CUNA Mutual Group

Task Force on Climate-related Financial Disclosure Report 2021

AT CUNA MUTUAL GROUP our historic purpose is one of helping people achieve financial security. We believe a brighter financial future should be accessible to everyone. We exist to enable more people in more ways to make financial decisions that work for them. Naturally this leads to certain risk exposures for the Company. Increasingly this includes the identification and management of physical and transitional risks associated with climate change.

This report discusses CUNA Mutual Group's evolving approach to managing climate conditions consistent with the recommendations of the NAIC using the Task Force on Climate-related Financial Disclosure (TCFD) framework.

1. GOVERNANCE

A) BOARD OVERSIGHT

CUNA Mutual Group has integrated the consideration of climate change risk into its governance framework and enterprise risk management processes. Governance for climate change risk has been established through assigning oversight responsibility at both the senior management level and at the Holding Company Board of Directors level. The Board's responsibilities are shared through the following committees:

- **Governance Committee** - has oversight of the Company's Environmental, Social, and Governance (ESG) Framework and climate-related risks
- **Audit Committee** - has oversight of Product-related risks (e.g., climate impacts on P&C coverages) and Operational risk (e.g., physical operations impact)
- **Investment and Capital Committee** - has oversight of the investment portfolio construction including climate related impacts

In addition to the committee responsibilities, the Board of Directors of the Company has oversight responsibility for the Enterprise Risk Management (ERM) framework. In support of this responsibility, the Board has received education on climate-related impacts and risks. Any climate related risks that could materially affect the Company's investments, products or operations would be included in the enterprise risk assessment processes as described in Section 3.

B) SENIOR MANAGEMENT

The Chief Risk & Assurance Officer has responsibility for ensuring a comprehensive and consistent Enterprise Risk Management (ERM) framework for the organization. This role has responsibility for understanding the changing landscape of risk and working with cross functional teams to identify potential ways to address climate risks.

As part of the overall ERM Framework, a Climate Change Risk Group has been established. The role of Risk Group Owner is held by the Vice President of Risk Transfer. The Vice President of Risk Transfer also has responsibility for managing the organization's ceded reinsurance placements and corporate insurance programs. In addition, a P&C Product Management Committee has been tasked with developing and maintaining a climate change strategy for property risks – providing recommendations and ongoing monitoring over time. This committee reports to the Senior Vice President of P&C Solutions.

Supporting these roles are the Executive Management team as well as Senior Management committees that meet quarterly to discuss potential risks, including transition and physical risks resulting from changing climate conditions.

2. Strategy

a) Identified Climate-related Risks and Opportunities

CUNA Mutual Group considers climate risks and opportunities across a range of time horizons. The short-term timeframe of 1-5 years aligns with the forecast period for the Company's detailed financial plans. The medium-term timeframe of 5-10 years aligns with our emerging risk analysis period as well as certain regulatory timeframes. The long-term timeframe of 10-30 years aligns with anticipated longer term climate risks and intergenerational goals.

Risks and opportunities were considered material if they could be expected to reach a key or high residual impact level based on the ERM risk scale. This scale includes both quantitative and qualitative measures of impact.

To date, the Company has focused on climate-related risks and opportunities in the short- and medium-term horizons, with limited scenario planning focused on the long-term impacts.

Table 1 Climate Risks and Opportunities

Timeframe*	Climate Risks (transitional of physical)	Opportunities
Short-term 1-5 years	• Increased regulatory and disclosure requirements as well as mandates on existing products and services. (transitional) • Reliance on historical models have the potential to impact how the Company prepares for climate-related risks. (transitional) • Climate risks may negatively affect the credit or prospects of companies CUNA Mutual Group may otherwise invest in or partner with. (transitional/physical)	• Improved campus building design to reduce both expenses and environmental impact while increasing workforce capacity and employee experience • ESG investing may represent an opportunity assuming options are consistent with investment returns and diversification strategy.
Medium-term 5-10 years	• The potential that extreme weather increases the possibility of an event negatively impacting staff, building assets, or service capabilities. (physical) • The risk that the frequency or severity of natural catastrophes and/or systemic clash events negatively impact the property insurance book of business and financial performance. (physical)	• There may be opportunities to offer new insurance products, services or features allowing us to differentiate offerings based on R&D.
Long-term 10-30 years	• The risk that our Life and Annuity products are impacted by climate-related changes in mortality or morbidity resulting in negative impacts on our financial performance (physical) • The risk that our consumers, business partners, and credit union customers are increasingly and disproportionately impacted by climate change in ways that could impact our business model (physical)	• Mitigation of risks over time

