



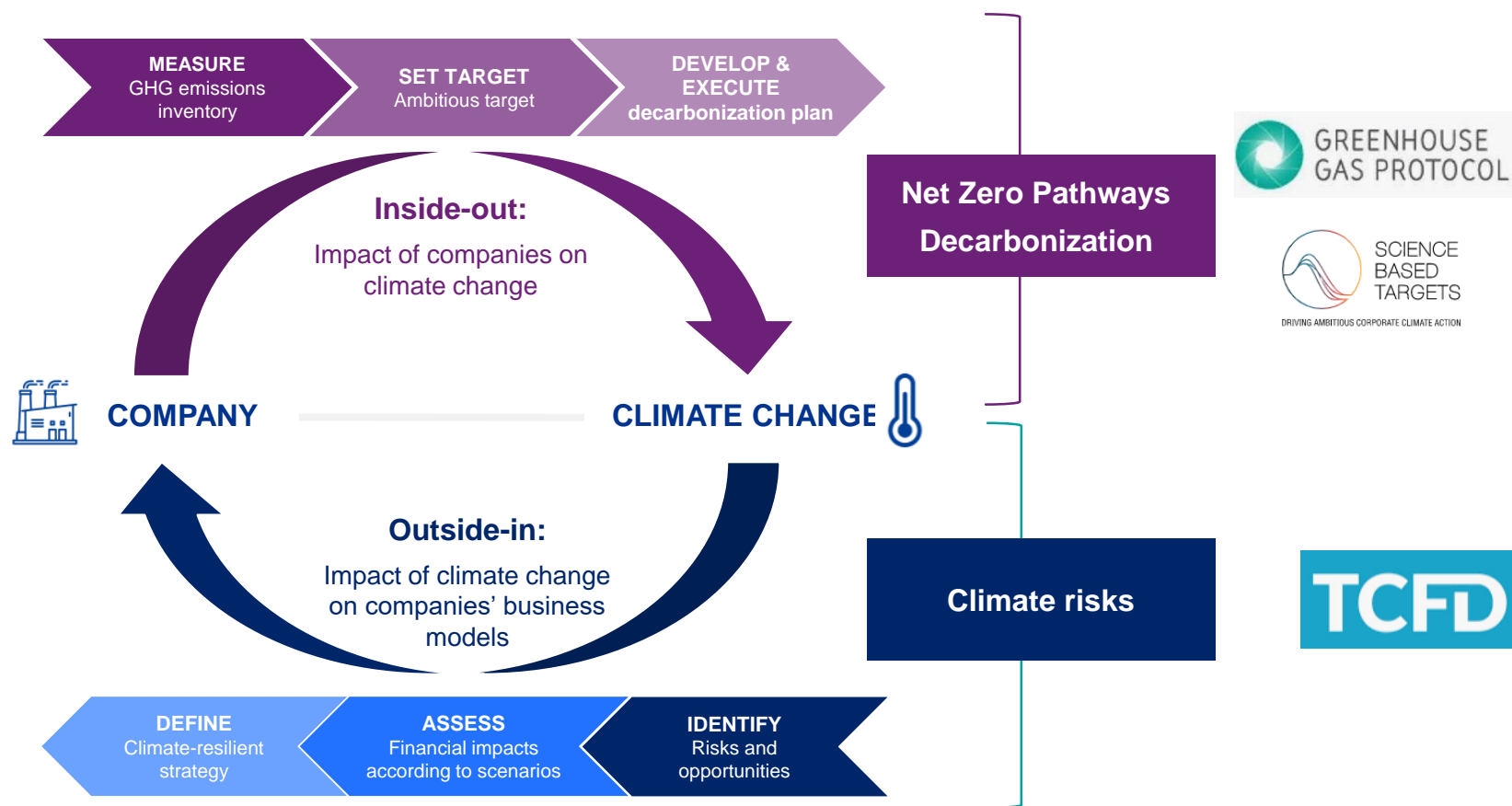
Our views on implementing the TCFD recommendations

