Mutual of Omaha

Task Force on Climate-Related Financial Disclosures Report
2022

Introduction

Mutual of Omaha Insurance Company and its affiliates ("Mutual of Omaha" or "Company") are a diversified financial services company primarily engaged in the sale and distribution of life, health and annuity products.

The purpose of this report is to discuss 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.

This report is the Company's inaugural submission of a TCFD report to satisfy the NAIC Climate Risk Disclosure Survey. It is intended to provide a current summary of our view of climate-related opportunities and risks and will serve as inputs to our planning going forward. The report reflects our vision that risks related to climate change do not pose a material adverse financial impact to current Company operations, but we are committed to ongoing monitoring and review as climate related risks develop or change.

Governance

Climate-related considerations which fall under the Environment piece of our Environment Societal Governance (ESG) program play an increasingly important role at Mutual of Omaha. Oversight of the company's ESG program, including strategy, priorities and reporting falls under the responsibility of the Vice President of Social Impact. ESG considerations are not only the responsibility of the ESG program, rather are woven throughout our normal business practices. The program oversight ensures integration of ESG material topics into business activities and collaborates and aligns with risk management and governance oversight. Climate-related risk is overseen at the highest levels of leadership, starting with our Board of Directors, our Chief Financial Officer, a senior level Oversight Committee and through multiple management led oversight committees and operational teams.

Mutual of Omaha's Risk Committee of the Mutual of Omaha/United of Omaha Board of Directors (the "Mutual Board Risk Committee") has been designated as responsible for the oversight of climate-related risks and opportunities.

Mutual's Chief Financial Officer (CFO), who is also the Chief Investment Officer (CIO) and Chair of the management-led Financial Risk Oversight Committee (FROC), has been designated as the member of senior management responsible for managing climate-related risks and opportunities. The CFO reports directly to the Chief Executive Officer (CEO).

The Company's Financial Risk Oversight Committee (FROC) is tasked with oversight of climate change risk for the Company. Climate change vulnerability is considered by the FROC in their oversight of financial risks impacted by climate change.

Senior management of the Investment Management Department is tasked with coordinating ESG/Climate related issues within the department. These representatives also work with partners across the enterprise on ESG/Climate related issues. We review ESG related topics with the Investment Committee of the

Board of Directors a minimum of two times a year. The Investment Department also maintains an ESG statement that is reviewed annually and updated periodically.

Mutual's Enterprise Risk Management Committee (ERMC)'s primary purpose is to assist the Board in fulfilling its oversight responsibilities of key risks inherent in Mutual's business activities such as strategic, operational, compliance, financial, and emerging risks. The ERMC Charter provides that this oversight includes consideration of risk factors that impact these areas of risk, such as environmental, social, and governance (ESG) issues.

The Enterprise Risk Management (ERM) Program utilizes management-led Risk Oversight Committees to govern and exercise oversight of the Company's risks. The committees include the FROC, the Operational Risk Oversight Committee (OROC), the Compliance Risk Oversight Committee (CROC), and the Emerging Risk Committee (ERC). Mutual's ERM Framework states that the Company considers the emergence of stakeholder expectations with respect to ESG issues that may impact a number of identified risk types, and that each Risk Oversight Committee is responsible for considering the impact of ESG risk on their covered risks, including identifying, assessing, and monitoring risk exposure and developing key risk indicators (KRIs) as necessary. The ERM Framework explicitly includes "climate change vulnerability" as part of these ESG issues.

The Enterprise Risk Management Operation (ERMO) oversees multiple risk assessments and reviews, which may include the identification and management of risks associated with the impact of climate change on financial risks. For example, questions to senior leaders for both physical risks and transition risks of climate change have previously been incorporated into the top-down risk assessment. Due to materiality, our risk focus is evaluated with each assessment and that focus has the potential to change annually. Climate risk may be considered a factor during the annual plan scenario process and may also be considered indirectly through sensitivity testing on key assumptions, such as mortality, that could be impacted by Climate Change. With respect to investment management, Mutual's Investment Management Operation maintains an ESG statement that describes their consideration of ESG factors when evaluating investments.

Mutual has adopted a "Three Lines of Defense" model for effective risk management. The first line of defense includes management responsible for identifying, assessing, and managing risks. The second line of defense includes the ERMO, which is responsible for creating a risk management framework, monitoring risk exposures, providing risk management program governance and oversight, and assisting business units in the development of risk responses. The Risk Oversight Committees are responsible for risk management oversight. Internal Audit makes up the third line of defense and is responsible for providing assurance on the effectiveness of governance, risk management, and internal controls.

