

Taskforce on Climate Related Financial Disclosures Report

COMPANY STATEMENT

Delta Dental of California and its affiliates (DDC and affiliates) have prepared this report in conformance with the Taskforce on Climate-Related Financial Disclosures (TCFD) as well as the California Air Resources Board (CARB) Climate Related Financial Risk Disclosures: Draft Checklist. Through DDC and affiliates Enterprise Risk Management (ERM) Framework, climate risk has been identified as low risk and therefore has not been identified as an initiative to address. Therefore, DDC and affiliates have supplied all applicable information requested as it is currently available within the risk management and ESG program and has also identified gaps where the disclosure can be improved. Gaps within this disclosure include strengthening the management and Board reporting of climate related risks and opportunities, improving the identification of physical and transition risks, further identification of climate opportunities, utilization of scenario analysis, and consideration of a climate target. DDC and affiliates is planning to address these gaps in the coming years to strengthen its TCFD Report in future years.

GOVERNANCE

Board oversight of climate-related risks and opportunities

Delta Dental of California and its affiliates (DDC and affiliates) has established an Environmental, Social, and Governance (ESG) Council and an ESG Committee that collaboratively advances the company's ESG program and associated environmental initiatives. The ESG Council provides quarterly updates to the Board of Directors. These updates include information on ESG progress and climate-related considerations and are delivered by the Senior Vice President of Legal Affairs and Deputy General Counsel. Members of the ESG Council also report regularly to the various governing boards across the Delta Dental family, including the Delta Dental Plans Association Board, the Delta Dental of California Board, and the boards of affiliated organizations.

While DDC and affiliates considers Climate Risk as part of its Enterprise Risk Management (ERM) framework, it has been identified as a low risk and has not been prioritized as an initiative to address. Therefore, it is not formally integrated in strategy or budget planning currently. **However, Delta Dental of California and its affiliates** is working on creating an ESG

roadmap to address this gap that will go into effect in 2026. This roadmap will also include creating goals and targets for addressing climate-related issues and reporting progress on said issues to the board.

Management's role in assessing and managing climate-related risks and opportunities

Climate risk oversight at the executive level is distributed among the Chief People Officer, Chief Legal Officer, Chief Technology Officer, and Chief Financial Officer. These executives, all members of the ESG Council, are responsible for integrating climate-related considerations into organizational planning and enterprise risk review.

Climate-related risk is evaluated annually under DDC and affiliates' Enterprise Risk Management (ERM) Framework. Climate risk has been categorized as low risk based on current assessments, and the ERM program identifies such risks as requiring periodic monitoring. As ESG governance evolves across the organization, consideration is being given to formalizing reporting structures and enhancing oversight roles, including how management monitors climate-related issues.

DDC and affiliates support and consider ESG investments. However, our performance benchmarks with our investment advisors are common, industry standard benchmarks for assessing performance. DDC and affiliates are conscious of certain parts of environmentally sensitive investments and follow regulatory frameworks provided by its regulating entity in each of its states (DMHC in CA and DOIs in other states). As the general maturity of ESG reporting and performance benchmarks begin to be more formally integrated into the performance benchmarks, DDC and affiliates will stay close to its investment advisors and assess the appropriateness in incorporating these constraints of asset selection in our investment strategy.

STRATEGY

Climate-related risks and opportunities identified by DDC and affiliates recognize that climate-related risks and opportunities may influence its operations, strategic priorities, and financial planning over the short (0–1 years), medium (1–5 years), and long term (5+ years). The business resilience team monitors and manages facility risks, conducts annual tabletop emergency preparedness exercises for severe weather events and other crisis events, and evaluates potential impacts to business operations. The team also examines supply chain vulnerabilities to anticipate disruptions and engage with secondary suppliers as necessary to minimize operational interruptions. The resilience plan focuses on maintaining the continuity of its operational infrastructure and service delivery. At present,

the organization has identified acute physical risks—including cyclones, hurricanes, typhoons, flooding, and wildfires—as the most relevant climate-related exposures to business operations.

The organization is in the early stages of evaluating environmental opportunities. DDC and affiliates supplier engagement efforts currently include tracking 273 suppliers through Dun & Bradstreet ESG scoring and monitoring certifications associated with small business opportunity programs. Future strategic opportunities may include expanding supplier engagement and aligning environmental initiatives with client expectations. Delta Dental plans to engage more closely with clients around their environmental priorities in future years. Current sustainability activities include print and mail reduction efforts as well as emissions coverage of leased office electricity use through renewable energy credit purchases.

Resilience of DDC and affiliates strategy for climate-related scenarios

DDC and affiliates have not conducted climate scenario analysis or climate-related stress testing, as these activities are reserved for top enterprise risks under the ERM Framework, and climate risk is currently ranked as low. The organization qualitatively evaluates the potential for future climate-related impacts through its annual risk assessment process and resilience planning. As climate-related considerations mature within the industry, the company anticipates increasing integration of climate factors into strategic planning discussions.

RISK MANAGEMENT

Process for identifying and assessing climate-related risks

DDC and affiliates identify, assess, and manage climate-related risks through its Enterprise Risk Management process and ORSA (Own Risk and Solvency Assessment). Climate-related risks are incorporated into the broader risk assessment process annually, which considers risks based on their likelihood and potential impact. Climate risk is evaluated annually through the ERM process.

Process for managing climate-related risks

Based on current analyses, climate risk is considered to be low risk. As it is not part of the top 15 risks, it is not currently added to DDC and affiliates risk register and is not actively monitored across the organization.

Integrated risk management

Climate-related considerations are integrated into DDC and affiliates' overall ERM framework, which prioritizes risks based on business impact and the likelihood of the risk occurring. The ERM program plans to further evaluate environmental risks and opportunities as a part of an initiative on a new ESG roadmap going into effect in 2026.

METRICS AND TARGETS

As part of DDC and affiliates' efforts to quantify its environmental impact, the organization has begun collecting greenhouse gas (GHG) emissions data. For calendar year 2024, DDC and affiliates emissions totaled:

- **Scope 1 (direct emissions):** 553 metric tons CO₂e
- **Scope 2 (indirect emissions from the purchase of electricity, steam heat, or cooling), location-based:** 3,253 metric tons CO₂e
- **Scope 2 (indirect emissions from the purchase of electricity, steam heat, or cooling), market-based:** 207 metric tons CO₂e
- **Scope 3 (indirect emissions that occur within a company's value chain):** 38,550 metric tons CO₂e

This data provides a baseline for understanding emissions sources across the company's operations and value chain and will inform the development of future environmental performance targets.

DDC and affiliates are in the process of developing formal ESG metrics and climate-related targets. In 2023, the company established its ESG Council, which is responsible for developing the long-term direction and goals of the ESG program. In 2024, DDC and affiliates created a multi-year ESG strategic roadmap structured around key milestones, including the establishment of climate-related targets. This roadmap is updated annually and, in the future, will include the evaluation of implementing climate-related metrics and targets.

Progress towards creating formal targets includes the purchase of renewable energy credits (RECs) to match electricity use for leased office facilities. This approach serves as an interim emissions-related metric while the company continues evaluating its broader environmental impact and emissions baseline. DDC and affiliates anticipate setting formal emissions reduction targets in the future as part of their ESG program expansion. Engagement with investment advisors will continue as the company evaluates

environmental investment criteria and the potential integration of ESG factors into overall investment strategy, while maintaining alignment with regulatory frameworks in each state.