

Adapting to a changing climate

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Why every business needs a climate adaptation strategy

Climate change is no longer a distant environmental concern – it is an immediate and accelerating business risk. From disrupted supply chains and extreme weather events to shifting consumer expectations and tightening regulation, the physical and transitional effects of a warming world are already reshaping the operating environment for organisations of every size and sector. Yet while many businesses have begun to address climate *mitigation* – reducing their greenhouse gas emissions – fewer have developed robust strategies for climate *adaptation*: systematically preparing for the changes that are now unavoidable.

This distinction matters. Mitigation is about limiting future warming; adaptation is about surviving and thriving within the warming that is already locked in. Both are essential, but adaptation has historically received less strategic attention. That gap is becoming dangerously costly as adaptation can involve longer term investment to secure the future of the organisation.

Understanding the Business Case

The financial case for climate adaptation is straightforward: the cost of preparedness is almost always lower than the cost of disruption. Extreme weather events – floods, heatwaves, wildfires, drought – cause direct damage to physical assets, interrupt operations, and strain workforces. Supply chains that span multiple geographies face compounding risks as climate hazards materialise simultaneously in different locations. Insurers are repricing or withdrawing coverage from high-risk areas, creating new financial exposures for asset-heavy businesses.

Beyond physical risks, businesses face transition risks: policy changes, carbon pricing, shifts in consumer behaviour, and the growing expectations of investors and lenders.

Organisations that adapt proactively secure a competitive advantage. They protect revenue streams, maintain operational resilience and continuity, retain investor confidence, and position themselves to capitalise on the opportunities that change creates.

What Climate Adaptation Means in Practice

Climate adaptation for businesses involves systematically identifying climate-related risks and opportunities, assessing their potential impact, and embedding responses into strategy, operations, and governance. It is not a one-off exercise but a continuous cycle of assessment, planning, action, and review.

Risk and Opportunity Assessment

The starting point is understanding which climate hazards are relevant to the business – now and under future climate scenarios. Physical risks vary significantly by location, sector, and time horizon. A logistics company operating in coastal regions faces very different exposures to a technology firm whose primary assets are people and data. Scenario analysis, informed by credible climate science, helps organisations stress-test their strategies against a range of possible futures rather than betting on a single projection. These scenarios need to consider the extremes of events, as rarely are such events an “average” by their definition.

Materiality and Prioritisation

Not every climate risk will be equally material. Businesses need to assess the likelihood and magnitude of impacts across their value chain – from raw material sourcing and manufacturing through to distribution, customer use, and end-of-life. This assessment should consider both acute risks (extreme weather events) and chronic risks (gradual shifts in temperature, precipitation patterns, or sea level).

Integration into Strategy and Operations

Climate adaptation is most effective when it is embedded in core business processes rather than treated as a standalone sustainability initiative. This means incorporating climate considerations into capital allocation decisions, site selection, procurement standards, product design, workforce planning, and business continuity management.

Supply Chain Resilience

Many of the most significant climate risks to a business lie outside its direct operations. Supplier disruptions, logistics failures, and raw material shortages caused by climate events can cascade rapidly through value chains. Developing a clear picture of supply chain exposure is a critical to an adaptation strategy.

Workforce and Community Considerations

Climate change affects people as well as physical assets. Heat stress, declining air quality, and displacement caused by extreme events all have implications for workforce health, productivity, and retention. Businesses operating in vulnerable communities have both a responsibility and an interest in supporting local adaptation to develop greater resilience.

Governance and Accountability

Effective climate adaptation requires clear ownership at the highest levels of the organisation. Boards and executive teams need to understand climate risks as financial and strategic risks, not solely as environmental or reputational ones.

The Cost of Inaction

The risks of failing to adapt are not hypothetical. Businesses that have not prepared for climate disruption are already experiencing the consequences: uninsured flood damage, heat-related productivity losses, supply chain crises, and stranded assets in locations that are no longer viable. As climate impacts intensify over the coming decades, the gap between prepared and unprepared organisations will widen – in financial performance, investor confidence, and long-term viability.

Conclusion

Developing a climate adaptation strategy is one of the most important things a business can do to secure its long-term resilience. It requires honest assessment of risk, genuine integration into strategy and operations, strong governance, and a commitment to continuous improvement as knowledge and conditions evolve. Organisations that treat adaptation as a strategic priority – rather than a compliance burden – will be better placed to protect value and seize emerging opportunities.

The climate is changing. The question for business leaders is whether their organisations are changing with it.

How can Asesoria help?

We have been conducting Scenario Analysis, Materiality Assessments and delivered Climate Adaption Workshops for over 10 years helping businesses to understand how ESG topics have an impact on their business and stakeholders, developing our approach alongside new guidance and regulations. We offer solutions on a project-by-project basis, as well as through a full Managed Service model, taking responsibility for the delivery and reporting across the required subject areas.

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