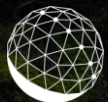




Coalition for
Climate Resilient
Investment

CCRI Briefing to US Congress

15 October 2021



GLOBAL
CENTER ON
ADAPTATION



WORLD
ECONOMIC
FORUM

WORLD
RESOURCES
INSTITUTE



UN CLIMATE
CHANGE
CONFERENCE
UK 2021

IN PARTNERSHIP WITH ITALY

WillisTowersWatson



Problem Addressed

An acute mispricing of physical climate risks in investment decision-making exposes social, economic and financial value to these risks

Mandate

Led by the private sector, in partnership with key public institutions, CCRI is advancing practical solutions for a more efficient integration of physical climate risks in investment decision-making

Scope and Approach

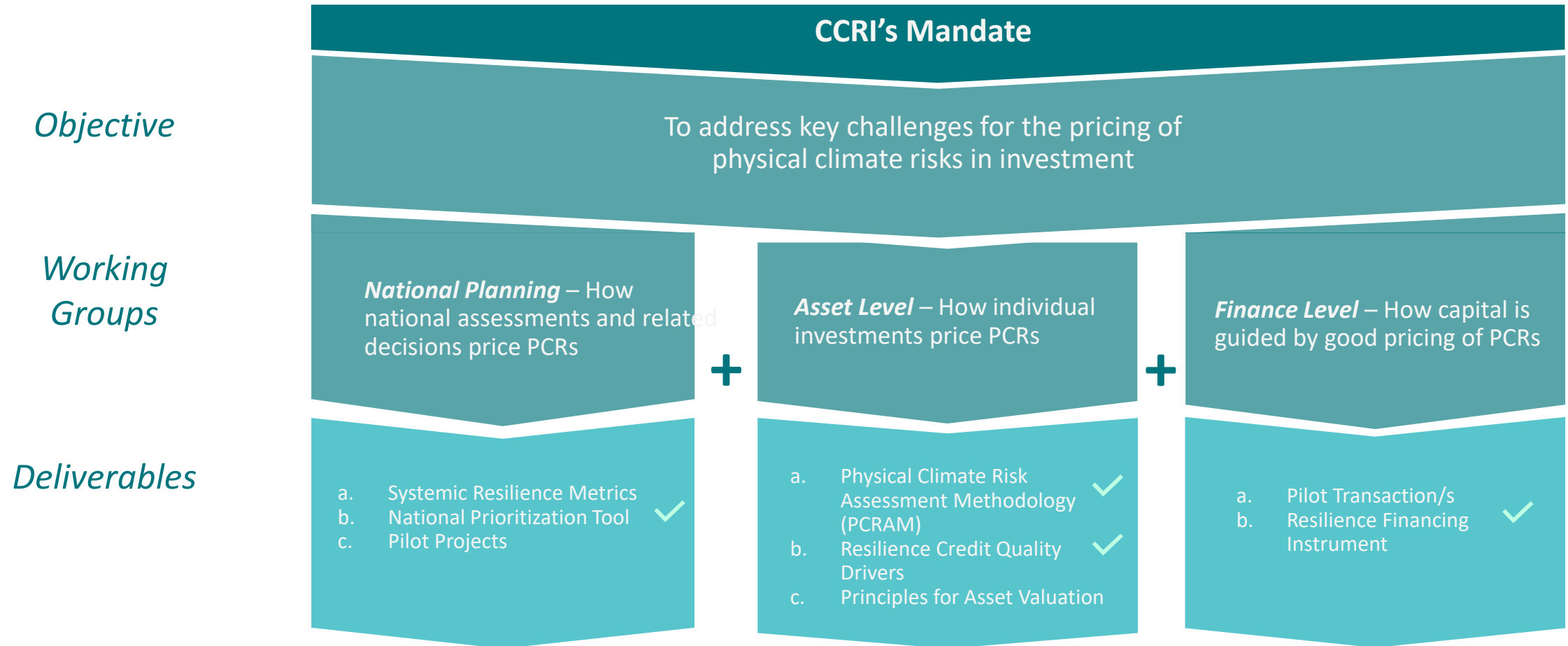
Global scope, only physical climate risks, public good solutions responding to the strategic needs from governments and investors ahead of a potential systemic adjustment in related practices

