



# 2024 NAIC Climate Disclosure Survey Thrivent Financial for Lutherans

August 31, 2024

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## Background & Scope

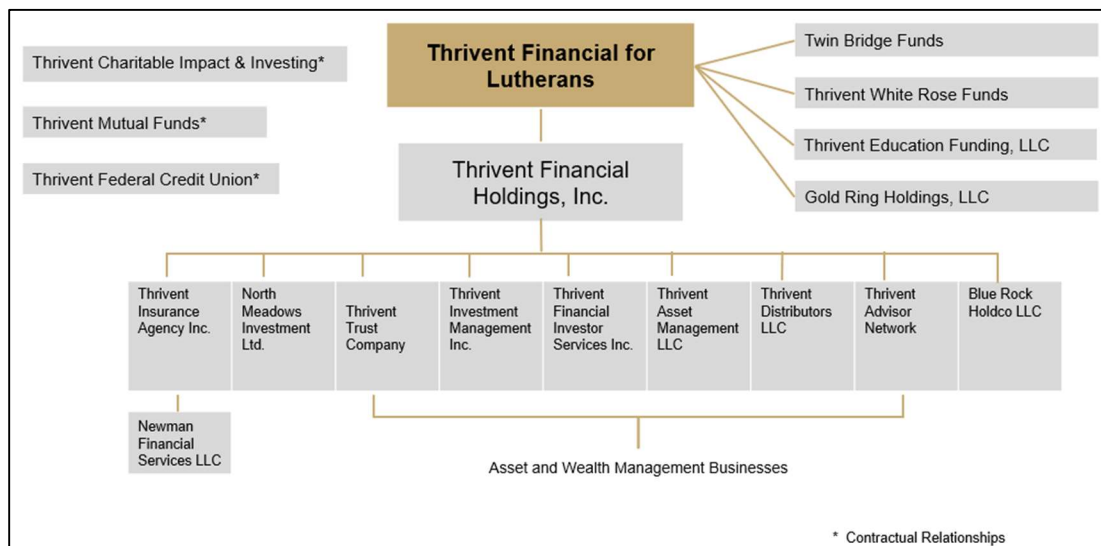
This document contains the written response to the NAIC Climate Risk Survey, for Reporting Year 2022 (“Survey”) for Thrivent Financial for Lutherans (“Thrivent”), as adopted by the “climate risk disclosure” workstream of the NAIC’s Climate Risk and Resilience Executive Committee Task Force.

While the Minnesota Department of Commerce is Thrivent’s point-of-contact for the survey, the survey is also being conducted in cooperation with many other state insurance departments<sup>1</sup>.

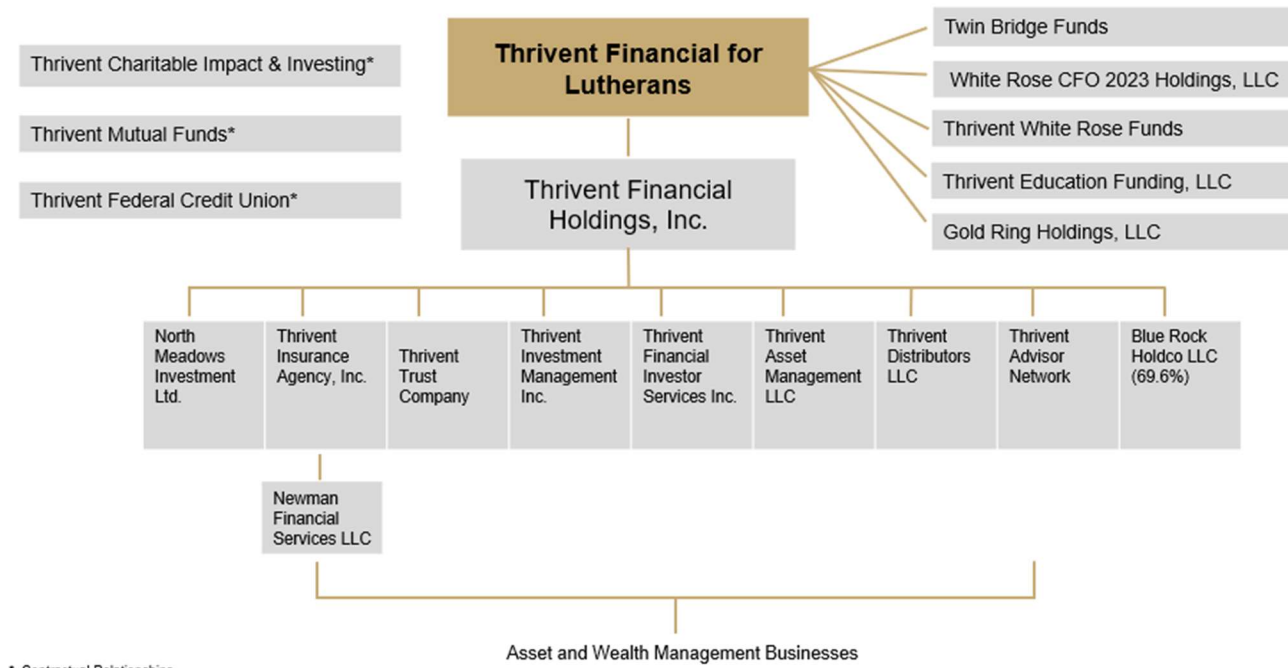
In addition to the written response, Thrivent has responded to all closed-ended questions provided in the survey. Those responses are provided both electronically (via the link provided by the Minnesota Department of Commerce) and are included in this document in the section titled ‘Responses to Closed-Ended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



