

## **Response for Governance**

AlohaCare is organized and governed by an independent Board of Directors (the “Board”). As an independent corporation, Board oversight occurs at the individual legal entity level. The Board is accountable for and oversees all operations and activities of the organization. The Board structure was designed to allow for appropriate oversight of all the key areas of managed care activities, including compliance, finance, operations, and quality. The duties of the Board include: (a) oversee all operations of the organization, (b) select the Chief Executive Officer, (c) oversee the work of the Board Committees, (d) establish the annual strategic plan and strategic direction of the organization, (e) define, establish, and drive the mission, vision, values, and culture of the organization, and (f) ensure compliance with all governing requirements and regulations. The Board itself is governed by the organizational bylaws and its charter. The Board has organized and empowered eight specialized Committees to oversee and support the ongoing operation of the organization. Each of these Committees is governed by specific charters.

Specifically, AlohaCare has a Compliance Committee that meets three times a year and reports to the full Board. Annually, the Compliance Committee and Company management develop an operational risk assessment. The Committee reviews the processes and procedures for Company’s ongoing monitoring of any significant operational risks or exposures the Company may face and give guidance and direction on how risk management is to be conducted.

Currently, AlohaCare does not have specific climate-related risks that may impact its strategy and operations.

## **Response for Strategy**

AlohaCare has a business continuity plan, disaster recovery plan, and an emergency response plan in place to address climate-related risks including earthquakes, hurricanes, floods, tsunamis, and volcanos. Led by the Emergency Management Team, the organization actively monitors guidance issued by the state and conducts assessments based on climate-related studies performed by the Hawaii Emergency Management Agency to gauge the level of risk. The plan is updated annually, and training is provided to staff. These impacts are deemed to be within an acceptable threshold concerning AlohaCare’s risk-based capital.

## **Response for Risk Management**

The Audit Committee appoints the external independent certifying actuary and the external independent audit firm on an annual basis. In conjunction with the annual external audit process and the annual strategic planning process, a comprehensive risk assessment is prepared. The annual strategic plan, budget, operating plan, and Senior Leadership Team goals and targets are all linked back to and support the risk assessment.

The AlohaCare investment policy is established by the Finance Committee, and investment performance and compliance with the investment policy is monitored in the Finance Committee meetings. The Finance Committee appoints an external investment manager, who reports annually to the Finance Committee regarding compliance with the investment policy and investment performance versus benchmarks.

**Response for Metrics and Targets:**

AlohaCare's current business objectives and corporate strategies do not explicitly factor in climate-related risks. If climate-related risks become financially significant, metrics will be established to facilitate reporting and to guarantee the effectiveness of any actions taken.