NationalMI

2022 Sustainability Report

NMI HOLDINGS, INC.

Table of Contents

A Message from Our CEO

At National MI, we are guided by our mission, values and purpose.

Our mission is to help people gain access to housing, and support them as they build value and community for themselves and their families. Our products provide individual borrowers with the assistance they need to access mortgage credit and, in doing so, we help open the door to affordable and sustainable homeownership in communities across the country. We are passionate about our work, and proud of the support we provide and positive impact we have in the lives of so many.

Our values are anchored around partnership, service, integrity and excellence. We believe that as one team — acting together — we can accomplish anything. We have a talented, dedicated and innovative group of employees who support each other and are committed to serving our lender customers with integrity and delivering for their borrowers. We have sought to create a team environment where our employees feel energized and valued, where they are rewarded for their important contributions and recognized for their successes.

Our purpose is to serve our customers with distinction, security and success, and to optimize the long-term benefit we provide to our stakeholders through the execution of safe, sound and ethical business practices. Corporate sustainability is one of the ways we put purpose into action.

We have always focused on building our business in a sustainable way, with discipline and risk-responsibility at the core. In doing so, we have built National MI into a leader in the U.S. mortgage insurance market and have positioned our company to serve stakeholders with consistency across both strong markets and challenging times.

The past few years have brought tremendous challenges and highlighted the importance of our work. We responded to the COVID pandemic — successfully helping a record number of borrowers, while ensuring the health and safety of our team, appropriately managing risk and supporting our communities through a period of unprecedented stress.

HERE ARE SOME HIGHLIGHTS FROM 2021:

- **We helped nearly 300,000 people purchase a home** — providing support to borrowers at a time when they needed us most
- **We were recognized as a Great Place to Work® for the sixth consecutive year** — a testament to the hard work and dedication of our talented team
- **We established a firmwide inclusion committee** — advancing our commitment to diversity, equity and inclusion (DEI) objectives
- **We invested in our communities** — fulfilling our philanthropic goals through corporate giving, volunteerism and matching gifts
- **We advanced our technology platform** — investing to enhance employee productivity, customer connectivity and cybersecurity protection

At National MI, we strive to be a sustainable, responsible organization — one that aims to make a difference in our communities and act with integrity at all times. This report highlights our best practices and successes across key environmental, social and governance (ESG) matters relevant to our business, including the support we provide to aspiring homeowners, the investments we make in our people and communities, the work we do to advance our DEI commitment, and the focus we bring to governance and sustainable business practices.

I am proud to be a part of a mission-driven company that is committed to supporting affordable and sustainable homeownership, and in the process accelerating financial inclusion for all communities. I'm excited for you to learn more about our success as you read this report.

Adam Pollitzer
PRESIDENT & CHIEF EXECUTIVE OFFICER
March 16, 2022

Sustainability at National MI

Our Mission

National MI supports sustainable homeownership, a healthy housing finance system and thriving communities by responsibly offering mortgage insurance for low down payment borrowers.

Helped

1.3

MILLION

people achieve homeownership

SUPPORTING HOMEOWNERSHIP

Helping borrowers purchase homes that they can afford — supporting sustainable homeownership and sustainable communities — is our driving social mission. Homeownership has become both an instrument and an outcome of the American Dream. It provides homeowners with the ability to create a sanctuary for both challenging and prosperous times, put down roots in a community, and accumulate wealth and access credit by building home equity. We strongly believe that the benefits of sustainable homeownership should be available to all individuals.

INVESTING IN OUR PEOPLE AND COMMUNITIES

The talent and dedication of our employees are key to our success. We have a diverse, high-performance team and a corporate culture that encourages collaboration and communication, mutual respect and innovation. We are committed to the values of diversity, equity and inclusion and invest in our employees through competitive compensation and benefits, development, training and employee safety. We give back to our communities through volunteerism, matching gifts and corporate donations.

GOVERNANCE AND SUSTAINABLE BUSINESS PRACTICES

Strong corporate governance guides our creation of shareholder value and we are committed to corporate governance practices that strengthen board and management accountability to our stakeholders. As an insurer, we are prudent risk managers and maintain robust compliance, cyber-security and privacy programs. We embrace sustainable business practices, including corporate recycling and responsible investing.

Supporting Homeownership

Our products

help bridge the affordability gap

Our social mission is to help more people realize the dream of responsible, sustainable homeownership — sooner and more affordably. We believe homeownership is foundational to building strong communities and creating long-term wealth.

We help borrowers overcome the down payment hurdle — a minimum of 20% for a conventional loan — by making it possible for them to purchase a home with a down payment as low as 3%. In addition, our products can help borrowers achieve homeownership earlier than they otherwise could if they had to accumulate enough savings to make a 20% down payment.

Our mortgage insurance products facilitate secondary market sales of residential mortgages, primarily to Fannie Mae and Freddie Mac (the government sponsored enterprises, or GSEs) — which in turn provides liquidity to support new homeowners coming into the market – and provide lenders and investors a means to diversify and mitigate their exposure to mortgage credit risk. With our private capital standing in a first loss position, we play a crucial role in protecting U.S. taxpayers from exposure to credit losses experienced by the GSEs, which are effectively guaranteed by the government.

ACCESS AND AFFORDABILITY

Our mortgage insurance products help bridge the affordability gap and enhance access to mortgage credit. We support affordable programs sponsored by the GSEs and are an approved mortgage insurance provider for Fannie Mae's HomeReady® and Freddie Mac's Home Possible® federally sponsored affordable loan programs that offer low- and moderate-income homebuyers the opportunity to become first-time homeowners.

We help to promote and expand viable homeownership opportunities through the impartial and equal application of fair and reasonable underwriting requirements that support our objective of making homeownership affordable and sustainable. We fully support the fair treatment of homeowners under the Fair Housing Act and operate in accordance with the Equal Credit Opportunity Act's prohibitions against discrimination in credit transactions.

COMMUNITY EDUCATION

Many people do not fully understand how mortgage insurance can help them achieve homeownership. We work with lenders and industry associations to help educate potential first-time homebuyers and dispel common misconceptions about down payment requirements, thereby creating more inclusive opportunities for homebuyers. Approximately one-third of National MI's marketing efforts are devoted to affordable lending programs and education.

NATIONAL MI UNIVERSITY

Through National MI University, we offer a large catalog of online courses, webinars, podcasts and in-person events to help our lender customers reach a larger audience and educate potential borrowers on low down payment options. We provide customer training on topics including diversity in the mortgage industry, appraisal bias risk reduction and solutions for younger homebuyers. Through our website, we also provide links to GSE-approved homebuyer education courses.

