

Adaptation Co-Creation Series

Webinar 4: Climate Leadership and the Task Force on Climate-related Financial Disclosures (TCFD) journey.



AMERICAN SOCIETY OF
ADAPTATION PROFESSIONALS



Tech Check!



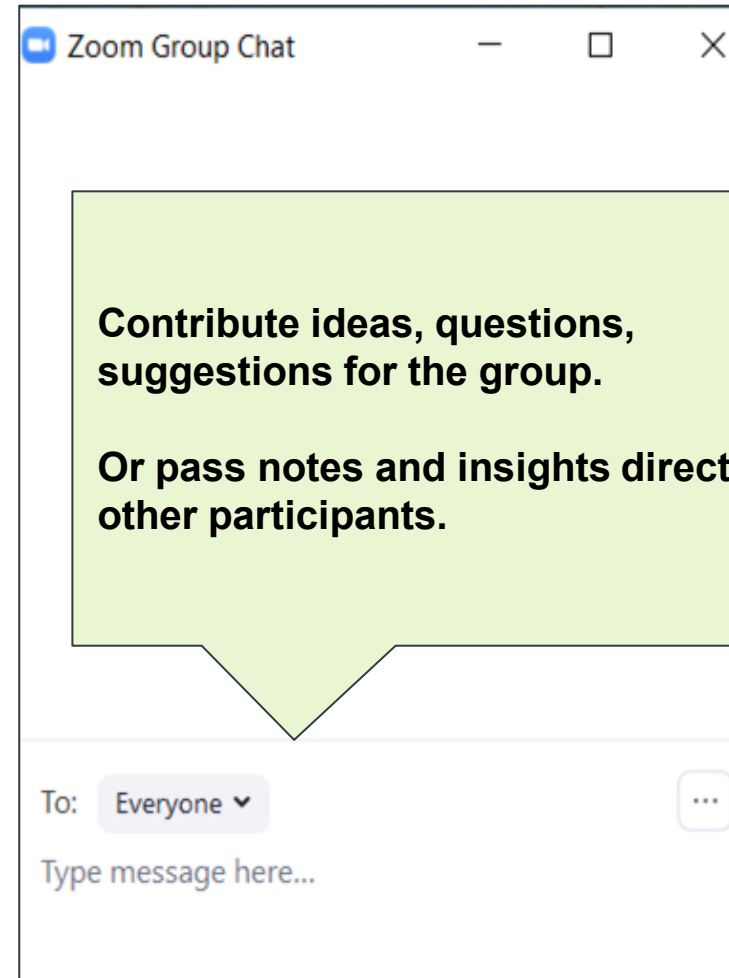
- ▶ Microphones Off



- ▶ Cameras off or on



- ▶ Questions posted in chat



ASAP Mission

Connect and support climate change adaptation professionals to advance innovation and excellence in the field of climate change adaptation.



American Society of Adaptation Professionals

► ASAP Connects

Bringing members together on critical topics including: Professional education, Climate Migration, Public Policy, and Justice Equity, Diversity & Inclusion

► Adaptation Voices

Share member accomplishments, best practices in the adaptation and resilience field, and lift diverse stories of leadership and expertise.

► Adaptation Careers

Assisting members to excel in their current jobs through mentorship and access to peer learning; explore new opportunities through weekly jobs and boards

www.adaptationprofessionals.org

American Society of Adaptation Professionals Code of Conduct (2017)

Living Guide on the Principles of Climate Change Adaptation (2018)

Knowledge & Competencies Framework for Adaptation and Resilience Professionals (2019)

American Society of Adaptation Professionals Justice Equity Diversity & Inclusion Statement (2020)

Adaptation Co-Creation Series

June 2020 - June 2021

What to Expect

- ▶ Innovative & Effective Adaptation Practices
- ▶ Diverse project teams
- ▶ Justice and equity throughout

Previous Webinars

- ▶ Reducing flooding through updated design codes & standards
- ▶ Innovations in Adaptation Finance
- ▶ Practicing Racial & Environmental Justice in Climate Adaptation

www.adaptationprofessionals.org/adaptation-co-creation-series

THE
KRESGE
FOUNDATION

Hazen



RISA
Regional Integrated
Sciences and Assessments



RS&H



GEORGETOWN
CLIMATE CENTER



FIRST STREET
FOUNDATION



NEMAC+FernLeaf



THE COLLIDER



Transforming Adaptation & Resilience

Corporate Climate Leadership

Background on the Task Force on Climate-related Financial Disclosures (TCFD)

Emily Wasley, Practice Leader

WSP



Corporate Climate Leadership

Background on the Task Force on Climate-related Financial Disclosures (TCFD)

Agenda

Time	Topic	Panelist/Moderator
2:00pm	Welcome	Beth Gibbons, ASAP
2:10pm	Webinar Introductions	Emily Wasley, WSP
2:25pm	Sustaining Climate Leadership	Ken Sparkman, Microsoft
2:35pm	Acceleration of Climate Leadership	Jamie Jones Ezefili, Northern Trust
2:45pm	Progression from Sustainability to Risk and Resilience	Kristopher Canto, American Family Insurance
2:55pm	Reflection and Discussion	Paul Munday, S&P Global Ratings
3:05pm	Q&A	Emily Wasley, WSP
3:25pm	Wrap-up and Upcoming Webinars	Beth Gibbons, ASAP

Various global drivers have accelerated the importance of climate-related disclosures

Risk and Impact Drivers



Growing recognition of the impacts of climate change to the financial sector – The value at risk of the global total stock of manageable assets could be from \$4.2 trillion to \$43 trillion between now and the end of the century.

Investor Drivers



Investors rely on disclosure to assess portfolio risks – No consistent, effective, or comparable method for disclosing climate-related risks and opportunities existed before the TCFD.

Regulatory Drivers



The Paris Climate Conference created momentum – Paris 2015 demonstrated to investors and the business community that governments were beginning to take climate change seriously.

Opportunity Drivers



Increasing market opportunities to create a more sustainable and resilient future – Market growth related to resource efficiencies, innovation, resilience, and economic advancements are accelerating.

A plethora of sustainability principles, frameworks, and standards exist – TCFD is one and is being integrated

Governing Principles



Reporting Frameworks



Rating Agencies



Climate change presents financial risk to the global economy

“Financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.”

5

Benefits of better disclosure

Risk assessment

More effectively evaluate climate-related risks to your company, its suppliers, and competitors.

Capital allocation

Make better-informed decisions on where and when to allocate your capital.

Strategic planning

Better evaluate risks and exposures over the short, medium, and long term.

The TCFD recommendations were developed to enable a more informed financial market

What is the TCFD?

- TCFD refers to the Task Force on Climate-related Financial Disclosures.
- The Taskforce was formed in 2015 by the G20's Financial Stability Board (FSB) and is co-chaired by former Mayor Michael Bloomberg.
- There are 32 members on the TCFD.
- Members of the taskforce are investors, preparers of disclosure, and rating agencies.



What is the Task Force's goal?

- The FSB recognized the growing risk from climate change to the financial sector to the tune of trillions of dollars.
- Investors need a disclosure framework that informs them of climate risks to investees, allowing for informed capital allocation decisions.
- To enable effective disclosures, the disclosure framework needs to be:
 - Relevant, specific, complete, clear, balanced, understandable, consistent, comparable, reliable, verifiable, objective, timely;
 - Forward looking; and
 - Decision useful.

