2°C SCENARIO ANALYSIS

2018

INSURANCE COMPANY NAME

2Dii
INVESTING
INITIATIVE

REPORT CONTENTS

This report provides a 2°C scenario analysis of your equity and corporate bond portfolios, following the recommendations of the Financial Stability Board Task Force on Climate-Related Financial Disclosures (FSB TCFD). Specifically, it seeks to inform the reader about three issues.

1. What is my exposure to the 2°C scenario and transition risk today? (Section 2)

The first part of the report summarizes the exposures of the portfolio (in terms of % of the portfolio) to business activities potentially affected by the transition to a low-carbon economy and by extension more broadly its exposure to transition risk. Specifically, it will quantify the percent of the portfolio that can be included in 2°C scenario analysis, the relative exposure to low-carbon and high-carbon fuels and technologies across the energy, power, and automobile sector, as well as the application of the Moody's environmental risk assessment framework on the corporate bonds portfolio. The analysis will also benchmark the results to the peers included in this framework.

2. Is my portfolio building or reducing risk in terms of being aligned / misaligned with a 2°C transition over the next 5 years? (Section 3)

The second part of the report will quantify the extent to which the portfolio is building or reducing risk in terms of being aligned / misaligned with the 2°C scenario pathway over the next 5 years across key business activities. The analysis will focus on the fossil fuel related sectors in terms of energy (oil production, gas production), electric power (renewables, coal power), and automobile (Internal combustion engine vehicles – gas, diesel – and electric vehicles). The analysis will show the forward-looking production / investment trend in the portfolio and compare that to the regionally-weighted trend of the scenario. The results will be compared to the global stock and bond market averages, as well as the peer-average for California insurance companies.

3. What is my expected exposure in 5 five years? (Section 4)

The third part of the report will quantify the extent to which the portfolio over- or under-weights high-carbon and low-carbon technologies / fuels in five years, relative to the stock and bond market if it is on a 2°C transition and the actual stock and bond market.

4. What is driving the results? (Section 5)

The final section will provide some more granular information on the companies behind the securities in your portfolio and the extent to which they are driving the results.

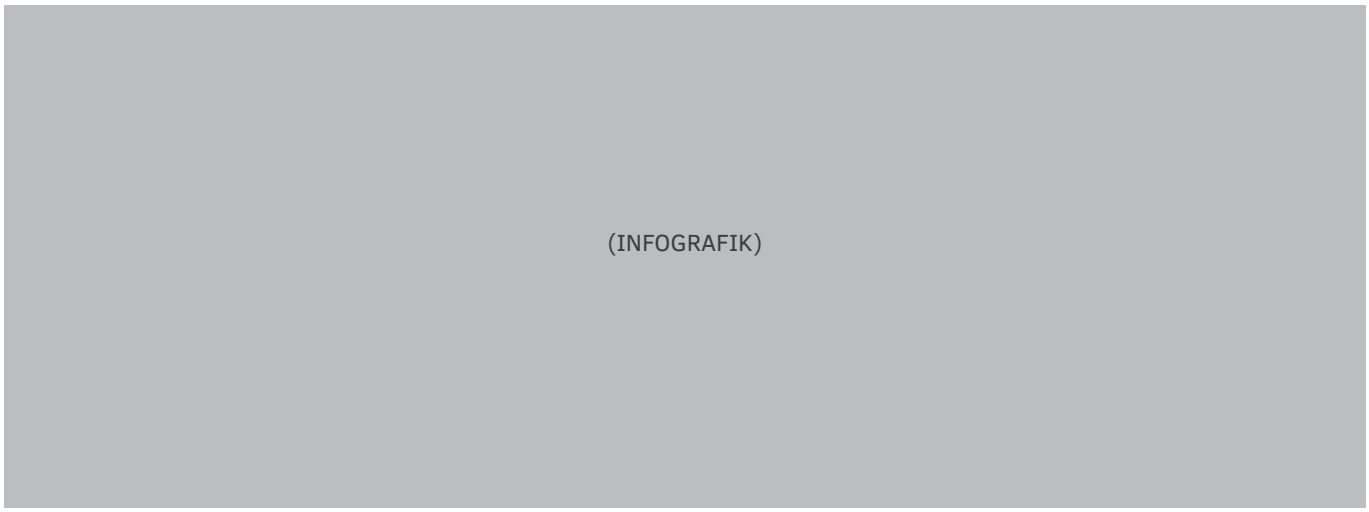
You will also be able to find further background information on the scenarios nad modelling at the end of the report.

