

## Climate Risk Disclosure Survey Guidance: Delta Dental 2024 (RY2023)

### NAIC CLIMATE RISK DISCLOSURE SURVEY TCFD-ALIGNED QUESTIONS UPDATED 2022

#### SURVEY QUESTIONS

To provide clear direction for achieving a robust, insurance-sector specific TCFD report, narrative and closed ended questions follow, grouped into the TCFD's four topics: governance, strategy, risk management and metrics and targets.

The statements listed next to numbers and letters are directly taken from the TCFD Framework and should be fully addressed in the insurer's response. As discussed, insurers should consider including the bulleted items in their response to the TCFD statement above it.

Question	Response	
<b>Governance – narrative</b>		
1. Disclose the insurer's governance around climate-related risks and opportunities. In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following: <ul style="list-style-type: none"><li>• Identify and include any publicly stated goals on climate-related risks and opportunities.</li><li>• Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.</li></ul>	In 2023, we established the ESG Council, which is comprised of executives across Delta Dental business functions. The main purpose of this Council will be to drive the direction of Delta Dental's ESG Program, which includes climate-related issues and disclosures. The members of this Council report regularly to the various boards within the larger Delta family, which includes the Delta Dental Plans Association board, the Delta Dental of California board, and the boards of our affiliates. In 2024, ESG updates were included in the quarterly Board Meetings to communicate progress on ESG initiatives.	

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities. In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following: Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.		
B. Describe management's role in assessing and managing climate-related risks and opportunities.		
<b>Governance – closed ended questions answered in addition to the narrative</b>		
Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)	N	
Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)	N	
Does management have a role in assessing climate-related risks and opportunities? (Y/N)	Y	
Does management have a role in managing climate-related risks and opportunities? (Y/N)	Y	
<b>Strategy – narrative</b>		
2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material. In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:	<p>We define time horizons for climate-related risks as:</p> <ul style="list-style-type: none"> <li>• Short-term: 0-1 years</li> <li>• Medium-term: 1-5 years</li> <li>• Long-term: 5+ years</li> </ul>	

<ul style="list-style-type: none"> <li>• Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.*</li> <li>• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.*</li> </ul>	<p>In previous years, our risk management processes focused on those risks to our business that are deemed most impactful or urgent, including climate-related risks. Our business resilience team has monitored, identified, and managed the risks to our facilities. Each facility conducted table top exercises annually to ensure that they are prepared for emergencies, including severe weather events. The team also looked at supply chain issues to anticipate risks to business operations and engages with secondary suppliers as identified necessary to ensure that there are no interruptions.</p>	
<p>A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term. In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following: Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30years as long term.</p>	<p>Through this process. we have identified several climate-related opportunities to our business, including:</p>	
<p>B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning. In describing the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>• Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.</li> <li>• Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.</li> <li>• Discuss if and how the insurer makes investments to support the transition to a low carbon economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing paperless adoption initiatives to reduce trees cut down to make paper and decrease our printing costs</li> <li>• Relocating our data center needs to a colocation facility to reduce energy use and costs</li> <li>• Prioritizing energy efficient buildings for our offices to reduce use and costs</li> </ul> <p>In the past, Delta Dental has approached climate risk as needed within current business practices. At this time, Delta Dental does not use climate-related scenario analysis to inform our strategy. However, Delta Dental is planning to conduct an educational series for the ESG Council on climate risk in 2025, conduct a discovery scope of work around understanding current climate risks at Delta Dental, and begin</p>	

