

Environmental Risk Outlook 2023: implications for politics, trade and investment

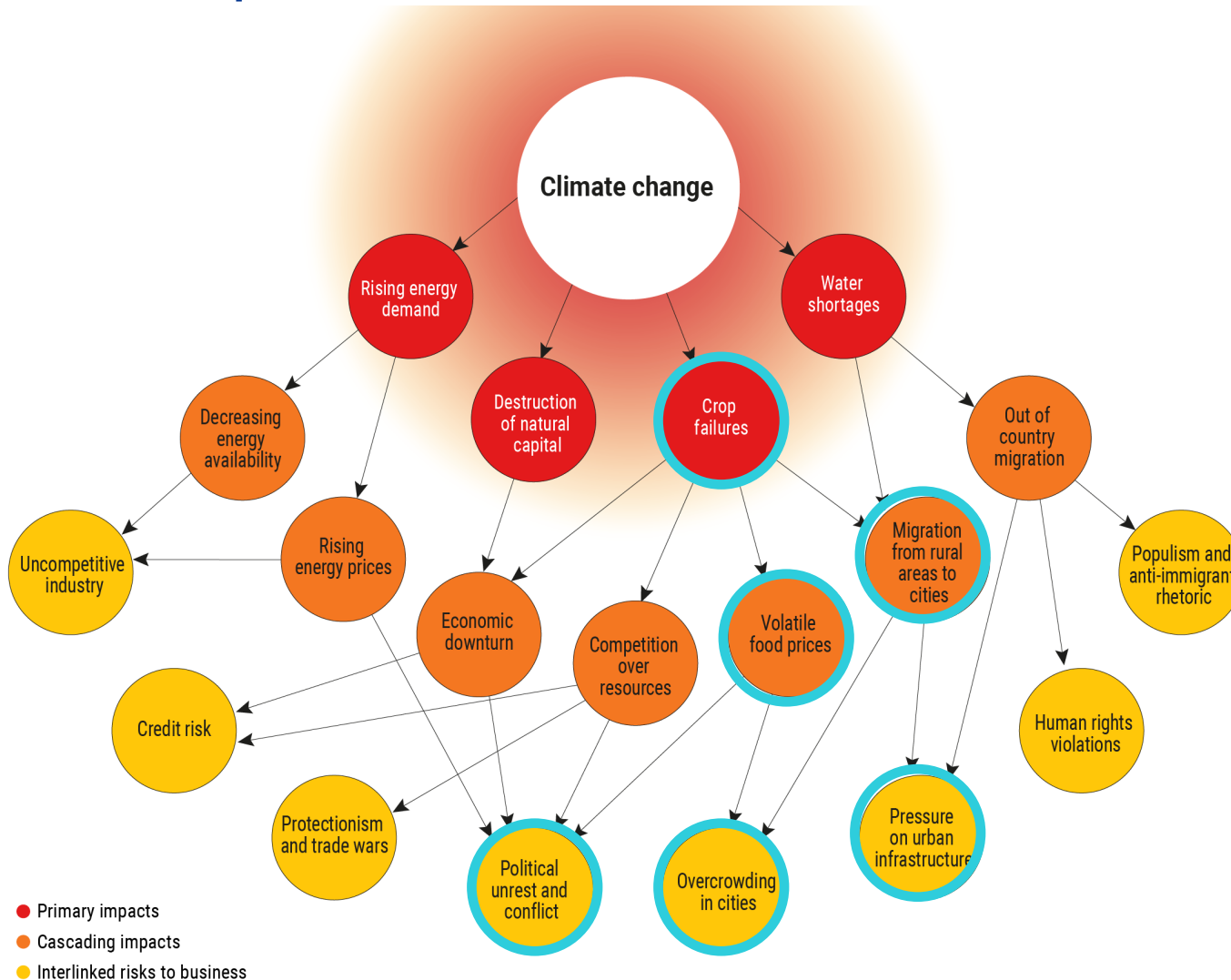
