

# Task Force on Climate-related Financial Disclosures Report

2024



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# About Aflac Incorporated

Aflac Incorporated (the Parent Company) was incorporated in 1973 under the laws of the state of Georgia. The Parent Company and its subsidiaries (collectively, the "Company") provide financial protection to millions of policyholders and customers in Japan and the United States (U.S.). The Company's principal business is supplemental health and life insurance products with the goal to provide customers the best value in supplemental insurance products in Japan and the U.S. When a policyholder or insured gets sick or hurt, the Company pays cash benefits fairly and promptly for eligible claims. Throughout its 68-year history, the Company's supplemental insurance policies have given policyholders the opportunity to focus on recovery, not financial stress.

Learn more about the Company, its subsidiaries and approach to sustainability at [investors.aflac.com](https://investors.aflac.com) under "[Sustainability](#)."

Aflac Global Investments includes Aflac Incorporated's asset management subsidiaries responsible for investing approximately \$105 billion on behalf of our insurance subsidiaries in Japan and the U.S. (as of year-end 2023). This team contributes to Aflac's long-term success by seeking to maximize long-term returns consistent with the preservation of capital based on an investment foundation of strategic asset allocation.

Sustainability and corporate responsibility have long been integrated into the Company's values and culture and embodied in "The Aflac Way," which are the core values that the Company has relied upon to live up to its commitment to its policyholders, employees, shareholders and other stakeholders. In 2023, Aflac Incorporated was named to the Dow Jones Sustainability North America Index for the tenth year in recognition of the Company's efforts and commitment to sustainability. This mindset extends to environmental considerations, where the Company continues to work to improve its standing as an environmental steward.

In 2020, to be a good steward of the planet, Aflac committed to net zero emissions by 2050 (Scopes 1, 2, and 3 including Category 15). As a path to achieve this goal, Aflac procures 100% of electricity used for owned and controlled facilities from renewable sources. Aflac has been carbon neutral for Scopes 1 and 2 since 2020. We will expand our scope to include Scope 3 excluding Category 15 by 2040. We anticipate setting science-aligned targets subject to regulatory requirements and industry best practices. Aflac Incorporated has been a PRI signatory since November 2021, and the Company submitted its first public report in 2024.

## About This Report

This report discusses our approach to evaluating and managing climate change risks and opportunities and is guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The recommendations of the TCFD focus on four thematic areas that represent core operational elements, including: (1) governance, (2) strategy, (3) risk management, and (4) metrics and targets.

## References

In this report, the terms "Aflac," "Company," "we," or "our" refer to Aflac Incorporated's businesses collectively, the term "Aflac U.S." refers to the Company's U.S. businesses, and the term "Aflac Japan" to the Company's Japan businesses. This report may also refer to climate-related risks and opportunities as "climate-related issues." References in this report are related to year-end 2023 unless otherwise noted.

## Statement on Forward-Looking Information

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. The Company desires to take advantage of these provisions. This report contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein and in any other statements made by Company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as "expect," "anticipate," "believe," "goal," "objective," "may," "should," "estimate," "intends," "projects," "will," "assumes," "potential," "target," "outlook" or similar words as well as specific projections of future results generally qualify as forward-looking. Aflac undertakes no obligation to update such forward-looking statements. For a discussion of assumptions, risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in the forward-looking statements, see our most recent reports on Form 10-K and Form 10-Q filed with the SEC.

# Governance

## The Board's Oversight

Aflac Incorporated has established and maintains a robust corporate governance framework to meet the expectations of stakeholders through the appropriate oversight of the operational execution of the holding company system. This framework is referred to as Aflac's "Global Group Governance." Aflac Incorporated's direct and indirect subsidiaries in each country operate pursuant to Global Group Governance and maintain management soundness in order to continue providing products and services that are valuable to customers and earn their trust. Aflac's Global Group Governance framework ensures appropriate oversight of and cooperation between Aflac Incorporated's direct and indirect subsidiaries in accordance with U.S. and Japanese laws and regulations.

Aflac Incorporated Board of Directors			
OVERSIGHT	Executive Committee		
	Audit and Risk Committee	Compensation Committee	Corporate Governance Committee
	Corporate Development Committee	Finance and Investment Committee	Corporate Social Responsibility and Sustainability Committee

Aflac Incorporated's Board committees play critical oversight and leadership roles through their efforts to identify, promote, and monitor responsible and ethical corporate governance mechanisms; corporate social responsibility and sustainability goals; compensation programs; and risk management practices that identify and assess climate-related risks.

**The Corporate Social Responsibility and Sustainability (CSR&S) Committee** provides guidance and oversight of the Company's sustainability and corporate social responsibility activities, including metrics and procedures to track progress toward achievement of the Company's goals. This committee is charged with monitoring and reviewing the Company's policies, procedures and practices to foster the sustainable growth of the Company on a global basis, including climate change. The CSR&S Committee also oversees all climate matters and supports the company's SmartGreen® goals and philosophy to wisely choose, use and dispose of the resources we use each day and focus on five categories: business operations, strategic sourcing and procurement, facilities management, waste management, and employee management.

The CSR&S Committee also coordinates with other committees of the Board on climate-related matters within their purview. The CSR&S Committee generally meets three times a year.

**The Finance and Investment Committee's** climate-related responsibilities include a review of the strategic asset allocation and performance of investment portfolios and oversight of the Company's Global Investment Policy, investment process and policies, strategies, and programs of the Company and its subsidiaries, including sustainability bonds. The Finance and Investment Committee generally meets four times a year.

**The Audit and Risk Committee** assists with oversight of the Company's compliance with legal and regulatory requirements and oversees the Company's policies, process, and structure related to enterprise risk engagement and management, which includes climate-related risks. The Audit and Risk Committee has oversight over and reviews updates to key and emerging risks including climate-related risks that may affect the Company and related risk mitigation plans. The Audit and Risk Committee typically meets at least nine times a year and receives risk updates at least on a quarterly basis.

**The Compensation Committee** reviews the Company's general compensation plans to ensure they promote our goals and objectives, including incorporating sustainability factors into executive compensation programs. The Compensation Committee generally meets four times a year.

## The Role of Management

The highest level of management with direct oversight of climate-related issues in 2023 was Aflac Incorporated's President and Chief Operating Officer (COO) who regularly reported to the CSR&S Committee on these matters including progress on related goals and targets. The COO oversaw, in consultation with the Company's Chief Executive Officer (CEO), how climate-related and other sustainability issues are incorporated into the Company's business strategy and leverages the work, insight, and expertise of the Company's Sustainability Working Group ("Working Group") (see below). The governance structure of the Working Group allowed the COO to remain informed about practices and approaches being taken across the Company's business to both understand the risks and opportunities the Company faces as a result of climate change, as well as the Company's areas of largest impact.

Specific climate-related responsibilities of the COO included assessing the importance of climate issues and driving the response. The COO worked to ensure that the Company's climate-related actions are coordinated and aligned with the broader goals of the

Company. The COO's informed understanding of the Company's business, authority to direct resources and prioritization, as well as connectivity with the Board is the reason why responsibilities for climate-related issues have been assigned to this position.

Beginning in 2024, the Company's Executive Vice President and General Counsel (GC) succeeded the COO in this role given the announcement of his retirement.

**The Working Group**, which is comprised of employees and chaired by the COO in 2023 and GC in 2024, provides management-level oversight of climate-related issues relevant to the Company's business. The Working Group consists of leadership within the Company who have responsibility for governance, enterprise risk management, investments, facilities, human resources, government and regulatory relations, brand and marketing, cybersecurity, corporate social responsibility, and investor relations. The Working Group supports setting sustainability performance objectives, monitors implementation and performance of objectives, and oversees progress made toward our environmental goals, including climate-related goals.



Aflac's Global Group Governance committee framework, which is aligned with and overseen by the Board and its committees, ensures appropriate operational execution and governance over the Company's management activities. In 2023, these committees were: the Global Risk Committee, the Global Investment Committee, the Global Capital Committee, and the Global Operations and Technology Committee. These management committees met quarterly.

**The Global Executive Management Committee (GEMC)** serves as an executive committee governing the overall internal management committee structure, including risk management. Company executive management, including the CEO, COO, Chief Financial Officer (CFO), Global Chief Risk Officer (Global CRO), U.S. and Japan Presidents, GC and other business unit executives, has overall responsibility for managing risk. The CEO, supported by the COO, CFO, GC and Global CRO, recommends to the Board the amount and type of risk that Aflac is willing and able to accept and recommends appropriate risk management strategies. The Working Group provides regular reports to the GEMC on the progress of sustainability goals as well as enhancement of the reporting/disclosure framework regarding climate change risks.

**The Global Risk Committee (GRC)** received updates from management and sub-working groups on key and emerging risks including any review or assessment of climate-related risks, and provides visibility, awareness, and oversight at key levels of the organization, up to and including the Audit and Risk Committee and the Board. Management and sub-working groups monitor climate-related risks based upon their functional duties within the organization.

**The Global Investment Committee (GIC)** provided operational governance over the Company's investment activities, which includes strategies associated with sustainable investments, and related processes to support the assessment of climate-related risks and opportunities within the investment portfolios, subject to the Finance and Investment Committee's oversight.

In 2024, the Global Investment Committee and the Global Capital Committee were consolidated into a Global Finance Committee to streamline governance of financial-related matters while maintaining the same authorities, responsibilities, and alignment with the Finance and Investment Committee of Aflac Incorporated's Board of Directors. Additionally, executive management decided to sunset the Global Operations and Technology Committee and has established a Technology Strategy Working Group with key leaders to continue to oversee these activities, which reports to the Global Executive Management Committee.

