

ADAPTING my organisation to climate change... Can't this wait this tomorrow ?

May 2023

Risk-In 5TH edition





▼
**Emergency to
act?**

Climate risks call for a corporate
transition

Where do you think that took place?



Florida
(2022)

Ian Cyclone was the second costliest cyclone in the US

Photo : TF1



California
(2022)

2022 California wildfire season: the highest number of acres burned in the historical record.

Photo : NBC News



Malaysia
(2022)

Freddy Cyclone was one of the most powerful cyclones ever, with the longest path through the Indian Ocean

Photo : Le monde



South Korea
(2022)

Hinnamnor was one of the worst storms to have threatened South Korea

Photo : La Dépêche

Where do you think that took place?



Belgium & Germany (2021)

Floods in Belgium and Germany led to 200 deaths and major infrastructure damage

Photo : Le monde



France (2022)

Fires in Gironde in 2022 led to the evacuation of more than 35 000 people
- CBS News

Photo : CBS News

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Italy (2022)

The Pô river in July 2022
The Po's flow went down from 50% generating salinisation of the fields. €2Md of losses.
- Les Echos

Photo : Les Echos



France (2022)

In France in 2022, 33 heat wave days were recorded in June, July and August resulting in more than 10,000 additional deaths
- Le Monde

Photo : Voanews

© 2022 Getty Images



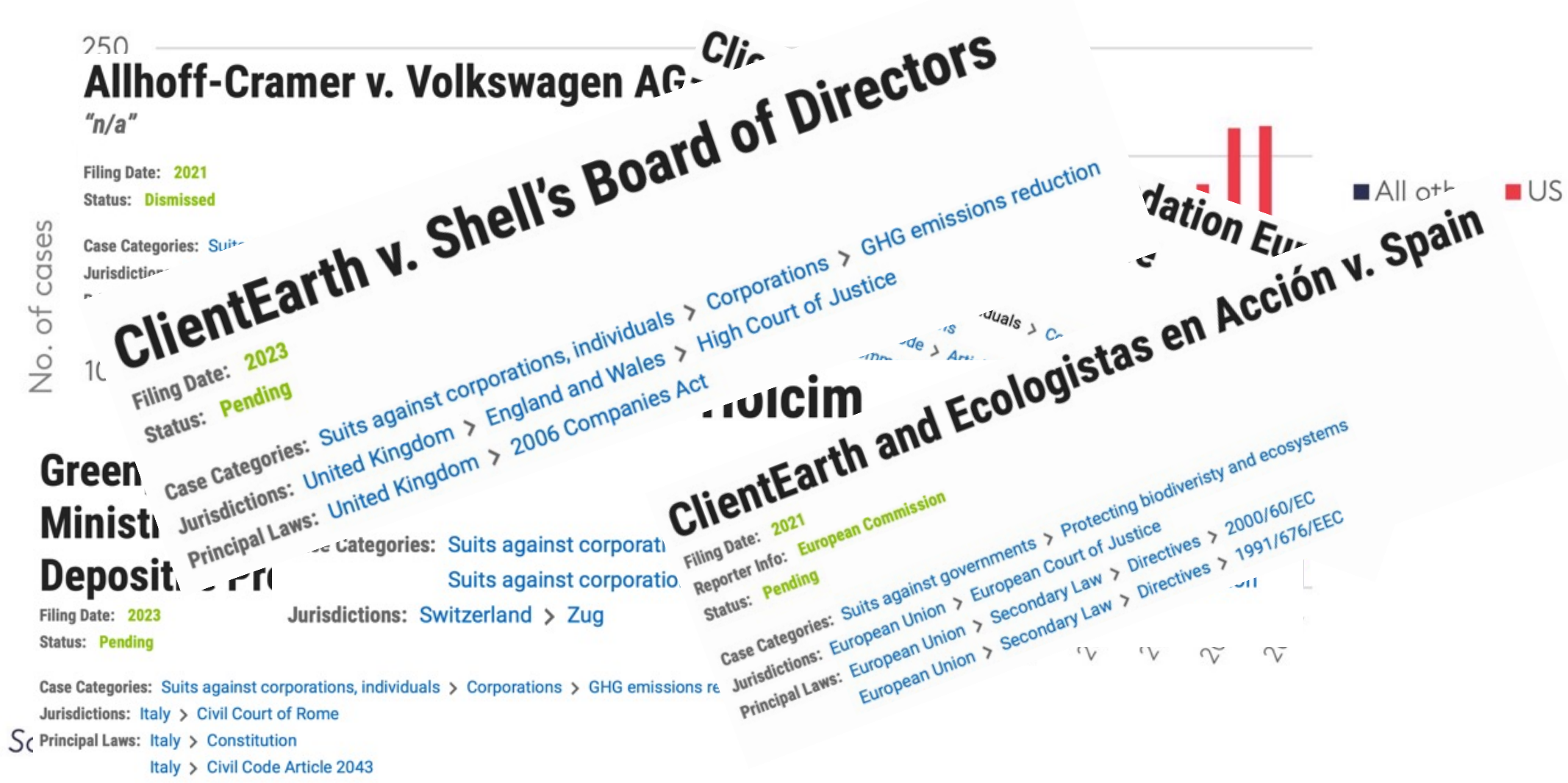
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**Emergency to
act?**

Climate litigations call for a
corporate transition

How far is this material?