WEF Annual Review

25 January 2023



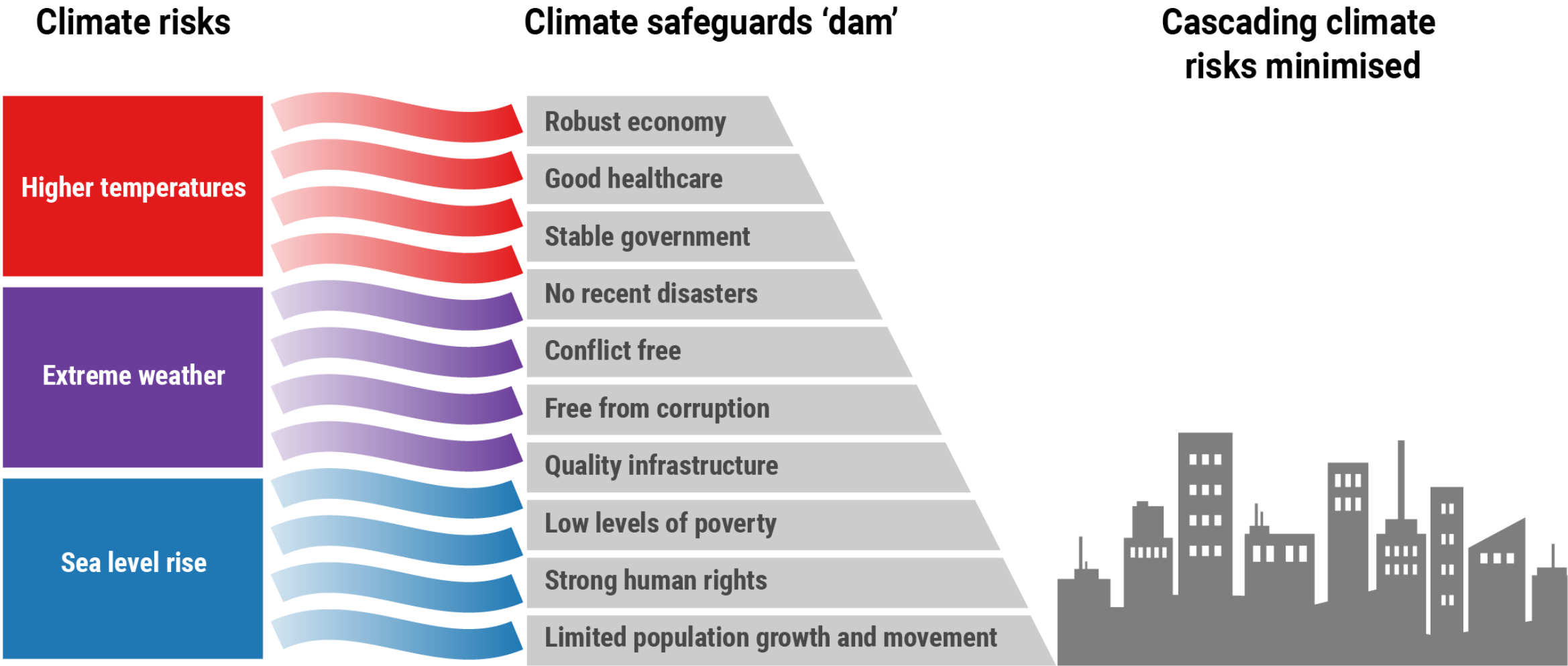
Extreme weather will trigger cascading climate risks