<sup>1</sup> As of 2024, the following states/territories participate: American Samoa, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Guam, Hawaii, Illinois, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, Northern Mariana Islands, Oregon, Pennsylvania, Puerto Rico, Rhode Island, US Virgin Islands, Vermont, Wisconsin, and Washington.



\* Contractual Relationships



## 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 via 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 Human Resource / Governance Committee of the Board is responsible for overseeing the management of ESG risks and opportunities and receives periodic updates. Climate-related risks fall under Environmental. The Investment Committee is responsible for overseeing the general account investment portfolio, capital management, and asset liability and product management. As part of its risk oversight responsibilities, the committee monitors risks inherent in the product portfolio, which may be impacted by climate. 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). The Audit Committee provides active oversight of the organization's key risks.

At the management level, risk and opportunity management is overseen and administered by Thrivent's Risk Management Committee ("RMC"). The RMC establishes the enterprise risk framework, identifies key risks, facilitates ongoing risk management activities at all levels and provides regular reports to the Board, through the Audit Committee. 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.

Thrivent tests a climate scenario in which there are high physical and transition risks in the next three years: implementation of a carbon tax as well as global supply chain disruptions that spike interest rates and cause a large reinsurer to default. Additionally, Thrivent does sensitivity and stress test scenarios where other 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 Expenditures Report, Insurance Holding Company Annual Registration Statement, Community



Impact Report, Annual Report to Members, among others). The Human Resource / Governance Committee also 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

- 2023 Materiality Assessment: In addition to these periodic updates and reports, in Q4 2023, Thrivent conducted a Materiality Assessment to identify and prioritize ESG topics that may be important to our company and our stakeholders. For this assessment, we defined material issues as those that are important to our stakeholders or those that our stakeholders perceive as important to Thrivent. This definition does not coincide with the definition of materiality used in U.S. securities laws. We received survey responses from almost 300 stakeholders, including financial advisors, members, employees, and members of our Board of Directors and Executive Leadership Team. As part of this assessment, we received quantitative and qualitative feedback from stakeholders on issues such as:
  - Climate Change
  - Electrification & Grid Resilience
  - Emissions & Air Quality
  - Energy Efficiency

To help support the transition to a low carbon economy, Thrivent has made some investments over time to reduce its own environmental footprint, 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 including climate risks and opportunities - among others - are considered to as part of the investment process. 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. Assessments occur quarterly.

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. Thrivent is currently formalizing a semi-annual emerging risk process. While climate 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 Responsible Investing philosophy. Thrivent believes active management can produce favorable returns



for our clients over the long term. Further, we believe success in active management depends on having skilled investment professionals, supported by rigorous investment processes. TAM strives to take all relevant information into consideration when making investment decisions. Relevant information may include certain environmental, social and governance (ESG) criteria, including information related to climate risks and opportunities, which may be utilized and weighted differently by each portfolio manager and may be used to inform investment decisions. While such considerations may be applied in varying degrees by our portfolio managers and aren't required for non-ESG funds, we believe that certain factors, when considered with a range of other financial criteria, have the potential to bolster returns and reduce investment risk.

Thrivent incorporates various factors beyond traditional financial metrics—including ESG factors—to varying degrees across asset classes, including equity, fixed income and private assets. The approach to integrating these factors is determined by the specific investment process of the investment team within the underlying asset class. Integration of material financial and non-financial factors into our investment process starts with the initial research as an investment idea is formed and continues through the life of the investment. The process of incorporating various factors beyond traditional financial metrics into our investment analyses and decisions takes place on two levels: first, with our research analysts as they identify investment opportunities and second, with the portfolio managers as they assess risk exposures at the portfolio level. The analysts and portfolio managers leverage in-house expertise as well as third-party data and research.

