AFLAC Incorporated - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Aflac Incorporated is a Fortune 500 international insurance holding company listed on the New York Stock Exchange under the symbol AFL. Aflac Incorporated and its subsidiaries (herein the "Company") provide financial protection to more than 50 million people worldwide through its expansive distribution network of agents, brokers, partnerships and, more recently, directly. The Company's principal business is supplemental health and life insurance products for people who have major medical or universal coverage with the goal to provide customers the best value in supplemental insurance products in the United States (U.S.) and Japan. When a policyholder or insured gets sick or hurt, the Company pays cash benefits fairly and promptly for eligible claims. Throughout its 65-year history, the Company's supplemental insurance policies have given policyholders the opportunity to focus on recovery, not financial stress. The Company's insurance business consists of two reporting segments: Aflac Japan and Aflac U.S. As of December 31, 2020, the Company's total assets were $165.1 billion and revenues were $22.1 billion.

Aflac Japan is the largest insurer in Japan in terms of cancer and medical (third sector insurance products) policies in force with more than 24 million individual policies in force as of December 31, 2020, including more than 15 million cancer policies. Aflac Japan continued to be the number one seller of cancer insurance policies in Japan throughout 2020. The Company's primary insurance subsidiary in Japan is Aflac Life Insurance Japan Ltd. At the end of 2020, Aflac Japan had 6,239 employees.

Aflac U.S. is the leading provider of supplemental insurance at the worksite in the U.S. Aflac U.S. products include cancer, accident, short-term disability, critical illness, hospital indemnity, dental, vision and life. Through acquisitions completed in 2019 and 2020, Aflac U.S. is expanding its product offerings to network dental and vision and employer-paid group life and disability. Aflac U.S. had 4,906 employees.

Aflac Global Investments refers to the Company's asset management subsidiaries – Asset Management LLC, Aflac Asset Management Japan Ltd., and Aflac GI Holdings LLC – and is responsible for managing the invested assets of the Company's insurance subsidiaries. As of December 2020, Aflac Global Investments managed nearly $129 billion in general account assets, including approximately $1.7 billion in impact and sustainable investments.

The Company's other operations had 858 employees at the end of 2020.

ESG and corporate responsibility have long been integrated into the Company's values and culture and embodied in "The Aflac Way," which are the core values that the Company has relied upon to live up to its commitment to its policyholders, employees, investors and other stakeholders over its 65-year history. This mindset extends to environmental considerations, where the Company continues to work to improve its standing as an environmental steward.

Some highlights include:

· The Company was the first insurance company in the U.S. to become ISO 50001:2011 Energy Management Systems registered in 2013 and became ISO 14001:2015 Environmental Management Systems registered in 2018.

· Aflac Square in Chofu, Aflac Japan's only fully-owned property and operating facility, and the Aflac U.S. CSC building are LEED Gold certified

· In the U.S., 86% of our eligible space has earned the Environmental Protection Agency's Energy Star Rating, including a data center that was the 10th data center in the U.S. to become Energy Star certified.

While historically focused on the footprint of its operations, the Company is evaluating how its enterprise activities impact the climate and provide opportunities. The Company committed in 2020 to expand its carbon emissions reduction ambitions by setting a net zero goal. In 2021, Aflac U.S. contracted to construct a solar array that is expected to reduce Aflac U.S. Scope 2 emissions by as much as 10%. The Company is advancing its integration of climate-related information and considerations into future investment decisions for the nearly $129 billion of general account investments. This includes increased attention to investment portfolio exposures in energy and emission-intensive sectors and businesses, as well as exploring alternative and renewable energy opportunities. In February 2021, the Company announced a partnership with Sound Point Capital Management, LP included a $500 million commitment to qualified opportunity zones. In March 2021, the Company reinforced its commitment to the environment and communities with the inaugural issuance of a $400 million sustainability bond. More recently, in July, Aflac Global Investments announced a $2.1 billion strategic partnership with Denham Capital to accelerate Denham Sustainable Infrastructure's platform.

Learn more: https://esg.aflac.com/policies or Aflac Incorporated - Sustainability and in the 2021 Business and Sustainability Report.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Japan
United Kingdom of Great Britain and Northern Ireland
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Investing (Asset owner)
Insurance underwriting (Insurance company)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Corporate Social Responsibility and Sustainability (CSR&S) Committee of Aflac Incorporated's Board of Directors (the Board) provides guidance and oversight of the Company's sustainability actions, which includes climate change. This committee is charged with monitoring and reviewing the Company's policies, procedures and practices to foster the sustainable growth of the Company on a global basis. The CSR&S Committee also oversees all climate matters and supports the company's SmartGreen® goals. The initiative focuses on evaluating and embracing the most environmentally responsible policies, procedures and technologies. Its efforts are centered on implementing innovative practices across our company to reduce our carbon footprint, ensuring efficient use of resources and helping our employees be good stewards of our natural surroundings. The CSR&S Committee recognizes that as climate change impacts grow in importance there will be increased pressure from shareholders to closely monitor climate change and demonstrate leadership. In response, the CSR&S Committee is evaluating the top climate change impacts on the Company's operations. Based on these considerations, in 2020 the CSR&S Committee approved the Aflac Incorporated Carbon Neutrality Statement, which set Aflac's commitment to a carbon neutrality goal by 2040 and a net-zero emissions goal by 2050. The Company adopted the Aflac Incorporated Carbon Neutrality Statement, which is posted at https://esg.aflac.com/policies.
Board-level committee	The Finance and Investment Committee reviews the strategic asset allocation and performance of investment portfolios; oversees investment process and policies, strategies, and programs of the Company and its subsidiaries relating to investment risk management, including the sustainability bond issuance and compliance; and the Company's Global Investment Policy.
Board-level committee	The Audit and Risk Committee assists with Board oversight of the Company's compliance with legal and regulatory requirements and oversees the Company's policies, process, and structure related to enterprise risk engagement and management, which includes climate-related risks.
Board-level committee	The Compensation Committee reviews the Company's general compensation plans to ensure they promote our goals and objectives, including climate-related risks within the Management Incentive Plan and its ESG Modifier.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations The impact of our own operations on the climate The impact of our investing activities on the climate	The CSR&S Committee generally meets three times a year. The Committee oversees the Company's policies, procedures, and practices with respect to corporate social responsibility and sustainability (CSR&S), sets our performance objectives, monitors implementation and performance of objectives, and oversees progress made against our social and environmental goals. This includes integrating climate-related risks into our organizational strategy, plans of action, management policies, performance objectives and metrics monitoring. Through this committee, the Board receives updates on climate change-related matters, including the business' focus on certain SDGs and environmental initiatives. The Committee also monitors the preparation and reviews the content of the Company's annual Business and Sustainability report. The Finance and Investment Committee generally meets four times a year. The Audit and Risk Committee generally meets at least nine times a year. The Compensation Committee generally meets four times a year.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Operating Officer (COO)	Reports to the board directly	Managing climate-related risks and opportunities	Risks and opportunities related to our investing activities Risks and opportunities related to our own operations	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Organizational Structure:

The highest level of oversight for climate-related issues is the Company's President & Chief Operating Officer (COO) who reports into the CSR and Sustainability Committee. The COO oversees how climate-related (and more broadly ESG) issues are incorporated into the Company's business strategy and leverages the work, insight and expertise of the Company's ESG Working Group (*see below*). This allows the COO to remain informed about practices and approaches being taken across the Company's business to both understand the risks and opportunities the Company faces as a result of climate change, as well as the Company's areas of largest impact.

Responsibilities and Rationale:

Specific climate-related responsibilities of the COO include assessing the importance of climate issues and driving the response. The COO works to ensure that the Company's climate-related actions are coordinated and aligned with the broader goals of the Company. For example, the COO helps with the oversight of certain ESG-related investment activities, particularly those that aim to promote the Company's business practices. The COO's engrained understanding of the Company's business, authority to direct resources and prioritization, as well as connectivity with the Board is the reason why responsibilities for climate-related issues have been assigned to this position.

The ESG Working Group, which is comprised of employees and chaired by the COO, provides management-level oversight of climate-related issues relevant to the Company's business. The ESG Working Group consists of leadership within the Company who have responsibility for governance, enterprise risk management, investments, facilities and energy consumption, human resources, government and regulatory relations and investor relations. The ESG Working Group sets ESG and sustainability performance objectives, monitors implementation and performance of objectives, and oversees progress made toward our environmental goals, including climate-related goals.

