How will the climate and nature crisis effect Switchfoot?

What can we do to mitigate and manage the risks?

January 2026

Switchfoot
Take your position.

Certified B Corporation

What is Switchfoot's response to the climate and nature risks it faces?

Introduction

The reason for writing this exploratory document is to help us consider the risk the climate and nature crisis poses to Switchfoot and its stakeholders and to attempt to formalise our risk responses and actions. This document is a work in progress and will evolve in future iterations and in response to stakeholder conversations.

The climate and nature crisis is a complex problem, mixing political, economic, scientific, social and financial factors. There are no simple solutions to this complex problem, but there are some straight forwards actions we need to take. It is not a problem that we can solve on human timelines, rather one that we will need to live with, adapt to and seek to avoid the worst case scenarios.

The challenges are greater as policy responses by our governments, businesses and the world are still unclear and inadequate even at this late stage. The strategy seems to change weekly which makes effective planning very difficult.

We should not underestimate how hard it is to tailor strategies to support both our own businesses survival and our clients because the future possible pathways offer very different problems and risks that need mitigating or adapting to in often vastly different ways. There will of course be common problems and solutions in all or some of the pathways.

We hope by creating this document we highlight the different possible outcomes for our business and our clients and demonstrate they are dependent on which pathways we end up on. We hope to be able to offer potential responses at a business level and at a client level to each of these pathways.

Clearly we do not and cannot predict the future and these pathways are an over simplification for illustrative and risk analysis purposes only.

We have to work together to make the pathways that are considered more acceptable more likely to happen and support our clients to mitigate the risks and adapt to the most likely scenarios. We have to be led by science and our clients preferences. Clients can only choose if they are given the information in order to make an informed choice based on the available data and science.

To be crystal clear - the 'Dystopia' pathway we describe is based on a projection of current policy response and is a near term high likelihood possible pathway. We need to act like our lives depend on it (because they do) to avoid this scenario happening.

Narrative Scenario Analysis:

This document is concerned with medium to long term risks to 2050. Our starting point is to construct a series of 'narrative scenarios' taking us towards 2050. These are simplifications and extrapolations of current trends and each is based in credible thought leadership and research. Taken as a set they represent 4 possible futures from an infinite range of possible futures. They are not to be interpreted as forecasts, rather they are a tool to help us make decisions about future risk. The full narrative scenarios can be downloaded here, this document contains a summary of the narratives presented for risk analysis.

Purpose of the Scenario Set

These four scenarios are designed to explore materially different but plausible futures arising from the interaction of climate risk, nature degradation, technology, politics, and social response. Together, they form a coherent narrative set that spans:

- Dystopia (system failure)
- Utopia (system optimisation)
- Failed Thrutopia (coercive response to crisis)
- Viable Thrutopia (participatory response to crisis)

They are not forecasts. They are decision-relevant stress narratives, intended to test resilience, strategy, and fiduciary judgement under deep uncertainty.

Overview of the Four Scenarios

Scenario Name	Narrative Type	Core Response to Crisis	End State
Planetary Insolvency (Hot House World)	Dystopia	Delayed action, system inertia	Civilisational breakdown
Techno-Salvation	Utopia	Rapid technological deployment	Managed stability
Authoritarian Thrutopia (Fortress Britain)	Failed Thrutopia	Control, nationalism, coercion	Managed decline
Civic Thrutopia (The Civic Turn)	Viable Thrutopia	Participation, bioregionalism	Resilient transformation

What types of risk do we face?

In all 4 narrative scenarios we are exposed to the following types of risks:

Direct Risks

Direct risks will impact our operations, our team and our clients. Examples include extreme heat heat days, flooding, food system failure.

Indirect Risks

Indirect risks will affect our customers, supply chains and the general economy. These may be a result of direct impacts on others in our community. Examples include inflation, challenging financial markets and economic breakdown.

Systemic Risks

We define 4 types of systemic risk. All systemic risk is complex and dynamic, but they can arise from either simple or complex underlying drivers, and be containable or uncontainable.

Simple risks have a broad and deep scientific consensus as to their cause and the solution. Examples include climate change, nature risks and pandemics. We know what the cause of the risk is, and how to solve it.

Complex risks cannot have a broad and deep scientific consensus as to their cause or solution, reasonable people can disagree about the best approach. Examples include risks arising from geo-politics. We may have a ‘house - view’ or indeed align with requirements such as B Corp certification standards, but we recognise that our role is to facilitate awareness of the risk rather than auusme a solution is always correct.

Systemic Risk Type	Containable	Uncontainable
Simple	Switchfoot should take pro-active steps to both prevent and adapt to simple containable systemic risks, both in our own operations and in our advice to clients as a default approach	Adaptation is not possible, should these risks crystallise then we move to ‘survival’. We should act to reduce the chance of this type of risk crystallising, both in our operations and in our advice to clients as a default approach.
Complex	No consensus is possible about how to prevent or adapt to complex systemic risks. Switchfoot’s role is to raise these risks with clients and facilitate a safe conversation with clients and help them respond based on their own ethical stance with the support of our professional advice. This may be informed by a house view, but it remains the domain of ethical advice.	

What types of risk do we face?

Physical Risks

Can be direct or indirect, they affect people, property and ecosystems. Examples of physical risk are storms and heat waves.

