Willis Towers Watson uses Climate Quantified™ combined with deep expertise to help clients optimise their transition to a net-zero, climate resilient future.

Powered by Climate Quantified™ our comprehensive approach supports clients on their journey from understanding and measuring climate risk to implementing changes to their investments, operations, organisation and value chain.

Drivers for action – Risk, Regulation, Reward

Climate change is the most significant driver of risk to the global financial system. The economy-wide transition to net-zero and the increasing impact of physical climate risks will affect the assets and operations of banks, insurers, pension funds and asset managers. Pressure from regulators, investors, and shareholders is mounting for financial institutions to measure, manage and report climate risks. An orderly transition is essential to protect financial sustainability, brand and reputation; and to unlock opportunities for growth.

Acting now for the long term – A strategic response

Responding only to near-term exposure will be insufficient to protect the financial sector from systemic, economy-wide climate risks. Climate change requires a strategic approach to managing both near and long-term risks and facilitates an orderly transition to a net-zero, climate resilient future.

For financial services companies climate change manifest as:

- **Credit risks**: Impacts on real assets; increased probability of default and reduced credit-worthiness
- **Investment risk**: New portfolio loss-drivers from value correction of high-carbon, climate-vulnerable assets
- **Market risks**: Instability from economy-wide climate impacts e.g. impacts on energy and commodity prices and trade
- **Operational risk**: Impacts on offices, infrastructure, processes, supply chains and employees
- **Liquidity risk**: Increased demand for liquidity and refinancing risk
- **Opportunities**: New opportunities for investment in fast-growing industries and technologies

Why Willis Towers Watson?

Climate risk is in our DNA
We have been helping our clients turn risk into opportunities for growth for decades. Since the earliest emergence of catastrophe modelling in the early 1990s, we have been at the forefront of modelling and pricing climate risk. Our commitment to science continues having founded the Willis Research Network and the Thinking Ahead Institute. Our cutting-edge Climate Quantified™ data and tools build on this rich heritage.

The widest possible reach and industry leadership
Climate change is a global, whole-economy challenge. We work in over 140 countries and have relationships with 85% of the US Fortune 1000 and 90% of the Global Fortune 1000. We helped shape the TCFD, founded the Insurance Development Forum, and the Coalition for Climate Resilient Investment.

Combined expertise
We deploy our multi-disciplinary team of climate risk specialists, engineers, modelers, financial experts, organisational change management specialists, and enterprise risk consultants to meet complex climate challenges.

Beyond measurement
A strategic response to climate change is about more than risk measurement, it requires far-reaching changes across capital allocation, organisational culture and the way we work. We are uniquely placed to provide climate services that connect people, capital and risk.

For more details, please visit:

Climate Resilience & Financial Services
Climate and Resilience Solutions
Climate and Resilience
How Willis Towers Watson uses Climate Quantified™ and other service offerings to help clients face the challenges and enhance the opportunities of climate change

Understand & Measure – Assess and quantify your risk exposure and opportunities

We use Climate Quantified™ to help financial institutions identify and quantify climate physical and transition risk at the portfolio or asset level.

<table>
<thead>
<tr>
<th>Physical climate risk identification</th>
<th>Scenario analysis</th>
<th>Transition risk assessment</th>
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<tbody>
<tr>
<td>Through Climate Quantified™ we can identify and quantify a comprehensive set of climate hazards at the portfolio or asset levels to identify potential loss drivers.</td>
<td>We model future changes in climate hazards under various climate scenarios and time periods. This can identify the climate-sensitive drivers of value in asset valuation models, to inform climate-smart strategic planning.</td>
<td>We analyse and evaluate transition risks to calculate Climate Value at Risk (CVaR) for physical assets, business segments and companies. This helps clients optimise portfolios and incorporate climate objectives, such as a net-zero target, into their strategy.</td>
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Manage & Report – Evidencing effective and enduring actions to net-zero

We help financial institutions to manage climate risk and comply with reporting requirements. For example, we work with banks to incorporate climate risk metrics into operational, credit risk and asset valuation models, closing the gap between transferable and retained risk probability of default.

<table>
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<tr>
<th>Tailored advice</th>
<th>Incorporating transition risk</th>
<th>Benchmarking, disclosure, &amp; reporting</th>
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<tr>
<td>Tailored risk reduction advice with cost-benefit analysis for any risk reduction action, and ranking their importance by portfolio impact. This helps clients identify risk financing and mitigation measures to reduce the financial loss of climate change.</td>
<td>We develop climate-smart investment strategies that align with regulations and net-zero targets. We identify the most significant contributors to transition risk and provide alternative investment options or portfolio constructions to reduce risk.</td>
<td>Our disclosure advisory services assess how climate risks impact business models and strategies; establish reporting frameworks in line with the TCFD or other schemes; draft submissions; and benchmark against peers and global best practice.</td>
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Strategic Response – Effect long-term resilience and secure opportunities

We work with financial institutions to ensure that their plans are consistent with building climate resilience and net-zero alignment.

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<tr>
<th>Embed sustainable values</th>
<th>Change management &amp; employee engagement</th>
<th>Industry leadership &amp; engagement</th>
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<tr>
<td>We help clients to ensure their people strategy drives their climate strategy, developing a culture that is responsive to climate change. For example developing incentives and reward programmes that reinforce your climate strategy.</td>
<td>We help clients successfully navigate the organisational changes required to meet climate objectives. Driving employee readiness, we build targeted communications such as e-learning to be rolled out company-wide, or tailored board-level training.</td>
<td>We facilitate engagement with relevant stakeholders and develop corporate engagement strategies through analyst meetings and formal shareholder engagement processes.</td>
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Rooted in Science

Our climate services are powered by Climate Quantified™, our suite of advanced climate data and analytical tools. Climate Quantified™ includes the latest climate, natural catastrophe and chronic risk models, which are combined with customer data, social and economic data, and asset-level data according to client needs. We model hazards and vulnerabilities and quantify physical and transition risks with global coverage and according to different climate scenarios.

Our experts translate this data into useful information, working with clients to use it to optimise their approach to managing climate risks and opportunities, and provide outputs in the most useful formats for them – whether that be heatmaps, charts and graphs, narratives, or raw datasets.

Like Covid-19, climate change is system-wide risk that affects the whole economy… the financial system cannot diversify its way out of this risk

Sarah Breeden, Bank of England