

GOVERNANCE

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

Modern Woodmen of America’s (Modern Woodmen) Environmental, Social and Governance (ESG) Committee was established in 2021 as an ad hoc committee. The purpose of the ESG Committee is to better measure and manage the organization’s exposures to ESG-related risks, as well as measure, disclose, and manage the environmental and social impacts of the organization. The committee is chaired by the Chief Risk Officer (CRO), who discusses ESG periodically with the Board of Directors (Board). The committee transitioned from an ad hoc committee to a standing committee effective January 1, 2023.

- Identify and include any publicly stated goals on climate-related risks and opportunities.

Modern Woodmen has no publicly stated goals on climate-related risks and opportunities.

- Describe where climate-related disclosure is handled within the insurer’s structure.

The ESG Committee is responsible for handling climate-related disclosures.

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

The ESG Committee is responsible for the oversight of climate-related risks and opportunities. As stated above, the committee is chaired by the CRO, who provides minutes and other ESG related updates to the Risk Committee of the Board each quarter. The CRO also includes ESG Committee updates in the quarterly Board report, which is provided to the full Board.

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

Modern Woodmen’s Asset/Liability Committee (ALCO) is responsible for the oversight of managing all financial risks. The ESG Committee is responsible for the oversight of managing climate-related risks and will inform ALCO as needed. The ESG Committee is comprised of management level employees from different departments. The departments and positions of committee members are listed below:

- Administrative Services..... Director
- Agency..... Manager, Sales Support
- Enterprise Communications Manager
- Enterprise Architecture & Data Analysis..... Manager
- Fraternal..... Training & Innovations Manager
- Human Resources Chief Human Resources Officer
- Investment Senior Portfolio Manager, Equities
- Investment Senior Portfolio Manager, Private Placements
- Legal Associate Counsel
- Risk Management Chief Risk Officer

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

The ESG Committee is comprised of management level employees and oversees the management of Modern Woodmen’s ESG framework. This includes the development of goals, communications tools, actions, and timelines to further advance Modern Woodmen’s ESG efforts, guided by and supporting our core values. The committee also helps prepare the organization for and comply with known and anticipated global, national, state, and local legislative and regulatory ESG requirements.

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.*

- **Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.**

As an issuer of life insurance and annuities, climate risk does not impact Modern Woodmen to the degree that it may for insurers offering different product lines. If applicable to our insurance product offerings, Modern Woodmen will engage constituencies outside of its standing committee to assess the materiality of any risks and any resiliency needs.

- **Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.**

While there is no formal plan in place to assess, reduce, or mitigate its emissions in the organization's operations, Modern Woodmen is environmentally conscious and proactively manages its business and risk management plans. Some recent projects meeting that objective include:

- Reduction in our KWh realized due to improvements across both buildings.
- Rooftop garden diversion of storm water when fully saturated.
- Continued recycling of paper (print shop).
- Continued recycling of cardboard annually (mail/shipping area).
- Installation of LED lights throughout our Print, Mail and Distribution (PMD) Center.
- Installation of motion detector sensors throughout the PMD Warehouse.
- Installation of LED lights and motion detector sensors in all home office stairwells.
- Installation of LED lights in our home office parking lots.
- Conversion to LED within the home office as replacements are needed.
- Adjustments to system operations to how building temperatures are monitored during off hours to reduce energy consumption.
- Installation of Draper Blinds E-Screen 1% with Koolback technology.
- Replacement of the existing roof at the PMD Center and home office with a more energy efficient white roof.
- Installation of the latest air handling technology that enables us to monitor and adjust chiller usage to minimize run time.
- A comprehensive energy audit was performed by MidAmerican Energy.
- Installation of a Free Cooling Chiller Liebert system in our Data Center that will significantly boost the performance of our thermal management capabilities.
- Replacement of dying or storm-damaged trees with new trees.
- Incorporation of natural flowers and vegetation to our plaza redesign.
- Recycling of old carpet during office remodel.
- Demolition of two old buildings and conversion into partially new greenspace.
- Recycling e-waste.

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

Flooding continues to be a concern, as Modern Woodmen's home office is located on the banks of the Mississippi River in Rock Island, Illinois. The home office consists of two buildings – a main building and a west addition. The two buildings are protected by a seawall with a 25-foot elevation. The seawall is owned by the City of Rock Island and is maintained by the Army Corps of Engineers. Modern Woodmen works closely with the city to ensure the integrity of the floodwall system. River levels have an insignificant bearing on the structure.

