



# 2023 NAIC Climate Disclosure Survey Thrivent Financial for Lutherans

August 31, 2023

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## Background & Scope

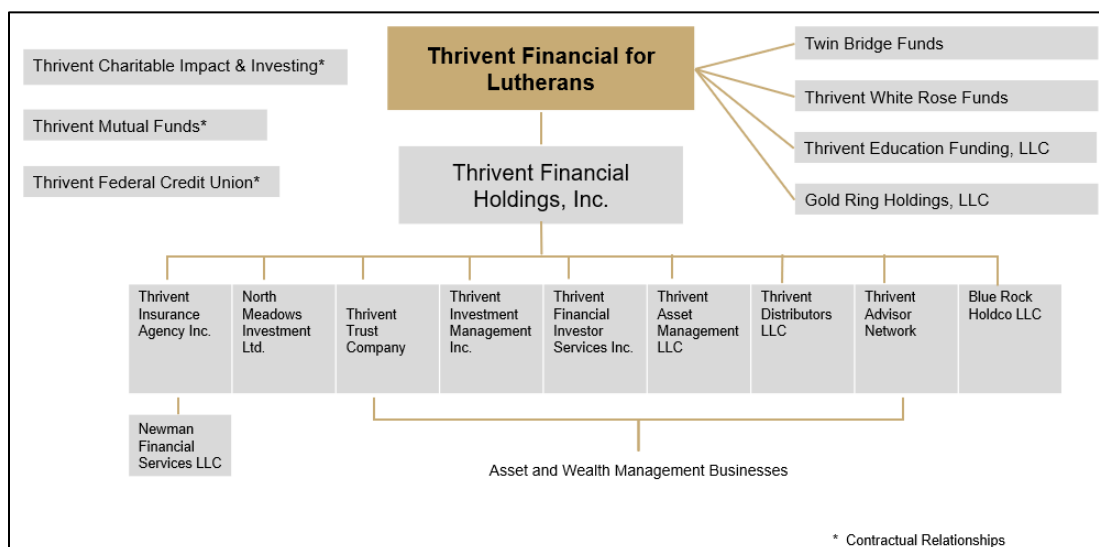
This document contains the written response to the NAIC Climate Risk Survey, for Reporting Year 2022 (“Survey”) for Thrivent Financial for Lutherans (“Thrivent”), as adopted by the “climate risk disclosure” workstream of the NAIC’s Climate Risk and Resilience Executive Committee Task Force.

While the Minnesota Department of Commerce is Thrivent’s point-of-contact for the survey, the survey is also being conducted in cooperation with the Arizona Department of Insurance, the California Department of Insurance, the Connecticut Insurance Department, the District of Columbia Department of Insurance, Securities and Banking, the Delaware Department of Insurance, the Hawaii Department of Commerce and Consumer Affairs, the Illinois Department of Insurance, the Maine Bureau of Insurance, the Maryland Insurance Administration, the Massachusetts Division of Insurance, the Michigan Department of Insurance and Financial Service, the Nevada Division of Insurance, the New Jersey Department of Banking and Insurance, the New Mexico Office of Superintendent of Insurance, the New York Department of Financial Services, the Oregon Division of Financial Regulation, the Pennsylvania Insurance Department, the Rhode Island Department of Business Regulation, the Vermont Department of Financial Regulation, and the Washington State Office of the Insurance Commissioner.

In addition to the written response, Thrivent has responded to all closed-ended questions provided in the survey. Those responses are provided both electronically (via the link provided by the Minnesota Department of Commerce) and are included in this document in the section titled ‘Responses to Closed-Ended Questions’.

Thrivent is organized under the laws of the State of Wisconsin and complies with Internal Revenue Code Section 501(c)(8). Thrivent is licensed to sell insurance in all 50 states and the District of Columbia. As a fraternal benefit society, Thrivent serves clients who share a common bond of Christianity. Thrivent has no shareholders, but rather is operated for the benefit of its membership.