Thrivent maintains an ESG & Proxy Voting Committee which, in addition to establishing our proxy voting policies and procedures, provides oversight of evolving environmental, social and governance risks, including those related to climate change. The committee meets at least quarterly to review portfolio metrics and research coverage, relevant updates regarding risks and potential areas of concern, as well as general trends. As part of our oversight process, we monitor, review and evaluate controversial issuers, activities and developments. The committee seeks to understand potential controversies more clearly and ensure that the potential risks are thoroughly considered. The committee also monitors changes in conditions, regulatory developments and broader industry trends related to environmental, social and governance issues to prompt special review.

Other physical and transition risks outside of underwriting and investment are also managed through stress testing their impacts in ORSA. Thrivent considers the short-term risks in the table below:

Climate-Related Risks	Financial Impact Stress Tested in ORSA
Emissions pricing, enhanced reporting requirements or regulation, investment in new technology, increased cost of raw materials	Increased expenses
Substitution of products with lower emissions and other changing customer behavior	Reduced demand and/or increase lapses
Increased extreme weather events	Market instability via equity and/or interest rates

Climate-related opportunities were addressed in the Strategy section.

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

All insurance underwriting activities utilize current best estimate assumptions and are not aligned with any particular climate scenario. However, Thrivent monitors both short- and long-term climate-related metrics. 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. In the short-term, performance of mortality and morbidity metrics are tracked relative to risk tolerances. As part of good corporate stewardship, Thrivent also tracks its water use, land use, waste costs, and monitors climate-related opportunity metrics, such as the use of commuter benefits and in-office vs. remote employee counts.

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	2,389	9,515
2020	2,014	7,489
2021	1,906	7,140
2022	2,494	7,409
2023	1,920	6,618

While the emissions metrics above show a modest level of reduction from 2019 to 2021, 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). 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). The reductions from 2022 to 2023 stem from closing off sections of the (mostly unused) Appleton corporate building and the lower need for heating over the mild winter.

### 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. It is important to note that the available data from 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.

At a high-level, the coverage rates available for CY 2019 – CY 2023 data (at the time this submission was completed) are shown below.

Year Ending Dec. 31	General Account AUM (Billion USD)	Scope 1 Coverage (% of AUM)	Scope 2 Coverage (% of AUM)
2019	\$65.4B	44%	44%
2020	\$67.0B	45%	45%
2021	\$70.9B	42%	42%
2022	\$72.5B	34%	35%
2023	\$74.5B	37%	37%

	Market Value of Identifiable Holdings (Billion USD)	Market Value Covered by Emissions & EVIC Data (Billions 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	\$0.3B	\$0.3B	9,051	2,395	11,446
Fixed Income	\$36.5B	\$24.3B	1,705,185	202,729	1,907,914
Total	\$36.8B	\$24.6B	1,714,236	205,125	1,919,361

Scope 3 Intensity Over Time (Metric Tons CO <sub>2</sub> e / Market Value of Holdings in \$M USD)			
2020	2021	2022	2023
92.2	89.0	79.8	78.0

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.

As seen in the preceding tables, 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 y-o-y since 2020. However, it is worth noting that the data covers only those issuers where emissions data and EVIC data are available. 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

<b><u>Governance</u></b>	<b><u>Thrivent Responses</u></b>
<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
<b><u>Strategy</u></b>	
<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)
<b><u>Risk Management</u></b>	
<ul style="list-style-type: none"> <li>Does the insurer have a process for identifying climate-related risks? (Y/N) <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) <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>	YES
<ul style="list-style-type: none"> <li>Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)</li> </ul>	YES
<b><u>Metrics and Targets</u></b>	
<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 2022 and 2023 holdings data for Thrivent's General Account using FactSet.

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)

The Security ID's for the equity and fixed income holdings along with their corresponding market values at 12/31/21, 12/31/22, and 12/31/23 were downloaded. We leveraged MSCI to source companies' Scope 1 Emissions, Scope 2 Emissions, and Enterprise Value Including Cash (EVIC) data. Where data was not available from either vendor for a given year, the prior year's value was used.

MSCI is recognized as leading providers of ESG data, offering comprehensive environmental, social, and governance information and ratings that are widely used by investors and organizations for sustainable investing and reporting purposes. Thrivent currently leverages this vendor, among others, for internal data analysis and company research. We are currently in the process of evaluating our ESG vendors and may choose to source data from a different vendor or vendors in the future, if it is determined another has better coverage or higher quality data.

Scope 1 Definition:

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:

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.,  $EVIC = \text{Market capitalization at fiscal year-end date} + \text{preferred stock} + \text{minority interest} + \text{total debt}$ ).