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Strategic considerations

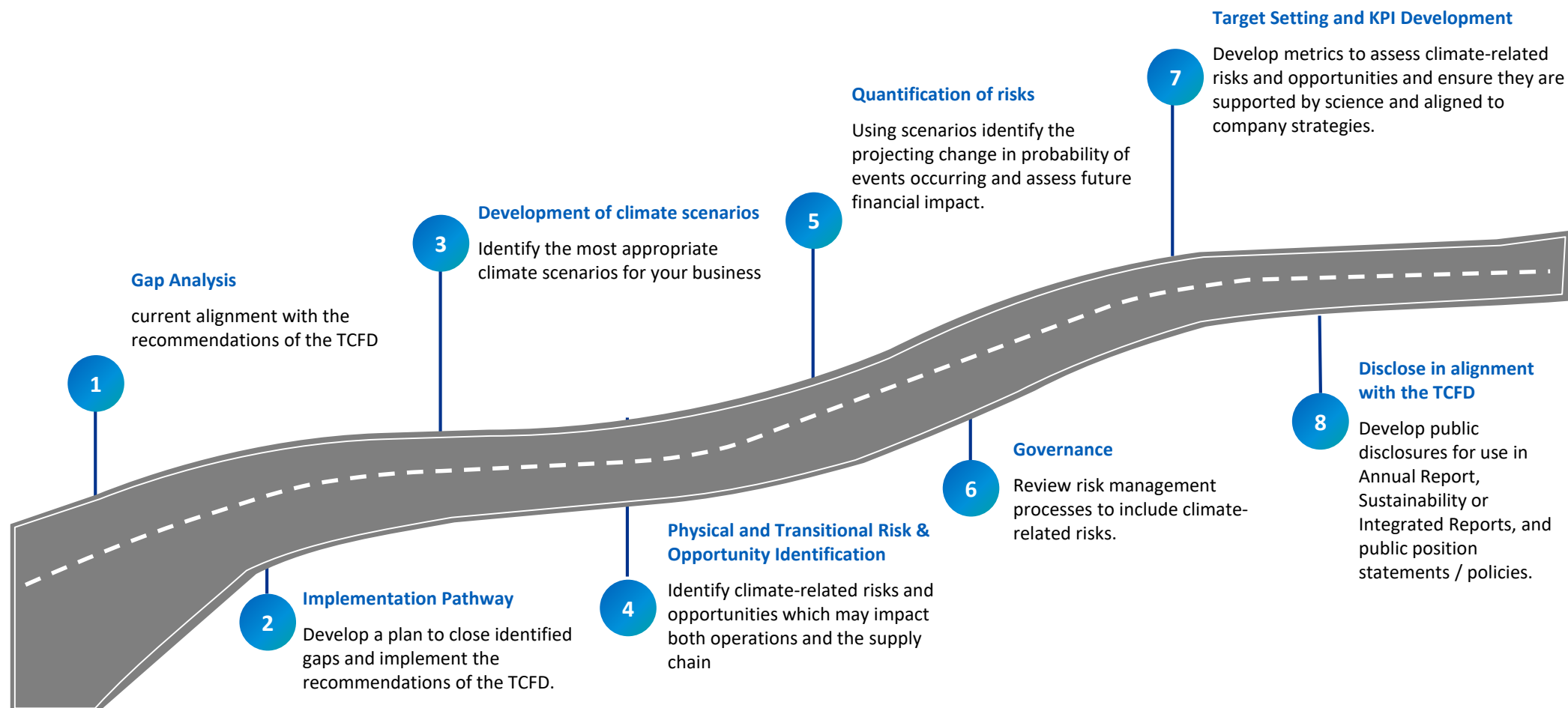
climate change should be considered from both the Inside-Out as well as the Outside-In

perspective



TCFD Implementation Roadmap

KPMG has worked with a range of organisations to implement all aspects of the recommendations of the TCFD. Below is a summary roadmap



Key considerations for setting the right approach from the start



Next to guiding disclosure, applying the TCFD framework informs strategy, requiring top management buy-in



Key scoping elements of the scenarios are temperature trajectories, time horizon and at least two scenarios



Data availability, both internally and externally may complicate and delay quantification



