
FROM AMBITION
TO ACTION
YOUR CLIMATE JOURNEY STARTS HERE
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Nordic Platform for Mobilising Climate Finance

Physical and Transition risk

29 Oct 2020

Nordic Council of Ministers

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Welcome to our webinar

- **Default audio setting:** mute on joining
- **Questions** via the ***Question box*** are welcome at any time
  - Technical support: we will aim to resolve ASAP
  - Topic-related questions for the discussion: Q&A at the end
- Some of us might be broadcasting from **our homes**. Please bear with us in case of sound and/ or technical issues
- The webinar will be **recorded**
- Until **11:30 AM** (flexible)
- **Landing page**: https://www.southpole.com/en/nordic-platform-for-mobilising-climate-finance

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Nordic Platform for Mobilising Climate Finance

An introduction

Nordic Council of Ministers

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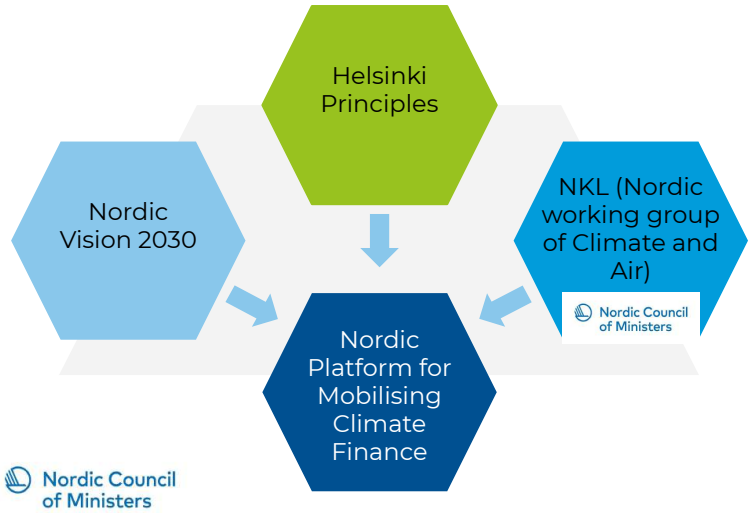
The platform



Target setting and reduction roadmap
29th September, 10:00 AM - 11:30 AM CEST
This webinar is complete. thanks for attending!

Low carbon supply chains
15th October, 10:00 AM - 11:30 AM CEST
How to map and deliver low carbon supply chains? The importance of mapping scope 3 emissions across the supply chain is gaining more attention, but how can a multinational company actually achieve this? South Pole, together with Novo Nordisk, Lego, Helly Hansen, Stora Enso and Posti will share insights, good practices and room for discussion.

Physical and Transition risk
29th October, 10:00 AM - 11:30 AM CEST
What physical and transitional climate risks may companies face? and how to manage them? South Pole, together with Fiskars, EK Confederation of Finnish Industries and H&M will share insights, good practices and room for discussion.

