



2024 NAIC Climate Risk Disclosure Survey

TCFD Aligned Questions

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 the following:**
 - **Identify and include any publicly stated goals on climate-related risks and opportunities.**
 - Protective's goals are to properly identify and manage climate risks.
 - In July 2024, Protective launched its fourth [Sustainability Report](#), demonstrating its commitment to serve as protectors of its business, people, and community. In 2022, Protective implemented more rigorous governance, applied strategic direction from our materiality matrix, reported regularly to our executive team and hired a dedicated leader (VP, Sustainability) for our sustainability efforts.
 - For three consecutive years, Protective has been recognized by the U.S. Environmental Protection Agency (EPA) as a Green Power Partner for its Birmingham headquarters for collaborating with Alabama Power to provide the campus with 100% renewable energy via a renewable energy credit program. By moving the needle in the voluntary green power market, Protective and other Green Power Partners are helping to reduce the negative impacts of air emissions including those related to ozone, fine particles, acid rain, and regional haze.
 - **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.**
 - Protective addresses climate risk at the US holding company level. More broadly, sustainability reporting and disclosures for Protective are developed by a multidisciplinary taskforce (including ERM leadership) coordinated through the office of the Executive Vice President, Chief Human Resources Officer.
- A. **Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.**
 - The Board oversees all risk activities, including those related to climate change. As part of its oversight of the company's strategic direction and risk management, the Board considers climate-related issues when guiding the sustainability strategy and is apprised of progress toward climate-related initiatives. The Board receives regular updates from the Chief Risk Officer and



is briefed on sustainability initiatives by the Executive Vice President, Chief Human Resources Officer. The Climate Risk Policy and the Sustainability Governance Framework outline Protective's approach to the management and governance of climate risk

- **Describe the position on the board and/or committee responsible for the oversight of managing climate-related financial risks.**
 - The full Board oversees all risk activities, including those related to climate-related financial risks.
 - The Climate Risk policy, which was adopted in July 2022, outlines Protective's approach to the management and governance of climate risk.

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

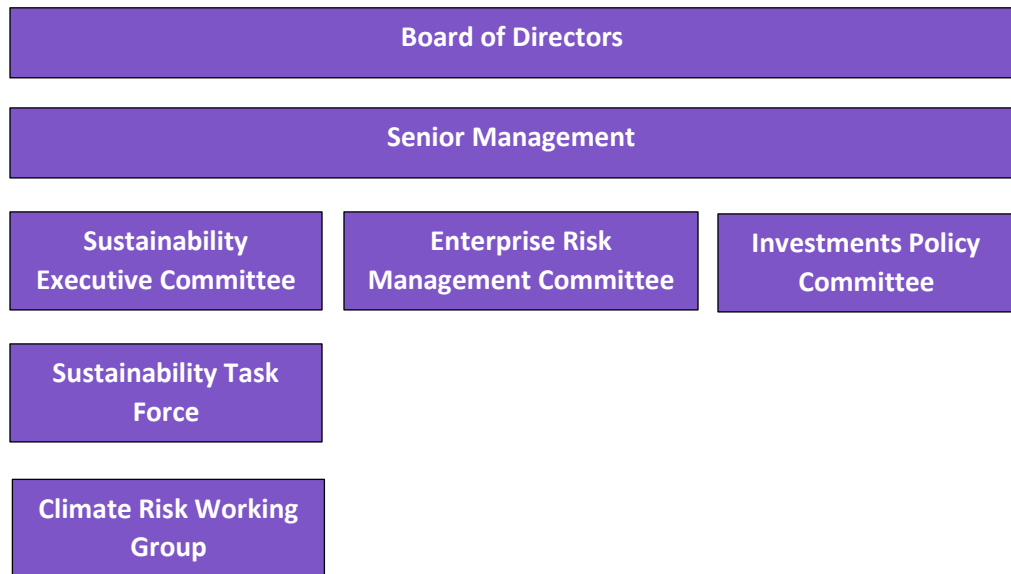
- Protective has assigned climate-related responsibilities to senior leaders in Enterprise Risk Management and Investments who have membership roles in committees that consider climate-related risks and opportunities. The Chief Risk Officer ("CRO") provides ongoing and regular updates on risk, including climate-related risks, to the Board of Directors. The Executive Vice President, Chief Human Resources Officer, provides updates on sustainability initiatives, including climate-related opportunities, to the Board.
- **Executive Risk Management Committee (ERMC) |** The Executive Risk Management Committee is responsible for overseeing Protective's enterprise-wide risk management (ERM) program. The CRO, who chairs the ERMC, has primary responsibility for the ERM program and is supported by management committees and other governing bodies. The ERMC is comprised of senior management and meets quarterly to discuss current and emerging risks, including climate change. The CRO also provides ongoing and regular updates on risk (including climate related risks) to the Board of Directors.
- **Investment Policy Committee (IPC) |** Within the risk appetite framework and parameters established for climate risk as part of the ERM framework, the Investments Policy Committee is responsible for formulating actionable investment management strategies for appropriate and timely management of climate risk. The IPC may further delegate climate risk authority, with respect to investments, to the Chief Investment Officer with reporting, as applicable, to the IPC and ERMC.
- **Sustainability Executive Committee** Protective launched the Sustainability Executive Committee in 2022, which is comprised of the executive leadership team. The committee guides sustainability strategy for the company, which includes discussing climate-related risks and opportunities. The Executive Vice President, Chief Human Resources Officer and Vice President, Sustainability



