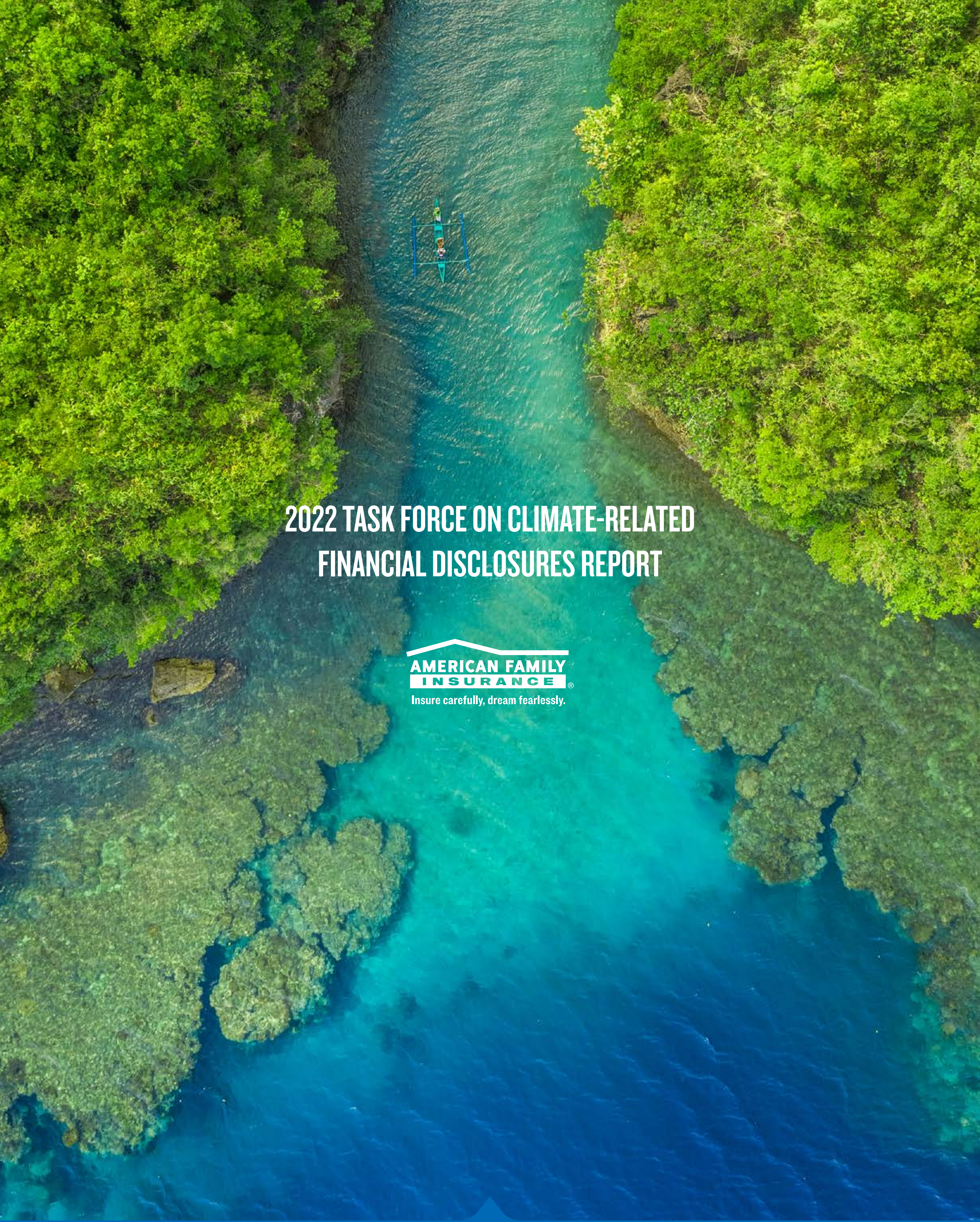


2022 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

AMERICAN FAMILY INSURANCE®

Insure carefully, dream fearlessly.

INTRODUCTION

This is American Family's first report for the Task Force on Climate-related Financial Disclosure (TCFD). Not only does it signal our desire for transparent reporting, it is also a healthy review of where we have opportunities to grow, learn and continually evolve.

American Family Enterprise is committed to understanding climate impacts and seeking greater resiliency to climate change in our business, industry and the communities and customers we serve – including impacts to health, quality of life, and the rate of economic growth. While climate change impacts all of us we recognize the disproportionate impact on the most vulnerable people in the communities we serve – linking sustainability and our commitment to diversity, equity, inclusion and belonging. At American Family Enterprise we champion dreams and opportunities so that everyone can rise.

To enhance climate and community resilience across the country, American Family Enterprise is acting now. We will continue to leverage our resources and experience to convene climate conversations across our industry. By driving greater conversation around climate change and operating in a manner to minimize climate impacts, we are enhancing the resilience of our business while ensuring we champion dreams and opportunities for everyone.

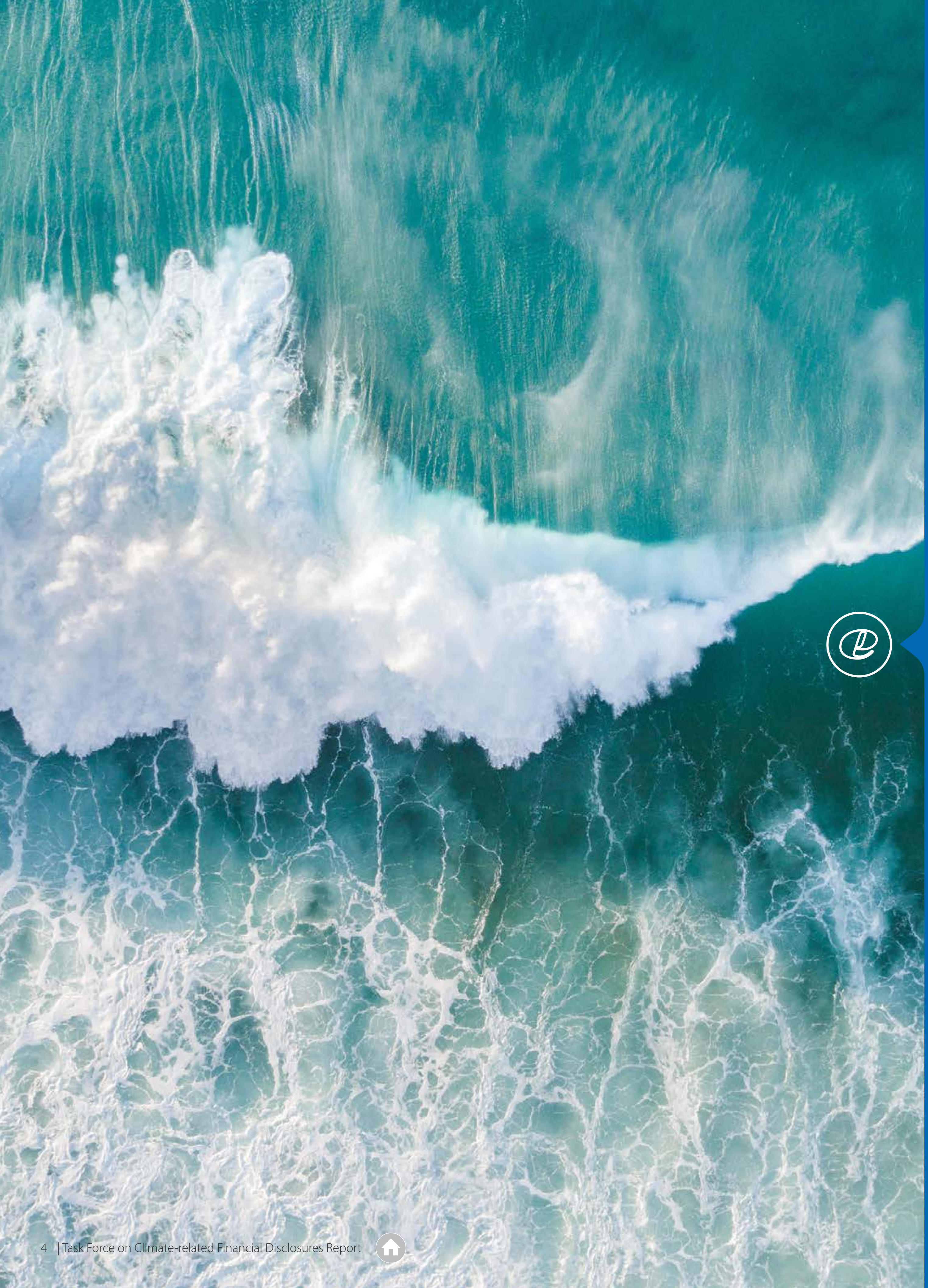
As you will see in the subsequent pages, we have a robust ESG strategy with several innovative strategies to influence the impact of the insurance industry. These strategies are informing how we need to move more swiftly to mitigate risks and seize opportunities.

