



# 2023 Task Force on Climate-Related Financial Disclosures (TCFD) Report

August 2024



## Introduction

### Task Force on Climate-Related Financial Disclosures Report

This report is a summary of Symetra Financial Corporation's and its subsidiaries' (collectively, "Symetra's" or "The Company's") efforts toward implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Symetra understands that implementing the TCFD recommendations is a long-term process that will evolve over time. We are continuously looking for opportunities to incorporate climate considerations into our business strategy as we evolve our Corporate Social Responsibility (CSR) program, and we will seek to continue to expand our understanding of climate risk as we make progress toward adopting the recommendations of the TCFD.

#### About the TCFD Assessment

The TCFD is a global framework for assessing climate risk and focuses exclusively on climate-related factors. The disclosure recommendations of the TCFD are separated into four pillars, representing the

following core operational elements: [governance](#), [strategy](#), [risk management](#), and [metrics and targets](#). These four pillars include eleven supporting recommended disclosures, the most significant of which calls for assessing Symetra's resilience to different climate scenarios.

## Governance

### Corporate Goals

In March of 2022, Symetra launched its first corporate social responsibility initiative, Symetra Social Impact. Symetra Social Impact aims to align meaningful transformation across three priority areas – social commitments, sustainability, and governance – through eight goals that are aligned with the United Nations Sustainable Development Goals (SDGs). The SDGs are a call for action by all countries to promote prosperity while protecting the planet and a blueprint for countries and organizations to follow in creating a more sustainable, healthy, and equitable world.

We believe Symetra Social Impact is a program that authentically reflects who we are as an ethical company, as an inclusive brand, and as an engaged

corporate citizen. The priority areas of the program address each component of ESG (Environmental, Social, Governance), and climate risk is addressed specifically through the sustainability goals. Our first Symetra Social Impact Report was published in July 2023, with the second report set to be published by the end of 2024 and spotlights our efforts to drive transformation across each priority area. The report outlines our core initiatives for advancing positive social change, supporting a healthier environment, and making a better world for the communities we serve.

#### a) Board oversight of climate-related risks and opportunities

Symetra's Board oversees the implementation of key policies and practices, an effective risk culture, and an internal control framework across the enterprise. The Finance Committee of the Board of Directors has oversight responsibility for Symetra's investment strategies and, together with the Audit Committee, shares the responsibility for overseeing Enterprise Risk Management. The Nominating & Governance Committee develops, recommends, and periodically



reviews corporate governance guidelines applicable to Symetra and oversees corporate governance matters. Additionally, the Finance Committee is designated as the Board committee responsible for climate risk oversight.

Discussions with senior management, including the Chief Risk Officer (CRO), occur regularly and focus on the changing business environment and execution against strategic goals and priorities. In addition, the CRO presents annually to the Finance Committee management’s assessment of key enterprise risks and management’s strategy to address each risk. As with the identification and monitoring of other risks, climate risk has been incorporated into existing governance processes and Symetra continues to mature its understanding of this risk.

**b) Management’s role in assessing and managing climate-related risks and opportunities**

Symetra’s Enterprise Risk Committee (ERC), chaired by the CRO, is responsible for overseeing and prioritizing Symetra’s key risks and Enterprise Risk Management (ERM) program. The ERC monitors risk developments, including climate-related issues,

through regular updates from the CRO and ERM team regarding risk appetite, reinsurance, catastrophic risk, and other material issues. The CRO has been designated as the senior leader responsible for climate risk oversight.

The ERC includes all members of the senior leadership team, including the Chief Financial Officer, as well as other business units and enterprise officers. The ERC convenes at least three times per year to assess various risks and opportunities faced by the Company, including issues related to climate change. Symetra has a dedicated ERM team tasked with successfully executing on the CRO’s priorities, which includes evaluating climate-related risk as part of our risk management framework.

**Closed Ended Questions - Governance**

- Does the insurer have publicly stated goals on climate-related risks and opportunities? **Yes**
- Does the board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related risks? **Yes**
- Does management have a role in assessing climate-related risks and opportunities? **Yes**
- Does management have a role in managing climate-related risks and opportunities? **Yes**



## Strategy

### a) Climate-related risks and opportunities over the short, medium, and long-term

Symetra has identified climate change as an environmental and economic issue that will have a growing impact on communities, businesses, and the economy over the next several decades. We are continually working to enhance our understanding of the potential implications of climate change to our customers, our business, and the broader society.

Symetra conducted its first annual climate risk assessment in 2022 and now conducts the assessment annually. The most recent assessment occurred in July 2024 and was primarily qualitative in nature, focusing on identifying potential physical and transition risks related to climate change. We categorize each risk as having potential impact in the short (1-5 years), medium (5-10 years) or long-term (10-30 years).

