

The MGIC logo is rendered in a bold, sans-serif font. The letters 'M', 'G', and 'I' are in a vibrant magenta color, while the letter 'C' is in a dark blue color. The logo is positioned in the upper left quadrant of the white text area.

**MGIC**

**2021  
Environmental,  
Social and  
Governance  
Report**

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**Forward-Looking Statements.** Certain statements in this report may be “forward-looking statements.” These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences. Actual results and financial conditions may differ materially from those included in these statements due to a variety of factors, including, among others, the precautionary statements included in our filings with the Securities and Exchange Commission (SEC). Any statements made, including forward-looking statements, speak only as to the date they are made, and we do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. In addition, while this report describes potential future events that may be significant, the significance of those potential events should not be read as equating to materiality as the concept is used in our filings with the SEC. This report does not create legal rights in any person.

# LETTER FROM OUR CEO

At MGIC, we take pride in knowing that what we do matters. We deliver a product that helps people get the keys to their own homes, opening the door to the economic and social benefits of sustainable homeownership. The benefits to society ripple outward, delivering educational stability, safer neighborhoods, higher civic engagement, and even improved health markers.

That central idea—the value we place on homes and the people in them— influences the way we approach our business and our responsibilities. It is evident in how we manage our accountabilities to all our stakeholders—co-workers, customers, investors and communities. It is my hope that our efforts provide a compelling investment opportunity to our shareholders.

Our Board of Directors leads the way, with oversight over our sustainable practices. Board Committees help direct our Environmental, Social and Governance (ESG) platform, which includes mortgage credit and climate risk, human capital management, health and safety, corporate governance, and our investment portfolio. Our ESG Executive Council advances these efforts at the management level.

For our customers, we have invested in a transformation of our business operations to provide a best-in-class, data-driven customer experience that meets the demands of an increasingly dynamic marketplace. Fast delivery of high-quality credit enhancement products helps our customers put families in homes.

Our corporate sponsorship and volunteerism program is designed to make our communities stronger while providing service, mentoring and leadership development opportunities to our co-workers. Our community partnerships provide opportunities to students across our diverse communities, and we are pleased to be expanding these efforts.

At our own home, we are excited to offer award-winning benefits and wellness programs while providing a flexible and safe work environment. Our existing Crisis Management Team formed a COVID-19 committee, providing a proactive response informed by local and federal best practices as they emerged. To foster connection during this difficult time, we opened up new channels for co-worker feedback while investing in enhanced communication and collaboration tools to support our co-workers wherever they work. The pandemic did not slow our efforts to create a co-worker experience that attracts, develops and retains exceptional talent with an emphasis on engagement, diversity, inclusion and collaboration.

Our goal is to engage in responsible practices that maximize the value we create for our stakeholders through our product and workplace. This report helps us to tell that story.



Tim Mattkke

# ABOUT MGIC AND OUR APPROACH TO ESG

MGIC Investment Corporation (NYSE: MTG) is the parent company of Mortgage Guaranty Insurance Corporation (MGIC). We were founded in 1957 by Max Karl, a Milwaukee real estate attorney who invented the modern form of private mortgage insurance.

Through MGIC and other subsidiaries, we provide private mortgage insurance, other mortgage credit risk management solutions, and other ancillary services. We help families achieve homeownership sooner by making affordable down-payment mortgages a reality while also covering losses from homeowner defaults on mortgage loans. We reduce, and in some instances eliminate, losses to mortgage investors.

Sustainability is rooted in our history and corporate culture. We take seriously our responsibility to conduct our business with integrity and strive to be a model in our hometown of Milwaukee and across the country.



As the nation's oldest private mortgage insurer, we would not be able to thrive without considering the needs of our customers, co-workers, investors, and communities. We strive for longevity and consider Environmental, Social and Governance (ESG) factors key influencers of the long-term financial sustainability of our company. Our governance framework is firmly rooted in risk management and compliance and establishes the foundation of our sustainability and ESG program.

This ESG report aligns with the ESG topics that we believe most closely complement the mortgage insurance industry, as set forth by the [Sustainability Accounting Standards Board \(SASB\)](#). We also mapped our ESG strategy to reflect the [United Nations Sustainable Development Goals \(U.N. SDGs\)](#) in areas where we are making progress and positively impacting our customers, co-workers, the environment, and our communities. Lastly, we have begun disclosing against the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) and will endeavor to build on this disclosure over time. We look forward to continuing to evolve our practices and disclosure with a goal of further aligning to ESG frameworks such as SASB and TCFD in the future.

## Response to COVID-19

We strive to do the right thing in the best and worst of times. From the onset of the COVID-19 outbreak, we acted with the health and safety of our co-workers and community foremost in our minds. We swiftly enacted measures to ensure the safety of our co-workers and customers, while still providing business continuity. Our Crisis Management Team and COVID-19 committee regularly communicated with our co-workers to ensure our people were informed and safe.

### **In March 2020 we took the following measures:**

- Quickly transitioned to a remote work environment
- Equipped co-workers with hardware, tools and training necessary to perform their usual work functions from home
- Eliminated all nonessential business travel
- Developed a COVID-19 Addendum to the Employee Handbook with guidance and resources
- Provided increased flexibility for critical lifestyle adjustments for our co-workers
- Enhanced the frequency of our communications through multiple channels to stay connected with our co-workers, hear their feedback, and accommodate their needs, given the rapid changes

We continue to closely monitor local, state and federal government regulations for guidance on COVID-19 best practices and to evaluate our continuing responses to the COVID-19 pandemic.

We are extremely proud of the way our workforce came together to support each other with empathy and dedication. We continue to deliver excellent service to our customers while also keeping our co-workers and communities safe.

## Our Guiding Principles

**Our co-workers strive to create value for our customers by providing reliable and innovative service. While our board of directors and management set the tone, they recognize that our individual contributors are all capable of leadership when it comes to our Guiding Principles:**

- 1.** Be obsessed about customers. Work vigorously to earn and keep customer trust. Make service to our customers your number one priority.
- 2.** Be accountable. Do the right thing. Take ownership and pride in what you do and in MGIC. Fix problems when you see them.
- 3.** Invent and simplify. Be creative. Look for new ideas everywhere. Respectfully challenge existing processes and procedures even when doing so is uncomfortable. Be open to new ways of doing things.
- 4.** Be positive. Work with positive energy to make your job productive and the workplace efficient.
- 5.** Insist on the highest standards. Give your best effort. Continually raise the bar for yourself and others to deliver high-quality results. Welcome feedback and act on it.
- 6.** Look at the big picture. Understand that your efforts affect other people, processes and systems. You are an important part of the delivery of MI to customers!
- 7.** Be trustworthy. Act with integrity. Examine your strongest convictions with humility. Be willing to change when it's the right thing to do.
- 8.** Deliver results. Take action and drive for results. Speed matters in business.

