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.

Climate issues can manifest as business risks in many ways. For this reason, our Board and committees use an integrated approach to overseeing climate-related risks. Oversight responsibilities are determined based on the unique nature of the risk, opportunity, and potential impacts. By distributing climate consideration oversight responsibilities across our Board and its committees, we aim to promote more effective risk management and resilience against material climate-related issues.

Examples of specific oversight responsibilities include the Nominating and Corporate Governance Committee's broad oversight of our sustainability program; the Investment Committee's oversight of matters relating to our company's investments, including the potential financial implications of our portfolio's exposure to climate-related physical and transition risks; the Finance and Risk Committee's broad oversight of our enterprise risk program, including market, liquidity, product, and emerging risk where climate-related risks may be relevant; and the Audit Committee's oversight of our regulatory compliance, financial reporting processes and controls, and operational risks where climate-related issues may be relevant.

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

Throughout 2023, business leaders from across the organization engaged with senior management to address material climate-related issues facing our company. Discussions with our Senior Leadership Team, Operational Risk Committee, Sustainability Steering Committee, and other business leaders aimed to promote alignment and help ensure that relevant emerging and existing climate-related issues are adequately assessed, prioritized, and managed, covering topics such as:

- General discussion of climate-related issues, including the evolution and velocity at which certain risks are expected to manifest
- Regulatory and legislative activity to establish mandatory requirements for the disclosure of climate-related financial risk and related information

- Data governance and management practices to ensure the accuracy and integrity of publicly reported climate metrics, including greenhouse gas (GHG) emissions data

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.*

The identification and analysis of climate-related risks is a dynamic process guided by short (0-1 year), medium (1-3 years), and long (3+ years) term projections. To execute our business strategy and manage material risks to our company, Brighthouse Financial strives to integrate the most up-to-date risk information available into our strategic planning and risk management processes. However, due to various uncertainties and limitations in climate data, our approach to assessing climate-related risks relies heavily on estimates, proxy data, and projected scenarios.

Examples of these limitations include data gaps, a lack of standardized methods used to measure and calculate climate-related metrics across industry sectors and geographic regions, as well as the ever-changing nature of climate science and weather projection models. In addition, various future macroeconomic and environmental factors may play a part in shaping the climate risk landscape in a nonlinear way — emerging at different scales and impacts along different time horizons. This includes trends in climate conditions, weather patterns, market conditions, consumer preferences, energy innovation, and technological displacement, as well as regulatory developments.

Bearing in mind the novel and unpredictable nature of a warming planet, the following climate risk assessment aims to evaluate risks and potential impacts identified under certain hypothetical scenarios rather than make actual projections. We distinguish between two different types of climate-related risks:

- **Physical risks** are tangible risks that may arise due to climate change and global warming. Physical risks can be acute (such as an isolated severe weather event) or chronic (such as rising sea levels).
- **Transition risks** are risks related to the global transition to a low-carbon economy. Transition risks may be regulatory/policy, market, technological, or reputational in nature.

Physical Risks

Description of Risk or Opportunity	Description of Potential Impacts	Time Horizon
Operational Continuity		
(Acute) A physical climate risk event – such as extreme weather, environmental hazard, or natural disaster – manifesting in any region where a physical infrastructure asset used within our upstream operations is located	An isolated physical climate risk event can result in acute, negative impacts to our company's operational continuity in several ways. Examples include: • **Operational**: Event-induced evacuations, power outages, and/or travel restrictions can result in office closures and operational disruptions. • **Cybersecurity**: Physical damage to information technology infrastructure assets can lead to network failure, inadequate safeguarding of data, and/or other disruptions to critical business processes. Potential financial implications include, among others, lost revenue, legal liabilities, and expenses related to incident response procedures. • **Third-party**: Physical climate risk impacts to third-party vendor operations or infrastructure may affect our business through service disruptions.	Short
Macro		
(Chronic) An inadequate collective response to limit global mean temperatures, leading to greater variability, frequency, and severity in extreme weather, natural disasters, and pandemics, representing a systemic risk to the financial system	The macroeconomic impacts of climate change may result in various market, liquidity, and fiscal implications, with the potential to adversely affect our business, financial condition, and results of operations. This includes negative impacts on: • asset valuations and the future performance of our investments. • third parties, including, among others, reinsurers and derivative counterparties.	Short, Medium, or Long
Investment		
(Acute or Chronic) Physical climate risks to invested assets held in our General Account, including more frequent and severe extreme weather-related events; rising sea levels; higher mean temperatures; changing climate conditions; and higher variability in weather patterns	Physical climate risks will manifest in different ways across industry sectors and geographic regions with progressive impacts, carrying various direct and indirect financial implications for the performance of our investment portfolio. Depending on the scale of each risk and scope of impacts, assets may yield lower returns or diminish in value. Examples of potential impacts include: • **Asset Impairment:** Tangible assets domiciled in climate vulnerable regions may sustain physical damage due to physical climate risk events. • **Adaptation and Resilience Costs:** Coastal real estate assets may require significant capital investment to retrofit buildings against rising sea levels. • **Lower Production:** Changes in climate conditions can negatively impact an asset company's production capacity and financial performance, such as longer drought seasons and changes in precipitation patterns curtailing agricultural production.	Medium-to-Long

