

Intensel CEO & Co-Founder Entela Benz on why Climate Change is the Monster that Must be Subdued

Entela Benz is CEO & Co-Founder of Intensel Limited, an AI-powered climate science for predicting financial risk related to weather extremes and climate change. Intensel's mission is to mine out, filter and deliver data on climate change to government bodies, intermediaries, and investors in Asia. She says she worries that the drive to ESG and ESG investing might be masking the truly urgent mission of mitigating global climate change. But in tackling climate change data directly and in communicating the risks to financial returns and even to government finances and social cohesion in the future, Entela and her colleagues are in their way helping to drive capital towards more sustainable businesses, and as a result, ultimately a more sustainable planet.

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ENTE LA BENZ
Intensel

Entela opens the conversation by explaining the origins of her company back in mid-2018. “We were one of the few start-ups operating in the climate risk space,” she reports. “There are more now, but mostly in the US and UK. In fact, we believe that we’re the only Asia start-up doing what we do - comprehensive physical climate risk assessment. And it is not just the headline; it is the way we go about it, the data granularity that we have for Asia, the data accuracy, which none of the US and Europe based start-ups will be able to deliver to Asia clients.”

Grappling with climate data

She says that the big picture objective of the company is to provide data transparency on climate change. “We all need to move faster, and to do so we need data and metrics on how to integrate climate impact in daily decisions of all types,” she reports. “So far on climate, there’s little transparency, there is little data. Besides availability it is complex to assess. If you want to understand how climate is going to impact your

assets based anywhere in the world, you need these data to global, and the modelling to be standardised.”

A client base in need

To make this more accessible, she explains that they convert the information into simple metrics that predict financial risk and real dollar losses. “The regulatory drive is also supportive,” she reports. “By 2025, in some countries, climate data disclosure will be a mandatory requirement. It has already started for the biggest financial institutions, so banks, asset managers, insurance companies are the first ones in line to report on climate risks.”

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Secondly, she explains that more and more institutions appreciate that climate change affects financial performance, more directly so than ESG.

“That makes it easier for us to sell our services for risk management to major global or local asset management firms, pension funds and many others, as they seek to obtain information from those companies in which they invest. They want to know how these companies address climate change and climate risk.”

Two elements of climate risk

Entela adds that climate risk has two elements - the physical risks, for example, floods disrupting supply chains - and transition risk relating to decarbonisation. “There is growing investor pressure to

understand these issues and all the repercussions,” she reports.

And Entela she has major reservations about ESG and its power, or rather lack of, to effect change. “I have been around in ESG long enough to see through a company’s buzzwords, such as diversity, recycling, and others, which in reality often mean they are promoting themselves as serious, but actually they are not,” she says. “They are too often just telling everyone what they want to hear, but not necessarily what they will be doing specifically and impactfully.”

ESG’s limitations

She says ESG and sustainability need to be fine-tuned to what the companies produce or provide, to their suppliers, to their end markets, providing a deep understanding of all the implications of decisions taken.

To understand which companies are genuine in the ESG endeavours, she identifies those companies that are proactive in their positioning, not reactive. “For example, a mining company will be looking in depth at water and wastewater management, water tables, and so forth,” she explains. “Those that really try to understand the impact and implications of their behaviour and adjust are those we seek out.”

Asking the tough questions

She offers the example of a major global bank coming to her as an



Key Priorities

Entela reports that her first big mission is to improve climate risk measurement. Secondly, she wants to see advances in all technologies related to carbon capture, so the world can move from high carbon to low carbon. And the third priority is around climate opportunities, noting that there are great risks but also huge climate opportunities to be captured.

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investor to promote some ESG-type fund or product. “I will first ask the toughest questions, which how they have addressed the issue of biodiversity or which of the companies in the fund have climate adaptation plans. Their answers to such questions will reveal whether this is more illusion than reality, and therefore, if they are genuinely advanced and committed to this field. The truth is that ESG and respective scores must be tailored to the types of business and products, or they will not be very meaningful.”

