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GIST IMPACT

Climate Risk Roundtable: Key Learnings from Corporate Leaders on Managing Climate Uncertainty

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Key Learnings from Corporate Leaders on Managing Climate Risk

Climate risk, and the uncertainty it brings, has become one of the most significant strategic risks facing organisations today. Rising insurance premiums, stressed supply chains, shifting regulations, and increasingly frequent extreme weather events are already reshaping operational and financial realities. Yet many corporate leaders still struggle to translate climate risk awareness into structured, decision-useful action.

To better understand these challenges, GIST Impact and Benchmark Gensuite gathered senior leaders, investors, and sustainability professionals for a private roundtable discussion in London in October 2025. Under Chatham House Rules, participants shared candid insights on where companies are making progress, where barriers persist, and what practical steps can strengthen resilience in a rapidly changing risk landscape.

This white paper highlights the key themes and lessons from that conversation, combining expert perspectives with real-world organisational experience. The goal of this whitepaper is simple: to help leaders move beyond awareness and build climate risk management approaches that are practical, data-driven, and embedded into core business decision-making.

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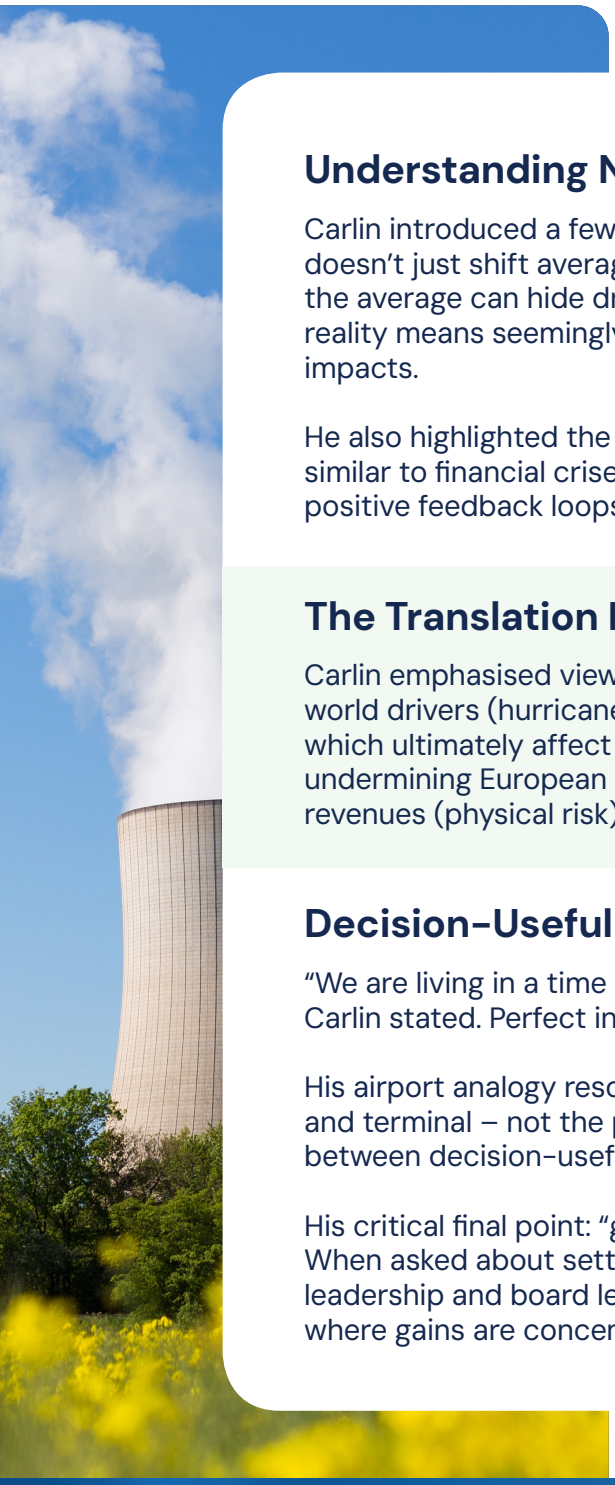
The Case for Climate Risk: Already Here, No Longer Future

David Carlin, former head of risk for the UN Environment Programme's Finance Initiative, opened the session by reframing climate risk as a present reality, not a future problem.