What did they produce?

- The TCFD produced final recommendations for disclosure in 2017.
- These recommendations outline a framework for climate-related disclosure that is:
 - Voluntary but adoptable by all organizations;
 - Designed to solicit decision-useful, forward-looking information on financial impacts; and
 - Contains a strong focus on risks and opportunities related to transition to lower-carbon economy.

Since the introduction of the TCFD in 2015, nearly 1,500 organizations have expressed their support, a group that includes every major type of financial market participant. Over 340 investors with \$34 trillion in assets under management have begun asking investees to disclose under the TCFD recommendations.

The TCFD framework recommends addressing four core elements...



Core Elements of Recommended Climate-Related Financial Disclosures

Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

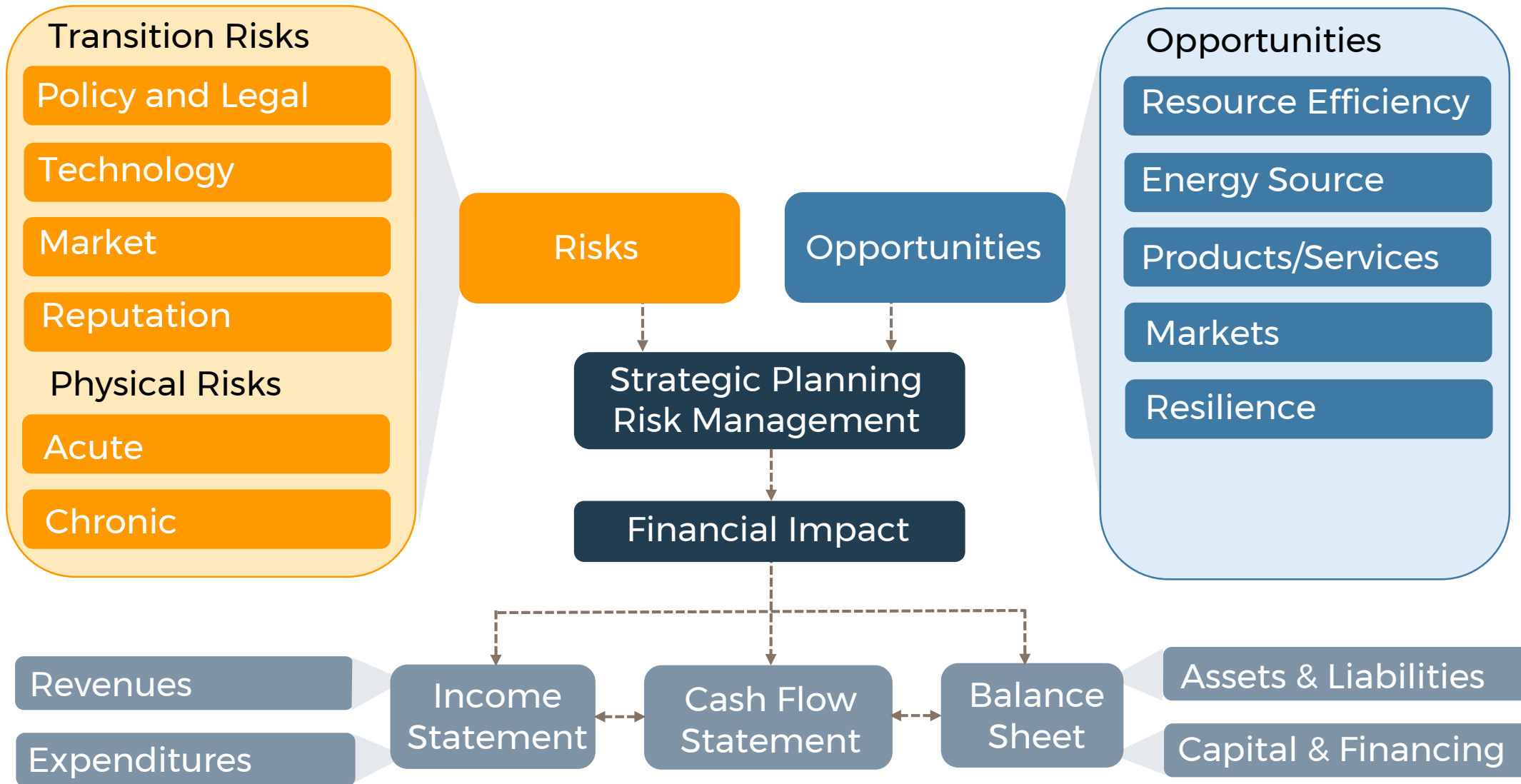


...and 11 recommended disclosures

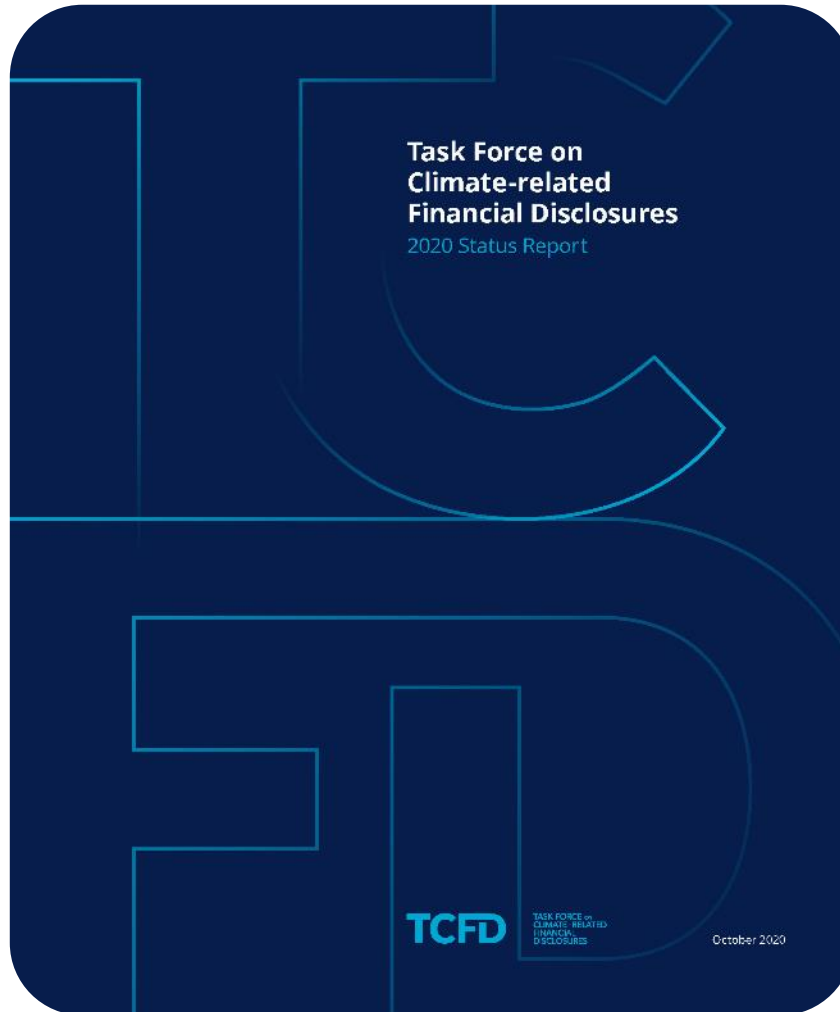
Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures			
<ul style="list-style-type: none">a. Describe the board’s oversight of climate-related risks and opportunities.b. Describe management’s role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none">a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.b. Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning.c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none">a. Describe the organization’s processes for identifying and assessing climate-related risks.b. Describe the organization’s process for managing climate-related risks.c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	<ul style="list-style-type: none">a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Source: Adopted from the [Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures \(June 2017\)](#)

The TCFD framework targets both climate-related risks and opportunities



Key findings from the 2020 TCFD Status Report reveal disclosure has increased, but continuing progress is needed



Nearly 60% of the world's 100 largest public companies support the TCFD, report in line with the TCFD recommendations, or both.