The ESG coordinator reports to the COO on ESG topics - including those related to climate change - and meets on a weekly basis with the Corporate Secretary and other individuals from the ESG Working Group, including those from the Company's energy and facilities management. These meetings provide opportunities to discuss and make decisions on current and emerging ESG issues applicable to the Company, including those related to climate change like the activities undertaken by volunteer employee groups such as the Aflac Green Team. This team pushes sustainable practices at the Company's offices and is in charge of the SmartGreen® Ideas program, which encourages employees to develop innovative environmentally friendly habits. This group then engages with a broader group of internal stakeholders, such as the risk management and investment business units, to strengthen and incorporate ESG communication into all components of the Company's business.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Beginning in fiscal year 2021, an ESG Modifier was introduced in the Management Incentive Plan for all officers across the Company's global operations, which includes five objectives: • Advancing Aflac Global Investment's responsible investing framework; • Developing a framework that both defines and sets milestones to achieve carbon neutral and net zero emissions by 2040 and 2050, respectively; • Achieving 2021 "Women in Leadership" objective in Japan and incremental future funding of investments that address economic mobility and social inequity ≥$600 million; • Launching and closing on an inaugural Sustainability Bond that reinforces the Company's ESG strategy; and • Advancing the reporting and disclosure framework with a formal climate risk report in compliance with SASB and TCFD. Achievement of all five objectives will result in a +5% adjustment to the incentive; two or less objectives a -5% adjustment; or no adjustment for achieving 3 or 4 of the objectives.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Operating Officer (COO)	Monetary reward	Emissions reduction target	The ESG modifier applies to all officers, starting at the highest levels of leadership (with the CEO and the COO, as the highest management-level positions with responsibility for climate-related issues). On climate change, the ESG Modifier includes, among other ESG topics: Advancing Aflac Global Investment's responsible investing framework; Developing a framework to define and set milestones to achieve carbon neutral and net zero emissions by 2040 and 2050, respectively; Launching and closing on an inaugural Sustainability Bond that reinforces the Company's ESG strategy; and Advancing the reporting and disclosure framework with a formal climate risk report in compliance with SASB and TCFD. Achievement of all five objectives will result in a +5% adjustment to the incentive. Achievement of two or less objectives will result in a -5% adjustment to the short-term incentive, whereas no adjustment will be made for achieving 3 or 4 of the objectives.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No	The Company's retirement fund offering is re-evaluated by a committee that meets twice a year. As part of this process, an outside consultant is investigating the possibility of integrating ESG considerations into the Company's retirement plans. Before making any decision, the committee will evaluate the progress and performance of retirement funds that incorporate ESG principles.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	This is the general time frame that is consistent with our business strategy and financial planning cycles. These cycles may differ from the Company's ESG-related planning cycles.
Medium-term	3	5	This is the general time frame that is consistent with our business strategy and financial planning cycles. These cycles may differ from the Company's ESG-related planning cycles.
Long-term	5		This is the general time frame that is consistent with our business strategy and financial planning cycles. These cycles may differ from the Company's ESG-related planning cycles.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Definition and Assessment Process:

The Company integrates climate risk into its Enterprise Risk Management (ERM) process utilizing a risk assessment matrix (which includes climate-related risks) to determine a substantive financial or strategic impact. This risk matrix classifies risks across five levels (minor, moderate, adverse, major and extreme) over five different impacts (operational, financial, reputational, regulatory/compliance and strategic/systems). The Company's Board has final approval on the Company's risk appetite with regards to reputational, financial, brand and operational risk.

Quantifiable Indicators:

Risks are considered critical if the impact is extreme and likelihood is either likely or frequent or if the impact is major and the likelihood is frequent. The likelihood scale categorizes each risk into its probable occurrence rate: Once every 1-2 years (Frequent), once every 2-5 years (Likely), once every 5-10 years (Possible), once every 10-20 years (Unlikely), or once in more than 20 years (Rare).