## Management Incentives

Management governance and oversight activities also include accountability for achieving certain climate-related goals. The compensation of certain employees is linked to achieving climate-related targets.

## Sustainability and Executive Compensation

In 2021, recognizing the importance of tying our sustainability goals to our business strategy, a sustainability modifier was introduced to the Management Incentive Plan (MIP) ("Sustainability Modifier") for all officers across the Company's global operations. The Sustainability Modifier included specific critical path objectives, as reviewed by the CSR&S Committee, and continued in 2023.

Achievement of all four Sustainability Modifier objectives results in a +5% adjustment to the incentive; two or fewer objectives results in a -5% adjustment; and there is no adjustment for achieving three of the objectives.



In 2023, the Company had four Sustainability Modifier objectives, and related results and highlights appear below.

Sustainability Modifier	Achievements
<b>Responsible investing (Insurance subsidiary portfolios)</b> Allocate at least 10% of “available investable cash” to new Sustainable and DEI Investments and Commitments	<ul style="list-style-type: none"> <li>✓ Allocated 11.8% of “available investable cash” equivalent (\$358 million).</li> <li>✓ 73% in environmental impact and 27% in social impact investments and commitments.</li> </ul>
<b>Climate: Net Zero<sup>1</sup></b> Source at least 33% of electricity used for owned and controlled facilities from renewable resources and submission of a formal path to 100% by 2030	<ul style="list-style-type: none"> <li>x Sourced 30.5% from renewable resources after the expansion of its U.S. solar array was delayed due to supply chain issues and less production due to cloudy weather.</li> <li>✓ Aflac Japan has achieved 100% renewable electricity at Aflac Square from March 2021.</li> <li>✓ Aflac Japan also reduced electricity consumption by 16% in 2023 compared to 2022.</li> </ul>
<b>Diversity, equity and inclusion — Japan</b> Achieve “Women in Leadership” at least 26.5% as part of the path to reach 30% or more by the end of 2025 <sup>2</sup>	<ul style="list-style-type: none"> <li>✓ 27% of Aflac Life Insurance Japan’s manager or general manager positions were filled by women.</li> <li>✓ Achieved milestone by leveraging candidate training at the department level and Sponsorship Program, among other initiatives.</li> </ul>
<b>Diversity, equity and inclusion — U.S.</b> Increase overall U.S. diversity of Senior Management population by 1% as part of the objective to increase by 5% by 2026	<ul style="list-style-type: none"> <li>✓ 49.6% of Aflac U.S. senior management positions were diverse, an increase of more than 2% in 2023.</li> <li>✓ Expanded succession planning and talent development efforts for all employees with a commitment to increase ethnically diverse and female-talent-specific offerings.</li> </ul>

<sup>1</sup> This objective does not include purchases of renewable energy credits (RECs) from a spot market.

<sup>2</sup> Manager or general manager positions at Aflac Life Insurance Japan, not other subsidiaries.

Based on the achievement of three of the four Sustainability Modifier objectives in 2023, the MIP pool was not adjusted. A similar four-objective Sustainability Modifier is being utilized in the MIP for 2024 and applies to all officers, starting at the highest levels of leadership (with the CEO as the highest management-level position with responsibility for climate-related issues).

# Strategy

## Climate-related Risks and Opportunities

The Company evaluates climate-related risks and opportunities over the short, medium, and long term. Our evaluation of short, medium, and long-term risks is consistent with our business strategy and financial planning cycles with short-term being less than three years and long-term being considered five years or more.

The most significant climate-related risks identified relate to reputational and market-related transition risks as well as acute and chronic physical risks. The potential impact from these risks primarily will be experienced over the long term as climate conditions evolve. However, reputational risks have the potential to impact short and medium-term periods as the Company navigates evolving stakeholders' expectations for information and action.

The Company also considers climate-related opportunities. One area that the Company is closely monitoring for business opportunities is our investment portfolio and future investment opportunities.

Below is a discussion of each of the climate risk categories, related potential impacts and opportunities to the Company.

## Transition Risks

**Reputational** – As a supplemental health and life insurance company, climate-related reputational risks are associated with how the Company communicates its climate risk management practices to its stakeholders and whether those actions are consistent with stakeholder expectations.

**Market** – Market risks are primarily relevant for our investment portfolio as changes in supply and demand for products and services of our issuers will subject the Company to potential credit losses in the event that the issuers cannot adapt to changing conditions driven by the transition to a lower carbon economy.

**Other Transition Risks** – The Company considers other transitional risk categories including current and emerging regulations, technology, and legal risks, but these other transition risks currently do not represent a significant risk to the Company.

## Physical Risks

**Acute Physical** – Acute physical risks are relevant for consideration related to our operations, investments that are backed by or related to real estate assets, and our insurance products.

For impacts on operations, these risks are incorporated into the Company's Business Continuity Planning (BCP), which considers the impact that climate change could have on our existing contingency plans. The BCP ensures that there are processes in place to mitigate climate change risks such as hurricanes and other natural disasters that can cause business interruption through damaging or destroying property.

For investments, we consider risks for relevant corporate issuers and investments backed by or related to real estate assets that could be impacted by climate-related events as part of our credit underwriting process. Risks from acute physical events linked to climate change could include hurricanes, flooding, wildfires, or other extreme weather.

For impacts on products, we have assessed risks related to areas hard hit by a natural disaster, such as a hurricane, wildfires, and heatwaves to assess if such events could lead to higher policy lapse rates or higher claims.

**Chronic Physical** – Chronic physical risks are relevant for the Company's investments and insurance products.

For investments, risks would include potential impacts where the issuer's underlying businesses or assets backing the investment could be impacted by longer-term shifts in climate patterns or rising sea levels.

For insurance products, risks would primarily relate to how climate-related conditions may impact human health over time such as the increase in occurrences of types of cancer or other adverse health effects.

## Business and Strategy Impact

The Company has assessed the climate-related risks and opportunities associated with our business strategy specifically noting the impacts below that we have evaluated related to our operations, products and services, investments and supply chain. The

assessment of these risks will continue over time and may change as the Company evaluates the implications of the risks and opportunities created by climate change.

## **Products and Services**

The Company's primary products and services are supplemental life and health insurance policies, which are not directly or substantially impacted by climate change based on our current assessment of recent experience. As a result, our strategy has not been directly influenced by climate-related risks or opportunities. However, we acknowledge the potential for climate risk to have a negative impact on human health that could adversely impact our claims over time and continue to evaluate implications on our business and products from climate-related risks.

## **Investments**

Climate-related risks and opportunities are becoming an increasingly important consideration of the Company's investment portfolio activities. The impact of these activities is expected to occur over time as our portfolio evolves to reflect our progress toward meeting our 2050 net zero emissions target. The portfolio will also evolve to reflect the management of asset allocation to sectors with elevated climate-related risks. These factors, along with other portfolio management considerations, will influence our investment strategy over the short, medium, and long term.

The Company recognizes that an active and responsible approach to managing climate-related issues is a factor that can impact financial performance, particularly over the longer term. The primary objective of Aflac's investment strategy is to fulfill its fiduciary responsibility to invest in assets in a prudent manner in order to meet present and future policyholder obligations and to realize an appropriate risk-adjusted, long-term financial return on invested assets. The Company designs its investment strategies to meet the foregoing objectives within specific risk management limits and practices, including asset quality, diversification, and liquidity. We consider the impact of climate change and other sustainability considerations among the factors assessed in evaluating and monitoring investment risks and opportunities. Our portfolio holds investments diversified across multiple sectors that may be affected by the physical and transition risks of climate change.

Climate-related risks have been considered in the Company's investment portfolio in relation to the risks associated with the transition to a lower-carbon economy, and certain exposures in the investment portfolio have been assessed accordingly. The Company has increased investment in clean energy companies and projects. Examples include

renewable power generation, sustainable infrastructure debt, and property energy efficiency improvement programs. The Company has taken other steps to diversify the portfolio to take advantage of climate-related opportunities, including over \$5 billion in sustainable investments and commitments as of December 2023. This investment shift is driven by the financial risks and opportunities associated with innovations driving the transition to a lower-carbon economy.

## Supply Chain

Awareness is foundational in any effort to reduce emissions in the supply chain. Aflac is accomplishing this by: 1) Addressing environmental best practices in Aflac's Supplier Code of Conduct; and 2) Engaging top suppliers by survey on environmental concerns. Aflac's Supplier Code of Conduct requires that Aflac suppliers: 1) Comply with applicable laws and regulations regarding environmental matters; and 2) Implement best environmental practices and establish target reductions. Within Aflac's Supplier Code of Conduct and through additional engagement of top suppliers, Aflac creates awareness and encourages its suppliers to reduce emissions in their own operations, their upstream supply chain and customer base.

## Operations

Climate-related risks and opportunities have an impact on the Company's business operations in relation to the Company's drive toward digitalization, energy efficiency and renewable energy. To respond to this, the Company is strengthening its digital capabilities and presence to reach and continue to support customers in the event of a climate-associated event, as discussed below. The Company's remote work procedures implemented during 2020 have been adjusted to accommodate the evolving nature of people's work location (e.g., remote, in-person, or a hybrid combination of remote and in-person) that may lead to reduced commute times and real estate footprint. This work style was developed to ensure customers' needs are met. We have established and are actively using online platforms that are leading to opportunities as consumers adapt to the new normal and an increasing number of employees continue to work remotely. The transformed digital systems are having a positive impact on the Company's carbon footprint with regards to commuting, business travel and use of office facilities. Aflac Japan has enhanced its online application capabilities by providing digital insurance brochures and online application capabilities so that customers can easily complete the application process from their own smartphones or computers. This has not only improved the customer experience, but also reduced the amount of paper used. As the Company continues with digital transformation initiatives, we are aware of the potential impact that increased technological demands may have on energy use.