Our strategy is rooted in protecting dreams. To do that, we must protect our communities and that includes understanding the impacts of climate change while working to reduce our impact. This report demonstrates our commitment on a global scale. It also provides the opportunity to partner and share knowledge and resources with others.

We welcome your feedback and ideas on how we can continue to provide transparent reporting and advance our climate-related goals.

Peter Settel
Chief Strategy and Technology Officer

Troy Van Beek
Chief Financial Officer



AMERICAN FAMILY INSURANCE
Insure carefully, dream fearlessly.

EXECUTIVE SUMMARY

Based in Madison, Wisconsin, the American Family Insurance group of companies and its subsidiaries (American Family Enterprise) has been serving customers since 1927. We inspire, protect, and restore dreams through our insurance products, exceptional service from our agency owners and employees, community investment and creative partnerships to address societal challenges. The Enterprise is the nation's 13th-largest property/casualty insurance group, ranking No. 251 on the Fortune 500 list, selling American Family-brand products, primarily through exclusive agency owners in 19 states. The American Family Enterprise also includes CONNECT, powered by American Family Insurance, The General, Homesite and Main Street America Insurance. Across these companies, there are more than 13,500 employees nationwide.

American Family Enterprise recognizes that our products and services interact directly with climate risks. In response to this, we are continually researching ways to provide more sustainable products. American Family Enterprise has engaged in investments and innovation regarding climate-related opportunities in insurance, specifically as it relates to adaptation finance, community resilience, and technological advancements in climate analytics. There are significant opportunities in developing products and services that enhance customer and community resilience. Whether it be through coverage which more proactively protects against wildfires and floods or integrating climate risk in catastrophe modeling and pricing, we are actively exploring these opportunities and their influence on the Enterprise's financial and strategic planning.

To address climate resiliency more directly, The American Family Insurance Institute for Corporate and Social Impact (the Institute) was established in 2018. The Institute is a venture capital firm for exceptional entrepreneurs who are building scalable, sustainable businesses in a long-term effort to close equity gaps in America. The Institute has four core focus areas: resilient communities, economic opportunity, equity in education, and healthy youth development. It also recognizes that capacity building and supporting organizations and experts that have been working toward social causes are equally important in making a positive impact within our communities around the country. Climate change creates new risks and increases existing vulnerabilities in communities across the United States. These risks and vulnerabilities present growing challenges to human health and safety, quality of life, and the rate of economic growth. People who are already vulnerable, including lower-income and other marginalized communities, have lower capacity to cope with extreme climate-related events, and are expected to experience even greater impacts.

RECEIVED A B RATING IN 2021 FROM CDP

COMMITTED TO NET ZERO BY 2040

PARTNERED WITH UNITED AIRLINES TO LEVERAGE SUSTAINABLE FUEL WHICH HAS AN 80% LOWER CARBON FOOTPRINT THAN TRADITIONAL AIRLINE FUEL

PILLAR | RECOMMENDATION	SUMMARY | KEY POINTS
GOVERNANCE • Disclose the organization's governance around climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	Climate-related topics, including regulatory updates and risks and opportunities are communicated to the Risk Committee of the American Family Insurance Mutual Holding (AFIMH) Company Board of Directors (Board) on a quarterly basis by the Enterprise Risk Management (ERM) function.
	The Board reviews and guides strategy, guides major plans of action, reviews, guides risk management policies, and monitors the implementation and performance of objectives.
	The Board has oversight responsibility for the ERM function and ERM framework. The Risk Committee receives reports quarterly from the Chief Risk Officer as well updates from management, appetite statements and the ERM charter, and periodic participation in training and information sessions on risk topics and reviews of the quarterly risk dashboard.
Describe management's role in assessing and managing climate related risks and opportunities	Oversight of ESG efforts is performed by the American Family Insurance Mutual Holding Company Board of Directors.
	Operationally, the Enterprise Strategic Leadership Team provides strategic direction to ESG-aligned programs aligned to the enterprise ESG strategy and reports to the Board Nominating & Governance Committee.
	The Board receives quarterly updates through the Nominating & Governance Committee report. Other committees also report, as necessary, aligned to their areas of oversight.

PILLAR | RECOMMENDATION	KEY POINTS
STRATEGY • Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	American Family Enterprise considers the possibility of climate change risk and opportunities to our organization over different time horizons - Short term risk is defined as a 0-1 year timeframe - Medium term risk is 1-7 years - Long term risk is 7-30 years
	American Family Enterprise plans to complete a formal climate risk assessment and scenario analysis, which will identify and prioritize opportunities that may have substantial strategic or financial impacts. As part of this analysis, we will estimate potential financial opportunities to be utilized in short- and long-term strategic development discussions.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	American Family Enterprise operates in all 50 states. The majority of the company's book of business is in personal lines property/casualty and commercial-farm/ranch lines property products.
	We have not specifically linked any perils, coverages or limitations to climate change. However, to the extent that climate change can impact the frequency or severity of weather events, we have taken some steps to minimize losses. These include moratoriums on writing certain coverages when a peril is imminent and increased deductibles for certain perils in geographic locations susceptible to that peril.
	We recognize that our business operations create a negative impact of the environment. That is why we have focused on substantial efforts to reduce the impact of our operations and facilities, such as converting two of our owned facilities to LEED certified buildings and leveraging renewable energy
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have a plan to transition to a 1.5 degree Celsius world. We have committed to Carbon Neutrality for American Family Insurance by 2030, and in August of 2022 we joined the Climate Pledge committing to Net Zero across the American Family Enterprise by 2040.

PILLAR | RECOMMENDATION	SUMMARY | KEY POINTS
RISK MANAGEMENT • Disclose how the organization identifies, assesses, and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate-related risk	American Family Enterprise has adopted an ERM risk assessment methodology that considers the unique characteristics of each risk. The organization considers both quantitative and qualitative risk measures as part of the assessments, recognizing that not all risks can be evaluated based on numeric data. The assessments consider the upside of risk as well as the downside along with any mitigation needs.
Describe the organization's processes for managing climate-related risks	American Family Enterprise is working diligently to understand the impacts of climate change and with that information we can make decisions to ensure the effective management risks. While we have not yet evaluated the impact and likelihood of these risks through a formal climate risk assessment or specific scenario analysis, the Catastrophe Management unit is working in partnership with universities to facilitate strategic knowledge sharing sessions and workshops on a variety of topics related to forecasting, climate change, and predictive tools and techniques. TCFD will be utilized as a framework to begin developing formal climate related risk governance, strategy, risk management and metrics/targets.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	American Family Enterprise recognizes the physical and transitional risks associated with climate change and have formally added climate change to our risk universe in 2022 with the identified sub risks of physical and transitional risks. This formal addition will ensure that these risks are formally assessed within our next annual assessment cycle, the outputs will be visualized along with all other assessed risks and as assessments are conducted, mitigations and monitoring can also be completed.