provide updates to the executive leadership team on sustainability initiatives at the quarterly committee meeting.

- **Sustainability Task Force** | The Sustainability Task Force is a cross-functional meeting of leaders from Risk, Compliance, Investments, Corporate Communication, Human Resources, Corporate Reporting, Facilities Management, Vendor Management, Innovation, and other business areas around the company. The task force meets monthly to develop and drive Protective's execution of short and long-term sustainability strategy which includes risks and opportunities related to climate-change. The task force is chaired by the Executive Vice President, Chief Human Resources Officer and reports results to the executive team through the Sustainability Executive Committee. The Executive Vice President provides updates to the Board of Directors on Protective's sustainability efforts.

Governance Structure





STRATEGY

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's business, strategy, and financial planning where such information is material.

- **Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.**
 - **Board** | The Board oversees risk strategy and is regularly updated on risk-related topics, including climate risk, by the Chief Risk Officer. Additionally, the Executive Vice President, Chief Human Resources Officer provides an annual update to the Board on Protective's sustainability efforts.
 - **Employees** | Protective engages its employees on climate-related issues through various meetings and channels throughout the year. Examples include employee town halls, senior leader meetings, email communications, intranet features and officer meetings.
 - **Customers** | In July 2024, Protective launched its fourth [Sustainability Report](#), demonstrating its commitment to serve as protectors of its business, people, and community.
 - **PwC** | The Sustainability Task Force and VP, Sustainability engage with outside advisors to consider best practices and industry trends related to climate risk and overall sustainability.
 - **Tennessee Department of Commerce and Insurance** | Protective incorporates climate risk in its Own Risk and Solvency Assessment (ORSA) summary report filed with the Tennessee Department of Commerce and Insurance and the New York State Department of Financial Services.
 - **New York Department of Financial Services** | Protective engages with the New York State Department of Financial Services and other state departments by responding to climate change surveys and providing information about Protective's progress. Protective also engages with the New York Department of Financial Services on climate-related issues and closely monitors developments in other states. As noted above, the ORSA summary report is filed annually with the New York Department of Financial Services.
 - **American Council of Life Insurers (ACLI)** | Protective is an active participant in working groups and other initiatives at the ACLI that are engaged on the topic of climate-related risk and regulatory matters.
 - **National Association of Insurance Commissioners (NAIC)** | Protective participates in annual NAIC climate risk surveys, which provide regulators insight into how Protective assesses and manages risks related to climate change. Protective also regularly engages with the NAIC to remain informed on developments related to climate change.
 - **Industry Networks & Trade Associations** | Protective engages with industry networks and trade associations on climate change, including the Life



Insurance Council of New York (LICONY), ACLI, Association of California Life and Health Insurance Companies (ACLHIC), and the U.S. Chamber of Commerce.

