



Act now to slow climate change and protect the planet, urges UN chief

Decade of climate breakdown saw 14 per cent of coral reefs vanish

Call for 'decisive action now' to avoid climate catastrophe

Clean environment is a human right, UN council agrees

'Tipping point' for climate action: Time's running out to avoid catastrophic heating

Climate change, population increase fuel looming water crisis: WMO

Major climate changes inevitable and irreversible - IPCC's starkest warning yet

Give us action on climate not just words, say developing nations ahead of Cop26

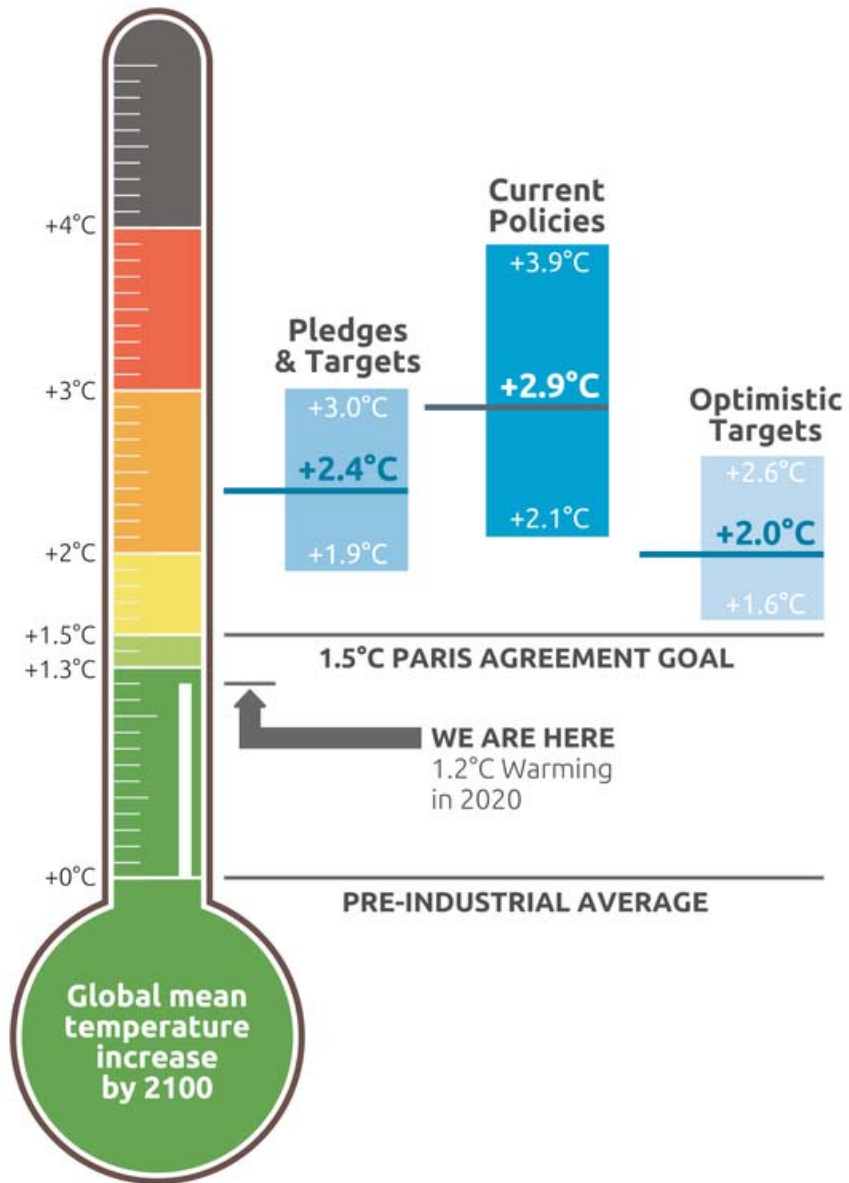
The Amazon rainforest is losing 200,000 acres a day. Soon it will be too late

Paris climate deal could go up in smoke without action: Guterres

Climate crisis 'unequivocally' caused by human activities, says IPCC report

## Regulatory

The world is changing and looking at a rapid catch up.





# Warming above 1.5°C is a tipping point

1.5°C

2°C

Loss of plant species



8% of plants will lose ½ of their habitable area

16% of plants will lose ½ of their habitable area

Loss of insect species



6% of insects will lose ½ of their habitable area

18% of insects will lose ½ of their habitable area

Decline in coral reefs



70% - 90%

99%

Extreme heat



14% of the population exposed to regular severe heatwaves

37% of the population exposed to regular severe heatwaves

Sea-ice-free summer in Arctic



At least once every 100 years

At least once every 10 years

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

 **PRI**

01-12 NOV 2021  
GLASGOW  
**COP26**  
IN PARTNERSHIP WITH ITALY



Guernsey Financial Services Commission

**Streamlined Energy and Carbon Reporting (SECR)**

SFDR



 **CDP**<sup>TM</sup>



## TCFD

Climate change presents financial risk to the global economy.

Financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

## Core Elements of Recommended Climate-Related Financial Disclosures



### **Governance**

The organization's governance around climate-related risks and opportunities

### **Strategy**

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

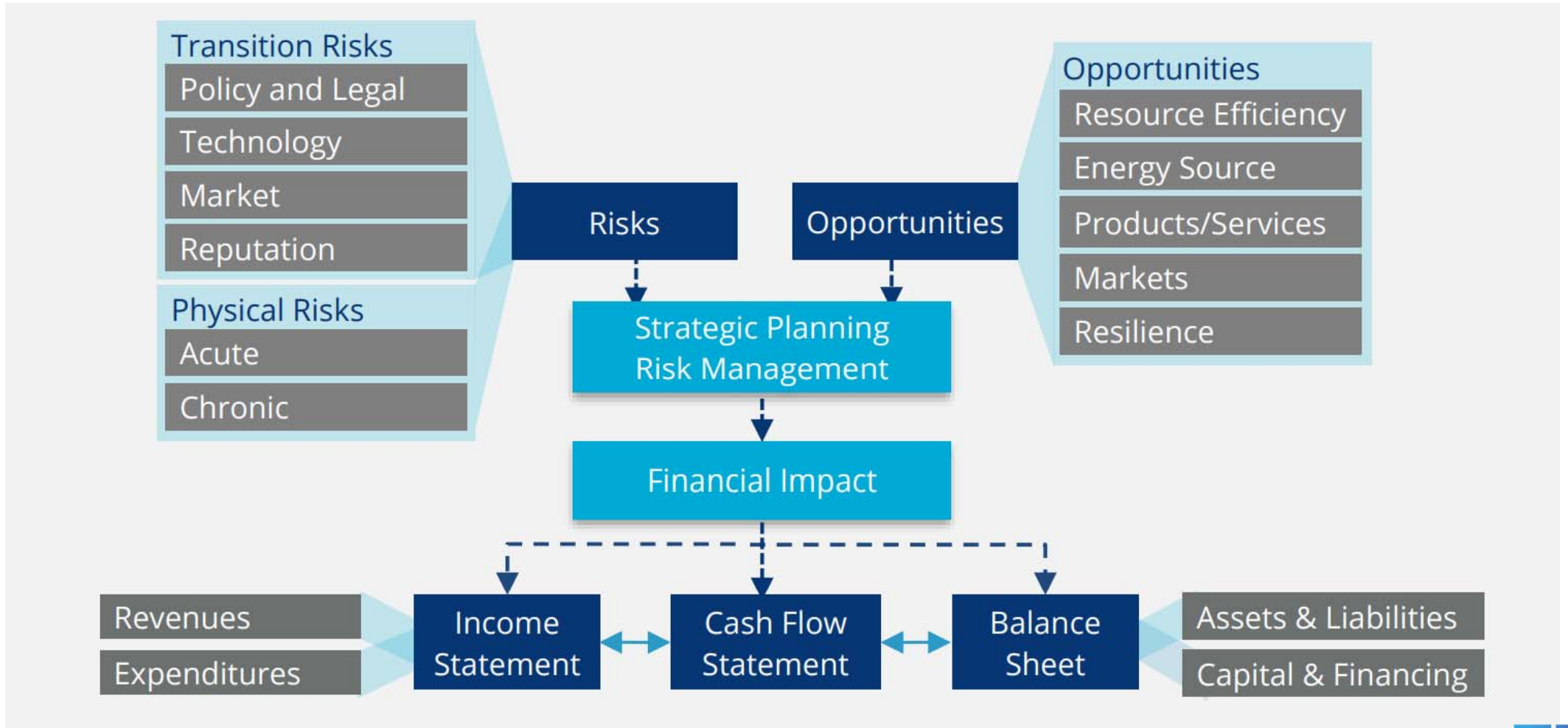
### **Risk Management**

The processes used by the organization to identify, assess, and manage climate-related risks

