



Integrating ESG in the Way We Do Business

MAP General Membership Meeting | 19 May 2022

Antonia Yulo Loyzaga
President, NRC

Context | Current and Desired State



Most Severe Risks Over the Next 10 Years



Our Shared Future



Current and Desired State



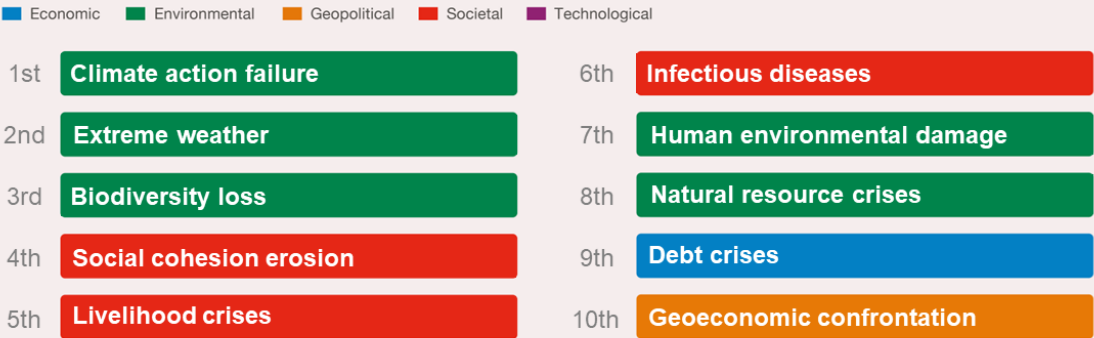
Sustainability Reporting in the Philippines



GAR Directions

Most Severe Risks Over the Next 10 Years

FIGURE 1.3
“Identify the most severe risks on a global scale over the next 10 years”



Source: World Economic Forum Global Risks Perception Survey 2021-2022



Photos by: Herman Lumanog, Phil Yeo, US Geological Survey

Our Shared Future

- How do we survive and thrive in the face of shocks and uncertainties while preserving and enhancing resources for the well-being of the planet and future generations?
- What is the role of the private sector?
- How does mainstreaming risk management and resilience contribute to sustainability?
- How can sustainability make us Bounce Forward Together?



Source: Loyzaga, 2021

Current and Desired State

Sustainability Reporting

Environmental, Social, Governance (ESG)

- Triple bottom line:
Economic, Social, Environmental
- SDG Reporting



Integrated Reporting

ESG + 6 Capitals

*Financial, Manufactured, Intellectual,
Socio-Cultural, Human, Natural*

- Creating shared value for all
- SDG Reporting

Towards Resilience and Sustainability

ESGR

ESG + 6 Capitals + Resilience

- Creating shared value for all
- SDG Reporting
- Integrating resilience in the core business value cycle of corporations
- Investing in DRR and climate action for resilient development
- SFDRR Priorities and Targets
- Paris Agreement
- New Urban Agenda



Environmental

Renewable fuels
Greenhouse gas (GHG) emissions
Energy efficiency
Climate risk
Water management
Recycling processes
Emergency preparedness



Social

Health and safety
Working conditions
Employee benefits
Diversity and inclusion
Human rights
Impact on local communities

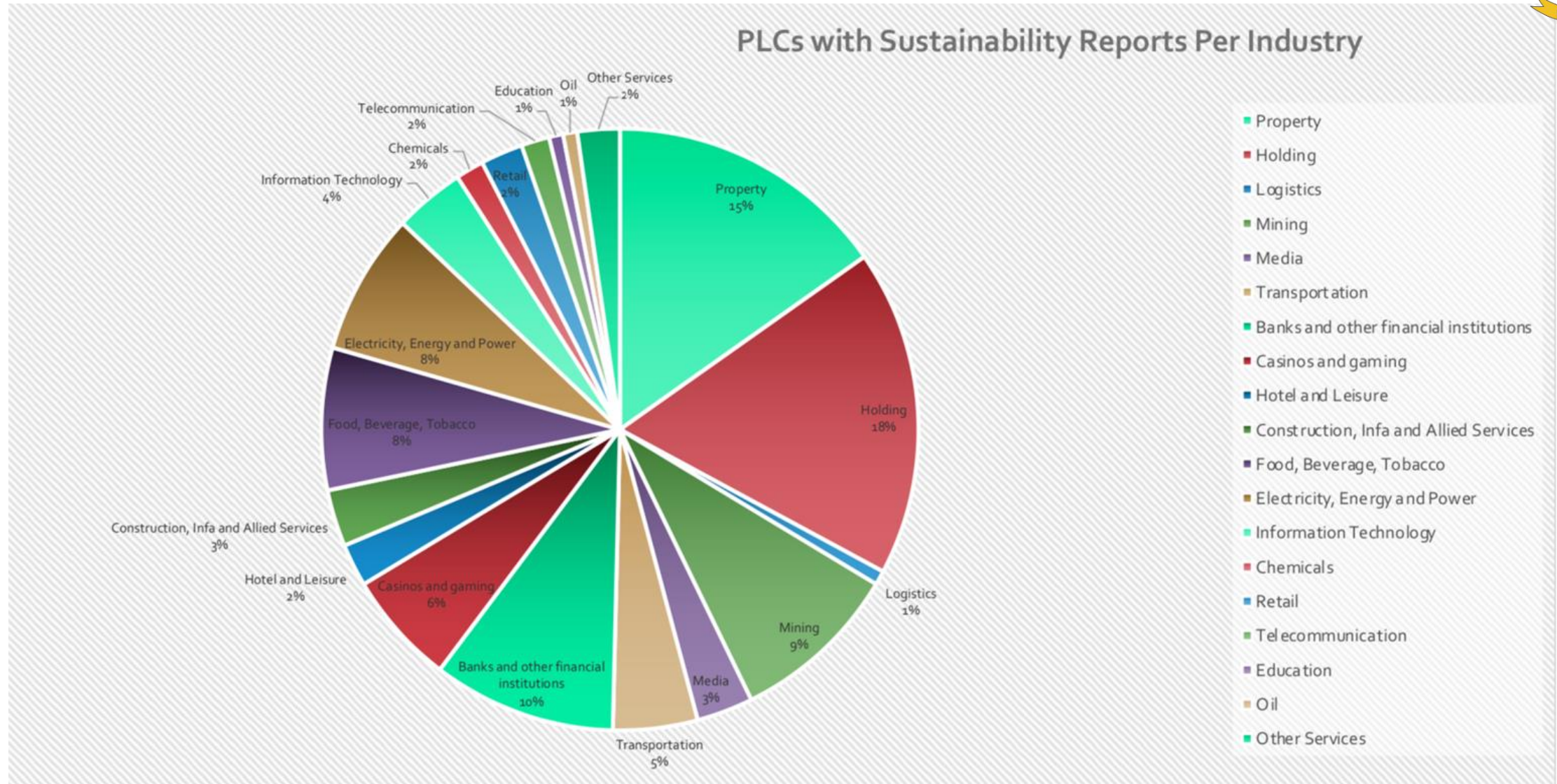


Governance

Ethical standards
Board diversity and governance
Stakeholder engagement
Shareholder rights
Pay for performance

Source: World Economic Forum (2021). ESG is missing a metric: R for resilience.

