

**BLOG SERIES**

---

# Technology, Media and Telecommunications (TMT)- managing the risks and opportunities of climate change.

Curated by Fredrik Motzfeldt  
and Lucy Stanbrough



---

# Introduction

Climate change, and actions to counter it, represent one of the decade's biggest strategic megatrends, across nearly every industry sector, the technology sector included. Tech companies that focus on Environmental, Social, Governance (ESG) will be better prepared to manage risks, investor and shareholder expectations, and future reporting requirements.

Throughout 2023, WTW will publish a series of blogs discussing:

1. how Technology, Media and Telecommunication (TMT) businesses contribute and influence climate
2. how businesses across the sector are taking action, and
3. how to ensure TMT organisations are integrating climate risk-aware thinking into their people, risk and capital strategies.

These insights, which will be published as 5 blogs, also highlight the opportunities climate technology offers for the TMT sector in the coming decades.



# Why is this important?

*Interviews with industry executives and observers for our [2021 Technology, Media and Telecommunications \(TMT\) Futures Reports – ‘Risks on the Horizon’](#), highlighted that climate risk is a substantial and growing risk to companies operating in the technology, media and telecommunications sector. So, once again, WTW partnered with the [Mack Institute’s Collaborative Innovation Program](#) (CIP) at the Wharton School, University of Pennsylvania to conduct further research on the topic of climate.*

With Climate related risks accelerating it will be imperative for insurance and risk managers in TMT organisations to work effectively with risk and insurance advisors and other stakeholders, to accurately map out and clarify climate-related exposures.

With this accelerated change, it will be important for TMT companies to think ahead, monitor and regularly update their risk horizon when it comes to relevant scenarios and climate-related exposures. Closely ‘following the science’ will ensure that market solutions purchased from the commercial insurance market are suitable for a rapidly changing risk landscape.

**“It’s a collective endeavour, it’s collective accountability and it may not be too late.”**

Christine Lagarde, President of the European Central Bank

<https://www.weforum.org/agenda/2015/01/24-quotes-on-climate-change-from-davos-2015/>

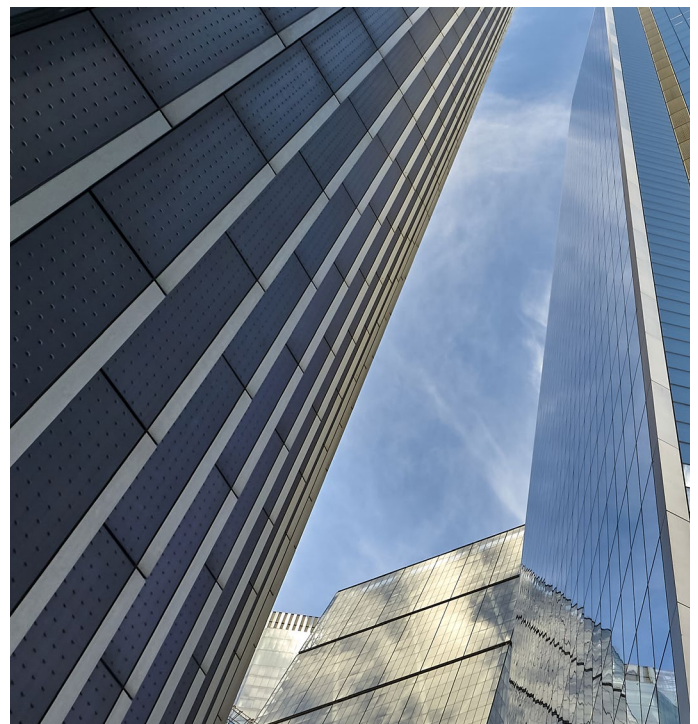
[Our 2021 report](#) told us that TMT sector risks that have been made more challenging by the global pandemic, accelerated digital transformation, geopolitical uncertainty and other factors. These risks comprise five “megatrends,”:

- Business model and strategy pressures.
- Global talent and a skills race.
- Digitalization and technological advances.
- Regulatory and legal risks.
- Operational complexity and vulnerability.

---

**Among the overlaps in these megatrends, the effects of current and future climate change ran through them all. Climate considerations were key drivers in organisational change and positioning; seen as both a risk and an opportunity.**

---



# The climate context

As early as 2009 many national and local economies are already showing their vulnerabilities to climate events. A report issued by [ECA](#) (Economics of Climate Actions Working Group) on global warming, predicted a rise in the Earth's surface temperature rise by over 2.5°C by the end of the century compared to pre-industrial levels. The report suggested that this could greatly heighten the world's vulnerabilities to climate, triggering more frequent and severe weather disasters, shifts in rainfall patterns and climate zones, and a rise sea levels.

