

## NAIC CLIMATE RISK DISCLOSURE SURVEY

### TCFD-ALIGNED QUESTIONS

UPDATED 2022

**Ascension and its wholly owned subsidiary US Health and Life Insurance Company, insurer, (hereinafter referred to as “Ascension”) Financial Stability Board - Task Force on Climate-related Financial Disclosures (TCFD).**

#### 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.*

**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.

Information about the Environmental Impact and Sustainability program is publicly available on [Ascension's website](#).

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

**Response:**

**Ascension has established sustainability goals aligned with their commitment to the following programs:**

- **United Nations' Race to Zero**
  - **Ascension announced its participation in the United Nations' Race to Zero campaign and has pledged to achieve net zero carbon emissions by 2050. (Ascension's goal is to achieve net zero carbon 10 years prior to this goal.)**
- **Laudato Si' Action Platform**
  - **Ascension signed the Laudato Si' Action Platform in response to Pope Francis' 2015 Encyclical on Care for our Common Home. The seven-year global program was formed as a collaboration among the Vatican, Catholic organizations and individuals around the world.**
- **White House/HHS Health Sector Climate Pledge**
  - **Ascension committed to the White House/HHS Health Sector Climate Pledge in June 2022. By signing the pledge Ascension commits to meet the administration's climate goal of reducing emissions by 50% by 2030 and achieving net zero emissions by 2050.**

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

### **Response:**

**Ascension developed a Climate Resiliency Plan in support of our sustainability goals and in alignment with the U.S. Health and Human Services Health Sector Climate Pledge. The report was published in June 2024 and is publicly available on the Ascension website.**

*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.**

*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 transitioning 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**

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. \**

**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 climate-related risks increase.**

**As an insurer we have always taken a conservative approach to portfolio investments exclusively investing in US Savings Bonds.**

*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.**

**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.**

*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.**

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**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 climate-related risks increase.**

**As an insurer we have always taken a conservative approach to portfolio investments exclusively investing in US Savings Bonds.**



## 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.*

### **Response:**

**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.**

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

**Response:**

**Ascension's Scope 1 and 2 greenhouse gas emissions in metric tons of carbon dioxide equivalents (MTCO<sub>2</sub>e) by year:**

- 2019 1,249,937 MTCO<sub>2</sub>e (Baseline)
- 2020 1,221,207 MTCO<sub>2</sub>e (2.3% reduction)
- 2021 1,202,317 MTCO<sub>2</sub>e (3.8% reduction)
- 2022 1,157,723 MTCO<sub>2</sub>e (7.4% reduction)
- 2023 will be publicly released in October 2024

*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

**\* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.**