

# FT Climate **Capital** Council

**Building Business Resilience  
To Cope With Climate Change**

# Post Event Summary

In the latest meeting of the FT Climate Capital Council, Emiliya Mychasuk, FT climate editor, moderated a roundtable discussion on how companies can make themselves more resilient in the face of climate change. Swenja Surminski, managing director of climate and sustainability at Marsh McLennan, was invited to provide some summary thoughts.

The roundtable took place under the Chatham House rule. Here, below, are some selected highlights of the event.

## Achieving resilience: mitigation versus adaptation

Companies are seeking to achieve resilience by taking complementary approaches: mitigation (actions focused on reducing their carbon emissions) and adaptation (actions focused on adjusting their business to the current and future effects of climate change).

It was said that companies are finding the challenge of mitigation—with clear Net Zero targets—easier than adaptation.

“With adaptation, it is harder,” said one participant, because there are fewer clear metrics:

- What does a well-adapted company look like?
- How do you know whether your supplier is resilient?

Despite the challenge of adaptation, one participant expressed confidence that their company would prove resilient: in other words, the “ability to cope with shocks—to withstand them, recover quickly, and continue to prosper despite adverse events and disturbances”. They said: “Can we manage the shocks? Yes, we can.”

Another participant reported how one global construction company has begun “switching to low carbon cement and resilient building materials” as a way of becoming more resilient.

### Why adaptation may be a “fool’s errand”

One participant warned: “Society is kidding itself if it thinks adaptation is anything more than a sticking plaster: it’s a fool’s errand.”

Elaborating on this point, they said: “The reality is that we can’t resilience-ourselves out of this...Sooner or later, the climate impacts will become unmanageable,

regardless of how well-off and how well-planned we are.”

“Even if we fully mitigate all our carbon emissions today, there are 20 years of rising temperatures because we have locked in that change—and we hit record emissions over the last 12 months.”

“We have got this narrative: it’s too late to mitigate, let’s adapt,” they continued. “But we aren’t going to be able to adapt.”

## The global covid pandemic is one reason why resilience in the face of rising temperatures has shot up the corporate agenda

Why are we noticing—and responding more urgently—to climate change now?” one participant wondered?

Answering their own question, they said: “The reason is Covid. Before Covid, talking about climate change, or sustainability or CSR (corporate social responsibility) was considered a kind of fashion or fad. But Covid showed us how unprepared we are for a world which gives us a systemic shock. And if Covid was bad, the impact of climate change will be multiple times bigger. So, Covid gave us the realisation that we are not ready for a systemic shock.”

## Collaboration, cooperation, collective action: how the world must respond to the reality of climate change

“The only thing that will work if we want to create a resilient world, a greener economy, a circular economy is collaboration and cooperation,” said one participant.

The sentiment was echoed by various participants. One said that partnerships were “massive for us”. Their company is running workshops for their clients,

“educating them” on how they can reduce their carbon emissions and adapt to the changing climate.

Another noted that their food and beverage company is working with farmers, encouraging them to experiment with different agricultural methods.

## Why the writing’s on the wall for many SMEs: and possibly for national economic growth, too

For many small and medium-sized companies (SMEs), the challenge is less about mitigation (because their carbon footprint is small) and more about adaptation (because the costs of change are big relative to their revenues). As one participant, whose company specialises in lending to SMEs, observed: “SMEs don’t have the resources.” So, for them, adaptation constitutes an “existential” threat.

The challenge is two-fold:

- The reality of climate change—more flooding, greater extremes of heat and cold
- The growing number of regulatory requirements. “There’s a crushing avalanche of ‘asks,’” noted one participant.

This has implications for national growth. As one participant commented: “SMEs are 50% of the UK economy.”

## Why companies need to prepare for disruption not only from climate change but also from policy change

As if climate change is not challenging enough, companies are having to take account of quixotic policy changes that can negatively disrupt their business.

In the UK, the last Conservative government made what one participant said were small but seismic policy changes that badly impacted the electric vehicle and renewable energy businesses. “While the policy changes on electric vehicles and heat pumps were relatively modest,” they said, “they nevertheless undermined confidence in those technologies among consumers”.

Last year, the UK government announced that it would delay the ban on petrol and diesel cars by five years—from 2030 to 2035. As well as undermining consumer confidence in electric vehicles, it also “put wind in the sails of the anti-green lobby because it gave them the sense that if they lobby hard enough, they can win”.

Meanwhile, internationally, companies are planning for the possible return of Donald Trump as president of the United States. One participant said: “We’re all navigating what may happen post-November,” when the US presidential election takes place. “The reality is that it’s going to be complex and challenging.”

## All eyes on Europe on July 18th: and the election of the next President of the European Commission

One participant said that every company should be watching what the European Parliament decides to do on July 18th. Will MEPs give Ursula von der Leyen a second term as President of the European Commission?

It matters because she is “the main advocate and driving force behind the rollout of the European Union’s Green Deal”, which the participant said is “by some distance the most ambitious and frankly the only meaningful suite of global sustainability laws”.

The Green Deal is the EU’s answer to the US’s Inflation Reduction Act: as such, it is critical not only to the EU’s mission to become “the first climate-neutral continent”

but also to spur economic growth. As one participant said: “The Green Deal is the growth strategy of the European Union.”

Noting its likely worldwide impact, the participant said “the Green Deal is intended to be a global regulation. It’s a kind of gold standard...it’s going to apply to 50,000 private businesses globally.”

## Adaptation: it’s not just about technology, it’s about the employees

One participant said that companies should take account of what they called “the people element” in their response to the challenges of climate change.