- **Fixed Income Investors & Credit Rating Agencies** | Protective discusses sustainability issues, including climate change, with fixed income investors and credit rating agencies, including S&P Global Ratings, Moody's, Fitch Ratings, and AM Best.
 - **Alabama Power Company** | Protective engages with Alabama Power on climate risk and resiliency through discussions about energy efficiency and developments in sustainable power. Through a Renewable Energy Credit (REC) offered by Alabama Power Company, Protective offsets 100% of the headquarters utility usage.
 - **Community** | The Protective Life Foundation supports a spectrum of nonprofit organizations with missions to protect, conserve, and restore the land and water on which all life depends. For example, The Protective Life Foundation provides financial support to city, state, and county environmental initiatives or spaces ranging from city parks, trail development, waterway protection and urban farms. In addition to that financial support, The Protective Life Foundation engages Protective employees in outings and experiences in these places with the intent to increase understanding and awareness for the importance of everyone's active support of these natural resources.
- **Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.**
 - We measure direct emissions from owned or controlled sources (Scope 1) and indirect emissions from the generation of purchased energy (Scope 2) and report these emissions in our Sustainability Report. We also continue to closely monitor the evolving development of measurement techniques for indirect emissions that occur in our value chain (Scope 3). Protective secures Renewable Energy Credits with Alabama Power, offsetting 100% of our headquarters utility usage, equivalent to sixteen million kilowatt-hours of wind energy. Because of this and other sustainable efforts in our headquarters, Protective is recognized as an EPA Green Power Partner, a program focused on promoting renewable energy to reduce the environmental impact of electricity.
 - In addition to investing in clean energy, Protective is exploring ways to reduce its absolute energy consumption and energy-saving efforts. Protective's headquarters, home to 25% of its total employees, is equipped with various features to help reduce carbon emissions. The building lighting system runs on a timer and is equipped with motion sensors, each of which is calibrated so most of the lights in the building are either dimmed or powered off outside normal business hours. Fluorescent lights are being replaced with LED lights,



which have a longer life span and are 30% more efficient than fluorescent lights. The building's heating and cooling systems are run on an advanced digital building control system. Additionally, the data center utilizes third party monitoring software designed to maximize operational efficiency and minimize energy usage through a chiller plant, which uses a water-cooling system. These efforts, along with our transition to a more distributed workforce, helped us to reduce power usage by 20% since 2019.

- All metal and carpet removed during building renovations are recycled. Any new carpet installed is certified carbon neutral across its full product life cycle. In newly renovated spaces, automated window shades minimize the heat load on the space. When possible, demountable wall systems are used in lieu of traditional drywall construction to allow for modification and reuse.
- Protective has a corporate-wide recycling program to encourage both the virtual workforce and office-based employees to recycle and is dedicated to expanding its recycling efforts. Protective's three core sites participate in recycling programs within each office. The Birmingham, Alabama corporate office recycled 112.27 tons of material in 2023. 100% of this material is diverted from the landfill and sent to local recycling companies.
- In 2022, Protective installed twelve electric vehicle (EV) charging stations to encourage the use of electric vehicles to help lower emissions of greenhouse gases and other air pollutants.
- In 2023, Protective began eliminating single-use cups in breakrooms at the Birmingham headquarters, which will prevent approximately 36,000 single-use cups from ending up in landfills annually. Protective plans to extend this initiative to the St. Louis and Cincinnati office locations to further the impact.

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

- Climate-related risks and opportunities are evaluated over six key categories (strategic, insurance, financial, investment, operational and culture) with climate potentially impacting all six areas. Over the short-term horizon, Protective has not identified climate-related risks that have the potential to materially impact our investments or insurance liabilities. However, over the medium- and long-term horizons, we recognize the possibility climate risk may impact parts of our business. We have incorporated climate risk within our ERM framework and risk governance structure accordingly.



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

- Protective does not expect climate change to have a significant near-term impact on our investments or insurance liabilities. However, over the long-term we recognize the possibility climate risk may impact parts of our business. We have incorporated climate risk within our ERM framework and risk governance structure.
 - While Protective does not directly underwrite liabilities linked to climate events, it does recognize the potential indirect impact of climate risk on our financials, operations, and strategy. We seek to understand climate-related risks that impact our business and will continue to evaluate tools, methods, and emerging frameworks for climate stress and scenario testing and risk quantification. The metrics and approaches to quantify climate risk will continue to evolve over time.
- **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.**
 - Protective encourages its customers to utilize online bill payment options, voice signature, and a paperless eDelivery program to securely access and download documents online. Of our Protection and Retirement customer interactions, approximately 48% of our simple transactions that are available online occur digitally, and 24% of death claims are reported online. We continue to develop new technologies to enhance accessibility, drive adoption, and improve our customers' digital experience. We believe these changes will provide value to our customers in the context of the transition of a low carbon economy by increasing the efficiency with which we provide our products and reducing the environmental impact of our operations.
 - Protective's Asset Protection Division (APD) has been on the forefront of extending coverage to hybrid and electric vehicles since 2014 and plans to continue to extend the product offering to powersport and specialty vehicles. In addition, APD offers a maintenance product that pays for a vehicle's routine scheduled maintenance to reduce internal combustion engine issues. By incentivizing regular maintenance, vehicles run more efficiently and with less pollutants than poorly maintained vehicles. APD also continues to work with vendors, distributors, and retailers to convert transactional interactions to fully digital processes to limit and eliminate the use of paper products and mailing items. Approximately 80% of transactions with dealership clients are paperless. Additionally, collateral and educational materials are available in digital formats with an increasing number of clients reducing paper materials in favor of digital.