https://www.southpole.com/en/nordic-platform-for-mobilising-climate-finance

Hosts

Anna Lemström
Business Development Manager
South Pole

Dr. Nico Kroener
Senior Manager, Climate Risk Expert
South Pole

Marie Stjernquist
Sustainability Consultant
South Pole

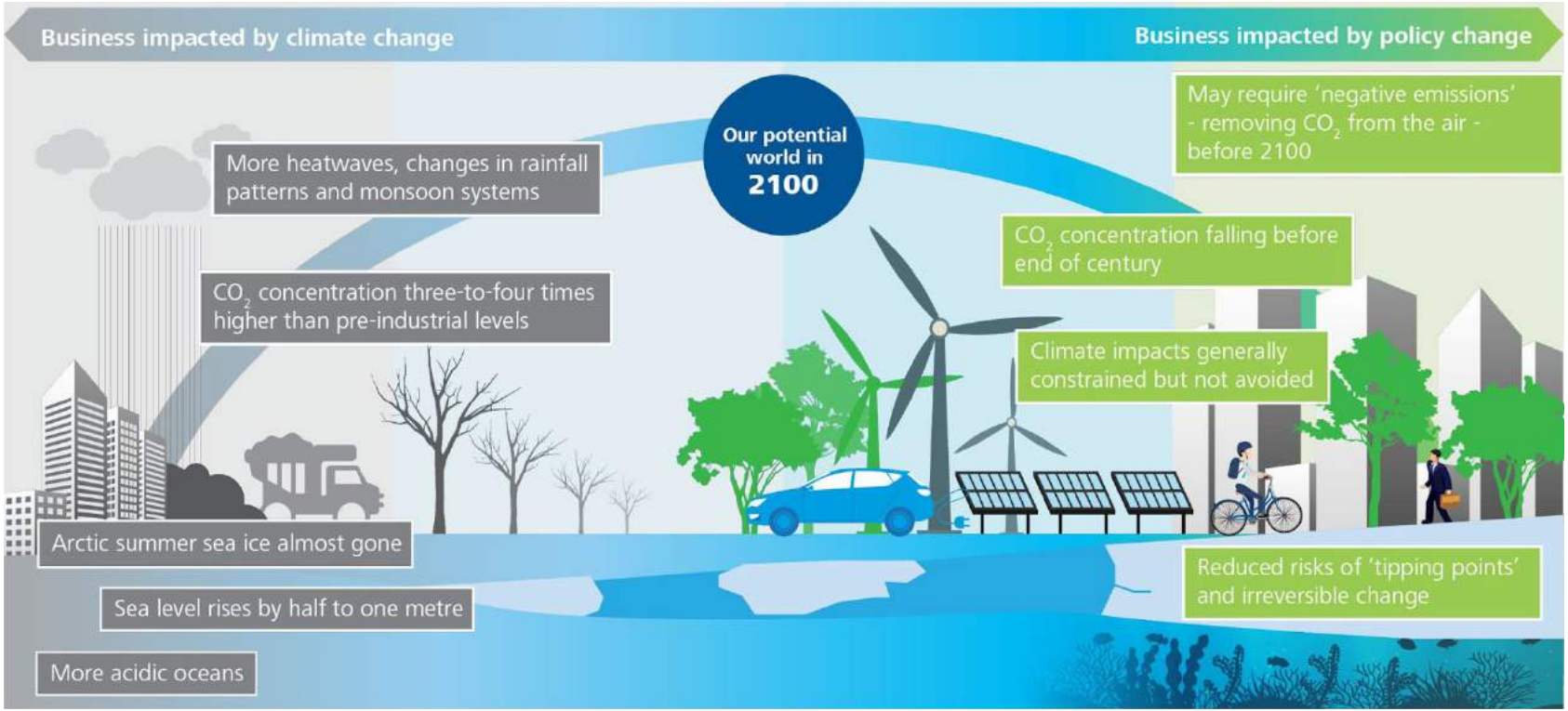
Speakers

Johanna Roine
Risk Manager
Fiskars Group

Matti Kahra
Chief Policy Adviser
EK

Kim Hellström
Strategy Lead
H&M Group

Physical and transition risk



Source: IPCC (2013) Climate Change Action, Trends and implications for Business. IPCC 5th Assessment Report.

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The TCFD framework

Task force for climate-related financial disclosure

- The TCFD framework was released in 2017.
- The TCFD aims at ensuring financial stability and encouraging greater transparency (‘a solution by the market for the market’).
- Several aspects of the TCFD framework existed before it was embedded in different reporting standards (Global Reporting Initiative, CDP). What makes it unique is:
    - its focus on **scenario analysis** as an instrument to assess climate-related risks;
    - its **quantification of the business impact** (from both a risk and opportunities perspective) of climate change;
    - the incorporation of the framework in **mainstream financial statements**.
- It builds on four pillars climate **Governance**, **Risk Management**, **Strategy** and **Metrics and Targets**
- Until today **1,440 organizations**, with a market capitalization of over **$12.6 trillion** are supporting the framework

Business case

Effective mitigation and adaptation

Improving resilience throughout the value chain, Reducing fossil fuel risk exposure, Energy cost saving and preparing for a carbon price

Seizing opportunities

Future-proofed technology, access to the financial markets, seizing new markets

Maintain credibility

Carbon Disclosure Project (CDP) reporting, Dow Jones Sustainability Index (DJSI), Article 173 of the French Energy Transition Law, etc

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South Pole's TCFD services

Gap analysis

An in-depth review is performed against the four categories TCFD categories to understand what the main gaps are

Climate scenario analysis

South Pole has developed science-based methodologies to carry out both physical and transition risks scenario analyses

Integration into risk management processes

Support is given to align the processes used to identify, assess and manage climate-related risks with other corporate risks

TCFD-aligned disclosure

The findings of the previous phases are integrated in mainstream financial filings by developing content or supporting with the disclosure drafting