PILLAR | RECOMMENDATION	KEY POINTS
METRICS & TARGETS: • Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	American Family Enterprise evaluates climate-related risk impacts on all enterprise risks. Several enterprise risks are significantly impacted by climate risk, including catastrophe, business interruption, capital adequacy, liquidity, underwriting, and reinsurer availability. Internal risk identification discussions identify new and evolving risks that may be components of the risk categories listed or new risks. Leadership with responsibility over climate-related risks have compensation tied to specific performance metrics. The American Family Enterprise's internal carbon cost is utilized in decisions regarding capital expenditures on projects to improve our energy efficiency. Evolutionary and shadow pricing is used. This developing cost is based on the open market-based price of carbon allowances in the EU emissions trading system, provided by the Intercontinental Exchange (ICE). In April 2020, we retained consultant partner WSP's Sustainability, Energy and Climate Change team to conduct an assessment to analyze the various measures needed for the American Family Insurance to achieve carbon neutrality by 2030. American Family Enterprise is working with consultant partner WSP again, in calendar year 2022, to update this feasibility assessment. It will reflect all relevant Scope 1, 2, and 3 emissions that were not measured in 2019.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Emissions data is provided in the Metrics and Targets section of this report and is also available on amfam.com
Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets	We are still working to measure our complete footprint to include all material business activities. When our full GHG footprint is mapped, we will evaluate targets laid out in CDP, which only reflect scope 1, 2, and scope 3 emissions we had measured as of 2020.

GOVERNANCE

Describe the board's oversight of climate-related risks and opportunities.

The American Family Insurance Mutual Holding (AFIMH) Company Board of Directors (Board) is accountable for the annual approval of the Enterprise Risk Policy and obtaining an understanding of key risks for all entities of the Enterprise. The AFIMHC Corporate Governance Guidelines state that the Board has oversight responsibility for the Enterprise Risk Management (ERM) function.

Climate-related topics, including regulatory updates and risks and opportunities are communicated to the Risk Committee of the Board on a quarterly basis by ERM as part of quarterly risk reporting. The Risk Committee of the Board is accountable for oversight of the ERM function and framework. This accountability is documented in the Risk Committee charter, which is reviewed and approved annually. In fulfilling this accountability, the Risk Committee receives reports quarterly from the Chief Risk Officer. The Chief Risk Officer reports to the Chief Financial Officer. In addition to quarterly risk reports, the Board receives updates from management, reviews and approves the Risk Policy including risk appetite statements and the ERM charter, periodically participates in training and information sessions on risk topics and reviews the quarterly risk dashboard. Responsibilities of the Board and Risk Committee are consistent with the COSO framework for internal controls which suggests the Board has a lead role in the management of risk.

Some meetings include specific climate-related agenda items that explore climate in the broader ESG context, as well as climate-related venture capital (VC) investments and risk management activities. Annually, the Board approves the Risk Policy which includes the risk appetite and tolerance levels set by senior leadership as well as the ERM framework. The risk appetite and tolerances provide guidance to ensure risk exposures will remain within acceptable boundaries. The guidance provided by the Risk Policy considers natural catastrophe risk. To ensure the Board and executive management receive information about emerging risks, there are several processes in place to ensure that emerging and evolving risks with the potential to impact the Enterprise continue to be identified. Risks identified can include those due to changes in processes, new strategies, or external factors such as the changes to the industry and the way we conduct business.

The impacts of severe weather events are inherent to an insurance organization. For this reason, the risk of a variety of perils have always been continuously monitored in the organization and consider changes to experience, computer models, and trends identified by internal and external experts through ERM's networking and involvement in professional organizations. American Family 's investment managers take the issue of climate risk into consideration in the same manner as any other potential drivers of risk and return in the investment portfolio. Investments are managed to ensure the organization can respond in the event of a natural catastrophe.

The Board reviews and guides strategy, risk management policies, and monitors implementation and performance of objectives. The Board has oversight of all risks, including climate-related risks and opportunities related to our operations, investment activities, insurance underwriting activities, and other activities with potential climate impacts.

GOVERNANCE

Describe management's role in assessing and managing risks and opportunities.

Oversight of ESG strategy is maintained by the Board. The Board receives quarterly updates through the Nominating & Governance Committee report. Other committees also report, as necessary, aligned to their areas of oversight.

- The Nominating & Governance Committee holds primary oversight accountabilities of the enterprise's ESG strategy, including progress toward its ESG focus areas. This committee also provides oversight on topics relating to board recruitment/onboarding, professional development and educational opportunities, management disclosures, and updating committee charters (including Corporate Governance Guidelines).
- The Audit Committee oversees related-party transactions, regulations, compliance with business ethics, oversight of independent auditor performance, and financial reporting integrity.
- The Finance Committee oversees enterprise investment performance, external investment manager performance, and ESG investment activity and responsible investment oversight.
- The People, Compensation, and Rewards Committee oversees people-related topics (employee engagement, retention, recruitment, succession planning, talent development, DEI, pay equity), officer compensation and incentive plan goal setting, and oversight of independent compensation consultant performance.
- The Risk Committee oversees the enterprise risk management program and receives quarterly reporting on strategic, financial, operational, technology and legal and regulatory risks.

Operationally, the Enterprise Strategic Leadership Team provides strategic direction to ESG aligned programs aligned to the enterprise ESG strategy including progress toward its ESG focus areas, reporting to the Board Nominating & Governance Committee. Execution of the enterprise ESG strategy is managed by:

- The Enterprise ESG Council, which is inclusive of leaders from across the Enterprise, focused on driving execution and alignment of action across operating companies and business units.
- The Enterprise Chief Strategy and Technology Officer and Vice President of Strategy Performance & Partnerships are accountable to the development and execution of the enterprise ESG strategy, policies and programs, and reporting.

Effective corporate governance and leadership is critical to the success of American Family Enterprise's Climate Change mitigation efforts. These leaders support and guide Climate Initiatives throughout the enterprise.

- Responsible for both oversight of enterprise ESG Strategy which includes climate-related risks and opportunities
- Informed on climate related issues as important matters arise

- CFO reporting line
- Responsible for the identification, assessment, and reporting of all risks, including climate-related risks and opportunities related to our operations, investing activities, insurance underwriting activities, and other activities with potential climate impacts
- Informed on climate related issues as important matters arise

- Corporate Sustainability/CSR reporting line
- Responsible for both assessing and managing climate-related risks and opportunities related to our Social Venture Capital (VC) investing activities
- Informed on climate related issues as important matters arise

- Corporate Sustainability/CSR Chief Impact Officer of which Community Resilience is a fund pillar as part of our Social VC investing activity as well as our philanthropic Dreams Foundation
- Responsible for risks and opportunities related to our investing activities
- Informed on climate related issues as important matters arise

- CFO reporting line
- Responsible for both assessing and managing climate-related risks and opportunities, risks and opportunities related to our own operations
- Informed on climate related issues as important matters arise

- CSO reporting line
- Responsible for both development and implementation of the ESG Strategy
- Regularly informed on climate related issues

STRATEGY

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

American Family Enterprise considers the possibility of climate change risk and opportunities to our organization over different time horizons.

Short-term (0-1 year):
Opportunity: Carriers, Managing General Agents (MGAs), Managing General Underwriters (MGUs), and reinsurers will be seeking guidance on portfolio management in the face of a changing climate in which the frequency and severity of extreme weather events will be increasing in specific geographies. By improving underwriting insights, insurers can prevent the over-accumulation of risk that are more likely to incur losses based on expected shifts in climate change. Accumulation optimization (based on current weather-related loss events) can easily save insurers $10M+. Working with leaders in risk management and climate forecast data to determine most useful and efficient methods for ingesting, processing, and generating actionable insights and underwriting guidance for future portfolios. Once determined, a climate-analysis module will be designed and implemented into an existing software platform and marketed to the risk industry. The development of climate adaptation, resilience, and insurance risk solutions will create new revenue streams from new/emerging environmental markets and products. This will provide carriers with forward looking insights into how future portfolios are expected to perform because of geographic changes in extreme weather events.

Medium-term (1-7 years):
Opportunity: As regulator and investor demand for ESG transparency and disclosure increases, and the world transitions to a low carbon economy, American Family Enterprise anticipates significant opportunity related to sustainable investing and ESG reporting. Not only will such investments increase revenues, but they will potentially reduce risk by minimizing exposure to asset classes likely to be negatively impacted by climate change. American Family Insurance's social impact investment managers take the issue of climate risk into consideration in the same manner as any other potential drivers of risk and return in the investment portfolio. The Enterprise considers correlation between underwriting risk due to natural catastrophes and investment risk. We currently focus on three areas to increase community resilience.