Status and Membership

A **Flagship COP26 Initiative**, CCRI has grown from 27 members representing USD 4tn, to **120 members and USD 20tn in assets represented**

CCRI Mandate Recap

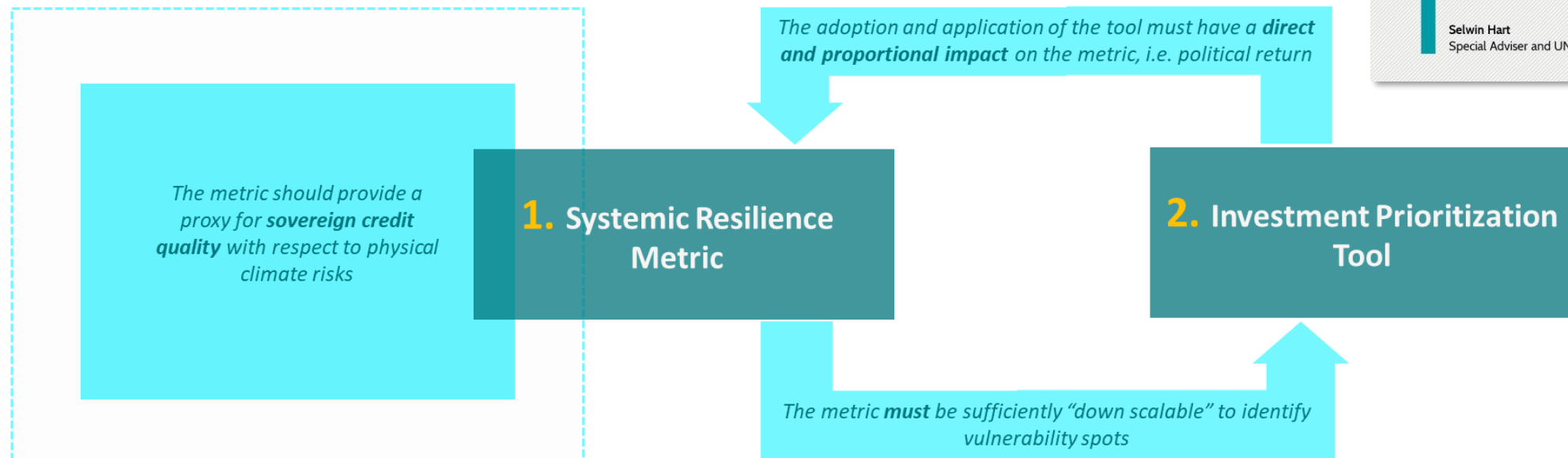
Overall Goals and Structure



CCRI's Systemic Resilience Forum

Justification and Deliverables

- The Systemic Risk workstream within CCRI is aimed at supporting sovereign institutions to better *assess and manage* the exposure of national value in any given jurisdiction to physical climate risks
- This workstream is called *CCRI's Systemic Resilience Forum*, given the nature of institutions involved.
- Deliverables include:
 1. *Systemic Resilience Metric* – delivering an assessment of national value (economic, social, ecosystem) to physical climate risks
 2. *National Investment Prioritisation Tool* – Identifying actions/investments with most potential to protect national value



"We are seeing unprecedented impacts of climate change. Last year was a record year for hurricanes, storms, flooding, droughts and wildfires. This is why initiatives such as the Coalition for Climate Resilient Investment are important, particularly in its ability to mobilise public and private finance and adaptation. We must scale up investment in adaptation and resilience."