Climate risks at Fiskars Group

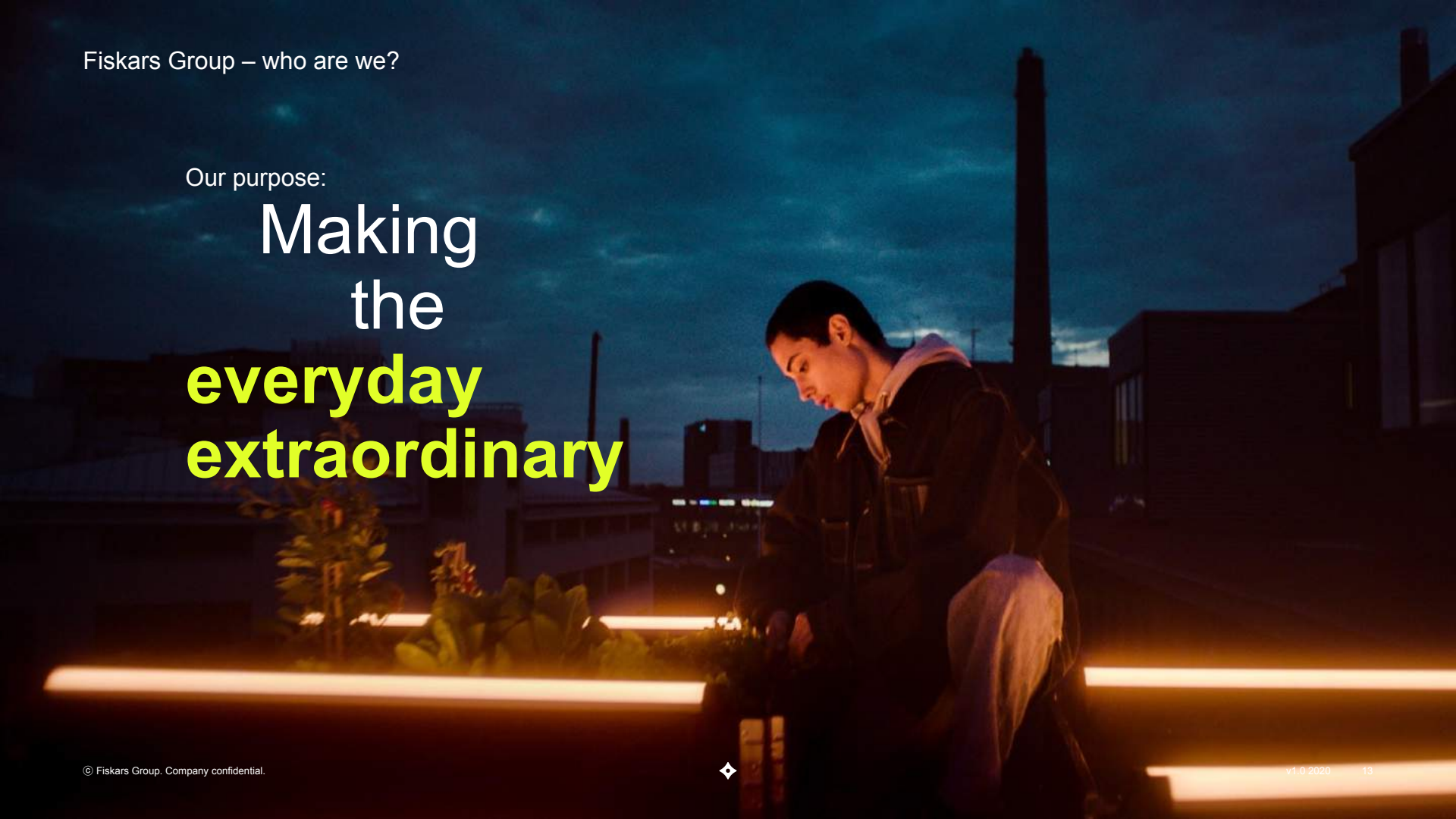
South Pole webinar

October 29, 2020

FISKARS GROUP

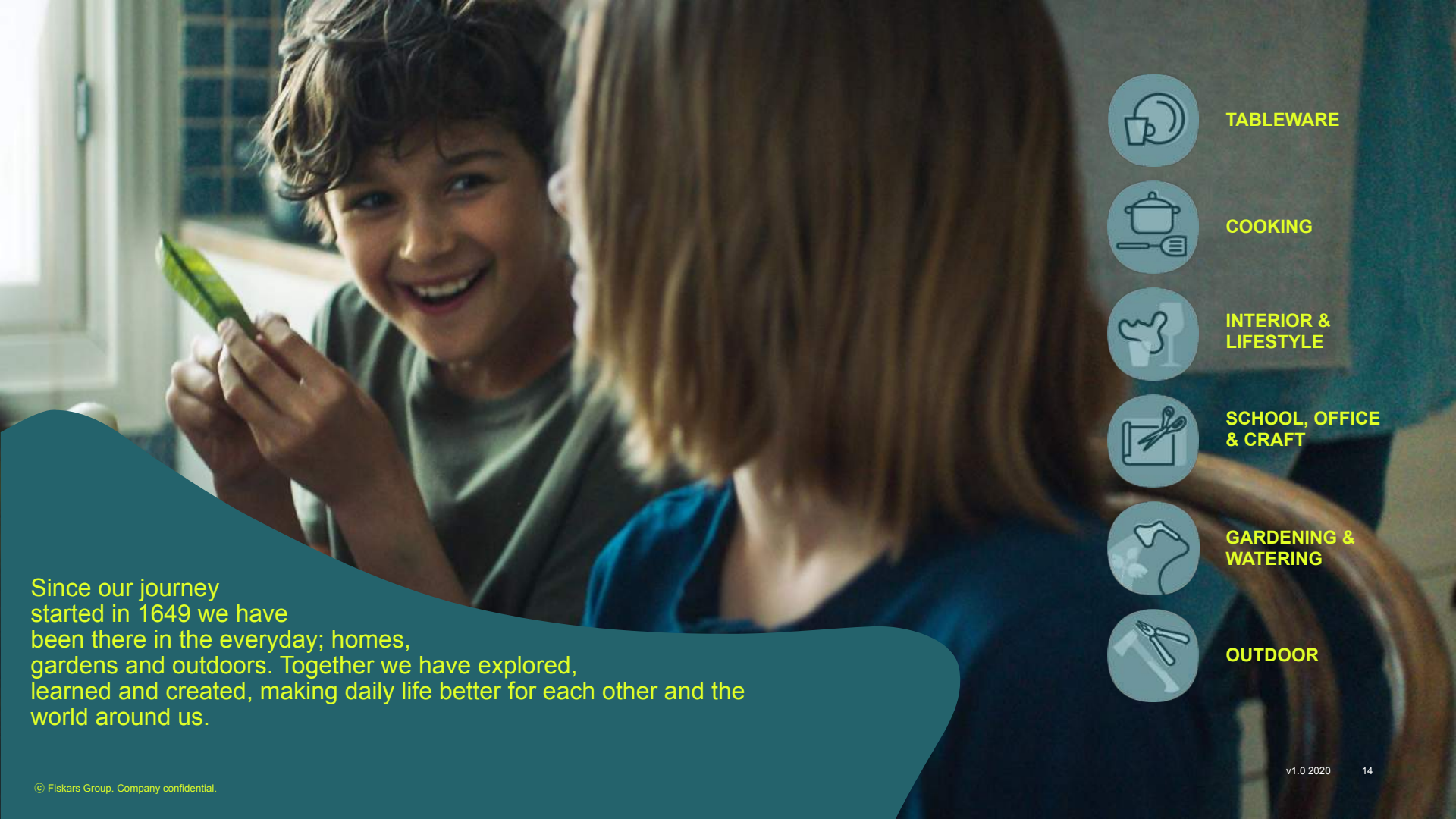
Agenda

1. Fiskars Group – who are we?
2. Sustainability at Fiskars Group
3. Assessing climate risks



Our purpose:

Making the **everyday extraordinary**



Since our journey
started in 1649 we have
been there in the everyday; homes,
gardens and outdoors. Together we have explored,
learned and created, making daily life better for each other and the
world around us.

