

# Sustainability & Climate Risk

*Driving awareness and advocacy towards what we  
can all do together for our one country*

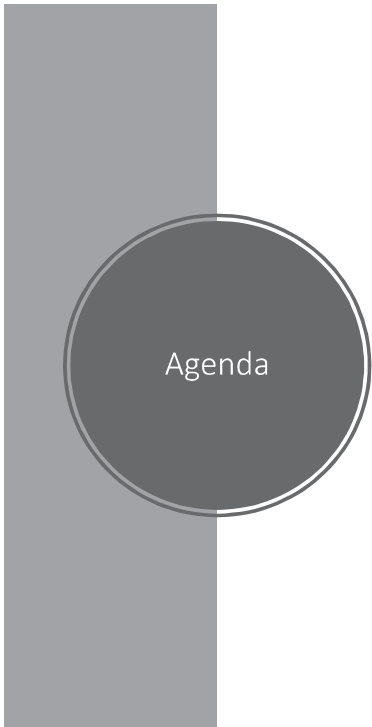
**Presentation for the Institute of Internal Auditors  
Philippines, Inc. @IAAPhilippines**

Joyce De Leon, May 26, 2021 | 9-10am | Zoom

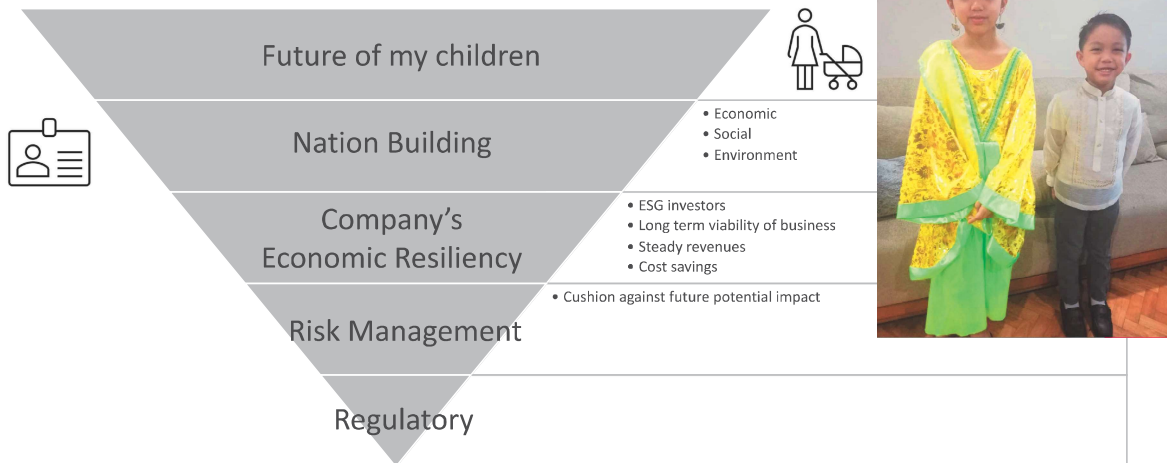


Agenda





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# The Global Risks Landscape 2020

Source: World Economic Forum Global Risk Report 2020

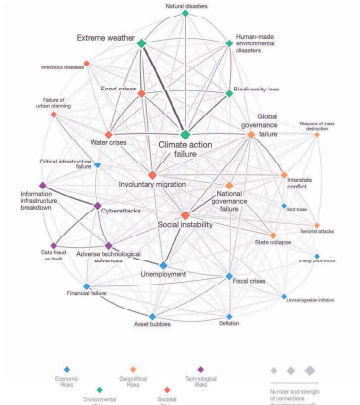
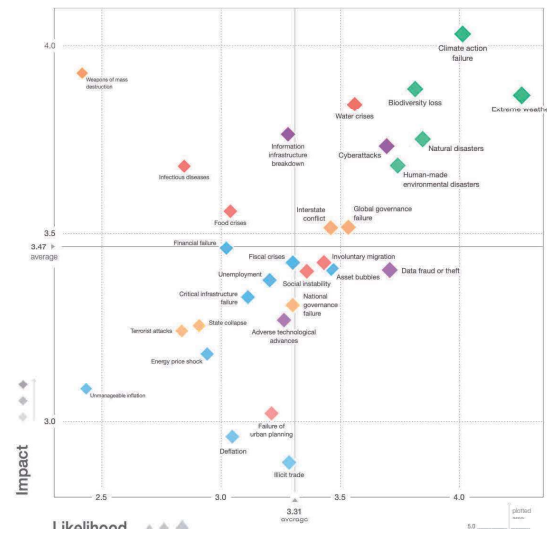


