

A vibrant rainbow arches across a dramatic sky filled with dark, heavy clouds. Below the rainbow, a lush green forest of tall evergreen trees covers rolling hills and mountains. In the foreground, there are dense bushes with bright yellow flowers.

Mastering climate resilience in a changing world

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What if you could see into the future?

Businesses today are facing more and more pressure when it comes to ESG, sustainability and climate risk.

The impact of climate change is becoming increasingly evident, with extreme weather events, rising temperatures and shifting rainfall patterns.

Natural disasters caused USD 275 billion in global economic losses in 2022, and only 45% of that was covered by insurance.¹

It's crucial for your business to take steps to safeguard its people, assets and operations.

Getting a clear picture of the risks your business faces enables you to make effective plans to manage and adapt as required. Getting that understanding is not always easy. How ready are you?

Read on to find out:

- Why strengthening your climate resilience is important
- The advantages of a holistic, risk-based approach
- If you are climate resilience ready with our eight-point checklist
- How to start your journey with us

¹Source: Swiss Re Institute, 2023

Current situation

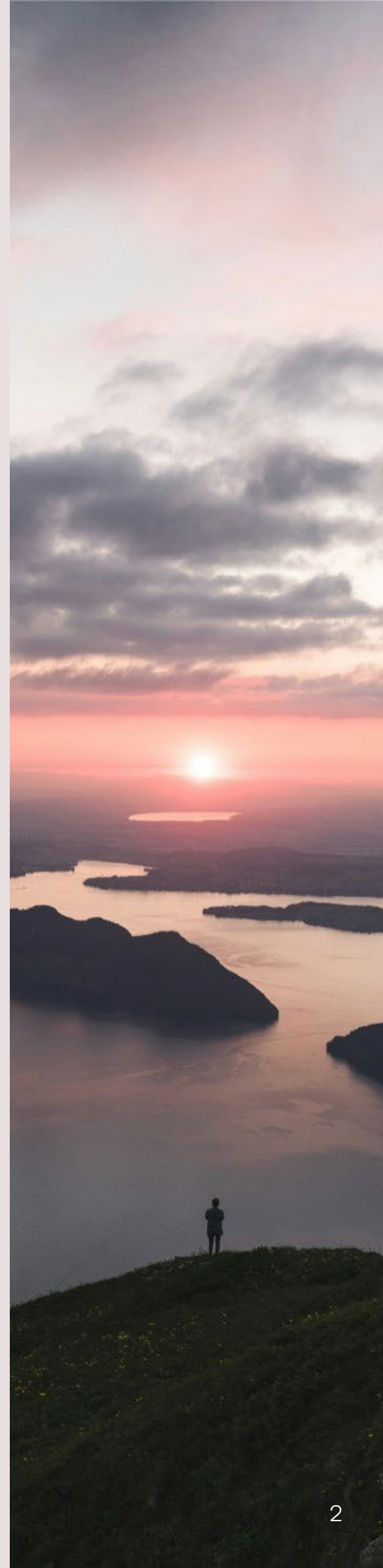
- There is a growing realisation that climate change is happening now.
- This is resulting in stranded assets and wasted capex due to uninsurability, flood risk, wildfire risk and coastal erosion.
- One of the themes of COP28 in 2023 was adaptations and financing them, making this a focus for businesses.
- Climate adaptation is the other side of the coin from mitigation. While we tackle the underlying problem of climate change with mitigation, adaptation is needed so organisations can withstand the current and projected future impacts of climate change.²
- Organisations are under more pressure to manage risks proactively from regulators, press, public, stakeholders and employees.
- In the UK specifically, heat is an emerging risk with wind and flood being the main current concerns.

The insurance gap

- The summer of 2023 was the hottest in human history, with extreme weather events ranging from wildfires to flooding, causing costly damage.³
- Only about a quarter of the damage from extreme weather in Europe is covered by insurance.
- As climate change leads to more severe weather, increasing both risks and the difficulty of accurately predicting risks, higher premiums could widen the insurance gap.
- This underlines the need for greater climate resilience and readiness for the projected outlook of different climate scenarios.

