

CLIMATE TIPPING POINTS AND MANAGING RISK THROUGH **NON-LINEAR CHANGE**

2026



How to prepare for climate tipping points in a corporate context

– Laurie Laybourn, Executive Director, [SCRI](#) a ‘think-do tank’ that develops capabilities for securing a better world even as complex environmental-driven risks escalate.

What are climate tipping points?

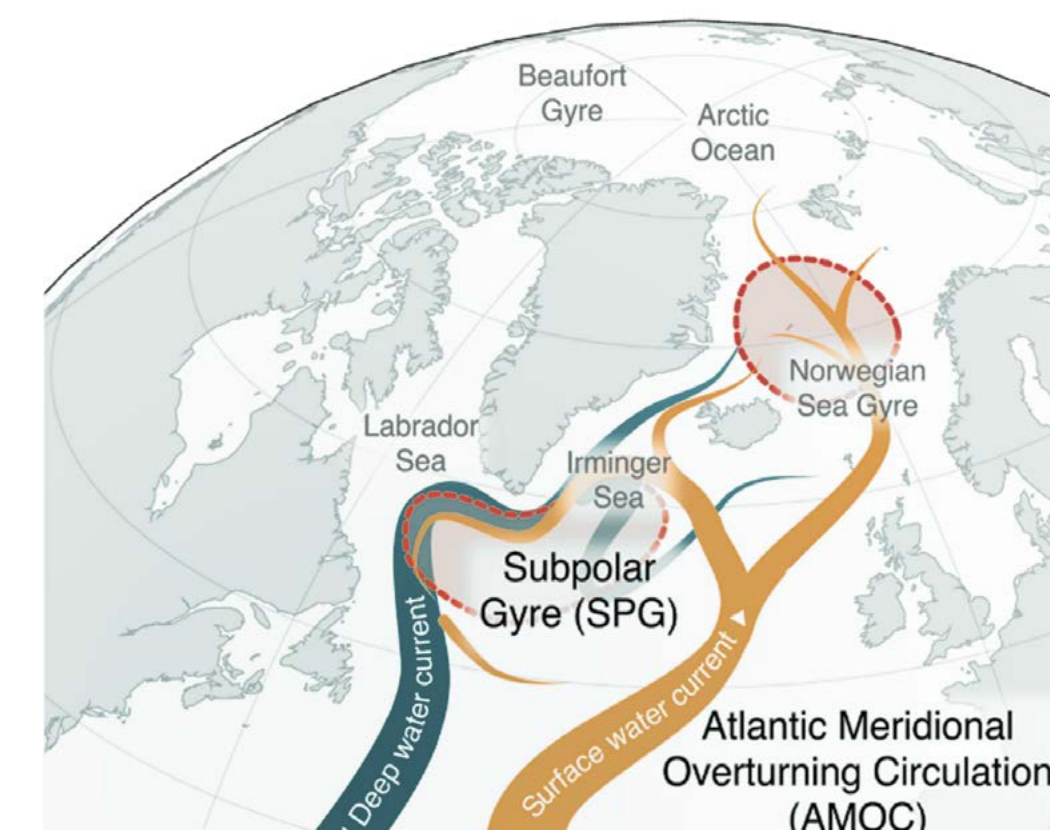
Climate tipping points are those moments where the temperature rises caused by increasing GHG emissions cause an irreversible change within a part of the climate system.

An often-cited example of a climate tipping point is the collapse of the Atlantic Meridional Overturning Circulation (AMOC). The AMOC is essentially a global oceanic conveyor belt that moves heat northwards, creating conditions that allow us to have vineyards in the UK at the same latitude as Canada has polar bears.