The risks associated with flooding have been offset over the past couple of years by the ability of employees to work remotely. While remote work is primarily from home, Modern Woodmen continues to maintain separate offices at a second location for business operations that employees cannot handle from home. This would include mail, print and payment processing.

Modern Woodmen does not currently categorize climate-related risks and opportunities over the short, medium, and long term.

B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

As an issuer of life insurance and annuities, climate-related risks do not impact Modern Woodmen to the degree that it may for insurers offering different product lines.

• Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

In 2023, Modern Woodmen's Information Technology Department worked with CO₂ Neutral to recycle and repurpose old datacenter equipment, including servers, network switches and graphics processing units (GPUs). Modern Woodmen received 19 carbon credits, equal to a reduction of 19 metric tons of CO₂. This is in addition to the 16 carbon credits that Modern Woodmen received in 2022.

C. Describe the resilience of the insurer's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Modern Woodmen has not measured or considered the resilience of present strategies in light of climate-related scenarios such as a 2 degree Celsius or lower scenario.

Risk Management

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

• 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.

No specific climate-related risk policy has been implemented, as we are a provider of life insurance and annuity products, however, it is considered across our various policies as an effect on our business.

• Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

Modern Woodmen monitors and analyzes all risks associated within its entire investment portfolio. The direct and indirect impact of climate-related risks is one factor that is considered when evaluating all securities and investment classes. Therefore, Modern Woodmen has not altered its investment strategy since the impact of climate-related risks is already being considered.

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

Woodmen's most significant climate-related risk is the potential for flooding near its home office facilities. The Facilities Management Department tracks and monitors flood potential very closely and has redundant backup facilities in another area that would not be directly impacted by flooding. This is addressed in Modern Woodmen's Disaster Recovery and Business Continuity Plan (DR/BC Plan).

Modern Woodmen's DR/BC Plan captures the organization's ability to withstand a disaster, as well as the processes that must be followed to achieve disaster recovery and business continuity. The DR/BC Plan includes a risk assessment that measures the risk exposure (likelihood and severity) of natural disasters (earthquake/building collapse, tornado/wind, air contaminants, hazardous spills, flood/water damage, severe weather, fire).

To ensure that Modern Woodmen can withstand a significant outage caused by a disaster, the organization has provisioned separate dedicated standby facilities.

1. Data Center Standby Facility (Standby/Recovery Data Center)

Located in Wisconsin, the Standby/Recovery Data Center is a separate location from the home office. It is approximately 160 miles away from the home office and 155 miles from the Workgroup Standby Facility (Workgroup Recovery Site). The Standby/Recovery Data Center will be used primarily by the IT Department to recover IT systems and applications.

The facility contains duplicate processing equipment and software platforms that mirror those available at the home office. This includes network servers and live disk storage systems.

2. Workgroup Standby Facility (Workgroup Recovery Site)

Modern Woodmen has a secondary workgroup recovery site approximately 9 miles from the home office. In the event of a disaster, this facility would function as a central location where business users and management test and resume business operations as systems are made available by the IT Department. It would also function as the central communications hub for Modern Woodmen and the location where senior management gather to meet and conduct business related to recovery operations.

3. Work-From-Home/Remote Work

Modern Woodmen staff members also have the capabilities and equipment to work remotely in the event of a disaster.

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

A risk assessment is included within the DR/BC Plan. The assessment includes the estimated severity of each threat. Severity is defined as the amount of damage the event can cause. The damage can be measured by evaluating the potential duration of the event, its magnitude, and the extent of its reach (its distribution). The severity is then multiplied by the probability of the threat occurring to calculate the risk exposure. Threats are then ranked from highest dollar amount to lowest dollar amount.

The risk assessment is included in the annual policy review and updated as needed.

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

Modern Woodmen's ESG Committee is responsible for the management of climate-related risks. The committee oversees the development of goals, communications tools, actions and timelines to further advance Modern Woodmen's ESG efforts, guided by and supporting our core values. The committee also helps prepare the organization for and comply with known and anticipated global, national, state, and local legislative and regulatory ESG requirements.

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

The Chief Risk Officer is the chair of the ESG Committee. The CRO provides information on ESG activities to the Board of Directors on a periodic basis.

METRICS AND TARGETS

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

Due to the nature of our business, which is focusing on individual life insurance products and annuities, climate-related risks have not had a direct and material impact on our business performance. We perform an annual mortality study, and if there is any impact on mortality due to climate-related risks, it is reflected in our experience and will be reflected in the actuarial assumption in all the models. We also identify key enterprise risks each year to stress-test the financial impact of these risks. Flooding has been identified as a key climate-related risk for Modern Woodmen; this risk has been stress-tested.