Challenges encompass social, political, and economic dimensions



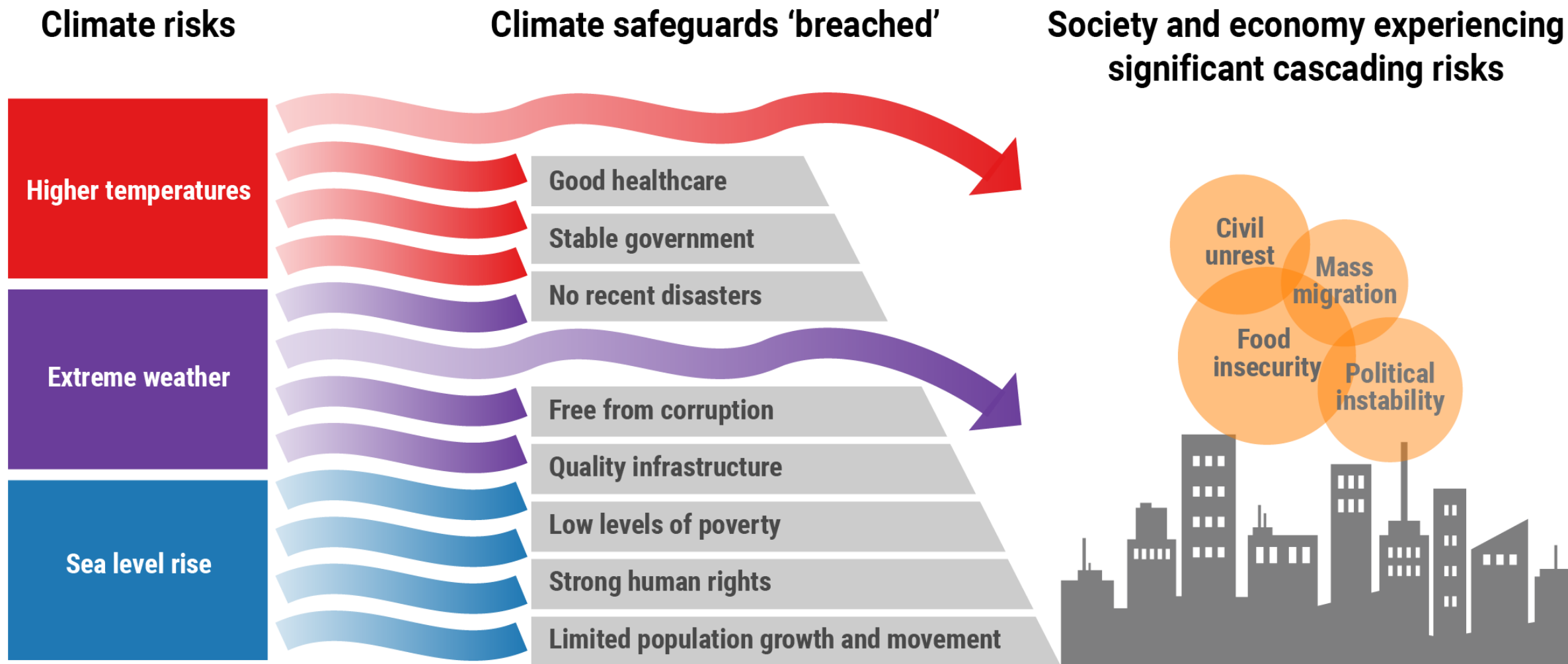
Conceptualising the risk ‘dam’

The more blocks a country has in place, the stronger the protection it creates for its society



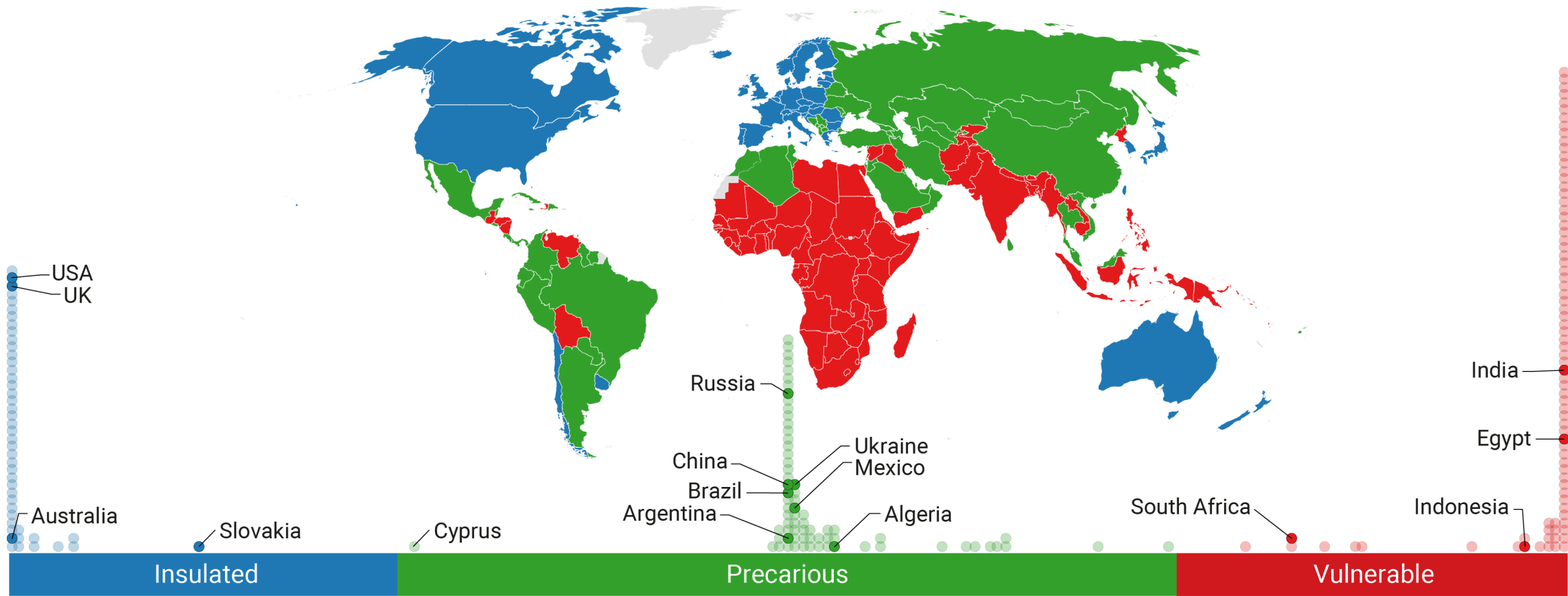
Conceptualising the risk 'dam'

