

Reporting Template 3 – Physical Risks from Climate Change

Introduction

The physical effects of climate change are already being observed by scientists and others and further effects are predicted. These effects include changing weather patterns, sea level rise, shifts in species distribution, changes in water availability, changes in temperature, variation in agricultural yield and growing seasons and so on. Exposure to physical risks may arise from extreme events such as intense storms and hurricane activity and/or from more subtle changes such as shifts in species distribution and increased night-time temperatures. A qualitative overview of your company's current and potential material exposure to direct and indirect physical risks due to climate change is therefore a potentially important aspect of disclosure.

Disclosure Guide

Disclosures should include:

- Identify and describe the physical risks to which your company is exposed;
- Explain how those risks are assessed;
- Categorize risks as current, short-term, medium-term or long-term and explain the timescales involved;
- Name regions or particular locations that are particularly vulnerable to the risks you have identified, for example, because of installations based in those areas, particular vulnerability to resource shortages brought about by climate change, etc;
- Explain whether you have considered the effect of physical risks from climate change on your supply chain, your customers, and the market generally and if so, how those risks that are external to the company might affect your business and operations;
- Describe actions or plans your company is taking or may implement to mitigate against or adapt to the physical risks you have identified; and
- Describe how risk management and control measures are used in your business to manage the actual and potential physical effects of climate change.