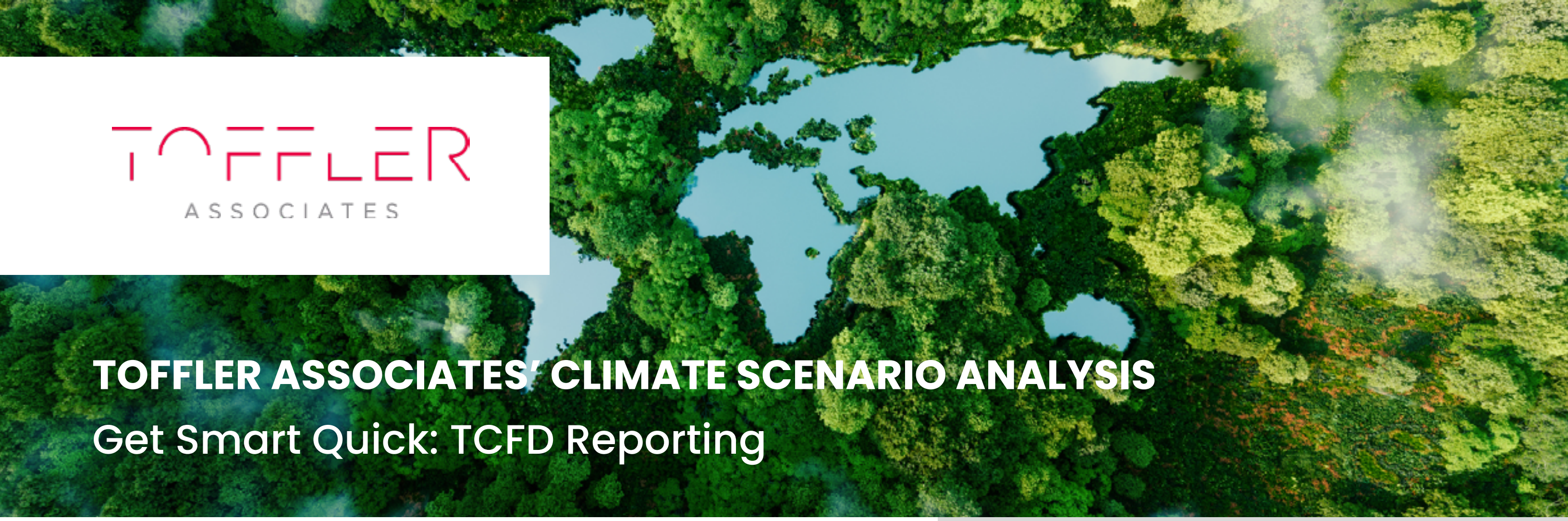

TOFFLER ASSOCIATES' CLIMATE SCENARIO ANALYSIS

Get Smart Quick: TCFD Reporting

Toffler Associates helps clients comply with TCFD through our climate scenario analysis. Our scenarios identify companies' climate-related disruptors to determine the actions that address their unique climate change risks and opportunities. What is TCFD, though? Read on to learn more.

What is TCFD?

The Financial Stability Board, an international organization, established the Task Force on Climate-related Financial Disclosures (TCFD) as a way to understand companies' climate risks across a common set of measures. The TCFD framework enables businesses to quantify the impacts of climate change in four disclosure areas:

- governance
- strategy
- risk management
- metrics and targets

TCFD reporting enables organizations to be transparent about climate-related risks and opportunities and to be accountable for their climate-related actions.

Who wants to know about a company's climate-related risks?

To inform capital allocation decisions, shareholders, institutional investors, creditors, and underwriters need to understand a company's financial exposure to climate change. Increasingly, policymakers and climate activists invoke TCFD to compel organizations to quantify risks and opportunities and articulate their climate change plans and policies.

What information does TCFD require companies to disclose?

Companies report on the four disclosure areas by analyzing and quantifying their climate-related **Physical Risks** and **Transition Risks.**

Physical Risks. Potential impacts of extreme weather or chronic, sustained weather pattern changes from rising temperatures and sea levels.

Physical Risks include::

- Availability of raw materials/suppliers
- Resiliency to frequent, long-duration weather events
- Vulnerability of locations
- Population movement

Transition Risks. Potential impacts of transitioning to a lower carbon economy on an organization's market, technology, policies, and reputation.

Transition Risks include:

- Reporting requirements and carbon pricing
- Investment in technology to lower emissions
- Shifting customer needs and behaviors
- Stakeholder demands

Which U.S. companies report on TCFD?

The pressure on U.S. companies to provide climate-related financial disclosures comes from institutional investors. A recent Wall Street Journal article describes how these investors vote against corporate directors they feel are not aggressive enough in their climate targets, policies, or actions. Unlike the EU and UK, the U.S. does not require companies to report on climate change impacts. However, a proposed SEC rule, once enacted, means publicly-traded U.S. companies will report on the four disclosure areas.

How can companies identify opportunities and risks in an uncertain environment?

Climate change presents a highly unpredictable situation for planning. TCFD advises companies to use scenario analysis to identify physical and transition risks and climate-related opportunities through assessing multiple potential future states.

Contact us to discuss how we can help you with TCFD scenario analysis to navigate climate uncertainty.

Dan Fukushima | Director / Futurist

dfukushima@tofflerassociates.com

404-964-4104

tofflerassociates.com

@Tofflerinsights

Toffler Associates

WHAT ACTIONS, POLICIES, AND TARGETS HELP MY COMPANY PREPARE FOR CLIMATE-RELATED UNCERTAINTY?

We build upon our 25+ years of scenario analysis experience to customize scenarios that allow companies to identify climate-related risks and opportunities unique to their business. We:

DEFINE

The climate-related scenarios most applicable to your company

EXPLORE

The scenarios to understand the interactions across risk categories

IDENTIFY

The potential physical and transition risks within each scenario

ASSESS

The impact of the risks to the company

DEVELOP

The strategy to prepare for and mitigate the risk

DISCLOSE

Risks

Opportunities