

NAIC CLIMATE RISK DISCLOSURE SURVEY

TCFD-ALIGNED QUESTIONS

UPDATED 2023

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.

The Audit Committee of the Board of Directors is responsible for enterprise risk oversight, receiving bi-annual updates from the Chief Risk Officer. All enterprise risks are placed in one of four categories: operational, financial, strategic or compliance. On a monthly basis, the enterprise risk workgroup meets to discuss current risks, and monitor any positive/negative variances to metrics.

During 2023, BCBSRI performed its first Materiality Assessment. More than 25 stakeholders were invited to participate in a materiality assessment via survey and/or interview to determine which ESG-related topics they perceive as most "material" to the business and community. Participants included more than 20 BCBSRI associates (i.e., members of the executive leadership team and colleagues representing all lines of the business), members of our board of directors, and community partners.

While BCBSRI has not currently identified a significant impact related to climate risks, BCBSRI understands the connection between a healthy environment and the health of our members, customers, and community. BCBSRI partners on environmental initiatives with our property management firm, JLL, an international real estate and property management company and a leader in sustainability practices. BCBSRI's environmentally conscious approaches to building operations include waste management, energy and water consumption, and responsible transportation alternatives.

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.

In 2023, BCBSRI published its first sustainability report as part of its mission report. In preparation of the report, BCBSRI performed its first Materiality Assessment, which included topics related to climate risk.

BCBSRI has not identified or modeled any material climate-related risks. However, BCBSRI has taken the following are actions to reduce our impact to the environment:

- **Waste Management**
 - We utilize a single stream recycling and composting process to reduce food waste.
 - Our vegetated roof covers 25% of the total roof area. This helps reduce water runoff burden to the city system and results in environmental benefits such as insulation and air quality improvements.
- **Energy and Water Consumption**
 - To reduce water usage, BCBSRI has a rainwater harvesting system in place on the penthouse for the collection, storage, and reuse of rainfall from the roofs, which both reduces demand on municipal sewer system and potable water usage by 15% or 20,000 gallons/year.
- **Alternative Associate Commuting**
 - We offer charging stations for electric vehicles at our office and support a robust work-at-home/hybrid work environment to reduce our greenhouse gases.
 - We offer 100% reimbursement to associates who commute to work by bus or rail.
- **LEED Certified Building**
 - BCBSRI's headquarters was certified as LEED Silver new construction 2009 by USGBC. BCBSRI is in the process of contracting for green energy. To continue to conserve energy, BCBSRI uses high-efficiency mechanical and electrical systems, which reduce energy utilization 21% beyond Rhode Island building code requirements, as well as high-efficiency lighting fixtures.

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.

As a RI based business and health care company, we understand and stay current on Rhode Island's key climate challenges, related to air temperature, water temperature, extreme precipitation and flooding, winter weather risks, and rising sea levels. With that said, BCBSRI has come to the determination that climate related risks are currently not material to its business. We perform annual risk assessments in addition to our ORSA report, and climate related risks have not surfaced.

In addition, BCBSRI has not identified that climate change elements are affecting trend or utilization of healthcare services amongst its members.

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.

Currently, BCBSRI does not have any specific metrics or targets related to climate-related risks.

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