2024 FNF NAIC Climate Risk Disclosure Survey

Table of Contents

1. Governance

NAIC Question:

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.
- Describe the board/committee responsible for the oversight of climate-related risks and opportunities.
- Describe the position on the board/committee responsible for the oversight of managing the climate-related financial risks.
- Describe management's role in assessing and managing climate-related risks and opportunities.

FNF Response:

Fidelity National Financial, Inc. (FNF or the "Company"), the ultimate parent company of Fidelity National Title Group, Inc. (FNTG), files this Disclosure on behalf of the following FNTG insurers: Chicago Title Insurance Company, a Florida corporation ("CTIC") (NAIC #50229), Commonwealth Land Title Insurance Company, a Florida corporation ("CLTIC") (NAIC #50083), Fidelity National Title Insurance Company, a Florida corporation ("FNTIC") (NAIC #51586), Alamo Title Insurance, a Texas corporation ("ATI") (NAIC #50598), and National Title Insurance of New York Inc., a New York corporation ("NTINY") (NAIC #51020) (the "FNF Underwriters").

FNF manages climate risk through its existing enterprise risk management framework. The Audit Committee of the FNF Board of Directors (the "Audit Committee") is the ultimate board committee responsible for oversight of climate risk. The Audit Committee reviews with management the Company's policies and practices with respect to enterprise risk, including climate risk. The FNF Underwriters utilize the Audit Committee as their own. Climate expertise resides with the Board and the Audit Committee.

At the management level, FNF manages climate risk through a cross-functional committee of senior management known as the Enterprise Risk Steering Committee (ERSC). The ERSC generally includes FNF's chief executive officer, chief financial officer, chief legal officer, general counsel and corporate secretary, chief information officer, chief information security officer, chief compliance officer, senior vice president of investments, senior vice president of enterprise risk management (ERM), director of financial reporting, vice president of risk and insurance services, chief regulatory officer, chief privacy officer, chief innovation officer, and chief risk officer (CRO). FNF's chief audit officer participates in ERSC meetings but is not a formal member. The diversity of this group allows for identification of key enterprise risks, from strategic, operational, financial, legal, information technology and security, and compliance perspectives.

FNF's ERSC meets no less than quarterly, during which managers in FNF's ERM and Corporate Compliance departments provide updates on risk management and compliance activities, including on climate-risk and environmental, social, and governance (ESG) initiatives. The ERSC reviews and approves enterprise-wide policies, including FNF's risk appetite, tolerance, and acceptance processes.

FNF's CRO implements the Company's ERM program. The CRO is the primary member of senior management responsible for the management of climate risk, including climate-related financial risk. The CRO provides quarterly reporting on material risk to the Audit Committee.

FNF's CRO utilizes a cross-functional working group (the "ESG Working Group") of employees from various corporate departments to consider ESG-related initiatives throughout the Company. The ESG Working Group also assists with the preparation of the Company's annual Sustainability report and updates to its new ESG website.

Members of the ESG Working Group also attend climate-risk related seminars and conferences. One member has obtained the International Association for Sustainable Economy (IASE) certification. FNF's CRO incorporates relevant feedback and information from the consultants and the ESG Working Group into his discussions with the ERSC and Audit Committee.

FNF also engages with two ESG consulting firms. The ESG Working Group collaborates with the ESG consultants to guide our internal ESG and climate-risk initiatives, to learn about industry best practices, and gauge emerging risk. In collaboration with our ESG consultants, members of the ESG Working Group have collected Scope 1 and 2 greenhouse gas emissions from our largest owned and leased office spaces, with the goal of establishing a historical baseline for our emissions. This baseline will help FNF continue to monitor our environmental impact and usage of energy year after year.

In 2022 FNF's Audit Committee approved the FNF Environmental Policy Statement, which is published online, along with FNF's Sustainability report, at www.investor.fnf.com. FNF's Environmental Policy Statement summarizes for its stakeholders its commitment to sustainable practices, including conducting business in a manner that demonstrates responsibility and accountability for our impact on the environment; adhering to, or acting in accordance with, all legal requirements related to the environment; monitoring our environmental performance; reducing emissions and waste; using natural resources and energy more efficiently; incorporating climate-change risk into our existing enterprise risk management function and board/committee reporting; and reporting to our broader stakeholder community through our annual FNF Sustainability report and other means of communication as practical.

FNF's Sustainability report details its sustainability goals and opportunities, including initiatives to reduce its carbon footprint, waste, and water usage. At FNF's headquarters in Jacksonville, Florida (the "Jacksonville Campus") it is working to reduce its carbon footprint through the following energy reduction initiatives and optimization processes: use of Energy Star® technologies in datacenters, installation of electric car charging stations for employees, replacement of aging equipment with energy efficient alternatives, replacement of aging café appliances with Energy Star® certified appliance, installation of retrofit LED lighting in parking garages with LEDs to reduce parking garage energy consumption, and use of energy-efficient lighting and motion sensors in offices and hallways. FNF's goal is to further integrate environmental management practices into its operations, especially at its facilities. Where possible, FNF maintains leases in LEED® certified buildings.

