

Governance - narrative

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

SILAC Insurance Company, SILAC Life Insurance Company in California ("SILAC" or "Company"), is a life and health insurer. SILAC's historic product focus was on the supplemental health insurance market, while the Company currently offers and markets fixed annuities. The Company is not licensed to offer or market property, liability or other related insurance and coverages to individuals or groups in any state or jurisdiction. As such, climate risks do not directly affect our lines of business, including underwriting and pricing, and the Company has determined that its risk exposure to climate change is small and indirect.

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

- *Identify and include any publicly stated goals on climate-related risks and opportunities.*
Due to its product focus, the Company has not published or provided publicly stated goals on climate-related risks or opportunities.
- *Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.*
As indicated above, the Company has not prepared climate-related disclosures. In the event the Company develops such disclosures, they will be handled at the group level.
- A. *Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.*
The Company's Enterprise Risk Management (ERM) program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of its overall business operations and strategic initiatives. The Company also performs annual risk assessments, including as part of its ORSA reporting. Any emerging concerns related to climate change will be considered and reviewed by the Company's Enterprise Risk Management (ERM) Committee. To date, climate related risks have not risen to a level requiring adjustments to business strategy.

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.*
Two of the Company's Board Committees, the Enterprise Risk Management (ERM) Committee and the Investment Committee, are responsible for the oversight and management of climate-related financial risks. The ERM Committee is chaired by the Company's Secretary and Chief Legal Officer and the Investment Committee is chaired by the Company's Vice Chairman and Chief Financial Officer. These committees meet on a regular basis to fulfill their respective functions and responsibilities to the Company.
- B. *Describe management's role in assessing and managing climate-related risks and opportunities.*
The Company's senior management does not have a direct role in assessing climate-related risks and opportunities, however, senior management works directly with the respective Board Committees and the Company's investment management company to review and assess all Company risks and opportunities and is involved in carrying out any initiatives and actions deemed appropriate by the Company's Board.

Strategy – narrative

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.*

As previously stated, the Company's product offerings of annuities, and its overall business strategy, are not directly impacted by climate-related risks. The review and assessment of climate-related risks is generally limited to SILAC's investment portfolio.

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

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.

As the Company's product offerings at this time are limited to annuities, the Company has not engaged with its constituencies on climate change-related risks as a traditional property insurer would, nor have they looked to the Company for guidance in this area. As noted below, the Company has worked with its employees to allow for flexible work arrangements to help mitigate the environmental impact that potentially would occur with regular travel to and from the Company's offices.

- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

The Company's mitigation efforts have revolved around efficiency improvement initiatives, implementing remote work for employees, and encouraging employee use of mass transit by offering subsidies for those costs.

- A. *Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.*

Due to the small and indirect risk of climate change to the Company, it has not performed computer modeling or stress testing to determine the impact of climate change scenarios over the short, medium, and long term.

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

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

- B. *Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.*

The Company's financial planning, including its investments, are constantly reviewed and adjusted to address all potential risk, including climate-related risks. For example, SILAC has, in the past, divested from certain energy companies that posed unacceptable risk to the stability of the specific investments.

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

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

The nature of the Company's annuity offerings and services are not designed to support the transition to a low carbon economy, nor are they designed to help policyholders adapt to climate related risk.

- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

While climate-related risks and a low carbon economy are not a primary driver of the of the Company's investment portfolio, the Company does consider all risks and opportunities when making or divesting such investments.

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

The Company's general business strategy is not directly impacted by climate-related risks, and climate-related scenarios are not utilized. SILAC's strategy is to remain focused on its annuity business and related opportunities and does not intend to expand into other lines of business, such as property or liability insurance, where climate change would propose a greater direct risk to the Company.

Risk Management – narrative

3. Disclose how the insurer identifies, assesses, and manages climate-related risks.

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

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.
Due to its current annuity offerings, SILAC does not consider the impact of climate-related risks on its underwriting portfolio.
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.
Due to its current annuity offerings, the SILAC does not currently engage policyholders in this manner.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.
SILAC measures the investment portfolio's climate risk by measuring each security's ESG score. Currently, SILAC is grading investments utilizing Bloomberg's proprietary ESG score. Specific to climate risk, the Bloomberg score measures the issuer's energy, water and emissions management as well as its product's sustainability. SILAC measures each individual investment's score and then aggregates to the portfolio level. (Winthrop)

- A. Describe the insurers' processes for identifying and assessing climate-related risks.

The Company's ERM program is designed to timely identify, monitor, manage and report risks in conjunction with the execution of the Company's overall business operations and strategic initiatives.

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

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.
The Company's Investment Committee meets weekly to review investments and associated risks, including climate-related risks. SILAC also performs annual risk assessments as part of its ERM program, which includes climate and other business-related risks.
- B. Describe the insurer's processes for managing climate-related risks.
To date, the Company has not identified climate-related risks to its operations and product offerings. The Company's Investment Committee monitors its investment portfolio for such risks and makes appropriate adjustments when deemed necessary.
- C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.
The Company's ERM program is designed to timely identify, monitor, manage and report risks in conjunction with

the execution of its overall business operations and strategic initiatives. Due to SILAC's annuity offerings, climate-related risks are primarily reviewed and assessed for potential investment and other financial impact.

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

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
Climate-related risks, to the extent that there are any, are addressed through the Company's general enterprise risk management process and directed by the ERM Committee. The ERM Committee meets regularly to assess and review all risks to the Company.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
Due to its annuity offerings, SILAC does not utilize climate scenarios when analyzing underwriting risks.
- 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.
SILAC does not currently employ climate-specific scenarios on its investments but does assess market-stress scenarios that could potentially result from climate crises. Market-stress scenarios include shocks in interest rates, credit spreads, equity valuation and overall volatility. (Winthrop)

Metrics and Targets – narrative

4. *Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.*

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

- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.
SILAC does not currently use catastrophic modeling to manage climate-related risks. Generally speaking, due to its product mix, the Company is not significantly exposed to climate-related risks in its business operations. As noted, the Company's Investment Committee actively monitors the investment portfolio to mitigate all risks.
- A. *Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.*
The Company does not currently utilize metrics to assess climate-related risks within its strategy and risk management process.

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

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions)
This is not applicable as SILAC does not currently utilize metrics to assess climate-related risks within its strategy and risk management process.
- B. *Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related*

risks.

The Company does not currently utilize metrics to assess climate-related risks within its strategy and risk management process.

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

The Company does not currently utilize metrics to assess climate-related risks within its strategy and risk management process.