Selwin Hart
Special Adviser and UN Assistant Secretary General for Climate Action

SRF Deliverable Example

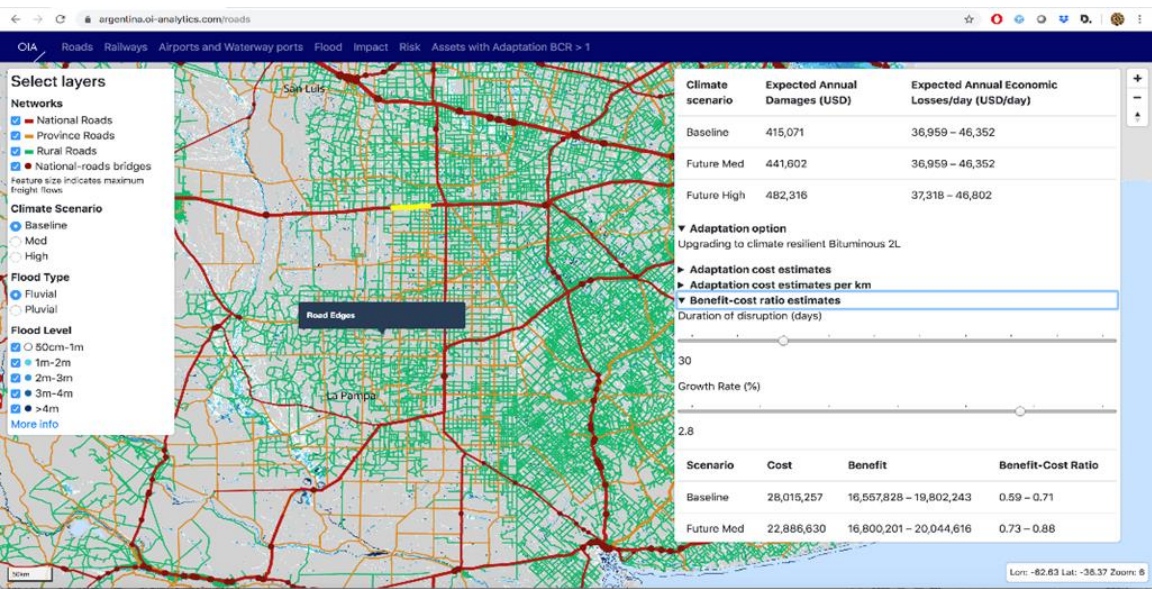
National Investment Prioritisation Tool in Jamaica

Goal

- Integrating climate risk analytics in national decision-making and enhancing cost-benefit analyses at macro-economic level
- To be launched at COP26*

Status

- Tool developed in Jamaica by University of Oxford with support from UK Government and Green Climate Fund

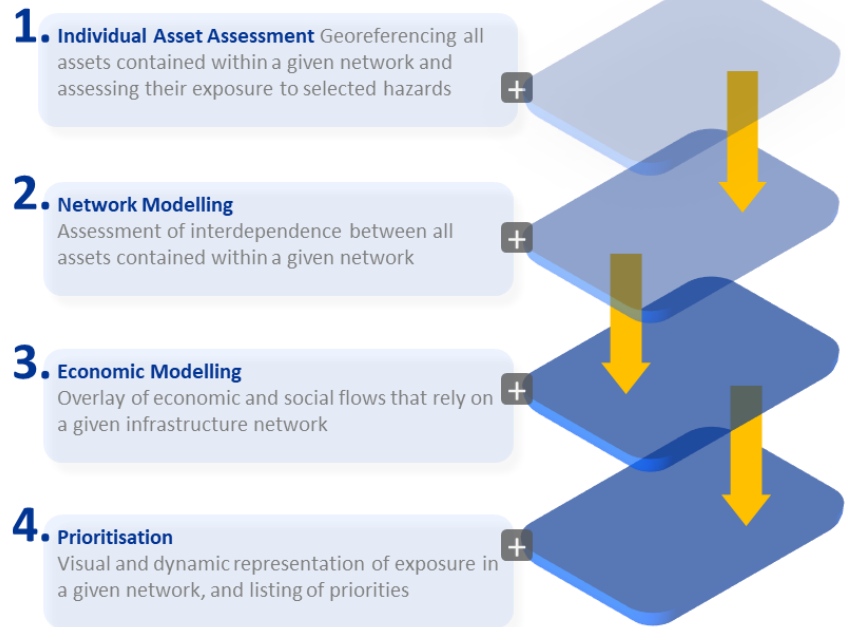


Source: University of Oxford



Jamaica's PM speaks of CCRI at Jamaica's Opening of Parliament

Technical Stages for Tool Development*



*Stages followed for a given infrastructure network in a given country

The Asset Design & Structuring (ADS) Working Group

Justification and Deliverables

Goal

To advance a framework for the integration of physical climate risk analytics in cash flow modelling practices