The AMOC contains sub-elements, which we could think of like the ‘motors’ within the circulatory system. One, the North Atlantic Sub-polar Gyre (SPG) that sits below Iceland, is increasingly deemed to be at risk of

collapse. Collapse of the SPG is predicted to occur somewhere between 1.1 and 3.8 degrees centigrade of global warming, with 1.8 degrees being the best estimate. Global average temperatures exceeded 1.1 degrees around 2016 and 1.8 degree global warming is predicted to occur in the late 2030s, if not earlier, which means we cannot rule out a collapse of the SPG starting within the next decade. The process of the collapse of the SPG is predicted to take as little as 5-10 years.

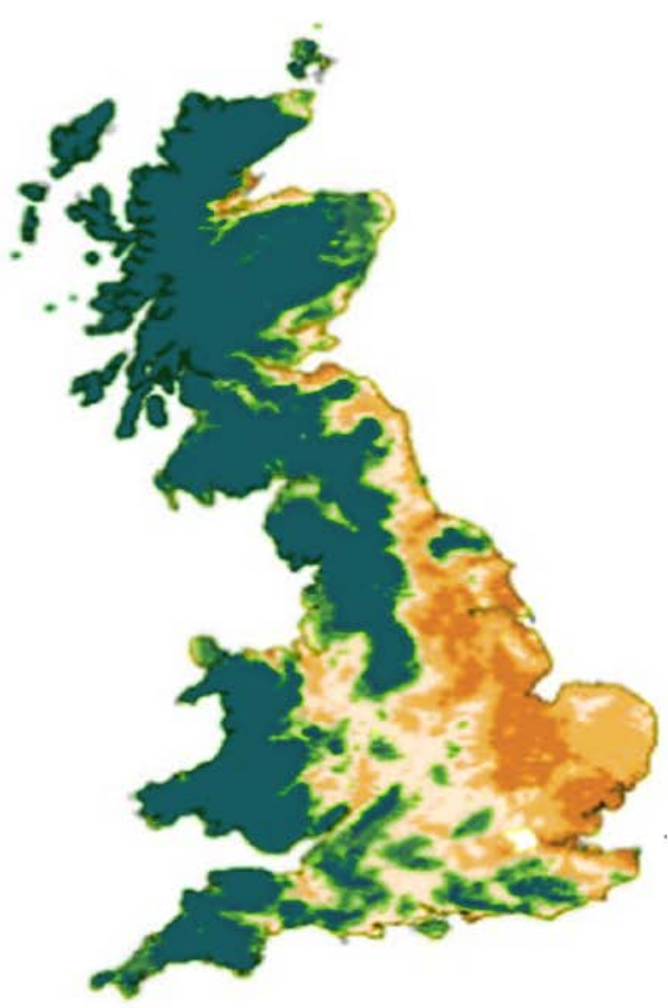
SPG collapse could lead to a domino effect, contributing further to the risk of collapse of the AMOC.



Source: Lenton et al 2023, figure 1.4.3. Credit: Sina Loriani, Global Tipping Points Report 2023

The impact of SPG and AMOC collapse

Land use in 2020



Predicted land use after an AMOC collapse and without compensatory irrigation



Impact on land use in the UK from an AMOC collapse. The maps show the fraction of land used for arable farming, with a greater share illustrated by a deeper shade of yellow/brown.