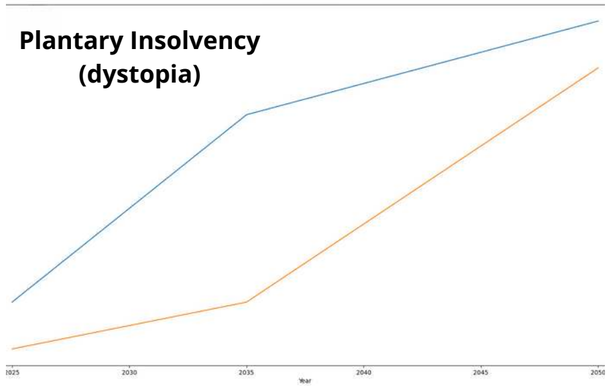
Transition Risks

Can be direct or indirect, they affect business models, lifestyles as well as assets that can become ‘stranded’. Examples of transition risks are changing legislation or changing demand for products or services

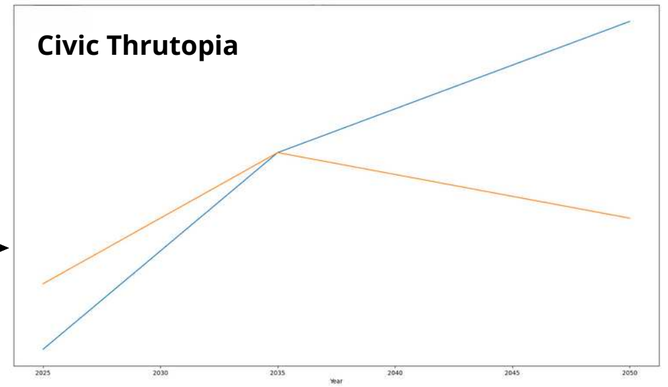
How will risk evolve in the 4 scenarios?

The purpose of the narrative scenario analysis is to allow us to think about how different risks might evolve in the dirrerent scenarios. Physical risk will escalate in all scenarios.

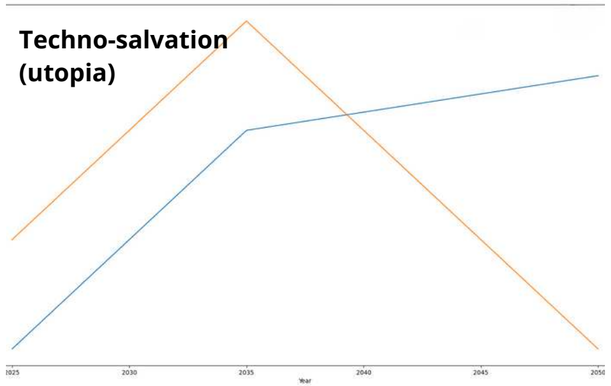
Key: Physical Risk
Transition Risk



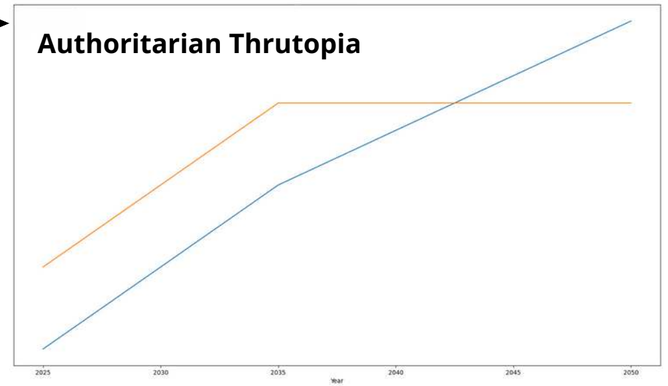
Planetary Insolvency: Physical risk accelerates sharply through the 2030s as climate and nature systems destabilise, overwhelming food, health, and infrastructure. Transition risk remains subdued until delayed, reactive interventions create abrupt policy and market shocks. Key drivers are policy failure, ecological overshoot, and unmanaged systemic collapse.



Civic Thrutopia: Transition risk increases modestly during early societal and economic reorientation, then declines as participatory systems stabilise. Physical risk continues to rise but at a reduced rate through local resilience and regeneration. Key drivers are citizen engagement, bioregionalism, and pluralistic adaptation.



Authoritarian Thrutopia: Transition risk rises quickly and remains persistently high due to protectionism, coercive policy, and market distortion. Physical risk increases steadily as regional rivalry undermines effective climate and nature responses. Key drivers are geopolitical fragmentation, populist governance, and inefficient central control.



Techno-salvation: Transition risk peaks early as rapid technological deployment and capital reallocation disrupt markets and business models. Physical risk continues to rise but stabilises as emissions fall and adaptation scales. Key drivers include renewable cost collapse, storage breakthroughs, regenerative systems, and coordinated global investment.

Scenario Inspirations and Intellectual Foundations

Scenario	Primary Inspirations
Planetary Insolvency	IFoA Planetary Solvency Risk Dashboard; Earth system science; tail-risk economics
Techno-Salvation	Energy cost curves; storage innovation; regenerative agriculture; techno-optimist transition models
Authoritarian Thrutopia	SSP3 (Regional Rivalry); UK-SCAPE; political economy of populism
Civic Thrutopia	John Alexander (Citizens); bioregionalism; deliberative democracy; pluralism

This ensures the set is grounded in established frameworks, not invented futures.