Investing in Our People and Communities

Our people

We believe that our strong entrepreneurial and collaborative culture is a key differentiator and a fundamental driver of our success. For six consecutive years, we have been recognized as a Great Place to Work®, a distinction based on workplace environment, employee experience and the leadership behaviors proven to deliver market-leading revenue, employee retention and increased innovation.

As of December 31, 2021, we had 247 full- and part-time employees, including 83 who typically work at our corporate headquarters in Emeryville, California and 164 who typically work from home in locations across the country.

GUIDING PRINCIPLES AND CORE VALUES

1. **Trust and Respect.** We trust and empower our employees to do their jobs. We give employees a voice and recognize their contributions.
2. **Collaboration and Communication.** We value diverse opinions and share ideas at all levels. Through active collaboration and open communication, we all thrive.
3. **Innovation and Execution.** We recognize that new ideas can come from anywhere and we have the flexibility, open-mindedness and decisiveness to implement new programs that make sense. We focus on simplicity, clarity and responsiveness.
4. **Integrity.** We keep our promises and act with integrity in all matters.
5. **Diversity.** We value and encourage each person to bring their full and unique selves to National MI, as that makes us all better.

Six Consecutive Years

GREAT PLACE TO WORK®

OUR PEOPLE STRATEGY

Our employees are our greatest asset. We therefore prioritize our people with the goal to attract, retain, support and develop a best-in-class, diverse workforce. Our Chief Human Resources Officer oversees human capital management and reports to the compensation committee and full board.

TOTAL REWARDS PHILOSOPHY

We prioritize human capital management and seek to attract, retain, support and develop our talented employees in a number of ways, including offering competitive salaries and benefits packages that have included discretionary annual cash bonuses and annual equity grants to all employees. We have a "Total Rewards" strategy that includes programs and practices designed to engage and motivate our employees, including birthday cards and gifts, service recognition, learning and development opportunities, financial, mental and physical wellness trainings, and flexible work options.

EMPLOYEE ENGAGEMENT

We seek to foster employee engagement, collaboration and innovation. We value honest and timely employee feedback and believe employee satisfaction is paramount to our ability to deliver value to our stakeholders and our success as a company.

We have adopted a three-pronged approach to employee engagement to better identify areas of strength and opportunities for improvement.

In 2021, 90%
of employees said National MI
is a great place to work.

Engagement Surveys:
We conduct a comprehensive, company-wide survey annually. Employee responses are sent anonymously to an independent third party. The Chief Human Resources Officer reviews the responses and provides a detailed overview and analysis of key findings to the executive team and board. Results are reviewed in detail to identify successes and assess areas for improvement and focus. In response to these surveys, the company has developed and implemented a number of programs, including new virtual and in-person training opportunities for managers, an online charitable giving portal, flexible work options and additional learning courses for all employees, particularly centered around professional and personal development.

Townhall Meetings: We hold quarterly all-hands townhall meetings for management to provide business updates, compliance messages, introduce new employees, celebrate employee successes, and provide employees the opportunity to ask questions of management. These meetings provide opportunities for employees to suggest ways to improve our business operations and nominate co-workers for special recognition.

2021 Employee Survey Responses

Continual Feedback Mechanisms: We engage with our employees throughout the year to solicit employee feedback and questions, and gauge employee satisfaction. These engagement methods encompass executive listening sessions, an e-mail inbox specifically designated for questions and feedback, stay and exit interviews, lunch-and-learn sessions, companywide lunches, team-building events, employee appreciation parties and periodic company newsletters.

EMPLOYEE RETENTION

We are proud of our long-term employee retention. Our five-year average voluntary turnover rate is **6.6%**. We believe that our focus on collaboration and inclusivity, total rewards philosophy, employee engagement approach, and challenging and diverse workplace have been key drivers of our employee retention.

Awards

2021

Fortune Magazine
"Great Place to Work®" with Special recognition by *Fortune* as one of the *"Best Workplaces"* in Financial Services and Insurance

2020

Fortune Magazine
"Great Place to Work"

2019

Fortune Magazine
"Great Place to Work"

Housing Wire Magazine:
"Women of Influence" recognition

2018

Fortune Magazine
"Great Place to Work" with Special recognition by *Fortune* as one of the *"Best Workplaces"* in the Bay Area and Financial Services and Insurance

MReport Magazine
"Top 25 Companies to Work For"

2017

Fortune Magazine
"Great Place to Work" with Special recognition by *Fortune* as one of the *"Best Workplaces"* in the Bay Area, Small and Medium Workplaces and Financial Services and Insurance

2016

Fortune Magazine
"Great Place to Work" with Special recognition by *Fortune* as one of the *"Best Workplaces"* for Women, Baby Boomers, Medium Workplaces, Financial Services and Insurance

2015

#9 on "Best Places to Work" list sponsored by *San Francisco Business Times* and *Silicon Valley Business Journal*

For more information on our awards, please visit our website here
nationalmi.com/national-mi-awards/

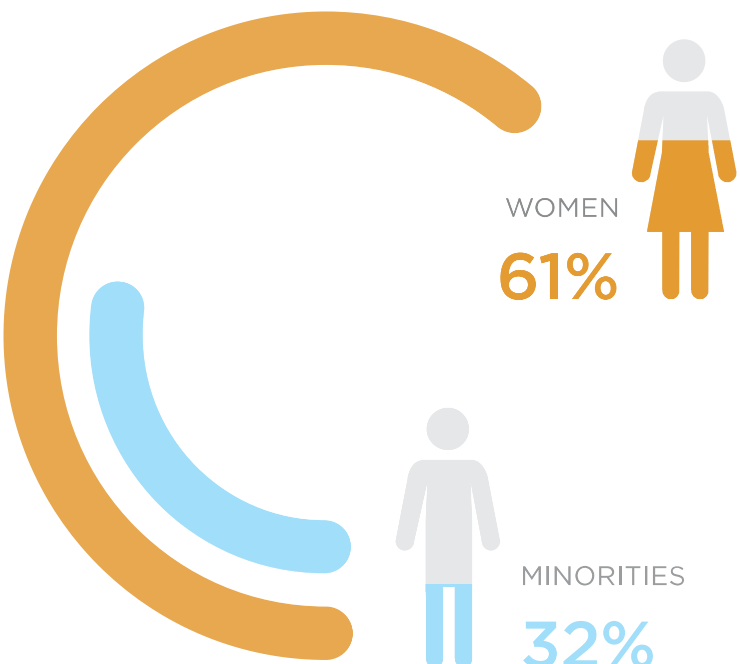
DIVERSITY, EQUITY AND INCLUSION (DEI)

OUR DEI STRATEGY AND VISION

The diversity among our employees is a tremendous asset. We value diversity as a company and believe that diverse perspectives promote innovation and are crucial to the long-term success of our business. We are committed to supporting DEI in our workplace and aim to create an environment that welcomes and supports differences and encourages input and ideas from all.