Understanding Non-Linear Risk

Carlin introduced a few key concepts for risk managers, for example: climate change doesn't just shift averages – it stretches the distribution of extremes. "A small shift in the average can hide dramatic changes at the extremes," he explained. This statistical reality means seemingly modest temperature increases trigger disproportionately severe impacts.

He also highlighted the danger of tipping points – irreversible system state changes similar to financial crises. Ice sheet collapses and coral reef die-offs exemplify how positive feedback loops create "runaway effects" that fundamentally alter systems.

The Translation Exercise

Carlin emphasised viewing climate risk as a "translation exercise" – connecting real-world drivers (hurricanes, policy shifts) to macroeconomic and microeconomic impacts, which ultimately affect asset values and creditworthiness. Whether it's Chinese EVs undermining European carmakers (transition risk) or hurricanes affecting island tax revenues (physical risk), the process is about making these connections explicit.

Decision-Useful Information Over Perfect Data

"We are living in a time characterised by volatility, uncertainty, complexity, and ambiguity," Carlin stated. Perfect information is impossible, we need to use what we've got.

His airport analogy resonated: when rushing to catch a flight, you need the gate number and terminal – not the plane's colour or seat specifications. This is the difference between decision-useful information and superfluous information.

His critical final point: "good modelling is useless without the right operational incentives." When asked about setting proper incentives, Carlin emphasised accountability at senior leadership and board levels, linking bonuses to risk management, and avoiding scenarios where gains are concentrated but losses socialised across firms.

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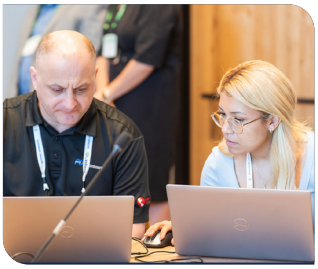
A Corporate Reality: Navigating Multiple Headwinds

When discussion opened to the room, led by GIST Impact's Chief Growth Officer, Mahima Sukhdev, organisations described facing mounting pressures from multiple directions – all at once.

Regulatory Uncertainty

Participants cited regulatory flux as a major barrier. One noted relief at the CSRD delay despite recognising its value: "We need to focus on business benefits and climate transition rather than being bogged down by regulatory reporting." Constant headwinds from geopolitical impacts, tariffs, and cyber security create higher near term priorities that delay climate transition efforts.

However, the double materiality process provided unexpected value. "It brought different people together – operations, auditors, controllers – confirming important topics and identifying gaps," one participant explained. This convening power proved valuable even when it revealed teams lacked a common language, particularly between risk and sustainability functions.



Resource Constraints and Green Hushing

The finite resource challenge emerged repeatedly: organisations must distribute limited capacity across reporting, risk management, communications, and other business priorities – all in a rapidly changing and demanding landscape.

"The resources required to report means there's less resource left for action," one participant stated. The advice? "Focus on one or two key emission sources or elements that truly matter, regardless of scope, and take action rather than just reporting numbers."

Although, green hushing complicated matters further. Multiple participants expressed reluctance to discuss climate strategies due to fear of scrutiny, creating a perverse situation where organisations doing substantive work hesitate to share it, limiting collective learning and positive momentum.

The Scenario Consensus Problem

A major challenge surfaced repeatedly: "What scenario are you working towards? 1.5°C? 2°C? There needs to be consensus." This affects everything from infrastructure investment timelines to conversations with insurers about target credibility.