Figure 1.1. Total climate change cases over time, US and non-US (updated 31 May 2022)



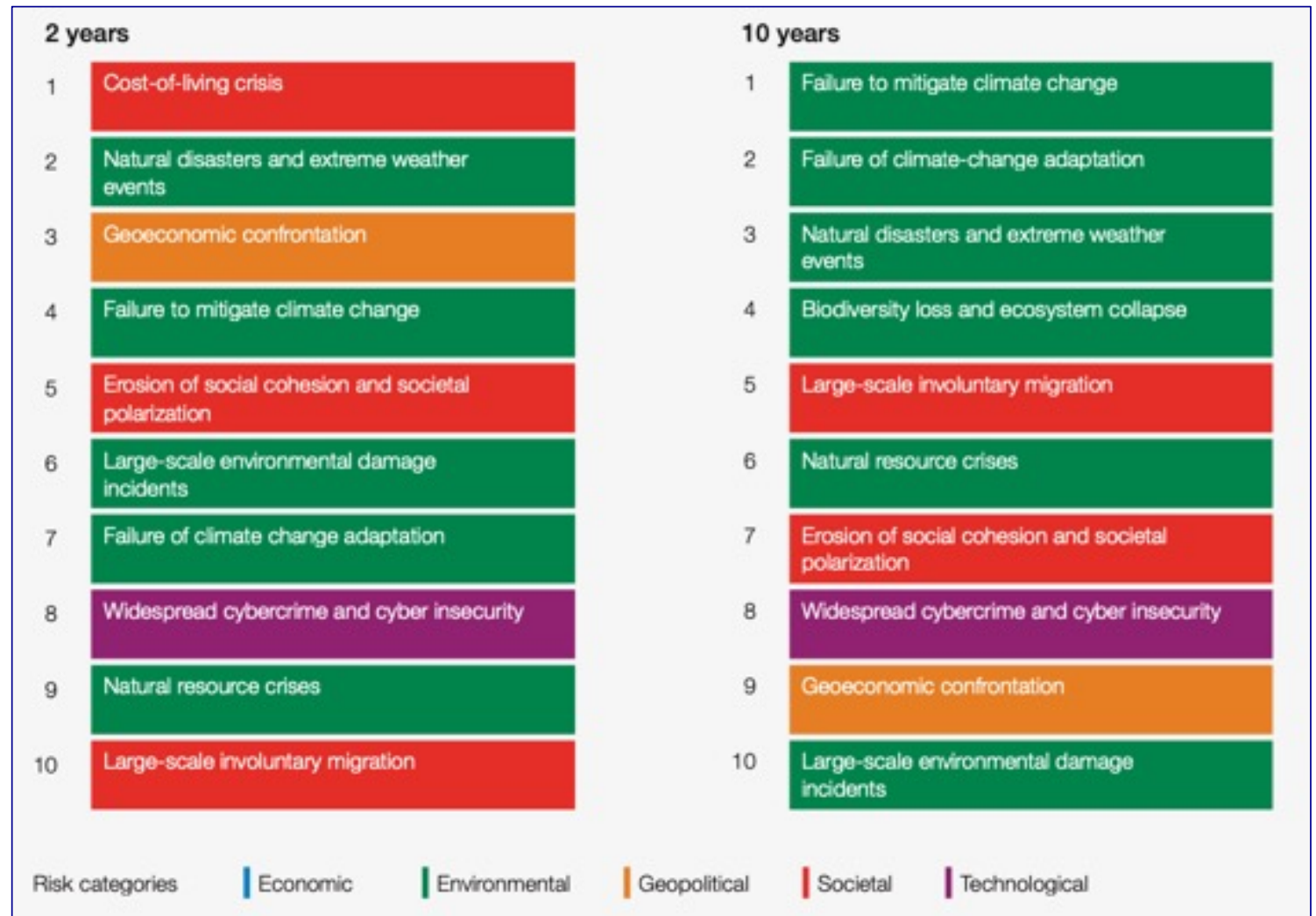


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**Emergency to
act?**

Your boss is really scared!

Hey CEOs of largest companies in the world...

please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period...