FNF's seeks to reduce waste and, where we do produce waste in our operations, to dispose of that waste in an environmentally responsible manner. FNF partners with sustainable vendors to dispose of IT equipment and other material in an environmentally friendly manner. At FNF's Jacksonville home office campus, we are working to reduce our paper and waste through significant reduction in paper across operations, eliminate single-use plastic water bottles, participation in recycling programs, use of reusable cubs and lunch containers, and use of Certified Green Seal paper products and eco-cleaning products.

FNF takes a responsible approach to water conservation and consumption, including the following initiatives at its Jacksonville Campus: use of water flow restrictors in breakrooms and restrooms, use of soil-moisture managed campus irrigation, use of native or drought resistant plant material, and adoption of a no-concrete watering policy.

FNF has a long history of investing in, developing, and adopting technology that is designed to transform the experience of buying, selling, or refinancing a home. The closing of real estate transactions has historically been a paper-intensive process. Through its Digital Strategy Initiative FNF seeks to significantly mitigate the risk of wire fraud and provide enhanced security to consumers, improve the overall experience for real estate professionals, independent title agents, and consumers, enhance and streamline the production and delivery of its core title products, and drastically reduce the amount of paper used in the closing process.

FNF is mindful in choosing technology partners that keep sustainability at the forefront of their mission. We have implemented a cloud-first strategy and now operate mostly through cloud-based providers.

2. Strategy

NAIC Question:

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.
- Describe the climate-related risks and opportunities identified over the short, medium, and long term.
- Describe the impact of climate-related risks and opportunities on business, strategy, and financial planning.
- 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.
- Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

FNF Response:

The FNF Underwriters' core products and services are not materially impacted by climate change. Unlike other property and casualty lines of insurance, title insurers mitigate most risk prior to issuing the policy through a rigorous underwriting process, thereby decreasing the likelihood of a loss. Title insurance policies do not cover damage to structures or land, including damage related to climate events. As such, climate change does not materially impact the claims volume and loss ratios of title insurers. The Company derives over 80% of revenue from title insurance and escrow related operations, and management does not foresee climate change shifting customer demand for our products and services. Although climate change does not inherently impact most of FNF's sources of revenue, areas within our operational, financial, strategic, and compliance processes are exposed to climate-related risks. A catastrophe, including natural or climate-related disaster, resulting in interruptions at a physical location or critical vendor disruptions could have a material impact on FNF's business operations. Some of our operational systems are not fully redundant, and our disaster recovery and business continuity planning cannot account for all eventualities. Additionally, unanticipated problems with our disaster recovery systems could further impede our ability to conduct business, particularly if those problems affect our computer-based data processing, transmission, storage, and retrieval systems and destroy valuable data. Catastrophic events could adversely affect the cost and availability of the reinsurance some of the FNF Underwriters use to manage financial exposure of potential title insurance losses.

While the value of FNF's investment portfolio may decrease if the securities in which it invests are negatively impacted by climate change, pandemic diseases, severe weather conditions, and other catastrophic events, stress testing revealed the risk to the portfolio associated with the transition to a low carbon economy to be limited to low.

In 2021, FNF's ERM department formalized its analysis of climate risk into a consolidated assessment to identify inherent climate-related risks and opportunities at the enterprise-level, and to determine materiality of inherent risks based on FNF's existing risk tolerance and appetite. The residual impact of climate-related risks on the business, strategy, and financial profile of the FNF Underwriters is both immaterial and within FNF's risk appetite and tolerance levels.

FNF's ERM determines the inherent and residual level of individual risks through a calculation that includes both the potential impact of the risk and the likelihood of the risk occurring. The analysis includes the short-, medium-, and long-term impact or likelihood of the risk. ERM considers frequency of an event occurring (once every 10 years, 5 years, 3 years, annually, or monthly) and the historical event occurrence (for example, if an event has occurred historically but not often it is considered "possible") to calculate the likelihood level used in the overall risk score.

In conjunction with its climate risk assessment, FNF enhanced and developed key policies and statements to further embed consideration of climate risk into business strategy and financial planning. These changes include creation of the Environmental Policy Statement, modifications to ERM Program Management, and inclusion of climate-risk as a due diligence consideration for acquisitions and new products and service offerings. FNF also revised its existing Investment Policy to incorporate consideration of material climate risk as part of its investment strategy. FNF identifies and monitors numerous risks that could have a detrimental impact on its investment portfolio. These include risks that relate to the changing domestic and global market for energy generation and the related regulatory environment.

