

Using Climate Scenarios to Mitigate 'Disorderly Transition' Risks in Corporates and FIIs

Westminster Energy Forum

William Attwell, Director – Climate Risk & Sustainable Finance

william.attwell@sustainablefitch.com

April 25, 2023

Scoping Possible Futures Using Climate Scenarios

Selected 'Off the Shelf' Scenarios

IPCC: SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP3-7.0, SSP5-8.5

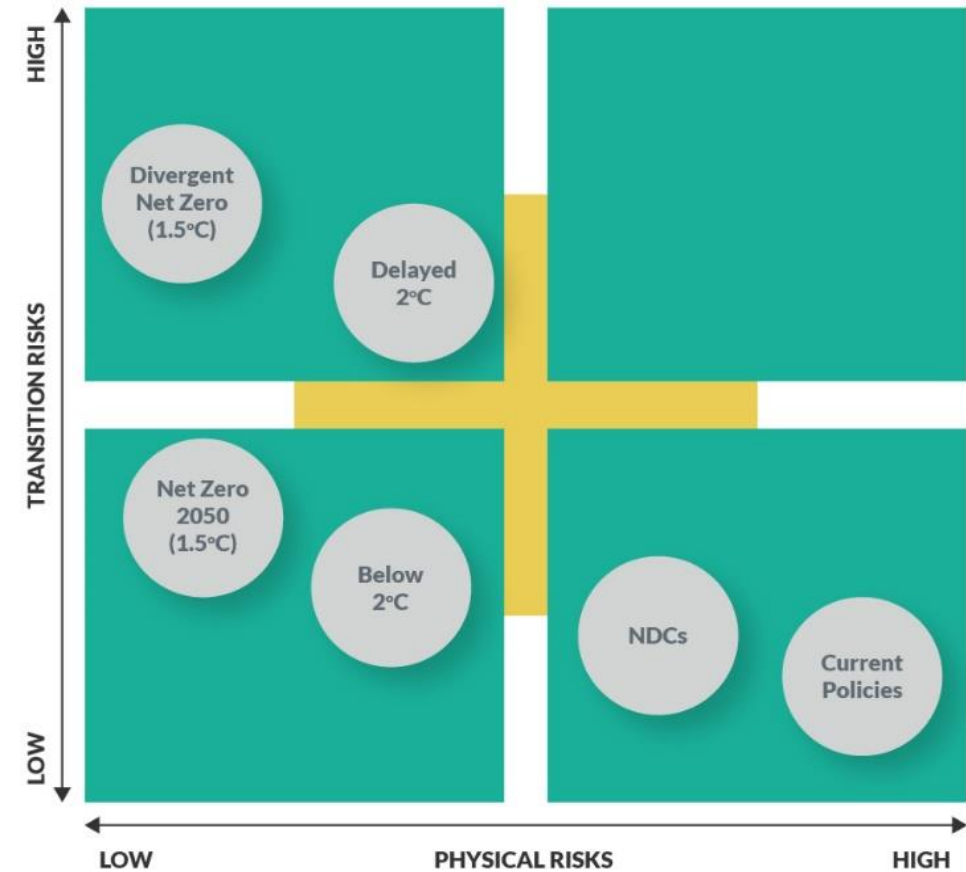
IEA: Net Zero Emissions Scenario, Announced Pledges Scenario, Stated Policies Scenario

IPR: Required Policy Scenario, Forecast Policy Scenario (FPS), FPS + Nature

NGFS: Net Zero 2050, Below 2 Degrees C, Divergent Net Zero, Delayed Transition, Nationally Determined Contributions, Current Policies

Others: Shell, BP, banks etc.

