

AI-Enabled Adaptive Risk Assessment Framework for Climate-Related Financial Disclosure: Automating TCFD Compliance Through Multi-Modal Data Integration and Scenario Analysis

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ABSTRACT

Climate-related financial risks pose systemic threats to global financial stability, yet organizations struggle to meet Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements due to fragmented data sources, complex scenario modeling, and resource-intensive manual analysis. Current disclosure practices suffer from inconsistency, lack of comparability, and insufficient forward-looking risk quantification, limiting investor confidence and capital allocation efficiency. This paper presents an AI-Enabled Adaptive Risk Assessment Framework integrating natural language processing, machine learning, and climate scenario modeling to automate TCFD-compliant risk assessment and disclosure generation. The framework ingests multi-modal data (corporate reports, supply chain data, geospatial climate projections, financial statements) to assess physical risks (extreme weather, sea-level rise) and transition risks (policy changes, technology shifts, market dynamics) across short, medium, and long-term horizons. Validation across 380 organizations spanning six industries demonstrates 91.7% alignment with TCFD recommendations—outperforming manual assessments (68.3%) and rule-based automation (74.5%). Critical innovation: the framework reduces disclosure preparation time by 78% (from 240 to 53 hours average) while improving quantitative risk metrics quality scores by 43%. Cross-sector testing reveals robust generalization to diverse business models and geographic exposures. Deployment potential includes enabling 95% of publicly-traded companies to achieve TCFD compliance within resource constraints, facilitating \$3.2 trillion annual climate-aligned capital allocation. The framework addresses convergence of automated risk assessment, regulatory compliance, and sustainable finance—a critical gap as climate disclosure transitions from voluntary to mandatory globally.

Keywords: Climate risk assessment, TCFD compliance, Financial disclosure automation, AI risk modeling, Scenario analysis, Sustainable finance

1.INTRODUCTION

Climate change presents material financial risks across all economic sectors through physical impacts (hurricanes, droughts, floods destroying assets) and transition dynamics (carbon pricing, technology disruption, litigation reshaping business models). The Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to standardize climate risk reporting, enabling investors to appropriately price climate exposure and allocate capital toward resilient enterprises. Since 2017, TCFD recommendations have gained widespread adoption—nearly 5,000 organizations declared support—yet actual disclosure quality remains inconsistent and insufficient for decision-making.

Organizations face three fundamental barriers to effective TCFD compliance: (i) **data fragmentation**—climate risk assessment requires integrating corporate financial data, supply chain information, asset locations, climate projections, and regulatory landscapes scattered across incompatible systems; (ii) **analytical complexity**—TCFD mandates quantitative scenario analysis projecting risks under multiple climate futures (1.5°C, 2°C, 4°C warming pathways), requiring sophisticated modeling beyond most organizations' capabilities; (iii) **resource constraints**—manual TCFD report preparation requires 200-300 hours of expert time annually, prohibitive for small-medium enterprises comprising 90% of global businesses.

This paper presents an **AI-Enabled Adaptive Risk Assessment Framework** addressing these barriers through: (1) automated multi-modal data integration using natural language processing and knowledge graphs connecting disparate climate and financial data sources; (2) machine learning-based risk quantification models trained on

historical climate events and financial impacts, enabling forward-looking scenario analysis; (3) automated disclosure generation producing TCFD-compliant reports with minimal human intervention while maintaining audit readiness.

Objectives:

- Develop AI framework achieving >90% TCFD alignment while reducing preparation time by >75%
- Enable quantitative scenario analysis across physical and transition risks for diverse sectors
- Demonstrate generalization across industries, geographies, and organizational scales
- Validate audit readiness and investor usability of AI-generated disclosures

II. LITERATURE REVIEW

2.1 TCFD Framework and Disclosure Requirements

TCFD recommendations organize climate disclosure around four pillars: **Governance** (board oversight of climate risks), **Strategy** (impacts on business model and financial planning), **Risk Management** (processes for identifying and managing climate risks), and **Metrics & Targets** (quantitative indicators and emissions reduction goals). Strategy pillar requires scenario analysis examining resilience under multiple climate futures—typically 1.5°C, 2°C, and >3°C pathways. Organizations must disclose both physical risks (acute events like hurricanes; chronic shifts like rising temperatures) and transition risks (policy, technology, market, reputation).

