



MEDIA RELEASE

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NEW DATA RANKS 1000 GLOBAL COMPANIES' EXPOSURE TO CLIMATE CHANGE

Financial markets and investors are flying blind on the financial impacts of physical risk that publicly listed companies are facing due to climate-exacerbated extreme weather events, with new data suggesting revenue impairments are set to increase 90% by 2050 from 2020 levels under the current emissions trajectory.

The XDI 1000, a new data set published today, ranks 1,000+ companies listed across eight global indices, including the ASX200, CAC 40, DAX, FTSE 350, HSI, NI 225, S&P 500 and STI, and quantifies the physical climate risk to owned or leased operational assets.

Ranking is based on the number of high-risk properties, asset damage, and productivity loss due to extreme weather events like flooding, storms and heat-waves.

The new data suggests climate change has already increased annual average damage risks by 36% in Europe and 45% in Asia since 1990, and that under current emissions trajectory those impacts will increase up to threefold by 2050.

Companies listed on exchanges in Asia are the most at risk of asset damage from extreme weather events, in particular flooding. Operational assets owned and leased by companies on the Nikkei are the most exposed, followed by companies listed on indices in Hong Kong, Singapore and France and UK.

Analysis of productivity loss, which measures impacts on production other than damage (e.g., from heat stress on equipment and employees), shows the ASX and the Hang Seng are currently the most exposed, but they will be overtaken by the worsening impacts on the Nikkei and FTSE in decades to come.

This is the first time such a data set has been published, using a like-for-like methodology across the sample of 2.1 million properties, providing an independent standardised physical risk benchmark of the world's leading companies relative to each other, both now and as it changes over time.

XDI CEO Rohan Hamden said the sobering insights offered by the XDI 1000 highlighted the need for a global and consistent approach to climate-related financial disclosures (TCFD) reporting, with careful consideration of the metrics used to measure climate physical risk.

"The reality is that companies are already experiencing losses as a result of extreme weather events caused by climate change," XDI CEO Rohan Hamden said.

"We should prepare for these impacts to worsen in all markets but some listed companies and indices will be harder hit than others."

“We published the XDI 1000 Benchmark because there is currently no single source of truth about the cost of physical risk caused by climate change, because companies are self-assessing climate risk using a myriad of different methods.”

“A globally consistent approach to assessing physical climate risk is the only way for regulators, investors and companies to cut through the forest of conflicted self-reporting and see the very real threat that climate change poses to the stability of financial markets,” said Mr Hamden.

“Market regulators around the world are already turning their attention to the economy-wide impacts of escalating costs, revenue impairments and operations disruptions due to extreme weather events caused by climate change. This Benchmark is a step towards standardising a physical risk methodology so investors can compare like for like,” Mr Hamden said.

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To access the XDI 1000 Benchmark and search by market index or company visit:
<https://xdi.systems/xdi-1000-benchmark/>

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Notes to Editors

About XDI

XDI are global leaders in physical climate risk analysis. XDI utilises multi-company data to quantify the impact of a range of climate change hazards on companies’ assets measured from 1990-2100.

XDI is an Australian-based company that was established in 2006. Today, its data scientists utilise both machine learning and company confirmation to continuously enhance its unique database of more than 2.1 million company owned and leased properties around the world.

XDI has created a whole-system view of climate impacts that accounts for all physical risks. Its independent data is designed to empower business, government and financial markets to manage revenue impacts and identify opportunities for adaptation.

About the XDI 1000

XDI uses multi-company data to quantify the impact of a range of climate change hazards on a company’s assets over time, using a range of climate change scenarios, measured over the time period 1990-2100.

XDI 1000 is built upon its unique database of company owned and leased properties around the world. XDI’s data scientists use both machine learning and company confirmation to continually improve asset accuracy.

Where does XDI get its data from?

The XDI 1000 Benchmark Series is produced independently of the companies it analyses, utilising and cross referencing a variety of commercial and private databases with its own data and software, which it has built from 2006. It uses multiple techniques for discovery of physical assets owned or used by the listed companies and their subsidiaries around the world.

How does XDI measure physical climate risk?

XDI uses multi-company data to quantify the impact of a range of climate change hazards on each company's physical assets in the time period of 1990-2100.

The Benchmark is based on three key metrics:

- **Maximum value at risk (MVAR):** measures the overall potential damage costs caused by climate-related hazards of all assets as a proportion of the total asset replacement cost. It is the product of the probability of that hazard causing damage to components of the asset and the proportion of the asset's value affected by that hazard.
- **High risk properties (HRP):** measures the number or percentage of assets owned by the company which are at high risk from physical impacts of climate change. High-risk properties are typically characterised as having substantial exposure and vulnerability to severely damaging hazards such as flooding or coastal inundation; as opposed to soil contraction or forest fire, which may cause only minor damage or where the probabilities of losses remain small.
- **Productivity loss (PL):** refers to losses resulting from a reduction in an organisation's ability to execute on its primary function and/or losses that result from personnel being paid but unable to perform their duties. PL is measured in half days of interrupted trading or operations. An example of this could be because of access roads being inaccessible due to flooding or other hazards or otherwise blocked, loss of power supply, or extreme heat impacting interfering with air conditioning and making working conditions unsafe.

NB: In the XDI 1000 data set, values for each metric are normalised based on the 1990 average for all indices in order to protect data. The graphs plot each index starting at or around 1, and the increases are shown relative to this point. Actual values for all metrics are available in XDI commercial reports for individual or multiple companies.