1. Access to clean technologies, such as solar power and energy efficiency improvements
2. Water management (in terms of resilient cities, infrastructure management, and public health)
3. Advancing disaster and climate technology platforms for adaptation to a changing climate.

In the future, American Family Enterprise plans to complete a formal climate risk assessment and scenario analysis, which will identify and prioritize opportunities and risks that may have substantial strategic or financial impacts. As part of this analysis, the Enterprise will estimate potential financial opportunities to be utilized in short- and long-term strategic development discussions.

American Family Enterprise will continue to engage in industry-wide discussions on the topic of climate-related opportunities in insurance, specifically as it relates to adaptation finance, community resilience, and technological advancements in climate analytics. These opportunities will be considered once internal climate risk assessment and scenario analysis is complete, allowing for a more internalized understanding of opportunities by product, market, and geography.

STRATEGY

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

In terms of weather-related risk, the majority of the company's book of business is in personal lines property/casualty and commercial-farm/ranch lines property products. While American Family brand products are in 19 states, primarily in the Midwest and Pacific Northwest, our operating companies span the entire country. CONNECT, powered by American Family Insurance, and Homesite represent a significant percent of our enterprise book of business in California. American Family Enterprise is active in all 50 states and is exposed to a wide range of weather-related perils.

American Family Enterprise has not specifically linked any perils, coverages or limitations to climate change. However, to the extent that climate change can impact the frequency or severity of weather events, we have taken some steps to minimize losses. These include moratoriums on writing certain coverages when a peril is imminent and increased deductibles for certain perils in geographic locations susceptible to that peril.

As part of the American Family Sustainability and Climate Action Strategy, we have identified opportunities to enhance resource efficiency by minimizing the Enterprise's emissions from our corporate fleet and travel operations. Furthermore, we expect efforts to reduce waste and paper usage, as well as efficiently managing our real estate assets to generate financial savings in the long term.

The Enterprise also has an energy management strategy with the goal of continuously improving efficiency across owned facilities. The strategy is managed by a cross-disciplinary team that includes representation from Facilities, Information Services and Data Center Management. It includes rigorous efficiency and emission targets out to 2025 with a continuous improvement cycle for strategic planning updates annually. Owned real estate is actively maintained with the Energy Star portfolio and includes multiple certifications. By 2025 we have committed to sourcing 100% of the electricity used at our owned facilities from renewable sources. In 2012, variable frequency drives were installed in both data centers and non-data air conditioning centers to reduce energy use. Solar panels have been installed in five locations for a total of 220kW of renewable power generated on site. The company now has three Leadership in Energy and Environmental Design (LEED) Certified facilities in its portfolio (Eden Prairie, MN and two in Madison, WI). Complementary programs include building envelope upgrades, green roofs, HVAC fixtures and controls, retro-commissioning projects, electrical fixture and controls updates, back up generation and behavioral modifications such as employee programs to power down equipment when it is not in use.

STRATEGY

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

We have a plan to transition to a 1.5 degree Celsius world.

In 2020, an enterprise climate risk survey was conducted to identify top climate risks/ opportunities. The survey provided valuable insights that will be used in shaping our approach to climate risk assessment and scenario analysis. Outcomes included strategic direction, analytics, time horizons, business impacts/opportunities, and partners. American Family Insurance plans to utilize the Task Force of Climate-Related Financial Disclosures (TCFD) as a framework to assess climate-related risk in the future. We will assess materiality of climate-related risks, including current and anticipated organizational exposures. Scenarios will be developed with time horizons defined. Business impacts will be evaluated with potential responses identified. At this time, it is anticipated RCP 8.5 and RCP 4.5 will be utilized to develop climate, policy, and economy assumptions.

Our strategy for products and services have been influenced by climate-related risks and opportunities in a few ways:

1. Leverage Existing Technology: We are growing our products for usage-based insurance, which provides incentives to customers who drive fewer miles and less aggressively, encouraging lower carbon emissions.

2. Model for the Future: We utilize multiple catastrophe models to evaluate risk arising from natural catastrophe perils, and to more closely approximate experience or account for volatility. While the models continue to become more sophisticated, there is still uncertainty around the outputs. For this reason, the company employs an approach that considers historical loss experience and total insured values at risk by location in addition to model output.

3. Data as a Superpower: We limit uncertainty and variability in results by ensuring high data quality of model inputs. The result of catastrophe modeling is included in our capital adequacy modeling and stress testing analysis to provide assurance that the organization's level of capital is adequate for both catastrophe risk, as well as other risks faced. The most substantial decision made in this area is the company's decision to form a research team dedicated to understanding the impacts of climate change to policyholders. This team also provides recommendations to management as far as business changes to respond to the impacts of climate change.

4. Innovative Solutions: We are also equipped with technological tools and processes designed to improve our disaster response. As weather patterns become more severe and/ or frequent, these assets will allow us to support quicker recovery for our customers. An example of this is the development of Opterrix, an American Family-owned company. Insurers leverage Opterrix to provide pinpoint insights into how policyholders will be impacted by extreme weather events before, during, and immediately following events like these. Opterrix foresees a tremendous opportunity to provide the risk industry with forward looking analytics tools to help better assess risk selection and portfolio management. Learn more at https://www.opterrix.com

Opterrix™

5. Strategic Partnerships: We developed Code of Conduct for our suppliers which communicates our values as a group and expectations of our suppliers. This includes climate-related requirements, such as requesting our suppliers disclose to CDP. We began sharing this code with our suppliers in 2022. Our team is in the process of leveraging EPA emission factors to begin internal accounting of our supply chain emissions. We also engage with CDP Supply Chain to identify and evaluate our suppliers already engaging with CDP. Based on our 2019 sample survey, 33% of surveyed tier one suppliers already participate in CDP supply chain. We plan to continue educating and inviting our suppliers to participate in the program and grow their engagement. The objective of this work is to use carbon impacts as an additional factor in deciding who American Family partners with strategically.

We recognize that our products and services interact directly with climate risks. In response to this, we are continually researching and developing ways to provide more sustainable products. One example of this is through research conducted at our roof farm, which facilitates research into the resiliency of different roofing materials to the effects of our changing climate. We partnered with the Insurance Institute for Business & Home Safety (IBHS) through a first-of-its-kind national study that will support IBHS researchers during the next 25 years in identifying the effects of aging on residential roofing materials, with the ultimate goal of making residential roofs last longer and leak less, which will ultimately help customers mitigate risks. The study will determine how Midwest weather affects different brands of roofing material, using a dozen scientifically instrumented roof structures built on a bare patch of ground at American Family Insurance's corporate headquarters. This is a part of a larger, on-going, study driven by IBHS and other participating member companies. The group will continue to invest in research that takes the issue of climate risk into consideration, in a similar approach to other potential drivers of risk and return in our products and investment portfolio.

The activities of the American Family Insurance corporate responsibility plan align directly with our company's strategic plan through customer focused environmental sustainability efforts. Our strategy for our operations has been influenced by climate-related risks and opportunities. For instance, the primary objective under the environment pillar of American Family Insurance's corporate responsibility is the Sustainability and Climate Action Strategy, a plan to reduce greenhouse gas emissions. The most substantial decision made in this area is to utilize operational carbon/GHG data to inform a path toward net zero carbon. The Sustainability and Climate Action Strategy will direct our environmental action through 2030. This strategy is informed by greenhouse gas emissions data from 2012-2019.

RISK MANAGEMENT

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

American Family Enterprise has adopted an ERM Framework that includes governance, culture, and the risk management process. Risk identification, risk assessment, risk monitoring and risk reporting are all part of the risk management process.

Risk identification occurs continuously throughout the year, across multiple mechanisms. ERM may conduct surveys and participates in regular meetings with management to gather business intelligence, explore risk developments, gain additional insights into existing risks, and discuss recent events that could pose new risks. Once identified, risks are aligned to the overall risk universe for documentation and reporting.