Progress – Advanced Deliverables

1. **PCRAM***: bottom-up methodology for the interpretation of climate data in structural terms, i.e. capex, opex, depreciation
2. **S&P Credit Quality Drivers**: providing guidance towards a better recognition of resilience in credit quality terms
3. **Valuation Principles**: providing guidance for the interpretation of 1. and 2. in terms of cash flow projections and/or discount rates

* Physical Climate Risk Assessment Methodology

Data

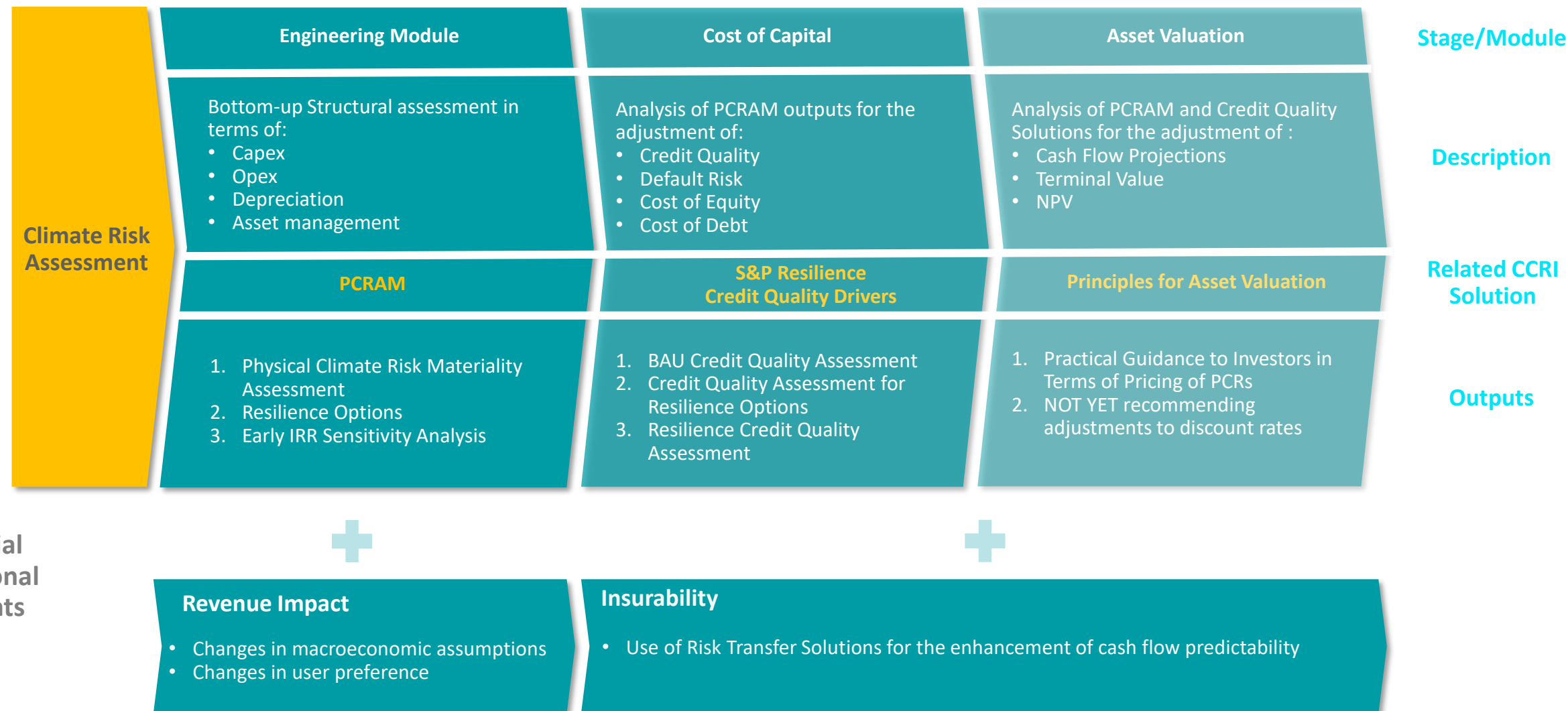
The curation, treatment and protection of data have represented a core exercises across CCRI activities, and particularly in its ADS workflow