This leads her to the murky waters of greenwashing, which she worries is a core problem with ESG data and scores. “I advocate moving away from ESG and focusing on climate risk, because it drives companies to evolve sustainability proactively,” she comments. “This is not just a box-ticking exercise. This is not simply a buzzword. ESG too often falls into those boxes.”

She says ESG is all well and good in itself, but remarks that it can all too often be misused in the market, with lots of noise around it but not really moving things forwards and improving reputations. Meanwhile, climate should be at the core of everything, as it impacts deeply on social and on environmental and should be driven by good governance.

“We are talking about floods, wars, migrations, disease, pandemics, and so forth, when we talk about social and environmental,” she warns. “And if it was to be measured, the impact of climate on our societies would go way beyond the ‘E’ or ‘S’ in ESG. Climate degradation is the giant in the room to be tackled.”

Asian by expertise, global in vision

And this brings her back to her opening comments on the history of her firm, the challenges she has

faced in getting the business going, but also the big picture mission she and colleagues set themselves.

“As I said at the start, we are specialists on Asia climate data, and I can say that this is a highly challenging and fascinating

environment because of the lack of data to start with,” she reports. “In the US and Europe, things are more advanced, data is more readily available, and there is greater climate awareness and overall knowledge. Yet Asia has the highest

climate risk exposure, twice the climate exposure of Europe and 50% more climate exposure than the US. But this is also of course a global issue, so while we are Asia experts, we are also delivering a global vision and global solutions.” ■

Getting Personal with Entela Benz

We believe that Entela is unique in the Hubbis pages, as she is our first feature report subject to hail from Albania, where she was born in the nation’s capital of Tirana.

“Looking back to my early days,” she recalls, “my memories are of nature, of the mountains, of the local products, and of the wonderful environment of Albania, and the symbiosis of people with nature,” she says. “That continued when I later moved to Switzerland, where people do really respect nature and try to live in harmony with it, by not polluting it, by respecting it, and doing their best to preserve it, because they know that at the end, that is the source of life itself.”

She studied at Tirana through to university, later finishing her degree as part of an exchange programme at the University of Macerata near the east coast of Italy. She then went on to earn her PhD in Financial Asset Management and Engineering at the FAME /Swiss Finance Institute at the University of Lausanne, Switzerland, and also holds an MPhil in International Economics from HEI- Graduate Institute of International Studies, Geneva, Switzerland and a Certificate of Finance from Linacre College, Oxford University.

She has a background in finance, working first for a Geneva-based hedge fund of funds, and later for UBS Investment Bank in Hong Kong.

Nowadays, aside from running her own business, and teaching at HKUST Business School, she sits on various paid and unpaid boards such as VEIL fund of Dragon Capital Group Limited, The Hong Kong Green Finance Association ESG Integration working group, the Board of Advisors of International Care Ministries (ICM), as well as the Friends of the Earth NGO Advisory Board.

Her recent publications and Harvard Business Review cases studies are on ESG integration, physical and transitional climate risk impact on company performance in general, China A-Shares, Asia based companies etc. Previous academic research is on Portfolio Optimization with Credit Default Risk, as well as Venture Capitalist contract pricing using numerical simulations techniques.

Recalling her early working life in Geneva from 1998 as a financial analyst working on hedge fund strategies, she remembers some research on the later infamous Bernard Madoff back. “I am pleased to say as a result, we decided not to invest and, of course, some years later, he was found out and it all below up.”

Entela is married with three children aged 14, 12 and 8, two of whom are at boarding school in Switzerland, and the other one is at school in Hong Kong.

Her husband is well known in the Asian wealth management community – he is Michael Benz, formerly global head of Standard Chartered private bank and since 2017 holding various board and advisory positions in Asia.

Her final comment is that nearly two and a half decades into her working life, she feels that it is never too late to start your own company. “Studies have shown that people above 45 tend to be more successful in starting new ventures than younger people, but it all depends on your vision and your drive. As long as you have those in abundance, you can get to where you want to be. Sometimes, you might even surprise yourself...”