

# The Cervest 2021 Climate Intelligence Outlook: US and UK Enterprises

A look at how corporate leaders  
are shaping climate adaptation  
strategies today.



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# Introduction

For its first **Climate Intelligence Outlook**, Cervest polled more than **800 US and UK decision-makers responsible for climate-related strategies at large organizations**. The results provide valuable insights into how corporate leaders are shaping climate strategies today.

Outlook findings reflect the overall heightened awareness of climate risk among business leaders, following several months of extreme climate events worldwide, including flooding in Europe and heatwaves and wildfires in the US, during the summer of 2021. Notably, the survey shows the impact of climate-fueled hazards on corporate physical assets may be more significant and broader in scope than previously forecasted, posing a potentially huge bottom line problem for companies.

In early 2020, **S&P Global reported** that **60%** of companies in the **S&P 500** index owned physical assets at high risk of climate-related events. This year, the **Cervest survey finds 88% of companies have already seen a corporate physical asset, such as an office, warehouse, or other building, affected by extreme weather**.

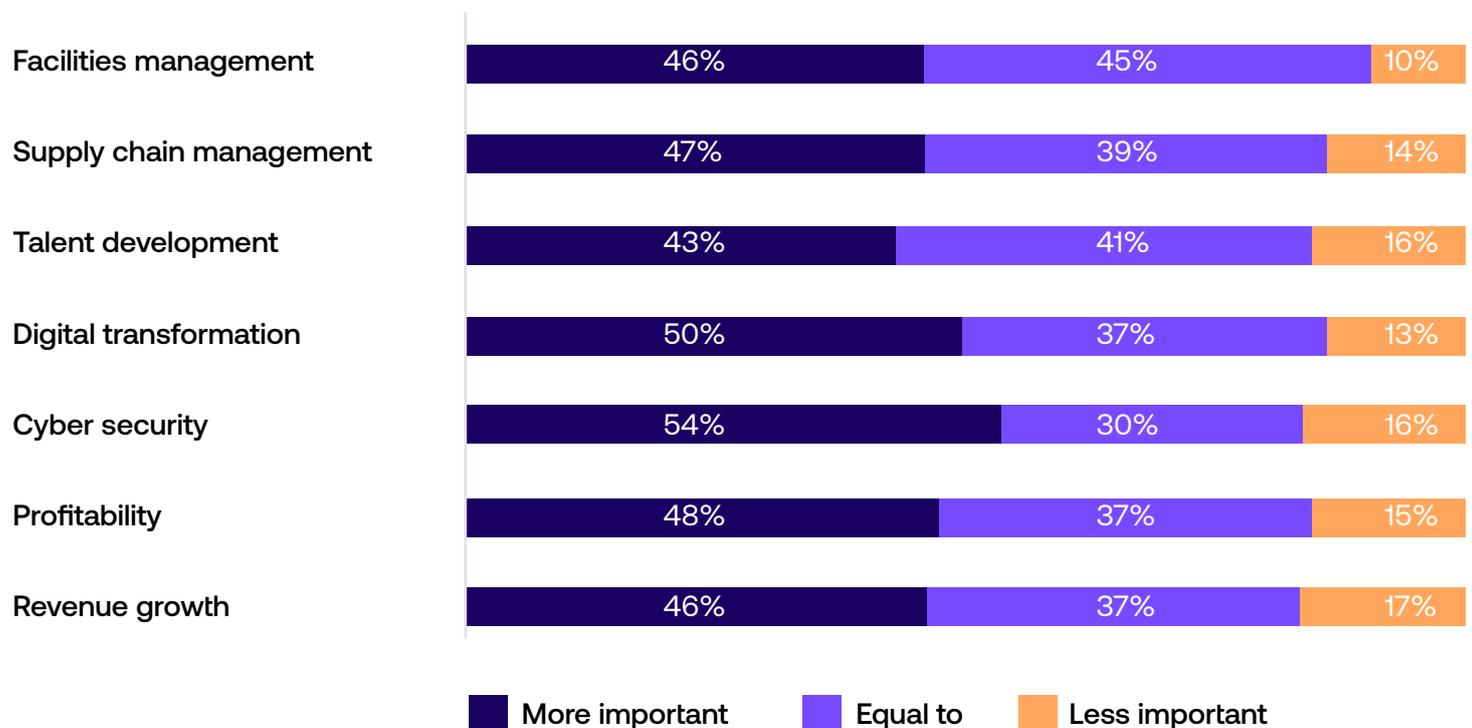
The Outlook also finds that paradoxically, while physical risk grows, corporate strategies still favor emissions reduction over resiliency. **Close to 80% of respondents say their corporate strategy emphasizes net zero emissions over mitigating physical risks while just over one-third indicate they have a plan in place to adapt to physical asset risk**. Disparities also remain in not only how to manage physical risk, but the tools needed to do so, and how much it will cost.