- TABLEWARE
- COOKING
- INTERIOR & LIFESTYLE
- SCHOOL, OFFICE & CRAFT
- GARDENING & WATERING
- OUTDOOR

Our global presence

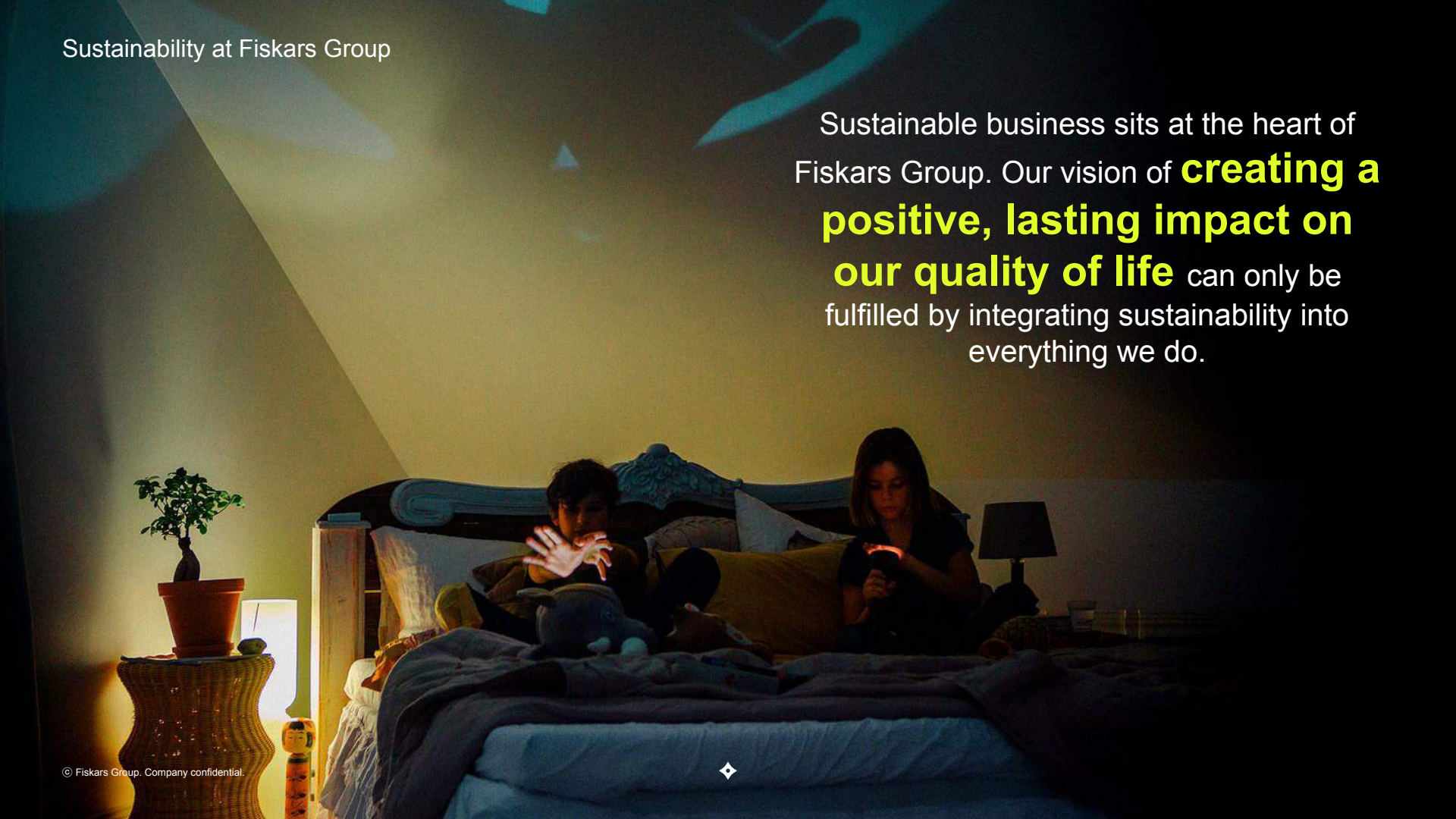
EMPLOYEES 7,000

PRESENCE IN 30 COUNTRIES

BRANDS AVAILABLE IN MORE THAN 100 COUNTRIES

MORE THAN 350 STORES

Our family of brands



Sustainable business sits at the heart of Fiskars Group. Our vision of **creating a positive, lasting impact on our quality of life** can only be fulfilled by integrating sustainability into everything we do.

Our sustainability commitments

CIRCULAR PRODUCTS AND SERVICES

- Design for sustainability
- Create zero waste
- Explore service models

CARBON NEUTRAL BUSINESS

- Improve our energy efficiency
- Invest in renewable energy sources
- Reduce emissions from value chain

POSITIVE IMPACT

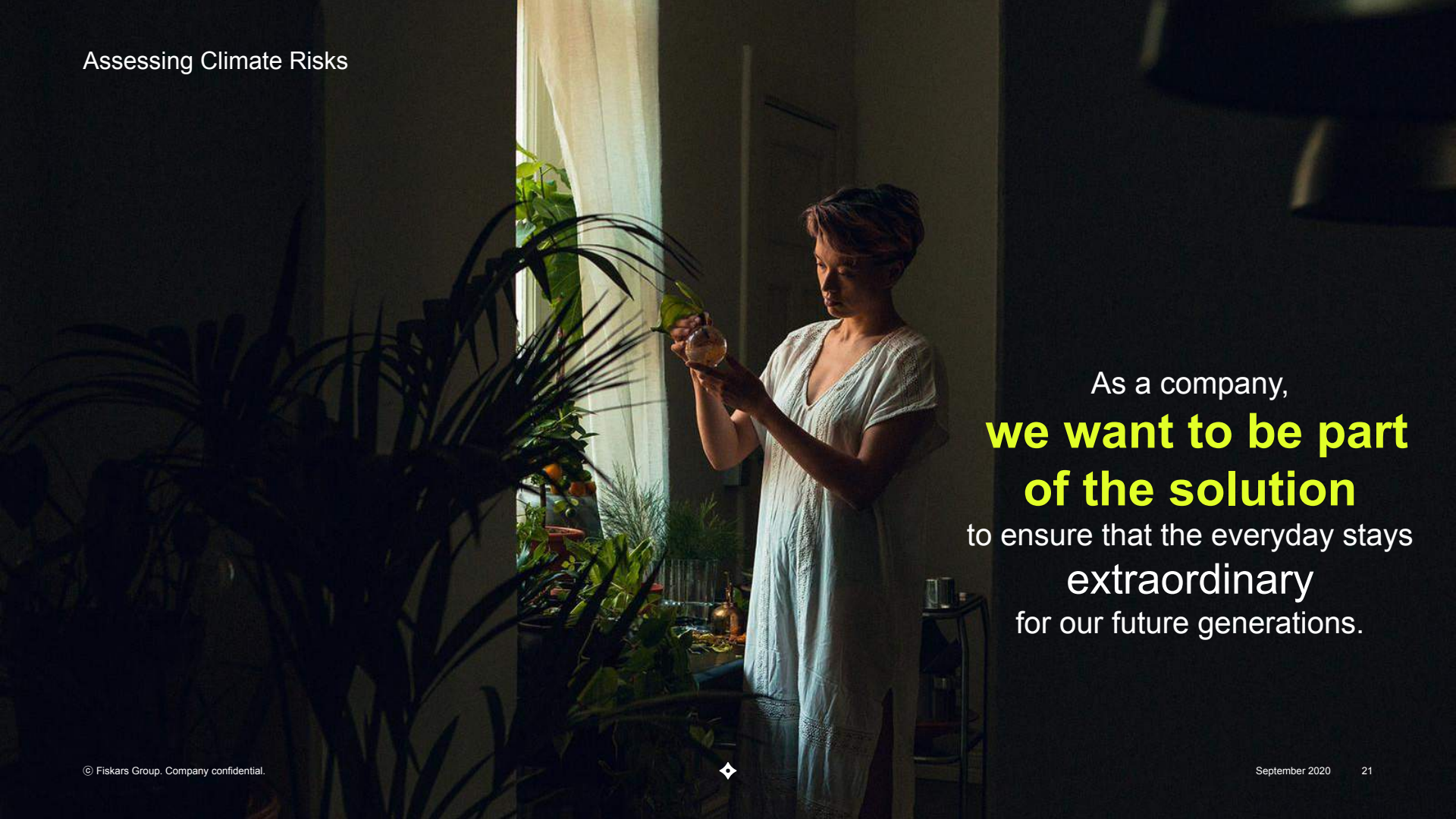
- Inspire people through leadership
- Champion safety, diversity and inclusion
- Create positive societal impact