We also understand that other risks relevant to the organization, such as insurance product demand and mortality, could be impacted by climate change in the

medium or long-term. Our current focus is on understanding and mitigating the risks with potential short-term impact, and we will continue evaluating risks over the medium and long-term as our process matures.

### b) Impact of climate-related risks on businesses, strategy, and financial planning

Incorporating climate risks and opportunities into our business strategy aligns with our company values and our vision to make a positive contribution to the communities we serve.

As noted in the Governance section of this report, Symetra launched its first corporate social responsibility initiative (Symetra Social Impact) in 2022. As part of this initiative, several ESG goals were established, including sustainability goals related to climate change:

- By 2023: Achieved
  - Carbon neutral across our business operations
  - Establish Supplier guidelines
- By 2025: In-progress

- 40% paper reduction
- \$150K to environmental programs for underserved youth

More details on these goals and our progress can be found on [Social Impact - Individuals and Families \(symetra.com\)](https://www.symetra.com/social-impact).

Symetra Financial Corporation's subsidiary, Symetra Investment Management Company (SIM), considers the potential impacts of climate change in evaluating new and existing investments such as corporate bonds and commercial mortgages. Considerations for corporate bond exposure include changes in consumer preferences, liability, regulatory requirements, and corporate actions and strategy relating to climate change.

For Commercial Mortgage Loans (CMLs), the company seeks to incorporate environmental principles into its investment analysis through the CML evaluation and monitoring process that includes flooding, coastal erosion, and windstorm risks. The Company requires named storm coverage in hurricane prone areas and flood insurance in areas of





higher risk for floods. The Company further mitigates climate risk via geographic diversification of the collateral properties. It makes CML investments across the U.S. with concentration limits per region. If one part of the country is impacted severely by climate change, the diversification is intended to result in a smaller impact on the whole portfolio. The Company focuses mainly on small loan sizes (<\$20 million), which allows for greater diversification.

SIM has a formal ESG Investment Policy which highlights their dedication to including ESG considerations in its investment decision making. SIM also engages Morgan Stanley Capital International (MSCI) to provide detailed ESG ratings and reports for many issuers in the corporate bond market. MSCI is an organization whose proprietary ESG investment ratings focus on exposure to relevant ESG risks.

Symetra has invested approximately \$196M to support renewable energy projects and infrastructure as of December 31, 2023.

c) Resilience to different climate-related scenarios  
Symetra does not currently view climate change in isolation as a material short-term risk to our business. The potential impact of climate change, such as natural disasters, is currently addressed by reviewing geographic concentration in our investment and pricing risk assessments. Additionally, the short amortization period of our CML portfolio likely means that longer-term climate risk scenarios will not have a short-term material impact on the current portfolio. Our risk models, which draw on risk-based capital concepts, encompass a broad set of risks and are used to assess the adequacy of our capital to withstand a wide range of events. In the model, risks are classified into four main categories: Investment risks; Pricing risks (both expected and catastrophic); Interest rate risk (including asset/liability duration matching exposures); and other business risks, including business continuity, data security, and other operational risks.

**Closed Ended Questions - Strategy**

- Has the insurer taken steps to engage key constituencies on the topic of climate change? **Yes**
- Does the insurer provide products and services to support the transition to a low carbon economy or help customers adapt to climate change? **No**
- Does the insurer make investments to support the transition to a low carbon economy? **Yes**
- Does the insurer have a plan to assess, reduce or mitigate its greenhouse gas emissions in its operations or organization? **Yes**



## Risk Management

a) Processes for identifying and assessing climate-related risks and b) Processes for managing climate-related risks

Symetra has an Enterprise Risk Management policy and accompanying framework that establishes how risks are identified, evaluated, managed, monitored, and reported. Risk management processes reside in various parts of the organizational structure based on subject matter expertise. Risk identification, assessment, and prioritization is a continuous process of identifying risk exposures, including material risk events, and is a shared responsibility.

The dedicated ERM team, together with business units, management committees, and other second-line functional risk management areas, rely on collective observation, collaboration, and insight in identifying new and emerging risks including those related to climate change. Additional inputs are received from industry groups, consultants, and other networks. The Board is informed of risks identified through this collective process.