# Key findings

## Climate risk is a bottom line problem for the majority of companies

The overwhelming majority of decision-makers, **83%**, believe climate volatility poses a “medium to significant” risk to their business bottom line. Only **2.4%** see “no risk”. Executives are clear about the relative importance of climate risk mitigation to their organization. **Figure 1** shows that a majority of respondents rate mitigating/managing climate risk as “more important” or “equal to” every other corporate priority queried, including profitability.

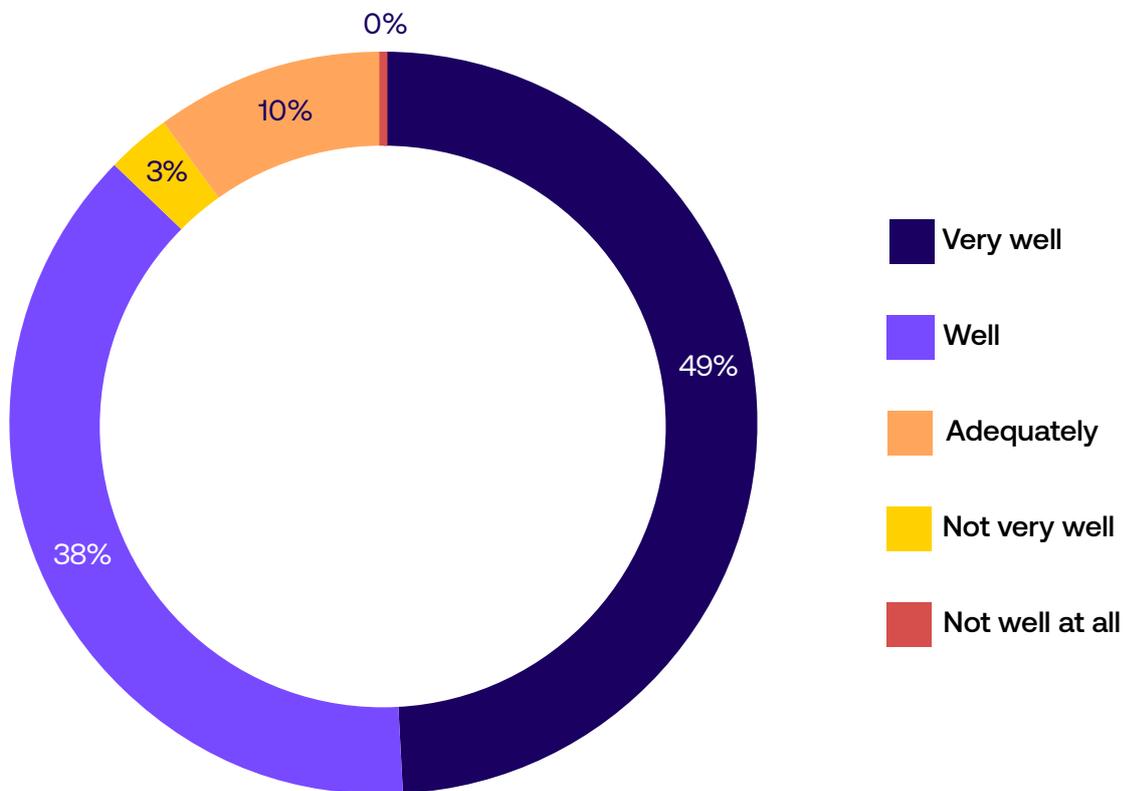
**Figure 1:**  
*Where does mitigating / managing climate risk rate amongst other business priorities for your company?*  
*Note: Numbers in this report were rounded up to the nearest whole number*



# Business leaders appear overconfident in their ability to mitigate risk

Decision-makers overwhelmingly believe their organization is well-prepared for climate change. Nearly 90% of respondents agreed their organization understands the financial risks that climate change poses “well” or “very well” (figure 2).

