

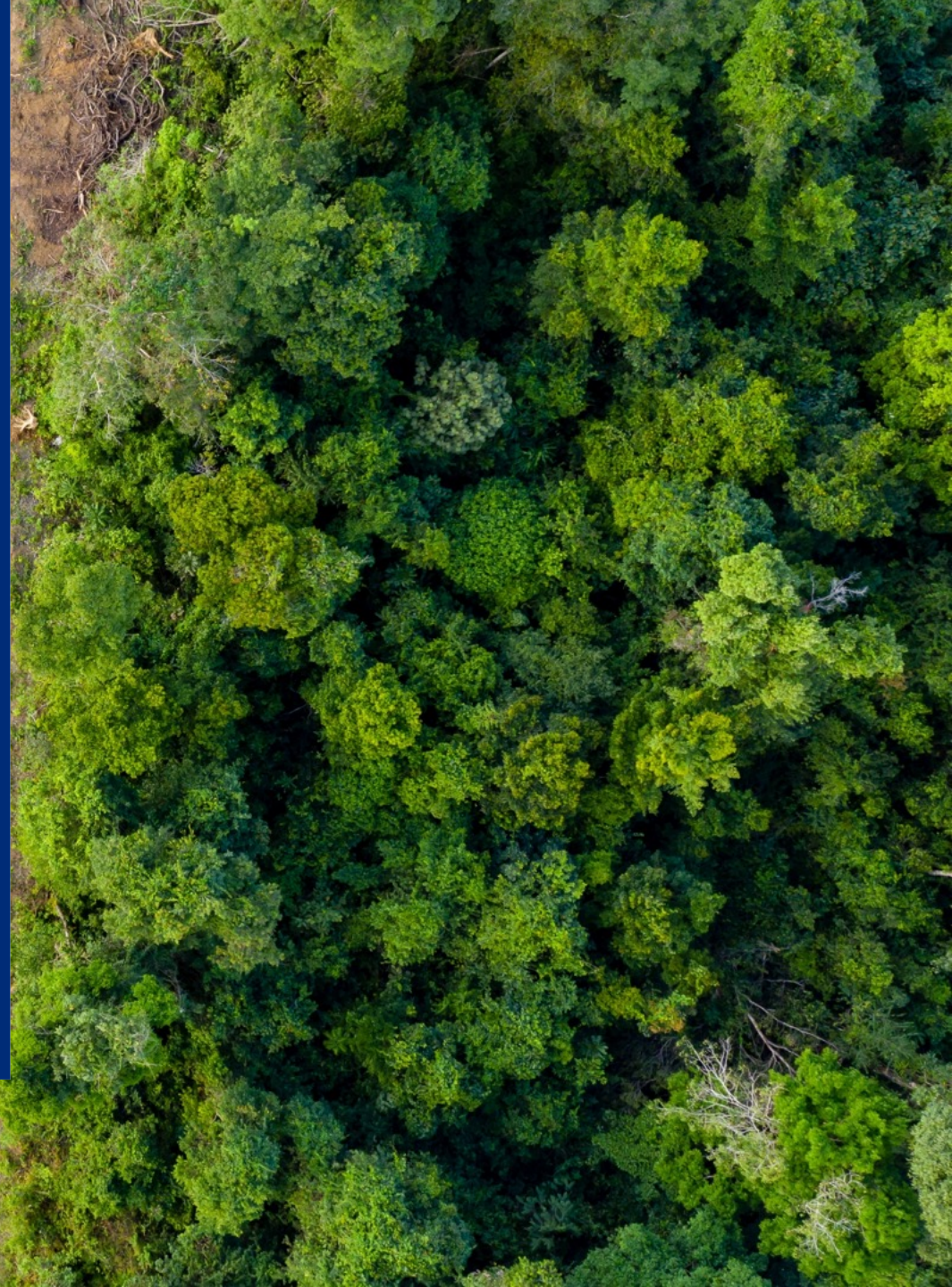


Marsh Specialty

The impact of a changing physical risk landscape: mitigating climate-related project risk

Andrew Herring, CEO, Energy, Power & Renewables, UK
13th October 2021

A business of Marsh McLennan





The nature of climate related physical risk globally



Corporate and market impacts in recent times



Mitigation of project risk/corporate operations via resilience

Agenda

The nature of climate related physical risk globally

Turkey wildfires: Several dead and many injured as blaze rages across south of country



Louisiana death toll from Hurricane Ida rises to 26



Thawing permafrost turns Arctic from carbon sink into carbon emitter, study finds

Some 1.7 billion tonnes of carbon released by ice melt during winter – twice as high as previous estimates

Severe drought threatens Hoover dam reservoir – and water for US west



Global Energy Crisis Comes to Drought-Stricken South America

California firefighters 'stretched to limit' as devastating blazes become the norm



Corporate and market impacts in recent times

Decarbonising Scotland's heating systems will cost £33bn, ministers say

Shell warns Hurricane Ida disruption will cost it £294 million

BlackRock seeks to regain lost ground in climate fight

\$1.9B a year to address natural disasters in Canada among 4 takeaways from federal climate report