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**Emergency to
act?**

Regulation until late at night

**Mandatory for
49,000 companies**

**EU Taxonomy
alignment**

Forward-looking

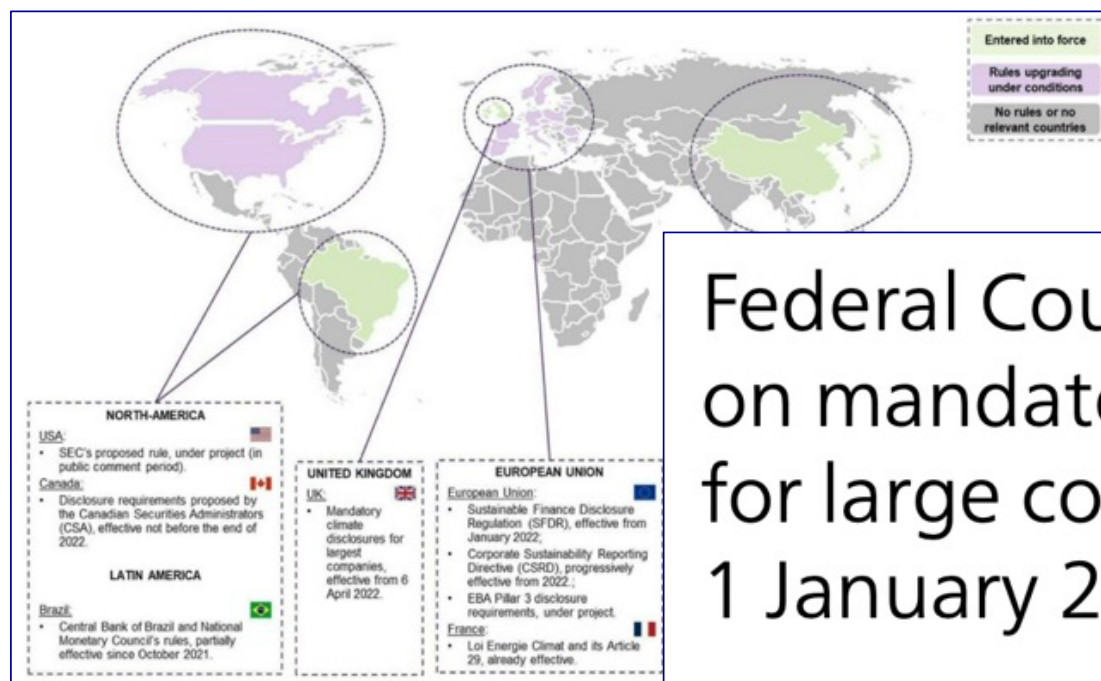
**Corporate
Sustainability
Reporting Directive**

Double materiality

**Incl. supply chain and
interdependencies**



Extra-financial reporting are increasing steadily, including here



Federal Council brings ordinance on mandatory climate disclosures for large companies into force as of 1 January 2024

Bern, 23.11.2022 - During its meeting on 23 November 2022, the Federal Council adopted the implementing ordinance on climate disclosures for large Swiss companies, and brought it into force as of 1 January 2024.



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**Emergency to
act?**

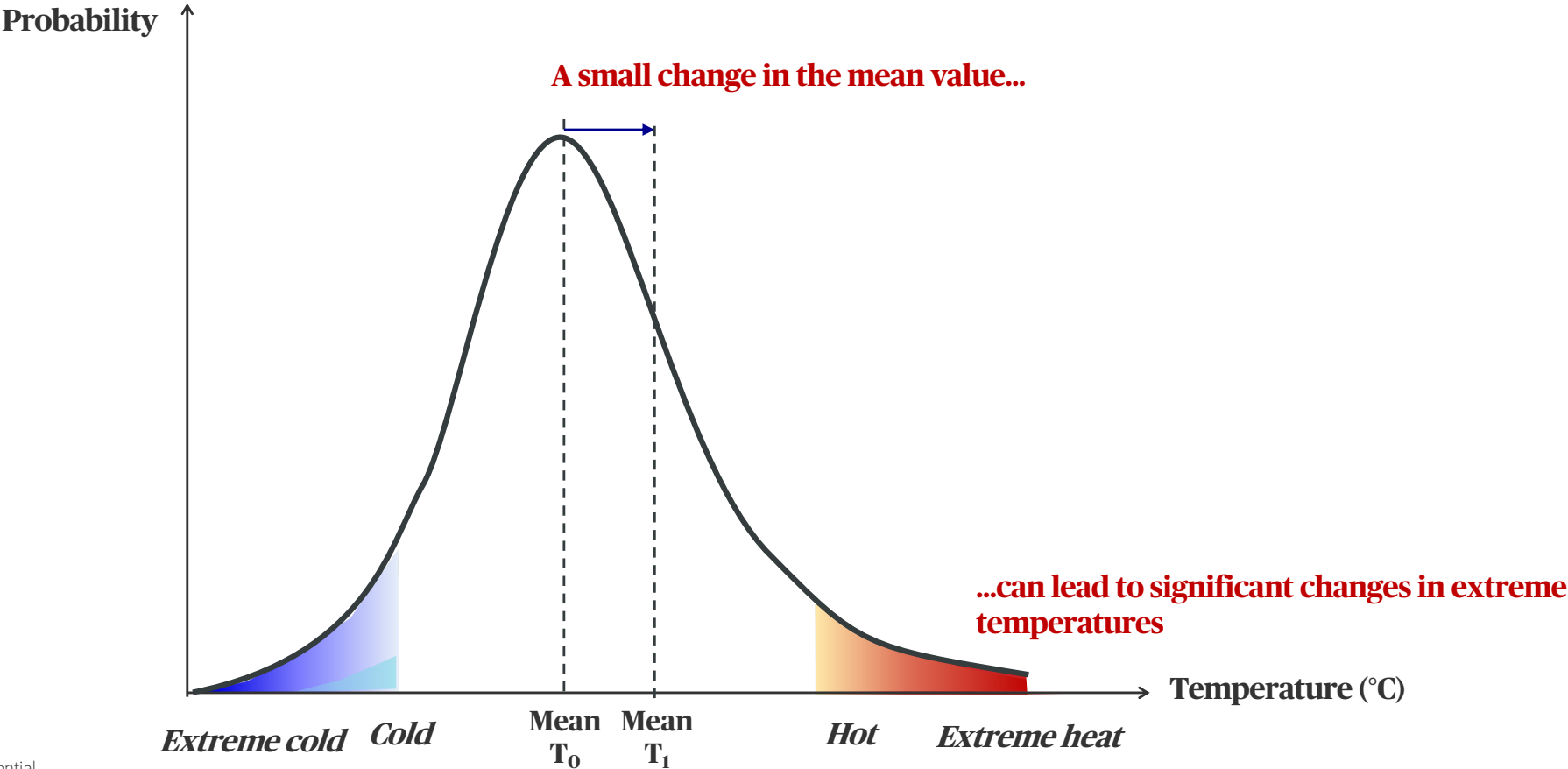
What does science say?