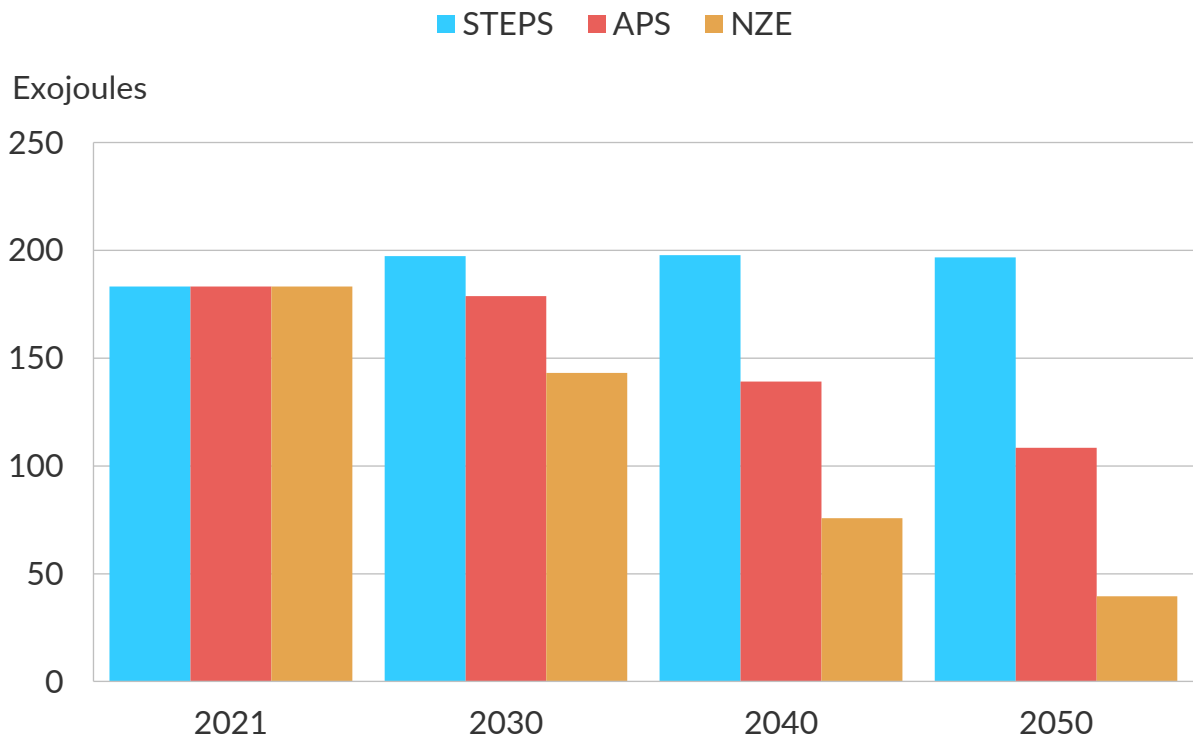
NGFS Scenarios



Scenarios Flag Massive Changes Across Industries

IEA: Oil Outlook under Different Scenarios

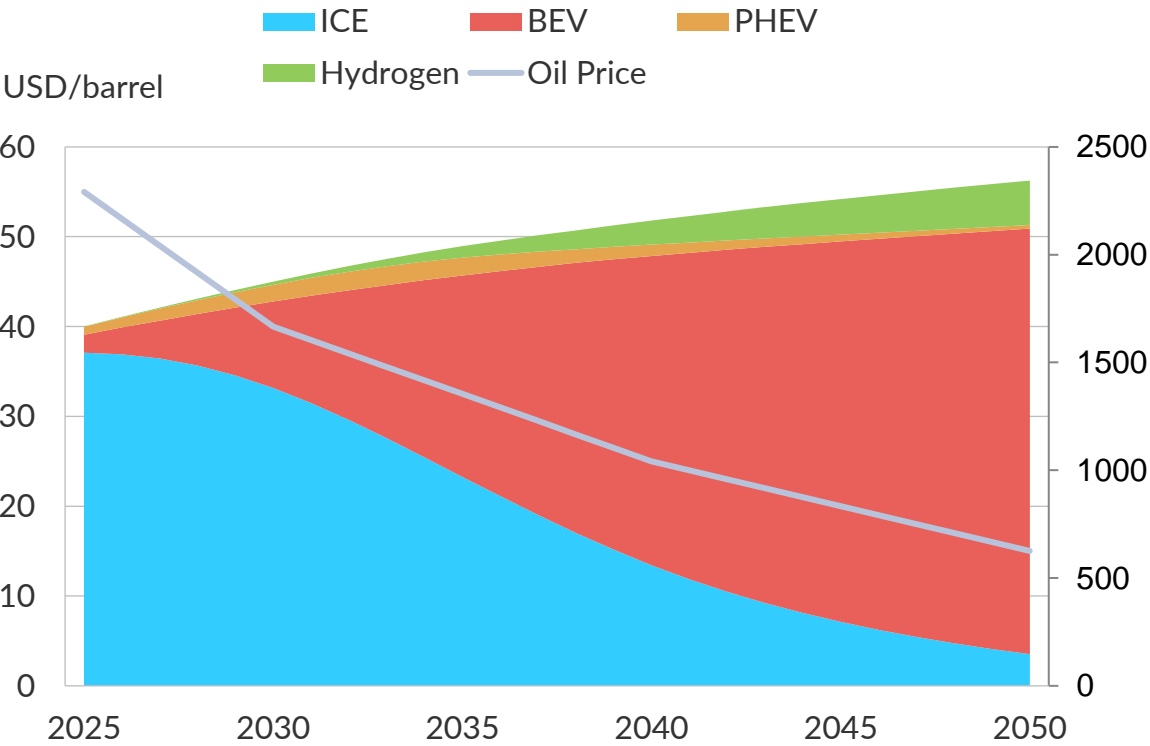
Total Global Energy Supply from Oil



Note: APS = Announced Pledges Scenario; STEPS = Stated Policies Scenario; NZE - Net Zero Emissions Scenario; FPS = Forecast Policy Scenario; RPS = Required Policy Scenario. Source: Sustainable Fitch, UN PRI, IEA