Firms ignoring climate crisis will go bankrupt, says Mark Carney

Bank of England governor warns of financial collapse linked to climate emergency

The world's biggest companies could lose over \$1 trillion to climate change



German flood rebuilding to cost more than 6 bln euros - Scholz

'Eye-watering': climate change disasters will cost Australia billions each year, study finds

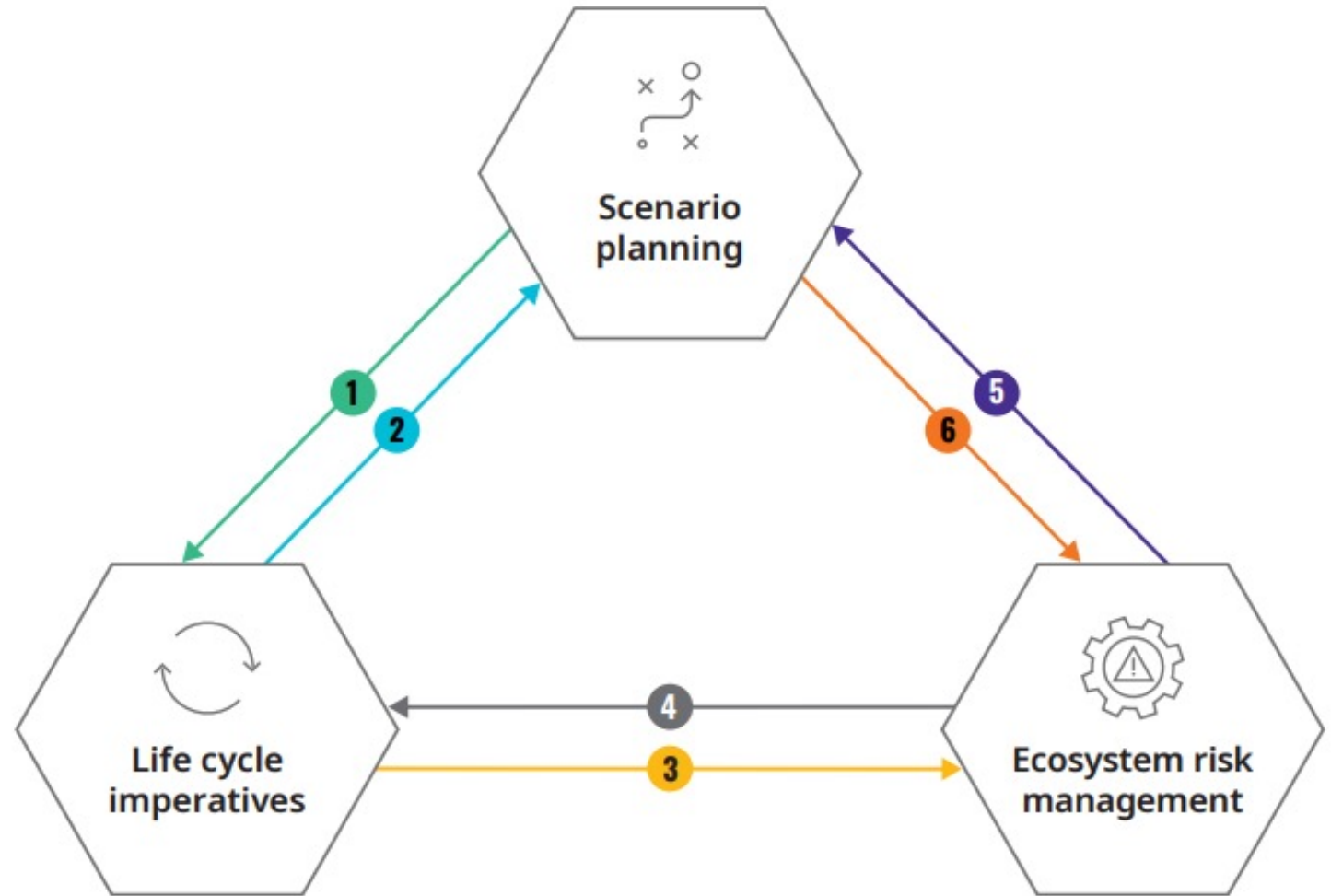
Catastrophes like fires and floods could set the economy back more than \$1.2tn by 2060, even if action is taken

The Texas winter storm could cost insurers over \$20 billion

Mitigation of project risk/corporate operations via resilience

Selected interlinkages between climate resilience levers

- 1 Physical model outputs can inform early resilience investment decisions
- 2 New investment due diligence can inform future scenario inputs
- 3 Risks diagnosed across the life cycle can be addressed through stakeholder engagement
- 4 Interdependency mapping outputs can inform adaptation decisions
- 5 Insights from ecosystem management measures can shape future pathway assumptions
- 6 Scenario inputs can inform dialogue with ecosystem stakeholders



Source: Marsh & McLennan Advantage