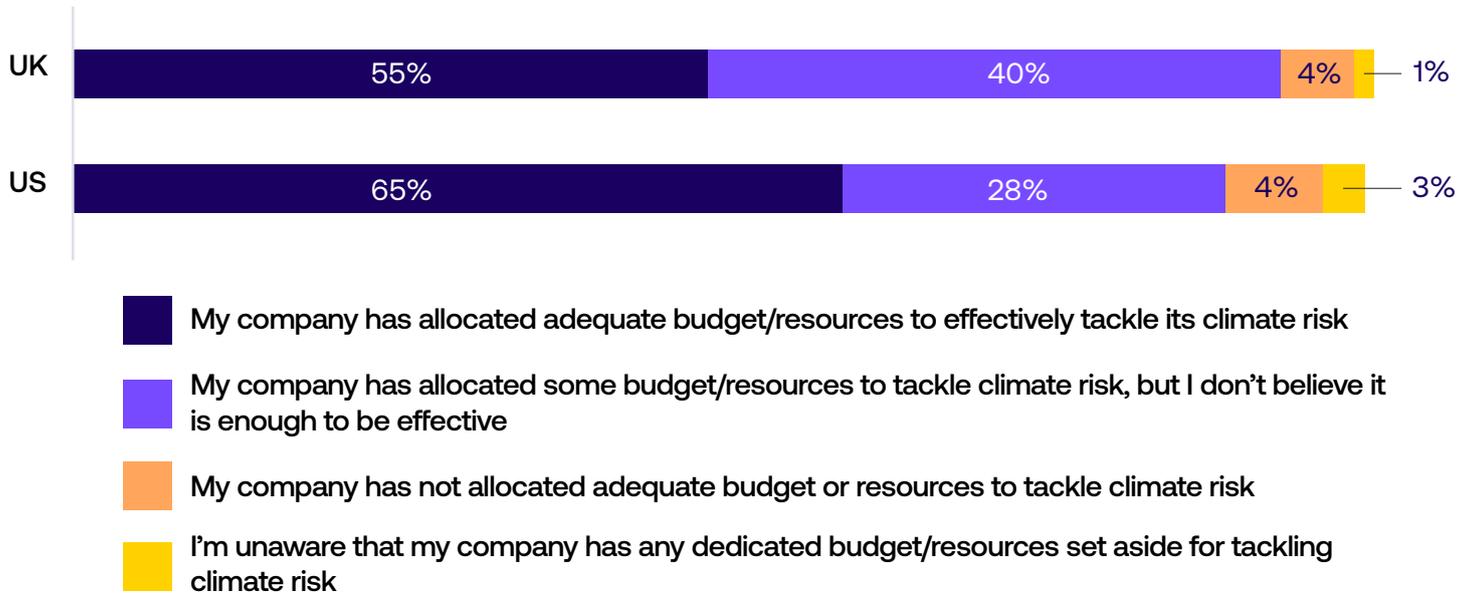
**Figure 2:**  
 How well do you believe your organization understands the financial risks that climate change poses to it?



Despite their understanding, decision-makers have yet to connect the dots linking climate change and business risk. Nearly half of respondents haven’t integrated climate into their financial risk management. A similar proportion state their organizations are not actively assessing and managing relevant physical climate risks.

Furthermore, over one-third of decision-makers (rising to 44% in the UK) do not believe their company has allocated enough resources — including budget and people — to effectively manage climate risks (figure 3).

**Figure 3:**  
 Does your company have an adequate budget and / or resources in place to tackle the impact of climate change / risk on your business?



Looking more closely at where those investments are being made, our survey highlights the following priorities:

1. Developing in-house skills and knowledge to understand climate risk data and apply it to decision-making (56%)
2. Creating a strategic roadmap influenced by climate risk data (55%)
3. Hiring the right people to manage climate risk (53%)
4. Implementing software that leads to actionable insights (56%)