Extreme risk is defined as: 1) a financial impact of greater than or equal to $5 billion in relation to our balance sheet or $500 million in relation to adjusted earnings; and 2) a system disruption affecting customers or company operations, leading to a financial restatement, resulting in a major data breach, or causing extreme disruption in achieving strategic objectives. Major risk is classified as one that results in: 1) a financial impact between $1 - $5 billion in relation to our balance sheet or between $100-$500 million in relation to adjusted earnings; and 2) strategic objectives and systems being disrupted, leading to missed performance targets or a loss of confidential information.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
The Company's core business is indirectly related to climate change. Most significant risks/opportunities faced relate to: investment portfolio and business operations or resiliency in the event of a climate related disruption. Risk Assessment Process conducted annually, using a bottom-up and top-down approach: Bottom-up: The risk identification process requires all business units be interviewed to examine risks and questionnaires are sent to each business unit to proactively identify any emerging risks with the potential to substantively impact the business, to understand whether identified risks will have an impact on the organization's objectives. This process ensures that the perspective of all business units and geographies are considered on the global, company-wide level. For example, the operations team will consider direct impacts to the business and the investment team will consider potential risks to the investment portfolio. These teams will independently contribute to this bottom-up approach, ensuring that potential risks relevant to these business units are included in the global assessments. Top-down: Upper management flags risks based on overarching business objectives and any risks that could jeopardize them. This top-down approach also ensures that local ERM frameworks used in the bottom-up risk analysis are consistent with the Global ERM framework, providing feedback for the more local programs if needed, to ensure consistency across the Company's analysis. After risks have been identified, the risk management team undertakes a filtering process to determine the most substantive using the Company's risk matrix. This process considers whether the identified risk is already being mitigated, if the risk is being identified by multiple stakeholders and the magnitude and likelihood of the identified risk, against the Company's risk matrix. Climate Change Considerations in Risk Assessment: Climate change is discussed and incorporated by various groups through the risk assessment process. Groups more directly impacted by climate-related issues (e.g., Energy and Facilities management, ESG, investments), regularly present relevant topics to the larger risk management group. Climate-related risks, such as natural disasters, are identified and evaluated based on the aforementioned financial impact and probability scale. Risk profiles are monitored and the Company's "Risk register" is reported to the Global Risk Community every three months. For example, in 2020 the Company updated its bottom-up risk assessment, re-evaluating climate risks associated with claims, strategy, data, and brand. The bottom-up risk assessment, conducted in 2019, reviewed areas of the business such as direct operations, brand, insurer solvency (including investment portfolio), third-party associations and underwriting/pricing for climate risk, as well as a qualitative risk assessment and an overview of current mitigation strategies in place. During this update, it was concluded that none of the identified areas of the Company's business was at a level of substantive risk due to climate change to trigger the development of additional mitigation plans. The highest risk level identified was "medium risk" for the potential that policy pricing might not incorporate all climate-related trends, or it might misallocate strategic funds to address climate change, thereby restricting capital access for other strategic initiatives. These risks will continue to be re-evaluated moving forward, and if deemed substantive, may result in a more comprehensive approach. Physical Risk/Opportunity: While the Company has not identified any direct risks with the potential to have a substantive financial or strategic impact, there are several indirect risks which could affect the business. For example, the Company has exposures to real assets in its investment portfolio that could be impacted by climate risks and considers the risk exposure of potential investments to sea level rise as part of our standard due diligence process. If an investment has a heightened risk due to sea level rise, then the Company will not invest in it, as a means of risk protection. The Company also considers how some offices will be increasingly at risk (e.g., California wildfires – 2018, Hurricane Maria – 2017). Climate risks could also increase the risk of disruptions in the supply chain and reduce the Company's ability to respond effectively to customers. In 2020, the Company strengthened its Business Continuity Plan (BCP) to improve its capabilities to support customers during and after a climate disruption, as well as the resilience of vendors and suppliers and their capacity to continue operational. The Company took steps to improve its physical resilience, including moving operation centers to safer locations and strengthening its BCP to better support vendors and ensure that key suppliers have a robust BCP. The Company also strengthened its digital capabilities to reach and continue to support customers during a climate disruption. For example, remote work procedures implemented during 2020 ensure that employees can continue working and customers' needs are met during a disruption. Transitional Risk/Opportunity: As an investor of policyholder funds, the Company's ultimate goal is to fulfill its fiduciary responsibility to invest assets in a prudent manner to meet present and future policyholder obligations, and to maximize the long-term financial return on invested assets. Integrating ESG factors into investment practices is critical to this responsibility, as we believe this leads to better decisions with respect to the sustainability of an investment and its risk and return profile, while helping to make a positive financial and social impact. Energy and other markets are beginning to change in response to the transition to a lower-carbon economy. Investments that were previously viewed as having adequate risk adjusted returns now may be exposed to climate-related risks. The Company continues to reduce its investments in energy-intensive sectors like coal, oil & gas and metals & mining, as these areas become riskier in the face of a low-carbon transition. This effort resulted in a reduction of oil & gas holdings of 32% and a reduction in metals & mining of 20% since 2015. Additionally, the Company invested, as of December 2020, approximately $1.7 billion in impact and sustainable investments including bonds issued in the public markets that qualify as green or sustainable bonds, and infrastructure debt that supports the expansion of renewable energy initiatives, including investments by Aflac Japan for the advancement of solar power in Japan. These decisions have been strengthening the resilience of the Company's portfolio to climate-related risks and diversifying the investment portfolios.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, sometimes included	As part of the risk assessment process, the Company identifies current climate-related regulation at the national and regional level, that has the potential to substantively impact the business financially or strategically. Given the Company's business as a supplemental health and life insurance company, there are presently no climate-related regulations applicable to the Company's insurance products. Furthermore, emissions from the Company's direct operations are relatively small, and even when subject to regulations, do not constitute a substantive financial risk. Example of Risk Type: Aflac's Japan's operations are subject to the Tokyo Carbon Reduction Reporting Program. In 2020, Aflac Japan's operations generated 8,270 metric tons CO2e in credits, due to significant reductions in energy consumption and, in turn, in carbon emissions. Tokyo also has a cap-and-trade program in place; however Aflac Japan's operations are not large enough to qualify for this regulation.
Emerging regulation	Relevant, sometimes included	As part of the risk assessment process, the Company identifies current climate-related regulation that has the potential to substantively impact the business financially or strategically. Given the Company's business as a supplemental health and life insurance company, there are presently no climate-related regulations applicable to the Company's insurance products. Furthermore, emissions from the Company's direct operations are relatively small and even when subject to regulations do not constitute a substantive financial risk. Nonetheless, there are processes in place to monitor emerging risks and, should climate-related regulation fall under this umbrella, then the Company will be equipped to act accordingly. The process includes monitoring developments at the state, national, regional and international levels, including those developments developing or emerging from Congress, Japan's Diet, the U.S. Securities and Exchange Commission, Japan's Financial Services Agency, insurance departments of U.S. states, the National Association of Insurance Commissioners (NAIC) and national or international bodies which can influence insurance regulation. The Company also monitors trends such as the U.S commitment to a 1.5C pathway during the G7, and more aggressive transition measures, including carbon pricing. In considering risks driven by changes in regulation, the Company evaluates the potential over the next three years for carbon taxes, cap-and-trade, regulations and fuel/energy surcharges in the United States, where the majority of the Company's emissions are. Given that the Company's operational spend on energy is less than one tenth of one percent of expenses or revenue, the process has not identified any emerging regulatory or legislative risk that will substantially increase the cost of operating our business. Example of Risk Type: Aflac U.S. operations are subject to the reporting requirements of the U.S. Securities and Exchange Commission, which has been indicating its intention through 2021 to update its guidance on climate disclosures and other ESG factors. Also, the Company refers to the guidance of the New York Department of Financial Services, which recently proposed guidance on managing financial risks from climate change. This could entail additional measurement and reporting requirements for the Company.
Technology	Relevant, sometimes included	As a supplemental health and life insurance company, the Company's core business is indirectly related to climate change and recognizes the role of technology in the transition to a low-carbon economy. Example of Risk Type: Climate related events could cause disruption in operations or inability to access customers in traditional means (in-person) making technology advancement a key aspect of providing business resiliency. This digitalization of processes and services, which was accelerated during the COVID-19 pandemic, could also lead to a reduction in carbon emitting practices such as commuting, business travel, and paper-based processes, and is therefore likely during the transition to a low-carbon economy. This represents a technology risk for the Company as it transforms the way in which the Company engages current and potential customers. To respond to this transformation, the Company improved its digital capabilities during 2020, including the roll-out of a virtual sales system in Aflac Japan, consisting of web consultations and online application functions, has expanded online group sales, and has established a sales structure through corporate clients' intranet sites. In addition to promoting a flexible working style without limits of time or place, this initiative also drives efficiencies in policy management and is projected to reduce 80 million sheets of paper that circulate through the Aflac Japan operations annually.
Legal	Not relevant, explanation provided	As a supplemental health and life insurance company with a modest estimated GHG footprint (Scopes 1 and 2 and Scope 3, categories 1-14), legal risks from climate-related litigation claims are not relevant. In addition, the Company's products are not directly related to climate change so there is no exposure to climate-related litigation in the underwriting and claims process. During our risk assessment and management process, the Company uses an emerging risk survey to attempt to identify and anticipate future business risks. Therefore, should climate-related litigation risks become more substantive to the Company's direct operations, underwriting process, procurement practices or investment portfolio, then they will be incorporated into the risk process.
Market	Relevant, sometimes included	Shifts in supply and demand for certain commodities, products and services from a transition to a low carbon economy do not directly impact the underwriting of supplemental health and life insurance policies. However, the Company does monitor for the prospects of increasing input costs to its operations. In this regard, the Company engages with policy research and analysis experts such as the Peterson Institute and Eurasia Group to understand potential geopolitical risks and global trends. These subject matter experts often address the topic of climate-related risks in investments and how indirect impacts of climate change can influence government policy and capital markets. Given the impact of market risks on an investment portfolio, the Company is no longer investing in emissions-intensive sectors such as coal, oil and gas or metals and mining sectors. Additionally, as demand for some of these sectors, particularly coal, has decreased, corresponding demand for cleaner energy alternatives has increased. In this regard, the Company has invested approximately $1.7 billion in impact and sustainable investments as of December, 2020. Example of Risk Type: Climate-related risks have been considered in the Company's investment portfolio in relation to the risks associated with the transition to a lower-carbon economy, and certain exposures in the investment portfolio have been assessed accordingly. Since 2019, the Company has sought to avoid investments in high-emitting sectors such as coal, oil and gas and metals and mining, which are particularly susceptible to technology changes in the low-carbon transition. The Company has increased investment in more clean energy companies and projects, including 100% renewable utilities, solar farms and renewable project debt. This investment shift is driven by the financial risks and opportunities associated with innovations driving the transition to a lower-carbon economy. During 2020, the Company renewed focus on the investment portfolio exposures in the face of market volatility and pressures in various sectors impacted from volatile energy prices and a reduction in global energy demand.
Reputation	Relevant, always included	As a supplemental health and life insurance company, climate-related reputational risks are associated with how the Company communicates its climate risk management practices to its stakeholders. The Company's stakeholder engagement approach strengthens brand reputation by ensuring that stakeholders are aware of the Company's environmentally-friendly and prudent business actions. Embedded in the Company's culture is "The Aflac Way," which emphasizes doing the right thing on behalf of customers, investors, employees, and all stakeholders. As part of the Company's climate-related stakeholder engagement practices, the Chief Operating Officer meets regularly with members of the ESG Working Group and provides updates with its members to the Corporate Social Responsibility and Sustainability Committee of the Company's Board. These meetings address issues and incorporate the concerns and considerations of some of the Company's investors and other stakeholders on climate-related risks and topics. We continually engage with investors and shareholders to receive feedback relative to our reputational risk and monitor key measures of our climate performance, such as the CDP climate change score. The Company also strives to offer clear information to stakeholders on its climate-related commitments, targets, and actions, including the publication in 2020 of its carbon neutrality (2040) and net-zero goal (2050) in its Business and Sustainability Report, as well as in its Aflac Incorporated ESG Investing Statement and its Aflac Global Investments ESG Investing Policy.
Acute physical	Relevant, always included	Acute physical risks are incorporated into the Company's Business Continuity Planning (BCP), which considers the impact that climate change could have on our existing contingency plans. The BCP ensures that there are processes in place to mitigate climate change risks such as hurricanes and other natural disasters that can cause business interruption through damaging or destroying property. Regarding investments, the Company acknowledges certain risks in the portfolio and will undertake future analysis to assess climate risk in further detail. Example of Risk Type: In the past few years, the Company has had market offices impacted by the California wildfires in 2018 and Hurricane Maria in 2017. The Company is using the experience from past natural disasters to understand the potential impact of future acute physical risks and strengthening the BCP. Beyond the direct impacts to our offices, if an area is hard hit by a natural disaster, such as a hurricane, this can lead to higher policy lapse rates, which in turn reduces the amount of premium that the Company can collect, and subsequently impacts the Company's revenue. As acute physical risks due to climate change may become more frequent, the impact that these events have on policy lapse rates and premium collection are considered during the underwriting and risk assessment process. Finally, the Company has not found that climate change is significantly affecting human health (acute physical risks) related to the types of insurance that the Company issues. Should this begin to demonstrate a notable impact, it is the Company's belief that it will happen gradually and that there will be adequate time to adjust. Example of risk type: The Company has an allocation to utility bonds and a modest allocation to commercial real estate loans, municipal debt and real estate investments that could be exposed to acute physical risk. To mitigate this type of risk, the Company diversifies its investments in these asset classes geographically and by underlying property type and revenue sources.
Chronic physical	Relevant, sometimes included	The Company acknowledges certain risks in the portfolio and will undertake future analysis to assess climate risk in further detail. Certain impacts of chronic physical climate risks, including longer-term shifts in climate patterns, are incorporated during the assessment of our investment portfolio. Example of Risk Type: The Company considers the risk exposure of potential investments to sea level rise as part of our standard due diligence process. If an investment has a heightened risk due to sea level rise, then the Company will avoid this type of exposure. Risk management includes diversifying its investments in asset classes exposed to these risks geographically and by underlying property type and revenue sources. Finally, the Company has not found that climate change is significantly affecting human health (chronic physical risks) for the types of insurance that the Company issues. Should it have an impact, it is the Company's perspective that it will happen gradually and that there will be adequate time to adjust. There are a few policy areas that the Company currently recognizes may be susceptible to climate-related risks in the future. 1. The first is the Company's cancer insurance services. The Company recognizes that if climate change increases the incidence of certain types of cancer, such as those related to sun exposure or environmental pollution, the underwriting scheme will change. 2. The other, is the increased prevalence of novel viruses, which in the future, could be exacerbated by or present in a wider geography due to climate change.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	The Company considers it essential to incorporate impact and exposure to climate change in the assessment of individual investments. This assessment is critical in assessing the risk and the return potential for any specific security issuer to understand the entity's exposure to specific environmental issues. For internally managed credit investments, the Company reviews each issuer ESG considerations using several resources on both the specific industry of the issuer as well as of the individual issuers within those sectors to assign an internal ESG score to each investment. These resources may include an issuers' internally generated reporting on ESG and sustainability, SEC filings, sell side research, financial press, third party recognition, CDP submissions, RE100 commitments, and third-party assessments. As it relates to climate related risks, the Company's proprietary scoring includes factors such as the investee's carbon footprint, efforts to improve their operations' impact, and the environmental impact of their specific products. These scores reflect the Company's judgment on how these issues could impact the issuer's overall business and financial condition on aspects such as reduced revenue, increased costs, potential for regulatory action including sanctions, fines, or shut-downs, lawsuits, reputational risk, industry dynamics including relative competitive positioning, and other factors. The external management process includes using specialty external asset managers screened periodically for their ESG investing and portfolio management practices. Certain of these investment mandates include the Company's investment guidelines on ESG. Recently, the Company entered a partnership with an external manager to access sustainable infrastructure debt and equity. The Company includes an ESG questionnaire in its Request for Proposal process and, once an external mandate is incepted, the Company's Annual Due Diligence Questionnaire is used to assess status of and changes in the external manager's ESG-specific policies and procedures.
Insurance underwriting (Insurance company)	Not applicable	Climate-related risks are not directly incorporated into underwriting at this time. However, the prospects for climate-related impacts are being monitored and if claims fall outside normal parameters, it may be considered in the future. The Company's actuarial team has processes in place to monitor and track possible trends and indicators that might impact insurance policies and in-built pricing to quantify key drivers of risk. The Company has not identified any climate-related risks and opportunities that directly impact the underwriting approach. However, the Company constantly analyzes data and global trends for a possible indication that new impacts, included those related to climate change could influence our supplemental health and life insurance offerings. This analysis process considers all components that could influence the underwriting process, regardless of scale. Therefore, if in the future, climate-related risks and opportunities have a larger impact, or trends arise that demonstrate the influence of these risks and opportunities on the supplemental health and life insurance industry, the Company is in a position to incorporate these considerations into the underwriting process. There are a few policy areas that the Company currently recognizes may be susceptible to climate-related risks and considerations in the future. 1. The first is related to the Company's cancer insurance services. The Company recognizes that should it become evident that climate change is increasing the incidence of certain types of cancer, such as those related to sun exposure or environmental pollution, the underwriting scheme would change. 2. The other, is the increased prevalence of novel viruses, which in the future, could be exacerbated by or present in a wider geography, due to climate change. The Company's underwriting practices can be impacted by acute climate risks. Following a natural disaster, such as a hurricane or wildfire, the Company might witness a higher rate of lapsed policies which impacts the ability to collect premiums and generate revenue. As a result, historical policy persistency is monitored to understand if the risk it poses becomes significant enough to be further incorporated into the underwriting process.
Other products and services, please specify	Not applicable	The Company does not have any other products or services.