Sustainability Reporting in the Philippines



Source: 2018 I-ACGR | From: Sustainability Reporting in the Philippines. Prof. Colin Legarde Hubo. University of Asia and the Pacific.

GAR 2019: Where we need to be



Source: UNDRR (2019). Global Assessment Report on Disaster Risk Reduction. Geneva, Switzerland. United Nations Office for Disaster Risk Reduction (UNDRR)

Measure what we value

Balance sheets ignore key variables, particularly undervaluing climate change risk, costs to ecosystems and the positive social benefits of risk reduction. The real costs of extensive risk are especially undervalued, and this gap is widening as major climate change impacts such as sea-level rise gather pace.

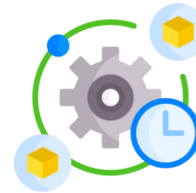
Key actions:

- **Rework financial systems** to account for the real costs of risk particularly long-term risks, and rework investment and insurance systems to incentivize risk reduction.
- **Adapt national fiscal planning and risk financing** to consider risk and uncertainty.

Challenges



Accessing science for decision making



Understanding systemic risk and framing resilience



Linking climate action to disaster risk reduction



Compounding risk from physical to financial

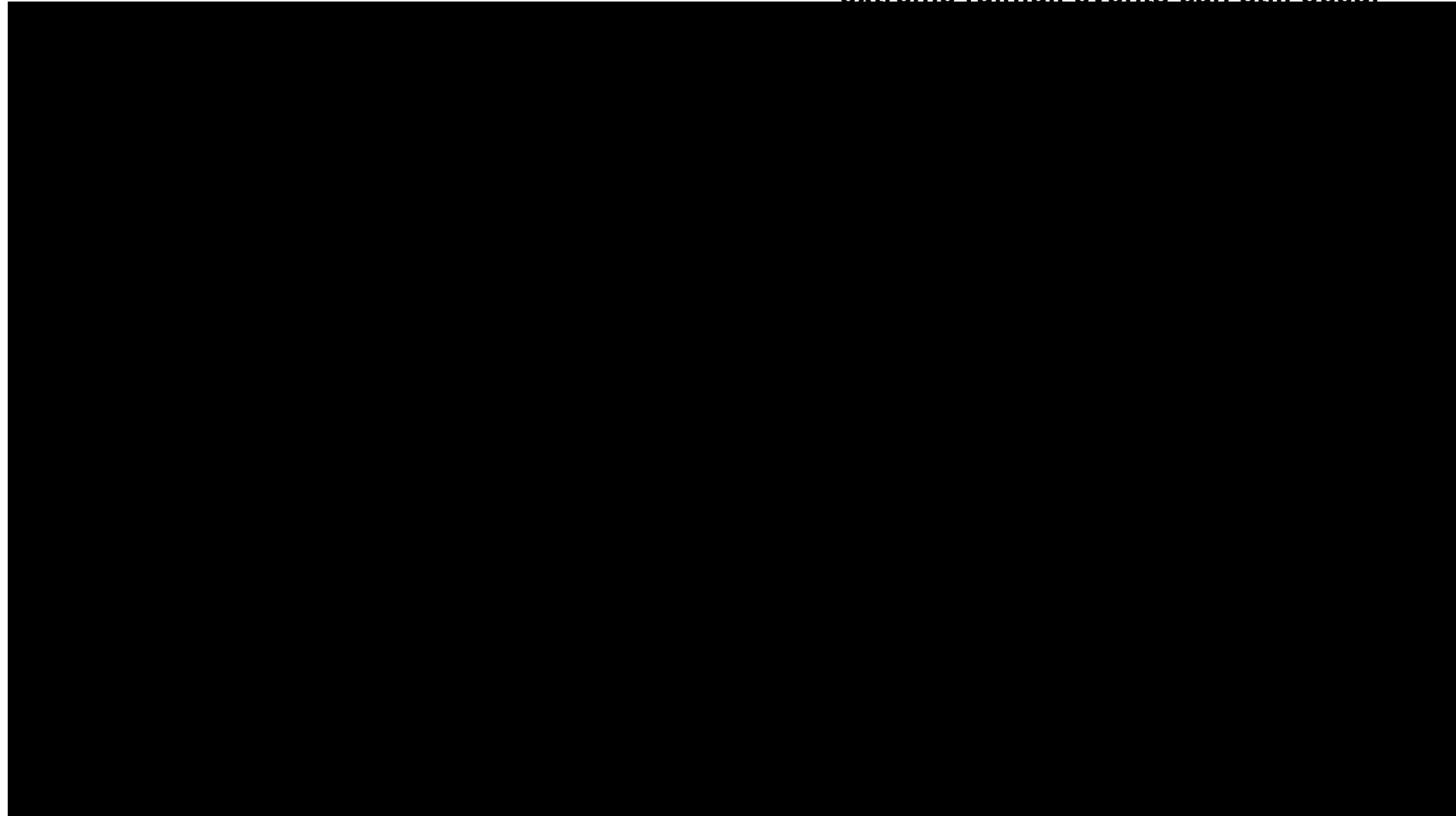
Challenges



Warmer Future

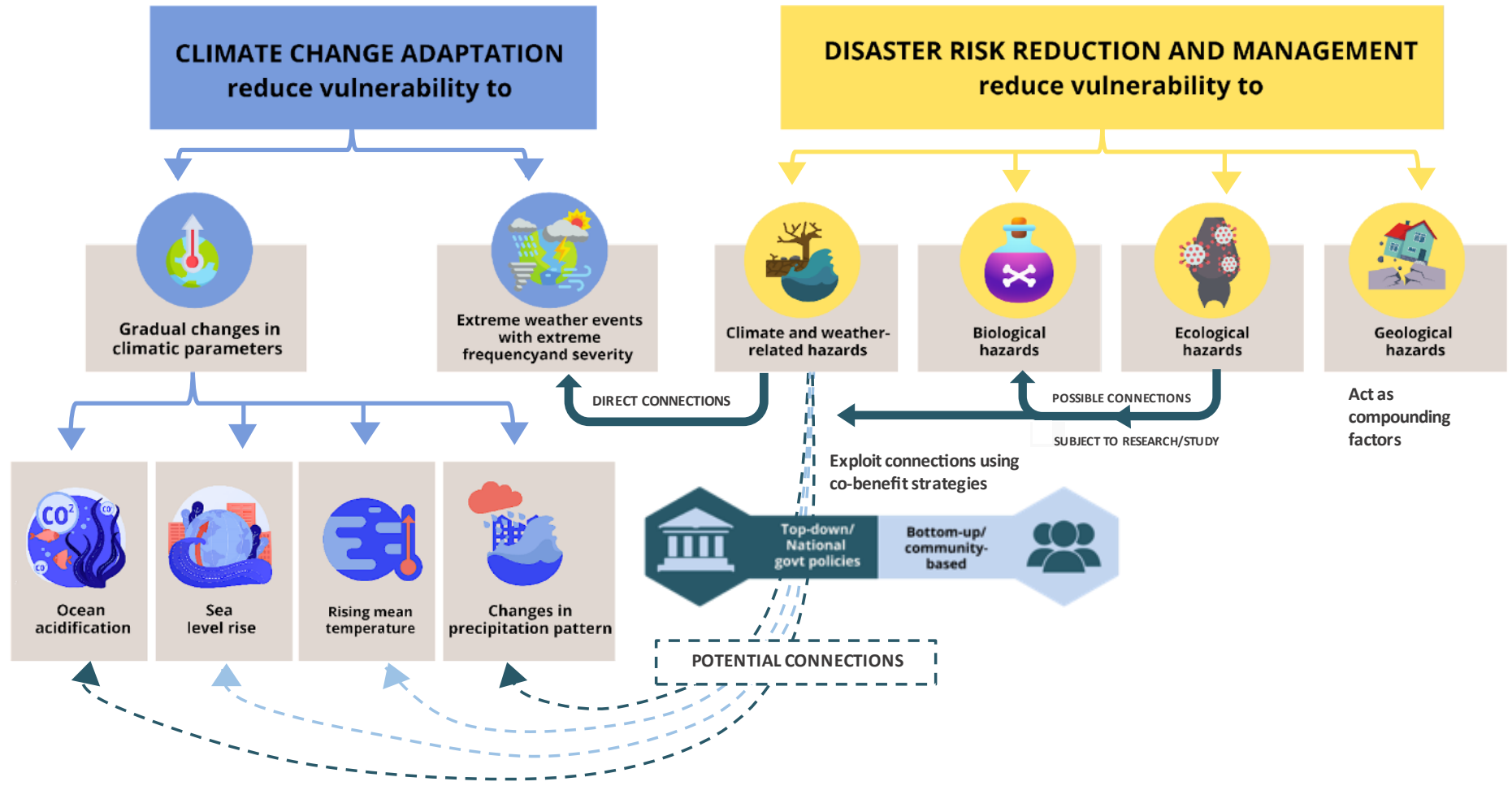
Drier conditions in many areas but
extreme rainfall events can still occur

