



Sustainability Bond Framework

March 2021

Introduction

For more than six decades, Aflac Incorporated through its insurance subsidiaries has provided financial protection to more than 50 million people worldwide, principally through its leading supplemental health and life insurance products. By doing so, our policyholders have the opportunity to focus on recovery, not financial stress. At the same time, Aflac Incorporated has focused on doing the right thing. We believe that all things being equal, people, including employees, investors, and customers, would rather do business with a company that is also a good corporate citizen. This philosophy has been ingrained in our culture and what we refer to as “The Aflac Way.”

Environmental, Social and Governance (ESG) / Sustainability considerations have long been integrated into the Aflac Way. While continually remaining focused on the footprint of our own operations, Aflac Incorporated has been integrating ESG-related considerations into the assessment of its insurance subsidiaries’ General Account investment portfolios. This includes analyzing sectors and businesses that are more energy- and emissions-intensive and exploring opportunities related to alternative energy and green bonds, as well as investment opportunities that address social challenges. In addition, Aflac Incorporated’s executive and senior management under the oversight of the Corporate Social Responsibility and Sustainability Committee of Aflac Incorporated’s Board of Directors continue to further the integration of ESG through various actions and initiatives, such as the following Sustainability Bond Framework.

Visit esg.aflac.com to learn more about sustainability at Aflac Incorporated.

Aflac Incorporated’s Sustainability Bond Framework

“The Framework” applies to Sustainability Bonds issued by Aflac Incorporated or its subsidiaries on or after January 1, 2021. It sets out the guidelines for Aflac Incorporated’s Sustainability Bond issuances in accordance with the International Capital Markets Association (ICMA) Sustainability Bond Guidelines (June 2018), Green Bond Principles (June 2018) and Social Bond Principles (June 2020):

1. Use of Proceeds
2. Process for Investment & Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Aflac Incorporated’s Sustainability Bond Framework allows the company to issue Sustainability Bonds under different formats, including public or private placements.

1. Use of Proceeds

An amount at least equivalent to the net proceeds of the Sustainability Bonds will be allocated exclusively to existing or future investments in or financing of Eligible Sustainability Assets, which are assets, businesses or projects within the general accounts of Aflac Incorporated’s insurance subsidiaries (General Account) or at the holding company that meet Aflac Incorporated’s Sustainability Bond Framework Eligibility Criteria as defined below. Eligible Sustainability Assets include existing assets within the General Account or the holding company funded up to 36 months prior to the Aflac Incorporated Sustainability Financing issuance date and new sustainability assets acquired within the General Account or at the holding company post issuance. It is Aflac Incorporated’s intention to fully allocate the net proceeds of such bonds within 24 months of issuance. Each of Aflac Incorporated’s eligible categories has been aligned with the relevant UN Sustainable Development Goals (SDGs).

1.1 Eligibility Criteria and Example Assets

Use of proceeds for eligible green assets will focus on providing specific environmental benefits and address climate change. Green assets eligible under the Framework will be allocated to finance or refinance loans and investments made in projects and assets as set out below, in alignment with ICMA’s Green Bond Principles (2018).

ELIGIBLE GREEN ASSETS	EXAMPLES OF ELIGIBLE GREEN ASSETS	EXAMPLES OF IMPACT INDICATORS
Renewable Energy	Investments in facilities and equipment dedicated to generation, distribution and transmission of renewable energies such as: <ul style="list-style-type: none"> • Wind • Solar • Hydro (small-scale < 25MW or run-of-river (with low storage capacity); new hydro or facilities > 25 MW with storage capacity with life-cycle carbon intensity below 100gCO₂/kWh; all hydro projects will be assessed for environmental and social risk impact 	<ul style="list-style-type: none"> ✓ Total installed capacity (MW); or expected ✓ CO₂ emission avoided (tCO₂e); or expected
Energy Efficiency	Investments and financings related to activities that contribute to the reduction of energy consumption, help manage and store energy, and contribute to increase the share of renewable energy in the network such as: <ul style="list-style-type: none"> • Energy-efficient investments in new or refurbished buildings including retrofit, thermal insulation and upgrade of air conditioning system, resulting in at least 20% energy savings • Energy storage systems • Energy-efficient lighting (LED lighting) • Smart grid investments for more efficient transmission and distribution of energy 	<ul style="list-style-type: none"> ✓ Expected Energy savings per year (MWh) ✓ Expected CO₂ emission avoided (tCO₂e)

