NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

GOVERNANCE

1. *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.

Lincoln Heritage Life Insurance Co. ("LHL") does not make public any goals on climate-related risks and opportunities.
Climate-related disclosure is handled at the company level via Own Risk and Solvency Assessment (ORSA) provided to Illinois department of insurance each year. The ORSA is a product of LHL's Enterprise Risk Management program run by its Chief Actuary.
There are two committees with oversight on Environmental, Social, and Governance-related risks: the Audit and Risk Committee and the Investment Committee. The Audit and Risk committee approaches ESG from an enterprise risk management perspective while the Investments committee looks at the risks through the lens of asset management (e.g. credit risk).
LHL's Chief Financial Officer sits on the Investment Committee and is ultimately responsible for climate risks with respect to the asset portfolio. The Chief Legal Officer sits on the Audit and Risk Committee and is responsible for oversight climate-related risks to the business.
The Investment Committee relies on its asset managers to assess climate-related credit risk in its investment portfolios (JPMorgan Asset Management and Securian Asset Management).

STRATEGY

2. *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.

LHL has not taken any steps to engage key constituencies on the topic of climate risk and resiliency.
Lincoln Heritage Life Insurance Company (LHLIC) is committed to reducing our carbon footprint. We recycle all paper, boxes, ink and toner cartridges from our printers. We also recycle all batteries. To reduce energy consumption, we have had film put on windows to block the sun's rays, our heating and cooling systems are computer controlled, the outside lights are on a timer. All interior and exterior lights have been retrofitted with LED lights. Our building has been fitted with a new building controls system or energy management system, EMS for short. Both of our cooling towers have been replaced with units that are more efficient with power usage and water consumption. All of our printers go to power save mode if they are not used after a certain amount of time. All associates computers go to sleep mode at the end of the work day. Our IT department now uses Virtualization in all of our servers and PCs (via VDI). This has resulted in less energy used to run the servers and PCs (since we have less boxes) as well as less energy used to cool them.
LHL has identified one climate-related risk via its Enterprise Risk Management program. The risk is that in the medium-to-long-term the climate begins to negatively impact mortality as extreme weather events (e.g. hurricanes and heatwaves) become more common and more impactful. This risk was assigned a relatively low probability and impact and will be monitored according to the ERM plan.
LHL provides a telesales process as an option to its sales agents so they do not have to drive to applicant homes.
LHL does not currently provide products or services to policyholders to support the transition to a low-carbon economy or help them adapt to climate-related risk.
LHL invests in clean energy via its equity portfolio (managed in-house).
LHL foresees no material negative impact on its marketing/sales strategy given climate change. LHL markets whole-life insurance to seniors and has no exposure to property and casualty business.

RISK MANAGEMENT

3. *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.

LHL forecasts no material impact from climate-related risks on its underwriting exposure since it writes only whole-life insurance, not property and casualty.

LHL uses analysis conducted by its asset managers on climate-related risks to its asset portfolio. It invests in a diversified portfolio of fixed-income and equity securities, some of which are issued by oil and gas companies and utilities that burn fossil fuels. LHL's asset managers are responsible for assessing the risk of owning those securities given the realities of climate change and the future global reduction in use of fossil fuels. LHL does not restrict its portfolio managers from investing in any one or more asset class specifically because of climate-related risks. LHL does not actively invest in fossil fuel producers in its internal equity portfolio. This is to avoid increasing the climate-related risk of the portfolio. LHL may have passive exposure to fossil fuels via broad market index funds.

LHL conducts annual Enterprise Risk Management exercises and creates its Own Risk and Solvency Assessment (ORSA) for Illinois. This process covers all areas o frisk, including climate-related risk.

Climate-related risks are addressed through both the Enterprise Risk Management process (annual) and Investment Committee and Audit and Risk Committee meetings (as needed, at least annual).

The ERM process is standard: interviews to create a list of credible worst-case scenarios, a consensus mechanism to identify key risks, in-depth interviews by subject matter experts, and calculation of risk scenarios.

The committees learn about climate-related risks through presentations and materials provided by asset managers, LHL management, and others as needed.

No climate scenarios are applicable.

METRICS AND TARGETS

4. *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.

None Applicable.

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.