

NAIC CLIMATE RISK DISCLOSURE SURVEY

TCFD-ALIGNED QUESTIONS

UPDATED 2022

GOVERNANCE

1. Disclose the insurer's governance around climate-related risks and opportunities.

In disclosing the insurer's governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer's structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

In describing the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks, insurers should consider including the following:

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

B. Describe management's role in assessing and managing climate-related risks and opportunities.

Response for Governance

Although there are no publicly stated goals on climate change risks and opportunities, American Fidelity is mindful of the importance of a balanced business framework and the environment in which we impact.

There are two groups tasked with oversight of climate related risks and opportunities. This includes the Corporate Governance and Risk Committee of the Board of Directors which has oversight responsibilities for all key risks and a management level ESG Committee. The purpose of the ESG Committee is to support the Company's on-going commitment to environmental, health and safety, corporate social responsibility, corporate governance, sustainability, and other ESG matters relevant to the Company.

STRATEGY

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy, and financial planning where such information is material.

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer's businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency. *
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations. *

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5 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.

Response for Strategy

American Fidelity is committed to integrating environmental considerations into our customer-centric practices and overall business framework. We recognize the importance of sustainability and strive to improve our environmental impact across key areas, including Our Products, Our Investments, Our Culture, Our Communities, Our Environment, and Our Corporate Governance.

Through our Enterprise Risk Management (ERM) Framework, we actively assess and address environmental and climate risks, engaging Executive Management and the Board in discussions. We have established plans to respond to climate-related events and regularly review and update these plans to ensure preparedness. While we have not identified any significant climate-related risks to our business, strategy, or financial planning, we are dedicated to expanding our knowledge and understanding of climate change and its potential risks and opportunities.

As part of this commitment, we are embarking on a project to establish a comprehensive baseline for our greenhouse gas (GHG) emissions and set improvement goals within defined parameters. This project will prioritize fiscal responsibility and customer impact while enhancing our understanding and reporting capabilities for all scopes of GHG emissions. Our scope includes assessing the GHG emissions baseline, developing strategies for improvement, and creating reports that align with industry standards and reporting requirements.

RISK MANAGEMENT

3. *Disclose how the insurer identifies, assesses, and manages climate-related risks.*

In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk. *
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable. *
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered. *

A. Describe the insurers' processes for identifying and assessing climate-related risks.

In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed. *

B. Describe the insurer's processes for managing climate-related risks.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following:

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.
- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

Response for Risk Management

Climate risks are identified, assessed, managed, monitored, and reported on through continuous risk management activities within the ERM Framework.

Life and A&H product pricing includes mortality and morbidity assumptions. Stresses to mortality/morbidity are used to see what adverse mortality/morbidity changes could have, whether caused by climate change or other factors.

AF incorporates ESG criteria into our risk management and investment due diligence processes and expects its investment managers to also consider ESG factors as part of their security due diligence process, portfolio construction and ongoing risk management.

The Company has a robust and regularly tested business continuity and disaster recovery process to minimize the potential impact of climate-related incidents on daily operations.

METRICS AND TARGETS

4. *Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.*

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

- Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

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

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

* Asterisks represent questions derived from the original Climate Risk Disclosure Survey.

Metrics and Targets Response

American Fidelity understands that improving our environment and contributing to long-term sustainability is important. The company is working to establish a baseline for Green House Gas (GHG) emissions as well as identify financially responsible opportunities to reduce emissions. We are exploring and considering standardized metrics appropriate for the Company.

The Company does not have any metrics outside of those included as part of the ORSA risk scenario stress testing for mortality and morbidity.