INCLUSION COMMITTEE AND EMPLOYEE DIVERSITY

We have established an inclusion committee whose primary objective is to further DEI initiatives across our business operations. Committee membership reflects a cross-functional, diverse employee mix by gender, ethnicity, race, age, functional level and tenure. The committee aims to address diversity topics in areas such as employee and leadership composition, diverse vendors and cultural community outreach.



In 2021, we conducted company-wide employee and executive implicit bias and DEI training. We also offer LinkedIn™ Learning webinars and sessions on diversity topics.

Heritage Day

Our employees come from rich and diverse cultural traditions and have expressed interest in seeing their important holidays acknowledged. We listened, and in 2022 created "**Heritage Day**," a paid holiday that allows employees to choose a day off that honors their heritage or culture, or another holiday that is important to them. Heritage Day supports our employees in their observance and promotes inclusiveness by allowing each employee to choose for themselves (instead of the company choosing) how best to honor heritage.

Equitable Compensation

We are committed to equitable compensation practices and regularly review compensation to ensure that our practices are fair and equitable across the organization for all employees.

we support diversity, equity and inclusion

Internal and External Recruitment Strategy

We have integrated recruitment strategies — such as targeted job postings and diversity partnerships — to attract qualified, diverse candidates to our team and encourage current employees to pursue internal transfer and promotion opportunities that align with their career goals. We believe that the size of our company provides accessible opportunities for diverse candidates seeking professional growth, a positive cultural environment and a purpose-led social mission. Below is partial list of our targeted job postings:

- Association of Latino Professionals for America (ALPFA)
- National Black MBA Association (NBMBAA)
- National Association of Black Accountants (NABA)
- Hispanic/Latino Professional Association (HLPA)
- National Association of Women Sales Professionals (NAWSP)
- National African-American Insurance Association (NAAIA)
- Military.com
- Hire Heroes USA
- Ability-Jobs.com

Diversity Partners

National MI is a member and sponsor of the National Association of Minority Mortgage Bankers of America (NAMMBA). We partner with NAMMBA to provide mortgage professionals with training, education and career development resources that help to promote diverse, sustainable homeownership in communities across the country, and provide sponsorship in support of NAMMBA's initiatives to expand diversity, equity and inclusion in the mortgage industry.

To further our gender-based diversity efforts nationally and at the local level, we sponsor the Mortgage Banker Association's MPower program, which supports networking and professional growth and development for women in the housing finance industry.

EMPLOYEE BENEFITS, HEALTH AND SAFETY

In addition to exceptional working conditions and competitive compensation, we provide supplemental benefits that support health and wellness, child and eldercare, and financial wellbeing.

We offer traditional health and benefit plans that currently cover at least 90% of the cost of the monthly benefit premiums for employees and their families. We also provide a wide range of additional benefits to our employees, including:

- Flexible spending accounts (health and dependent care)
- Company subsidy paid to health savings account
- First-time homebuyer financial assistance
- 401(k) plan with 5% employer matching contribution and immediate vesting
- Subsidies for home office equipment and furniture
- Financial counseling and tax planning assistance
- Student loan paydown assistance
- Employer-subsidized commuter program
- Backup childcare and elder care program
- Flexible schedule and remote work options
- Paid time off donations to fellow employees with medical emergencies
- Employee Assistance Program resources for emotional, financial, or legal assistance
- Tuition reimbursement program
- Supplemental caregiving pay
- Election day leave

EMPLOYEE SAFETY

Our injury and illness prevention program (IIPP) governs the health and safety of National MI employees, contract workers, and vendors. The IIPP plan describes specific requirements for program responsibility, compliance, communication, hazard assessment, accident/exposure investigations, hazard correction, training and record keeping. We regularly engage external counsel to review and update our IIPP plan.

We strive to provide a safe and healthy work environment for all of our employees. Accordingly, we require all employees to follow environmental, safety, and health rules and practices as laid out in our IIPP. Violence and threatening behavior are prohibited. We maintain a fire procedure plan and emergency action plan for our headquarters, offer our employees first aid training options, conduct periodic fire drills, and have disaster preparedness, response and recovery plans for every department.

COVID-19 RESPONSE

Our business relies on our people. The health and safety of our employees and other people with whom we interact is paramount, and that philosophy has served us well during the challenges of the COVID-19 pandemic. We developed a COVID-19 pandemic preparedness and response plan as part of our IIPP to address specific exposure risks, sources of exposure, potential routes of transmission and other unique characteristics of the COVID-19 virus. We have implemented a flexible work policy that maximizes flexibility and efficiency while preserving a positive customer experience and business continuity. We continue to follow guidance for minimizing the spread of COVID-19 and monitor developments at the federal, state and local levels.

TRAINING AND DEVELOPMENT

We provide learning and development opportunities to all employees across various platforms within our training and educational framework to provide meaningful professional development:

- **New Employees.** Our new employees attend an onboarding session that provides an overview of the company, including information about our history, culture, marketing and branding, compliance, privacy and information security, and emergency preparedness.
- **Compliance Training.** At onboarding and annually thereafter, employees acknowledge compliance with key corporate policies and complete mandatory compliance training, delivered through our learning management system. The customized training is used to introduce and reinforce corporate policies and to provide topic-specific education on relevant industry or regulatory-required topics, including: privacy and information security, anti-fraud, business conduct and ethics, record retention, intellectual property, conflicts of interest, social media and communications. We also assign mandatory quarterly security courses to increase employee awareness about their important role in ensuring adherence to privacy and security protocols in their day-to-day job functions, such as anti-phishing vigilance and strong password maintenance.
- **Tuition Reimbursement.** We provide a companywide tuition reimbursement program to support employees who wish to pursue a degree, coursework or classes, certificates, or continuing education credits to maintain their license requirements.
- **Professional Development.** We offer access to a variety of online and in-person courses to support the professional development and advancement of our employees along their career paths. Employees have access to a full library of professional courses through LinkedIn Learning, the American Management Association and other sources.
- **Leadership Training.** We provide leadership training and support options for employees to support development in areas such as presentations, manager essentials, interpersonal communications, coaching techniques and building culture. We also offer an external leadership training curriculum to provide our people with access to best-in-class tools and perspectives foundational to success as National MI business leaders.

we encourage employees to Give Back

GIVING BACK TO OUR COMMUNITIES

We are proud of our social mission of promoting homeownership and strive to act with integrity as an employer, corporate citizen and good community partner. We enable communities to prosper by encouraging our diverse and talented employees to embrace and experience rich cultures and lifestyles while giving back to our community.

GIVE WHERE YOU LIVE

We seek to improve and support our communities, and have created the **"Give Where You Live"** program to continue to advance community engagement. Through matching donations, employee volunteering and nonprofit partnerships, we support causes that will have the greatest impact on our local communities and the people who live there.