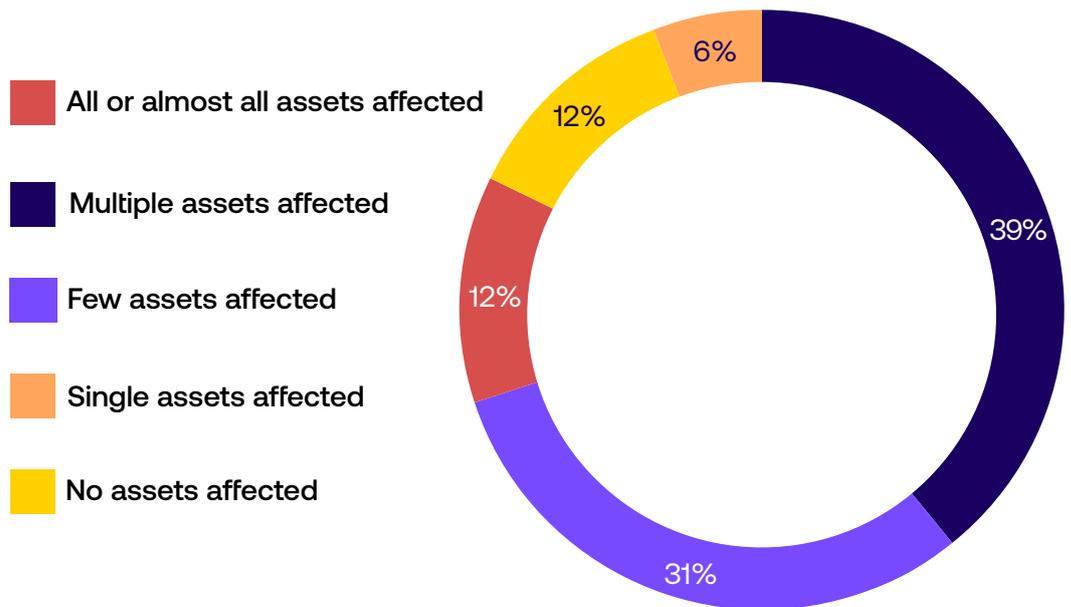
These findings sit in stark contrast to overwhelming awareness of the business risks of climate change highlighted earlier in this Outlook. Together, they point to a significant capability gap that is set to widen as climate change continues.

# Corporate physical assets are being significantly impacted by climate change

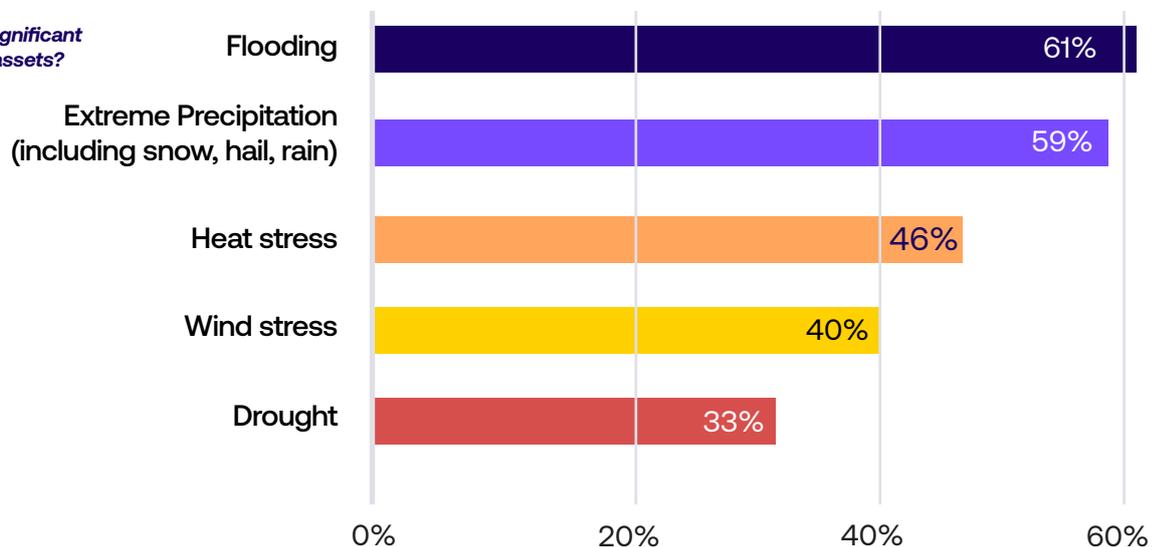
In the aftermath of flooding in Europe and heatwaves and wildfires which swept through the US during the summer of 2021, it's no surprise corporate executives are acutely conscious of the disruption of climate-fueled extreme weather events.

In fact, nearly nine in ten decision-makers report their company's physical assets have been impacted by extreme weather events over the last five years. Half of them agree that many *if not all* their company's physical assets, such as offices, warehouses, and other buildings, had been affected by extreme weather (figure 4), with the most damaging events caused by extreme rainfall, heat stress, and high winds (figure 5).

**Figure 4:**  
 Have any physical assets either owned or controlled by your company been impacted by extreme weather events over the last five years?