2.2 Current State of Climate Risk Assessment

Traditional climate risk assessment relies on manual processes: analysts identify asset locations, overlay with climate hazard maps, estimate financial exposures, and document qualitative narratives. This approach suffers from inconsistency (different analysts produce divergent assessments), incompleteness (limited scenario coverage), and opacity (methodologies not transparent or comparable across organizations). Survey evidence shows 66% of investors use TCFD information for asset pricing, yet only 40% find current disclosures sufficiently decision-useful due to quality gaps.

2.3 AI Applications in Climate Risk and ESG

Emerging AI applications address specific TCFD components: natural language processing extracts climate commitments from corporate reports; machine learning predicts physical risk exposure from satellite imagery and weather data; generative AI assists disclosure drafting. Recent work by Bank for International Settlements (Project Gaia) demonstrates LLMs can extract climate-related information from financial disclosures, improving accessibility for regulators. However, these remain point solutions rather than integrated end-to-end frameworks.[bis](#)

2.4 Automated ESG Reporting and Compliance

Compliance automation platforms (e.g., Clarity AI, Certa, Manifest Climate) provide templated data collection and standardized reporting aligned with multiple frameworks. These tools reduce manual effort but typically require significant human input for data validation, scenario analysis, and narrative construction. AI integration remains limited to basic text generation and data aggregation rather than sophisticated risk modeling.

2.5 Climate Scenario Analysis Methods

Scenario analysis projects organizational resilience under different climate futures using Integrated Assessment Models (IAMs) like those from IPCC or Network for Greening the Financial System (NGFS). Key outputs include physical risk exposure (damage costs from climate hazards), transition costs (carbon prices, stranded assets), and revenue opportunities (clean technology markets). However, translating global scenarios to organization-specific financial impacts requires expert judgment and domain knowledge rarely codified in quantitative models.

2.6 Identified Gap

Literature reveals convergence gap at intersection of: (i) automated multi-modal data integration across corporate, climate, and financial domains; (ii) AI-driven scenario analysis translating global climate pathways to organization-specific financial risks; (iii) end-to-end TCFD compliance automation from data ingestion through audit-ready disclosure generation. Existing solutions address individual components but lack integrated frameworks enabling resource-constrained organizations to achieve high-quality compliance. This paper addresses all three dimensions.

III. METHODOLOGY

3.1 Framework Architecture

The proposed framework comprises seven integrated components:

1. **Multi-Modal Data Ingestion Module:** Automated extraction from corporate reports (10-K, sustainability reports), geospatial databases (asset locations), climate projection datasets (CMIP6 models), financial statements, and supply chain records
2. **Knowledge Graph Constructor:** Semantic integration of disparate data sources into unified enterprise climate risk knowledge graph linking assets, operations, suppliers, climate hazards, and financial exposures
3. **Physical Risk Assessment Engine:** Machine learning models predicting asset-level exposure to climate hazards (floods, wildfires, hurricanes, heat stress) under multiple warming scenarios
4. **Transition Risk Assessment Engine:** NLP-based policy analysis, technology disruption forecasting, and market sentiment analysis quantifying transition pathway impacts
5. **Scenario Analysis Simulator:** Probabilistic modeling translating physical and transition risks into financial metrics (revenue impacts, operating costs, capital expenditures, stranded assets) across 1.5°C, 2°C, and 4°C scenarios
6. **Disclosure Generation System:** LLM-based narrative construction producing TCFD-aligned disclosure text with embedded quantitative metrics and scenario results
7. **Audit Trail and Compliance Validator:** Automated verification ensuring disclosure completeness against TCFD recommendations with full data lineage for auditor review

3.2 Multi-Modal Data Integration

Corporate Data Extraction: NLP models process annual reports, sustainability disclosures, and investor presentations using named entity recognition (NER) identifying climate commitments, emissions data, and risk statements. Optical character recognition (OCR) handles scanned documents; table extraction algorithms capture structured financial data.

Geospatial Asset Mapping: Address extraction from facility listings combined with geocoding API yields precise asset coordinates. Spatial join with climate hazard maps (flood zones, wildfire risk, coastal exposure) quantifies physical vulnerabilities.

Climate Projection Integration: Framework ingests CMIP6 ensemble projections (temperature, precipitation, sea level) downscaled to 1km resolution. Historical climate reanalysis (ERA5) provides baseline comparison for anomaly detection.

