

Making climate risk decision-ready: Turning frameworks into executive action



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Three Acts. One Mission.

From passive exposure reporting to active decision-making infrastructure

Where Governance Breaks Down

The structural failure points between frameworks, committees, and frontline action.

Resilience as a Financial Issue

Why the balance sheet lens, not the ESG narrative unlocks capital allocation decisions.

From Reporting to Storytelling

Shifting from heat maps to decision-relevant narratives that drive action.

The Burning Platform

Climate risk is already a financial and operational reality

2025-26 Higher Risk Weather Season



15 preparedness briefings
for key sectors



7 Crisis Coordinatin Teams
active over 145 days



128 days of active
National Plans



700th National Coordination Mechanism meeting
held since it was established in March 2020



Financial support:

\$459M co-funded recovery
assistance through DRFA

\$2.2M income support
through DRA

\$8.7M in one-off payments
through AGDRP



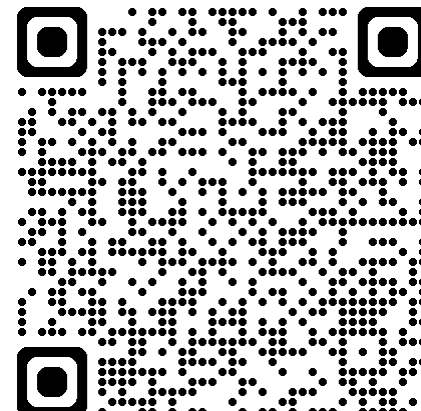
18 formal requests for assistance
from states & territories



29 liaison officers deployed
to states & territories



1st domestic field
hospital deployed



The Burning Platform

Climate risk is already a financial and operational reality

**4.8B
(+727% YoY)**

Insured losses from Australian extreme weather events in 2025
– Insurance Council of Australia
~294,000 claims
\$8.6B Total Economic Cost

**Mandatory AASB S2
standards**

Mandatory standards:
Group 2 entities must publish audited sustainability reports. Climate risk is now statutory financial risk.

The cascade effect

A flood that compromises a regional rail line simultaneously severs supply chains, disrupts maintenance access for telecoms providers, and forces insurers to re-evaluate the risk profile of every asset in the area.