- **Accessing science for decision making**
- Linking climate action to disaster risk reduction
- Understanding systemic risk and framing resilience
- Compounding risk from physical to financial



Challenges

- Accessing science for decision making
- **Linking climate action to disaster risk reduction**
- Understanding systemic risk and framing resilience
- Compounding risk from physical to financial



Perez & Loyzaga, 2021; adopted and modified from Castillo, C.K.G., 2007

Challenges

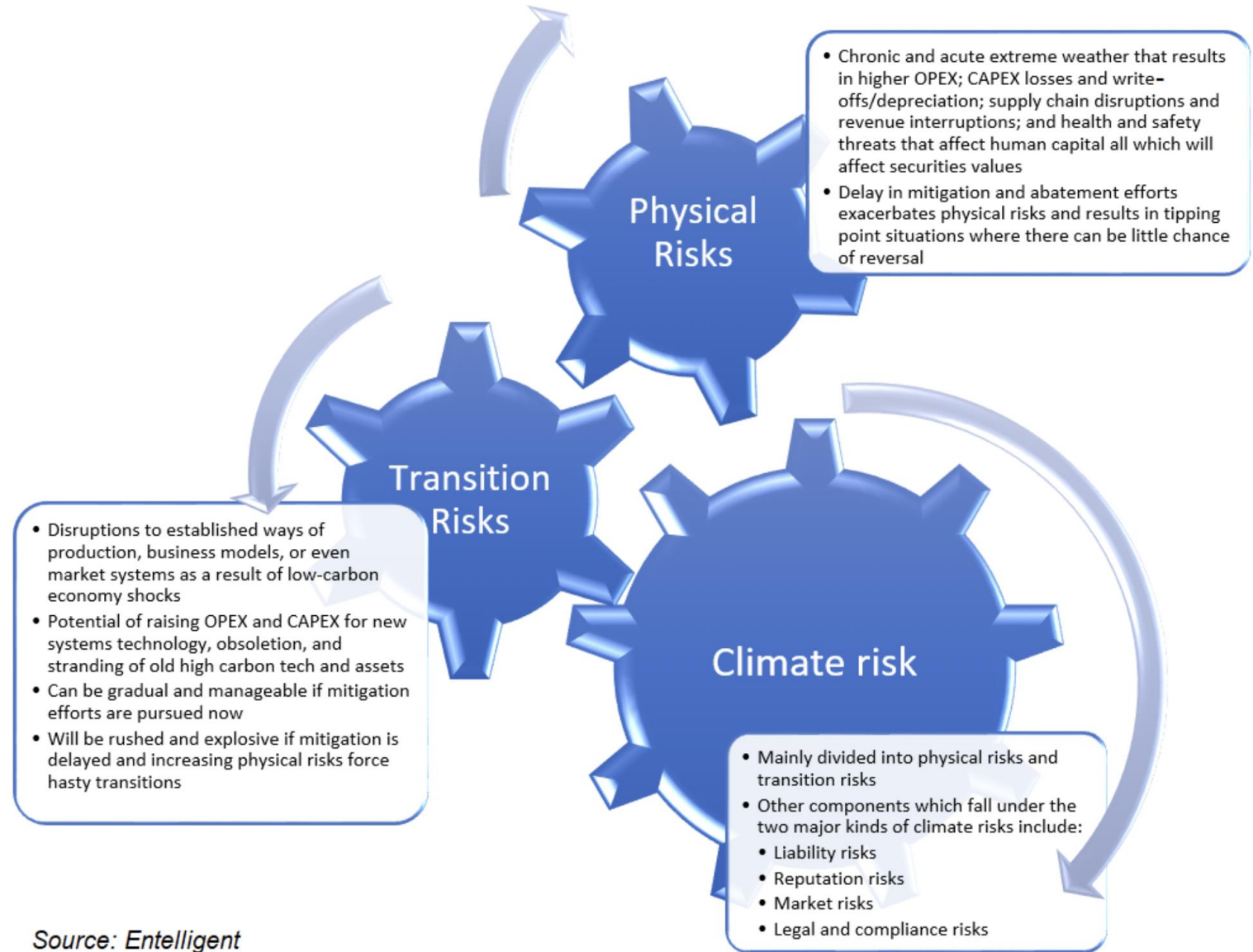
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Source: GAR 2022

