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XDI joins Legal & General, Baringa to launch global best-practice Climate Risk Framework for TCFD reporting

SYDNEY, 12 March 2020 – Australian-based clim-tech company XDI today joined global companies Legal & General Investment Management (L&G) and Baringa Partners to launch a new, market-leading Climate Change Risk Framework using the most comprehensive climate change data available worldwide.

With financial regulators globally calling for stress testing climate risk, firms may soon be required to test the physical and transition risks of climate scenarios as impacts increase due to climate change.

L&G, the UK's largest investment company, working with XDI on climate physical risk and Baringa on transition (emissions reduction) risks, has developed a new Climate Change Scenario Model that allows businesses to produce end-to-end, transparent and highly interactive climate risk data. It is the world's first portfolio-scale TCFD reporting tool covering counterparty company assets.

XDI analyzed 1.8million assets associated with 1,800 listed companies in the US, Canada, Europe, Africa, the UK and Australia against multiple climate risk hazards including flooding, coastal inundation, heat, drought and forest fire. XDI's data and analysis are the basis for the physical risk quantification in the new framework launched in London today.

"XDI can now offer the finance sector the most comprehensive climate risk assessment available in line with TCFD physical risk reporting," said XDI CEO Rohan Hamden. "The new tool also allows investors, potential buyers and regulators to carry out detailed analysis on companies and their assets independently."

"The ability to assess a company's climate risk independently is a game-changer. A company can no longer hide risk and the potential cost impacts from extreme weather and climate change," Hamden said. "With our new framework, those who have lagged behind in assessing and reporting climate risk are vulnerable in a market where detailed, counterparty assessment is now being carried out."

XDI's climate risk analysis uses scenarios integrated in a methodologically rigorous way using models that capture detailed interconnectivity in the system. This is considerably more accurate than previously-used top-down catastrophe modelling. XDI's analysis has already been applied to large-scale datasets on company assets worldwide.

"We at XDI hope the new framework will not only provide a more objective understanding of business climate risk but make it clear that independent climate analysis -- not just self disclosure -- is now possible," Hamden said. "Investors like L&G can now undertake climate change risk analysis across all of a target company's physical assets anywhere in the world."

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Background:

XDI: <http://xdi.systems/>

Legal & General Investment Management: <https://www.lgim.com/>

Baringa Partners: <https://www.baringa.com/en/>