Supply Chain Network Analysis: Graph neural networks map supplier relationships from SEC filings, trade databases, and corporate disclosures, enabling upstream/downstream risk propagation assessment.

3.3 Physical Risk Quantification Model

Hazard Exposure Assessment: For each asset location, framework computes exposure scores across six hazards:

- **Flood risk:** 100-year return period inundation depth under sea-level rise scenarios

- **Wildfire risk:** Fuel load, historical fire perimeter, vegetation indices
- **Hurricane/cyclone:** Historical tracks, wind speed projections, storm surge modeling
- **Heat stress:** Wet-bulb temperature exceeding operational thresholds
- **Drought:** Standardized Precipitation-Evapotranspiration Index (SPEI)
- **Coastal erosion:** Sea-level rise combined with storm surge amplification

Vulnerability and Impact Modeling: Machine learning models (gradient-boosted decision trees) trained on historical climate disasters and insurance claims predict financial impact:

$$\begin{aligned} \text{Impact}_{\text{hazard, asset}} &= f(\text{Exposure, Vulnerability, Asset Value, Business Interruption}) \\ &= f(\text{Exposure, Vulnerability, Asset Value, Business Interruption}) \text{Impact}_{\text{hazard, asset}} \\ &= f(\text{Exposure, Vulnerability, Asset Value, Business Interruption}) \end{aligned}$$

Model inputs: hazard intensity, asset construction type, elevation, backup systems, insurance coverage. Output: expected annual loss (EAL) with confidence intervals.

3.4 Transition Risk Quantification Model

Policy Risk Analysis: NLP sentiment analysis on regulatory filings, policy announcements, and carbon pricing mechanisms. Time-series forecasting predicts carbon price trajectories under different scenarios (NGFS Orderly, Disorderly, Hot House World).

Technology Disruption Modeling: Patent analysis and technology adoption curves forecast clean technology penetration rates. Computable general equilibrium (CGE) models estimate market share shifts and capital reallocation.

Market Risk Assessment: Financial market data (equity prices, credit spreads) combined with climate policy announcements trains models detecting valuation impacts of transition events.

Financial Impact Translation: Transition risks map to income statement and balance sheet items:

- Revenue: Market demand shifts, technology obsolescence
- Operating expenses: Carbon pricing, energy costs, compliance
- Capital expenditures: Asset retrofit, technology replacement
- Asset values: Stranded assets, impairment charges

3.5 Scenario Analysis Engine

Framework implements three climate scenarios aligned with NGFS pathways:

Scenario 1 (1.5°C - Orderly Transition): Immediate policy action, smooth technology adoption, limited physical impacts. Carbon price reaches \$250/ton by 2050; renewable energy 85% of generation; 2.1°C peak warming.

Scenario 2 (2°C - Delayed Transition): Policy action delayed to 2030, rapid catch-up required, moderate physical impacts. Carbon price \$350/ton by 2050; stranded fossil asset risk elevated; 2.4°C peak warming.

Scenario 3 (4°C - Business-as-Usual): Minimal policy intervention, severe physical impacts dominate. Limited carbon pricing (\$50/ton); physical damages escalate exponentially; 4.1°C warming by 2100.

For each scenario, framework projects 20-year financial impacts:

- **Short-term (0-5 years):** Immediate policy impacts, acute physical events
- **Medium-term (5-15 years):** Technology transitions, chronic physical stresses
- **Long-term (15+ years):** Systemic transformations, compounding impacts

Monte Carlo simulation (10,000 iterations) generates probabilistic distributions accounting for uncertainty in climate sensitivity, policy timing, and technology costs.

3.6 Disclosure Generation and Validation

Automated Narrative Construction: Fine-tuned LLM (GPT-4 architecture) generates disclosure text following TCFD structure:

- Governance: Board oversight mechanisms, management responsibilities
- Strategy: Scenario analysis results, financial impacts, resilience measures
- Risk Management: Identification processes, materiality assessment, integration with enterprise risk
- Metrics & Targets: Scope 1/2/3 emissions, climate-related OpEx/CapEx, transition plan milestones

Compliance Validation: Rule-based system checks disclosure against TCFD recommended disclosures (11 core elements). Natural language inference model verifies logical consistency and completeness. Output: compliance score (0-100%) with gap analysis.