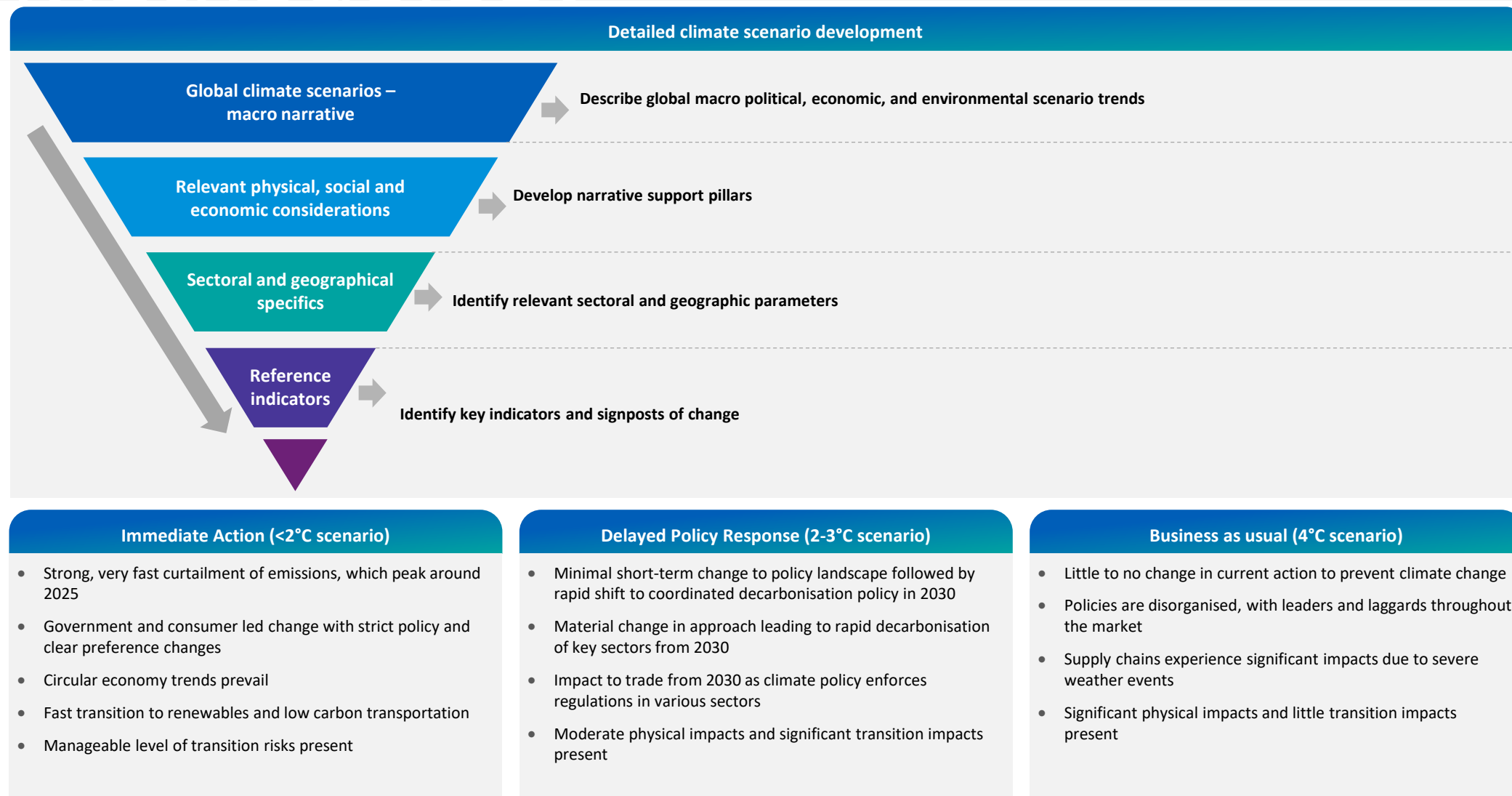
Stakeholders engagement is key to ensure a common understanding, buy-in and smooth integration



