NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

Delta Dental Plan of Michigan, Inc. (the "Company") does not currently have any publicly stated goals related to climate-related risks and opportunities. Any climate-related disclosure is handled at the entity/Company level. The Company does not have a board member or committee specifically responsible for the oversight or management of climate-related financial risks, but the Audit, Finance and Risk Committee oversees all corporate risks. As Chief Risk Officer, Amy Basel, CPA, CGMA, is the Company executive primarily responsible for the monitoring, assessment, and management of any financial risks from climate change. She is also accountable for ensuring timely reporting to the Board on any such risks and for ensuring the current and forward- looking impact of climate related factors are considered when making business decisions.

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.

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.

'Effective Risk Management' is an important part of the Company's business plan. While the Company does not have a formal "ESG" policy, it does comply with environmental laws and regulations governing its business. In addition, the Company's headquarters is LEED certified. LEED certified buildings save money, improve efficiency, lower carbon emissions and create healthier places for people. The Company also encourages employees to recycle all paper, cardboard, aluminum and plastic to promote a more sustainable environment. Finally, most employees participate to some extent in remote work, allowing the Company to reduce its corporate footprint. As a company that only underwrites dental benefits, while there are downstream impacts of climate change, there are no material strategic impacts.

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.

The Company's ERM program serves as the foundation for ensuring all known and emerging risks are periodically assessed and that appropriate action plans are in place to manage those risks, including climate-related risks. The ERM process is an ongoing cycle that involves several key principles: (a) identifying the risks; (b) assessing, analyzing, and quantifying the risks; (c) creating controls to mitigate the risk; (d) reporting risks to committees, executive leadership and the board; and (e) monitoring the risk and the controls.

The risk assessment process is a continuous interrelated process of annual surveys, interviews, and discussions to identify the risk areas with the highest potential impact on the mission, goals, and objectives of the leader's respective area, as well as the effectiveness of existing internal controls employed to mitigate the risks identified. Surveys are also used to help assess the risks, including climate-related risks, in terms of likelihood (the likelihood of an event occurring) and impact (the significance or impact the occurrence could have on the business' ability to achieve its goals).

Executive leadership, with input from the Board of Directors, identifies risk limits, risk tolerance, and risk appetite. Items including, but not limited to, (1) overall net assets; (2) net income; (3) ability to absorb recurring issues; and (4) impact on strategic plan are used to determine risk limits, tolerance, and appetite. Results are compared against risk limits, appetite, and tolerance.

To ensure risks remain current, the Company utilizes various methods to collect risk and data/information including but not limited to: in-person interviews and workshops, electronic surveys, management meetings, quarterly risk management committee meetings, quarterly compliance committee meetings, quarterly data privacy meetings, and the meetings of the audit committee of the Board of Directors to continuously re-evaluate and assess risks and risk tolerance, as well as to track emerging risks.

The Company's direct exposure to underwriting risk related to physical climate risks is inconsequential, as it only underwrites group and individual dental benefit plans.

The Company has no formal process in place to analyze climate risk on its investment portfolio, outside of the standard risk assessments conducted as part of its ERM process. The Company's investment portfolio has very little exposure to climate-related counterparty credit risks, as the majority of the Company's invested assets are in cash and cash equivalents and government securities.

For physical/real estate investments, the Company annually refreshes its Hazard, Threat & Vulnerability Assessment (HTVA) as part of its Business Continuity planning. Climate risks and natural threats are reviewed by the assigned HTVA owner, assessing the probable risk level and the potential outcome in terms of human impact, property/financial impact, business impact, etc. For material risks, mitigation strategies are identified to reduce the chance of impact to the Company. Common climate risks assessed by the Company include high winds, tornados, temperature extremes, winter storms, and floods.

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.

Based upon the current assessment of the ERM Committee, climate risk has not been identified as a material or emerging risk.

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