



2026 Climate-Related Financial Risk Disclosures

Executive Summary

2026 Climate-Related Financial Risk Disclosures

11

TCFD disclosure questions addressed

30

Years of facility-level physical risk horizon

10

Years of capital planning integration

2050

Net-zero emissions target

Executive Takeaway

Stanford Medicine Children's Health has embedded climate risk into governance, emergency preparedness, space planning, budgeting, and capital allocation. The report identifies material physical and transition risks and outlines actions to support uninterrupted, high-quality patient care.

GOVERNANCE

Board and executive oversight. The Board receives climate-risk updates annually or as needed. The Audit, Compliance and Enterprise Risk (ACER) Committee, Committee on Management Controls and Compliance (CMCC), Executive Leadership, Sustainability, Emergency Management, and facilities leaders provide layered oversight, assessment, and implementation.

STRATEGY & RISK PROFILE

Physical risks: long-term exposure to wildfire, flood, severe weather, extreme heat, and air-quality impacts. Transition risks: medium-term capital and operating costs for electrification, efficient medical equipment, HVAC, and water-intensive services.

RESILIENCE & FINANCIAL PLANNING

Physical and transition risk assessment results inform annual budgeting, monthly fund allocation, the Long-Range Space Plan, and the 10-year capital process. Project prioritization weighs resilience, emissions goals, energy efficiency, feasibility, available incentives, and delay risks.

RISK MANAGEMENT

Climate findings are integrated into the CMCC annual enterprise-risk process and the Hazard Vulnerability Assessment. The HVA evaluates 49 human, technological, and natural hazards; priority actions may include procedures, drills, training, and resilience investments.



KEY CLIMATE COMMITMENTS

- 50% absolute reduction in Scope 1 and 2 emissions by 2030.
- Net-zero emissions by 2050.
- Green-building standards for 100% of future construction.

Metrics & Targets

Reported Annually



Scope 1, 2, & 3 GHG



Waste & Diversion



Water Consumption



Energy by Source

REPORTING BASIS

Prepared for California Senate Bill 261 using CARB guidance aligned with the 2017 TCFD recommendations. The report covers relevant FY 2024-2025 information and represents a full-faith effort to address all eleven disclosure questions.



Children's Health

Introduction

Stanford Medicine Children's Health is proud to present our 2026 Climate-Related Financial Risk Report, crafted to meet the standards set forth by California Senate Bill 261. This report showcases our dedication to understanding, sharing, and proactively addressing the climate-related financial risks and opportunities that could affect our capacity to provide continuous, high-quality patient care. As a pioneer and innovator responsible for some of society's most important medical and technological advances, Stanford Children's is committed to promoting the health and well-being of the people and communities it serves while safeguarding the environment for future generations. To uphold this commitment, Stanford Children's can and will lead by example through setting a standard for sustainable practices, implementing innovative solutions, and reducing the environmental impact of health care.

At Stanford Medicine Children's Health, our dedication to the health and well-being of our patients and communities drives us to integrate a climate perspective into our strategic planning, operational goals, and daily activities. As we identify further climate risks, we will persist in evaluating and incorporating this knowledge into our long-term planning to ensure continuous support for our patients, families, employees, and community.

Statement of Compliance

Stanford Medicine Children's Health has reported on climate-related financial disclosures consistent with the California Air Resources Board's (CARB) guidance on alignment to the Final Report of Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), published by the TCFD (June 2017). Stanford Medicine Children's Health has made a full faith effort to answer all eleven disclosure questions.

The report encompasses relevant information and data for FY 2024-2025.





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Governance



Governance

(a) Board oversight

Stanford Medicine Children's Health ("Stanford Children's") strategic direction is governed by Stanford Medicine Children's Health Board of Directors ("BoD"). The BoD oversees Stanford Children's operations, finances, and business strategy, including oversight of climate-related risks and opportunities.

The Board of Directors meets quarterly, and climate-related risks and opportunities are shared annually or as needed. The Audit, Compliance and Enterprise Risk ("ACER") is a standing committee that advises the BoD in relation to their responsibility for quality and integrity of financial reporting; compliance with applicable state, federal, and international regulations; and risk control and mitigation. The ACER committee meets at least four times per year and periodically reviews the process for identifying, prioritizing, mitigating, monitoring, and auditing enterprise risks.