Challenges

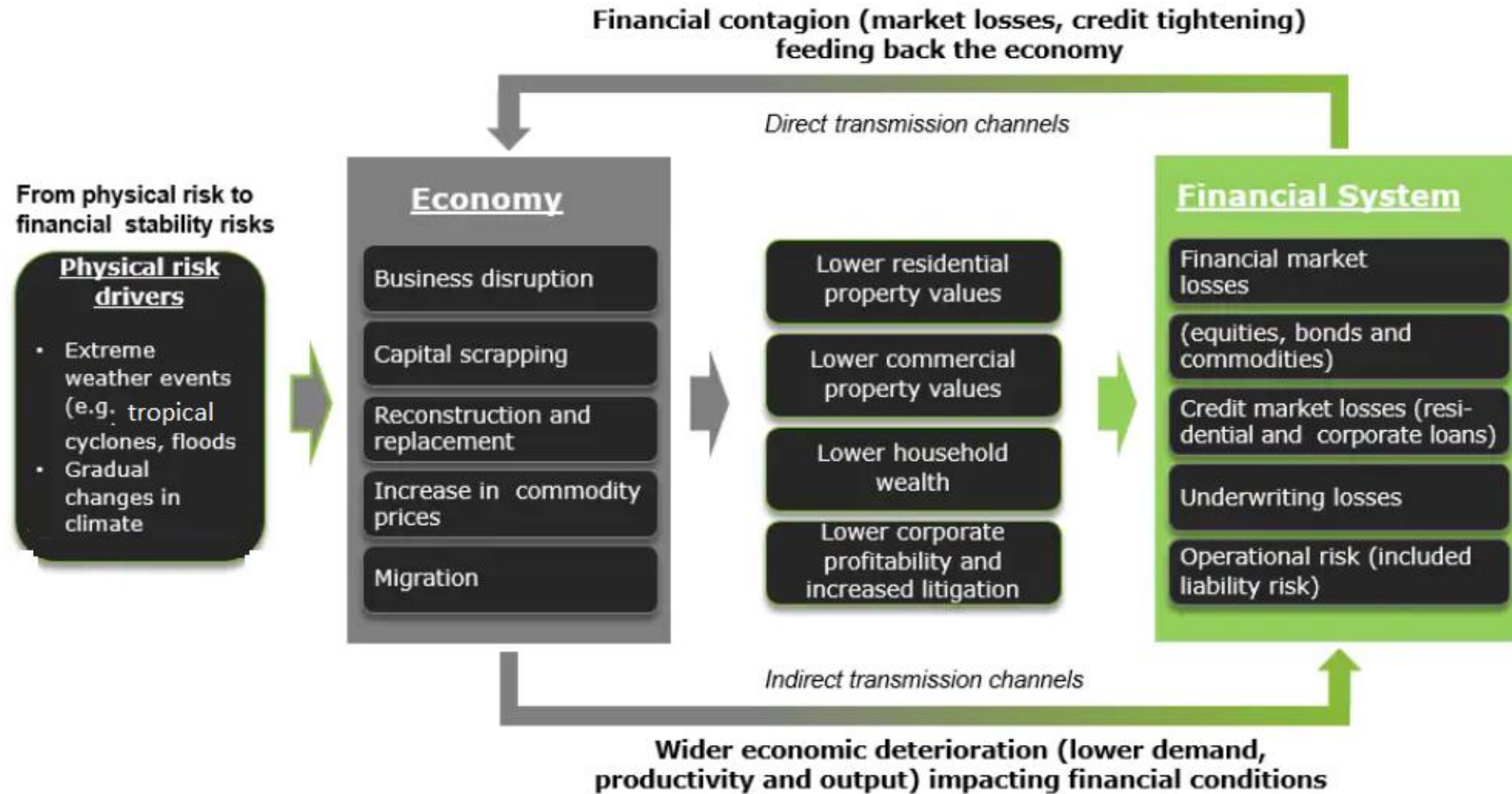
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Source: <https://insight.factset.com/the-reality-of-transition-risks-for-investors-part-i>

Challenges

- Accessing science for decision making
- Linking climate action to disaster risk reduction
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Source: <https://www2.deloitte.com/gr/en/blog/risk-advisory/2020/>

Ways Forward



Intersecting Frameworks

- Integrating adaptation with the Sustainable Development Goals and the Sendai Framework
- The NRC Resilience Framework



Approaches

- New partnership strategies, policies, and resources to address differentiated exposure and vulnerability
- Build capacity for evidence-informed systems thinking and risk analysis
- Nexus approach to risk governance and resilience

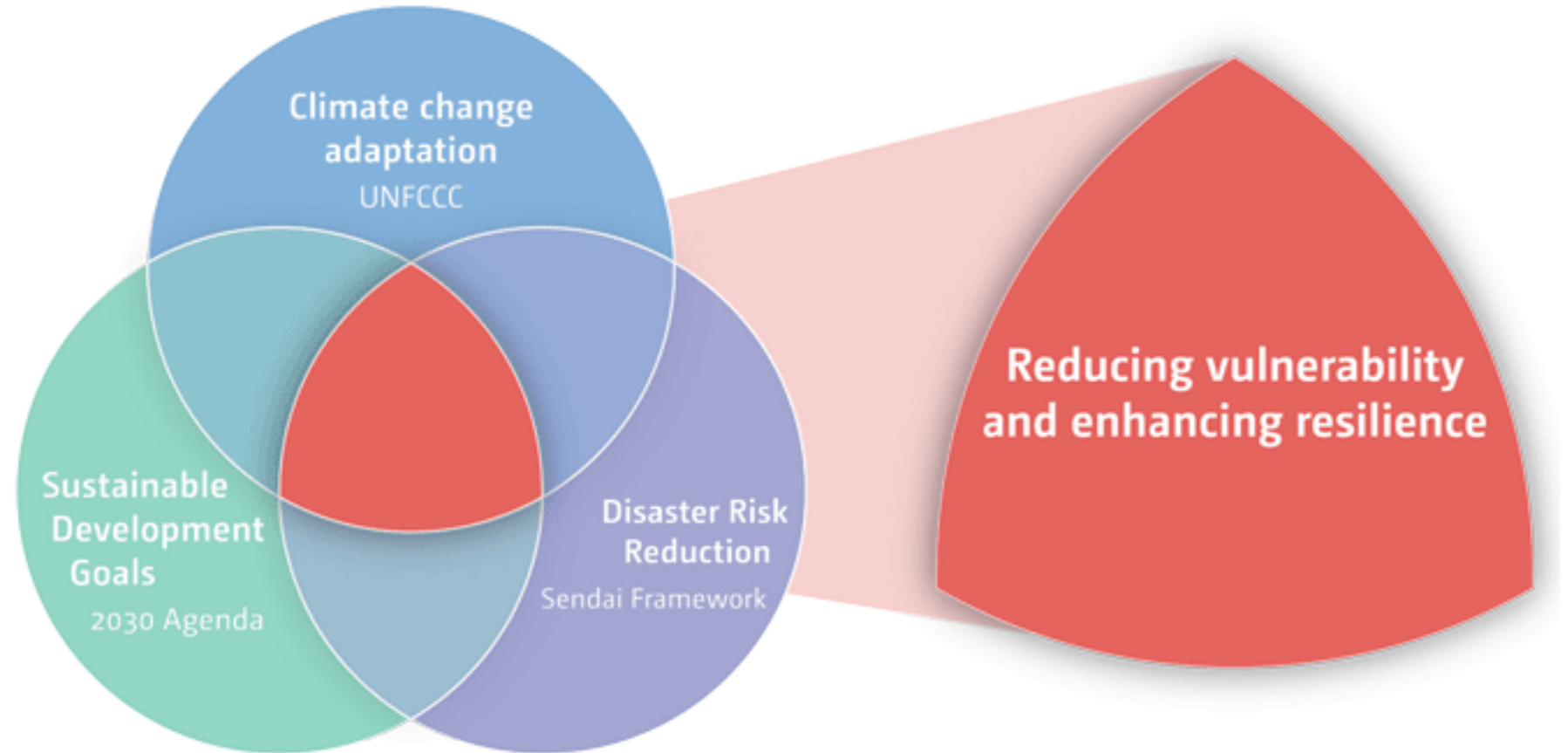


Tools

- Science-based CDRA
- Spatial Finance
- Contextualized solutions at scale and by sector
- Quick Risk Estimation Tool for MSMEs
- Support the development of local risk financing, risk transfer instruments, social protection