### **Metrics and Targets**

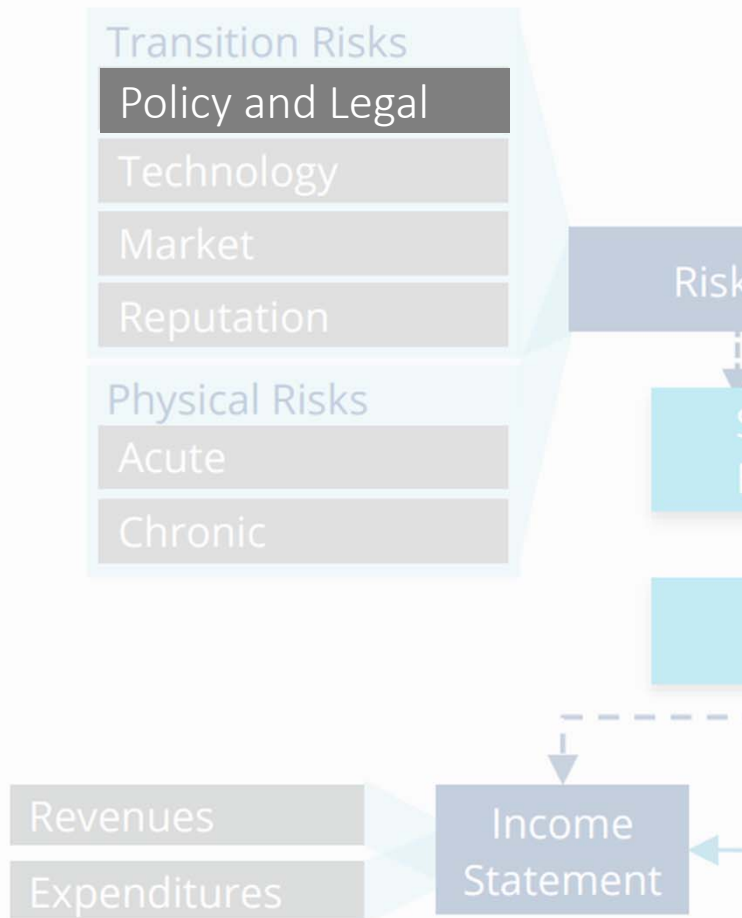
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

# Climate-Related Risks, Opportunities, and Financial Impact





# Climate-Related Risks, Opportunities, and Financial Impact



## Increased regulatory burden

TCFD, SEC, SDR, SFDR, GFSC code change, Net Zero plan scrutiny

## Legal challenges

- Disputes on claims, shareholder activism on markets
- Claims for the damages fossil fuel companies have done to climate
- **Governments and Big Oil were first. The next wave of climate lawsuits will target banks and boards**

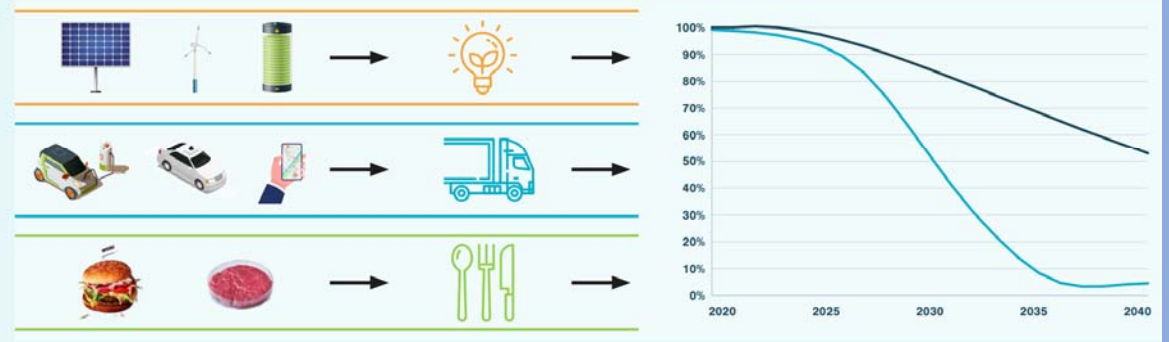
# Climate-Related Risks, Opportunities, and Financial Impact