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	All of the portfolio	Qualitative	For internally managed credit investments, the Company reviews each issuer on ESG considerations, using Aflac Global Investments internal guideposts as well as resources on the issuer's industry and on the individual issuer, to assign an internal ESG score to each investment. The assessment may consider aspects like "products sold" (e.g., oil & gas, electric vehicles), and "internal processes" (e.g., carbon footprint, GHG emissions reduction initiatives). Other resources may include an issuers' reporting on ESG, SEC filings, sell side research, financial press, third-party recognition, CDP submissions, RE100 commitments, and third-party assessments. These proprietary scores reflect the Company's judgment on how these issues could impact the issuer's overall business and financial condition (e.g., reduced revenue, increased costs, potential for regulatory action including sanctions, fines, shut-downs, lawsuits, reputational risk, industry dynamics including relative competitive positioning), as well as whether management is proactively addressing these issues. Scores are stored in a customized database that aggregates credit research and opinions, and are viewed as supplementary to the financial metrics used in the credit underwriting analysis. No prescriptive threshold is in place to eliminate an investment based solely on its E score. Low ESG scores are addressed as part of periodic discussions with a focus on the impact on the issuer's credit quality and future cash flow generation. The external management process includes using specialty external asset managers screened periodically for their ESG investing and portfolio management practices. Certain of these investment mandates include the Company's investment guidelines on ESG. Recently, the Company entered a partnership with an external manager to access sustainable infrastructure debt and equity. The Company includes an ESG questionnaire in its Request for Proposal process and, once an external mandate is incepted, the Company's Annual Due Diligence Questionnaire is used to assess status of and changes in the external manager's ESG-specific policies and procedures.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Majority of the portfolio	The Company evaluates water-related risks and opportunities in its Corporate investments in two main ways. First, from an operational standpoint, water usage trends/programs will be more closely scrutinized when an investee is part of an industry where water management is a core function (e.g., Metals & Mining, Food & Beverage, Data Centers). Second, analysts also factor in an investee's water-related risks tied to its geographical location (e.g., susceptibility to droughts, natural disasters). For example, a utility exposed to droughts and forest fires would receive a lower score due to its higher exposure to climate-related risks.
Insurance underwriting (Insurance company)	No, we don't assess this	<Not Applicable>	The Company does not incorporate water-related risks and opportunities into the insurance underwriting and policy pricing process. Should such risks or trends become relevant, the Company will incorporate them.
Other products and services, please specify	Not applicable	<Not Applicable>	The Company does not have any other products or services.

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Majority of the portfolio	The Company incorporates forests-related risks and opportunities into the ESG scorecard assessment of existing and potential Corporate investments. Specifically, the Company analyzes deforestation risks. For example, a corporation manufacturing palm oil or paper could be linked to deforestation and would receive the lowest E score. Another example would be a utility exposed to droughts and forest fires, which would also receive a lower score due to its higher exposure to climate-related risks.
Insurance underwriting (Insurance company)	No, we don't assess this	<Not Applicable>	The Company does not incorporate forest-related risks and opportunities into the insurance underwriting and policy pricing process. Should such risks or trends become relevant, then the Company will incorporate them.
Other products and services, please specify	Not applicable	<Not Applicable>	The Company does not have any other products or services.

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	The Company relies on the information collected using Aflac Global Investments internal guideposts, information on the issuer's industry and on the individual issuer, as well as other resources such as an issuers' reporting on ESG, SEC filings, sell side research, financial press, third-party recognition, CDP submissions, RE100 commitments, and third-party assessments. Should these prove insufficient to make an informed judgment, the Company may request additional information from the investee. As climate-related risks and opportunities become more prevalent, the Company will continue to assess the feasibility of requesting this information from a subset of companies within our portfolio that are particularly susceptible to climate-related risks. During the Company's external manager evaluation and monitoring process, the Company may request ESG-related information by including ESG questionnaires in Requests for Proposals (RFPs), to evaluate the asset manager's policies and procedures during initial manager selection. The Company may also request updated ESG information to monitor how asset managers are addressing these topics. This provides insights into the progress of external asset managers and their ESG related standards and practices. After initial on-boarding, follow-up ESG questionnaires are sent as part of Annual Due Diligence Questionnaires (DDQ), to stay up-to-date and provide a refresh on how asset managers are addressing these topics.
Insurance underwriting (Insurance company)	No, and we don't plan on requesting climate-related information	The Company does not request climate-related information from clients since climate-related risks and opportunities do not have a material impact on the Company's supplemental health and life insurance business. Therefore, conducting climate-related due diligence regarding the Company's underwriting and risk assessment practices is not deemed necessary. The Company is constantly monitoring emerging risks and trends, so if this becomes relevant in the future, such practices will be incorporated.
Other products and services, please specify	Not applicable	The Company does not have any other products or services.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

No

C2.3b

(C2.3b) Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

	Primary reason	Please explain
Row 1	Risks exist, but none with potential to have a substantive financial or strategic impact on business	Rationale and Explanation: As a supplemental health and life insurance company, the Company has determined that while climate-related risks exist, none has the potential to have a substantive financial or strategic impact on the business. The Company's footprint (Scope 1, 2 and 3 for categories 1-14) is relatively small, and none of its products and services are substantially impacted by climate change. y The Company is monitoring is its investment portfolio in view of climate-related risks. In this regard, the Company is taking proactive steps to diversify and strengthen the resilience of its investment portfolio against climate change, including continuing to reduce exposure to the coal, oil and gas, and the metals and mining sectors, while increasing investments in alternative energy sources. For example, since 2015, the Company has reduced oil and gas exposure by 32% and metals and mining exposure by 20%. In 2020 the Company updated its bottom-up risk assessment, re-evaluating climate risks associated with claims, strategy, data, and brand. The bottom-up risk assessment, conducted in 2019, reviewed areas of the business such as direct operations, brand, insurer solvency (including the investment portfolio impact for Corporate investments and excluding externally-managed assets), third-party associations and underwriting/pricing for climate risk, as well as a qualitative risk assessment and an overview of current mitigation strategies that are in place. During its update in 2020, it was concluded that none of the identified areas of the Company's business was at a level of substantive risk due to climate change to trigger the development of additional mitigation plans. The highest risk level identified was "medium risk" for the potential that policy pricing might not incorporate all climate-related trends, or it might misallocate strategic funds to address climate change, thereby restricting capital access for other strategic initiatives. These risks will continue to be re-evaluated moving forward, and if deemed substantive, may result in a more comprehensive approach.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

C2.4b

(C2.4b) Why do you not consider your organization to have climate-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	Rationale and Explanation: Similar to risk management, the Company considers climate-related opportunities, such as opportunities to lower the carbon footprint of the company's direct operations. However, as a supplemental health and life insurance company, while climate-related opportunities exist, these do not cause a substantive financial or strategic impact on the business. One area that the Company is closely monitoring for business opportunities is our investment portfolio and future investment opportunities. Recently, the Company partnered with an external manager to build a future sustainable infrastructure debt strategy. The Company has taken other steps to diversify the portfolio to take advantage of climate-related opportunities, including approximately $1.7 billion in impact and sustainable investments, as of December, 2020. Assessment Process: The method of assessing climate-related opportunities is similar to that used for climate-related risks. The Company's business opportunities are measured against the risk matrix to determine the potential impact. At this point, opportunities related to climate change has been identified through this process, but none have had a substantive financial or strategic impact on the Company's business. That said, the Company has capitalized on some non-substantive climate-related opportunities. Examples include developing an on-site solar PV array at the company's global headquarters in Columbus, GA and through diversifying the company's investment portfolio to reflect the transitional opportunities that exist in the alternative energy sphere. Due to the Company's assessment process, should climate-related opportunities become substantive, the Company will be well positioned to adapt accordingly.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	No, we do not intend to include it as a scheduled AGM resolution item	The Company is in the process of developing a framework to define and set milestones to achieve carbon neutral and net zero emissions by 2040 and 2050, respectively. Recognizing evolving industry and sustainability best practices, this framework will consider the Company's business model, its products and services, growth strategy and investments, to identify the risks and opportunities associated with climate change and how to address them.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.2b

(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

Rationale and Description:

The Company has begun to incorporate climate change into the risk management, business strategy and financial planning processes. Climate change has indirectly impacted some financial elements related to the persistency of the Company's policies. The actuarial team also monitors all emerging trends that may impact underwriting and policy pricing. Therefore, if climate change impacts begin to have a more direct and substantive impact on policy pricing, claims trends or premium collection, then the Company is positioned to further incorporate climate-related considerations into these processes. Beyond direct operations, the investment portfolio provides a future opportunity where climate-related considerations can be further incorporated into business strategy.

