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.*
   a. The Executive Committee of the Board has oversight responsibility for the ERM function and framework.
   b. OneAmerica Financial does not have a management committee that is tasked specifically with climate risk, nor a specific climate-related governance process, because, as a life insurer, climate risk is not considered a material risk. However, with central oversight from the Enterprise Risk Committee (ERC) and the Chief Risk Officer, OneAmerica Financial has a comprehensive risk governance and reporting structure that facilitates a flow of risk information horizontally and vertically throughout the Enterprise, of which the risks may include climate risk.
   c. Additionally, in 2023 the Risk Advisory Council (RAC) formed to maintain and further strengthen OneAmerica Financial's existing risk-aware culture by creating a forum to combine technical and business expertise necessary to make fast and intelligent risk-based decisions, establish policies and procedures, and implement proper controls. The Committee operates within the Enterprise Risk Management framework, reporting to the ERC. Risks monitored by the RAC include, but are not limited to, emerging risks which may include climate risk.

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.*
   a. Quarterly, the Board receives an integrated assessment of the current enterprise risks, including financial, operational, compliance, and strategic risks. Emerging risks are also reported to the Executive Committee of the Board through a comprehensive analysis, which presents a quantitative and qualitative assessment of the top emerging risks as determined by the ERC and Individual Risk Owners. Additionally, the CRO provides regular updates to executive management (via the monthly Enterprise Risk Committee and/or the monthly Risk Memo to senior leaders), which may include climate risk and mitigating actions, as applicable.

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.

a. To date, OneAmerica Financial has not specifically defined short, medium, and long-term climate-related risks and opportunities.

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.

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

a. To date, OneAmerica Financial has not specifically identified climate-related risks and opportunities to the business, strategy, and financial planning due to the materiality of the risks/opportunities that have been assessed (as described in other sections of this survey).

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.

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

a. To date, OneAmerica Financial has not yet developed or applied different climate-related scenarios (including a 2 degree Celsius or lower scenario) to assess the impact of climate-related risks on its strategy.

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. *

The process used to identify, assess, and govern climate change risk is the same process used to for all risks faced by the company.

- *The first step the company takes to identify climate change related risks is to determine the potential impact from a top down perspective. For example, climate change has the potential to destabilize certain regions of the world. The company then assesses how the potential destabilization could impact the company's financial position.*
- *The second step is to do a bottom up analysis of the threat. For example, which divisions within the company are most exposed to climate change risk.*
- *The third step is to prioritize the risk. There are several factors involved with the prioritization process. For example, it is important to assess the risks: (a) velocity (i.e. how quickly it is becoming an issue); (b) time horizon (i.e. 1-3 years, 3-5 years); and (c) potential impact. A critical component of this analysis is assessing how much a specific risk interacts with another risk. For example, climate risk could increase the company's credit risk or equity market risk.*
- *The fourth step is to quantify the potential impact and to develop risk metrics that can be monitored on an ongoing basis. Quantifying the impact of climate change risk involves several components: - How could climate change impact our policyholders? - How does climate change impact specific products? - How does climate change impact our distribution channels? - How does climate change impact our investments?*
- *The fifth step involves the monitoring and reporting of the risk metrics on a regular basis. The monitoring could include reporting on developments in climate change research, industrial trends driving population, governmental policy and competitor actions related to climate change.*
- *The sixth and final step is taking action based on the risk reporting, as applicable.*

Additionally, in late 2023, OneAmerica Financial performed an assessment of climate related risk to the company based on a variety of factors. For each line of business (LOB) as well as investments (e.g., commercial mortgage loans), concentration of policies and/or investments were compared to the following graphs to identify any concentration risks (no material risks identified):