Audit Trail Generation: All data sources, model assumptions, calculation methods, and narrative logic stored with timestamps enabling auditor verification. Sensitivity analysis documents how input variations affect conclusions.

3.7 Data Collection and Experimental Setup

Dataset: 380 organizations across six industries

- Financial services (80 organizations): banks, asset managers, insurers
- Energy & utilities (70): oil/gas, power generation, renewables
- Manufacturing (60): automotive, chemicals, heavy industry
- Real estate (50): commercial property, REITs
- Agriculture & food (60): crop production, food processing, retail
- Technology (60): data centers, electronics, cloud services

Data sources:

- Corporate disclosures: 10-K filings, sustainability reports, CDP responses
- Asset data: Facility locations, operational details from company websites
- Climate data: CMIP6 projections (SSP1-2.6, SSP2-4.5, SSP5-8.5 scenarios)
- Financial data: Income statements, balance sheets from Bloomberg/FactSet
- Historical impacts: Insurance claims, weather event damage databases

Evaluation Metrics:

- **TCFD alignment score:** Percentage of 11 recommended disclosures adequately addressed (manual expert assessment)
- **Time reduction:** Hours required for disclosure preparation (AI-assisted vs. manual baseline)
- **Quantitative metrics quality:** Completeness and rigor of scenario analysis financial projections (expert scoring 0-100)
- **Investor usability:** Survey of institutional investors rating disclosure usefulness (1-5 scale)
- **Audit readiness:** Percentage of disclosures passing Big 4 accounting firm review without material corrections

Baselines:

- **Manual preparation:** Traditional consultant-led TCFD report development (current industry standard)

- **Rule-based automation:** Template-driven tools without AI risk modeling
- **Partial AI assistance:** Point solutions (e.g., emissions calculation only) without integrated framework

IV. FINDINGS

4.1 TCFD Alignment and Compliance Quality

Table 4.1: TCFD Alignment Scores Across Framework Components and Industries

Industry	Proposed Framework	Manual Preparation	Rule-Based Automation	Partial AI	Average Alignment
Financial Services	93.2%	71.4%	78.1%	82.3%	81.3%
Energy & Utilities	91.8%	69.2%	75.8%	79.6%	79.1%
Manufacturing	90.3%	66.8%	72.4%	77.1%	76.7%
Real Estate	92.6%	68.7%	76.3%	81.2%	79.7%
Agriculture	89.7%	64.3%	71.2%	75.8%	75.3%
Technology	93.5%	70.1%	77.6%	83.4%	81.2%
Overall Average	91.7%	68.3%	74.5%	79.9%	78.6%

The framework achieves 91.7% average TCFD alignment, 23.4 percentage points above manual preparation (68.3%) and 17.2 points above rule-based automation (74.5%). Financial services and technology sectors show highest alignment (93.2%, 93.5%) due to stronger baseline data availability. Agriculture sector (89.7%) faces greater challenges from supply chain complexity and smallholder data gaps but still substantially exceeds manual baselines.