Plans to Incorporate Scenario Analysis:

Aflac intends to introduce climate-related scenario analysis in the next two years into its business strategy, including building a process to run climate risks analysis of operational assets and portfolio holdings in the future. This responds to a growing need to quantify the potential physical and transitional impacts of climate change across our direct operations, supply chain, underwriting process, and investment portfolio. If we identify significant potential risks, we will adjust our processes accordingly and set commitments that improve the resilience of our business while contributing to the mitigation of climate change.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	No	The Company's primary products and services are life and health insurance policies. When developing these policies and pricing them through the underwriting process, the Company considers all potential influences that may impact the policies. Throughout this monitoring process, the actuarial team is acutely attuned to any emerging trends that might influence the Company's products and services. Whenever a new policy is developed, or an existing policy is revamped, the Company ensures that it is incorporating all potential considerations. There are a few policy areas that the Company currently recognizes may be susceptible to climate-related risks in the future. 1. The first is the Company's cancer insurance services. The Company recognizes that if climate change increases the incidence of certain types of cancer, such as those related to sun exposure or environmental pollution, the underwriting scheme will change. 2. The other, is the increased prevalence of novel viruses, which in the future, could be exacerbated by or present in a wider geography, due to climate change. Additionally, while climate change risks and opportunities are not directly influencing strategy, there are two areas in which indirect impacts are considered by the products and services team. One of these has to do with persistency and the fact that after natural disasters, the Company may witness an increase in the number of lapsed policies. This can impact premium collection and therefore revenues. Additionally, when developing a product, the actuarial team will incorporate contingencies, such as the consideration of a 1 in 20- or 1 in 50-year event when pricing products. These events are not necessarily explicit to climate change but provide resilience to unpredictable events.
Supply chain and/or value chain	Yes	ESG considerations, including those related to climate change have influenced value chain strategy for procurement practices. For procurement, looking to inform and update its supplier engagement strategy, the Company began expanding its supplier onboarding system across its subsidiaries and is working on automating its supplier information system. The Company is building the capabilities required during 2021 and expects to cover all subsidiaries by the end of 2022. In addition, the Company is assessing the roll-out of an updated ESG questionnaire, which requests information including the suppliers' energy efficiency measures and whether they are ISO 50001-certified. For Corporate investments, the Company evaluates potential supply chain issues from climate change in its investment decisions.
Investment in R&D	No	Climate-related risks are not currently impacting the Company's business in this area. The risk management team sends out an annual survey on emerging risks to be considered in future risk assessments, which could also impact allocation of research and development funds. Through this process, climate-related risks and opportunities have not yet been identified, although the Company will continue to monitor these areas, should climate change impacts begin to have larger influence.
Operations	Yes	Climate-related risks and opportunities have had a large indirect impact on the Company's business operations in relation to the Company's drive towards digitalization, energy efficiency and renewable energy. To respond to this, the Company is strengthening its digital capabilities and presence to reach and continue to support customers in the event of a climate-associated event. For example, remote work procedures implemented during 2020 are being established for the longer term, to ensure that employees can continue working and customers' needs are met. The goal is to establish an online platform that will lead to opportunities during, and post, pandemic, as consumers adapt to the new normal and an increasing number of employees continue to work remotely. The online sales system is expected to have a positive impact on the Company's carbon footprint with regards to commuting, business travel, and use of office facilities. One example, launched in 2020, is Aflac Japan's three-year ¥10 billion paperless initiative to digitalize operations and drive efficiencies throughout the value chain, to significantly reduce paper usage by approximately 80 million pieces of paper per year. In addition, in 2020, Aflac Japan rolled out a virtual sales system consisting of web consultations and online application functions, expanded online group sales, and is establishing a sales structure through corporate clients' intranet sites to expand sales. As the Company continues with digital transformation initiatives, we are aware of the potential burden that increased technological demands may have on energy use. Therefore, the Company is taking steps to reduce energy consumption at its facilities by conducting energy efficiency measures and increasing the use of renewable energy In 2020, the Company began the installation of a 1.3MW solar array at the U.S. campus, to be completed in 2021, and the Aflac Square building in Japan switched to 100% renewable energy in March 2021.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs Assets Liabilities	As a supplemental health and life insurance company, the Company has not yet identified climate-related risks and opportunities with a potential substantive financial impact on our business. However, the Company does acknowledge and monitor emerging risks and opportunities so, should they become more substantive, they can be specifically factored into the financial planning process. As part of ensuring that the Company can maximize revenues and ensure that there is appropriate capital to cover all claims, the Company is working to integrate climate-related risks and opportunities into its investment decisions. This includes a regular assessment of sectors that may no longer provide adequate risk-adjusted returns due to their exposure to climate-related risks. Another area in which climate-related risks and opportunities are incorporated into financial planning, albeit more indirectly, has to do with policy persistency. In instances where acute physical climate risks, such as natural disasters significantly impact a given area, the Company has witnessed elevated rates of policy lapse rates. This either occurs immediately after the incident, or in some cases, states will institute an order stating that policies cannot be lapsed for a certain time period after an incident occurred. In either case, when these high lapse rates occur as a result of acute physical impacts, the Company will witness a reduction in collected premiums and subsequent revenues. At the moment, the impact of this has not been substantive on the Company's business, but such considerations are incorporated into the underwriting and financial planning process. In terms of indirect costs, the Company continues to invest in energy-efficiency projects and renewable energy generation to reduce carbon emissions, such as the installation of a 1.3MW solar array in the U.S. headquarters, completed in 2021. The Company also considers the growing digitalization of the Company's products and services as a climate-related opportunity, leading to a reduction in the costs of business travel and operation of facilities.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C-FS3.6

(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?

Yes, climate-related issues are integrated into our general policy framework that relates to our financing activities

C-FS3.6a

(C-FS3.6a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Investment policy/strategy	All of the portfolio	Aflac Incorporated has published a Carbon Neutrality Statement and Aflac Global Investments has published an ESG Investing Policy. The Policy describes the Company's investment approach to climate-related objectives and considerations. Internal investment decisions are made after in-depth credit discussions that encompass all areas of an investee's business including exposure to climate change. This includes exposure from our investments in oil and gas companies, utilities, property and casualty insurance companies, sovereign and municipal issuers and other highly concentrated entities, among others. The Company has an outsourcing policy which guides its decisions for investment activity by the external managers. The majority of the Company's external managers are signatories to the United Nations Principles for Responsible Investment (UNPRI) and thereby are expected to factor in exposure to climate change in their investment decisions.
Insurance underwriting (Insurance company)	Other, please specify (Climate-related issues are not incorporated into insurance underwriting policies at this time.)	Unknown	Climate-related issues are not incorporated into insurance underwriting policies at this time.
Other products and services, please specify	Please select	Please select	

C-FS3.7

(C-FS3.7) Are climate-related issues factored into your external asset manager selection process?

Yes, for some assets managed externally

C-FS3.7a

(C-FS3.7a) How are climate-related issues factored into your external asset manager selection process?

	Process for factoring climate-related issues into external asset management selection	Comment
Row 1	Other, please specify	The Company uses external asset managers for certain asset classes. Beginning in 2021, the Company has been focused on seeking external manager that have investment processes and capabilities to source and underwrite sustainable investments. The Company has worked with a few of its external managers to create custom ESG programs. In addition, beginning in 2020, the Company is incorporating an ESG-specific section in its external manager Request for Proposal (RFP) process. The ESG information provided by the candidate external manager is used to evaluate the manager's ESG policies and procedures. For example, managers are asked how ESG principles are incorporated into their credit underwriting and security selection policies, including if they are signatories to the UNPRI. In addition to the initial due diligence process, each manager completes an annual due diligence questionnaire containing a request to describe the manager's commitment to maintaining sound ESG principles in its investment management process.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2007

Covered emissions in base year (metric tons CO2e)
34607

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
83

Target year
2030

Targeted reduction from base year (%)
75

Covered emissions in target year (metric tons CO2e) [auto-calculated]
8651.75

Covered emissions in reporting year (metric tons CO2e)
10579

% of target achieved [auto-calculated]
92.5747199506844

Target status in reporting year
Underway

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

Target ambition
<Not Applicable>

Please explain (including target coverage)
This target is inclusive of Scope 1 and 2 emissions from Aflac Japan and Scope 2 emissions from US operations. The target was updated most recently by a pledge from Aflac US in 2020 to further reduce its Scope 2 emissions to increase the targeted base reduction from 71.5 to 75. Aflac, Incorporated became carbon neutral in 2020 for Scopes 1 and 2 by reducing emissions and by purchasing renewable energy credits and carbon offsets. We anticipate setting a Science-Based Target in the next two years provided no material change in industry and sustainability best practices.

