**ESG Exposure 12/18/20: Initial ESG Recommendations**

**Updates made 1/21/21: An addendum to this exposure has been added to indicate an extended comment period and to provide clarifying information about the industry field test. The original exposure has also been revised to show updates.**

**Addendum (as of 1/21/21):**

* The comment period has been extended. Please send your comments to Reggie Mazyck (RMazyck@naic.org) by close of business March 7th, 2021. Comments are appreciated on any aspect of the ESG, such as:
  1. The goals, decisions needed, and initial recommendations summarized in item 1 below,
  2. The scenario distribution resulting from the initial set of recommendations,
  3. The format and usability of the scenario output, and
  4. The documentation provided for the ESG.
* Scenarios to be used for an industry field test have not yet been determined, as modifications to the ESG are expected based on comments received from this exposure. The ESG timeline has been adjusted, with the formal field test now planned in the June-August timeframe.

**Original Exposure (with updates in red):**

The items listed below are exposed for a public comment period ending on March 7th, 2021 (see addendum below).

1. A spreadsheet summarizing the decisions needed for the Treasury, equity, and corporate models (these were included in the 12/3/20 and 12/17/20 LATF presentations), along with an initial set of recommendations.



1. The entire Basic Data Set as of 12/31/19, calibrated based on the initial set of recommendations.  For access to files, see the Economic Scenarios section of the NAIC’s PBR Webpage (<https://content.naic.org/pbr_data.htm>).

This includes:

* + The full set of 10,000 interest rate scenarios
  + Equity and bond fund returns for the funds shown on slide 9 of the 12/17/20 LATF presentation.
  + Fan charts summarizing the interest rate scenarios

1. A spreadsheet showing the parameters of the Treasury model, and how targets (e.g., short and long-term mean reversion level, mean reversion speed) are converted into these parameters.



Notes regarding the materials:

* The initial set of recommendations and resulting scenarios represent a first cut at the types of changes that may be desired for the ESG.  Additional modifications are expected based on comments received.
* These scenarios are a starting point for discussions and are not intended to be used for an industry field test.  A formal field test is currently planned in the June-August timeframe.
* Comments are appreciated on any aspect of the ESG.