IPR FPS: Oil Price & Vehicle Stock By Powertrain

Million vehicles (RHS)



Note: Data reflects projections for cars, trucks and vans; IPR Forecast Policy Scenario. Source: Sustainable Fitch, UN PRI

Physical Risks Jump With Each Increment Of Warming

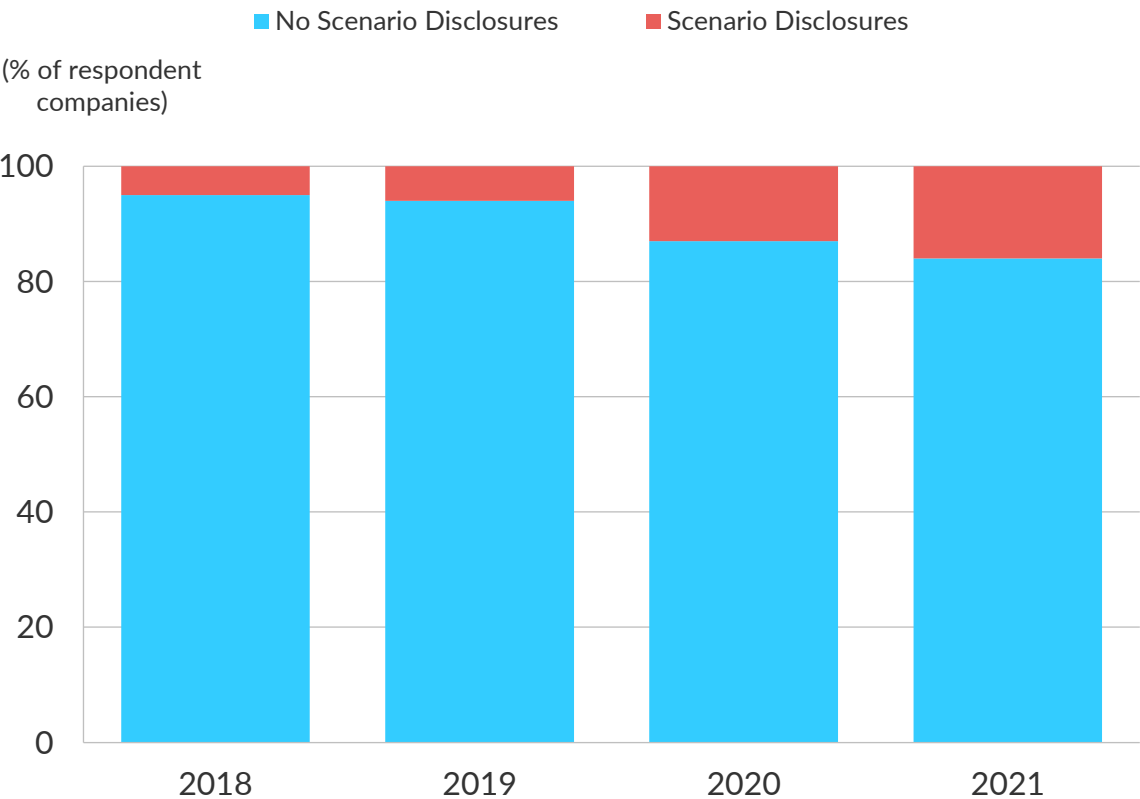
IPCC: Impacts Under Different Warming Scenarios

