

SURVEY QUESTIONS

To provide clear direction for achieving a robust, insurance-sector specific TCFD report, narrative and closed ended questions follow, grouped into the TCFD's four topics: governance, strategy, risk management and metrics and targets.

The statements listed next to numbers and letters are directly taken from the TCFD Framework and should be fully addressed in the insurer's response. As discussed in detail above, insurers should consider including the bulleted items in their response to the TCFD statement above it. For additional guidance on sector specific content to consider including, refer to the Implementation Recommendation Report.

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.

Governance

The Company has adopted an Enterprise Risk Management (ERM) framework. This Framework is used to identify, assess, monitor, and exercise control over a wide range of enterprise risks impacting the Company, including climate-related risks.

The Company has established a Corporate Risk Committee, comprised of executive management, which works directly with the various risk committees within the ERM framework to manage risks to within acceptable tolerances. The Company also has dedicated ERM leadership to provide ongoing monitoring and oversight of risks. Operational managers own the risks, monitor key risk indicators and execute controls. The Company's Internal Audit Department is responsible for evaluating the Company's risk mitigation actions to provide confirmation to the Company's Board of Directors that these actions are effectively mitigating the identified risks.

Physicians Mutual does not have any publicly stated goals on climate-related risks and opportunities. Climate related disclosure is handled at the group level, under Physicians Mutual Insurance Company.

Governance – closed ended questions answered in addition to the narrative

- Does the insurer have publicly stated goals on climate-related risks and opportunities?

(Y/N)

- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? (Y/N)

- Does management have a role in assessing climate-related risks and opportunities?

(Y/N)

- Does management have a role in managing climate-related risks and opportunities?

(Y/N)

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.

Strategy

Physicians Mutual has identified the following potential climate-related risks as part of its risk identification and assessment exercises within its ERM framework:

- Physical damage to Company owned or leased properties from storms and flooding – owned by the Facilities Department, overseen and managed through the Operational Risk Management Committee and mitigated through property insurance
- Potential disruptions in operations from storms and flooding is owned by the **Business Continuity Planning (BCP) team**, who continually monitors programs and processes to ensure any disruption would have a minimal impact to normal business operations.
- Investment Risk – owned by the Chief Investment Officer and managed through the Board Investment Committee
- Potential mortality and morbidity changes caused by climate change – owned by Product Management, and managed through the Product Risk Management Committees
- Longer-term climate-related risks and opportunities (10+ years) are owned by the Corporate Risk Committee, and addressed through strategic risk assessments

Physicians Mutual continues working to reduce our environmental footprint through several initiatives:

- The Company has updated its home office lighting and HVAC systems for energy efficiency, and has an electric car for deliveries between intra-city locations.
- The employee-led Green Team Committee has implemented, and continues to evaluate, multiple recycling and energy saving programs at our Home Office locations.
- **The company's home office is on a city bus line, bicycling is encouraged, and there is designated carpool parking on company premises.**
- Employees are encouraged to recycle, reduce fuel consumption and conserve energy at home.
- Physicians Mutual sponsors and participates in community programs that promote "green environment" programs. For example, we partner with the Arbor Day Foundation and have funded the planting of **over 750,000** trees in honor of our customers. We are also members of the Green Omaha Coalition.

Physicians Mutual, as part of its assessment of risk capital, does stress-test assumptions but does not specifically test a 2-degree Celsius scenario.

Strategy - closed ended questions answered in addition to the narrative

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? (Y/N) *
- 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)

- Does the insurer make investments to support the transition to a low carbon economy? (Y/N)

- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organizations? (Y/N)*

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.

Risk Management

Physicians Mutual identifies and assesses climate-related risks within the same ERM framework as all other risks. Risk Committees will at least annually identify and assess the operational and financial implications of risks in their areas of accountability.

While we have identified potential climate-related risks, as a diversified U.S. life and health insurer, we do not anticipate material financial exposure from our insurance business over the planning cycle of 2-5 years. Impacts of climate-related risks to our investment portfolios are taken into consideration by our investment managers. At this time, we do not have explicit climate-related constraints on investment classes.

Physicians Mutual does not have an explicit plan for managing climate-related risks, but has taken these risks into account in our management of all risks. Assumptions such as asset defaults or impairments, mortality, claims, and expenses are stress tested for both asset adequacy testing and for risk capital testing. Climate-related scenarios are among the risks considered when designing stress tests.

Risk Management – closed ended questions answered in addition to the narrative

• Does the insurer have a process for identifying climate-related risks? (Y/N)

o If yes, are climate-related risks addressed through the insurer's general enterprise-risk management process? (Y/N)

• Does the insurer have a process for assessing climate-related risks? (Y/N)

o If yes, does the process include an assessment of financial implications? (Y/N)

- Does the insurer have a process for managing climate-related risks? (Y/N) *Changed this to Y for this year's survey*
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? (Y/N/Not Applicable)*
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? (Y/N)*
- Has the insurer considered the impact of climate-related risks on its investment portfolio? (Y/N)*
- Has the insurer utilized climate scenarios to analyze their underwriting risk? (Y/N)
- Has the insurer utilized climate scenarios to analyze their investment risk? (Y/N)

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.

Metrics and Targets

At this time, Physicians Mutual does not use metrics or targets specific to climate-related risks. We include climate-related risks along with other risks in our ERM framework, and stress-test assumptions to understand how changes may impact our business.

Metrics and Targets – closed ended questions answered in addition to the narrative

- Does the insurer use catastrophe modeling to manage your climate-related risks? (Y/N)
- Does the insurer use metrics to assess and monitor climate-related risks? (Y/N)
- Does the insurer have targets to manage climate-related risks and opportunities? (Y/N)
- Does the insurer have targets to manage climate-related performance? (Y/N)