The Resilience

One definition, so every act of this talk means the same thing

Prepare

Anticipate and mitigate before disruption hits

Absorb

Withstand and minimise the immediate impact

Operate

Maintain reduced service while the event is live

Recover

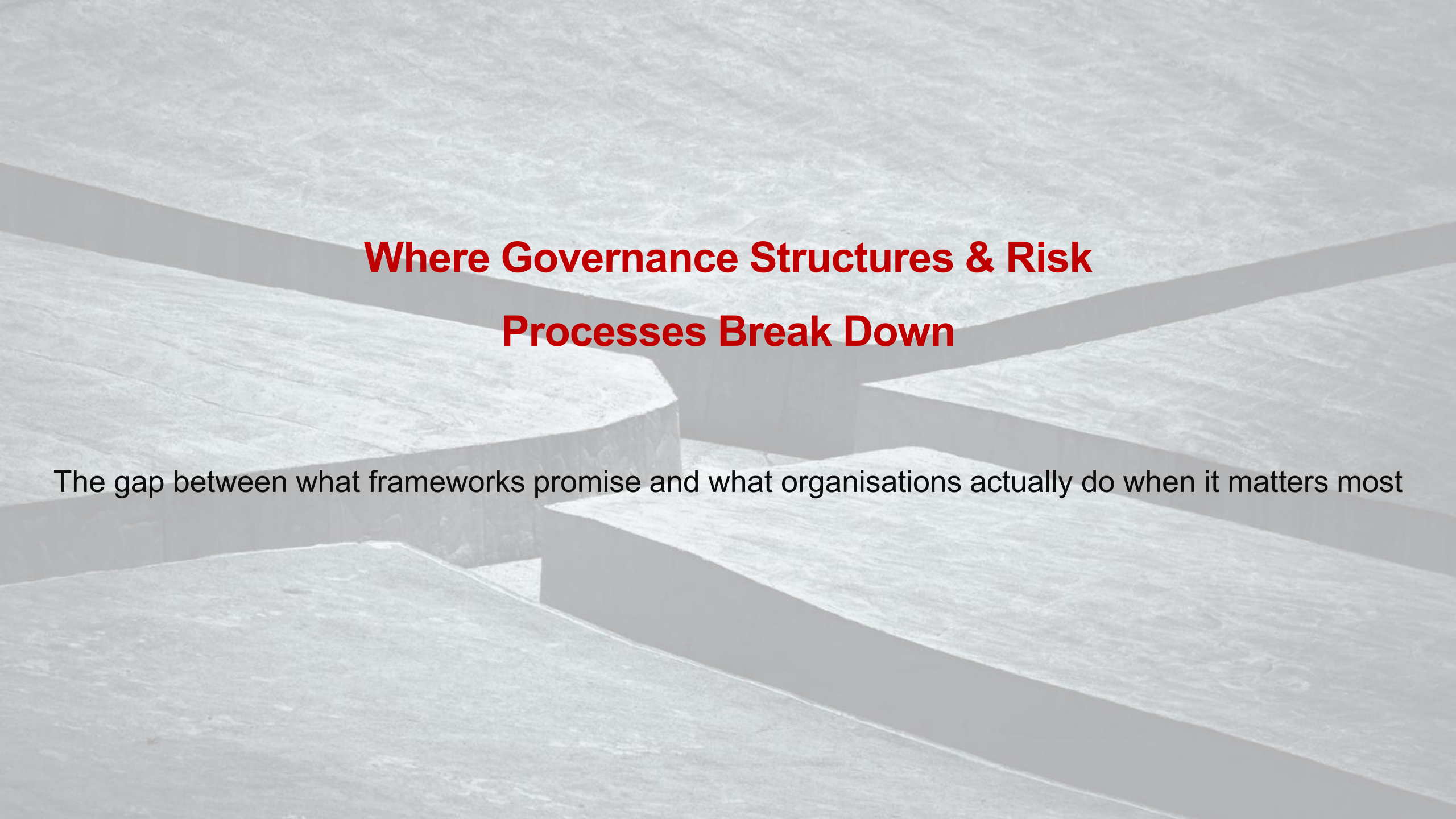
Restore full functionality

Adapt

Prepare for the next, different disruption

Risk vs. resilience

Risk is the outcome of failing to handle a disruption. Resilience is the system's ability to absorb and adapt while it is still happening. Everything in the next twenty minutes is about building the second, not just measuring the first.



Where Governance Structures & Risk Processes Break Down

The gap between what frameworks promise and what organisations actually do when it matters most

Four Structural Failure Modes

The gap between what frameworks promise and what organisations actually do when it matters most

Siloed Ownership

Owned by Sustainability. Never reaches CFO, COO, or the Board risk committee.

The Three Lines Model wasn't built for this.

Framework Drift

Documentation is excellent. Risk management isn't the same thing.

The register gets updated. The decision doesn't get made.

Backyard Mentality

Organisations plan to the perimeter fence – not beyond it.

Intact but cut off by flooded streets and a dead rail line is isolation, not resilience.

Scenario Without Consequence

1.5°C and 4°C scenarios get run – recovery cost rarely does.

Ill-suited to low-probability, high-consequence events.

The Black Summer Lessons

Individual Plans Are Not Enough

Evacuation Routes

Planned without testing
against actual fire behaviour
across jurisdictions

Communications Protocols

Assumed power &
mobile networks intact
– both failed
simultaneously

Consequence Mapping

Needed shared cross-agency
consequence maps, not just
information sharing

The governance fix

Resilience means understanding what your neighbour's failure means for your systems – not just sharing plans.



Resilience Must Be Framed as a Financial Issue

Why the balance sheet lens, not the sustainability narrative, is the only language that competes for capital

Two Conversations in the Same Room

“what might happen to the planet” to “what is already happening to the balance sheet”

The Sustainability Narrative

"We need to address our carbon footprint"

"Our ESG score will improve"

"It's the right thing to do"

"Stakeholder expectations are shifting"

Result: Lands in the CSR budget, not capital allocation

The Financial Frame

"Our probable maximum loss is \$X"

"Insurance re-pricing threatens the P&L"

"Asset stranding risk on our balance sheet"

"APRA/ASIC regulatory exposure is material"

Result: CFO and Board take ownership

The shift:

Move from "what might happen to the planet" to "what is already happening to the balance sheet, the insurance program, and the credit rating."

Same data. Entirely different decision-making response.

Loss Quantification Approach

A worked example from a real Business Impact Model – illustrative, rounded figures

~\$1.2B

- Group-wide Business Interruption value

~\$1.4B

- Projected annual revenue base modelled

~77%

- Business income margin (BI rate)

From asset to \$ exposure: the model's logic

- **Criticality rating:**
Each building scored 1-4 for student impact, 1-5 for research criticality
- **Usage weighting:**
% reliance by faculty and cohort
- **Severity banding:**
Minor, Moderate, High, Severe
 - Each with its own \$ loss curve
- **Multi-year recovery:**
Modelled across four years – a severe loss doesn't heal in year one

Quantification model at asset-level, probability-weighted, time-phased. This is the financial frame made operational.

