

## **Governance**

### 1. 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.

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

**Response:** At a high level, American Pet Insurance Company ("APIC") is a mono-line insurance company offering medical insurance for pets. Its mission is to help loving, responsible pet owners budget and care for their pets. APIC's and its parent company Trupanion, Inc.'s singular focus is on providing pet insurance, a product that does not bear on climate change.

That said, Trupanion takes climate change seriously and has publicly committed to being carbon neutral well before the standards outlined in the Paris Climate Agreement. This commitment is defined in Trupanion's 2022 Corporate Social Responsibility Report, where Trupanion's President Margi Tooth writes, "We understand that our role is critical to not only help create a better, healthier, and more sustainable world for today but for long into the future."

To align with its carbon neutrality goal, Trupanion engaged a third party to conduct an emissions inventory covering Scope 1 and 2 emissions. This inventory serves as a baseline for setting future targets. Additionally, Trupanion has set a target to engage a third party to conduct a baseline assessment of its Scope 3 emissions by 2025. The Corporate Social Responsibility Report also details other sustainable practices, such as education and sort guides posted at waste stations, a significant portion of the power used at Trupanion's Seattle headquarters is carbon neutral, and the building has maintained a 94 Energy Star rating.

Furthermore, in the Climate Social Responsibility Report, Trupanion has pledged to take steps to:

- Understand the environmental risks and opportunities related to its products
- Promote environmental responsibility
- Report ESG (Environmental, Social, and Governance) practices to its Board of Directors

- Report externally on the progress of our ESG practices and commitments
- Seek input from stakeholders on sustainability and ESG reporting and risk oversight

Climate-related disclosures—such as those formal commitments in the Corporate Social Responsibility—are handled at the Trupanion, Inc. level.

At the company level, APIC's board of directors has designated a board member to oversee climate risks, develop a climate risk policy, and provide ongoing risk reporting and communication to the board. This designated board member will also be a member of Trupanion, Inc.'s enterprise-wide Risk Committee, providing oversight and guidance for both the parent company and the insurer.

### **Strategy**

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.

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.

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 1-5years as short term, 5-10years as medium term, and 10-30years as long term.

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.

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:** Within the organization, the company has taken several steps to address climate change. As a short-term goal, as noted above, Trupanion intends to engage a third party to assess its Scope 3 emissions (Trupanion recently completed measurements of Scope 1 and 2 emissions). As a medium-term goal, Trupanion looks to its continued growth and scale to achieve the resources to devote additional attention to climate-related risks. As a long-term goal, Trupanion has made a clear commitment to achieving carbon neutrality before 2050.

While pet insurance does not implicate many climate-related risky activities, Trupanion has found ways to operate a sustainable business and combat climate change through its building, operations, and employee management. As an example of its commitment to sustainability, the Trupanion Seattle headquarters was retrofitted with eco-conscious and pet-friendly materials, including eco-friendly flooring, LED lighting, energy-efficient building control systems, low-flow toilets, and touchless low-flow faucets. Trupanion also installed four electric vehicle charging stations at its Seattle headquarters, providing free EV charging to Trupanion team members operating electric or plug-in hybrid vehicles.

In 2020, Trupanion migrated most of our servers to the cloud, allowing for better resource utilization through virtualization and multi-tenancy. Moreover, Trupanion's patented software allows Trupanion to pay veterinary invoices directly in minutes at checkout, eliminating the traditional reimbursement model that often requires mailing and processing paper invoices. Reducing paper invoice processing reduces the overall energy demand and associated greenhouse gas emissions.

Trupanion has also embraced a hybrid workforce model. Approximately 80% of Trupanion's workforce is on a hybrid schedule or works from home, contributing to climate change mitigation by reducing carbon emissions and promoting energy efficiency. Trupanion provides free Seattle transportation passes to its employees and, as noted above, free electric vehicle charging for employees who choose to come to the office.

Additional sustainable practices intended to support the transition to a low-carbon economy include:

1. Use electronic communication with customers and vendors wherever appropriate to reduce paper use
2. Encourage the use of electronic methods for collecting and distributing payments
3. Choose facility-related projects that increase energy efficiency
4. Use of multi-zone VAV HVAC systems with economizer functions
5. Maximize the inflow of natural light to reduce reliance on artificial lighting
6. Use dimmable LED light fixtures for interior lighting and motion-sensitive lighting controls that turn off individual zones when not occupied
7. Use photocell sensors that automatically switch exterior lights on or off based on the amount of natural light available
8. Equip "convenience outlets" (always-on electrical outlets) with a timer that automatically switches off unused equipment or desk accessories after working hours.

As noted above, Trupanion's insurance companies offer only pet insurance products. The products themselves do not implicate climate-related risks. Trupanion's investment policies are relatively

conservative, and its investments are not exposed to climate-related risks. Trupanion is invested in cash, cash equivalents, and short-term investments held in U.S. government securities.