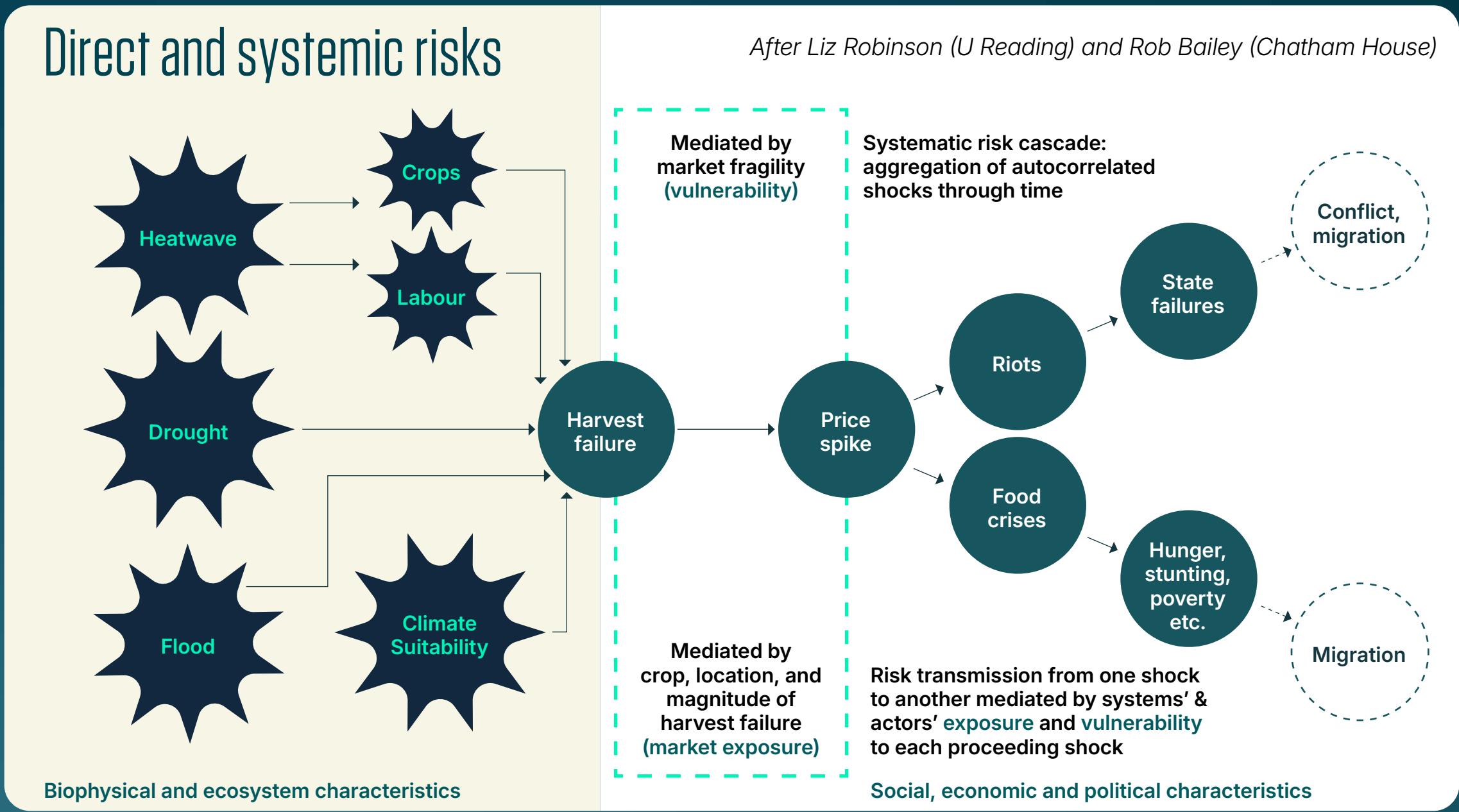
Source: adapted from Ritchie et al 2020. Ritchie PD, Smith GS, Davis KJ, Fezzi C, Halleck-Vega S, Harper AB, Boulton CA, Binner AR, Day BH, Gallego-Sala AV, Mecking JV, Sitch SA, Lenton TM and Bateman IJ (2020) 'Shifts in national land use and food production in Great Britain after a climate tipping point,' Nature Food, 1(1), 76-83. <https://doi.org/10.1038/s43016-019-0011-3>

AMOC collapse would have a far more severe impact than an SPG collapse, with acute changes to weather systems and food production, which would likely lead to severe financial disruption and mass displacement of populations. In the UK, AMOC collapse could lead to significantly colder winters, which combined with the significantly hotter summers we are already experiencing, escalates the volatility resulting from climate change. One scientific study anticipates radical changes to the availability of arable land in the UK due mainly to reductions in precipitation.