Disclosure of climate-related financial information has increased since 2017, but continuing progress is needed.



Energy companies and materials and buildings companies lead on disclosure.



One in 15 companies reviewed disclosed information on the resilience of its strategy.



Asset manager and asset owner reporting to their clients and beneficiaries, respectively, is likely insufficient.



Expert users find the impact of climate change on a company's business and strategy as the "most useful" for decision-making.



Expert users' insights on the most useful information for decision-making may provide a road map for preparers.

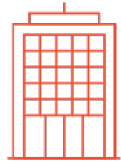
A serene landscape featuring a calm body of water in the foreground, which perfectly reflects the dense forest lining the opposite shore. The sky is a soft, hazy blue, suggesting a misty or early morning atmosphere. The overall scene is peaceful and natural.

About WSP and Our TCFD Approach

WSP meets client needs with multidisciplinary services across sectors, industries, and geographies



50,000
Employees



550
Offices

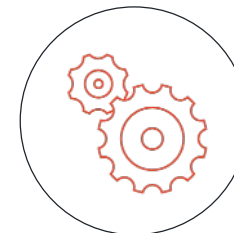


40
Countries

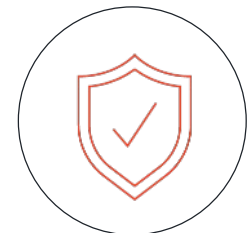
- We engineer some of the tallest buildings, design complex infrastructure systems, and advise on innovative corporate programs to be Future Ready™
- Our professionals live and work in the places where we partner with clients to help the local economy and society prosper
- We thrive on tackling complex challenges with innovation, creativity, and passion
- We draw on the skills and experience of our organization to collaborate with clients in developing a systematic approach to identify and implement viable solutions



**Collaborative
approach**



**Strategic advice,
technical expertise**



**Independent
perspective**

SECC Team Statistics (as of October 2020)

- 53 staff and growing!
- 29 clients in Fortune 100
- 48 clients in Fortune 500
- Top 5 client sectors, by revenue: 1) technology; 2) financial services; 3) consumer products [including apparel]; 4) utilities; 5) real estate

We take pride in advancing our own sustainability and resilience



Achieved an “A-” for response to CDP Climate Change Questionnaire Score



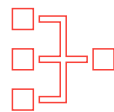
Named “Most Sustainable Company in the Engineering Industry – 2019” by *World Finance* magazine



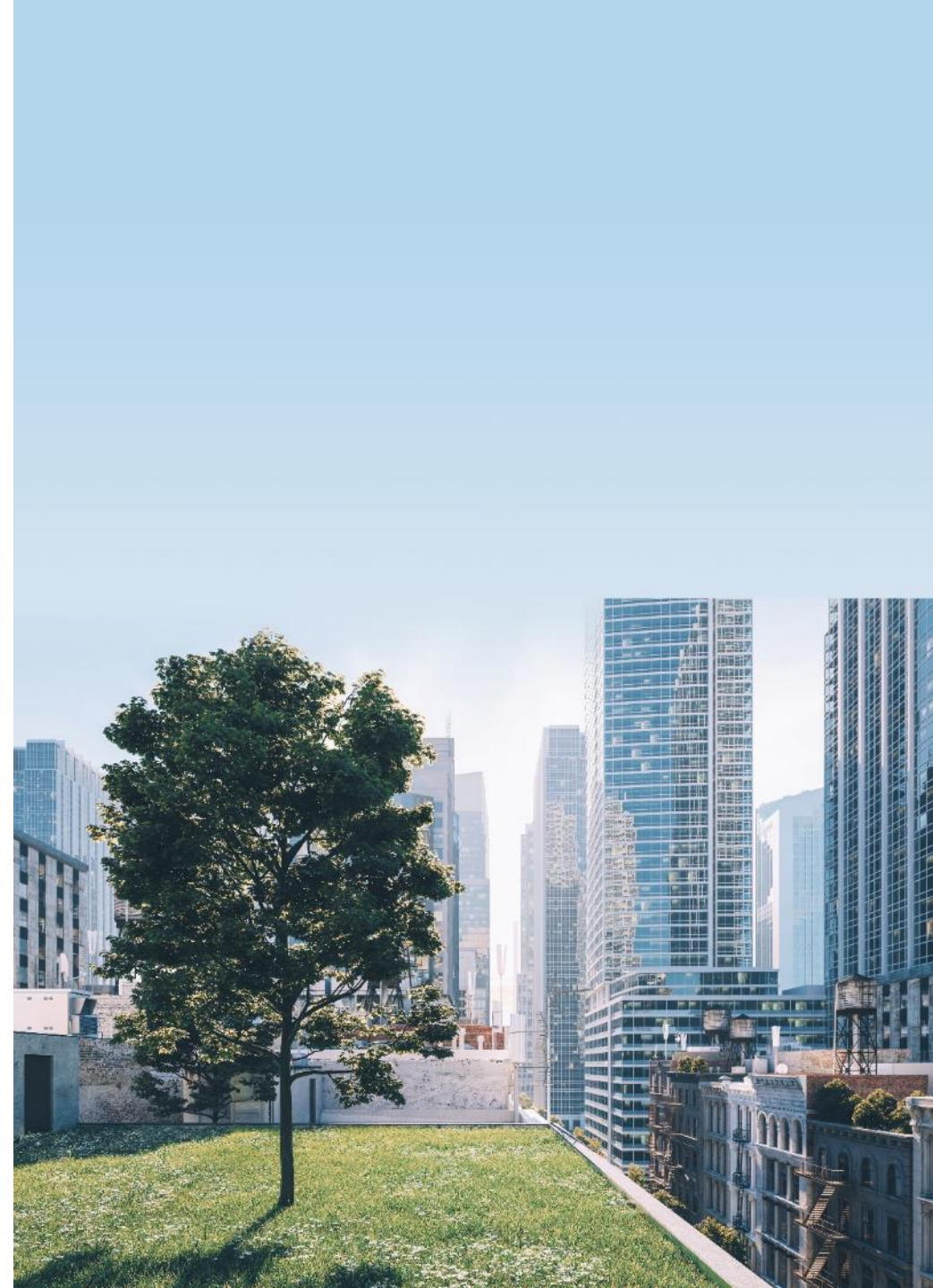
Became a signatory to the United Nations Global Compact (UNGC)



