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Isaac M. O'Bannon • Aug. 18, 2023



Businesses are failing to act on the increasing enterprise risks brought about by ESG and climate risk, revealed in its new global study of 200 senior leaders working across financial and industrial sectors. That's according to research by [Verdantix](#).

The research reveals that 64% of firms say climate related threats such as climate risks to physical assets or energy transition risks represented very material risks to

their firm over the last 12 months, while 37% say their physical operations will face

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and chronic weather events, and litigation arising from a leadership team's failure to mitigate climate risk and make sensible plans for navigating the transition to a low carbon economy.

These factors are fundamentally changing the decision-making landscape for business leaders and the ability of organizations to effectively manage and communicate these risks will significantly impact their viability and effectiveness. However, today, only 19% of organizations in the Verdantix survey reported that chief risk officers were playing a leading role in setting climate and net zero strategies.

"While two-thirds of our survey respondents recognize the physical and financial risks of ESG and climate change to their organizations over the next seven years, they have yet to quantify these challenges and build them into broader risk frameworks," commented Bill Pennington, Vice President of Research, Verdantix. "Our view is that risk professionals will now have to adapt rapidly, broadening their responsibilities, engaging with new stakeholders, and leveraging technological solutions and external expertise."

Bill continues: "In-house risk teams and their advisers are ideally placed to play a prominent role in helping their organizations navigate a changing operating environment. However, to meet these challenges, risk professionals will have to adapt their approaches, develop new skills and get buy-in from their boards." In response to these challenges, Verdantix has launched a Risk Management practice. Leveraging their 15 years of research expertise in ESG, sustainability, net zero, climate risk, and EHS, this practice provides corporate executives across the globe with a comprehensive view of the evolving market landscape, cutting-edge solutions, and technological innovations to equip executives with the knowledge and tools, to

make informed decisions. To learn more, visit Verdantix.com/risk-management or

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