

By invitation: Alyson Warhurst

Natural hazards – Prepare for the worst

As climate change makes natural disasters more likely, companies should start to factor hazard risks into sustainability strategy and business planning, says **Alyson Warhurst**

Natural disasters affected 200 million people last year, killing 16,500 and causing damage worth \$62.5 billion, according to the UN-backed Centre for Research on Epidemiology of Disasters.

Asia is most at risk from natural disasters, the researchers say. Eight of the ten biggest disasters of 2007 took place in Asia. And over half of the 200 million people affected were in China.

Climate change is making certain types of disaster, such as floods, more likely. There were 206 floods last year – far higher than the annual average of 172 between 2000 and 2006. These findings back up predictions from the UN International Panel on Climate Change, which says global warming will increase flooding risk in Asia and West Africa.

Weather-related natural disasters – avalanches, extremes of temperature, floods, landslides, wild fires and wind storms – account for the majority of all human and economic disaster losses.

Increasingly, climate change is blurring the line between natural and human-created hazards. The IPCC says global warming is likely to lead to more heat waves, droughts, floods and increased threats to human health.

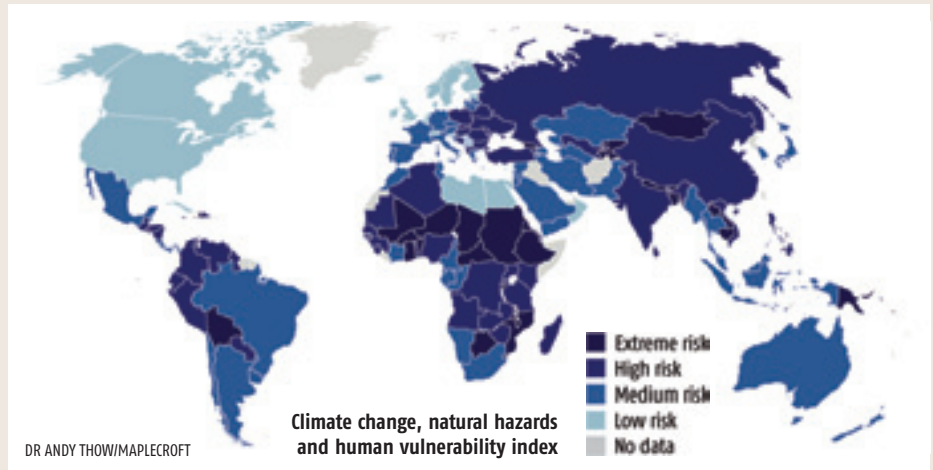
The map shows which countries and regions of the world are most at risk to natural disasters. It reflects their exposure to hazards that are linked to global warming, but also their ability to withstand the damage that natural disasters can cause.

So what can business do?

Regardless of emissions reductions, temperatures are very likely to continue to rise. So business should take adaptation measures to reduce risks to business and vulnerabilities among at-risk populations, which might include employees and sub-contractors as well as consumers.

To keep weather-related hazard risk down will require the long-term stabilisation of emissions levels as part of a strategic approach. All the more reason, then, for business coalitions to lobby governments on a post-2012 agreement and work together on industry agreements to incorporate energy efficiencies and lower carbon dioxide emissions in their businesses and supply chains.

It is crucial that natural hazard risk management is factored into decision-making, especially long-term projects with high sunk costs. Poorly managed business operations can increase vulnerability to natural hazards with devastating human



impact. Floods can destabilise badly engineered waste dumps and poor engineering leads to constructions that are less able to withstand wind storms. Employees and local communities are most at risk.

There are a growing number of examples among the construction (Lafarge), healthcare (Henry Schein), ICT (Ericsson), logistics (Agility, DHL, TNT, UPS) and financial services (Citigroup) sectors where business has harnessed core competences to address disaster preparedness in co-operation with humanitarian agency partners. The World Economic Forum has played a crucial facilitating role in many instances.

However, on the whole, business is not good at identifying and responding to complicated and compound risk – especially when it is likely to manifest long term – unless the incentives are clear. Many businesses self-insure but others will be obliged to review their cover. The emerging link between climate change and natural hazard risk is now on the agenda of insurance and re-insurance companies, which should lead to innovation in products and incentives to disaster preparedness.

Strengthening disaster preparedness

Business could pre-position or transport to holding warehouses relevant relief for at-risk populations. Companies may also have skilled personnel that could help with disaster response, so long as they are trained, especially in the fields of health, water and sanitation, logistics and ICT. Business should consider how physical assets such as offices, ware-

houses, vehicles, medical supplies and computer equipment might be employed by humanitarian organisations in emergencies. Business can also contribute to improved preparedness indirectly by supporting projects in communities in which they work.

One exciting partnership was launched in January at Davos by the logistics and transportation companies Agility, TNT and UPS, which are working together with the Global Logistics Cluster in a partnership facilitated by the World Economic Forum. The Cluster brings together the logistics functions of the main UN and international non-governmental humanitarian organisations. The aim of the companies is to support disaster response by providing trained and equipped “logistics emergency teams” in the immediate aftermath of natural disasters based on preparedness and joint planning with the humanitarian community.

Another is the partnership between Vodafone and the UN World Food Programme, launched in February, to offer standard ICT training to aid agency staff working in disaster zones around the world.

Initiatives that bring companies together, and win the confidence of the humanitarian community, should persuade others to create business coalitions and civil society partnerships that address climate change risk, head on. ■

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