

Climate Risk Survey Form – Due August 31, 2024

Governance – narrative

1. *Disclose the insurer’s governance around climate-related risks and opportunities.*

In disclosing the insurer’s governance around climate-related risks and opportunities insurers should consider including the following:

- Identify and include any publicly stated goals on climate-related risks and opportunities.
- Describe where climate-related disclosure is handled within the insurer’s structure, e.g., at a group level, entity level, or a combination. If handled at the group level, describe what activities are undertaken at the company level.

A. Describe the board and/or committee responsible for the oversight of climate-related risks and opportunities.

- Describe the position on the board and/or committee responsible for the oversight of managing the climate-related financial risks.

- On April 9th 2024, Protective Life Insurance Company, the principal subsidiary of Protective Life Corporation ("Protective"), a U.S. subsidiary of Dai-ichi Life Holdings, Inc., entered into an agreement to acquire ShelterPoint Group, Inc.
- The transaction is expected to close before the end of the year, pending regulatory approvals and other customary closing conditions. Until the closing, both businesses will maintain separate operations.

In light of this pending acquisition, ShelterPoint plans to coordinate any publicly stated goals on climate-related risks and opportunities with Protective, following the close of transaction. That said, ShelterPoint takes pride in the low carbon footprint of our business, which has been markedly reduced since the COVID-19 pandemic. Our work-from-home policy is particularly climate-friendly, where managers set time in the office as appropriate for their specific area, subject to the modest overall requirement that employees should be in the office at least two days per month; 25% of our employees typically visit our offices on any given day. With the help of an online calculator available from the EPA, we estimate this post-pandemic reduction in commute miles travelled eliminates over 330,000 kg of CO₂ emissions per year, which is the approximate equivalent of maintaining a 390-acre forest (per the EPA calculator).

Because insurance companies can have an outsized impact on climate relative to their headcount based on how they invest their assets, we have invested a significant portion of our portfolio in an ESG money-market fund (ESGXX), with a peak investment of over \$180 million in second quarter 2024. As a result of regulatory changes, this and other ESG money market funds have recently been discontinued, and these amounts have been moved to a more traditional government money market fund pending the close of transaction, at which time we would consider future ESG investment opportunities in conjunction with Protective.

ShelterPoint business areas have implemented numerous workflow improvements to reduce our carbon footprint while also providing benefit to policyholders. These initiatives encourage policyholders to access data, forms, and other information electronically, reducing the need for physical distribution of paper-based materials. Some of these initiatives include:

- Offering policyholders e-billing options, thereby reducing print and mail activities
- Electronic submission of claims, applications, and other benefit materials
- Expanding use of E-delivery of forms, applications, certificates, booklets, etc.
- Continuing to email broker communications and ongoing broker utilization of E-application platforms
- Expanded use of social media to communicate with customers
- Expanded use of mobile device applications for claims status

- Use of web conferencing to facilitate team and customer meetings to reduce travel requirements
- Encouraging employees to scan documents rather than copying them.

These initiatives are impactful because our approximately 250 employees work to insure over 197,000 businesses and two million employees, working with over 7,000 brokers, so eliminating paper where possible is highly consequential to our carbon footprint.

ShelterPoint handles climate-related disclosure at the company level for ShelterPoint Life Insurance Company, which also encompasses its wholly-owned subsidiary, ShelterPoint Insurance Company.

ShelterPoint considers climate risk as an important part of its overall Enterprise Risk Management (“ERM”) framework, which provides key risk reporting to senior management and the Board of Directors (“BOD”). Annually, the BOD approves the enterprise risk policy that describes the risk appetite and tolerance levels set by senior management of ShelterPoint. In addition, the ERM policy is filed with the New York Department of Financial Services. The policy provides guidance to ensure risk exposures will remain within acceptable boundaries. The Board Audit Committee is responsible for providing oversight of ShelterPoint’s climate-related financial risks and opportunities consistent with our overall business strategy and risk appetite. The Board Audit Committee is informed of potential climate-related issues as part of its general oversight of ShelterPoint’s enterprise risk management. The Committee meets to discuss relevant risk issues, including climate risk, on a quarterly basis.

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

ShelterPoint has an ERM Function which includes the Chief Risk Officer, Director of Risk Management, and the Executive Risk Owners. The ERM Function's responsibilities include assessing and managing ShelterPoint’s enterprise risks, which include climate risk. Key risk information and updates are reported to executive management and the Board Audit Committee on a quarterly basis so that all risks can be appropriately managed and incorporated into business planning and strategy.

Strategy – narrative

2. Disclose the actual and potential impacts of climate-related risks and opportunities on the insurer’s businesses, strategy, and financial planning where such information is material.

In disclosing the actual and potential impacts of climate-related risks and opportunities on the insurer’s businesses, strategy and financial planning, insurers should consider including the following:

- Describe the steps the insurer has taken to engage key constituencies on the topic of climate risk and resiliency.
- Describe the insurer's plan to assess, reduce, or mitigate its greenhouse gas emissions in its operations or organizations.