Stanford Children's Executive Leadership Team and the Committee on Management Controls and Compliance ("CMCC") report material risks and opportunities, including material climate-related risks and opportunities, to the BoD as part of the overall enterprise risk management process to inform business strategy and financial decision-making.

The BoD affirms Stanford Children's commitment to promoting the health and well-being of the people and communities Stanford Children's serves while safeguarding the environment or future generations. In doing so, the BoD delegates the management of environmental targets and of climate-related risks and opportunities to Stanford Children's Executive Leadership.

More information on the [Stanford Medicine Children's Health Board of Directors](#) is available on Stanford Children's website.



(b) Management's role in assessing and managing climate-related risks and opportunities.

Climate-related risks and opportunities at Stanford Medicine Children's Health are identified and assessed alongside all organizational risk by the Committee on Management Controls and Compliance ("CMCC"). The CMCC is an operational committee chaired by the COO and CFO and comprising risk owners across Stanford Children's as well as leaders representing Stanford University Audit and Risk departments. The Sustainability Department — in partnership with the Office of Emergency Management ("OEM"), Space Planning, Facility Planning, Facilities Engineering, and Design and Construction — may also engage on the identification and assessment of climate-related risks and opportunities, as appropriate.

Management of risks identified and assessed in the CMCC process are delegated to appropriate departments. Climate-related risks and opportunities identified in the CMCC process are grouped with all Facilities and Operational risk, which is overseen by the Senior Vice President (SVP) of General Services. The SVP of General Services delegates certain management and mitigation of climate-related risks and opportunities to appropriate departments including Space Planning, Facility Planning, Facilities Engineering, and Design and Construction, and the Sustainability Department.

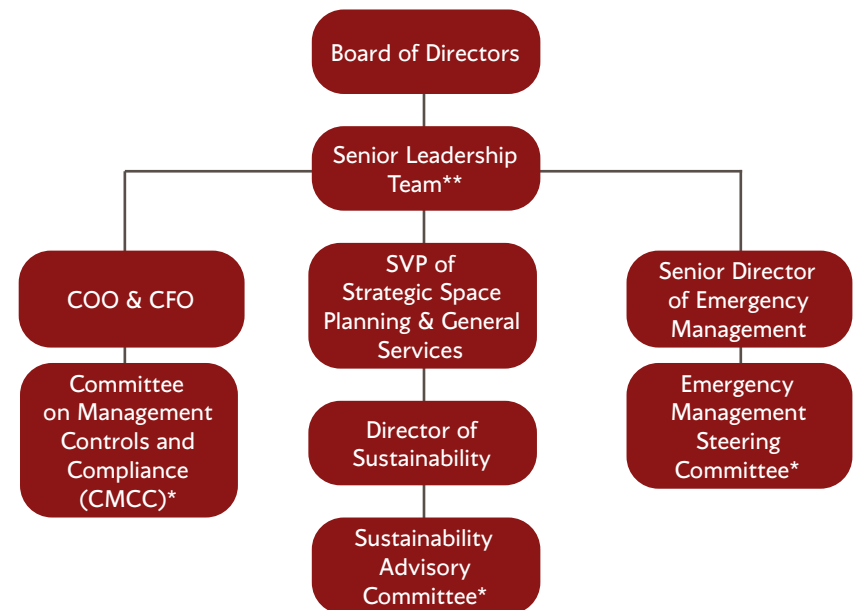
The Sustainability Department provides regular updates to the Executive Leadership Team on the organization's climate action plan, risks, opportunities, and progress towards goals. The Sustainability Advisory Committee, chaired by the Director of Sustainability and consisting of Managers, Directors, and sustainability champions from across the organization, meets quarterly to review progress, provide input on prioritization of initiatives, and facilitate communication related to sustainability goals and progress. This Committee also oversees the reporting of the aforementioned targets and Stanford Children's portion of the Stanford Medicine Climate Resilience Plan.

The Emergency Management Steering Committee, co-chaired by the OEM Senior Director and the OEM Medical Director, meets quarterly. This committee leads and participates in the annual Hazard Vulnerability

Analysis process (described in "Risk Management"). The Emergency Management Steering Committee is responsible for managing identified preparedness activities from the Kaiser Permanente's Hazard Vulnerability Assessment ("HVA") process and others as delegated.

