



2022 Task Force on Climate-Related Financial Disclosures (TCFD) Report

August 2023

Introduction

Task Force on Climate-Related Financial Disclosures Report

This report is a summary of Symetra Financial Corporation's and its subsidiaries' (collectively, "Symetra's" or "The Company's") efforts toward implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Symetra understands that implementing the TCFD recommendations is a long-term process that will evolve over time. We are continuously looking for opportunities to incorporate climate considerations into our business strategy as we evolve our Corporate Social Responsibility (CSR) program, and we will continue to expand our understanding of climate risk as we make progress toward adopting the recommendations of the TCFD.

About the TCFD Assessment

The TCFD is a global framework for assessing climate risk and focuses exclusively on climate-related

factors. The disclosure recommendations of the TCFD are separated into four pillars, representing the following core operational elements: [governance](#), [strategy](#), [risk management](#), and [metrics and targets](#).

These four pillars include eleven supporting recommended disclosures, the most significant of which calls for assessing Symetra's resilience to different climate scenarios.

Governance

Corporate Goals

In March of 2022, Symetra launched its first corporate social responsibility initiative (Symetra Social Impact). Symetra Social Impact aims to drive meaningful transformation across three priority areas (social commitments, sustainability, and governance) – through eight goals that are aligned with the United Nations' Sustainable Development Goals, a widely used benchmark and a call for action by all countries and many companies to promote prosperity while protecting the planet.

We believe Symetra Social Impact is a program that authentically reflects who we are as an ethical

company, as an inclusive brand, and as an engaged corporate citizen. The priority areas of the program address each component of ESG (Environmental, Social, Governance), and climate risk is addressed specifically through the sustainability goals. Our first Symetra Social Impact Report was published in July 2023 and spotlights our efforts to drive transformation across each priority area. The report outlines our core initiatives for advancing positive social change, supporting a healthier environment, and making a better world for the communities we serve.

a) Board oversight of climate-related risks and opportunities

Symetra's Board oversees the implementation of key policies and practices, an effective risk culture, and an internal control framework across the enterprise. The Finance Committee of the Board of Directors has oversight responsibility of Symetra's investment strategies and, together with the Audit Committee, enterprise risk management. The Nominating & Governance Committee develops, recommends, and periodically reviews corporate governance guidelines



applicable to Symetra and oversees corporate governance matters. Additionally, the Finance Committee is designated as the Board committee responsible for climate risk oversight.

Discussions with senior management, including the Chief Risk Officer (CRO), occur regularly and focus on the changing business environment and execution against strategic goals and priorities. In addition, the CRO presents annually to the Finance Committee management’s assessment of key enterprise risks and management’s strategy to address each risk. As with the identification of other emerging risks, climate-related risk is being incorporated more prominently into these existing governance processes as Symetra continues maturing in this space.

b) Management’s role in assessing and managing climate-related risks and opportunities

Symetra’s Enterprise Risk Committee (ERC), chaired by the CRO, is responsible for overseeing and prioritizing Symetra’s key risks and Enterprise Risk Management (ERM) program. The ERC monitors risk developments, including climate-related issues, through regular updates from the CRO regarding risk

appetite, reinsurance, catastrophic risk, and other material issues. The CRO has been designated as the senior leader responsible for climate risk oversight.

The ERC includes all members of the senior leadership team as well as other business units and enterprise officers. The ERC convenes quarterly to assess various risks and opportunities faced by the company, including issues related to climate change. Symetra has a dedicated ERM team tasked with successfully executing on the CRO’s priorities, which includes evaluating climate-related risk as part of our risk management framework.

Closed Ended Questions - Governance

- Does the insurer have publicly stated goals on climate-related risks and opportunities?
Yes
- Does the board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related risks?
Yes
- Does management have a role in assessing climate-related risks and opportunities?
Yes
- Does management have a role in managing climate-related risks and opportunities?
Yes



Strategy

a) Climate-related risks and opportunities over the short, medium, and long-term

Symetra has identified climate change as an environmental and economic issue that will have a growing impact on communities, businesses, and the economy over the next several decades. We will work to enhance our understanding of the potential implications of climate change to our customers, our business, and the broader society.

