VFD water pumps, VFD cooling tower, multi-stage air conditioning, gas boilers, modernized freight elevator, additional insulation and carbon-neutral carpet.



By converting to a paperless filing system, Nodak was able to recycle 12,754 lbs. of paper in 2021.



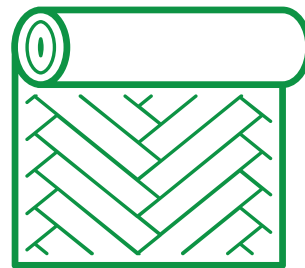
10%

GREENING UP OUR SPACE

By adding indoor plants, we help reduce carbon dioxide levels by 10% in our home office.



To lesson our carbon footprint, Nodak selected fuel-effecient fleet vehicles.



42%

For every square yard of carbon-neutral flooring, the carbon impact is reduced by 42%.



President's Plaza (home to DirectAuto)

LEED Gold. LEED provides a framework for healthy, efficient, carbon and cost-saving green buildings. LEED certification is globally recognized symbol of sustainability achievement and leadership. LEED certified buildings save money, improve efficiency, lower carbon emissions and create healthier places for people. They are a critical part of addressing climate change and meeting ESG goals, enhancing resilience, and supporting more equitable communities.



President's Plaza lobby (left)



ENERGY STAR Certified.

ENERGY STAR certified buildings save energy, save money, and help protect the environment by generating fewer greenhouse gas emissions than typical buildings. To be certified as ENERGY STAR, a building must meet strict energy performance standards set by EPA.



WiredScore Gold Rating.

WiredScore Gold ensures that a building has the connectivity capacity for virtually any tenant. Any building achieving WiredScore Gold is seriously impressive and has a proven ability to keep-up with the digital demands of today's tenants.



LESS WASTE.

Direct Auto ceased the purchase of styrofoam cups for employee use due to their non-biodegradable nature.



REDUCING USE OF PLASTIC WATER BOTTLES.

Westminster American aims to increase sustainability by giving all employees a stainless refillable water bottle and have refill stations throughout the office. A new recycling program throughout the building began in October 2022.





SOCIAL



We are strong believers in having a diverse workforce with an inclusive culture.



Our employees are truly the heart and soul of our organization. It's the reason we strive to find individuals from various backgrounds who bring fresh perspectives and new ideas.

DIVERSITY AND INCLUSION

223

Total employees working in our insurance operation.

52 %



MEN



48 %

WOMEN

Workplace health and safety are part of the way we do business every day. That's why we offer a wide array of benefits, wellness programs, and personal development opportunities.

EMPLOYEE DIVERSITY



82%

Caucasian



18%

Minorities (Black, Hispanic, Asian)



CORE EMPLOYEE BENEFITS

Our employees enjoy benefits such as health, vision, dental, and life insurance, 401k, long-term disability, paid-time-off, and extended absence leave.



CONTINUING EDUCATION & PROFESSIONAL DEVELOPMENT

We encourage employee personal development through study courses to develop a broader knowledge of the insurance industry.

The company offers in-house education programs, with the eligibility for a bonus if employees successfully complete a program. With company approval, Nodak will pay up to one-half of a college class tuition that is directly related to one's position.

BENEFITS AND WELLNESS



UPDATED FITNESS CENTER AT OUR FARGO OFFICE

At the Nodak Insurance
office, we offer an o
no-cost fitness center
open to all empl



WELLNESS
REIMBURSEMENT



EMPLOYEE FITNESS
PROGRAM

ENTER
OFFICE.

home
on-site,
that is
employees.



HEALTH AND WELLNESS LUNCH AND LEARNS

Virtual wellness lunch and learns were hosted about the eight aspects of wellness; physical, emotional, financial, spiritual, personal, work, social, and space.



COMMUNITY INVOLVEMENT

Each year, we look for more opportunities to strengthen our connection to our community, whether it's financially giving or lending a helping hand. We support a variety of local organizations that address food insecurity, housing, poverty, health and wellness, and education. We provide volunteer opportunities throughout the year that allow our employees to support those in need.



Employees are the heartbeat of our company. They give of their time, talent and resources to make our communities a better place to live.



FINANCIAL GIVING AND VOLUNTEER SUPPORT



66

Number of organizations
our companies have
supported in 2021.

Our giving goes beyond dollars ... it's time and talent too.