ELIGIBLE GREEN ASSETS	EXAMPLES OF ELIGIBLE GREEN ASSETS	EXAMPLES OF IMPACT INDICATORS
<p>Green Buildings</p>	<p>Investments and financings related to existing or new construction/ renovation of residential and commercial buildings that have received or expect to receive, based on the design, construction or operation plans, any of the following certifications such as:</p> <ul style="list-style-type: none"> • Leadership in Energy and Environmental Design (LEED) Gold or Platinum • Energy STAR (minimum of 75) • Building Owners and Managers Association (BOMA BEST) Gold or Platinum • Building Research Establishment Environmental Assessment Method (BREEAM) Excellent or Outstanding (or equivalent internationally recognized standards) 	<ul style="list-style-type: none"> ✓ Floor space of green real estate (m2) ✓ CO2 emission avoided (tCO2e); or expected
<p>Clean Transportation</p>	<p>Investments in sustainable and efficient transit infrastructure including:</p> <ul style="list-style-type: none"> • Rolling stock, infrastructure and vehicles for electric, hybrid or nonmotorized public and private transport, with: <ul style="list-style-type: none"> o Hybrids at 75 gCO2/km o Individual rail <50 gCO2e/p-km (passenger) or <25gCO2/t-km (freight) • Infrastructure dedicated to mass public transportation 	<ul style="list-style-type: none"> ✓ New clean transportation infrastructure built (km) ✓ CO2 emission avoided (tCO2e); or expected
<p>Sustainable Water Management</p>	<p>Investments in facilities and equipment that reduce water consumption or improve the efficiency of resources, including:</p> <ul style="list-style-type: none"> • Installation of water-efficient products or technologies or xeriscaping/ drought-tolerant landscaping • Projects for collection, treatment, recycling or reuse of water, rainwater or waste water • Infrastructure for flood prevention, flood defense or storm-water management 	<ul style="list-style-type: none"> ✓ Volume of water saved/reduced/ treated (m3) ✓ Total population served by the system
<p>Pollution Prevention and Control</p>	<p>Investments and financings related to activities that contribute to soil remediation, waste prevention and collection, waste reduction and waste recycling such as:</p> <ul style="list-style-type: none"> • Development, operation and upgrade of recycling (metals, plastic and paper) plants • Facilities for collection, sorting and material recovery that are used to divert waste from landfills 	<ul style="list-style-type: none"> ✓ Waste diverted from landfill (tons) ✓ CO2 emission avoided (tCO2e); or expected

Use of proceeds for eligible social assets will focus on providing specific social benefits and help build more inclusive and strengthened communities. Eligible social assets will focus on benefiting predominantly target populations in line with those defined in the ICMA Social Bond Principles 2020 and include, but are not limited to:

- Low- and moderate-income populations
- Minorities, vulnerable and / or marginalized populations
- Underserved / underbanked micro, small- and medium-sized businesses
- Businesses owned, managed or controlled by minorities, vulnerable and / or marginalized populations

ELIGIBLE SOCIAL ASSETS CATEGORY	EXAMPLES OF ELIGIBLE SOCIAL ASSETS	EXAMPLES OF IMPACT INDICATORS
<p>Socioeconomic Advancement and Empowerment</p>	<p>Investments and financings that seek to promote and spur inclusive and sustainable growth through financial inclusion, increase economic mobility and access to economic opportunity, and foster productive employment for all, including:</p> <ul style="list-style-type: none"> • Investments and financings to support businesses, properties or projects that are at least 51% owned, managed or controlled by minorities, vulnerable or marginalized populations • Investments and financings in association with certified Community Development Financial Institutions (CDFIs) to support target populations; eligible CDFIs would focus on aspects such as, but not limited to, supporting access to financing and banking services to underserved / underbanked micro and small businesses, financing low income / affordable housing 	<ul style="list-style-type: none"> ✓ Employment generation ✓ Jobs created and/or retained ✓ Number of businesses supported
<p>Communities</p>	<p>Investments and financings that seek to improve equity and inclusion of target populations, including:</p> <ul style="list-style-type: none"> • Investments and financings to increase access to, affordability of, and/or quality of affordable housing for target populations with income below 80% of the area median income (AMI) or as defined by the applicable jurisdiction • Investments in nonprofit social housing providers in the U.S. and overseas that provide rental homes at below-market rents to low-income earners, including teachers, nurses, the elderly and infirm • Investments and financings in infrastructure to increase access to, affordability of, and/or quality of essential products and services • Investments and financings in infrastructure to support sustainable community development • Investments and financings in infrastructure for the provision of child, youth or adult education and vocational training services in underserved communities 	<ul style="list-style-type: none"> ✓ Number of dwellings ✓ Number of individuals / families benefiting from subsidized housing, education, healthcare, etc. ✓ Students reached ✓ Number of education facilities and/or initiatives

2. Process for Asset Evaluation and Selection

Asset screening and selection is a key process in ensuring that the assets of the Sustainability Bonds program meet the criteria established under Aflac Incorporated's Sustainability Bond Framework.

