Guidance 20: Examples of early warning indicators (EWIs)

British International Investment

Example EWIs	*Data sources*	*Example thresholds and actions*
% portfolio in regions entering drought conditions	▪ Climate model projections of drought-prone regions (Tool 8) ▪ National weather service	▪ >45 days without rain ▪ Engage with client, prepare adaptation finance options
Carbon price impacts on exports	▪ Changes in trade policies of key trading partners ▪ % clients with import-export dependencies (Tool 11)	▪ >25% of production subject to CBAM policies ▪ Escalate to 2LoD, review sectoral lending policies
Weather-related damages in year so far	▪ National weather service ▪ News headlines on (re)insurance payouts from extreme weather	▪ >US$0.5bn in damages ▪ Review risk pricing, engage clients on insurance availability
Changes in regulatory policy	▪ Regulator websites ▪ Updates to international disclosure standards	▪ Changes in NDCs targeting specific sectors for net zero by target year ▪ Reassess sectoral exposures and materiality thresholds
Productivity loss from extreme heat	▪ National weather service ▪ Climate model projections of heatwave-prone regions ▪ Heatmap of heat-vulnerable sectors (+ linked exposures)	▪ >20% of clients in heat-sensitive sectors experiencing heatwave conditions ▪ Engage clients on grace periods, adaptation finance
Rate of uptake of green finance products	▪ Internal product data by segments/geographies	▪ <5% annual growth for specific products ▪ Review marketing and adjust to market needs
Credit downgrades linked to climate events	▪ Credit rating agencies ▪ News headlines on sovereign risk or financial instability	▪ >3 downgrades in 12 months ▪ Escalate to 2LoD, reassess exposure to client/sector
# of climate-related legal cases in the region	▪ Regional legal news headlines ▪ Grantham climate cases database	▪ >3 climate lawsuits in nearby countries ▪ Engage legal team, review legal risk concentrations
Potential for asset devaluation in high-emitting sectors	▪ Transition risk potential of high-emitting clients (Tool 9) ▪ Market sentiment (share prices of key players per segment)	▪ >5% of segment/portfolio above sectoral decarbonisation benchmark ▪ Escalate to 2LoD, adjust lending rates and criteria