The organization considers both quantitative and qualitative risk measures as part of the assessments, recognizing that not all risks can be evaluated based on numeric data. The assessments consider the upside of risk as well as the downside along with any mitigation needs. This definition is used when identifying or assessing climate-related risks.

A qualitative approach to measuring risk is performed by the business that owns each risk in collaboration with ERM. This qualitative approach provides a consistent scale in which to prioritize risks for more detailed analysis and in-depth assessments. A three-factor approach is used, which includes defined impact and likelihood scales along with a velocity scale which recognizes the speed of impact of the risk.

Impact is a measure of the severity or magnitude of adverse consequences of the risk to the organization. To recognize that different risk events may impact the organization in different ways, the impact scale considers several impact measures. The impact of a risk event may be measured as loss of revenue, increased expenses or losses, damaged reputation, legal or regulatory consequences, impact on achievement of strategic objectives, impaired customer satisfaction, or reduced staff morale. Impact levels range from insignificant to severe. As most ERM risks pose a threat to reputation, the potential negative impact on reputation is included in the impact scale and is considered when determining the potential adverse consequences of each risk. Risk impact is assessed using a scale of Severe, Major, Moderate, Minor and Significant. Risks with a Severe, Major or Moderate impact represent a substantive financial or strategic impact to the business.

RISKS WITH A SEVERE IMPACT MAY INCLUDE ONE OR MORE OF THE FOLLWING CRITERIA
Media outrage, critical reputation impact
Critical long-term damage to customers experience, customer satisfaction impaired
Very significant impact on ability to achieve strategic objectives, more than one objective not achieved
Adverse regulatory opinion, corrective action required by regulator, litigation action or award
Reduction in revenue or forgone potential revenue of 3% or more
Increase in losses and expenses of 3% or more
Widespread staff morale problems, increased turnover, loss of key leadership

RISKS WITH A MAJOR IMPACT MAY INCLUDE ONE OR MORE OF THE FOLLWING CRITERIA
National press or social media coverage, extensive reputation impact
Severe disruption to customer experience, customer satisfaction falls below threshold
Significant impact on ability to achieve strategic objectives, one objective not achieved
Intervention by regulators or other agencies, minor regulatory enforcement, legal actions filed
Loss of revenue or potential revenue of 2% to 3%
Increase in losses or expenses of 2% to 3%
Widespread staff morale problems, increased turnover, loss of key staff

RISKS WITH MODERATE IMPACT MAY INCLUDE ONE OR MORE OF THE FOLLWING CRITERIA
Media and community concern, high reputation impact
Widespread disruption to customer experience, noticeable reduction in customer satisfaction
Moderate impact on strategic objectives, some elements not achieved
Regulatory or contractual breaches, legal actions filed, increased regulatory scrutiny
Loss of revenue or potential revenue of 1% to 2%
Increase in losses or expenses of 1% to 2%
General reduction in staff morale, increased turnover

RISK MANAGEMENT

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

American Family Enterprise is working diligently to understand the risks, impact, and management of climate change. While we have not yet evaluated the impact and likelihood of these risks through a formal climate risk assessment or specific scenario analysis, the Catastrophe Management team has been working in partnership with Northern Illinois University (NIU) to facilitate workshops on a variety of topics related to forecasting, climate change, and predictive tools and techniques. The goal of these sessions is to provide actionable insights specific to existing/new data and perceived gaps in operational workflows, while improving the group's skill in forecasting weather perils, using climate model output, and employing tools to analyze data. Through this partnership a prototype for assessing how tornadoes may affect the group's book of business has been built. It will examine the effect of tens of thousands of simulated tornadoes across a cost surface (e.g., housing units, portfolio entities).

The tool can be used to assess:

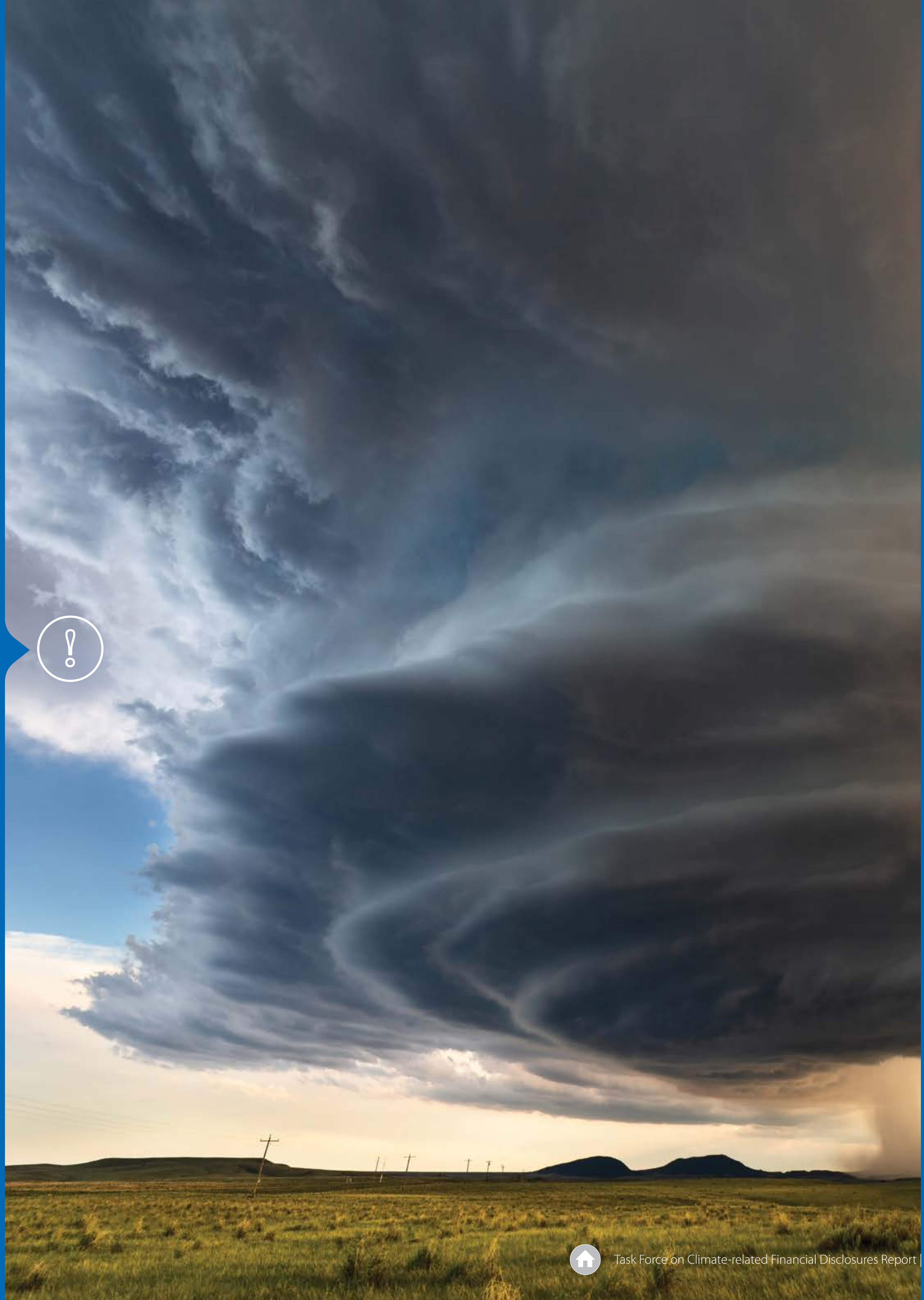
1. How climate change-induced shifts in tornado risk may affect impacts
2. How a change in the group's book geography (exposure/concentration) may be affected by tornadoes. Results have been reviewed for one state and are now being expanded.

We envision incorporating information from NIU's simulations to evaluate how the shifting climatology of tornado risk in the U.S. may affect the group in the upcoming decades. We expect to extend this analysis to hailstorms using a similar tool that has been developed for this increasingly important and impactful peril.

