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www.drsc.de - info@drsc.de

INTERNE Unterlage
Diese Unterlage wurde von Mitarbeitern des DRSC für die FA-Sitzung erstellt.

GFA – öffentliche SITZUNGSUNTERLAGE

Sitzung:	58. GFA / 21.04.2026 / 10:00 – 11:30 Uhr
TOP:	07 – Anticipated Financial Effects – Empirische Erkenntnisse
Thema:	Vorstellung von empirischen Erkenntnissen zu AFE
Unterlage:	58_07b_GFA_AFE_Studie_DRSC

AFE Reporting – Data Collection



Sample

(So far) Cross-sectional data:

20 largest entities (by market capitalisation) of the following countries:

- TCFD recommendations: United Kingdom and Switzerland
- IFRS SDS: Türkiye
- ESRS: France and Spain

Results are based on **2024 reports**, 2025 reports are currently being collected.

	Country	Min	Median	Max	Mean	SD	N
Market Capitalisation (m\$)	France	54,595.13	114,172.56	306,111.69	133,047.64	72,491.60	20
	Spain	10,273.63	27,500.09	210,077.29	57,557.79	61,947.08	20
	Switzerland	31,761.80	48,342.81	389,052.63	103,412.23	108,487.53	20
	UK	54,016.02	91,207.93	326,609.90	121,797.15	79,134.24	20
	Türkiye	4,047.25	9,568.86	35,988.17	11,136.48	8,356.76	20
Total Assets (m\$)	France	28,566.06	141,353.84	3,280,341.31	519,278.10	951,015.11	20
	Spain	5,130.64	44,359.51	2,193,386.42	256,072.52	527,361.59	20
	Switzerland	6,264.66	44,620.61	1,357,177.00	141,288.72	300,145.87	20
	UK	19,881.98	122,267.00	3,017,048.00	494,317.85	799,091.19	20
	Türkiye	864.64	26,728.46	127,896.61	48,260.21	46,786.72	20
Revenues (m\$)	France	20,384.30	51,334.91	198,579.70	64,457.95	41,876.62	20
	Spain	1,973.43	23,586.18	73,103.95	28,568.94	23,159.09	20
	Switzerland	3,300.54	19,778.12	117,461.91	31,628.42	29,950.60	20
	UK	13,814.23	38,684.67	269,489.56	65,211.85	74,427.03	20
	Türkiye	915.04	7,527.93	67,546.48	12,111.33	14,950.91	20

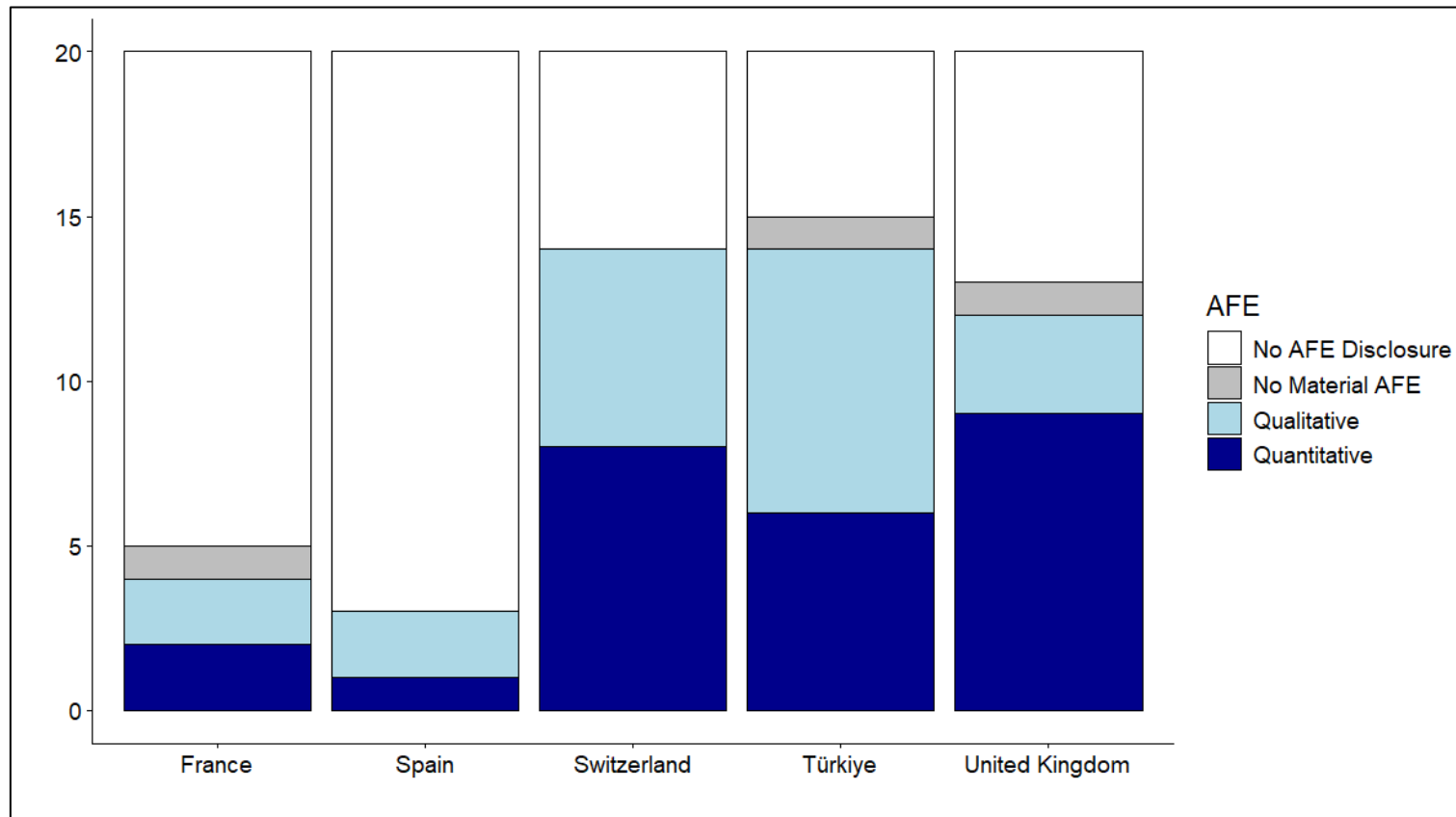
Data from LSEG for Annual Report 2024 as of 19 February 2026.

Overview

AFE Reporting - Overview



AFE-reporting by country



Overall, 50 entities report at least some information on Anticipated Financial Effects (AFE). Of those,

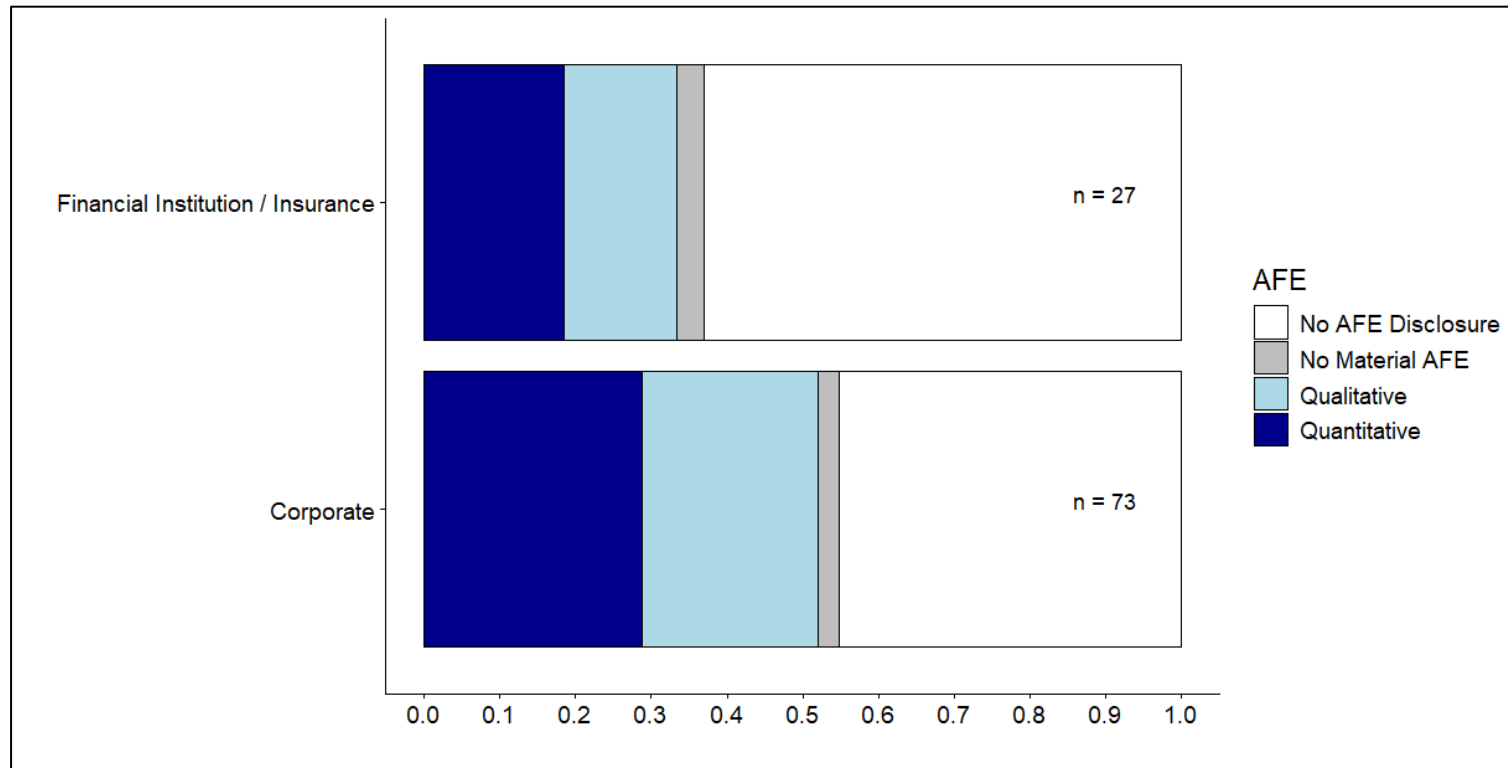
- **26 entities** report **quantitative and qualitative** information,
- **21 entities** report solely **qualitative** information, and
- **3 entities** report that they did **not identify any material AFE**.

AFE Reporting - Overview



AFE-reporting by industry

The share of financial institutions / insurances is relatively similar across countries with four in France, five in Switzerland and the UK, six in Spain and seven in Türkiye.