Therefore, the Company is taking steps to reduce energy consumption at its facilities by conducting energy efficiency measures and increasing the use of renewable energy. In 2022, Aflac U.S. completed phase 1 of its solar array, installing a 1.3 megawatt array at the Paul S. Amos campus. In 2023, Aflac increased the array by 50%. The electricity generated by the expanded array will cover more than 50% of electricity used by the Paul S. Amos building, Aflac's largest U.S. building. Additionally, the Chief Information Officer is looking into joining a sustainable IT organization to establish sustainable practices as a global industry standard.

## **Financial Planning Impact**

As a supplemental health and life insurance company, the Company has identified limited climate-related risks and opportunities with a substantive impact on its financial planning. The Company's financial planning process considers any impact from investments in more efficient equipment or the generation of renewable electricity, like its onsite solar arrays, as part of its efforts to reduce emissions and transition to net zero emissions. The Company's management incentives include capital allocation to sustainable investments and commitments (see "Management Incentives" section of this report for more details). In addition, the financial planning process considers the impact of investments in solar equipment in various communities, and tax credits generated by these investments are recorded as an income tax benefit in the consolidated statement of earnings. The Company monitors emerging risks and opportunities to factor into the financial planning process, should they become more substantive.

## **Strategy Resilience**

As a supplemental health and life insurance company, our primary climate-related risks are related to our reputation, investment portfolio and insurance products. These risks are currently assessed as part of our ongoing risk management processes for adverse conditions or changes where climate-related risks represent a subset of risks or factors that could impact our performance.

We have assessed acute physical risks related to areas hard hit by a natural disaster, such as a hurricane, wildfires, and heatwaves to assess if such events could lead to higher policy lapse rates or higher claims. The Company has not found that climate change is significantly affecting policyholder lapses or human health (acute physical risks) related to the types of insurance that the Company issues. Should this begin to demonstrate a notable impact, it is the Company's belief that it will happen gradually and that there will be adequate time to adjust.

While we recognize the importance of climate-related scenario analysis and plan to incorporate that into our strategy in the future, we are not expecting such an assessment will have a meaningful impact on our near-term strategy that would not otherwise be captured as part of our on-going processes and therefore, have not incorporated climate-related scenario analysis at this point.

# Risk Management

## Risk Identification and Assessment Process

### Enterprise Risk Management Process

The Company integrates climate risk into its Enterprise Risk Management (ERM) process. As part of the risk identification and assessment process, the Company conducts an annual risk assessment, taking both a top-down and bottom-up approach. The risk identification process requires that business units evaluate risks and identify potential emerging risks (including climate risks). Additionally, questionnaires are sent to business units to proactively identify any emerging risks (including emerging climate risks) with the potential to substantively impact the business. Emerging risks are viewed from both an internal and external perspective (e.g., macro-economic, geopolitical, industry level) and from internal surveys facilitating feedback from Aflac personnel across business units. The objective is to understand whether identified risks will have an impact on the organization's objectives. This process ensures that the perspective of all business units and geographies are being considered on the global, Company-wide level. After risks have been identified, the risk management team undertakes a filtering process using the Company's risk matrix (described below) to determine the most substantive risks. Risks are then assessed to consider whether the identified risk is already being mitigated and the residual impact and likelihood to determine the residual risk rating (after considering management actions) for each risk identified, including climate risks.

The Company utilizes a risk assessment matrix (which includes climate-related risks) to determine risk rating and corresponding prioritization. The risk rating matrix classifies risks as either low, medium, high or critical based upon the impact and likelihood. The five impact levels include: minor, moderate, adverse, major and extreme and are based upon quantitative and qualitative factors. The five likelihood levels include: rare, unlikely, possible, likely, and frequent and are based upon quantitative factors. The intersection of the impact and likelihood is the risk rating (as described above as either low, medium, high, or critical).

A high or critical risk rating would have a substantive financial and/or strategic impact on the business. To expand, a high-risk rating ranges from a moderate impact with a frequent likelihood to an extreme impact with an unlikely likelihood. The middle ground of a high-risk rating is a major impact of \$100 million and possible likelihood (once in 20 years). A critical risk rating ranges from a major impact with a frequent likelihood to an



extreme impact with a likely likelihood. The middle ground of a critical risk rating is extreme impact of \$500 million and likely likelihood (once in 10 years).

Based upon the risk rating, management decides whether to accept, mitigate, transfer, or avoid the risk and reports on the high or critical risks to the GRC and, as needed from the GRC to the GEMC, (as discussed in the Role of management section above), and ultimately, the Board for guidance and direction to ensure that the Company's earnings, solvency and brand are protected.

In addition to our overall risk management processes to identify risks, we also periodically assess climate-related risks and undertake further analysis to evaluate those risks as demonstrated by the Company's assessment of acute physical risks discussed in the Strategy Resilience section above.

The Company has performed an assessment of climate-related risks noting the most significant areas of potential climate risks related to our reputation, products, and investments.

## **Climate-Specific Risk Assessment Process**

### **Reputation**

The Company's stakeholder engagement helps the Company identify and address key climate-related risks and opportunities, while also taking environmentally friendly and prudent business actions that protect and strengthen its brand reputation.

The Company has a risk that key stakeholders may expect or demand certain actions to be taken related to climate change. Lack of action or supporting information on climate-related impacts from the organization could lead to a decreased share price or reduced interest in Aflac products due to negative company perception. The Company believes that this risk is mitigated significantly by management actions regarding emissions targets and commitments to carbon neutral and net zero emission goals, such that the residual risk is low.

With increased regulatory, legislative, investor and consumer expectations surrounding sustainability, the Company's inability to achieve our emissions reduction goals could negatively impact our brand and reputation. These potential negative impacts on our brand and reputation could result in adverse impacts to our ability to attract talent and to execute upon the Company's strategy, including any strategies requiring regulatory, legislative and investor support.

## Investments

The Company considers both impact and potential exposure to climate change alongside many factors in the assessment of individual investments and industry sectors. This assessment of risk is critical in underwriting investments in any specific security issuer to understand the entity's exposure to specific environmental issues and is informed by materiality considerations. The Company's approach is periodically reviewed and refined to incorporate the latest industry and market practices.

To evaluate climate-related risks for internally managed investments in corporate debt, the Company assesses, by utilizing available resources, each issuer's sustainability considerations, including, but not limited to, the specific industry which the issuer operates and the individual circumstances that the issuer faces. As it relates to climate-related risks, including physical and transition risks, we consider factors such as the issuer's carbon footprint, efforts to improve their operations' impact, and the environmental impact of their specific products. Where relevant, we judge how these factors could impact an issuer's overall business and financial conditions on aspects such as reduced revenue, increased costs, the potential for regulatory action including sanctions, fines, shut-downs, lawsuits, reputational risk, industry dynamics including relative competitive positioning, and other factors.

To assess climate-related risks for externally managed investments, the Company uses responses to an environmental and social questionnaire along with other due diligence responses to select external managers. Sustainability-related processes and assessments are reviewed to ensure climate-related issues are included in the selection and periodic monitoring of investments.

The Company's external managers, as part of their standard credit underwriting processes, may assess sustainability factors for prospective issuers, including issuers' internal sustainability policies and climate-related factors such as GHG (greenhouse gas) emissions. Physical risks due to climate change are incorporated during the assessment of our commercial real estate investment portfolio. For example, the Company's external managers consider the risk exposure of potential investments to sea level rise as part of their credit underwriting.

As regulatory requirements and industry practices evolve, we continue to evaluate external tools and climate stress testing scenarios developed by regulators to assess potential impacts of climate risk on our investment portfolio, recognizing the limitations in the existing approaches. We consider various sustainability-related risks in our credit assessments of issuers, although we have not specifically quantified the potential impact of climate-related risks on our portfolio. In particular, physical risks, such as those related to wildfires, have been recently affecting issuers that historically have been less prone to

such events. The risks of such events are, however, difficult to forecast due to their inherently unpredictable nature, and also because management teams often have credible mitigation plans in place. Specific to our current real estate portfolio, physical risks are less likely to have a significant impact given the relatively short remaining life of most of our real estate-backed investments, portfolio diversification, and the low likelihood of acute physical risks creating significant, uninsured losses during our expected hold period.

We also consider transition risk in our sustainability risk assessments. A sudden shift in government policies that quickly force transition to a lower carbon economy could negatively impact certain issuers. While we consider this risk, it is not the most likely in our view. More likely scenarios, such as orderly and longer lead-time transition, would have a less significant impact on our portfolio as management teams would have time to adapt. In addition, we would also have the opportunity to reshape our portfolio as our fixed-income investments mature.

We will continue to evaluate ways to more specifically quantify climate-related risks on our portfolio to further refine our assessment of this risk.

## Products

As discussed above, we have identified both acute and chronic physical risks as primary risk categories that could impact our products. The Company has processes in place to assess possible trends that might impact our policyholder claims and/or persistency experience compared to original expectations based on our product underwriting and pricing targets.

The Company has undertaken specific climate-risk-related assessments of acute physical events and impacts on persistency and claims. We have assessed risks related to areas hard hit by a natural disaster, such as a hurricane, wildfires, and heatwaves to assess if such events could lead to higher policy lapse rates or higher claims. The Company has not found that climate change is significantly affecting policyholder lapses or human health (acute physical risks) related to the types of insurance that the Company issues. We will periodically perform these assessments to help identify any climate-related risk trends connecting acute physical events that might not be evident in the evaluation of broader claims or persistency trends.