In Thrivent’s legal structure, the parent entity is the fraternal benefit society known as Thrivent Financial for Lutherans. As such, a single uniform group response is being provided to the survey. Beneath the parent is a subsidiary holding company known as Thrivent Financial Holdings, Inc. (“Holdings”) Beneath Holdings is a collection of subsidiaries, and each of the subsidiaries was established either to provide products and services that, by law, the fraternal benefit society cannot directly offer, or for other strategic purposes. An abbreviated organizational chart is shown below.





## Executive Summary

Thrivent is a Fortune 500 financial services organization offering holistic advice, investments, insurance, banking and generosity solutions to millions of clients every year. For over a century, the organization has helped people meet their financial goals and lead lives of service and faith. Thrivent's broad insurance offerings include individual life insurance, health insurance, and annuity solutions but does not include property and casualty ("P&C") insurance offerings. As such, climate change is currently viewed as an **emerging risk**.

Emerging risks are defined as those risks which are developing but cannot yet be fully or confidently assessed so as to require immediate management and mitigation but that could, in the future, potentially affect the organization in a material way. In classifying a risk as emerging, consideration is given to risk velocity (i.e., rate of change / time horizon of potential impact), likelihood, and materiality.

The organization's current assessment of climate-related risks and opportunities spans four key dimensions.

- **Our trusted reputation:** Serving the unique needs of our clients is central to our mission, and the actual or perceived failure to adequately address climate-related needs or expectations of our clients could lead to a tarnished reputation and loss of those valued relationships.
- **Pricing/underwriting risks and opportunities:** Significant changes in mortality or morbidity could emerge gradually over time, due to changes in the natural environment, including climate change, the health habits of the insured population, effectiveness of treatment for disease or disability, or other factors.
- **Macroeconomic environment:** Atmospheric concentrations of carbon dioxide and other greenhouse gases have increased dramatically since the industrial revolution, resulting in a gradual increase in global average temperatures. These trends are expected to continue in the future and have the potential to affect nearly all sectors of the economy to varying degrees.
- **Regulatory and compliance:** Changes and uncertainty in U.S. and non-U.S. legislation, policy or regulation regarding climate risk management or other Environmental, Social, and Governance (ESG) practices may result in higher regulatory costs, compliance costs and increased capital expenditures. Physical risks and transitional risks could increase Thrivent's cost of doing business.

As an emerging risk, the potential future effects of climate change on Thrivent's business model and strategy are being contemplated and monitored but are intentionally not yet being actively managed or mitigated. That said, Thrivent continues to make strides in refining our understanding of the impact and reach of climate-related risks across our businesses, including:

- Implementing a cross functional ESG team at the management level to continue maturation of enterprise strategy, including climate risk and sustainability, with a focus on assessment of current state.
- Baselineing our Corporate Carbon Footprint (CCF) under the Greenhouse Gas (GHG) Protocol for Scope 1 (owned and controlled sources) and Scope 2 (indirect via purchased energy) emissions.
- Providing additional transparency into elements of Scope 3 (other indirect and financed) emissions using data from Thrivent's General Account investment holdings.

This approach balances the need to be forward-looking in our understanding and planning while being good stewards of the expense and resources necessary to manage or mitigate any risk.

## 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 risk and opportunities.*
- *Describe where climate-related disclosures 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.**



## Survey Response – Governance

The Board of Directors sets the tone at the top of the organization with regard to all risk management. Risk management is embedded in strategic planning and capital allocation, and these processes require the Board's review and approval via the risk appetite statement and strategic plan.

Specific to climate-related risks, the Governance Committee of the Board is responsible for overseeing the management of ESG risks and opportunities. Climate-related risks fall under Environmental. The Audit Committee of the Board is responsible for overseeing the financial impact of all risks in Thrivent's Enterprise Risk Management risk taxonomy, as well as considering the longer-term potential impact of emerging risks (such as those related to climate).

