

**CLIMATE X**

**CLIMATE ADAPTATION: REDUCE  
ASSESSMENT TIMES FROM WEEKS  
TO MINUTES**

Webinar

*2<sup>nd</sup> May 2024*

# Overview

Climate adaptation involves investments that reduce the physical risks to assets, minimise damage from extreme weather events, and decrease related losses.

The challenge? Until now, quantifying climate adaptation benefits has been complex and time-consuming.

In this webinar we showcased Adapt, our new climate adaptation solution, and discussed how you can quantify capital expenditure and ROI for your clients or new deals, providing dedicated adaptation financing while mitigating your physical risk and integrating Adaptation to investment cycles.

## 1.1. VIDEO RECORDING

Find a recording of the webinar here:

- [Webinar “Climate Adaptation: reducing assessing times from weeks to minutes”](#)

## 1.2. Q&A TRANSCRIPT

See below the questions asked during the webinar, grouped into topics.

## DETAIL ON SPECTRA

### 1.2.1. What is your geographic coverage?

Climate X provides global coverage, including North America, the UK, Europe, and the Asia-Pacific region.

### 1.2.2. How do you determine when a risk is material i.e. the risk is large enough to justify an adaptation action?

We use our platform Spectra to evaluate physical risks, categorizing them into levels from A to F based on the severity and likelihood of hazard losses relative to the total building cost.

We define three risk thresholds to guide decision-making:

- Low Risk: Total losses are below 2.5% of the building cost.
- Medium Risk: Total losses range between 2.5% and 5% of the building cost.
- High Risk: Total losses exceed 5% of the building cost.

These thresholds help determine when a risk becomes material and thus justifies adaptation actions. However, the specific decision to proceed with such measures will depend on the organization's policies, industry standards, and regulatory requirements.

At Climate X, we provide comprehensive risk assessments and clear visibility of potential scenarios. While we do not provide specific adaptation advice or consulting, we equip you with the essential data and insights needed to make well-informed decisions tailored to your unique circumstances.

### **1.2.3. What inputs do you need to calculate the financial impact of physical risks on an asset? Do you need the value of the asset?**

The only input we need is the asset's location (address or coordinates).

Our system contains global data on building replacement costs for over 1.5 billion assets, which we use to estimate financial losses without needing the asset's market value.

If desired, clients can customize these figures, including substituting replacement costs with market values to reflect current asset value at risk.

## **ADAPTATION STRATEGIES WITH ADAPT**

### **1.2.4. In what order are adaptation measures suggested and how customisable are they? Can we fine-tune or "add" our own adaptation measures?**

Adaptation measures are prioritised and presented based on the hazards posing the highest financial risk, unique asset characteristics and adaptation ROI. For example, an asset highly prone to flooding may present flood barriers first.

While currently clients cannot add their own measures, we regularly update and expand our database with new adaptation strategies.

### **1.2.5. Does Adapt compare the costs of adaptation with other financial mitigation options?**

While Adapt doesn't directly provide data on alternative financial products, it offers a quick overview of available adaptation measures, their costs, and their effectiveness in risk mitigation.

This enables you to compare these measures against other financial options efficiently, without extensive consultations or time-consuming analyses, helping you make informed investment decisions quickly.

### **1.2.6. Does Adapt provide insights into non-financial impacts of adaptation strategies, like emissions?**

Currently, Adapt primarily addresses the planning and financial impacts of adaptation measures. We are exploring the inclusion of additional metrics such as nature-based solutions in future updates, yet for now our focus continues to be on

physical risk assessment. We do not cover transition risks, emissions, carbon offsetting, or similar factors.

### **1.2.7. How customizable are your building-specific features?**

Our platform allows customization of up to 44 building parameters such as exposure, sensitivity and more to assess potential costs and impacts of climate hazards accurately.

Examples of customizable parameters for building exposure are: premise area, number of floors, number of occupants, and building perimeter.