**Figure 5:**  
 Which of the following poses a significant risk to your company's physical assets? (Multiple selections)

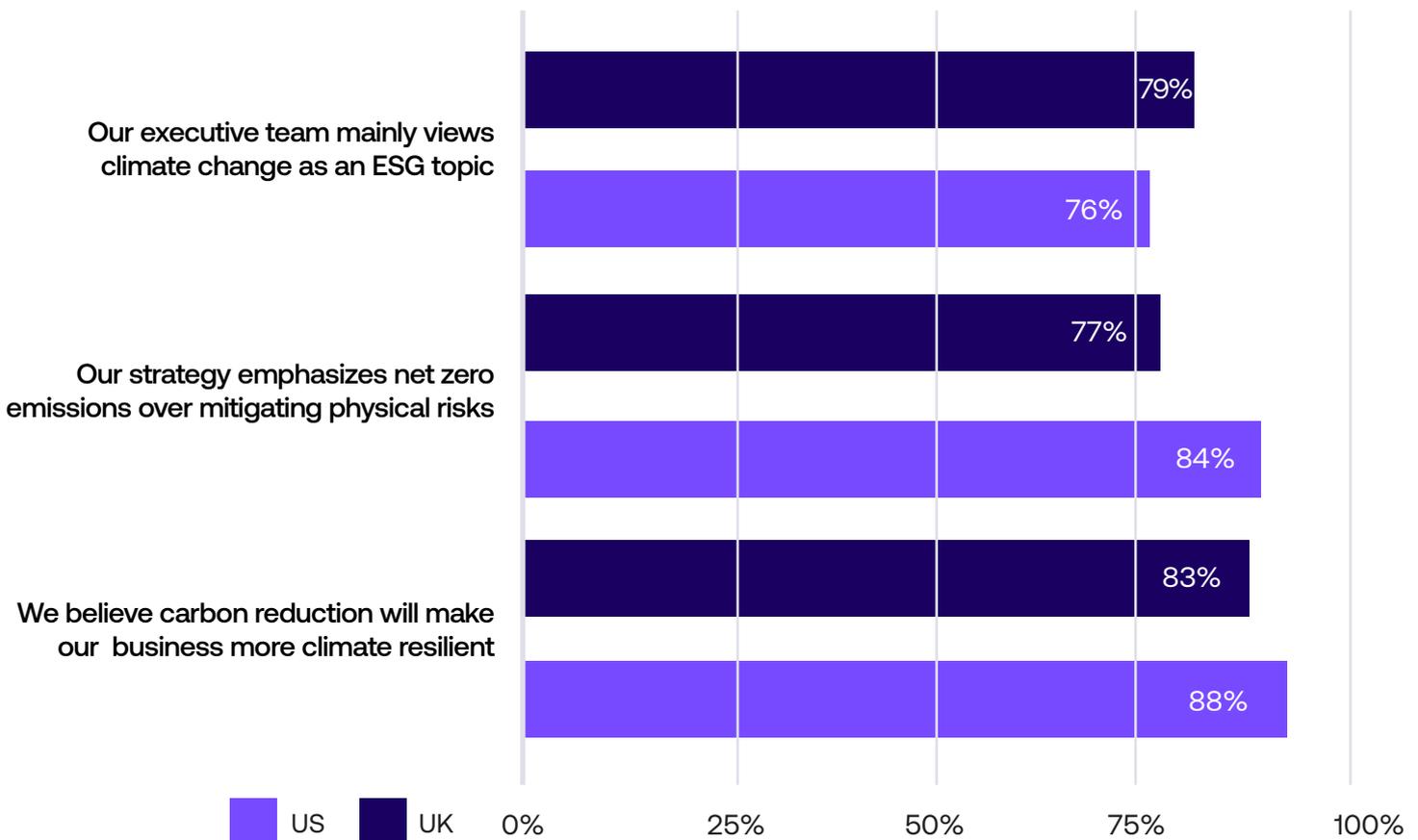


# Strategies still favor emissions reduction over resiliency

When asked to elaborate on the details of their organization’s current climate change strategies, respondents state they are heavily focused on net zero (decarbonization) and environmental, social, and governance (ESG) goals (figure 6).

By contrast, just over one third (37%) said their organization has plans for adapting to climate change, e.g. by modifying physical assets or processes for future climate scenarios.

**Figure 6:**  
 How strongly do you agree with the following statements? (Bars show those strongly agreeing or agreeing):