AFE Reporting - Overview



AFE Disclosures in the Notes to the Financial Statements

Seven entities refer to the **Notes** to the Financial Statements

- For five entities, it was not possible to discern which specific Notes disclosures are meant to capture AFE
- Two entities provide information specific enough to discern which disclosures are meant to cover AFE...

<p>B. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning. (Companies Act 2006 – Sections 414CA and 414CB 2A (e))</p>	<ul style="list-style-type: none"> • The Group's financial statements consider the impact of climate-related risks on our financial position and performance, including consideration of the impact on expected credit losses in 2024 • Continued to embed climate risk into our financial planning process with financed emissions ambitions considered as part of the forecasting process • Embedded monitoring of sector targets, as reported in our Group climate transition plan, into the internal reporting process with the aim to support climate considerations forming part of the Group's regular decision making 	<p>Page 150 to 151 Notes to financial statements Page 229 and 283</p> <hr/> <p>Page 60</p> <hr/> <p>Page 60</p>
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Source: Lloyds Banking Group (UK), Annual Report 2024, p. 42.

Anticipated financial effects from pollution-related impacts, risks and opportunities (E2-6)

There were no significant operating expenses or investments in 2024 related to environmental incidents and deposits. However, for more information on the expenses and disbursements related to the oil spill at the Pampilla refinery in Peru, which occurred on January 15, 2022, see section **Environmental risks - Peru spill** in Note 19.1 to the Group's 2024 consolidated Financial Statements.

The Company has availed itself of the transitional provision on the reporting of other requirements gradually being introduced to estimate the financial effects of material risks and opportunities related to pollution. Repsol is working to obtain the relevant information relating to these aspects.

Source: Repsol (Spain), Annual Report 2024, p. 126.

...however, these Notes cover current financial effects, not AFE

The **expenses recognized** to cover the damage caused by the incident, such as containment activities, cleanup, remediation, compensation to affected parties and other related costs, amount to a total of \$438 million (\$352 million in 2023). At December 31, 2024 the **costs payable** amounted to \$126 million. These payments may vary due to various circumstances affecting the progress made towards the planned activities, and developments in the administrative and judicial procedures, the outcome of which will depend on the conclusions of investigations still in progress.

Corporate insurance policies, subject to their terms and conditions, cover civil liability for pollution on land and at sea, for some countries and activities, and certain administrative liabilities for pollution on land, all resulting from accidental, sudden and identifiable events, in line with customary industry practices and applicable legislation. With regard to the incident, the actions to be taken are currently being coordinated with the experts appointed by the insurance companies. **As of December 31, 2024, RELAPASAA has collected a total of \$276 million (\$196 million as of December 31, 2023) in compensation.**

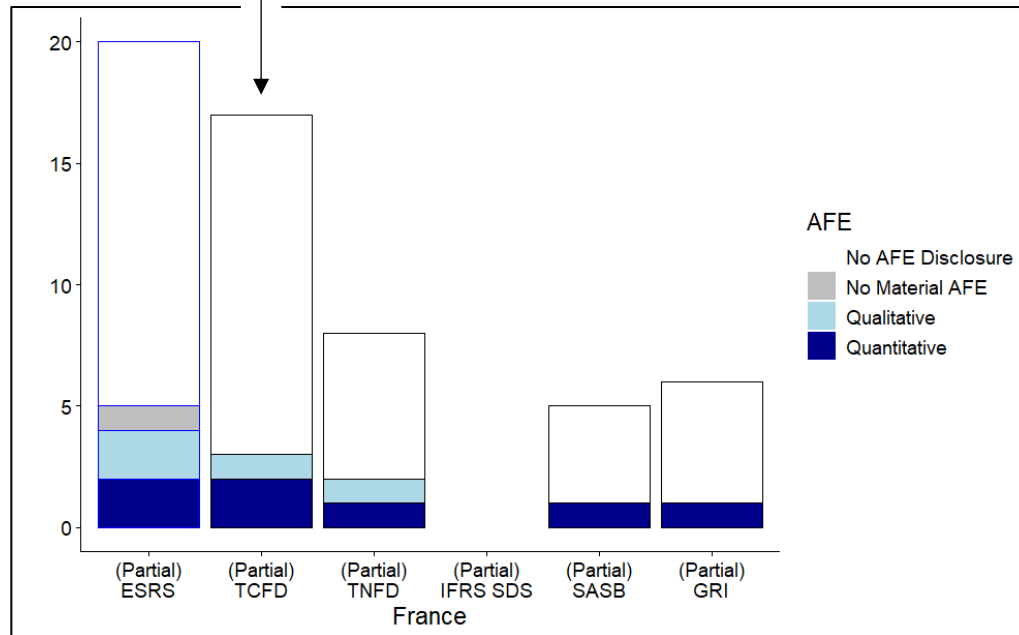
Source: Repsol (Spain), Annual Report 2024, p. 68.

AFE-Reporting - Overview



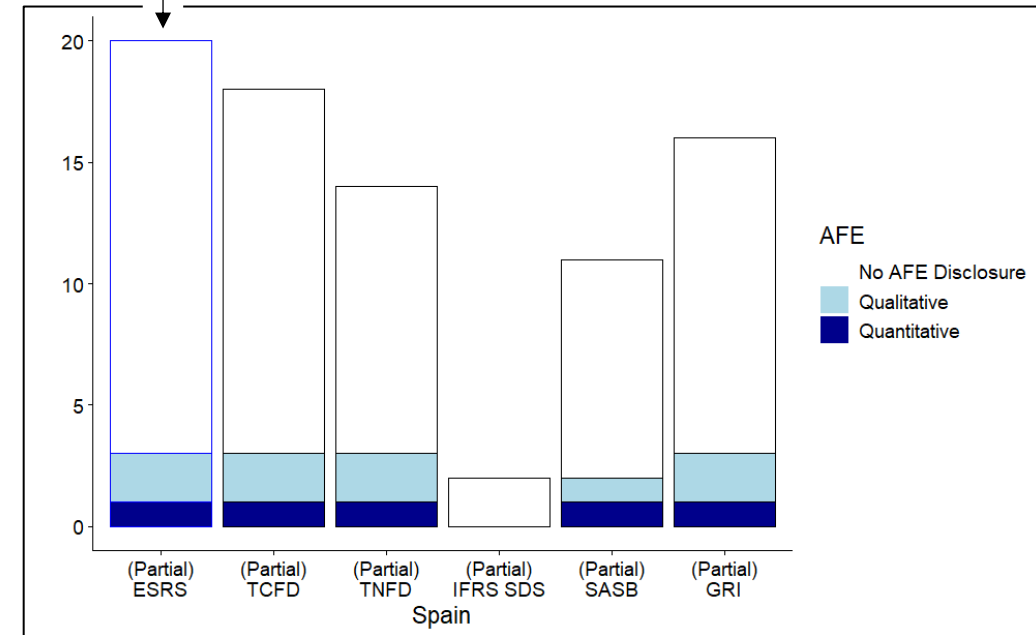
Reporting regimes: ESRS-reporters

16 entities that are required to publish ESRS-reports state to also (partially) follow TCFD-recommendations. Of those, one entity provides quantitative and qualitative AFE-information while two entities provide only qualitative AFE-information.



n = 20

In 2024, Spain had not yet transposed the CSRD into national law. Still, all entities under review stated to have issued their sustainability reports in full compliance with ESRS.



n = 20

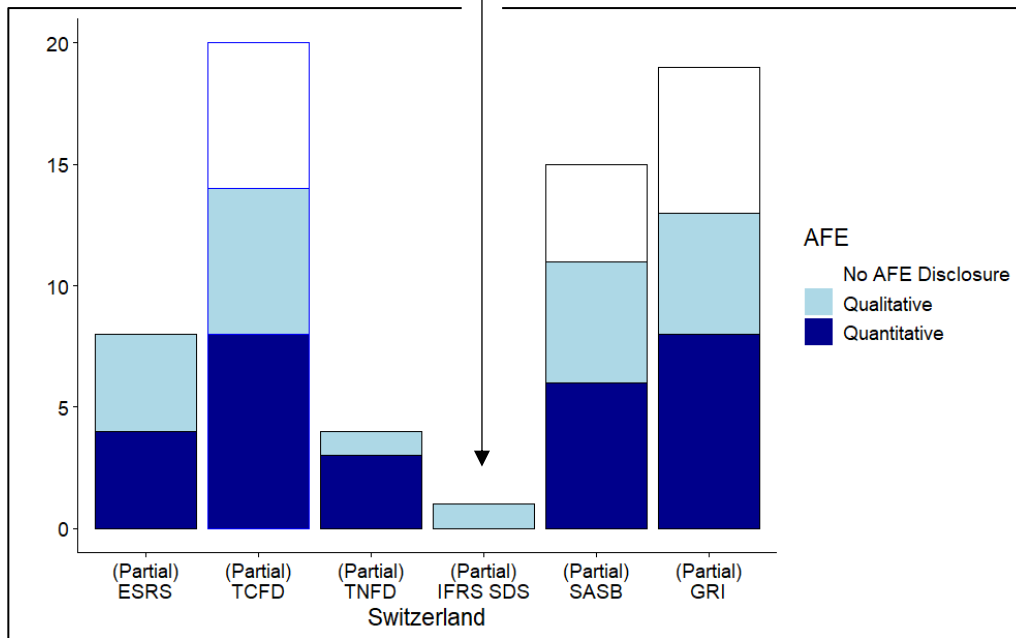
AFE-Reporting - Overview



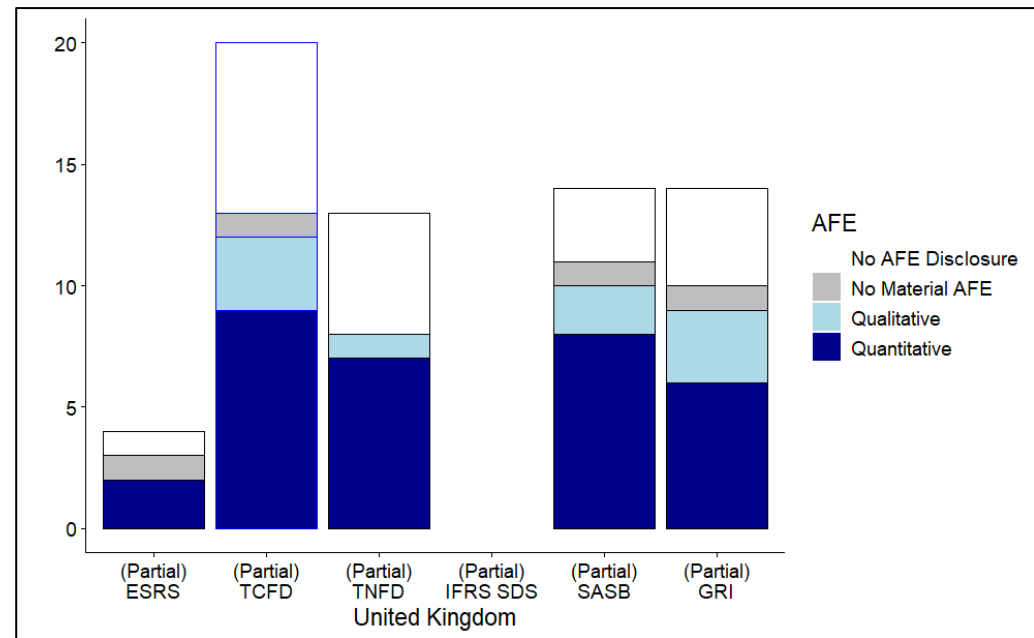
Reporting regimes: TCFD-reporters

In 2024, few firms outside jurisdictions with an IFRS SDS mandate (partially) followed the IFRS SDS. However, one entity in Switzerland (and one entity in Spain) claimed to do so.