**“Extreme events
more severe and
more frequent”**

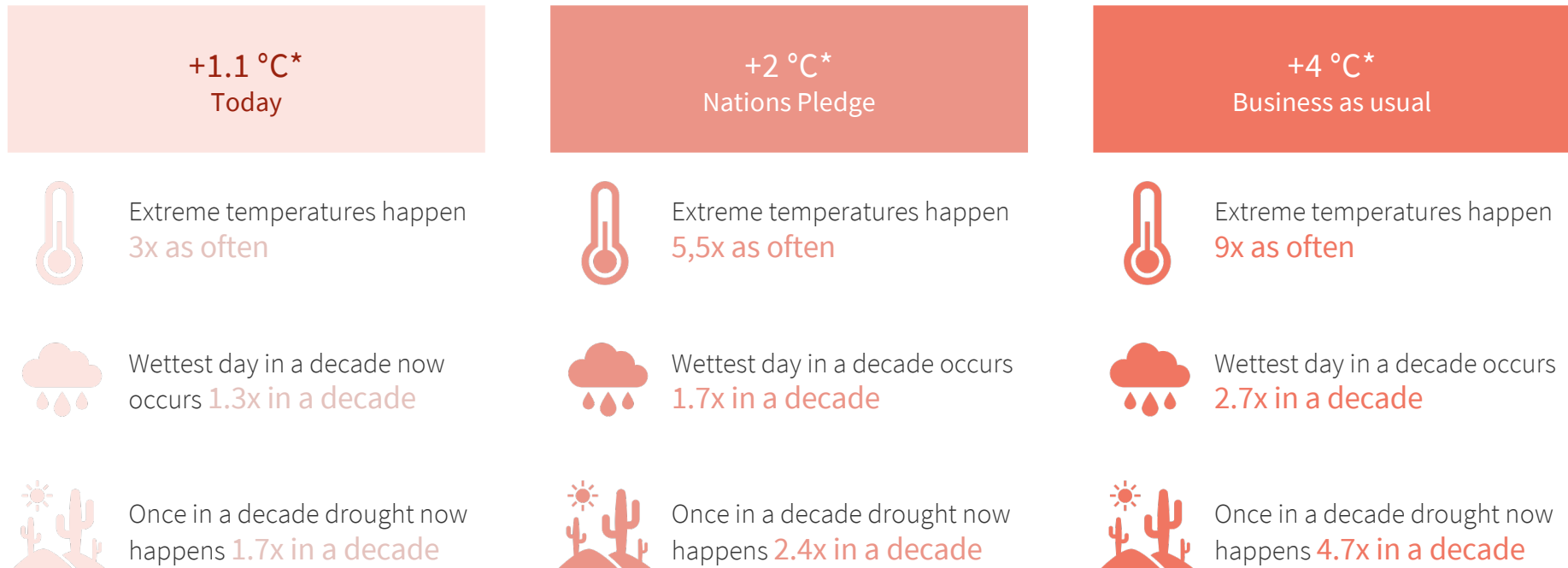
IPCC report

Why a variation of +1° matters?



Where are we going ?

Changes get larger with every increment of global warming



* Average global warming around the globe compared to pre-industrial levels

Those changes will impact agricultural yields, human health, infrastructures etc ...

Opportunity to act?

Board members are lost



85%



Eighty-five percent of respondents said that their **board needs to increase its climate knowledge.**

46%



Nearly half, 46%, said their board has insufficient or no knowledge of **climate change's implications for financial performance.**

49%



Forty-nine percent said that climate change is not at all or only slightly integrated in the company's **investment decisions** (or they did not know).