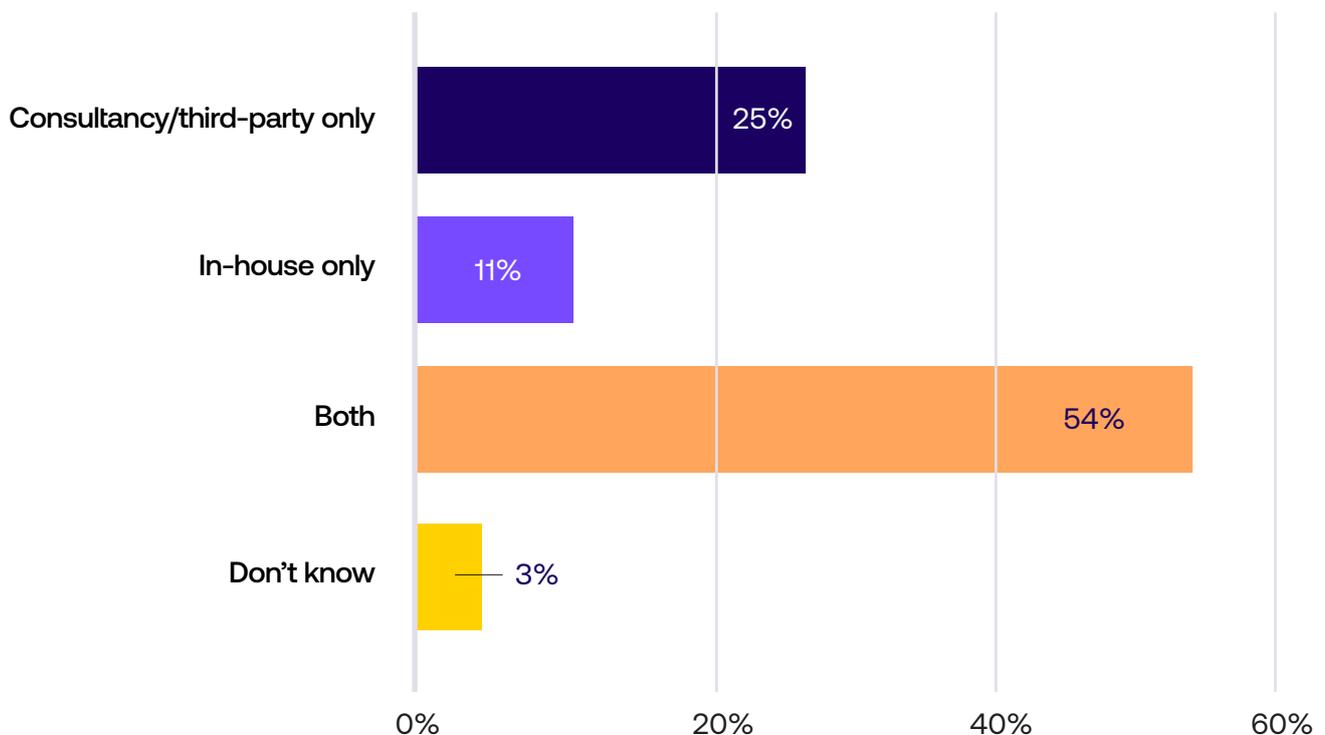


# The need for decision-ready insights

In addition to the varying approaches to addressing both emission reduction and physical risk simultaneously, the survey findings point to multiple views about the tools, skill sets and information companies need to deploy to address today's climate crisis.

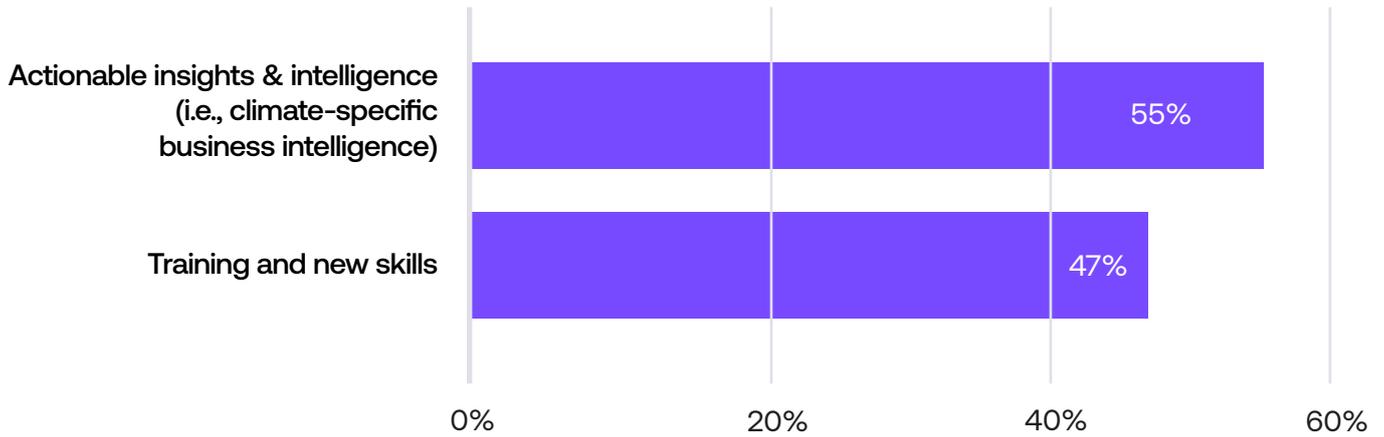
A focus on building up In-house skills and knowledge reflects the complexity of integrating climate science into business decision workflows. In its native form, most climate data is virtually impossible for non-scientists to interpret and act on. Companies are plugging this insights gap in a variety of ways. Some (25%) are working with management consultants and drawing on third-party climate data sources (figure 7). One respondent in ten said their companies are attempting to build an "In-house" climate insights capability, drawing on data from external sources and developing climate insights for themselves. The majority of companies (54%) are using a hybrid approach, combining third-party support with in-house capabilities.