The situation globally could be similarly catastrophic where a collapse of the AMOC is predicted to disrupt the typical monsoon rainfall patterns and therefore the production of global crops such as wheat and maize. In such conditions, food security would be critically undermined over large parts of the world.

Yet the science can only provide us with a very low-resolution picture of what might happen and the possibilities of a collapse occurring in the SPG and/or AMOC. Much more research is needed to understand these

highly complex and unpredictable dynamics, though we know enough to warrant urgent action. Particular attention is needed to map the cascading consequences of these and other major climate-driven threats, like food security shocks, complementing modelling of the immediate impacts, like storms and heatwaves, which predominate in risk assessments. That means moving from a quantitative-first and -only approach to also utilise storytelling and scenario-based analyses, as mapped in the following diagram.



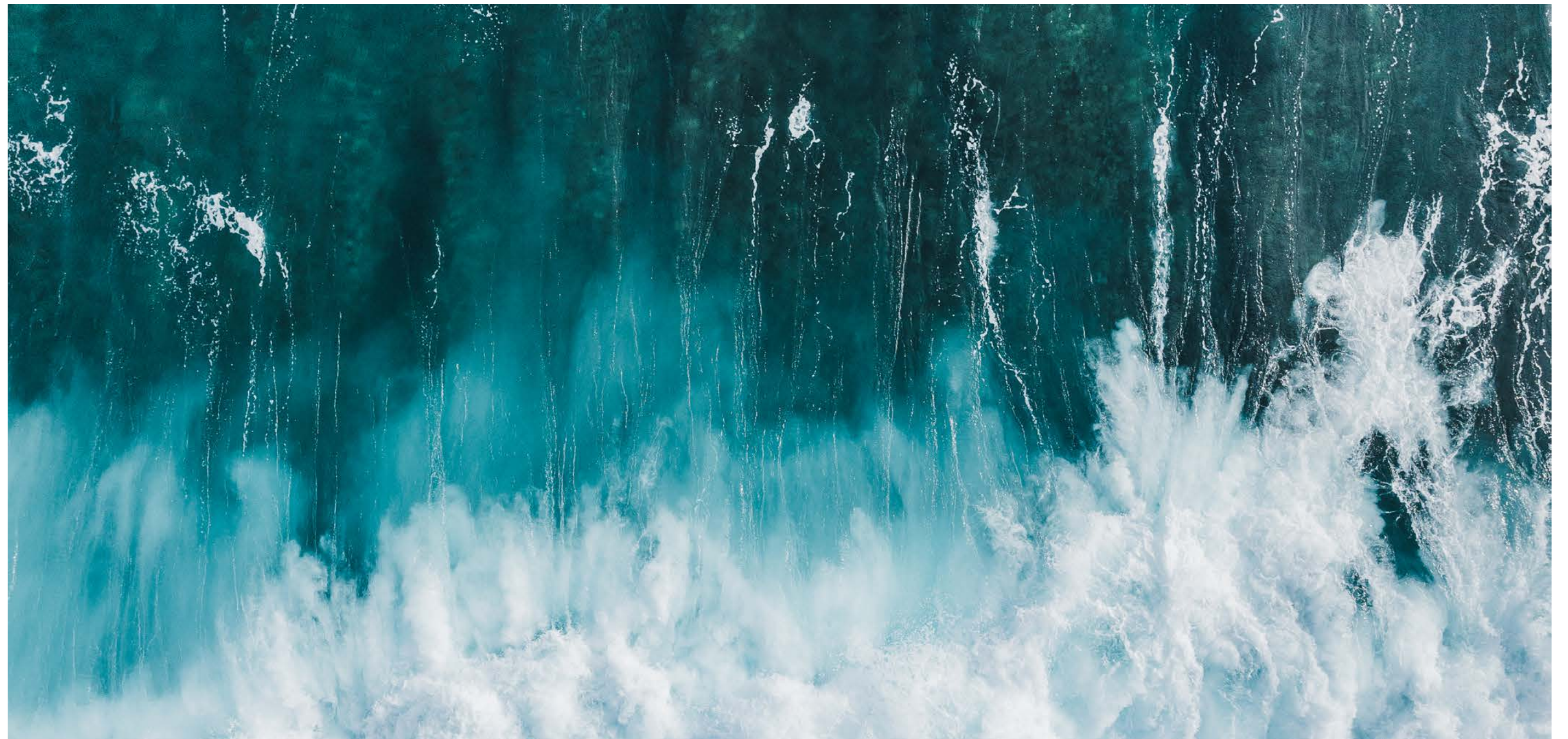
What does this science mean for corporate climate risk assessments and risk management?