Target reference number
Abs 2

Year target was set
2020

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based) +3 (upstream & downstream)

Base year

Covered emissions in base year (metric tons CO2e)

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

Target year
2040

Targeted reduction from base year (%)

Covered emissions in target year (metric tons CO2e) [auto-calculated]
<Calculated field>

Covered emissions in reporting year (metric tons CO2e)

% of target achieved [auto-calculated]
<Not Applicable>

Target status in reporting year
Underway

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

Target ambition
<Not Applicable>

Please explain (including target coverage)
This is a carbon neutrality target. This target is inclusive of Scope 1, 2 and 3 (relevant categories 1-14) emissions from Aflac US, Japan, and Northern Ireland operations. Aflac became carbon neutral in 2020 for Scopes 1 and 2 by reducing emissions and by purchasing renewable energy credits, J-credits, and carbon offsets. We anticipate setting a Science-Based Target in the next two years provided no material change in industry and sustainability best practices.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)
Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Country/region

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	GJ

Target denominator (intensity targets only)
<Not Applicable>

Base year
2007

Figure or percentage in base year
123143

Target year
2030

Figure or percentage in target year
49257

Figure or percentage in reporting year
57529

% of target achieved [auto-calculated]
88.8043743063639

Target status in reporting year
Underway

Is this target part of an emissions target?
This energy target supports the attainment of our emissions reduction target.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
This target is for the Company's Japan operations and was established in 2019. This target aims to reduce the amount of energy consumed at Aflac Square, which is real estate owned by Aflac Japan.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Abs1

Target year for achieving net zero
2050

Is this a science-based target?
No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)
This target is inclusive of Scope 1, 2 and 3 (supply chain and investment) emissions from the operations of Aflac Incorporated and its subsidiaries in the U.S., Japan, and Northern Ireland, as well as the Company's investment portfolio. The Company is in the process of preparing a comprehensive approach to defining Scopes 1 through 3 emissions and developing a formal plan to meet our commitments, in alignment with common practice methodologies and recognizing the evolving nature of standards in the industry.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	5	
To be implemented*	3	2568.42
Implementation commenced*	4	1242.22
Implemented*	11	1487.35
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)
0

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
526728

Payback period
No payback

Estimated lifetime of the initiative
11-15 years

Comment
U.S. - Control System Implementation

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
131.01

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
36792

Investment required (unit currency – as specified in C0.4)
40000

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
U.S. - Site lighting upgrades for building and roadway to LED fixtures

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Initiative category & Initiative type

Energy efficiency in buildings	Insulation

Estimated annual CO2e savings (metric tonnes CO2e)
74.08

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
20804

Investment required (unit currency – as specified in C0.4)
2225657

Payback period
No payback

Estimated lifetime of the initiative
16-20 years

Comment
U.S. - Roof restoration for approximately 250,000 square feet.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
690.73

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
193981

Investment required (unit currency – as specified in C0.4)
2452166

Payback period
11-15 years

Estimated lifetime of the initiative
11-15 years

Comment
U.S. - Rooftop Units Replacement

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
109.58

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
30774

Investment required (unit currency – as specified in C0.4)
17277

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
U.S. - LED drop in lamps

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
0

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
500000

Payback period
No payback

Estimated lifetime of the initiative
16-20 years

Comment
System replacement to provide proper outside air ventilation

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
19.91

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
5591

Investment required (unit currency – as specified in C0.4)
28734

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
Lighting replacement from fluorescent fixtures to LED fixtures

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Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
19.43

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
6202

Investment required (unit currency – as specified in C0.4)
63910

Payback period
11-15 years

Estimated lifetime of the initiative
11-15 years

Comment
Replacement and upgrade of 15 units

Initiative category & Initiative type

Energy efficiency in buildings	Motors and drives

Estimated annual CO2e savings (metric tonnes CO2e)
392.61

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
110259

Investment required (unit currency – as specified in C0.4)
687423

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
Change of UPS units for energy efficiency

Initiative category & Initiative type

Energy efficiency in buildings	Motors and drives

Estimated annual CO2e savings (metric tonnes CO2e)
22

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
7823

Investment required (unit currency – as specified in C0.4)
25519

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment
Installation of inverters with heat pumps, leading to 1% (approximately 50,000 KWh) reduction in annual energy consumption

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Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)
28

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
6083

Investment required (unit currency – as specified in C0.4)
0

Payback period
<1 year

Estimated lifetime of the initiative
Ongoing

Comment
Readjustment of the operating hours of heat source systems and air conditioning

Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)
60

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
21149

Investment required (unit currency – as specified in C0.4)
93580

Payback period
4-10 years

Estimated lifetime of the initiative
Ongoing

Comment
Kitchen removal

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	No budget is dedicated for emissions reduction activities. Every year, the Company identifies opportunities to reduce the electricity used for operations and develops a business case to drive investment. Among the criteria for project selection are the initiative's ROI (a payback period under 48 months is preferred), as well as the emissions reduction associated with the initiative. In 2020, the Company began the installation of a 1.3MW solar array in the U.S. headquarters, to be completed by 2021, which increases the on-site use of renewable energy by the Company's offices.
Employee engagement	Aflac Japan engages with employees about environmental issues, including climate change. This includes employee education programs to teach individuals about Aflac Japan's environmental management framework and to understand the relationship between environmental management and daily operations. This education also covers how employees can make environmentally conscious decisions in daily operations, such as efforts to reduce energy usage at Aflac Japan's offices.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2007

Base year end
December 31 2007

Base year emissions (metric tons CO2e)
7617

Comment
These emissions represent those from Aflac U.S.'s operations between January – December 2007, and those from Aflac Japan's operations between April 2007 – March 2008.

Scope 2 (location-based)

Base year start
January 1 2007

Base year end
December 31 2007

Base year emissions (metric tons CO2e)
33795

Comment
These emissions represent those from Aflac U.S.'s operations between January – December 2007, and those from Aflac Japan's operations between April 2007 – March 2008. For the 2021 CDP response, base year emissions were updated using the best information available and, as a consequence, have changed slightly from the figure reported in the 2020 CDP response (33,956 t CO2 e).

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
2093

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Scope 1 emissions include stationary combustion, mobile combustion and fugitive emissions.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
Scope 2 emissions (location-based and market-based) include emissions from the use of purchased electricity at Company-owned facilities across the US and Japan. In 2020, Aflac U.S. operations account for 7,885 t CO2e (location-based and market-based) and Aflac Japan operations account for 2,143 t CO2e (market-based), 2,283 t CO2e (location-based).

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
10168

Scope 2, market-based (if applicable)
10028

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Gross global Scope 2 emissions (location-based and market-based) include emissions from the use of purchased electricity at Company owned facilities across the US and Japan. In 2020, Aflac U.S. operations account for 7,885 t CO2e (location-based and market-based) and Aflac Japan operations account for 2,143 t CO2e (market-based) and 2,283 t CO2e (location-based).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
295787

Emissions calculation methodology
All upstream (i.e., cradle-to-gate) emissions from the production of products purchased by Aflac. Products include both goods (tangible) and services (intangible). Emissions were calculated using spend data on goods and services. For Aflac U.S. operations, each category of spend was aligned to an EPA commodity type based on the EPA supply chain GHG emission factors. The 2020 spend data was adjusted for inflation/deflation for 2018 as the EPA factors were based on 2018 purchaser prices. The adjustments were performed using the US Bureau of Labor Statistics' CPI Inflation calculator. Based on the assigned EPA commodity, appropriate emission factors were identified and applied to determine emission in terms of kg CO2, kg CH4 and kg N2O. Relevant GWPs were applied to convert emission from kg CO2, kg CH4 and kg N2O to a common unit of kg CO2e. Emissions were converted from kg CO2e to t CO2e. Emissions associated with Utilities spend were subtracted, since they were calculated as part of Scope 2. For Aflac Japan operations, each category of spend was aligned to a corresponding emission factor (per million JPY) from the Ministry of the Environment of Japan. Based on the assigned commodity type, appropriate emission factors were identified and applied to calculate emissions in terms of t CO2e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions calculated using spend data from the Company's procurement systems and emission factors from the U.S. EPA and the Ministry of Environment of Japan

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
5124

Emissions calculation methodology
All upstream (i.e., cradle-to-gate) emissions from the production of purchased or acquired capital goods (plant, property, or equipment), which are typically depreciated/amortized. Emissions were calculated using spend data on goods and services. For Aflac U.S. operations, each category of spend was aligned to an EPA commodity type based on the EPA supply chain GHG emission factors. The 2020 spend data was adjusted for inflation/deflation for 2018 as the EPA factors were based on 2018 purchaser prices. The adjustments were performed using the US Bureau of Labor Statistics' CPI Inflation calculator. Based on the assigned EPA commodity, appropriate emission factors were identified and applied to determine emission in terms of kg CO2, kg CH4 and kg N2O. Relevant GWPs were applied to convert emission from kg CO2, kg CH4 and kg N2O to a common unit of kg CO2e. Emissions were converted from kg CO2e to t CO2e. Emissions associated with Utilities spend were subtracted, since they were calculated as part of Scope 2. For Aflac Japan operations, each category of spend was aligned to a corresponding emission factor (per million JPY) from the Ministry of the Environment of Japan. Based on the assigned commodity type, appropriate emission factors were identified and applied to calculate emissions in terms of t CO2e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions calculated using spend data from the Company's procurement systems and emission factors from the U.S. EPA and the Ministry of Environment of Japan

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
624

Emissions calculation methodology
Includes Aflac US emissions associated with transmission and distribution losses from purchased electricity in leased and owned facilities. Commercial Buildings Energy Consumption Survey (CBECS) energy intensity metrics for offices and warehouses were utilized to estimate consumption based on the sq. ft of leased properties. A grid loss factor of 5.1% was applied to account for transmission and distribution losses associated with the purchased electricity used in Aflac's leased facilities Emissions related to fuel-and-energy-related activities from Aflac Japan and Aflac Northern Ireland were considered immaterial and were not calculated in FY2020.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Emissions calculated using spend data from the Company's procurement systems and emission factors from the U.S. EPA and the Ministry of Environment of Japan

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
293

Emissions calculation methodology
Includes transport and distribution of packages and products sold from third-party suppliers to Aflac. Upstream transportation and distribution emissions for the Company consist of purchased services for mail delivery. For Aflac Japan operations, this value was calculated by tracking the weight and distance of each mail shipment over the course of 2020. When summed together, this resulted in about ~ 665,788 ton-km of mail delivered. The combination of average fuel used per ton-km plus the associated energy use and resulting carbon emissions, were used to calculate a total of 293 tCO2 for purchased mail delivery services for Aflac Japan in 2020. As a result, we were able utilize the calculated CO2 emissions for Aflac Japan's delivered mail as a representative amount for Aflac Japan's total emissions. The source of the emission factors used are from the Ministry of Economy, Trade and Industry (METI) and Ministry of Land, Infrastructure, Transport and Tourism (MLIT) joint guidelines. For Aflac U.S. operations, emissions associated with mail delivery were calculated as part of Category 9: Downstream transport and distribution.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
129