Risk Driver	At 1.5°C Warming	At 2.0°C Warming	At 3.0°C Warming
Percentage of global population exposed to flooding	24%	30%	No data
Global mean sea level rise by 2100 (m)	0.28-0.55	0.33-0.61	0.44-0.76
Species loss (maximum % of forest and land species at risk of extinction)	14%	18%	29%
Food security – Cost of adaptation and residual manage to major crops (USD billion)	63	80	128
Increase in burnt area across Mediterranean Europe	45-58%	52-68%	66-87%

Source: Sustainable Fitch, World Resources Institute, IPCC

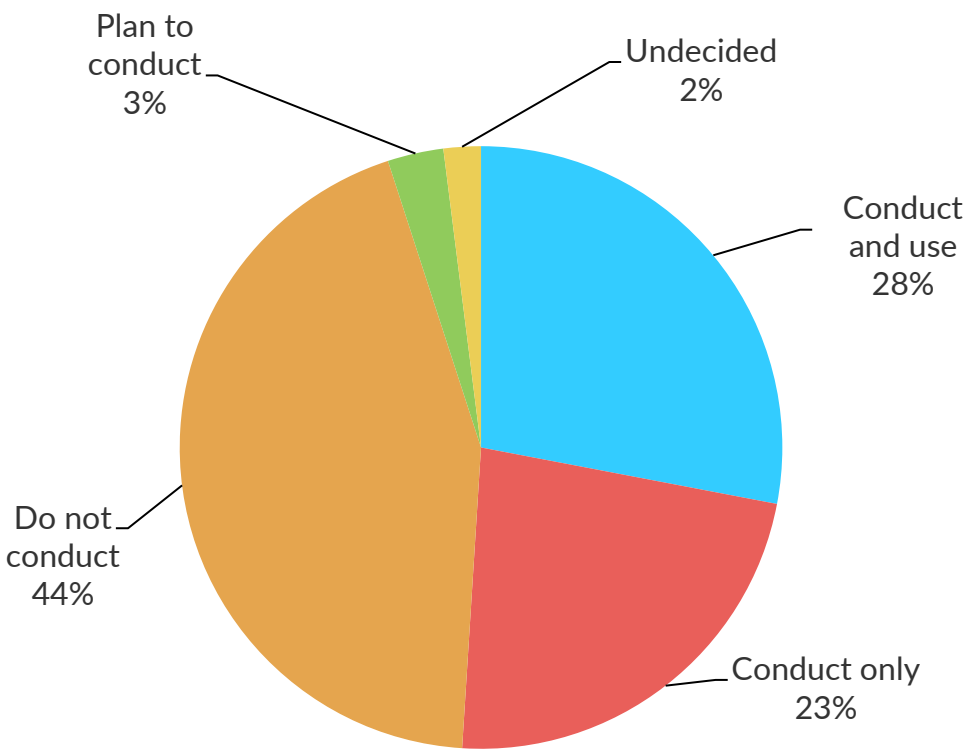
Climate Scenarios Remain Scarce in Company Disclosures

