



# CFOs and extreme weather: From compliance to a competitive edge

Unlock resiliency by quantifying your true financial exposure



From wildfires to floods, extreme weather is having a devastating and costly impact on people, property, companies and supply chains.

Key markets in the U.S., Asia, Australia and the EU have already experienced catastrophic impacts due to weather events in 2025. As certain regulators delay reporting requirements, some businesses may downplay climate risk. But many CFOs recognize its importance, having already seen the financial impact of extreme weather on their bottom line. And with ongoing climate change, the financial and operational effects are only expected to intensify in the years and decades ahead.

Guidance on managing climate risk is not entirely clear, leaving strategic gaps in resilience planning and a corporate strategy peppered with blind spots. Forward thinkers are implementing climate risk modeling to support their supply chain, strengthen their resilience

and mitigate risk. Doing so creates a critical advantage that goes beyond regulatory compliance to protecting their business for the future and ensuring capital is put to work effectively.

**Keep reading to discover the practices that help unlock resilience by preparing financially for climate risk and embedding it into your day-to-day planning.**

**CFOs can already see the impact of climate risk on their bottom line.**



## What is climate risk?

Climate risk consists of two elements.

The first is the increasing frequency and severity of extreme weather events, which have a direct impact on global markets, asset valuations, supply chains and investment strategies. This is the more immediate element of climate risk, as the global economy already suffers hundreds of billions of dollars in losses each year due to extreme weather.

The second is negotiating rising transition risks as industries shift to low carbon economies. The magnitude of this risk will be determined by socioeconomic moves towards a net zero future.

Climate risk isn't just a topic for Heads of Sustainability or Chief Risk Officers. It affects firms' ability to put their finances to work – making it a priority for CFOs as it impacts budgeting for everything from energy costs to new acquisitions. It also plays a critical part in forecasting, especially when it comes to protecting physical assets for the future.



# From challenge to advantage

The challenges of climate risk can be split into four categories.

## 1. Understanding new risks

You need to quantify the impact of climate change on your company, not only to prepare for future regulatory changes, but also to understand potential financial losses. Without quantification, you won't know which assets to prioritize for mitigation or even which weather risks to mitigate against.

Climate risks are very different from any risk you're likely to have measured before. This type of risk requires solutions with deep understanding that provide the necessary translation to be most effective to a business using the underlying science. Complex credible models are one thing, but interpretation to tangible outcomes with transparent data is what will truly support a business. If you're using siloed or aging technology – or processing data manually – it's almost impossible to get a handle on your true financial exposure. Plus, with climate change accelerating so rapidly, even the latest reports won't be up to date. That creates critical blind spots.

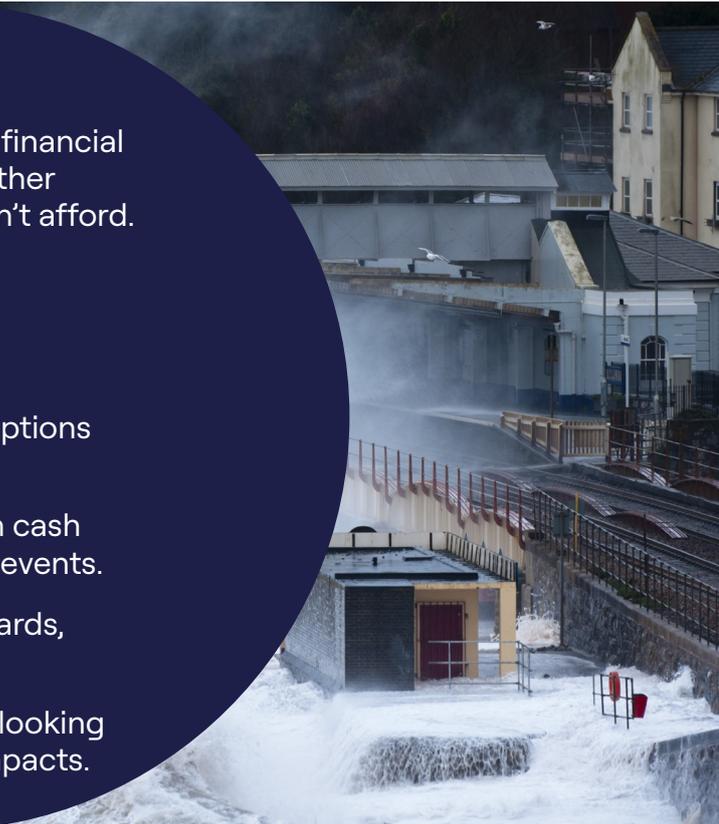
How can you get an accurate picture of your risk and resilience when you have multiple blind spots?