Fiskars Group commits to climate action by joining UN Business Ambition for 1.5°C and setting science-based targets

In early October, 2020 we announced our approved science-based targets to reduce greenhouse gas emissions in line with the most ambitious goals of the Paris Agreement – to pursu efforts to limit global temperature rise to 1.5°C

In 2020, Fiskars Group reached **leadership level and received an A- rating** for its climate action by the non-profit CDP

CDP is a global non-profit that provides a global system for companies, cities, states and regions to measure, disclose, manage and share vital information on their environmental performance. CDP platform is one of the richest sources of information globally on how companies and governments are driving environmental change.



As a company,

we want to be part of the solution

to ensure that the everyday stays extraordinary

for our future generations.

Assessing climate risks at Fiskars Group

SETTING THE RIGHT TONE

The structure, mandate and tone of the risk management, including climate risks, is defined by the top management

COMPANY-WIDE APPROACH

Climate risks are integrated into company-wide risk identification, assessment and management process

REPORT AND MONITOR

Climate risks are frequently reviewed, monitored and communicated with continual improvement

ASSESSING STAKEHOLDER EXPECTATIONS

Gaining insights from stakeholders through dialogue to guide our decisions

OWN OPERATIONS

Local risk and impact assessments according to standards and management systems like ISO14001. Creating development plans and implementing actions

Risks & Opportunities

CLIMATE-RELATED DRIVER	RISK	OPPORTUNITY
Consumer behavior	Failing to meet consumer expectations about climate change related actions could lead to decreased revenues	Growth through innovations and climate positive solutions for example around circularity that drive consumer engagement
Regulations & own operations	Increased costs of using fossil materials and fuels due to regulatory changes. Adjustments to our own operating models can be challenging	Use of alternative sources of clean energy and saving potential through tax advantages, incentives and other pricing benefits
Reputation	Failing to meet the expectations of our key stakeholders, not only affect our performance, but could lead to reputational damage	Acting proactively, listening to our stakeholders and responding accordingly.
Natural hazards	Extreme weather events can cause business interruptions and changing climate patterns can negatively impact part of the product portfolio dependent on the ‘normal’ seasonal weather	Opportunity of developing our product portfolio and to contribute to the sustainable development for example by striving to become carbon neutral business

Making
the **everyday**
extraordinary

Nordic Platform - Webinar 3

Matti Kahra, Chief Policy Adviser

The impact of climate change on Finnish business

Confederation of Finnish Industries EK is the leading business organization in Finland

We represent:

70%
of Finland's export of goods

70%
of Finland's R&D expenditure

2/3
of the GDP created by companies

2/3
of the private sector jobs

"Companies that fail to respond to climate change will go bankrupt without question“

Mark Carney, United Nations Special Envoy for Climate Action and Finance

Governor of the Bank of England 2013-2019 and Chairman of the Financial Stability Board from 2011 to 2018

Ambitious climate action is a massive opportunity for businesses

- We are strongly committed to the 1,5 C target, the net-zero target for EU by 2050 and carbon neutrality in Finland by 2035.
- The low-carbon transformation will require large-scale massive investments in both existing technology and new solutions
- Low-carbon roadmaps for sectors released in June 2020 (https://tem.fi/en/about-the-roadmaps)
- At the moment, Finland is one of the world's best cleantech innovation countries. Great opportunity to reduce emissions globally through our carbon handprint

Climate change poses significant physical and transition risks to companies

- Finnish companies will face large-scale impacts due to changes in other countries and continents. Risks are complex, nonlinear and interdependent
- The purpose of oue study is to and to help our members to anticipate and adapt to the changes that will occur.
- We examined the effects of climate change on different continents and the cross-border impacts of those effects on Finnish businesses
- The study examined the effects of climate change through a scenario analysis by 2050

Deloitte.

Elinkeinoelämän keskusliitto

Ilmastonmuutoksen vaikutukset suomalaiseen elinkeinoelämään – skenariotyön taustaraportti

Deloitten selvitys Elinkeinoelämän keskusliitolle

Tammikuu 2020

Main conclusions

- The impacts of climate change on business by 2050 will depend on each value chain in question.
- Physical risks have a significant impact Finnish industry: on global value chains, particularly in terms of access to raw materials, logistics routes and the location of production.
- Transition risks particularly affect regulation, technology, migration, access to skilled labor, and investment within different countries.
- Decarbonization and electrification of the energy sector will cause significant changes.
- Climate policy will affect trade and geopolitics and has significant implications for export-oriented countries like Finland.

