

Date: [Insert Date]

To: [Insert Name of Financial Institution/Executive Management]

From: [Insert Regulatory Body/Risk Management Department]

Subject: Announcement of Climate Financial Risk Stress Testing Scenarios

Dear [Recipient Name],

This letter serves as a formal announcement regarding the upcoming Climate Financial Risk Stress Testing exercise for the [Insert Year] period. As part of our commitment to financial stability and long-term risk management, we are introducing specific climate-related scenarios to evaluate the resilience of our portfolio against environmental variables.

The exercise will focus on two primary risk drivers:

- **Physical Risk:** Assessing the impact of acute weather events and chronic climate shifts on asset valuations and operational continuity.
- **Transition Risk:** Evaluating the financial implications of policy changes, technological shifts, and market sentiment during the transition to a low-carbon economy.

The following scenarios have been defined for this testing cycle:

1. **Orderly Transition:** Early and gradual introduction of climate policies.
2. **Disorderly Transition:** Delayed and sudden policy implementation leading to higher transition costs.
3. **Hot House World:** Limited climate action resulting in significant physical damage.

Key Deadlines:

- Data Submission Period: [Insert Date] to [Insert Date]
- Preliminary Results Review: [Insert Date]
- Final Report Submission: [Insert Date]

Detailed technical specifications, including variable projections and reporting templates, are attached to this letter. We expect all relevant departments to align their modeling frameworks with these scenarios.

Please acknowledge receipt of this announcement and designate a primary point of contact for this exercise by [Insert Date].

Sincerely,

[Your Name/Signature]
[Your Title]
[Organization Name]