*Timeframe represents initial impact period but identified risk or opportunity may continue to later years

Climate Risks

The following are examples of specific climate-related risks that CUNA Mutual Group has identified in each timeframe. Inclusions of these examples should not be construed as a characterization regarding the probability, materiality, or potential financial impact of these risks.

1. **Increased regulatory and disclosure requirements as well as possible mandates on existing products and services (short-term transitional)**

   Increased regulation adopted in response to climate conditions may impact the Company and its customers. For example, legislative or regulatory requirements may impact product specifications, profitability, or markets. One of the short-term transition risks that the industry faces is government mandates or increased regulation of products. Increases in property catastrophe risk associated with climate change will manifest themselves gradually over a period of many years, while insurance policies are usually of one year duration. This allows P&C insurers to adjust rates, coverages and underwriting guidelines, as required, in response to trends that demonstrate an increase in the frequency and/or severity of natural catastrophe events. An emerging concern is that regulatory regimes do not allow sufficient flexibility to ensure that pricing is set at actuarially sound levels, and, in effect, impose rate review and approval processes that are slow to react to changes in risk levels.

In addition, changes in industry practices and in legal, judicial, social and other environmental conditions, technological advances or fraudulent activities, may require CUNA Mutual Group to pay claims we did not intend to cover when we wrote the policies.

2. **Reliance on historical models have the potential to impact how the Company responds to climate-related risks (short-term transitional)**

   Natural catastrophe modeling is critical to evaluate and quantify climate-related physical risk for our P&C book of business. A major challenge in this regard is that catastrophe models based on historical data are unlikely to capture potential future climate change related shifts of extreme weather events. Unanticipated climate-related events could impair our financial performance or result in poor service or inconsistent or inappropriate benefit responses which could pose reputational damage resulting in reduced demand for products and services.

3. **Climate risks may negatively affect the credit or prospects of companies CUNA Mutual Group may otherwise invest in. (short-term transitional/physical)**

   Global climate change could impact assets that we invest in, resulting in realized and unrealized losses in future periods that could have a material adverse impact on our results or financial position. In addition, government policies or regulations to slow climate change, such as emission controls or technology mandates, may have an adverse impact on sectors such as utilities, transportation and manufacturing, and our investments in these sectors.

4. **The potential that extreme weather increases the possibility of an event negatively impacting staff, building assets, or service capabilities (medium-term physical)**

   Severe weather events have the potential to threaten the continuity of business operations or result in abrupt or unexpected energy costs. CUNA Mutual Group maintains extensive business continuity and disaster recovery planning programs. Nonetheless, a natural disaster could affect one of our office locations or a regional area impacting employees that work from home. Such an event could disrupt our operations and pose a threat to the safety of our employees. In addition, in the event that third party vendors we rely on are unavailable following a disaster, our ability to effectively conduct business could be severely compromised.

5. **The risk that the frequency or severity of natural catastrophes and/or systemic clash events negatively impact the property insurance book of business and financial performance (medium-term physical)**

   Global climate change from rising planet temperatures over the last several decades has been linked to a number of factors that contribute to the increased unpredictability, frequency, duration and severity of weather events, including changing weather patterns, a rise in ocean temperatures, and sea level rise. Further increases or persistence in these conditions would lead to higher overall property and casualty losses and higher reinsurance costs.

6. **The risk that our Life and Annuity products are impacted by climate-related changes in mortality or morbidity resulting in negative impacts on our financial performance (long-term physical)**

   Climate change could impact frequency of future pandemics or environmental exposures that affect long term mortality and morbidity trends which we have not priced into our Life and Annuity products. This would result in unanticipated claims or reserve requirements impacting our financial performance.