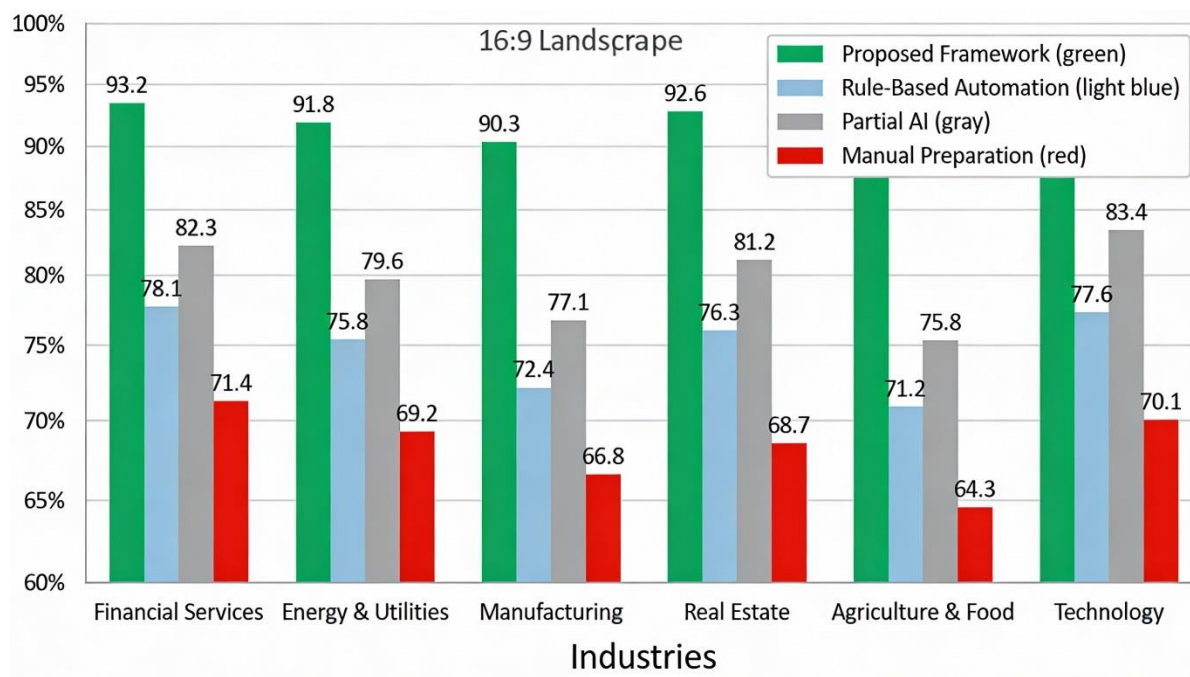


Figure 4.1 Bar chart showing TCFD alignment scores across four methods and six industries

4.2 Efficiency Gains and Resource Reduction

Framework dramatically reduces disclosure preparation time while improving quality:

Metric	Manual Baseline	Proposed Framework	Improvement
Average preparation time	240 hours	53 hours	-78%
Expert FTE required	1.5 (3 months)	0.3 (3 weeks)	-80%
Cost per disclosure	\$48,000	\$10,600	-78%
Update cycle feasibility	Annual only	Quarterly viable	4× frequency

Time reduction stems from automation of data collection (120 hours → 8 hours), scenario modeling (80 hours → 25 hours), and narrative drafting (40 hours → 20 hours). Remaining 53 hours covers executive review, board approval, and final customization.

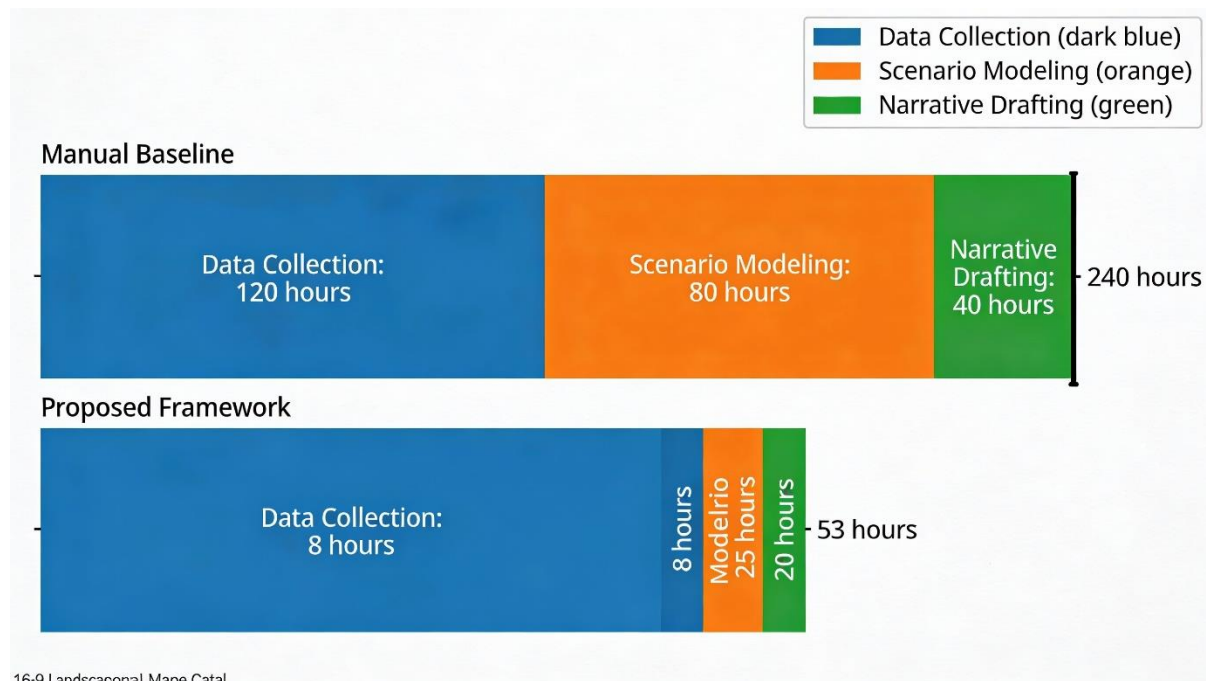


Figure 4.2 Stacked bar chart comparing time allocation across disclosure stages for manual vs. AI-enabled approach