In addition to the efforts described above, the Enterprise Climate Risk and Resilience Working Group is regularly sharing information and potential impacts to the enterprise. This group will lead a qualitative and quantitative climate risk scenario analysis soon. Following recommendations laid out by TCFD, our approach will integrate scenario analysis into strategic planning/enterprise risk management processes by assigning oversight and governance. We plan to assess materiality of climate-related risks, including current and anticipated organizational exposures as discussed above. Scenarios will be developed with time horizons defined. Business impacts will be evaluated with potential responses identified. This climate risk assessment and scenario analysis will support a stronger understanding of the financial and strategic impacts on our business, as well as strategic opportunities.

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

We recognize the physical and transitional risks associated with climate change and acted to formally add climate change to our risk universe in 2022 with the identified sub risks of physical and transitional risks. This formal addition will ensure that these risks are formally assessed within our next annual assessment cycle, the outputs will be visualized along with all other assessed risks and as assessments are conducted, mitigations and monitoring can also be completed.



METRICS AND TARGETS

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

The ERM team specializes in catastrophe management and modeling with a dedicated catastrophe modeling team. Our ERM Catastrophe modeling team maintains exposure databases and models losses for key perils, then reports on modeled losses on a quarterly basis.

Managing catastrophe exposures protects the financial strength of the American Family Enterprise and improves the economic value and performance of the business by supporting strategic decisions. We seek to manage both the frequency and severity of catastrophe risk:

- The individual risk thresholds support the strategy for assessment of catastrophe risk across the Enterprise. Frequency losses (an accumulation of smaller loss events) are measured by the models as variation around the average annual loss (AAL) and mitigated by aggregate reinsurance protection.
- Severity losses (large, single occurrence events) are measured by the models as probable maximum loss (PML) and are mitigated by occurrence reinsurance protection.

In-house models are utilized to assess enterprise-wide exposure to severe storm (hail, tornado and wind), earthquake, hurricane, wildfire and winter weather perils. In 2021, we extended models to include innovative approaches to physical scenarios of severe convective storm perils (hail, tornado and wind) and open platform model frameworks, allowing for more visibility into model component impacts and tailoring of model settings.

Catastrophe models offer the most complete and robust view of physical risk caused by climate risk, based on the current view of the climate. They do not consider climate change explicitly as they provide backward looking analysis to best fit observed weather or natural hazard loss scenarios. As such, our ERM Catastrophe Management team continues to evaluate available climate change modeling technology to better understand its usage and limitations.

The American Family Enterprise evaluates climate risk impacts on all enterprise risks. Several enterprise risks are significantly impacted by climate risk, including catastrophe, business interruption, capital adequacy, liquidity, underwriting, and reinsurer availability. Internal risk identification discussions identify new and evolving risks that may be components of the risk categories listed or new risks. ERM division personnel participate in several networking and professional organizations in order to ensure identification of risks on the horizon, within the insurance industry or across all industries.

As part of risk quantification, the American Family Enterprise uses an economic capital model to evaluate these risks and ensure that sufficient capital exists to meet our responsibility to our policyholders in the event of unlikely, extreme scenarios such as an investment or natural catastrophe event.

ERM monitors extreme catastrophe model events that are beyond what the organization has experienced in its history to ensure it understands the impacts to capital, claim handling, reinsurance and other resources from extreme events. The division also performs catastrophe stress scenario testing that considers weather related catastrophes that are more extreme than experienced historically.

Leadership with responsibility over climate-related risks have compensation tied to specific performance metrics.

The management and sponsorship of our Sustainability and Climate Action Strategy was identified as a key initiative for our Operations department in 2019 and 2020. The success of this strategy is integrated into the annual performance goals of our sustainability senior analyst, sustainability administrator, sustainability manager, facilities director, and vice president of our Business Workplace Services division. The health of the program and effectiveness of strategy execution are used to measure success and determine monetary and nonmonetary rewards for the individuals identified above.

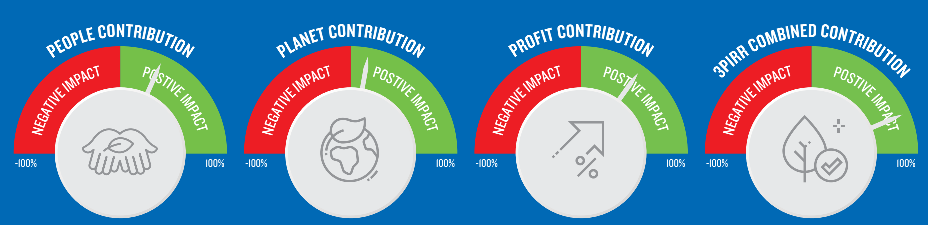
As part of the Office of Community and Social Impact (OCSI), the environment/sustainability managers are referred to as Community and Social Impact Consultants. The Consultants lead the growth of climate and community resilience impact investments in startups, nonprofits, and community programs and partnerships with a focus on Black, Indigenous, People of Color (BIPOC), and women-led organizations. The team works internally in collaboration with cross functional and cross-divisional teams to grow engagement and corporate advocacy across the Enterprise, focusing on climate and community resilience.

The Social Impact Fund Managing Director reports to the Community and Social Impact Officer and the Institute Advisory Board. The Managing Director oversees the venture capital investing and partnership activities for the American Family Institute for Corporate and Social Impact. One of the primary accountabilities of the Social Impact Fund Managing Director is to direct and manage investments in community resilience startups. The Institute defines this investing category as startups which are working to fight climate change and build resilience for communities which are most vulnerable and have a lower capacity to cope with extreme climate related events.

METRICS AND TARGETS

Internal carbon prices

The American Family Enterprise's internal carbon cost is utilized in decisions regarding capital expenditures on projects to improve our energy efficiency. Evolutionary and shadow pricing is used. This developing cost is based on the open market-based price of carbon allowances in the EU emissions trading system, provided by the Intercontinental Exchange (ICE).



The American Family Enterprise considers the carbon cost benefits when evaluating potential projects, and the cost of carbon has helped make the case for implementing past projects, thus influencing our capital expenditures. To evaluate potential emissions reduction efforts, we have developed an analytical tool to assess potential projects for impact on three pillars: people, planet, and profit, called the "Triple P Calculator." This tool enables us to quantify a holistic perspective of the impacts of a potential project, to compare competing projects and inform investments. To help support these efforts, the calculator also applies an internal social cost of carbon, which helps quantify the climate impacts on society. This tool was first developed in 2014 and has undergone multiple iterations since. Some inputs for this tool use quantifiable measures, such as integrating the price for carbon from European markets to determine the financial costs of the project's environmental impacts. Other factors are subjective and require consideration of the impact the project will have on our surrounding community.

An example of where this tool was most recently utilized was in 2019-20, while determining the business case for building a .197 MW solar array on the grounds of our East Regional Building in Madison, WI. Leveraging the Triple P Calculator allowed additional factors beyond ROI to be considered in driving our decision to build. We use this tool for our short-, medium- and long-term strategies. The internal carbon price has impacted our business by influencing investment decisions in energy efficiency projects.

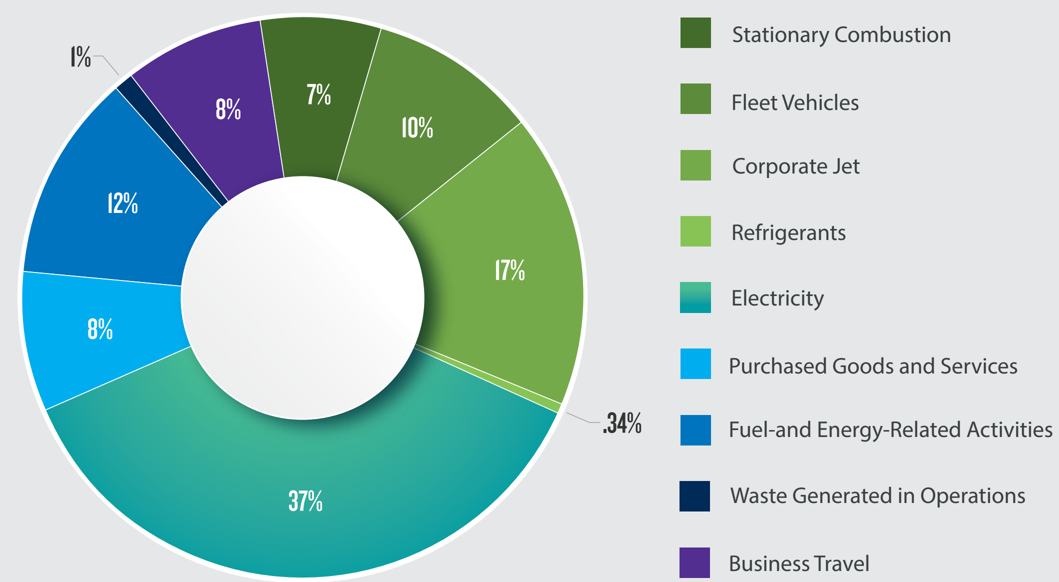
Environmental Metrics and GHG Inventory

The following are summaries of the Enterprise's GHG inventories from CY 2019 and 2020. While Scope 1 and 2 have always been measured, additional scope 3 categories have continued to be added each year.