Partial and full compliance is summarized in one column as it is not always clear whether entities follow every requirement in the standards they use. Expressions like “we report in line with the standards”, “we follow the standards” or “our reporting is aligned with the standards” are often used, but not very clear.



n = 20



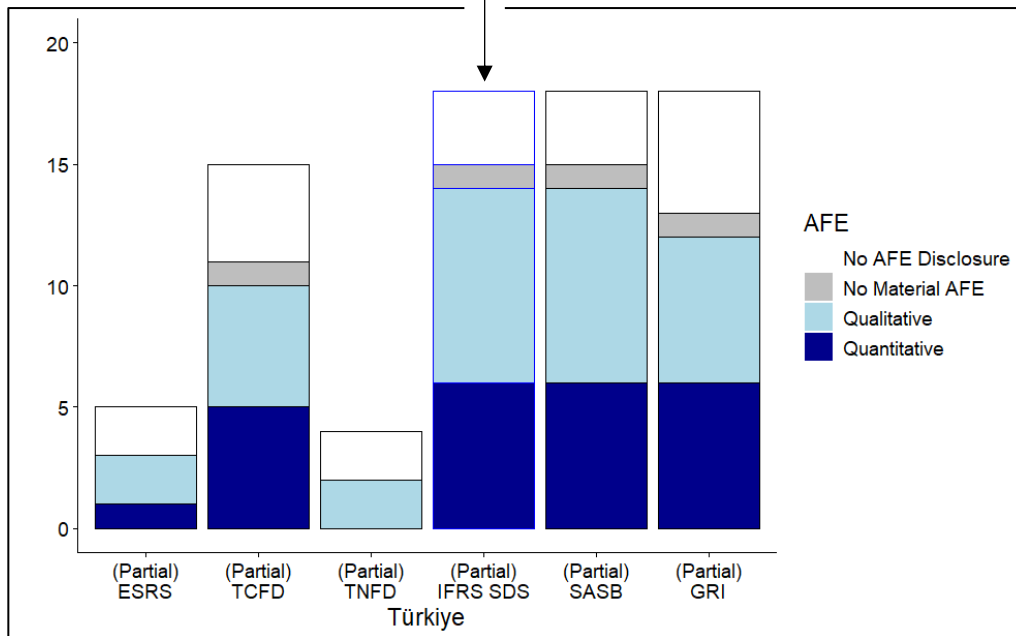
n = 20

AFE-Reporting - Overview



Reporting regimes: IFRS SDS-reporters

One entity in Türkiye (as well as one entity in France and one entity in the UK) stated that they did not identify any material AFE.



n = 20

To the best of our knowledge, in 2024, Türkiye was the only jurisdiction that mandated the application of the IFRS SDS for all publicly listed entities (albeit with size thresholds).

For 2025, we will most likely analyse Mexican firms. Mexico mandates the application of IFRS S1 and S2 (via *Circular Unica de Emisoras*) from 29.01.2025 onwards for most listed entities with the exception of financial institutions.

AFE Reporting - Overview



Reliefs

	Entities providing AFE disclosures			Entities not providing AFE disclosures
	Qualitative information	Quantitative information	No material AFE identified	
Confidentiality	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (2.7%)
Lack of resources, skills, or capabilities	2 (14.3%)	2 (28.6%)	0 (0.0%)	1 (2.7%)
Measurement uncertainty	3 (21.4%)	1 (14.3%)	0 (0.0%)	1 (2.7%)
Identifiability	0 (0.0%)	0 (0.0%)	1 (50.0%)	0 (0.0%)
None	10 (71.4%)	5 (71.4%)	1 (50.0%)	35 (94.6%)
N	14	7	2	37

Most entities do not mention reasons for reliefs (beyond the phase-in provisions in the ESRS).

For instance, of those entities not reporting on AFE, only two entities mention specific reasons for reliefs – one refers to a lack of resources, skills, or capabilities and measurement uncertainty, while the other one cites confidentiality reasons for not reporting.

Some entities cite reliefs despite providing some information on AFE (see next slide).

This table only covers the 60 entities from France, Spain, and Türkiye since the TCFD recommendations do not contain reliefs comparable to the ESRS or IFRS SDS.

Reliefs

Some entities cite reliefs despite providing information on AFE.

Some can **quantify certain AFE...**

Anticipated Financial Effects

The estimated cost of SAF under the regulations has been analyzed in two separate scenarios: minimum and maximum. In the scenario where the minimum price is calculated, the relevant risk does not have a significant impact on the financial position, performance, or cash flows in the short and medium term. In the calculations made with the maximum price, no impact has been observed on the financial position or cash flows.

In the analysis based on the likelihood of the maximum estimated price of SAF, no impact is expected on financial performance in the short term, but a risk is expected to emerge in the "High/Material" category in the medium term. In the event that the relevant risk materializes, there will be an increase in the cost of goods sold (fuel cost as per Notes 22 and 26 in the 2024 12 months Financial Statements) in the income statement. Considering the measures taken in response to this risk, such as efficiency improvements, adjustments in ticket prices, and the resulting changes in demand, a change in revenue is also expected in the income statement (TSRS 2, 2.13(a)). As a result of all these effects, a 3% decrease is expected in the "Profit for the Period from Continuing Operations" in the medium-term in the income statement. Given that the likelihood of the relevant risk is considered "Almost Certain," it is expected to fall into the "High/Material" risk category according to the risk matrix on page 8. (TSRS 2, 15b)

...and can only provide **qualitative information for others.**

Anticipated Financial Effects

Due to scientific uncertainty and data gaps regarding the climate impacts of contrails, the financial value of this opportunity could not be quantified. As such, the analysis has been limited to a qualitative assessment. (TSRS 2, 15b)

Source: Turk Hava Yollari (Turkish Airlines) (Türkiye) TSRS Report 2024, p. 15 & 23.

Reliefs

Some entities cite reliefs despite providing information on AFE.

Some can **quantify certain AFE...**

<p>(52%) will have a high likelihood of being exposed to natural hazards by 2050.</p> <p>Schneider Electric has developed a comprehensive climate adaptation and resilience strategy to mitigate risks associated with climate change. At global level, the Property Damage and Business Interruption program, aligned with ISO 22301 standard, maps substantive risks of financial impact on the business, including asset destruction (buildings, equipment, inventories) and profit loss due to business interruption, and ensures crisis management from the initial phase following an incident all the way to the recovery of critical activities. By 2025, 100% of critical distribution centers will be able to redirect more than 80% of their flow in less than 5 day(s), and 90% of critical offers will be covered by at least a dual manufacturing set up.</p>	<p>In the short term, the Group anticipates that its markets will experience outsized growth in the next 3 years driven by electrification and digitalization.</p> <p>In medium- and long-term time horizons, under the most likely climate pathways, Current Policy and Stated Policy, and without considering any additional climate mitigation action, the expected aggregated impact from transition climate-related risks to Schneider Electric's discounted cash flows over the next ten years is between 3% and 4%.</p>
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...but do not have sufficient information to report on others.

<p>2.2.2.3.4 Financial effects</p> <p>At this time, we do not have the necessary information to fully respond to the disclosure requirement. We are currently in the process of gathering and verifying the relevant data. This involves gaining further visibility on quantifying financial effects from material resource use and circular economy related IROs. We anticipate having the required information by the end of 2025.</p>