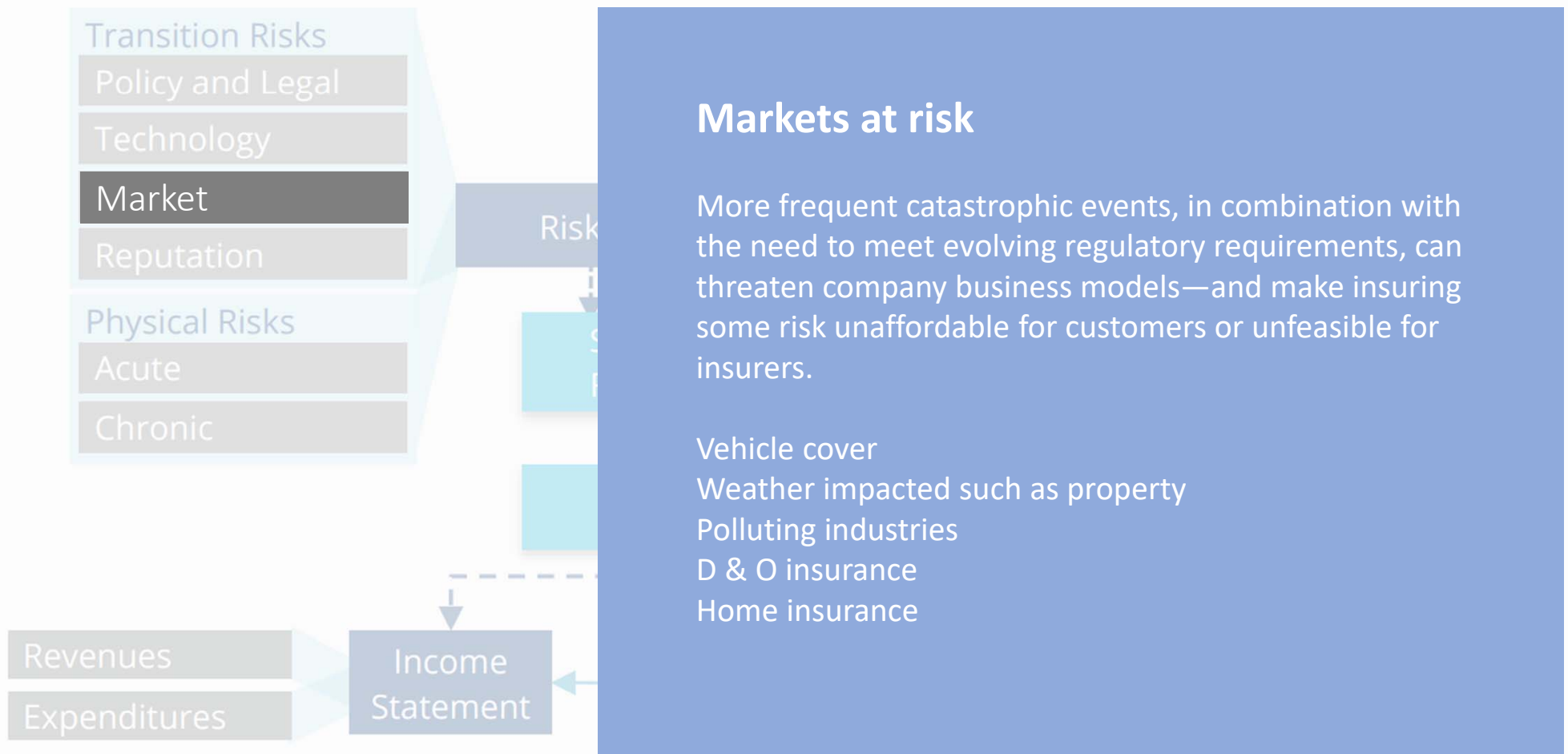
Risk

Disruptive technology

**Figure 1: Eight Technologies, Three Disruptions, and 90% Emissions Reduction by 2035**

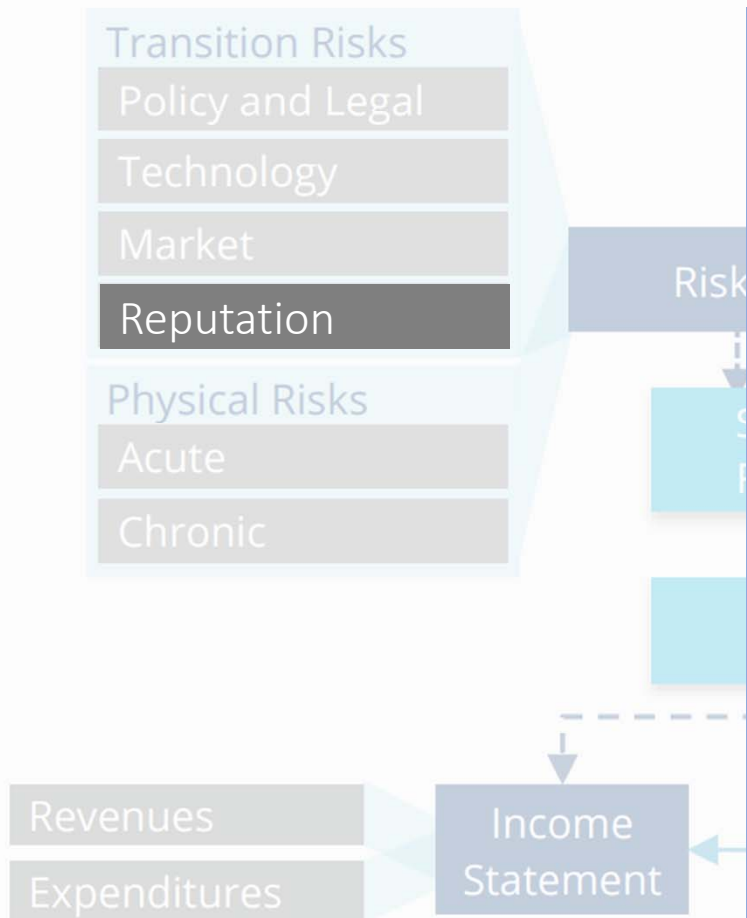


