

Canadian Companies' Profit Takes a Hard Hit from Climate Change - KPMG Survey

A new KPMG survey of 350 Canadian business owners and executives, released on Wednesday, July 17 found 56 per cent had seen profits affected last year by extreme weather events made more likely by climate change, whether it was forest fires, flooding or extreme heat.

According to the survey, the vast majority of businesses are concerned that climate change will hit their operations this year while more than half report that it's already affected profits. Of the 350 businesses surveyed, 92 per cent fear their company will feel the impacts of extreme weather, including 67 per cent being either extremely or very concerned.

Around half said operations were directly affected, with similar numbers reporting worker productivity and supply chains being disrupted. The survey, conducted in June, found 88 per cent of companies were willing to make more investments to support climate-related goals, but also 80 per cent said their firm lacks the resources to make emissions reductions a top priority.

"This has obviously become very real world for Canadian businesses," said Roopa Davé, KPMG's Canadian climate risk leader.

Davé said companies are starting to treat climate risks like other enterprise risks, but that most are just starting to grapple with the implications.

"Most companies are at that early front-end stage of identification and assessment," she said.

Companies are having to figure out what kind of direct hits they will feel to extreme weather events, and the implications climate change might have for their business model.

She said that while climate change has the challenge of being a long-term shift that makes it harder to spur action, perceptions need to change.

"This poll speaks to, 'It's today; it's here today.' So action is required now."

The survey was conducted between June 5 and 14 using Sago's business research panel. A little over half of companies surveyed had revenue of under \$500 million and under half had over, while no companies had under \$10 million in revenue.

One of the growing areas of impact is the insurance sector, with 30 per cent of businesses reporting their coverage was either cancelled or the costs increased significantly.

Insurance concerns are increasing along with costs, as severe weather caused over \$3.1 billion in insured damage last year according to Catastrophe Indices and Quantification Inc.

The rising trend of extreme weather has led to catastrophic losses averaging \$2.3 billion a year between 2011 and 2020, up from \$675 million a year in the previous decade, according to a recent report from shareholder advocacy group Investors for Paris Compliance.

Along with insurance, there's also shifting policy and other implications for business, making it all the more important they prepare now with climate risk assessments and other measures, said Davé.

"It really just speaks to the importance of companies being nimble."

Source: The Canadian Press