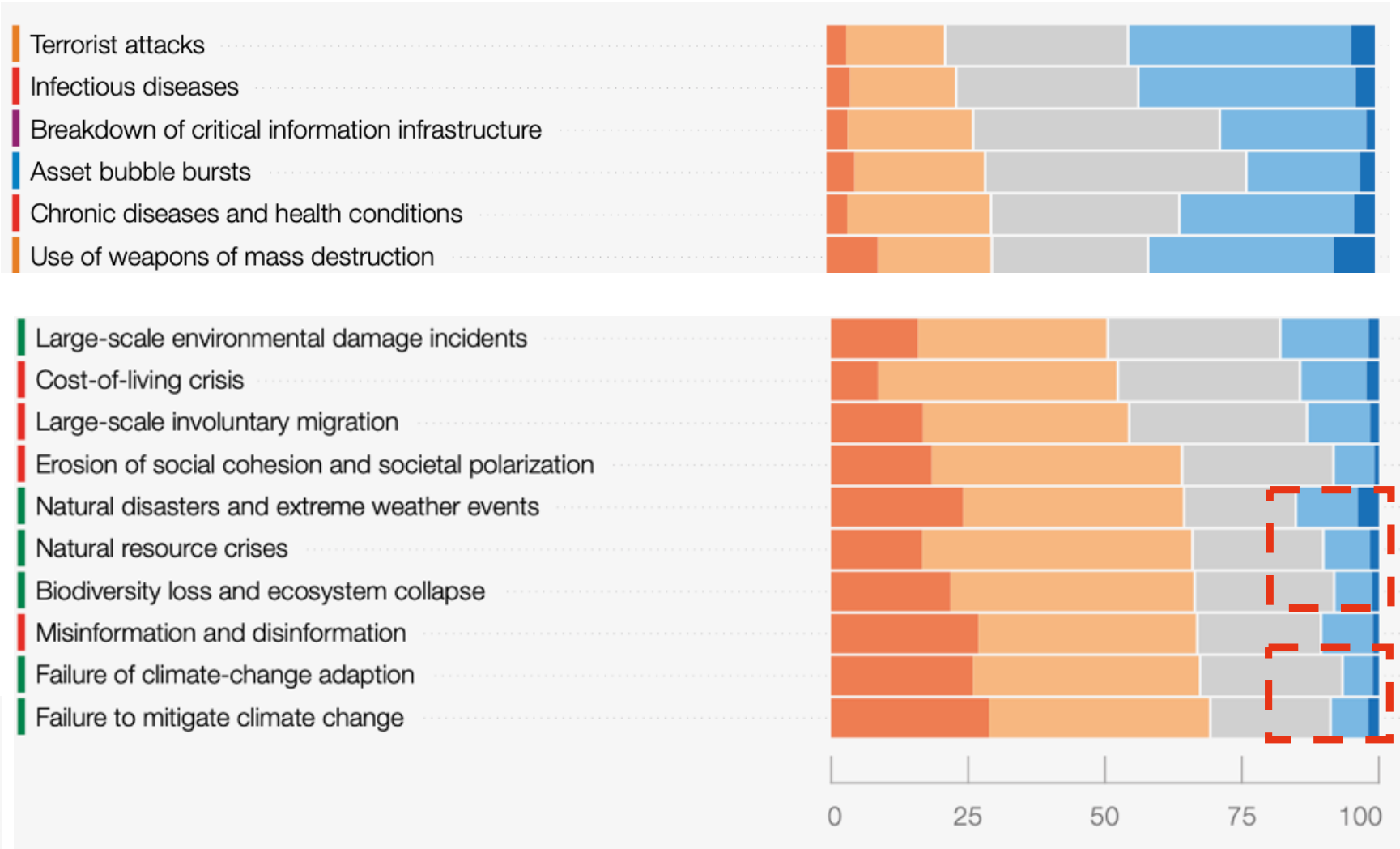
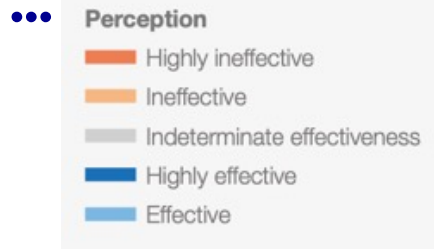
Opportunity to act?

CEOs are not confident in the level of
risk management



Hey CEOs of largest companies in the world...

Please indicate the current effectiveness of risk management



Opportunity to act?