### **Risk Management**

#### 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.
- 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.

##### 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.

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

##### 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 change carries minimal underwriting or catastrophic risk for Trupanion's singular focus of writing pet insurance policies. Additionally, as noted above, Trupanion's investments are not exposed to climate-related risks.

Thus, given the efforts and strategies detailed above, Trupanion does not anticipate that an extreme climate-related scenario would significantly disrupt its business. The areas where Trupanion could experience disruption are if climate events were to prevent veterinary hospitals from operating or Trupanion employees from completing their work. APIC's climate-related risk board designee will be developing a specific climate risk plan to address climate-related risks

### **Metrics and Targets**

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.

- 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:

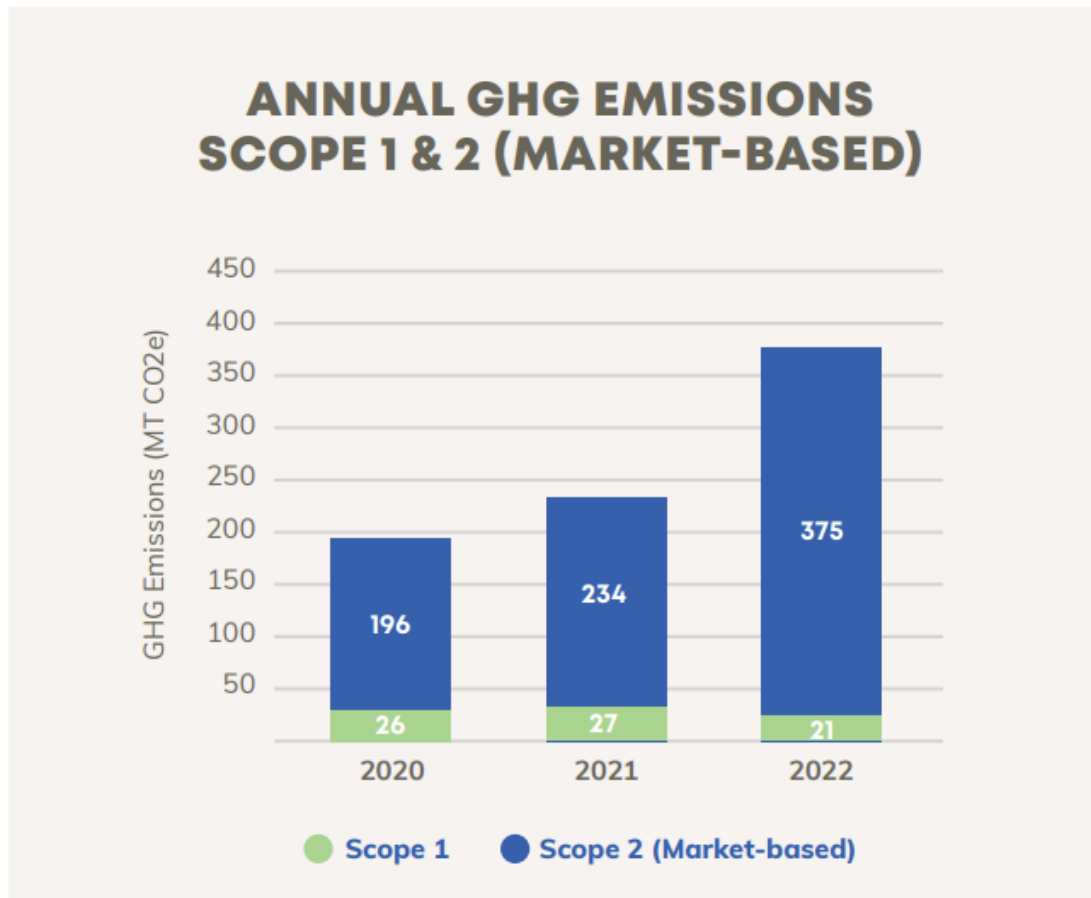
- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1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

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

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

**Response:** As Trupanion committed in its previous Corporate Social Responsibility Reports, it engaged a third party to measure Scope 1 and 2 emissions for 2020 and 2021. The 2022 data was published in the 2022 report. Except for two locations whose usage data was partially estimated based on average seasonal usage from previous years and a third location acquired in late 2022 whose usage data was unavailable at the time of calculation, the metrics below reflect

calculations that include Trupanion's locations within our operational control. Estimates and gaps will be updated with actual usage data when the 2023 calculations are completed, but a significant difference is not expected. The energy and emissions inventory was conducted in accordance with WRI/WBCSD GHG Protocol, Revised edition, and the GHG Protocol Scope 2 Guidance.



Trupanion intends to formally measure Scope 3 emissions by 2025.

As of right now, the primary target that Trupanion (and by extension APIC) has set is to achieve carbon neutrality before 2050, in accordance with the Paris Climate Agreement.