### Climate risk vulnerabilities

- Traditional risk assessments fail to incorporate the financial ramifications of long-term climate or extreme weather exposure, creating blind spots that firms simply can't afford.

### Transparency and control

- Quantify financial exposure to climate-driven disruptions across assets, suppliers and production nodes.
- Assess liquidity risks by identifying vulnerabilities in cash flows and working capital due to extreme weather events.
- Align risk strategies with evolving regulatory standards, ensuring compliance.
- Optimize balance sheet hedging through forward-looking climate scenario modelling, minimizing volatility impacts.



## 2. Building resilience

One in four businesses have had to claim against their insurance due to climate-related damages, yet only 38% of business leaders say their current insurance policy covers climate-related risks. Many businesses already struggle to secure insurance or face prohibitive premiums, and their number is likely to rise. Another concern is the rise of self-insurance, which is especially common in areas with a greater chance of severe weather.

For those who are covered, rising costs of construction, materials and labor, as well as inflation, are outpacing insurance adjustments. According to the [Deloitte Center for Financial Services](#), the average monthly cost of insurance for a commercial building in the U.S. could jump nearly 80% from 2023 to 2030.

Moreover, [a report by Gallagher](#) revealed that more than half of UK business leaders (53%) have not taken steps to mitigate against climate risk, with a third failing to include climate change on their risk registers.

**Up to 80% of European commercial properties are underinsured**

Source: [Gallagher, 2024](#)

### • Generating gaps

- Climate risk exposes weaknesses in insurance pricing, investment strategies, risk mitigation and financial vulnerabilities.

### • Protection from disruption

- Forecast disruptions to adjust liquidity and working capital buffers.
- Identify gaps to avoid unplanned capital outflows.

### 3. Minimizing financial losses

In the 1980s, the U.S. experienced a billion-dollar weather event (costing \$1 billion in damages) every four months (inflation-adjusted). In 2023, [a billion-dollar event occurred every three weeks.](#)

Events like major winter storms, wildfires and flooding delay shipments, impact warehousing and stock management, halt production and damage infrastructure – all of which lead to cash flow volatility and impacts on share prices.

Business leaders know the risk. According to a report by Economist Impact, **more than 99% of surveyed executives say their supply chain is affected by climate change.** What's less clear is how climate risks will change in the future – or how to quantify, report and manage those risks.



#### Financial losses

- Firms that rely on expensive consultants or manually collate and analyze data struggle to ensure compliance, calculate a cost of exposure, and reduce financial losses – leaving them to simply react to risk and market change.

#### Super-efficient risk modeling

- Model the effects of climate change and severe weather on physical assets and facilities.
- Quantify the potential future financial impact on your business.
- Cover multiple climate-related perils – both acute and chronic.
- Synthesize complex climate and financial data to project trends in facility damage, supply chain disruption and insurance premiums caused by climate change.
- Understand how your risk profile might change based on changes to your supply chains for a true financial picture.



## 4. The regulatory picture

The U.S. federal regulatory regime has become uncertain, and the [EU has limited and delayed parts of its corporate sustainability reporting directives](#). However, other regulatory authorities continue to move ahead with their own reporting requirements.

