

## **Response to Governance**

Certain companies within Nassau Financial Group (“Nassau”) administer the business of PHL Variable Insurance Company.

Nassau’s General Counsel and Chief Operating Officer is both the Executive Sponsor as well as the designated Board representative for climate risk. Climate Risk was incorporated into Nassau’s managed risk register in 2021. The Chief Risk Officer owns Climate Change risk which is assessed and reported to the Board on a quarterly basis.

Nassau has publicly committed to investing \$200 million into the renewable and clean energy sectors.

## **Response to Strategy**

Nassau engages with several key constituencies on environmental issues, including employees, and local community organizations. Nassau provides financial support and employee volunteers to a variety of local environmentally focused organizations and programs including the Connecticut Science Center, Riverfront Recapture, Bushnell Park Foundation, and Golden Gate National Parks. In addition, Nassau supports an employee-led “Nassau Green Team,” that brings together like-minded employees to focus their time and talent on environmental causes and projects. More than three dozen employees participate in this Employee Resource Group, which was formed in 2020. Nassau’s initiatives are featured extensively on Nassau’s internal and external websites and other social media forums to raise awareness of environmental issues and to inspire other constituencies to advocate for the environment and act where they can.

### Nassau Owned Property

In 2010, Nassau’s headquarters, housed in the “Boat Building” at One American Row, Hartford, CT was awarded Silver-level LEED certification for existing buildings by the U.S. Green Building Council. It was the first office building in Hartford and the second in Connecticut to receive this certification. At that time, Nassau’s Boat Building was the first office building in New England, and one of the few in the United States, which was both on the National Register of Historic Places and LEED-EB certified with twelve out of fifteen LEED points for optimizing energy efficiency performance and seven out of nine LEED points in the green cleaning program.

In 2014, Nassau finished a multi-year project installing an extensive Green Roof system on its upper plaza, which serves as the roof of the Boat Building’s lower levels. The plaza was transformed from a concrete expanse area to a garden setting where employees and the community can sit and enjoy. The Green Roof system that was installed significantly reduced both the heat island effect and storm water run-off into the city’s drainage systems and the nearby Connecticut River. The green roof system also improved our R-Value, reducing the energy needed to heat and cool the office space below the plaza.

The latest energy award Nassau received was the 2016 Energy Star award, with a rating of eighty-eight. The Energy Star award is designed to identify energy efficient buildings, office equipment, major appliances, etc. Nassau continues to limit emissions emanating from the property:

- Heating and Cooling: Although Nassau does purchase steam and chilled water, neither are produced on this property.
- Electricity: Other than emergency generator power, Nassau does not operate a cogeneration plant. Nassau does own two 750KW emergency generators that are only used in the event of a power loss and tested weekly for 15 minutes.

Energy efficiency is a top priority. Daily monitoring of all systems and regular recalibration of controls

keeps these systems running at peak, efficient performance. Nassau continues to prioritize energy efficiency when replacing or upgrading any part of the building's infrastructure. Examples include replacing standard outside dampers with thermally rated dampers, replacing traditional lighting with LED lighting, and reducing individual water filters with an enhanced building water filtration system.

Nassau continues to support and encourage its employees to be more energy conscious. In 2017, Nassau dedicated four parking spaces designed to charge electric cars, increasing that number to 10 in 2020. In 2022, Nassau started replacing 528 U Tube lighting fixtures throughout the facility with low energy consuming LED flat panel fixtures. To date we are 50 % complete. This will reduce the energy consumption of the lights by 60% as well as reduce the amount of recycling materials Nassau will send to recycling centers/landfills. In 2023, Nassau replaced fluorescent light bulbs with low energy consuming LED light bulbs in approximately 52,000 square feet of the building.

Nassau's insurance segment consists of life, annuity, and supplemental health products. A significant increase in average mortality rates in any geographical area of the United States, including one due to a climate change event, could potentially result in an increase in claims for Nassau. Nassau will continue to address mortality risk, regardless of the source, with proactive, risk-based mitigation strategies such as reinsurance. Stress testing of mortality rates is completed based on 1-30 year losses.

Nassau does not sell or administer any products that would support a transition to a low carbon economy.

Nassau became an UN PRI signatory in 2023. Climate change is an important environmental factor in Nassau's investment reviews. Nassau considers both the physical adverse effects of environmental hazards (such as drought and storms) as well as the consequences of regulatory policies or initiatives related to climate change (such as carbon emission regulations). Environmental, Social, and Governance ("ESG") factors, including climate change, which are material to a specific investment are addressed at the Investment Committee Meeting as well as documented in the risk section of the analysis. To the extent a given credit has a rating by any of the major rating agencies, we monitor ESG scores assigned by many agencies. Over time, analysts will also assign their own ESG score in addition to an internal Nassau credit rating. Climate change risk is particularly important when evaluating investments in the energy, metals, and mining (coal), utility, automotive, aerospace, travel, banking and insurance, sovereign, municipal, and real estate sectors.

Due to the nature of Nassau's products and the composition of Nassau's investment portfolio, we have determined that there is a minimal impact on strategy, including a 2 degree Celsius or lower scenario.

## **Response to Risk Management**

As part of Nassau's Enterprise Risk Management framework, Nassau has a comprehensive process for the identification and assessment of current, new, and emerging risks. Each year, Nassau performs a top down inherent risk assessment of risks, including climate change risk, while considering the impact of climate-sensitive decisions on investment strategy, liquidity, reputational, operational risk, and overall financial risk impacting Nassau's growth strategy and/or investment returns. Climate Change risk has been incorporated into Nassau's quarterly risk assessment process and is reported to senior management and the Board on a quarterly basis.

Nassau has determined Climate Change risk is low; however, it is monitored and assessed quarterly. Any mitigation action necessary will be identified through our management risk assessment process.

Nassau does not use climate scenarios.

## **Response to Metrics and Targets**

Nassau does not use modeling to manage climate risk other than mortality stress testing described above.

Although Nassau does own one commercial real estate property, any emissions released from the purchase of electricity, steam or chilled water are not tracked at this time.

Nassau does not use targets to manage climate related risk due to the low nature risk to our company.