## Our Business Strategies

**Our goal is to be the best-in-class mortgage credit enhancement provider through business strategies that:**

- Maximize the value we create through our mortgage credit enhancement activities
- Differentiate ourselves through our customer experience
- Establish a competitive advantage through our digital and analytical capabilities
- Excel at acquiring, managing, and distributing mortgage credit risk and the related capital
- Maintain financial strength through economic cycles
- Foster an environment that embraces diversity and best positions our people to succeed

**SUPPORTING HOMEOWNERSHIP**



MGIC is committed to helping communities thrive. The services we provide benefit consumers by helping them achieve homeownership sooner with low down-payments. We believe in transparency, honesty and active communication throughout our organization and with our partners and customers as we work together to help families achieve the goal of homeownership.

## Access and Affordability

Affordable homeownership remains the cornerstone of strong and vibrant communities. Since 1957 our products, services and experience have helped make homeownership attainable by making low down-payment loans safer for the financial institutions we serve. Because mortgage insurance makes it possible to buy a home with less than 20% down, potential homebuyers—especially first-time and low- to medium- wealth homebuyers—can reach savings goals faster and become homeowners sooner than otherwise possible. Private mortgage insurance generally allows for buyers to put as little as 3% of the purchase price down to buy a home, providing individuals and families options to put their savings towards other uses such as repayment of debt, home improvements or emergencies. **In 2020 alone, our services enabled approximately 253,000 households to purchase a home and another approximately 143,000 to lower the cost of homeownership through a refinance. In total, our insurance in force at year-end 2020 enabled approximately 880,000 households to purchase homes and approximately 240,000 households to refinance.**

We offer homebuyer education resources to further increase accessibility to homeownership by better preparing consumers for the homebuying process. Our homebuyer education website, [Readynest.com](https://www.readynest.com), had 2.6 million page views in 2020, providing convenient on-line, easy-to-understand, no-cost tutorials that break down the home-buying process. This includes understanding credit, budgeting, obtaining a mortgage and being a successful homeowner. We also provide information to homebuyers about potential sources of down payment assistance. In 2020, over 100,000 people took our homebuyer education course, which is available in English and Spanish.

## Transparent Information and Fair Advice to Customers

Our company operates with a Business-to-Business (B2B) model. Our customers include banks, mortgage bankers, mortgage brokers, credit unions, mortgage loan servicers, and mortgage investors. We play a key role in our country's residential mortgage finance system by providing credit loss protection to our customers.

We aim to provide timely and accurate information to our customers as we work with them to make homeownership attainable. We offer assistance through several channels, including our website, secure web platform, email, and social media. We regularly publish guides, bulletins and news on our website in order to communicate coverage requirements and information to our customers. Additionally, customers who need assistance can reach us for telephone or video conferencing. In 2020, our customer service team responded to 113,347 inquiries.

Through these various channels, we provide tools and resources that are specifically aimed at assisting customers with their needs. These resources include Servicing, Underwriting and Rescission Relief Guides which provide information needed to service insured loans, including guidelines, requirements and claim submission options.

# GOVERNANCE AND LEADERSHIP



Sustainability starts with our board of directors. Our board sets the tone at the top for responsible business practices and our commitment to ESG. It is responsible for the oversight of risk, including those risks associated with ESG matters.

**The following 4 committees of the board, which meet regularly and report back to the full board, play significant roles in carrying out the ESG oversight functions:**

1. The Risk Management Committee is responsible for the company’s enterprise risk framework. This includes oversight of certain key company risks including emerging risks such as climate change and natural disasters;
2. The Management Development, and Nominating and Governance Committee has oversight of corporate governance and operational risks related to human capital;
3. The Securities Investment Committee has oversight over our investment portfolio, which may include consideration of ESG factors;
4. The Audit Committee has oversight over certain key risks, including cyber-security and disclosure controls related to our ESG-related reporting.

Our Senior Management Oversight Committee (SMOC) is composed of executive leadership including our Chief Executive Officer, President and Chief Operating Officer, Chief Risk Officer, Chief Financial Officer, General Counsel, and Executive Vice President of Sales. The SMOC serves as the primary governance body at the management level and seeks to maintain an enterprise-wide view of risk by managing the risks associated with strategic and business issues that are critical to the company. The SMOC is chaired by our Chief Risk Officer, the principal management liaison to the Risk Management Committee of the board. Members of the SMOC regularly meet with the board or the appropriate committee of the board depending on the ESG topic.



The responsibility for implementation and day-to-day management of our ESG strategy has been delegated to an ESG Council, a cross-functional team of senior executives that operationalizes the company’s ESG policies and strategy. At present the Council membership includes our President and Chief Operating Officer, General Counsel, Chief Financial Officer, Chief Human Resources Officer, Chief Risk Officer, Senior Vice President of Investor Relations, and Senior Vice President of Government Relations.