At the management level, risk and opportunity management is overseen and administered by Thrivent's Risk Management Committee ("RMC"). The RMC members are appointed by the Audit Committee of the Board. The RMC is composed primarily of Thrivent's executive leadership team and the head of Business Risk Management. The RMC is chaired by the EVP, Chief Legal Officer, General Counsel and Secretary. The RMC reports to the Board with respect to identifying key risks and facilitating ongoing risk management activities.

Thrivent does not currently have any publicly stated goals on climate-risk and related opportunities. Consistent with the management of other risks and opportunities at Thrivent, climate-related disclosures - including this survey and the related disclosures - are ultimately handled at the group level. Climate risk disclosures within individual legal entities would only consist of those required by a unique regulatory or compliance need of the individual company that did not apply more broadly at the group level.

## 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 long term, insurers should consider including the following:*

- *Describe short, medium, and long term, if different that 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.**



## Survey Response – Strategy

As noted previously, the actual and potential impacts of climate-related risks and opportunities spans four key dimensions.

- **Our trusted reputation:** Serving the unique needs of our clients is central to our mission, and the actual or perceived failure to adequately address climate-related needs or expectations of our clients could lead to a tarnished reputation and loss of those valued relationships.
- **Pricing/underwriting risks and opportunities:** Significant changes in mortality or morbidity could emerge gradually over time, due to changes in the natural environment, including climate change, the health habits of the insured population, effectiveness of treatment for disease or disability, or other factors.
- **Macroeconomic environment:** Atmospheric concentrations of carbon dioxide and other greenhouse gases have increased dramatically since the industrial revolution, resulting in a gradual increase in global average temperatures. These trends are expected to continue in the future and have the potential to affect nearly all sectors of the economy to varying degrees.
- **Regulatory and compliance:** Changes and uncertainty in U.S. and non-U.S. legislation, policy or regulation regarding climate risk management or other ESG practices may result in higher regulatory costs, compliance costs and increased capital expenditures. Physical risks and transitional risks could increase Thrivent's cost of doing business.

Reputational and regulatory and compliance risks and opportunities are viewed as short to medium term (i.e., 1 to 10 years) whereas pricing/underwriting and macroeconomic risk and opportunities are viewed as medium to long-term (i.e., 5 to 30 years).

In the near-term, operationally, Thrivent's focus is on continued maturation of its enterprise ESG strategy, including climate risk and sustainability, with a focus on assessment of current state. This positions us well to address risks and opportunities if/when they arise. Assessment includes both building new capabilities - such as the scope 1 and 2 CCF analysis - as well as continuing to refine existing techniques. Currently, the potential for longer-term financial impacts in this space are considered via robust sensitivity and stress testing.

While Thrivent does not currently scenario test specific climate-related scenarios (e.g., a 2-degree Celsius or lower scenario), it does sensitivity and stress test scenarios where potential climate-related externalities are considered. Specifically, extreme shifts in expected mortality and morbidity, macroeconomic disruption, reputational events, and changes to U.S. legislation, policy, and regulation are tested. The results of these assessments are used to inform the financial viability of Thrivent's current business strategy via the organization's Own Risk & Solvency Assessment (ORSA) and demonstrates a high level of resiliency.

In addition to maturing our internal knowledge and capabilities for assessing climate-related risks and opportunities, as appropriate, Thrivent has taken some initial steps to engage key constituencies on this topic. Examples are provided below.

- **Board of Directors:** Board of Directors receives periodic updates on reports, actions and disclosures that have broad ESG content (such as Corporate Governance Annual Disclosure, WI Fraternal Report, Insurance Holding Company Annual Registration Statement, Community Impact Report, among others). Additionally, the Governance Committee receives periodic reports on Thrivent's overall approach to ESG.





- Senior Management: Senior management receives periodic updates on actions that have a material environmental and economic impact (such as a new or remodeled facility that saved significant amounts of energy, water, and money). In addition, senior management also receives periodic reports on reports, actions and disclosures that have broad ESG content (see above).
- Industry Trade Groups: Thrivent is an active member and participant of the American Council of Life Insurers (ACLI) which occasionally engages policymakers on this topic.

