

Mutual of Omaha

Task Force on Climate-Related Financial Disclosures Report Reporting Year 2022

Introduction

Mutual of Omaha Insurance Company, and its affiliates, (“Mutual of Omaha” or “Company”) is a diversified financial services company primarily engaged in the sale and distribution of life, health, and annuity products.

The purpose of this report is to discuss our approach to evaluating and managing climate change risks and opportunities and is guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The recommendations of the TCFD focus on four thematic areas that represent core operational elements, including: (1) Governance, (2) Strategy, (3) Risk Management, and (4) Metrics and Targets.

This report is the Company's RY 2022 of a TCFD report to satisfy the NAIC Climate Risk Disclosure Survey. It is intended to provide a current summary of our view of climate-related opportunities and risks and will serve as inputs to our planning going forward. The report reflects our vision that risks related to climate change do not pose a material adverse financial impact to current Company operations, but we are committed to ongoing monitoring and review as climate related risks develop or change.

Governance

Climate-related considerations which fall under the Environment piece of our Environment Social Governance (ESG) program play an increasingly important role at Mutual of Omaha. Oversight of the company's ESG program, including strategy, priorities, and reporting, falls under the responsibility of the Vice President of Social Impact. ESG considerations are not only the responsibility of the ESG program, but rather are woven throughout our normal business practices. The program oversight ensures integration of ESG material topics into business activities and collaborates and aligns with risk management and governance oversight.

Climate-related risk is overseen at the highest levels of leadership, starting with our Board of Directors. The Risk Committee of the Mutual of Omaha/United of Omaha Board of Directors (the “Mutual Board Risk Committee” (as of May 2023, this committee is now called the Investments and Risk Committee)) has been designated as responsible for the oversight of climate-related risks and opportunities. Mutual of Omaha's CFO, who is also the Chief Investment Officer (CIO) and Chair of the management-led Financial Risk Oversight Committee (FROC), has been designated as the member of senior management responsible for managing climate-related risks and opportunities. The CFO reports directly to the Chief Executive Officer (CEO). The FROC is tasked with oversight of climate change risk for the Company. Climate change vulnerability is considered by the FROC in their oversight of financial risks impacted by climate change.

Senior management of the Investment Management Department is tasked with coordinating ESG/climate related issues within the department. These representatives also work with partners across the enterprise on ESG/climate related issues. We review ESG related topics with the Investment Committee of the Board of Directors a minimum of two times a year. The Investment Management Department also maintains an ESG statement that is reviewed annually and updated periodically.

Mutual of Omaha's Enterprise Risk Management Committee (ERMC)'s primary purpose is to assist the Board in fulfilling its oversight responsibilities of key risks inherent in Mutual of Omaha's business activities such as strategic, operational, compliance, financial, and emerging risks. The ERMC Charter

provides that this oversight includes consideration of risk factors that impact these areas of risk, such as ESG issues.

The Enterprise Risk Management (ERM) Program utilizes management-led Risk Oversight Committees to govern and exercise oversight of the Company's risks. The committees include the FROC, the Operational Risk Oversight Committee (OROC), the Compliance Risk Oversight Committee (CROC), and the Emerging Risk Committee (ERC). Mutual of Omaha's ERM Framework states that the Company considers the emergence of stakeholder expectations with respect to ESG issues that may impact a number of identified risk types, and that each Risk Oversight Committee is responsible for considering the impact of ESG risk on their covered risks, including identifying, assessing, and monitoring risk exposure and developing key risk indicators (KRIs) as necessary. The ERM Framework explicitly includes "climate change vulnerability" as part of these ESG issues.

The Enterprise Risk Management Organization (ERMO) (as of July 2023, ERMO is now part of a newly formed Aligned Assurance Operation (AAO)) oversees multiple risk assessments and reviews, which may include the identification and management of risks associated with the impact of climate change on financial risks. For example, questions to senior leaders for both physical risks and transition risks of climate change have previously been incorporated into the top-down risk assessment. Due to materiality, our risk focus is evaluated with each assessment and that focus has the potential to change annually. Climate risk may be considered a factor during the annual plan scenario process and may also be considered indirectly through sensitivity testing on key assumptions, such as mortality, that could be impacted by climate change. With respect to investment management, Mutual of Omaha's Investment Management Department maintains an ESG statement that describes their consideration of ESG factors when evaluating investments.

Mutual of Omaha has adopted a "Three Lines of Defense" model for effective risk management. The first line of defense includes management responsible for identifying, assessing, and managing risks. The second line of defense includes the ERMO, which is responsible for creating a risk management framework, monitoring risk exposures, providing risk management program governance and oversight, and assisting business units in the development of risk responses. The Risk Oversight Committees are responsible for risk management oversight. Internal Audit makes up the third line of defense and is responsible for providing assurance on the effectiveness of governance, risk management, and internal controls.