**Figure 7:**  
 Where does your climate risk intelligence / insight come from?



Notably, businesses are turning to technology to help them pinpoint strategies to mitigate climate risk and accelerate adaptation pathways. A significant proportion of decision-makers recognize the need to automate the generation of business-relevant climate intelligence. Respondents gave greater importance to actionable insights and intelligence, than, for example, training in interpreting raw climate data (figure 8).

**Figure 8:**  
 Which of the following would enable your organization to more accurately quantify / manage climate risk? Please select all that apply.

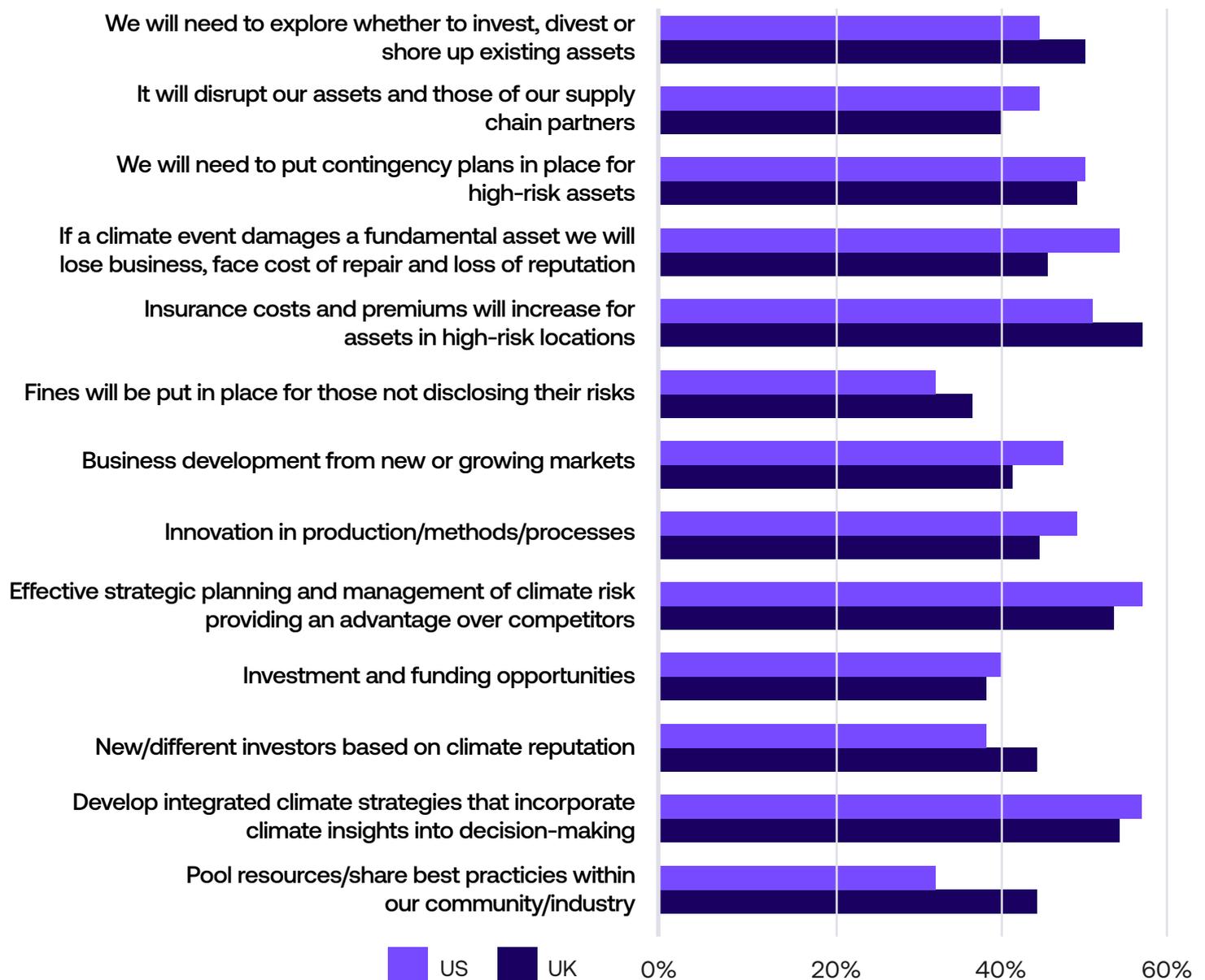


# The climate intelligent organization: conscious of the risks, capturing the opportunities

There are considerable challenges climate change poses to organizations (figure 9). Supply chains, insurance costs, and corporate reputation are all identified as potentially at risk from climate-related disruption.

Yet there is much more to Climate Intelligence than protecting the bottom line. The decision-makers we polled are sanguine about the possibilities for identifying new opportunities as a result – ranging from securing competitive advantage to driving product innovation to capturing business development opportunities.

**Figure 9:**  
 What are the biggest challenges and opportunities you envision climate change creating for your organization?



# Conclusion

The **Cervest Climate Intelligence Outlook** provides compelling insights into how business leaders are connecting the dots between climate change, assets at risk, and the need for adaptation strategies that protect the bottom line. Given the rapid acceleration of climate-related events, companies have a huge task ahead of them to access insights and analysis, understand it and act on it. However, many companies have yet to invest in the tools and resources they need to keep pace with the effects of climate change on their assets.

With corporate strategies favoring a focus on emissions reduction over resiliency, companies that have the plans in place to mitigate physical asset risk, informed by Climate Intelligence, will have a clear competitive advantage.

These early movers will reap tangible rewards: assets with lower climate risk are likely to enjoy insurance and financing benefits, while businesses will be able to scrutinise their partners' exposure and strengthen their supply chains. Unsustainable, risky operations can be wound down, vulnerable assets adapted, and new opportunities for investment revealed. And consumers will successively flock to more resilient providers in an increasingly volatile market.

The most effective levers businesses can pull to not only decarbonize, but to also ensure resilience, are the ones their assets are already hardwired into: the world's business, financial and regulatory systems. If we can collectively change the way we see, quantify and make decisions on billions of assets, we will fundamentally rewire those systems to be climate resilient.

