

PROVIDENCE HEALTH PLAN/ PROVIDENCE HEALTH ASSURANCE RESPONSE TO CLIMATE RISK DISCLOSURE SURVEY

Section 1: GOVERNANCE

Disclose the insurer's governance around climate-related risks and opportunities.

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
 - *Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.*
- A. *Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities. In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:*
- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.
- B. *Describe management's role in assessing and managing climate-related risks and opportunities.*

Plan Response to Governance – Narrative

Providence Health Plan and Providence Health Assurance (collectively, "PHP") are part of the Providence Health System ("Providence"). Providence has adopted the WE ACT framework focused on five key areas of environmental stewardship, including: waste, energy and water, agriculture and food, chemicals, and transportation. By reducing greenhouse gas emissions in these areas, Providence is working toward carbon negative by 2030. Providence maintains the following website outlining its goals and commitments: <https://www.providence.org/about/advocacy-and-social-responsibility/environmental-stewardship>. Climate related disclosures for PHP are handled at the individual legal entity level. The Compliance and Risk Committee of PHP's board is responsible for climate risk governance as part of its delegated enterprise risk oversight and receives bi-annual updates on material enterprise risks from the Chief Compliance & Risk Officer. Detailed reporting to the board on a climate-related risk would take place should such risk be assessed as material under PHP's Enterprise Risk Management (ERM) framework. PHP's ERM framework and processes are leveraged for identifying, assessing, and prioritizing risks across the enterprise, including climate-related risks. This framework includes an established Compliance & Risk Committee consisting of senior leaders for providing ongoing review, management and monitoring of PHP's key enterprise risks. As PHP has not identified any climate change risks posing a material impact on its business, it is not actively managing any climate-related risks at this time.

Section 2: STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material. In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.*
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.*

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term. In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5 years as short term, 5-10 years as medium term, and 10-30 years as long term.

B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning. In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Plan Response to Strategy - Narrative

PHP has not identified climate-related risks or opportunities materially impacting its business, strategy or financial planning. PHP recognizes that effects of climate change specific to its industry and organization can shift or evolve and will continue to reassess climate-related risks and their impacts through its ERM framework and processes.

PHP continues to maintain and improve the energy efficiency of its operations. Efforts supporting the reduction or mitigation of greenhouse gas emissions and other impacts on the environment resulting from operations include:

- Increasing investments and utilization of remote workspaces and reducing employee-related travel contributing to emissions.
- Increasing focus on providing telehealth services and other virtual options to its members.

- Receptacles for recycling paper and aluminum and plastic beverage containers.
- Initiatives and technology improvements for reducing the amount of printed paper and mailings.
- Installation of motion sensors for lighting and bottle refill stations throughout office spaces.

As part of an annual process for assessing the adequacy of risk capital, PHP conducts scenario and stress testing for its top prioritized risks. To date, PHP has not conducted any stress testing for climate-related scenarios.

Section 3: RISK MANAGEMENT

Disclose how the insurer identifies, assesses, and manages climate-related risks. In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.*
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.*
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.*

A. Describe the insurers' processes for identifying and assessing climate-related risks. In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.*

B. Describe the insurer's processes for managing climate-related risks.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management. In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.

- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Plan Response to Risk Management – Narrative

Climate risk is addressed by PHP's established ERM Framework, which includes the annual enterprise risk assessment process for identifying enterprise level risks having a material impact on PHP's business. PHP's updated risk taxonomy includes climate change and provides a comprehensive set of risk categories for review and consideration by those involved in the enterprise risk identification process. This process includes interviews with senior leaders and survey questionnaires to key leaders across the organization by which an expansive list of risks is narrowed down to a set of key risks. Upon arriving at a final consolidated list of key risks, members of the Compliance & Risk Committee participate in a risk voting session to score risks based on both the likelihood of occurrence and impact. Financial implications of each key risk are assessed as part of assigning an impact score. Results of the voting session include a list of PHP's "Top risks."

PHP's top enterprise level risks are reviewed by executive leadership and action plans for mitigating these risks are developed by applicable risk owners. As PHP has not identified climate-related risks materially impacting its business or affecting trend or utilization of healthcare services amongst its members, it has not developed risk management practices specific to climate change. Should a climate risk be deemed material through PHP's enterprise risk assessment process, formal controls, and action plans for addressing related risk exposures and impacts would be developed. Physical risks relating to climate change are also addressed as part of Business Continuity and Disaster Recovery programs at PHP, which addresses data loss prevention and recovery of critical business functions during unexpected disruption. To date, PHP has not observed or quantified meaningful changes in the value of its investment portfolio that are principally attributable to climate change.

Section 4: METRICS & TARGETS

Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material. In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process. In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions)

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

Plan Response to Metrics - Narrative

In conjunction with PHP's own risk solvency assessment and reporting performed annually, PHP conducts stress testing for top enterprise level risks that could materially impact its business. PHP has not identified climate change as a material enterprise risk and has not included climate-influenced elements in its data modeling nor adopted specific climate change metrics and targets.

In accordance with The Greenhouse Gas Protocol Corporate Standard, PHP's 2023 greenhouse gas (GHG) emissions in metric tons of carbon dioxide equivalent (MTCO₂e) were calculated as follows:

- Scope 1 = 138.2 MTCO₂e
- Scope 2 = 1214.5 MTCO₂e