Asymmetric Interdependency: The Invisible Material Exposure

You can do everything right and still find yourself non-operational, because of someone else's failure

UTS Campus Exposure

- City power grid failure: all labs, servers, welfare
- Rail network disruption: staff and student access
- CBD inundation: isolated despite intact campus
- City water systems: hospital and cooling links

Financial Governance Action

- Map critical external dependencies explicitly
- Quantify exposure as \$ financial materiality
- Disclose as material risk under AASB S2
- Engage infrastructure owners proactively



From Reporting Exposure to Telling Decision Stories

How risk leaders shift from dashboards and heat maps to narratives that drive real action at board, executive, and frontline levels

Three Audiences. Three Decisions.

Asset insurers already price probabilistic risk into real decisions — other sectors should copy this.

Board

Needs: strategic exposure narrative, fiduciary framing, peer comparison

Decision question:

"Are we materially exposed and what capital is at risk?"

Executives

Needs: operational disruption scenarios, budget implications, investment trade-offs

Decision question:

"What will this cost us and what do we do about it this year?"

Frontline Teams

Needs: specific triggers, clear ownership, actionable protocols that fit their real context

Decision question:

"What do I do when the grid fails at 2am on a Tuesday?"

The failing pattern

- One heat map, three audiences that need three different answers.
- Boards want exposure, get a matrix. Frontline wants triggers, gets scenarios.
- Disconnect is structural, not accidental.

Where Our Earlier Themes Map to CPS 230

The gap between what frameworks promise and what organisations actually do when it matters most

Governance breakdown

Beyond climate reporting: Business Continuity Plan approval, tolerance levels, service-provider oversight.

Financial framing

Decision-ready means translated into tolerance breach, remediation cost, and supervisory consequence.

Storytelling for action

The most persuasive story is now a control story: what fails, how long we can tolerate it, what must keep running.

Interdependency blindness

CPS 230 requires mapping interdependencies – people, technology, facilities, service providers, even fourth parties.

Practical implication for the audience

In banking, insurance or superannuation, climate resilience can no longer sit as a narrative overlay on top of the operating model. It must be evidenced through operational risk controls, testing, governance, and service provider management.

Climate Risk Becomes Operational Resilience Discipline

Board lesson

Approve tolerances, challenge scenarios, and demand evidence that critical operations can survive severe climate disruption.

Executive lesson

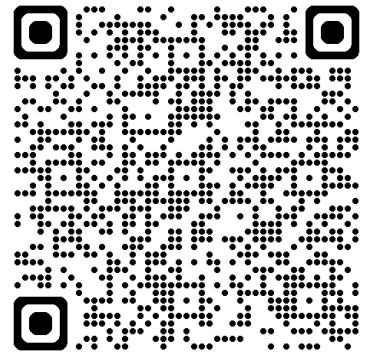
Translate climate exposure into resilience capability gaps, service provider dependencies, and remediation plans with cost and accountability.

Risk leader lesson

Move beyond reporting climate exposure to proving operational resilience through testing, incident learning, and decision-ready escalation.

Final lesson

CPS 230 provides the bridge between climate frameworks and executive action. It forces the organisation to answer the question that matters most – what must keep working, for how long, under which severe climate conditions, and with whose accountability?



Three Things to Take Back to Your Desk

Find where governance breaks

Siloed ownership, framework drift, backyard thinking, and untested scenarios.

Find them before the next event does.

Speak balance sheet, not ESG

Probable maximum loss, annualised loss expectancy, and stranded-asset exposure move climate risk from CSR budget to capital allocation.

Tell three different stories

Board, executive, and frontline audiences each need a distinct, decision-relevant narrative, not one heat map for everyone.

Before you Leave This Room

Governance

Where in your organisation does climate risk still sit with Sustainability instead of Finance or the Board?

Financial framing

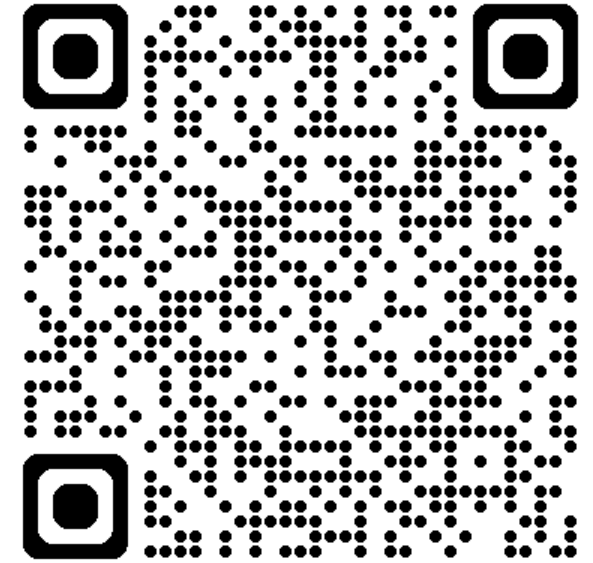
What's your probable maximum loss and could you defend that number to your CFO tomorrow morning?

Storytelling

If the grid failed at 2am on a Tuesday, would your frontline team know exactly what to do?

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THANK YOU!



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