At present, these tipping points are not included in the climate scenarios (such as the scenarios provided by the IPCC¹, IEA² or NGFS³) that most corporates use to assess the climate risks and opportunities. Consequently, climate risk assessments based on these scenarios have blind spots. This is concerning from both an adaptation perspective (i.e. companies will not be adequately prepared for the cascading risks that may result from climate tipping points occurring) and from an investor perspective (where finance is not priced to properly reflect the climate risks that investee companies are subject to).

This failure to take account of climate tipping points results from differences in the approach to conservative risk assessment. Risk assessors understand a “conservative risk assessment” to include worst case scenarios so that as much risk as possible is considered in pricing and managing risk. However, a different approach is taken by many climate risks assessments, which treat conservative estimates as primarily including information which evidence indicates is almost certain. This approach effectively screens out high impact events that have a highly uncertain probability of occurring.

“The new climate reality is arriving and it looks a lot different to what our previous assessment claimed. Companies should review their climate-related risks and factor tipping points into their assessments to ensure these risks are managed going forwards.”

Laurie Laybourn, Executive Director, SCRI



1 [Shared Socioeconomic Pathways | Shared Socioeconomic Pathways | Scenario Explorer hosted by IIASA.](#)
2 [Global Energy and Climate Model – Analysis - IEA.](#)
3 [NGFS Scenarios Portal.](#)



What is needed from companies to ensure they are better prepared to withstand the impacts that result from climate tipping points?

There is a pressing need for governments and international organisations to invest in the many research gaps that exist in relation to climate tipping points and for government-mediated plans to tackle these system-level threats. Yet there are changes that companies should consider.

One is to improve their climate risk assessments to take better account of tipping point events. Specifically, companies' risk assessments should include climate scenarios that consider High Impact High Uncertainty (HIHU) events. This will probably involve adapting the climate scenarios that are currently available. In turn, narratives should be developed to illustrate how climate events and the resulting impacts cascade in a commercial context.

Companies should also adapt their risk assessments so that impact rather than likelihood is the criterion on which prioritisation decisions are based. 'No regret' measures can be implemented that will deliver benefits regardless of the climate uncertainties that eventuate. For example, improved regulation of building temperature will deliver improved occupancy comfort and improve energy security in a wide range of climate scenarios, SPG collapse or not.

A further change would be to move away from a 'quant-only' approach to one that acknowledges that climate risk assessment cannot be adequately captured by a single number such as GDP shock. This means doing the meticulous work to check whether supply chains and partners are including a wide range of plausible climate futures.

At a sector level, collaboration is needed to overcome the disincentive companies face regarding climate reporting (i.e. the issue of businesses not wanting to address and report on these climate concerns for fear of being seen as uncompetitive by clients or investors). This means making internal changes that will improve transparency and understanding so that climate issues can be addressed without immediately worsening a company's market position. Publication of a credible transition plan is increasingly seen as a way of addressing this issue (see [Ashurst Perkins Coie's report on credible transition plans](#)).

Making these changes would result in corporate climate strategies and preparations that are better designed to face up to the possibility of climate tipping point events and the other features of the new climate reality into which we have navigated.