*“Life insurers are committed to working with policymakers on climate change and are already making headway. For example, as new products enter the market many life insurers allow policyholders to choose sustainable investments for their Separate Account policies. And life insurers are actively involved in efforts to close the coverage gap for historically disenfranchised populations economically impacted by climate change with an array of targeted products and investments.” – ACLI, December 2021.*

- Rating Agencies: During annual discussions with Thrivent’s credit rating agencies (Moody’s Investors Service, Standard & Poor’s, and AM Best) ESG is discussed, which includes some elements of environmental risk. Rating agencies have begun to publish high-level commentary in this space.

*“Thrivent Financial for Lutherans faces moderate environmental risks. The group has moderate exposure to carbon transition risk through the long-duration assets held in its investment portfolio and inherent asset leverage, while emerging stakeholder focus on environmental stewardship in its investment portfolio gives rise to strategic and reputational risk. This risk is mitigated by the group’s portfolio risk management capabilities and its developing focus on managing climate risk.” – Moody’s Investors Service, May 2023*

To help support the transition to a low carbon economy, Thrivent has made some investments over time, though this has not been a primary area of focus. Examples include employee benefits (e.g., commuter benefits such as subsidized public transportation passes, bicycle storage, and expense reimbursement), workforce management policies (e.g., Thrivent offers a hybrid work environment that enables on-site, mobile, and remote work modes), and corporate facilities (e.g., a new Minneapolis corporate headquarters was recently built which is two-thirds the size of the previous 40-year-old building and incorporates 100% LED lighting).

These initiatives are viewed as part of broader value proposition to current and future employees necessary to retain and attract talent, and not solely for the purpose of advancing sustainability or addressing climate-related risks and opportunities.

While not specific to climate-risk, Thrivent also currently offers a Small-Mid Cap ESG Exchange Traded Fund (ETF) where investments target companies with demonstrated commitment to ESG policies, practices or outcomes. Environment factors - among others - are considered to as part of the investment process, and that includes impact on climate change, natural resources, and waste management. See prospectus for additional details, risks, and disclosures.

## 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 the how the company is managing its underwriting exposure with respect to physical, transition and liability risk.*
- *Describe the 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 time frames are considered.*



## Survey Response – Risk Management

There is a strong organizational ethos for identifying, assessing, and managing risk. Risk identification and escalation is rooted in Thrivent's culture and is a shared responsibility of all employees. Ultimately though, Thrivent's Risk Management Committee is accountable for identifying material and relevant risks.

Thrivent has a documented risk taxonomy with formal definitions for each material and relevant risk that is being actively managed at the organization. Risks are assessed on a top-down basis for impact, likelihood and velocity by the Risk Management Committee. Thrivent's Business Risk Management group also provides a bottoms-up perspective to the risk assessment as a result of interactions with business and process owners throughout the organization.

Emerging risks, such as climate-related risks, are identified during strategic and business discussions, and as part of the strategic planning process, by scanning the external environment, providing early warning about topics and risks not yet captured in Thrivent's risk taxonomy and ranking new topics of strategic importance for potential inclusion and more active management. While the risk is viewed as emerging, Thrivent does acknowledge its potential long-term effects on mortality and morbidity experience within its risk management framework and processes.

- Thrivent's formal definition of mortality risk (emphasis added):

Risk that the actual future mortality rates will be substantially greater (e.g., life insurance) or less than (immediate annuities, LTC) those assumed in setting prices. This includes risk of death due to **changes in the natural environment, including climate change**, the health habits of the insured population, effectiveness of treatment for disease or disability, pandemics, and catastrophic events.

- Thrivent's formal definition of morbidity risk (emphasis added):

Risk that the actual future benefit payments as the result of disability, sickness, or serious illness will be substantially greater than those assumed in setting prices. The risk could include higher incidents (more claims than expected) or higher severity (each claim costs more than expected). This includes risk of the abovementioned conditions due to **changes in the natural environment, including climate change**, the health habits of the insured population, effectiveness of treatment for disease or disability, pandemics, and catastrophic events.