Transition Risks

Description of Risk or Opportunity	Description of Potential Impacts	Time Horizon
Investment		
Investment portfolio exposure to risks associated with the transition to a low-carbon economy, which may include changing dynamics in energy and power markets; innovation leading to technology displacement; regulatory developments; sector stigmatization; and reduced demand	Innovation in low-carbon fuels, renewable energy, and resource efficiency technology is expected to result in the significant displacement of incumbent energy and heavy industry sectors. Carbon-intensive assets which fail to adapt or diversify operations may be negatively affected by higher operating costs, regulatory curtailment, and/or early retirement of assets. Exposure to climate transition risk across our General Account may, in turn, lead to lower returns and valuation of assets over time.	Medium-to-Long
Opportunity to invest in new markets and industry sectors, including those projected to deliver long-term growth through advancements in energy innovation and efficiency	Investment in new markets may offer various medium to long term benefits, including: • Resilience against climate-related risks to our investment portfolio through greater asset diversification. • Opportunity for higher returns generated by growing sectors. • Better competitive position and reputational benefits of sustainable investment, with the potential to deepen engagement with investors and attract new customers.	Medium-to-Long
Regulatory		
Mandatory climate-related risk information and GHG emissions disclosure requirements within regulatory filings	• **Cost of Noncompliance**: Adequate and timely preparation of climate-related information and quantitative data in alignment with regulatory disclosure requirements will mitigate the risk of regulatory penalties. • **Operational Investments to Collect and Report Data**: Ensuring disclosures adequately align with regulatory requirements will result in additional expenses related to internal training and capacity building; accessing climate data resources and computing tools; securing external verification and assurance; and other administrative activities.	Short
Reputational		
Negative stakeholder feedback regarding our company's performance and strategy to address climate risk issues against public commitments and industry standards	Failure to adequately address climate risk can lead to negative customer and investor sentiment, carrying various indirect financial implications over the medium and long term. Examples of potential impacts include: • Inability to maintain competitive position among peers. • Perception of poor governance impacting risk profile. • Erosion of brand value over time.	Medium-to-Long

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.

In 2023, we held approximately $8 billion in ESG-related and impact investments across our General Account portfolio, representing an increase of approximately $300 million from 2022, primarily driven by market movement. This includes $2.65 billion in Green, Social, and Sustainable assets and $289 million in Renewable assets.

Green, Social, and Sustainable designated assets represent any security that has a publicly available classification that is ESG-related or any investment that is identified by an external manager as related to the classifications of Green Bonds, Social Bonds, Sustainability Bonds, Sustainability-linked Bonds, LEED certified properties, BREEAM certified investments, or PACE loans. Renewable designated assets represent investments that focus on climate change mitigation, including wind, solar, and energy efficiency equipment (home improvement).

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

RISK MANAGEMENT

C. 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. *

We seek to continuously strengthen our company's understanding of the evolving climate risk landscape – including developing climate change concepts; existing and emerging climate-related financial risks (both physical and transition) within the context of our company and the insurance industry; and potential implications associated with those risks. Processes to identify and assess climate risk issues include:

Stakeholder Engagement and Collaboration: We regularly participate in active dialogue and initiatives dedicated to mobilizing and sharing knowledge, resources, and tools for the effective management of climate-related risks. This includes participation in industry conferences and events focused on driving climate progress across the financial services sector; engaging with climate risk experts and industry leaders to gain insights on best practices and strengthen internal capabilities; ongoing training and education; and, through our trade association working groups, collaborating with industry peers in regulatory consultation processes.

Monitoring Regulatory Trends: In collaboration with the Brighthouse Financial Government Relations team, our Office of Sustainability monitors regulatory and policymaking activity seeking to address environmental and climate-related issues at the federal and state level. As participants in various ESG working groups and industry trade associations, we regularly engage with government agencies and industry peers to understand regulatory expectations, participate in dialogue and feedback, and promote the standardization of climate reporting within our industry.

