Adopted by the Climate Risk Disclosure Workstream March 11, 2022
Adopted by the Climate and Resiliency (EX) Task Force March 21, 2022
Adopted by the Executive (EX) Committee April 6, 2022

Guidance on Metrics, Targets, and Transition Plans (2021) describes recent developments around climate-related metrics and users' increasing focus on information describing organizations' plans for transitioning to a low-carbon economy. The guidance also describes a set of cross-industry, climate related metric categories (described in Appendix 2: Cross-Industry, Climate-Related Metric Categories) that the Task Force believes are applicable to all organizations.

The FSB frequently produces content to assist companies in creating TCFD reports, the knowledge hub with related content is accessible at https://www.tcfdhub.org/.

Closed ended questions directly correspond to the narrative, allowing for explanation and qualification of the yes/no answers.

Closed ended questions are voluntary for reporting year 2022.

Governance – narrative

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.*

Company Response:

Nippon life Insurance Company (NLI), our parent company, has committed to significant actions and goals to reduce its carbon footprint both in the short-term and the long-term (through 2030 and 2050). Our parent company has established a multiyear initiative toward climate change, proposed NLI group CO2 emission reduction targets, and formulated reduction target and action plans for the target dates 2030 and 2050. Our parent has requested that all foreign subsidiaries participate in its multiyear initiative towards climate change. Nippon Life Insurance Company of America ("NLB") shares its parent's concerns and has committed to its own multiyear goals to reduce carbon emissions. Please refer to attachment A (at the end of this survey) for NLB's initiatives to address climate change at the group level. Included within *those initiatives are actions taken at the Company which is detailed in the questions that follow.*

The Company's Board of Directors (the "Board") oversees our management and overall strategy. In fulfilling this responsibility, the Board oversees our enterprise-level approach to major risks facing the company and identifies strategic opportunities. The Enterprise Risk Management ("ERM") Advisory Group regularly reviews strategies and its progress towards meeting its multiyear initiative goals. The ERM Advisory Group reports its findings to the Board. The Board will periodically review these risks and the Company's risk management processes. The Company's Chief Risk Officer, CSOO and the CEO, provide oversight and monitoring of all material risks that have the potential to hinder the Company's operations and talent, including climate-related risks.

Strategy – narrative

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.*[i]
- 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.*

Company Response (A&B):

The Company is a small privately held entity (in the U.S.) which sells group health and life insurance products. Its corporate headquarters is located in a building which is a "green" skyscraper, energy efficient (LEED Certified) and sustainable. Our corporate office participates in green initiatives including, but not limited to, recycling of paper and plastics, motion sensor lighting, and energy usage reduction on hot days. The Company has approximately 80 employees in the New York headquarters, regional offices and telecommuters from home. Our New York employees are incentivized to use public transportation by our offering of the Transit Check program. A high percentage of employees outside of New York utilize public transportation as well. Ultimately, the Company performs traditional insurer functions (e.g., underwriting, rate development, claims handling, etc.) that do not produce large emissions or materials harmful to the environment.

The Company also has a third-party investment manager, Principal Asset Management. Principal Asset Management has a long-standing commitment to Responsible Investing, Principal Asset Management became a signatory to the United Nations-sponsored Principles for Responsible Investment (PRI) in December 2010. All investment teams and boutiques within the global asset management business of Principal Asset Management are covered by their PRI signature and their responsible investment policy covers all the assets they manage. Principal Asset Management's responsible investment policy can be viewed at https://www.principalam.com/about-us/esg*. There are no specific environmental, social or governance issues covered by the policy. Rather, each issue is addressed on a case-by-case, security-level analysis.*

Principal Asset Management Fixed Income ESG efforts over last 12 months have focused on maintaining previously incorporated work and enhancing the existing framework, continuing to integrate an ESG perspective into all levels of the investment process including:

1. Maintaining an explicit numeric ESG score for each issuer in their investment-grade (IG) and high-yield (HY) surveillance universes, totaling over 1,100 individual companies. Every company covered that has an independent rating also has an independent ESG score.