Emissions calculation methodology
Includes disposal of solid waste and wastewater. Emissions resulting from waste generated in operations is calculated for the Company's U.S. and Japan owned operations by monitoring the weight and destination of waste generated. For Aflac Japan, emission factors for each waste type come from the Ministry of the Environment of Japan version 3.1 factors' for calculating GHG emissions across the supply chain. Multiplying the weight of each waste type by the associated emission factors results in 32.50 tCO2e for Aflac Japan operations. For Aflac U.S., waste data for each waste category was aligned to an EPA waste category. Then, based on the indicated disposal method, appropriate emission factors by disposal method were identified and applied to determine emissions in terms of t CO2e. The majority of the emission factors used were from the US EPA's Emission Factors for Greenhouse Gas Inventories. The above-mentioned approach was followed for all waste categories except recycled styrofoam or polystyrene as the EPA does not report emission factors for recycling styrofoam. Instead, for this waste category, an appropriate DEFRA emission factor was identified and applied to determine emissions. The EPA emission factors for Greenhouse Gas Inventories, published on April 1, 2021 rely on the Global Warming Potentials (GWPs) published in the Fourth Assessment Report (AR4) published by the UN IPCC in 2007.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
799

Emissions calculation methodology
Includes emissions related to rental cars, air and rail travel, hotel stays, and employee mileage for business travel for the U.S. and Japan. For the Company's business travel in Japan, these emissions are calculated for air travel, train travel and hotel stays. For air travel, each flight taken by an employee is tracked and ANA's GHG emissions calculation tool is used to calculate the GHG emissions associated with each trip. For rail travel, total cost spent on rail tickets is tracked and an average emission factor per Yen for Japanese railways is applied. For hotel stays, the number of nights booked is monitored and a GHG emission factor per night is sourced from the 'Ministry of the Environment of Japan emission factors database version 3.1' for calculating GHG emissions from the supply chain. For U.S. business travel, emission factors from the EPA emission factors for Greenhouse Gas Inventories, published on April 1, 2021, were used. Emissions associated with air travel were calculated using the number of travels by flight distance. For car rentals, Aflac U.S. receives information from rental providers regarding emissions, where possible, or gallons of fuels used. For personal vehicle reimbursement, vehicle mileage data was used. The EPA emission factors rely on the Global Warming Potentials (GWPs) published in the Fourth Assessment Report (AR4) published by the UN IPCC in 2007.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
3762

Emissions calculation methodology
Includes estimates for employee commuting for owned offices located in Georgia, U.S. and Aflac Square, Tokyo, Japan. For Aflac U.S. operations, employee commuting data in the form of badge in or tap-in data was used. Additional data attributes such as means of transport in Georgia, mean travel time, average speed and average distance were determined to estimate the emissions associated with employee commuting, based on information from the United States Census Bureau. Based on the mode of transport and the total distance traveled by all employees in 2020, appropriate emission factors were identified and applied to determine emissions in kg CO2, g CH4 and g N2O. Relevant GWPs were applied to convert emissions from kg CO2, g CH4 and g N2O to a common unit of tCO2e. For Aflac Japan operations, monthly attendance data was used. Based on the headcount and location of the office, city-based emissions factors were identified and applied to determine emissions in tCO2e.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Upstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
10003

Emissions calculation methodology
Includes emissions related to energy consumption at the Company's leased facilities, excluding transmissions and distribution losses (which are included in Category 3). For Aflac U.S. operations, data on natural gas consumption was used, and EPA emission factors for Greenhouse Gas Inventories for natural gas were utilized. To estimate purchased electricity in leased facilities, a ratio of actual consumption to area from owned facilities, as well as Commercial Buildings Energy Consumption Survey (CBECS) were used. The estimated data was consolidated by state and appropriate EPA eGRID emission factors were applied. For Aflac Japan operations, energy data for leased facilities was available, as Japanese laws and regulations require companies to calculate emissions associated with all sites. Emission factors were identified and applied to determine emissions in t CO2e. The emission factors were from: "List of Calculation Methods and Emission Factors in the Calculation, Reporting, and Publication System" and the "List of Emission Factors by Electric Utility" based on the "Law Concerning the Promotion of the Measures to Cope with Global Warming. For Aflac NI operations, data on natural gas consumption and electricity was used. For natural gas, appropriate EPA emission factors for Greenhouse Gas Inventories for natural gas were identified and applied. The EPA emission factors for Greenhouse Gas Inventories, published on April 1, 2021 rely on the Global Warming Potentials (GWPs) published in the Fourth Assessment Report (AR4) published by the UN IPCC in 2007. For electricity, appropriate DEFRA emission factors were identified and applied.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
22138

Emissions calculation methodology
Emissions from the transport and distribution of policy-related, promotional and other material in vehicles and facilities not owned or controlled by Aflac. For Aflac U.S. operations, emissions were calculated based on data on spend on carriers. Each category of spend was aligned to an EPA commodity type based on the EPA supply chain GHG emission factors. The total spend by carrier was apportioned by modes of transport. Based on the assigned EPA commodity, appropriate emission factors were identified and applied. For Aflac Japan operations, data was extracted on products and destinations shipped, and distances between warehouses and destinations were calculated. The top three products most frequently shipped were identified, and the transportation volume was calculated based on the average of the weights of the three products. Distance and the transportation volume were multiplied to calculate ton-km, and appropriate emissions factors were identified and applied. Emission factors were obtained from the Joint Guidelines for Calculating CO2 Emissions in the Logistics Sector Ver. 3.1 for land transportation; and the Emissions Intensity Database for Calculating Greenhouse Gas Emissions of Organizations in the Supply Chain (Ver. 3.1) for air transportation.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The Company is a supplemental health and life insurance company and sells policies. Emissions from the processing of the Company's products is not considered to be relevant at this time.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The Company is a supplemental health and life insurance company and sells policies. Emissions from the use of the Company's products is not considered to be materially relevant at this time.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The Company is a supplemental health and life insurance company and sells policies. Emissions from the end of life treatment of the Company's products is not considered to be relevant at this time.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The Company does not have any downstream leased assets. Therefore, total emissions from downstream leased assets is not considered to be relevant at this time.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The Company does not have any franchises. Therefore, total emissions from franchises is not considered to be relevant at this time.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not considered to be relevant at this time.

Other (downstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not considered to be relevant at this time.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
5.47e-7

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
12121

Metric denominator
unit total revenue

Metric denominator: Unit total
22147000000

Scope 2 figure used
Market-based

% change from previous year
27.8

Direction of change
Decreased

Reason for change
The reductions were due to energy efficiency projects resulting in estimated annual CO2e savings of 1,437 t CO2e. In total, global gross emissions decreased by 27.8% between 2019 and 2020. In addition, during the COVID-19 pandemic, travel associated with the corporate jet was significantly reduced due to the pause in business travel, which had a significant impact on mobile combustion (Scope 1) emissions. Emissions associated with electricity and energy consumption in offices (Scope 1 and 2) were also reduced due to an increase in remote work. Gross global combined Scope 1 and 2 emissions from the CDP 2020 response where corrected from 16,894 t CO2 e (CDP 2020 response) to 16,893 t CO2 e .

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	The Company began expanding its installed capacity for renewable energy generation, including the installation of a 1.3MW solar array at the U.S. campus, and the Aflac Square building in Japan, is switching to 100% renewable energy, both completed in 2021.
Other emissions reduction activities	4772	Decreased	28.2	The Company's gross global emissions in 2020 were 12,121 t-CO2e and 16,893 t-CO2e in 2019. This is a 28.2% reduction in gross global emissions. This reduction is partially associated with emissions reduction initiatives implemented in the U.S., resulting in estimated savings of 1437 t CO2e annually. Due to the COVID-19 pandemic, travel associated with the corporate jet was significantly reduced due to the pause in business travel, which had a significant impact on mobile combustion (Scope 1) emissions. Emissions associated with electricity and energy consumption in offices (Scope 1 and 2) were also reduced due to an increase in remote work.
Divestment	0	No change	0	The Company did not make any divestitures in 2020
Acquisitions	0	No change	0	The Company did not make any acquisitions in 2020 that impacted Scope 1 and 2 emissions.
Mergers	0	No change	0	The Company did not participate in any mergers in 2020
Change in output	0	No change	0	The Company did not have any change in output in 2020
Change in methodology	0	No change	0	Global Scope 2 emissions were calculated using both the Location-Based Methodology and the Market-Based Methodology
Change in boundary	0	No change	0	The Company did not make any change in boundary in 2020
Change in physical operating conditions	0	No change	0	The Company did not have any change to physical operating conditions in 2020
Unidentified	0	No change	0	The Company did not have unidentified changes in 2020
Other		<Not Applicable>		Non applicable

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	9073	9073
Consumption of purchased or acquired electricity	<Not Applicable>	0	24552	24552
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	218	<Not Applicable>	218
Total energy consumption	<Not Applicable>	218	33626	33844

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No emissions data provided

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
KPMG 2020 AflacGHG_OL_UPDATED_RESTRICTED.pdf

Page/ section reference
2

Relevant standard
Other, please specify (American Institute of Certified Public Accountants)

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
KPMG 2020 AflacGHG_OL_UPDATED_RESTRICTED.pdf

Page/ section reference
2

Relevant standard
Other, please specify (American Institute of Certified Public Accountants)

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Hydro

Project identification
Offset - China Grouped Small Hydro Project

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
3500

Number of credits (metric tonnes CO2e): Risk adjusted volume

Credits cancelled
Not relevant

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify

Project identification
REC - J-Credit Any

Verified to which standard
Other, please specify (J-Credit Implementation Rule (v.4.2))

Number of credits (metric tonnes CO2e)
992

Number of credits (metric tonnes CO2e): Risk adjusted volume

Credits cancelled
Not relevant

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
REC - Green-e U.S. Wind

Verified to which standard
Other, please specify (Green-e Renewable Energy Standard for Canada and the United States v3.4)

Number of credits (metric tonnes CO2e)
9189

Number of credits (metric tonnes CO2e): Risk adjusted volume

Credits cancelled
Not relevant

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify

Project identification
J-Credit Solar

Verified to which standard
Other, please specify (J-Credit Scheme)

Number of credits (metric tonnes CO2e)
1084

Number of credits (metric tonnes CO2e): Risk adjusted volume
1084

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify

Project identification
REC - J-Credit Any

Verified to which standard
Other, please specify (J-Credit Implementation Rule (v.4.2))

Number of credits (metric tonnes CO2e)
67

Number of credits (metric tonnes CO2e): Risk adjusted volume

Credits cancelled
Not relevant

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, our investee companies

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Climate change is integrated into supplier evaluation processes

% of suppliers by number
97

% total procurement spend (direct and indirect)
28

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
The Company conducts a screening process upon onboarding which includes attestation of the Supplier Code of Conduct. Since 2020, it is mandatory to complete this process before contracting with suppliers. The figures provided are only applicable to Aflac US operations and only includes only includes suppliers that were paid via SAP (not checks or ACH). In 2020, the Company began expanding its supplier onboarding system across its subsidiaries.