Our philanthropic priorities are with organizations that support the following types of endeavors outlined in our **"HOME"** program:

- **Health:** Improve employee wellness by supporting fitness activities, events, and fundraising efforts for health-related organizations.
- **Ownership:** Support responsible homeownership and help those in need through home repair and rebuilding programs.
- **Mentor:** Improve children's ability to succeed in school by supporting education initiatives and children's service organizations.
- **Environment:** Instill community pride through involvement in environmental efforts in cities where we live and work.

Our **Give Where You Live** Committee is open to all employees. The committee outlines our charitable giving framework in its charter and meets semi-annually to review and select corporate philanthropic sponsorships from various employee suggestions. Suggested company-sponsored contributions or events include charity runs, homebuilding and neighborhood cleanups that support our local communities. All events and donations are administered in accordance with National MI's charitable contributions policy, corporate sponsorship guidelines and other company policies.

CHARITABLE CONTRIBUTIONS

We are proud of the positive impact we have in our communities and provide support to charitable causes through direct corporate giving, matching employees' contributions and targeted donations of food and hard goods.

MBA Opens Doors

We donate a portion of the premium payments we receive on every new policy we originate to the MBA Opens Doors Foundation, which helps vulnerable families with critically ill or injured children stay in their homes while a child is in treatment. These philanthropic efforts are also an extension of our DEI philosophy as many of these families in need represent the diverse, underserved people within our communities — often single-parent families in low-income areas.

Food and Furniture Donations

We remained steadfast in supporting our communities during the COVID-19 pandemic. For example, when our employees transitioned to remote work, weekly food orders for our corporate headquarters were rerouted to local food banks and school programs. We also donated furniture from our office to local nonprofit organizations.

Direct Employee Contributions and Matching Gifts

We provide employees the option to easily arrange personal charitable donations to nonprofit community organizations listed within our charity portal, and match these contributions up to an annual corporate limit. Organizations selected by our employees include:

- SF Marin Food Bank
- Giving Tree/Angel Tree
- St. Jude's Crossing
- Santa's Wish List Program/ Child Advocates
- National Low Income Housing Coalition
- Rebuilding Together
- The Conscious Kid
- Lawyers Committee for Civil Rights

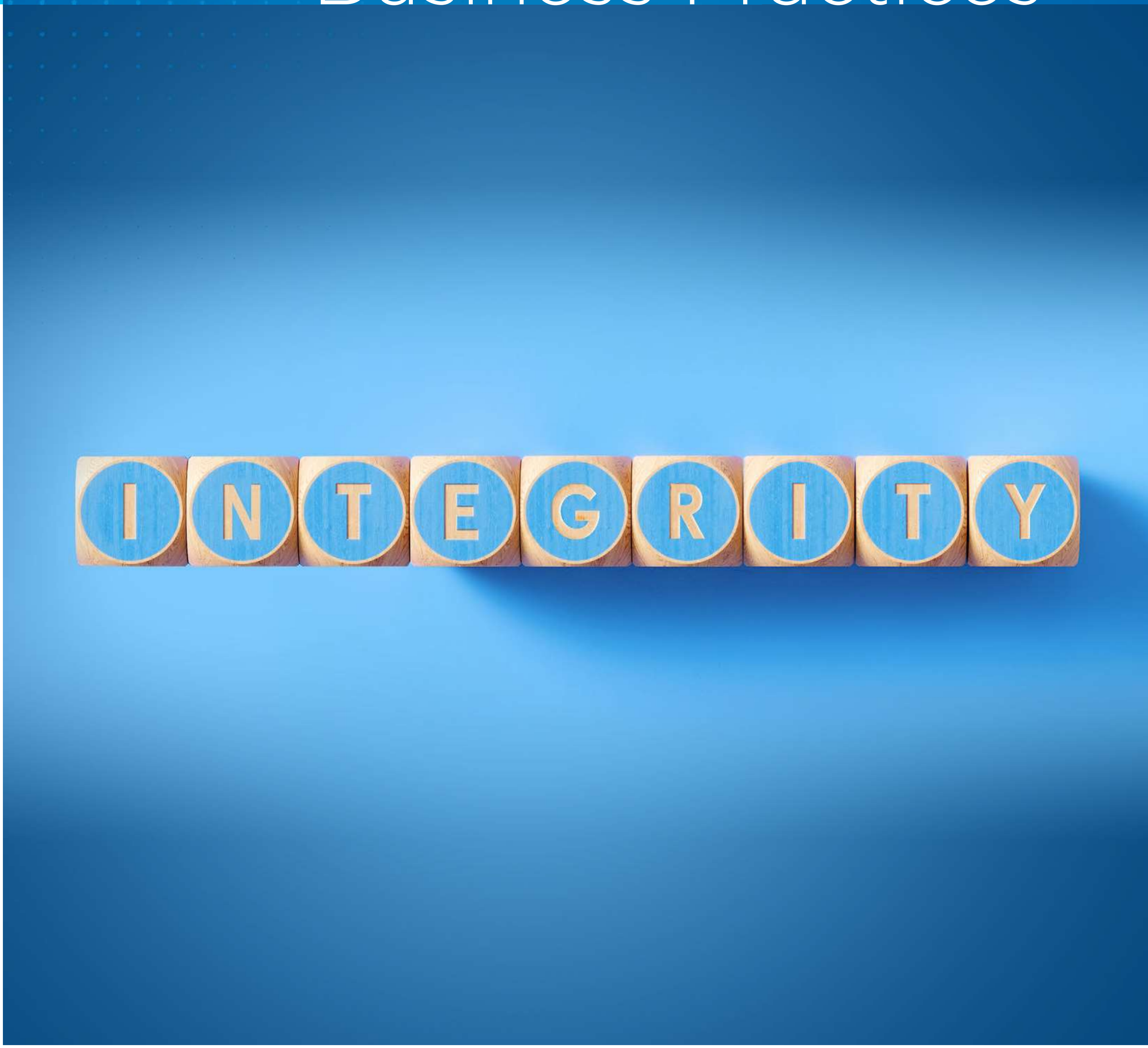
To learn more about the MBA Open Doors Foundation, visit **mbaopensdoors.org**

EMPLOYEE VOLUNTEERISM

We encourage our employees to give back to their communities through our paid volunteer time off program, which provides eight paid hours annually to employees volunteering at a registered charitable organization. Employees are encouraged to participate in team-building volunteer events with their department or may volunteer at a charity of their choice instead. We endeavor to support charities that align with our core mission of helping more low down payment borrowers achieve the dream of homeownership, such as homebuilding with Habitat for Humanity or refurbishing houses for senior citizens through Rebuilding Together. We have also sponsored employee events to facilitate community engagement such as tree planting outside urban homeless shelters and cleanup projects at the Oakland Zoo. Some of the charities chosen by our employees include:

- Friends of the Urban Forest – San Francisco
- Metropolitan Ministries – Tampa, Florida
- Fight For Air – San Francisco and other cities
- Youth Opportunity Foundation – Colorado
- Miracle League – Texas
- Women for MACC – Wisconsin
- YMCA – San Francisco
- Build On – San Francisco
- Rebuilding Together – Oakland

Governance and Sustainable Business Practices



We are committed to corporate governance, ethical standards and responsible business practices that promote long-term value and strengthen accountability at all levels. We have established a corporate governance structure that aligns with our strategic objectives and enables our board to effectively oversee key aspects of our business.

