

#### Climate risk in supply chains

Although an organization may only own a handful of assets, most rely on long supply chains which depend on hundreds of assets including factories, power plants and office buildings. All parties in the supply chain, therefore, share the risks of damage to any of these assets, including those from climate risks such as flooding, drought and wildfire, which can lead to disruption, delay and loss of profitably.

#### USD120 billion

Environmental risks in supply chains are projected to cost companies USD120 billion by 2026.



Transport issues caused by extreme weather have delayed or prevented 50% of companies from acquiring critical products.



Extreme weather has forced 32% of businesses to source goods from a more expensive supplier.



A total of 13% of companies have invested in extra warehouses to accommodate increased stockpiling.

Source: BCI Extreme Weather and Climate Change Report 2022

#### How climate change impacts global supply chains



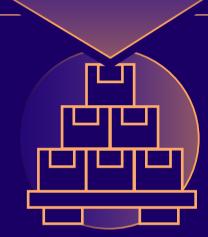
#### Raw materials

Both extreme weather events and long-term changes in weather patterns can impact resource availability, making it difficult to source commodities and increasing raw material costs.



#### Transportation

Climate hazards, of increasing intensity, damages infrastructure and erodes resiliency. A lack of infrastructure inhibits trade routes and increases wait times, causing disruptions throughout the supply chain.



#### **Suppliers**

Extreme weather events interrupt supply chains and disrupt business continuity and cause cascading production disruptions downstream.



#### Manufacturing

Drought and heat stress can halt production in water-intensive manufacturing processes and impact energy infrastructure.



#### Distribution

When extreme weather events hit distribution centers that feed downstream retailers, they create significant losses through disruption to business continuity over large regional areas, as well as physical damage to warehouses and inventory.



#### Retailers

Extreme weather events cause physical damage to built assets, lead to store closures, and damage inventory.



#### Consumers

Direct costs passed down to buyers make it harder to stay competitive. Increasingly volatile climates influence consumer habits and preferences making it harder for supply chain planners to predict demand.

### Drought and heat waves disrupt manufacturing in China

In August and September 2022, a combination of drought and heat waves caused water scarcity. This lead to hydroelectric power being rationed in the South of China, shutting down factories in the manufacturing hub of Sichuan province major, and upending supply chains for the automobile and semiconductor industry.

## Flooding delays shipments in Europe In July 2021, flooding in Belgium, the Netherlands,

and Germany increased late shipments between 26% and 32%. This can cause reputational damage and lead to buyers switching suppliers. Suppliers must have contingency plans in place to ensure a resilient supply chain.

# Using EarthScan to build climate-resilient supply chains

Cervest's climate intelligence (CI) product, EarthScan™, helps ESG, Risk and Supply Chain Managers get accurate, credible and granular data about current and potential suppliers' assets which has been traditionally difficult to acquire.



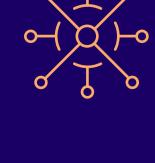
supply chain for climate-related risks and opportunities at the asset and portfolio level.

Screen your entire portfolio and



colleagues to bring teams, departments and regions together with a single source of truth.

Upload assets and share portfolios with



suppliers to minimize business disruption and support sustainability commitments.

Identify critical risks and share with

Take action on climate commitments with EarthScan. Discover how sustainability leaders are using Cervest climate intelligence to discover, report and act on their climate risk in our ebook

Powering action with climate intelligence

How companies

How companies

are using

climate intelligence

to move from

discussion to

discussion to

action on climate

action on climate

commitments