Full report (in Finnish):
https://ek.fi/ajankohtaista/tiedotteet/raportti-ilmastonmuutokseen-varautuminen-saatava-suomessa-uuteen-vaiheeseen/

English summary:
https://ek.fi/wp-content/uploads/Deloitte-for-EK-Impacts-of-Climate-Change-Summary-Report-translation.pdf

Confederation of
Finnish Industries

What we have asked you

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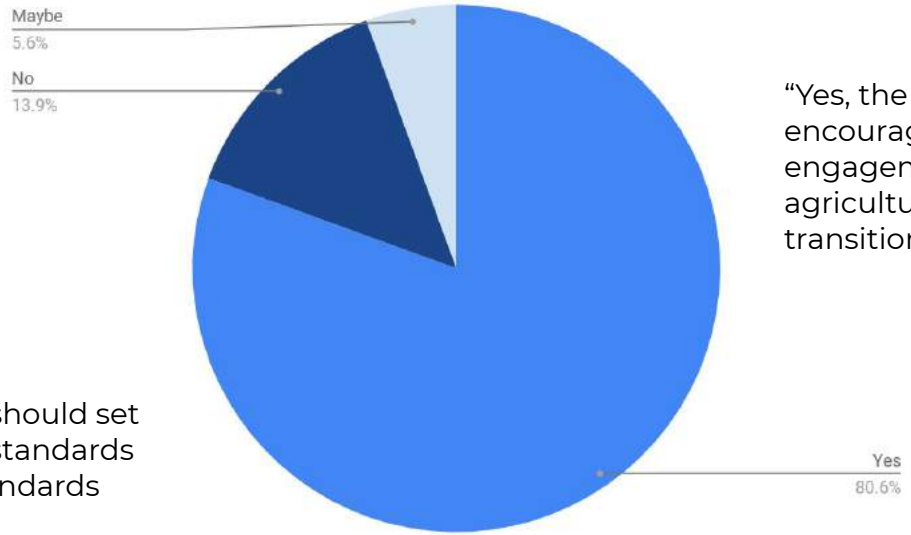
Is there a role for (Nordic) governments to facilitate high-quality climate risk data for corporate supply chains?

Not really. But taxation should cover supply chains as well by taxing imports on carbon.



"Yes, the governments can encourage better supply chain engagement and support e.g. agricultural producers in transition finance"

"Yes, Nordic governments should set government supply chain standards and use this to drive up standards across the economy"

➢ **Task: what role according to you?** Answer through the question box

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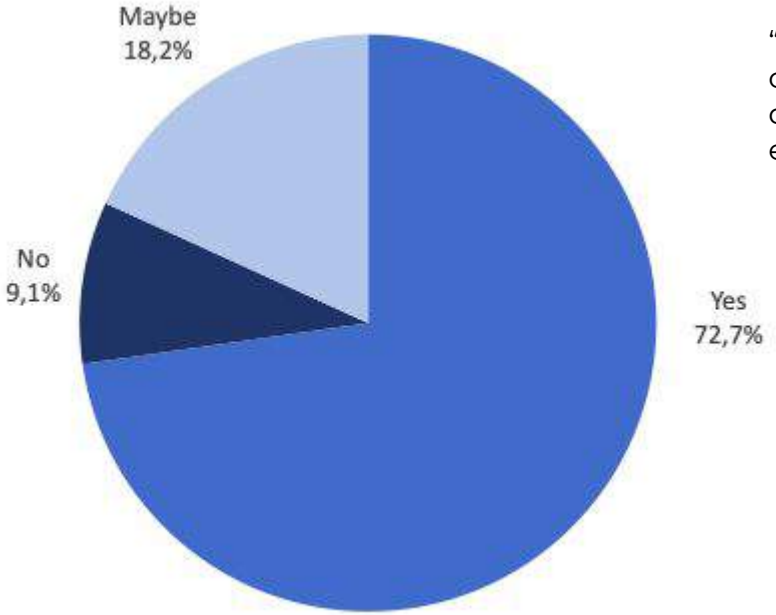
Is there a role for (Nordic) governments to facilitate high-quality climate risk data for corporate supply chains?



"Yes, if governments facilitate open-source high-quality climate data corporates are better equipped to set targets"

➢ **Task: what role according to you?** Answer through the question box

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H&M Group

Risk and cost of a transition away from fossil fuels

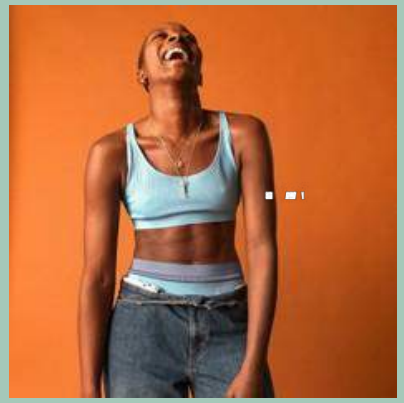
About H&M Group

5,076 stores in 74 markets and
e-commerce in 51 markets

232.8 billion SEK net sales

174.000 employees








SEPTEMBER
2020

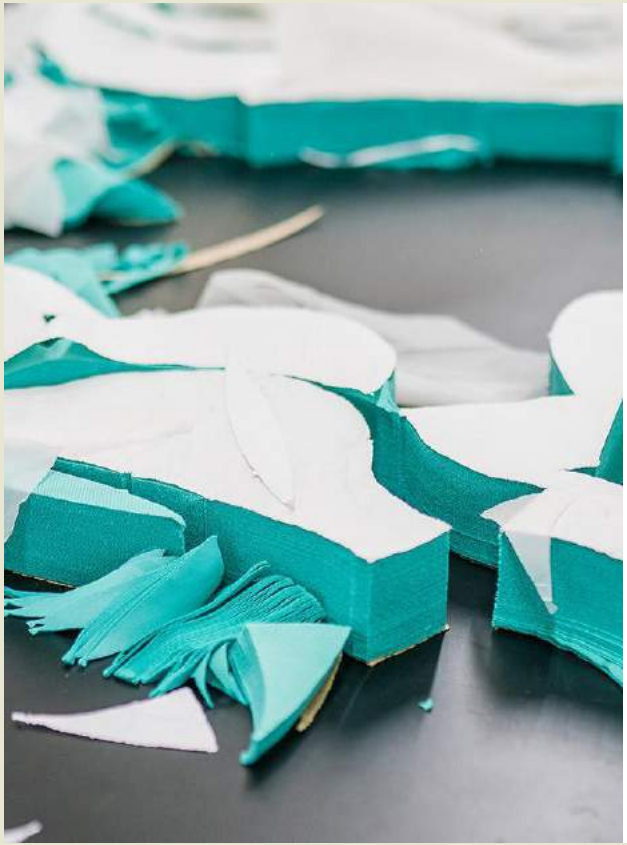
Vision & strategy

Leading the Change

- Promote and scale innovation
- Drive transparency
- Reward sustainable actions

Circular & Climate Positive

- A climate positive value chain
- A circular approach to how products are made and used
- Use only recycled or other sustainably sourced materials