# Climate-Related Risks, Opportunities, and Financial Impact





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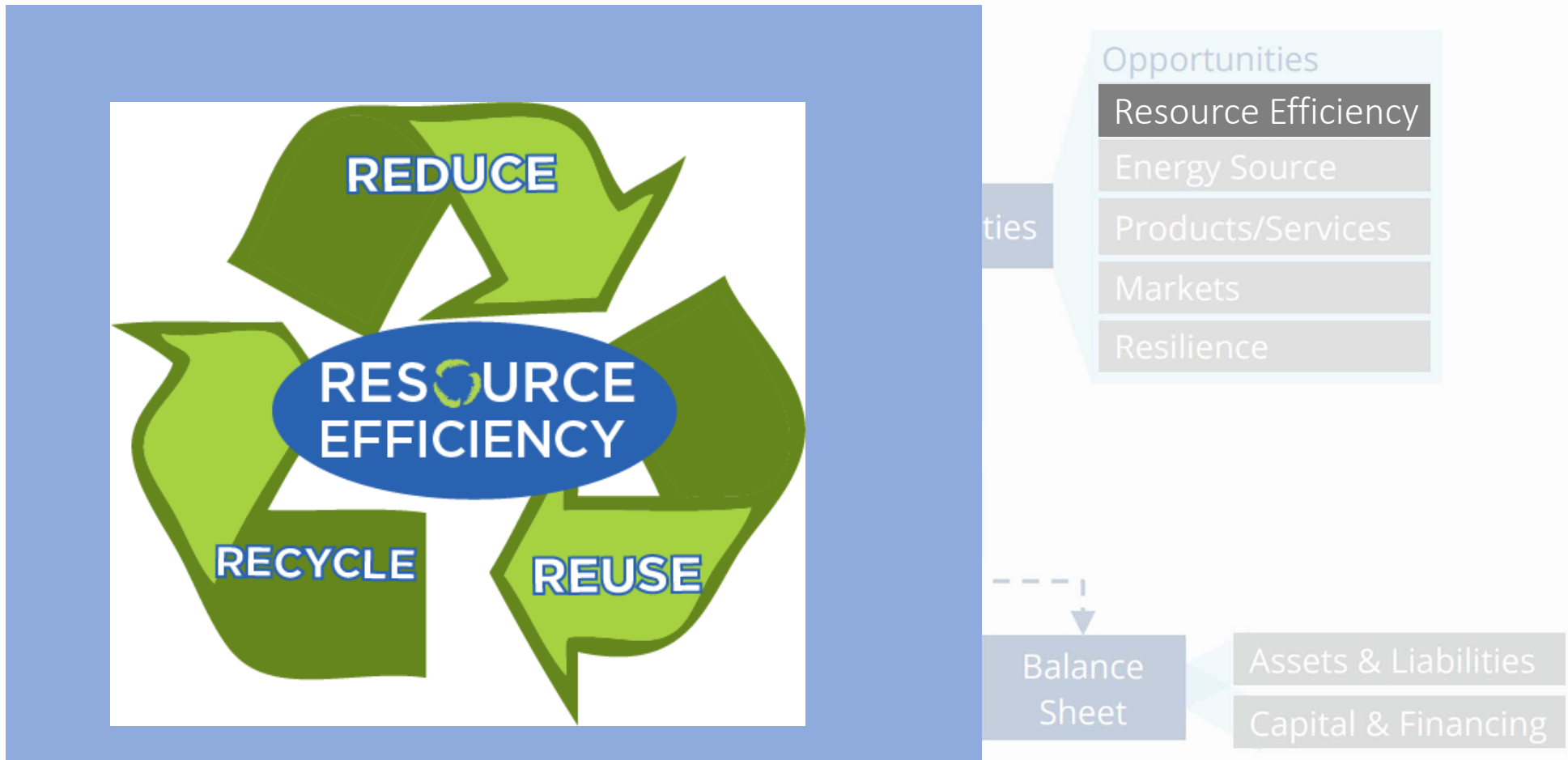