As leaders become more proficient at factoring climate change into critical decisions across the enterprise, they will need to bring all internal and external stakeholders into the fold. When this happens at scale, we will see a network of climate intelligent organizations driving transformative change, globally.

# Methodology

Cervest surveyed more than **800 senior decision-makers** across ESG, financial risk, regulatory compliance, and business intelligence that are responsible for climate-related strategies at large organizations in the US and UK. Ninety-five percent of respondents work for organizations with more than **1,000 employees** and **66%** are part of companies with more than **\$500M** in annual revenues. Additionally, these decision-makers were nearly evenly split between public (**47%**) and private companies (**53%**). The research was conducted by **Propeller Insights** in September 2021 using an online questionnaire.

# About Propeller Insights

**Propeller Insights** is a full-service market research firm based in Los Angeles. We use quantitative and qualitative methodologies to measure and analyze marketplace opinions from both consumer and business-to-business perspectives. We work extensively across multiple industries including technology, brand intelligence, entertainment/media, retail, and consumer packaged goods. Our collective experience in all aspects of the research process, from sample management and data collection, to data processing and analysis, ensures that your research experience will be efficient and of the highest quality.

# About Cervest

Cervest is architecting a new era of **Climate Intelligence (CI)**, putting climate at the core of every decision. Its mission is to empower everyone to adapt with climate change and build a resilient future for our planet.

Strengthening our collective resilience in the face of accelerating climate change demands unprecedented decision-making clarity at the asset level — clarity that only on-demand Climate Intelligence built on irrefutable and evolving science, quantification for every asset, and open access for all, can deliver.

The company developed **Earth Science AI™** to deliver exactly this. Fusing peer-reviewed science and methodologies with machine learning, data modeling, data engineering, and scalable computing, Earth Science AI delivers Climate Intelligence on any asset, anywhere, through the company's cloud-based CI product suite.

By democratizing Climate Intelligence access, Cervest incentivizes everyone to share and integrate Climate Intelligence into everyday decisions — protecting the world's critical assets — including our greatest asset, the planet.

**Cervest is a Certified B Corporation.**

**For more information**

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