

Assess the risks posed by
changing climate conditions.

Climate Risk Scenarios

Climate change will affect economies through physical risks such as rising sea levels, and transition risks such as higher energy costs and changes in energy consumption. As the threats from climate change mount, businesses are focusing on quantifying what these physical and transition risks mean for them.

CLIMATE RISK SCENARIOS BASED ON THE NETWORK FOR GREENING THE FINANCIAL SYSTEM'S PHASE II GUIDANCE

Using the Moody's Analytics Global Macroeconomic Model, we have produced a set of climate risk scenarios consistent with the NGFS Phase II framework. Moody's Analytics Climate Risk Scenarios provide four alternative pathways forecasting the physical and transition risks to the economy for more than 70 countries and 18,000 macroeconomic variables. The expansive scope of climate-related macroeconomic data allows organizations to analyze business impacts and stress their portfolios for the risks posed by climate change.

UNPARALLELED COVERAGE AND RIGOR

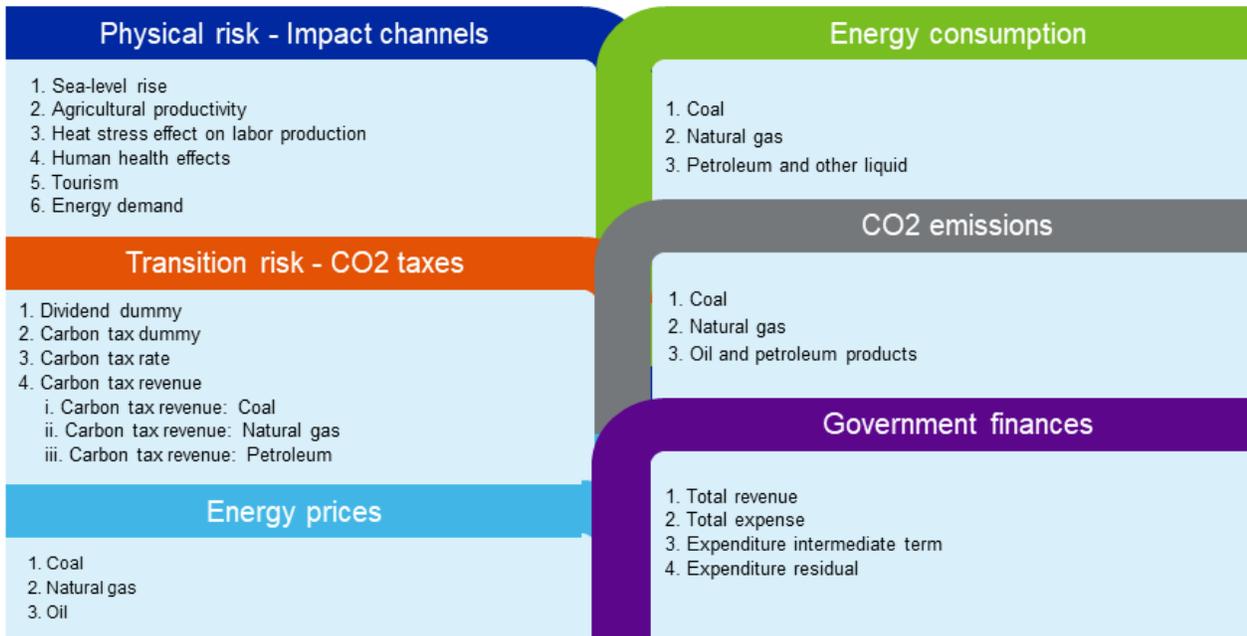
- » Available for more than 70 countries
- » Additional climate-specific macroeconomic data for 20+ countries
- » High-frequency forecasts with a 30-year horizon
- » Biannual updates
- » Industry-level forecasts
- » Reflects real-world impacts from cross-border linkages in the Global Macroeconomic Forecast Model

A FLEXIBLE AND TRANSPARENT SOLUTION

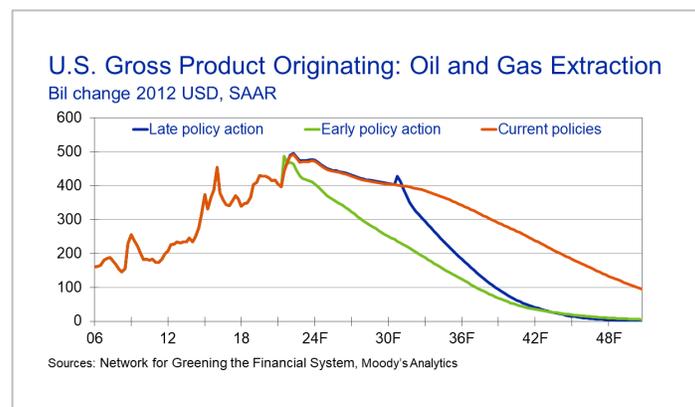
- » Transparent and fully validated model and equations
- » Multiple delivery options, including API
- » Direct access to country economists
- » Exceptional customer support
- » Customizable scenario paths using our Scenario Studio platform

Moody's Analytics offers the data, tools and expertise to help firms understand how to assess threats from our changing climate and effectively respond to evolving regulatory structures.

OUR METHODOLOGY



Moody's Analytics starts with the NGFS parameters for top-line variables, then expands the scenarios to extrapolate additional variables using our Global Macroeconomic Model. A key to incorporating climate risk into traditional macroeconomic variables is including the trajectory for carbon prices. Carbon prices flow through the model via price channels, raising inflation rates, and central banks' reaction functions. As governments increasingly adopt carbon tax policies to limit the amount of carbon dioxide in the atmosphere, some industries are affected more adversely. These industrial transition risks are reflected in the forecasts produced by the Global Macroeconomic Model.



The impacts of transition risk vary substantially across industries.

Moody's Analytics Climate Risk Scenarios are a part of **MOODY'S** | ESG

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