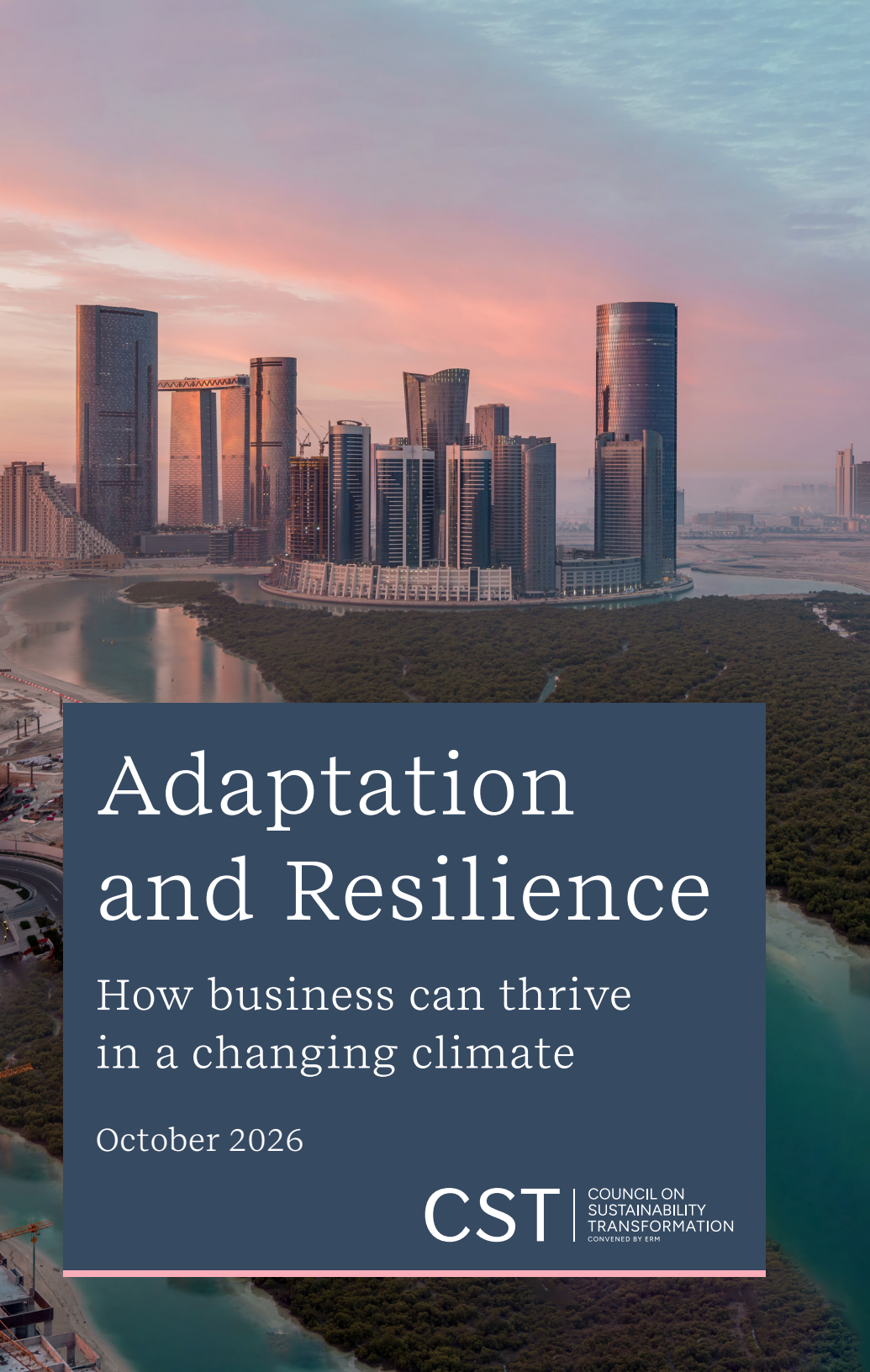




Adaptation and Resilience

How business can thrive
in a changing climate

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CST | COUNCIL ON
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TRANSFORMATION
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Executive Summary

Climate impacts are affecting workforce safety and productivity, supply chains, investment decisions, and overall business performance. Because further change is locked into the climate system, companies will need to prepare for continuing disruption and shifting operating conditions.

This paper shows that climate impacts are creating significant consequences and opportunities for business, with many impacts already unavoidable and expected to remain material concerns for years to come.

The scale of the human and financial cost of climate impacts is increasingly clear. The 2026 European heatwaves are estimated to have cost the EU economy USD 200 billion, equivalent to total forecasted economic growth for the year. Nepal's devastating flooding this August, which killed more than 1,300 people and cost a minimum of USD 4-5 billion in damage, is now being described as the result of a "compound crisis" of climatic and other factors. And ongoing climate shocks in sub-Saharan Africa are estimated to cause USD 10-15 billion in annual losses.

As these impacts compound existing pressures, the cost of inaction becomes increasingly visible, moving adaptation from a peripheral sustainability consideration to a mainstream business topic. Businesses need to embed adaptation into the decisions that shape performance, value, and growth.

The implications are clear: adaptation has become an urgent issue requiring investment, leadership, and broader systemic change. Importantly, adaptation does not replace mitigation — businesses should continue to support efforts to reduce emissions and limit future climate change as they prepare for impacts that can no longer be avoided.

Adaptation can help organizations maintain near-term results, protect long-term value, build competitive advantage, and spark innovation. Businesses that understand their exposure and act early can protect workers and assets, preserve access to critical resources, insurance, and capital, and respond more effectively to changing conditions. Adaptation can also strengthen strategic flexibility and help businesses identify new and more adaptable products, services, and approaches, ultimately supporting more resilient growth.

Trust is central. Adaptation decisions often involve choices about priorities, resource allocation, and trade-offs. The choices made determine who and what receives protection, how costs and benefits are distributed, and whether measures are understood, supported, and sustained over time. Trust is built through the way decisions are taken, including whether priorities are transparent, how affected stakeholders are engaged, how trade-offs are acknowledged, and whether benefits are extended beyond protecting corporate assets. Where these conditions are absent, even technically sound measures may be more difficult to implement or sustain.



The paper also outlines a practical leadership agenda comprising seven actions businesses can take to strengthen climate adaptation decision-making:

- 1 Build climate intelligence.
- 2 Address immediate material risks.
- 3 Evaluate adaptation through a long-term value lens.
- 4 Embed adaptation into business decisions.
- 5 Make the distribution of costs and benefits explicit.
- 6 Engage stakeholders to build trust.
- 7 Strengthen adaptive capacity and protect credible mitigation commitments.

The leadership challenge is no longer whether businesses need to adapt, but how quickly, effectively, and responsibly they can do so.