

# SUSTAINABILITY EXPLAINER

## NATIONAL CLIMATE RISK ASSESSMENT: WHAT AUSTRALIAN BUSINESS LEADERS NEED TO KNOW

Sophie Schlachter  
Sustainability Advisor



**The Economy, Trade and Finance** is one of eight systems assessed in the report.

It provides a detailed analysis of the **Risks and Impacts, Future Insights and Adaptation Actions** for businesses, across three temperature ranges of climate warming of 1.5°C+, 2°C+ and 3°C+.



It's important to note that **Australia has already warmed by 1.51°C** so the 1.5°C+ scenario analysis presented in the report is especially pertinent and should be taken extremely seriously.

Here are the must-know takeaways for business leaders...



# RISKS AND IMPACTS

## *Business and Supply Chains*

- Increasing physical risks to infrastructure and critical assets
- Extreme heat reducing productivity of outdoor workers
- Extreme weather damaging facilities and disrupting operations



# RISKS AND IMPACTS

## *Business and Supply Chains*

- Supply chains increasingly vulnerable to climate impacts domestically and globally, especially those dependent on agriculture, fisheries and mining
- Availability and cost of raw materials and products more volatile, challenging the viability of primary industries and construction businesses



# RISKS AND IMPACTS

## *International Trade and Finance*

- Local import and export markets impacted by weather-related supply chain shocks
- Global reinsurance pricing increasing insurance premiums
- Financial system shocks triggered by asset write-downs or widespread loan defaults, reducing access to finance and the value of investments or superannuation



# RISKS AND IMPACTS

## *Cascades*

- Supply chain disruptions leading to shortages of essential goods, affecting business operations and margins
- Increased insurance costs straining household budgets, impacting consumer spending and with it business growth
- Pressures on social cohesion reducing social license to operate in climate-sensitive industries









# FUTURE INSIGHTS

The report calls out specific **economic risks and impacts**, with projected figures highlighting their severity...



# FUTURE INSIGHTS

***Risk to agriculture, construction, manufacturing and mining sector productivity***

Between 700,000 and 2.7 million additional days of work lost every year by 2061, due to more frequent and intense heatwaves.





# FUTURE INSIGHTS

## *Risk to labour productivity*

Estimated decrease of 0.2% to 0.8% by 2063, reducing economic output by between \$135 billion and \$423 billion.

## *Cumulative wealth loss*

In Australia - from reduced agricultural and labour productivity - this could exceed \$19 billion by 2030, \$211 billion by 2050, and \$4.2 trillion by 2100.



# ADAPTATION CONSIDERATIONS

What does the report  
recommend actors in the  
Economy, Trade and  
Finance system consider  
now?





# ADAPTATION CONSIDERATIONS

- **Prioritising investment in resilience** - noting that currently most investment related to climate-related extreme events is reactionary rather than preventative
- Continuing the development of **coordinated insurance solutions** which distribute risk more evenly

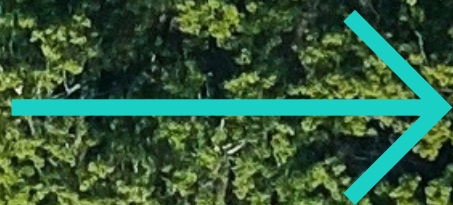
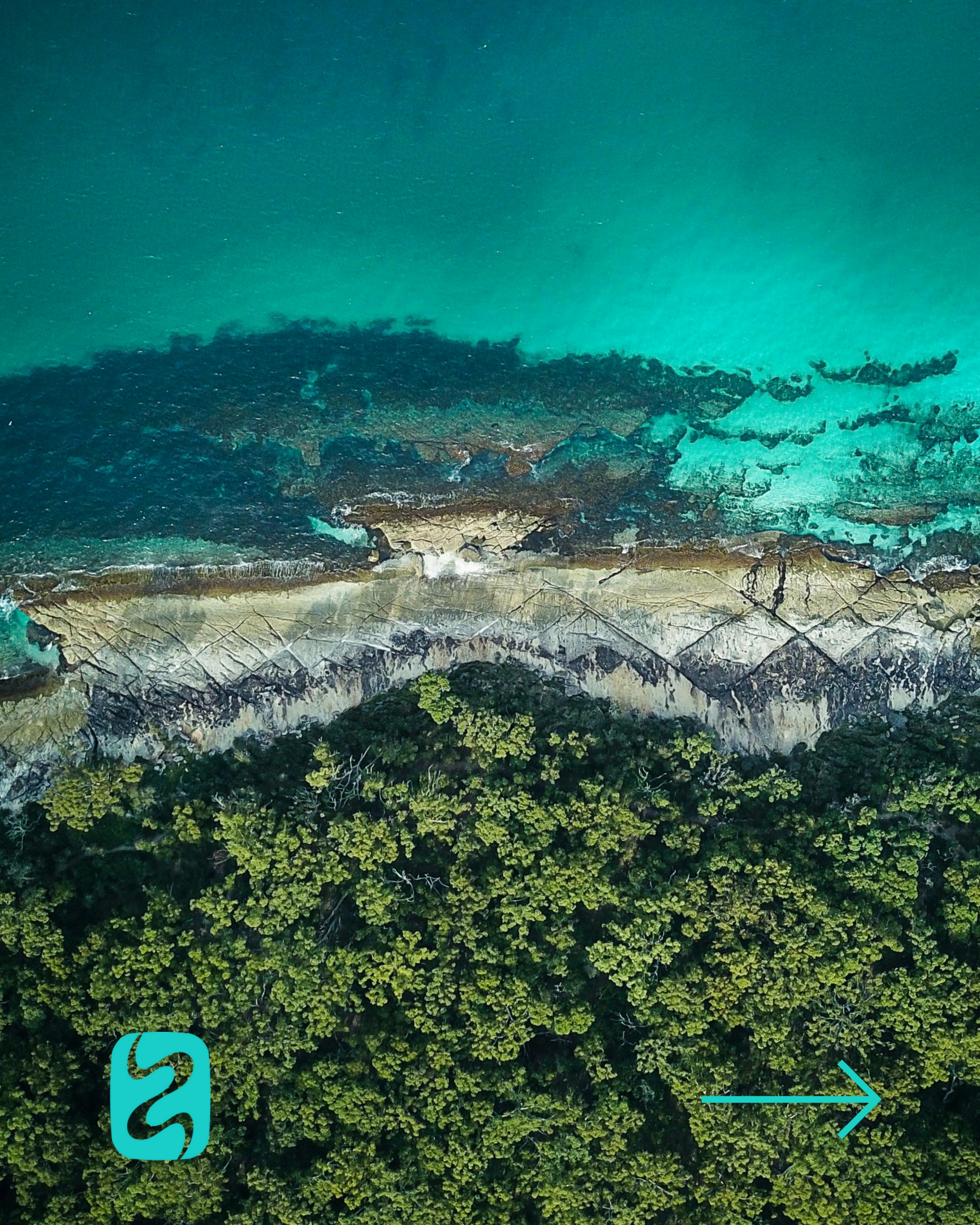


# ADAPTATION CONSIDERATIONS

- Continuing the push on **governance, regulation and better information provision**, including through mandatory reporting, to help adaptation
- Greater work on **risk assessments for business**, and better monitoring and reporting back on whether or not proposed solutions are effective









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