- **Discuss if and how the insurer makes investments to support the transition to a low carbon economy.**
 - Protective offset 100% of the headquarters utility usage, equivalent to sixteen million kilowatt-hours of wind energy via a Renewable Energy Credit (REC) with Alabama Power.
 - Protective is committed to growing its portfolio of direct sustainable investments and established a framework for quantifying sustainable investments in 2023.
 - The VP, Sustainability and VP, Investments drive exploration of sustainable investing opportunities for the company.
 - Protective's investment guidelines are approved by the Investments Policy Committee with oversight by the Board of Directors. Protective's investment philosophy as stated in the Investment Guidelines addresses how its investment portfolio will be managed. The investment guidelines and processes specifically include an expectation of integrating environmental, social, and governance factors into our due diligence, monitoring, and investment decision-making process to the extent such factors are available and relevant. In addition, Protective is dedicated to growing its portfolio of direct sustainable investments. Examples of sustainable investment opportunities Protective has considered include investments in solar energy projects, mortgages to finance sustainably build communities and mortgages for farms that deploy sustainable agricultural methods.
 - Protective makes sustainable investments through municipal bonds, green bonds, infrastructure debt and other investments.
 - For the fixed-income investment portfolio, Protective tracks its exposures to specific sectors that are considered to have higher climate risk (i.e., energy, utilities, food, and agriculture). Additionally, for the fixed-income investment portfolio, to the extent available and relevant, we consider ESG scores.
 - Protective utilizes the BlackRock Aladdin Risk Management System, Sustainalytics, which provides an ESG score. Also, Protective factors Morningstar's ESG Sustainability Rating into quarterly reviews of its variable insurance trusts when determining the allocation availability for variable products. Morningstar's ESG Sustainability Rating alone may not be the deciding factor, but it is part of Protective's fund evaluation approach.
 - As Protective monitors emerging risks and solutions, it continues to follow prudent investment practices that limit its exposure to any single industry or asset class. Through this approach, Protective believes it can respond quickly to future market and regulatory developments while providing



protection and value to its policyholders and other stakeholders well into the future.

- C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario.**
- Protective is following developments in scenario analysis and market best practices as it seeks to mature its approach to climate risk management.



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 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.**
 - Protective's business is diversified across geographies. Annually, Protective undertakes geographic mapping of insured life concentrations, certain asset classes, and asset protection liabilities to better understand the exposure to regional concentrations, as well as exposure to areas with higher climate risk.
 - While climate change could potentially lead to unfavorable life and short-term claims under certain scenarios due to increased mortality and incidence, in these scenarios the impacts would not be universally adverse across Protective's diverse product portfolio. Under other scenarios some claims experience may be favorable based on changing customer behavior and technological advances.
 - Semi-annually, Protective evaluates short and long-term impacts of severe, unfavorable risks due to market swings or rapidly changing policyholder behavior, regardless of the cause of the events, where climate change could be a key instigator.
 - Not only has Protective obtained reinsurance to mitigate death claim volatility, which could result from hurricanes and earthquakes, but has also implemented contingency plans and taken preventative measures and precautions to mitigate the adverse impacts of potential climate change-related operational risks.
 - In addition, Protective broadened business continuity plans to support widespread and long-term interruption, further supported by Protective's Corporate Communications and the Crisis Response Team (CRT) action plans.
- **Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.**
 - Supporting accessibility and uninterrupted access to policy management is a critical step we have taken to encourage our policyholders' management of climate related risks. Protective encourages its customers to utilize online bill payment options, voice signature, and a paperless eDelivery program to securely access and download documents online. Of our Protection and Retirement customer interactions, approximately 48% of our simple transactions that are available online occur digitally, and 24%



of death claims are reported online. We continue to develop new technologies to enhance accessibility, drive adoption, and improve our customers' digital experience. We believe these changes will provide value to our customers in the context of the transition of a low carbon economy by increasing the efficiency with which we provide our products and reducing the environmental impact of our operations.

