

Climate Risk Disclosure Survey

Ascension and its wholly owned subsidiary US Health and Life Insurance Company, insurer, (hereinafter referred to as “Ascension”) Financial Stability Board

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 in detail above, insurers should consider including the bulleted items in their response to the TCFD statement above it.

For additional guidance on sector specific content to consider including, refer to the Implementation Recommendation Report.

Governance

Disclose the insurer’s governance around climate-related risks and opportunities.

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

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer’s structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

Question 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.*

Response:

- **The governance structure of the Environmental Impact and Sustainability program extends from the executive Steering Committee to Green Teams at each site of care in order to create a continuum of engagement for Ascension associates.**
 - **Environmental Impact and Sustainability Steering Committee - Guides overall strategic direction and provides visible support.**
 - **Sustainability Team - Coordinates sustainability transformation across organization**
 - **Workgroups: Cross functional working groups with executive sponsors and subject matter experts that identify initiatives and drive implementation.**
 - **Pillar 1 - Net Zero Places: This pillar is focused on carbon sources associated with physical environments – energy management, water management and mobility, both moving within those environments and getting to and from them. Net Zero Places considers the carbon**

footprint and operational efficiency of facilities as well as sustainable transportation.

- Workgroups: Built Environment, Renewable Energy, Mobility
- Pillar 2 - Responsible Supply Chain: This pillar is focused on the flow of goods from their procurement all the way through their disposition after use — encompassing sustainable sourcing, product usage management, recycling and waste management. Responsible Supply Chain efforts address responsible purchasing — to ensure Ascension buys only what is needed — as well as waste management. Together, these efforts will lower environmental impact and provide social good.
 - Workgroups: Sourcing, Waste, Clinical
- Pillar 3 - Healthy Communities: This pillar is at the heart of the entire Environmental Impact and Sustainability Program — making a difference for the health and well-being of the communities we serve.
- Horizontal workgroups: Communications, Data Management, Governance and Reporting
- Market and Hospital Green Teams: Customize implementation to be relevant and impactful to each market. Multidisciplinary Green Teams integrated into Environment of Care committees extend the initiative's reach in order to optimize efficiency and sustainability.

Question B. Describe management's role in assessing and managing climate-related risks and opportunities.

Response:

- Race to Zero Pledge is a commitment to three principles:
 - Annual measurement reporting
 - Implement decarbonization strategy.
 - Employ carbon offsets.

Strategy

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

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

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

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

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

Response:

- **The core of the Environmental Impact and Sustainability program is healthy communities: exploring the relationship between sustainability and the Social Determinants of Health; and linking this to Ascension's Mission to sustain and improve community health and the lives of individuals we are privileged to serve. The workgroup identifies alignments between Ascension projects and local climate action plans. This framework is intended to employ existing programs and resources to increase the resilience of our communities as they experience the impacts of climate change.**
- **Going a step further, through our broader strategy on impacting the social determinants of health, we realize that climate change and severe weather events affect those who are poor and vulnerable the most. As we advance our environmental efforts, we stand to make a significant positive impact on the health of our communities.**

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

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

Response:

- **Ascension operates in markets with environmental risks that will periodically increase costs to remediate disaster effects and temporarily disrupt volumes. Specifically, Florida and Gulf Coast locations have been affected by hurricanes. Mitigating factors include Ascension's size and broad diversification of geographies as well as strong cash levels to absorb costs. Environmental considerations include carbon transition; physical climate risks; water management; waste and pollution; natural capital.**
- **As both waste and energy management contribute most to the problem and are tangible areas where we can have the biggest influence, this will in turn positively impact the communities we serve.**
- **Ascension is committed to reduce our greenhouse gas emissions and carbon footprint. As a signatory of the Race to Zero campaign through membership in the Health Care Climate Council, Ascension will provide annual reports on our goals to reduce emissions and on progress to meet those goals using the Health Care Climate Challenge platform.**
- **Ascension submitted a 2019 Baseline for Scope 1 and Scope 2 greenhouse gas emissions. We will submit 2020, 2021 and 2022 emissions to Race to Zero in December 2023.**

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

Response:

- **Healthcare's impact on the environment is inextricably linked to the health of the communities and patients in our care. It is estimated that greenhouse gas emissions from healthcare represent an incredible 10% of all U.S. emissions. Climate impacts have already riddled many of the communities Ascension serves. Extreme heat days are more common in Austin, Texas. Places like Nashville, Tennessee, have experienced more frequent and intense rain events due to increased atmospheric temperatures. As oceans absorb heat, hurricane seasons are starting earlier and becoming more severe, as seen from Mobile, Alabama, to Jacksonville, Florida.**
- **Ascension is reducing energy consumption and transition to clean energy sources to reduce air pollution in the community.**
- **Ascension is reducing landfill usage in our communities and emissions from existing landfills.**

Risk Management

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

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.*
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.*
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.*

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

- *Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.*

Response:

- **As to the underwriting portfolio, we do consider that climate change has an impact on health claims as there may be more claims related to increased chronic disease like asthma and impacts to policyholder for injuries due to increased catastrophic events like floods. Our actuarial models assume increased claims frequency.**
- **As an insurer we have always taken a conservative approach to portfolio investments exclusively investing in US Savings Bonds.**

Question B: Describe the insurer's processes for managing climate-related risks.