Cross-functional department partnerships, present on all committees, focus on the execution of identified projects to meet Stanford Children's climate commitments and manage against climate-related risks and opportunities.

The Sustainability Department also participates in Joint Working Groups led by Stanford Health Care ("SHC") to facilitate implementation of projects where services, contracts, or spaces are shared between Stanford Children's and SHC. These groups consist of relevant stakeholders from shared service groups, such as Supply Chain, Transportation, Waste, and Energy.



*Committee membership is available in the Appendix.

**COO, CFO, and SVP are part of this team.



Strategy



Climate-related risks and opportunities identified over the short, medium, and long term (a) and their impact (b) on strategy and financial planning.

Stanford Children's assesses risks and opportunities across the short-term (0-2 years), medium-term (3-9 years), and long-term (10 or more years). Stanford Children's pursued additional activities in 2024, 2025, and 2026 to ensure that organization-wide risk assessment processes sufficiently analyzed climate-related physical risk and opportunities.

CLIMATE-RELATED PHYSICAL RISK IDENTIFICATION, ASSESSMENT, AND MANAGEMENT

The Sustainability Department partnered with the Facilities Services division to conduct climate-related physical risk identification and assessment to inform the organization's Long-Range Space Plan and the CMCC risk identification and assessment processes.

1. Stanford Children's facilities were assessed on both infrastructure and sustainability criteria to prioritize future project work. The sustainability evaluation included a comprehensive assessment of current building environmental performance standards and future vulnerabilities to climate change. Specific climate hazard analysis was conducted on flood, heat, wildfire, air quality, and wind risks using First Street climate risk modeling tools. This analysis considered risks from the present day and projected up to 30 years.

2. Possible financial impacts to Stanford Children's facilities were assessed according to ten acute and chronic physical risks due to climate change including coastal flood, cyclone, extreme cold, extreme heat, extreme precipitation, extreme wind, freeze-thaw cycles, river flood, sea level rise, and wildfire. The analysis compared the possible financial impact of this risk over 2030, 2040, and 2050 and across four different warming scenarios, including three standardized possible futures developed by the Intergovernmental Panel on Climate Change (IPCC):

- *Low emissions pathway (SSP1-2.6), sustainable development path that limits global warming to around 2.0°C by 2100*
- *Middle emissions pathway (SSP2-4.5), moderate emissions path leading to warming of about 2.5–3.0°C by 2100*
- *High emissions pathway (SSP5-8.5), fossil-fuel-driven path causing very high emissions and warming beyond 4.0°C by 2100*

For each of these two analyses, the results are quantified by risk factor at each facility to support materiality determination. This informs technological and facilities upgrades under consideration.



Physical risks are assessed based on the likelihood of the risk and the magnitude of its impact on the business and Stanford Children's ability to serve its patients, in other words, the strategic value to the organization. The expected impact on Stanford Children's physical facilities and operations is summarized in the table.

PHYSICAL RISKS	RISK SUB-TYPE	TIME HORIZON*	SCENARIOS ASSESSED	MAGNITUDE OF IMPACT	STRATEGIC MITIGATION ACTIVITIES
Increasing severity of extreme weather events—wildfire, cyclone, and flood in particular—may impact Stanford Children's ability to operate at select facilities.	Acute	Long-term (10 or more years)	Low emissions pathway (SSP1-2.6), Middle emissions pathway (SSP2-4.5), High emissions pathway (SSP5-8.5)	Moderate	Detailed vulnerability analyses have been integrated in Long-Range Space Plan and 10-year capital allocation processes. Activities include improvements to building envelope, thorough incident response planning, emergency power planning, water rationing plans, supply chain disruption processes, internal business continuity planning, and siting processes.
Shifting climate patterns may result in heat stress and air quality risk that will affect Stanford Children's operationally.	Chronic	Long-term (10 or more years)	Low emissions pathway (SSP1-2.6), Middle emissions pathway (SSP2-4.5), High emissions pathway (SSP5-8.5)	Moderate-High	Detailed vulnerability analyses have been integrated in Long-Range Space Plan and include investment in improving indoor environments through advanced insulation, HVAC, ventilation, and filtration and adapting services and capabilities to meet changing patient needs.