On an annual basis, Mutual of Omaha models a number of stress scenarios as part of the annual planning process. In 2021, Mutual explicitly modeled out a climate change physical risk scenario. This scenario considered the long-term (over 30 years) physical risks resulting from climate change (mortality and third-party business disruption) applied as a shock starting in 2022. Additionally, the impact of a transition risk scenario related to climate change on Mutual of Omaha's credit portfolio was considered (but not explicitly quantified).

Strategy

Mutual of Omaha acknowledges the importance of incorporating ESG factors into our strategic planning. As a mutual company, our enduring dedication is to our policyholders. Many of the activities related to ESG issues have been an integral part of our organizational practices for years, seamlessly integrated into our overarching business strategy. Our commitment to environmental preservation and resource conservation has been evident in our operations for decades, epitomized by our iconic "Wild Kingdom" themed programs.

In recent years, we have continued to enhance our efforts, conducting a comprehensive evaluation of our strengths and areas where we can make an even more substantial impact. ESG considerations are not separate from our day-to-day business practices; rather, they are deeply ingrained in the meaningful work our associates engage in daily. Our approach is deliberate and methodical, reflecting our mission to assist individuals in safeguarding what matters most to them. We achieve this by adopting a holistic

strategy that seamlessly integrates ESG elements across our business, placing our associates at the forefront of our strategic vision.

When evaluating investments, we take into account many characteristics of each investment including climate. Our investment approach centers on developing high-quality portfolios diversified across asset classes that closely adhere to risk tolerances and practices. ESG principles are considerations of our investment process. Our approach is to identify, evaluate, monitor, and react to investment risks in a manner that promotes our objectives, particularly over the long term. We recognize that our investments are a powerful tool for generating ESG impact alongside strong financial returns. Within the Investment Portfolio, while we have no predefined limits on climate related investments/sectors, we consider the maturity profile of our investments and the inherent risks associated with longer dated investments.

In 2021 and 2022 Mutual of Omaha made investments in a Renewable Energy private fund which is investing in a mix of solar, wind, electricity storage, and other renewable assets. The Company has also invested a small subset of the corporate bond portfolio in green bonds.

Time Horizon	Climate Issue	Impact/Assessment	Response/Mitigants
Short-term	Transition Risk (shift towards carbon-neutral)	<ul style="list-style-type: none"> Consideration of Third-Party reviews/benchmarking Not currently considered to be a material risk 	<ul style="list-style-type: none"> Investment's ESG Statement Consideration of ESG when evaluating risk vs return of investments
Medium to Long-term	Adverse health/mortality outcomes in the general population related to Climate Change	<ul style="list-style-type: none"> Quantified stress scenarios considering potential impacts to mortality driven by climate change over a 30-year period Annual stress tests run consider mortality and morbidity stresses 	<ul style="list-style-type: none"> Monitor/review mortality & morbidity assumptions annually as a part of assumption governance Risk considered when determining hurdle rates for sales of new products

As a mutual company we have an ongoing obligation to our policyholders to invest in a prudent manner that is designed to meet present and future policyholder obligations by investing in assets to meet present and future contractual requirements and to maximize the long-term financial return on invested assets.

The Company's primary products and services are life and health insurance policies that are not directly or substantially impacted by climate change based on recent experience. However, we acknowledge the potential for adverse climate change to have a negative impact on human health that could adversely impact our claims over time. As such, we recognize and consider climate change with our mortality and morbidity assumptions and their potential impact over the long term.