Countries become more susceptible to cascading risks as safeguards crumble



Insulated, precarious, and vulnerable nations

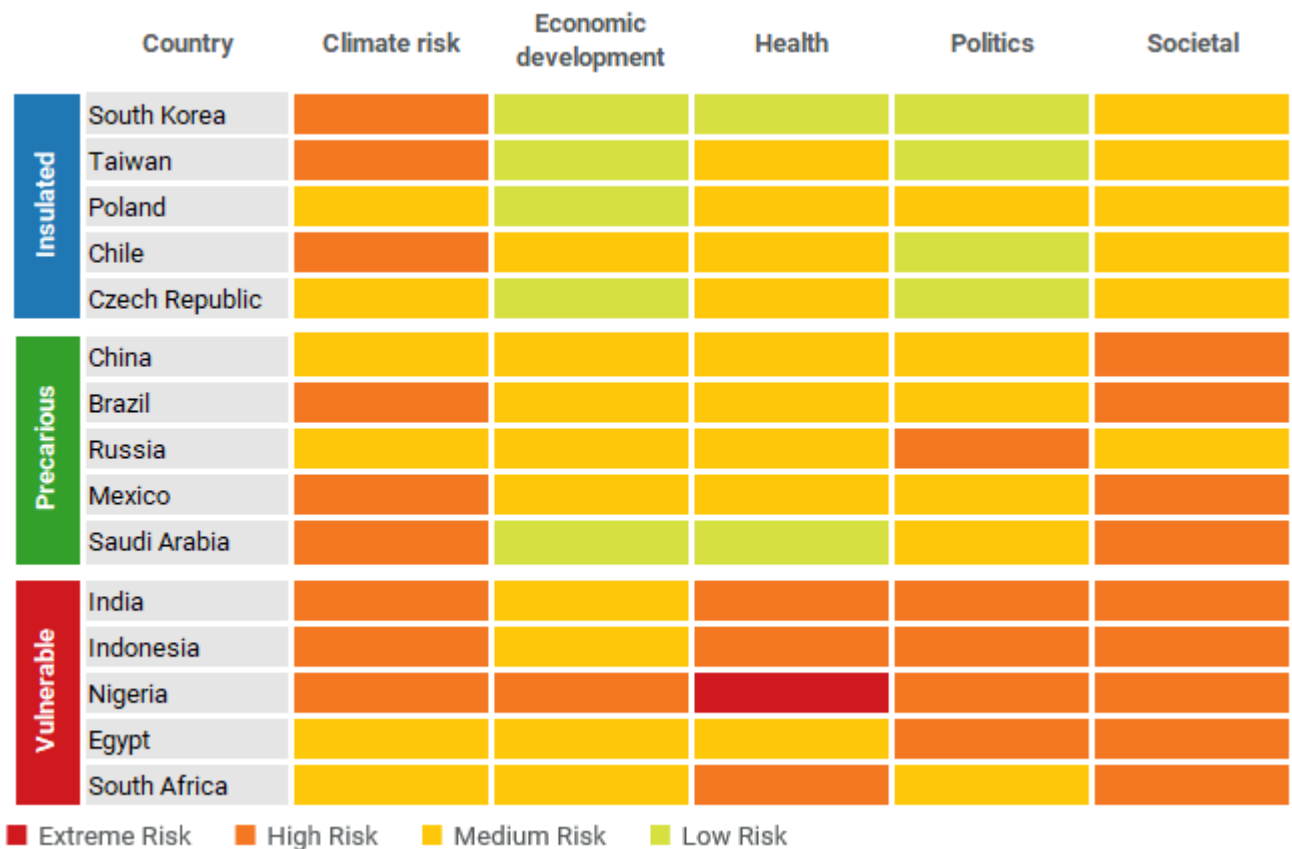
Susceptibility to cascading climate risks not wholly a function of income