2. Factoring the independent ESG score into the fundamentals component of Principal Asset Management Fixed Income's FTV (fundamentals, technicals, valuations) framework

3. Utilizing industry-leader MSCI data as a reference point and to supplement our proprietary ESG scores.

4. Creating and maintaining client or strategy defined ESG screens/process as part of portfolio construction

5. Tracking analyst ESG engagement with the management of companies we cover

6. Utilization of MSCI's carbon risk tool to better understand the carbon risk on our portfolios as a standalone metric and versus the applicable index.

In addition, Principal Asset Management Fixed Income has a Responsible Investment and Engagement policy, and every analyst has access to MSCI Research, their ESG research provider, from which ESG related data can be extracted. Over 6,000 companies are covered in the MSCI universe. ESG integration within the investment process is utilized for the purposes of risk management and potential alpha generation. Their research teams are organized by areas of industry sector specialization, their analysts are responsible for providing essential insights into industry trends, and company-specific considerations, which may include certain ESG issues deemed material and relevant to the evaluation of sustainable earnings trends, *sentiment, and valuation. Principal Asset Management Fixed Income analysts utilize a Fundamental, Technical, and Valuation (FTV) factor variable framework to establish a level of conviction and ultimately a portfolio recommendation at the security and industry level. An ESG score is integrated into their FTV scoring model. Both industries and issuers are scored using this model. Analysts are also expected to provide timely insights on key risk considerations at a company-specific and industry level, which may also include qualitative ESG-related considerations and events. In addition, Principal Asset Management Fixed Income has client-directed sustainability-themed mandates, where a prohibited sector list supplied by the client is applied as an overlay to the ESG-integration investment process.*

MSCI's methodology includes a measure of the relative magnitude of the ESG risks faced by different industries, based on the interplay of environmental, social and governance (ESG) factors with the core business activities of each industry. Quantitative metrics such as carbon emissions, hazardous waste, accident rates, recalls, labor intensity, and perceived corruption prevalence are captured at the individual company business segment level and translated to a 0-10 decile score designed to allow comparisons between over 150 subindustries. Underlying ESG issues scored by the research provider framework can include: Carbon Emissions, Water Stress, Opportunities in Renewable Energy, Labor Management, Supply Chain Standards, and Corruption. PGI's parent firm, Principal Financial Group, has established a Corporate Environmental Policy covering the firm's environmental focus areas of: Carbon Footprint; Water Efficiency; Waste and Recycling; Environmental Preferable Purchasing; and Employee Awareness. At the corporate level, Principal Financial Group, scored an A- on its response to Climate Disclosure Project's ("CDP") 2017 Climate Change questionnaire. This is a leadership score and higher than 70 percent of all respondents in the United States and nearly 60 percent of all U.S. financial sector respondents. CDP is a global disclosure system for companies, cities, states and regions to manage their environmental impacts and for investors or purchasers to access environmental information for use in financial decisions. Via the CDP, Principal has committed to publicly disclosing and reporting environmental information for the benefit of investors; connecting the organization's environmental performance to its overall strategy, performance and prospects.

In addition, Principal Asset Management Fixed Income will attempt to avoid investments, within the Company's portfolio, in companies that generate more than 30% of their revenues from thermal coal.

Company Response (C):
The Company's primary insurance product is fully insured group medical (one year term duration) which we believe is not highly sensitive to climate change impact. We believe that climate change will have the most significant impact on property and casualty insurers, and we do not sell these coverages. We do not foresee a significant impact on any of the risks that we cover due to climate change in the near future. The Company does track all geographically specific rules and department bulletins. For example, weather related emergencies sometimes impact our insureds' ability to access prescriptions. In a case such as that, our insureds are given leniency with regards to the procedures for filling their prescriptions.

Risk Management – narrative

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.

