

# TCFD Reporting

Our reporting aligns with the recommendations from the Task Force for Climate-Related Financial Disclosures (TCFD) and is handled at the parent level (i.e. Elevance Health).

## Management Approach & Governance

### The board's oversight of climate-related risks and opportunities.

The Governance Committee oversees climate-related issues. Several Directors have experience with environmental, social, and governance (ESG) matters, specifically contributing to the Board's understanding of leading corporate governance practices and environmental and social sustainability initiatives. Committee duties and responsibilities include monitoring Elevance Health's environmental sustainability initiatives and performance. Elevance Health's Chief Sustainability Officer (CSO) updates the Governance Committee twice annually on ESG related matters, including climate strategy.

Climate-related issues will appear on the agenda of the Audit Committee if identified as a significant risk under the enterprise risk management (ERM) framework. If climate-related issues meet ERM thresholds aligned to the enterprise risk appetite, then mitigations, controls, and strategy will be reviewed by the Audit Committee. This includes the setting of key risk indicators/metrics to facilitate the ongoing monitoring and management of climate-related risks. The Chief Risk Officer (CRO) reports directly to the Audit Committee of the Board, with administrative reporting to the Chief Financial Officer.

### Management's Role

Elevance Health's company-wide environmental policy, strategy, and goals are overseen by the Governance Committee of the Board of Directors. Elevance Health's CSO is responsible for establishing our strategy, reporting on environmental sustainability initiatives, and identifying climate-related risks and opportunities. Elevance Health's CSO partners with the CRO and/or ERM team to identify potential climate-related risks via an ongoing risk assessment informed by independent

external consultants. If any significant risks are found, those risks are elevated to the Enterprise Risk Committee (ERC). The CRO provides a formal ERM update to the Audit Committee on a quarterly basis and to the full Board at least annually. The CRO is responsible for coordinating with risk owners in identifying, assessing, and recommending specific strategies to address the risk management challenges facing the organization, including climate-related risks. These strategies enable the organization to determine the most-effective ways to avoid, mitigate, and/or communicate the critical risks faced. The ERC meets on a quarterly basis to govern the ERM program and identify the most-significant risks. This also includes reviewing mitigation strategies and key-risk indicators. During each ERC meeting, the risk thresholds and risk register are reviewed to consider if risks, including climate-related risks, require further inquiry and oversight.

## Risk Management

### Enterprise Risk Management

Elevance Health's risk management processes and execution are managed and enabled by strong governance and risk culture. Risks of varying levels of significance are managed at the appropriate level of management, coordinated between the different risk management functions, and escalated rapidly when appropriate based on well communicated thresholds. There are a diverse number of channels for which risks may be identified. Formal risk identification and assessment is conducted at all lines of defenses and included in key risk functions (e.g., IT, Sustainability/ESG, Information Security, Corporate Security, Compliance, Internal Audit, etc.) on an ongoing basis and shared both horizontally across the organization as well as vertically to the appropriate stakeholders. The outputs of these and other risk assessments also serve as inputs to the Enterprise Risk Management (ERM) program. Regular coordination is facilitated through a formal risk working group (with ESG representation),

which includes a standing agenda item of risk identification and prioritization. Identified enterprise risks are assigned formal owners, who have clear responsibilities communicated, which includes defining the appropriate response strategy, relevant metrics/key risk indicators, and ongoing monitoring and reporting for the risk. The potential long-term impacts of the top enterprise risks are quantified and analyzed against the growth plan and objectives. Climate-related risks and opportunities are treated the same as any other risk/category and may be identified through the formal and informal risk processes. Furthermore, the Enterprise Risk Council (ERC) has ESG/Sustainability leadership representation. Led by the Chief Risk Officer, the ERC oversees our ERM program execution and activities and is comprised of members of our leadership team. The Chief Risk Officer serves as the head of the enterprise risk management function and reports to the Audit Committee of our Board of Directors. To further establish enterprise resiliency, we have a robust business continuity program. Our Business Continuity and Disaster Recovery Programs are designed to protect against data loss and provide recovery