2°C SCENARIO CURRENT EXPOSURE – COMPARISON TO PEERS

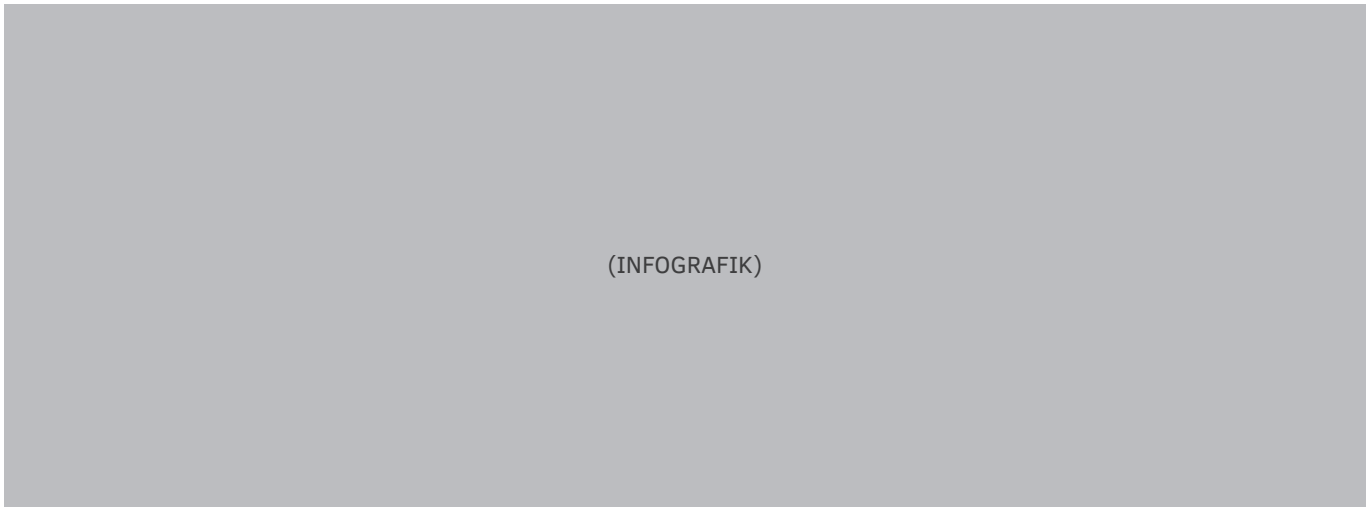
This page provides information on the comparison of the exposure of the portfolio to transition risk among California insurance companies.

It takes the information from the previous page and contextualizes it relative to the other California insurance companies covered under this assessment. The results show a wide distribution of exposures from close to 0% to nearly 100%.
For the listed equity portfolio, the exposure to transition risk is in the top 30%.
For the corporate bonds portfolio, the exposure to transition risk is in the top 10%.