Key Drivers Compared

Driver	Planetary Insolvency	Techno-Salvation	Authoritarian Thrutopia	Civic Thrutopia
Climate Action	Too late, fragmented	Rapid, tech-led	Selective, instrumental	Shared responsibility
Energy System	Fossil lock-in	Renewables + storage	Nationalised & politicised	Localised & cooperative
Food System	Collapse	Regenerative + fermentation	Fragile, controlled	Regenerative + community
Politics	Breakdown	Technocratic coordination	Strong-man authoritarianism	Participatory democracy
Social Identity	Survival	Consumer-technologist	Subject	Citizen
Economic Logic	Failure	Optimisation	Rent-seeking	Re-embedded markets

Comparing and Contrasting the Futures

What Differentiates the Scenarios?

- The dystopia fails because known risks are ignored until systems collapse.
- The utopia succeeds because technology is deployed faster than damage accumulates.
- The Authoritarian thrutopia ultimately fails as it recognises the crisis but responds with control rather than capability, undermining resilience.
- The Civic thrutopia, suceeds as it accepts limits and changes the social story, not just the tools.

What Unites Them?

All four scenarios:

- Accept material climate and nature impacts
- Reject a return to “business as usual”
- Imply structural change to markets, institutions, and daily life
- Require long-term decision-making under uncertainty

This coherence allows them to be used together, rather than as competing thought experiments.

Why This Is a Coherent Scenario Set?

The scenarios are deliberately structured along two core axes:

1. **System Response Quality**
   - Delayed / Dysfunctional → Capable / Adaptive

2. **Social Organisation**
   - Coercive / Extractive → Participatory / Embedded

This avoids false binaries and creates a navigable landscape of futures, rather than a single “best guess”.

Strategic Use of the Scenarios

Taken together, the four scenarios allow organisations to:

- Stress-test strategy against existential downside risk
- Identify robust decisions that perform acceptably across futures
- Avoid over-reliance on either:
  - Technological optimism, or
  - Collapse fatalism
- Articulate values-led positioning without prediction

These scenarios are not about choosing a future.

They are about ensuring decisions remain defensible, humane, and resilient whichever future emerges.

They form a complete narrative envelope within which responsible long-term advice and governance can operate.


Welcome to
DYSTOPIA

Narrative Scenario Analysis - Hot House world/Dystopia/Planetary Insolvency

This scenario analysis is a plausible worst cast scenario based on current policy projections. We have used 'Planetary Solvency - Finding our balance with nature' and the associated risk dashboard published by The Institute & Faculty of Actuaries as the inspiration for this scenario analysis. Risk management conservatism should explore reasonable worst case scenarios. Currently IFoA project a 90% likelihood of extreme risk by 2050 and possibly (40%-60%) 'well before' 2050.

System Scale	Climate & Nature State	Global / Local Food System	Economic & Financial System	Societal & Governance State	Direct Client-Level Consequences
Planetary	Global temperature trajectory exceeds +3°C by the early–mid 2040s under current policy. Non-linear feedbacks accelerate warming, including ice-sheet loss, ocean heat uptake, ecosystem collapse and biodiversity loss. Planetary boundaries are exceeded simultaneously rather than sequentially.	Multiple global breadbaskets fail at the same time due to heat stress, drought, flood synchronisation and fertiliser shortages. Ocean ecosystem collapse removes fisheries as a major protein source. Global calorie production falls below minimum human requirements.	Global trade contracts sharply. Capital markets cease to function as allocators of capital and persist only in limited, state-controlled forms. Financial assets lose their role as reliable stores of value.	Cascading system failure drives global mortality exceeding 4 billion people. This occurs through combined starvation, heat stress, disease and conflict. International institutions lose authority; humanitarian response capacity collapses.	Wealth preservation through financial assets becomes ineffective. Survival outcomes depend on access to food, water, shelter and community rather than portfolio value. Fiduciary assumptions underpinning long-term advice fail.
Global / Geopolitical	Extreme heat events, droughts and floods occur with increasing simultaneity across continents. Climate shocks become persistent rather than episodic.	Export bans on grain, rice and staple crops become permanent. Food-producing nations militarise supply chains. Just-in-time global logistics collapse.	Capital controls are introduced. Sovereign defaults rise. Insurance and reinsurance markets withdraw from large regions entirely.	Mass displacement accelerates. Migration pressures overwhelm borders. Conflict over food and water becomes systemic rather than exceptional.	Client exposure to global diversification increases rather than reduces risk. Geographic spread of assets no longer provides protection. Liquidity becomes intermittent.
National (UK)	The UK avoids the worst direct climate extremes but experiences chronic heat stress, water scarcity and infrastructure failure.	The UK enters permanent food rationing. Domestic agriculture is prioritised, but yields are constrained by heat and water stress. Diets simplify and protein scarcity is widespread.	Pension systems face restructuring due to demographic shock, market failure and state fiscal stress. Financial regulation shifts from consumer protection to system survival.	Emergency powers become normalised. Access to food, energy and healthcare is prioritised by need and role rather than wealth.	Pension promises become politically contingent. Retirement as a distinct, guaranteed life phase becomes uncertain. Income continuity outweighs nominal wealth.
Local (Surrey & North Hampshire)	Heatwaves over 30°C become routine. Water restrictions are persistent. Local flood risk increases in small catchments and valleys.	Local food access becomes critical. Allotments, small-scale farming and cooperative supply networks materially improve survival outcomes.	SMEs contract sharply due to demand collapse, energy costs and supply unreliability. Many professional services cease unless locally essential.	Community reliance replaces market provision. Informal mutual aid and cooperative structures expand as formal services retreat.	Location quality matters more than asset value. Clients embedded in resilient local communities fare better than isolated high-wealth households.
Household	Housing habitability is determined by heat tolerance, water access and resilience to flooding rather than market price.	Food dominates household budgeting. Ration allocations are supplemented by local growing where possible.	Financial assets may exist but cannot reliably be converted into essentials. Insurance withdrawal forces self-insurance through adaptation.	Multi-generational living becomes common. Family and community care replace formal systems.	Access > assets. Homes with water storage, insulation, passive cooling and food-growing capacity materially outperform higher-value but non-resilient properties.