As discussed in the strategy section of this survey, sensitivity testing and stress testing (e.g., on mortality and morbidity assumptions) is performed annually to more broadly consider the financial viability of Thrivent's current business strategy via the organization's Own Risk & Solvency Assessment (ORSA). Monitoring trends (e.g., actual vs. expected mortality and morbidity experience) and exposure (e.g., geographic concentration of risk) is performed quarterly. In this way, the long-term potential financial impacts in pricing/underwriting from large changes in experience are being considered while also watching for near-term deviations in experience that could signal a shift in the velocity and/or likelihood of the risk.

With respect to Thrivent's investment portfolio, climate-change is just one element of a broader ESG philosophy. The organization believes that ESG analysis is a fundamental part of rigorous investment research and risk management. Thrivent utilizes this analysis to emphasize issuers promoting high standards for sustainability, governance, and social engagement, in support of our objective of



achieving long-term investment success. ESG analysis is integrated within our investment process, with implementation tailored specifically to each investment team.

In developing best practices for ESG, individual investment teams have the opportunity to take into account specific factors related to asset class, investment style, and the objectives, strategies and constraints of individual portfolios. Because ESG is integrated into the research and portfolio processes, our investment teams have the ability to flexibly implement investment solutions for clients or products.

Thrivent evaluates companies using a range of data metrics, ratings and scores. We use best-in-class third party providers for data and analytics, including MSCI and Sustainalytics. The criteria and data considered are tailored by industry for relevance and materiality. This quantitative information is supplemented with qualitative reviews and assessments by our research analysts. Portfolio teams then have the ability to incorporate these into their respective fundamental and/or quantitative investment decision-making processes to drive Thrivent's ESG assessments.

In the portfolio construction process, Thrivent seeks to reduce risk and exposures from those issuers which perform poorly in our ESG evaluation. Portfolio managers receive individual investment and aggregate-level statistics on ESG quality and exposure in order to manage overall portfolio risk and build portfolios that fit our overall investment profile.

Beyond the abovementioned governance processes, general monitoring, and assessment techniques described herein, climate-risk management has not been a key area of focus at Thrivent historically; rather, this risk receives similar consideration as other emerging risks facing the organization. Accordingly, at this time, Thrivent has not overtly engaged its clients on the topic of managing potential physical and/or transition risks related to climate. However, should the need arise, as a purpose-based advice company, the company is well positioned to reach and educate clients on a myriad of risk topics.

## 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 climate-related 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.**



## Survey Response – Metrics and Targets

Longer-term metrics related to physical risk, such as sensitivity and stress testing of mortality and morbidity assumptions, consider the impact to capital (both in dollar amounts and to risk-adjusted capital ratios), earnings, and embedded value. Performance of mortality and morbidity metrics are tracked relative to risk tolerances.

Thrivent does not offer P&C insurance, and so it does not utilize traditional catastrophe modeling. Catastrophe modeling is commonly used in that market to develop metrics and to assess climate-related risks.

### Scope 1 & Scope 2 Emissions

Shorter-term metrics used to assess the current state of climate-related risks and opportunities align with established methods of reporting Scope 1, Scope 2, and Scope 3 GHG emissions. Specifically, Thrivent calculates GHG emissions through the GHG Protocol's Corporate Standard for Scope 1 and Scope 2 that uses carbon dioxide equivalent (CO<sub>2e</sub>). We establish our boundaries by owned and controlled leased properties within Thrivent Financial Holdings, Inc. Scope 1 includes stationary combustion and fleet vehicles, and Scope 2 was calculated using a location-based methodology. With the near-term focus on assessing current state, Thrivent does not currently have specific targets nor tracking of performance vs. stated goals for climate-related risks and opportunities for the above metrics. The most recent assessment of Scope 1 and 2 emissions are provided in the table below.