*Time horizon under which the organization expects to be most affected by these risks.

CLIMATE-RELATED TRANSITION RISK IDENTIFICATION AND ASSESSMENT

Stanford Children's partnered with an external entity in early 2026 to conduct a robust analysis of transition risks that may have a material impact on the organization. The Sustainability Department conducted a preliminary assessment of 57 transition risks categorized by Policy and Legal Risk, Technology Risk, Market Risk, Reputational Risk, and Liability. The Department assessed these risks across the short-, medium-, and long-term in a low-emissions (SSP1-2.6) scenario. Following this assessment, the list of transition risks was narrowed to 26 risks across all four categories. Inputs to assess the exposure and preparedness for these risks were provided by

seven key internal stakeholders from Space Planning, Design & Construction, Facilities Engineering, Business Operations, Supply Chain, Office of Emergency Management and Patient Care Services. This group assessed each risk in the medium-term in a low emissions scenario.

The top transition risks identified in this process are shared in the table below. The selection of management preparedness activities detailed in the table demonstrates how the organization has adapted its strategy and financial planning to account for both physical and transition risks.

TRANSITION RISK	RISK SUB-TYPE	TIME HORIZON*	WARMING SCENARIO*	STRATEGIC MITIGATION ACTIVITIES
Significant capital expenditure to retrofit hospitals with electric boilers, heat pumps, and energy-efficient HVAC systems	 Technology	Medium Term (3-9 years)	SSP1-2.6 (Low emissions scenario)	Completed a Long-Range Space Planning process in 2025 encompassing a comprehensive assessment of each facility and its infrastructure, with findings aligned to Stanford Children's sustainability principles and strategic priorities.
Cost of replacing medical equipment with more energy-efficient models	 Technology	Medium Term (3-9 years)	SSP1-2.6 (Low emissions scenario)	
Significantly increased operational costs due to water-intensive procedures like dialysis, sterilization, and surgical services	 Policy & Legal	Medium Term (3-9 years)	SSP1-2.6 (Low emissions scenario)	Continue to deploy water-reduction measures across its operations, including a vacuum plumbing system, thoughtful landscape design, low-flow devices, and water-efficient equipment. Management is also evaluating the implementation of water sub-metering infrastructure to enhance monitoring capabilities and support more precise consumption management.

*Time horizon and warming scenario under which the organization expects to be most affected by these risks.



Financial Planning

Climate-related risks, both physical and transition, inform capital allocation over the short (0-2 years), medium (3-9 years), and long term (10 or more years).

At least annually, the budgeting and business plan process uses various inputs, including the climate-related physical risk analysis conducted, and aligns the organization's resource allocation over the next year to assessed threats and opportunities. These needs are considered as part of the organizational budget prioritization on an annual basis for fund planning and a monthly basis for fund allocation.

The climate-related physical risk assessments are also incorporated in a Long-Range Space Plan, which includes facilities and infrastructure planning alongside a 10-year capital allocation process. The Long-Range Space Plan serves as a guide for future growth and expansion and includes information related to future climate related risks in existing owned and master leased facilities. Project prioritization in the capital allocation process weighs factors including but not limited to achieving emissions reduction goals, meeting emergency preparedness standards, increasing energy efficiency to reduce costs, technical feasibility and implementation difficulty, grant or rebate funding available, and risks caused by project delay.

(c) Strategic Resilience, Taking into consideration climate-related scenarios

Stanford Medicine Children's Health demonstrates a robust resilience profile by systematically evaluating its physical facilities and overarching business strategy against a diverse range of Intergovernmental Panel on Climate Change (IPCC) warming scenarios, including a less than 2°C warming scenario. The physical risk findings have been actively integrated into business strategy via key annual business processes, including emergency preparedness assessment, continuity planning, space planning, capital planning, and long-range capital allocation processes through existing climate-related risk governance structures.

