Prevent Risks - Lead Growth. Resilience & Sustainability Management as Drivers for Disaster Prevention and Recovery

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Global Sustain
People | Planet | Profit

CCG Philosophy: Leading Growth + Preventing Risks

CCG Services Overview

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Leading in a changing & challenging global economy with opportunities & risks. CEOs Challenges in 2016. PwC, Forbes, Statista

The Top Concerns For The World's CEOs In 2016

Severest economic, policy, social & business threats in 2016, rated by CEOs

Concern	Percentage
Over-regulation	79%
Geopolitical uncertainty	74%
Exchange rate volatility	73%
Availability of key skills	72%
Government response to fiscal deficit and debt burden	71%
Increasing tax burden	69%
Social instability	65%
Cyber threats	61%
Shift in consumer spending and behaviours	60%
Lack of trust in business	55%
Climate change and environmental damage	50%

Source: PWC

Forbes statista

Top Global Risks Map 2016 by WEF. Top risks are not financial

The Global Risks Report 2016

Top 10 risks in terms of
Likelihood

1. Large-scale involuntary migration
2. Extreme weather events
3. Failure of climate-change mitigation and adaptation
4. Interstate conflict
5. Natural catastrophes
6. Failure of national governance
7. Unemployment or underemployment
8. Data fraud or theft
9. Water crises
10. Illicit trade

Top 10 risks in terms of
Impact

1. Failure of climate-change mitigation and adaptation
2. Weapons of mass destruction
3. Water crises
4. Large-scale involuntary migration
5. Energy price shock
6. Biodiversity loss and ecosystem collapse
7. Fiscal crises
8. Spread of infectious diseases
9. Asset bubble
10. Profound social instability

Categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological

WORLD ECONOMIC FORUM
COMMITTED TO IMPROVING THE STATE OF THE WORLD

Read more: wef.ch/risks2016 #risks2016

Increased Risks & Challenges in a connected world. HOPE IS NOT A PLAN!

Rise of global challenges & systemic risks: geopolitical, security, climate, technology, social & in general non economic risks. Need for updated & integrated Risk Management & Incidents Prevention & Mitigation Plan

# The Sustainable Development Model. How the 3 main pillars are connected?
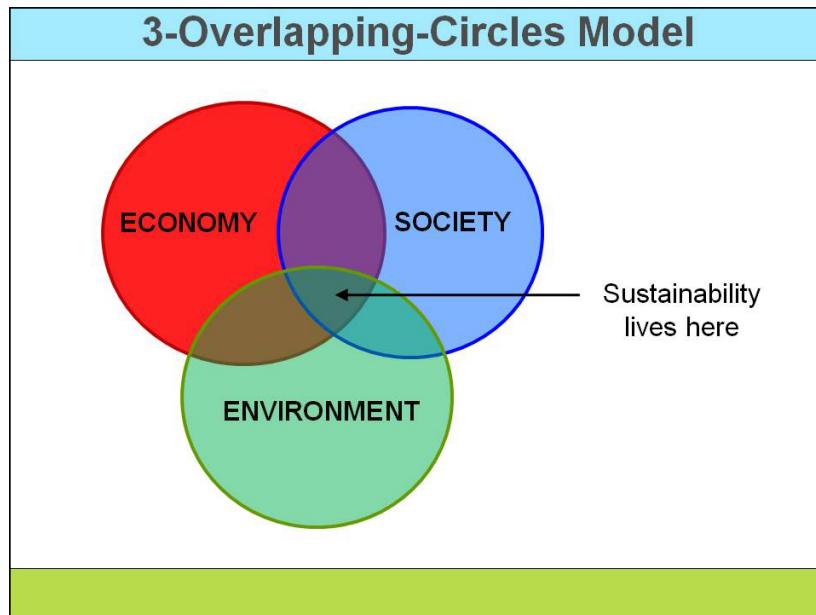
Preventing & Mitigating Risk with Sustainability Metrics

| Environmental (E)	Social (S)	Governance (G)
Energy efficiency	Employee compensation	Board independence
Carbon emissions	Benefits	Directors compensation
GHG emissions	Staff turnover	Shareholder voting
Biodiversity	Employee health	Litigation risks
Water usage	Safety practices and targets	Corruption/bribery policies
Natural resource use	Training hours	Codes of conduct
Recycling practices	Diversity and targets	Transparency policies
Waste disposal	Local community support	Suppliers Code