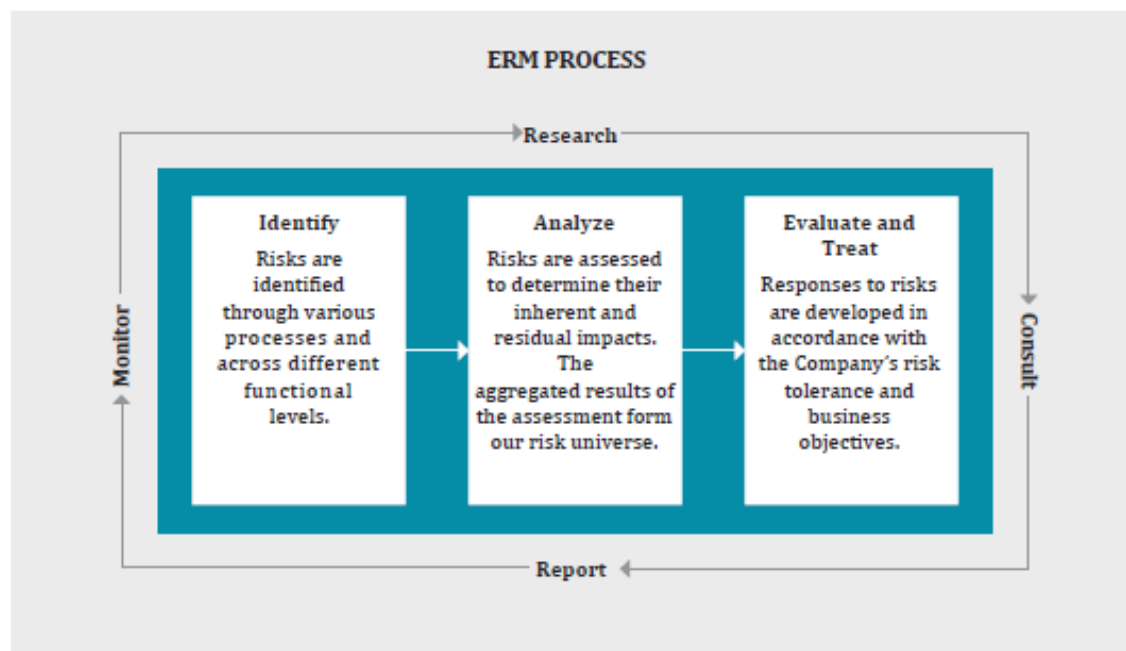
We are aware of the impact our actions have on the natural environment that surrounds us. Our commitment to sustainability is evident through a range of practices aimed at minimizing our carbon footprint. This includes reducing energy consumption, optimizing utility usage, and enhancing the resource management of our physical facilities. Notably, Mutual of Omaha has recently unveiled plans to construct and occupy a new corporate headquarters facility by 2026. This development is poised to make a substantial contribution to reducing our environmental impact, both in terms of carbon emissions and our corporate footprint. This will be achieved by significantly downsizing our current home office headquarters, which spans 1.7 million square feet, to approximately 800,000 square feet in the new building. In this endeavor, we are actively exploring the potential for LEED certification, aligning with our commitment to environmental responsibility. Furthermore, we are dedicated to designing the new building to promote employee well-being and environmental awareness. Additionally, we are prioritizing investments in technological enhancements aimed at reducing paper consumption, lowering energy usage, and implementing other eco-friendly measures that enhance the convenience of doing business with us for our customers.

Our dedication to protecting the environment and conserving natural resources is deeply rooted in our storied history, epitomized by our iconic Wild Kingdom legacy. Today, we have taken the spirit of conservation from Wild Kingdom to new heights, with a broader focus on safeguarding the wilderness for future generations.

Mutual of Omaha performs annual scenario and stress testing on number of different risks that could be impacted by climate change including, but not limited to investment credit risk, market risks, mortality, and morbidity risks. Climate risk specific scenarios inclusive of physical risks and transition risks related to climate change have been considered in the past. These scenarios are assessed to demonstrate the solvency of the Company as well as to understand the potential impact on the Company's Strategic Plan.

Risk Management

The ERMO is dedicated to facilitating the Company's ERM Program. The ERMO is responsible for developing, overseeing, and administering an effective and consistent risk management framework to support the Company in identifying, analyzing, monitoring, and managing enterprise-wide risks, including climate-related risks. Consideration of climate change risk is implicitly a part of the overall risk management process. The ERM Program is designed to identify potential events that may affect the Company, manage risk to remain within its risk appetite, and provide reasonable assurance regarding the achievement of the Company's business objectives.



Within the Investment portfolio, careful consideration and assessment of a variety of issues and risks related to climate change is an important part of our overall investment process. More specifically, climate change-related risks (along with a myriad of other risks) are factored into the evaluation of new investment opportunities and are also considered as part of the ongoing management of the existing investment portfolio. At a more tactical level, the relevant issues to be considered can vary widely depending on the sector or individual company involved, with certain higher-risk sectors/companies subject to more vigorous investment research, due diligence and monitoring specifically related to climate change. From a broader, more strategic perspective, a prudent, ongoing assessment of the impact of climate change on individual investments and the investment portfolio as a whole remains an important consideration in the context of our overall investment approach and decision-making process.

The Company has created an ESG Risk Management Practice Statement, which states that climate change vulnerability is considered by the FROC in their oversight of financial risks impacted by climate change. Climate change vulnerability is defined in the Statement as “Loss occurs as a result of impacts to our assets, policyholders, talent, and business activities by: (1) Physical climate change risk results from events (e.g., flooding) or longer-term climate pattern shifts that have financial impact and (2) Transitional climate change risks related to large organizational or external changes (e.g., technology) that are required to transition to a lower-carbon economy.”

The primary responsibility of the Company’s ERM is to assist the Board in fulfilling its oversight responsibilities of key risks inherent in Mutual of Omaha’s business activities which include strategic, operational, compliance, financial, and emerging risks. The ERM’s Charter also includes consideration of ESG issues, which includes climate risk, that may impact these areas of risk.