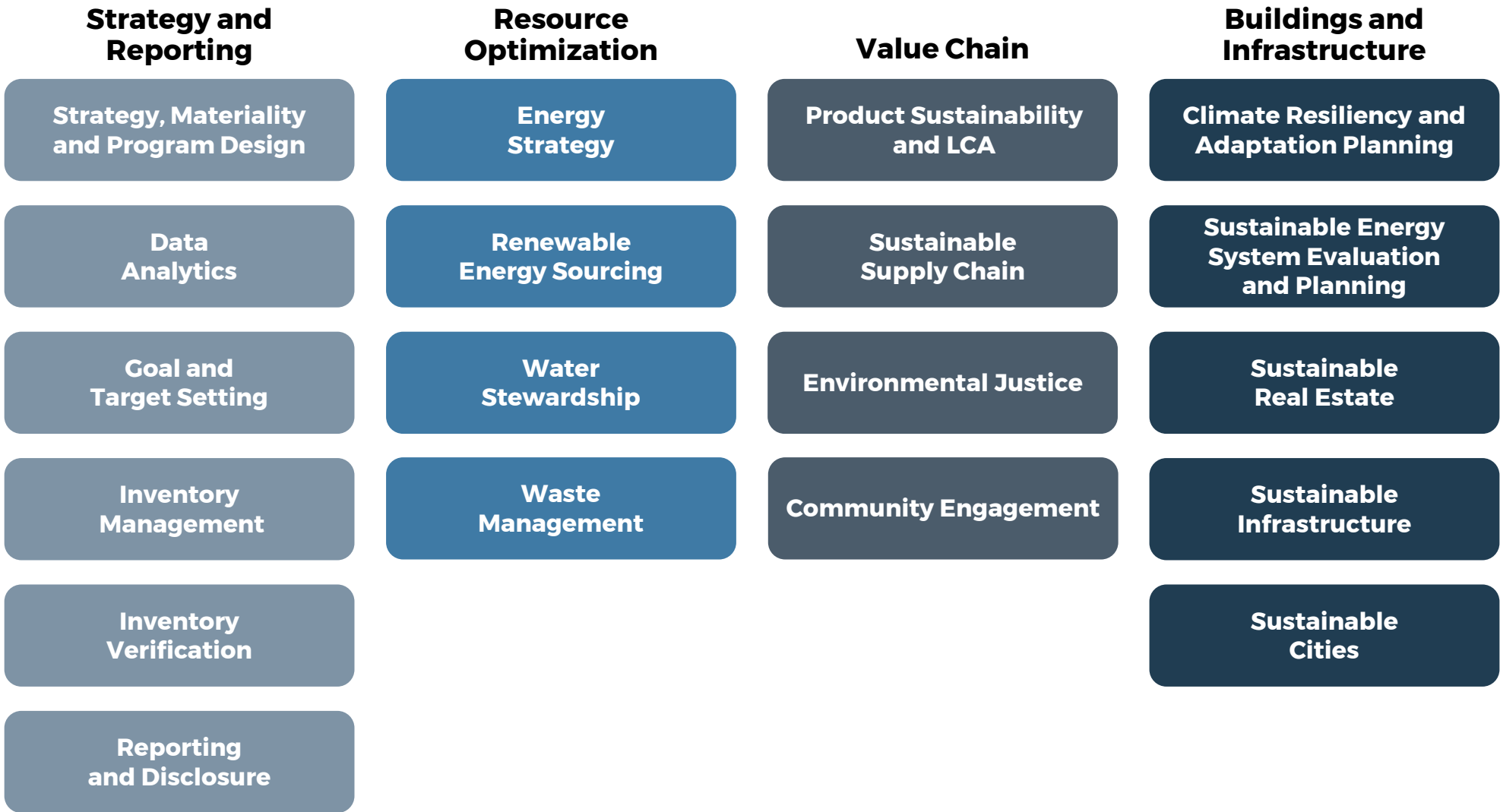
Became first professional services firm to sign sustainability-linked credit terms in the Americas



Continued our alignment with the TCFD recommendations

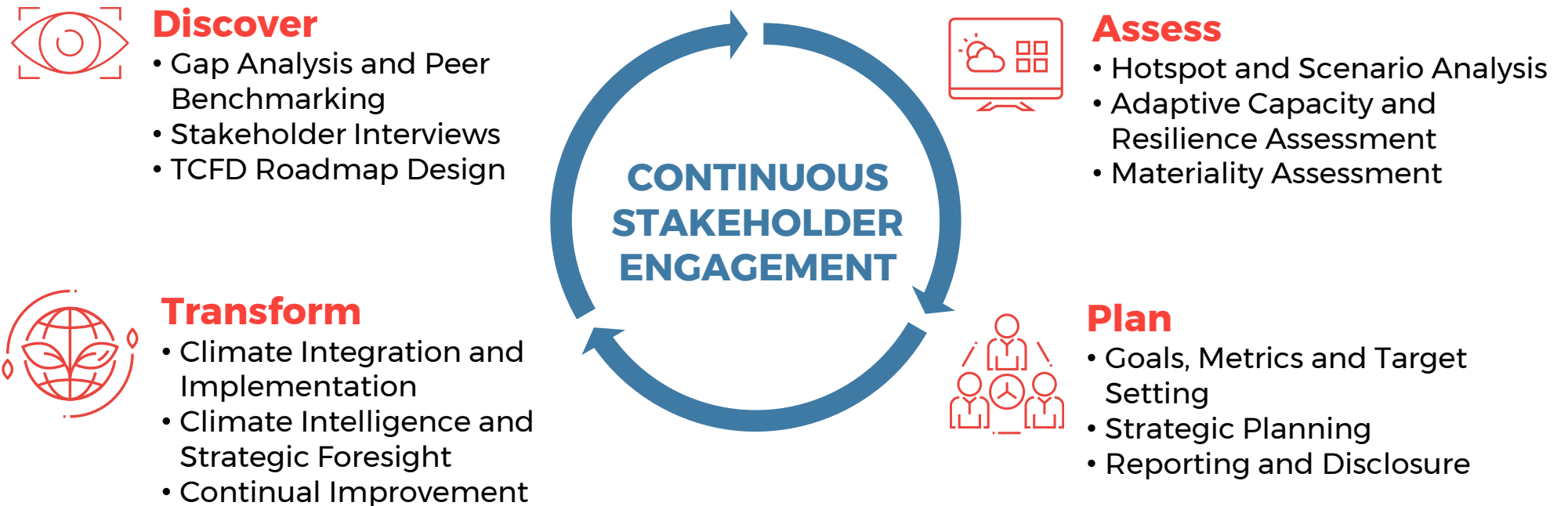


Our sustainability team works across the spectrum, from strategy to execution to address all ESG topics



We take a phased approach to align with the TCFD

Since TCFD's inception in 2015, we have partnered with clients across sectors and industries to provide technical and strategic support. We leverage our domain expertise to support clients ESG priorities and have successfully developed sustainable and resilient business strategies to meet investor demands.



Our global TCFD experience and services can help enhance an organization's overall sustainability and resilience. Our TCFD services are conducted in alignment with the Final Report: *Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)* and in partnership with our clients.