7. **The risk that our consumers, business partners, and credit union customers are increasingly and disproportionately impacted by climate change in ways that could impact our business model (long-term physical)**

   CUNA Mutual Group was founded as the trusted partner to credit unions and their members. Eighty-five years later the Company remains a critical part of the credit union movement while expanding the distribution of some solutions to meet the needs of other middle market consumers. Recent research indicates that more than half of all credit unions are located in areas deemed vulnerable to extreme weather events. CUNA Mutual Group recognizes the growing climate change interest and related needs among this core customer group as an important part of our long-term strategy.

AT–PHYSICAL RISK CREDIT UNIONS BY COUNTY

	Credit union branches	% Credit union branches	Credit unions with branches	% Credit unions	Deposits	% Deposits	Credit unions with mortgage origs.	% Credit unions with mortgage origs.	$ Mortgages originated (2020)	% Mortgages originated (2020)
At-risk counties	11,626	56.50%	3,209	62.48%	$1,061,997,777,538	61.26%	1,279	90.52%	$158,106,644,968	57.40%
Other counties	8,952	43.50%	2,791	54.34%	$671,613,935,133	38.74%	1,299	91.93%	$117,329,210,008	42.60%
Grand total	20,578	100.00%	5,136	100.00%	$1,733,611,712,672	100.00%	1,413	100.00%	$275,435,854,976	100.00%

Source: Data as of June 20, 2021. Analysis by Callahan & Associates.

CLIMATE OPPORTUNITIES

1. **Improved campus building design to reduce both expenses and environmental impact while increasing workforce capacity and employee experience (short-term opportunity)**
   Newly completed in 2022 is a new five-story building which replaces a two-story building, expanding vertically to increase workforce capacity while limiting the footprint on the site, enhancing energy conservation, and improving stormwater management and retention by constructing underground

parking and opening up areas historically developed as surface parking lots for patios, terraces, and vegetated and occupiable open spaces instead.

The landscape restoration embodies a diverse open space that provides a variety of vegetation types, focused on predominantly native species with limited and purposefully designed turf areas meant to extend the useability of the hardscapes but in a permeable application (lawn vs. concrete for tent set-up, company-wide events, recreational activities, etc.).
Specifically:

- 35.1% of previously disturbed area restored to native vegetation (LEED goal is at least 25%)
- 82% of site is open space (LEED goal is at least 30%)

From the perspective of water conservation, this project contains a 10,000-gallon cistern collecting rain from 37,266 SF of roof space and condensate from the general, auditorium and kitchen air handling units. This cistern is designed to store stormwater and condensate for use in building flush fixtures and landscape irrigation. In addition, the project will result in

- Reduced Irrigation – 58% savings from baseline (LEED goal is min. 30%); 100% of irrigation can be offset with the water re-use system meaning 348,000 gallons of water/month will be saved by utilizing native/adapted plants and the water-reuse system.
- Indoor Water Use – 37.72% reduction from baseline (LEED goal is min. 20%); using low-flow plumbing fixtures and toilets/urinals will save almost 100,000 gallons of water/year

Overall, the building will see energy savings around 48% compared to a LEED baseline model. Other design features include:

- Glass – Access to abundant natural daylight and views utilizing high-performing triple glazed and bird safe glass
- Site Design and Outdoor Spaces – Enhances employee well-being
- Biophilic Design Elements - Green/Living Walls near the atrium to promote healthy indoor environment

2. **ESG investing may represent an opportunity assuming options are consistent with investment returns and diversification strategy (short term opportunity)**
   As additional ESG ratings are made available, we have an opportunity to further align our investment strategy with our ESG goals and risk appetite. We anticipate further being able to score our own portfolio and to compare our ESG ratings to peers.

3. **There may be opportunities to offer new insurance products, services or features allowing us to differentiate offerings based on R&D (medium-term opportunity)**
   Environmental and regulatory changes have the potential to create opportunities for new products or product features designed to address climate change. In addition, regulatory requirements imposed on credit unions have the potential to uncover needs that our product and service areas could fulfill.

4. **Risk mitigation over time (long-term opportunity)**
   Over time we expect that availability of data and increased monitoring will result in opportunities to align our risk appetite through the strategic use of investments, reinsurance, diversification, and underwriting.

