

SURVEY QUESTIONS

To provide clear direction for achieving a robust, insurance-sector specific TCFD report, narrative and closed ended questions follow, grouped into the TCFD's four topics: governance, strategy, risk management and metrics and targets.

The statements listed next to numbers and letters are directly taken from the TCFD Framework and should be fully addressed in the insurer's response. As discussed in detail above, insurers should consider including the bulleted items in their response to the TCFD statement above it. For additional guidance on sector specific content to consider including, refer to the [Implementation Recommendation Report](#).

Closed ended questions directly correspond to the narrative, allowing for explanation and qualification of the yes/no answers.

Closed ended questions are voluntary for reporting year 2022.

Governance – narrative

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 TO GOVERNANCE:

The Audit and Risk Committee of Security Mutual Life Insurance Company of New York's (the "Company") Board of Directors (the "Board") is responsible for the oversight of the Company's Enterprise Risk Management ("ERM") functions, which include climate-related risks. The Audit and Risk Committee and Finance Committee are responsible for reviewing the Company's financial condition and areas of potential significant climate-related financial and enterprise risk to the Company and reporting findings to the Board, as well as making recommendations as appropriate. The Audit and Risk Committee discusses the Company's material climate-related risk exposures

with Company management, including the steps management has taken to monitor and mitigate such exposures.

The Board's Audit and Risk Committee monitors climate-related enterprise risks in conjunction with the Company's internal ERM Committee, which is comprised of a cross-functional group of Company management. The ERM Committee is chaired by the Company's Chief Financial Officer, which is the senior management function responsible for managing risks, including climate-related risks.

The Sustainability Committee (formerly the ESG/Climate Change Committee) is a subcommittee of the ERM Committee comprised of members of the ERM Committee and co-chaired by the Company's Chief Financial Officer and Senior Vice President, Investments and Asset Liability Management. The Sustainability Committee meets regularly and reports directly to the ERM Committee. This Committee is responsible for identifying, evaluating, and managing ESG risk (including climate change) and reporting such information internally and to regulators, as may be required.

In addition, periodic presentations to the Board's Finance Committee are made regarding ESG awareness and climate change related financial risks and opportunities as they relate to the Company's investments.

Governance – closed ended questions answered in addition to the narrative

- Does the insurer have publicly stated goals on climate-related risks and opportunities? - **No**
- Does your board have a member, members, a committee, or committees responsible for the oversight of managing the climate-related financial risk? - **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 – narrative

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. ^{*l}
 - 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 TO STRATEGY:

The Company has identified potential climate change risks related to investments, liquidity, and disaster recovery. Regarding investment and liquidity risks associated with climate change, the Company works with its external investment advisors to manage these risks. The primary external advisor has integrated an ESG risk review into their work on the Company's Fixed Income portfolio and their research process for investments. In addition, the Company's internal commercial mortgage program includes procedures that factor in potential climate-change exposures such as flood zone and natural disaster concentrations. The Company includes carbon scores as an optimization metric when evaluating investment opportunities.

Additionally, the Company has identified disaster recovery risks associated with climate change, primarily flood related, which have historically affected the surrounding area of the Company's Main Office. The Company's ERM framework and Business Continuity Plan ("BCP") address various climate change risks and are designed to assist business continuity in the event of a physical climate-related hazard. The Company's BCP provides for remote business functionality, flexible contingency plans, and continued communication among management and key employees in times of physical hazards. The Business Continuity Plan is designed to enable the Company to continue to operate even if the Company's physical premises suffers catastrophic damage.

The Company continues to focus its environmental sustainability efforts on initiatives it can take to minimize the impacts that its operations have on the environment. As a life insurer, the Company does not offer products relevant to the transition to a low carbon economy. However, the Company is adapting its business practices for low carbon electronic technologies, such as electronic delivery of policy documents. The Company continues to reduce the consumption of resources such as electricity, water, and paper through a variety of ongoing initiatives. As a normal

course of business, the Company continues to work on initiatives that reduce consumables, including the use of automation for key business processes. Additionally, the Company continues to focus its attention on recycling programs throughout the Main Office and is working to modernize its Main Office building (120 year old building), where possible, to help improve its energy footprint (currently modernizing its heating system).

Strategy - closed ended questions answered in addition to the narrative

- Has the insurer taken steps to engage key constituencies on the topic of climate risk and resiliency? - **No**
- Does the insurer provide products or services to support the transition to a low carbon economy or help customers adapt to climate risk? - **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 organizations? - **No**

Risk Management – narrative

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 TO RISK MANAGEMENT:

The Company's ERM Committee, which includes the Sustainability Subcommittee, is responsible for identifying, assessing, and managing climate change related risk across all operations of the Company and appropriately monitoring, reporting, and escalating awareness of emerging risk events. The ERM Committee is also responsible for establishing recommendations for risk policies; recommending risk tolerances and limits for risk assessment; overseeing, consolidating, and reporting aggregated risk exposures; overseeing the execution of the ERM function; identifying gaps in governance, if any, and assisting with development of mitigation strategies. The Chair of the ERM Committee presents a consolidated risk report to the Audit and Risk Committee on a regular basis, together with the ERM Committee's recommendations with respect to identified material risks and applicable mitigation strategies. The Audit and Risk Committee and the Board review the ERM Committee's recommendations and maintain ultimate oversight responsibility regarding climate-related risk management policies.

The Board's Finance Committee oversees the climate-related risks and mitigation strategies associated with the Company's investment portfolio through its oversight of the Company's investment activities (including those of its investment advisors). As stated in the Response to Strategy section, the Company works with its investment advisor to manage climate-related risks to its investment portfolio. The Company reports ESG and carbon scores regularly to the Board's Finance Committee.

The Company continues to monitor climate-related risks to its underwriting portfolio from a life insurance underwriting standpoint. The Company has not identified climate scenarios that would materially impact its underwriting results (mortality events, causation of significant non-premium paying events, etc.). The Company will continue to monitor and refine as needed.

Risk Management – closed ended questions answered in addition to the narrative

- 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**
- Does the insurer have a process for assessing climate-related risks? - **Yes**
 - If yes, does the process include an assessment of financial implications? - **Yes**
- 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? - **Yes**
- 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 and Targets – narrative

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.*

RESPONSE TO METRICS AND TARGETS:

As a life insurer, the Company does not utilize catastrophe modeling to manage climate-related risks. The Company incorporates Carbon Intensity (measured as CO₂ per \$millions of sales) as part of the ESG scoring within its investment portfolio management.

Metrics and Targets – closed ended questions answered in addition to the narrative

- Does the insurer use catastrophe modeling to manage your 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? - **No**
- Does the insurer have targets to manage climate-related performance? - **No**

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