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are reflected in each other's windows. In the foreground, the dense green foliage of trees is visible, partially obscuring the lower parts of the buildings. The sky is a clear, pale blue.

Our Panelists

Our panelists today bring a unique perspective on the progression of corporate climate leadership



Ken Sparkman
Sustainability and
Environmental
Compliance Lead



Jamie Jones Ezefili
Vice President, Senior
Project Manager,
Corporate Social
Responsibility



Kristopher Canto
Senior Analyst,
Enterprise Risk
Management



Dr. Paul Munday
Associate Director,
Climate Adaptation and
Resilience



Emily Wasley
Practice Leader
Corporate Climate Risk,
Adaptation, and Resilience





Emily Wasley, CC-P®, CMAP

Practice Leader and Future Ready™ Advisor
Sustainability, Energy and Climate Change
WSP USA

Direct: +1 415 243 4762

Email: emily.wasley@wsp.com





Microsoft's Climate Risk + Resilience Journey

December 15, 2020

About Me

Ken Sparkman

Sustainability and Environmental Compliance Leader
Microsoft

- Over 20 years of experience in environmental compliance and sustainability
- Responsible for Microsoft's environmental compliance, environmental and sustainability risk mitigation, and climate risk and resilience management
- Previously worked at IBM Cloud, Apple, Honeywell, Chevron, BAE Systems, and the City and County of San Francisco



Microsoft's Climate Leadership and 2020 Announcements

Our mission is to empower every person and organization on the planet to achieve more.

CARBON

- Carbon Negative by 2030
- Remove our historical carbon emissions by 2050
- \$1 billion climate innovation fund

WASTE

- Achieve zero waste by 2030
- Investment in new Circular Centers
- Eliminating single-use plastics in packaging by 2025

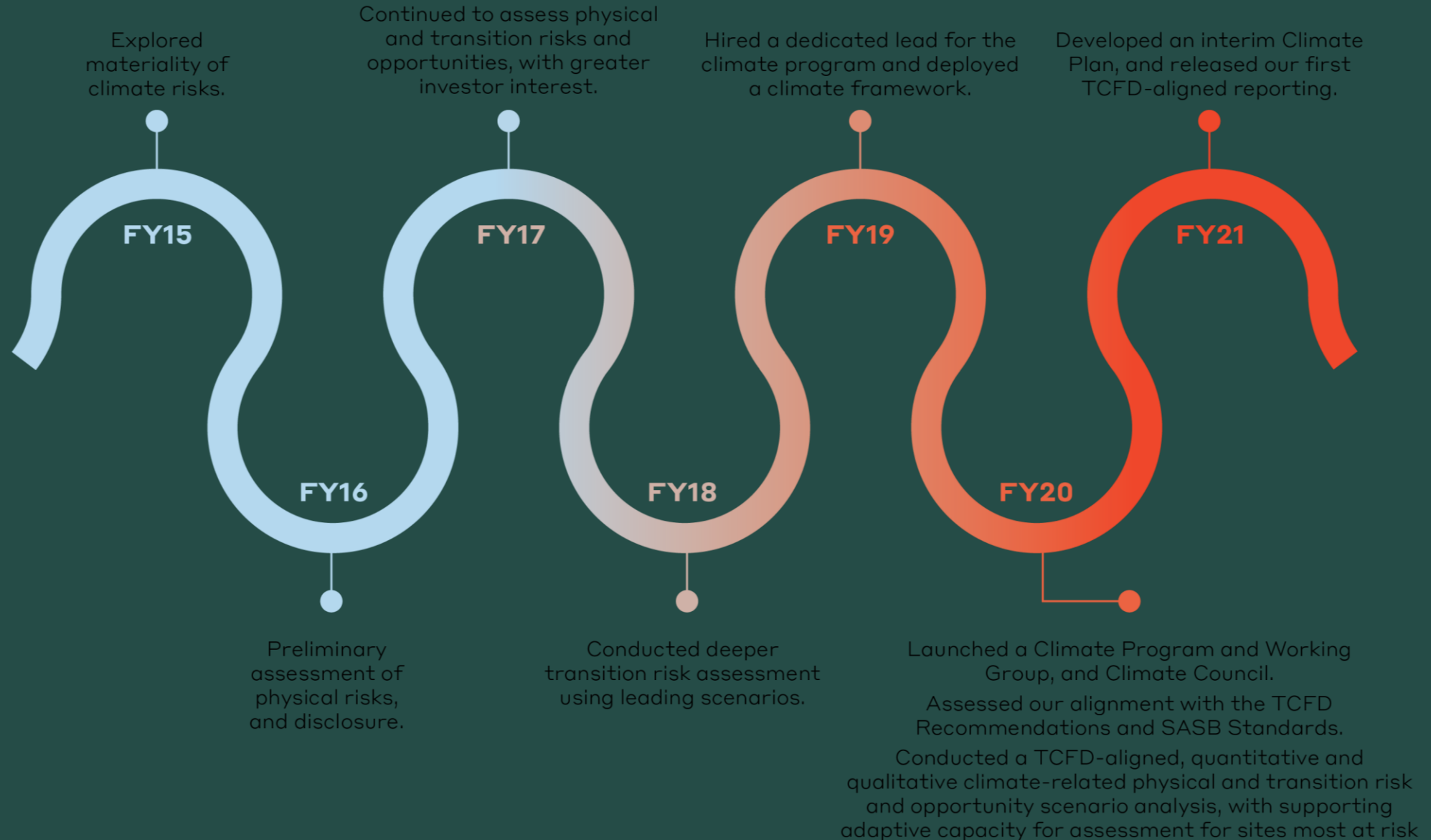
ECOSYSTEMS

- Preserving and protecting the biodiversity and health of the world's ecosystems
- Building a Planetary Computer
- Protect more land than we use by 2025

WATER

- Water positive by 2030
- Replenish more water than we consume globally by 2030
- Digitizing water data
- Engaging in public policy to increase water access and availability and improve quality
- Protecting the world's oceans

The Evolution of Microsoft's Climate Risk + Resilience (CR+R) Program



Our CR+R Goals

1. Assess the adaptive capacity and resilience of our top “at-risk” locations and further our alignment with the TCFD recommendations and SASB standards by 2021.
2. Identify, assess, and integrate equitable climate risk and resilience across our investments, commitments, operational plans, and preparedness and response systems by 2025.
3. Equitably minimize Microsoft’s climate-related risks, maximize its climate-related opportunities, and enhance its enterprise, operational, and supply chain resilience by 2030.

Acceleration of Climate Leadership

PRESENTED BY

Jamie Jones Ezefili
Vice President, Corporate Social
Responsibility

NORTHERN TRUST

FOUNDED IN CHICAGO, WE HAVE BEEN PROVIDING CLIENT-CENTRIC FINANCIAL SOLUTIONS FOR MORE THAN 130 YEARS

FROM 1889...



