

2022 IPCC Report

Corporate considerations and call to action

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This week, the Intergovernmental Panel on Climate Change (IPCC) released its [Climate Change 2022: Impacts, Adaptation, and Vulnerability](#) report. This report draws attention to 127 key risks associated with climate change, and the urgency around taking adaptive measures to build more resilient infrastructure.

Corporations are not exempt from these risks. Some of the most pressing and relevant risks to the private sector include:

- **Supply Chain Disruption.** The report states that “weather and climate extremes are causing economic and societal impacts across national boundaries through supply-chains, markets, and natural resource flows, with increasing transboundary risks projected across the water, energy, and food sectors (*high confidence*).” (pg. 19-SPM)
- **Threats to Human Capital.** The report states that “climate change has adversely affected physical health of people globally (*very high confidence*) and mental health of people in the assessed regions (*very high confidence*). Climate change impacts on health are mediated through natural and human systems, including economic and social conditions and disruptions (*high confidence*).” (pg. 10-SPM)
- **Treats to Physical Infrastructure.** The report states that “climate change risks to cities, settlements and key infrastructure will rise rapidly in the mid- and long-term with further global warming, especially in places already exposed to high temperatures, along coastlines, or with high vulnerabilities (*high confidence*).” (pg. 15-SPM)

These threats inevitably result in variable economic damages. The report states that “projected estimates of global aggregate net economic damages generally increase non-linearly with global warming levels (*high confidence*).” (pg. 15-SPM)

The most challenging, yet most critical thing businesses should do to mitigate these risks is to mitigate their greenhouse gas (GHG) emissions – and encourage their suppliers, partners, and distributors to do the same. The report states that immediate action to reduce GHG emissions would reduce projected damages and losses substantially compared to higher-warming scenarios. (pg. 13-SPM)

Our community has made great progress with accounting for the climate impacts of both direct emissions and purchased energy; however, most of us have yet to adequately account for the upstream and downstream impacts of our business operations and products. Without a coordinated effort to reduce GHG emissions at every step along our supply chains and product life cycles, climate-related risks within the business community will grow exponentially.



Existing frameworks like CDP and TCFD help corporations to evaluate and mitigate climate risk, and programs like the Science Based Targets initiative (SBTi) help businesses to align their GHG reduction goals with climate research. In fact, the IPCC specifically calls out climate risk disclosure as a means to strengthen adaptation actions (pg. 29-SPM).

Third Economy is here to help you navigate these frameworks, to track your GHG emissions, and to share your progress and risk-mitigation strategies with your shareholders and constituents. [Contact us](#) today to learn more.

Source: *Climate Change 2022: Impacts, Adaptation, and Vulnerability – Summary for Policymakers* (SPM)