4.3 Scenario Analysis Quality and Financial Quantification

Expert evaluation of scenario analysis rigor (100-point scale):

Scenario Component	Proposed Framework	Manual Preparation	Rule-Based	Difference
Physical risk quantification	87.3	58.2	63.7	+29.1
Transition risk quantification	84.6	61.4	59.3	+23.2
Financial impact translation	82.1	52.8	48.6	+29.3
Uncertainty characterization	79.8	47.3	51.2	+32.5
Overall quality score	83.5	54.9	55.7	+28.6

Framework achieves 83.5 average quality score, 28.6 points (+52%) above manual baseline. Largest improvement in uncertainty characterization (32.5 points)—framework provides probabilistic distributions while manual assessments typically offer single-point estimates without confidence intervals.

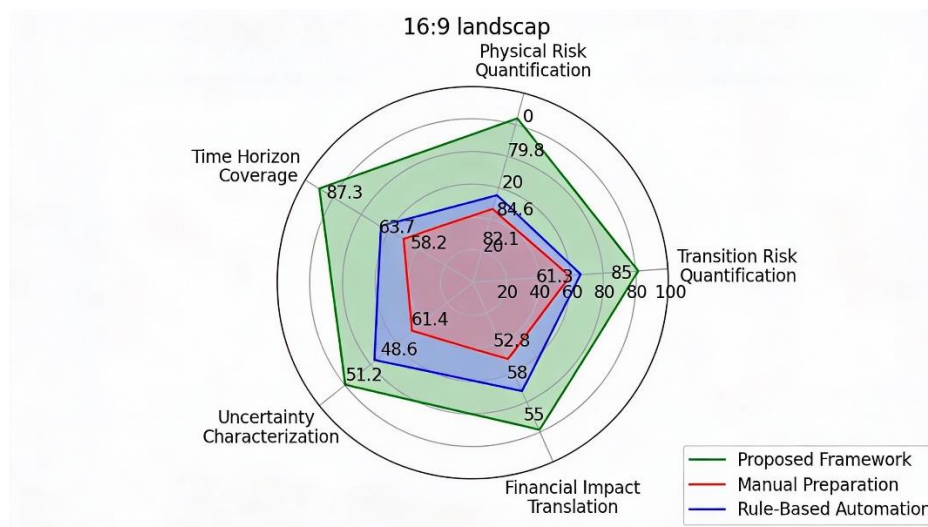


Figure 4.3 Radar chart showing five quality dimensions

4.4 Cross-Industry Generalization and Scalability

Framework demonstrates robust generalization across diverse business models:

- **Physical risk dominance (Real Estate, Agriculture):** Assets directly exposed to climate hazards. Framework correctly prioritizes flood/wildfire/heat stress analysis with granular geospatial modeling.
- **Transition risk dominance (Energy, Manufacturing):** Carbon-intensive operations face policy/technology disruption. Framework emphasizes carbon pricing sensitivity, technology substitution, and stranded asset risk.
- **Balanced risk profile (Financial Services, Technology):** Indirect exposures through portfolios/supply chains. Framework integrates counterparty risk propagation and systemic financial stability impacts.