FNF's Investment Policy prohibits investments in companies that derive 30% or more of their revenue from thermal coal, excluding utilities. This is a function of the poor creditworthiness of many of the firms in that industry, as well as the shifting regulatory and private sector views on more carbon-intensive energy sources. Historically, we have avoided investments in thermal coal miners due to both the outlook for coal generation as compared to cleaner carbon and non-carbon sources of energy and the related weakening creditworthiness of such firms, due to the fundamental changes that have occurred in the regulatory and pricing environment of competing sources of power.

The Company uses the Paris Agreement Capital Transition Assessment (PACTA) tool to analyze its portfolio's exposure to climate change. The PACTA tool uses a 2-degree Celsius benchmark in its scenario testing. The Company analyzed the following portfolios attributes and determined the limited residual risk to be in the Company's risk tolerance: bond and equity exposure to climate-relevant sectors, estimated CO2 emissions, exposure on a technology level to understand transitions risks, regional exposure, alignment with forward-looking climate scenarios, alignment of expected in five years compared to the benchmark in five years, and transition stress-test scenarios.

FNF completed an assessment of its Scope 1 and 2 emissions at the Jacksonville Campus and certain of its subsidiaries and published the results in the most recent Sustainability report. FNF continues working with a consultant to develop a system to measure and track our emissions at our other locations, focusing first on our largest owned and leased spaces. FNF is working to develop a historical baseline to assess potential greenhouse gas emissions targets.

FNF provides products and services that support the transition to a low carbon economy through its Digital Strategy Initiative. As part of its Digital Strategy Initiative, FNF invests, develops, and adopts innovative technology programs to support its agents, clients, and customers. These programs include: SoftPro®, robust title automation and document management cloud-based technology; inHere®, Mobile Deposit +, inHere® mobile app + portal, Close inHere®, and Notarize inHere®, a series of mobile and digital platforms to assist with the order opening, closing, and notarization processes; TitleWave®, a platform that allows our agents to order, track, and receive title searches, create policies and commitments, and monitor order progress 24 hours a day; and agentTRAX™, a centralized web portal through which agents manage their premium remittance electronically, eliminating the need for paper checks. As a result of continued investments in these digital initiatives, during 2023, nearly three quarters of our 1.2 million title transactions were processed without a dependency on paper documents or printed images.

FNF is proud to insure green energy initiatives committed to renewable energy sources. These initiatives include: solar and wind, hydrogen energy production projects, and battery storage facilities. FNF's experienced underwriters have the knowledge and expertise to help lenders and investors insure ambitious new energy projects. FNF is party to one of the most impactful clean energy projects in Hawaii: The Clearway Energy Group's 36-Megawatt solar farm and battery storage facility that produces enough clean energy to power more than 7,600 Hawaiian homes each year.

In addition to its annual Sustainability report, FNF created an ESG website to make its climate risk and resiliency initiatives available to the public, including its key constituencies. FNF's legal and ERM functions, through its Lender Strategy and Vendor Risk Management departments, routinely engage with clients and vendors on a variety of issues, including feedback about our environmental impact and resiliency. The ESG Working Group considers feedback received from client and vendor engagement to inform the Company's ESG and sustainability initiatives.

3. Risk Management

NAIC Question:

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.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.
- Describe the insurers' processes for identifying and assessing climate-related risks.
- Discuss whether the process for identifying and assessing climate-related risks includes an assessment of financial implications and how frequently the process is completed.
- Describe the insurer's processes for managing climate-related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.
- 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 risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.
- 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.

FNF Response:

FNF manages climate risk through its existing enterprise risk management framework. In 2021, FNF integrated assessment of climate-related risks into its ERM program, starting with an enterprise-level risk assessment of the potential impact of climate change to FNF's operational and financial health. Consistent with FNF's processes for other risk assessments, its ERM department met with key stakeholders in FNF's corporate control and operational groups to develop an overall risk inventory related to climate change. ERM developed a risk rating for each identified risk by scoring its inherent potential impact and likelihood and its residual impact and likelihood with consideration of the sufficiency of existing controls. ERM reported on the results of its climate-risk assessment through its existing governance structure and developed remediation activity based on feedback received from key stakeholders.

FNF reviews risks, including climate-related risk, with a residual risk rating exceeding its risk tolerance annually. Currently there are no climate-related risks that exceed FNF's risk tolerance. ERM aims to review all material risks, including risks scored within the Company's existing tolerance, every three years.

FNF's Risk Universe includes climate-related risks within strategic risk category of its Risk Framework, under the subcategories for reputational risk, underwriting, new products and services, portfolio management, and margin and cost management.