Integrating the UN Sustainable Development Goals in the organization & corporate strategy
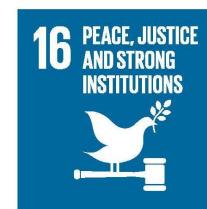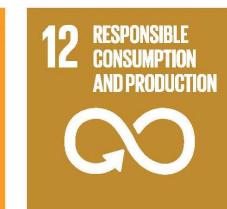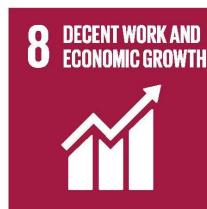
Integrating the UN Sustainable Development Goals means opportunity for companies & the society
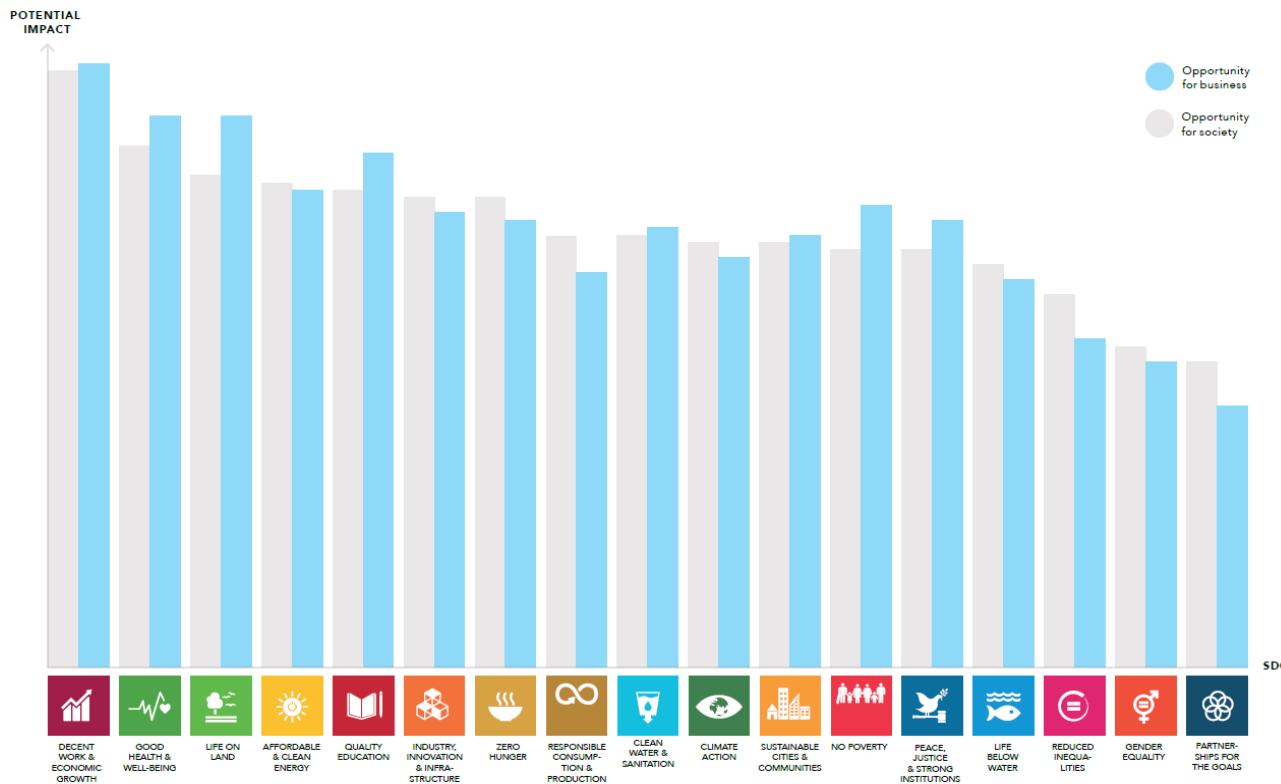
Mapping the Goals across the Value Chain
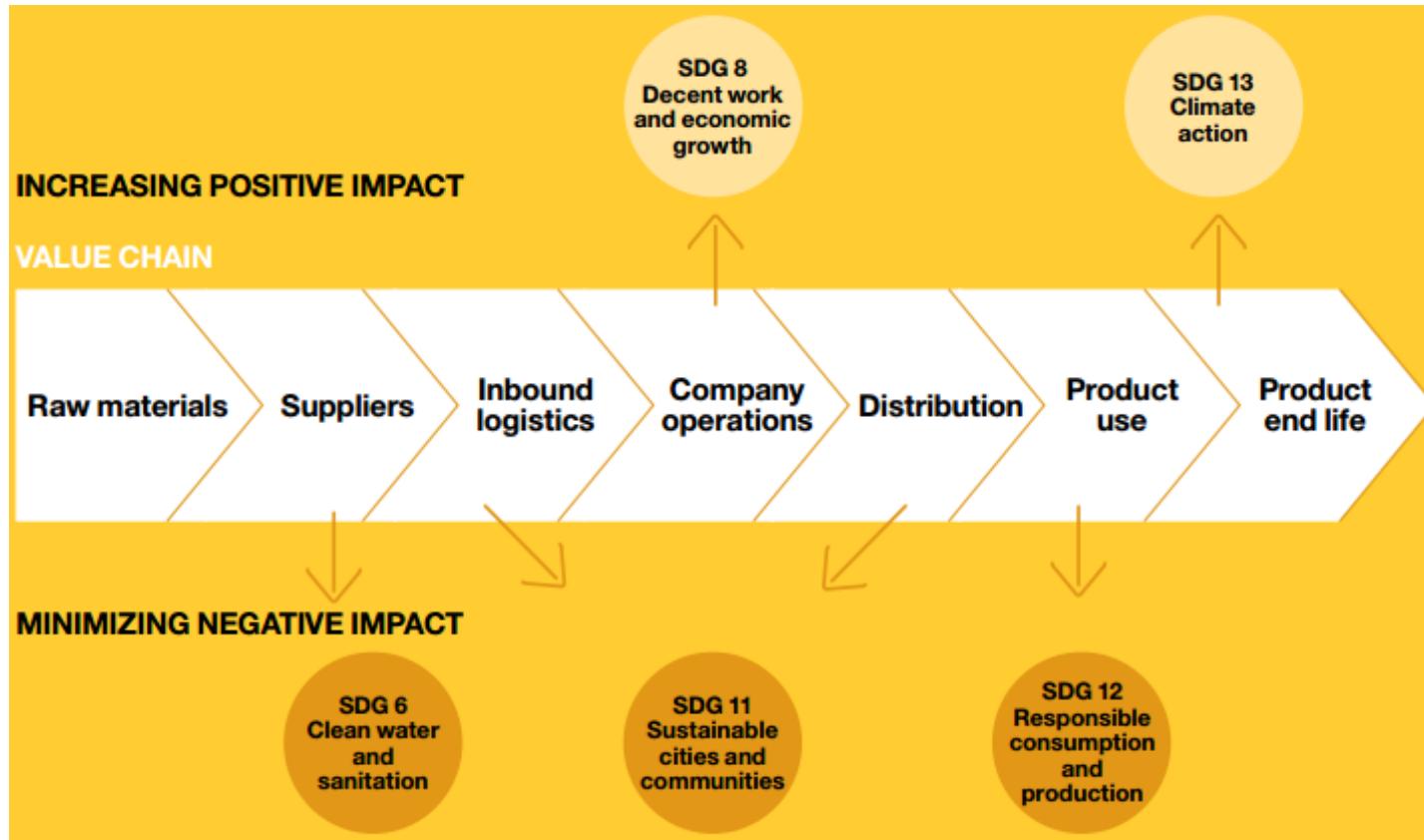
Benefits to Business of engaging in the UN SDGs