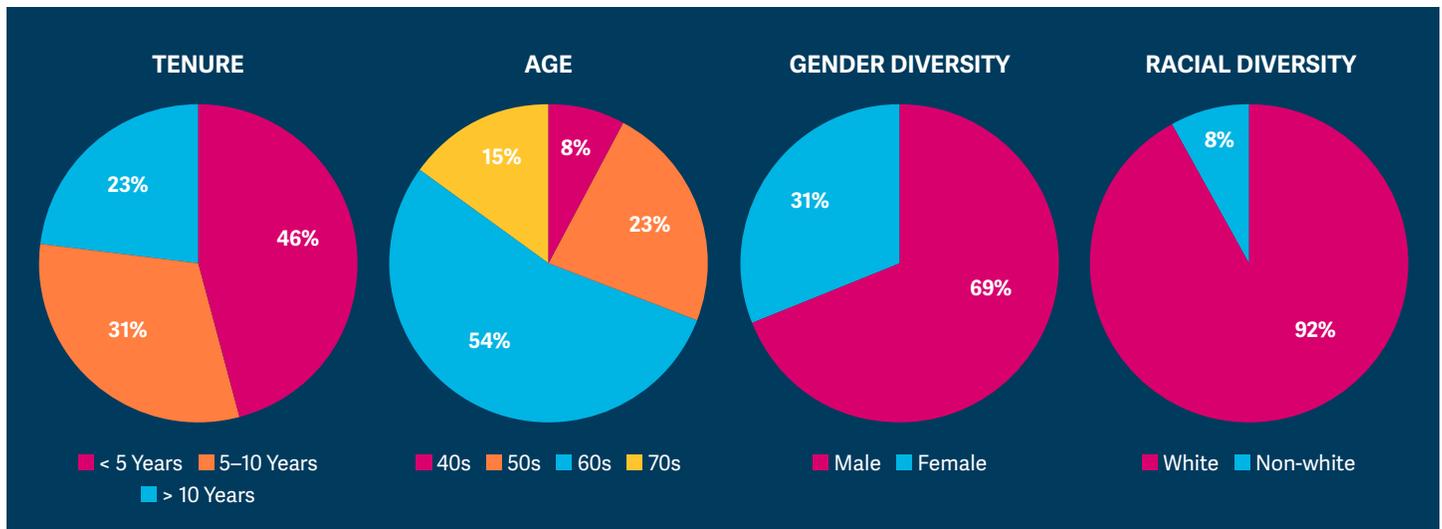
## Board Independence and Diversity

Our Corporate Governance Guidelines require a substantial majority of our directors to be independent. Of 13 directors standing for re-election at our 2021 annual Meeting of Shareholders, 11 are independent. The board believes that a leader intimately familiar with our business and strategic plans serving as Chairman, together with an experienced, independent and engaged Lead Director, is the most appropriate leadership structure at this time. Curt S. Culver, our former CEO, serves as Chairman of the Board and Michael E. Lehman serves as our independent Lead Director, as selected by the independent directors.

The Management Development, Nominating and Governance Committee seeks a variety of occupational and personal backgrounds in order to obtain a range of viewpoints and perspectives and enable the board to have access to a diverse body of talent and expertise relevant to our activities.

Our board benefits from its diversity of tenure, age, gender and race. We have 4 female directors, and, in 2020, we were recognized for our gender diversity by Milwaukee Women, Inc., an organization that measures gender diversity at the 50 largest public companies in the state of Wisconsin.

The following charts reflect the gender, racial, tenure, and age diversity of our directors standing for re-election at our 2021 Annual Meeting of Shareholders.



## Business Ethics

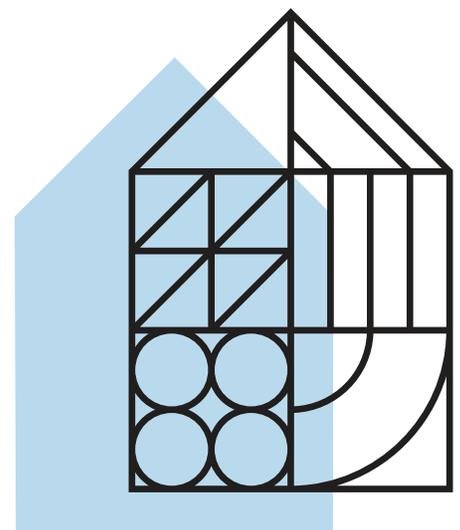
Our [Code of Business Conduct](#) has been approved by our board of directors and applies to all co-workers, who undergo annual training and certify compliance to the Code. Beyond the legal standards, co-workers are expected to observe the company's high standard of business conduct, confidentiality, and personal ethics through honesty and integrity in all interactions with fellow co-workers, customers, suppliers, government agencies and the public.

**All co-workers are obligated to report any situation in which the policies described in the Code of Business Conduct are not observed. They can report suspected violations of the Code or of any law by:**

- Writing to the General Counsel at 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202;
- Filing an online report via a secure, third-party administered website at <http://www.mgiccompliance.com>; or;
- Filing a report via MGIC's Compliance Hotline at 1-888-475-8376.

The Compliance Hotline is a toll-free phone line and website operated by an outside, independent service provider that is available 24 hours a day, 365 days a year. The purpose of the hotline is to provide co-workers, investors, customers, suppliers and others a mechanism to report concerns or allegations regarding accounting, internal accounting controls, auditing matters, fraud or other matters related to the company. Reporters may remain anonymous, and the confidentiality of the content of reports is maintained to the extent possible. We strictly prohibit retaliation against anyone who reports concerns or allegations in good faith.

We believe that each of our co-workers is responsible for compliance. We all have a collective duty and responsibility to hold each other accountable for our actions and to act with integrity and respect at all times. Our Chief Compliance Officer has designated Compliance Coordinators who are subject matter experts in specific areas of compliance in their departments. The Compliance Coordinators serve as the point of compliance contact and accountability partner for their teams. Our Chief Compliance Officer meets with our Audit Committee on a quarterly basis and provides relevant updates on compliance metrics, initiatives and issues.



### General

Our senior management is charged with identifying and managing the risks facing our business and operations. The board is responsible for oversight of these risks. In this regard, the board seeks to understand the risks we face and to allocate responsibilities for overseeing how management addresses the risks, including the risk management systems and processes that management uses for this purpose.

The company has an enterprise risk management (ERM) framework that we believe is commensurate with the size, nature and complexity of our business. Through the ERM framework we operate under a clear, well-documented shared understanding, by both senior management and the board, of our company's risk management philosophy. We continually strive to appropriately monitor, manage and report risk to support this framework.

The SMOC serves as the primary risk governance body at the management level and oversees the ERM. It seeks to maintain an enterprise-wide view of risk by managing the risks associated with strategic and business issues that are critical to the company. The SMOC is chaired by our Chief Risk Officer, who is the principal management liaison to the Risk Management Committee of the board.

The company's Risk Management Department produces various analyses, reports, and key risk indicators that are reported quarterly to the SMOC and the board. Each of the board committees also receives regular reporting about the risks they oversee.

### Climate Change

We are aware of the increasing potential impacts of climate change and other environmental related risk on our business and our customers. We have begun to evaluate resources to assist us as we incorporate such emerging risks into our underwriting process and our management of enterprise-level risks.

While our traditional mortgage insurance policy generally excludes property damage caused by weather, earthquakes, floods or other natural catastrophes, we do recognize that an economic downturn related to climate-based events could increase our risks. For instance, if such an event resulted, directly or indirectly, in unemployment, declining home values or reduced consumer access to mortgage products, our risk exposure could increase. Historically, our losses have been most affected by home price declines, therefore, a risk management focus is on understanding the size and scope of a potential home price decline caused by any source, climate change-related or not, and preparing for such event. Our Risk Management Department monitors trends in national and regional housing markets and runs stress tests based on home price declines, regardless of the reason.

