

Climate Resilience: How Allianz Evaluates Supply Chains

Key Learnings

Reduce Supply Chain Dependency Through Circular Material Sourcing

Companies reliant on concentrated raw material sources face compounding risks. When critical inputs like rare earth materials come predominantly from one country, geopolitical shifts and climate events can disrupt supply simultaneously. Investing in circular approaches such as battery recycling creates regional material sources that shorten supply chains. **This reduces dependency on distant, concentrated suppliers and builds resilience against both geopolitical and climate disruptions at the same time.**



Assess Climate Risk Of Circular Infrastructure, Not Just Linear Suppliers

Shifting from linear to circular suppliers does not automatically reduce climate exposure. Recycling plants, logistics hubs for pooling, and reuse facilities are physical assets exposed to natural catastrophes just like any other site. **Evaluating the climate risk profile of circular infrastructure is necessary to avoid replacing one supply chain vulnerability with another.**

Use Climate Risk Data To Build The Business Case For Circular Strategies

Natural catastrophe losses have been increasing by 5 to 7% per year, driven mainly by socioeconomic factors like urbanisation and economic growth. Companies can now analyse the climate exposure of specific supplier locations and compare alternatives. **When circular sourcing reduces the number of high risk locations in a supply chain, climate risk data makes that reduction visible and quantifiable, giving circularity professionals a financial argument beyond sustainability.**

Pair Risk Managers With Sustainability Teams To Build Internal Momentum

Climate resilience conversations stall when they stay within one function. Risk and insurance managers hold asset level data and relationships to production facilities across the company. Sustainability and ESG teams bring knowledge on circularity and access to relevant tools. **The most productive conversations happen when both functions sit at the same table, because one side provides the data and the other provides the strategic framing.**

Listen to the full episode here:

<https://circularity.fm/episode/climate-resilience-how-allianz-evaluates-supply-chains/>