Intersecting Frameworks

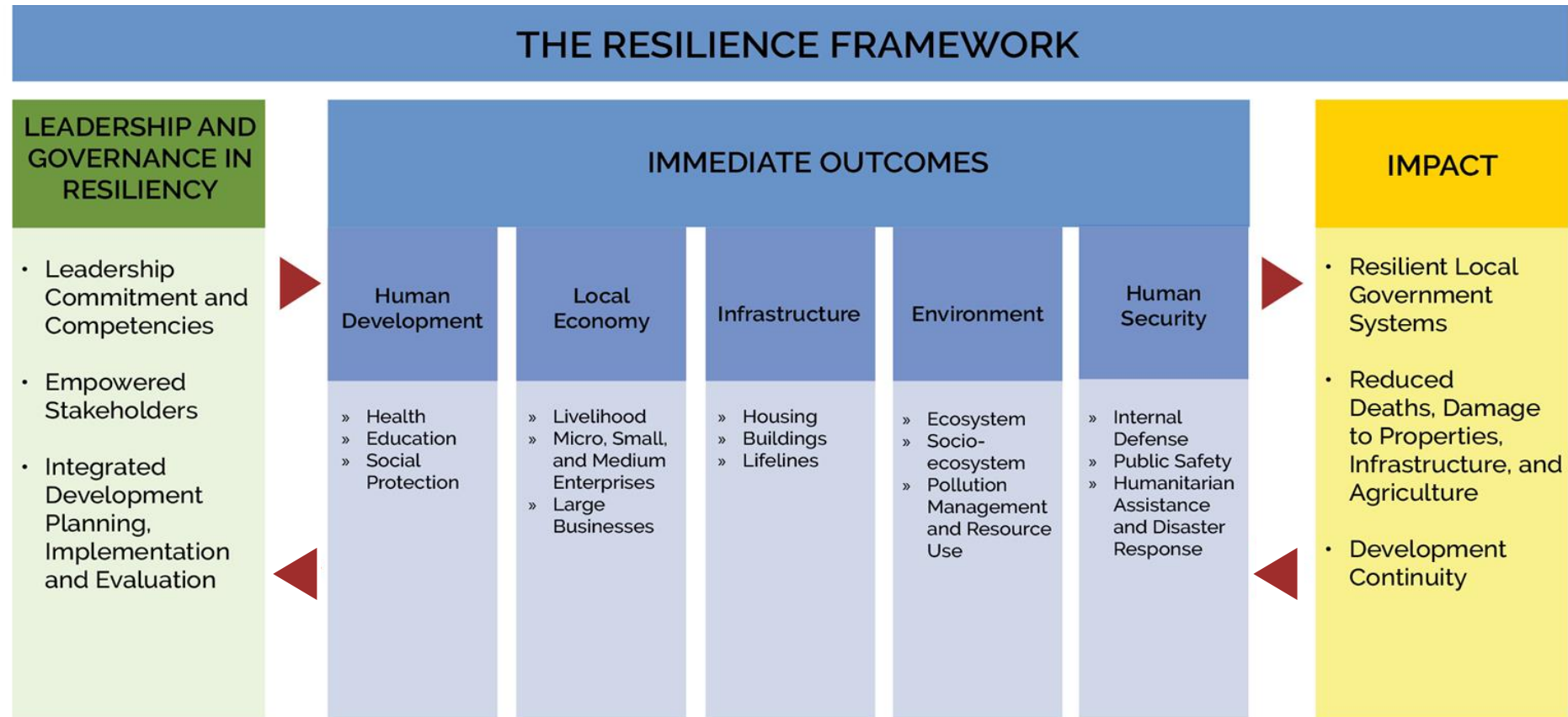
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Source: UNFCCC