ESG OVERSIGHT

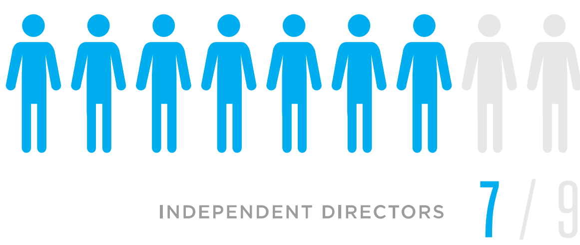
Our board and management recognize the importance of comprehensive governance, environmental stewardship and social responsibility to our long-term business strategy and value creation. Our board engages on environmental, social and governance (ESG) matters impacting our company and periodically participates in professional education on important ESG topics related to board oversight.

The governance and nominating committee (GNC) of the board has primary oversight responsibility of our ESG objectives. The GNC periodically reviews our ESG strategy, initiatives and policies and receives updates on significant ESG activities from our ESG committee

Our ESG committee assists our senior leadership in implementing and monitoring the overall ESG program in our company. This cross-functional group is comprised of leaders from human resources, internal audit, risk, finance, legal, information technology, investor relations and other core departments. The committee meets to discuss ESG issues most critical to our business and stakeholders, recommends steps to advance our sustainability objectives, advises on external ESG disclosures, and provides periodic updates to our senior executive team, GNC and board.

BOARD INDEPENDENCE AND DIVERSITY

Our board is focused on maintaining and continuously enhancing its composition and diversity, independent oversight and effectiveness. We believe that the board should possess a combination of skills, professional experience and diversity of backgrounds necessary to oversee our current and future business needs.



BUSINESS CONDUCT AND ETHICS

Our culture of compliance starts with the company's mission and values, and is an essential element of responsible corporate governance. Accountability and compliance are overseen by our board, which has delegated responsibility to the audit committee to monitor our compliance with laws, regulations and internal procedures, including processes for reporting confidential and anonymous complaints regarding ethical and compliance issues. Our Chief Compliance Officer provides regular compliance program updates to both the audit committee and full board.

STANDARDS OF CONDUCT AND COMPLIANCE

We have a number of policies and guidelines to foster compliance and ethical conduct at all levels, and we also host mandatory ethics and compliance training throughout the year for all employees. Our polices are reviewed regularly and updated periodically to reflect organizational, regulatory, compliance, legal and other changes.

Some of our key compliance-related policies include the following:

- Anti-Fraud Policy
- Business Conduct and Ethics Policy
- Complaint Handling Process
- Conflicts of Interest Policy
- Document Retention and Destruction Policy
- Employee Handbook
- Information Security Policies
- Insider Trading and Information Policy
- Privacy Policy
- Privacy Incident Response Plan
- Related Party Transaction Approval Policy
- Real Estate Settlement Procedures Act and Anti-Inducement Policy and Procedures
- Social Media Policy

All of our employees, board members and contractors are required, upon onboarding and annually thereafter, to acknowledge their understanding and acceptance of key corporate policies. At our quarterly all-employee meetings, we routinely include a "Compliance Moment" segment that is intended to provide continuous education and increase awareness around key legal and compliance topics. Our law department also distributes periodic newsletters on various compliance-related topics as another educational resource.

To guide the overall framing of our compliance program, the board has adopted a business conduct and ethics policy, which has been designed to establish standards of business conduct and ethics that apply to our board, executive team, employees and contractors. This policy covers a wide range of business practices and procedures with basic principles to guide honest and ethical conduct regarding topics such as insider trading, conflicts of interest, competition and fair

IN 2021

100%

of our employees, board members and contractors acknowledged the business conduct and ethics policy.

dealings, financial reporting, anti-corruption and more. In 2021, 100% of our employees, board members and contractors acknowledged the business conduct and ethics policy. The policy can be accessed on our website.

Policy Against Harassment, Discrimination and Retaliation

We are committed to providing all employees with a safe and respectful working environment that is free from harassment and discrimination, as outlined in our employee handbook's policy against harassment, discrimination and retaliation. All employees are required to complete mandatory bi-annual anti-sexual harassment training, which includes a comprehensive review of our anti-harassment and discrimination policy and the law.

Anti-Fraud

Preventing fraud is an important component of our compliance and awareness programs. We have implemented an anti-fraud policy and anti-fraud controls that aid in the detection and prevention of fraud against our company, and advises our employees and other persons of their responsibility to help prevent and detect fraud. Our annual compliance training, mandatory for all employees, includes a module on anti-fraud.

REPORTING UNETHICAL BEHAVIOR

We operate with integrity. Our law and compliance teams have been designated to receive, evaluate, coordinate, respond to and/or refer complaints and other reports of concerns related to fraud, ethical violations, alleged noncompliance, and complaints received from customers or state insurance departments pertaining to the company's insurance activities.

Our complaint handling process policy outlines the types of unethical behavior or violations that must be promptly reported and the methods of reporting. Complaints or concerns can be directly reported to management or to the company's anonymous and confidential hotline service (details are also laid out in our business conduct and ethics policy). Depending on the nature and content of the reported concern, the matter will be escalated to our General Counsel, head of human resources, or our board, as appropriate. Retaliation against any person for reporting a complaint in good faith is strictly prohibited regardless of the outcome of the investigation.

we support the fair and equitable treatment of homeowners

TRANSPARENT INFORMATION AND FAIR ADVICE

We take pride in the insurance products we provide to our customers and aim to operate with transparency, accountability, and fairness in all our dealings. We fully support the fair treatment of homeowners under the Fair Housing Act and operate in accordance with the Equal Credit Opportunity Act's prohibitions against discrimination in credit transactions.

Our customers are primarily originators of mortgage loans that are sold to the GSEs. The holder of the mortgage — typically the GSEs or a bank — is the beneficiary of the policies that we write and receives the benefit of our coverage if a borrower defaults on a mortgage loan. Our master policy defines our product, eligibility requirements and terms of coverage, including the requirements for rescission relief, which provides our policyholders with enhanced certainty of coverage. We also provide our customers with underwriting guidelines, servicing guides, training and other information on our website to enhance their knowledge of our products and processes and facilitate their transparent and fair engagement with borrowers.