We attempt to mitigate our exposure to many risks, including climate-related risk, directly and indirectly through underwriting and pricing controls for the insurance we sell, maintaining strong reserves in case of protracted periods of stress from any source, and by purchasing reinsurance. We are committed to continuing to evaluate and evolve our understanding of the increasing impacts of climate change and other environmental risk on our business, our customers and homeowners.

## Data Security and Customer Privacy

We are committed to maintaining an information security program that endeavors to protect the integrity, confidentiality and availability of the company's information assets while protecting customer and consumer data.

We maintain controls intended to comply with laws and regulations related to use and disclosure of consumer information, including the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, the California Consumer Privacy Act, and additional related regulations. We do not disclose confidential information to third parties for marketing purposes. For details on use and disclosure of consumer information, please see our [Privacy Statement](#).

Our co-workers participate in annual training to ensure their understanding of our expectations for proper handling and use of confidential information, including confidential consumer information. This training includes our Information Security Policy (ISP), which lays out security measures such as shredding or discarding sensitive and confidential materials, respecting company firewalls, and protocols regarding suspicious software and e-mails.

Our Chief Information Security Officer (CISO) oversees the Information Risk Management Program and ISP. The CISO has oversight of all matters relating to information security, including responding to inquiries from customers and information security compliance and regulation of the company's ISP. This is conducted through internal controls, training, access controls and security monitoring and management. The CISO provides reports to our Audit Committee on a quarterly basis, or more frequently if needed.

The company also obtains an annual Service Organization Control 2 (SOC2) report. The externally-audited SOC2 report demonstrates to our customers that we are taking the appropriate steps to protect their data and the data of the consumers with whom they do business. We also have a Computer Incident Response Team (CIRT) that is staffed with security experts who are responsible for evaluating technical issues about an incident, applying that knowledge to prevent further damage, and relaying information to appropriate parties.

## Public Policy

We are involved in public policy advocacy at the state and federal levels. The evolving landscape of federal housing policy and extensive state-based regulation of insurance compels us to seek sound public policy.

Because the very nature of our product relates to increasing access to home ownership, we are aligned with those organizations whose missions are to increase such access in a responsible and prudent manner. We support research associations, social welfare groups, industry trade associations, nonprofit organizations, advocacy professionals, and other groups that share our key priorities.

### Some of the organizations we actively support or are members of include:

- U.S. Mortgage Insurers
- Mortgage Bankers Association
- Structured Finance Association
- Reinsurance Association of America
- Housing Policy Council
- Urban Institute
- National Housing Conference
- Federal Home Loan Bank of Chicago

Our priorities with these organizations are to ensure a healthy regulatory system and promote private market solutions to federal housing policy. We may not agree with every position taken by a specific organization or committee.

Subject matter experts and government relations professionals are responsible for working with organizations and associations that we support. Proposals related to our financial involvement in public policy matters are approved by senior management.

The Mortgage Guaranty Insurance Corporation Political Action Committee is a voluntary, nonpartisan political action committee (PAC) composed of eligible individual co-workers and directors. Their personal contributions collectively support candidates for federal office. Individual candidate contributions made by the PAC are approved by the Board of Directors of the PAC. We may not agree with every position taken by a specific candidate. Historically, the Management Development, Nominating and Governance Committee of our board has received reports summarizing the PAC's activities. PAC activities are also reviewed by our Internal Audit Department and the Audit Committee of the board.

## Shareholder Outreach

For the past 3 years, on an annual basis, we have invited shareholders owning approximately 70% of our common stock to meet with us to discuss important topics such as performance against our business strategies; environmental, social and governance matters; and our executive compensation program. We value the views of our shareholders and will continue to engage with them and solicit their feedback.

## Investment Management

Our company's investment assets are primarily managed by external investment managers under the supervision of our Chief Financial Officer and Treasurer. Each of our external investment managers has demonstrated capabilities to incorporate ESG factors into engagement, research, and strategy to achieve specific outcomes.

We recognize the relevance of ESG factors in assessing the sustainability of our investments. We believe that material, non-financial factors have the potential to impact long-term investment returns and we continue to evaluate how best to integrate ESG factors into our investment process as we develop our responsible investing framework.

**SOCIAL**



Our people are the driving force behind our company's culture and they are integral to the value we create for all stakeholders. One of our strategic priorities is to foster an environment where diversity is embraced, and co-workers are positioned to succeed. This requires providing tools and resources for people to fully develop in the organization, increasing opportunities for engagement, and endeavoring to recruit diverse teams to best serve our customers.

## Co-Worker Engagement and Development

### Onboarding

Our onboarding process is a co-worker's first introduction to our company culture. Starting a new job is an exciting time. We fully recognize that doing this during a pandemic can be more complex and challenging than usual, and we are actively working to maintain the enthusiasm and opportunities that a new job can bring. We have kept a steady pace of hiring despite COVID-19, and we support our new team members fully in their orientation and onboarding process.

**We have deployed initiatives to help new and tenured co-workers feel connected to the organization and to their teams while staying virtual and safe:**

- Our "Path to Success Online Program," which is delivered to all new hires via our intranet
- A special "Welcome to MGIC" care package is mailed to the homes of new co-workers
- Regular 'check ins' with new co-workers after 90 days and 6 months to gather their feedback
- Town Hall and other virtual sessions, where executive leaders speak directly to all co-workers regarding the business and its initiatives
- "Friday emails" from executive leadership, which provide insight into the priorities and focus of the business and allow for personal direct communication between leadership and co-workers
- Responsive and quick assistance from IT to help set up and troubleshoot remote environments

**We asked our new co-workers what their onboarding experience was like in 2020 and received positive feedback:**

*“People have been the greatest asset during my onboarding experience. Regardless of their workload and priorities, they have made me a priority to ensure I was getting the training that I needed. From Day One, I was part of the team and it was evident during the interview process that the culture at MGIC is superior and like no other. I am proud to be part of the MGIC team!”*

— Laura, Business Analyst

*“Despite the fact that my onboarding interactions have been remote due to the COVID-19 pandemic, the company did a really nice job welcoming me and making me feel like I was part of the team. I have frequent 1 on 1 meetings via telephone, text or video chat to orientate me to the company and team members, outline expectations, and discuss progress. These intangibles have made getting through these extraordinary times less difficult—Kudos...MGIC Strong!”*

— Jenny, Sourcing Vendor Management Analyst

*“It’s been impressive to see the company pivot to remote working so quickly—both culturally and technologically. The work hasn’t stopped! A big thanks goes to our IS teams who have ensured we have the tools and tech support to do our jobs.”*

— Jay, Marketing Manager

**Engagement and Performance Management**

We value insight and feedback from co-workers and we conduct an annual Co-Worker Insights Survey to give all co-workers an opportunity to express what they think is working well and suggest areas for improvement. In 2020, the participation rate for our engagement survey was 89%, up from 80% the previous year. We use feedback from these surveys to inform the actions we take to improve our internal practices and our co-worker experience.