LISTED EQUITY



CORPORATE BONDS



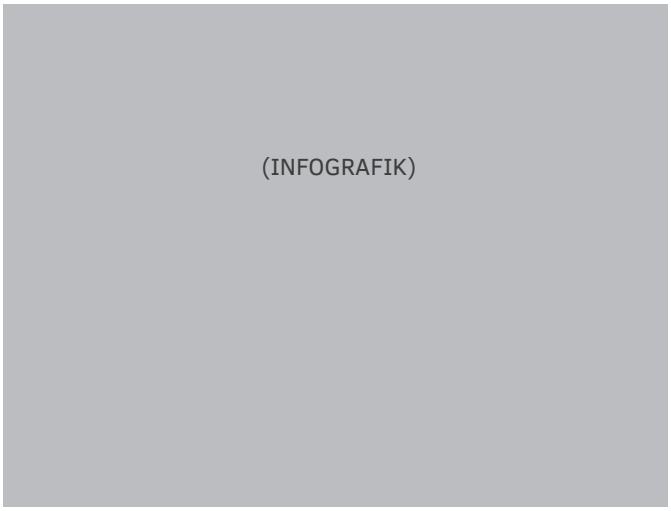
SECTION 03:
TRAJECTORY OF THE PORTFOLIO RELATIVE TO A 2°C SCENARIO

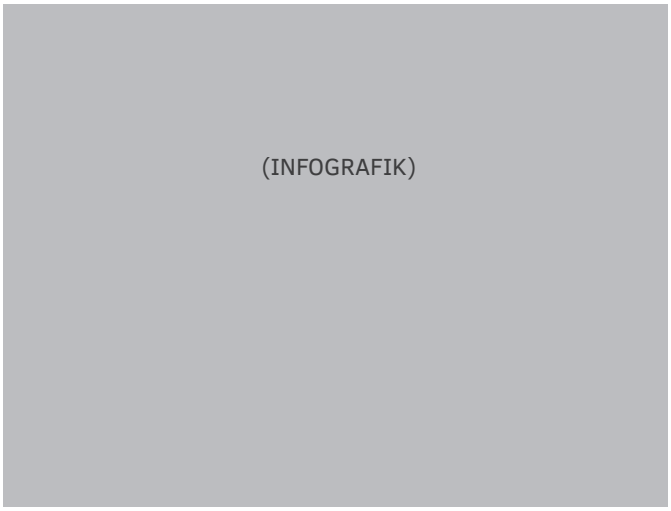
2°C SCENARIO TRAJECTORY – EQUITY – POWER

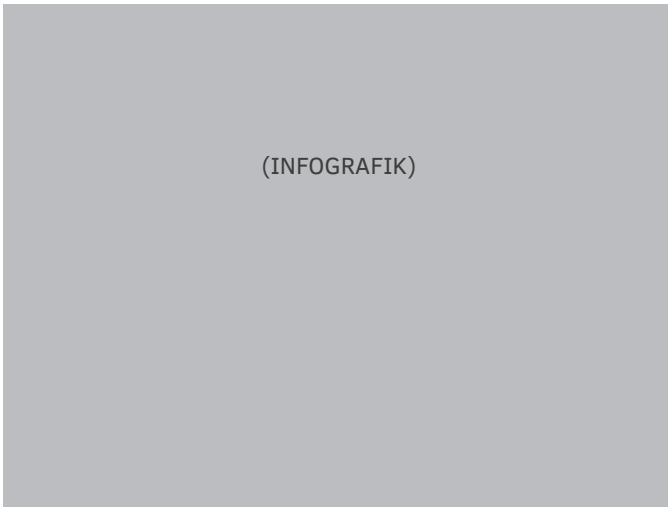
The alignment graphs below show the alignment of selected power technologies in your equity portfolio relative to the IEA scenarios for 2°C, 4°C and 6°C temperature change, the global stock market and the average of your peers.

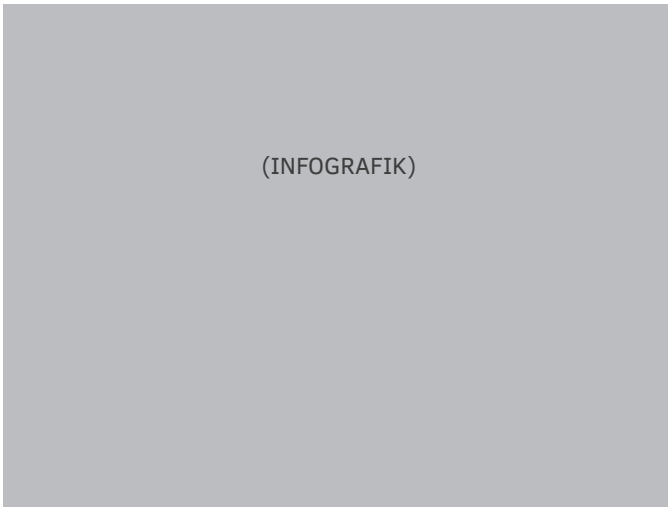
These charts present the trajectory of buildout in the power sector for the companies with production within your portfolio.
This has been normalized to the 2°C benchmark, so the plotted lines show the difference to a 2°C scenario outcome. This is overlayed over the different IEA scenarios for these technologies, represented by the shaded background. This shows how the buildout of capacity allocated to your portfolio is aligned to the scenarios. The forward-looking estimates for your portfolio are based on asset-level data analysis by sector and technology provided by GlobalData for the power and fossil fuel sector, and WardsAuto / AutoForecastSolutions for the automobile sector. Further background information on the data sources can be found in Section 5.