Figure II: The Global Risks Landscape 2020



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## Climate Change 101

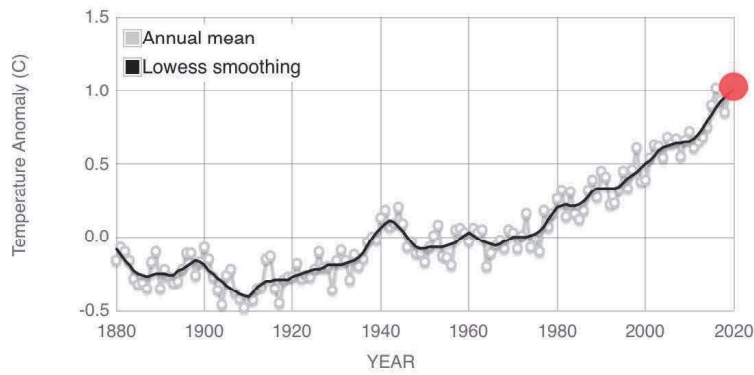
National Geographic: Causes & Effects of Climate Change  
<https://www.youtube.com/watch?v=F5X4qHgDIZM>



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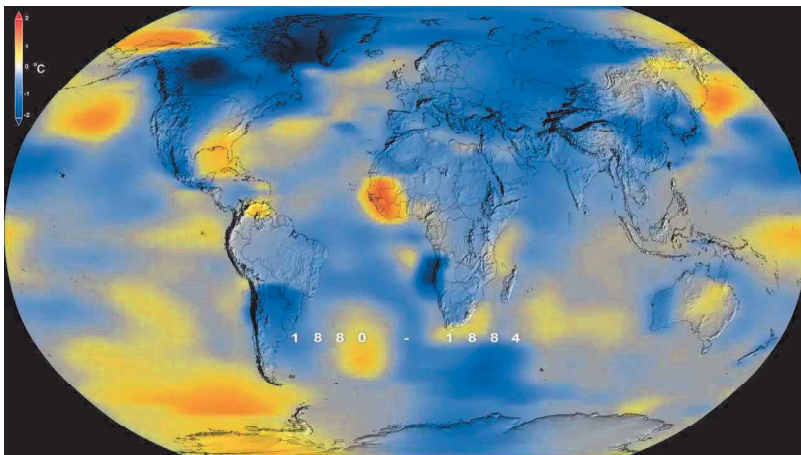
### GLOBAL LAND-OCEAN TEMPERATURE INDEX

Data source: NASA's Goddard Institute for Space Studies (GISS). Credit: NASA/GISS



Global Warming

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Global Warming

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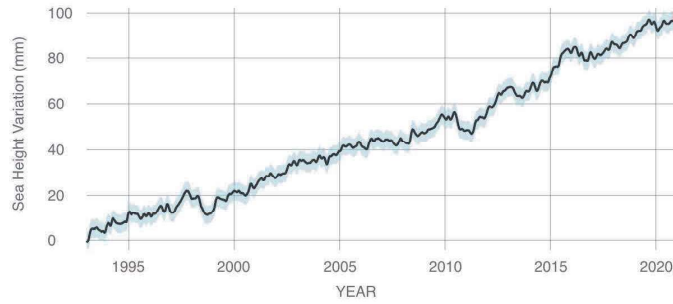


**SATELLITE DATA: 1993-PRESENT**

Data source: Satellite sea level observations.  
Credit: NASA's Goddard Space Flight Center