For chronic physical risks, there are a few areas where the performance of our insurance products could be adversely affected over time. The first is the Company's cancer insurance products. The Company recognizes that if climate change increases the incidence of certain types of cancer such as those related to sun exposure or environmental pollution, the underwriting approach or pricing of our products may need

to change. Another area of potential impact from climate change on our products is the increased prevalence of novel viruses, which in the future could be exacerbated by or present in wider geography due to climate change. While climate change may result in adverse health impacts that could negatively affect our claims over time, medical advancements in early detection and treatment of cancer and other illnesses may mitigate some of these impacts from climate change over time.

As we recognize chronic physical risks may exist related to our products, we continue to evaluate external studies that link climate change to adverse health impacts to assess potential ways to quantify the potential impacts to our supplemental life and health insurance products. In many cases with these external studies, adverse health effects are broadly captured across populations where more vulnerable populations are most impacted, which is less likely to be a significant part of our policyholder demographics. When developing a product, the Company incorporates contingencies, such as the consideration of stress assumptions for claims and persistency when pricing products. These stress assumptions are not necessarily explicit to climate change but provide resilience to unpredictable events. We would expect adverse impacts from climate change to be within the existing stress parameters used for product pricing but will continue to evaluate external and internal data as we monitor trends in this risk going forward.

## **Risk Management Process**

### **Reputation**

The Company has processes to continually engage with key stakeholders – both internal and external – to identify various risks and opportunities, including those related to climate, that can be incorporated into the Company's risk management process and strategic plans. This process includes regular engagement of shareholders and their stewardship teams, as well as regular meetings of the Working Group at the management level and the CSR&S Committee of the Company's Board of Directors where actions related to climate-related risks and current and pending regulation and legislation are reported and/or discussed as applicable. The Company's stakeholder engagement approach ensures that the Company can identify and address the key climate-related risks and opportunities, while also protecting and strengthening its brand reputation through environmentally friendly and prudent business actions. This approach is consistent with “The Aflac Way,” which emphasizes doing the right thing on behalf of customers, investors, employees and all stakeholders. The Company also strives to offer clear information to stakeholders on its climate-related commitments, targets and actions on its Sustainability site, including the Business and Sustainability Report.

These processes and monitoring of progress toward our commitments provide insights into changes in the reputational risks facing the Company and any actions to be considered to reduce our risk in the future.

## Investments

The Company considers it essential to incorporate impact and exposure to climate change in the assessment of individual investments and industry sectors. This assessment is critical in assessing the risk and return potential for any specific security issuer in order to understand the entity's exposure to specific environmental issues, and is informed by materiality considerations. Risk management of the investment portfolio also includes diversifying its investments by asset class, sector, single issuer and other portfolio construction characteristics specific to each asset class. For example, with respect to investments exposed to physical climate-related risks, the Company's approach includes diversification by geography, and by underlying property type and revenue sources. The Company's approach is periodically reviewed and refined to incorporate latest industry and market practices:

For internally managed corporate debt investments, we incorporate various climate-related factors, such as issuer's emission profile and climate transition plans, into our ongoing surveillance of the credit risk profile of issuers within our investment portfolio.

For externally managed investments, we use responses to an environmental and social questionnaire along with other due diligence responses to select external managers and review their sustainability-related processes. These assessments support certain investments we are considering, such as sustainable infrastructure debt and equity, as well as commercial real estate lending secured by buildings typically carrying Leadership in Energy and Environmental Design ([LEED](#)) Gold or Platinum certification.

More generally, the Company's portfolio management decisions also consider the Company's current exposures relative to concentration limits such as asset classes, sector and credit ratings limits. While these limits do not have specific considerations for climate-related risks, the relative risk considerations and differentiation in performance used to develop the limits may implicitly include certain climate-related risk considerations.

As an example of the Company using climate-related information in its decisions, in recent years the Company has been investing in sustainable asset-backed securities (ABS). In addition to traditional investments in green corporate bonds, sustainable ABS has become a well-established option increasing in popularity in the green financing

market. The underlying assets of sustainable ABS are used to finance sustainable projects such as installation of clean energy system in properties and are in line with International City/County Management Association (ICMA)'s Green Bond Principles.

## **Responsible Investment Stewardship and Engagement**

In 2023, the Company published an inaugural Responsible Investment Stewardship and Engagement policy.

As part of “The Aflac Way,” we believe that integrating responsible investment factors leads to better decisions with respect to the risk and return profile of investments and their sustainability, while helping to make a positive financial and social impact on all of Aflac’s stakeholders.

Aflac Incorporated and Aflac Global Investments, its asset management subsidiary, use stewardship and engagement when it is critical to underwriting due diligence. Our analysis focuses on financially material factors for each investment, including an investment’s sustainability. In conjunction with its goal of maximizing net investment income in a manner consistent with the preservation of capital, the Company’s analysts and portfolio managers will attempt to engage with management teams of investees when we believe that environmental and social factors are an immediate material issue that could result in demand destruction, higher costs, or increase in physical risks for an investee’s products, services, and/or assets.

The Company’s investments are largely fixed income securities with no voting rights, and comprise a negligible portion of an investee’s capital structure. As such, we often have very little influence on management decision-making compared to engagement from an investee’s customers and equity holders.

In addition to this policy, the Company may establish other policies related to stewardship at Aflac Incorporated and subsidiary level.

## **Products**

The Company has not identified any climate-related risks and opportunities that directly impact product underwriting or pricing. However, the Company continuously analyzes data and global trends for a possible indication that new impacts, including those related to climate change, could influence our supplemental health and life insurance offerings. This analysis process considers all components that could influence the product underwriting process, regardless of scale. Therefore, if in the future, climate-related risks and opportunities have a larger impact or trends arise that demonstrate the influence of these risks and opportunities on the supplemental health and life insurance industry, the

Company is in a position to incorporate these considerations into the underwriting and pricing process. It is also important to note that the long-term nature of any morbidity risk needs to take into account natural advances in medicine such as screening, detection, treatments, and cures as well as potential adverse impacts from climate change or other factors.

## **Risk Integration Process**

As described above, the management of the significant areas of risk is integrated into the related processes of the organization to identify, assess and manage climate-related risks as they continue to evolve.

# Metrics and Targets

## Metrics

The Company's metrics currently used to assess climate-related risks and opportunities relate to emissions data for the Company as those data points directly tie into the Company's targets discussed below. These metrics are part of our near-term and long-term targets to demonstrate the Company's efforts to reduce our carbon footprint. We continue to evaluate relevant, reliable and comparable metrics for other climate-related risks and may add additional interim and long-term metrics over time. The Company also has certain metrics described in the *Management Incentives* section that provides linkage of management compensation with achievement of certain critical path sustainability objectives, including climate-related objectives.

## Scope 1, Scope 2, Scope 3 Greenhouse Gas Emissions

The Company's GHG emissions includes all direct (Scope 1) and indirect (Scope 2) GHG emissions generated from all company-owned and controlled locations, which are all located in the United States and Japan as defined under the financial control method. This report also includes relevant and reported GHG emissions for Scope 3. The Company engaged a third party to review and provide limited assurance on its 2023 GHG emissions for Scope 1, Scope 2, and eight Scope 3 categories, representing 100% of the calculated and disclosed Scope 3 emissions. The table below shows Scope 1 and 2 GHG emissions.

SCOPE 1&2 EMISSIONS (Metrics Tons CO <sub>2</sub> e)	
Scope 1 <sup>1</sup>	3,499
Scope 2 (market-based)	0
Scope 2 (location-based)	7,562
<b>Total Scope 1 and 2 (market-based) Emissions</b>	<b>3,499</b>
Retired Carbon Offsets	3,499

<sup>1</sup> Excludes 194 mtCO<sub>2</sub>e biogenic emissions of CO<sub>2</sub> from the combustion of sustainable aviation fuels.



The table below includes all relevant Scope 3 categories to the Company and indicates which categories received assurance.

Category	Why Category is Relevant	Assured	Metric Tons CO <sub>2</sub> e
<b>1. Purchased Goods and Services</b>	These are emissions associated with the products and services purchased.	Yes	170,565
<b>2. Capital Goods</b>	These are embedded emissions with the capital goods purchased.	Yes	6,712
<b>3. Fuel-and-Energy-Related Activities</b>	These are emissions associated with production and distribution of purchased electricity.	Yes	3,039
<b>4. Upstream Transportation and Distribution</b>	These are emissions generated through transportation and distribution of purchased products.	Yes	7,038
<b>5. Waste Generated in Operations</b>	These are emissions generated through the disposal and treatment of waste generated in on-site operations.	Yes	208
<b>6. Business Travel</b>	These are emissions generated from traveling for business-related activities.	Yes	11,069
<b>7. Employee Commuting</b>	The Company generates emissions through staff commuting and from remote working.	Yes	4,336
<b>8. Upstream Leased Assets</b>	The Company leases assets that generate emissions.	Yes	5,434
<b>15. Investments</b>	The Company holds financial investments, which generate emissions.	No	Piloting Financed Emissions Methodology
<b>Total Scope 3 Emissions Categories Reported</b>			<b>208,401</b>

Categories 9 through 14 are not relevant to Aflac. Therefore, emissions from these categories are zero. Category 15 emissions are relevant but not yet reported. The Company is piloting calculation methodologies for its financed emissions as sustainability practices, standards, asset class coverage, and data quality improve. The Company aligns with the standard by Partnership for Carbon Accounting Financials (PCAF) to estimate the financed emissions associated with asset classes covered by the PCAF methodology. The Company is currently focused on direct and indirect Scope 1 and Scope 2 emissions.

## Responsible Investing

The Company's work to date has paved the way of what we believe is helping to make a direct positive impact on society and the environment. As of December 31, 2023, the Company's sustainable investments and commitments with environmental and social impacts total over \$5.0 billion, including an incremental \$500 million added in 2023. As described in the "Management Incentives" section of this report, the achievement of an annual responsible investing target is one of the objectives linked to management compensation.