ELECTRIC POWER









FUTURE EXPOSURE – 2023 – LISTED EQUITY

The figure below shows the estimated exposure of your listed equity portfolio in 2023 to the technologies and fuels in the climate relevant sectors covered in this analysis.

The results are a function both of the starting point of the exposure (Section 2) and the evolution of the exposure over time (Section 3) based on current revealed investment and production plans for all technologies. The results show the relative exposure of your portfolios across asset classes and technologies / fuels. They should be interpreted as follows:

- 100% alignment suggests the portfolio weights the respective technology / fuel identically to the mar ket in 2023 – freezing both the current portfolio exposure and the current revealed production / investment plans of companies within those portfolios.
- Any figure above 100% suggests that the portfolio 'exceeds' the expected market exposure under a 2°C transition. This implies a higher exposure to low-carbon technologies (marked as green) and a lower exposure to high-carbon technologies (marked as black). Thus, a figure of 110% for oil production implies an under-weight of oil production relative to the 2°C benchmark of 10%.

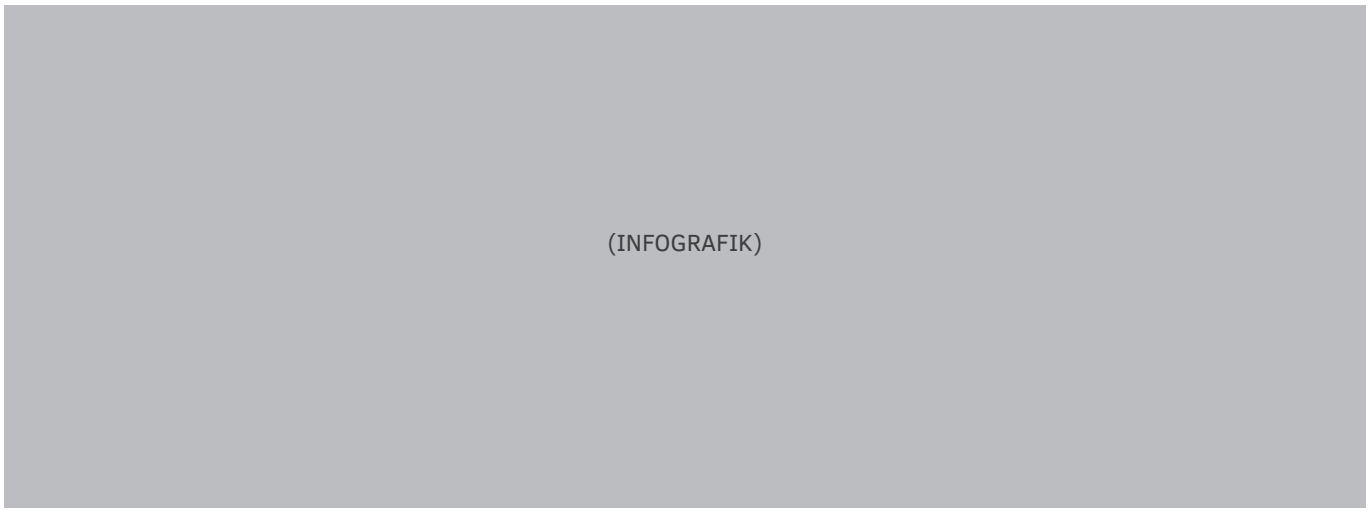
LISTED EQUITY

(INFOGRAFIK)

CONTRIBUTIONS OF SECURITIES TO THE RESULTS

The following chart shows the technology mix of Power companies within your portfolio and the stock market. From the accounting principles applied in this test, a portion of capacity from each tcompany has been allocated to your portfolio based on your ownership. The following lists identify the largest contributors by technology identifying both the absolute capacity allocated to your portfolio and what percent of the total capacity of your portfolio this accounts for in 2023. This information is valid for your equity portfolio.

HEADLINE



HEADLINE