Aflac Incorporated's Sustainability Bond Council is comprised of representatives of Aflac Global Investments, Aflac Incorporated's Treasury team, and other Aflac senior management supporting Aflac's ESG and sustainability initiatives. Aflac has established the following process for selection and monitoring of Eligible Sustainability Assets:

- Aflac's investment teams will identify and propose to the Sustainability Bond Council potential assets suitable as Eligible Sustainability Assets under the Sustainability Bond Framework's criteria.
- The Sustainability Bond Council will be responsible for validation of the investment team's recommendations and for selection of Eligible Sustainability Assets to which the Sustainability Bond proceeds will be allocated.
- The Sustainability Bond Council will also review the post-issuance external verification report and annual review reports, and will monitor developments related to Sustainability Bond market practices, including those related to disclosure and reporting.

All Eligible Sustainability Assets will be subject to a review consistent with Aflac's policies governing investments and responsible investing.

3. Management of Proceeds

Aflac Incorporated's Sustainability Bond Council will be responsible for monitoring the allocation of Sustainability Bond proceeds.

For any Sustainability Bonds issued, an amount at least equal to the net proceeds will be earmarked for allocation to the portfolio of Eligible Sustainability Assets within the General Account or at the holding company as selected by Aflac's Global Investments or Treasury and validated by the Sustainability Bond Council.

Aflac Incorporated's or its subsidiaries' portfolio of Eligible Sustainability Assets will be dynamic with Eligible Sustainability Assets maturing and new Eligible Sustainability Assets being added. The tracked proceeds will be monitored quarterly and adjusted as needed to ensure that the aggregate amount in the portfolio of Eligible Sustainability Assets is equal to or greater than the aggregate amount raised by Sustainability Bonds. Net proceeds can be attributed to investments in or financings of Eligible Sustainability Assets completed up to 36 months before the issuance of a Sustainability Bond.

Aflac Incorporated will use reasonable efforts to substitute any Eligible Sustainability Assets that are no longer eligible as soon as practicable upon identifying an appropriate substitute Eligible Sustainability Asset.

Unallocated Proceeds:

Pending the allocation or reallocation, as the case may be, of the net proceeds, Aflac Incorporated will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalents and/or other liquid marketable instruments.

4. Reporting

A year after a Sustainability Bond's issuance date, and every year thereafter until full allocation of a Sustainability Bond, Aflac Incorporated will publish a report describing the allocation of proceeds, Eligible Sustainability Assets supported by the Sustainability Bond and, where feasible, the environmental and social impact of the assets. Such report will include the information described under 4.1 and 4.2 below, and will be available on Aflac Incorporated's Investor Relations website.

4.1 Allocation Reporting

The Allocation Report will provide the following information:

- Net proceeds raised from each Sustainability Bond;
- Aggregate amount of funds allocated to each Eligible Category within Aflac Incorporated's Sustainability Bond Framework; and
- The balance of unallocated proceeds at the reporting period end

4.2 Impact Reporting

Where feasible, Aflac Incorporated will report on relevant impact metrics and disclose measurement methodology for any quantitative indicators.

4.3 External Review

Second-Party Opinion:

Aflac Incorporated has obtained a second-party opinion from Sustainalytics on this Sustainability Bond Framework.

Post Issuance External Verification Report:

On an annual basis, an external party will verify and provide third-party assurance with respect to the management of the Sustainability Bond proceeds and the compatibility of the selected Eligible Sustainability Assets with the Sustainability Bond Framework.

Disclaimer

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Certain statements in this Sustainability Bond Framework constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Aflac Incorporated and its subsidiaries. Aflac Incorporated’s actual results and the use of proceeds from the Sustainability Bonds may differ materially from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results and the use of proceeds to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the “Risk Factors” and “Forward-Looking Statements” sections included in Aflac Incorporated’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Quarterly Earnings Releases. Our execution of the Sustainability Bond Framework is subject to the risk that we will be unable to execute our strategy because of economic, market or competitive conditions or other factors. Aflac Incorporated does not undertake to update any particular forward-Sustainability Bond Framework.