A. Describe the climate-related risks and opportunities the insurer has identified over the short, medium, and long term.

In describing the climate-related risks and opportunities the insurer has identified over the short, medium, and longer term, insurers should consider including the following:

- Define short, medium, and long-term, if different than 1-5years as short term, 5-10years as medium term, and 10-30 years as long term.

In the context of this narrative, we define short, medium, and long-term horizons as 1-5 years, 5-10 years, and 10-30 years respectively.

ShelterPoint has engaged multiple constituencies in ways that help to manage climate risk. As shared in our response to question 1, we have engaged with our customers and brokers to significantly reduce the use of paper and the carbon emitted by manufacturing and transporting it. We have engaged with our employees to encourage working from home. We engage with senior management, our board members and shareholders regarding the management of all our enterprise risks, climate among them. We have historically engaged with our investment advisors to invest a substantial part of our assets in ESG funds. Finally, we engage our IT function and operational managers in ensuring we have an appropriate Disaster Recovery/Business Continuity plan in place.

Our ongoing efforts to reduce greenhouse emissions are detailed in our response to question 1.

In the short term, ShelterPoint has identified acute weather events (e.g. snow storms, floods, hurricanes, etc.) as a potential risk that can negatively impact ShelterPoint's operations and policyholder service. ShelterPoint has worked to mitigate this risk in multiple ways: The Company's offices in Garden City, New York are on the fourth floor of an office building and therefore not subject to flooding. The Company's computer servers are kept at a separate location in Lake Success, New York, where they draw electricity from a power grid especially reserved for a nearby medical center. Further, the Lake Success building is serviced by a generator should there be a power failure. Lastly, the Company maintains backup servers in Pennsylvania, creating geographic diversity for its IT systems. The Company has also formulated a thorough Disaster Management Plan that spells out in precise detail the procedures that employees must follow to ensure that critical business functions are restored as soon as practicable following a disaster. IT staff members practice Disaster Management drills every two weeks to ensure familiarity with the Plan. The Company hired an outside consultant in early 2023 to evaluate the plan and help the management team conduct disaster-readiness tabletop exercises, which resulted in both very good overall scores and ideas for further improvement

In the medium and long term, ShelterPoint does not believe there exist material physical or transition risks that would impact its business. ShelterPoint's main lines of business are NY statutory short-term disability and NY Paid Family Leave (NYDBL/NYPFL); we do not believe claim levels for these disability-type products are meaningfully impacted by climate change. In any case, all of ShelterPoint's lines of business, subject to regulatory approval and consistent with applicable statute, may be repriced annually as the underlying risk evolves, which would allow ShelterPoint (or, for NYPFL, NYSDFS) to adjust rates for climate-related impacts as they evolve in the future.

B. Describe the impact of climate-related risks and opportunities on the insurer's business, strategy, and financial planning.

- Discuss if and how the insurer provides products or services to support the transition to a low carbon economy or helps customers adapt to climate-related risk.
- Discuss if and how the insurer makes investments to support the transition to a low carbon economy.

The nature of ShelterPoint's business is primarily statutory short-term disability and paid family leave. As such, we do not specifically provide products or services that support the transition to a low carbon economy or help customers adapt to climate-related risk, but we serve an important role in providing financial protection when a disability occurs, as well as important bonding time for new children with their mothers and fathers, and time to care for a family member should they become seriously ill or disabled.

ShelterPoint does not expect material physical risks arising from climate change that would impact business operations. ShelterPoint's ERM Function will continue to monitor long term climate change effects on operations and ensure the DR/BC Plan is adjusted accordingly.

Strategically, ShelterPoint aims to grow and expand its statutory and related employee benefits business in NY and nationwide, and ShelterPoint does not believe climate-related risks will materially impact this market.

ShelterPoint's third party asset managers take the issue of climate risk into consideration in the same manner as any other potential drivers of risk and return in the investment portfolio. ShelterPoint's portfolio is highly-rated, and these ratings encompass the potential for transition risk; in addition, the average duration of our bond portfolio is approximately four years, significantly limiting transition risk. In addition, ShelterPoint has historically invested a sizeable portion of its assets in a Money Market Fund which is focused on ESG investment opportunities (please see our response to question 1).

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

Given the nature of ShelterPoint's business, as discussed above, we do not expect material risks arising from climate change that would impact our strategy.

Strategy - closed ended questions answered in addition to the narrative

Risk Management – narrative

3. Disclose how the insurer identifies, assesses, and manages climate-related risks. In disclosing how the insurer identifies, assesses, and manages climate-related risks, insurers should consider including the following:

- Describe how the insurer considers the impact of climate related risks on its underwriting portfolio, and how the company is managing its underwriting exposure with respect to physical, transition and liability risk.
- Describe any steps the insurer has taken to encourage policyholders to manage their potential physical and transition climate related risks, if applicable.
- Describe how the insurer has considered the impact of climate-related risks on its investment portfolio, including what investment classes have been considered.