Processes used to determine climate-related risks and opportunities

CUNA Mutual group engages in annual strategy and planning processes that are designed to include staff from across the Company in discussion and education around longer term risks and opportunities – inclusive of climate change. Annually as part of this process, the Company produces an emerging risk list and develops a series of education sessions around external trends. On an ongoing basis the Company also monitors competitive and market Intelligence as well as regulatory and compliance related activity.

b) Impact of Climate-related Risks and Opportunities on CUNA Mutual's Business and Strategy

Strategy

CUNA Mutual Group has observed significant changes in the regulatory environment required to respond to and prepare for climate change. New guidance and reporting requirements are being shared frequently from state and national regulators requiring additional plans to measure, monitor and report on the impacts of climate change. Furthermore, CUNA Mutual Group recognizes the need to monitor rating agencies' views on climate change and any potential impacts on our financial strength ratings. As a result, the Company has increased focus on providing education, understanding, and disclosure support throughout the organization and in conjunction with industry trade associations.

In addition, the Company is establishing an Environmental, Social, Governance project team that will help to establish priorities, goals, metrics for the organization. Once established, this framework will be transitioned to permanent ownership.

Insurance / Underwriting

The Company has been intentional in its diversification and underwriting strategy as it relates to climate risks. Using a combination of experience and climate projections, the Company have expanded our Programs business in select areas and have adjusted our deductibles in areas prone to catastrophes. We anticipate changes in the reinsurance market as a result of climate change and are prepared to adjust our risk transfer program accordingly.

Investments

Climate change has impacted the Company's investment strategy over the past three to five years. The company has begun to incorporate ESG factors into our credit analysis and has made deliberate efforts to reduce our exposure to coal.

Operations

CUNA Mutual Group supports an employee-led sustainability team who actively promote and support sustainable, low-emission practices at the Company's Madison and Waverly campuses. From an operational and facilities perspective, the Company has communicated waste and energy reduction efforts to all employees regarding recycling, management of records, and efficient lighting updates.

The Company makes ongoing building investments and takes regular actions to improve energy efficiency and install energy savings infrastructure. Actions taken as of 12/31/2021 include:

- The Company has reduced the onsite data center square footage by about 75% over the last 10 years. In 2020, server optimization and replacement of uninterrupted power supply (UPS) units contributed to a reduction in electricity usage from 2019 of the overall onsite data center. As a result, the Company reduced Greenhouse Gas emissions in annual electricity use for the onsite data center in 2021 and continues to work on improvements
- During 2021, the construction of the new building at the Madison campus used LEED, Fitwel, Parksmart and other green building design principles in order to create the most efficient building possible. This building was completed in the Fall of 2022.
- The Company has installed EV charging stations at campuses in Madison WI and Waverly IA.

Within our IT area, the Company continues to incrementally leverage cloud providers for our service needs which will continue to reduce our direct energy usage as consequence. In addition, the Company's approach to vendor management includes identification of third-party business resiliency plans.

In 2021, the Company has continued to support the option of a remote workforce model, reducing previous commuting impacts. Finally, the Company has recently added a disaster time-off benefit to assist employees facing climate related issues.

3. Risk Management

A) Processes for Identifying and Assessing Climate-related Risks

The Company regularly monitors the level of risk it is exposed to, whether because of climate-change related risk or otherwise, to ensure adequate protection against excessive levels of exposure. Climate change risks may negatively affect the credit or prospects of companies CUNA Mutual Group invests in, may threaten the continuity of business operations, and may impact the Company's property insurance book of business. Recognizing that climate-related risks can develop in multiple areas, the Company has identified related risks within the ERM framework that are monitored as sources for such risk.

In addition, the Company monitors the regulatory landscape for changing expectations as it relates to disclosures and reporting. The Corporate and Legislative Affairs department as well as the Legal, Risk and Compliance department monitor guidance and regulatory action at the Federal and State level, both within the U.S. and Canada. The Company works with trade associations and peer companies to further understand and monitor the landscape of climate-related risks.

Insurance/Underwriting
With respect to assessing exposure to property risks, the Company's P&C Product teams regularly run the book of property insurance through the catastrophe models provided by Risk Management Solutions and AIR Worldwide to understand potential concentration of risk and to understand potential losses associated with natural catastrophes, including those that might be influenced by climate change.

