



Climate resilience in business

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Climate change is reshaping business risk, and unlocking new opportunities. Understanding how it impacts your operations and value chain is now a strategic necessity.

Organisations that build their climate resilience – by anticipating climate impacts, adapting effectively, and leveraging emerging opportunities – will be best positioned to protect, and grow, their value in a rapidly changing market.

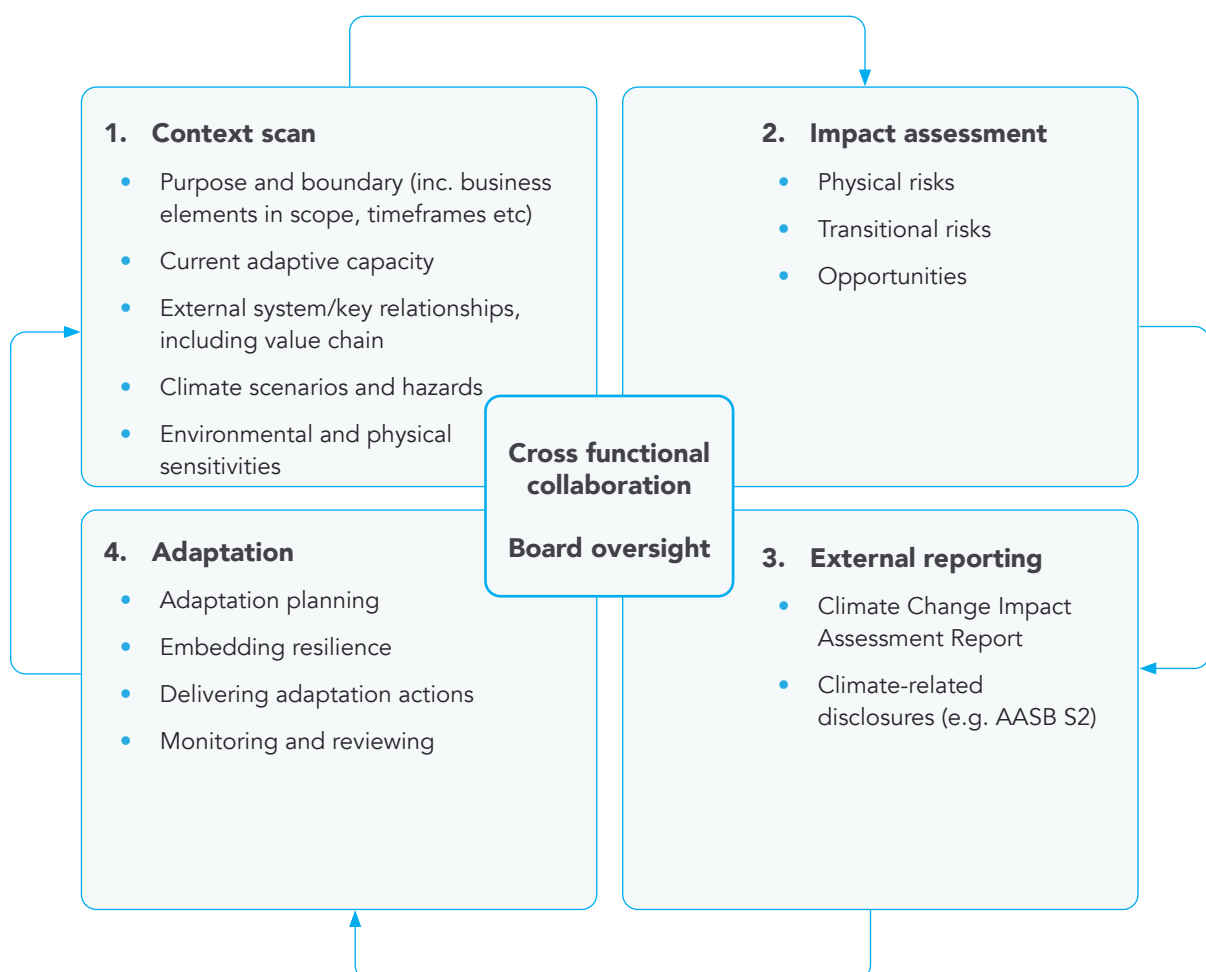
Business case for climate resilience

- Australia ranks second globally for economic and insured losses from extreme weather (per capita) – behind only the US. These losses have increased every decade since 1980, even after inflation adjustment. Future, worsening impacts are already locked in¹.
- Every \$1 invested in resilience measures can save up to \$10 in future recovery costs².
- Climate-related opportunities include achieving cost savings through energy efficiency, enhancing supply chain resilience, adopting circular economy practices, and innovation in low-carbon products, services, and markets.
- Embedding climate resilience is now a core expectation of investors, lenders, and governments.

Climate Change Impact Assessments

Undertaking a Climate Change Impact Assessment will reveal climate-related risks and opportunities relevant to your organisation. It is often the first step in preparing an organisation to understand and prepare for climate change, and enables entities to prepare for ESG reporting, including through the Australian Sustainability Reporting Standards, AASB S2 Climate-related Disclosures.