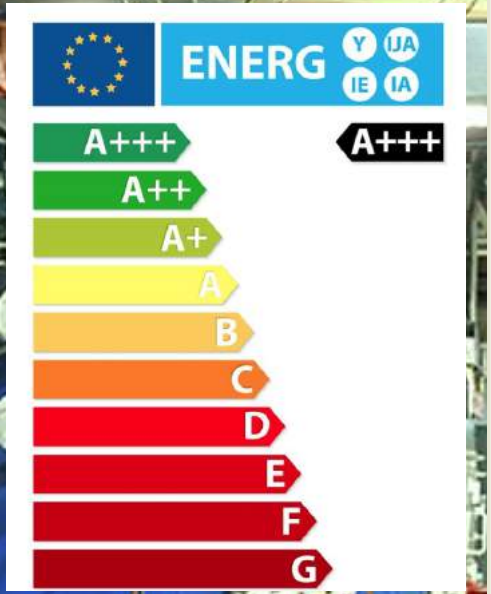


Key risks for the H&M group

- Increased prices of raw materials
- Production disturbances
- Distribution disturbances
- Customers changing attitudes and purchasing patterns

A combination of different transitions are needed.

Energy Efficiency



Renewable electricity

Fuel

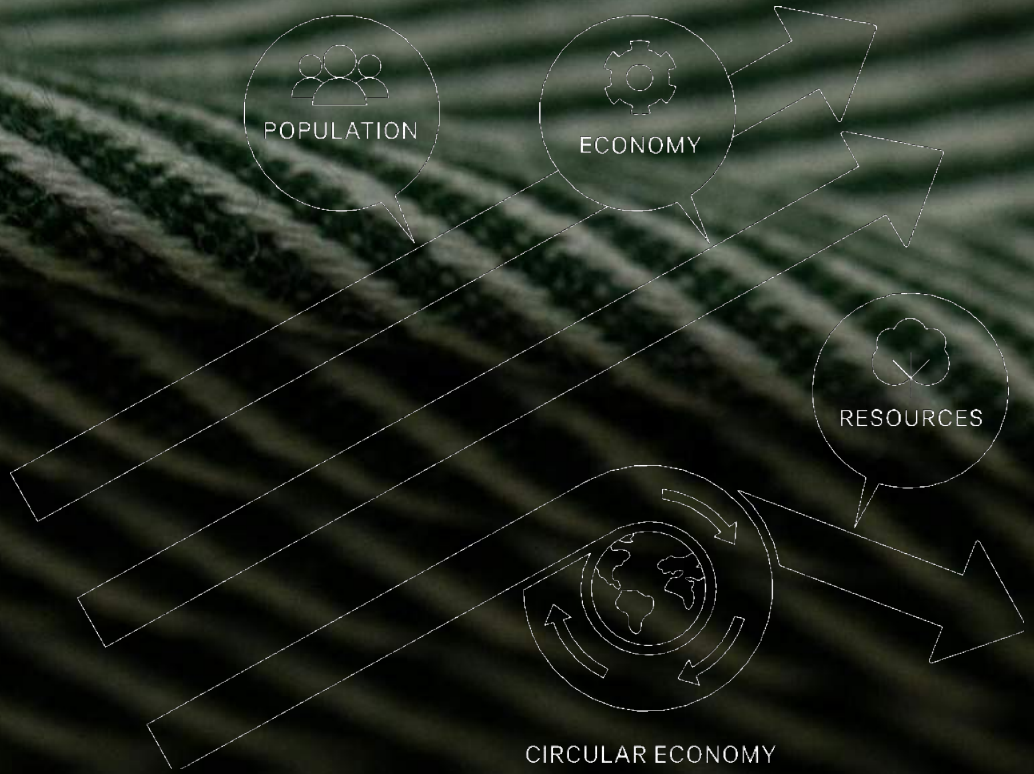
Public Affairs

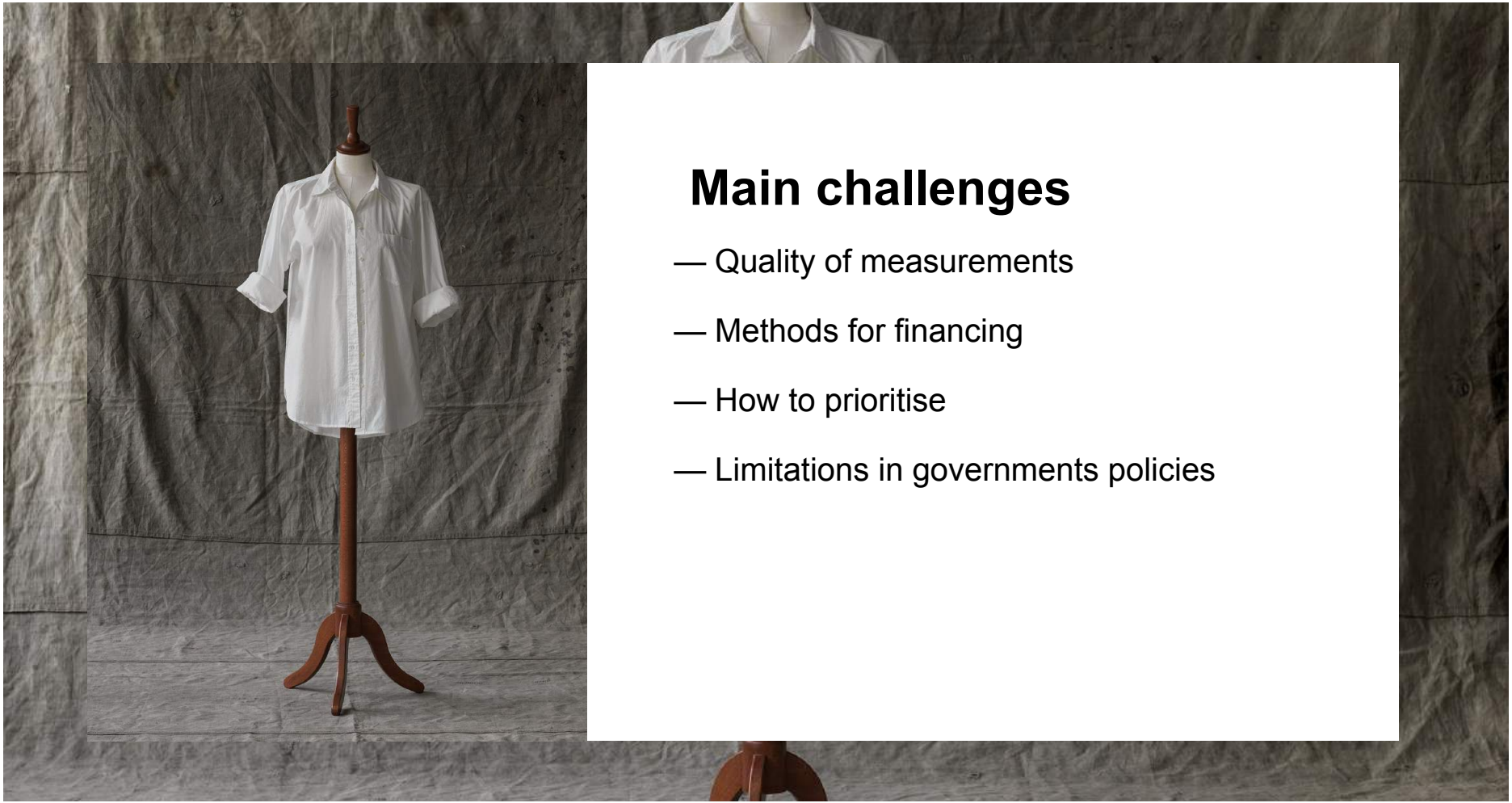
Logistics

Customer


FINALLY
CLEARWATER MALL.
HERE
H&M
FINALLY
CLEARWATER MALL.
HERE

New Growth – Decoupled from Natural Resources





Main challenges

— Quality of measurements

— Methods for financing

— How to prioritise

— Limitations in governments policies

Q&A

I. Input from the audience & Speakers' perspectives

From:
Is there a role for (Nordic) governments to facilitate high-quality climate risk data for corporate supply chains?

To:
'What is the role for Nordic governments to (...)?'

Thank you for attending!

Feel free to contact us