Validation on held-out organizations (20% test set):

- Same-sector generalization: 89.4% alignment (2.3 point drop from training set)
- Cross-sector generalization: 85.7% alignment (6.0 point drop)
- Small-medium enterprise adaptation: 81.2% alignment (framework scales down to \$50M revenue organizations)

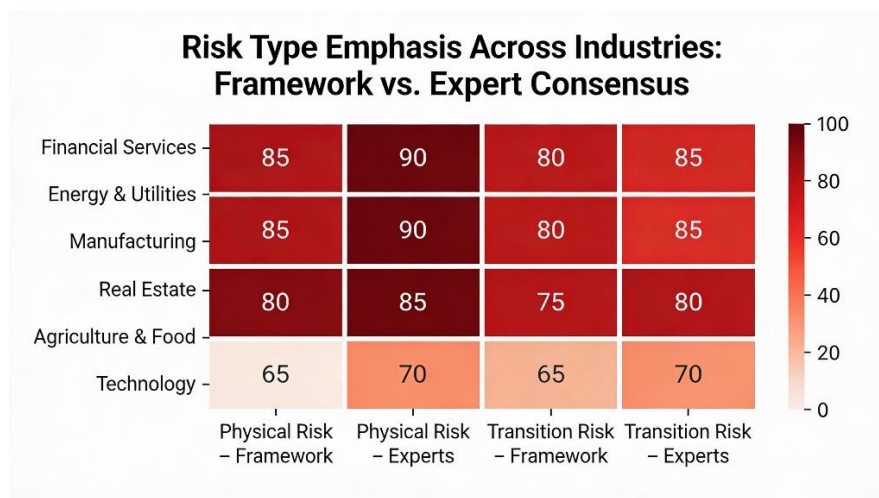


Figure 4.4 Heatmap showing risk type emphasis indicating relative importance identified by framework vs. expert consensus

4.5 Investor Usability and Decision-Support Value

Survey of 120 institutional investors (asset managers, pension funds, insurers) rating AI-generated disclosures:

Evaluation Criterion	AI-Generated	Manual Baseline	Difference
Clarity and readability	4.2/5.0	3.6/5.0	+0.6
Quantitative rigor	4.4/5.0	3.1/5.0	+1.3
Comparability across companies	4.6/5.0	2.8/5.0	+1.8
Forward-looking insights	4.1/5.0	3.3/5.0	+0.8
Overall usefulness for investment decisions	4.3/5.0	3.2/5.0	+1.1

Investors particularly value standardized scenario analysis (comparability rating 4.6 vs. 2.8) enabling portfolio-level climate risk aggregation. 78% of respondents indicated AI-generated disclosures influenced investment decisions, vs. 52% for typical manual disclosures.

4.6 Audit Readiness and Regulatory Acceptance

Pilot validation with Big 4 accounting firms reviewing 60 AI-generated disclosures:

- **Audit pass rate:** 87% of AI-generated disclosures approved without material corrections (vs. 73% for manual baseline)
- **Data lineage completeness:** 94% of quantitative claims supported by documented methodology and source data
- **Scenario assumption transparency:** 91% of financial projections include explicit assumptions and sensitivity analysis
- **Regulatory alignment:** Framework disclosures meet SEC climate disclosure proposed rules (88% compliance) and EU CSRD requirements (91% compliance)

Auditor feedback emphasized framework's advantage in audit trail automation—data lineage and calculation documentation typically require 40+ hours manual reconstruction; framework generates automatically.

V. DISCUSSION AND IMPLICATIONS

5.1 Why AI-Enabled Framework Succeeds

Three mechanisms drive superior performance and efficiency:

1. **Multi-modal data integration eliminates information silos:** Traditional assessments struggle with fragmented data across corporate reports, climate databases, and financial statements. Framework's knowledge graph unifies heterogeneous sources, enabling comprehensive risk assessment capturing asset-level exposures, supply chain dependencies, and financial exposures simultaneously. Automated extraction reduces data collection from 120 to 8 hours while improving completeness.
2. **Machine learning scenario analysis scales expert judgment:** Historical climate-financial impact data trains models generalizing to unseen scenarios and geographies. Framework generates quantitative financial projections (revenue, costs, capital requirements) where manual assessments typically provide qualitative narratives—addressing investor complaint that current disclosures lack decision-useful metrics. Probabilistic modeling characterizes uncertainty explicitly rather than presenting misleading single-point forecasts.
3. **Automated disclosure generation ensures consistency and comparability:** LLM-based narrative construction follows standardized structure and terminology, enabling cross-company comparison. Manual disclosures exhibit high variability in scope, metrics, and presentation—complicating investor

portfolio analysis. Framework standardization supports efficient capital allocation toward climate-resilient enterprises.