In July 2024, the ERM team conducted Symetra's annual qualitative climate risk assessment which follows the evaluation process outlined in Symetra's ERM Framework. The risk assessment is comprised of 13 climate-specific risks and risk owners evaluate the likelihood, impact, and control environment for each of the risks that they own. Additionally, risk owners classify each risk into short, medium, and long-term categories based on the most likely materialization of climate impacts. As noted in the Strategy section of this report, our focus is currently on managing and mitigating potential short-term climate risks; medium and long-term risks will be considered more thoroughly as our process matures.

c) Integration of processes related to identifying, assessing, and managing climate-related risks into overall risk management

Climate risk is integrated into our company-wide risk identification, assessment, and management process through Symetra's existing governance structure and committees. Climate risk is specifically defined within the ERM risk taxonomy as the "risk of loss due to climate change and subsequent impact to both

natural and human ecosystems." Climate risk is classified under our strategic risk category, though it is understood that climate risk has a range of potential impacts that extend to additional categories such as operational, market, and insurance risk.

ERM conducts an enterprise-wide risk assessment at least annually, which includes an evaluation of impact, likelihood, and control effectiveness of each of our roughly 40 secondary risk categories. The result of this process helps us identify our top risks based on an evaluation of residual risk.

Symetra's process for identifying climate change risk mitigation methods and opportunities has been most concentrated to date in our CSR program development, investment management strategy, geographic mortality concentration analysis, our flexible work program and office reconfiguration, and business continuity planning.



Symetra has been and will continue facilitating tabletop business continuity exercises, which allow us to better prepare for climate-related business disruptions. The exercises are conducted with key business processes as well as the Symetra Crisis Management Team.

#### Closed Ended Questions – Risk Management

- Does the insurer have a process for identifying climate-related risks? **Yes**
  - If yes, are climate-related risks addressed through the insurer’s general enterprise-risk management process? **Yes**
  - If yes, does the process include an assessment of financial implications? **No**
- Does the insurer have a process for managing climate-related risks? **Yes**
- Has the insurer considered the impact of climate-related risks on its underwriting portfolio? **No**
- Has the insurer taken steps to encourage policyholders to manage their potential climate-related risks? **No**
- Has the insurer considered the impact of climate-related risks on its investment portfolio? **Yes**
- Has the insurer utilized climate scenarios to analyze their underwriting risk? **No**
- Has the insurer utilized climate scenarios to analyze their investment risk? **No**





Metrics & Targets

a) Metrics used to assess climate-related risks and opportunities b) Greenhouse gas emissions and related risks and c) Targets used to manage risks and opportunities and performance against targets Through a combination of offsets, sustainability measures, and emission reductions we aim to achieve our goal of carbon neutrality across business operations.

Symetra’s carbon footprint is reduced by hosting virtual events and significantly lowering employee commuting rates through support of remote work. As of 12/31/2023, roughly 74% of employees work remotely. For those employees working on-site, we educate our employees on our commute programs during the initial employment interview and as part of the new hire orientation process. On-site employees are encouraged to use buses, commuter trains, bicycling, or walking when possible.

We see carbon offsets as a critical element of our 2025 carbon-neutral strategy goal. We purchase credits to offset our business operations’ carbon

footprint – a practice we began in 2021 at the height of the COVID-19 pandemic. Our offset vendor, Pachama, offers high-quality reforestation and conservation projects while focusing on both saving and expanding forests across the world and using artificial intelligence to verify carbon credits.

For the year 2023, we noted an increase in our direct greenhouse gas emissions from a couple of key areas including business travel and work-from-home energy consumption. Overall, we saw a decrease from our 2022 direct emissions footprint from 7,406 MT CO2e to 7,129 MT CO2e in 2023. Therefore, after third party validation is completed, we will purchase carbon offsets to match our 2023 footprint in furtherance of our desire to pursue and achieve carbon neutrality across business operations.

As we continue to grow, we are also tracking our corporate greenhouse gas footprint per employee. Since 2019 we have increased our employee population by 34%, and in that same timeframe we have reduced our MTCO2e per employee by approximately 43%. This reduction is largely attributed to reduced employee commuting

emissions as a result of moving to a work from home environment.

Finally, Symetra’s registered investment advisor, SIM, tracks the following ESG rating allocations, which are used as a component of investment decision making and are reported to the Symetra board of directors:

- MSCI ESG rating allocation across the investment portfolio (A, AAA/AA, BBB, etc.)
- Internal ESG rating allocation across the investment portfolio (Progressive, Acceptable, Developing)

Closed Ended Questions – Metrics and Targets

- Does the insurer use catastrophe modeling to manage climate-related risks? No
- Does the insurer use metrics to assess and monitor climate related risks? Yes
- Does the insurer have targets to manage climate related risks and opportunities? Yes
- Does the insurer have targets to manage climate-related performance? Yes

