Note

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Businesses are urged to build resilience to climate change impact

The likely failure of efforts to meet internationally agreed targets for global warming require businesses to act now to adapt to the risks related to climate change. New report from Zurich outlines risk management recommendations for companies to best respond, and is released as Climate Week NYC begins.

Zurich, September 24, 2018 – With measures to slash greenhouse gas emissions set to miss their mark, businesses should act now and prepare for a changing climate, according to a report by Zurich Insurance Group (Zurich). Published ahead of Climate Week NYC, a gathering of investors, governors and CEOs in New York this week, it recommends a three-step strategy to help companies strengthen their defenses.

The report, 'Managing the impacts of climate change: risk management responses,' provides risk management tools, and outlines approaches and best practices to help businesses respond to the growing threat of climate change.

"Our analysis suggests that the current level of efforts to keep global temperatures from rising over 2-degrees Celsius above pre-industrial levels will likely fail, so businesses should prepare for the physical consequences of a warming planet. Companies must know the magnitude of their climate risk, so that they can prioritize actions based on their particular circumstances," said Alison Martin, Group Chief Risk Officer and Member of the Executive Committee. "It's crucial for businesses to develop a climate resilience adaptation strategy and act on it now."

The report examines two scenarios: one based on the failure to act on climate change, resulting in a steady rise in temperature and rising physical risk; the other assumes that effective measures are taken to reduce carbon emissions, with increasing transition risks to be managed in the shorter term.

It also details three steps companies can follow to develop a climate resilience adaptation strategy:

- Identify the broad business and strategic risks;
- Develop a granular view of the risks including individual locations;
- Develop a mitigation strategy involving insurance and resilience, as well as strategic implications for business models.

Scientists agree that climate change will likely lead to more intense hurricanes with higher rainfall amounts and rising sea levels, which will result in more dangerous storms surges and flooding. As a risk management expert, underwriter and investor, Zurich understands the risks of climate change and supports the transition to a low-carbon economy.

Ms. Martin said: "At Zurich, we encourage building more resilient critical infrastructure, which can help our customers and governments adapt to climate change. We firmly believe in prevention as the best form of protection. Adaptation costs for climate change effects may be significantly lower than damage costs. For example, through our Flood Resilience Program, Zurich has demonstrated that every dollar spent on flood prevention measures on average saves five dollars on recovery efforts should a flood event occur."

Ms. Martin said she hoped the Zurich paper can provide the necessary guidance for businesses to address their exposures to climate change risks.

Further information

The report, 'Managing the impacts of climate change: risk management responses,' is available here.

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 53,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

Contact
Zurich Insurance Group Ltd
Austrasse 46, 8045 Zurich, Switzerland
www.zurich.com
SIX Swiss Exchange/SMI: ZURN, Valor: 001107539

Media Relations
Neil Gordon-Henderson, Pavel Osipyants
phone +41 (0)44 625 21 00
twitter @Zurich
media@zurich.com