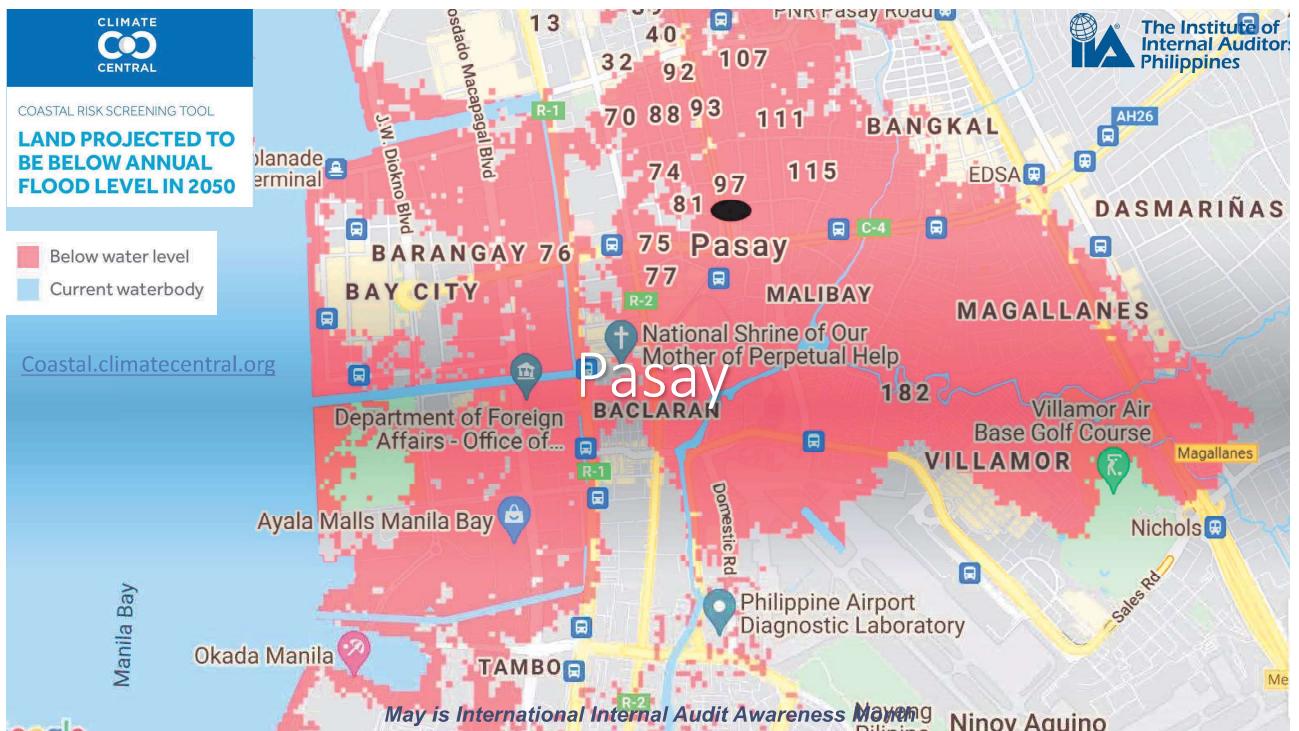