LENDER APPROVAL AND MONITORING

National MI has established policies governing the approval and monitoring of our lender customers. Our processes and policies for approval and monitoring adhere to the standards mandated by the GSEs and additional guidelines established by National MI.

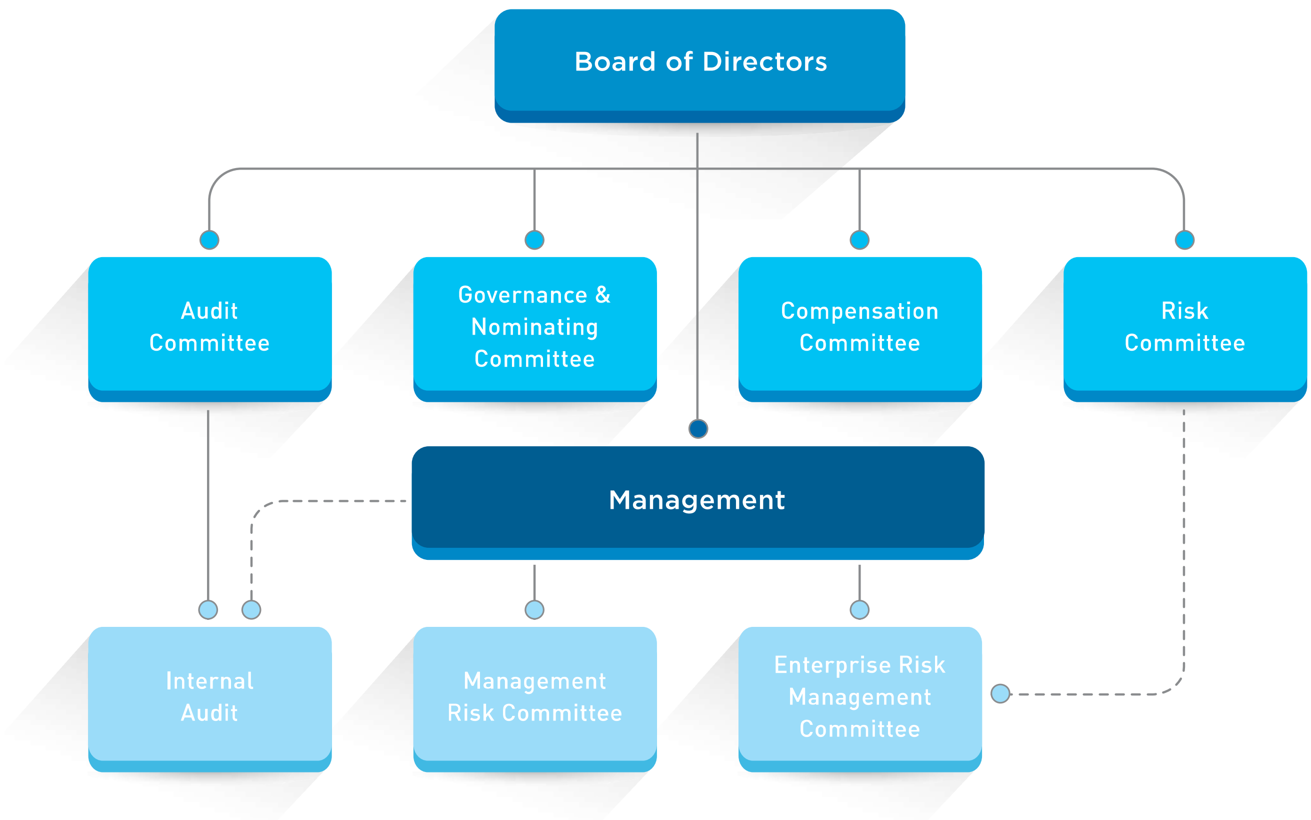
We conduct ongoing sampling and audits of loans we have underwritten and loans we receive that are underwritten on a delegated basis by our lender customers. The results of these reviews are shared internally and with our lender customers and we may initiate corrective actions, including transitioning lenders out of our delegated underwriting program, if lender performance does not meet our standards.

HANDLING OF INSURANCE DEPARTMENT COMPLAINTS

Our operating subsidiary, National Mortgage Insurance Corporation, is a licensed insurer and may, from time to time, receive complaints and other inquiries from state insurance departments. Although the company does not customarily deal directly with consumers, state insurance departments provide mechanisms for consumers to file complaints regarding insurance company practices. The law department is designated to receive, log, investigate and resolve any such complaints in accordance with our complaint policy, state insurance department guidance and laws or regulations governing the handling of such complaints (as applicable). Appropriate oversight and escalation measures are in place for complaint reviews. To date, the company has not received complaints from any state insurance department.

RISK MANAGEMENT AND BUSINESS CONTINUITY

Senior management is charged with identifying and managing the risks facing our business and operations. Our board is responsible for overseeing how our senior management addresses these business and operational risks to the extent they are material. Accordingly, our board, assisted by the board-level risk committee, oversees and considers risk throughout the year on a companywide and individual action basis.



Our board also implements its risk oversight function through delegation to each of our audit committee, compensation committee, GNC and risk committee. These committees meet regularly and report back to our board. Our board committees play significant roles in carrying out our risk oversight function.

Senior management also implements its risk oversight function through the management risk committee, which is responsible for overseeing the company's insurance liability risk, and whose membership includes our Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Executive Vice President for Insurance Operations and Information Technology, General Counsel, and Vice President of Credit Policy.

ENTERPRISE RISK MANAGEMENT (ERM) AND INTERNAL AUDIT

We manage enterprise risks through the coordinated efforts of our board-level risk committee, management-level ERM committee (ERMC) and our internal audit department. The ERMC is a cross-disciplinary management level enterprise risk committee that (i) facilitates risk discussions and monitors the implementation of effective risk management practices and (ii) assists risk owners with identifying, defining and monitoring risk exposures. The ERMC documents the key risks we face, how we manage those risks, and how we monitor those risks. Its membership includes our Chief Executive Officer, Chief Risk Officer, General Counsel, Chief Financial Officer, Executive VP of IT and Operations, Chief Sales Officer, Chief Compliance Officer, and Head of Internal Audit. The chair of the ERMC provides updates to the board-level risk committee, the Chief Executive Officer and the Executive Chairman.

Internal audit was established by the audit committee to review and assess the activities of the company in all functional areas and reports to the Chair of the board-level audit committee. Internal audit provides management and the audit committee with reasonable assurance that the risk management and internal control systems throughout our company are adequate and operating effectively. We require that internal audit remain at all times independent of any activity it reviews in order to provide objective and credible assessments on behalf of the company.