Reputation is everything

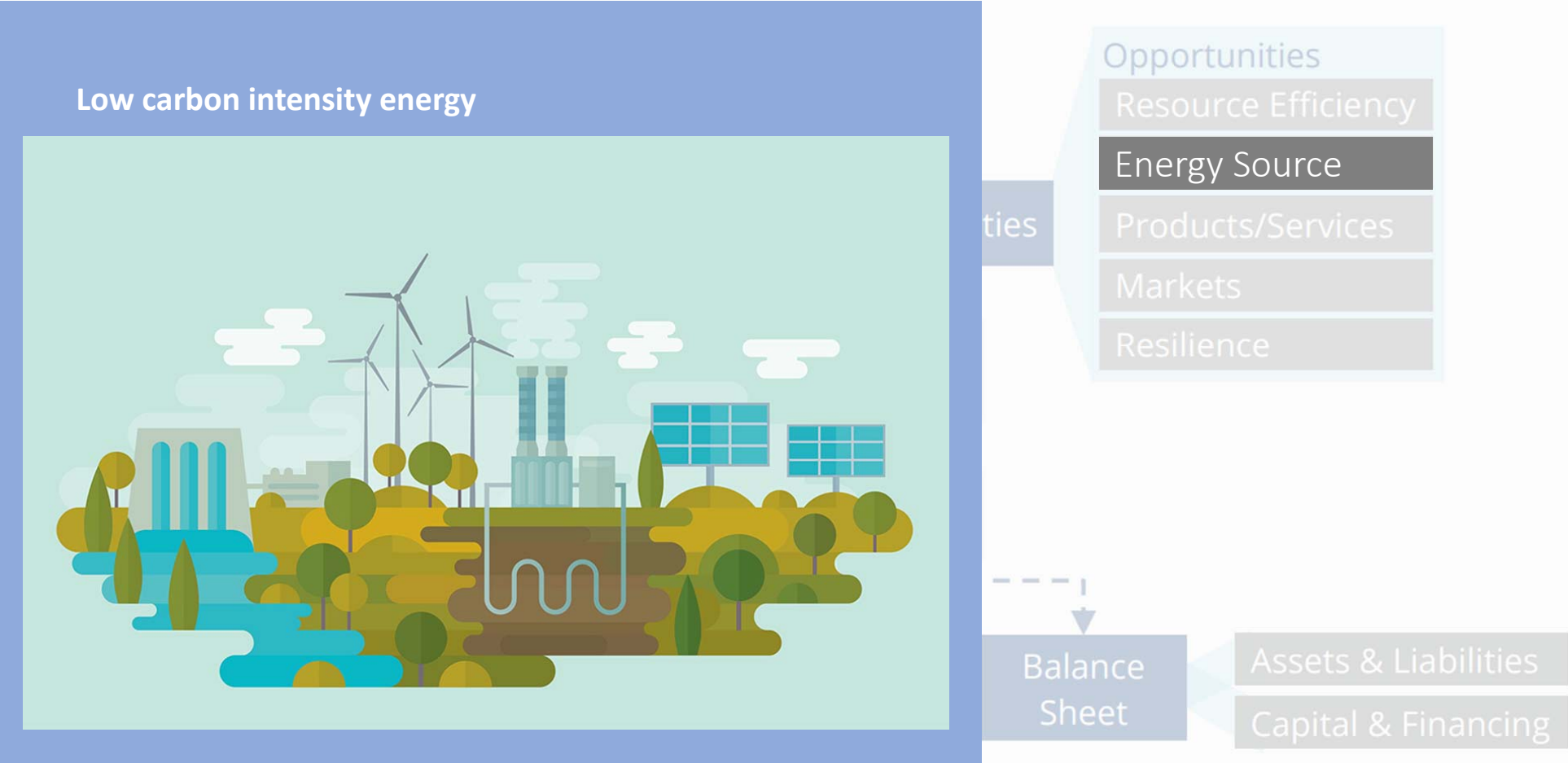
**It takes 20 years to build  
A reputation and five  
minutes to ruin it.  
If you think about that  
you'll do things  
differently.**