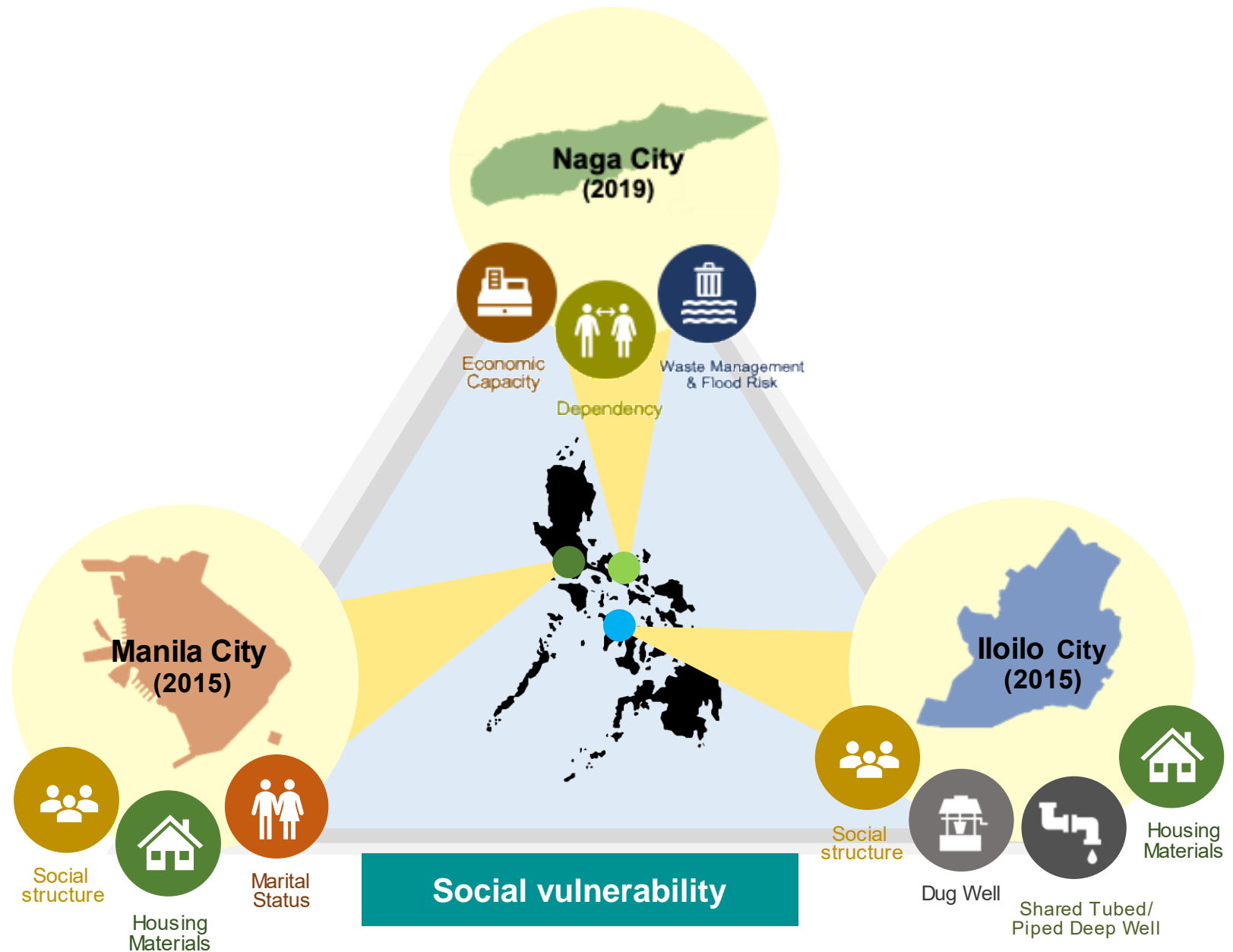
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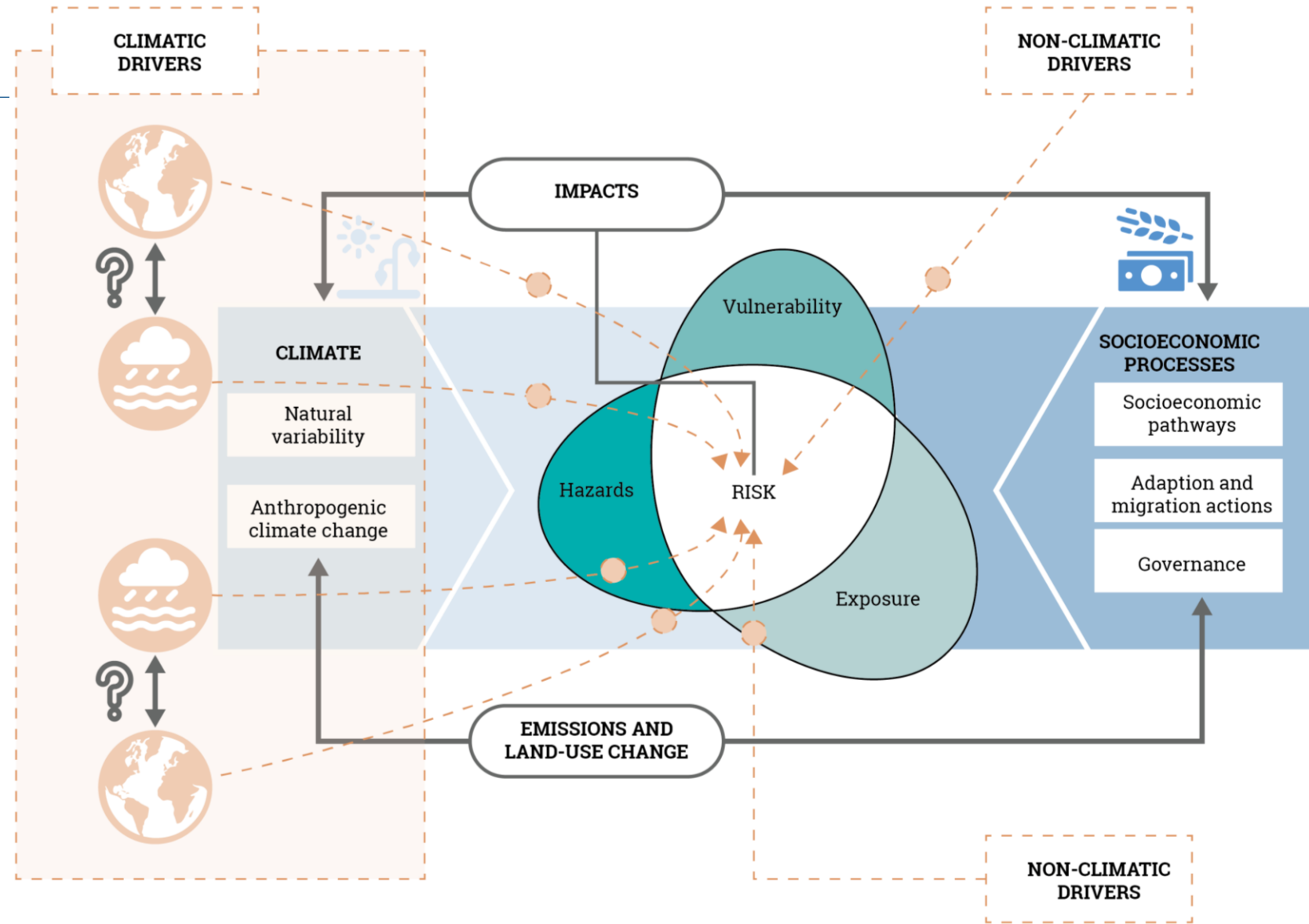
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Porio E. (2020) and Porio E., See, J.C., Villanueva, C., (2021); For Naga City, findings are based on CBMS analysis of Ateneo de Naga University

Approaches

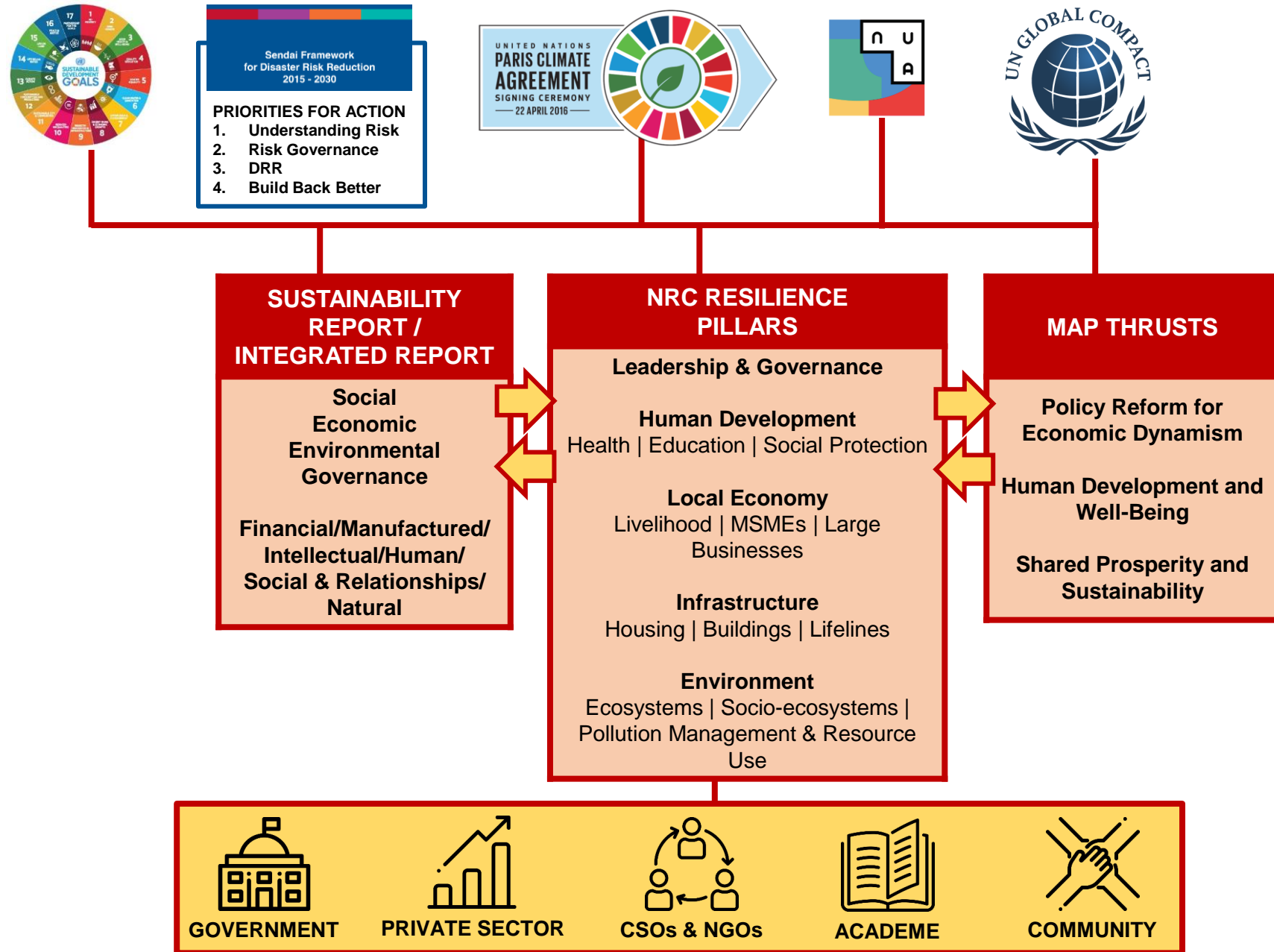
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Source: GAR 2022