BUSINESS CONTINUITY

Our business continuity program is managed by our information technology (IT) department with oversight from senior management and the board.

As part of our overall risk management framework, we maintain business continuity and disaster recovery plans for execution in the event our business operations or IT infrastructure or systems are interrupted. We have identified business systems and processes that are critical to our business continuity and have developed appropriate response and contingency protocols to maintain these systems and processes in the event of interruption. We conduct an annual business impact analysis that consists of risk assessments, risk monitoring, and business continuity plan reviews, testing and employee training.

CLIMATE-RELATED RISK

We generally are not exposed to climate-related risks. To obtain a conventional mortgage, homeowners are required to maintain hazard insurance on their dwellings and generally restore/rebuild properties that suffer physical damage. The master policy that governs our terms of coverage has specific exclusions for defaults related to property damage.

While the specific risks related to climate change are not directly relevant to our business of providing mortgage insurance, we recognize the secondary risks that climate change poses to the broader economy and home prices, which ultimately could impact the credit performance of our insured portfolio. We monitor and track the path of home price appreciation by Metropolitan Statistical Area (MSA) and include this MSA-level home price data in our ongoing portfolio risk assessments. If the path of home price appreciation in an MSA is impacted by climate-related events, it will be reflected in our portfolio risk assessments.

CYBERSECURITY AND DATA PRIVACY

National MI is committed to safeguarding our company data and the data we receive in the course of underwriting our mortgage insurance coverage. We are entrusted with highly sensitive customer, borrower and other information and our board and management place significant emphasis on the importance of protecting the privacy and security of that information, consistent with applicable laws. Our Executive Vice President for Insurance Operations and Information Technology is responsible for implementing, managing and enforcing information security directives, and provides quarterly updates to the board. Our Chief Compliance Officer leads our privacy program and provides compliance and privacy updates to the audit committee of the board on a quarterly basis.

CYBERSECURITY

We have implemented a comprehensive information security program that governs our cybersecurity and data management practices. We continually seek improvements to further strengthen our security posture and use the National Institute of Standards and Technology ("NIST") Cybersecurity Framework as our benchmark to manage cybersecurity-related risks. We maintain a robust vendor risk management program to help ensure our service providers and IT suppliers are fully able to support our business needs. In addition, National MI consistently obtains a SOC 2 Type 2 certification on an annual basis.

Security Risk Assessments and Monitoring

We are committed to rigorously testing and auditing our information technology security program. Our information security program is regularly audited by the internal audit department as part of the company's overall audit plan. Typically, four to six information technology audits are conducted annually. We regularly conduct mandatory security awareness training for our employees and contractors, including the use of test emails to improve proficiency in identifying and reporting potentially fraudulent communications or "phishing" attempts to our IT security team. If a user fails these tests, enhanced security training and guidance is provided.

Incident Response

As part of our cybersecurity program, we maintain an incident response plan. National MI's incident response plan provides a standardized, enterprise-wide incident response process flow that establishes roles and responsibilities, key stakeholders, and identifies incident triggering sources, types and severity levels. In addition, the plan provides a unified incident notification process and procedures for containing and remediating the incident, while minimizing disruption to the business. The plan is reviewed on an annual basis and updated as needed.

DATA PRIVACY

As a financial services company and employer, we receive and maintain data that, if exposed improperly, could result in harm to our company, customers, employees, and other personnel. We value our relationships and are committed to complying with applicable information privacy and data protection laws that protect customer, employee and borrower data. These laws include the Gramm-Leach Bliley Act (GLBA), the Fair Credit Reporting Act, the California Consumer Privacy Act, California Privacy Rights Act and Mass Reg 201 CMR 17.00, and additional related regulations.

Our privacy program guides our conduct in the collection, use, handling, and disclosure of confidential or personal information. We have B2B business model, so our privacy program differs from that of a consumer-facing enterprise. We collect only the minimum amount of personal information needed to conduct our business, typically provided to us by customers for the purpose of mortgage insurance underwriting, and we do not share or sell personal information for marketing purposes.

Our privacy policy applies to all employees, agents, directors, contractors and service providers, and supplements the externally facing privacy policy and terms of use available on our website. We conduct periodic audits and/or workspace scans to monitor compliance with, and increase awareness of, our privacy policies and procedures.

Privacy Incident Response

As a supplement to our incident response plan, we also maintain a privacy incident response plan that outlines the special steps we will take upon discovery of an incident involving the potential exposure of personally identifiable information, in keeping with our information security policy and privacy policy. All potential privacy incidents are required to be reported immediately to the Chief Compliance Officer and to the head of operations and information technology.

Privacy and Records Advisory Committee

Co-chaired by the Chief Compliance Officer and head of internal audit with representatives from each business unit, the privacy and records advisory committee oversees the privacy and records management priorities of our company. The committee meets periodically to identify, discuss, and inform decision making regarding current company initiatives to further data privacy and responsible records management. The committee also seeks to increase employee awareness and engagement by providing an open forum for knowledge transfer and discussion.

Privacy and Security Training

As part of the onboarding process and annually thereafter, all personnel receive and are asked to acknowledge compliance with the company's key privacy and cybersecurity policies. In addition, our mandatory onboarding and annual compliance training coursework contains a dedicated privacy module, and all employees are also automatically enrolled in three mandatory online security courses per quarter. As with all of our mandatory training, we deliver and track completion through our learning management system to ensure a 100% completion rate.

STAKEHOLDER ENGAGEMENT, GOVERNMENT AFFAIRS AND ADVOCACY

We hold discussions with federal and state regulatory officials, the GSEs, lawmakers and other policymakers to promote our public policy goals. We participate in several industry and trade associations, most notably the US Mortgage Insurers (USMI), the Housing Policy Council, and the Mortgage Bankers Association (MBA) to help increase fairness, diversity, inclusion, availability and access for borrowers.

National MI is regulated by all

50

STATES

We operate

in a highly regulated industry. National MI is regulated by all 50 states with oversight by our largest counterparts, the GSEs. We comply with all applicable federal and state laws and regulations.

The board receives updates on regulatory and government relations subjects quarterly and on a more frequent basis as appropriate.

POLITICAL CONTRIBUTIONS

Our employees are encouraged to vote, participate in the political process and are not restricted in making personal political contributions as they see fit. Except for the voluntary, employee-funded NMI Holdings, Inc. Political Action Committee (NMI PAC), we prohibit political contributions (directly or through trade associations) by the company or its business units. The NMI PAC supports the election of candidates who understand and support our private mortgage insurance industry and adheres to the Federal Election Campaign Act of 1971, regulations promulgated by the Federal Election Commission (FEC) and relevant state and local law in carrying out political activities. The activities of the NMI PAC are supervised and directed by an employee-led steering committee. A compliance review of the records, policies, and procedures of the NMI PAC is performed at least annually to ensure compliance with all applicable state and local laws.