Since the publication of ECA's report over a decade ago, many of the scenarios and resulting impact has clearly come to fruition – increasing the awareness that action is required. The complex relationship between human activities and the environment has become a major public concern, raising issues of regulatory, legal, political and economic relevance. The adverse impact of business activities on our climate, natural resources and biodiversity, resulting in the increased need for sustainable products and industrial development, have stimulated a debate on appropriate policies and techniques aimed at improving the current level of environmental protection, preservation and sustainable development.

**“We do not inherit the earth from our ancestors. We borrow it from our children.”**

*Indigenous American Proverb*





In parallel, natural events such as droughts, hurricanes, typhoons, floods and earthquakes that have become more regular and extreme in their nature, posing a serious threat to human life and property. The resulting damage can result in disruption of local communities and increasingly impacts the infrastructure, supply chains, economic stability and growth of entire nations and regions.

For these reasons, climate-linked issues, such as extreme heat, natural disasters, and biodiversity loss - and the failure to respond to these challenges – have dominated recent reports issued by organizations such as the [World Economic Forum](#).

### The Role of the TMT sector

The topic of climate puts the TMT industry in something of a juxtaposition. Technology in the broadest sense is sensibly and justifiably seen as offering solutions to many of the issues associated with the greenhouse gas (GHG) emissions that are causing climate change. Yet, until those solutions are more numerous and widespread, and during the transition to Net zero, the TMT sector is itself viewed as a contributor and susceptible to climate risks without meaningful action.

Given the global footprint of TMT operations and sales, climate risk will continue to be a top priority risk, growing in significance over the coming years. Quoting Adam Garrard, WTW's Global Head, Risk & Broking: 'At the end of the day, ESG is a risk question. Whether it's climate, diversity, equity and inclusion (DEI) or good governance, it all comes back to risk. If you were applying a risk rating

to those companies embracing ESG, you would likely assume that those with robust ESG plans carried less long-term risk, were less likely to be sued for failures of governance and were more likely to succeed over the longer term'.

### Updating our research

The aim of our 2022 research was to investigate in more detail the nature of the principal climate risks facing the TMT sector, their drivers, and the ways in which they may be mitigated, including the sector's role in nurturing innovations that reduce emissions – whether through processing power to crunch problems, analysing available data to streamline processes, or pure technology solutions developed to solve climate problems.

We tested our findings and preliminary assumptions in a series of interviews with executives in each TMT business segments. (The opinions of these executives are reflected in the content with anonymised quotes where appropriate). We also sought out case studies that help to illustrate how the TMT sector is rising (or not) to the challenge of climate risk.

The information gathered from the research and interviews is supplemented with analysis and commentary based on WTW's knowledge and experience of the challenges posed to companies by climate change and transition and our involvement in developing ways to understand, quantify, mitigate and embrace them over the coming years and decades.

# A topic worthy of exploration

With this in mind, we plan to publish a series of blogs based on this research throughout 2023. The blogs will discuss how TMT businesses contribute and influence climate, giving perspective on how peers are reacting and helping TMT organisations integrate climate risk-aware thinking into their people, risk and capital strategies.

These insights will also highlight the opportunities afforded to the sector by climate technologies. Technology and telecom companies are in a good position to be providing solutions to minimize climate change globally and reduce climate risk across the sectors and geographies they serve.

As we enter 2023, it is clear that a strategic response to climate change is about more than risk measurement and pricing, it requires far-reaching changes across capital allocation (including on insurance purchasing decisions), organizational culture and in the way we work. The corporate risk and insurance function will play an increasingly important role in managing climate risk and in buying effective insurance protection for the company. Important will also be the function's role in ensuring that the Board have the content (data) it will need to ensure effective engagement, awareness and knowledge of climate risks. Later on in our blogs, we will discuss [ways insurance and risk professionals can own the climate agenda](#).

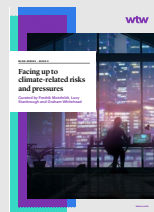
The blog series will be broken down around the following key points:



**Blog 1: Climate risk and technology: The state of the industry:** This blog begins by taking a closer look at the juxtaposition of the TMT sector as both a contributor to climate change and as a key factor in driving and facilitating the solutions that will make net zero possible. How is the industry adapting, where do the opportunities lie and who within the industry is leading?



