



# SEC and Disclosure of Localized Climate Risk

Public companies are under increasing market and regulatory pressure to disclose localized climate risks. Similarly, standards are being adopted for regulated banks to assess localized risks for their lending portfolios.

To date, disclosure has largely been voluntary. However, with the proposed adoption of the SEC's Climate Risk Disclosure Rule, and financial standards under consideration by the U.S. Treasury Department, disclosure will soon be mandatory.

The need is now.

*Is Your Company Ready?*

True Elements provides easy to use, cost effective, capabilities to assess localized risks for public companies. We can also help banks, lenders and asset managers to evaluate portfolio risks, and to help their portfolio companies to be ready for mandatory disclosures.

Our tools help companies understand climate impact, resiliency, and risk – present and future – in a consistent, standardized way.

## Our Services

- Identification of the water and climate resiliency risks in short, medium, and long term.
- Analysis of physical risks as a result of climate impact on business operations.
- Climate-related scenario analyses based on localized risks associated with physical assets.
- Climate-related risk analyses, using state-of-the art data analysis and artificial intelligence, to incorporate into internal.

**We are here to support your climate team.**

## Proposed SEC Climate Risk Disclosure Rule

## How We Can Help

Requires disclosure of climate related information, including climate-related risks that are reasonably likely to have material impacts on its business or consolidated financial statements. p 42

Answers questions about the impact on flood risk due to shifts in precipitation patterns, intensities and frequencies caused by climate change - both looking forward over the lifetime of an asset and/or looking backward since the asset was designed and built.

Defines physical risks that must be disclosed to include the impact of climate-related events (severe weather events and other natural conditions as well as physical risks identified by the registrant. p 45

True Elements uses historical weather data - for the US since the 1920's. We do a deep data introspection to identify what is happening in terms of precipitation pattern, intensity, and frequency on a very granular level (down to the weather stations of interest to understand empirically what is happening.

Physical risks may include harm to businesses and their assets arising from acute climate-related disasters such as wildfires, hurricanes, tornadoes, floods, and heat waves. Companies and their investors may also face chronic risks and more gradual impacts from long term temperature increases, drought, and sea level rise. p 59

Defines climate risk from weather and temperature. Using a proprietary data analytics and modeling method, forecasts year-by-year to put risk creep into quantifiable terms using industry standard benchmarks. ex: an asset planned and built with a 100-yr resilient design in 2005, could be found as a 52-yr storm or a 36-yr storm at a future date nearly doubling (52-yr) or tripling (36-yr) risk.

Climate related risks means the actual or potential negative impacts of climate related conditions on....business operations, or value chains as a whole. p 61

This definition applies to "upstream" and "downstream" suppliers distributors and others. True Elements provides climate risk for other providers in the climate chain.

"Acute risks" - shorter term extreme weather events such as hurricanes, floods, and tornadoes." p62 "Chronic risks" - longer term weather patterns and related effects such as decreased availability of fresh water. p 62

Extensive Drinking and Surface Water Quality information for the US. Indexed using our unique True QI score (70-100), provides an easy to understand and visual presentation for the quality of water in watersheds at the HUC 12 level.

## SOLUTIONS

It is clear that lenders, portfolio & asset managers, and corporate executives will benefit from simple to use, and consistent climate risk management. True Elements provides that solution with easy to understand visual insights through a platform thoughtfully developed over 7 years and based on deep subject matter experience.

For more information, contact Eric Homberger