TOTAL EMISSIONS SUMMARY
Base Year: 2007

REPORTING YEAR: 2019

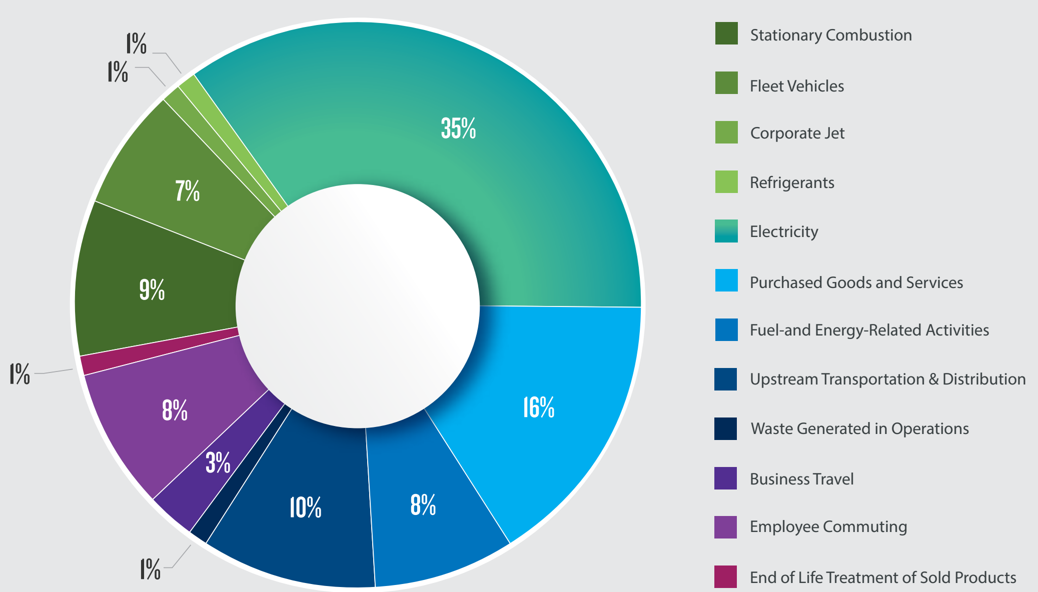
	EMISSIONS SOURCE	EMISSIONS (metric tons CO2e)
Scope 1 Emissions	Stationary Combustion	6,407
	Fleet Vehicles	9,024
	Corporate Jet	14,248
	Refrigerants	297
	SUBTOTAL	30,012
Location-based Scope 2 Emissions	Electricity	31,761
	SUBTOTAL	31,761
Market-based Scope 2 Emissions	Electricity	31,761
	SUBTOTAL	31,761
TOTAL	Total Scope 1 and Location-Based Scope 2 Emissions	61,773
TOTAL	Total Scope 1 and Market-Based Scope 2 Emissions	61,773
Scope 3 Emissions	Purchased Goods & Services (Paper and Cloud Services)	6,679
	Fuel-and Energy-Related Activities	9,950
	Waste Generated in Operations	956
	Business Travel	7,003



TOTAL EMISSIONS SUMMARY
Base Year: 2007

REPORTING YEAR: 2020

	EMISSIONS SOURCE	EMISSIONS (metric tons CO2e)
Scope 1 Emissions	Stationary Combustion	6,059
	Fleet Vehicles	5,265
	Corporate Jet	907
	Refrigerants	429
	SUBTOTAL	12,661
Location-based Scope 2 Emissions	Electricity	25,373
	SUBTOTAL	25,373
Market-based Scope 2 Emissions	Electricity	25,373
	SUBTOTAL	25,373
TOTAL	Total Scope 1 and Location-Based Scope 2 Emissions	38,034
TOTAL	Total Scope 1 and Market-Based Scope 2 Emissions	38,034
Scope 3 Emissions	Purchased Goods & Services	11,681
	Fuel-and Energy-Related Activities	5,975
	Upstream Transportation & Distribution	7,067
	Waste Generated in Operations	418
	Business Travel	1,972
	Employee Commuting	5,977
	End of Life Treatment of Sold Products	485



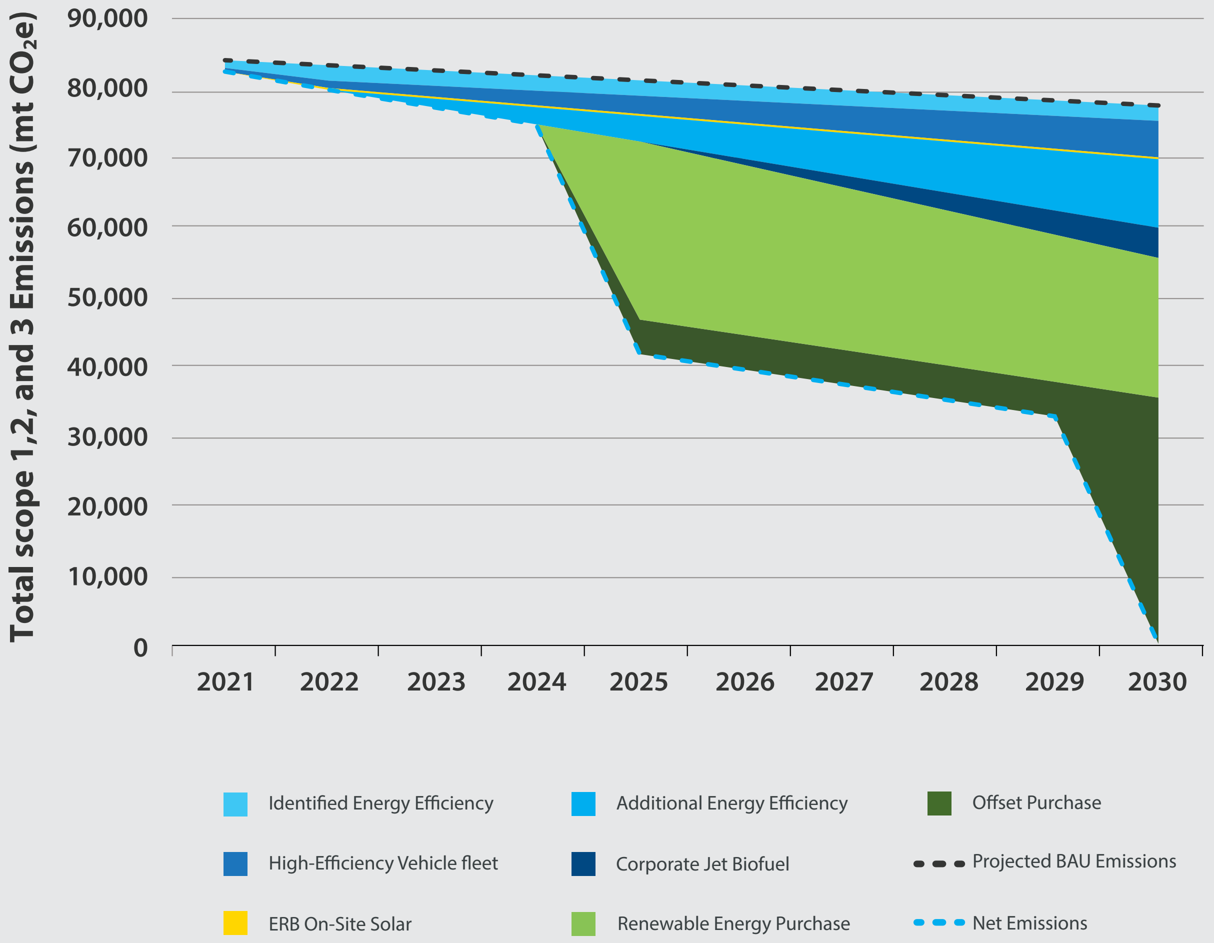
METRICS AND TARGETS

In April 2020, American Family Insurance conducted a carbon neutrality feasibility assessment to analyze the various measures needed to achieve carbon neutrality by 2030. The boundaries for this carbon neutrality roadmap included all Scope 1 and 2 emissions under operational control, plus a portion of the company's Scope 3 emissions that were measured at the time.