Narrative Scenario Analysis - Hot House world/Dystopia/Planetary Insolvency

CLIENT BALANCE SHEET UNDER EXTREME STRESS

Client Resource	Normal Planning Assumption	Worst-Case Reality	Consequence for Advice
Financial Capital	Markets provide liquidity and long-term growth	Markets close or become state-rationed; capital loses functional meaning	Emergency buffers and real-world access dominate return optimisation
Pensions	Retirement income is contractual	Pension outcomes are politically renegotiated	Flexibility, earlier access, and resilience planning matter more than projections
Property	Property is a store of value	Property bifurcates into habitable vs stranded	Adaptation, retrofit or exit becomes a core planning decision
Income	Stable career or business	Sector collapse and intermittent work	Skills, adaptability and local relevance dominate
Food Access	Always available via markets	Rationed and locally constrained	Local supply access materially alters outcomes
Health & Care	Formal systems provide support	Systems overwhelmed; family care dominates	Proximity, community and housing suitability outweigh financial provision

Client Type	Primary Exposure in Scenario	Resulting Outcome
Accumulator (30–45)	Career fragility, food inflation	Income disruption; adaptability determines security
Pre-Retiree (50–60)	Sequencing risk, pension restructuring	Retirement timing becomes fluid; drawdown earlier or differently
Retiree	Health stress, care system failure	Dependence on family/community rather than formal provision
SME Owner	Demand collapse, supply failure	Business viability depends on local essentiality
Landlord	Insurance withdrawal, asset stranding	Property becomes liability without adaptation

Switchfoot climate & nature risk analysis Jan 2026

“Techno-Salvation” – Managed Transition with System Repair

Headline Assumption

Between the late 2020s and mid-2030s, energy, storage, and food system technologies cross decisive cost and scalability thresholds. This enables a rapid, market-led transition that stabilises global warming just below +2 °C, avoiding the most extreme planetary solvency outcomes while still imposing material climate impacts.

This is not a return to “business as usual”, but a structural re-engineering of energy, food, and economic systems.

System Scale	Climate & Nature State	Global / Local Food System	Economic & Financial System	Societal & Governance State	Direct Client-Level Consequences
Planetary	Global warming is stabilised just below +2 °C. Climate impacts are material but non-catastrophic. Major tipping points are largely avoided, though biodiversity loss remains significant.	Regenerative agriculture, nature-based solutions and fermentation technologies stabilise global calorie and micronutrient supply. Pressure on land and oceans reduces.	Capital markets remain functional and increasingly aligned with real-world constraints. Nature and climate risks are priced, not ignored.	Planetary systems remain stressed but solvent. Global mortality does not spike systemically.	Long-term financial planning remains meaningful. Risk premia reward resilience and stewardship.
Global / Geopolitical	Extreme weather persists but is less synchronised and more predictable.	Global food trade continues with diversification away from fragile monocultures.	Energy independence reduces geopolitical conflict over fossil fuels.	Competition focuses on technology, skills and ecosystem restoration rather than resource control.	Global diversification regains value, particularly across resilient regions and technologies.
National (UK)	The UK experiences warming and heat stress but within adaptive capacity.	Domestic regenerative agriculture expands; imports complement rather than dominate.	Energy costs decline structurally due to renewables and storage. Pension systems remain intact.	Policy focuses on adaptation, skills and infrastructure rather than emergency response.	Retirement planning remains viable with revised assumptions. Inflation risk moderates.
Local (Surrey & North Hampshire)	Heatwaves occur but buildings and infrastructure are adapted.	Local food production expands alongside national supply chains.	SMEs benefit from lower energy costs and stable demand.	Community energy and food projects strengthen local resilience.	Location quality improves; resilient communities attract capital and talent.
Household	Homes are retrofitted for heat and efficiency.	Food affordability improves relative to income.	Energy bills fall; volatility reduces.	Community engagement increases but without coercion.	Financial assets, property and pensions retain relevance; resilience enhances outcomes.