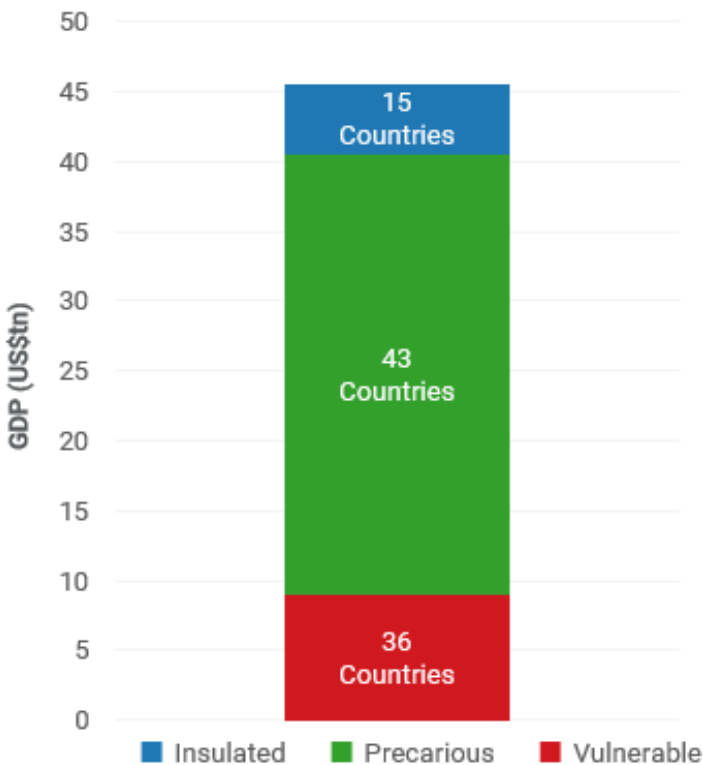
Financial risk implications of the cascading climate risks