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For registration and more info about the **Nordic Platform for Mobilising Climate Finance**, please see here

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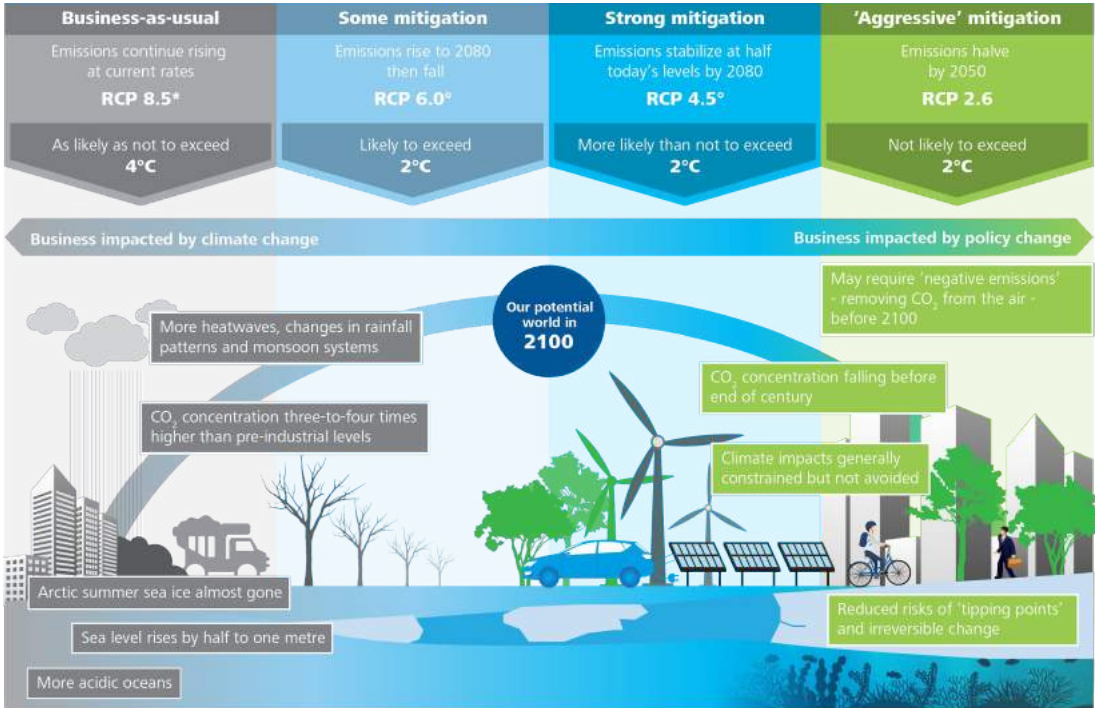
Appendix

Scenario analysis



Source: IPCC (2013) Climate Change Action, Trends and implications for Business. *IPCC 5th Assessment Report.*

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Climate risk assessment: 3-step process

Step 1. Baseline assessment

Understanding current existing physical and transition hazards, exposure and vulnerability

Step 2. Scenario analysis

Understanding future physical and transition hazards, exposure and vulnerability

Step 3. Financial impact

Financial drivers and financial category identification (e.g. revenue, cost) and estimation of the financial impact using primary and secondary data

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