

Climate change

What will a post-pandemic world mean for climate change?

We can't self-isolate from climate change*

COVID-19's a global crisis that knows no borders, has impacted billions of lives, battered the global economy and left no company untouched. It's shown how systemic risks can have exponential impact and how unprepared and unresilient our systems can be even for a crisis we know will come. This is all too familiar for those who've long been championing urgent action on the global crisis that's been looming for some time - namely, climate change.

COVID-19's also shown us that, to tackle a global crisis, governments and companies need to come together for the public good. Leaders have to take extraordinary actions for the greater cause. We've seen trust in science increase and we can see - for example, through the creation of testing kits, a vaccine and contact tracing apps - how crucial it is to innovate at scale and speed to find new solutions. We can expect these actions to be just as critical to tackle the urgent climate change crisis.

Prior to COVID-19, we sought a global decarbonisation rate of 11.3%, going back to "business as usual emissions" isn't an option. We need to drastically reshape our industries and society to flatten the curve of climate change. The global climate crisis could lead to a crisis beyond COVID-19!

2.0°

To avoid a global climate crisis that'll dwarf the COVID-19 crisis, we need to flatten the curve of climate change and limit global warming to two degrees Celsius!

* Quote by Mark Carney

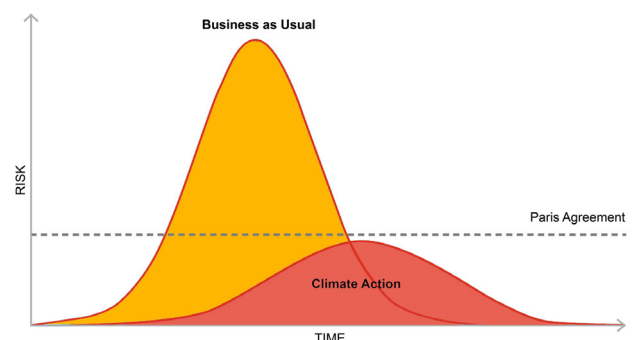
How we reshape will notably influence our ability to address climate change this decade

Companies and countries need to emerge from this crisis stronger, more resilient and more sustainable than before. COVID-19 isn't just a shutdown; recovery will take years and the aftershocks will likely fundamentally reshape industries and society as a whole. As the economy is re-launched, it's vital that governments and companies alike build back better, and in doing so are ready to not just face up to the climate crisis, but beat it.

1. **Directing the recovery trillions.** As unprecedented stimulus funds get pumped into countries around the world, calls are increasing for green recovery packages. The infrastructure, business and technology investments that follow should align with the critical climate commitments governments also need to meet in the next decade.
2. **The role of governments and the urgency of climate priorities.** The role of governments has been reset. People and society now seem prepared to accept an extraordinary level of government intervention as a result of the perceived threat level of COVID-19. Tackling the climate crisis will need interventions on a similarly all-embracing scale and shouldn't be delayed,

even with pressing economic needs front of mind. The focus should now be on how rebuilding in a green way can stimulate economic recovery and jobs, while achieving a more resilient system in the process; it's not a zero-sum game.

Flatten the curve of climate change



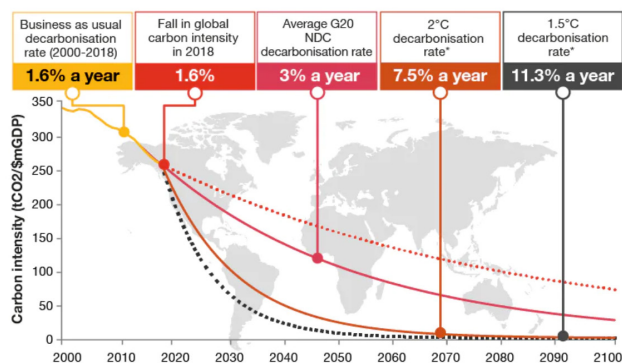
Source: <https://www.greenbiz.com/article/can-we-flatten-curve-climate>

3. **Corporate bailouts.** As governments make decisions and set conditions on bailouts and longer-term direct support for companies, questions will be asked about companies' resilience in the face of future crises and disruptions - including climate change. Companies in financial distress due to the COVID-19 crisis may find that conditions are imposed requiring them to demonstrate resilience to climate risks, including their ability to transition effectively to a decarbonised future. That puts climate firmly on the boardroom agenda and means it must become part of a firm's strategy. As such, measurement's paramount along with transparent disclosure of actions taken toward decarbonisation, a question increasingly asked by stakeholders.
4. **Re-setting corporate resilience and upping the ante on ESG** (environmental, social and governance). The harsh lessons from this crisis are likely to accelerate markets' and boards' efforts, in a post-pandemic world, to price in systemic risks (in particular, climate risks (physical and transition)).
5. **Harnessing business model disruptions.** COVID-19 has created new preferences and practices that, if sustained, could also lead to direct emissions reductions.

Climate risk adaptation

Even with temporary reductions in greenhouse gas emissions due to COVID-19, climate change continues to be one of the most important political and business issues of our time. The EU has already confirmed that the COVID-19 crisis won't stop Europe from developing bolder 2030 climate targets and that green finance will be a "key focus" of the post-recovery phase.

Flatten the curve of climate change - the 2019 Low Carbon Economy Index



Source: PwC's 2019 Low Carbon Economy Index

The world's facing unprecedented challenges in the face of COVID-19 and in a post-pandemic world, climate change will remain one of the most important political and business issues of our time. Our services aim to build climate change resilience into our clients' businesses by providing a comprehensive risk assessment of the current and future climate risks across their entire value chains and investment portfolios.

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Organisations seeking to minimise risks from climate change must consider:

- Climate risk (physical and transition) assessment to identify and prioritise key threats and opportunities, timeframes, sensitive decisions/policies and value implications
- Analysis of climate risk management/adaptation strategies to identify robust and cost-effective options
- How to finance the adaptation response
- How to respond to emerging regulations and reporting requirements.

www.pwc.be/COVID-19