Climate change is considered as part of the existing organizational structure, under the FROC's responsibilities, and is considered as one of many factors related to risk and return when the Investments area reviews investment opportunities.

On an annual basis, Mutual models a number of stress scenarios as part of the annual planning process. In 2021, Mutual explicitly modeled out a climate change physical risk scenario. This scenario considered the long-term (over 30 years) physical risks resulting from climate change (mortality and third-party business disruption) applied as a shock starting in 2022. Additionally, the impact of a transition risk scenario related to climate change on Mutual's credit portfolio was considered (but not explicitly quantified).

STRATEGY

Mutual of Omaha recognizes the need to consider ESG factors as part of its strategic planning process. As a mutual company, we have a longstanding commitment to serve our policy holders. Many existing activities that touch on ESG issues that have been in practice in our organization for years and are already incorporated into our overall business strategy. Promoting the environment and conservation of resources has been a part of how we've operated for decades as represented by our iconic "Wild Kingdom" themed programs. In recent years we've continued to build upon our overall efforts and take a closer look at what we're doing right and where we can make an even bigger impact.

We see ESG as part of our everyday business practices, engrained into the meaningful work our associates do every day. We are intentional and measured with our approach — and have built a foundation that reflects our mission to help people protect what matters most. We do this using a holistic approach to integrate ESG elements across our business, ensuring our associates are at the center of our strategy.

When evaluating investments, we take into account many characteristics of each investment including climate. Our investment approach centers on developing high-quality portfolios diversified across asset classes that closely adhere to risk tolerances and practices. ESG principles are considerations of our investment process. Our approach is to identify, evaluate, monitor, and react to investment risks in a manner that promotes our objectives, particularly over the long term. We recognize that our investments are a powerful tool for generating ESG impact alongside strong financial returns. Within the Investment Portfolio, while we have no predefined limits on climate related investments/sectors, we consider the maturity profile of our investment and the inherent risks associated with longer dated investments.

In 2021 and 2022 Mutual of Omaha made investments in a Renewable Energy private fund which is investing in a mix of solar, wind, electricity storage and other renewable assets. the Company has also invested a small subset of the corporate bond portfolio in green bonds.

Time Horizon	**Climate Issue**	**Impact/Assessment**	**Response/Mitigants**
Short-term	Transition Risk (shift towards carbon-neutral)	• Consideration of Third-Party reviews/benchmarking • Not currently considered to be a material risk	• Investment's ESG Statement • Consideration of ESG when evaluating risk vs return of investments
Medium to Long-term	Adverse health/mortality outcomes in the general population related to Climate Change	• Quantified stress scenarios considering potential impacts to mortality driven by climate change over a 30 year period • Annual stress tests run consider mortality and morbidity stresses	• Monitor/review mortality & morbidity assumptions annually as a part of assumption governance • Risk considered when determining hurdle rates for sales of new products

As a mutual company we have a ongoing obligation to our policyholders to invest in a prudent manner that is designed to meet present and future policyholder obligations by investing in assets to meet present and future contractual requirements and to maximize the long-term financial return on invested assets.

The Company's primary products and services are life and health insurance policies that are not directly or substantially impacted by climate change based on recent experience. However, we acknowledge the potential for adverse climate change to have a negative impact on human health that could adversely impact our claims over time. As such, we recognize and consider climate change with our mortality and morbidity assumptions and their potential impact over the long term.

We are conscious of how what we do affects the natural environment around us. We strive to minimize our carbon footprint through sustainable practices such as reducing energy demand and utility use and improving the management of our physical building's resources. Mutual of Omaha recently announced plans to build and occupy a new corporate headquarters facility by 2026. The new headquarters building is anticipated to reduce our carbon footprint as well as Company footprint, by significantly reducing our home office headquarters square footage from 1.7 million currently to approximately 800,000 in the new building. With this effort we are exploring LEED certification possibilities as well as opportunities to design a new building that supports employee wellness and environmental consciousness. In addition, we're prioritizing investments in technology modifications that reduce paper and energy usage while implementing other tactics that are environmentally friendly and make it easier for customers to do business with us. Protecting the environment and conserving natural resources is engrained in our rich Wild Kingdom history. Today, we've taken Wild Kingdom's spirit of conservation to new heights with a broader focus on how we can protect the wild for future generations