Symetra conducted its first annual climate risk assessment in 2022 and will revisit the assessment annually. The most recent assessment occurred in March 2023 and was primarily qualitative in nature, and focused on identifying potential physical and transition risks related to climate change. We also categorized each risk as having potential impact in the short (1-5 years), medium (5-10 years) or long-term (10-30 years).

We also determined that other risks relevant to the organization, such as asset liquidity and mortality, could be impacted by climate change in the medium

or long-term. Our current focus is on the risks with potential short-term impact, and we will continue evaluating risks over the medium and long-term as our process matures.

b) Impact of climate-related risks on businesses, strategy, and financial planning

Incorporating climate risks and opportunities into our business strategy aligns with our company values and our vision to make a positive contribution to the communities we serve.

As noted in the Governance section of this report, Symetra launched its first corporate social responsibility initiative (Symetra Social Impact) in March 2022. As part of this initiative, we established several ESG goals, including sustainability goals related to climate change:

- By 2023:
 - Carbon neutral across our business operations
 - Establish supplier guidelines
- By 2025:
 - 40% paper reduction

- \$150K to environmental programs for underserved youth

Symetra Financial Corporation's subsidiary, Symetra Investment Management Company (SIM), considers the potential impacts of climate change in evaluating new and existing investments such as corporate bonds and commercial mortgages. Considerations for corporate bond exposure include changes in consumer preferences, liability, regulatory requirements, and corporate actions and strategy relating to climate change. For commercial mortgages, considerations include natural hazard risk and mitigation strategies, availability and cost of insurance, and impact on potential for further development.

SIM has developed and approved a formal ESG Investment Policy which formalizes their dedication to including ESG considerations in its investment decision making. SIM also engages Morgan Stanley Capital International (MSCI) to provide detailed ESG ratings and reports for many issuers in the corporate bond market. MSCI is an organization whose



proprietary ESG investment ratings focus on exposure to relevant ESG risks.

Symetra has invested approximately \$140M to support renewable energy projects and infrastructure as of December 31, 2022.

c) Resilience to different climate-related scenarios

Symetra does not currently view climate change in isolation as a material short-term risk to our business. We address potential impacts of climate change as part of our risk model, which draws on risk-based capital concepts. In the model, risks are classified into four main categories: Investment risks; Pricing risks (both expected and catastrophic); Interest rate risk (including asset/liability duration matching exposures); and other business risks, including business continuity, data security, and other operational risks.

The potential impact of climate change, such as natural disasters, is currently addressed by reviewing geographic concentration in our investment and pricing risk assessments. Additionally, the short amortization period of our commercial mortgage loan

portfolio likely means that longer-term climate risk scenarios will not have a short-term material impact on the current portfolio.

Closed Ended Questions - Strategy

- Has the insurer taken steps to engage key constituencies on the topic of climate change? **Yes**
- Does the insurer provide products and services to support the transition to a low carbon economy or help customers adapt to climate change? **No**
- Does the insurer make investments to support the transition to a low carbon economy? **Yes**
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organization? **Yes**



Risk Management

a) Processes for identifying and assessing climate-related risks and b) Processes for managing climate-related risks

Symetra has an enterprise risk management policy and accompanying framework that establishes how risks are identified, evaluated, managed, monitored and reported. Risk management processes reside in different parts of the organizational structure based on subject matter expertise. Risk identification, assessment, and prioritization is a continuous process of identifying risk exposures, including material risk events, and is a shared responsibility.

The dedicated ERM team, together with business units, management committees, and other second-line functional risk management areas, rely on collective observation, collaboration, and insight in identifying new and emerging risks including those related to climate change. Additional inputs are received from industry groups, consultants, and other networks. The Board is informed of risks identified through this collective process.

In March 2023 the ERM team reviewed Symetra's qualitative climate risk assessment, considering likelihood, impact, and control environment. This assessment follows the ERM framework, and the focus is on classifying risks into short, medium, and long-term risk categories. As noted in the Strategy section of this report, our focus is currently on potential short-term risks; medium and long-term risks will be considered more thoroughly as our process matures.

c) Integration of processes related to identifying, assessing, and managing climate-related risks into overall risk management

Climate risk is specifically defined within the ERM risk taxonomy as the "risk of loss due to climate change and subsequent impact to both natural and human ecosystems, including both physical and transition risk". Climate risk is classified under our strategic risk category, though it is understood that climate risk has a range of potential impacts that extend to categories such as operational, market, and insurance risk.