We recently initiated a series of focus groups in which co-workers participate in listening sessions with our executive management. The goal of these groups is to gather insights on various topics such as communication, development, collaboration, and diversity. This initiative resulted from direct feedback from our co-workers suggesting we increase opportunities for engagement with higher leadership in the organization.

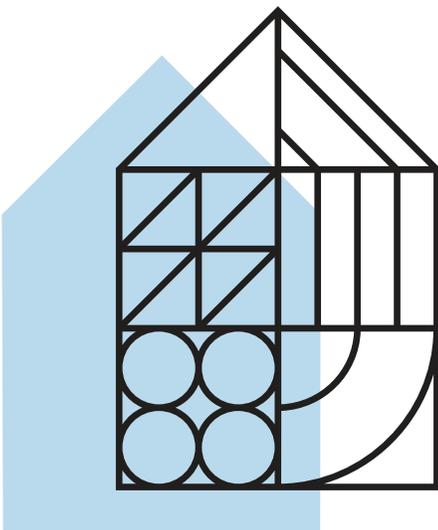
To help co-workers map out their short-term and long-term priorities and goals, we practice a robust goal setting process where co-workers and their managers meet regularly to have productive conversations regarding career growth and collectively set objectives aligned with business strategies for the year. Our Performance Maximization Incentive program is a variable pay program designed to strengthen the connection between strong individual and company performance and rewards. For non-exempt co-workers, a Performance Maximization Award program provides the opportunity for immediate recognition and may be awarded for strong individual or team performance. We work hard to retain and grow our talent and are proud that 62.5% of our executive management (CEO and direct reports) were promoted from inside the organization. Additionally, our internal promotion rate for all regular co-workers in 2020 was 15% and we had voluntary turnover of approximately 7%.

## Training

We encourage our co-workers to continue to expand their skills, knowledge, and professional connections by offering training and leadership development in-house, as well as tools such as LinkedIn Learning and other educational opportunities. Our in-house courses focus on our Business and Industry, Inclusion and Diversity, Information Security, Wellness, Onboarding, and Leadership Skills. LinkedIn courses cover a wide range of technical skills, some supporting technology certification exam preparation, from Excel to machine learning to web development. In 2020 we continued our commitment to development in the midst of the pandemic and our training efforts resulted in:

- 6,536 courses completed in 2020
  - 5,442 company courses
  - 1,094 LinkedIn courses
- 10,395 hours of training
- 498 external trainings including conferences, webinars, and classes

In addition to these course offerings and external education opportunities, we also support co-workers seeking higher education that is applicable to their career. Tuition assistance is available for undergraduate, graduate and non-degree coursework. We also demonstrate our commitment to the value of education by offering a total of \$10,000 in scholarships to 4 students each year for full time study at an accredited institution.



## Diversity, Equity and Inclusion

We know our strength is our people. We celebrate our differences and endeavor to foster a diverse and inclusive company culture because we believe it leads to better business outcomes and it is the right thing to do. While we have made great strides to increase representation, especially with gender equality, we are cognizant that we still have a long way to go.

### Our Co-Workers by the Numbers

Total Co-Workers	<b>739</b>
Average Tenure	<b>14</b>
Average Age	<b>49</b>
% Women (Total)	<b>61%</b>
% Women (Managers)	<b>61%</b>
% Women (Officers)	<b>34%</b>
% Racial/Ethnic Minorities (Total)	<b>15%</b>
% Racial/Ethnic Minorities (Managers)	<b>4%</b>
% Racial/Ethnic Minorities (Officers)	<b>7%</b>

Data is current as of 12/31/2020

**To underscore our dedication to building a dynamic and supportive workforce that represents the communities in which we do business, in 2019 we signed the Metropolitan Milwaukee Association of Commerce's "Region of Choice Corporate Pledge" in which we committed to 2 primary goals by 2025:**

1. Increase African American or Latino/Hispanic managers by 25%
2. Increase total employment of African Americans or Latinos/Hispanics by 15%

### Recruitment

We are developing intentional and solid relationships with local universities, colleges and nonprofits to build a steady pipeline of diverse candidates. Our talent strategy includes ensuring that we are present and active at career fairs and networking events and that our jobs are posted on job boards of local nonprofits that have expertise and visibility to diverse candidates.

The primary higher-education institutions we work with are the University of Wisconsin-Milwaukee, the Milwaukee School of Engineering, Marquette University, and the University of Illinois Urbana-Champaign. Last year we participated in the career fair for each of these universities, and we consistently post new jobs on their websites. We are also members of the Hispanic Professionals of Greater Milwaukee (HPGM) and the National Black MBA Association Milwaukee Chapter (NBMBA). Last year, we joined 40 other companies as a Gold member of the Wisconsin LGBT Chamber of Commerce, taking a seat on the Chamber's Leadership Council and an active role in their events. Five of our current co-workers were recruited to work with us while they were international students at the University of Illinois Urbana-Champaign. Each of these co-workers received the company's visa support and sponsorship.

## Development

In 2020, we enhanced our toolkit to better communicate with each other and more effectively understand other perspectives. Through the program Crucial Conversations®, co-workers are provided with useful techniques to navigate difficult conversations, including those that may relate to unconscious bias and discrimination in and out of the workplace. The program consists of a 10-hour self-paced course interspersed with 3 live webinars that build on each other. This program is offered to all co-workers in addition to 5 other courses on unconscious bias and cultural sensitivity. In 2020, 683 Diversity and Inclusion courses were completed, totaling 1,717 hours.

Our Business Resource Group (BRG) named Inclusion and Diversity Encourage Authentic Leadership, or IDEAL, also advances diversity and inclusion efforts at the company. The BRG is a co-worker run organization that provides learning and networking opportunities. In 2020, co-worker participation in the BRG rose to 46% from 40% the previous year. Our BRG not only offers a platform for people to share ideas and experiences around diversity and inclusion, it also connects co-workers to interesting events, timely books and articles, and offers mentorship opportunities and other resources for education in this space.