Risk Managers should catch up

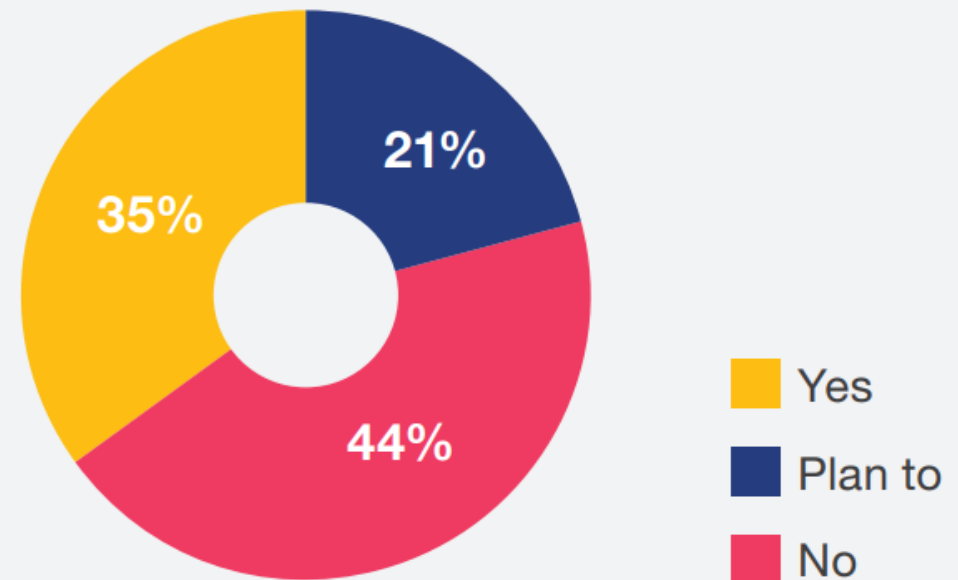


62%

of risk managers
fear that some
activities or sites
**will no longer
be insurable in
the future**

Source: AMRAE – AXA Climate Barometer
2022

**Is the risk manager playing
a role regarding ESG-related risks
in her/his organisation?**



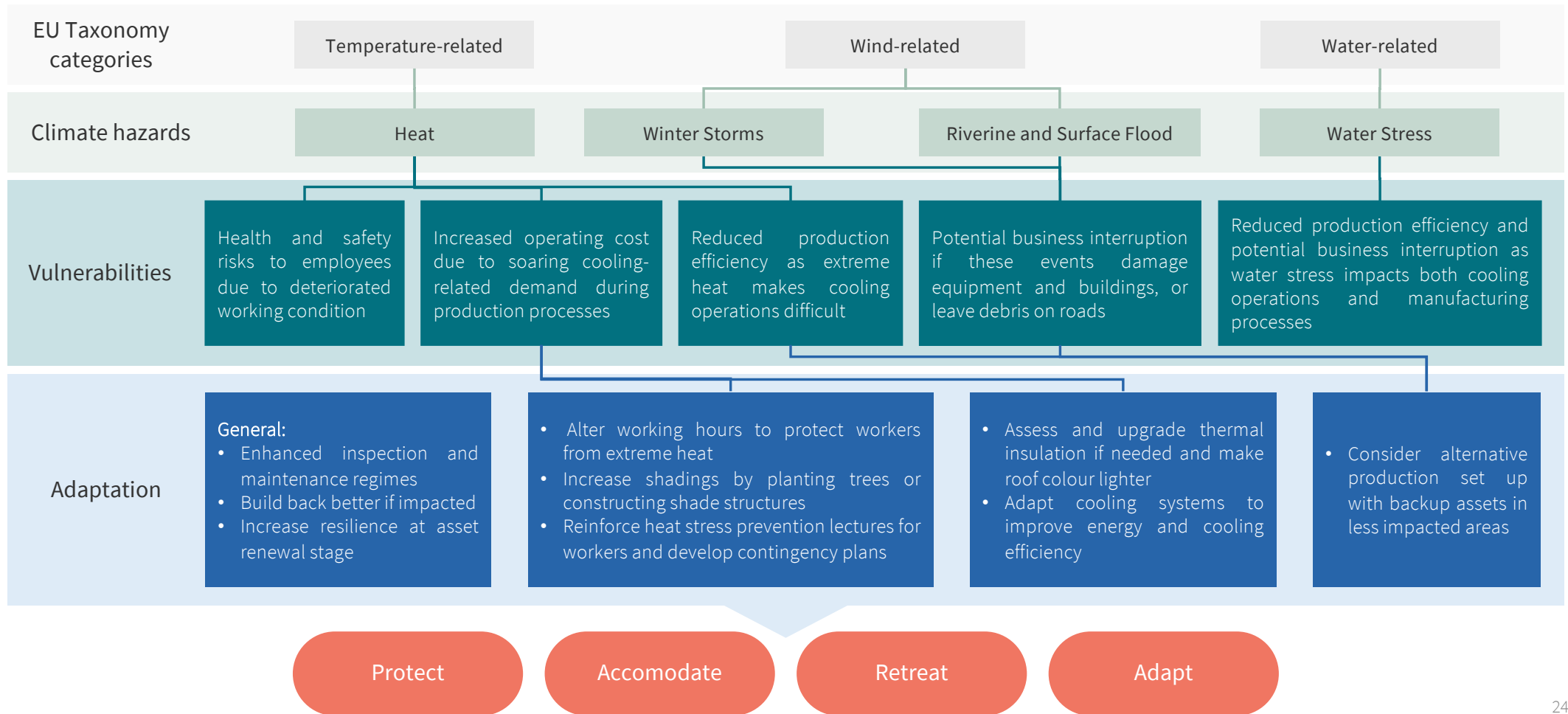
Source: FERMA European Risk Manager Survey Report 2022

Opportunity to act?