We strive *to minimize our impact on the environment*

ENVIRONMENTAL IMPACT

As a financial services company, we have a limited environmental footprint, and we strive to minimize the impact of our operations on the environment. We have reduced travel by integrating video and audio conferencing and virtual meetings into our business practices. We outsource our production data center to a 100% green energy data center provider, decreasing our overall carbon footprint by leveraging the economies-of-scale and environmental efficiencies of our third-party, cloud-based data center provider.

Our headquarters (and only office location) is leased and in a LEED Gold-certified building that includes eco-friendly features such as LED lighting, motion-sensor lighting, Energy Star appliances, temperature-controlled air and water heating, and water efficient plumbing fixtures. The building also received the Institute of Real Estate Management (IREM) Certified Sustainable Property designation by following stringent requirements to conserve electricity, water and gas.

We have also adopted sustainable practices to support recycling and composting. Our use of paper has been decreased through a combination of reducing our printing requirements and lowering our kitchen paper product needs through initiatives such as providing employees with reusable cups. We have increased the use of recycled and recyclable materials in our operations to further support an efficient environmental footprint. To mitigate our operational waste footprint we have regular e-waste pickup and responsible disposal from a third-party vendor as well as routine office furniture donations. We continue to evaluate other enterprise-wide changes to further decrease the environmental impact of our operations.

SUSTAINABLE INVESTING

Our investments are guided by our investment policy and managed by an external investment manager with supervision and oversight from our Chief Financial Officer and the risk committee of our board. Our external investment manager incorporates ESG factors into its credit research process and we have limited exposure (less than 1%) to issuers engaged in fossil fuel production. We recognize the relevance of ESG factors in assessing the sustainability of our investments and continue to evaluate how best to integrate ESG factors into our investment process as we develop our responsible investing framework.

Frameworks and Standards

In developing this report, we have leveraged guidance from the Sustainability Accounting Standards Board (SASB) and have selected topics that we believe are most material for the mortgage insurance industry. We also referenced the United Nations Sustainable Development Goals (U.N. SDGs) and have identified five goals where we believe we can have the greatest impact (see figure below).

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations' Sustainable Development Goals (SDGs) are a collaborative, global effort to achieve a better and more sustainable future for all. Represented by 17 Global Goals and 169 targets, the SDGs address challenges of poverty, inequality, climate change, environmental degradation, peace and justice. We identified the key areas where we have the greatest influence and impact through our business strategy, products and services.

SDG	DESCRIPTION	COMMENTS	SECTION IN THE REPORT
1 NO POVERTY	End poverty in all its forms everywhere	Homeownership has long been viewed as a pathway out of poverty by allowing families to build wealth through home equity. According to a 2019 Federal Reserve survey[1], median homeowner net worth is more than 40 times the median net worth of renters, demonstrating the power of homeownership to lift families out of poverty.	Access and Affordability
3 GOOD HEALTH & WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Homeownership leads to better health outcomes relative to renting. In a 2012 national survey of Habitat for Humanity homeowners, 74% indicated their families' overall health had improved since moving into their home[2]. National MI also provides comprehensive employee health and wellness benefits and programs.	Access and Affordability Employee Benefits, Health and Safety

SDG	DESCRIPTION	COMMENTS	SECTION IN THE REPORT
8 DECENT WORK & ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all	Our products support sustainable homeownership and a healthy housing finance system, broadening opportunities for wealth creation and employment in housing-related industries.	Access and Affordability
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	The accumulation of home equity acts as a forced savings mechanism that can be passed down to future generations. Homeownership also results in better education outcomes. According to a study by the Federal Reserve Bank of New York[3], children of homeowners have a 19% higher graduation rate than renters, and are twice as likely to acquire some form postsecondary education.	Access and Affordability
12 RESPONSIBLE CONSUMPTION & PRODUCTION	Ensure sustainable consumption and production patterns	We provide mortgage insurance for Fannie Mae's HomeStyle Energy Mortgage and Freddie Mac's GreenChoice Mortgage programs, which allow borrowers to upgrade their homes to be more resilient to natural disasters and more energy efficient. In addition, we continually look for ways to reduce our environmental impact across our operations.	Environmental Impact

[1] Federal Reserve 2019 survey
https://www.federalreserve.gov/publications/files/scf20.pdf

[2] Habitat For Humanity 2012 survey
https://www.habitat.org/newsroom/03-08-2012-wb-survey

[3] Federal Reserve Bank of New York Economic Policy Review
https://www.newyorkfed.org/medialibrary/media/research/epr/03v09n2/0306hark.pdf

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

INSURANCE INDUSTRY

TOPIC	ACCOUNTING METRIC	SASB CODE	ALIGNMENT WITH NMI
Transparent Information & Fair Advice for Customers	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 customer	FN-IN-270a.1	NMI discloses material legal proceedings in our Annual Reports on Form 10-K in accordance with SEC requirements. In 2021, the company did not incur any losses attributed to insurance marketing or communications.
	Complaints-to-claims ratio	FN-IN-270a.2	Our customers are mortgage originators and the vast majority of our interactions are with our originator customers and not individual consumers. In 2021, there were no customer or consumer complaints received or filed with state insurance departments.
	Customer retention rate	FN-IN-270a.3	In 2021, we did business with 92% of the customers we served in 2020.
	Description of approach to informing customers about products	FN-IN-270a.4	Refer to the Transparent Information and Fair Advice section of this report.
Incorporation of Environmental, Social, and Governance Factors in Investment Management	Total invested assets, by industry and asset class	FN-IN-410a.1	Please review our Annual Report on Form 10-K and the Sustainable Investing section of this report.
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	Refer to the Sustainable Investing section of this report.
Policies Designed to Incentivize Responsible Behavior	Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	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	FN-IN-410b.2	Refer to the Supporting Homeownership section of this report.

TOPIC	ACCOUNTING METRIC	SASB CODE	ALIGNMENT WITH NMI
Environmental Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	Refer to the Risk Management and Business Continuity section of this report.
	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)	FN-IN-450a.2	Refer to the Risk Management and Business Continuity section of this report.
	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	FN-IN-450a.3	Refer to the Risk Management and Business Continuity section of this report.
Systemic Risk Management	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	This metric is not applicable to our business.
	Total fair value of securities lending collateral assets	FN-IN-550a.2	This metric is not applicable to our business.
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	This metric is not applicable to our business.

Forward-Looking Statements

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements about future, not past, events and involve certain important risks and uncertainties, any of which could cause our actual results to differ materially from those expressed in our forward-looking statements. Forward-looking statements in this report include, without limitation, statements regarding National MI's positioning for its future performance. We do not undertake, and specifically disclaim, any obligation to revise any forward-looking statements to reflect the occurrence of future events or circumstances.

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