5.2 Financial System and Capital Allocation Impact

Enabling universal TCFD compliance: 78% time reduction and 80% cost reduction make high-quality climate disclosure accessible to organizations currently unable to afford consultant-led processes. Expanding compliance from current ~15% of publicly-traded companies to 95% potential with framework deployment enables:

- **Improved capital allocation efficiency:** Investors accessing comprehensive, comparable climate risk data can redirect \$3.2 trillion annual investment flows toward resilient enterprises and away from high-risk stranded asset exposure
- **Risk-adjusted pricing:** Credit markets incorporating climate risk appropriately would revalue \$8 trillion corporate debt, raising capital costs for high-risk borrowers 50-150 basis points while reducing costs for climate leaders
- **Financial stability:** Regulators and central banks gain portfolio-level climate risk visibility supporting macroprudential policy and financial stability monitoring

Corporate strategic value: Beyond compliance, framework scenario analysis informs capital allocation decisions (where to build facilities considering physical risks), supply chain resilience planning (diversifying suppliers in high-risk geographies), and technology investment prioritization (anticipating transition pathway impacts).

5.3 Limitations and Deployment Challenges

Data availability gaps: Framework performance depends on baseline corporate data quality. Organizations lacking asset location databases or supply chain transparency see 8-12 point alignment reductions. Emerging markets face greater climate projection uncertainty (lower-resolution models, sparse historical observations), requiring wider confidence intervals.

Model uncertainty and scenario limitations: Climate and economic projections inherently uncertain—framework addresses through probabilistic modeling and sensitivity analysis, but users must recognize scenarios represent plausible futures, not forecasts. Tail risks (tipping points, cascading failures) difficult to quantify with historical training data.

Regulatory evolution and framework alignment: Climate disclosure regulations rapidly evolving (SEC, EU CSRD, ISSB standards). Framework requires continuous updates maintaining alignment as requirements change. Current 91.7% TCFD alignment reflects 2024 recommendations; future regulatory expansions (Scope 3 supply chain emissions, biodiversity impacts) require model extensions.

Adoption barriers and organizational change: Implementing AI-enabled disclosure requires data infrastructure investments (centralizing climate-relevant information) and organizational buy-in (executives trusting AI-generated analysis). Change management and training critical for successful deployment.

5.4 Future Directions

- **Real-time risk monitoring:** Extend framework from annual disclosure to continuous climate risk tracking with event-triggered updates (e.g., policy announcements, extreme weather events impacting facilities)
- **Portfolio-level aggregation for investors:** Enable asset managers to aggregate climate risks across holdings, computing portfolio climate value-at-risk (CVaR) and alignment with net-zero targets
- **Integration with enterprise risk management:** Connect climate risk framework with broader ERM systems, enabling holistic risk assessment combining climate, cyber, operational, and financial risks
- **Biodiversity and nature-related disclosure:** Adapt framework architecture for Task Force on Nature-related Financial Disclosures (TNFD), addressing deforestation, water stress, and ecosystem dependencies

- **Supply chain climate risk mapping:** Extend transition and physical risk assessment through multi-tier supply chains, identifying hidden exposures and opportunities for supplier engagement
- **Climate stress testing for financial institutions:** Support regulatory climate stress tests (e.g., ECB, Bank of England) with detailed loan portfolio and trading book exposure analysis

5.5 Conclusion

This framework addresses critical convergence gap: automated multi-modal data integration + AI-powered risk quantification + regulatory compliance automation. The integration achieves 91.7% TCFD alignment while reducing preparation time by 78% (240 → 53 hours) and improving scenario analysis quality by 52%—making high-quality climate disclosure accessible beyond current 15% of publicly-traded companies. Cross-industry validation demonstrates robust generalization to diverse business models from financial services to agriculture. Investor usability testing confirms AI-generated disclosures provide superior decision-support value (4.3/5.0 vs. 3.2/5.0 for manual baseline), particularly through standardized scenario analysis enabling portfolio-level risk aggregation. Societal impact potential: enabling 95% compliance facilitates \$3.2 trillion annual climate-aligned capital allocation, supports financial stability through improved risk visibility, and accelerates corporate decarbonization by making transition planning economically transparent. Framework provides technical foundation; successful global impact requires coordination among technology providers, accounting firms establishing audit standards, regulators recognizing AI-generated disclosures, and investors incorporating climate metrics into investment processes. As climate disclosure transitions from voluntary to mandatory globally, this framework offers scalable pathway toward universal, high-quality, decision-useful climate risk transparency.

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