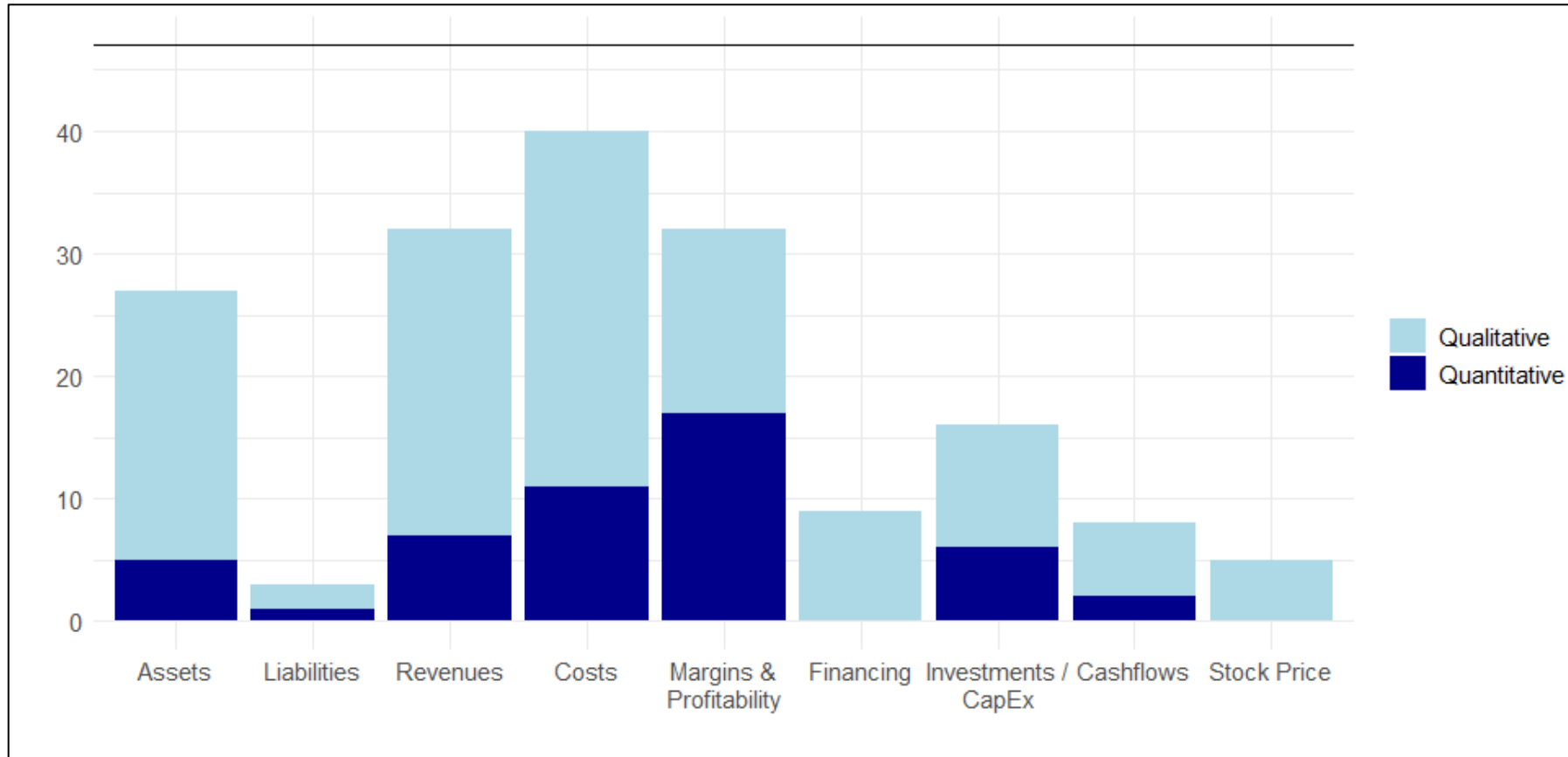
Source: Schneider Electric (France), Universal Registration Document 2024, p. 154 & 183.

Content Analysis and Reporting Challenges

AFE-Reporting: Content Analysis and Reporting Challenges



AFE-related reporting topics



Most entities that identify material AFE report on costs, revenues, and margins/profitability.

Quantitative information is most commonly reported for margins/profitability.

n = 47

AFE-Reporting: Content Analysis and Reporting Challenges

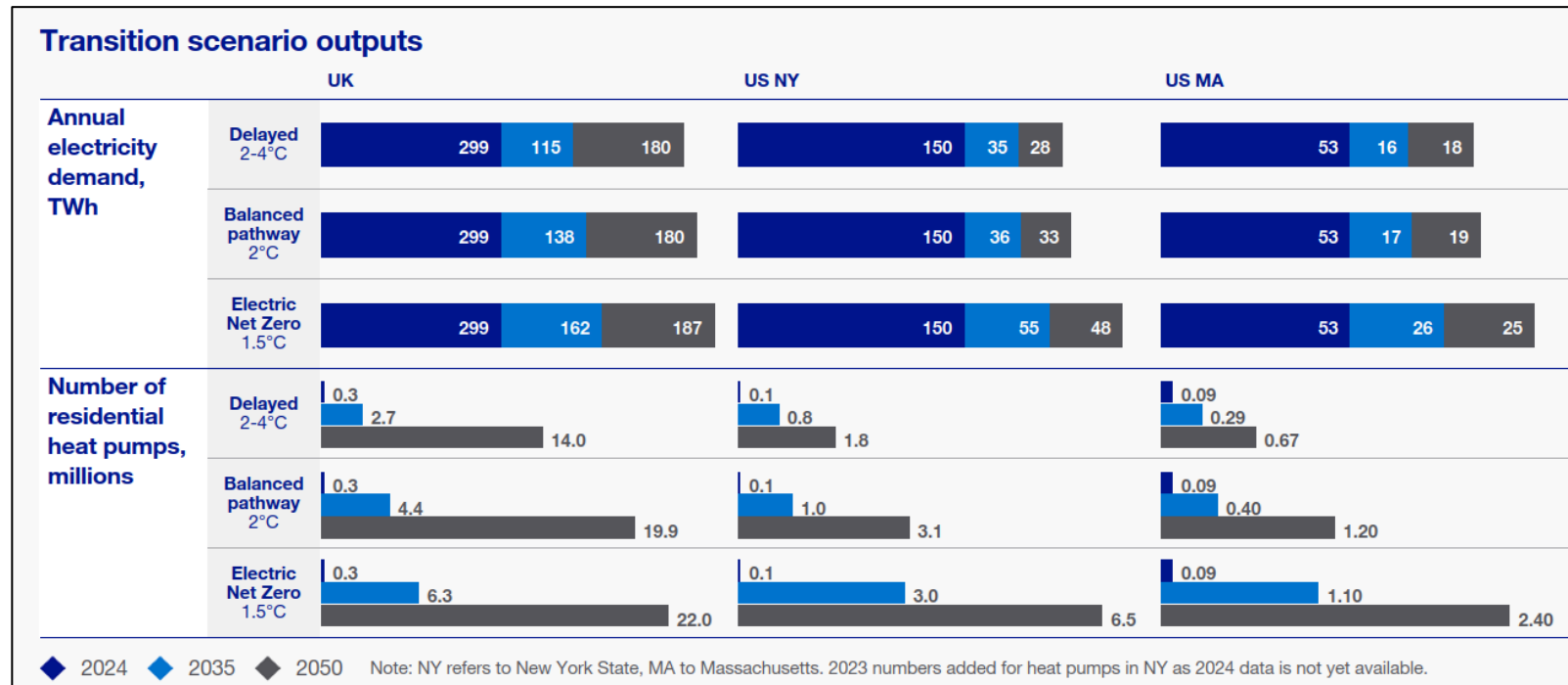


AFE-related reporting topics

The decision whether to consider a metric as an AFE is subjective.

We only considered metrics that clearly relate to the financial performance, financial statement, or cash flows of the firm – plus the share price.

Some metrics **did not** meet our understanding of **AFE**:



Source: National Grid (UK), Annual Report 2024, p. 65.

AFE-Reporting: Content Analysis and Reporting Challenges



AFE-related reporting topics

The decision whether to consider a metric as an AFE is subjective.

We only considered metrics that clearly relate to the financial performance, financial statement, or cash flows of the firm – plus the share price.

Most metrics met our understanding of **qualitative AFE disclosures**:

Risks	Current and anticipated financial effects	Mitigation actions
E1 – CLIMATE CHANGE		
	Climate change could lead to an increase in the net cost of risk for the Group. Physical and transition risks can negatively impact the revenues, costs and assets of counterparties, thus eroding their credit quality. This effect is taken into account through (i) the inclusion of climate in the budget process (with a climate-stressed trajectory) covering P&L, and (ii) the creation of a specific add-on to climate risk under the ICAAP (Internal Capital Adequacy Assessment Process) economic perspective for capital.	
Credit risk	Transition risk has been identified as material in the short, medium and long terms, mainly in relation to undertakings in sectors that emit high levels of greenhouse gases (e.g. oil and gas, real estate, aviation, industry, automotive). In a stressed transition scenario, these sectors may not be able to adapt sufficiently quickly to changes in technology, regulation or consumer behaviour.	Climate risk is managed by an ESG assessment of counterparties and transactions embedded in the Group's lending policies, including origination guidelines and exclusion criteria.
	In the short, medium and long terms, physical risk is expected to have a more negative impact on the Group's portfolio. Indeed, the rise in frequency and intensity of extreme weather events is expected to increase losses, especially for exposed sectors in terms of infrastructure (e.g. oil and gas, telecommunications, electricity).	Transition risk is also specifically taken into account via the targets the Group has set within the framework of the Net-Zero Banking Alliance (NZBA), which aim to contribute to the transition of the Group's portfolio.

Source: Société Générale (France),
Universal Registration Document 2024,
p. 284.

AFE-Reporting: Content Analysis and Reporting Challenges



AFE-related reporting topics

The decision whether to consider a metric as an AFE is subjective.

We only considered metrics that clearly relate to the financial performance, financial statement, or cash flows of the firm – plus the share price.

Some metrics met our understanding of **quantitative AFE disclosures**:

Climate-related transition risk impacts, mitigations and future opportunities, 10-year time horizon				
	Impacts under climate trajectory ⁽⁵⁾		Estimated directional cumulative 10-year discounted cash flow impacts with Nestlé's current mitigation strategy	
Risk category	Value chain	Risks/impacts assuming no mitigation	Intermediate emissions + 2.0°C – +3.0°C ⁽⁶⁾	Low emissions +1.5°C
Policy	Operations Raw materials	<ul style="list-style-type: none"> Increase in raw materials costs. Restrictions in land use. Increase in energy costs. Increase in costs for packaging materials. Increase in cost of recycled packaging materials due to constraint in supplies, e.g. recycled PET. 	Med	High

(5) Nestlé does not display the high-level emissions scenario due to its low impact level. Modeling the future is inherently uncertain and this increases over longer time horizons. Nestlé uses hypothetical scenarios – actual events may be significantly different. The statements and results summarized in this table do not represent forecasts of expected risk and outcomes.

(6) Anticipated financial effects: CHF 7 billion < High < CHF 11 billion | CHF 3 billion < Medium < CHF 7 billion | Low < CHF 3 billion.

Source: Nestlé (Switzerland), Non-Financial Statement 2024, p. 32.

AFE-Reporting: Content Analysis and Reporting Challenges



AFE-related reporting topics

The decision whether to consider a metric as a **quantitative AFE** is also subjective.

It is not always clear or easily understandable **which financial effect** the quantification is referring to:

The 2024 climate scenario analyses have led to the following outcomes:

Risk/opportunity type	Sub-category	Risk/opportunity	Description	Potential financial impact ¹	
				2040	2050
Physical risks	Acute	1. Damage to production sites, consolidation hubs, and office facilities	Damages to Schindler-owned production sites, consolidation hubs, office buildings, and other facilities could result in asset and inventory losses, leading to increased capital expenditures, write-offs, and operating costs, all of which would reduce annual profits.	Low	Low
	Acute	2. Disruption of operations at production sites and key supplier sites	Own production sites and key supplier sites in climate-vulnerable areas face heightened risks of operational disruption. Such disruptions could lead to delays in production and deliveries, resulting in lower revenues and reduced annual profits.	Medium	Medium

¹ The financial impact estimates reflect a conservative gross risk perspective, i.e. excluding any risk management, adaptation or mitigation measures such as insurance covers.
 Low: < 25m CHF; Medium: < 75m CHF; High: < 150m CHF; Very high: > 150m CHF
² Carbon cost, also known as carbon pricing, refers to the financial expense associated with CO₂ and other GHG emissions resulting from external mechanism such as carbon taxes, emissions trading systems, or emission fees.