For example, the UK has released exposure drafts of the UK Sustainability Reporting Standards (UK SRS). Based on the International Sustainability Standards Board (ISSB) standards IFRS S1 and S2, the drafts signal the UK's commitment to aligning financial markets with climate and sustainability goals.

The UK SRS comprises two core standards: UK SRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and UK SRS S2 (Climate-related Disclosures). While closely aligned with ISSB standards, the UK versions include UK-specific amendments, such as a two-year "climate-first" relief period and the removal of delayed disclosure allowances to ensure alignment with financial statements.

While the SEC [is no longer defending its final rules](#) on the enhancement and standardization of climate-related disclosures for investors, California is moving ahead with its climate-related disclosure laws. And these laws don't just apply to firms based in California; they generally apply to any firm that operates in California, including non-U.S.-based entities. The largest companies will have to [begin reporting their emissions in 2026](#).

In response to its first national climate risk assessment, the [Australian government](#) has set a 2035 goal to reduce the nation's greenhouse gas emissions by 62-70% compared to 2005 levels.

Achieving that target relies on changes within both government and industry, including the electrification and improved efficiency of transportation and buildings, as well as efficiency improvements across industry, mining, and agriculture.

Meanwhile, [more than 30 countries are adapting the IFRS sustainability standards](#).

**"The new UK sustainability standards offer a unique opportunity for companies to embed climate resilience into their financial strategy and gain a competitive edge."**

Martin Sarjeant, SVP,  
Solutions Management, Insurance and Climate Risk, FIS

## Turning compliance into value

You could say these standards add to the compliance burden. To deliver integrated, timely, and decision-useful sustainability disclosures, firms will need robust internal systems, cross-functional collaboration and strong data governance.

However, there's also an opportunity to build investor trust, improve risk management and differentiate through transparency. Companies that proactively align with these standards can position themselves as leaders in sustainable finance, attracting ESG-conscious investors and partners.

CFOs can give their businesses another strategic advantage. For example, by better understanding the potential climate risks through scenario analysis, CFOs can dig into the different risks their company faces and how to mitigate them – creating more agility and resilience.

CFOs can also bring much needed rigor to the disclosure process. And as sustainability teams move towards the finance organization, either in a partnership mode or even more formally via organizational change, CFOs can also use this opportunity to drive more effective collaboration.

**“Let’s take a real-world example like the construction industry. When there is a severe weather event, you need more materials to re-build. If you can identify where you’re likely to have more floods and wildfires, for example, or high winds – you can plan warehousing and logistics for those regions and support growth.”**

Martin Sarjeant, SVP,  
Solutions Management, Insurance and Climate Risk, FIS

### Complicated regulatory requirements

- While some rules are being limited or delayed, there is a consensus towards climate-related financial disclosures – yet many firms can't aggregate or analyze key data quickly or easily.
- Many firms see climate risk disclosures as another compliance exercise rather than an opportunity to identify risk as well as growth opportunities.
- Firms that prepare today for mandatory disclosures will be best prepared to comply and the best disclosures would build investor confidence.

### Proactive compliance

- Ensure accurate and efficient compliance.
- Project future asset damage and business interruption under different emissions scenarios.
- Easily meet climate-related financial disclosure requirements, regardless of your industry.



### Unlocking effective risk management

As climate risk rises further up the executive agenda and regulatory authorities move toward finalizing their standards, CFOs must act swiftly to assess readiness, invest in the right tools, and integrate sustainability into core financial planning.

That’s exactly what advanced tools like the FIS® Climate Risk Financial Modeler can do: it allows your company to measure the financial impacts of climate change on its physical assets.

By combining state-of-the-art climate modeling with sophisticated financial modeling, Climate Risk Financial Modeler

enables you to make informed decisions that help protect your operations, make your money work harder and maximize growth, as well as meet disclosure requirements – all within a single, integrated solution.