Climate Research, Data, and Analytics: Brighthouse Financial utilizes external resources and tools to identify and assess climate-related risks. This includes research, data insights, and technology platforms delivered by Subject Matter Experts in climate risk — enabling us to identify and strengthen our understanding of how risk drivers can manifest along short, medium, and longer terms, as well as the potential financial implications thereof on our company and our investments.

Risk-Impact Assessments: We include climate and environmental risk considerations within our company's overall ESG materiality assessment process – which is conducted every three years. Members of the Office of Sustainability, Climate Risk Working Group, and relevant business departments evaluate individual risk topics (both existing and emerging) through a comprehensive **risk assessment** and **impact analysis**.

Each risk assessment includes a qualitative description of the climate-related risk, the conditions and/or trends driving that risk, and an explanation of how and when the risk is expected to manifest. A corresponding impact analysis then includes a description of the specific impacts a risk may have on our company's business strategy, operating performance, or financial condition if realized, as well as potential impact channels and the nature of such impacts (e.g. severity, likelihood).

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

Our strategy to manage existing climate-related risks to our company includes the following policies, processes, and procedures:

Managing Transition Risks to Our Investments: As a provider of annuities and life insurance, climate risk is most prevalent in our exposure to transition risk across our General Account. If left unmanaged, the global transition to a low-carbon economy may have negative effects on the long-term earning potential and valuation of our invested assets – particularly those operating in carbon-intensive sectors. Further, the uncertainties inherent to transition risk highlight our obligation to continuously monitor the various external developments driving this risk.

Brighthouse Financial primarily utilizes an outsourced investment management model in which we engage experienced external managers to conduct asset allocation, investment, and other management activities. In addition, the Brighthouse Financial Investments team monitors portfolio positioning and engages with external managers on an ongoing basis, helping to ensure our investments are managed to risk/return expectations. As long-term investors, we believe that the integration of ESG and climate-related considerations into our investment management process strengthens our ability to anticipate and respond to emerging risks, identify value-based opportunities, and conduct a deeper, more holistic analysis of our investment portfolio.

ESG Processes and Procedures: The Brighthouse Financial Investments team oversees our company's *ESG Investment Policy,* which memorializes our process for incorporating ESG considerations into the management of our General Account assets. Given our largely outsourced investment management model, our efforts to address ESG are primarily conducted through engagement with external managers. Specific actions include:

- Including ESG criteria in the selection and oversight of external managers, with consideration given to signatories of the UN Principles for Responsible Investment
- Including an ESG objective within external managers' investment guidelines
- Enhanced reporting requirements for external managers to include relevant ESG and climate-related data metrics in quarterly and annual performance reviews
- Prohibiting investment in certain issuers and industries deemed inconsistent with our responsible investment goals

Engaging External Managers on ESG

- **Performance Reviews:** Our external managers are expected to monitor and evaluate the ESG performance of the companies in our portfolio. Where relevant, this includes assessing climate-related risks and opportunities. To complement our day-to-day engagement activities, investment guidelines, and policies applicable to external managers, the Brighthouse Financial Investments team conducts quarterly reviews and annual on-site meetings to review portfolio performance.

  Specific to public assets, each external manager is required to include relevant ESG metrics within their quarterly performance reports, as well as identify any recent ESG-related purchases made over the quarter — such as Green or Sustainability Bonds. In addition to quarterly meetings, we hold annual on-site meetings to evaluate external managers more holistically. As part of this review, we dedicate time to better understand how ESG is incorporated into their firm's investment process.

  Brighthouse Financial is neither prescriptive nor proscriptive regarding the ways in which external managers integrate ESG. Instead, we seek evidence of adequate strategies, processes, and controls that are capable of long-term value creation and resilience within a rapidly evolving market.

- **ESG Data and Reporting:** Absent a universal standard to measure and disclose sustainability data, the strategies and frameworks used to assess corporate ESG performance vary by external manager and asset class. Measurements and data used may include proprietary ratings, third-party scores, or qualitative assessments, such as using a pass/fail approach.

  In all cases, our external managers aim to provide transparent and accurate information regarding ESG performance and the efforts being taken to further integrate ESG considerations into our investments. As new information becomes available, we look to incorporate relevant ESG metrics and insights into our investment process.

Business Continuity: We consider and integrate physical climate risk factors into our business resilience strategy and related programs. The **Business Continuity Program**, **Disaster Recovery Program**, and **Crisis Management Program** establish processes intended to reduce, mitigate, manage, and respond to potential external risks identified across our operational value chain – including those which may damage or negatively impact the safety of our employees, physical infrastructure assets, or the operational continuity of our business.