To further manage risks, including climate risk, ERM works with risk owners to implement and track remediation efforts when necessary. Significant remediation plans are reported to the ERSC. FNF also uses controls such as routine disaster testing, investment portfolio review, reinsurance analysis, and board reporting to monitor potential changes in risk level. By incorporating climate risk into its ERM program, FNF ensures climate risk is considered in strategic and operational decisions.

FNF's Investment department oversees the facilitation of its Investment Policy and program, with the objective of maximizing total return through investment income and capital appreciation consistent with moderate risk of principal, while providing adequate liquidity and complying with internal policy, applicable law, and regulatory *guidelines. The Investment Policy requires the consideration of material climate risk as part of FNF's investment strategy.*

The Company uses the Paris Agreement Capital Transition Assessment (PACTA) tool to analyze its portfolio's exposure to transition risk associated with climate change. The Company analyzed the bond and equity portfolios' financial exposure to climate-relevant sectors, estimated CO2 emissions associated with the portfolios, exposure of the portfolio on a technology level to understand transition risks, regional exposure of the portfolios, portfolio alignment with forward-looking climate scenarios, portfolio alignment expected in five years compared to the benchmark in five years, and transition stress-test scenarios. Given the Company's current holdings and relative short maturity duration, any such impacts would be minimal for fixed income investments. The majority of FNF's bond investments mature between three and five years. As such, medium- and long-term analysis is not consequential.

As a title insurer, climate risk does not impact our underwriting practices. The FNF Underwriters maintain stringent underwriting standards centered around our understanding of any possible encumbrances in the chain of title of the insured property. Title insurers are subject to extensive rate regulation by the applicable state agencies in the jurisdictions in which they operate. Title insurance rates are regulated differently in various states, with some states requiring the insurer file and receive approval of rates before such rates become effective and some states promulgating the rates that can be charged. In general, premium rates are determined based on historical data for claim frequency and severity as well as related production costs and other expenses. As weather-related events do not impact the coverage under a title policy, or our claim frequency or severity, they also do not impact the rates we charge for our title insurance policies. In all states in which our title subsidiaries operate, our rates must not be excessive, inadequate, or unfairly discriminatory.

4. Metrics and Targets

NAIC Question:

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.
- Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.
- 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, 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, 2, and if appropriate, 3 greenhouse gas (GHG) emissions, and the related risks.
- Describe the targets used by the insurer to manage climate-related risks and opportunities and performance against targets.

FNF Response:

FNF's Enterprise Business Continuity (BCO) program, which is within its ERM program, is focused on mitigating the operational and financial risks, including those associated with climate-related and catastrophic events. FNF's BCO creates plans for our core locations, products, and processes that include predetermined actions to be taken, resources to be used, and procedures to be followed before, during, and after a catastrophe.

Annually, FNF reviews its crisis management plan for each operational location. Included in each plan is an assessment of physical risk for climate-related catastrophic events such as flood, earthquakes, severe storms, and wildfires, as well as other threats such as economic downturn and pandemics. FNF's BCO updates its crisis management plan according to changes in each operational location's catastrophic events risk assessment. FNF's

Jacksonville Campus is in an area at high risk of hurricane and flood damage. We have taken steps to harden the Jacksonville office and have provided most of our employees with tools to work remotely.

Aside from physical risk associated with climate change at our office locations, FNF's BCO program documents and tests business continuity plans for FNF's core products and processes. These plans include actions, resources, and procedures for use before, during, and after a disaster. Our BCO program incorporates risk management, crisis management, business operation, and information technology processes, and identifies essential services for each line of business to minimize the impact of interruptions to those services.

Today, our climate-risk strategy is focused on initiatives within our operational control. In 2020, FNF completed its inaugural internal greenhouse gas emissions inventory for the Jacksonville Campus following the GHG Protocol Corporate Standard for both 2019 and 2020. FNF continues to inventory its Jacksonville Campus Scope 1 and 2 emissions annually and publish the results in FNF's Sustainability report.

FNF's 2023 Scope 1 and 2 emissions combined were 2,020 MTCO2e, a 24% reduction from our 2019 emissions. The Scope 1 and Scope 2 emissions total includes direct GHG emissions that occur from sources that are controlled or owned by FNF and indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. In 2023, FNF's total electricity usage at our Jacksonville Campus reduced 13% from 2019. FNF's reduction in emissions is due to FNF's electricity reduction and the decrease in Florida's grid emissions factor, caused by the state adding renewable energy to the grid.

FNF continues working with a consultant to develop a system to measure and track our emissions at all office locations, focusing first on our largest owned and leased spaces. FNF plans to continue gathering this data to understand trends and assess potential greenhouse gas emissions targets.

As a title insurance company, our environmental impact as a firm is relatively small due to the services nature of our insurance business. However, FNF recognizes the importance of identifying, assessing, and managing climate related risk in the same manner we manage other risk. We will continue to work to develop both historical baselines to assess our environmental impact and metrics to determine our risk exposure.