...TO 2020



NORTHERN
TRUST

BRAND STRENGTH BUILT UPON OUR HERITAGE

- Our vision is to be our clients' **most trusted financial partner**, delivering industry-leading capabilities through **exceptional people** and **innovative technology**
- Consistently creating **long-term value**, making a **positive difference** to our shareholders, clients, employees and our global communities

Focused on our
core businesses

A history of
organic growth

Distinctive
financial
strength

Conservative yet
flexible business
model

Record of
managing long-
term profitable
growth

One of the most
highly respected
institutions in the
world

GLOBAL PRESENCE

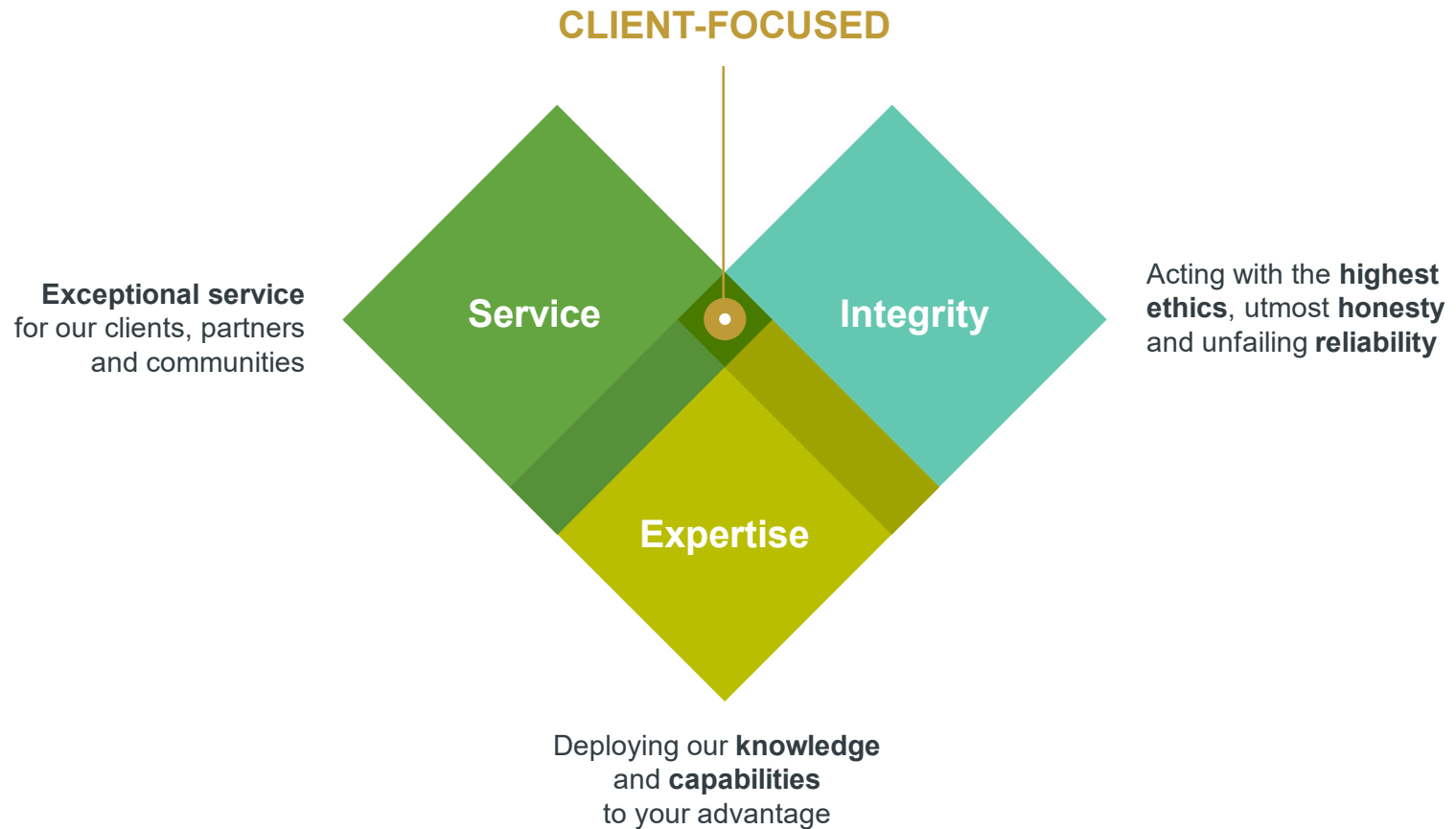
A TRULY GLOBAL FINANCIAL SERVICES PARTNER, COMBINING WORLDWIDE COVERAGE WITH LOCAL EXPERTISE



Figures as at September 30, 2020. Source: Northern Trust

COMMITTED TO OUR CORE VALUES

CORE PRINCIPLES THAT GUIDE EVERYTHING WE DO FOR CLIENTS, PARTNERS AND THE COMMUNITIES WE SERVE



For more information on Northern Trust's history, core values and how they inform our approach please visit northerntrust.com/about-us/history-culture

A FOCUSED BUSINESS MODEL

ASSET SERVICING, ADMINISTRATION, INVESTMENT, BANKING AND FIDUCIARY TRUST SOLUTIONS FOR SOPHISTICATED INDIVIDUAL AND INSTITUTIONAL INVESTORS ACROSS THE GLOBE

ASSETS:*

\$13.1T

UNDER CUSTODY/ADMINISTRATION

\$10.1T

UNDER CUSTODY

\$1.3T

UNDER MANAGEMENT

25

LOCATIONS

A MODEL FOCUSED ON THREE CORE BUSINESSES:



OUR CLIENTS:

- Financial institutions
 - Insurance companies
 - Not-for-profit
 - Pension funds
 - Sovereign entities
-
- Alternative managers
 - Fiduciary managers
 - Investment managers
-
- Families
 - Family offices
 - Individuals
 - Private businesses
 - Trusts

* All figures as of September 30, 2020.. Source: Northern Trust. Figures for AuC and AuM are rounded

SUSTAINABILITY HIGHLIGHTS

NORTHERN TRUST IS HONORED AS A LEADING GLOBAL FINANCIAL INSTITUTION, A TRUSTED SERVICE PROVIDER AND A LEADER IN SUSTAINABILITY.