The ERM Program utilizes management-led Risk Oversight Committees to govern and exercise oversight of the Company’s risks. The committees include the FROC, OROC, CROC, ERC. Mutual’s ERM Framework states that the Company recognizes the emergence of stakeholder expectations with respect to ESG issues as a risk that impacts a number of identified risk types, and that each Risk Oversight Committee is responsible for considering the impact of ESG risk on their covered risks, including identifying, assessing, and monitoring risk exposure and developing KRIs as necessary. The ERM Framework explicitly includes “climate change vulnerability” as part of these ESG issues.

We have a process to identify and monitor emerging risks, including climate change. Top emerging risks are reviewed on a semi-monthly basis by the ERC. Furthermore, elements of climate risk can and have been highlighted by the ERC. These risks are identified and analyzed by a multidisciplinary team, including but not limited to, subject matter experts from finance, operations, actuarial, investments, strategy, federal and state relations, legal, and treasury. The ERC measures each risk and determines next steps to counter or address the risk such as monitoring the risk, investigating further, and consideration of balanced operations or product offerings.

The ERMO oversees multiple risk assessments and reviews, including the identification and management of risks associated with the impact of climate change on financial risks. Questions to senior leaders for both physical risks and transition risks of climate change were incorporated into the top-down risk assessment. Climate risk is a factor that may be considered during the annual plan scenario process (and was explicitly quantified as a physical risk stress scenario in 2021) and may also be considered indirectly through sensitivity testing on key assumptions, such as mortality, that could be impacted by climate change. With respect to investment management, Mutual’s Investment Management Department maintains an ESG statement that describes their consideration of ESG factors when evaluating investments.

Mutual of Omaha has adopted a “Three Lines of Defense” model for effective risk management. The first line of defense includes management responsible for identifying, assessing, and managing risks. The second line of defense includes the ERMO, which is responsible for creating a risk management framework, monitoring risk exposures, providing risk management program governance and oversight, and assisting business units in the development of risk responses. The Risk Oversight Committees are responsible for risk management oversight. Internal Audit makes up the third line of defense and is responsible for providing assurance on the effectiveness of governance, risk management, and internal controls.

Financial risks resulting from climate change risk are considered as part of the existing organizational structure, under the FROC’s responsibilities, and is considered as one of many factors related to risk and return when the Investment Management Department reviews investment opportunities.

On an annual basis, Mutual of Omaha models a number of stress scenarios as part of the annual Own Risk and Solvency Assessment (ORSA). In 2021, Mutual of Omaha explicitly modeled out a climate

change physical risk scenario. This scenario considered the long-term (over 30 years) physical risks resulting from climate change (mortality and third-party business disruption) applied as a shock starting in 2022. Additionally, the impact of a transition risk scenario related to climate change on Mutual of Omaha's credit portfolio was considered (but not explicitly quantified). These scenarios were reviewed by senior leadership and the FROC.

Metrics and Targets

To ensure our business actions accurately reflect our view of the risks associated with ESG, we recently partnered with an independent third-party to assist us with an assessment of the materiality of ESG issues on Mutual of Omaha. A materiality assessment is the process of identifying, refining, and assessing numerous potential ESG issues that could affect our business and/or our stakeholders. This process is often used as the first step to help companies understand the issues that matter most to their internal and external stakeholders and help prioritize where to focus and inform a company's ESG strategy and approach. To understand and integrate multiple perspectives, we engaged nearly 100 stakeholders spanning every Strategic Business Unit and Corporate Operations — including emerging leaders, policyholders, and our employee resource groups. This assessment helped provide a meaningful view of our current inclusion of climate-related opportunities and risks and will serve as a guidepost to our planning going forward.

We consider the impact of climate change, among other factors, on our investment portfolio where it is part of our investment research process and included in our ESG considerations. We continue to evaluate the need for additional disclosures and targets in accordance with regulatory requirements, stakeholder expectations, and sound business practices.

The Company does not currently use explicit targets or metrics to track or manage climate-related risks. However, our goal, or plan, is to reduce emissions taking into account operational and business needs. This is particularly evident as we plan for our new corporate headquarters and reduced carbon footprint. Additionally, our utility, Omaha Public Power District, has an initiative to reach net zero carbon by 2050, to which Mutual of Omaha will be subject to.

We continue to analyze our operations, governance, customer expectations, and supply chain performance to better understand our sustainability impacts and opportunities. We are exploring a plan to collect baseline data to help inform potential sustainability goals and targets, including measurement of Greenhouse Gas emissions. As climate change metrics continue to evolve and coalesce towards uniform industry standards, Mutual of Omaha will continue to consider the possibility of including more standardized and consistent targets to manage climate-related risks and opportunities.

Contact

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