



# Qualitative climate scenario analysis: A practical workshop: summary document

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# Simplifying Climate scenario analysis!

## Quantitative Climate models have come under fire for producing non-sensical results

No model can capture all the complexity of economies, markets, geopolitics, climate change, biodiversity and other systemic sustainability risks.

- **It does not need to be complicated**
- **The approach should help make better investment decisions**
- **A narrative qualitative approach to scenario analysis can help drive common sense conclusions**

We recommend the USS/Exeter paper that applies this narrative approach in more detail  
[No Time To Lose – New Scenario Narratives for Action on Climate Change \(greenfuturessolutions.com\)](https://greenfuturessolutions.com/)



# What can you do to manage the risks and opportunities?

## Conclusions from the Scenario Analysis



Uncertainties are large, but the next 6 years will be crucial



We don't know which scenario will come true - build a portfolio that is robust

- You don't need fancy models to apply common sense



Make sure your strategy incorporates all of the risks and all of the risk management tools

- Climate, biodiversity, water, inequality - are highly interlinked
- **Transition Risks** - Bottom-up Risk - 1.5°C crucial: avoid stranded asset risk, stewardship
- **Physical Risks** - Bottom-up Risk – 3°C crucial: geospatial data, climate adaptation, stewardship
- **Systemic Risks** – Top-down Risk – diversification does not remove risk, Stewardship towards 1.5°C is key, Invest in solutions



# Our ask

## Impacting Investing Principles: Start with Governance

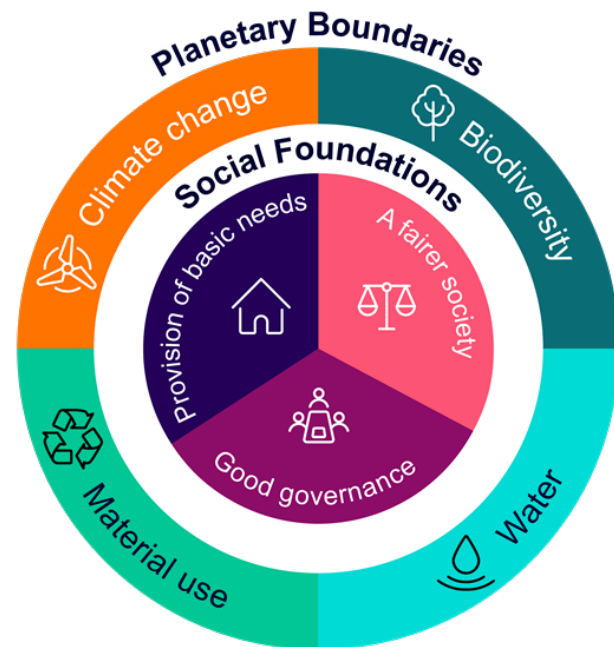
- Set impactful objectives

## Hire an asset manager that is aligned with your beliefs

- Emphasise stewardship: Engagement is key, collaborative efforts are stronger
- Look for consistency between engagement, voting, escalation and portfolio action
- Hold them accountable

## Hire an asset manager with expertise in the transitions

## Have a conversation with Cardano about our transition focused enhanced index investing



# Contact

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