\$106.6B
ASSETS UNDER
MANAGEMENT IN
SUSTAINABLE
STRATEGIES*



MSCI RATING – **AA**

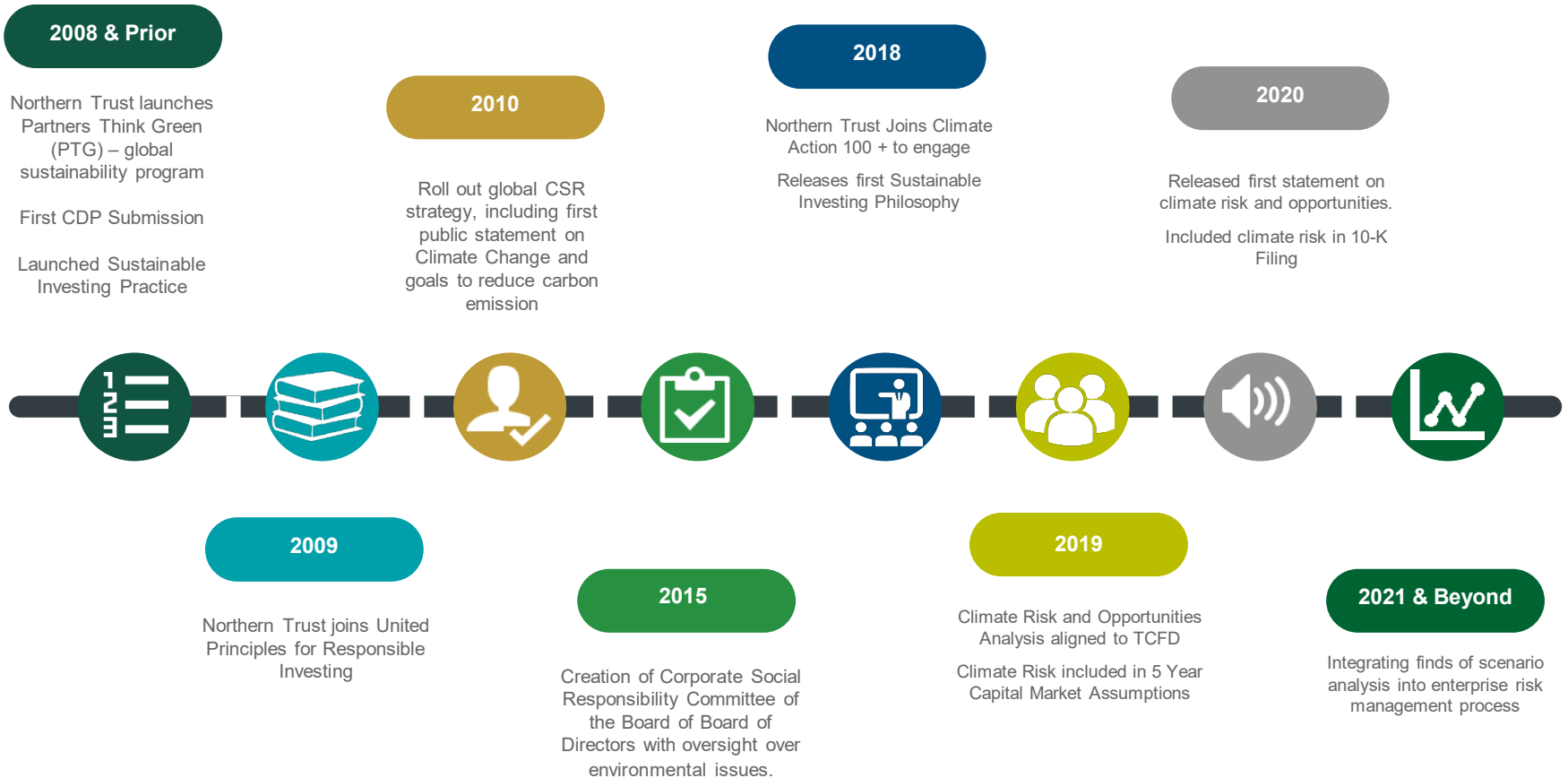
CDP **A** LIST, 2020



PRI REPORT
RECEIVED **A+** IN
STRATEGY AND
GOVERNANCE

ACCELERATING CLIMATE LEADERSHIP

DEVELOPING A STRONG LEADERSHIP POSITION ON CLIMATE





NORTHERN
TRUST



Corporate

Climate Action

Insurance Leadership in Climate Risk & Resilience



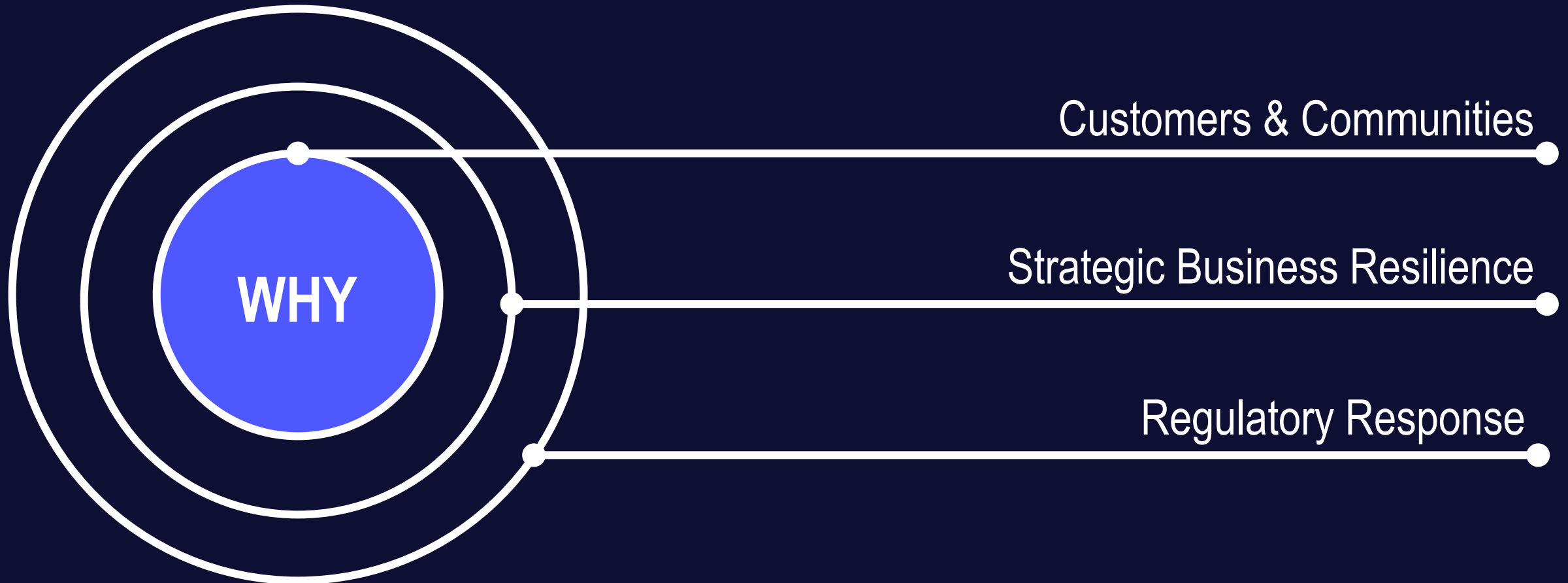
1 | Key Takeaways

1. American Family Insurance has evolved from our foundations in environmental sustainability and corporate responsibility to a place of corporate advocacy and community resilience.
2. Public-private partnerships and strategic relationships are critical to the success of this work.
3. The insurance industry can be a leader in climate risk and resilience by putting our customers and their communities at the center of climate risk discussions and investing in adaptation measures.