Assets, CapEx, write-offs, OpEx, profits

Physical risks are quantified with a focus on moderate- and high-emissions scenarios assessing medium-term (2040) and long-term (2050) impacts. The **risk measure is the annual expected loss, either in terms of physical damage of assets or in terms of revenue loss due to business disruptions and downtime.** The risk of disruption of operations at production sites and supplier sites leads to potentially medium financial impacts, especially as the value chain impact of disruption of key supplier sites should not be underestimated.

Assets, revenues

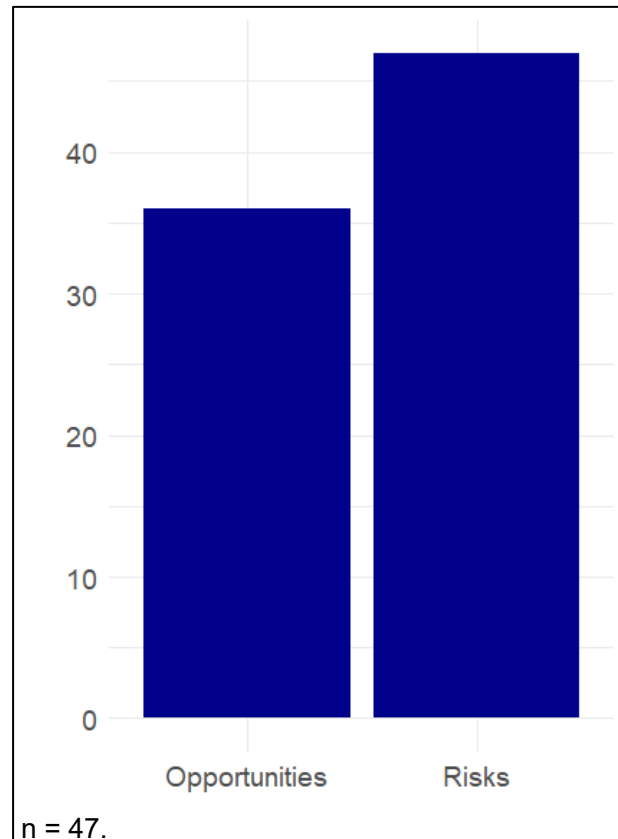
Source: Schindler (Switzerland), Annual Report 2024, pp. 134-135.

AFE-Reporting: Content Analysis and Reporting Challenges

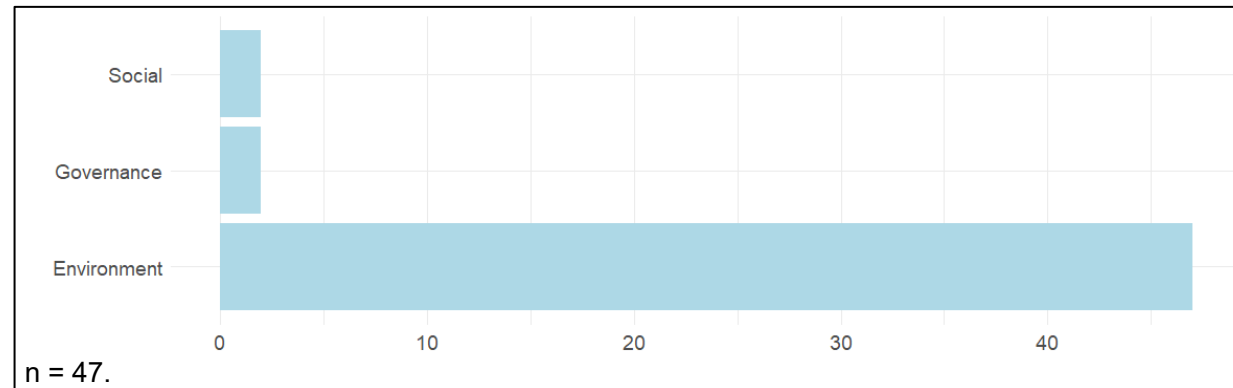


AFE-related reporting topics

All 47 entities that identify material AFE also report on risks. Meanwhile, 34 entities (76%) report on opportunities.



All 47 entities that identify material AFE also report on “E”. One French and one Turkish entity also report on “S”- and “G”-related AFE.



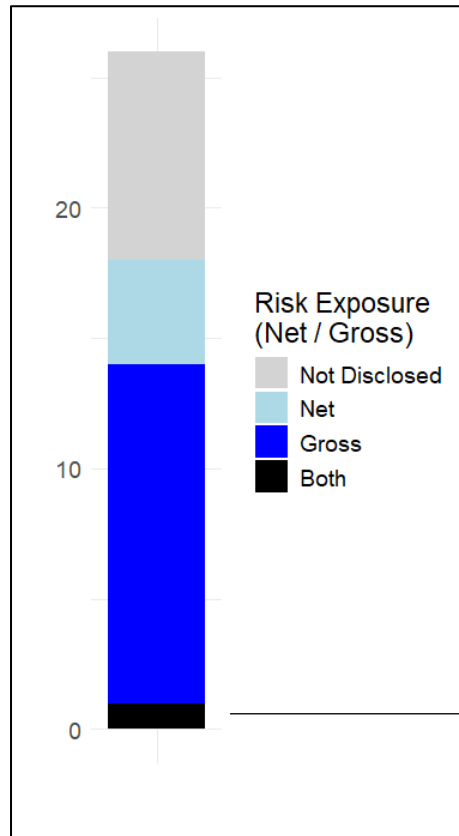
Risks	Current and anticipated financial effects	Mitigation actions
S4 - CONSUMERS AND END-USERS		
Credit risk	The failure of the Group's counterparties to meet minimum standards of compliance towards their consumers may lead to a deterioration in the profitability of these counterparties, owing to an increase in litigation costs (fines, damages, legal fees) or a decrease in their revenues (indirectly through a decline in activity due to the negative consequences of litigation on the counterparty's reputation). This fall in profitability is likely to lead to a deterioration in the credit quality of these counterparties and therefore a higher net cost of risk. This risk has been identified as material in the short and medium terms.	The Group manages the impact of this risk factor by including it in the ESG risk factor analysis, which is in turn part of the credit approval process. In these analyses, consumers and end-users are considered as a whole, without taking into account any segmentation.

Source: Société Générale (France), Universal Registration Document 2024, p. 285.

AFE-Reporting: Content Analysis and Reporting Challenges



AFE-related reporting topics



n = 26.

Most entities that provide **quantitative AFE** disclosures state whether the risk is net or gross. One entity provides both.

Expansion of EPR schemes and plastic tax

Description	Assumptions	Scenario	Risk type	€bn impact on net profit (as a % of net revenue)		
				2030	2039	2050
The expansion of EPR schemes, globally or to countries currently considering a scheme. Additionally, within a High Nature Preservation scenario, the introduction of a global plastic tax.	Gross risk The costs relating to EPR schemes apply to all plastics within our packaging; plastic tax applies to virgin plastic only. <ul style="list-style-type: none"> High Nature Preservation: EPR schemes expand to all countries by 2030 and a global plastic tax is levied on virgin plastic production, growing from USD 0 per tonne in 2030 to USD 1,000 per tonne in 2050. High Nature Degradation: EPR schemes expand only to countries currently considering a scheme. 	High Nature Preservation	Gross	-0.5 (-0.8%)	-1.2 (-1.5%)	-2.8 (-2.6%)
			Net	-0.4 (-0.7%)	-0.9 (-1.1%)	-1.9 (-1.7%)
		High Nature Degradation	Gross	-0.4 (-0.7%)	-0.7 (-0.9%)	-1.5 (-1.4%)
			Net	-0.4 (-0.6%)	-0.7 (-0.8%)	-1.3 (-1.2%)
	Net risk Achieving our plastic goals reduces exposure to EPR costs and the volume of virgin plastic exposed to a potential tax.					

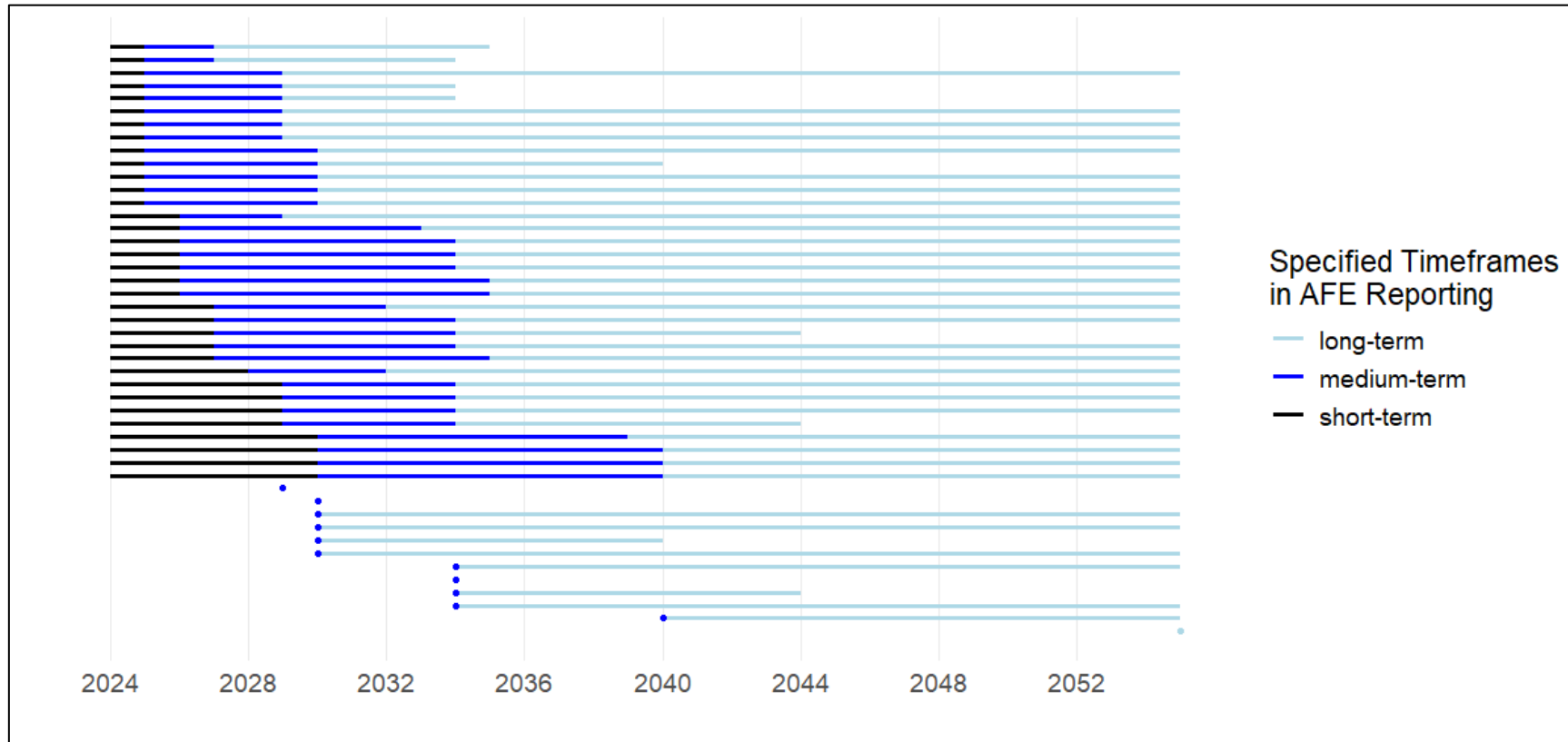
Source: Unilever (UK), Annual Report 2024, p. 262.

