

Worksheet 2.4A

Risks relating to climate change

This is an example only – adapt this worksheet to suit your organisation's requirements.

Brainstorming prompts for identifying risks to the property sector

<i>Type of risk</i>	<i>Examples of risk treatment</i>
Spread risk	
Physical	Consider weather exposure in building portfolio selection. Increased insurance coverage.
Structural and technological	
Physical	Prepare buildings for changing weather patterns and extreme events. Consider increased energy demand and future trends in building upgrades.
Competitive	Consider using preparedness for changing weather patterns, extreme events and increased energy demand as a selling point to existing and potential customers.
Avoidance	
Regulatory	Minimise exposure to the financial impact of new greenhouse gas regulations by reducing your organisation's greenhouse gas emission footprint.
Litigation	Develop a robust Environmental Management System to ensure compliance with all relevant regulations.
Competitive	Develop new opportunities from changes in risk.
Reputation	Consider developing a vision to move towards best practice in climate change management.
Research	
Physical	Be aware of new technology developments.
Regulatory	Be aware of new regulatory trends and drivers.
Litigation	Be aware of new precedents for litigation.
Competitive	Be aware of new products and services being offered in the market place.
Reputation	Be aware of consumer backlash against the organisation or any products and services.
Performance	Review how other funds' assets are performing, pay attention to those with ESD initiatives against those without.
Future	Form a view on how property may look in 2 years, 5 years, 10 years.
Education, behavioural	
Physical	Educate and inform management and staff about climate change risks and adaptation measures.
Regulatory	Educate and inform management and staff about regulatory compliance.
Litigation	Educate and inform management and staff about litigation risks.
Competitive	Engage management and staff to suggest and develop opportunities for new products and services.
Reputation	Consider a partnership with a non-government organisation to validate your organisation's climate change management efforts in the eyes of consumers.

Adapted from the *Carbon Disclosure Project Report 2006* Australia and New Zealand, www.cdproject.net/download.asp?file=CDP4_Australia_Report.pdf

Ranking of risks

Rank the risks according to both their probability and severity:

	Low probability	High probability
High severity	High risks (List risks here)	Extreme risks (List risks here)
Low severity	Low risks (List risks here)	Medium risks (List risks here)

Further reading

- *Managing Investments in a Changing Climate*, IIGCC 2006
(Institutional Investors Group on Climate Change),
www.iigcc.org/docs/PDF/ManagingInvestmentsChangingClimateIIGCCconferencereport.pdf
- *The Business Case for Early Action*, April 2006, Australian Business Roundtable on Climate Change, www.businessroundtable.com.au/pdf/F078-RT-WS.pdf
- *Climate change: beyond whether*, UBS Research Focus, January 2007,
www.ubs.com/1/e/media_overview/media_emea/search1/search10?newsId=113220
- *A climate for change – A trustee's guide to understanding and addressing climate risk*, Carbon Trust and the Institutional Investor Group on Climate Change,
www.carbontrust.co.uk/publications/publicationdetail.htm?productid=CTC509