They pointed to the fact that a group of leaders from business, public health and sustainability has convened to create the National Commission on Climate and Workforce Health in the United States—amid evidence that almost half of the U.S. workforce—65 million people—face climate-related health risks on the job.

## What companies crave: viable insurance products

Such is the unpredictability of the weather that insurers have retreated from offering affordable financial products that allow companies to hedge extreme events.

One participant said: “In Texas, you can go from weather that is so cold you have blackouts to weather that is so hot you have blackouts. You can no longer procure the financial products to hedge against those kinds of risks in the energy sector.”

Giving a practical example of the kind of challenge their company faces, the participant said: “In the UK, we face swings of £10-£30 million per month because when you hedge energy, you hedge in a fixed volume,

and the volume of gas or electricity we need swings wildly now—far more than it ever did before...We’re far more likely to have cold snaps and hot snaps, and you can’t predict those more than a few weeks or months in advance, by which time it’s too late to hedge.”

Nevertheless, there are some financial products available to companies, albeit on a smaller scale. One participant noted that in India, farm labourers confronting the dangers of extreme heat are being offered “paramedical insurance solutions”, while a female cooperative is being set up to provide members with “financial respite if a certain heat threshold is reached”.

## The big question: is artificial intelligence a help or a hindrance in the effort to tackle climate change

One participant noted that in its latest environmental report, Google revealed that its carbon emissions had risen by nearly 50% in the five years from 2019-2023 because of the power needed to generate its increasingly powerful AI tools.

The finding begged the question: Is AI a help or a hindrance?

But another participant pointed to the story in the Financial Times which reported that Bill Gates said environmentalists should “not go overboard” on concerns about the huge amounts of power required to run AI systems. Ultimately, the new technology will more than offset its heavy consumption of energy by promoting greater efficiencies.

A third participant noted that “Amazon, Microsoft, Google—they all have significant targets around climate mitigation, and they all trying to work together to figure out what the best way forward is”.

# Council Members

The FT Climate Capital Council is supported by our premium member Enerjisa Üretim. Our member features on the following page. Their views stand alone. They are separate from the FT and the FT Climate Capital Council.

## Enerjisa Üretim's approach to climate change adaptation

*Murat Eröz, Head of Asset Management and Sustainability, Enerjisa Üretim*

Enerjisa Üretim implements a multifaceted approach to climate change adaptation, emphasising innovation within the food-energy-water nexus, diversifying energy production, and integrating comprehensive risk management and ecological restoration strategies. Enerjisa Üretim has pioneered the integration of agrivoltaics—a practice that combines agriculture with photovoltaic energy production—through the establishment of Turkey's first active agrivoltaic facility at the Bandırma Energy Base. This unique initiative is a foundation for a sustainable solution that concurrently addresses the challenges of energy, water, and food security, while also enhancing its adoption, which has been primarily limited by a lack of supporting research. By working with Ege University's Faculty of Agriculture, Enerjisa is conducting research to enhance crop yields under solar panels, promoting efficient land use and water conservation. This synergy not only supports local agriculture but also optimises solar energy production, contributing to a resilient and sustainable ecosystem.

In response to climate risks such as drought and water stress, which predominantly affect hydropower plants, Enerjisa Üretim employs a diversified energy generation portfolio. This portfolio includes hydropower, wind, solar and thermal, strategically distributed across various geographies in Turkey. This diversification acts as a natural hedge against climate variability, reducing reliance on any single energy source and enhancing overall resilience. Enerjisa Üretim leverages advanced climate forecast models and reservoir management systems to optimise operations and mitigate the impacts of climate variability. These technologies enable precise control and optimisation of hydropower operations, mitigating the adverse effects of water scarcity. Additionally, the company's remote operations control enhances efficiency and responsiveness to climatic changes.

Facing transitional risks like carbon pricing and accelerated decarbonisation, Enerjisa Üretim has committed to significant investments in low-carbon and renewable energy technologies. The company's strategy includes a substantial shift towards wind energy, with a planned installation of 1,000 MW of wind turbines over the next three years. Furthermore, the business aims to expand its installed capacity to 7,500 MW, which comprises 500 MW of pre-licensed wind energy production and a 500 MWh battery storage capability. This investment underscores Enerjisa Üretim's ambition to dominate the renewable energy landscape in Turkey, thereby reducing its carbon footprint and aligning with international climate targets. Enerjisa Üretim also addresses the potential disruptions in the supply chain of critical raw materials essential for clean energy technologies. By mapping supplier risk profiles and revising the supplier selection process, the company aims to secure a steady supply of photovoltaic panels and batteries, crucial for its renewable energy projects. This forward-thinking approach ensures continuity and reliability in energy production, even as global demands for these materials rise.

Recognising the importance of ecological restoration, Enerjisa Üretim has planted over one million saplings and continues to commit to afforestation aligned with the United Nations' Decade on Ecosystem Restoration. The company's annual pledge to plant trees equivalent to 10,000 times its age demonstrates a long-term commitment to enhancing carbon sequestration, preserving biodiversity, and fostering environmental stewardship.

Enerjisa Üretim's climate change adaptation strategy is characterised by its holistic and innovative approach. By integrating agrivoltaics, diversifying its energy portfolio, advancing decarbonisation, securing supply chains, and promoting afforestation, Enerjisa Üretim not only mitigates climate risks but also contributes to a sustainable and resilient energy future. This comprehensive strategy highlights the company's role as a leader in addressing climate change through practical, scalable, and impactful solutions.

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