NAIC CLIMATE RISK DISCLOSURE SURVEY
TCFD-ALIGNED QUESTIONS
UPDATED 2022

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.

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

Response: **Gleaner Life Insurance Society, a fraternal benefit society domiciled in Adrian, Michigan, currently has no publicly stated goals for climate-related risks and opportunities. The Board addresses climate risk within the Board Audit Committee, and the Society addresses it through the Enterprise Risk Management (ERM) program. The board has designated a Chief Compliance Officer, who is responsible for governance, risk management, and compliance, including climate-related risk, coordinating policies regarding risk appetite, and Enterprise Risk Management (ERM) program maintenance, reporting all activity to executive leadership and the board of directors at least annually.**

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 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.

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.

Response: The Society acknowledges climate change-related impact on its investment portfolio and employs various tools and systems to model, measure, and screen portfolios for their climate risk exposure.

The Society has implemented the following energy and emission-saving measures, including:

- **Installation and use of energy-saving light bulbs where possible**
- **Installation of a geothermal water pipeline**
- **Usage of filtered water stations, encouraging employees to utilize reusable water bottles/tumblers**
- **Permitting remote access/working from home for employees when necessary**
- **Installation of new Energy Star-rated kitchen appliances**

The Society will implement other energy and emission-saving measures when feasible and necessary.

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 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.

Response: The Society employs various tools and systems to measure, model, and screen portfolios for climate risk exposures. These include detailed ESG ratings from various providers, carbon emissions data, industry involvement screens, and the RMI's PACTA (Paris Agreement Capital Transition Assessment) portfolio modeling tool. Additionally, AAM's (The Society's Investment Manager) investment analysis incorporates climate-related risks and opportunities into their analysis when making investment decisions.

The Society monitors unfavorable mortality experiences for climate-related risks. These are usually experienced through extreme weather events, such as tornadoes, flooding, and heat-related and epidemic-related deaths, which cause unfavorable mortality experiences. Gleaner continues to monitor the impacts of these events on mortality with our actuarial underwriters and investment partners to proactively identify any mortality trends from climate changes.

The Society's ERM program states the impact and likelihood of climate-related risks. The ERM committee meets at least annually to review and address the risk factors identified in the ERM program.

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 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.

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

Response: Through the ERM program, the Society measures climate-related risks in underwriting, investment, and actuarial modeling. The society measures each identified risk, such as climate-related risks, within the program and adds and removes risks across tiers 1-3, with Tier 1 believed as the most likely impact.

Each risk is assessed based on impact, likelihood, and assurance. Impact measures the greatest potential consequences of risk if no controls or mitigation activities are in place. Likelihood is the probability of the risk occurring over the next year if no controls or mitigation activities are in place. Assurance is the effectiveness of existing controls or mitigation activities for a risk.

Each assessment dimension has unique criteria that define what a score represents to the Society. Assessment scores are assigned on a scale of 1 to 10, with 10 having the highest negative consequences for the Society. Also, each risk is given the following index scores: Inherent index = impact score x likelihood score, and
Residual index = (impact score x likelihood score x assurance score) / 10

The residual index is designed to demonstrate the effect of existing controls and mitigating activities on the overall risk level. If the assurance score is 10 (no confidence in controls), then the residual and inherent indexes are equal. If the assurance score is 1 (extremely confident in controls), the residual index will equal the inherent index divided by 10.

Based on the risk assessment and the organization's risk tolerance, Gleaner's senior management team can determine how to address the identified risks. All organizations need to take on a certain level of risk when conducting business to generate value in the organization. Appetite for risk and tolerance for deviation from its objectives must form the basis for determining how to address risks, considering their expected impact and likelihood of occurrence. Risk tolerance can vary from one risk type to another, depending on the importance of the Society's mission, values, and objectives.

Risk responses may yield immediate results or require long-term initiatives to achieve the Society's objectives. Therefore, they often need to be prioritized based on cost/ benefit analysis and resource availability. Risk responses are expected to bring the level of risk exposure down to defined risk tolerance levels through the strengthening or improvement of controls.

Once risk mitigation strategies and action plans are created, risk administration steps ensure the activities are implemented and monitored. Control activities are implemented and evaluated to confirm that the risk responses are operating as intended. Gleaner's senior management and the ERM committee monitor the control activities and update the ongoing ERM process. These sources of risk information will include the most significant data necessary for senior management to monitor the ERM process on a timely basis.

Senior management annually presents the ERM reviews and scores to the Board of Directors for review and approval. The Board is apprised of the most significant risks, mitigation strategies, and how management is ensuring effective mitigation and resolution with the Society's operations.