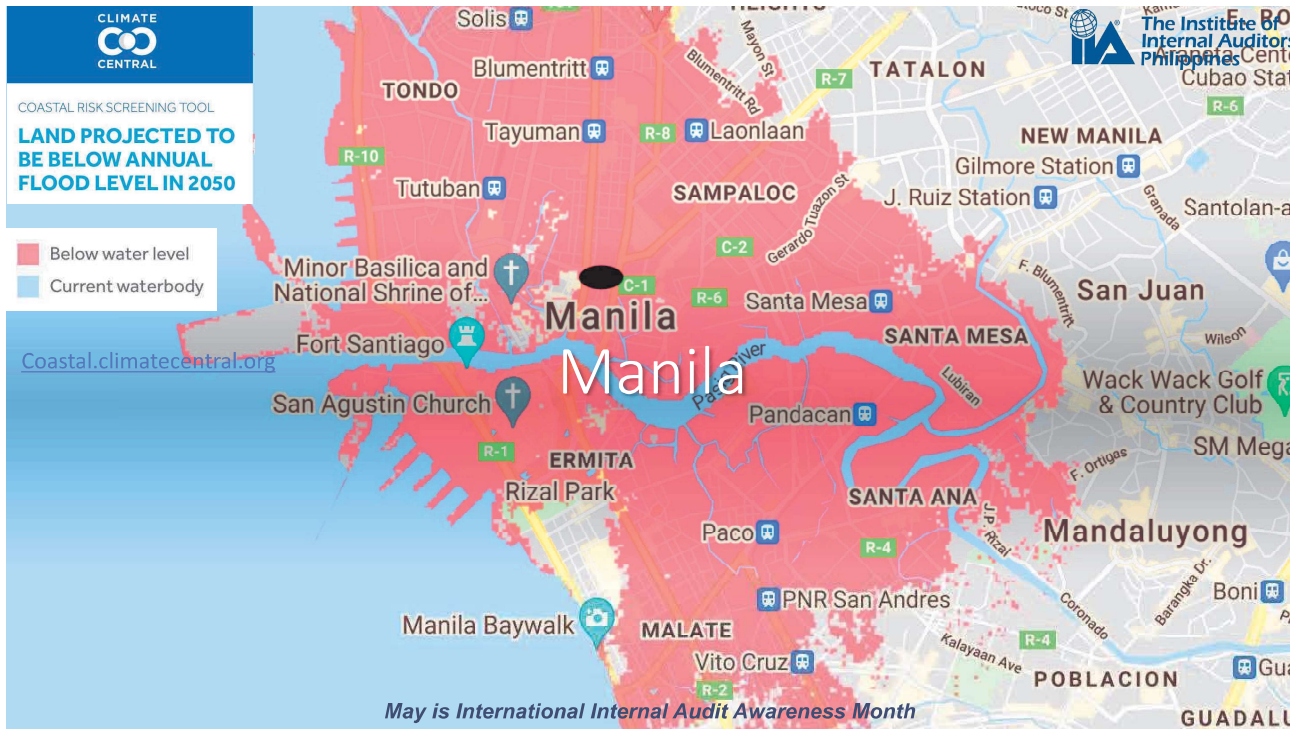
**RATE OF CHANGE**