Narrative Scenario Analysis - Techno-salvation

CLIENT BALANCE SHEET UNDER TECHNO-SALVATION

Client Resource	Normal Assumption	Techno-Salvation Reality	Planning Implication
Financial Capital	Markets deliver returns	Markets reward transition alignment	Tilt toward real-economy solutions
Pensions	Long-term income	Schemes remain solvent	Maintain but stress-test
Property	Store of value	Adapted homes outperform	Retrofit investment justified
Income	Stable employment	New transition roles emerge	Skills investment pays off
Food Access	Market-based	More resilient supply	Budget stability improves
Health & Care	Formal systems	Systems strained but functional	Prevention and housing matter

Client Type	Primary Exposure	Resulting Outcome
Accumulator	Transition disruption	Strong long-term prospects
Pre-Retiree	Asset repricing	Manageable sequencing risk
Retiree	Heat and health stress	Systems remain supportive
SME Owner	Transition opportunity	New markets and services
Landlord	Retrofit requirements	Asset value preserved or enhanced


FORTRESS
BRITAIN
RESTRICTED AREA
KEEP OUT

Fortress Britain – Authoritarian Thrutopia (Failed)

A promise of order, sovereignty and protection that collapses into fragility.

Headline Assumption

In response to escalating climate impacts, economic insecurity and geopolitical fragmentation, liberal democratic governance weakens across much of the world. In the UK, this manifests as a populist, authoritarian turn framed around national survival, border control, and “resilience through strength”.

This is presented politically as a necessary transition through crisis — a thrutopia — but ultimately becomes a failed adaptation pathway that preserves neither prosperity nor resilience. Warming is constrained to ~2.3–2.6 °C by mid-century: better than a hot-house collapse, but significantly worse than techno-salvation.

System Scale	Climate & Nature State	Global / Local Food System	Economic & Financial System	Societal & Governance State	Direct Client-Level Consequences
Planetary	Warming reaches ~2.3–2.6 °C. Major tipping points are stressed but not fully crossed. Biodiversity loss continues due to prioritisation of short-term extraction over restoration.	Global food systems are fragmented. Trade is regional and unreliable. Productivity gains from regenerative systems are unevenly adopted.	Global growth is weak. Capital markets function but with high political risk premia.	Planetary systems are strained; mortality rises but not to collapse levels.	Long-term planning remains possible but increasingly political and region-dependent.
Global / Geopolitical	Climate impacts vary sharply by region.	Export controls and bilateral deals dominate food flows.	Regional blocs replace global markets.	Rising authoritarianism and conflict.	Geographic diversification loses effectiveness; political risk dominates.
National (UK)	Adaptation is uneven; heat and flood risks increase.	UK food security deteriorates due to trade friction and underinvestment in resilience.	Strategic industries are protected; others stagnate. Pensions are preserved but eroded.	Democratic norms weaken; access to services becomes conditional.	Retirement outcomes worsen in real terms. Legal certainty declines.
Local (Surrey & North Hampshire)	Infrastructure investment favours visible control over resilience.	Local food systems exist but receive inconsistent support.	SMEs face arbitrary regulation and political favouritism.	Community cohesion weakens under surveillance and suspicion.	Business and household planning becomes opaque and risk-laden.
Household	Housing quality diverges sharply by income and compliance.	Food access is available but constrained by price and availability.	Inflation erodes savings; capital controls possible.	Social trust declines; informal support networks weaken.	Wealth without alignment or adaptability offers limited protection.

Fortress Britain – Authoritarian Thrutopia (Failed)

CLIENT BALANCE SHEET UNDER AUTHORITARIAN THRUTOPIA

Client Resource	Normal Assumption	Authoritarian Reality	Planning Implication
Financial Capital	Rule of law protects assets	Political risk overrides legal certainty	Jurisdiction and flexibility matter
Pensions	Contractual income	Real value erosion	Inflation and access risk
Property	Secure ownership	Differential treatment	Location and compliance risk
Income	Market-based opportunity	Politically mediated	Sector and alignment matter
Food Access	Market availability	Regionally constrained	Local supply increases resilience
Health & Care	Universal provision	Tiered access	Family and community critical

Client Type	Primary Exposure	Resulting Outcome
Accumulator	Career politicisation	Opportunity constrained
Pre-Retiree	Pension erosion	Delayed or reduced retirement
Retiree	Care access	Dependence on family
SME Owner	Arbitrary regulation	High failure risk
Landlord	Controls and taxation	Returns capped or confiscatory


Welcome to the
Citizen
story

The Civic Turn – A Pluralistic Thrutopia

Headline Assumption

Following a decade of escalating climate shocks, economic insecurity, and political polarisation, the consumer story loses legitimacy. Both market fundamentalism and authoritarian populism fail to deliver security or meaning. In response, a citizen-led renewal emerges, grounded in participation, reciprocity, and shared responsibility. This shift is not centrally planned and not uniform, but pluralistic and bioregional, emerging unevenly across places.

Warming is limited to approximately ~2.0–2.2 °C through a combination of demand reduction, behavioural change, regenerative systems, and sufficient — though not maximal — technological deployment.

This is a thrutopia: a difficult passage through crisis that produces a qualitatively different social settlement, without eliminating hardship.

