GUIDE

Climate Risk Assessment Guide

A practical starting point for identifying and registering physical and transition climate risks.

What Is Climate Risk?

Climate risk refers to the potential financial or operational impact of climate change on a business — increasingly a standard part of ESG questionnaires, CDP disclosures, and investor due diligence.

Physical vs. Transition Risk

- **Physical risk** — direct impact of climate events: flooding, extreme heat, water stress, supply disruption.
- **Transition risk** — impact of moving to a low-carbon economy: policy change, carbon pricing, shifting customer demand.

Common Risk Categories

- Site-level exposure to flooding, heat stress, or water scarcity
- Supply chain disruption from climate events
- Regulatory change — emissions pricing, reporting mandates
- Market shifts — customer or investor expectations changing

A Simple Risk Register Approach

List each identified risk, rate its likelihood and potential impact, note any current mitigation in place, and assign an owner responsible for monitoring it. This simple structure is usually sufficient for early-stage climate risk disclosure.

Getting Started

Start with the risks most relevant to your sites and sector rather than attempting a exhaustive assessment. A short, honest register is more credible — and more useful — than an incomplete comprehensive one.