CDIAC

Municipal Market Disclosure Seminar

March 3, 2020 Irvine, CA

INITIAL DISCLOSURE OF CLIMATE CHANGE RISKS IN THE CALIFORNIA MUNICIPAL MARKET

CDIAC assessed initial disclosure practices of climate change risk in California's municipal bond market.

Researchers used the rubric described below to evaluate 175 official statements of unique California public enterprise revenue (PER) issuers who sold long-term debt in the past three fiscal years (2016-17, 2017-18, 2018-19).

Official Statement Scoring Rubric

25	 Issuer tracks its emissions of CO₂ and/or other environmental output Analyzes the chance of incidents that would affect property or operations Magnitude of potential risk due to effects of climate change discussed And Score 4 criteria
Climate Change Mentioned	 Discusses issuer-specific physical and transition risks Discusses risk management activities related to climate change Insurance section mentions risks from climate change or natural disasters And Score 3 criteria
Climate Che	 Regulations related to carbon emissions and/or environmental factors Potential physical risks mentioned in risk factors section Score 2 criteria
2	 The words 'climate change' are mentioned at least once Basic discussion of natural disasters or other environmental factors
Climate Change Not Mentioned 0	 The words 'climate change' are not mentioned Basic discussion of natural disasters or other environmental factors
Clima, Not Me	 The words 'climate change' are not mentioned No discussion of natural disasters or other environmental factors
PRESENTERS	

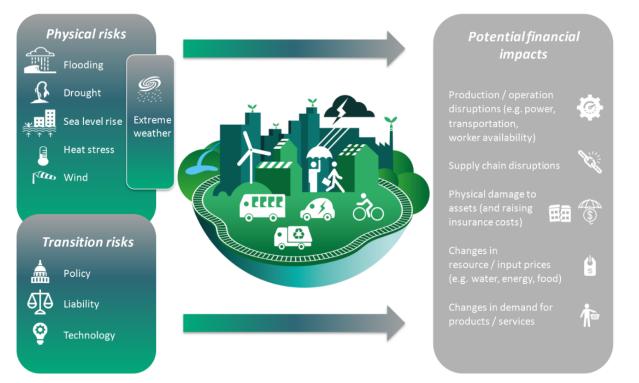
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PHYSICAL RISKS AND TRANSITION RISKS

Climate change is expected to increase the frequency and severity of extreme weather events, including drought, wildfires, flooding, high temperatures, and sea-level rise. Entities that are vulnerable to damages from these types of events are susceptible to **physical risks** related to climate change.

Many entities are also vulnerable to **transition risks** of climate change, which include costs due to legislation, liabilities or other related regulations.

This research study tracked and accounted for the ways issuers identified and disclosed their physical and transition risks related to climate change.



Source: Cicero.oslo.no/en/CF-transitional-risk

MORE INFO TO COME

Researchers are in the early stages of this study and plan to further analyze geographical and time-based correlations. Finalized research will be posted online in the coming months.

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