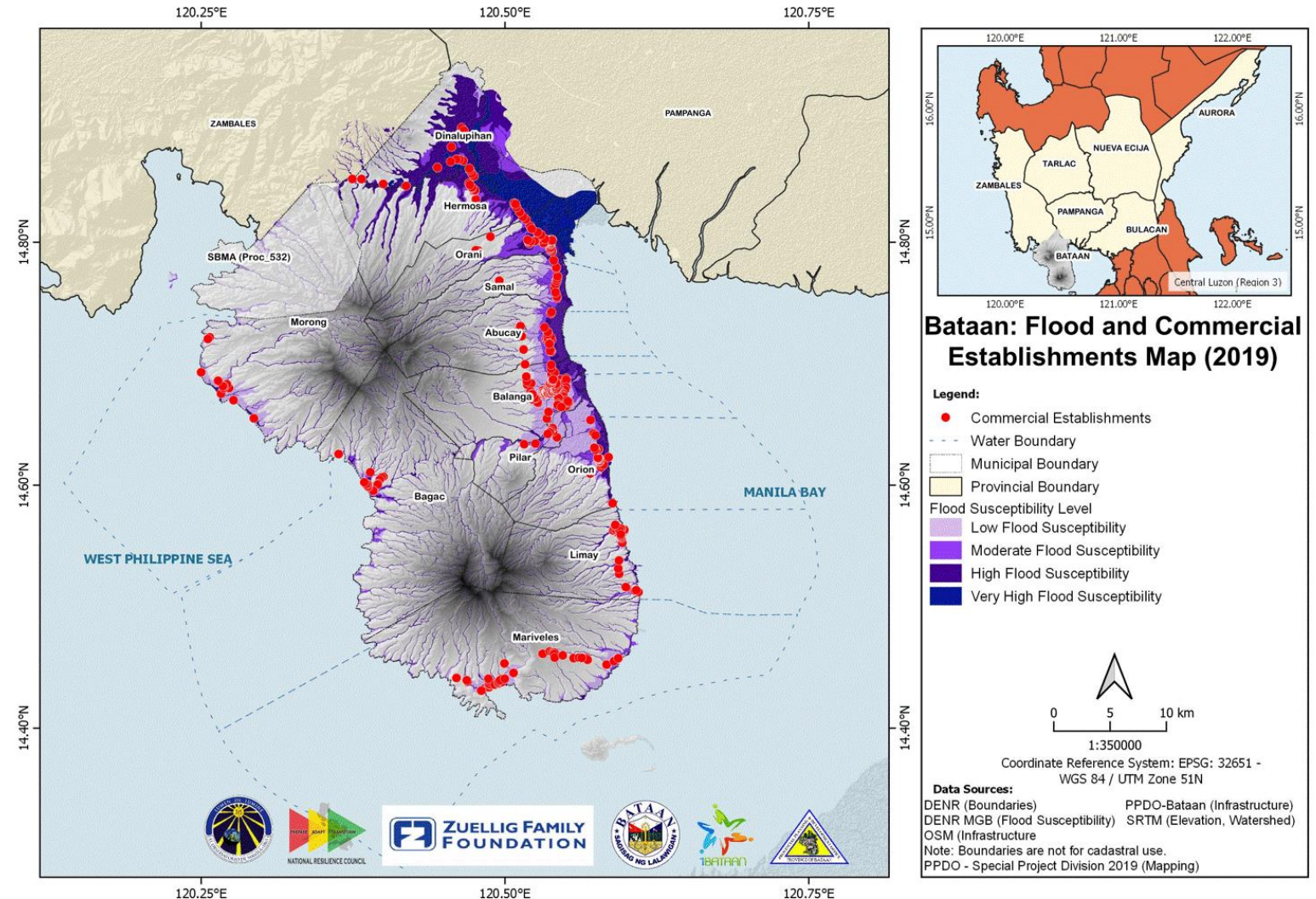
Approaches

- New partnership strategies, policies, and resources to address differentiated exposure and vulnerability
- Build capacity for evidence-informed systems thinking and risk analysis
- **Nexus approach to risk governance and resilience**



Tools

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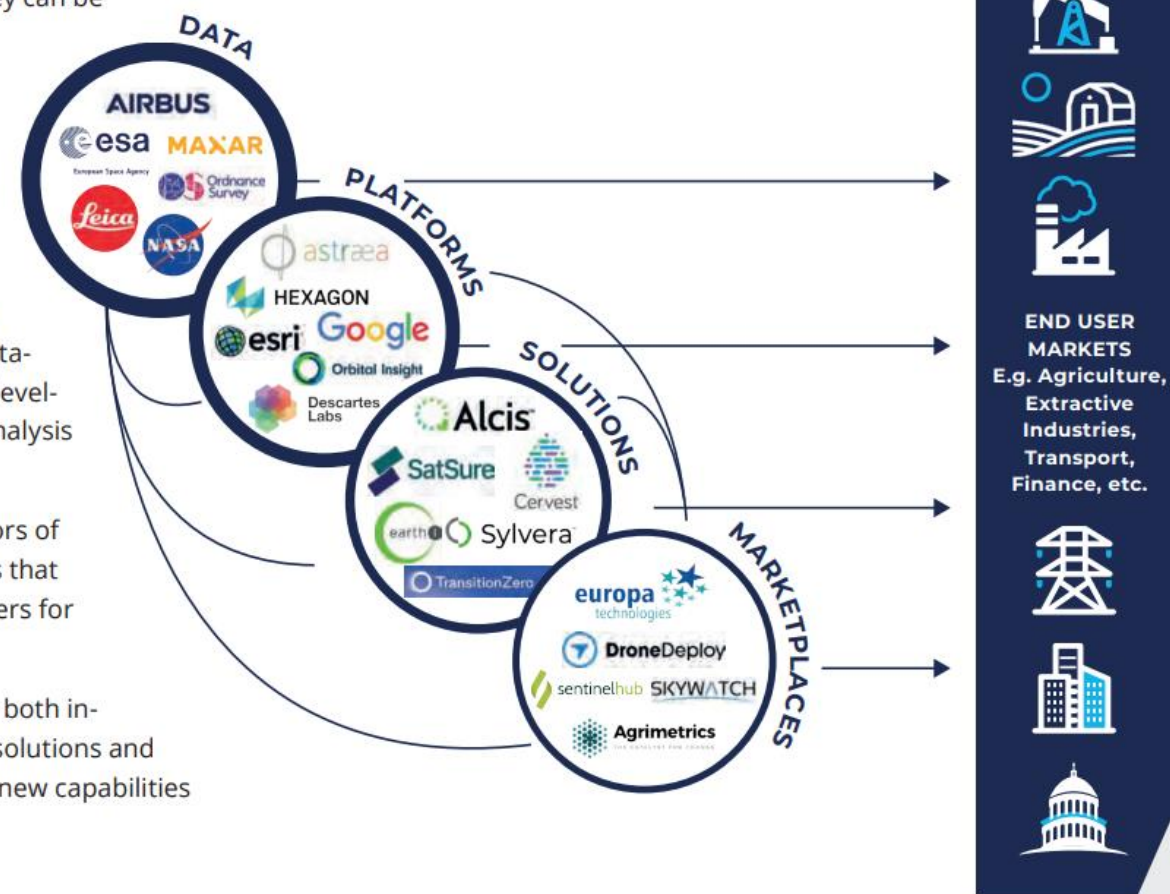
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GEOSPATIAL VALUE CHAIN

These technological advancements are driving the creation of new company and business models into the market, allowing innovative ways for users to interact with the technology. While many players are active across multiple levels of the value chain, they can be broken down into four categories⁵.