The organization has projected exposure across a 30-year horizon to quantify both acute and chronic physical risks—such as extreme heat, flooding, and wildfires—at specific facility levels to guide future capital investments (p. 4). Operational resilience is actively maintained through a structured, multi-layered governance framework: climate vulnerabilities are channeled via the Committee on Management Controls and Compliance (CMCC) up to the Board of Directors, while immediate operational impacts are integrated into annual business continuity planning through the annual Hazard Vulnerability Assessment (HVA) process (pp. 2, 9-10). Transition risk assessments also shape the hospitals long term planning process. Strategic mitigation activities, such as the 2025 Long-Range Space Plan, proactively absorb these risks by factoring infrastructure upgrades (e.g., HVAC and energy-efficient retrofits) and water-reduction initiatives directly into a 10-year capital plan (pp. 7-8). This dual alignment of climate-modeled forecasting with financial and emergency preparedness structures ensures that Stanford Medicine Children's Health can adapt dynamically to evolving climate hazards while ensuring continuous, high-quality patient care (pp. 1, 8).

The organization continues to strengthen linkages between climate-related activities and organization-wide risk management and to streamline integration of climate-related risks and opportunities into the 10-year capital plan. This plan will be reviewed for relevance on a bi-annual basis as part of the organization's overall risk governance process.

Scenarios assessed: SSP1-2.6 | SSP2-4.5 | SSP5-8.5





Risk Management



Risk Management

Processes for identifying and assessing (a), managing (b), and integrating climate-related risks into overall risk management (c).

Stanford Medicine Children's Health current process for identifying, assessing, and managing climate-related risks includes

1. Identifying and assessing climate-related physical risks (page 6);
2. Identifying and assessing transition risk (page 7);
3. Assessing, prioritizing, and managing these risks to ensure business continuity with a cross-section of leaders and in alignment with an established framework as described below; and
4. Integrating the findings of 1., 2., and 3. into the annual organization-wide CMCC risk process, also as described below.

BUSINESS CONTINUITY ASSESSMENT AND MANAGEMENT

The OEM leads the comprehensive emergency management program for an array of incidents that could disrupt the organization's ability to continue to provide safe, quality patient care. The OEM facilitates an annual HVA that includes evaluation of incidents that could affect the demand for health services and the facility's ability to provide those services in consideration of the unique characteristics of the facility, its patient populations, its response resources, and the surrounding community. The HVA tool, developed by Kaiser Permanente, is a widely adopted standard in healthcare and the common format for county-based healthcare coalition compilations.

Participants in the assessment process are primarily the interdisciplinary roster of leaders who serve on the Emergency Management Steering Committee, which includes stakeholders from various Stanford Children's departments (see Appendix on page 17). Subject Matter Experts ("SMEs")

from internal departments and supporting external community response agencies (including Emergency Management, Emergency Medical Services, Law Enforcement, and Fire) present mitigation measures recently completed or planned for the near future. These SMEs provide their evaluation of the outstanding vulnerabilities facing the organization and the community. The Sustainability Department is an active member and a SME for risks associated with climate change, including providing insight about the assessment of climate-related events and projections of these risks using climate scenarios.

Relying on the HVA framework, the annual joint SHC-Stanford Children's exercise examines and scores the following characteristics of 49 human, technological, and natural hazard categories:

- Number of occurrences in the past year;
- Probability to occur at least once in the coming year;
- Severity of impact to people, property, and business; and
- Internal and external preparedness for effective response.