²Source: International Monetary Fund: What is mitigation vs adaptation?

³Source: Zurich: How regulation is adapting to reflect climate risk



Pressure of regulation and reporting

- UK and EU Sustainability reporting regulations now require disclosure of climate risks and opportunities facing businesses.
- Organisations need to stay informed about and compliant with local, regional and international regulations related to climate change and environmental sustainability.
- This is challenging as there isn't always convergence with demands, and requirements are evolving at pace.
- To submit regulatory (ESG) reporting, organisations need to show understanding of their climate change risks and the adaptations they need to make. For this, they need the right information, capability and capacity to get this done on an annual basis.
- You can either view regulations as a compliance exercise or see the opportunity to generate useful information relating to climate risk.
- At the same time, for those organisations who want to go beyond the minimum, this raises questions about protecting their Intellectual Property (IP) or defending their competitive advantage around disclosure of information. What do we disclose, to who, and when — “how transparent should we be?”
- Experience shows that climate-related reporting standards typically start out as voluntary, then gradually become expected best practice, before some countries finally begin to mandate them into law.⁴
- In the EU alone, the number of companies required to comply with Corporate Sustainability Reporting Directive (CSRD) will more than quadruple by 2025.⁵
- So, organisations need to prepare for increasing regulatory requirements and standards by developing strategies to meet or exceed them.

Stakeholder expectations

- Customers, investors and employees expect organisations to demonstrate their Environmental, Social and Governance (ESG) commitments, which can have a significant influence on company reputation and valuation.
- At the same time, in order to secure funding for sustainability initiatives, the people in key roles (Risk Manager, Head of Climate Change and Head of ESG) need to build a business case.
- Climate risk should be a business-as-usual line item on the risk register and command attention in budget conversations.

⁴Source: Zurich: How regulation is adapting to reflect climate risk

⁵Source: Zurich: Acting responsibly means embedding climate resilience



A holistic approach

Why a holistic approach is essential to strengthen climate resilience

The climate is changing and we're seeing more severe and frequent extreme weather. This means the past is no longer a reliable indicator of what's going to happen in the future.

It's important to incorporate forward-looking climate projections to get a more accurate picture of your organisation's exposure to climate change impacts.

This is why effective management of climate risks requires organisations to adopt an approach that goes beyond regulatory requirements. To build resilience, you need to be able to identify and mitigate potential risks before they occur.

Use growing demands as a foundation to build on

- A risk-based approach will identify where your business is most exposed, the likelihood of a climate event or natural hazard affecting your organisation and the impact it could have.
- This might include operational disruption, financial loss and reputational damage.
- A holistic approach could help your organisation be better informed about investment and divestment.
- Potentially reduce cost, outgoings and impacts on revenue.
- Build resilience to help protect your people and have a positive impact in the communities where you operate.
- Help you find opportunities to potentially build on your competitive advantage in the market.
- Prioritise objectives and actions to boost resilience.
- Identify supply chain vulnerabilities before they become urgent.



Checklist: Are you climate resilience ready?

Discover if you're prepared with our climate resilience ready checklist:
8 key questions that will help you understand your position.

✔ Question 1

Are you aware of the climate hazards that could affect your business?

Extreme weather events, rising sea levels and changing precipitation patterns — there are many potential risks associated with climate change. It's important to understand which risks your business is facing and the ways in which it might be affected.

✔ Question 2

Is your business adapting to climate risks?

Adaptation is essential. This means developing strategies that systematically address the risks across your organisation. By managing and mitigating risk, you can strengthen business continuity and long-term sustainability.

