

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.

Water related climate risk is a significant and growing concern. According to the United Nations Environment Programme, “Most of the impacts of climate change, including natural disasters, are felt in the hydrological cycle - and their frequency and magnitude are expected to increase in coming years. Over 90 per cent are water-related, including drought, flood and tropical storms, with significant impact on societies and economies.”

To date, climate risk 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.

Is Your Company Ready?

True Elements is your dedicated partner providing the deep, clear water intelligence you need for the solutions you want

True Elements clarifies water and watershed complexity to help business leaders understand their localized water related climate risks and make accurate, effective decisions to address their water challenges. True Elements applies a sophisticated, patent pending scientific and AI lens to multiple layers of disparate watershed data to produce: **deeper, clearer, more holistic insights into watershed dynamics and risks; and reliable water quality and quantity forecasting.**

SOLUTIONS

True Elements is the specialist and leader in providing deep, clear water intelligence for corporate leaders who need to understand water related climate risk more fully for accurate disclosure and reporting. Our Water Risk Management Solution provides holistic assessment of water quality and quantity risk to current and future operations, supply chains, asset investments and valuations, reputational risk, and risk of inaction. Through clear, easy to understand and use mapping, indexing, scoring, and visualizations, True Elements Water Risk Management Solution allows easy, fast, accurate and complete regulatory reporting and shareholder disclosures.



Proposed SEC Climate Risk Disclosure Rule

Requires disclosure of climate related information, including climate-related risks that are reasonably likely to have material impacts on a company's business or consolidated financial statements.

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).

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.

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

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

How True Elements' Solutions Can Help

Provides insight into the impact of flood risk on assets due to shifts in precipitation patterns, intensity and frequency caused by climate change, looking forward over the lifetime of an asset and/or looking backward since the asset was designed and built.

True Elements uses historical weather data - for the US since the 1920's. We do a deep data introspection to identify what is happening to precipitation patterns, storm intensity, and frequency on a granular level to understand what is happening now and predict future weather impacts.

Using a proprietary, patent pending data analytics and modeling method, True Elements forecasts year-by-year risk creep into quantifiable terms using industry standard benchmarks. For example, based on our state-of-the-art climate precipitation forecasting, the risk for an asset planned and built with a 100-year resiliency design in 2005, could double or triple as one in 100-year storms become 52- or 36-year storms in likelihood.

This definition applies to "upstream" and "downstream" suppliers, distributors, and others. True Elements can provide water related climate risk assessment for any supply chain provider.

True QI scores for Surface, Industrial, Agricultural, Waste, Storm and Drinking* water quality provide easy to understand, clear visualizations for water quality risks in watersheds at the HUC 12 level.

*Available at the zip code level

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