These investments span multiple asset classes including:

- Renewable Energy — private and public bonds, infrastructure debt and green building investments that support the expansion of renewable energy initiatives, including investments by Aflac Japan for the advancement of solar power in Japan;
- Affordable Housing — commercial real estate investments focused on financing properties in low-income, underserved and/or economically distressed communities;
- Municipal and other bonds that finance affordable housing, education, hospitals, transit, water facilities and similar investments supporting local communities in the U.S., Japan and other markets;
- Bonds issued in the private and public markets that qualify as green, sustainability or social bonds; and
- Investments in private equity and real estate equity funds with diverse ownership, staffing and/or direct or indirect investment objectives that support carbon transition, economic empowerment, social equity, diversity and inclusion.

Over \$5 billion of Sustainable Investments and Commitments	
Renewable Energy	30%
Municipal and Other Bonds	28%
Green, Social or Sustainability Bonds	20%
Affordable Housing	10%
Other	12%
<b>Total</b>	<b>100%</b>

# Targets

## Greenhouse Gas Reductions and Goals

Aflac Incorporated is dedicated to the environment and the health and well-being of the people we serve. As such, we strive to balance effective and efficient management of our operations with responsible environmental stewardship. We are committed to doing our part to mitigate climate change, conserve natural resources and reduce GHG emissions to help ensure the long-term value of our Company's operations and investments and preserve the world in which we live.

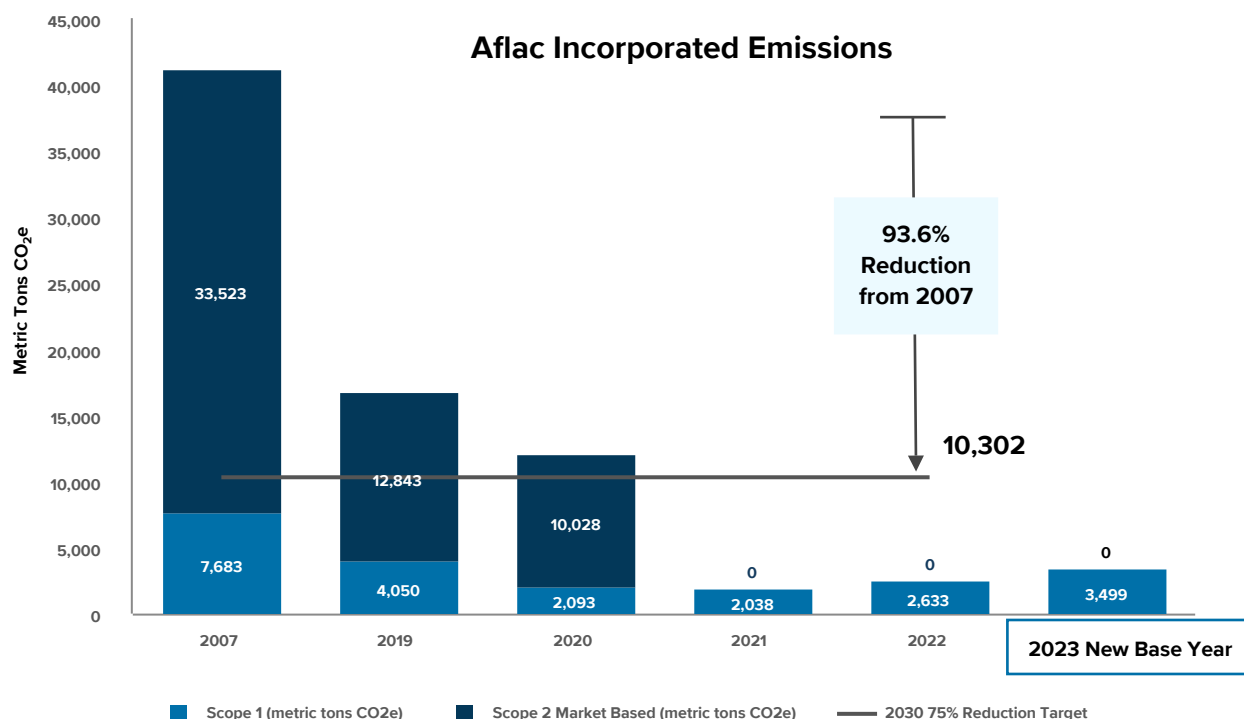
Aflac is committed to meeting the following GHG reduction goals, and we anticipate setting science-aligned targets subject to regulatory requirements and industry best practices.

- Become carbon neutral for Scopes 1, 2, and 3 excluding Category 15 by 2040.
- Reach and maintain net zero emissions for Scopes 1, 2, and 3 including Category 15 by 2050.

The net-zero emission goal will require a comprehensive and transparent approach to developing a formal plan to meet our commitments. Therefore, we will provide appropriate reporting and hold ourselves accountable along the way.

## Progress on Greenhouse Gas Reductions

Aflac Incorporated reduced Scope 1 and 2 market-based GHG emissions by more than 93% from 2007 to 2022. We exceeded our goal of a 75% reduction in Scope 1 and 2 emissions from a 2007 base year nine years ahead of our 2030 schedule. Therefore, we have updated our base year to 2023 for Scopes 1 and 2. Additionally, for Scope 3 categories 1 through 8, the Company has set 2023 as the base year. We consider 2023 to be an appropriate benchmark against which subsequent emissions can be compared for Scopes 1, 2 and 3 categories 1 through 8.



Target for 2030 includes 100% of Aflac U.S. and Aflac Japan Scope 1 emissions and includes 100% of Aflac U.S. and Aflac Japan Scope 2 market-based emissions. Total 2007 Scope 1 & Scope 2 market-based emissions were 41,206 metric tons CO<sub>2</sub>e and total 2022 Scope 1 & Scope 2 market-based emissions were 2,633 metric tons CO<sub>2</sub>e. This is a 93.6% reduction from base year emissions.

In 2023, the Company reduced electricity consumption at owned and controlled buildings by more than 7% compared to 2022. To conserve energy, Aflac invested in energy efficient lighting, heating, ventilation, air conditioning, and other emissions-reduction practices. The Company continues its commitment to use renewable electricity. Aflac U.S. expanded its solar array at the Paul S. Amos campus by 50% in 2023 and Aflac Japan has used only renewable electricity in its own building, Aflac Square since March 2021. Aflac reduced its Scope 2 market-based emissions by purchasing renewable energy credits(RECs)<sup>1</sup>. Then, Aflac purchased carbon offsets to offset Scope 1 emissions. As the results of our actions described above, the Company was carbon neutral for its Scope 1 GHG emissions and Scope 2 GHG market-based emissions when including the applied carbon offsets and RECs<sup>1</sup> for the fiscal year ended December 31, 2023. Aflac has been carbon neutral for Scope 1 and 2 emissions since 2020. As we emerged from the pandemic, our activity increased in 2023, as did our Scope 1 GHG emissions.

<sup>1</sup> A renewable energy certificate, or REC, is a market-based instrument that represents the property rights to the environmental, social, and other non-power attributes of renewable electricity generation. One REC represents one megawatt- hour (MWh) of electricity generated from a renewable energy resource.

## Renewable Electricity

The Company is investing in smart environmental solutions that contribute to a sustainable future. Aflac procures 100% of electricity used for owned and controlled facilities from renewable sources.

- In 2022, Aflac U.S. completed phase 1 of its solar array, installing a [1.3 megawatt array](#) at the Paul S. Amos campus. In 2023, [Aflac increased the array by 50%](#). The electricity generated by the expanded array will cover more than 50% of electricity used by the Paul S. Amos building, Aflac's largest U.S. building.
- Aflac Japan has introduced a plan to reduce CO<sub>2</sub> emissions to zero in its own building, Aflac Square. As a result, Aflac Square has continued to have zero CO<sub>2</sub> emissions<sup>1</sup> since 2022. In addition to our owned building, Aflac Japan is also working with building owners of our leased offices to prioritize using renewable electricity.

<sup>1</sup>Excludes CO<sub>2</sub> emissions from the use of emergency generators. Approximately 6 t-CO<sub>2</sub>/year in FY2023.

Energy (Megawatt Hours - MWh)			
	Aflac Japan	Aflac U.S.	Total
Total Energy Consumption	4,269	30,183	34,452
Total Electricity Consumption	4,248	17,158	21,406
Total Renewable Electricity Consumption	4,248	17,158	21,406
On-site Renewable Electricity Generated and Consumed	0	189	189
Renewable Electricity Contracted	4,248	0	4,248
RECs Generated and Retired	0	2,068	2,068
RECs Purchased and Retired <sup>2</sup>	0	14,901	14,901
<b>Percentage of Electricity Procured from Renewable Resources</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>2</sup> The "Climate: Net Zero" objective, one of the objectives for the Sustainability Modifier discussed in the Management Incentives section above, does not include purchases of RECs from a spot market.

## Energy Conservation and Efficiency

In addition to increasing our renewable energy use, Aflac is committed to conserving energy and increasing energy efficiency. As of 2023, we have a Leadership in Energy and Environmental Design ([LEED](#)) Gold-certified building in the U.S. under Interior Design and Construction. Aflac Japan is the first company in the Japanese financial industry to have a LEED Platinum-certified building, the highest level of certification, under Operations and Maintenance. In addition, Aflac Japan received a 4-star rating, the second-highest of the five levels of certification, under the [DBJ Green Building](#).

**Certification**, which was established by the Development Bank of Japan (DBJ) to promote real estate with environmental and social considerations.