- **Data:** Data providers offering raw, semi-processed and processed geospatial data through simple APIs under a "Data as a Service" model typically based on hardware and sensor expertise.
- **Platforms:** Industry agnostic "Platform as a Service" solutions typically combine multiple datasets and offer a flexible environment with pre-developed functionalities for users to do their own analysis or build their own solutions.
- **Solutions and Services:** Smart aggregators of relevant geospatial and non-geospatial datasets that directly provide value added services and answers for industry specific challenges.
- **Marketplaces:** Marketplaces bring together both industry specific and industry agnostic datasets, solutions and expertise in a way that allows users to discover new capabilities more easily.



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UNDRR
UN Office for Disaster Risk Reduction

This tool is intended to help micro, small and medium-sized enterprises, especially in the informal sector, to develop a basic understanding of their level of risk and is meant to be one tool among many to help enterprise/business owners understand their risk levels & build their resilience.

Quick Risk Estimation (QRE) Tool
For Micro, Small and Medium-sized Enterprises (MSMEs)

[About the Tool](#) [Take me to the Tool](#)

In partnership with

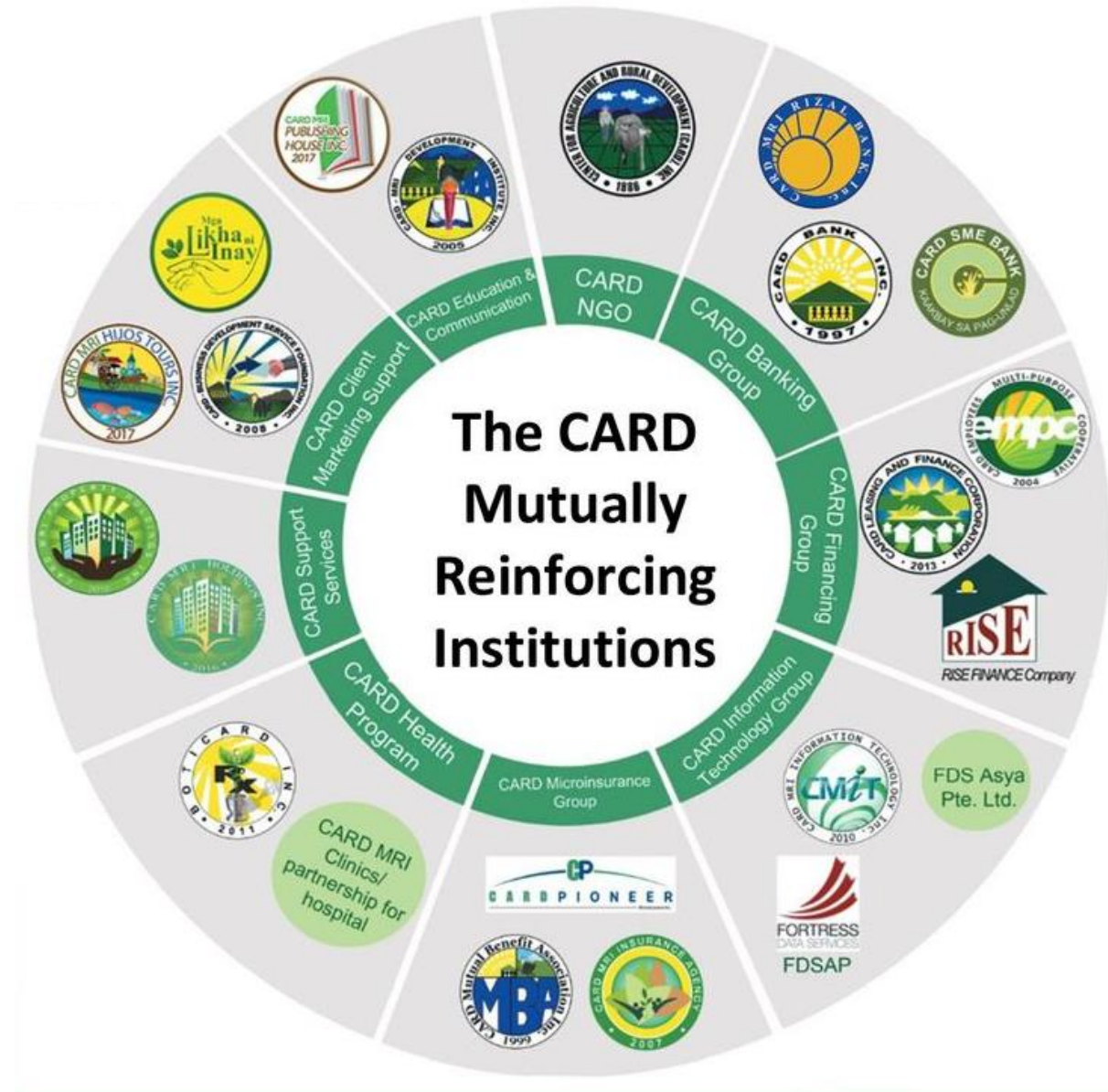
RIKA **PROFECIA** **adpc** Asian Disaster Preparedness Center

COVID-19 RESPONSE

English

Tools

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Source: Center for Agriculture and Rural Development Mutually Reinforcing Institutions. (2017). <https://slideplayer.com/slide/16547274/>

Integrating ESGR in the Way We Do Business: Next Steps



Adopt evidence-informed decision support systems to achieve science-based targets towards 1.5 degrees



Mainstream climate change adaptation and disaster risk resilience into sustainability reporting




Support and capture “externalities” including knowledge co-generation and management, tech transfer, and innovation



Access government climate finance

Integrating ESG^R in the Way We Do Business: Next Steps

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- Access government climate finance



[Global Agenda](#) | [Private Investors](#) | [Sustainable Development](#) | [How to Save the Planet](#)

ESG is missing a metric: R for resilience



Increasingly frequent extreme weather events are one form of shock to which businesses must adapt. Image: Reuters/Noah Berger

Source: World Economic Forum. (2021, June 07). *ESG is missing a metric: R for resilience*.
<https://www.weforum.org/agenda/2021/06/esg-resilience-investment-environment-social-governance/>

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Source: www.unsustainabledevelopmentgoals.org/podcast/sdg-target-15

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Source: COVID-19 enterprise resilience framework, EY research

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Source: Climate and Disaster Risk Financing: Opportunities for Resilient Development (2021). Asec. Paola Alvarez, Department of Finance.



PREPARE. ADAPT. TRANSFORM.

www.resiliencecouncil.ph