Response:

- **We communicate frequently with policyholders to get health assessments and establish with primary care providers to manage chronic diseases, as those are often the most impacted by climate.**
- **Response: Ascension works with its Property Insurance carrier, and Environmental Liability Insurance carrier to identify and respond to climate-related risks. This includes developing plans to reduce or control the exposures, and evaluation of what is insured or uninsured by Ascension's insurance programs. Ascension's insurance carriers have improved their ability to identify, provide exposure reports, and provide suggestions on how to address the risks.**
- **FM's 10/22 Climate Risk Report provided a Score of 44, identified the top 10 Climate physician risk recommendations, and human eliminate recommendations. Ascension is developing responses to these recommendations.**

Question C: Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

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

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Response:

- **Climate -related exposures are addressed through Ascension's ERM process and are specifically addressed through the work with Ascension's Property and Environmental insurance carriers. Both carriers provide reports from location specific reviews, and analytical analysis which is completed by their centralized support specialists. Ascension meets with its Property Insurance representatives monthly to review reports, discuss identified risks, develop response plans, and provide updates on ongoing work across Ascension.**
- **We communicate frequently with policyholders to get health assessments and establish with primary care providers to manage chronic diseases, as those are often the most impacted by climate.**

- **As to the underwriting portfolio, we do consider that climate change has an impact on health claims as there may be more claims related to increased chronic disease like asthma and impacts to policyholder for injuries due to increased catastrophic events like floods. Our actuarial models assume increased claims frequency.**
 - **As an insurer we have always taken a conservative approach to portfolio investments exclusively investing in US Savings Bonds.**

Metrics and Targets

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.

Question A: Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

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

- *In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions)*

Response:

- **Ascension is completing a three-year timeframe to achieve 5% reduction in greenhouse gas emissions by the end of FY23 from an FY20 baseline and 6% reduction of municipal solid waste by the end of FY23 from the FY19 baseline, normalized by pounds of municipal solid waste per patient per day.**
- **2030 goal: Reduce carbon emissions by 50%. Reduce 50% of nonhazardous waste from all managed facilities.**
- **2040 goal: Achieve net zero carbon emissions and zero waste across all sites of care.**

Question B: Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Response:

- **We will define and measure greenhouse gas emissions within Scopes 1, 2 and 3. Scope 1 covers all direct emissions from the activities of Ascension that are under our control. Scope 2 are emissions that the company causes indirectly (heating and cooling of our facilities) and Scope 3 emissions include all sources not in the Scope 1 and 2 boundaries. The Net Zero Places pillar is focused on carbon sources associated with physical**

environments. The Responsible Supply Chain pillar is focused on the flow of goods from their procurement all the way through disposition after use and Healthy Communities is a new area of work and is at the heart of the entire Environmental Impact and Sustainability Program- making a difference for the health and well-being of the communities we serve. Healthy Communities is focused on the relationship between sustainability and Social Determinants of Health.

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

Response:

- **See response to Question A**
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Closed-ended questions directly correspond to the narrative above, allowing for explanation and qualification of the yes/no answers. Closed-ended questions are voluntary for reporting year 2022 and individual states may elect not to request them.

Governance

- Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N) **Yes**
- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N) **Yes**
- Does management have a role in assessing climate-related risks and opportunities? (Y/N) **Yes**
- Does management have a role in managing climate-related risks and opportunities? (Y/N) **Yes**

Strategy

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) **Yes**
- 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) **Yes**
- Does the insurer make investments to support the transition to a low carbon economy? (Y/N) **Yes**
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N) **Yes**

Risk Management

- Does the insurer have a process for identifying climate-related risks? (Y/N) **Yes**
 - If yes, are climate-related risks addressed through the insurer's general

- enterprise-risk management process? (Y/N) **Yes**
- Does the insurer have a process for managing climate-related risks? (Y/N) **Yes**
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)* **Yes**
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)* **Yes**
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)* **No**
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N) **No**
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N) **No**

Metrics and Targets

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N) **Yes**, Ascension obtains reports from its Property and Environmental insurance carriers to identify risk, and to provide insurance for insured risk until the exposure is adequately addressed.
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N) **Yes**
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N) **Yes**, Ascension's carriers require responses and plans to respond to the identified risks.
- Does the insurer have targets to manage climate-related performance? (Y/N) **Yes**