Benefits of Engaging Business in the SDGs

1. Harnessing business' core role in generating growth, productivity and jobs—all core drivers for progress.

2. Accessing private sector innovation around technologies, products, services, processes and business models.

3. Creating opportunities to achieve scale by harnessing businesses' knowledge of designing business models to meet specific customer needs in a scalable way.

4. Leveraging public sector and aid investments with corporate philanthropic, social or commercial investment.

5. Accessing complementary know-how and skills.

6. Building alliances to promote responsible social and environmental good practices, as well as spreading broader values and norms such as protecting and respecting human rights, promoting good governance and accountability, and increasing inclusion and equality.

Benefits to Business of Engaging in the SDGs

1. Securing the long-term success of business by improving the broader enabling environment and ecosystems in which business operates.

2. Identifying and managing material risks and costs.

3. Building reputation, strategic market positioning and safeguarding a licence to operate.

4. Strengthening relationships with employees, customers and other stakeholders.

5. Creating or accessing new markets. Technology, product, service and business model innovation that contributes to the SDGs also offers opportunities to reach new growth markets and strengthen competitiveness.

6. Aligning business action with the vision of the company's leadership and expectations of its employees, customers or clients.

Nr .11 UN SDG. Sustainable Cities and Communities

Facts & Figures about Nr .11 UN SDG
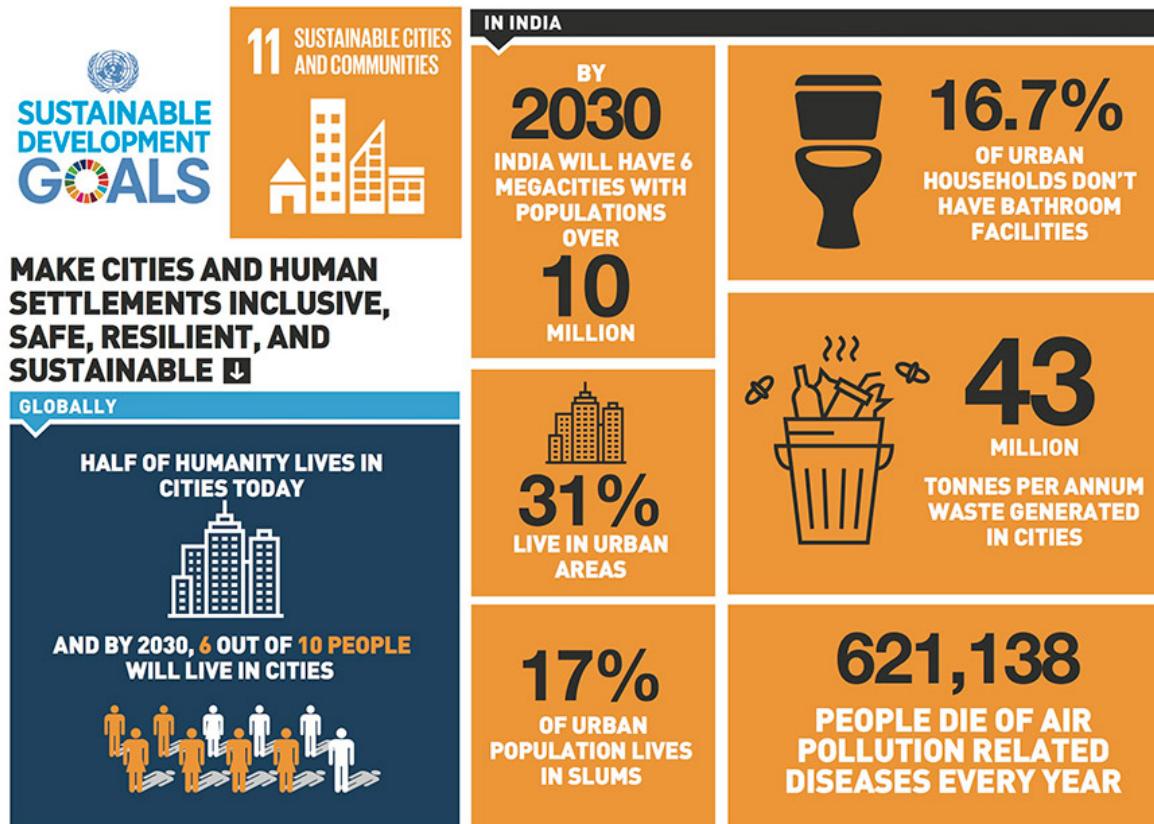
Engage with Global Compact Cities Program and adopt „Melbourne Model" to achieve Nr .11 UN SDG

