

CLIMATE CHANGE SCENARIO ANALYSIS

We completed our inaugural scenario analysis in line with the TCFD framework to understand the climate-change related risks and opportunities for our business based potential future climate scenarios. **RCP8.5** and **RCP2.6** were used to explore climate-related physical and transition risks for the nib Group*.

BEST CASE

RCP2.6* low emissions pathway where temperature increases are limited to less than 2°C by 2100.



TRANSITION RISKS IMPACTING BUSINESS

Government regulation, policy, legal, technology and market changes



- Changing trends in healthcare sector
- Shift in policies
- Changing trends in travel patterns

WORST CASE

RCP8.5* high emissions pathway where temperatures increase by up to 5°C by 2100.



PHYSICAL RISKS IMPACTING BUSINESS

Changes to climate conditions



- Changing trends with natural disasters
- Limitations of current regulatory and pricing mechanisms
- Changes to global climate extremes
- Increasing data availability and modelling capabilities
- Climate change driving claims inflation
- Destination selection and travel patterns
- Health and pandemics

WAYS WE CAN IMPROVE

Review and prioritise identified risks and opportunities

Incorporate climate-related risk into nib Risk Management Framework

Measure and track nib's emissions and environmental footprint

Enhance SRI screening on investment portfolio

* The Intergovernmental Panel on Climate Change (IPCC) outlines a range of Representative Concentration Pathways (RCPs) designed to be 'representative' of possible future emissions and greenhouse gas (GHG) concentration scenarios to the year 2100.

RCP2.6 assumes strong mitigation efforts, with early participation from all emitters followed by active removal of atmospheric carbon dioxide. RCP8.5 assumes minimal effort to reduce emissions, which will continue to increase marked by the continued use of conventional fossil fuel energy to power cities homes and businesses.