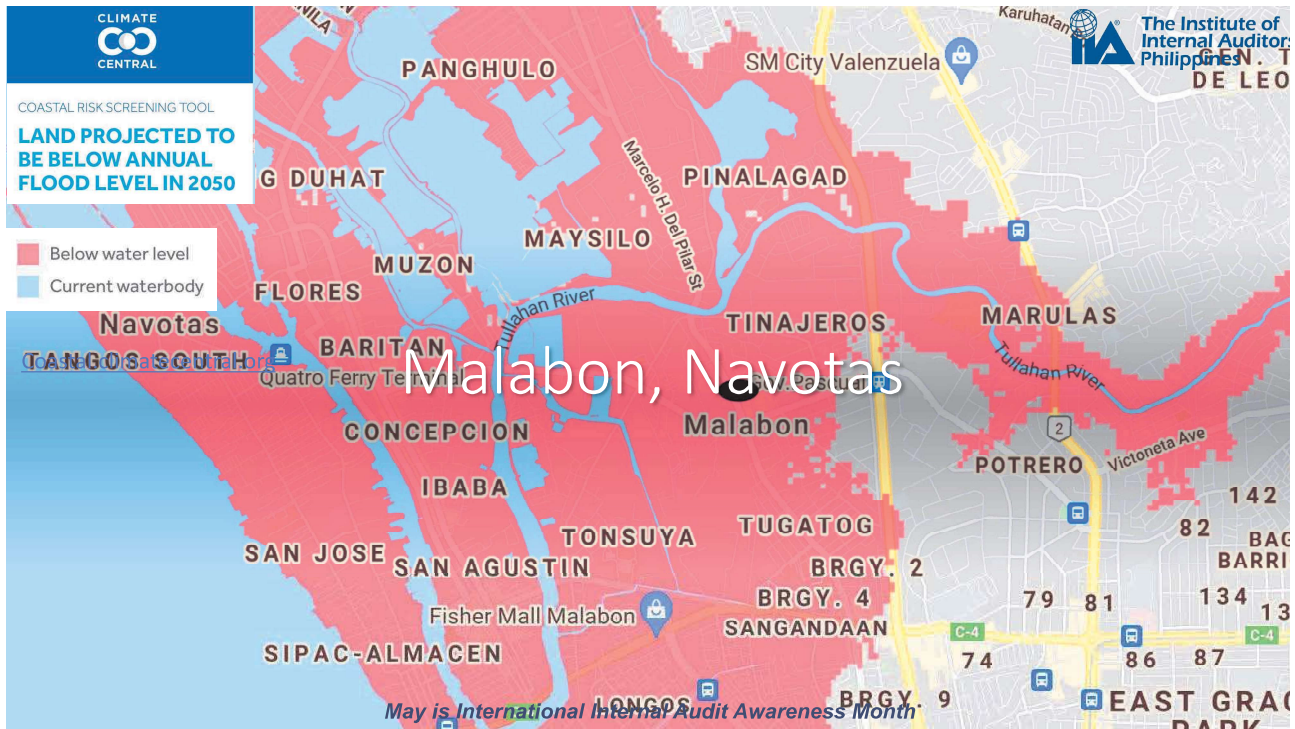
↑ 3.3  
millimeters per year



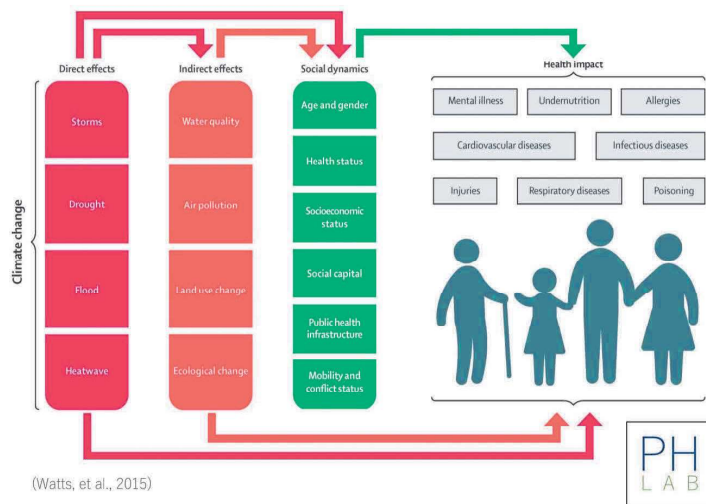
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Multi-faceted impact on lives



Credit to: PH Lab, Dr. Renzo Guinto MD, DrPh, Planetary Doctor

UNITED NATIONS  
**PARIS CLIMATE AGREEMENT**  
SIGNING CEREMONY  
22 APRIL 2016

Global mean temperature increase by 2100

WE ARE HERE  
1°C Warming  
in 2018

1.5°C PARIS AGREEMENT GOAL

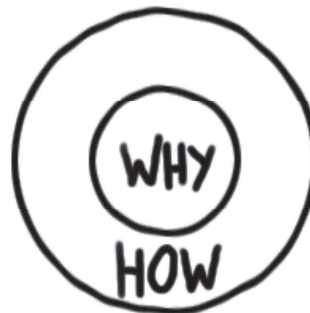
PRE-INDUSTRIAL AVERAGE

Pledges & Targets: +1.1°C, -2.9°C, +2.3°C

Current Policies: +4.3°C, +3.2°C, +2.4°C

Optimistic Policies: +2.9°C

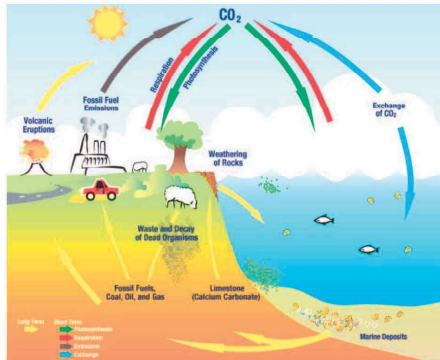
This is URGENT and any change is going to take a LONG TIME





