NAIC CLIMATE RISK DISCLOSURE SURVEY
VISION SERVICE PLAN
GROUP (1189)

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.

ANSWER: We do not publish aspirational goals, but we do report on results actually achieved.

• 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.

ANSWER: Climate-related disclosure is handled at the ultimate parent company level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

ANSWER: The Audit & Risk Committee of the ultimate parent company (California not-for-profit company Vision Service Plan) is 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:

B. Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

ANSWER: The Chair of the Audit & Risk Committee of the ultimate parent company (California not-for-profit company Vision Service Plan) is responsible for the oversight of climate-related financial risks.

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

ANSWER: Management's role is to assess and manage climate-related risks and opportunities under the oversight of the Audit & Risk Committee.

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.*

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. As a result, climate-related risks and opportunities do not have a material impact on our business, strategy, or financial planning.

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.

ANSWER: Because we do not have significant climate-related risks and opportunities, we continue to demonstrate our corporate social responsibility by addressing other, related topics such as sustainability.

• Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

ANSWER: Assessment of greenhouse gas (GHG) emissions will be required during 2025 for certain entities, pursuant to California Senate Bill 253 of 2023. We plan to assess GHG emissions to the extent that we are required by applicable law to do so. Our ongoing work related to sustainability tends to reduce and mitigate GHG emissions. During the first half of 2024, we published a VSP Vision enterprise impact report regarding our 2023 activities, including sustainability initiatives that tend to reduce or mitigate GHG emissions.

• Describe *the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.*

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. As a result, climate-related risks and opportunities do not have a material impact on our business, strategy, or financial planning.

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.

• Describe *the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.*

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low -significantly less that if we were, for example, an insurer that sells home insurance. As a result, climate-related risks and opportunities. The risks and opportunities over the short, medium, and longer term are the similar to the risks and opportunities faced by all other companies on the planet who do not underwrite climate-related risks.

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.

ANSWER: VSP has embraced a distributed workforce, profoundly impacting our carbon footprint. With about 35 percent of our U.S. workforce working remotely, we greatly reduced the need for

daily commuting to a centralized office, resulting in significant reductions in carbon emissions compared to traditional office-based operations. This shift aligns with our corporate values of supporting the physical and mental health of our workforce and reflects our dedication to minimizing our ecological footprint. Beyond the immediate environmental benefits, we are setting a positive example that we believe will help customers adapt to climate-related risk.

Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

ANSWER: This is not a specific goal within our investment strategy. As a group of insurers, applicable risk-based capital requirements already require our investments to remain conservative and focused primarily on fixed-income investment.

B. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

ANSWER: We believe and have demonstrated that our business strategy is highly-resilient, given the fact that we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. This remains true even when taking into account a 2-degree Celsius rise in global temperature.

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.

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are significantly less that if we were, for example, an insurer that sells home insurance.

• Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.

ANSWER: Not 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.

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance.

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.

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. Nonetheless, our Audit & Risk Committee meets quarterly to exercise its oversight of how we manage risks and their financial implications.

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

ANSWER: Our enterprise management team has primary responsibility to assess and manage risks, under the oversight of our Audit & Risk Committee.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

ANSWER: Our overall risk management program helps us identify risks on a mutually-exclusive and completely-exhaustive basis, meaning that each identified risk is a unique risk and all material identified risks are assessed and managed through our enterprise risk management program.

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.

ANSWER: Our Audit & Risk Committee meets quarterly to exercise its oversight of how we manage risks and their financial implications. Our overall risk management program helps us identify risks on a mutually-exclusive and completely-exhaustive basis, meaning that each identified risk is a unique risk and all material identified risks are assessed and managed through our enterprise risk management program.

- 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.

  ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. As a result, our underwriting does not and is not required to account for climate risk, including risk factors and risk scenarios, except to the extent that we are in a business situation similar to other business on our shared planet that do not underwrite climate-risk but still do business nationally and globally.

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.

ANSWER: Our investments are appropriately diversified to mitigate climate risks. We are a long-term investor, but will adjust the average term of the fixed income portfolio and the asset allocation of the portfolio to meet the investment objectives of ensuring adequate liquidity to supplement working capital as needed, for business development and acquisitions, and for long term capital appreciation.

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.

ANSWER: As a result, we do not have specific metrics and targets to assess and manage collateralized risks or opportunities.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. As a result, we do not have specific metrics and targets to assess and manage collateralized risks or opportunities.

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.

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. As a result, we do not have specific metrics and targets to assess and manage collateralized risks or opportunities.

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

ANSWER: ***During 2025, we plan to begin measure Scope 1 and 2 GHG emissions to the extent that CA SB 253 requires us to do so. Scope 3 measurement is not required during 2025.***

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

ANSWER: Because we only market and sell vision-only (eye exam and prescription eyewear) insurance, the actual and potential impacts of climate-related risks and opportunities are low - significantly less than if we were, for example, an insurer that sells home insurance. As a result, we do not have specific metrics and targets to assess and manage collateralized risks or opportunities.

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