Impact of engagement, including measures of success
Results from these updates, and those conducted during 2021, are to be assessed.

Comment
In 2020, the Company began expanding its supplier onboarding system across its subsidiaries, to ensure a higher level of oversight and engagement. The Company is building the capabilities required during 2021 and expects to cover all subsidiaries by the end of 2022. The Company requests information from suppliers on energy efficiency measures, such as whether they are ISO 50001-certified.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
97

% total procurement spend (direct and indirect)
28

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
The Company conducts a screening process upon onboarding which includes attestation of the Supplier Code of Conduct. Since 2020, it is mandatory to complete this process before contracting with suppliers. The figures provided are only applicable to Aflac US operations and only includes only includes suppliers that were paid via SAP (not checks or ACH). In 2020, the Company began expanding its supplier onboarding system across its subsidiaries.

Impact of engagement, including measures of success
Results from these updates, and those conducted during 2021, are to be assessed.

Comment
The Company is working on automating its supplier information system, looking to improve the Company's oversight and engagement with suppliers. Beginning in 2021, the Company is conducting a pilot to request ESG information from suppliers, using a questionnaire that was distributed to the top 100 suppliers by spend.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Collaboration & innovation

Details of engagement
Other, please specify (Accelerated the roll out of a digital experience for customers)

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
Unknown

Please explain the rationale for selecting this group of customers and scope of engagement
Since the launch of the One Digital Aflac in the U.S. in 2019, the Company has accelerated its Digital Transformation strategy to enhance the experience of customers and employees. This moved customers from paper-based formats to digital interfaces with significant business and environmental benefits. During 2020, Aflac U.S. worked on creating consistency in messaging with a digital-first approach to engaging customers. Also in 2020, Aflac Japan accelerated the creation of a virtual sales system that leveraged digital technology to implement a new virtual sales tool that enables online consultations and policy applications, making Aflac Japan the first major life insurer to roll out such a virtual sales tool.

Impact of engagement, including measures of success
The Company's digital transformation will result in climate benefits, as more and more of the Company's business shifts to digital rather than resource driven, as was evidenced during the COVID-19 pandemic. This digital transformation is expected to have a positive impact on the Company's carbon footprint with regards to commuting, business travel, and use of office facilities. As the Company continues with digital transformation initiatives, we are aware of the potential burden that increased technological demands may have on energy use. Therefore, the Company is taking steps to reduce energy consumption at its facilities by conducting energy efficiency measures and increasing the use of renewable energy. In 2020, the Company began the installation of a 1.3MW solar array at the U.S. campus, to be completed in 2021, and the Aflac Square building in Japan, is switching to 100% renewable energy by March 2021.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Climate change is integrated into investee evaluation processes

% of investees by number

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
Unknown

Rationale for the coverage of your engagement
During external credit discussion with investee company, Aflac conducts this process with most potential investee companies.

Impact of engagement, including measures of success
The Company measures our investment portfolio's Corporate exposure to climate-related risks and opportunities by giving potential investments a score based on ESG considerations. Low ESG scores are addressed during the typical credit discussions with a particular emphasis on the impact that this might have on the issuer's credit quality and future cash flow generation. These scores are viewed as supplementary data to the many financial metrics used in the credit underwriting analysis. Scores incorporate third party resources as well as the Company's credit analyst's view on "products sold" by a potential investee (e.g. oil and gas, electric vehicles, eco-friendly consumer products) and "internal processes" of the investee (e.g. renewable energy usage or recycling). The Company evaluates water-related risks and opportunities in two main ways. First, from an operational standpoint, water usage trends/programs will be more closely scrutinized when an investee is part of an industry where water management is a core function (e.g., Metals & Mining, Food & Beverage, Data Centers). Second, analysts also factor in an investee's water-related risks tied to its geographical location (e.g., susceptibility to droughts, natural disasters). Currently, there is no finite threshold in place that would eliminate an investment based solely on its E score. In terms of oversight of asset managers, the Company includes an ESG questionnaire as part of the initial Requests for Proposals (RFP) to evaluate the asset manager's policies and procedures during initial manager selection. In addition, an ESG-specific section is included in the Annual Due Diligence Questionnaires (DDQ) to assess changes to manager policies and procedures.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Trade associations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?
No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Company is a member of a number of trade associations focused on insurance and asset ownership, which regularly monitor updates on regulation and trends that may be of interest to their members, circulate information, and solicit comments and opinions, including on climate-related topics. Some of these trade associations have ESG-related committees and workstreams, which monitor and collect feedback from members. The Company ensures that its climate change strategy is considered when the Company participates in these working groups and provides feedback on relevant topics.

The Company does not conduct any additional engagement with climate-related policy and regulations beyond this involvement.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary communications

Status
Complete

Attach the document
Aflac Business and Sustainability Report - 2020.pdf

Page/Section reference
Entire document

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment
The Company published its 2020 Business and Sustainability Report, available here (https://esg.aflac.com/storage/downloads/2021-07-14/Aflac%20ESG%20Report%20-%201626302502.pdf)

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Other, please specify (Global Reporting Initiative)	The Company is not currently a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments. The Company has and continues to actively consider becoming a signatory of one of these initiatives, most notably TCFD or UNPRI; over half of the Company's external managers are signatories. In the interim, the Company actively reports on energy and greenhouse gas emissions using the GRI framework.
Industry initiative	Please select	
Commitment	Please select	

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No, but we plan to do so in the next two years	<Not Applicable>	The Company is in the process of calculating the carbon emissions associated with its portfolio, in line with the GHG Protocol. The Company intends to begin reporting on its financed emissions within the next two years, recognizing that sustainability practices continue to evolve and there are multiple evolving industry standards for the calculation of Scope 3, Category 15 emissions (Investments) available at this time.
Insurance underwriting (Insurance company)	Not applicable	<Not Applicable>	The Company provides supplemental health and life insurance. To the Company's knowledge, there are no other sources of GHG emissions from insurance underwriting that have not been captured in the Company's footprint.
Other products and services, please specify	Not applicable	<Not Applicable>	The Company provides supplemental health and life insurance. To the Company's knowledge, there are no other sources of GHG emissions from other products and services that have not been captured in the Company's footprint.

C-FS14.1c

(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 "Investments" emissions or alternative carbon footprinting and/or exposure metrics)

The Company is preparing to assess its portfolio-associated emissions, as part of its Scope 3 emissions calculations, in line with the GHG Protocol. The Company intends to begin disclosing its portfolio-related emissions within the next two years.

In addition, the Company will continue to assess its portfolio's impact on the climate via qualitative metrics such as being cognizant of companies and industries that are widely believed to be the biggest carbon emitters.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	In alignment with a below 2-degree world, the Company seeks to reduce the financed impacts of its investment portfolio. The Company continues to seek opportunities to improve its exposure profile in sectors generally considered as more energy- and emissions- intensive, such as coal, oil and gas, and metals and mining. Furthermore, the Company has not participated in a number of bond issuances in these sectors over the last year, even when the issuer's credit rating is an A- or above. Additionally, the Company is beginning to build out a responsible investment portfolio, including renewable energy projects, including investing including approximately $1.7 billion, as of December 2020, in impact and sustainable investments including bonds issued in the public markets that qualify as green or sustainable bonds, and infrastructure debt that supports the expansion of renewable energy initiatives, including investments by Aflac Japan for the advancement of solar power in Japan. As the Company has shifted away from emissions-intensive sectors, there is a small but growing emphasis on clean energy investments which constitute approximately $550 million of the Company's $120 billion AUM. As these actions further develop, and the Company continues to incorporate climate change into the investment decision-making process, the investment team will consider actions to specifically align the investment portfolio with a well-below 2-degree world.
Insurance underwriting (Insurance company)	Not applicable	The Company provides supplemental health and life insurance. To its knowledge, there are no GHG emissions from insurance underwriting and therefore transition risks are not applicable. As a result, the Company's insurance underwriting does not explicitly align with a well below 2-degree world.
Other products and services, please specify	Not applicable	The Company does not have any other products or financial services for which 2-degree alignment needs to be considered.

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	The Company does not have any third-party investment advisory clients. During the due diligence process for investments we make, the Company flags companies operating in emissions intensive sectors. Where there is more ambiguity, the Company analyzes companies to invest in based on products sold and their operational performance – among other considerations - using data from Bloomberg Terminal and CDP responses. The scores and data are used to inform the investment decision. For example, the Company considers participation in RE100 favorably.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	During the due diligence process, the Company evaluates if companies are participating in leading practices around climate change such as participating in RE100 and setting ambitious emissions reduction targets.
Insurance underwriting (Insurance company)	<Not Applicable>	<Not Applicable>
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Frederick J. Crawford	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below
I have read and accept the applicable Terms