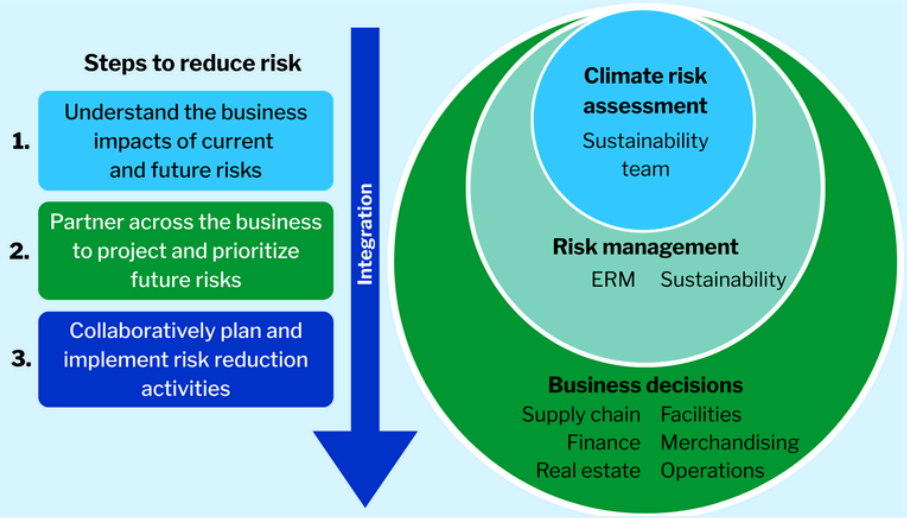


Environmental Defense Fund

Partnering Across the Business to Reduce Retail Risk

As climate-related disruptions increasingly affect operations, supply chains, and business performance, companies need practical ways to translate climate risks into business action. These steps provide a framework for using data, cross-functional collaboration, and business-focused planning to identify, prioritize, and address climate risks.



Step 1: Understand the business impacts of current and future risks

A good place to get started is to gather operational and financial data to understand how climate-related events are already affecting business performance. This includes assessing:

- Direct impacts on operations, such as productivity losses and asset damage.
- Indirect impacts across the supply chain, such as commodity price volatility, supplier disruptions, and shipping delays.

Once you understand the climate risks affecting the business today, use forward-looking tools to assess how those exposures could evolve in the future. Focus on the assets, locations, suppliers, and commodities most vulnerable to climate impacts.

Case study

When a climate-related disruption affected a critical crop for a company, the sustainability team used the example to show other business functions the real-world consequences. By demonstrating that these disruptions are already affecting operations and supply chains and are likely to increase over time, they built cross-functional buy-in for resilience projects.

Recommendation

Frame climate risks and resilience opportunities in terms of business metrics whenever possible. For example, estimate the potential insurance costs, revenue impacts, asset damage, or operational disruptions associated with hazards like flooding or heat that are already affecting the business.

Step 2: Partner across the business to project and prioritize future risks

The insights gathered can serve as a starting point for conversations with business functions about where and how to reduce risk exposure. By engaging teams responsible for operations, procurement, logistics, finance, and other critical functions, companies can identify resilience opportunities that address both climate risks and business priorities.

Frameworks such as double materiality assessments can help focus these discussions on the areas of greatest impact and clarify where different teams can contribute.

Throughout the process, it helps build cross-functional ownership by framing opportunities in terms of business outcomes such as:

- Cost reduction
- Revenue protection
- Operational reliability
- Supply chain resilience

Case study

A sustainability team used quarterly leadership meetings to conduct "resilience walks" that explored how climate-related risks, such as logistics disruptions and power outages, could affect business operations.

Recommendation

Rather than creating climate-specific processes, embed conversations into existing planning and decision-making forums so that resilience becomes part of how the business evaluates and responds to risk.

Step 3: Collaboratively plan and implement risk reduction activities

Turning opportunities into action is most effective when business functions share ownership across the business. Partner with business teams to design implementation plans for priority risks and opportunities. Involving others early helps ensure solutions are practical, aligned with business priorities, and supported by the people responsible for execution.

Building a coordinated, enterprise-wide approach takes time, but organizations can begin advancing resilience immediately through existing business processes. Look for opportunities to embed climate risk into decisions that teams are already making, from supplier management and procurement to capital planning, site selection, and asset management to unlock early wins and help ensure climate risk is considered consistently across the organization.

Case study

A company developed net-zero roadmaps for individual business functions in partnership with their finance department, who helped design and quantify the plans to ensure they aligned with core business priorities and decision-making processes, giving other business functions a familiar framework.

Recommendation

When planning a new store location, work with relevant business teams to consider how factors such as extreme heat, flooding, severe weather, and changing consumer behavior could affect store operations, employee safety, customer demand, and business continuity in the years ahead.

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