Though physical climate risks such as extreme weather and natural disasters represent a business continuity risk to our company, we believe that our flexible, hybrid work model and our broad geographical footprint reduce our vulnerability to severe impacts from acute, near-term physical climate risk events. Where impacts to one operational node may result in temporary disruption, we expect the magnitude of this impact would be limited by the ability to rely on alternative service providers and facilities. Additionally, we require all third-party information technology providers to maintain backup systems and power supplies.

Data Governance: The Office of Sustainability understands the importance of maintaining an effective data governance framework with respect to the preparation and disclosure of our company's ESG and climate-related information. Our *ESG Data Management and Disclosure Policy* and *GHG Emissions Accounting Procedures* establish processes and procedures intended to mitigate risks which could lead to the inconsistent, incomplete, or inaccurate reporting of ESG and climate-related data year-over-year.

Greenhouse Gas Emissions: Our approach to environmental stewardship begins with knowledge and transparency. We measure and disclose the estimated carbon footprint of our company's upstream operations annually. The data included in the Brighthouse Financial GHG Inventory enables us to understand and account for the environmental impact of our company over time.

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.

We integrate ESG and climate-related risk considerations into our enterprise risk management framework and processes. In 2023, we removed climate risk from our Emerging Risk Register, as we now consider climate risk to be an effectively managed risk.

Certain climate risk issues may have yet to materialize or continue to evolve. Through our Emerging Risk program, we administer processes to identify and complete timely initial assessments of emerging risks relative to their potential likelihood of occurrence, magnitude of losses, and velocity (direction and speed of change) – helping to position Brighthouse Financial to proactively respond to risks once they emerge. The ER process is intended to enhance our understanding and management of risks, create strategic opportunities, and demonstrate thoughtful risk governance

METRICS AND TARGETS

A. *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.

		2021	2022	2023
Scope 2	Purchased Electricity Emissions	-	972	1,239
Scope 3	Business Travel Emissions	231	1,978	1,685
Scope 3	Information Technology-related Emissions	25,447	23,469	23,062
Total estimated metric tonnes of CO2e		25,678	26,418	25,986

Methodology Overview

To promote consistency in publicly reported emissions data, the Brighthouse Financial 2023 GHG Inventory was prepared in accordance with the **Greenhouse Gas Protocol (GHGP),** the most widely recognized global standard used for carbon accounting and disclosure. This inventory includes GHG emissions that have resulted from the upstream activities most critical to our corporate operations.

Brighthouse Financial strives to continuously enhance the quality and transparency of our company's ESG-related data and disclosures, including our annual carbon footprint. To the best of our ability, we prioritize GHG data accuracy and reliability through the application of consistent GHGP accounting standards and calculation methodologies. In some cases, however, value chain emissions can be difficult to quantify due to challenges in data availability and measurement uncertainty. As a result, the underlying data used to calculate certain Scope 2 and Scope 3 category emissions represent estimations based on the assumptions documented below.

Scope 2 (indirect)

- **Purchased Electricity emissions** represent emissions resulting from the electricity consumed across five corporate office locations based in the eastern U.S.[6] Emissions were calculated using a location-based approach, applying U.S. Environmental Protection Agency (EPA) eGRID 2022 Sub Region (Publication Year 2024) emissions factors to the total annual electricity consumed in kilowatt-hours (kWh) at each office location. Because our company leases all our corporate office space, we do not directly oversee our utility providers or energy usage. Annual electricity consumption was estimated based on U.S. Energy Information Administration 2018 Commercial Buildings Energy Consumption Survey data and square footage occupied per office location.

Scope 3 (indirect)

- **Business Travel emissions** represent emissions generated from employee transportation for business-related activities. Calculations were performed using a distance-based approach, applying U.S. EPA Emission Factor Hub 2023 emissions factors to the total miles traveled per mode of transport, including commercial air, rental car, and personal vehicle.
- **Information Technology (IT) emissions** represent emissions resulting from our third-party IT-related vendors' operations and physical infrastructure, including those stemming from data storage, hosting, and processing facilities; claims processing; and call center activities. Calculations were performed using a spend-based approach, applying the U.S. EPA

EEIO Factors 2.0.1-411 AR5 emissions factor for the Information sector and Data Processing, Hosting, and Related Services industry and subindustry to our company's total annual spend on contracted IT-related services and operations.

Brighthouse Financial does not produce or disclose Scope 1 emissions, as all material emissions-generating activities that are critical to our upstream operations are performed using leased assets or by contracted vendors.

The Intergovernmental Panel on Climate Change Fifth Assessment Report (AR5) Global Warming Potential Set was applied to all emissions data calculations.

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

Brighthouse Financial has not set any climate-related targets at this time. As we further develop our understanding of climate-related risks and their associated impacts, we will continue to analyze key climate metrics that are relevant to our company and investment portfolio.

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