Emerging and frontier markets face significant levels of risk

Five largest markets by GDP and risk cluster

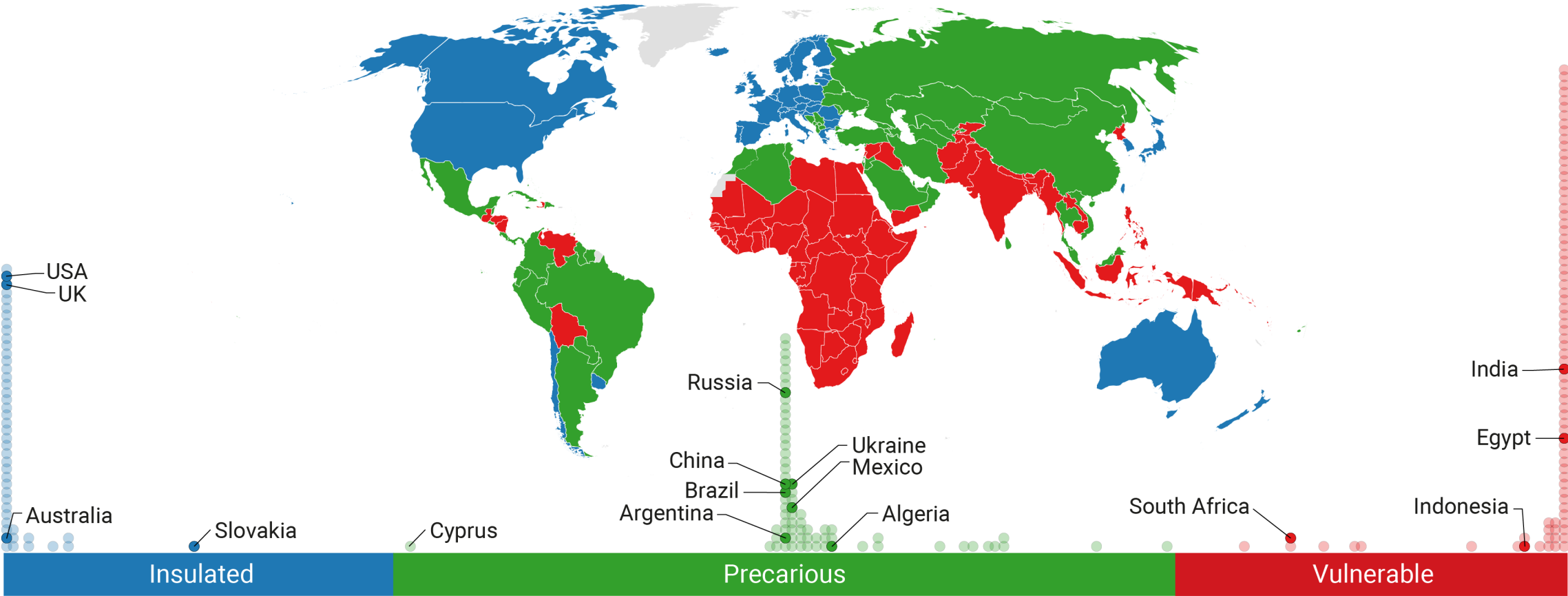


Total emerging/frontier market GDP by risk cluster