2 | American Family Insurance Enterprise

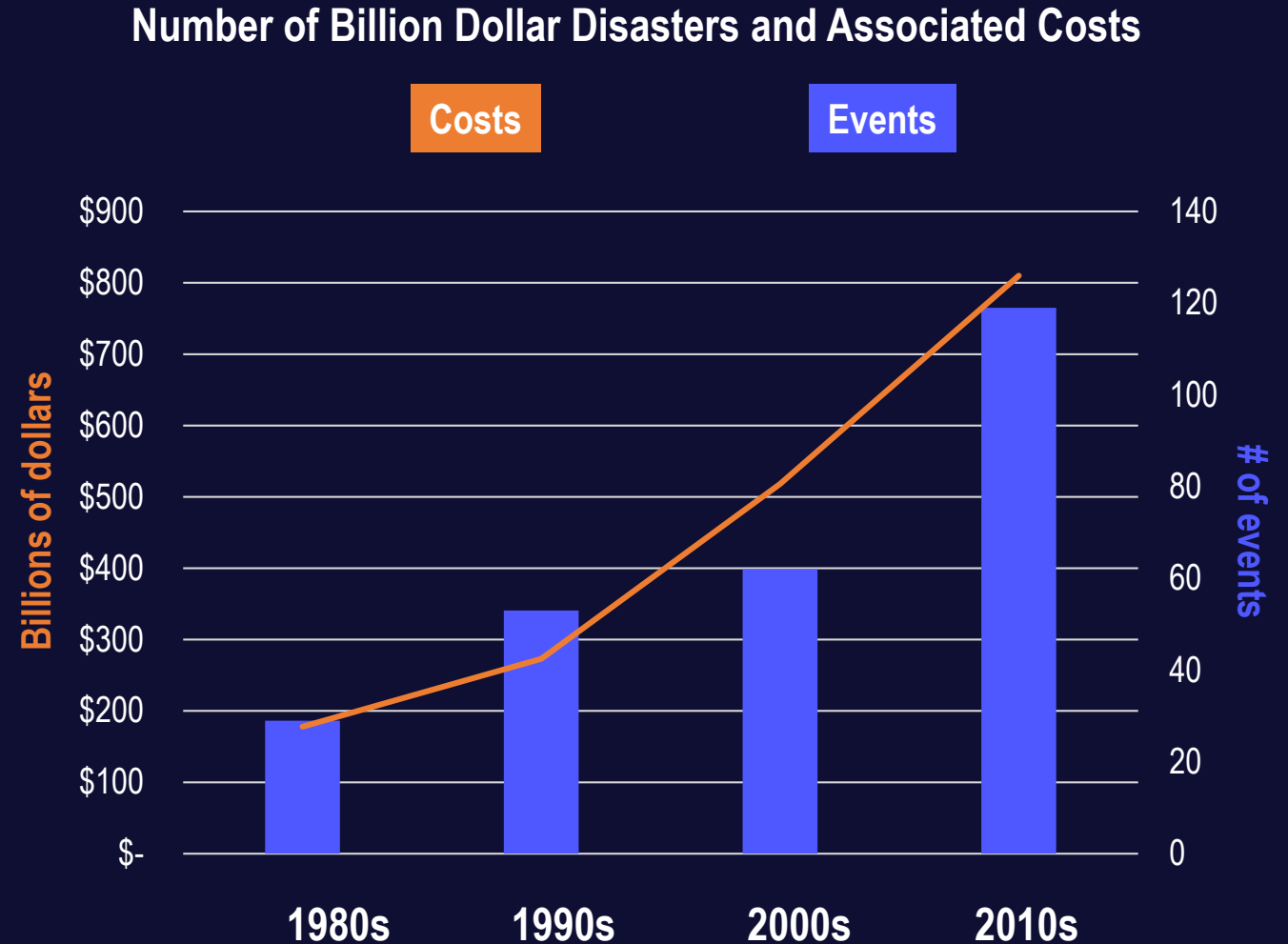


3 | What is influencing action?



4 | Catastrophic events and associated costs are increasing

1. The U.S. experienced more than twice the number of billion-dollar disasters during the 2010s than the 2000s decade.
2. Four of the five most costly U.S. billion-dollar disasters occurred in the 2010s (i.e., Hurricanes Harvey, Irma, Maria, and Sandy).
3. The two most destructive and costly wildfire seasons in U.S. history have taken place over the last three years, with losses exceeding \$40 billion, with much of this damage in California.
4. In 2020 (as of October 7), there have been 16 weather/climate disaster events with losses exceeding \$1 billion each to affect the United States.



5 | Our Journey: Sustainability to Climate Risk and Resilience

1. Sustainability (Land, Waste, Water, Energy)
2. Corporate Responsibility (Community, Environment & People)
3. Social Impact (Strategic Partnerships and VC Investments)
4. Corporate Advocacy (Public Policy)
5. Climate Risk (Financial Stability) and Community Resilience (Adaptation)

6 | Increasing awareness of climate-related financial risk

- **Global:** Climate risk reporting/disclosure becomes mandatory for some large companies around the world (i.e., UK and NZ).
- **National:** U.S. Commodity Futures Trading Commission's Climate-Related Market Risk Subcommittee of the Market Risk Advisory Committee (MRAC) released a report entitled Managing Climate Risk in the U.S. Financial System.
- **National:** The U.S. Federal Reserve for the first time called out climate change among risks enumerated in its biannual financial stability report. Fed Reserve Applies to join Network for Greening the Financial System (NGFS).
- **State:** The New York Department of Financial Services (DFS) issued an Insurance Circular establishing expectations of the insurance industry in managing the financial risks from climate change.
- **Industry:** The American Property Casualty Insurance Association (APCIA) announces guiding environmental principles.

7 | Insurance Leadership in Climate Action

1. Weather/Catastrophe Modeling Accounting for Climate Change
2. Climate Risk Assessment and Scenario Analysis
3. Customer Engagement and Education on Personal Climate Resilience
4. Public-Private Partnerships on Regional/Community Resilience
5. Industry and Regulatory Discussions on Financial Stability

Thank You

Email: kcanto@amfam.com

<https://www.amfam.com/about/corporate-responsibility>

<https://www.amfam.institute.com/>



AMERICAN SOCIETY OF ADAPTATION PROFESSIONALS

Reflection & Discussion

Dr. Paul Mundy, Associate Director,
Climate Adaptation and Resilience
S&P Global Ratings

Thank you to our presenters, discussant & moderator!

- ▶ **Ken Sparkman**, *Climate Risk + Resilience Management Lead, Microsoft*
- ▶ **Jamie Jones Ezefili**, *Vice President, Senior Project Manager, Corporate Social Responsibility, Northern Trust*
- ▶ **Kris Canto**, *Enterprise Risk Management Senior Analyst, American Family Insurance (AmFam)*
- ▶ **Dr. Paul Munday**, *Associate Director, Climate Adaptation and Resilience at S&P Global Ratings*
- ▶ **Facilitator: Emily Wasley**, *Practice Leader, WSP's Sustainability, Energy and Climate Change team and ASAP President-elect*

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Co-Creation Webinar Series

Webinar 5 - 6

February & April 2021

February 2021

*Resolving Partisan Divide with Resilience
Solutions*

NEMAC/Fernleaf

April 2021

TBD

Contact Beth Gibbons

Bgibbons@adaptpros.org

www.adaptationprofessionals.org/adaptation-co-creation-series/

Join Us

When you become a member of ASAP, you get access to our resources as well as our network of professionals who are tackling climate change challenges every day, just like you.

- ❑ Individual Memberships begin at \$150
- ❑ Customized Sponsorships & Organizational Packages beginning at \$1,500



www.adaptationprofessionals.org/join-us

The climate is changing.

Now is the time for action. This is the place for you.

Join Us



Learn More: www.AdaptationProfessionals.org

Beth Gibbons, Bgibbons@adaptpros.org