### Below are a few notable BRG events from 2020:

- A guest speaker was invited to lead a conversation about how to foster an inclusive workplace, helping co-workers understand how they can deliver and receive messages across language, cultural, and communication-style barriers
- “Power of 3” forums focused on women in the workplace, featuring female members of our Board of Directors discussing their career journeys and challenges they have faced
- 15 BRG members were invited to attend TEMPO Milwaukee Virtual Leadership event—an evening with Gabrielle Union

## Harassment Prevention Policy and Awareness

We are committed to creating an environment that is free from harassment and discrimination. The Harassment Prevention Policy is addressed in our Employee Handbook and the MGIC Code of Business Conduct which new co-workers receive upon hire, and all co-workers review annually. We encourage all co-workers to share their concerns, seek information, provide input, and resolve problems and issues through their immediate manager, or when appropriate, another manager. We expect all managers to listen to co-workers’ concerns, encourage their input, and seek resolutions to problems and issues raised. We also provide and promote a third-party Compliance Hotline where co-workers can submit harassment information or complaints (anonymously, if they choose). Unlawful discrimination or retaliation will not be tolerated against any co-worker who in good faith expresses his or her concerns to us.

## Co-Worker Health and Safety

We have always strived to provide a healthy and safe environment for all co-workers. MGIC has received the Well Workplace Platinum award for its leadership and innovation in workplace health promotion. We offer a comprehensive benefits package that considers all aspects of health, including physical, mental and financial. This strong foundation helped us face the challenges brought on in 2020 by the COVID-19 pandemic. Below is a summary of some of the key benefits we offered our co-workers in 2020.

### Summary of 2020 Benefits

Benefit	Description
<b>Medical, Vision, and Dental Coverage</b>	Our medical plan paid 100% of care after deductible for in-network providers. A vision benefit plan was included at no cost when co-workers enrolled in our medical plan. 100% of dental preventative care was covered by the dental plan.
<b>Health Savings Account</b>	We contributed to the Health Savings Accounts for eligible co-workers who elected to enroll in our medical plan. In 2020, the annual contribution was \$1,000 for families and \$500 for single coverage.
<b>Dependent Care Account</b>	Co-workers could contribute up to \$5,000 (pre-tax) per year to pay for child/dependent care.
<b>Employee Assistance Program</b>	An Employee Assistance Program (EAP) is available to all MGIC employees and their dependents and provides professional and confidential assistance for personal problems.
<b>Pension Plan</b>	In 2020, each co-worker received an employer contribution equal to at least 4% of their annual eligible earnings credited to a cash balance account that earns interest. All co-workers are immediately eligible for the Pension Plan.
<b>Savings Plan</b>	We matched 100% on up to 4% of co-worker plan eligible pay contributed to 401(k) Before-Tax Savings or Roth 401(k) After-Tax.
<b>Profit Sharing</b>	Our profit sharing contribution in 2020 was 5%.
<b>Adoption Reimbursement</b>	MGIC offers an adoption expense reimbursement program for expenses associated with a co-worker's adoption of a child under 16 years of age.

### Emergency Response

Our Safety Systems are monitored 24 hours a day, 7 days a week. We assign Emergency Coordinators (ECs) in the organization who receive special training in emergency response. They are responsible for overseeing the emergency procedures in their area and lead regular evacuation drills. Co-workers are provided with an Emergency Procedure Handbook and training on what to do in the case of a medical emergency, fire, tornado, active shooter, or other emergency scenario.

## Physical Health

Co-worker wellness is important to MGIC. We offer a broad range of programming to promote our co-workers' health and wellness. This includes on-site flu shots and biometric screenings as well as fitness classes and health management programs.

Typically, we offer all co-workers at our Headquarters site 24/7 access to our free, onsite Fitness Center which affords the ability to get a full-body workout with cardio and weight-lifting equipment. We also offer co-worker, spouse and retiree discounts on membership rates from any Wisconsin Athletic Club (WAC) and free trials at YMCA facilities. Due to the pandemic, access to these services was suspended in March of 2020; however, we were still able to offer health coaching sessions virtually. In 2020, coaching was provided in 595 sessions totaling 298 hours.

**We also offer access to voluntary incentive programs that allow co-workers to earn a significant health plan premium discount. In 2020, 65% of co-workers earned the maximum discount, up from 62% from 2019. These programs include:**

- Onsite biometric screenings and flu shots
- Diabetes prevention and management
- Tobacco cessation programs, such as Quit for Life
- Weight management programs such as Weight Watchers® and Real Appeal®

Co-workers are invited to attend a variety of wellness seminars and workshops offered at our Headquarters or virtually each year. In 2020, 40 co-workers completed the CPR, AED and First Aid Certification.

## Mental Health

An Employee Assistance Program (EAP) is available to all co-workers and their dependents and provides professional and confidential assistance for personal challenges, such as depression, marital problems, drug and alcohol abuse, and eating disorders. The Work-Life Services component of the EAP offers specialized services including childcare consultation, information and referral, elder care information and referral, budget and debt management and legal consultation. We offer seminars throughout the year on topics range from resilience to stress management to happiness strategies. Attendance at these events fluctuates between 35 and 220 people.

In June 2020, we revamped our mental health offering for co-workers by implementing programs such as Sanvello™, a mental wellness application that provides support to improve mental health. Through a partnership with Advocate Aurora Health we also offer self-guided programs to help co-workers better understand stress, diet and nutrition, exercise and weight loss, or tobacco cessation. These services are also offered to co-workers' spouses. Participation in these programs also contributes toward earning a health insurance premium discount. In 2020, 137 participants completed the Advocate Aurora Health self-guided programs.

## Financial Health

We consider financial health to be a core component of overall wellness and therefore provide financial education in the form of webinars, one-on-one financial planning and/or pre-retirement planning sessions with a third-party financial advisor at no cost to co-workers. Our programs have been recognized as award-winning by Pension and Investments Magazine.

**In 2020, many co-workers have benefitted from these resources:**

- 181 individuals used our 1:1 Financial Education opportunity
- 164 individuals attended group session education opportunities

Full and part-time co-workers also have the opportunity to receive a one-time reimbursement of up to \$500 for MGIC mortgage insurance premiums for a first mortgage loan.

## Philanthropy and Volunteerism

We're passionate about making a difference in our community. We help build houses, mentor young adults, run charity events and more. We offer multiple volunteer opportunities to our co-workers so it's easy to make a real impact in the community and contribute to the cause. Every year, we lend support to causes emphasizing health, social services, civic efforts, education, arts and culture.

