

2024 Climate Risk Survey

Governance:

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.

Penn Mutual Response:

Company overview: As a mutual company we are dedicated to serving our policyholders. We take a long-term perspective and make decisions designed to protect their best interests and ensure our long-term viability and well-being. Our prudent approach to managing our products and investment portfolio, continue to stand the test of time. Ultimately, our success depends on our ability to develop and maintain strong, lasting relationships. Penn Mutual employees share a unique culture shaped by values that guide our professional and personal conduct - how we do business with our clients, how we interact with one another, and how we represent Penn Mutual in our communities. Our values foster a shared sense of belonging that has sustained Penn Mutual's legacy for more than 175 years. We all are guardians of Penn Mutual's reputation and legacy, and its place of respect within our industry and communities.

Board and Management oversight: The Board of Trustees of The Penn Mutual Life Insurance Company ("Board" or "Board of Trustees"), comprised of primarily independent Trustees, oversees the affairs of the Company. The Board of Trustees has established standing committees to assist the Board in their oversight of various business activities. The Corporate Governance Committee, a standing committee, assists the Board of Trustees in promoting the best interests of the policyholders through the implementation of sound governance principles and practices. Among areas of oversight, the Corporate Governance Committee reviews, as needed, matters related to Environment, Social and Governance ("ESG"). Climate is considered in conjunction with ESG matters. The Chairman, Chief Executive Officer and President leads a team of officers in varying disciplines ("Management") to establish sound business practices including, but not limited to, managing our business responsibly and incorporating climate considerations to mitigate operational risk and contribute to a more sustainable future.

Strategy:

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 10-30 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.

Penn Mutual Response:

As a mutual life insurance company, Penn Mutual incorporates climate risk into operations and other strategies due to the growing impact of climate risk. Climate risk considerations include: mortality and morbidity risk; investment risk; operational risk; regulatory and reporting requirements; policyholder behavior; and insurance product development and policy delivery. Examples include: responsible investing such as investing in long duration assets held in general account investment portfolio; opportunities to reduce our carbon footprint with operational efficiencies and innovation including digitalization and cloud storage; business continuity planning and mitigation of business disruption; and utilization of our digital processing platform providing paperless and ease of doing business platforms for financial professionals and their clients. As described above, The Chairman, Chief Executive Officer and President leads a team of officers in varying disciplines ("Management") to establish sound business practices including, but not limited to, managing our business responsibly and incorporating climate considerations to mitigate operational risk and contribute to a more sustainable future.

Risk Management:

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.

Penn Mutual Response:

Penn Mutual employs a comprehensive enterprise risk management ("ERM") framework to identify and manage risks. The ERM objectives support the business in achieving business strategy; communicate risk appetite and limits across the enterprise; communicate risk metrics, measures, and emergence through enterprise governance; and facilitate a risk aware culture. Specific scenarios related to key risks are modeled to evaluate the impact to the broader Penn Mutual. Climate-change risk is very specific as it relates to the direct effects of climate change on the Company's operations (and third parties), but also to our impact on customers, clients and the communities that we serve. The effects could be physical or indirect. Both require the Company to embed climate-related analysis into core capabilities, such as portfolio decisions, development or refinement of products and services, pricing and underwriting, overall risk management, and business continuity management.

Board and Management oversight: The Board of Trustees of The Penn Mutual Life Insurance Company ("Board" or "Board of Trustees"), comprised of primarily independent Trustees, oversees the affairs of the Company. The Board of Trustees has established standing committees to assist the Board in their oversight of various business activities. The Investment Committee, a standing committee, assists the Board of Trustees in fulfilling its responsibilities through the oversight of (i) the investments of Penn Mutual and its insurance-related subsidiaries, including approval of the Company's investment strategies, objectives and standards, and periodic review of activities and performance; and (ii) the Company's enterprise risk management. The Investment Committees and reviews information regarding Penn Mutual's enterprise risk management, including the risk appetite statement, and significant practices used to monitor and manage strategic risk, insurance risk and financial. The Chairman, Chief Executive Officer and President leads a team of officers in varying disciplines ("Management") to establish sound business practices including, but not limited to, managing our business responsibly and incorporating climate considerations to mitigate operational risk and contribute to a more sustainable future.

Metrics and Targets:

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.

Penn Mutual Response:

Metrics and targets are crucial for assessing and managing risk, and becoming increasingly more important. Such metrics provide a quantitative basis for understanding, monitoring and mitigating potential risks. Penn Mutual incorporates climate-related risks in conjunction with ERM modeling. Such modeling includes specific scenarios which are stress tested both on a single risk - and aggregate exposure to the enterprise value and Risk Based Capital. The results are measured against the risk appetite levels and are discussed with the Investment Committee, as described above, and Management.