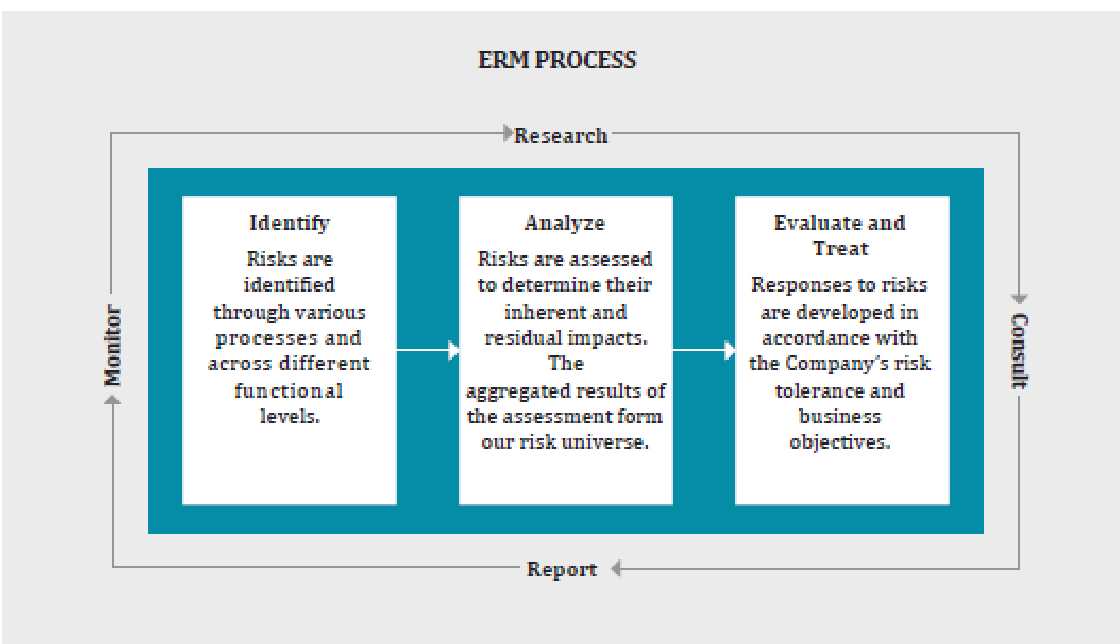
Mutual of Omaha performs annual scenario and stress testing on number of different risks that could be impacted by climate change including, but not limited to investment credit risk, market risks, mortality, and morbidity risks. Climate risk specific scenarios inclusive of physical risks and transition risks related to climate change have been considered in the past. These scenarios are assessed to demonstrate the solvency of the Company as well as to understand the potential impact on the Company's Strategic Plan.

RISK MANAGEMENT

The ERMO is dedicated to facilitating the Company's ERM Program. The ERMO is responsible for developing, overseeing, and administering an effective and consistent risk management framework to support the Company in identifying, analyzing, monitoring, and managing enterprise-wide risks, including climate-related risks.

The ERM Program is designed to identify potential events that may affect the Company, manage risk to remain within its risk appetite, and provide reasonable assurance regarding the achievement of the Company's business objectives.

The ERMO oversees multiple risk assessments and reviews, including any identification or management of risks associated with the impact of climate change on financial risks. Risks are assessed annually through both top-down and bottom-up risk assessments. In addition to these assessments, ERMO also completes an annual business planning risk review. Consideration of climate change risk is implicitly a part of the overall risk management process.



Within the Investment portfolio, careful consideration and assessment of a variety of issues and risks related to climate change is an important part of our overall investment process. More specifically, climate change-related risks (along with a myriad of other risks) are factored into the evaluation of new investment opportunities and are also considered as part of the ongoing management of the existing investment portfolio. At a more tactical level, the relevant issues to be considered can vary widely depending on the sector or individual company involved, with certain higher-risk sectors/companies subject to more vigorous investment research, due diligence and monitoring specifically related to climate change. From a broader, more strategic perspective, a prudent, ongoing assessment of the impact of climate change on individual investments and the investment portfolio as a whole remains an important consideration in the context of our overall investment approach and decision-making process.

The Company has created an ESG Risk Management Practice Statement, which states that climate change vulnerability is considered by the FROC in their oversight of financial risks impacted by climate change. Climate change vulnerability is defined in the Statement as “Loss occurs as a result of impacts to our assets, policyholders, talent, and business activities by: (1) Physical climate change risk results from events (e.g., flooding) or longer-term climate pattern shifts that have financial impact and (2) Transitional climate change risks related to large organizational or external changes (e.g., technology) that are required to transition to a lower-carbon economy.”

The primary responsibility of the Company’s ERMC is to assist the Board in fulfilling its oversight responsibilities of key risks inherent in Mutual’s business activities which include strategic, operational, compliance, financial, and emerging risks. The ERMC’s Charter also includes consideration of environmental, social, and governance (ESG) issues, which includes climate risk, that may impact these areas of risk.