from major unplanned disruptions to critical services. Several types of plans ensure that critical business functions can be maintained. The Emergency Management Program (Virtual Command Center) supports overall response command, control, and communication. The Business Continuity Plan (BCP) provides for recovery of critical business functions. The Disaster Recovery Plan provides for the recovery of system infrastructure, data, and applications. The BCP aligns the business requirements of the operating units and the deliverables of the support areas so that we are assured that it can meet its stakeholder commitments following an “unplanned event”, which includes events related to or compounded by climate change. The program identifies business process critical paths, documents the recovery strategies and resources required to support those critical paths, defines roles and responsibilities, links the critical path business processes with the resources, systems and vital records required to support our response, recovery, and survival. Remedial action is taken, as necessary, to assure mission critical resource availability. Additionally, we previously engaged an external consultant

specializing in climate-related matters to conduct a climate-related risk assessment including: (1.) Assessment of ERM: Facilitated discussions with ERM team, reviewed past and current risk assessment materials, identified & document existing definitions of “materiality.” (2.) Stakeholder Engagement: Discussed climate risk with applicable internal business units, including the Business Continuity, Product Pricing, and Investments business units to identify whether physical and transitional climate risks were included in their assessment processes and if so, how. (3.) Screening Assessment: Worked to determine if current physical and transitional climate-related risks were deemed material to the business units and whether future climate scenarios were being considered in this determination. 4. Gap Analysis: Analyzed our current risk process across ERM and the business units relative to the TCFD recommendations and identified gaps and made recommendations for improvement.

### Investment Portfolio Assessment

In 2022, Elevance Health engaged an external consultant to assess the investment portfolio for climate-related risks. The consultant utilized two processes to help identify and evaluate climate-related risks. The first took a bottom-up, total portfolio approach to evaluate the climate transition capacity of the portfolio. The analysis provided Elevance Health with a comprehensive view of the portfolio’s exposure to stranded asset risk as well as exposure to sustainable solutions. The second assessment provided simulated return impacts of Elevance Health’s current asset allocation against different potential future climate warming scenarios that are built upon the Network for Greening the Financial System (rapid, orderly, and failed transition). The top-down climate scenario assessment incorporates macroeconomic drivers such as GDP, real and nominal interest rates, to perform stress testing for potential pricing implications based on additional transition and physical risk outcomes.

The climate scenario analysis showed that in the short, medium, and long-term under a Rapid Transition and Orderly Transition

there would not be a substantive financial or strategic impact. We recognize that transition risks can shift as new legislation is passed. We intended to complete the scenario analysis every few years to ensure effects of climate-related risks on the portfolio are reflective of the latest science and policies.

The assessment included three climate scenarios that were projected out 40 years with a year-by-year projection. For short-term time horizon the consultant used 5 years, for medium-term time horizon 10 years, and for long-term time horizon 30 years.

**Rapid Transition (1.5°C):** Average temperature increase of 1.5°C by 2100. Sudden divestments across multiple securities in 2025 to align portfolios to the Paris Agreement goals which have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock. Following this shock there is a partial recovery.

**Orderly Transition (2°C):** Average temperature increase of less than 2.0°C by 2100. Political and social organizations to act quickly and predictably to implement the recommendations of the Paris Agreement to limit global warming to below 2°C. Transition impact do occur but are relatively muted across the broad market.

**Failed Transition (>4°C):** Average temperature increase above 4°C by 2100. The world fails to co-ordinate a transition to a low carbon economy and global warming exceeds 4°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events. These are reflected in repricing events in the late 2020s and late 2030s

## Performance metrics

### Targets

We are committed to the global corporate energy initiative known as RE100, with the goal of using 100 percent renewable electricity by 2025. We achieved this goal in 2021, four years ahead of schedule.

In 2022, Elevance Health signed the Health and Human Services (HHS) Net Zero Pledge, committing to decrease our operational emissions by 50% by 2030 and to achieve net zero emissions by 2050.

In 2021, we established a target to engage with 70% of our indirect spend supply chain on setting their own science-based greenhouse gas emissions reduction goals by year-end 2023.

## Metrics

We disclose on environmental metrics related to water, emissions, suppliers, and energy. Please see [Performance Tables](#).