

## **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.

**Response:** At a high level, American Pet Insurance Company ("APIC") is a mono-line insurance company that offers medical insurance to pets with a mission to help loving, responsible pet owners budget and care for their pets. Trupanion's singular focus is on providing pet insurance, which is a product that itself does not bear on climate change. That said, APIC and its parent company, Trupanion, Inc., take climate change seriously. Trupanion has publicly committed to be carbon neutral well in advance of the standards set forth in the Paris Climate Agreement. We refer the Department to Trupanion's 2021 Corporate Social Responsibility Report. In that report, Trupanion CEO Darryl Rawlings writes, "Over the next few years, we'll work to validate my beliefs through the hiring of a third-party to measure our Scope 1 emissions, with Scope 2 to follow. We expect to further our progress towards neutrality through leveraging carbon capture technology." Trupanion further set standards that it expects to have engaged this third party to measure Scope 1 emissions by next year, and then to formally measure Scope 2 emissions by 2025 and Scope 3 emissions by 2027. The Corporate Social Responsibility Report also details other sustainable practices, such as the fact that much of our Seattle Headquarters building is carbon neutral and that our building maintains a 94 Energy Star rating.

In addition, in the Climate Social Responsibility Report, Trupanion has committed to take steps to:

- Understand environmental risk and opportunities associated with our products
- Promote environmental responsibility
- Report to the Trupanion Board of Directors on ESG practices
- Report externally on the progress of our ESG practices and commitments
- Seek input from stakeholders on ESG practices and performance

Climate-related disclosures -- such as those formal commitments in the Corporate Social Responsibility -- are handled at the Trupanion, Inc. level.

At the company-level, APIC's board has designated one of its board members, CFO Andrew Wolff, to be responsible for overseeing climate risks, to develop a climate risk policy, and to provide ongoing risk reporting and communication to the board. Mr. Wolff is also a member of Trupanion, Inc's enterprise-wide Risk Committee, and he will play an oversight and guidance role for both the parent company and the insurer.

### **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 1-5years as short term, 5-10years as medium term, and 10-30years 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.

**Response:** Within the organization, the company has taken several steps to address climate change. As a short-term goal, as noted above, Trupanion looks to engage a third party to measure Scope 3 emissions (Trupanion recently completed measurements of Scope 1 and 2 emissions). As a medium-term goal, Trupanion looks to its continued growth and scale to achieve the resources to devote additional attention to climate-related risks. As a long-term goal, Trupanion has made a clear commitment to achieving carbon neutrality before 2050.

While pet insurance does not implicate many climate-related risky activities, Trupanion has found ways to operate a sustainable business through its building, operations, and employee management.

For example, the Trupanion Seattle Headquarters was retrofitted with sustainable and pet-friendly materials including eco-friendly flooring, LED lighting, energy efficient building control systems, and low-flow toilets and low-flow touchless faucets. This year, Trupanion's building installed four electric vehicle charging stations, and provides EV charging for free to Trupanion team members that operate electric or plug-in hybrid vehicles.

Further, Trupanion's operations similarly continue to evolve to be more environmentally sound. In 2020, the majority of Trupanion's servers were migrated to the cloud, creating efficiencies by the sharing of resources on multi-tenant systems, and not consuming unnecessary resources associated with additional overhead. In addition, Trupanion's patented software allows Trupanion to pay veterinary invoices directly in minutes at the time of checkout, which eliminates the need for the traditional reimbursement model. Often, the reimbursement model can include paper invoices being mailed for processing, so Trupanion has eliminated unnecessary printing of paper documents.

Trupanion also maintains a mostly remote workforce, eliminating the need for Trupanion employees to commute into the office. Approximately 95% of the current workforce works from home and approximately 5% of the current workforce are on a hybrid schedule. For employees that do choose to come to the office, Trupanion offers Seattle transportation passes free to its employees and, as noted above, now offers free electric vehicle charging.

Additional sustainable practices, intended to minimize climate-related risks include:

1. Minimize the use of paper and use electronic means of communication wherever appropriate with customers and vendors.
2. Encourage use of electronic methods for collecting and distributing payments.
3. The home office facility has been designed with multiple features to increase energy efficiency.
4. A multi-zone VAV HVAC systems with economizer functions
5. The office is designed to maximize the inflow of natural light and reduce reliance on artificial lighting
6. In-house lighting is comprised of 100% dimmable LED fixtures, with exterior zones connected to ambient light sensors that dim based on exterior light
7. Lighting controls are motion-sensitive, and turn off individual zones when not occupied
8. For each always-on electrical outlet - "convenience outlet" - in the office, an additional receptacle is installed which connects to a timer to shut down unused equipment or desk accessories after-hours

Trupanion's insurance companies offer only pet insurance products, so the products themselves do not implicate climate-related risks. Trupanion's investment policies are relatively conservative, and

Trupanion is not exposed to climate related risks with any investments. To the contrary, Trupanion is invested in cash, cash equivalents, and short-term investments held in U.S. government securities.