Climate Risk Financial Modeler offers a fast and configurable solution for scenario analysis, stress testing and financial impact modeling – aligned with regulatory expectations and investor needs. Our simple to use model pulls in all the key information your business needs to model scenarios, test existing supply chain resilience and understand cost implications at each of your sites.

Visibility	Benefits	Value
Financial impact of climate scenarios	Stress test revenue, EBITDA and cash flows under NGFS/IPCC-aligned scenarios	Build resilient financial plans
Asset and supply chain climate exposure	Identify vulnerable locations, suppliers and facilities	Reduce disruption risk and guide business continuity
Scenario-based regular-outputs	Generate CSRD, ECB, PRA and TCFD aligned disclosures*	Cut reporting time and cost
Cost/benefits of adaptive strategies	Model the ROI of mitigation projects and resilience investments	Prioritize Cap Ex for climate-smart upgrades
Climate risk transparency	Support ratings, investor dialogue and board-level engagement	Boost stakeholder trust and access to capital

\*Corporate Sustainability Reporting Directive (EU regulation enhancing sustainability disclosure for companies), European Central Bank, Prudential Regulation Authority, Task Force on Climate-related Financial Disclosures



**What if you could measure the degree of financial risk you face under different climate change scenarios and timescales?**



## Case study: A global financial provider

**A Florida-based Fortune 500 financial provider that's integrating climate risk modeling into strategy, risk and business continuity planning needed to prepare for compliance with California's climate disclosure requirements.**

**The company chose Climate Risk Financial Modeler to monitor long-term climate risks as well as for California regulatory reporting, insurance measurement and individual asset risk analysis.**

### Use cases:

- Used scenario modeling to predict financial losses from extreme weather events at physical asset sites in California.
- Optimized insurance coverage for physical assets by assessing risk exposure to hurricanes, floods and wildfires.
- Mapped labor productivity risks linked to rising temperatures and ran operational cost analysis to mitigate them.

### Results:

- Improved risk-adjusted returns by reallocating investments toward climate-resilient assets.
- Enhanced regulatory compliance, reducing the risk of future penalties and operational costs.
- Optimized asset insurance and coverage that's aligned with climate and severe weather-related risk forecasts.
- Stronger workforce planning, allowing the company to implement cooling strategies, remote work solutions, and scheduling adjustments to maintain productivity in high-risk regions.
- Achieved transparent investor reporting.

**Challenge:** Increasing regulatory pressure and financial exposure to climate-related risks across global asset portfolios, including physical asset insurance and workforce productivity risks due to climate change.

### Key considerations:

- Remote workers
- Internal data centers
- Third party data centers
- Supplier resilience

### Solution:

FIS Climate Risk Financial Modeler

**“We implemented Climate Risk Financial Modeler in 2025 as an early adopter. We have benefited across Crisis and Facilities Management, Insurance, and Sustainability functions with a deeper oversight of climate and severe weather-related perils. The tool supports long term planning, actuarial review and regulatory reporting on climate-related financial risks. Overall, a very thoughtfully designed output tool.”**

Senior Director, Risk

## Unlock resilience

Every day we experience a new change in our climate or a severe weather event. There's no time to lose. Imagine a 360 view that allows you to improve forecasting, risk mitigation and business continuity planning, allocate CapEx more effectively, and create auditable, scenario-based climate disclosures.

With Climate Risk Financial Modeler, you can achieve all of that – and protect your firm's working capital, reduce financial volatility and make smarter, data-driven capital decisions.

Discover how we can help your organization maximize growth while meeting climate disclosure requirements.

**UNLOCK NOW**

## About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).

### Money at rest. Money in motion. Money at work.™

Climate Risk Financial Modeler helps quantify your true exposure to climate risk, for informed decisions that help your money work harder. Our **technology** powers the global economy across the money lifecycle.



**Money at rest**

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.



**Money in motion**

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.



**Money at work**

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

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