Investments
With respect to investment related risks, the analysts and portfolio managers regularly assess any risks or threats to companies in which CUNA Mutual Group invests or may invest to guide investment decisions. The Chief Investment Officer and portfolio managers consider the concentration of coal and oil related investments in the Company's investment portfolio. In addition, a geography report is compiled on a quarterly basis that monitors the Company's exposures in the United States by Metropolitan Statistical Area.

Operations
Corporate Safety and Resilience monitors weather events at all corporate sites and maintains a regional crisis team to monitor significant disruptive events to assist remote employees. The Company maintains business resiliency plans and protocols that ensure appropriate escalation and communication of risks. A Site Hazards Assessment is conducted on an annual basis in support of ISO 22301, the International Standard for implementing and maintaining effective business continuity plans, systems and processes.

The Company also maintains business resiliency related risk scenarios within the ERM risk quantification model which consider the impact of operational risks - including climate-related events on our company' physical operations and cash flows while incorporating mitigating factors such as corporate insurance.

B) PROCESSES FOR MANAGING CLIMATE-RELATED RISKS

Insurance/Underwriting
The Company's life and health insurance underwriters monitor and analyze all statistically relevant actuarial data to assess risks posed to that business. Accordingly, where climate change risks manifest themselves in statistically relevant and measurable ways that would affect books of business, CUNA Mutual Group is capable of incorporating those risks into the current risk analysis framework.

The Company's property and casualty insurance underwriters use detailed data directly and through trade associations to model potentially severe weather or geological events and factor those issues into underwriting and reinsurance levels. As described above, the book of property insurance is regularly run through the catastrophe models provided by Risk Management Solutions and AIR Worldwide to understand the concentration of risk and to understand potential losses associated with natural catastrophes, including those that might be influenced by climate change.

Once these events are considered, the Company actively monitors the level of risk it is comfortable with and, when necessary, takes measures to adjust exposure to the appropriate risk level, including the use of reinsurance.

With respect to CUNA Mutual Group's property insurance policyholders, which are primarily credit unions spread throughout the country, CUNA Mutual Group provides risk management services including guidance and consultation regarding disaster preparedness and other effects of extreme weather or geological conditions. That guidance is intended to better prepare customers to handle and mitigate the effects of an extreme weather or geological event. Many educational materials are also made available to credit unions in the Protection Resource Centers, including webinars and self-assessments. Examples of risk management materials include disaster planning templates as well as flood risk and fire prevention materials.

Investments
Specific climate scenarios are still in development, however the Company considers the geographical location and concentration of the asset portfolio, as well as the tenor of the security when evaluating the risk profile of individual investments and the portfolio.

To the extent that climate change risks increase the amount of investment risk exposure, the Company has policies in place to mitigate those risks. For instance, if risk concentration in a geographical location were to exceed the exposure limits of the Company's risk tolerance because of updated loss models (whether caused by climate change or otherwise), the Company would assess options for reducing, transferring, or mitigating that risk to bring the exposure back within tolerance.

Operations
With respect to operations, the Company maintains business resiliency plans that account for events such as natural catastrophes that impact business operations. The Company executes these plans as offices or employees are impacted by weather related events. The Corporate Safety and Resiliency team tracks all disruptive events that require such a response.

C) Processes for Integrating Climate-related Risks into the Organization's Overall Risk Management

The primary person responsible for monitoring risk, including climate change risk, is the Chief Risk & Assurance Officer, via the Company's ERM framework. Enterprise level risk information is collected and communicated as part of the quarterly risk management processes and reported to management and the Board as appropriate.

The Company manages climate risk through the existing Enterprise Risk Management function, Internal Audit function, and Enterprise Internal Control Program. Climate Change is an established risk group within the Company's ERM framework and risk universe. This risk ownership and accountability for the Climate Change risk group is clearly defined and includes management committee and board committee oversight. The Company has addressed climate risk within its annual Own Risk and Solvency Assessment (ORSA) report and includes climate risk within the quarterly reporting process. We have further established climate risk management connections across the organization including within Investments, Market Risk, Insurance/Underwriting and Operations.

As part of an overall risk management education process, Governance, Risk and Assurance has provided educational workshops on climate change risk to risk group owners and to the board of directors. In addition, ongoing development of GRA staff includes training on climate risk, modeling, and regulations.