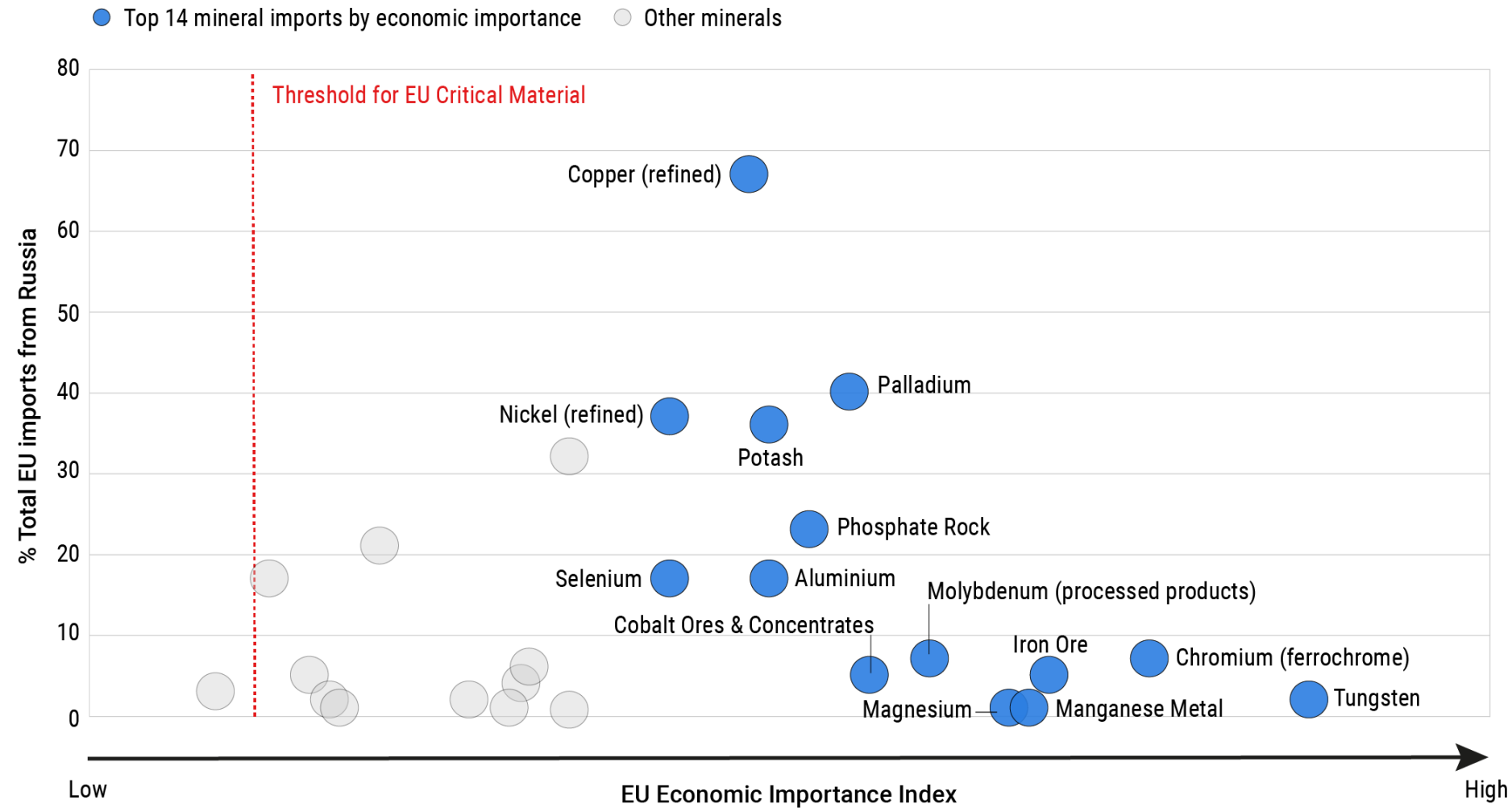
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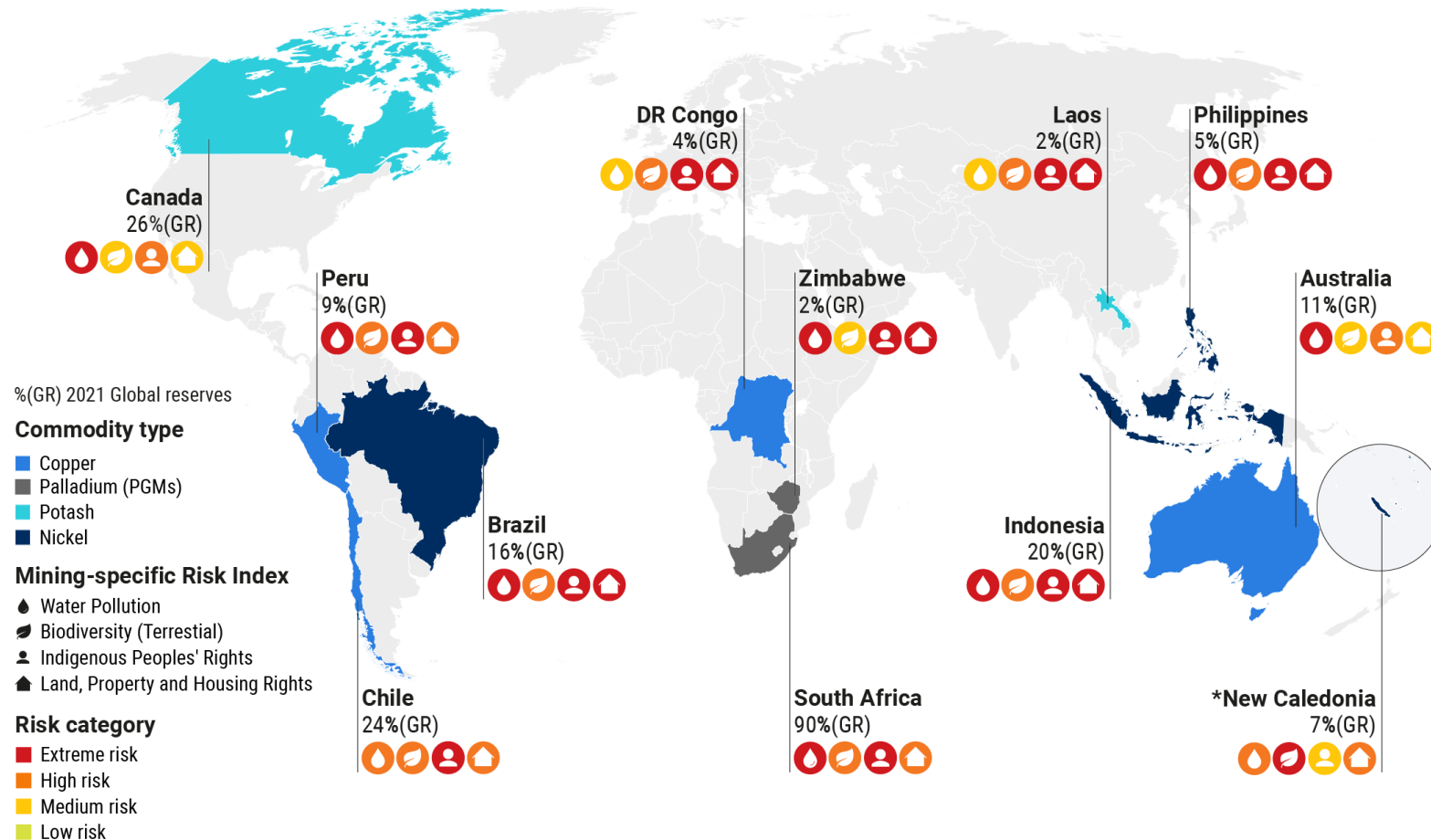
Russia / Ukraine war catalyses scramble for key commodities