Philanthropy is an important part of our culture. Here are some of the recipients of our giving:

- United Way
- Carson Wentz's AO1 Foundation
- Ronald McDonald House Charities
- Farm Rescue
- Meals on Wheels
- Several food pantries in the Chicago area
- A.D.O.P.T. Pet Shelter
- Little Village Community Counsel
- Precious Blood Ministry
- Lake Country Court System volunteer mediator

We also provide paid time to employees to clean up trash on local roads or volunteer in local schools, nursing homes and charities. We adopt local families during the holidays to provide necessities, such as toiletries and meals, along with gifts. We also started a virtual 5k to raise money for Feeding America.

BUILDING A LEGACY

Our partnership is consistent with our company philosophy to give back to the communities we live and work in.



A COMMITMENT TO OUR UNIVERSITIES AND ITS STUDENTS.



The Nodak Insurance Company Football Performance Complex is a state-of-the-art training facility for the FCS national champion North Dakota State University football program. The complex includes capacity for the women's soccer, men's and women's golf, baseball, softball, and men's and women's track and field programs affected by weather throughout the year. It sits adjacent to the Nodak Insurance Basketball Performance Center (opposite page) on the NDSU campus.



At the University of North Dakota in Grand Forks, we've partnered with them in the creation of the new Pollard Athletic Center addition. Our financial commitment includes naming rights on the exterior of the athletic center complex, football complex, football team room and media room.

GOVERNANCE

Our organization's decision-making processes go hand in hand with our policies, purpose, and practices. It's our responsibility to ensure we seek sustainability across all operations.

RISK MANAGEMENT

It is our Executive Risk Management Committee's responsibility to review current business risks and discuss new risks that need to be tracked and identified. Each risk has a committee member assigned and they are responsible for monitoring changes and assessing risk levels.

Corporate Capital Strategy

Our philosophy is to deploy capital in a manner that provides long-term protection for our policyholders and creates long-term value for our shareholders. This philosophy is supported by a number of underlying strategies implemented across the organization that are focused on preservation of capital, including:

- Prioritizing the use of data and modeling tools to help estimate the frequency and severity of risks within our insurance portfolio;
- Ensuring our reinsurance program is designed to provide sufficient protection against material insurance exposures including, but not limited to, catastrophes caused by weather-related events, and;
- Relying upon our Enterprise Risk Management framework to identify, quantify, and manage a broad range of risks across the organization.

We view our capital position to consist of three layers, each of which has a specific size and purpose:

- The first layer of capital, which we refer to as "regulatory capital", is the amount of capital needed to satisfy state insurance regulatory requirements while supporting our growth objectives.
- The second layer of capital we call "contingency capital". While our regulatory capital is, by definition, a cushion for absorbing financial consequences of adverse events, such as loss reserve development, litigation, weather catastrophes, and investment market corrections, we view that as a base and hold additional capital for even more extreme operating conditions.
- The third layer of capital is classified as "excess capital", and represents the excess of the sum of the first two layers.

DATA PRIVACY AND SECURITY



Trust is a key component of ensuring customer satisfaction. Every day we are given personal information and it is our responsibility to protect our customers.

Our Information Systems department provides our employees with security awareness training combined with simulated phishing attacks. Our goal is to train our employees to make smarter security decisions and to protect our organization's data.

We use monthly internal and external penetration testing to validate our hardware and software that protects our systems and prevents unauthorized access. We use strong passwords to increase the security accessing our systems and two-factor authentication to strengthen our email login security. Our internal database is encrypted to protect Personally Identifiable Information (PII).

We have made substantial investments in human and financial resources to create systems that require continual security to operate. Our Corporate Security Policy protects this investment, safeguards information contained within the systems, reduces business and legal risks, and protects the strong name and image across the organization.

BUSINESS ETHICS

It's our responsibility to promote high standards of integrity by conducting affairs honestly and ethically. All employees are to act with integrity and observe the highest ethical standards of business conduct.



CODE OF CONDUCT

Annually, the Board of Directors review and approve the company's Code of Conduct.



BOARD OF DIRECTORS

The Board calls for no less than three and no more than 15 members. Directors are elected by vote at the annual shareholders' meeting.



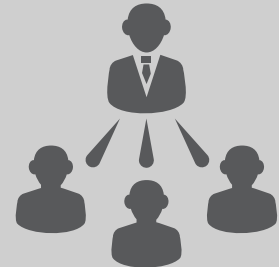
ORIENTATION & TRAINING

Newly appointed members of the Board are required to attend an orientation session that includes topics about the insurance industry, company history, and operations. Each member is instructed on what their duties and obligations are.

ROUTINE MEETINGS

Quarterly meetings are scheduled between the Board of Directors and our senior leadership team.

This allows for discussion on operations, successes, risks, and business strategy.



29

Number of NI Holdings, Inc. board meetings and committee meetings held in 2022.



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