AFE Reporting: Content Analysis and Reporting Challenges



Timeframes used in AFE reporting

Widely different timeframes make it difficult to compare AFE across entities. Also, not all entities disclose AFE in the short-, medium- and long-term. Many entities (all ending in 2055 below) do not provide an end date for their long-term assessment.

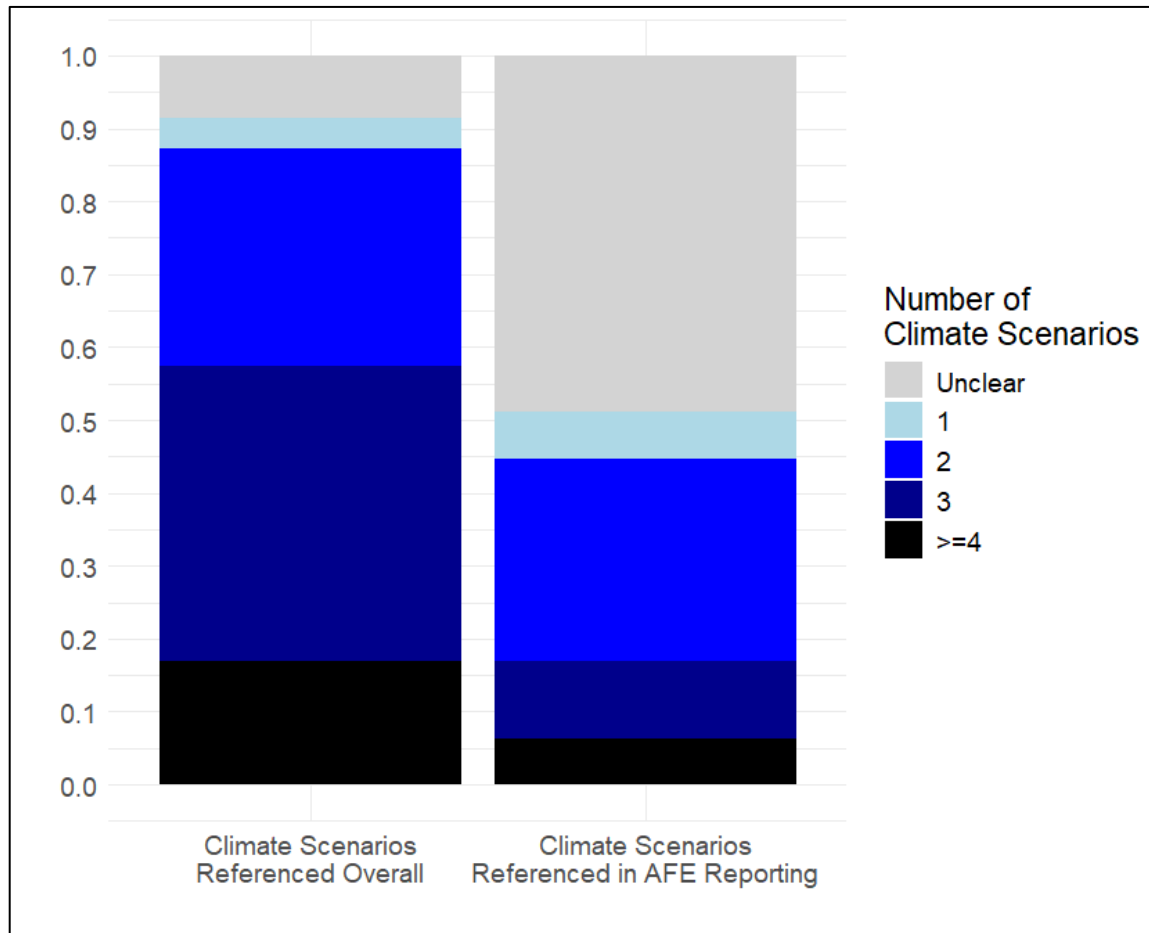


n = 46. One entity with material AFE does not state which timeframe(s) they use for their AFE reporting.

AFE Reporting: Content Analysis and Reporting Challenges



Climate Scenarios



n = 47.

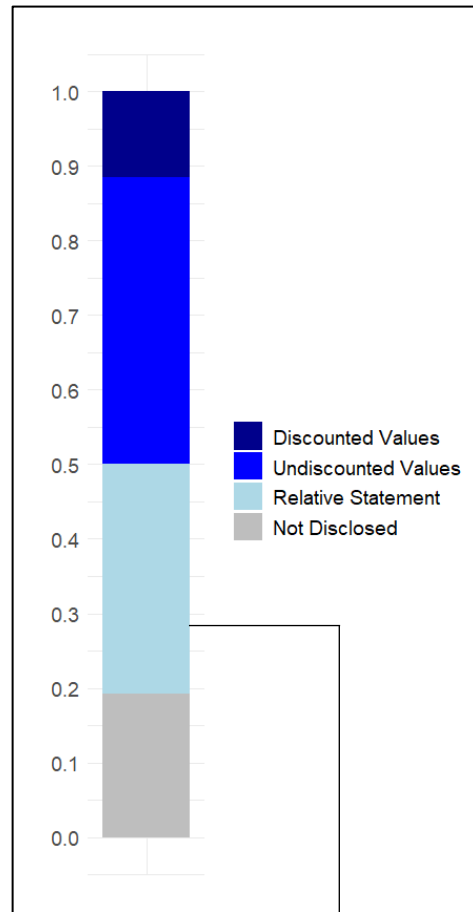
While over 90% of entities disclose at least one climate scenario (physical risk) in their sustainability reports, only about half the entities specify which climate scenario(s) were used in their AFE disclosures.

Additional information not visible from the graph: Overall, 24 entities disclose which climate scenarios they used in their AFE disclosures. Of those, 16 referenced the same number of scenarios as for their remaining sustainability report, while eight entities referenced fewer scenarios.

AFE Reporting: Content Analysis and Reporting Challenges



Risk Disclosures



Of the 26 entities that quantitatively report on AFE, three discount their forecasted values, ten report undiscounted values, eight make relative statements (e.g., “profits will be 10% lower compared to a base case”), and five do not disclose whether the values are discounted or undiscounted.

Only two entities provide a base-case scenario to compare expected AFE with.

Risk Title	Carbon Border Adjustment Mechanism (CBAM) Carbon Pricing
Risk Definition	<p>The Regulation on the European Union (EU) Carbon Border Adjustment Mechanism (CBAM) entered into force in 2023 with a transition period until the end of 2025. Within this scope, importers who import certain emission-intensive raw materials into the EU will be obliged to report their embedded and indirect emissions and to purchase CBAM certificates in return.</p> <p>ASELSAN uses aluminum and steel extensively in its production processes. The iron and steel industry is a prioritized sector under the CBAM as it requires manufacturing processes associated with high carbon emissions. ASELSAN closely follows developments in this field due to the raw materials it uses.</p> <p>Price increases in imported goods constitute a significant regulatory climate risk for ASELSAN. The implementation of the CBAM tax is likely to have a long-term impact on ASELSAN's operational costs.</p>
Business Implications Per Value Chain Element	Downstream / Customers
Type	Transitional Risk
Main Factor Creating Risk	Increased Costs
Term Of The Impact	Short and Long-Term
Probability Of Realization	Likely
Impact Magnitude	Medium

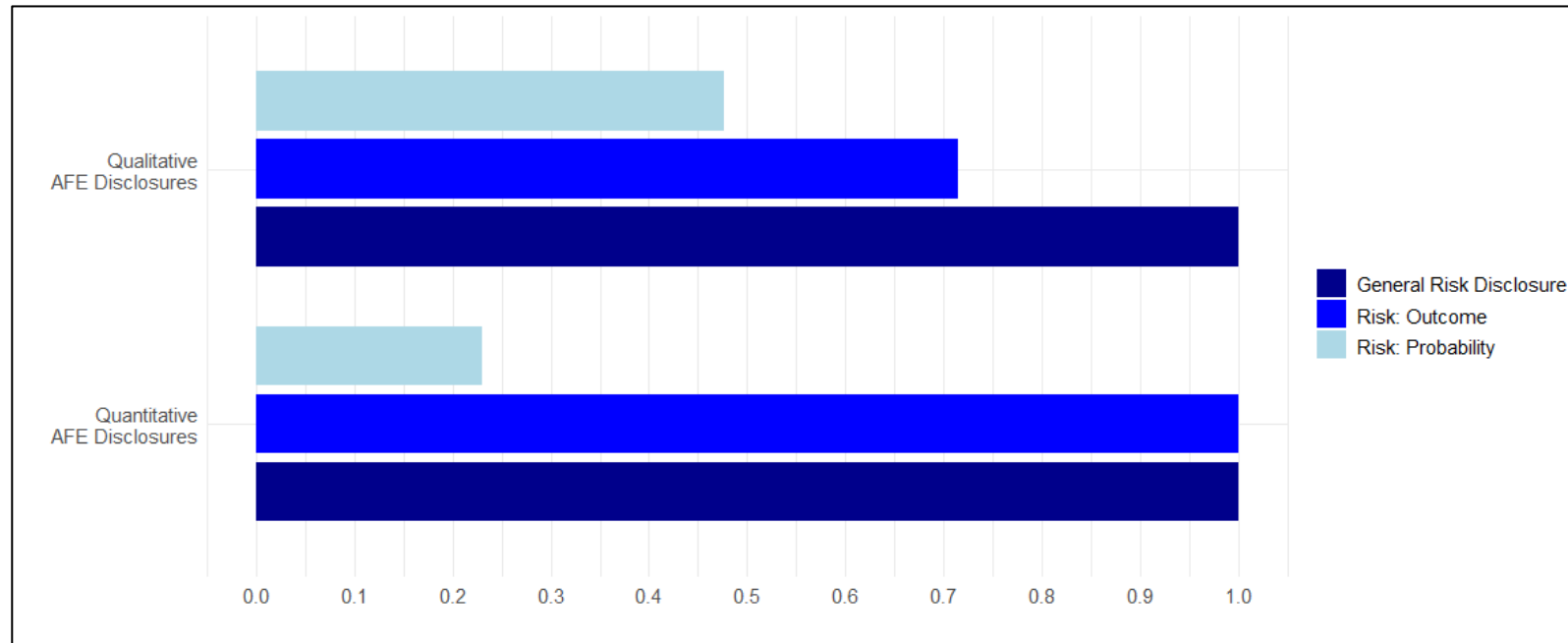
4.5. Impact Magnitude
At ASELSAN, the magnitude of the financial impact of risks is categorized as follows.
Low Impact: 1% decrease in budgeted profit
Medium Impact: 1%-5% decrease in budgeted profit
High Impact: 5%-10% decrease in budgeted profit
Severe Impact: 10%-25% decrease in budgeted profit
Critical Impact: 25% decrease in budgeted profit