### **Below is a list of some of the causes and programs we support and sponsor that help make our cities and neighborhoods sustainable:**

- Milwaukee Habitat for Humanity builds and renovates homes for families in need of sustainable housing. Prior to the COVID-19 pandemic our co-workers volunteered in the Habitat retail store and on crews during Habitat Build Days. In 2020 we donated funds in order to offset the lack of volunteer groups due to the COVID-19 crisis
- Junior Achievement is a nonprofit dedicated to giving young people the skills they need to own their own economic success. In 2020 three of our co-workers created videos about their career goals and journeys for use in the program
- Secure Futures provides financial education to Milwaukee-area teens. Our co-worker volunteers serve as tutors for the program
- Cristo Rey Jesuit High School Work Study provides valuable work experience and coaching to students from a socio-economically disadvantaged Milwaukee high school. Although we were not able to host students in 2020 due to COVID-19, we have worked with 4 students each year for the past 4 years



We have a corporate donations program that donated approximately \$1 million in 2020 to various local nonprofits, schools, and universities.

**The following are examples of organizations to which offered our financial support in 2020:**

- United Way of Greater Milwaukee & Waukesha County changes lives and improves communities by mobilizing people and resources to drive strategic impact in health, education, and financial stability
- Boys and Girls Club is the largest youth serving organization in Southeastern Wisconsin by serving more than 4,000 youth daily with after school care and programming in the areas of: Arts, Academics, Sports & Recreations, Health & Wellness, and Character & Leadership
- Acts Housing makes it possible for families with barriers (credit, financial, savings, language, etc.) to become homeowners
- National Association of Real Estate Brokers programs aimed at growing Black homeownership
- Goodwill's Boys and Men of Color pilot initiative which aims to support unemployed or underemployed young men of color in Milwaukee
- UPAF (United Performing Arts Foundation) is an umbrella organization that raises funds to support 15 of southeastern Wisconsin's most prominent performing arts groups. In addition to corporate donations, our co-workers support UPAF through an annual fundraising drive
- MBA Open Doors Foundation helps vulnerable families with critically ill or injured children meet their mortgage and rental obligations so that parents and guardians can focus on the health of their child rather than on a home in jeopardy
- Broadscope Disability Services serves people with a broad scope of disabilities and their families by fostering inclusion and empowering freedom of choice
- The American Heart Association conducts research, and provides public information and education on cardiovascular diseases
- The Arthritis Foundation supports the fight against arthritis with life-changing resources, science, advocacy and community connections

For more information on community partnerships, please visit our [website](#).

ENVIRONMENT



We understand that it's critical to serve as good stewards of the environment as we aspire to meet our goal to be the best-in-class mortgage credit enhancement provider. We want to achieve our goals without compromising the ability of future generations to sustain their needs. To that end, we seek ways to build upon our current sustainability work as well as uncover new opportunities to effect change.

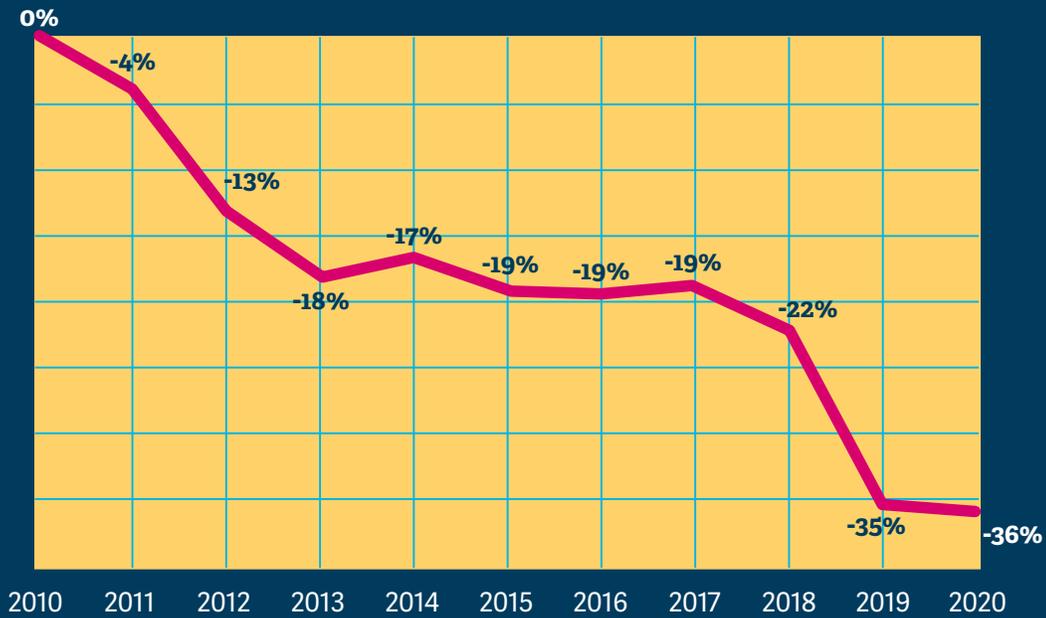
## Energy Management

We are dedicated to measuring and reducing our electricity usage throughout our business operations. We own and operate 3 buildings in Milwaukee, Wisconsin, where we are headquartered. We also lease a 4th site used as a back-up data center to ensure business continuity. As part of a major remodel that was completed in 2019, our headquarters was retrofitted, in part, to improve our energy efficiency and incorporate sustainable building design elements. Some of the sustainable design elements of this remodel include:

- Electricity monitoring submeters (EMONS) programmed into the building automation system for automated tracking
- LED lighting, motion detection, and automatic lighting schedules in all interior and exterior spaces
- White roof surfaces cleaned regularly for optimal solar reflectance and thermal emittance
- Double paned, insulated, tinted e-windows
- New digital HVAC controls
- UV Lighting in all Air Handling Units to decontaminate air flowing through HVAC system
- Energy Star certified appliances in every communal kitchen

We track and review our annual energy consumption and have implemented a variety of energy-saving initiatives. We are an active member of the US Department of Energy Program – Better Buildings Challenge, which was adopted by the City of Milwaukee to provide companies with tools and resources to effectively develop and implement energy efficiency projects in their buildings. Property owners in downtown Milwaukee were challenged to decrease their energy consumption by 20% by the year 2020. Through our diligent efforts to make improvements in our operations, we exceeded our goal and have reduced our electricity usage by 36% since 2011.