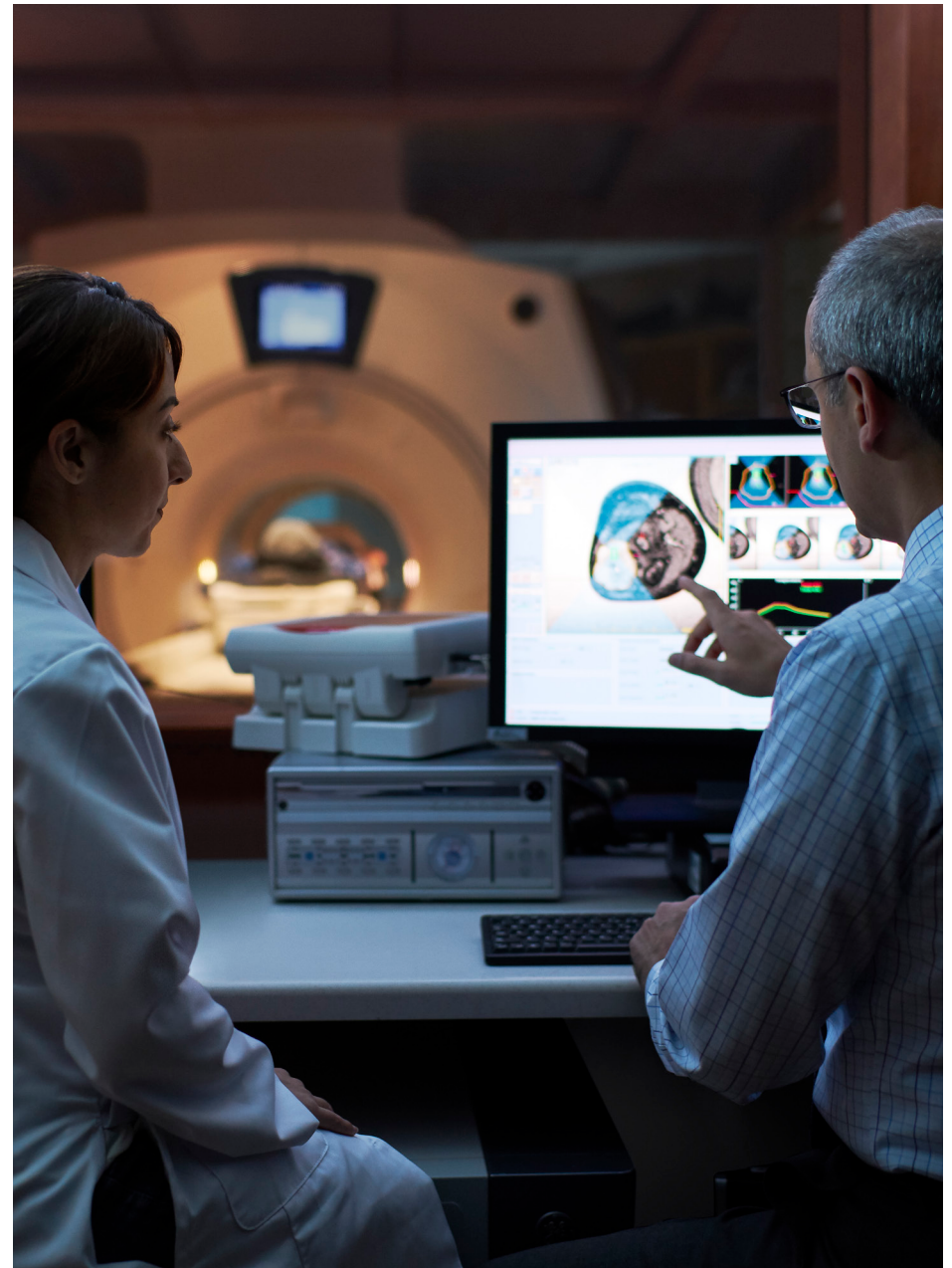
The top ranked events are prioritized for annual emergency preparedness efforts that can include strengthening procedures, executing drills or trainings, and infrastructure investments to increase resilience. The Emergency Management Steering Committee is responsible for managing identified preparedness activities.

ORGANIZATION-WIDE IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF CLIMATE-RELATED RISKS

Each year, Stanford Children's Senior Leadership Team, in coordination with the Committee on Management Controls and Compliance (CMCC), leads the enterprise risk management process. This begins with a comprehensive list of identified risks and sub-risks, which findings from the HVA and physical and transition climate risk analyses may inform. Climate risks are identified under the Facility and Infrastructure risks and include both physical risks and existing and emerging regulatory requirements related to climate change.

Each risk is then evaluated for the likelihood and impact of that risk to the organization and prioritized based on the outcome of that evaluation. In addition to evaluating risks at the organizational level, each year the Stanford Chief Risk Officer creates a matrix that outlines the risks faced across all Stanford entities.

These risks are then monitored throughout the year via the CMCC, and mitigation activities are reported within the committee. Leadership documents the activities, tools, and other mechanisms used to reduce risks to a tolerable level. The CMCC reports to leadership and the BoD about the mitigation status of risks on a quarterly basis.