Source: Aselsan Elektronik Sanayi (Türkiye), Integrated Sustainability Report 2024, p. 175-176.

AFE Reporting: Content Analysis and Reporting Challenges



Risk Disclosures



$n_{\text{Qualitative}} = 21$; $n_{\text{Quantitative}} = 26$.

We analyse whether an entity discloses

- the probability of a risk materialising, and
- the outcome; i.e., the financial impact of the risk.

21 entities provide solely **qualitative** AFE disclosures. Of those, 71% discuss potential impacts of the risks and **48% discuss the likelihood of the risks materialising.**

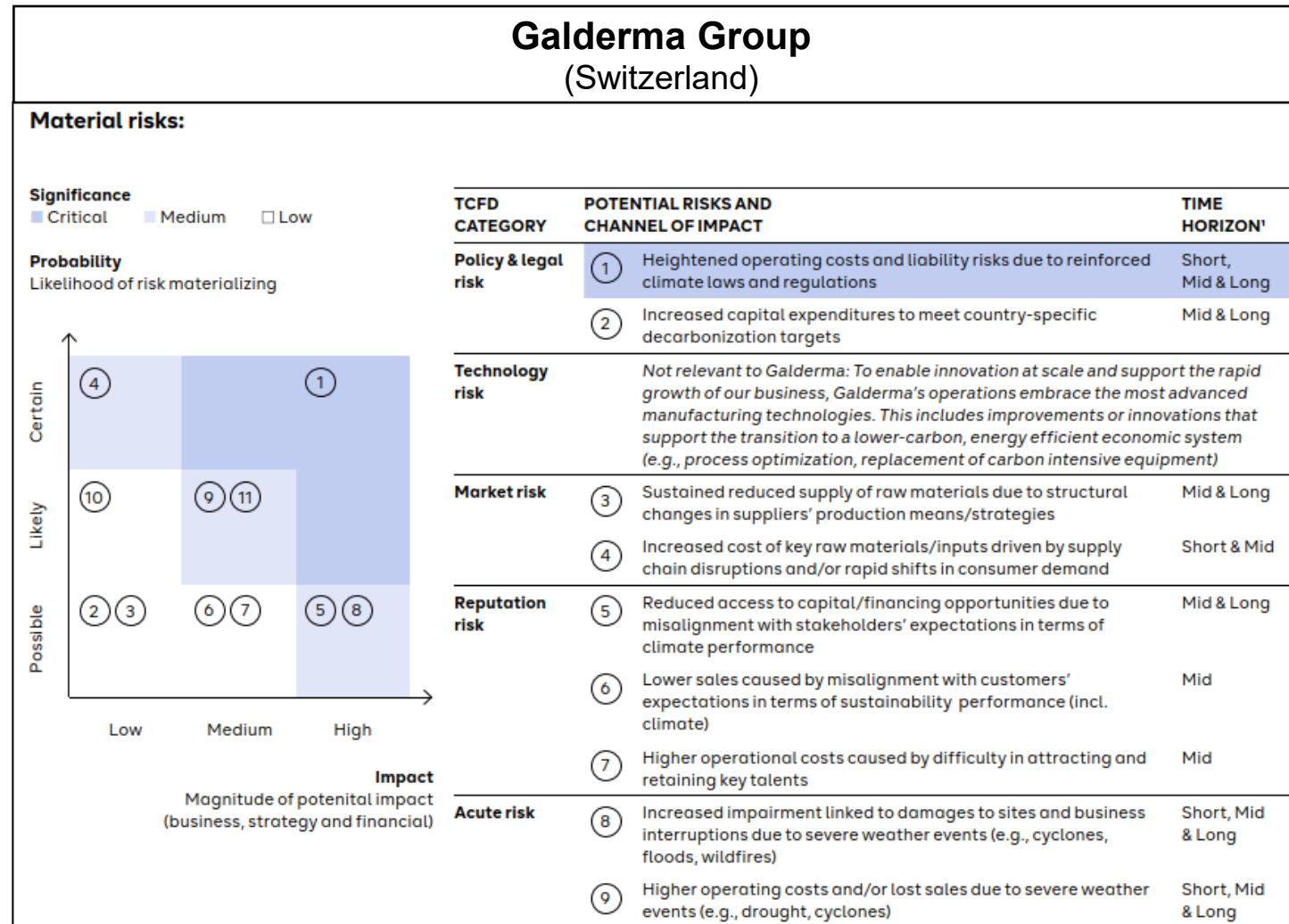
26 entities provide **quantitative** and qualitative AFE disclosures. While all entities discuss potential impacts of the risks, only **23% discuss the likelihood of the risks materialising.**

Entities may have used the expected value (i.e., the product of outcomes and probabilities) in their reporting. However, for about half the AFE disclosures it was not clear whether firms stated the expected value or the outcome of the given scenario. All but 3 firms disclosed the outcome (impact). We have thus subsumed all AFE disclosures under outcomes (i.e., impact).

AFE Reporting Examples

AFE Reporting Examples

Qualitative AFE Reporting

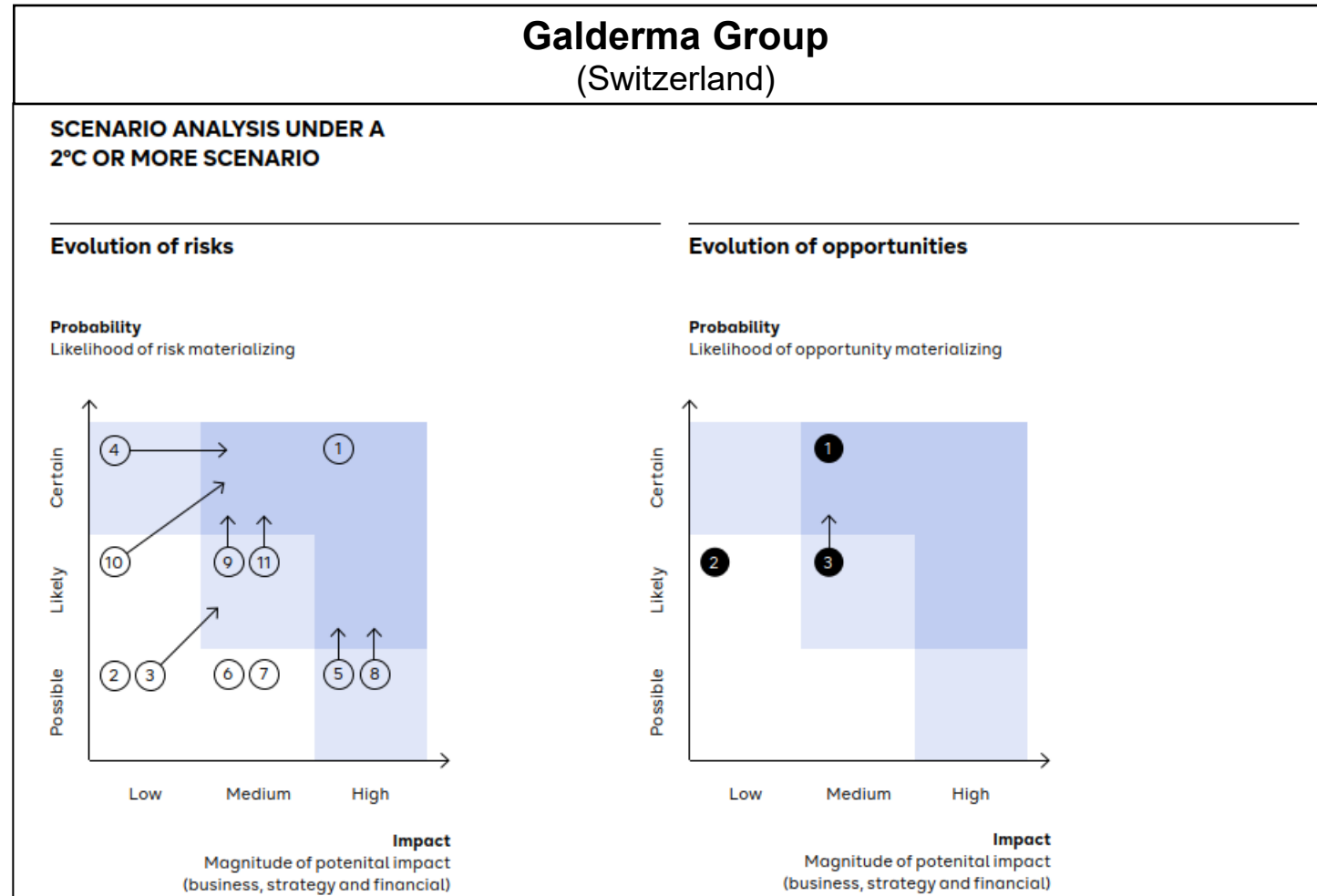


- Easy-to-understand layout
- Separately assesses impact and likelihood of the identified risks
- Reference to the entity's financial position, financial position, and/or cash flows.
- Clearly defined time horizons (Note 1)

Source: Galderma Group (Switzerland), Annual Report 2024, p. 149.