|                     | Scope 1 Emissions                         | Scope 2 Emissions |
|---------------------|---|-------------------|
| Year Ending Dec. 31 | CO <sub>2e</sub> Equivalent (metric tons) |                   |
| 2019                | 2,396                                     | 9,522             |
| 2020                | 2,019                                     | 7,389             |
| 2021                | 1,891                                     | 7,433             |
| 2022                | 2,494                                     | 7,863             |

While the emissions metrics above show a modest level of reduction during the period, this was influenced significantly by two events; one, completing construction in 2020 of a new Minneapolis corporate headquarters which is two-thirds the size of the previous building, and two, much less facility use by employees who were working remotely during the height of the COVID-19 pandemic (2020-2021). A significant number of employees continued to work remotely in 2022. In general, the new Minneapolis corporate headquarters, in comparison to the prior building, uses a similar amount of gas (which comes through Scope 1) but much less electricity (which comes through Scope 2).

### Scope 3 Emissions

Thrivent recognizes the significance of measuring and managing greenhouse gas (GHG) emissions, including Scope 3 emissions in Category 15: Financed Emissions. To effectively assess emissions from equity holdings, Thrivent adopts the non-control method recommended by the GHG Protocol. Under this approach, emissions are determined by calculating Thrivent's proportional share of the investee company's Scope 1 and Scope 2 emissions. This calculation is based on the market value of Thrivent's general account holding divided by the issuer's Enterprise Value Including Cash (EVIC). Similarly, emissions from debt holdings are evaluated as a proportion share determined by market value of holdings divided by EVIC.



In the context of our general account, which encompasses various asset classes such as public and private equities, debt, structured notes, asset-backed securities, sovereign bonds, and private church loans, financed emissions primarily originate. To obtain data regarding these emissions, Thrivent relies on MSCI, our trusted data provider. It is important to note that the available data from MSCI currently covers only a portion of our general account assets. This is primarily due to certain types of securities where emissions data does not exist or entities that do not report their emissions information.

As an organization dedicated to responsible investing, Thrivent continues to enhance our efforts in capturing emissions data across our entire general account. We are actively engaging with our partners and working to expand the availability and coverage of emissions data for all asset classes within our portfolio. This ongoing process reflects our commitment to transparency, measurement, and continuous improvement as we strive to align our investment practices with our environmental goals.

At a high-level, the coverage rates available for 2019, 2020, and 2021 data (at the time this submission was completed) are shown below.

| Year Ending Dec. 31 | General Account AUM (USD) | Scope 1 Coverage % of AUM | Scope 2 Coverage % of AUM |
|---------------------|---------------------------|---------------------------|---------------------------|
| 2019                | \$65,361,270,935          | 44%                       | 44%                       |
| 2020                | \$66,957,503,016          | 45%                       | 45%                       |
| 2021                | \$70,940,371,925          | 38%                       | 38%                       |

In alignment with the GHG Protocol's guidance for Scope 3 – Category 15: Financed Emissions, Thrivent's 'Total Emissions' for Scope 3 are simply the total of Thrivent's proportional share of investee companies' Scope 1 & 2 emissions (i.e., Thrivent's proportional "share" of emissions from the underlying investments, given the data). As described earlier, proportionality is determined using market value of the investments divided by Enterprise Value Including Cash (EVIC). The units for emissions are in metric tons of CO<sub>2</sub>e.