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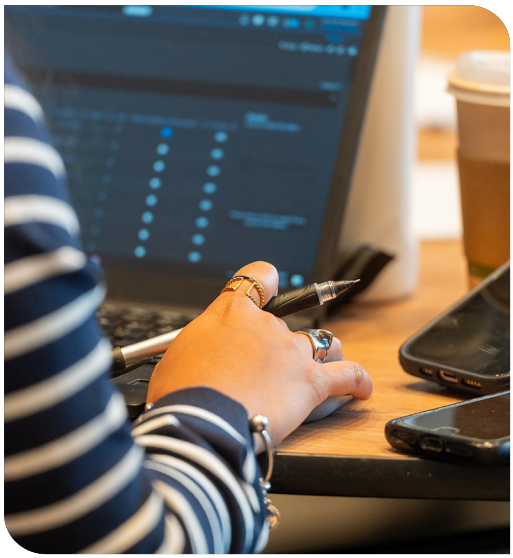
The Insurance Reality: Rising Premiums, Shrinking Coverage

Discussion about insurance revealed one of the most concerning aspects of climate risk.

The Coverage Problem

"Insurance companies give you 12-month assurance, but beyond that, there's no guarantee they'll continue coverage," one participant noted. "Premiums will likely increase year on year." The Florida example provided stark illustration: "There are no major insurers left, only small local insurers – everything in Florida is essentially uninsured."

This creates a fundamental challenge: uninsurable parts of supply chains remain exposed, undermining business resilience plans regardless of an organisation's own adaptation and mitigation efforts.

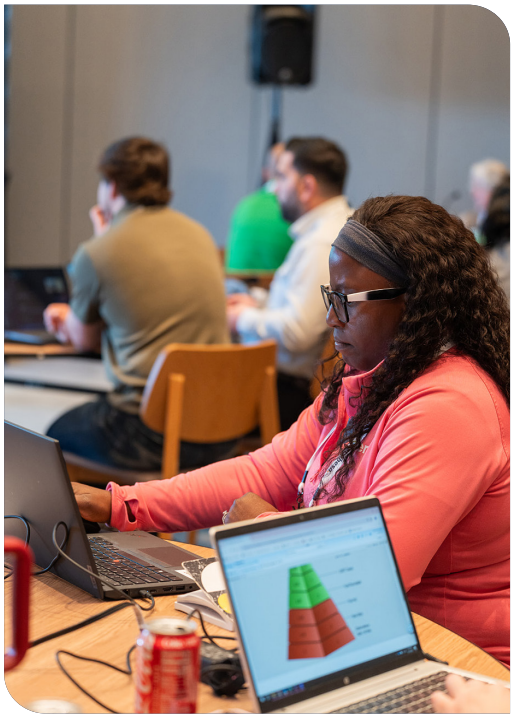


The Adaptation Incentive Paradox

A key question emerged relating to whether investment in adaptation reduces premiums? Despite organisations implementing risk management strategies and engaging with policymakers on resilience, "the connection between adaptation measures and premium reduction isn't clear. The bar is raising itself, which is why premiums aren't lowering."

As one participant noted, the incentive structure differs from other risk management: "The incentive is more about avoiding inability to get coverage – a softer incentive compared to building a seawall."

An important distinction emerged about market structure: "We need to think about brokers versus those actually holding risk. Brokers show enthusiasm, but they're not the ones ultimately pricing and bearing the risk."



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Adaptation vs Mitigation: Fundamentally Different Propositions

Sam King, GIST Impact's Chief Commercial Officer, facilitated discussion revealing an important structural insight: adaptation and mitigation face fundamentally different incentive structures.

1 Adaptation: Clear ROI, Site-Level Action

"Everything we're doing is adapting to what has to happen. We follow our customers," one corporate leader explained. The automotive industry's slower-than-expected EV transition illustrated this: manufacturers are "deliberately de-risking by not holding to any strategy with a single business model."

Multiple participants emphasised that the biggest impact occurs when engaging directly with site managers who control budgets and understand local conditions. "Real change happens at site level with micro-level actions," one noted. When framed as business continuity and operational efficiency rather than abstract climate goals, site managers become advocates.

2 Mitigation: The Attribution Problem

Mitigation presents fundamentally different challenges. "It's country-level, not site-level," one participant explained. "For a company to understand the attribution of mitigation effort is very different."