Risk integration comprises multiple elements for consideration

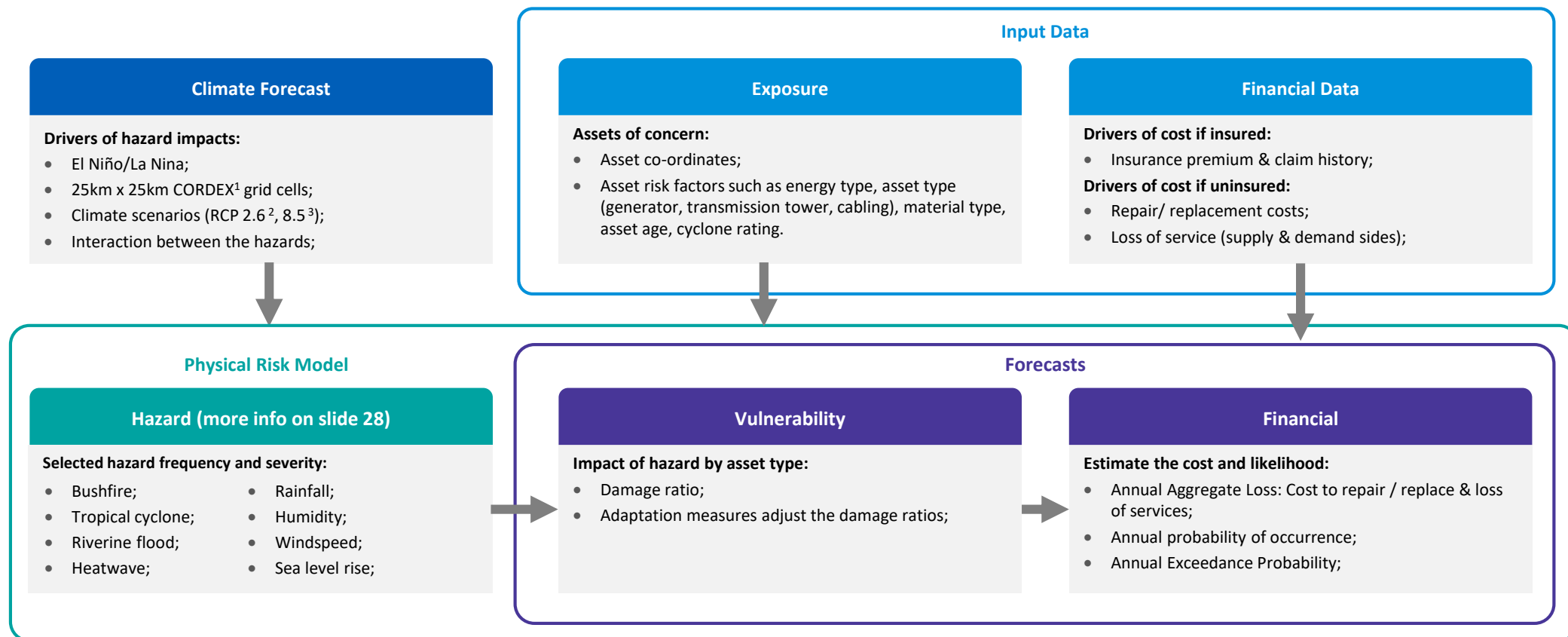
Scenario Development

KPMG utilises a top down and collaborative approach to developing climate scenarios and applying those scenarios across your business operations, supply chains, and customers to identify climate-related physical and transition risks.



Physical Climate Risk Assessment

KPMG can also offer customized and detailed physical risk assessment. In addition to repair & replacement cost, we can also offer loss of service impacts due to natural hazards where if one asset fails a broader loss of service occurs.



¹ Coordinated Regional Climate Downscaling Experiment

² Risk Concentration Pathway 2.6 scenario will result in an average global warming between 0 to 2 degrees above pre-industrial times by the year 2100.

³ Risk Concentration Pathway 8.5 scenario and will result in an average global warming between 3 to 5 degrees above pre-industrial times by the year 2100.

Our climate tool will help visualize & prioritize risks, countries, sites, suppliers, ...



Our climate tool can help you understand **what latest climate data science and political development** can look like in different scenarios ...

... but **more importantly** we can help understand **what these mean** for the company

ILLUSTRATIVE

Water scarcity

Increase in temperature

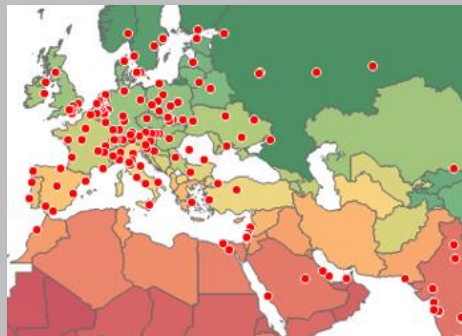
Heat wave days



Change in growing season length

Child labour (climate change)

Carbon price + 16 maps



Possible negative impacts

- ⬆ **energy costs** at manufacturing sites for cooling
- ⬆ **cost of supply** due to disruptions related to heat stress and droughts
- ⬇ **workers' productivity** (e.g. supply chain)
- ⬆ **health issues** impacting suppliers, staff and providers
- ⬆ **migrant flows**, favoring vector-borne disease and rising health challenges

Possible positive impacts

- ⬆ **demand for certain products**
- ⬆ **need for research and development of new/existing products**

● Mock disclosure that could represent the company's assets, operations, R&D centers, suppliers, markets, etc

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Cont



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