

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.

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.

DDCO Response:

Delta Dental of Colorado is currently monitoring climate-related risks and opportunities internally. DDCO has not released its goals publicly. A. Delta Dental of Colorado (DDCO) does not have a designated committee for monitoring climate-related risks and opportunities. B. The Environmental, Social, and Governance (ESG) and Audit, Risk and Compliance Services (ARCS) departments in the company monitor climate-related risk and opportunities through the Enterprise Risk Management (ERM) process which is reported at the board level via a dashboard.

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.

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.

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.

DDCO Response:

DDCO has made a strong commitment to reduce greenhouse gas emissions and eventually become a carbon neutral organization. As a nonprofit dental insurance company, it is an obligation to model the transition to a low or no carbon economy using a variety of methods. The company uses its internal and external marketing functions to educate and engage key stakeholders in the actions taken and plans to reduce and mitigate greenhouse gas emissions via emails, social media, and annual reports.

To date, DDCO has completed the following actions:

1. Designated and managed a segment its financial portfolio in ESG investments in its overall financial portfolio.
2. Offset all annual electricity and natural gas used in the corporate headquarters (55,000 sq. feet).
3. Offset executive-level business travel and travel to conferences.
4. Offset commuter travel for all employees due to hybrid work schedules.
5. Utilize certified green recycling company for proper disposal of technology equipment and batteries.
6. Maintained client giveaways with fully compostable bamboo toothbrushes. Average distribution of 75,000 bamboo toothbrushes.
7. Provided RTD Eco Passes to all employees

Future actions include:

1. Offsetting or moving to a green energy data center.
2. Achieving LEED O&M certification for the corporate headquarters.

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. *

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.

DDCO Response:

While DDCO has created goals and actions around reducing and mitigating greenhouse gas emissions in its operations and services provided to clients, it has not documented or implemented a process for identifying, assessing, and managing climate-related risks. DDCO used the Global Reporting Initiative (GRI) to strengthen policies, procedures, and actions related to climate-related risks and disclosures.

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.

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.

DDCO Response

DDCO has not identified specific metrics and targets used to manage relevant collateralized risks and opportunities related to climate-risk and the ERM process. The company has completed the first phase of a materiality assessment, which includes business needs and climate/environmental risk and opportunities. Emissions: Total - 578.11 tCO₂e; Scope 1 - 126.84 tCO₂e; Scope 2 - 444.6 tCO₂e; Scope 3 - inventory is limited, as the company only tracks the emissions

associated with business travel and commuting of a few of our executives. For those that are tracked, the past year's emissions amount to 6.08 tCO₂e. Electricity Consumption: Total - 671,000 kWh (estimated)

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