4. Metrics and Targets

A) Metrics used to Assess Climate-related Risks and Opportunities

Insurance/Underwriting
With respect to the Company's exposure to the property risks we insure, we regularly run our book of property insurance through multiple industry catastrophe models to understand our concentration of risk and to understand potential losses associated with natural catastrophes, including those that might

be influenced by climate change. The Company has historically purchased our Property Cat treaty with a 1:250 return period using the blended results from the AIR and RMS catastrophe modeling which overlays our exposure on historical weather events.

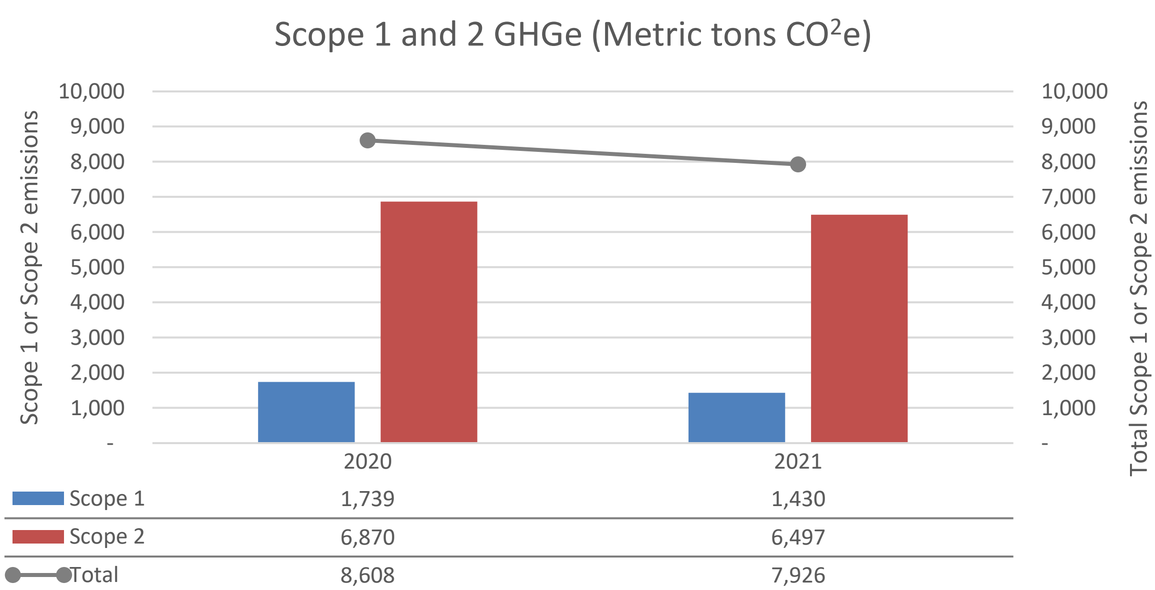
Operations
CUNA Mutual Group (the Company) tracks energy and electricity use and makes continuous improvements to building infrastructure to achieve maximum efficiency possible. The Company utilizes the EPA tool Energy Star Portfolio Manager to track and assess energy and electricity use and subsequent Greenhouse Gas emissions produced by its facilities. Our emissions do include energy use for an onsite data center. Through the Portfolio Manager tool, we track and assess the emissions of this onsite data center facility.

Furthermore, the Company benchmarks its energy and electricity use through Energy Star, as well as through county and state level organizations. The Company received the following awards and certifications in 2021:

- Energy Star Certifications - four of our office buildings qualified with all buildings scoring above 78 out of 100 points.
- Wisconsin Sustainable Business Council Green Master, placing us in the top 25% of participating Wisconsin businesses.
- Dane County Climate Champion with an Emerging Energy Champion designation for two of our office buildings.

B) Scope 1, Scope 2 Green House Gas Emissions and the Related Risks

Shown below are the most recent two years of location-based Green House Gas emissions (GHGe) including Scope 1 (direct) and Scope 2 (indirect) emission measures for all locations. The source of the data is the EPA portfolio, which has been verified as part of the Energy Star certification.



c) Targets used to Manage Climate-related Risks and Opportunities and Performance

The Company is establishing a more formal ESG program and policy where climate considerations, metrics and targets will be a consideration.

CUNA MUTUAL GROUP