Risk Managers can lead adaptation
plan (as they used to do prevention)



Simplified example of a climate adaptation tree



Different types of adaptation solutions

Retreat

Move the asset to somewhere less dangerous
Ex: Move away from the coast

↓ Reduction in Exposure

Protect

Create something that prevents your asset from being touched by the hazard
Ex: Set up a bioswale (natural seawall)

↓ Reduction in Vulnerability

Adapt

Change your processes to be more resilient to the hazard
Ex: Raise the house foundations

↓ Reduction in Vulnerability

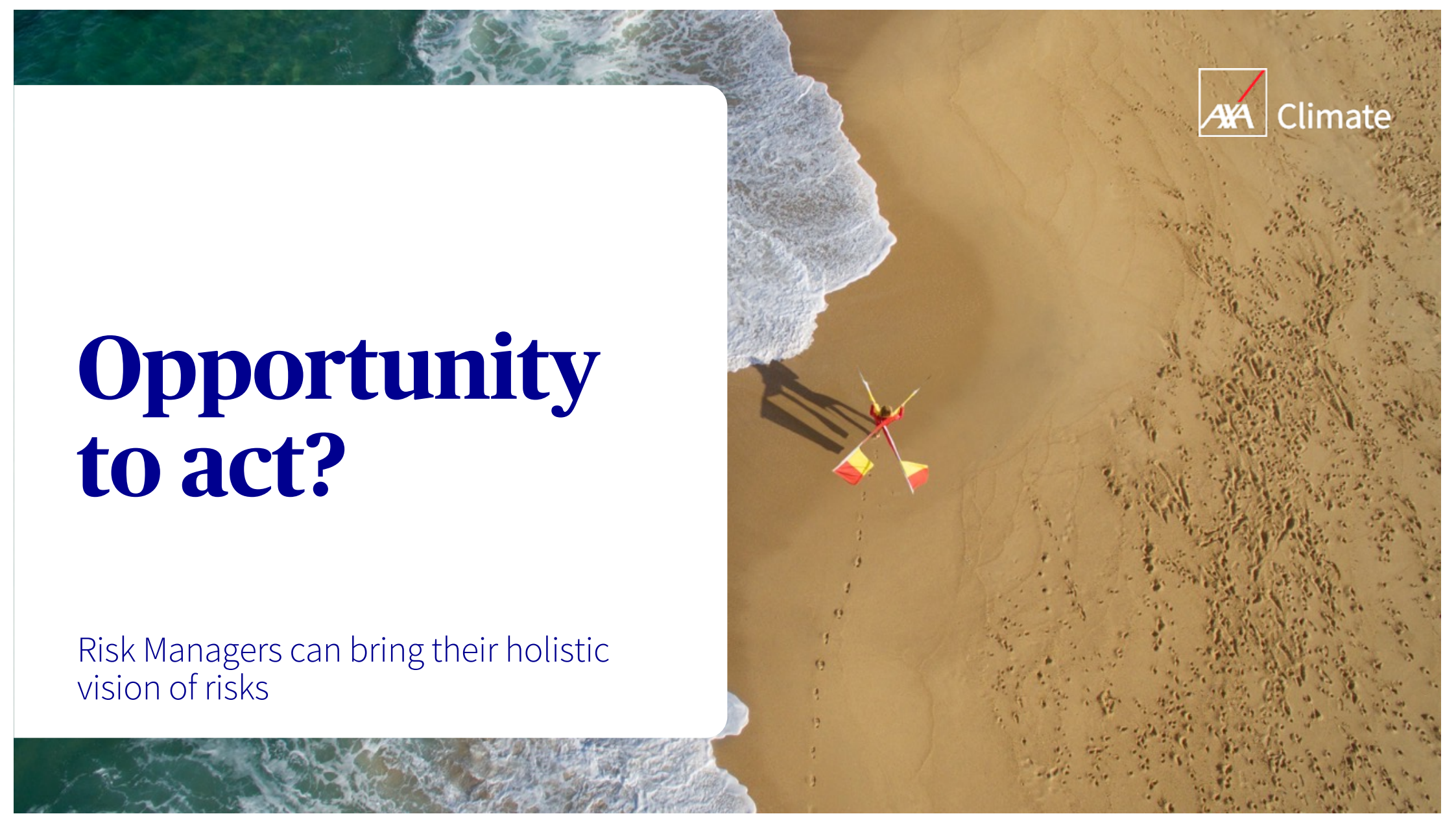
Accomodate

Create the conditions to be able to keep working despite the hazard
Ex: Use a waterpump