# Climate Risk Perspectives

## HOW WE IMPACT CLIMATE CHANGE



[http://www.ces.fau.edu/nasa/module-4/causes/carbon\\_story.php](http://www.ces.fau.edu/nasa/module-4/causes/carbon_story.php)

## HOW CLIMATE CHANGE IMPACTS US



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GMA Public Affairs: Stand for Truth: Paano naapektuhan ng climate change ang Pilipinas?  
Source: [https://www.youtube.com/watch?v=z\\_DBYApc9m0](https://www.youtube.com/watch?v=z_DBYApc9m0)



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Residents ride a bamboo raft to cross a flooded street in Barangay Canda in Lopez, Quezon yesterday.

**Pepito to intensify as it exits Philippines**

Elizabeth Marcelo (The Philippine Star) | October 22, 2020 - 12:03am



**NDRRMC: Rolly death toll now at 20; number of injured climbs to 74**

By ANNA FELICIA BAJO, GMA News  
Published November 4, 2020 11:51am  
Updated November 4, 2020 2:43pm



**Typhoon PEPITO Oct 20-21**  
Region 2 (Cagayan), CAR

35K 166K

**Typhoon Quinta death toll now at 16**

By CNN Philippines Staff  
Published Oct 29, 2020 10:49:30 AM



**Typhoon QUINTA Oct 23-27**  
Region 3, CALABARZON, MIMAROPA, 5, 6, 7, 8

209K 888K

Published: November 12, 2020 18:39  
Mansel Almaraz, Senior News Editor

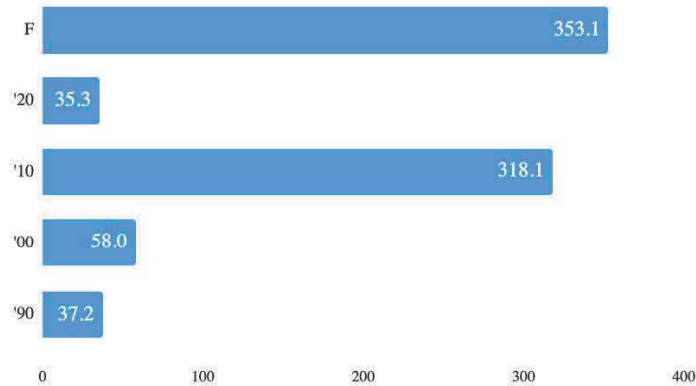


Typhoon Ulysses hit Manila Philippines  
Image Credit: Wynn Barabona/Gulf News reader

**Typhoon ULYSSES Nov 8-13**  
Regions 1, 2, 3, CALABARZON, 5, CAR, NCR

1M 4.2M

**Total Damages Per Decade of Costliest Typhoons (P Billions)**



Data source for '90 to '20: National Disaster Risk Reduction Forecast ("F") for the next decade is a simplistic linear approach, limited to the 4 data points of 2020 and assumes the same level of damage in the next 10 years.

# Climate risk management maturity model

Governance	• Are the board and senior management engaged?
Strategy	• Has the firm assessed risks and opportunities?
Risk Management	• Is climate risk embedded in the day-to-day risk management?
Metrics, targets, limits	• Does the firm use metrics, targets, and limits?
Scenario Analysis	• Does the firm use scenario analysis?
Disclosures	• What is disclosed and how advanced are they?

