<u>Climate Risk Survey – Narrative Questions for 2024 reporting year (covering 2023) - Company Responses in BOLD</u>

<u>Governance – narrative</u>

1. ***<u>Disclose the insurer's governance around climate-related risks and opportunities.</u>*** In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:
   a. Identify and include any publicly stated goals on climate-related risks and opportunities. None
   b. 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. **Life insurance company level.**

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities**. Board overall, audit and investment committees specifically, if material to the Company.** 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:
   a. Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks. **The audit and investment committees provide oversight on the Company's financial risks including those that might include climate-related matters if material to the Company.**

B. Describe management's role in assessing and managing climate-related risks and opportunities. **Management includes ESG considerations, including those relating to climate change *<u>if material</u>*, in its investment management process which is overseen by the Company's chief investment officer. In addition, management evaluates all material risks to the organization as part of the Company's ERM process. Management participating on the internal ERM committee receive regular updates on climate-related issues from a variety of third-party industry sources and considers any such information in its deliberations if material to the Company's risk profile. However, the Company is a mutual life insurance company operating primarily in the preneed life insurance space, where the average age of our insured at issue is 74 and is focused on small face amount life insurance policies which does not expose the Company to material risks from climate related matters. Underwriting risk with respect to climate-related matters is not a material factor in our business model.**

<u>Strategy – narrative</u>

2. ***<u>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.</u>***

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:

a. Describe the steps the insurer has taken to engage key constituencies on the topic climate risk and resiliency.* **Constituency engagement is not applicable, given that the Company is a mutual life insurer operating primarily in the preneed life insurance space – i.e. purchased by senior market owners/insureds focused on end-of-life planning. Consequently, there is little underwriting exposure on the product side. Climate change exposure in the Company's investment portfolio is managed through engagement with the Company's external investment managers.**

b. Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.* **The Company's headquarters is limited to a single office building with administrative services performed within that building. As a life insurance company, the Company does not directly produce material greenhouse gas emissions in its operations or organizations. The Company does have current strategic initiatives to implement straight-through processing for operational efficiencies which should reduce paper consumption over time. The Company encourages paper, plastic water bottle, aluminum can and battery recycling in its home office facility. Certain electronic equipment are set to "sleep" mode when not in operation. Otherwise, there are not products or services produced which would result in direct greenhouse gas emissions.**

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium and longer 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:

  a. 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. **Given little climate-related risks and opportunities associated with its preneed products and markets, the Company's climate-related risks and opportunities are mostly contained to its investment strategy, where it works in concert with its external investment managers to ensure such risks and opportunities … regardless of term … are incorporated into the credit underwriting and ongoing portfolio monitoring process. Such risk/opportunities are evaluated along with all other risks associated with a particular credit. The Company does not specifically identify climate-related risks and opportunities over short-, medium- and long-term time frames.**

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:

  a. 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 Company does not provide products or services which would support a transition to a low carbon economy – the Company operates primarily in the pre-need space issuing life insurance to fund prearranged funeral contracts. The Company's business model does not include producing**

products or services which would involve transitioning to a low carbon economy or provide assistance to individuals to adapt to climate-related risk.

- **b.** Discuss if and how the insurer makes investments to support the transition to a low carbon economy. **The Company's investment decisions and ongoing portfolio management encompass the analysis of all material risks and economics – including those associated with climate change, where material and applicable. In addition, the Company utilizes only external investment managers that are signatories to the Principles of Responsible Investing (PRI).**

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 does not perform climate-related scenario analysis on its underwriting activities as it does not have substantial or material exposure to weather-related perils.**

<u>Risk Management – narrative</u>

3. ***<u>Disclose how the insurer identifies, assesses, and manages climate-related risks.</u>*** In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

   a. 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.* **Given that the Company is a mutual life insurer operating primarily in the preneed life insurance space – i.e. purchased by senior market owners/insureds focused on end-of-life planning, there is little underwriting exposure on the product side. Being a business focused almost exclusively on small face amount life insurance policies issued primarily to older individuals to fund formal pre-arranged funeral contracts, the Company does not feel its underwriting performance has material financial exposure to climate change. However, as part of its normal business practices, the Company evaluates the pricing and mortality experience of its products and adjusts as necessary. Adjustments may not necessarily be climate change related. Any material deviation from expected performance would be detected and managed through this ongoing process, whether driven by climate-related change or other factors. Due to the senior average age of our insureds at policy issue, any climate-related risks which may be present would not, in our opinion, be material to our liability risk or business operations.**

   b. Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.* **Not applicable**.

   c. Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.* **See response to 2.B.b.**

   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:

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

B. Describe the insurer's processes for managing climate-related risks. **Not applicable, as previously answered.**

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:

   a. 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. **See response above to 1.B.**

   b. 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. **Not applicable**.

   c. 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. **See response to 2.B.b**

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.*** **Not applicable. As described above, any such collateralized risks and/or opportunities are not material to the Company's business**. 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:

   a. 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. **N/A.**

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

      a. 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.

   B. Disclose Scope 1, Scope 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks. **N/A**

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

An * designates questions derived from the original Climate Risk Disclosure Survey.