ESG trade-offs inevitable as new sources of transition materials and fertilisers sought



Shifts to sources of critical materials expose companies to ESG risks

Examples of alternative sourcing locations

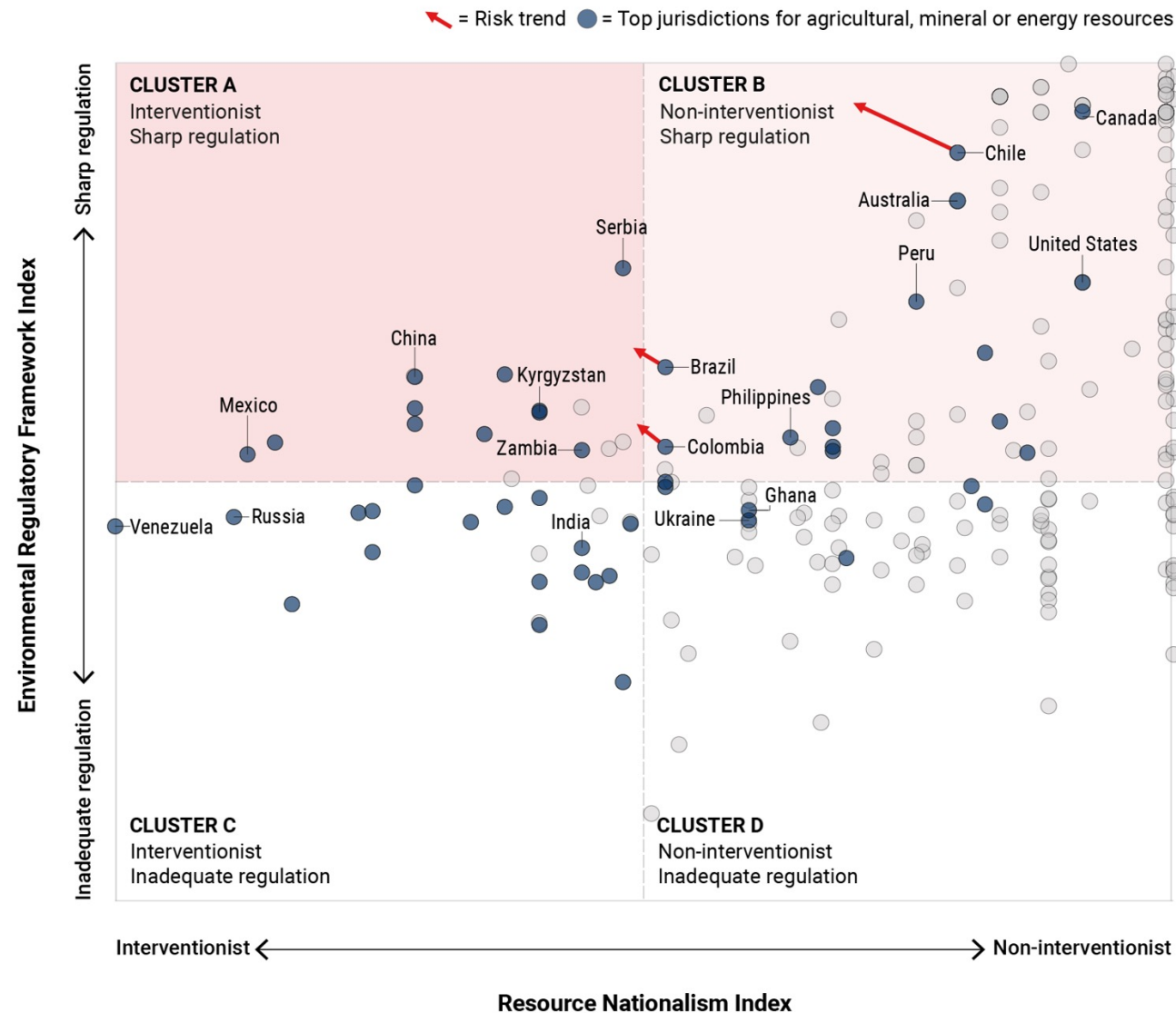


*New Caledonia scaled at 200%

Potash reserves based on potassium oxide (K2O) equivalent

Environmental concerns emerge as resource nationalism battleground

Increasing evidence of political weaponisation of regulations



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