Climate Data: 7 climate risk data providers covering a range of analytical approaches deliver pro-bono assessments

Project Data: real data (cash flow models, design) from 39 infrastructure projects initially offered

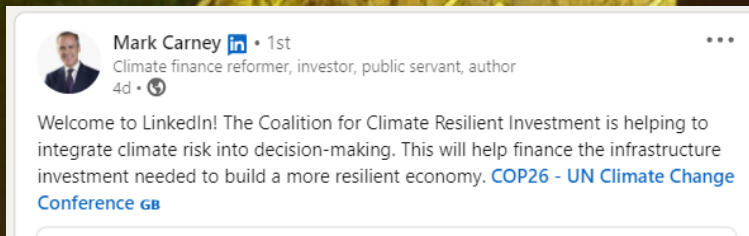
Data Confidentiality: A *data trust* established for this exercise, and an *MoU* signed by all participants

Core Process





CCRI awarded Climate Risk Initiative of the Year



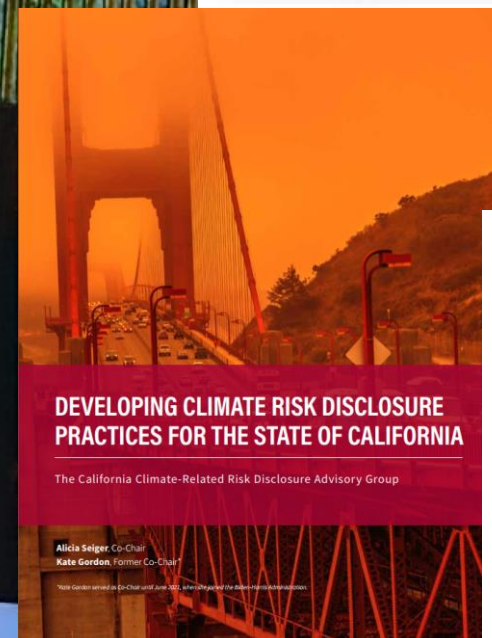
Launch of CCRI at UNCAS 2019

CCRI Momentum



83. We welcome the important work of the members of Coalition for Climate Resilient Investment and Coalition for Disaster Resilient Infrastructure. We recognise the need to strengthen international risk forecasting, prioritisation and advice to vulnerable countries on contingent finance. We call on the existing disaster risk finance initiatives and key international institutions to increase collaboration and to improve synergies. We recall the G20 Finance Ministers and Central Bank Governors' commitment to strengthen the global risk monitoring, including by further integrating natural disasters, climate, environmental and other high-impact tail risks more systematically into the global risk monitoring and preparedness. We welcome the intention of individual G7

G7 Communique "welcomes the important work of CCRI"



Recommendation 3.9: The state should prescribe methodologies for the disclosure of project-level physical and transition risk based on emerging best practices as detailed below.

Recommendation 3.10: Project-level physical risk disclosure should align with PCRAM or other best practices for physical risks assessment as endorsed by the state in the future. Physical climate risk disclosure should include an assessment of relevant climate hazards and a long-term materiality assessment, as well potential resilience improvements.

Recommendation 3.11: Project-level transition risk disclosure should align with emerging methodologies and best practices as they are widely adopted. Transition climate risk disclosure should include lifecycle carbon emissions, carbon price sensitivity, and any approach to offsets. Furthermore, it should include an assessment of broader impacts relating to the transition and the project's transition readiness.

State of California's Climate-Related Risk Disclosure Advisory Group



Membership



Institutional Investors

Lending Institutions

Insurance

Climate Risk Data

Financial data

Construction, Engineering and

Consulting/Auditing

Standards

Governments

Multilateral Institutions

Legal

Public Institutions/ Think Tanks

Academic/ Research

Credit rating

International Organisations

Convening Partners

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End of Presentation (slide 10)