- The Company is migrating our IT infrastructure to cloud solutions, resulting in a reduced GHG emissions. Some of our cloud providers also use renewable energy, which helps the Company reduce our carbon footprint. We are also looking to move a portion of our desktop infrastructure to the cloud.
- Aflac U.S. has a decade-plus legacy of reducing electricity consumption in our owned real estate. We were the first insurance company in the U.S. known to achieve ISO 50001:2011 Energy Management Systems certification and the only insurance company known to achieve both ISO 50001:2011 Energy Management Systems and ISO 14001:2015 Environmental Management certifications. We re-certified under ISO 50001:2011 in 2019 with zero nonconformance issues. Aflac has a commitment to owning or leasing green buildings whenever feasible.
- Aflac U.S. campuses are equipped with electric vehicle (EV) charging stations to promote use of environmentally friendly vehicles. Aflac employees can charge their EVs while they work. Aflac U.S.'s corporate vehicle fleet also includes EVs and hybrid vehicles, and fuel efficiency is emphasized when purchasing corporate vehicles. Aflac Japan uses many hybrid vehicles in its business.
- Aflac Japan has made progress in converting to high-efficiency energy systems to reduce energy use at Aflac Square. In our leased buildings, we are working to install low-consumption, long-lasting LED lighting and to control air conditioners according to temperature settings recommended by Japan's Ministry of the Environment. We are also striving to promote environmental awareness by educating our executives and employees on how to use lighting, computers, displays, air conditioners and other equipment to conserve energy.

# Our Commitment to the Future

While we have made significant progress, we have more work to do to reduce our impact on the environment. Aflac will continue to focus on reducing energy consumption, water and waste, investing in new technologies and approaches that help lower greenhouse gas emissions and make our facilities more sustainable, and employing renewable energy sources.

As a leading company that provides financial protection to millions of people primarily through supplemental health and life insurance products, we strive to make business decisions that balance the needs of our many constituencies and will continue to make our efforts in these areas more robust and impactful for the greater good of all.

## Additional References

Investors may learn more about Aflac Incorporated and its commitment to sustainability and social responsibility, including our latest Business and Sustainability Report, CDP survey response, [Sustainability Policies and Statements](#) as well as [Sustainability Bond Report](#), at [investors.aflac.com](https://investors.aflac.com) under "[Sustainability](#)."

# Appendix - Independent Accountants' Review Report



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## **Independent Accountants' Review Report**

To the Board of Directors and Management of Aflac Incorporated

### **Report on the accompanying Statement of Greenhouse Gas Emissions and notes for the fiscal year ended December 31, 2023**

#### *Conclusion*

We have reviewed whether Aflac Incorporated's (the Company) Statement of Greenhouse Gas Emissions and notes (the Statement) for the fiscal year ended December 31, 2023 has been prepared in accordance with the corresponding criteria set forth in Note 1 of the Statement (the Criteria).

Based on our review, we are not aware of any material modifications that should be made to the Statement for the fiscal year ended December 31, 2023 in order for it to be prepared in accordance with the Criteria.

We have reviewed the Company's Statement for the fiscal year ended December 31, 2023. We do not express a conclusion or any other form of assurance on any other reports or documents that accompany or are presented with the Company's Statement and our assurance report.

#### *Basis for conclusion*

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. We are required to be independent and to meet our other ethical requirements in accordance with relevant ethical requirements related to the engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

#### *Responsibilities for the Statement*

Management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the Statement and appropriately referring to or describing the criteria used; and
- preparing the Statement in accordance with the Criteria.

#### *Inherent limitations in preparing the Statement*

As described in Note 2 to the Statement, environmental and energy use data are subject to measurement uncertainties resulting from inherent limitations in the nature and methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.





### *Our responsibilities*

The attestation standards established by the American Institute of Certified Public Accountants require us to:

- plan and perform the review to obtain limited assurance about whether any material modifications should be made to the Statement in order for it to be prepared in accordance with the criteria; and
- express a conclusion on the Statement based on our review.

### *Summary of the work we performed as the basis for our conclusion*

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Statement and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we performed procedures that consisted primarily of:

- inquiring of management to obtain an understanding of the methodologies applied to measure and evaluate the greenhouse gas emissions and energy consumption metrics;
- evaluating management's application of the methodologies;
- inspecting a selection of retired and generated renewable energy credits and retired carbon offsets and supporting documentation for activity data;
- considering the appropriateness of emission factors used and estimates;
- recalculating a selection of greenhouse gas emissions and energy consumption; and
- performing analytical procedures.

The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the subject matter information is prepared in accordance with the criteria, in all material respects, in order to express an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed.

*KPMG LLP*

New York, New York

June 18, 2024

# Statement of Greenhouse Gas Emissions

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**For the fiscal year ended December 31, 2023**



**Aflac Incorporated**  
**Statement of Greenhouse Gas Emissions**  
**For the fiscal year ended December 31, 2023**

<b>Scope 1 and 2 Emissions (Metric Tons CO<sub>2</sub>e)</b>			
	<b>Aflac Japan</b>	<b>Aflac U.S.</b>	<b>Total</b>
Scope 1 <sup>1</sup>	6	3,494	3,499
Scope 2 (market-based)	0	0	0
Scope 2 (location-based)	1,856	5,705	7,562
<b>Total Scope 1 and 2 (market-based) Emissions</b>	<b>6</b>	<b>3,494</b>	<b>3,499</b>
Retired Carbon Offsets	6	3,494	3,499
<b>Scope 3 Emissions (Metric Tons CO<sub>2</sub>e)</b>			
Category 1 – Purchased Goods and Services	99,140	71,425	170,565
Category 2 – Capital Goods	6,101	611	6,712
Category 3 – Fuel-and -Energy-Related Activities	1	3,038	3,039
Category 4 – Upstream Transportation and Distribution	5,744	1,295	7,038
Category 5 – Waste Generated in Operations	25	184	208
Category 6 – Business Travel	5,894	5,175	11,069
Category 7 – Employee Commuting	813	3,522	4,336
Category 8 – Upstream Leased Assets	2,518	2,916	5,434
<b>Total Scope 3 Emissions Categories Reported<sup>2</sup></b>	<b>120,236</b>	<b>88,166</b>	<b>208,401</b>

<sup>1</sup>Excludes 194 mtCO<sub>2</sub>e biogenic emissions of CO<sub>2</sub> from the combustion of sustainable aviation fuels.

<sup>2</sup>Categories 9 through 14 are not relevant to Aflac. Therefore, emissions from these categories are zero. Category 15 emissions are relevant but not yet reported. The Company is piloting calculation methodologies for its financed emissions as sustainability practices, standards, asset class coverage, and data quality improve.

See accompanying Independent Accountants' Review Report and notes to the Statement of Greenhouse Gas Emissions.

**Aflac Incorporated**  
**Notes to the Statement of Greenhouse Gas Emissions**  
**For the fiscal year ended December 31, 2023**

## **Note 1: The Company**

### **Company Background**

Aflac Incorporated (the Parent Company) was incorporated in 1973 under the laws of the state of Georgia. The Parent Company and its subsidiaries (collectively, the Company) provide financial protection to millions of policyholders and customers in Japan and the United States (U.S.). The Company's principal business is supplemental health and life insurance products with the goal to provide customers the best value in supplemental insurance products in Japan and the U.S. When a policyholder or insured gets sick or hurt, the Company pays cash benefits fairly and promptly for eligible claims. Throughout its 68-year history, the Company's supplemental insurance policies have given policyholders the opportunity to focus on recovery, not financial stress.

The Company has continued to develop and expand its product offerings over time. In Japan, the Company is cultivating an innovation-driven culture to meet the rapidly changing customer and societal needs. In the U.S., the Company continues to make broad-based investments in digital enhancements and innovation within the U.S. platform. In recent years, the Company invested in distribution opportunities through acquisitions and partnerships and pivoted to digital sales methods.

The Company is authorized to conduct insurance business in all 50 states, the District of Columbia, several U.S. territories, and Japan. The Company's website is: [www.aflac.com](http://www.aflac.com).

In this report, we may refer to the Company's businesses collectively as "Aflac", the Company's U.S. businesses as "Aflac U.S." and the Company's Japan businesses as "Aflac Japan."

### **Basis of Presentation**

The Company has prepared the Statement of Greenhouse Gas (GHG) Emissions for the fiscal year ended December 31, 2023 (the Statement).

The Company used 2007 as the base year for Scopes 1 and 2 until 2022. We have updated our base year to 2023 for Scopes 1 and 2. Additionally, for Scope 3 categories 1 through 8, the Company has set 2023 as the base year. The Company considers 2023 to be an appropriate benchmark against which subsequent emissions can be compared for Scopes 1, 2 and 3 categories 1 through 8.

The Company will adjust its base year emissions inventory to account for significant changes, if the changes result in a significant increase/decrease in emissions, due to structural changes, calculation methodology changes, data errors and/or changes in organizational or operations boundaries.

Scope 1 and reported categories of Scope 3 GHG emissions information has been prepared in accordance with the World Resources Institute/ World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.

Scope 2 GHG emissions information has been prepared in accordance with the WRI/WBCSD GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard.

The reported categories of Scope 3 GHG emissions information have been calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol: Corporate Value Chain (Scope 3), Accounting and Reporting Standard.

Collectively, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard and the GHG Protocol: Corporate Value Chain (Scope 3), Accounting and Reporting Standard are referred to as the GHG Protocol in this document.

In addition to GHG emissions, the Company reports energy consumption metrics in Note 2.

Amounts in this report may not sum due to truncation or rounding.

## **Note 2: GHG Reporting, including Energy Consumption**

### **Organizational and Operational Boundaries**

The Statement includes all direct (Scope 1) and indirect (Scope 2) GHG emissions generated from all company-owned and controlled locations, which are all located in the United States and Japan as defined under the financial control method. The Statement also includes relevant and reported GHG emissions for Scope 3. The financial control method is defined in the WRI/WBCSD GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.