✔ Question 3

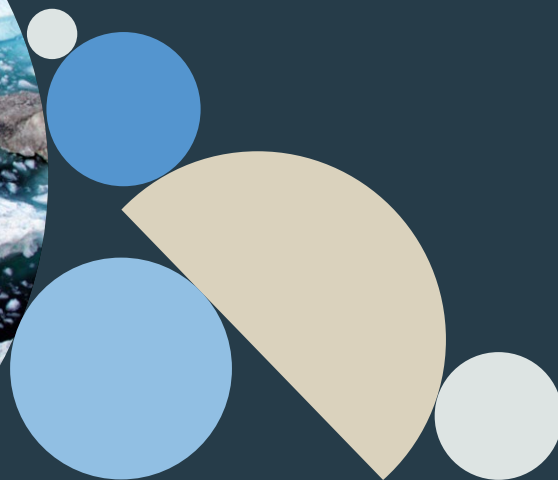
How resilient is your business to climate risks?

Climate change will impact your business. But you can build resilience into your organisation. This boosts your ability to withstand and recover from extreme weather events and climate-related impacts. By integrating plans into overall business strategies and operations, you can move forward with confidence. Every business has different priorities and needs a unique plan.

✔ Question 4

Can you calculate the financial impacts of climate risk on your business?

It's important to understand the financial implications of the climate threats faced by your organisation to improve financial stability, but this can be difficult to assess and quantify.



✔ Question 5

Are you overlooking climate hazards in your supply chain?

Your climate-related risks don't stop with your organisation. They extend into your supply chain. Regulators are now asking that this risk is understood in order to evaluate and improve resilience in your supply chain. To do this, it's important to assess upstream and downstream suppliers to identify vulnerabilities and implement measures to address them. You may find that supplier risks are higher than for your core business, threatening your business continuity and bottom line.

✔ Question 6

Do you need support to get climate change on the agenda?

It's clear that businesses face risk from climate change. But it can be difficult to secure budget for adaptations and longer-term mitigation plans. It's not a natural line item and climate change initiatives may often lose budget to other business priorities. At the same time, climate change has become a 'must have' criteria in providing goods and services. To overcome this challenge, build the business case for climate risk and demonstrate the ways in which the business benefits.

✔ Question 7

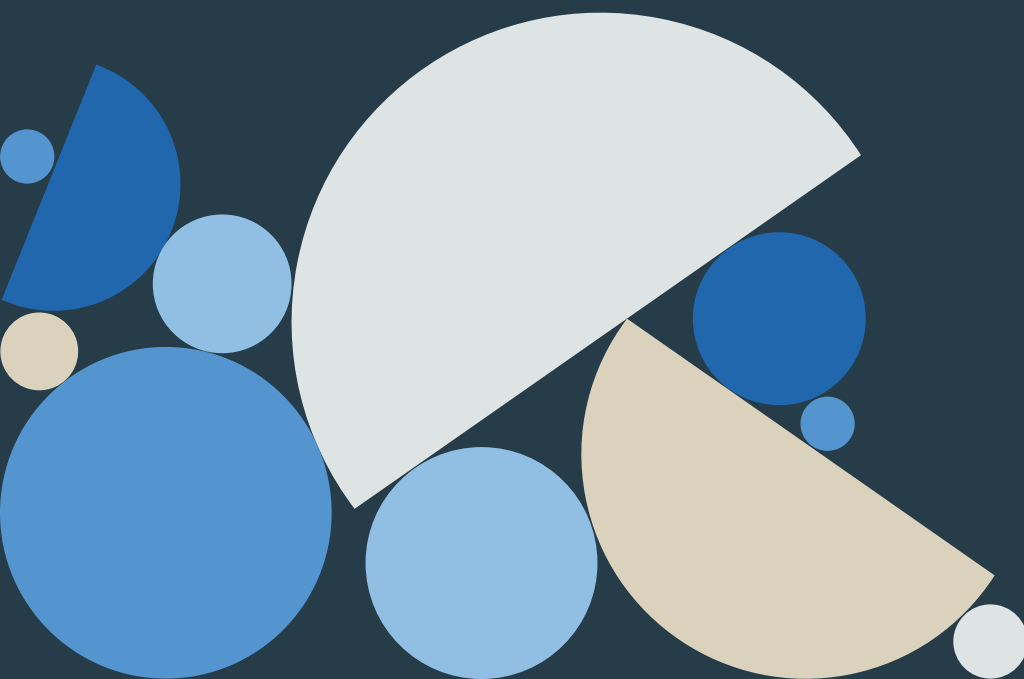
Is climate adaptation/resilience included as part of your ESG strategy?