System Scale	Climate & Nature State	Global / Local Food System	Economic & Financial System	Societal & Governance State	Direct Client-Level Consequences
Planetary	Warming stabilises around ~2.0–2.2 °C. Major tipping points are stressed but largely avoided through demand reduction and ecosystem restoration.	Global food systems contract but stabilise through regional diversity, regenerative practices and reduced waste.	Capital markets persist but are no longer dominant allocators of value. Finance is re-embedded within real economic purpose.	Planetary systems remain fragile but recoverable. Mortality rises modestly but not catastrophically.	Long-term planning remains viable but assumptions about growth, consumption and returns are revised downward.
Global / Geopolitical	Climate impacts vary but are managed through cooperation at regional scales.	Global trade continues selectively, focused on essentials rather than volume.	Financial flows prioritise resilience and transition rather than extraction.	Power diffuses from global institutions to networks of regions and cities.	Diversification shifts from global markets to resilient systems and places.
National (UK)	UK emissions fall through behaviour, localisation and technology. Adaptation is uneven but improving.	UK food security improves through regenerative agriculture and dietary change.	Economic growth slows but stabilises; inflation volatility reduces.	Democratic renewal through deliberative and participatory mechanisms.	Retirement planning remains possible but expectations recalibrate. Security improves through systems, not growth.
Local (Surrey & North Hampshire)	Local ecosystems are actively restored. Heat and flood risks remain but are better managed.	Local food networks, cooperatives and community-supported agriculture expand materially.	SMEs shift toward service, repair, care, and stewardship roles.	Strong civic institutions; high participation in local decision-making.	Embedded households and businesses experience greater stability than purely market-reliant peers.
Household	Homes are adapted collectively, not just individually.	Food access is stable through a mix of markets and community provision.	Energy and living costs are lower but choice is constrained.	Citizenship involves obligation as well as rights.	Security derives from participation, skills and networks as much as assets.

The Civic Turn – A Pluralistic Thrutopia

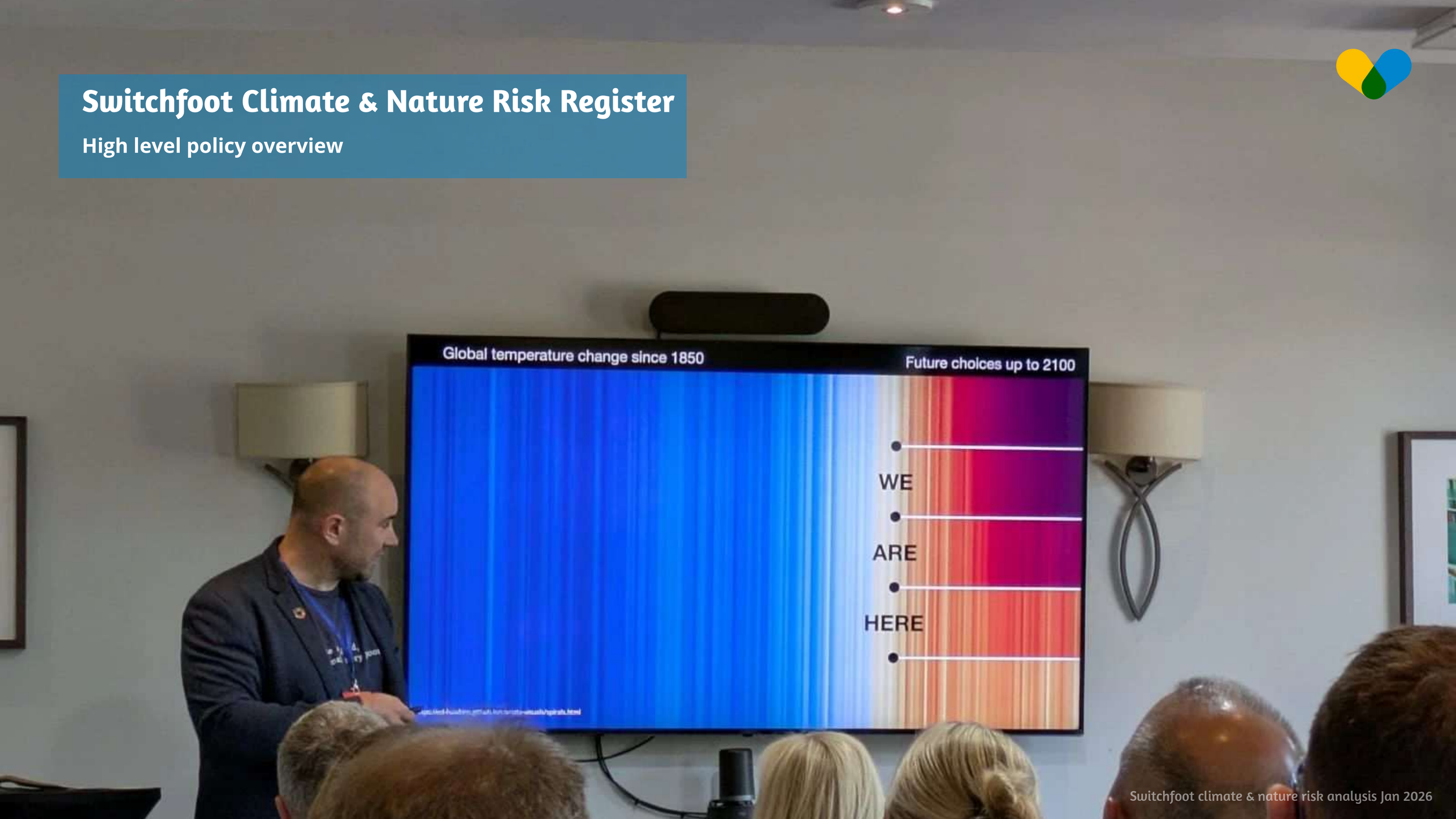
CLIENT BALANCE SHEET UNDER CIVIC THRUTOPIA