AFE Reporting Examples

Qualitative AFE Reporting



- Reports on risks and opportunities
- References climate scenarios

Source: Galderma Group (Switzerland), Annual Report 2024, p. 151.

AFE Reporting Examples



Quantitative AFE Reporting

British-American Tobacco (United Kingdom)					
Likelihood Key		Strategy Resilience Key			
■	Remote	Strong:	The targets and mitigation actions in place are providing BAT confidence in our business resilience		
■ ■	Unlikely	Medium:	Targets and mitigation actions are in place, but external events may challenge our business resilience		
■ ■ ■	Possible	Needs work:	Developing targets and/or mitigation actions to improve our business resilience		
■ ■ ■ ■	Likely				
■ ■ ■ ■ ■	Probable				
Climate change-related risks and opportunities summary table					
Risk/Opportunity	Estimated financial impact on profit in a year*	Likelihood			Strategy resilience
		1.5°C	2°C	3-4°C	
Transition risks					
Carbon Taxes	up to £390 million	■ ■ ■ ■ ■	■ ■ ■ ■	■ ■	Strong
Product Taxes	up to £180 million	■ ■ ■	■ ■ ■ ■ ■	■ ■	Strong
Energy Costs	up to £200 million	■ ■ ■ ■ ■	■ ■ ■ ■	■ ■	Strong
Cost Capital/Insurance	up to £300 million	■ ■ ■	■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■	Strong
Physical risks					
Acute Weather - Value Chain	up to £150 million	■ ■	■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■	Strong
Chronic Weather - Leaf	up to £240 million	■ ■	■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■	Medium
Transition opportunities					
Products and Services	up to £230 million	■ ■ ■ ■	■ ■ ■ ■	■	Medium
Energy Sourcing and Efficiency	up to £60 million	■ ■ ■ ■	■ ■ ■ ■	■	Strong
Note: * These estimated financial impacts represent sensitivities and are considered incremental costs compared to our current financial position.					

- Easy-to-understand layout
- Separately assesses impact and likelihood of the identified risks.
- Reference to the entity's financial position, financial position, and/or cash flows.
- References climate scenarios
- Reports on risks and opportunities
- Provides a reference for the effects (see Note and next slide)

Source: British American Tobacco (UK), Combined Annual and Sustainability Report 2024, p. 124.

AFE Reporting Examples

Quantitative AFE Reporting



British-American Tobacco (United Kingdom)


Risk impact scoring
In accordance with our Group Enterprise Risk Management approach, the scenarios and their impacts were assessed on a residual basis, which means that mitigation actions were taken into consideration in the risk impact scoring assessment.

Risk Score / Financial Impact (p.a.)

Severe In excess of £1 billion	Significant £500m-£1bn	Moderate £250m-£500m	Minor £120m-£250m	Insignificant £60m-£120m
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Climate change-related risks and opportunities

Transition risks associated with transitioning to a low carbon economy

Risk overview and assumptions	Impact	Mitigations																				
<p>Carbon taxes</p> <p>New carbon pricing mechanisms on the emissions within our value chain increase costs.</p> <p> Related targets: 50% reduction in Scope 1 and 2 GHG emissions by 2030¹; our SBTi submitted targets of 30.3% reduction in Scope 3 FLAG GHG emissions and 42% absolute reduction in Industrial (non-FLAG) GHG emissions by 2030¹; and Net Zero GHG emissions across our value chain by 2050.</p>	<p>Financial impact</p> <p>Carbon pricing mechanisms expose the Group to additional costs in both the Sustainable and Delayed Transition scenarios. This year we updated our model to more recent external data which increased carbon price forecasts for Sustainable Transition.</p> <table border="1"> <thead> <tr> <th></th> <th>2024</th> <th>2030</th> <th>2040</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>1.5°C scenario</td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #ffc107;"></td> <td style="background-color: #ffc107;"></td> <td style="background-color: #ffc107;"></td> </tr> <tr> <td>2°C scenario</td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #9ccc65;"></td> </tr> <tr> <td>3-4°C scenario</td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #9ccc65;"></td> <td style="background-color: #9ccc65;"></td> </tr> </tbody> </table> <p>Geographical impact</p> <p>Carbon pricing mechanisms will impact all regions.</p>		2024	2030	2040	2050	1.5°C scenario					2°C scenario					3-4°C scenario					<ul style="list-style-type: none"> – Implementation of our Low Carbon Transition Plan energy efficiency initiatives – R&D developing new products with lower CO₂e footprint - supported by the Green Design Tool, which enables product development teams to assess materials and components based on their CO₂ impact in relation to our targets – Engagement with suppliers to support reduction in their value chain emissions
	2024	2030	2040	2050																		
1.5°C scenario																						
2°C scenario																						
3-4°C scenario																						

- Clearly defined time horizons (Note 1)
- States whether effects are gross or net (net)

Source: British American Tobacco (UK), Combined Annual and Sustainability Report 2024, p. 126.

Backup

Compliance with frameworks

This report has been prepared by Turkish Airlines in accordance with the GRI Standards for the period between January 1, 2024 and December 31, 2024. In preparing this report, the Turkish Commercial Code (TTK) and the Capital Markets Board of Türkiye (CMB) Series II.14.1 numbered "Communication on the Principles of Financial Reporting in the Capital Markets," the Public Oversight, Accounting and Auditing Standards Authority's "Determination of Türkiye Sustainability Reporting Standards," and the "Determination of the Scope of Application of the Türkiye Sustainability Reporting Standards" were taken into consideration. The report also includes the TCFD (Task Force on Climate-related Financial Disclosure), SASB (Sustainability Accounting Standards Board) Indices.

Source: Turk Hava Yollari (Türkiye), Sustainability Report 2024, p. 3.

Source: Danone (France), Universal Registration Document 2024, p. 176.

Disclosures stemming from local legislation or generally accepted sustainability reporting pronouncements

■ Climate change:

Danone's climate change disclosures align with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). The main sections of this Universal Registration Document with disclosures related to these recommendations are: 5.2.2.1 *Composition of Danone's governance bodies, their roles and responsibilities and access to expertise and skills with regard to sustainability matters* and 5.2.5 *Impact, risk and opportunity management* in section 5.2 *Sustainability statement - General Disclosures (ESRS 2)*, 5.3.1.1 *Material impacts, risks and*

Source: Chocoladefabriken Lindt & Sprüngli (Switzerland), Sustainability Report 2024, p. 6.

The Sustainability Report 2024 has been prepared with reference to the Global Reporting Initiative (GRI) Standards and contains selected disclosures from the European Sustainability Reporting Standards (ESRS) (see GRI and ESRS content index in the Appendix). This represents a first step towards implementation of the reporting requirements under the EU Corporate Sustainability Reporting Directive (CSRD).

Source: Ferrovial (Spain), Integrated Annual Report 2024, p. 45.

Ferrovial's sustainability report is aligned with the CSRD (more detailed information in ESRS 2, BP-1), ensuring rigor and response to regulatory requirements and stakeholder expectations. It is also aligned with Law 11/2018, reinforcing compliance with Spanish legislation on non-financial and diversity information disclosure. To see more information about the Law 11/2018 go to Annex Law 11/2018. Furthermore, in the previous reporting year, a correlation was made between GRI and Law 11/2018. In this reporting year, that correlation is no longer made, and instead, it was aligned with the ESRS.

Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) guidance have been also considered when preparing the Statement of Consolidated Non-Financial and Sustainability Information.

AFE Reporting - Backup



Countries applying IFRS SDS in 2025

According to the IFRS Foundation, the following countries are currently **applying or in the process of applying the IFRS SDS**.

Country	Suitable for our AFE analysis in 2026 – first reports typically expected 1 year after mandatory application
Australia	Mandatory application of IFRS S2 (AASB S2) and voluntary application of IFRS S1 (AASB S1) from 01.01.2025, but FYE is often at the end of June.
Bangladesh	Mandatory application of IFRS S1 and IFRS S2 from 01.01.2024, but only for banks and financial institutions regulated by the Bangladesh Bank.
Brazil	Mandatory application of IFRS S1 and S2 (CBPS 01 and 02) only from 01.01.2026, early voluntary application from 01.01.2024
Chile	Mandatory application of IFRS S1 and S2 from 01.01.2026 for entities regulated by the Chilean Financial Market Commission.
Ghana	Mandatory application of IFRS S1 and S2 for certain entities from 01.01.2027, voluntary application from 01.01.2024
Hong Kong SAR	Voluntary application of IFRS S1 and S2 (HKFRS S1 and S2) from 01.08.2025; mandatory application may begin on 01.01.2028 (subject to consultation).
Jordan	Mandatory application of climate-related disclosures of IFRS S1 and S2 for certain entities from 01.01.2026, voluntary application of IFRS S1 and S2 from 01.01.2025.
Kenya	Mandatory application of IFRS S1 and S2 for PIEs after 01.01.2027 (staggered approach), voluntary application from 01.01.2024.
Malaysia	Mandatory climate-first reporting for Main Market listed entities from 01.01.2025, mandatory application of IFRS S1 and IFRS S2 from 01.01.2027
Mexico	Mandatory application of IFRS S1 and S2 (via CUE) from 29.01.2025 for most listed entities with the exception of financial institutions.
Nigeria	Mandatory application of IFRS S2 and S2 for PIEs after 01.01.2028, voluntary application from 01.01.2024.
Pakistan	Mandatory application of IFRS S1 and S2 for firms that exceed certain size thresholds from 01.01.2025.
Rwanda	Mandatory application of the full set of standards in IFRS S1 and S2 from 01.01.2027 for certain entities.
Sri Lanka	Mandatory application of IFRS S1 and S2 (SLFRS S1 and S2) for Top 100 listed entities on the Colombo Stock Exchange, but 2-year relief period for AFE
Chinese Taipei	Mandatory application of IFRS S1 and S2 for large cap listed entities from 01.01.2026.
Tanzania	Mandatory application of IFRS S1 and S2 for PIEs from 01.01.2025.
Türkiye	Mandatory application of IFRS S1 and S2 (TSRS S1 and S2) from 01.01.2024 for entities exceeding certain size thresholds.
Zambia	Mandatory application of IFRS S1 and S2 for Publicly Accountable Entities from 01.01.2025.

Countries with a *Country Profile* provided by the IFRS Foundation. Source: <https://www.ifrs.org/ifrs-sustainability-disclosure-standards-around-the-world/use-by-jurisdiction/>.