## **DATA INTEGRITY AND METHODOLOGY**

### **1.2.8. Where do you source building-specific data and how reliable is it?**

We source data from multiple sources, including commercial partnerships with entities like the UK's Post Office and Ordnance Survey, as well as open-source data from governments worldwide.

We enhance this with remote sensing technology used by our data scientists to assess building characteristics such as size, type, and quality.

Our data's accuracy varies by region but is generally robust in Europe and the US due to the availability of advanced remote sensing data. While the quality may vary in the Asia-Pacific region, we maintain high confidence in our global data coverage.

We are transparent about our data sources and the assumptions used in our models, allowing clients to verify and adjust building details as needed.

### **1.2.9. What data and methodology can I download from Spectra and Adapt?**

Our methodology is fully transparent, offering clients a comprehensive view of the models used, assumptions and limitations.

- As customer, you have access to our extensive data dictionary, methodology documents, models used and more.
- From Spectra, you can export all data relating to your asset or portfolio hazard exposure, severity, and model reliability.
- From Adapt, you can export all data relating to your asset or portfolio adaptation costs, savings, and specific measures.

## COMPLIANCE AND STANDARDS

### 1.2.10. Is Adapt compliant with ISO 14091:2021 standards?

ISO 14091:2021 “Adaptation to climate change - Guidelines on vulnerability, impacts and risk assessment” is the latest ISO standard for Climate Adaptation.

While compliance will also depend on how organizations implement these measures, we provide all documentation to help demonstrate alignment.

### 1.2.11. Are your measures aligned with EU Taxonomy?

To meet EU taxonomy standards, it's important that implementation aligns with guidelines like the DNSH Principle (Do No Significant Harm principle).

While we offer some guidelines and considerations to ensure compliance during implementation, our primary focus is supporting the planning of adaptive measures rather than their execution.

Both Spectra and Adapt are designed to support the best alignment with EU taxonomy, as evidenced by successful audits by our clients.

### 1.2.12. How can outputs from Adapt be used in CSRD reports?

We are actively working to align both Spectra and Adapt with CSRD requirements, recognizing the variation in reporting needs across different sectors.

### 1.2.13. In the context of CSRD, how are transition risks integrated into the physical risk assessment summary?

Integrating transition risks into the physical risk assessment summary depends on the specific type of transition risk, as it is a broad and varied concept.

We primarily assess transition risks related to energy efficiency, which is increasingly being regulated worldwide. The extent to which these risks are assessed depends on the regulatory requirements in different regions and the specific needs of your organization or investment focus.

Transition risks are complex and their integration into risk assessments requires careful consideration of the specific circumstances of each organization and the sector in which it operates.

## APPLICATION IN REAL WORLD SCENARIOS

### 1.2.14. Do you support physical risk assessments for supply chains?

Yes, we provide physical risk assessments for supply chains, primarily serving financial services including banks.

For a supply chain assessment, you simply need to provide your list of supply chain vendors. We leverage our asset mapping solution to pinpoint all related business locations, then use Spectra to evaluate the physical risks and calculate potential financial losses.

For specific requirements regarding supply chain physical risk assessments, [get in touch with our team](#).

### 1.2.15. Can I manage portfolio risk and adaptation strategies within a single platform?

Yes, both Spectra and Adapt are integrated into the same platform.

You can switch between assessing risks with Spectra and exploring adaptation strategies with Adapt. This unified approach allows detailed risk assessment and following adaptation planning for individual assets or entire portfolios.

### **Do you have any more questions, or want to discuss your specific needs?**

If you have more questions, want to learn more about your specific use cases or have a deep dive into your needs, [drop us an email](#) or [schedule some time with our team](#).

## 1.3. NEXT STEPS TO LEARN ABOUT CLIMATE ADAPTATION

[Follow us on LinkedIn](#) to access an exclusive whitepaper on Climate Adaptation & Retrofitting releasing this week. The whitepaper is free.