Client Resource	Normal Assumption	Civic Thrutopia Reality	Planning Implication
Financial Capital	Maximised consumption	Supports participation	Returns less dominant
Pensions	Individual income focus	Collective stability	Adequacy > optimisation
Property	Private asset	Shared resilience	Community adaptation value
Income	Market employment	Mixed formal/informal	Flexibility rewarded
Food Access	Retail-based	Hybrid systems	Local embeddedness
Health & Care	State provision	Shared responsibility	Proximity and reciprocity

Client Type	Primary Exposure	Resulting Outcome
Accumulator	Cultural shift	Meaningful but slower wealth accumulation
Pre-Retiree	Expectation reset	Adequate but simpler retirement
Retiree	Social participation	Reduced isolation
SME Owner	Business model change	Local relevance rewarded
Landlord	Asset role shift	Returns moderated; social value rises

Switchfoot Climate & Nature Risk Register

High level policy overview



Climate change and biodiversity loss risk register

Issue	Problem created	On our Clients	On our business	On our community
Extreme Heat Days	Increased mortality & morbidity rates in older and vulnerable groups. Impossible to work or travel in the heat. Productivity reduces. Energy demand increases for cooling. Increasing water stress. Crop yields suffer. Fire risk increases.	Invest in more window coverings and trees. Air conditioning units & ice machines demand increase and add running costs to financial plans. Air quality decline lead to health problems. Outside working harder and more seasonal. Increase in hospitalisation & increased care costs. Older clients lives cut short or restricted by the heat. Fire considerations. Water access	Discuss the risks with clients. Clients lives cut short. Lost work days. Working around the hot days to avoid heat. Air conditioning costs added to clients financial plans. Running costs of air conditioning (or more solar to generate more energy) Covered car parking. Increased window coverings. Outside working harder and more seasonal. Fire evacuation plans.	Increased pressure on the NHS & care sector. Outside working harder and more seasonal. Plant Trees and creation of heat hubs. Education about the dangers of heat. Food disruption. Violence increased. Fire evacuation plans. Increased demand for air conditioning and cooling.
Too much water	Flooding increased as rainfall becomes more unpredictable. Impacts on food supplies. Supply chain disruption.	Water storage, improve drainage, trees and SUDS. Avoid impermeable surfaces i.e. replace or remove. Flood defences and property modifications. Stranded assets. Location will be critical. Uninsurable properties and increased premiums.	Plan ahead and highlight risks with clients (not all flood risks will be obvious). Office - improved local drainage & more permeable surfaces need to be planned for. Grey water storage,	Lobby water companies to improve waste water drainage. SUDs and trees. Work with land owners to slow water down and store. Community insurance. Coordinated flood responses.
Too little water	Offices close if no water to flush toilets etc. Impacts on food supplies. Supply chain disruption. Cooling of servers i.e. AI	Water storage and rainwater harvesting. Investing in water conservation methods. Water inflation. Disruption in supply.	Grey water storage for toilet flushing. Minimise fresh water use. Disruption in supply leading office closure.	Lobby water companies to store water and fix leaks. Work with land owners to store water and use SUDs.
Storms	larger, more powerful, wetter and less seasonal storms	Multi-hazard events - insurance acts as mitigation, how long will it be available?	Multi-hazard events - insurance acts as mitigation, how long will it be available?	Community insurance Community clean ups bifurcation of property values based on risk, increases & redistributes inequality
Food disruption	Food inflation Food restrictions Changes in diet Supplies outside the UK disrupted Seasons disrupted and weather is less predictable	Cost of living increases, Health suffers as diet is restricted,(maybe improves?) More home & community growing, Eat more seasonally, Storage of food for winter or emergencies Food inflation,	Clients need help managing inflationary pressures. Flexibility in financial plans and savings. Encourage clients to consider growing more and to have emergency stores of non perishable food.	Support local farmers and community growing schemes. Seed banks and climate resistant Farmers change the crops or farming practices that work in their area