Scope 1 GHG emissions represent emissions that occur from heating company-owned and controlled sources such as heating from buildings, transport fuel from motor vehicles and aircraft, sustainable aviation fuel from aircraft, and refrigerant loss from buildings. Scope 2 GHG emissions represent emissions from purchased electricity consumed by the Company, including applied renewable energy credits (RECs) with zero emission factors. Scope 3 GHG emissions represent emissions that occur from purchased goods and services (excluding agent commission-related cost), capital goods, fuel-and energy related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, and upstream leased assets. As part of its strategy to be carbon neutral for Scope 1 GHG emissions, the Company purchases carbon offsets to cover its Scope 1 GHG emissions that have not been eliminated through internal emissions reductions.

### **Estimation Uncertainties**

Environmental and energy use data included in the Statement and accompanying notes are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

### **Carbon Offsets and RECs**

In 2023, the Company applied 3,499 metric tons of purchased carbon offsets to its Scope 1 GHG emissions. Carbon offsets represent carbon credits generated by projects aimed at either reducing GHG emissions or capturing GHG emissions from the atmosphere. Once delivered to Aflac, carbon credits are retired once applied to our emissions.

For the Company's Scope 2 market-based emissions, we procure sufficient RECs to match our annual electricity consumption. These include on-site renewable energy generation (189 MWh) at

the CSC building, procured RECs through contractual agreements at the Aflac Square building (4,248 MWh), on-site generated RECs at the PSA campus (2,068 MWh) and purchased RECs in the U.S (14,901 MWh). RECs function as market-based instruments, representing the ownership rights to the environmental, social, and other non-power attributes of renewable electricity generation. Each REC corresponds to one megawatt-hour (MWh) of electricity generated from a renewable energy resource. All RECs obtained meet the requisite Scope 2 quality criteria.

As the results of our actions described above, the Company was carbon neutral for its Scope 1 GHG emissions and Scope 2 GHG market-based emissions when including the applied carbon offsets and RECs for the fiscal year ended December 31, 2023.

## Energy Consumption

The energy consumption metrics are reported in megawatt-hours under the same organizational and operational boundaries and are used to compute Scope 1 and Scope 2 GHG emissions reported in the Statement. Total Energy Consumption and Total Electricity Consumption have been prepared in accordance with the WRI/WBCSD GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard. Total Energy Consumption includes fuel and natural gas consumption and electricity consumption from renewable and non-renewable resources. Total Renewable Electricity Consumption is the sum of "On-site Renewable Electricity Generated and Consumed", "Renewable Electricity Contracted", "Renewable Energy Credits (RECs) Generated and Retired" and "RECs Purchased and Retired".

Energy (Megawatt Hours - MWh)			
	Aflac Japan	Aflac U.S.	Total
Total Energy Consumption	4,269	30,183	34,452
Total Electricity Consumption	4,248	17,158	21,406
Total Renewable Electricity Consumption	4,248	17,158	21,406
On-site Renewable Electricity Generated and Consumed	0	189	189
Renewable Electricity Contracted	4,248	0	4,248
RECs Generated and Retired	0	2,068	2,068
RECs Purchased and Retired	0	14,901	14,901
<b>Percentage of Electricity Procured from Renewable Resources</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Activity data is converted into MWh based on the conversion factors and conversion tools published in the CDP Technical Note: Units of Measure Conversions last revised January 7, 2021 and factors published by the American Petroleum Institute (API) (Compendium of greenhouse gas emissions methodologies for the oil and natural gas industry August 2009). The Percentage of Electricity Procured from Renewable Resources is calculated as Total Renewable Electricity Consumption divided by Total Electricity Consumption.

## Scope 1 and 2 GHG Inventory by Type

The GHG emissions figures are presented in metric tons of carbon dioxide equivalents (CO<sub>2</sub>e). The GHG emissions disclosed include four of the seven greenhouse gases covered by the Kyoto Protocol carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbons (HFCs). The Company did not produce any perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

The Company's GHG inventory by scope and GHG type for the fiscal year ended December 31, 2023. The Company does not include Scope 3 emissions in the table because reliable Scope 3 emissions data by each GHG type is not available.

Emissions (Metric Tons CO <sub>2</sub> e)			
SCOPE 1			
GHG Type	Aflac Japan	Aflac U.S.	Total
CO <sub>2</sub>	6	3,012	3,017
CH <sub>4</sub>	0	0	0
N <sub>2</sub> O	0	23	23
HFCs	0	459	459
PFCs	0	0	0
SF <sub>6</sub>	0	0	0
NF <sub>3</sub>	0	0	0
<b>Total Scope 1</b>	<b>6</b>	<b>3,494</b>	<b>3,499</b>
SCOPE 2 (market-based)			
CO <sub>2</sub>	0	0	0
CH <sub>4</sub>	0	0	0
N <sub>2</sub> O	0	0	0
HFCs	0	0	0
PFCs	0	0	0
SF <sub>6</sub>	0	0	0
NF <sub>3</sub>	0	0	0
<b>Total Scope 2 (market-based)</b>	<b>0</b>	<b>0</b>	<b>0</b>
SCOPE 2 (location-based)			
CO <sub>2</sub>	1,856	5,674	7,530
CH <sub>4</sub>	0	13	13
N <sub>2</sub> O	0	18	18
HFCs	0	0	0
PFCs	0	0	0
SF <sub>6</sub>	0	0	0
NF <sub>3</sub>	0	0	0
<b>Total Scope 2 (location-based)</b>	<b>1,856</b>	<b>5,705</b>	<b>7,562</b>

## GHG Emission Factors

The latest available emissions factors are used to calculate GHG emissions unless not yet adopted by the emissions factor source at the time Company prepares its GHG emissions calculation.

GHG Emission Source	Emission Factors	Data Sources and Calculation Methodologies
<b>SCOPE 1</b>		
<b>Heating</b>	<p>US: US Environmental Protection Agency (EPA) Emission Factors for Greenhouse Gas Inventories (February 2024)</p> <p>Japan: GHG Emissions Accounting, Reporting, and Disclosure System's List of Calculation Methods and Emission Factors Updated on December 12, 2023, Partially Revised on January 16, 2024 (Ministry of the Environment of Japan)</p>	<p>Aflac U.S. facilities consume natural gas. Fuel consumption data is obtained from invoices from utility providers.</p> <p>Aflac Japan consumes heavy oil to fuel backup generators at Aflac Square. Fuel consumption data is obtained from invoices from utility providers.</p>
<b>Transport Fuel (except for sustainable aviation fuel)</b>	US: US EPA Emission Factors for Greenhouse Gas Inventories (February 2024)	Includes actual fuel consumption for company-owned vehicles and aircraft. Fuel consumption data is from actual fuel consumed for vehicles and for aircraft.
<b>Sustainable Aviation Fuel</b>	US: US EPA Emission Factors for Greenhouse Gas Inventories (February 2024)	Includes actual fuel consumption for company owned aircraft. CO2 emissions from the combustion of sustainable aviation fuel are reported separately from Scope 1 emissions.
<b>Refrigerants</b>	US: IPCC Fifth Assessment Report of the Intergovernmental Panel on Climate Change 2014	Aflac includes HVAC refrigerant loss at facilities and from company-owned vehicles. Refrigerant loss data tracked in Company maintenance records and obtained from third-party maintenance providers.
<b>SCOPE 2 (location-based)</b>		
<b>Grid Electricity</b>	<p>US: EPA eGRID 2022 (released January 2024) Emission factors by state for all states.</p> <p>Japan: The country-average electricity emission factors in the "List of Emission Factors by Electricity Utilities for Submission in 2024" (Ministry of the Environment of Japan and Ministry of Economy, Trade and Industry of Japan)</p>	Includes purchased electricity consumed by the Company's facilities. Electricity consumption data obtained from invoices received from utility providers.
<b>SCOPE 2 (market-based)</b>		
<b>Grid Electricity</b>	<p>US: EPA state eGRID 2022 (released January 2024) Emission factors by state, except for Georgia</p> <p>US: Georgia Power Retail Emission Rates for 2023 were not available. Because Georgia Power Retail Emission Rates for 2022 were almost identical to the Georgia eGRID state emission factors used for the 2022 inventory, the current eGRID state emission factors for Georgia were considered to be the best estimate of the Georgia Power Retail Emission Rate for 2023.</p> <p>US: Purchased RECs (Certified under The Green-e Renewable Energy Standard for Canada and the United States)</p> <p>Japan: CO2 emission factors of TEPCO Energy Partner in the "List of Emission Factors by Electricity Utilities for Submission in 2024" (Ministry of the Environment of Japan and Ministry of Economy, Trade and Industry of Japan)</p>	Includes purchased electricity consumed by the Company's facilities. Electricity consumption data obtained from invoices received from utility providers.



