MIDLAND NATIONAL®
A Sammons Financial Company

NAIC Climate Risk Disclosure Survey 2023

Governance

The Company's Board of Directors oversees management of our climate-related risks and opportunities based on guidance from the Company's Climate Risk Subcommittee. This Subcommittee's primary function is to provide guidance and oversight of Sammons Financial Group, Inc. and its member companies' (collectively, "SFG" or "Company") response to climate risk and assist the Board of Directors in overseeing management's setting of risk appetite and tolerances, as well as guidance on defining an approach to quantify climate risks, particularly those related to investments and mortality.

Management's assessment and oversight of climate-related risks primarily is accomplished within the Company's Enterprise Risk Management ("ERM") framework. The Company's ERM framework includes eight separate risk committees and an overarching Executive ERM Committee. Each committee includes members from cross-functional areas of the Company. Climate-related risks are the responsibility of the Corporate ERM Committee. The Company's Chief Risk Officer oversees the ERM function, including climate-related risks. Additionally, responsibility for management of our investment portfolios, including with respect to climate-related risks, sits with the Chief Investment Officer.

Strategy

While the known impacts of climate-related risks continue to surface, potential impacts to our business strategy and operations have been considered.

> **Direct physical risks to the company's operations:** The Company has identified that climate risk could increase the frequency or severity of weather-related events impacting the company's physical locations and operations. The Company has a comprehensive Business Continuity program and a Corporate Disaster Recovery Plan to address risks to our operations. Any business disruptions will be managed by such programs.
> **Indirect physical risks to company's insurance exposures:** The Company does not anticipate short term impacts to our life insurance and annuity products as a result of climate change. Longer term impacts may emerge as through the increased incidence of mortality, lapses, and expenses. We will monitor these changes as part of our overall risk management process.
> **Transition and indirect physical impacts to the Company's current and future investments***:* Through the Company's investments and investment strategy it may potentially be impacted by physical and transition climate risks. As the vast majority of the Company's assets are externally managed, we plan to work with our investment managers to identify and mitigate potential risks posed by climate change.
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> **Legal and regulatory risks may occur as climate regulations emerge:** Failure to comply with regulations could lead to reputational risk and monetary penalties. As with all regulatory and compliance risks, the Company will actively monitor and manage climate-related risks arising out of such regulations.

Risk Management

The Company currently approaches climate risk within the existing Risk Management Framework and a distinct Climate Risk policy has not been proposed. The Company has a Risk Management Framework, which creates an efficient process for identifying, measuring, and managing material risks.

The Company's approach to the identification and assessment of climate-related risks mirrors the process used to identify and assess other risks to the business of the Company. During the risk identification process for climate risks specifically, we utilize internal and external expertise (research papers, consulting firms) to assist in the assessment of risks and possible mitigation efforts. The Company employs a "Three Lines of Defense" model, whereby the business units (1st line) are accountable for identifying, monitoring and escalating risks on a daily basis. Risk identification is formalized by our ERM Committees (2nd line), which includes our Climate Risk Subcommittee. Internal audit forms the 3rd line of defense and provides independent assurance of the control and risk environment. An additional part of our risk assessment process involves interviews with key stakeholders and internal risk identification surveys.

Included in the Risk Management Framework is a Risk Appetite Statement and risk limits are set consistent with the Company risk appetite. Given the nature of the Company's business, risk limits have not been set at a level specific to climate risk. When appropriate, the Company conducts modeling to assess and measure risk exposures. Sensitivity testing of various insurance and economic risks are performed as part of our risk function, during product pricing, annual Cash Flow testing, and during our Own Risk and Solvency Assessment ("ORSA") process. This type of testing includes a wide range of sensitivities without directly defining the underlying drivers. While specific climate risk scenarios are not explicitly defined, the sensitivities modeled capture potential risks outcomes that could occur from climate risk driven insurance and investment events.
Pertinent discussions related to possible risk response techniques are held in our ERM committees, concluding with a discussion and approval of these efforts at the Executive level. Risk and risk responses are then systematically tracked, tested, and supervised through our ERM Committees, senior management, Internal Audit, and the Board.

Metrics and Targets

One of the Company's primary focuses for targeting climate-related risks is reducing our carbon footprint. This is an area the Company is actively monitoring and exploring, which includes a calculation of our current carbon outputs, and continuing to contemplate strategies to reduce our footprint. While these targets are partially driven by regulatory requirements, we are equally motivated by stakeholder and consumer expectations of sound, climate-friendly business practices.
As part of our business operations, the Company owns and leases real estate. We consistently consider potential climate related impacts to our physical locations. In fact, when the Company built our new corporate headquarters in 2020 in West Des Moines, Iowa, the Company adhered to best practices for green designs where feasible. In 2023, this 234,000 square foot building was recognized by the United States Environmental Protection Agency as Energy-Star certified.

The Company also owns a 120,000 square foot building in Sioux Falls, South Dakota, which utilizes a geothermal energy system.

The Company is also party to a number of leases. In Sioux Falls, South Dakota, the Company leases approximately 38,000 square feet of warehouse storage, used primarily for records retention. In Chicago, Illinois, the Company leases commercial office space consisting of approximately 10,000 square feet. For this space, the Company adheres to sustainability and green building requirements, as required by the landlord and Illinois statutes. Finally, the Company also leases commercial office space in Fargo, North Dakota (approximately 13,500 square feet) and Dayton, Ohio (approximately 3,000 square feet). For each leased space, the Company regularly monitors the appropriate amount of square footage needed for its business operations, and when appropriate, reduces its physical footprint, leading to a decrease in its carbon footprint.

In December 2023, the Company acquired NorthRock Partners, LLC, and assumed responsibility for their leased real estate. As a result of this acquisition, the Company is now a party to an additional seven leases in Alexandria, Minnesota (2,068 sq. ft.); Appleton, Wisconsin (5,217 sq. ft.); Deer Park, Illinois (7,117 sq. ft.); Milwaukee, Wisconsin (3,734 sq. ft.); Minneapolis, Minnesota (55,185 sq. ft.); San Francisco, California (5,550 sq. ft.); and San Rafael, California (1,184 sq. ft.).

For each leased space, the Company regularly monitors the appropriate amount of square footage needed for its business operations, and when appropriate, reduces its physical footprint, leading to a decrease in its carbon footprint.

The Company owns and operates two vehicles: a 2017 Ram Promaster van, and a 2012 Kubota tractor; both vehicles are used in our Sioux Falls locations.

Finally, the Company calculated its calendar year 2023 Scope 1 and Scope 2 GHG using methodology consistent with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard for emission calculations. Scope 3 emissions have not been evaluated or calculated at this time. The results of this calculation have been normalized into carbon dioxide equivalents and are as follows: Scope 1: 469 MTCO2e, Scope 2 (location-based): 2,611 MTCO2e, and Scope 2 (market-based): 2,919 MTCO2e. The Company has defined its organizational boundary on an operational control basis, which includes emissions from energy usage at leased and owned facilities and use of corporate vehicles. Though robust data collection was attempted for all relevant activity data, this information was not always readily available. In these instances, estimations were leveraged based on available facility information and metrics provided by the US Energy Information Administration. Where practical, the Company is continually working to improve its data collection for more precise reporting in the future.