Climate change and biodiversity loss risk register

Issue	Problem created	On our Clients	On our business	On our community
Growth	We are already in the UK beyond planetary boundaries. Micro growth might be possible but macro growth is impossible in the long term.	Invest in green growth short term. Consider the impact they want to have rather than growth focused. Develop an understanding of “enough” and the “good life”.	Educate clients Support green growth and impact investing Highlight planetary boundaries & impacts on UK Need to see and understand a post-growth financial system - still a long way from reality and still considered taboo to discuss.	How do you fund pensions without growth? How do you measure the economy without growth?
Inflation	Climate inflation accelerates	Greater wealth inequality, Retirement delayed or staggered, Reduced volume of goods purchased, Struggle to understand what a good life costs in 3-5 years.	Uncertain future, Have to manage short termism due to uncertainty, Pricing & profits harder to consistent make, Opportunity for alternative measures of inflation and growth.	Greater wealth inequality, More welfare support required, Lobby for climate inflation to be measured, Instability and increased crime, Need for wellbeing inflation measures (see Doughnut Prices Index concept)
Change in demand or degrowth	Big changes in our economy	Energy efficient properties especially in low flood risk areas will become more in demand. Land for food or energy product may increase in value if flood resilient Pension savings may be a reduced priority at the household level. Increased demand for solar, batteries, & EVs. Stranded assets as demand dramatically changes.	Pensions and long term saving may become less popular as the future is looking less certain. More resilience & transition planning to be done with clients. More education work worked to help clients understand their options and the limitations of any plans.	Support the changes, Education and retraining individuals from old jobs & old business models to green & new business models, Feedback the needs of the community with businesses and politicians
Legislation	Government and policy responses to the threats and opportunities	Uncertainty without a long term plan. Investments in old technology may become stranded. Investments in new technology will be required. Wealth and more distributive Tax systems	Some clients will need to pivot business. Closure or old business. More smaller & local businesses. Tax planning opportunities. Business planning and system thinking opportunities.	Support households and businesses to get ahead of the legislative changes. Community energy & hubs to educate and build resilience. Be the connector in the system.
Travel disruption	Transport fails due to less predictable weather.	Less travel and more unpredictable, Flights will get more expensive, Traveling outside the UK maybe harder as we become fortress Britain i.e. to keep out climate refugees or as conflicts brew.	More localised work, Lost work days, Supply chains will become shorter and possibly more expensive and quality may change.	Lobby to more transport resilience and more active travel. Support local businesses as supply chains shorten.

Climate change and biodiversity loss risk register

Issue	Problem created	On our Clients	On our business	On our community
Biodiversity loss	Lack of complexity in nature makes our key ecosystems increasingly vulnerable. Lack of diversity in food sources & types makes food scarcity more likely due to weather or disease threats. Climate change, habit destruction and pesticide/herbicide use is reducing the number of pollinators that we rely on	Stop using pesticides and herbicides. Leave more space for nature in any outdoor spaces you have. i.e. reduce mowing and plant insect friendly plants. Get involved in regeneration projects locally.	No pesticides and herbicides use, Review investment portfolios for action on biodiversity. Add further insect friendly plants around the office. Talk to clients about small actions they can make. Work with more clients who are having a direct impact in this area.	Support local restoration projects, Lobby for a ban on the sale of pesticides and herbicides. Support the creatin of more bioregions and fund small scale regeneration projects locally.
IT vunerability	Software relies on servers around the world. Some leading Software is owned by a small group of billionaires with controlling tendency. Monopoly structures in software is a risk The concentration of these software houses & servers makes them a vulnerability in a more uncertain world. Energy and water use of the servers is a growing problem.	Carefully consider where they store their data and what they allow companies to date without data.	We have significant exposure to US based software and servers. Explore alternatives and back up options. Consider investment exposure in these companies.	Develop local software as an alternative to key business software i.e. Microsoft & google. Lobby for increase protection from authoritarian or damaging uses of software.
Air quality	Worsening health outcomes	Air quality monitors for the home. Air purifiers and plants. Additional medication.	same as clients	Lobby for improved air quality. Better warning systems. Increased pressure on the health service and welfare costs increase. Restrict pollutants and ban certain activities.
Geo political	Uncertain and dangerous world	Require support to live in a uncertain world Build financial stability	Build resilience plans with clients Diversity and redundance. Insure Support democracy.	Build strong local communities that serve the needs of that community. Build resilience & sustainability, Support hope & reject hateful leaders. Collaborate with groups that are building strong local democracy.

Climate change and biodiversity loss risk register

Issue	Problem created	On our Clients	On our business	On our community
Market Instability	Crystallising systemic risk causes diversification to fail as a risk management strategy.	Clients needing income exposed to severe sequencing risk. Risk 1/5 clients affected as severely as risk 5/5 clients. Unless financial planning strategies have already been implemented to deal with this risk	We have already developed a methodology for this, which we publicly share making us a recognised expert. Should see increase in demand for our services. Where our income is linked to AUM income will decrease.	Reduce trust in long term investment, increase erosion of affluent middle class. The wealthy will remain wealthy, the poor remaining poor, but the middle will be made poorer.
Population pressures	Increase climate migration Reduced birth rates	Care costs increase.	Clients working longer or staging retirement Less inter generational planning more informal economy and less financial markets.	State Pensions are harder to afford Pressure on the system to support refugees
Energy demand	Demand for energy will increase and increased energy inequality	Solar & battery will be a essential for every home. Energy costs will be variable & localised Smart energy systems will be essential i.e. storing on sunny days in car and selling back on dull days	High energy demand business will move to seasonal production. Transition costs built into plans Battery storage demand increases Self generation essential for resilience	Community energy schemes Support for low income families to transition Energy inequality will grow
Insurance	Insurance providers stop offering cover as risks increase	Long term pension guarenteed income products or critical illness covers become harder to secure	Annuities become harder to secure. Properties become uninsurable Employers liability insurance becomes more expensive especially in outdoor industries Business insurance premiums increase	Increased vulnerability and greater difficulty in achieving pooled risk. Social contract fundamentally changed.