There are four key steps to undertaking a Climate Change Impact Assessment, enabled through cross functional collaboration and board oversight.



¹ Insurance Council of Australia (2025). *Extreme weather costs: The silver medal we don't want*.

Data sourced from Munich Re's NatCatSERVICE. Visit [insurancecouncil.com.au](https://www.insurancecouncil.com.au)

² CSIRO (2016). 'Systematically addressing disaster resilience in Australia could save billions'. Visit [csiro.au](https://www.csiro.au)

Climate Change Impact Assessment: Our 4-step process

Step 1. Context scan

The first stage is to undertake desktop research and internal engagement to develop an understanding of business requirements and the assessment's context, and to gather relevant information to inform the assessment. Both the internal and external contexts need to be explored.

Internal context	Purpose and scope: <ul style="list-style-type: none"> Why is this required (e.g. to inform AASB S2 reporting; meet investor requirements; and/or prepare for climate change)? Will it cover physical, transitional risks, and/or opportunities? What parts of the entity will be included? What scenarios, climate hazards, and timeframes will be considered? 	Adaptive capacity (current) <ul style="list-style-type: none"> Scope the entity's internal adaptive capacity to respond and adapt to climate change (e.g. considering existing climate related commitments, policies, governance arrangements, budgeting) 	Map business elements <ul style="list-style-type: none"> Business model, strategy, activities Revenue streams, and areas of business criticality Broader system the organisation exists within, including the value chain
External context	Trends and developments <ul style="list-style-type: none"> PESTLE analysis to understand the organisation's broader external context, which can influence climate risks and opportunities Climate hazards <ul style="list-style-type: none"> Understand historical and current climate impacts 	Scenario analysis <ul style="list-style-type: none"> Analyse at least 2 future scenarios, aligned with 1.5°C warming; and 2.5°C or more Consider a range of physical climate hazards, and socio-economic factors 	Sensitivities <ul style="list-style-type: none"> Identify environmental sensitivities (e.g. urban heat, bush fire zone, flood zone) Explore physical sensitivities (e.g. structural, thermal)

Step 2. Impact assessment

Assess the vulnerabilities, risks and opportunities facing the entity, across the organisation's business model, strategy, operations and value chain. Record these in a climate change risk and opportunity register to enable responsible management and regular reviews. Assess financial implications of both risks and opportunities. Broad internal engagement will help incorporate multiple perspectives from across the organisation.

Risks and vulnerabilities	Physical: <ul style="list-style-type: none">• Related to climate hazards, e.g. extreme temperature, rainfall, wind	Transitional: <ul style="list-style-type: none">• Caused by transitioning to a low carbon economy, via policy and legal, technology, market and reputational drivers	Current and anticipated financial effects <ul style="list-style-type: none">• Current effects of climate-related risks and opportunities on the financial position, financial performance and cash flows• Anticipated financial effects in the short, medium and long term
	Positive effects arising from climate change, relating to: <ul style="list-style-type: none">• Resource efficiency• Energy sources• Markets• New products and services• Resilience		

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Step 3. Adaptation

Select adaptation options and opportunities that will be actioned and/or further explored. These should be embedded into the organisation and regularly reviewed through the entity's governance and risk management system.

Adaptation planning

- Identify risk mitigation activities
- Determine opportunities to either action now, or further explore
- Develop an Adaptation Plan (or the adaptation component of a Climate Transition Plan)

Embed and deliver

- Leadership commits to the Adaptation Plan and its integration
- Embed climate resilience into policies, strategies and other organisational plans
- Deliver the Adaptation Plan, building adaptive capacity

Monitor and review

- Create processes to monitor and improve adaptation actions
- Regular reviews of identified risks, opportunities, and their management

Step 4. Reporting

Develop any required reporting, including an internal Climate Change Impact Assessment report, and/or Climate-related Disclosure content (e.g. for AASB S2, ISSB S2, or TCFD). Undertake any required third party assurance (e.g. limited and reasonable assurance requirements are being phased in over several years for Sustainability Reports aligned with AASB S2.)

Climate Change Impact Assessment Report (internal document)

- Record of scope, methodology and findings of impact assessment
- Recommendations for risk management, adaptation, and governance
- Can be used to inform any external reporting, such as AASB S2

Climate-related Disclosures

- Undertaken to fulfil mandatory and voluntary climate-related reporting requirements under AASB S2
- Forms part of an annual Sustainability Report, which is provided to ASIC as part of its annual financial reporting package
- Is broader than climate impacts (e.g. includes GHG emissions management)

Contact us

JBS&G has significant experience working with a range of organisations at different levels of climate resilience maturity, including in preparation for reporting aligned with AASB S2 Climate-related Disclosures.

Contact us to learn more about how we can help to assess and mitigate climate risks, identify new opportunities, embed climate resilience into your organisation, and prepare for mandatory reporting.



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