

ENVIRONMENTAL AND CLIMATE RISKS

How to anticipate and integrate new and challenging risks into your operations?

March 2024

New challenges, new risks

- Energy and environmental issues need to be integrated into companies' strategies to reduce their vulnerability to tomorrow's changes and new uncertainties.
- We have developed and strengthened our expertise with a range of tools and measures for quantifying, prioritising and anticipating risk in line with your priorities and challenges in your business sector.
- These themes are also the subject of courses given to Masters students at HEC and the University of Rennes.



Country ESG score: an original approach

Fundamental conceptual architecture with three dimensions

Thematic bricks
Reputation / Materialization
Chronic / Extreme

Identification & validation of best indicators and sources

17 different reputable sources
123 indicators by country
Statistical normalization
Comparability of data

ESG metrics and ratings already available for operational use

Ready-to-use generic metrics
Ready-to-implement customization

Comprehensive & Flexible Environmental Scores

187 countries covered, with history of data
Definition of customized ratings
Selection of combination of the three dimensions
Adjustment to weights
Easy to adapt / add specific factors



Country ESG score: an original approach

- Construction of **over 100 indicators** to measure the components of our E, S and G measures by country
- Measures available for **more than 150 countries** over the historical period 2000–2022
- Indicators constructed from around **twenty different national and international sources** (World Bank, IMF, EIA, Aqueduct, EM-DAT, UNDP, V-Dem etc.).
- Accessible via the TAC ECONOMICS Datalab, <https://app.taceconomics.com>
- **Methodology can be "customised"** according to the priority criteria between reputational risk versus materialisation of country risk

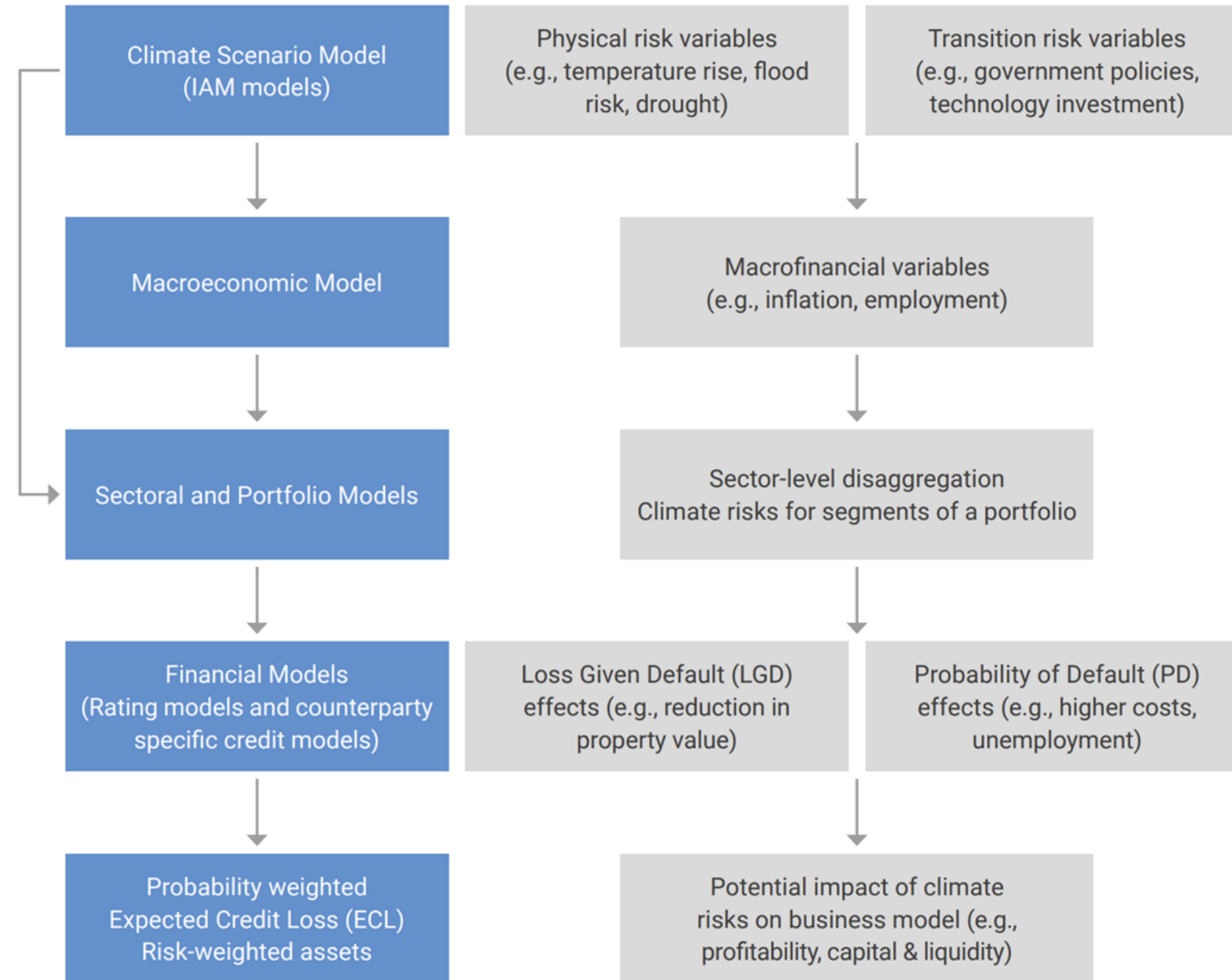


Climate Stress test

- Implement **modelling tools** to **simulate the economic impact of different climate scenarios on different indicators**, as part of climate stress tests. These different scenarios are the reference scenarios published by the NGFS.
- Quantifying **climate transition and physical risk scenarios** and assessing the macroeconomic, financial, sectoral and geographical risks.
- Macroeconomic modelling aims to assess the impact on various macroeconomic and financial indicators (unemployment rate, inflation, investment, interest rates, exchange rates, etc.) of GDP, energy price and investment scenarios.



Climate Stress test



An investment in the academic world

- Thierry Apoteker has been teaching at HEC Paris since 2003 at Masters and MBA level in the field of **sustainable development** and **systemic shocks**, where most of the teaching focuses on models adapted to forecasting and analysing performance and risks in developing countries.
- Since this year, Sandrine Lunven and Léa Dauphas have been teaching at the Faculty of Economics at the University of Rennes in the Environmental Economics and Management Master's programme, where they focus mainly on the **macroeconomic implications of climate change**.



Any question?

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