The carbon neutrality feasibility assessment was based on the emissions sources included in American Family Insurances GHG inventory for calendar year 2019, emissions reduction initiatives that had been implemented to date and are under consideration, and business as usual (BAU) projections for future GHG emissions through 2030. Once these three components were assessed, the associated GHG emissions reduction potential was quantified to help prioritize prospective emissions reduction opportunities. Multiple scenarios were proposed, based on potential changes in owned real estate portfolio.

The following GHG emissions reduction opportunities were identified: increased facility energy efficiency, transition owned fleet vehicles to electric and hybrid vehicles, purchase biofuel for the corporate jet, on-site renewable energy installation, and off-site renewable energy purchase. Opportunities related to purchasing carbon offsets were also identified. Potential future efforts identified include incorporating additional Scope 3 categories, which the American Family Enterprise has since done, creating a renewable, resilient, and equitable energy purchasing strategy, and engaging and educating stakeholders on our Sustainability and Climate Action Strategy.

American Family Insurance 2030 Carbon Neutrality Roadmap. The company is currently updating the feasibility assessment to reflect all relevant Scope 1, 2, and 3 emissions that were not measured in 2019. Our carbon footprint is measured in line with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) methodology.



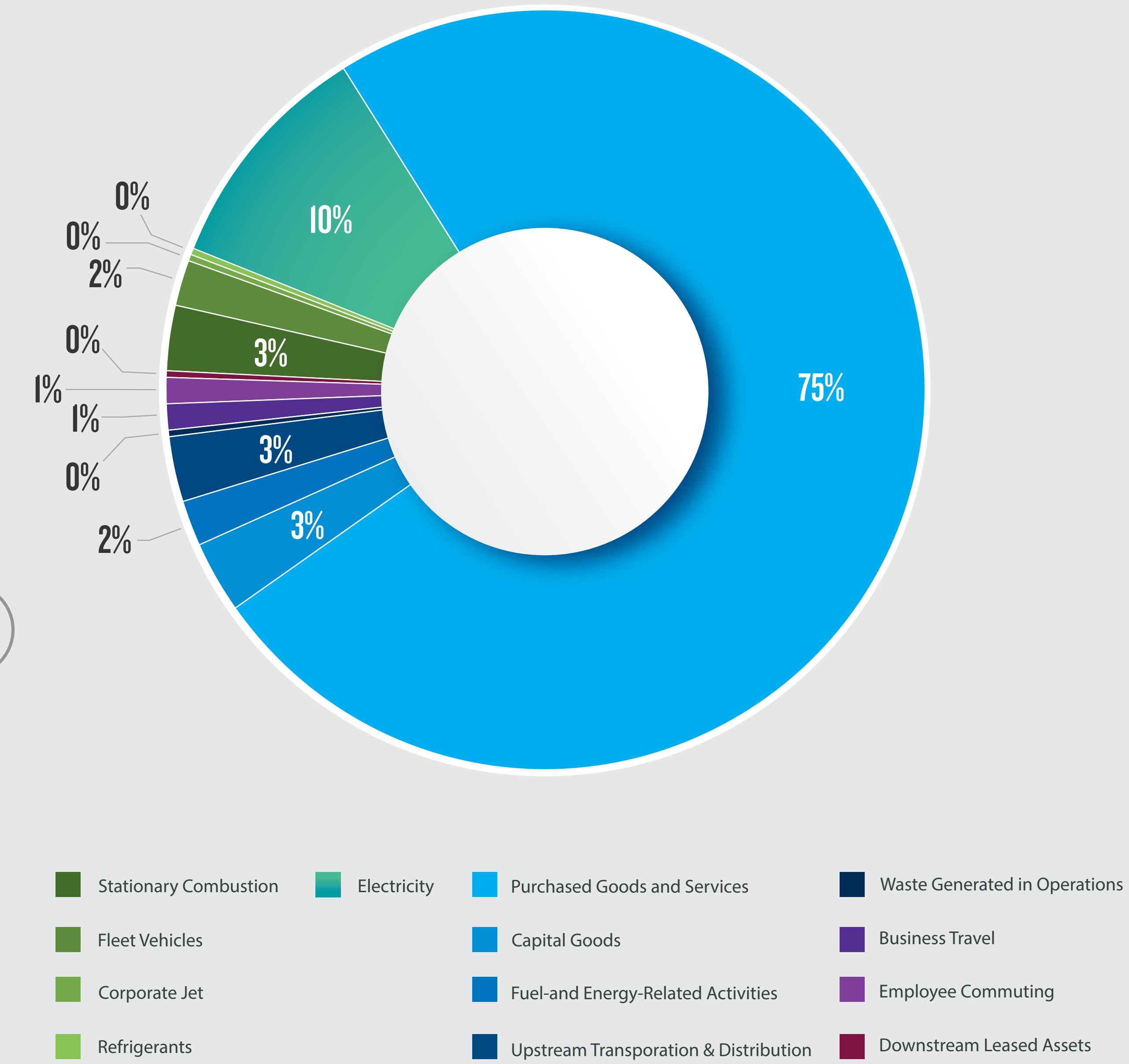
METRICS AND TARGETS

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

TOTAL EMISSIONS SUMMARY
Base Year: 2019

REPORTING YEAR: 2021

	EMISSIONS SOURCE	EMISSIONS (metric tons CO2e)
Scope 1 Emissions	Stationary Combustion	6,421
	Fleet Vehicles	4,085
	Corporate Jet	430
	Refrigerants	432
	SUBTOTAL	11,368
Location-based Scope 2 Emissions	Electricity	25,080
	SUBTOTAL	25,080
Market-based Scope 2 Emissions	Electricity	25,080
	SUBTOTAL	25,080
TOTAL	Total Scope 1 and Location-Based Scope 2 Emissions	36,448
TOTAL	Total Scope 1 and Market-Based Scope 2 Emissions	36,448
Scope 3 Emissions	Purchased Goods & Services	186,768
	Capital Goods	8,228
	Fuel-and Energy-Related Activities	6,025
	Upstream Transportation & Distribution	6,432
	Waste Generated in Operations	299
	Business Travel	1,387
	Employee Commuting	2,491
	Downstream Leased Assets	331



METRICS AND TARGETS

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

In 2020, American Family Insurance set an aspirational goal to achieve carbon neutrality by 2030 for our scope 1, scope 2 (market-based) and scope 3 emissions. The scope 3 emissions covered by this goal include purchased goods and services, capital goods, fuel and energy-related activities (not included in Scopes 1 or 2), waste generated in operations, upstream transportation and distribution, employee commuting, business travel, and downstream leased assets.

To reach our goal of carbon neutrality by 2030, we are continuing to reduce greenhouse gas emissions through implementing energy efficiency projects, increasing on-site renewable energy production and renewable energy purchases, transitioning to a high-efficiency vehicle fleet, and diverting waste from the landfill. Additionally, we are committed to purchasing carbon offsets for unavoidable emissions in our operations. We consider this target science-based because it aligns with an over 4.2% annual linear reduction rate over the target period, which is consistent with the 1.5°C aligned target ambition.

2022 TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

For more information contact us at:

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AMERICAN FAMILY INSURANCE

Insure carefully, dream fearlessly.

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