### **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.

**Response:** Overall, climate change carries very little underwriting or catastrophic risk for Trupanion's singular focus of writing pet insurance policies. In addition, Trupanion is not exposed to any climate related risks with any investments.

Thus, given the efforts and strategies detailed above, Trupanion does not anticipate that its business would be significantly disrupted by an extreme climate-related scenario. The areas where Trupanion could experience disruption is if climate events were to prevent veterinary hospitals from operating or Trupanion employees from completing their work. The APIC's board designee for all climate-related risks, Mr. Wolff, will be developing a specific climate risk plan to address climate-related risks.

### **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.

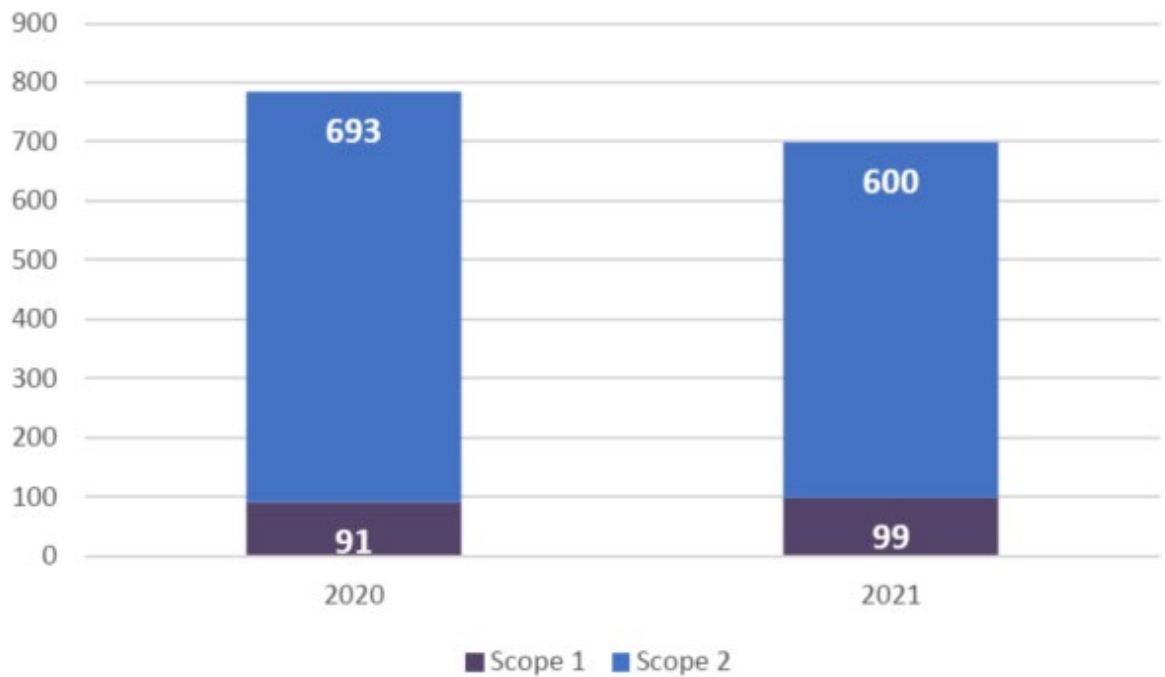
B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

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

**Response:** As Trupanion committed in its CRS, it moved forward with engaging a third party to measure Scope 1 and Scope 2 emissions for 2020 and 2021. It will publish 2022 data in the next

version of the Corporate Social Responsibility Report published in 2023. The metrics below reflect calculations that include all of Trupanion's locations within our operational control, and the energy and emissions inventory conducted in accordance with WRI/WBCSD GHG Protocol, Revised edition, and the GHG Protocol Scope 2 Guidance.

## GHG emissions in metric tons



Trupanion intends to formally measure Scope 3 emissions by 2027.

As of right now, the primary target that Trupanion (and by extension APIC) has set is to achieve carbon neutrality before 2050, in accordance with the Paris Climate Agreement.