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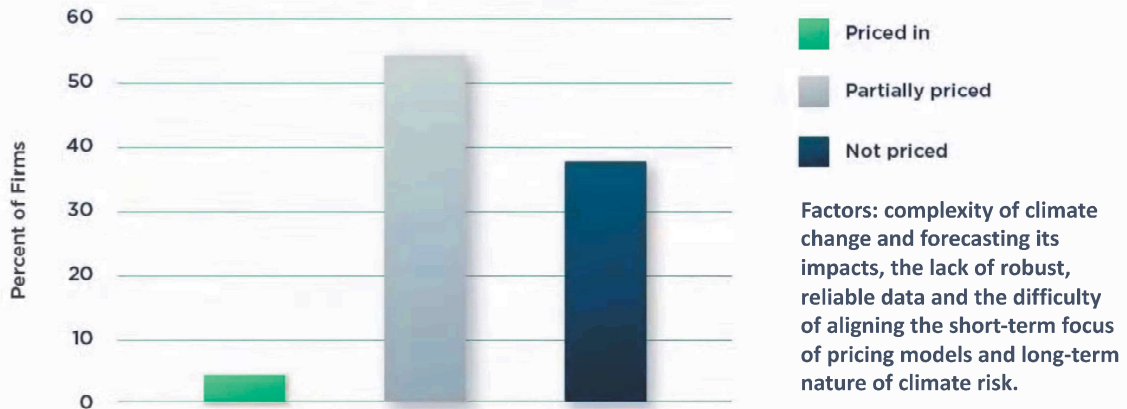


Global Association for Risk  
Professionals (GARP)  
Climate Risk Management  
Survey

- 71 financial firms from all geographic regions, comprising 43 banks, 28 others (asset managers, insurance, FMI).
- \$42T Balance Sheet Assets;
- \$36T Assets Under Management
- \$3.8T Market Capitalization

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## Climate financial risk isn't reflected in market prices



30



Global Standards for Sustainability Reporting

## Local regulatory drivers

 <b>CLIMATE CHANGE ACT OF 2009</b> Mainstreams climate change in the development strategies and tools of government	 <b>CLIMATE CHANGE COMMISSION</b> Leads policy-making on climate change
 <b>NATIONAL CLIMATE CHANGE ACTION PLAN</b> Outlines long-term adaptation and mitigation priorities	 <b>PEOPLE'S SURVIVAL FUND ACT</b> Provides funding for adaptation projects by local governments and community organizations



**Securities and  
Exchange  
Commission**  
PHILIPPINES

Memorandum  
Circular No. 4, Series of  
2019:  
(Sustainability Reporting  
Guidelines for Publicly  
Listed Companies or PLCs)



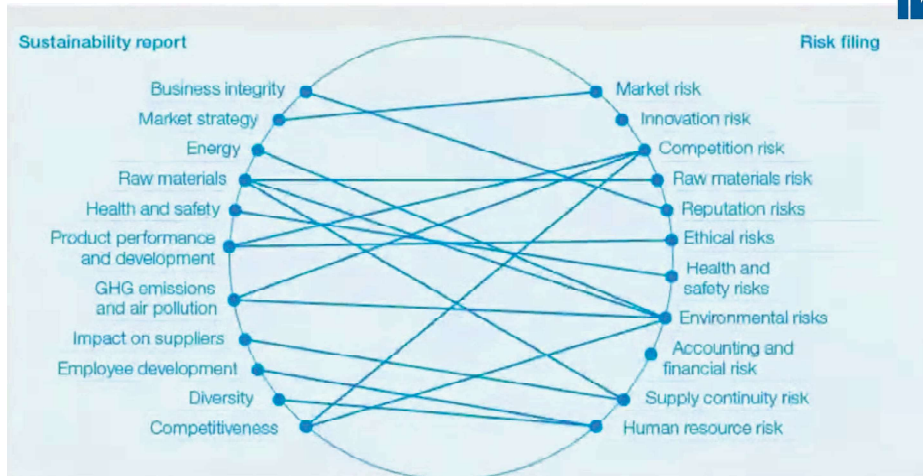
Circular No. 1085,  
Series of 2020:  
Sustainable Finance  
Framework

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Research reveals  
companies struggle to  
identify ESG-related  
risks in annual filings  
despite identifying  
them as material in  
sustainability reports