↓ Reduction in Vulnerability

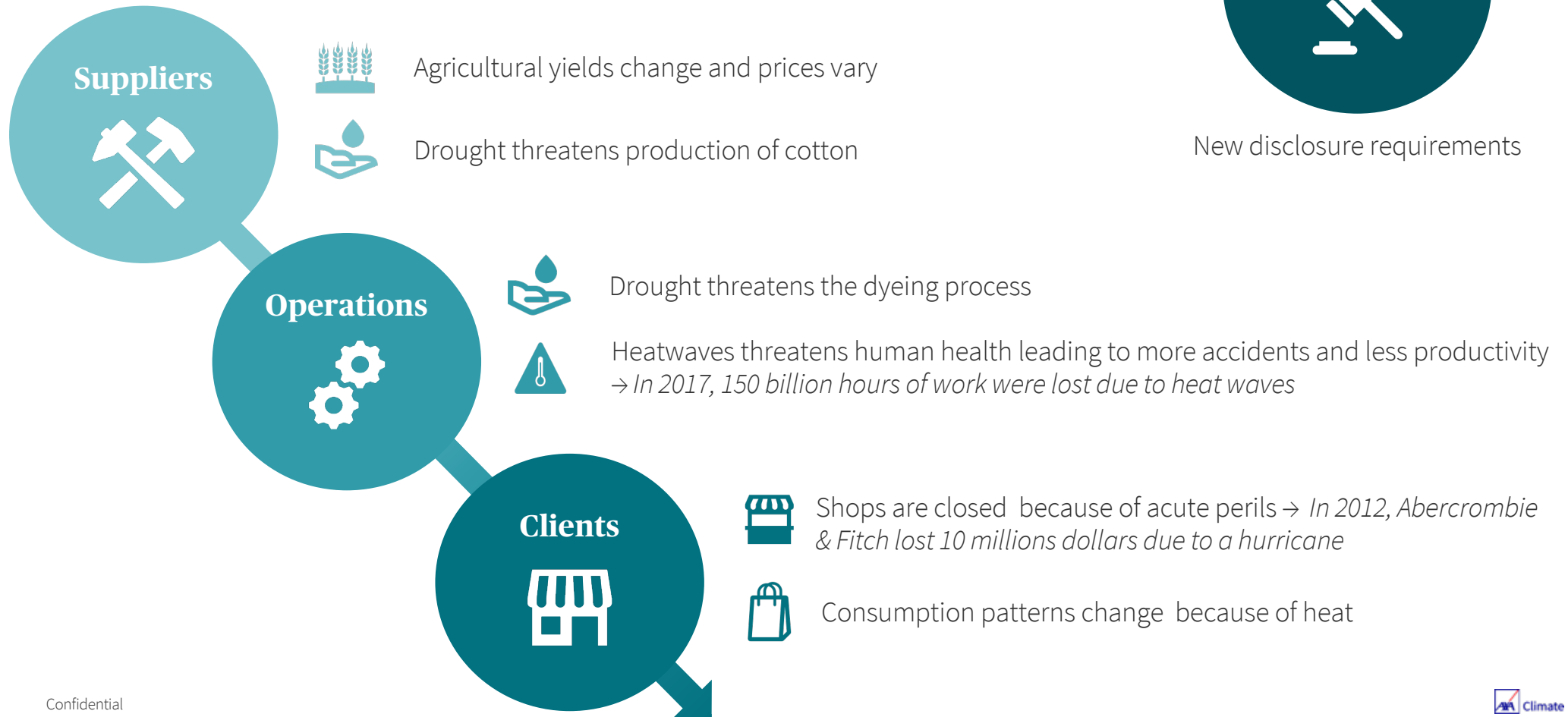
Opportunity to act?

Risk Managers can bring their holistic
vision of risks



Impact on the whole value chain

Don't focus only on your own operations : some example of disruptions in the textile FMCG industry



Recurring disruptions

Some impacts are unexpected, but others are recurring

In 2019, water scarcity in Chili caused the copper production to decrease by 28%

Resource scarcity



Water, minerals, crops ...

Infrastructure Damage



Transports, buildings

In July 2022, extreme heat in England forced supermarkets to stop selling fresh products

Heat sensitive equipment damage

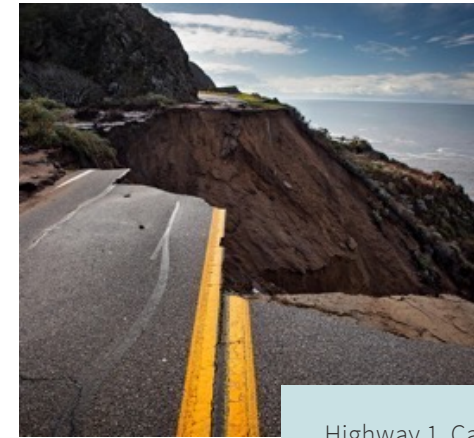


Cooling systems, electronics

Unexpected impact



Chain reactions



Highway 1, California
Landslide January 2021

In 2022, heat in the US killed thousands of cattle and overwhelmed the carcass industry

Join the community of our climate consulting clients



Manufacturing



Finance & insurance



Agri-food



Healthcare



Services



...and more





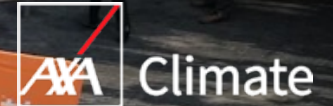
Tomorrow is too late

Run now!

And break the silos



**A customer testimony from ST Group
Jean-Michel PARIS
Head of Corporate Risk - Group VP**



You need to know more?

Transition risks, ESG risks, Biodiversity risks, TNFD



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