A. Describe the insurers' processes for identifying and assessing climate-related risks.

- Discuss whether the process includes an assessment of financial implications and how frequently the process is completed.

ShelterPoint identifies and assesses climate-related risks as part of its enterprise risk management activities, which includes risk identification and risk quantification at an enterprise level. The risk quantification process allows ShelterPoint to assess the financial implications of its risks that are determined to be material. ShelterPoint's ERM Function plans to carry out and review the risk management processes on an annual basis.

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

All material risks are assigned an Executive Risk Owner, who is accountable for managing the identified risk by developing and maintaining a risk mitigation strategy. ShelterPoint recognizes climate-related natural catastrophes as a key risk and maintains a robust DR/BC Plan accordingly.

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management.

In describing the insurers' processes for identifying and assessing climate-related risks, insurers should consider including the following:

In describing how processes for identifying, assessing, and managing climate-related risks are integrated into the insurer's overall risk management, insurers should consider including the following

- Discuss whether climate-related risks are addressed through the insurer's general enterprise-risk management process or a separate process and how frequently the process is completed.
- Discuss the climate scenarios utilized by the insurer to analyze its underwriting risks, including which risk factors the scenarios consider, what types of scenarios are used, and what timeframes are considered.

- Discuss the climate scenarios utilized by the insurer to analyze risks on its investments, including which risk factors are utilized, what types of scenarios are used, and what timeframes are considered.

ShelterPoint maintains an enterprise-wide risk management approach that assesses a variety of threats, with climate change being just one facet. ShelterPoint maintains a risk register that includes a qualitative assessment on all identified risks, including climate risk and natural disaster risk. Furthermore, if a risk is deemed material through the qualitative assessment, ShelterPoint confirms a risk mitigation strategy is in place and conducts a quantitative assessment involving scenario analysis to understand the risk impact to ShelterPoint’s business and market value.

ShelterPoint believes that its approach to risk assessment and mitigation has prepared ShelterPoint to meet current climate change challenges. The impacts of climate change can vary greatly depending on geographic location and environmental conditions, posing a threat to businesses and individuals alike. As ShelterPoint’s Business Continuity Plan has been carefully considered with input from numerous business unit leaders, ShelterPoint’s confidence level in the continuity of business operations and ability to keep the data centers operational remains high.

We recognize that climate change is a complex and evolving risk. Our ERM framework continues to monitor and assess the financial impact of climate-related risks.

ShelterPoint's main lines of business are NY statutory short-term disability and NY Paid Family Leave (NYDBL/NYPFL); we do not believe claim levels for these disability-type products are meaningfully impacted by climate change. In any case, all of ShelterPoint's lines of business, subject to regulatory approval and applicable statute, may be repriced annually as the underlying risk evolves, which would allow ShelterPoint (or, for NYPFL, NYSDFS) to adjust rates for climate-related impacts as they evolve in the future.

ShelterPoint’s investments are managed by a third-party asset manager which utilizes a proprietary climate rating system to guide selection of investments. ShelterPoint’s portfolio is highly-rated, and these ratings encompass the potential for transition risk; in addition, the average duration of our bond portfolio is approximately four years, significantly limiting transition risk. Finally, please see our response to question 1 in regard to our substantial investment in ESG money market funds.

Metrics and Targets – narrative

4. Disclose the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material.

In disclosing the metrics and targets used to assess and manage relevant collateralized risks and opportunities where such information is material, insurers should consider including the following:

- *Discuss how the insurer uses catastrophe modeling to manage the climate-related risks to your business. Please specify for which climate-related risks the insurer uses catastrophe models to assess, if any.*

A. Disclose the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process.

In disclosing the metrics used by the insurer to assess climate-related risks and opportunities in line with its strategy and risk management process, insurers should consider including the following:

- In describing the metrics used by the insurer to assess and monitor climate risks, consider the amount of exposure to business lines, sectors, and geographies vulnerable to climate-related physical risks [answer in

absolute amounts and percentages if possible], alignment with climate scenarios, [1 in 100 years probable maximum loss, Climate VaR, carbon intensity], and the amount of financed or underwritten carbon emissions.

ShelterPoint measures risks and opportunities in its risk management process using an economic value model. Key risks, including natural disaster risk, are measured by their impact to the baseline company economic value using scenario analysis. Aside from business operations risk as addressed by DR/CP, given our mix of business and the fact that each line of business may be repriced annually as the risk evolves (subject to regulatory approval and applicable statute), ShelterPoint does not believe climate risk will meaningfully impact future profitability. Because of our mix of business, we do not currently employ catastrophe modelling.

B. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Given the nature and size of ShelterPoint's business, the company emits minimal greenhouse gases relative to other businesses. Furthermore, ShelterPoint has adopted a policy to enable employees to work remotely, which further reduces emissions by reducing automobile and other miles travelled, and reduces paper usage as well. Please see our response to question 1 for more in this regard.

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

Given the nature of our business and risks, ShelterPoint does not currently manage our business using such targets.