- **Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.**
 - Physical Risk exposure is monitored through geographic mapping of real estate investments, (including commercial mortgage loans).
 - Transition Risk is analyzed in consideration with the long-time horizon and nascent industry-wide understanding.

A. Describe the insurers' processes for identifying and assessing climate-related risks.

- Risk identification and assessment is an ongoing process. ERM partners with other disciplines across the company to identify new and emerging risks, including risks arising from climate change. Knowing the potential risks allows Protective to monitor and manage its effects by adjusting its strategies when appropriate.
 - Protective closely follows regulatory developments and considers existing and emerging regulatory requirements related to climate change to inform its climate-related risk management strategy.
 - In addition, Protective seeks additional insight from various outside parties like industry trade groups, consultants, business periodicals, and networks. The risks identified through these outlets are introduced in ERMC to leverage the subject matter expertise in assessing the potential impacts of identified risk to Protective's operations.
- **Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.**
 - The risk identification and assessment process are ongoing. The Climate Risk Working Group and Investments team work to mature our understanding of financial implications of climate-related risks.

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

- The Climate Risk management program is a component of Protective's overall ERM program, with program-level activities and reporting for appropriate visibility and updates. The Climate Risk Policy and Sustainability Governance



Framework outline our approach to the management and governance of climate risk.

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

- Protective monitors risks arising from climate change on an ongoing basis and manages such risks within our currently defined categories of strategic, insurance, credit, market, operational, capital and liquidity risks.
- **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.**
 - Protective's risk management governing body, the Enterprise Risk Management Committee (ERMC), meets quarterly to discuss enterprise-wide risks. As a result of this committee's work, climate risk was identified as an evolving risk, and short- and long-term recommendations have been formally incorporated in the ERM framework and risk governance structure.
 - Protective routinely reviews and updates its baseline and stress limits for consolidated, investment, and operational risks and updates processes to account for increased existing or emerging risks it may face in operations.
- **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.**
 - As noted above, we undertake geographic mapping of insured life concentrations, certain asset classes and asset protection liabilities to better understand our exposure to regional concentrations, as well as exposure to areas with higher climate risk.
 - Protective utilizes a catastrophe model to examine a climate-related mortality event leading to an increase in insurance claims.
- **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.**
 - Annually, Protective undertakes geographic mapping of real estate investments (including commercial mortgage loans) to better understand the exposure to regional concentrations, as well as exposure to areas with higher climate risk.



METRICS & TARGETS

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

- As noted above, Protective has not identified climate-related risks that have the potential to materially impact our investments or insurance liabilities over the short-term horizon. However, over the medium- and long-term horizons, we recognize the possibility climate risk may impact our overall business. Therefore, we have begun tracking climate-related risks more formally and continue to evaluate methods, frameworks, and additional tools to strengthen our strategy. We are developing metrics to quantify climate risk and will continue to advance our approach to identifying and managing climate risk over time.
- **Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to our business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.**
 - Protective utilizes a catastrophe model to examine a climate-related mortality event leading to an increase in insurance claims.
- **Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.**
 - Protective is working to understand industry best practices and progressing toward developing methodologies and processes to assess climate-related risks and opportunities.
- **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.**
- **Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.**
 - In 2023, we continued our efforts to understand and track our carbon footprint by measuring direct Greenhouse Gas (GHG) emissions from owned or controlled sources (Scope 1) and indirect emissions from the generation of purchased energy (Scope 2). We quantify our GHG emissions in units of carbon dioxide equivalent (CO₂e). We are committed to monitoring emissions occurring from our operations and will continue to expand our efforts as measurement techniques mature, particularly those



related to the measurement of indirect emissions that occur in our value chain (Scope 3).

- For the year ended December 31, 2023, Scope 1 (stationary combustion) emissions were 7.1 MT CO₂e, and Scope 1 (mobile combustion) emissions were 531.17 CO₂e, totaling 561.88 CO₂e. Scope 2 (location-based) emissions were 6,383.8 CO₂e. Scope 2 (market-based) were zero because of purchased renewable energy credits that offset all power usage at Protective's home office. The reporting boundary for Scope 1 and 2 emission calculations includes owned facilities greater than 100,000 square feet and the Company utilizes the financial control approach as specified in guidance provided in the Greenhouse Gas (GHG) Protocol. We recently identified an overstatement, by 1,991 CO₂e, of our 2022 location-based Scope 2 emissions due to the use of an incorrect utility specific factor.
- **Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.**
 - Currently, we have not established specific targets, and any future goals or targets will be established and in alignment with our overall risk management strategy and processes.