ERM conducts an enterprise-wide risk assessment at least annually, which includes an evaluation of

impact, likelihood, and control effectiveness of each of our 40+ secondary risk categories, of which climate risk is one. The result of this process helps us identify our top risks based on an evaluation of residual risk.

Symetra's process for identifying climate change risk mitigation methods and opportunities has been most concentrated to date in our CSR program development, investment management strategy, our flexible work program and office reconfiguration, and business continuity planning.

Symetra has been and will continue facilitating tabletop business continuity exercises, which allow us to better prepare for climate-related business disruptions. The exercises are conducted with key business processes as well as the Symetra Crisis Management Team.

Climate-related risk identification is integrated into a multidisciplinary, company-wide risk identification, assessment, and management processes through Symetra's governance structure and committees. Prominent climate-related risks, such as geographic mortality and investment concentration, have been



identified and evaluated, and we will continue expanding our assessment as the process matures.

Closed Ended Questions – Risk Management

- Does the insurer have a process for identifying climate-related risks? **Yes**
 - If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? **Yes**
 - If yes, does the process include an assessment of financial implications? **No**
- Does the insurer have a process for managing climate-related risks? **Yes**
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? **No**
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? **No**
- Has the insurer considered the impact of climate-related risks on its investment portfolio? **Yes**
- Has the insurer utilized climate scenarios to analyze their underwriting risk? **No**
- Has the insurer utilized climate scenarios to analyze their investment risk? **No**



Metrics & Targets

a) Metrics used to assess climate-related risks and opportunities b) Greenhouse gas emissions and related risks and c) Targets used to manage risks and opportunities and performance against targets
Symetra is in the early stages of evaluating its carbon footprint. We continuously evaluate our operations, explore ways to reduce or mitigate emissions in our operations, and actively promote and/or subsidize alternative forms of transportation, including carpools and vanpools.

Symetra’s carbon footprint is reduced by hosting virtual events and significantly lowering employee commuting rates through support of remote work. A large majority of our employees now work remotely. For those employees working on-site, we educate our employees on our commute programs during the initial employment interview and as part of the new hire orientation process. On-site employees are encouraged to use buses, commuter trains, bicycling, or walking when possible.

We are also working towards reducing our carbon footprint across business operations through a combination of offsets, sustainability measures, and reductions. For the year 2021, we conducted our first ever greenhouse gas emissions inventory across direct operations. For our initial calculation, we utilized best practice estimates in some data sets in order to account for information that was unavailable. Our greenhouse gas emissions total was 3,940 MT CO2e, and we purchased carbon offsets to attain carbon neutrality. As we continue to refine our data collection processes, in 2022 we conducted our first employee commute survey to more accurately assess the impact of commuting. As business operations began to return to pre-COVID levels in 2022, we saw an increase in our direct greenhouse gas emissions largely from business travel and our office operations. To address this going forward, we increased our annual purchase of carbon offsets to 7,379 MT CO2e, following our third-party validation, to match our increased footprint and achieve carbon neutrality for 2022. We will continue to assess our carbon footprint and consider ways to reduce our

emissions while committing to purchase offsets annually going forward.
Finally, Symetra’s registered investment advisor, SIM, tracks the following ESG rating allocations, which are reported to the SIM board of directors:

- MSCI ESG rating allocation across the investment portfolio (A, AAA/AA, BBB, etc.)
- Internal ESG rating allocation across the investment portfolio (Progressive, Acceptable, Developing)
- MSCI ESG ratings by “sensitive sector” across the investment portfolio

Closed Ended Questions – Metrics and Targets

- Does the insurer use catastrophe modeling to manage climate-related risks? No
- Does the insurer use metrics to assess and monitor climate related risks? Yes
- Does the insurer have targets to manage climate related risks and opportunities? Yes
- Does the insurer have targets to manage climate-related performance? Yes