-Warren Buffett

# Climate-Related Risks, Opportunities, and Financial Impact



# Climate-Related Risks, Opportunities, and Financial Impact





# Climate-Related Risks, Opportunities, and Financial Impact

## Environmentally-Friendly Construction

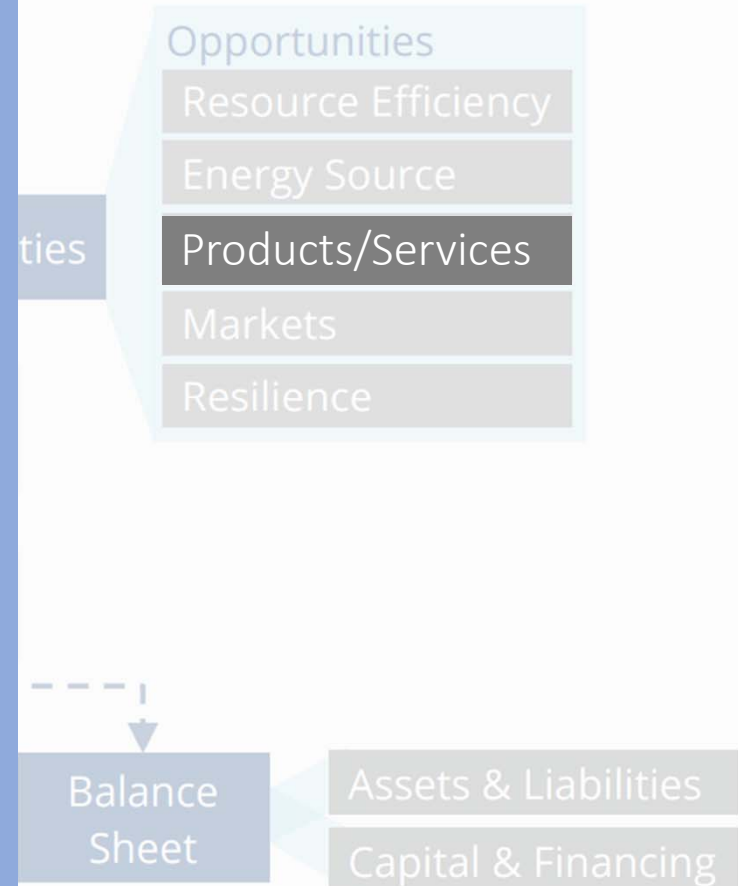
- Evaluate new structural designs and specifications and suggest ways to ensure high-quality construction and loss prevention.
- Following a covered loss, cover green materials and construction.



# Climate-Related Risks, Opportunities, and Financial Impact

## Renewable Energy Insurance

- Provide insurance to companies in the renewable energy sector to manage risk, defend against litigation, and preserve their assets.
- Cover all aspects of a project, from conception to completion.
- To keep up with innovation in the field, provide replacement cost coverage for equipment with more efficient alternatives.



# Climate-Related Risks, Opportunities, and Financial Impact

## Emission Reduction Projects Insurance

- Insurance for businesses involved in carbon capture and storage.

## Insurance for Directors and Officers

- Provide global warming litigation protection for directors and officers.





# Climate-Related Risks, Opportunities, and Financial Impact

## Carbon-Trading Political Risk Insurance

- Insurance against risks such as governmental interference, embargoes, and conflict which could disrupt the carbon credit process.

## Pollution/Environmental Liability

- Protection covering wide range of hazards and sectors including: commercial general liability, pollution legal liability, and environmental duties arising from laws and court decisions.



# Climate-Related Risks, Opportunities, and Financial Impact

## Negative Publicity Coverage

- Employ crisis management experts to handle negative media, guide and counsel key company workers, and give additional services to help a company's reputation recover.



# Climate-Related Risks, Opportunities, and Financial Impact

## Weather Insurance

- Cover unpredictable weather events resulting from climate change.
- Useful for event organisers to protect against weather variables including rain/wind that surpasses a certain threshold during coverage hours.



# Climate-Related Risks, Opportunities, and Financial Impact

## Insurance for Energy Savings

- Provide a safety net for energy organisations' energy savings guarantees.
- Over the policy's term, pay any shortfall in energy savings below a pre-agreed baseline.



# Climate-Related Risks, Opportunities, and Financial Impact

## Discount on Professional Liability Insurance

- Offer insurance premium credits to architects and engineering firms who use building commissioning as part of the construction process.
- Building commissioning includes ensuring that all subsystems are functioning properly, efficiently, and as intended, which lowers the risk of professional liability claims.





# Climate-Related Risks, Opportunities, and Financial Impact

## Green Insurance Benefits

### Expansion

- Insurance is anticipated to play a significant role in renewable energy projects, due to the technological and innovative intensity of the projects.
- Early entrants into this area may be able to reap the benefits of these emerging and unique organisations.



# Climate-Related Risks, Opportunities, and Financial Impact

## Creating a green brand

- Insurers who are proactive in developing innovative green products are considered as environmentally conscious, corporately responsible, and forward-thinking.
- This provides benefits for the company's branding and marketing.



# Climate-Related Risks, Opportunities, and Financial Impact

## Positive adverse selection

- Customers who are environmentally/sustainability-aware may be more conscious of vehicle and home safety, and therefore may represent better risks for insurability.