Transition planning to support adaption to non-linear change

– Mike Geary, Principal, Climate and Nature, Anglo American, a global mining company

Anglo American developed and published its inaugural [transition plan](#) in March 2026 against a backdrop of significant change in the company's portfolio. Specifically, the portfolio is being transformed to focus on three product groups of copper, premium iron ore, and low-carbon fertilisers – metals and minerals are expected to play an important role in the clean energy transition.

Notwithstanding the significant portfolio changes, Anglo American decided to develop and publish its transition plan as it considered that a good transition plan would help the group navigate those changes and it recognised that it was important not to let uncertainty delay its continuing response to climate change. In an advisory vote at the Group's AGM, more than 95% of votes cast supported the transition plan.

“A good transition plan helps you operate while change occurs.”

Mike Geary, Principal, Anglo American

From 2020 to 2025, Anglo American achieved rapid decarbonisation through the transition to renewable energy in South America. As a result, diesel-powered haul trucks and other mobile mining equipment now represent the largest source of operational emissions. Replacing diesel with lower-emissions alternatives is essential to achieving the company's ambition for carbon neutrality by 2040. However, the scale and complexity of this transition is significant.

The deployment of low-emissions heavy equipment at each mine site depends on technology maturity, infrastructure readiness, supply chain capacity, and evolving regulatory and market signals. Anglo American recognises that progress is unlikely to follow a linear path and that the pace of change will vary across regions and operations.

The transition plan serves as an important communication tool. It provides stakeholders with a transparent view of the company's decarbonisation pathway, the factors that could influence its pace and direction, and the actions being taken today to achieve its long-term ambition of carbon neutrality by 2040.

Key transition plan lessons

Mike shared three key lessons from the development of Anglo American's transition plan.

1 Alignment

The first relates to Alignment. The most significant value of transition planning was generated through the **process** rather than the final publication.

Developing the plan brought together more than 100 stakeholders from inside and outside the company, including investors, the Board, mine sites, finance, operations and sustainability teams. This created an opportunity to build alignment around a **shared view** of what the transition means for Anglo American and to tackle some of the organisation's most challenging strategic questions.

By requiring conversations across functions and levels of the business, the process helped **surface assumptions, resolve differences in perspective, and clarify priorities**. As a result, the transition plan is much more than a disclosure exercise, as it helps catalyse organisational alignment and strategic decision-making.

2 Assumptions and dependencies

Secondly, this process also allowed for assumptions and dependencies underpinning the transition plan to be thoroughly **examined and tested**. A core question that the transition planning process sought to answer was what did Anglo American believe would need to happen to achieve its climate-related commitments. This included examining dependencies on **emerging technologies**, infrastructure, regulation and market developments. In doing so, the group sought to navigate the tension between certainty and ambition. This helped deliver a plan that **recognises the significant uncertainties** that lie ahead while setting out a credible pathway.

3 Ownership

A third learning from the process was the need to achieve **clarity on ownership** – i.e. who is accountable for specific assumptions and aspects of the transition plan. As an external articulation of the group's strategy, the senior leadership team need to be closely involved in both the development of the transition plan and also accountable for progress against it. A transition plan that only lives in a sustainability team will struggle in a non-linear environment. It is also equally critical to the success of the transition plan that all areas of the business contribute to its development and take ownership for its implementation.

“People can work with uncertainty as long as they have some direction. A good transition plan creates the right conditions to allow for decision-making in an environment that is changing in a non-linear way to keep the organisation's transition moving.”

**Mike Geary, Principal, Climate and Nature,
Anglo American**

How Ashurst Perkins Coie can support your ESG risk management

Ashurst Perkins Coie's sustainability team comprises both legal and risk experts around the globe who can advise on a range of issues relating to climate change including:

- transition plan development,
- GHG target setting,
- use of carbon credits,
- corporate governance,
- sustainability reporting, and
- renewable energy developments and other low carbon technologies to support our clients' climate transitions.

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