Regulations around climate change and environmental sustainability are gaining momentum. The groundwork done by UK and EU Sustainability reporting regulations is giving clarity and a level playing field for climate-related financial information. There is a need to stay informed and compliant locally, regionally and internationally. Is there a strategic advantage in going further than what regulations demand with what you could reveal? Or is it better to find a balance that satisfies stakeholders and auditors without compromising your competitive advantage? These are difficult questions.

✔ Question 8

How will you move from high level climate risk analysis to local level action on the ground?

Analysing your climate exposure is the first step to understanding what your risks are. But it can be challenging to turn this information into action. Improving climate resilience can involve multiple parts of the business. It's important to understand where the opportunities lie and the practical steps to follow to mitigate vulnerabilities while remaining compliant.



How Zurich Resilience Solutions can help you

Zurich Resilience Solutions (ZRS) are a team of expert climate change resilience consultants.

We're the risk engineering division of Zurich Insurance.

We help customers around the world to sustain their future by identifying climate-related events that could impact assets and operations in the future and preparing customers for growing regulatory and stakeholder demands.

Who's it for?

- We provide climate risk management services to a wide range of organisations.
- Your organisation doesn't have to be insured with Zurich.
- We're a trusted partner to insured and non-insured customers, providing a tailored package of services.
- Every organisation takes a different journey to improve climate resilience.
- Our unique skill set means we're able to support you through every step.

How we understand your needs

- ZRS takes a more holistic approach to the assessment of climate-related opportunities and risk.
- We undertake desktop research which provides valuable insights.
- What sets us apart is that our risk-based approach includes onsite climate risk assessments.
- The data from both enables us to create practical and actionable risk adaptation and mitigation measures.
- If you're only using desktop research, you're missing crucial information.





ZRS excels in offering comprehensive climate services, focusing specifically on onsite climate risk assessments and engineering resources, as well as adaptation measures:

- **Expert partner:**
We develop an intricate understanding of your business, invest in relationships and seek to create strategic climate roadmaps that deliver transformational change.
- **Climate change risk assessment:**
We analyse your asset and locations and provide an assessment of how climate change related risks could potentially affect your physical asset and show the timing of when this is most likely to happen.
- **Holistic adaptations assessment:**
ZRS adaptations are holistic and look beyond the physical site to understand how climate change can also impact people and operations too; upstream and downstream supply chain, for example.
- **Onsite expert engineer deep-dive:**
ZRS is able to send expert risk engineers on site to do a deeper dive on some of the risks highlighted in higher level remote analysis.
- **Natural hazard risk assessment:**
We analyse your asset and locations to show which natural hazards could potentially affect your physical asset.
- **Data-backed adaptation insights:**
ZRS equips engineers with claims and climate change data to help understand risk and provide insight to assist with onsite adaptations.
- **Globalised network:**
ZRS can run analysis anywhere in the world and can go and assess sites, or those of suppliers, in person.



How it works

1. Phase One: Mapping and identifying key locations



This includes:

-  Data Quality Review
-  Definition of scope with customer stakeholders



Followed by:

-  Asset portfolio exposure analysis
-  Or Account Loss Modelling

2. Phase Two: Detailed location assessment of key sites

-  Desktop study
-  And/or onsite visit

3. Phase Three: Outcome: Development of risk adaptation solutions

-  Planning and implementation of resilience solutions
-  And additional related services

Ready to get started? [Book a call](#)

Get in touch with the **ZRS Climate Resilience team**

Discover how we can help your organisation adapt to mitigate climate risk. Talk to one of our climate resilience experts about:

- How we assess heat, wind and flood risks
- Real-life examples of assessments and adaptations
- How we support your decision making with actionable steps



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