

Businesses can take five steps to start assessing risk and building resilience.



Depth meter in the Saigon River, Vietnam

Photographer: dth8xt

Five Steps to Build Resilience

As outlined in the *Business Imperative Framework*, businesses can take five steps to start assessing risk and building resilience. These steps include developing a governance structure; analyzing climate risk throughout operations, the supply chain, and communities in which the business works; mapping assets to mitigate risk and build resilience; partnering with others to streamline resources and scale resilience; and disclosing and reporting on risks and progress to build resilience transparently to boost stakeholder confidence and maintain credibility.

Get started on assessing risk and building resilience >



1 DEVELOP A GOVERNANCE STRUCTURE

Because climate change is a core business issue, addressing it must be driven by leadership, integrated into strategic planning, and designed to transcend internal business units and silos. Senior executives should designate a qualified individual or team to execute the work on assessing climate risk and building resilience. This is essential for accelerating action as well as ensuring consistency and centralized management. Issues of climate risk and resilience often sit with various roles across risk management, sustainability, and

finance. The resilience leader should seek participation from all corners of the business and gather expertise from external sources and organizations that can help and analyze data, identify priorities, map assets, and implement resilience strategies. Businesses can task individuals, departments, or committees to explore specific climate issues.

2 ASSESS CLIMATE RISK THROUGHOUT OPERATIONS, SUPPLY CHAIN, AND COMMUNITIES IN WHICH THE BUSINESS OPERATES

The growing intensity of cyclones, and extreme flooding, and the guidelines outlined in the Sendai Framework for Disaster Risk Reduction have driven businesses in Southeast Asia to assess climate risks, “flood-proof” facilities, or create business continuity plans. Some businesses have a disaster risk management system, enterprise risk management system, or risk register. Businesses also should integrate climate change into

existing tools or processes to assess the full range of physical climate hazards, exposure, and vulnerability.

To ensure awareness and efforts are spread across the organization, resilience leaders should seek data and information from peers, partners, investors, and other stakeholders. The manager of these efforts should gather data on hazards and map exposure and vulnerability

throughout operations, supply chain, and the community to identify challenges and gaps to address. Leveraging existing climate science—or investing in company-specific climate modeling—can help forecast specific climate risks. Another option to consider in understanding future potential risks to a business is to conduct a scenario

analysis. This exercise can help a business assess the range of hypothetical impacts on operations and the value chain in a variety of future scenarios under a given set of assumptions and constraints.⁶ After a business identifies its climate risks and prioritizes areas to address, the company can develop a plan to take action.

3 IDENTIFY AND INVEST IN CAPITAL ASSETS TO BUILD RESILIENCE

To mitigate risks—and eventually to seek opportunities for business growth—businesses should build climate resilience. To start, businesses should take inventory of valuable resources as they pertain to the six capital assets—physical, human, political, financial, social, and natural. Next, businesses should identify which assets can solve immediate risks and which should be enhanced or developed to mitigate future risk.

These initiatives can be integrated within existing departments or programs, including business continuity planning, human resources, and corporate social responsibility. By starting with the workforce, businesses

can spread knowledge to help generate awareness of the need to build resilience in the community.

Businesses also should explore what tools and products they can offer the marketplace to help others build resilience. ICT companies can provide communication and monitoring tools for early warning systems. Apparel companies can offer protective garments to keep employees cool or protect against flood waters. Healthcare companies can offer health monitoring devices to ensure the well-being of outdoor workers in warmer temperatures or heatwaves.

4 PARTNER WITH OTHERS TO SCALE UP RESILIENCE

To enhance resilience efforts inside the company, the community, and the industry at large, businesses should look to partner with suppliers, industry peers, professional networks, and government agencies. By working with SMEs within the supply chain, businesses can address risks that can have cascading effects on operations, production, and logistics. Companies also should consider partnering with government agencies to uphold commitments to the Paris Agreement and the Sendai Framework for Disaster Risk Reduction. Businesses even can collaborate with peers in industrial zones to share knowledge and spread resources to prepare for climate risks.

Finally, the private sector should consider shaping the political, social, cultural, and economic conditions that can reduce climate risk and enhance resilience in the communities where businesses operate. Businesses can influence political decision-making processes in ways that can have long-lasting consequences on the private sector, such as selecting development locations and accessing to financial resources. We advise that businesses engage actively with local and national policymakers, nonprofits, and academia to share challenges and solutions and to uncover new opportunities in building resilience.

5 DISCLOSE RISKS AND REPORT ON PROGRESS

To bolster stakeholder confidence in business, transparently disclose climate risks and efforts to stakeholders. This can help assure investors, maintain a social license to operate in the community, and build trust among customers. As evidenced by industry progress on climate mitigation to set emission targets and work toward a low-carbon economy, reporting on progress and sharing information and knowledge within

the business community can help generate awareness and create momentum for resilience-building. Businesses can consider integrating risks into annual reports and are invited to submit their climate action commitments to the Non-State Actor Zone for Climate Action (NAZCA), which tracks commitments from businesses, cities, and nonprofits.