| 12/31/2021   | Market Value (USD) | Investee Scope 1 Emissions (Proportional Share) | Investee Scope 2 Emissions (Proportional Share) | Thrivent Scope 3 Emissions (Proportional Share of Scope 1 & 2 Emissions) |
|--------------|--------------------|---|---|--|
|              |                    | Metric Tons CO <sub>2</sub> e                   |   |  |
| Equities     | \$838,334,395      | 27,824  | 5,859   | 33,683   |
| Fixed Income | \$26,029,959,511   | 2,005,488                                       | 351,625   | 2,357,113  |
| Total        | \$26,868,293,906   | 2,033,312                                       | 357,483   | 2,390,796  |

|              | 12/31/2020             |   |   | 12/31/2021             |   |   |
|--------------|------------------------|---|---|------------------------|---|---|
|              | Market Value (\$M USD) | Scope 3 Emissions (Metric Tons CO <sub>2</sub> e) | Scope 3 Intensity (Scope 3 Emissions / Market Value of Holdings in \$M USD) | Market Value (\$M USD) | Scope 3 Emissions (Metric Tons CO <sub>2</sub> e) | Scope 3 Intensity (Scope 3 Emissions / Market Value of Holdings in \$M USD) |
| Equities     | \$878                  | 26,474  | 30.2  | \$838                  | 33,683  | 40.2  |
| Fixed Income | \$26,726               | 2,518,688   | 94.2  | \$26,030               | 2,357,113   | 90.6  |
| Total        | \$27,603               | 2,545,162   | 92.2  | \$26,868               | 2,390,796   | 89.0  |



As seen in the preceding, the Scope 3 intensity (Thrivent's financed emissions in metric tons CO<sub>2</sub>e divided by the market value of holdings) has decreased between 2020 and 2021. However, it is worth noting that the data covers only those issuers where emissions data and EVIC data are available (roughly 38% of the general account holdings). As a result of these data issues described, financed emissions are an estimate that captures a portion of our total actual financed emissions, though we anticipate this data will get more robust in terms of coverage over time.

Consistent with NAIC survey instructions and intentions, all metrics disclosed in this document represent a 'best-efforts' calculation based on data available at the time of submission and Thrivent's current understanding of the underlying methodologies.

See Appendix for additional notes on financed emissions.





## Responses to Closed-Ended Questions

| <u>Governance</u>   | <u>Thrivent Responses</u> |
|---|---------------------------|
| <ul style="list-style-type: none"> <li>Does the insurer have publicly stated goals on climate-related risks and opportunities? (Y/N)</li> </ul>   | NO                        |
| <ul style="list-style-type: none"> <li>Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)</li> </ul>                  | YES (within ESG)          |
| <ul style="list-style-type: none"> <li>Does management have a role in assessing climate-related risks and opportunities? (Y/N)</li> </ul>   | YES                       |
| <ul style="list-style-type: none"> <li>Does management have a role in managing climate-related risks and opportunities? (Y/N)</li> </ul>  | YES                       |
| <u>Strategy</u>   |                           |
| <ul style="list-style-type: none"> <li>Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) *</li> </ul>   | YES                       |
| <ul style="list-style-type: none"> <li>Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? (Y/N)</li> </ul>                          | YES (for workforce)       |
| <ul style="list-style-type: none"> <li>Does the insurer make investments to support the transition to a low carbon economy? (Y/N)</li> </ul>  | YES (for workforce)       |
| <ul style="list-style-type: none"> <li>Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)*</li> </ul>                                      | YES (to assess)           |
| <u>Risk Management</u>  |                           |
| <ul style="list-style-type: none"> <li>Does the insurer have a process for identifying climate-related risks? (Y/N)</li> </ul>  | YES                       |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)</li> </ul> </li> </ul> | YES                       |
| <ul style="list-style-type: none"> <li>Does the insurer have a process for assessing climate-related risks? (Y/N)</li> </ul>  | YES                       |
| <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>If yes, does the process include an assessment of financial implications? (Y/N)</li> </ul> </li> </ul>                                     | YES                       |
| <ul style="list-style-type: none"> <li>Does the insurer have a process for managing climate-related risks? (Y/N)</li> </ul>   | YES                       |
| <ul style="list-style-type: none"> <li>Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)*</li> </ul>   | YES                       |
| <ul style="list-style-type: none"> <li>Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)*</li> </ul>  | NO                        |
| <ul style="list-style-type: none"> <li>Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)*</li> </ul>  | YES                       |
| <ul style="list-style-type: none"> <li>Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)</li> </ul>  | NO                        |
| <ul style="list-style-type: none"> <li>Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)</li> </ul>  | NO                        |
| <u>Metrics and Targets</u>  |                           |
| <ul style="list-style-type: none"> <li>Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)</li> </ul>   | NO                        |
| <ul style="list-style-type: none"> <li>Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)</li> </ul>   | YES (to assess)           |
| <ul style="list-style-type: none"> <li>Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)</li> </ul>  | NO                        |
| <ul style="list-style-type: none"> <li>Does the insurer have targets to manage climate-related performance? (Y/N)</li> </ul>  | NO                        |