**Blog 2: The people aspects of climate risks and opportunities:** recognises that TMT organisations are made up of people and, as such, the values, beliefs and actions of people within those organizations are intrinsic to making progress to net zero greenhouse gas emissions. We look at how TMT companies can engage and involve their people to make progress towards their climate goals and obligations.



**Blog 3: Facing up to climate-related risks and pressures:** looks at how, as much as TMT companies are masters of their own destiny in respect of their own contribution to climate change and their centrality to the pursuit of net zero through technological innovation, their future climate-related business risks and opportunities also ride on a wide range of factors.



**Blog 4: Climate priorities are essential for the global TMT sector:** discusses priorities for the global TMT sector in light of a burgeoning, and potentially confusing, array of regulatory and reporting pressures. It looks at how the changing attitudes towards climate risk and disclosure of financial institutions and some investors are converging to drive the corporate climate agenda.



**Blog 5: The impact of climate on TMT insurance and risk management solutions:** reviews the impact of climate on risk management within TMT companies, focusing in particular on how insurers' need to manage their climate exposures is starting to bring sustainability issues increasingly to the fore in access to and pricing of risk capital. What alternative sources of risk capital may be available to TMT companies and what effect are emerging InsurTech businesses having?



The final blog will conclude with a summary of the WTW observations and points of view that are interwoven throughout the entire series. And from those, we propose a number of recommended next steps that we believe will enable TMT sector organizations to progress their journeys towards becoming the more climate aware and sustainable businesses that they will have to be to deal with physical climate, transition and liability risks in the years to come - but also to better prepare for the opportunities that transition will present.

The upcoming blogs will be opinion based. Each blog concludes with our views and observations that are based on extensive background reading, the research findings and supporting data, interview feedback and the experience and expertise of both academics and WTW experts working within the TMT sector and the company's dedicated Climate and Resilience Hub. These blogs are very much taking a forward looking view, and, while we reflect on lessons learned, including historical examples and data, it is opinion based. We are happy for our views to be challenged and look forward to engaging with you, our readers, in further discussions around this important topic.



## Acknowledgements and Contacts

In producing our upcoming blogs, we would like to thank the team from the [Mack Institute's Collaborative Innovation Program \(CIP\)](#) at the Wharton School, University of Pennsylvania that conducted research and interviews to help frame many of the topics covered.

We'd also like to thank the TMT industry contacts who provided their insights and comments as part of the interviews carried out by the Wharton team.

And finally, we are grateful to the WTW colleagues who lent their TMT industry and climate expertise to highlight salient points and to carry out pre-publication reviews.

**Authors:** Fredrik Motzfeldt and Lucy Stanbrough

### Contacts:

If you would like to discuss (or debate) any of the material and opinions contained within this paper, please contact your usual WTW consultant or:

#### George Haitzsch

TMT Industry Leader  
North America  
T: +1 917 213 2808  
[george.haitzsch@wtwco.com](mailto:george.haitzsch@wtwco.com)

#### Joe Hurley

TMT Western Region Leader  
North America  
T: +1 415 260 4491  
[joe.hurley@wtwco.com](mailto:joe.hurley@wtwco.com)

#### Stephen Becker

TMT Northeast Region Leader  
North America  
T: 212 915 8320  
[stephen.becker@wtwco.com](mailto:stephen.becker@wtwco.com)

#### Fredrik Motzfeldt

TMT Regional Industry Leader  
Great Britain  
T +44 203 124 7962  
[fredrik.motzfeldt@wtwco.com](mailto:fredrik.motzfeldt@wtwco.com)