The collective action problem is stark: "You might invest a dollar today worth 20 dollars in the future, but you might save yourself 50 cents whilst somebody down the road loses four dollars." Individual company efforts may be undermined by others' inaction.

This led to a provocative question: should companies "take competitors along" to address climate challenges? Many participants argued yes, as it "makes more sense to take your competitors with you to address large-scale market economy issues."

3 The Investment Finance Gap

A critical observation: "The reason there aren't enough financial products linked to mitigating climate risk is because the business case isn't presented as normal capital expenditure that can stand on its own."

The solution isn't new financial instruments – it's better integration into standard capital allocation: "If you can present your adaptation policy with an IRR higher than the hurdle rate, any bank will give you money."

However, even straightforward cases face challenges. "Renewable energy is now cheaper than fossil fuels – it's good for business," yet "every time oil and gas companies invest in renewables, their share price goes down, which erodes value." This points to policy-level intervention needs.

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Data, Technology, and the Confidence Gap

Peter Walsh, Benchmark Gensuite's Head of ESG and Sustainability, facilitated discussion on data and technology requirements, revealing fascinating tensions between aspiration and reality.

The "Good Enough" Challenge

When asked about confidence in understanding climate risks, participants were somewhere in the middle in their responses. "I wouldn't say I'm confident, you get into this spinning wheel where you want more information, which leads to more insights, which then leads to more information. You have to be careful not to get into deep analysis paralysis."

The Local Sophistication Question

A crucial insight emerged: "In addition to knowing risk, it's about knowing the level of sophistication in the area. Is the government planning adaptation measures, or is that something you'll have to fend for yourself?" This local capacity assessment significantly affects risk evaluation and response planning.

Supply Chain: Making the "Best Guesstimate"

Multiple participants described supply chain resilience as particularly challenging. "Supply chain resilience is impacted by so many assumptions – the solution is making the best guesstimate." Important to note here that overlaying "best guesstimate" scenarios can build on one's confidence level.

Regional Differences: India vs US

An intriguing contrast emerged. A major Indian bank "suspects climate threats are translating into credit risk due to agricultural loan defaults" and is "integrating climate and credit risk into management systems, driven by RBI mandates."

In contrast, the US appears "waiting for credit rating agencies to price the risk," despite significant impacts. The difference? "India's issues are persistent and may have exceeded manageable levels. The US has acute disasters happening sporadically but not systematically."

Historical Data Limitations

"What were once-in-100-year floods now happen monthly. We're planning for something that's never happened before," one participant noted, highlighting that historical data is becoming less reliable for future planning.

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The Communication Breakdown

A particularly insightful discussion emerged around communication gaps across the investment chain.

One participant observed: “Asset managers view adaptation from three levels above, thinking ‘I don’t know if any portfolio companies are addressing adaptation.’ From my point of view, they are – it’s a business imperative at site level. But there’s a disconnect. That data isn’t being shared or captured in strategy.”

The stark conclusion: “Being here makes me confident that people are not communicating with each other. Policymakers aren’t talking to corporates. Everyone’s working in isolation.”

This extends to measurement. “Asset owners want to know what questions to ask asset managers. Asset managers want to know what to ask portfolio companies. But for physical risk adaptation, there are more than 10 questions needed. Adaptation is context-specific—we can’t provide a standard set of questions with confidence.”

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The Caldic Solution: Bridging Science and Site Reality

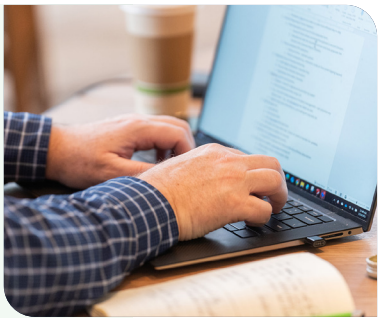
The session concluded with a practical case study of how Caldic, a global chemicals company, is addressing these challenges through an integrated solution from Benchmark Gensuite and GIST Impact.