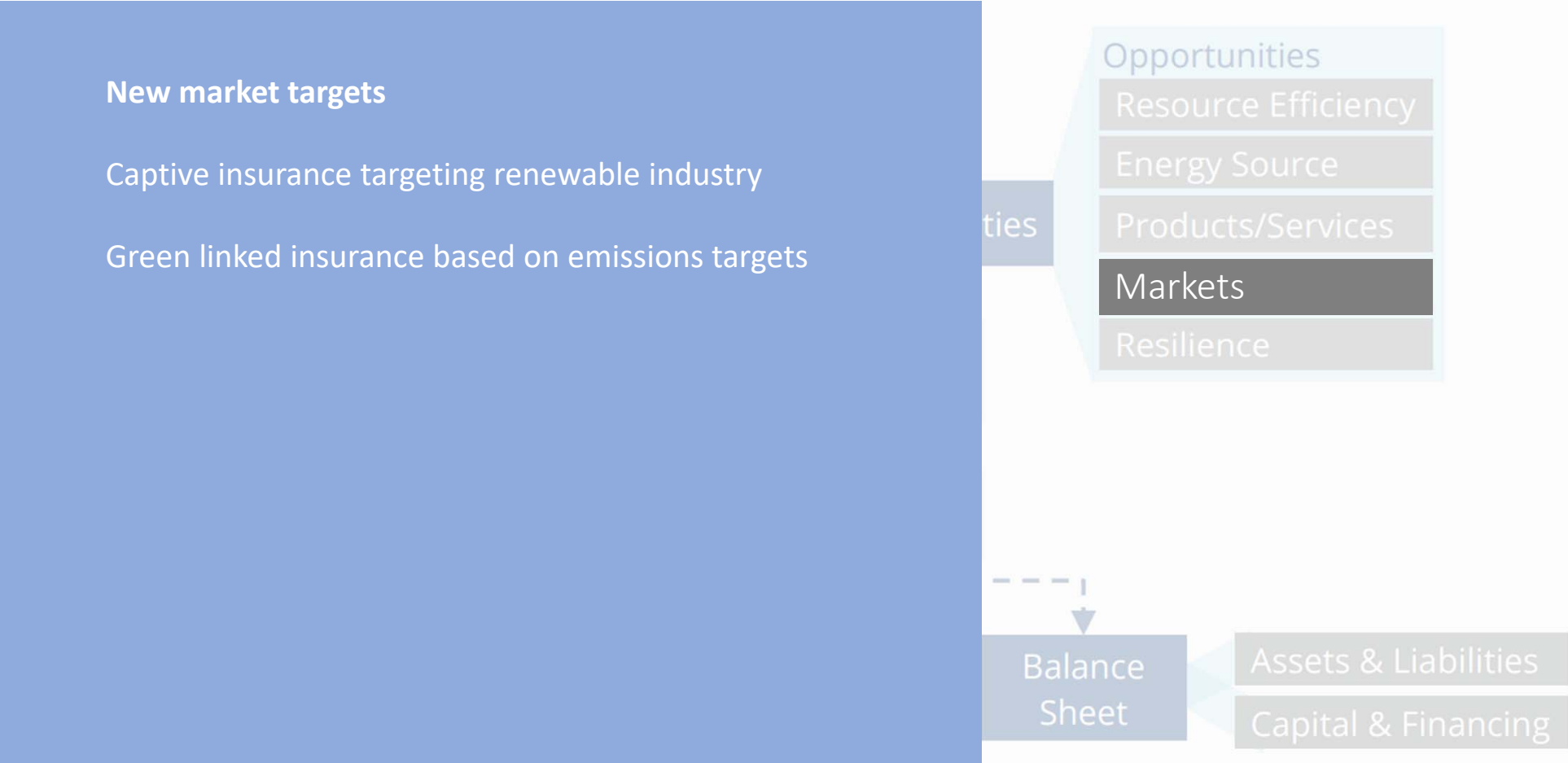
# Climate-Related Risks, Opportunities, and Financial Impact

## Future Trends

- The market for sustainable/green products, as well as the need for green insurance products, is rapidly expanding.
- Insurers that are ready to invest early in these products will reap significant benefits.



# Climate-Related Risks, Opportunities, and Financial Impact





# Climate-Related Risks, Opportunities, and Financial Impact

Survival of the fittest



ities

- Opportunities
- Resource Efficiency
- Energy Source
- Products/Services
- Markets
- Resilience



Balance Sheet

- Assets & Liabilities
- Capital & Financing



## How Can We Help?

- Lead or fully takeover EBOF framework completion.
- Perform gap analyses on TCFD to determine the need to complete full TCFD reporting.
- TCFD reporting development of inhouse capability and client service.
- Investment ESG research.
- Sustainable strategy - Embedding sustainability into strategy, culture, and medium to long term plans.
- ESG decision making frameworks for boards.