## Appendix

### Additional Notes on Financed Emissions

The process began by extracting the year-end 2021 holdings data for Thrivent's General Account using FactSet. This involved combining the equity (EQ) and fixed income (FI) holdings universes and obtaining the unique Security ID's. These ID's were then sent to MSCI to create a new portfolio. Additionally, market values for each unique security were saved from FactSet, distinguishing between EQ and FI portfolios. A report was generated from the MSCI website and combined with the market values data to create the final workbook. The last tab in the workbook contains the most useful combined data, while the other tabs serve the purpose of organizing the data, starting with the MSCI data output and the market values by holding data from FactSet. The two datasets were merged, aggregating the market values by issuer. Finally, the data was arranged in the using VLOOKUP formulas to retrieve the MSCI data.

It is important to note that in the last tab, an "Out of scope" row is included for both EQ and FI, amounting to approximately \$5.5 billion out of the initial \$41.2 billion. By considering issuers with valid Enterprise Value Including Cash (EVIC) data points, the Equity portfolios amount to around \$838 million, while the Fixed Income portfolios amount to approximately \$26 billion. These figures align with the year-end 2020 report.

The composite portfolio used for the General Account's Fixed Income (FI) is a comprehensive composition that includes all FI manager group holdings, excluding Private Placement Corporates, Leveraged Loans, Commercial & Church loans, and Money Market.

The composite used for the General Account's Equity (EQ) is created specifically for this purpose. The excluded accounts are listed as follows:

#### Excluded Quantitative EQ Accounts:

- TFLEQL\_E (EQ Liquidity)
- TFLFFBQ\_E (Emerging Markets Futures)
- TFLLCQ\_E (EQ Futures account)
- TFLRQ\_E (EQ Futures account)
- TFLSQ\_E (EQ Futures account)
- TFLMQ\_E (EQ Futures account)

#### Excluded International EQ Accounts:

- TFLEME\_E (Emerging Markets EQ)
- TFLIE\_E (Int'l EQ)

To create the year-end 2021 data, a new portfolio named was established on the MSCI ESG Manager website. The "Data Viewer" module under the "Screener" tab was utilized to extract the complete portfolio data. It was discovered that filtering by Market Cap  $\geq 0$  inadvertently excluded foreign issuers when using a "Screen" instead of "Data Viewer." Therefore, the "Data Viewer" option was determined to be more suitable for retrieving the data from MSCI, as it encompasses all available data for the General Account's universe.



#### Scope 1 Definition (MSCI):

This figure represents the company's most recently reported or estimated Scope 1 greenhouse gas emissions (if available). Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle.

#### Scope 2 Definition (MSCI):

This figure represents the company's most recently reported or estimated Scope 2 greenhouse gas emissions (if available). Scope 2 emissions are those caused by the generation of electricity purchased by the company.

#### Enterprise Value Including Cash (USD million)

Most recent available fiscal year-end enterprise value including cash (million USD). Enterprise Value Including Cash (EVIC) is an alternate measure to Enterprise Value (EV) to value a company by adding cash and cash equivalents to EV. Enterprise value is calculated as total company value (market capitalization of the company, preferred equity, minority interest, total debt) minus cash and cash equivalents (i.e.,  $EVIC = \text{Market capitalization at fiscal year-end date} + \text{preferred stock} + \text{minority interest} + \text{total debt}$ ).