Metrics & Targets

Metrics & Targets

(a) Metrics to align climate-related risks and opportunities with strategy and risk management process.

Stanford Children's uses key metrics to assess and manage climate-related risks and opportunities in alignment with its strategy and risk management framework, including:

- Scope 1, 2, and 3 Greenhouse Gas (GHG) emissions in alignment with GHG Protocol, including progress against targets
- Waste by landfilled, diverted (donated, reused, composted, recycled), and hazardous
- Water consumption
- Energy use by source

All metrics listed above are reported in [Stanford Children's Annual Sustainability Report](#).

In addition to these environmental metrics, Stanford Children's prioritizes how capital projects bolster operational resilience. Project selection considers multiple quantifiable resilience metrics, including but not limited to, meeting and exceeding emergency preparedness standards and meeting emission reduction goals.



(b) Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions and the related risks.

Scope 1, 2, and 3 GHG emissions are [available publicly](#), paired with a detailed GHG emissions methodology and inventory. Stanford Children's comprehensively assesses and reports all material Scope 3 emissions across its value chain in accordance with the GHG Protocol Corporate Value Chain Standard. This detail is also provided in the GHG inventory.

(c) Targets to manage climate-related risks and opportunities and performance to date.

Stanford Children's is proudly committed to a 50% absolute reduction in Scope 1 and 2 emissions by 2030 and net zero emissions by 2050. Long-term plans to replace aging equipment are also aligned with net-zero emissions goals. Stanford Children's commits to meet or exceed green building design standards for 100% of future construction. Ultimately, Stanford Medicine aims to be a steward of the environment and an environmental citizen.



Appendix

Appendix 1

COMMITTEE ON MANAGEMENT CONTROLS AND COMPLIANCE (CMCC) MEMBERSHIP	SUSTAINABILITY ADVISORY COMMITTEE MEMBERSHIP	EMERGENCY MANAGEMENT STEERING COMMITTEE MEMBERSHIP
1. Chief Financial Officer (Co-Chair) 2. Chief Operating Officer (Co-Chair) 3. Chief HR Officer 4. Associate CMO 5. Chief Nursing Officer 6. VP, Supply Chain 7. Associate CIO 8. University Chief Audit Executive 9. Controller 10. Chief Compliance and Privacy Officer 11. Chief Strategy Officer 12. Chief Marketing Officer 13. Chief Medical Officer 14. Chief Information Security Officer 15. VP, Managed Care 16. Executive Director, Planning Design & Construction 17. Chief Quality Officer 18. SVP, Operations 19. SVP, Strategic Space Planning & General Services 20. Chief Risk Officer 21. Chief Admin Officer of Ambulatory Operations/CEO of Packard Children's Health Alliance 22. Chief Information & Digital Officer	1. Executive Director, Hospitality Services 2. Director, Facilities Infrastructure and Safety 3. Executive Director, Marketing 4. VP, Information Services Operations 5. Director, Quality and Performance Improvement 6. Senior Director, Capital Programs 7. Program Manager, Government Relations 8. Senior Director, Transportation Services 9. HR Business Partner 10. Surgeon-in-Chief 11. Director, Environmental Health and Safety 12. VP, Finance 13. SVP, Strategic Space Planning & General Services 14. Director, Surgical Services 15. Director, Supply Chain Sustainability and Diversity 16. Director, Radiology Operations 17. Nurse, Ambulatory 18. Director, Critical Care Services 19. Director of Sustainability, Stanford University	1. Emergency Medicine 2. SVP, Operations 3. Senior Program Manager, Space Planning 4. COO and Strategy Officer 5. Chief Nursing Officer 6. Associate Chief Nursing Officer 7. Director, Access and Continuum of Care 8. Chief Supply Chain Officer 9. City of Palo Alto Fire 10. VP, Lab and Pathology Services 11. Executive Director, Marketing 12. Chief Pharmacy Officer 13. Director, Transplant Center 14. Director, Business Operations 15. SVP, Destination Service Lines 16. Manager, HR Compliance 17. Manager, Supply Chain Distribution and Logistics 18. Senior Director, Clinical Services 19. Director, Facilities Infrastructure and Safety 20. Director, Environmental Health and Safety 21. Executive Director, Space Planning 22. VP, Finance



Children's Health