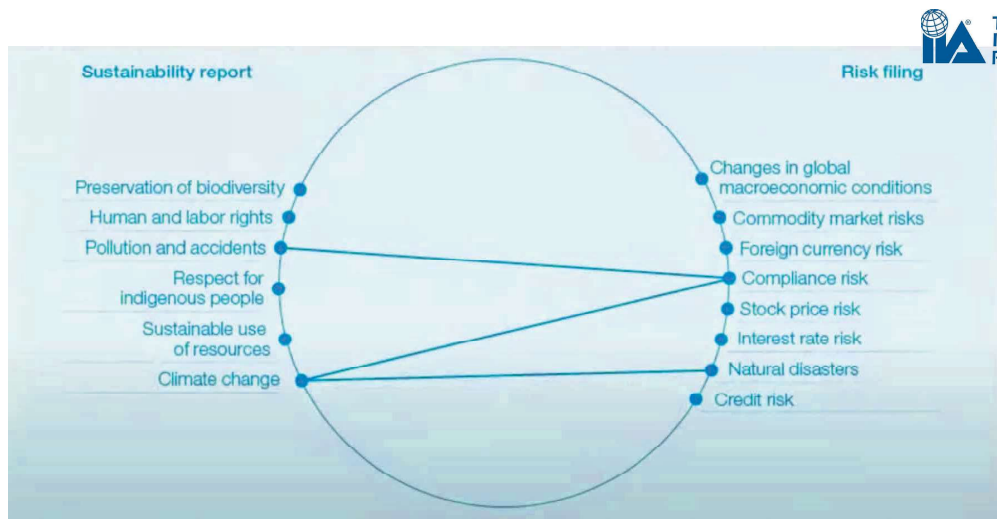


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8% of companies were found to have 'full alignment'

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57% of companies were found to have 'some alignment'

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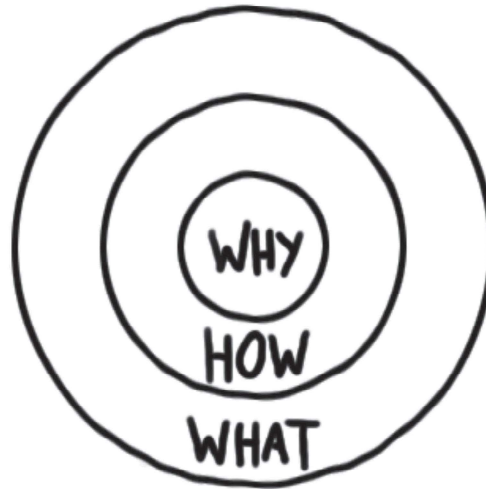
35% of companies were found to have 'no alignment'

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Recommendation	Recommended disclosure	Banking	Insurance	Energy	Materials & Buildings	Transport	Agri, Food & Forest	Tech & Media	Consumer Goods
Governance	a. Board Oversight	48%	29%	38%	37%	25%	22%	19%	29%
	b. Management's Role	54%	35%	32%	35%	18%	26%	17%	40%
Strategy	a. Risks and Opportunities	51%	39%	57%	50%	39%	40%	38%	50%
	b. Impact on Organisation	55%	26%	64%	65%	34%	45%	25%	52%
	c. Resilience of Strategy	20%	12%	13%	12%	5%	4%	2%	6%
Risk Management	a. Risk ID and Assessment Processes	52%	30%	38%	41%	23%	24%	24%	22%
	b. Risk Management Processes	46%	33%	42%	39%	17%	26%	19%	23%
	c. Integration into overall Risk Management	32%	16%	21%	18%	11%	9%	17%	21%
Metrics and Targets	a. Climate-Related Metrics	51%	27%	49%	63%	36%	45%	37%	55%
	b. Scope 1,2,3 GHG Emissions	42%	22%	39%	41%	28%	26%	29%	38%
	c. Climate-Related Targets	50%	24%	45%	53%	32%	30%	24%	51%

TCFD implementation identified key challenges

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## What can we do?

- Personal contributions
  - Think long term
  - Reduce, re-use, recycle, repeat
  - Healthy diet (less meat, less dairy)
  - Wise use of transport (less air travel, walk when you can, go EV)
  - Conserve energy (led), support renewables
  - Plant trees
  - Vote wisely
- Assess the impact and vulnerability of your organization to climate change
- Evaluate the organization's climate risk maturity levels
- Support management to accelerating the pace of sustainability journey to create long term value for shareholders
- Provide assurances on the sustainability disclosures of the organization
- Continue learning

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