#### Frederic Lucas

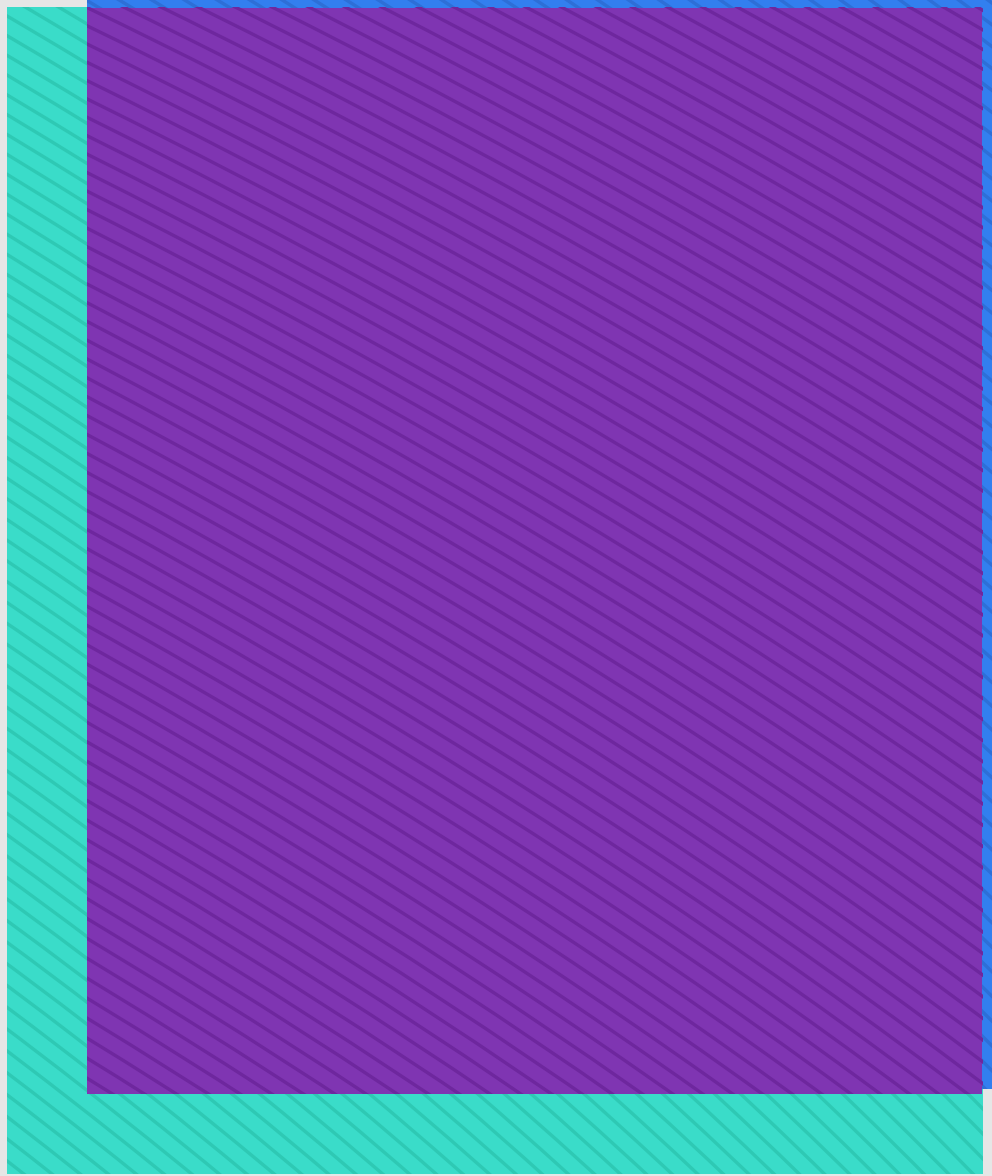
TMT Regional Industry Leader  
Western Europe  
T +33 01 41 43 50 00  
[frederic.lucas@grassavoye.com](mailto:frederic.lucas@grassavoye.com)

#### José Manuel Mercado

TMT Industry Leader  
Latin America  
T +1 305 373 8765  
[jose.mercado@wtwco.com](mailto:jose.mercado@wtwco.com)

#### Lay See Ong

Divisional Director  
Asia Pacific  
T +65 8611 6313  
[laysee.ong@wtwco.com](mailto:laysee.ong@wtwco.com)



#### Disclaimer

WTW offers insurance-related services through its appropriately licensed and authorised companies in each country in which WTW operates. For further authorisation and regulatory details about our WTW legal entities, operating in your country, please refer to our WTW [website](#). It is a regulatory requirement for us to consider our local licensing requirements. The information given in this publication is believed to be accurate at the date of publication shown at the top of this document. This information may have subsequently changed or have been superseded and should not be relied upon to be accurate or suitable after this date.

This publication offers a general overview of its subject matter. It does not necessarily address every aspect of its subject or every product available in the market and we disclaim all liability to the fullest extent permitted by law. It is not intended to be, and should not be, used to replace specific advice relating to individual situations and we do not offer, and this should not be seen as, legal, accounting or tax advice. If you intend to take any action or make any decision on the basis of the content of this publication you should first seek specific advice from an appropriate professional. Some of the information in this publication may be compiled from third party sources we consider to be reliable, however we do not guarantee and are not responsible for the accuracy of such. The views expressed are not necessarily those of WTW. Copyright WTW 2023. All rights reserved.

#### About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](#).



[wtwco.com/social-media](#)

Copyright © 2023 WTW. All rights reserved.  
FPS 4496425 WTW E100090

[wtwco.com](#)