## 10-YEAR ELECTRICAL USAGE



Additionally, we offer mass transit discounts to co-workers to incentivize commuting alternatives that reduce emissions and contribute to better air quality.

### Paper and Waste Management

Recycling is a continuous effort and we have made strides to increase communication and awareness of recycling in our facilities. Recycling bins are available in all offices, conference rooms, communal kitchens and co-worker lounges. We also have an onsite Recycling Center that serves as a general collection point for co-workers. We work with a third party to collect and recycle hardware and equipment such as laptops, monitors, computers and other IT hardware. Office furniture and construction materials, particularly during our building remodel, were donated to local nonprofits and schools or recycled. We have also shifted to compostable and eco-friendly packaging for food prepared in our cafeteria. We will continue to look for ways to reduce, repurpose, or recycle our waste moving forward.

We believe small changes can add up to a large impact. To reduce paper usage, information is retained electronically whenever possible. It is company policy to shred all paper documents that are not required to be retained as records. Requiring paper documents to be shredded and recycled, regardless of content, ensures proper controls associated with document security and results in recycling of almost all used paper. The default settings on printers include black and white, and double-page printing to reduce paper and ink waste. 2020 has also forced us to shift to a more digital way of doing business, further reducing our paper usage.

# FRAMEWORKS AND STANDARDS

## SASB Index

According to the Sustainability Accounting Standards Board (SASB) Industry Level Materiality Map, the following categories are “the most likely material issues for companies” in the insurance industry. We do not squarely fit within a SASB framework and have opted to report relative to the insurance industry framework as the closest industry to mortgage insurance. The below table references accounting metrics within this report and other sources.

Topic	Accounting Metric	Alignment to MGIC
<b>Transparent Information &amp; Fair Advice for Customers</b>	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	In accordance with Securities and Exchange Commission (SEC) requirements, the company discloses all material legal proceedings, other than ordinary routine litigation incidental to the business, in its Annual Reports on Form 10-K. In 2020, the company was not a party to any legal proceedings and did not suffer losses associated with marketing and communication of insurance and financial product-related information to customers.
	Complaints-to-claims ratio	Our customers are banks, mortgage bankers, mortgage brokers, credit unions, mortgage loan servicers, and mortgage investors and the vast majority of our interactions are with these customers and not individual consumers. In 2020 there were no customer or consumer complaints filed with state insurance departments. Details on customer inquiries and requests are described under Transparent Information and Fair Advice to Customers on <a href="#">Pg. 6</a> .
	Customer retention rate	92.7% of the customers who insured loans with MGIC in 2019 insured loans with us again in 2020
	Description of approach to informing customers about products	See Transparent Information and Fair Advice to Customers section on <a href="#">Pg. 6</a> .
<b>Incorporation of Environmental, Social, and Governance Factors in Investment Management</b>	Total invested assets, by industry and asset class	Information on MGIC’s assets can be found in our Annual Report on Form 10-K.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	We are in the process of evaluating how to integrate ESG in our portfolio of assets. See Investment Management section on <a href="#">Pg. 13</a> .

Topic	Accounting Metric	Alignment to MGIC
<b>Policies Designed to Incentivize Responsible Behavior</b>	Net premiums written related to energy efficiency and low carbon technology	This metric is not applicable to our business.
	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	See Supporting Homeownership section on <a href="#">Pg. 6</a> .
<b>Environmental Risk Exposure</b>	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	See Risk Management section on <a href="#">Pg. 11</a> .
	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	See Risk Management section on <a href="#">Pg. 11</a> .
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	See Risk Management section on <a href="#">Pg. 11</a> .
<b>Systemic Risk Management</b>	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	We do not have exposure to derivative instruments nor do we file a Schedule DB.
	Total fair value of securities lending collateral assets	Zero
	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	We do not engage in systemic non-insurance activities. Details of ETF investments and related activity can be found in Schedule D of our <a href="#">annual and quarterly statements for our insurance subsidiaries</a> .

## United Nations Sustainable Development Goals

In 2015, the United Nations developed 17 Sustainable Development Goals (SDGs) with the aim of achieving a more sustainable future for the world. Four of the SDGs outlined below align to our ESG priorities. This table references sections of this report that related to each goal.

Goal	Name	Alignment to MGIC	Report Section(s)
3	<b>Good Health and Well-being</b>	We place a strong focus on health and wellness of our co-workers. The company has received the Well Workplace Platinum award for its leadership and innovation in workplace health promotion.	Co-Worker Health and Safety
5	<b>Gender Equality</b>	We celebrate our differences and endeavor to foster a diverse and inclusive company culture because it leads to better business outcomes and it is the right thing to do. We made great strides to increase representation in our board and workforce. 61% of our co-worker base is women, 61% of managers are women, and 31% of board members are women.	Diversity, Equity and Inclusion
8	<b>Decent Work and Economic Growth</b>	We hired approximately 75 regular co-workers despite a pandemic, and we work with several organizations to promote career opportunities at the company. Our products are also meant to help homebuyers' access affordable housing which helps the economy grow in a sustainable way.	Human Capital, Access and Affordability
11	<b>Sustainable Cities and Communities</b>	We exceeded the goal set forth by the Better Building Challenge to reduce our energy footprint and our recent remodel of our Headquarters was done with sustainability in mind. We also promote healthy and productive communities by being actively engaged in bettering our community through sponsorship, partnerships and volunteering.	Energy Management, Environment, Philanthropy and Volunteering

## Task Force On Climate-Related Financial Disclosures

In 2015, the G20's Financial Stability Board (FSB) appointed the Task Force on Climate-related Financial Disclosures (TCFD) to develop a framework for companies to provide investors and other stakeholders with relevant information about their climate-related risks and opportunities. Below, we have provided a table mapping TCFD's disclosure recommendations to the relevant sections in this report.

Pillar	Recommendation	Alignment to MGIC
Governance	a. Describe the board's oversight of climate-related risks and opportunities	See Governance and Leadership section on <a href="#">Pg. 8</a> .
	b. Describe the management's role in assessing and managing climate-related risks and opportunities	See Governance and Leadership section on <a href="#">Pg. 8</a> ; See Risk Management section on <a href="#">Pg. 11</a> .
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	See Risk Management section on <a href="#">Pg. 11</a> .
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	See Risk Management section on <a href="#">Pg. 11</a> .
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	See Risk Management section on <a href="#">Pg. 11</a> .
	b. Describe the organization's processes for managing climate-related risks	See Risk Management section on <a href="#">Pg. 11</a> .
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	See Risk Management section on <a href="#">Pg. 11</a> .