

Scenario analysis

What will the world look like in the future? Here are the potential global scenarios we used in our analysis.

A 2° Celsius world:

- Global emissions are halved by 2050
- Extreme weather events occur at current frequency
- New policies and regulations target businesses to limit allowed amount of greenhouse gas emissions
- Advances in technology provide wider access to energy-efficient resources at lower costs
- Businesses with carbon-intensive operations have revised business models
- New financial markets develop to support the transition to a low-carbon economy

With limited mitigation efforts:

- Global emissions continue rising at current rates
- Extreme weather events occur more frequently and at a more damaging scale
- Policy and regulation do not adequately address greenhouse gas emissions
- Higher levels of pollution impact human health
- Rising sea levels displace coastal populations and businesses
- Water and food scarcity in climate-stressed regions
- Increased global temperatures lower productivity

Bloomberg, as a private company, does not release segment financials due to confidentiality constraints. In lieu of exact figures, a best practice recommended by the TCFD, we have provided directional percentages.

2° Celsius scenario

| Risks | | Impact quantification | Timeline | Potential result |
|----------------------|---------------------------------------|---|--|--|
| Transition | Policy and Legal | <1% impact on business | Europe: 1–3 years Other: 4–10 years | Our current initiative to transition all of the energy used in our offices and data centers to renewable sources will limit the impact of any policy changes that may increase the cost of greenhouse gas emissions. |
| | Technology | <1% impact on costs associated with renewable energy technology | 4–7 years | Advances in technology would not present a material risk to our business. If advances occur faster than anticipated and the price for renewable energy drops, we may be locked into higher-than-market rates for our current contracts. However, with 11% of our business currently run on renewable energy, we will be transitioning the majority of our business under the new market prices. While we may be able to complete the transition sooner, this would not significantly impact costs. |
| | Market | 20% increase in sustainable business and finance-related R&D | 1–7 years | Demand for financial tools and data for markets such as oil and gas will decrease as global demand for these commodities declines. To hedge this risk, we must stay ahead of client preferences and invest more in the near term to advance the development of our renewable market tools. |
| | Reputation | <1% impact on business | 7–10 years | As a current leader in corporate sustainability, our reputational risk is low; however, if we do not work to match our sustainability-related climate offerings with market changes we could risk losing this position. |
| Physical | Acute | 10% increase in capital investment at key facilities | 1–10 years | Bloomberg has already prepared data centers and offices to withstand severe weather events and has formulated plans to ensure the safety of our employees and continuity of services to our customers should such events occur. These preparations include investing in wind-resilient buildings, additional fuel tanks and more resilient construction for key facilities and will continue as we add new locations. |
| | Chronic | <1% of an impact on business | 4–7 years | Chronic climate changes such as increases in sea level and global temperature will be less impactful than in more extreme scenarios. Additionally, our business is not water-intensive, centered in climate-stressed regions or reliant on outdoor labor. |
| Opportunities | | | | |
| | Resource efficiency and energy source | Additional \$10 million in avoided energy costs | 4–7 years | With our plans to fully transition to renewable energy by 2025, we may avoid more energy costs – and realize those changes more quickly – if new technology drives down renewable energy prices faster and further than expected. |
| | Products and services | 20% increase in revenue from sustainable finance products | 1–7 years | An increase in demand for our existing products that help clients navigate the transition to a low-carbon economy. Tools such as our ESG scorecard, BNEF research, carbon footprinting applications and climate-change-related data may see an increase in use with expected revenue growth over the current growth path. |
| | Markets | 10% increase in revenue from tools for sustainable markets | 4–7 years | Financial markets such as green bonds, carbon trading or carbon capture may expand, increasing our revenue as we continue to enhance our tools that allow clients to participate in these markets. |
| | Resilience | No discernible quantified impact | 1–10 years | Investing in sustainable products, services and infrastructure, combined with our clients' dependence on us to provide tools for the changing markets, will strengthen our sustainability-focused business models. |

Limited mitigation scenario

| Risks | | Impact quantification | Timeline | Potential result |
|----------------------|---------------------------------------|--|--|---|
| Transition | Policy and Legal | No discernible quantified impact | Europe: 1–3 years Other: 4–10 years | Policy changes may happen at different times across different geographies. Regardless, we will continue our path toward renewable operations and do not anticipate meaningful impact. |
| | Technology | <5% decrease in costs avoided from using renewable energy technology | 4–7 years | Renewable technology will not advance as far, and renewable energy prices may not continue to decline as they have over the last decade. Costs avoided from using renewable energy may be tempered or take longer to realize. |
| | Market | Revenue loss mitigated by other market changes | 4–10 years | If the renewable market does not grow as much as we anticipate, there is a risk that our current tools and planned investment will not generate as much revenue as projected. Increased demand for other tools that help deal with heightened physical risk will mitigate revenue changes. |
| | Reputation | No discernible quantified impact | 1–10 years | Even in the absence of policies to promote a low-carbon economy, Bloomberg will continue to incorporate sustainability into our business and business offerings, so we do not anticipate reputational risk. |
| Physical | Acute | 15% increase in capital investment at key facilities | 1–10 years | Businesses may experience losses in productivity or working days due to severe weather events. While our contingency plans protect against a loss in revenue due to such events, increased spending on resiliency beyond what is described in a 2° Celsius scenario could be necessary. |
| | Chronic | <1% of an impact on business | 4–7 years | The majority of Bloomberg's business dealings and operations are not in areas that are stressed by water or extreme temperatures; our own business is not resource-intensive, so chronic changes are not likely to have a large impact. |
| Opportunities | | | | |
| | Resource efficiency and energy source | <1% increase in avoided energy costs | 8–10 years | Renewable energy prices may stagnate, but climate stress may cause non-renewable resources to increase in price, ultimately leading to greater cost avoidance from our renewable operations. |
| | Products and services | <5% increase in revenue from sustainable finance products | 4–7 years | Our clients invested in markets such as real estate and insurance will need new products to analyze drastic market changes. We currently offer tools such as MAPS, a geo-insight resource that helps investors analyze physical climate change risks, and we will continue to develop products to capture increased demand. |
| | Markets | <1% increase in total product revenue | 7–10 years | As markets such as real estate and commodities become more volatile, the need for timely, transparent data and market-driven news could potentially increase; however, this will not have a significant impact on our business, which already provides solutions for volatile markets. |
| | Resilience | <1% increase in value of physical assets | 7–10 years | Our current resiliency practices have led us to build and renovate our buildings to extremely high physical stress standards. If climate change continues on its current path, this investment in resilient infrastructure may increase the value of the real estate assets we own. |