- *Tornado*
- *Heat Wave*
- *Earthquake*
- *Wildfire*
- *Hurricane*

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

a. *The company does not have a formal climate change policy but does reflect risks like climate change in its risk management and investment practices. From a risk management standpoint, the company considers how risks like climate change could impact the company's financial position. The company manages risk by diversification and by* *maintaining strong liquidity. The company also considers the use of reinsurance and various forms of insurance to protect against these risks.*

b. *From an investment standpoint, the company manages climate change risk primarily by limiting concentration in real estate and commercial mortgage loan exposure to particular regions. Climate and environmental factors are considered in the development of these limits (e.g., earthquake, flood, heat wave/power grid, fossil fuel dependency risks) but there are not specific limits established for climate/environmental risks alone. The limitations are enforced by regional concentration limits which are approved by the Investment Committee of the Board of Directors but managed internally by even more conservative limits. Should a concentration reach the internally managed limits, any subsequent investment in that region, not to exceed the Board of Directors limit, would be assessed for risk tolerance and discussed and approved by appropriate internal parties. Any concentrations that reach the Board approved limits would be escalated to the Investment Committee of the Board of Directors for discussion and resolution.*

c. *For each real estate and/or commercial mortgage loan investment, an ESG questionnaire is requested, which includes, but is not limited to, inquiries into ESG building certifications, long-term performance improvement targets, and renewable energy implementation and/or plans. Additionally, for each investment property, a third party environmental assessment and seismic report is obtained and reviewed for risks specific to that property (e.g., groundwater and soil contamination, vapor intrusion, seismic activity) which are considered in the overall decision whether to invest.*

d. *On the fixed income side, our climate risk is managed from a "bottom-up" approach as the investment staff monitors individual credits to ensure management has safeguards in place to address material climate risk. The oversight of climate risk is integrated into our financial risk management framework and includes how companies monitor, oversee, and mitigate potential exposure to changes in climate. For certain companies or industries viewed as holding material climate risk or potentially subject to stranded assets, the team may exit or avoid exposure. Given the long-term focus of our investment philosophy, the credit team is focused on sustainability. Corporate bond exposures to particular industries are monitored and may be limited to certain guidelines, both internal and Board approved.*

e. *Overall, these limits and controls contribute to the reduction of risk of financial loss in the event of a severe climate change event.*

f. *The company considers impacts from climate risk as part of our emergency management program. Weather-related incidents are planned for per the National Response Framework and include an Emergency Response Plan and All-Hazard Severe Weather Response Annex. The OneAmerica Emergency Response Team are trained and fully able to implement appropriate response actions prior to and during a weather-related incident. The company's Emergency Response Plan and Hazard Response Annexes address key areas such as loss of facility, personnel, technology, and key suppliers. Additionally, communications are periodically provided to associates to reinforce how to respond during a climate-related incident. In 2024, a tabletop exercise is being performed to test the response of one of the OneAmerica Financial locations during a severe weather event.*

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.

Refer to the response in Risk Management "A" above.

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.

a. The company believes its exposure to climate change risk is much less than other risks: life, credit, interest rate, mortality, morbidity, general business risk, etc. The company annually tests its capital against extreme loss events. Explicitly acknowledging climate change would not materially impact our risk tolerance testing. However, within the risk tolerance testing, catastrophic event risk is considered. Within this risk is emergency management risk, which is the risk that the enterprise is not able to continue operations at the required level to meet expectations of the enterprise and stakeholders during a disaster or major business disruption which impacts operations. This risk could be realized due to a number of events, potentially including a climate risk event.
b. During 2015, OneAmerica performed an extensive analysis on its concentrations of lives in our group business, and the chances of a catastrophic earthquake, by physical building and more generally by geographic location (such as zip code) with the help of a consultant, AIR Worldwide, which performed a Monte Carlo analysis specifying the appropriate tail levels of risk. We annually monitor our exposure and concentrations and compare it back to the AIR Worldwide analysis to verify if any significant changes have occurred that should be reflected in the risk quantification. We concluded that our exposure has not materially changed since that study and use the quantified tail levels from AIR Worldwide directly.
c. More recently, the company has performed a climate risk study, by which OneAmerica's exposures were compared to maps from FEMA illustrating areas of high risk of tornados, hurricanes, earthquakes, heat wave, and wildfires. The company's exposure concentrations are updated and reviewed annually. In addition, the company's risk team is notified if the company

bids on a group life plan which has an unusually large associate concentration in particular buildings, to assess the impact on the company's existing life risk concentration.

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

1. *To date, OneAmerica Financial has not disclosed Scope 1, Scope 2, or Scope 3 GHG emissions.*

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

2. To date, OneAmerica Financial has not disclosed targets related to climate-related risks and opportunities.

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