SCOPE 3		
<b>Category 1 – Purchased Goods and Services</b>	<p>US: EPA Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities (January 2022)</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan)</p>	The Company employs GHG protocol's "spend-based method". The spend-based method is applied by collecting data on the economic value of actual purchased goods and services in the reporting period.
<b>Category 2 – Capital Goods</b>	<p>US: EPA Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities (January 2022)</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan)</p>	The Company employs GHG protocol's "spend-based method". The spend-based method is applied by collecting data on the gross economic value of capital goods purchased in the reporting period.
<b>Category 3 – Fuel-and - Energy-Related Activities</b>	<p>US: UK Department for Business, Energy &amp; Industrial Strategy (DEFRA) 2022 'WTT-Fuels' for upstream emission from natural gas, diesel, gasoline, jet fuel.  -DEFRA 2022 'WTT-bioenergy' for upstream emissions from sustainable aviation fuel.  - DEFRA 2021 'WTT- UK &amp; overseas elec' for upstream emissions from electricity.  - ICAO document CORSIA Default Life Cycle Emission Values for CORSIA Eligible Fuels (March 2024) Table 2. CORSIA Default Life Cycle Emissions Values for CORSIA Eligible Fuels produced with Hydroprocessed Esters and Fatty Acids (HEFA) Fuel Conversion Process for upstream emission from sustainable aviation fuel.  - EPA eGRID 2021 (released January 2023)  – Emission factors by state (except Georgia) for electricity transmission &amp; distribution loss  -2022 Georgia Power Retail Emission Rate used for Georgia.  - EPA eGRID Gross Grid Loss (T&amp;D loss) for electricity transmission &amp; distribution losses</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan)</p>	<p>UK Department for Business, Energy &amp; Industrial Strategy (DEFRA) 2021 was used for electricity emissions because this factor is no longer included for non-UK countries in DEFRA 2022.  Upstream emissions for natural gas, diesel, gasoline, jet fuel sustainable aviation fuel and electricity were calculated based on actual amount consumed.  Electricity emissions were calculated on actual amount consumed.</p> <p>Aflac Japan calculates emissions by multiplying the amount of heavy oil A purchased by the emission intensity. Aflac Square uses renewable electricity in 2023. When calculating the upstream emissions of purchased electricity, the upstream emissions of purchased electricity are zero because no fuel is used to generate the electricity when using renewable electricity.</p>
<b>Category 4 – Upstream Transportation and Distribution</b>	<p>US: All emissions were provided directly by vendors. None of the vendors stated the emission factors used.</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan)</p>	<p>Aflac U.S.: Category 4 emissions were provided by vendors. FedEx followed the Global Logistics Emissions Council Framework. The UPS methodology was verified by SGS. USPS used the Blue Carbon Accounting Model.</p> <p>Aflac Japan calculates emissions using the emission intensity of the total cost of mail.</p>
<b>Category 5 – Waste Generated in Operations</b>	<p>US: US EPA Emission Factors for Greenhouse Gas Inventories (February 13, 2024)  UK Department for Business, Energy &amp; Industrial Strategy conversion factors for Waste (June 2023)</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan)</p>	<p>Includes all types of waste recycled and sent to landfill. The Company uses the waste-type-specific method. Waste data is obtained from third-party waste management companies and building management.</p> <p>Aflac U.S.'s waste is mapped to EPA waste categories (or if there is no corresponding EPA waste category, DEFRA waste categories) to perform the calculation.</p> <p>Aflac Japan classifies and calculates waste according to the classifications specified in the Waste Disposal and Public Cleaning Law and other waste-related laws and regulations.</p>

<b>Category 6 – Business Travel</b>	<p>US: The commercial air travel is calculated based on the Greenhouse Gas Protocol and US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories (February 13, 2024) Table 10. US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories (February 13, 2024) Tables 2 &amp; 3 were used for rental cars. Table 10 was used for business use of employee vehicle UK Department for Business, Energy &amp; Industrial Strategy (DEFRA 2023) 'Hotel Stay' conversion factors were used. US EPA emission factors for hotel stays are not yet available.</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan)</p>	<p>Aflac U.S.: The air travel emissions are based on vendor provided mileage. Hotel emissions are vendor provided and nights stayed. Rental car CO2 emissions are directly provided by Avis Budget Group, Enterprise Mobility, and Hertz. Reimbursed mileage for business use of employee cars was obtained from employee expense reimbursements from the accounting system. Data is based on the date the trip was taken. The percentage of emissions calculated using data obtained from suppliers or other value chain partners is 94.2%.</p> <p>Aflac Japan's business travel includes air travel, rail travel, lodging, ferry rides, cab rides, leased &amp; rental cars, hired cars, and bus rides. Aflac Japan uses expense data to calculate emissions for air, rail, ferry, taxi, hired-car, and bus travel. Leased and rental cars are calculated based on gasoline usage. Lodging is calculated based on the number of nights stayed in the hotel. Air travel, train rides, leased &amp; rental cars, bus &amp; ferry rides, hired cars, and lodging data are extracted from Concur, the platform used by Aflac Japan for expense reimbursement.</p>
<b>Category 7 – Employee Commuting</b>	<p>US: US Environmental Protection Agency Emission Factors for Greenhouse Gas Inventories (February 13, 2024) were used for US commuting (assumed to be Passenger Car). EPA eGRID 2021 (released January 2024) were used for US teleworking.</p> <p>Japan: Database on Emissions Intensities for Calculating Greenhouse Gas Emissions, etc. through a Supply Chain Ver. 3.3 (Ministry of the Environment of Japan) List of Emission Factors by Electricity Utilities (Ministry of the Environment of Japan and Ministry of Economy, Trade and Industry of Japan)</p>	<p>Aflac U.S. includes commuting emissions from all employees, including home office emissions for employees who telework. An average-based method is used to determine commuting methods the mileage was calculated based on the badge swipe count all over the year and the distance travelled by each employee. Daily building access data is obtained for all Aflac US employees commuting into the office. Commuting distance was calculated using mapping software. The total was then added up per state and divided by the number of trips per state to reach an average. For states with no relevant trips, the total mileage was divided by the total number of trips, and that total average was used. Commuting method was estimated based on the 2022 Bureau of Transportation Statistics data. For teleworking, worker designations were extracted from the employee list from SAP.</p> <p>Commuting Aflac Japan employees includes employees who come to the office and teleworkers. To calculate the number of employees coming to the office per year, Aflac Japan uses data on building badge swipes of their employees. City categories are identified by office locations and emissions are calculated by mapping emissions intensity to city categories. Teleworking emissions are calculated by using the average number of days worked per year, the number of telecommuters, and the average power consumption of laptops.</p>

<b>Category 8 – Upstream Leased Assets</b>	<p>US: EPA eGRID 2022 (released February 13, 2024) US EPA Emission Factors for Greenhouse Gas Inventories (April 2022)</p> <p>Japan: GHG Emissions Accounting, Reporting, and Disclosure System's List of Calculation Methods and Emission Factors Updated on December 12, 2023, Partially Revised on January 16, 2024 (Ministry of the Environment of Japan) List of Emission Factors by Electricity Utilities (Ministry of the Environment of Japan and Ministry of Economy, Trade and Industry of Japan)</p>	<p>Includes electricity and natural gas consumption at all leased facilities. For US, average energy consumption per square foot from the 2018 CBECS intensity for office spaces is used to calculate consumption at leased facilities, unless actual consumption data is available.</p> <p>Aflac Japan includes electricity, city gas, heavy oil A, district heating, and cooling consumption at all leased facilities. For Japan, data on energy consumption at leased facilities based on invoices from energy vendors.</p>
<b>Category 9 – Downstream Transportation and Distribution</b>	The Company is a financial services provider and does not sell physical products that produce emissions in downstream transportation and distribution. This category is therefore not relevant to Aflac. Aflac includes all emissions related to transportation and distribution in Category 4 - Upstream Transportation and Distribution.	
<b>Category 10 – Processing of Sold Products</b>	The Company is a financial services provider and does not sell physical products that produce emissions in the processing of the products sold. This category is therefore not relevant to Aflac.	
<b>Category 11 – Use of Sold Products</b>	The Company is a financial services provider and does not sell physical products that produce emissions from the use of the product sold. This category is therefore not relevant to Aflac.	
<b>Category 12 – End of Life Treatment of Sold Products</b>	The Company is a financial services provider and does not sell physical products that produce emissions from the end-of-life management of the products it sells. This category is therefore not relevant to Aflac.	
<b>Category 13 – Downstream Leased Assets</b>	The Company is a financial services provider and does not lease downstream leased assets. This category is therefore not relevant to Aflac.	
<b>Category 14 – Franchises</b>	The Company is a financial services provider and does not operate franchises. This category is therefore not relevant to Aflac.	
<b>Category 15 – Investments</b>	Category 15 emissions are relevant but not yet reported. The Company is piloting calculation methodologies for its financed emissions as sustainability practices, standards, asset class coverage, and data quality improve.	

## Global Warming Potentials

The GHG Inventory was calculated using the following Global Warming Potentials (GWP). Some of our emissions factors used for Aflac Japan takes into account GWP index from the IPCC Fourth Assessment Report, and we have not adjusted those indices for purposes of our calculation.

Global Warming Potentials	Aflac Japan	Aflac U.S.
Scope 1	N/A	IPCC Fifth Assessment Report
Scope 2 (market and location-based)	N/A	IPCC Fifth Assessment Report
Scope 3 Category 1 – Purchased Goods and Services	IPCC Fourth Assessment Report	IPCC Fifth Assessment Report
Scope 3 Category 2 – Capital Goods	IPCC Fourth Assessment Report	IPCC Fifth Assessment Report
Scope 3 Category 3 – Fuel-and -Energy-Related Activities	IPCC Fifth Assessment Report	IPCC Fourth Assessment Report - US & NI upstream emissions IPCC Fifth Assessment Report - transmission & distribution losses
Scope 3 Category 4 – Upstream Transportation and Distribution	IPCC Fourth Assessment Report	IPCC Fifth Assessment Report Vendors provided emissions. UPS use of AR5 in their emissions calculations is documented. It is likely that the other vendors use AR5 since AR5 is now generally accepted
Scope 3 Category 5 – Waste	IPCC Fifth Assessment Report	
Scope 3 Category 6 – Business Travel	IPCC Fifth Assessment Report - other than lodging IPCC Fourth Assessment Report - lodging	IPCC Fifth Assessment Report -
Scope 3 Category 7 – Employee Commuting	IPCC Fifth Assessment Report	
Scope 3 Category 8 – Upstream Leased Assets	N/A	IPCC Fifth Assessment Report