NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

Note – Consistent with previous years, Climate Risk Disclosure Survey responses for the current and prior years are available to the public and can be found on the Department's website.

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.

The Board of Directors of The Independent Order of Foresters is responsible for overseeing risk management, including climate-related risks. The Board tasks its Risk and Investment Committee (RIC) with primary responsibility for this oversight.

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

Responsibility for management of risk is delegated to the Executive Risk Committee, chaired by the Chief Risk Officer (CRO). Our Global Risk Management Policy explicitly highlights climate-related risk.

While each member of the Executive Committee (senior management) is responsible for identifying climate risks in their own functions, like any other risk, the CRO is the Executive Committee sponsor for ESG and Sustainability and champions ESG at the Executive level to embed ESG in business planning and strategy. The Head of Sustainability drives the execution of the ESG and sustainability strategy, working with the Corporate Sustainability Committee which is made up of representatives from across the business.

We have a cross functional working group on climate risk, with representatives from sustainability, risk, investment and finance.

STRATEGY

1. *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.

Foresters sells life and critical illness products and does not sell property or other types of insurance.

Short term – 1-5 years

- Regulatory and policy transition risks - ensuring Foresters is abreast of the changing requirements and is meeting them.
- Reputational risk - in terms of not meeting stakeholder (consumers/employees) expectations on ESG and climate change, as well as reputational (and potentially regulatory) risk linked to mis-selling and/or greenwashing.
- Transition risks to investments leading to market and credit risks.
- Transition risks causing slower economic growth, potentially impacting demand for Foresters' products and Foresters' growth.

Medium term – 5-10 years

As short term, and:

- Physical risks to investments leading to market and credit risks.
- Physical risks impacting insurance risk though impacts on mortality and morbidity from heat waves, air pollution and other physical risks contributing to, and arising from, climate change.
- Physical risks negatively impacting the mortgage market, reducing demand for mortgage protection products Physical risks causing slower economic growth, potentially impacting demand for Forester's products and Forester's growth.
- Physical risks impacting operations due to weather-related events, such as property damage due to storms and flooding at the site of Foresters offices or the offices of our third-parties. Currently, Foresters maintains three physical offices for its employees in the US, UK, and Canada, and we own the UK office only. These physical risks could also increase insurance costs. Detailed risk assessment for physical locations of both our offices and third-party vendor offices has not yet been completed.

Long term – 10-30 years - as per medium 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.

To manage regulatory and reputational risks, we have taken the following actions:

- Established an ESG strategy and are communicating publicly on ESG and sustainability.
- Our second sustainability report marks two years of publicly reporting our scope 1 and 2 emissions, and we have shown a 23% reduction in group carbon emissions between 2022 and 2023.

For our financed emissions, our most material scope 3 emissions, we are working with our asset managers and exploring third party data providers on measurement. .In terms of market and credit risks due to physical and transition risks – we are working with our asset managers to better understand these risks. We included transition risk in our 2024 capital testing report on a five-year time frame, which is a relevant time frame for transition risks but short for physical risks given that our business is life insurance. We are monitoring industry developments on insurance risk due to physical impacts of climate change on mortality and morbidity rates.

We are working to improve our evaluation of the materiality of these risks, in order to incorporate into our business model and strategy.

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

In the annual capital testing, we have considered an economic stress scenario as a proxy for climate-related risk; we also separately identify our exposure based on % of holdings of bonds in the fossil fuel industry.

We are continuing to review the extension of our modelling horizon beyond five years.

RISK MANAGEMENT

1. *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. *

Risks have been identified through regular engagement between the Risk teams and the Head of Sustainability, and we are working to better evaluate materiality of these risks, in order to incorporate into our business model and strategy.

On reputational risk, we plan to better understand customer and employee attitudes on climate and ESG.

On market, credit and reputational risk, we have begun the conversation with our asset managers on how they manage ESG risks, investment sectors and carbon emissions data. Data availability is limited for the bulk of the asset classes we invest in, such as mid-sized private companies, mortgage borrowers, and sovereign bonds. In some instances, the data source (e.g. emissions data for private borrowers) does not exist or the accuracy of the information is unreliable. In the annual capital testing, we have considered an economic stress scenario as a proxy for climate risk; we also separately identify our exposure based on % of holdings of bonds in the fossil fuel industry.

As a life insurer, insurance risks include impacts on mortality and morbidity. In this area, we are keeping abreast of industry developments.

For the operational risks referenced above, some information is available via business continuity planning; data needs from third party providers will need to be determined.

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

Regular meetings are held between the Risk team and the Head of Sustainability, engaging other teams as appropriate, such as the Investments and Finance teams.

Actions to manage regulatory and reputational risks have been undertaken, with Executive Committee and Board oversight.

We want to better evaluate materiality of market, credit and insurance risks identified, in order to incorporate into our business model and strategy.

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.

Climate-related risk has been incorporated into the risk management framework. We will use the framework to manage and mitigate the risks. Risk appetite metrics will be determined once we have gained an understanding of the data available and how it supports our understanding of the risk.

In the annual capital testing, we considered an economic stress scenario as a proxy for climate risk; we also separately identify our exposure based on % of holdings of bonds in the fossil fuel industry.

We are continuing to review the extension of our modelling horizon beyond five years.

METRICS AND TARGETS

1. *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.

Beyond Scope 1 and 2 emissions, we are still developing our metrics to assess climate-related risks and opportunities.

In the annual capital testing, we considered an economic stress scenario as a proxy for climate risk; we also separately identify our exposure based on % of holdings of bonds in the fossil fuel industry.

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

Scope 1 and 2 emissions for US Branch: For the 2023 reporting year from the period of January 1, 2023 to December 31 2023, emissions were 435 tonnes of carbon dioxide equivalent (tCO_2e) for Scope 1 and 45 tCO_2e for Scope 2.

We are looking at how to evaluate scope 3 emissions, our priority being our financed emissions.

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

As we are still developing our metrics to assess climate-related risks and opportunities, we have not set targets yet.

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