The ERM Program utilizes management-led Risk Oversight Committees to govern and exercise oversight of the Company’s risks. The committees include the FROC, OROC, CROC, ERC. Mutual’s ERM Framework states that the Company recognizes the emergence of stakeholder expectations with respect to ESG issues as a risk that impacts a number of identified risk types, and that each Risk Oversight Committee is responsible for considering the impact of ESG risk on their covered risks, including identifying, assessing, and monitoring risk exposure and developing KRIs as necessary. The ERM Framework explicitly includes “climate change vulnerability” as part of these ESG issues.

We have a process to identify and monitor emerging risks, including climate change. Top emerging risks are reviewed on a semi-monthly basis by the Risk Committee (ERC). Furthermore, elements of climate risk can and have been highlighted by the ERC. These risks are identified and analyzed by a multidisciplinary team, including but not limited to subject matter experts from finance, operations, actuarial, investments, strategy, federal and state relations, legal, and treasury. The ERC measures each risk and determines next steps to counter or address the risk such as monitoring the risk, investigating further, and consideration of balanced operations or product offerings.

The ERMO oversees multiple risk assessments and reviews, including the identification and management of risks associated with the impact of climate change on financial risks. Questions to senior leaders for both physical risks and transition risks of climate change were incorporated into the top-down risk assessment. Climate risk is a factor that may be considered during the annual plan scenario process (and was explicitly quantified as a physical risk stress scenario in 2021) and may also be considered indirectly through sensitivity testing on key assumptions, such as mortality, that could be impacted by Climate Change. With respect to investment management, Mutual’s Investment Management Operation maintains an ESG statement that describes their consideration of ESG factors when evaluating investments.

Mutual has adopted a “Three Lines of Defense” model for effective risk management. The first line of defense includes management responsible for identifying, assessing, and managing risks. The second line of defense includes the ERMO, which is responsible for creating a risk management framework, monitoring risk exposures, providing risk management program governance and oversight, and assisting business units in the development of risk responses. The Risk Oversight Committees are responsible for risk management oversight. Internal Audit makes up the third line of defense and is responsible for providing assurance on the effectiveness of governance, risk management, and internal controls.

Financial risks resulting from climate change risk are considered as part of the existing organizational structure, under the FROC's responsibilities, and is considered as one of many factors related to risk and return when the Investments area reviews investment opportunities.

On an annual basis, Mutual models a number of stress scenarios as part of the annual Own Risk and Solvency Assessment (ORSA). In 2021, Mutual explicitly modeled out a climate change physical risk scenario. This scenario considered the long-term (over 30 years) physical risks resulting from climate change (mortality and third-party business disruption) applied as a shock starting in 2022. Additionally, the impact of a transition risk scenario related to climate change on Mutual's credit portfolio was considered (but not explicitly quantified). These scenarios were reviewed by senior leadership and the FROC.

METRICS and TARGETS

To ensure our business actions accurately reflect our view of the risks associated with ESG, we recently partnered with an independent third-party to assist us with an assessment of the materiality of ESG issues on Mutual of Omaha. A materiality assessment is the process of identifying, refining and assessing numerous potential ESG issues that could affect our business and/or our stakeholders. This process is often used as the first step to help companies understand the issues that matter most to their internal and external stakeholders and help prioritize where to focus and inform a company's ESG strategy and approach. To understand and integrate multiple perspectives, we engaged nearly 100 stakeholders spanning every Strategic Business Unit and Corporate Operations — including emerging leaders, policyholders and our employee resource groups. This assessment helped provide a meaningful view of our current inclusion of climate-related opportunities and risks and will serve as a guidepost to our planning going forward.

We consider the impact of climate change, among other factors, on our investment portfolio where it is part of our investment research process and included in our ESG considerations. We continue to evaluate the need for additional disclosures and targets in accordance with regulatory requirements, stakeholder expectations and sound business practices.

The Company does not currently use explicit targets or metrics to track or manage climate-related risks. However, our goal, or plan, is to reduce emissions taking into account operational and business needs. This is particularly evident as we plan for our new corporate headquarters and reduced carbon footprint. Additionally, our utility, Omaha Public Power District, has an initiative to reach net zero carbon by 2050, to which Mutual will be subject to that initiative.

We continue to analyze our operations, governance, customer expectations, and supply chain performance to better understand our sustainability impacts and opportunities. We are exploring a plan to collect baseline data to help inform potential sustainability goals and targets, including measurement of Greenhouse Gas emissions. As climate change metrics continue to evolve and coalesce towards uniform industry standards, Mutual of Omaha will continue to consider the possibility of including more standardized and consistent targets to manage climate-related risks and opportunities.

Contact

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