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.	to develop a comprehensive strategy around addressing both physical and transition risk at Delta Dental.	
<b>Strategy - closed ended questions answered in addition to the narrative</b>		
<ul style="list-style-type: none"> <li>Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) *</li> </ul>	N	
<ul style="list-style-type: none"> <li>Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N)</li> </ul>	N	
<ul style="list-style-type: none"> <li>Does the insurer make investments to support the transition to a low carbon economy? (Y/N)</li> </ul>	N	
<ul style="list-style-type: none"> <li>Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)*</li> </ul>	Y	
<b>Risk Management – narrative</b>		
<p>3. Disclose how the insurer identifies, assesses, and manages climate-related risks. In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.*</li> <li>Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.*</li> </ul>	<p>In previous years, our risk management processes focused on those risks to our business that are deemed most impactful or urgent, including climate-related risks. Our business resilience team has monitored, identified, and managed the risks to our facilities. Each facility conducted table top exercises annually to ensure that they are prepared for emergencies, including severe weather events. The team also looked at supply chain issues to anticipate risks to business operations and engages with secondary suppliers as identified necessary to ensure that there are no interruptions.</p>	

<ul style="list-style-type: none"> <li>Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.*</li> </ul>	<p>In the past, Delta Dental has approached climate risk as needed within current business practices. At this time, Delta Dental does not use climate-related scenario analysis to inform our strategy. However, Delta Dental is planning to conduct an educational series for the ESG Council on climate risk in 2025, conduct a discovery scope of work around understanding current climate risks at Delta Dental, and begin to develop a comprehensive strategy around addressing both physical and transition risk at Delta Dental.</p> <p>At this time, Delta Dental does not use climate-related scenario analysis to inform our strategy because we have not identified climate-related risks as being potentially substantive to our business besides physical risks. Nevertheless, we have instructed our investment managers to halt all investment in bonds issued by companies that burn thermal coal to generate 30% or more of their revenue. We have also invested in bonds issued by companies that build clean energy vehicles.</p>	
<p>A. Describe the insurers' processes for identifying and assessing climate-related risks. In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.*</li> </ul>		
<p>B. Describe the insurer's processes for managing climate-related risks.</p>		
<p>C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurers overall risk management.</p> <p>In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:</p> <ul style="list-style-type: none"> <li>Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.</li> <li>Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the</li> </ul>		

<p>scenarios consider, what types of scenarios are used, and what timeframes are considered.</p> <p>• Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.</p>		
<b>Risk Management – closed ended questions answered in addition to the narrative</b>		
Does the insurer have a process for identifying climate-related risks? (Y/N)	Y	
If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)	Y	
Does the insurer have a process for assessing climate-related risks? (Y/N)	Y	
If yes, does the process include an assessment of financial implications? (Y/N)	N	
Does the insurer have a process for managing climate-related risks? (Y/N)	Y	
Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)*	N/A	
Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)*	N	
Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)* (question 2 previous survey)	Y	
Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)	N	
Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)	N	
<b>Metrics and Targets – narrative</b>		
Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material. In disclosing the metrics and targets	In 2023, we formed our ESG Council, which is responsible for setting the direction of our ESG program, including goals. We	

used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following: Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.	anticipate that our ESG goals will be set within the next two years, including an emission reduction target.	
A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process. In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following: <ul style="list-style-type: none"> <li>In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions)</li> </ul>	In 2023, our GHG emissions were (in metric tons CO2e): <ul style="list-style-type: none"> <li>Scope 1: 882.06</li> <li>Scope 2, Location-based: 4,312.83</li> <li>Scope 2, market-based: 568.43</li> <li>Scope 3, business travel: 4,425.98</li> <li>Scope 3, employee commuting: 1837.77</li> <li>Scope 3, Purchased Goods &amp; Services: 2,480.58</li> <li>Scope 3, Capital Goods: 23,610.25</li> <li>Scope 3, Fuel and Energy Related Activities: 773.59</li> <li>Scope 3, Waste Generated in Operations: 258.80</li> </ul>	
B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
C. Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.		
<b>Metrics and Targets – closed ended questions answered in addition to the narrative</b>		
Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)	N	
Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)	N	

Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)	N	
Does the insurer have targets to manage climate-related performance? (Y/N)	N	

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