Company Response (A, B &C):

The Company's primary insurance product is fully insured group medical (one year term duration) which we believe is not highly sensitive to climate change impact. We believe that climate change will have the most significant impact on property and casualty insurers, and we do not sell these coverages. We do not foresee a significant impact on any of the risks that we cover due to climate change in the near future. The Company does track all geographically specific rules and department bulletins. For example, weather related emergencies sometimes impact our insureds' ability to access prescriptions. In a case such as that, our insureds are given leniency with regards to the procedures for filling their prescriptions.

Metrics and Targets – narrative

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.*

Company Response (A, B &C):

As indicated in question 1 of this survey, climate related risk is discussed at the Board meeting including long term Company targets. All metrics used to assess climate related risks and those used in tracking and measuring the Company's progress towards achieving the goals are shown as follows:

		2005 Actual	2022 Actual	vs 2005	**2030 Target** Based on US standard (t-CO2 will be -52% vs 2005) **2030 Target**	vs2005	vs 2022
Scope 1	Gas expense (USD)	**$12,235**	**$5,432**	***-55.6%***	**$5,949**	*-51.4%*	*+9.5%*
	Gas price (USD/L)	0.63	1.21	*+92.9%*	0.63	*0.0%*	*-48.2%*
	Gas usage (L)	19,503	4,489	*-77.0%*	9,483	*-51.4%*	*+111.2%*
	Multiplier(t-CO2/kL)	2.32	2.32	*0.0%*	2.32	*0.0%*	*0.0%*
	t-CO2	**45**	**10**	***-77.0%***	**22**	***-51.4%***	***+111.2%***
Scope 2	Electricity expense (USD)	**$58,252**	**$39,704**	***-31.8%***	**$38,989**	*-33.1%*	*-1.8%*
	Electricity price (cent/kwh)	14.36	18.16	*+26.5%*	14.06	*-2.1%*	*-22.6%*
	Electricity usage (kwh)	405,655	218,655	*-46.1%*	277,305	*-31.6%*	*+26.8%*
	Multiplier(g-CO2/kWh)	586.0	366.5	*-37.5%*	411.1	*-29.8%*	*+12.2%*
	t-CO2	**238**	**80**	***-66.3%***	**114**	***-52.0%***	***+42.3%***
# of EE		76	79	*+3.9%*	92	-	-
Total Expense (USD)		**$70,487**	**$45,136**	***-36.0%***	**$44,938**	***-36.2%***	***-0.4%***
	per EE	**$927**	**$571**	***-38.4%***	**$488**	***-47.3%***	***-14.5%***
Total t-CO2		**283**	**91**	***-68.0%***	**136**	***-52.0%***	***+50.0%***
	per EE	**3.72**	**1.15**	***-69.2%***	**1.48**	***-60.3%***	***+28.8%***

The following targets were set for 2030:

NLB's CO2 Emission Reduction Target for 2030

NLB's Target

- Reduce t-CO_2 by 52% for year 2030 (vs 2005)
  *This target is aligned with U.S. government target

		2005 Actual	2030 Target	vs2005
Scope 1 (Direct)	Gas usage (L)	19,503	9,483	*-52.0%*
	Multiplier(t-CO2/kL)	2.32	2.32	*0.0%*
	t-CO2	**45**	**22**	***-52.0%***
Scope 2 (Indirect)	Electricity usage (kwh)	405,655	277,305	*-31.6%*
	Multiplier(g-CO2/kWh)	586.0	411.1	*-29.8%*
	t-CO2	**238**	**114**	***-52.0%***
Total t-CO2		**283**	**136**	***-52.0%***

*2030 target's Multipliers are assumed as same level as FY2020

Scope 1 Initiatives
- ✓ Alternate company cars to EVs and PHVs
- ✓ Utilize car sharing, etc.
- ✓ Promote usage of public transportation, etc.

Scope 2 Initiatives
- ✓ Close offices and reduce office size
- ✓ Promote hybrid work
- ✓ Energy saving of each building ("lights off")