Companies Disclosing Resilience of Strategy Under Different Climate Scenarios



Source: Sustainable Fitch, TCFD

Use of Scenario Analysis by Asset Managers



Note: N = 149 asset managers. Source: Sustainable Fitch, TCFD

Climate Scenarios in Disclosures: Selected Regimes

Jurisdiction	Framework or Standard	Type of Scenario Disclosure	Implementation
Global Reporting Frameworks	Taskforce on Climate-related Financial Disclosures (TCFD)	Resilience of strategy	Framework is finalised, and being adopted in individual jurisdictions
	International Sustainability Standards Board (ISSB)	Resilience of strategy analysis	Standards in development; scheduled to be issued by mid-2023 and effective from 2024
Jurisdiction-Specific Requirements	EU – European Sustainability Reporting Standards (ESRS, for the Corporate Sustainability Reporting Directive, CSRD)	Resilience of strategy, and risk, opportunity & impact analysis; whether GHG emissions targets aligned with 1.5 °C goal	CSRD adopted and applicable from 2024; ESRS in development, with adopted planned for H2 2023
	UK – Climate-related Financial Disclosure Regulation (using TCFD)	Resilience of strategy	Adopted and effective since April 2022
	UK – Transition Planning Taskforce (TPT)	Credibility of transition planning	Launch planned for H2 2023
	US – Securities and Exchange Commission (SEC) Climate Disclosure Rule	Resilience of strategy	In development, with planned phase in from 2024
	Canada – Office of the Superintendent of Financial Institutions (OSFI) Guidelines	Resilience of strategy & risk analysis	Adopted, with phase-in from 2024
	Hong Kong – Listing Rule	Resilience of strategy	Adopted; proposal to phase in mandatory ISSB-aligned disclosures from 2024. Updates this cell in light of HKEC announcement this week
	Singapore – Listing Rule	Resilience of strategy	Adopted, with phased implementation; mandatory for select sectors from 2024
	New Zealand – Climate-related reporting law	Resilience of strategy' & risk analysis	Adopted, with phased implementation

Source: Sustainable Fitch, TCFD, European Commission, national sources

Sustainable Fitch – Related Thematic Research

[UPCOMING: Increasing Reliance on Climate Scenarios Comes with Challenges for Investors](#), end-April 2023

[Challenges Ahead for Cement Industry Transition Plans](#), April 2023

[EU Net Zero Industry Act Boosts Support for Clean Tech](#), March 2023

[Retiring Oil & Gas Assets Will Have Long-Term Financial and Environmental Impacts](#), January 2023

[ESG Market Trends 2023](#), December 2022

Sustainable Fitch – ESG Ratings

COMMENTARY / MON 06 MAR, 2023

Sustainable Fitch Assigns MASMOVIL an ESG Entity Rating of '2'

Sustainable Fitch-Barcelona/London-06 March 2023: Sustainable Fitch has assigned Masmovil Ibercom, S.A. (MASMOVIL) an ESG Entity Rating of '2' and an entity score of 77. This rating reflects the group's good ESG performance and the integration of ...

ESG Rating: Masmovil Ibercom, S.A.

COMMENTARY / TUE 17 JAN, 2023

Sustainable Fitch Assigns BGK an ESG Entity Rating of '2'

Sustainable Fitch-London-17 January 2023: Sustainable Fitch has assigned Bank Gospodarstwa Krajowego (BGK), a Polish development bank, an ESG Entity Rating of '2' and an entity score of 63. The rating reflects the focus of the bank's business and ...

ESG Rating: Bank Gospodarstwa Krajowego (BGK)

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<https://www.sustainablefitch.com/products/esg-ratings/>



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