The Trigger

Caldic's journey began with interest in nature and climate risk, triggered by their insurance company.

The Approach

The joint solution demonstrates how to translate scientific climate data into site-level action through three steps:



01

Baseline Scientific Data GIST Impact provides eight core datasets covering climate hazards and biodiversity, with time series (short/medium/long-term) and multiple IPCC scenarios. This global dataset overlays with Caldic's existing site data in Benchmark Gensuite's mapping module.

02

Site-Specific Risk Profiling Site managers complete questionnaires (developed with insurer input) covering building age, materials, fire protection, flood defences, and existing mitigation measures. This creates "a complete picture combining scientific data with site manager knowledge."

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03

Integration with Business Systems Risk scores flow into risk registries, analytics modules, and action management with assigned responsibilities, timelines, and budgets. Critically, this "translates sustainability work into actionable business processes."

To meet CSRD requirements, the system captures asset values to calculate financial exposure, not just risk probability.

Why This Matters

The Caldic solution embodies key principles from the day's discussions:

- Combines scientific rigour with practical site knowledge
- Integrates with existing business processes
- Enables site-level engagement and ownership
- Meets multiple stakeholders needs simultaneously (insurance, regulatory, business continuity)
- Supports both strategic and operational decisions

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Key Takeaways: Decision-Useful Insights for Corporates

Peter Walsh, Benchmark Gensuite's Head of ESG and Sustainability, facilitated discussion on data and technology requirements, revealing fascinating tensions between aspiration and reality.

01

Focus on decision-useful information, not perfect data
Waiting for complete certainty is not an option. Focus on information that genuinely improves decisions. Ask: does this data change what we would do?

02

Incentives matter more than information
Successful climate risk management requires senior leadership accountability, compensation linked to outcomes, and long-term performance metrics beyond quarterly results.

03

Adaptation and mitigation demand different approaches
Adaptation has clearer ROI, is site-specific, and fits normal capital expenditure processes. Mitigation is country/industry-level, requires collective action, and may need policy-level incentives. Don't expect the same business case logic for both.

04

Real change happens at the site-level
Engage directly with site managers who control budgets and understand local conditions. Frame climate actions in terms of resilience, efficiency, and cost management rather than abstract sustainability goals.

05

Context matters as much as hazard
Understanding risk requires knowing local adaptive capacity, government plans, insurance market conditions, and regional sophistication – not just the hazard itself.

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06

Supply chains are your Achilles' Heel
Uninsurable suppliers create vulnerabilities that direct operational resilience cannot address. This requires industry-level approaches and building flexibility into sourcing strategies.

07

Present climate actions as normal business
Integrate climate considerations into standard capital expenditure, risk management, and operational efficiency processes. If renewable energy has better IRR, present it as smart business that happens to have climate benefits.

08

Historical data is becoming less reliable
Supplement historical analysis with forward-looking projections, be cautious about extrapolating past trends, and build flexibility into plans to adapt as conditions change.

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Conclusion: Gradually, Then Suddenly

David Carlin's opening quote from Hemingway about going bankrupt "gradually, then suddenly" captured the day's central tension. Rising premiums, shifting supply chains, evolving regulations, and changing customer demands show that climate risk is already shaping business realities, yet many organisations still lack the systems, incentives, and cross-functional alignment needed to respond confidently.

The question is whether they'll build sufficient capabilities to avoid the "sudden" moment when climate impacts overwhelm adaptive capacity. Despite the challenges, the corporate leaders in the room demonstrated clear appetite for practical solutions. Success depends on integrating climate considerations into core business decision-making, engaging at the operational level where action happens, and sharing knowledge more effectively across teams and stakeholders.

Decision-useful data is more valuable than holding out for perfect data. Incentives and accountability are as critical as analytics. Adaptation and mitigation demand different strategic approaches, and the most meaningful progress occurs when scientific insights connect to site-level realities.

As resilience and transition planning become standard business practice, organisations that treat climate risk as value creation – rather than merely compliance burden – will be best positioned to thrive.

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