# Road Map Integration Model for a City to achieve Nr .11 UN SDG
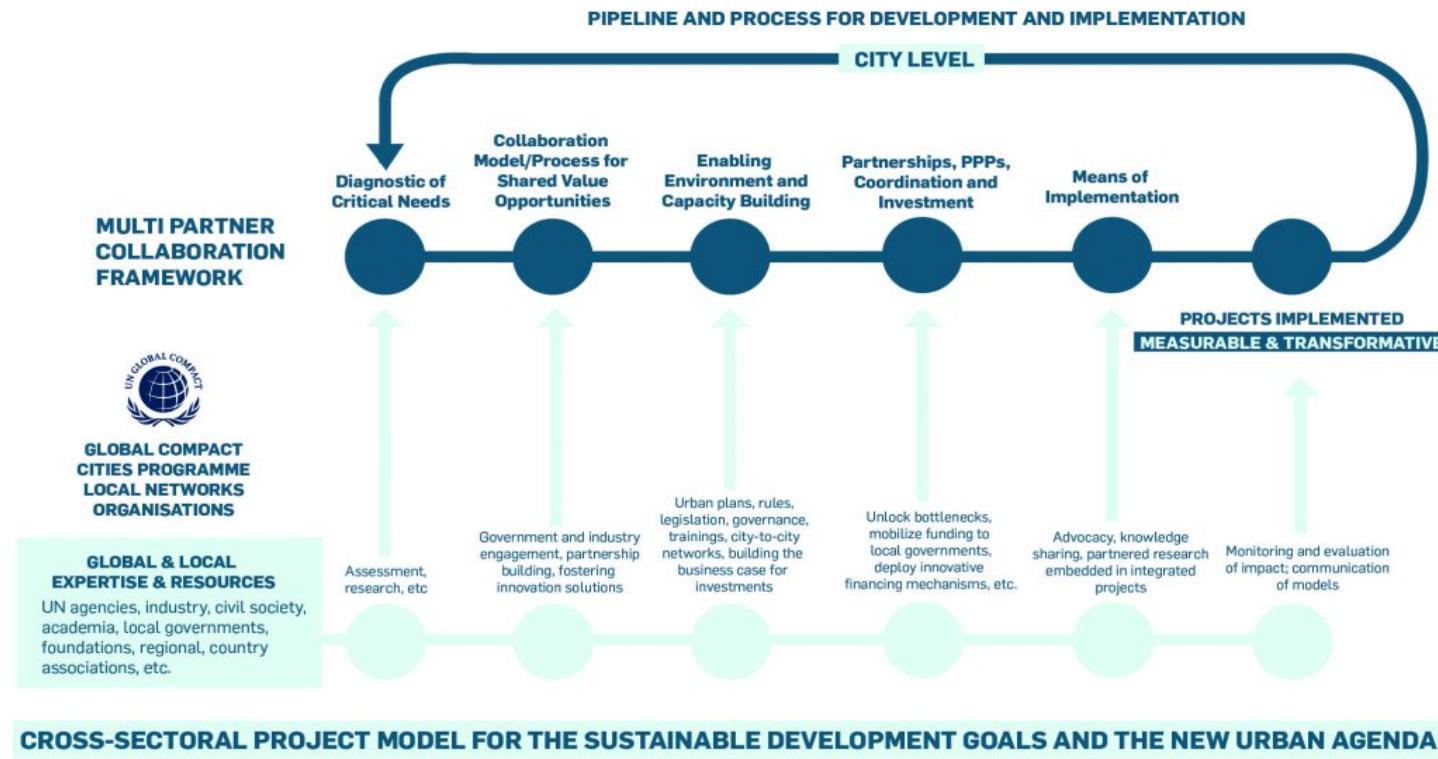
- **KEY AREAS OF FOCUS FOR THE INTEGRATIOB OF Nr. 11 UN SDG BY A CITY**

  ❖ **Inequality & Livelihoods**
  ❖ **Food Security**
  ❖ **Governance & Participation**
  ❖ **Housing**
  ❖ **Resilience**
  ❖ **Climate & Energy**
  ❖ **Women in the Cities**

Developing an Integration Framework Model for companies regarding Nr .11 UN SDG
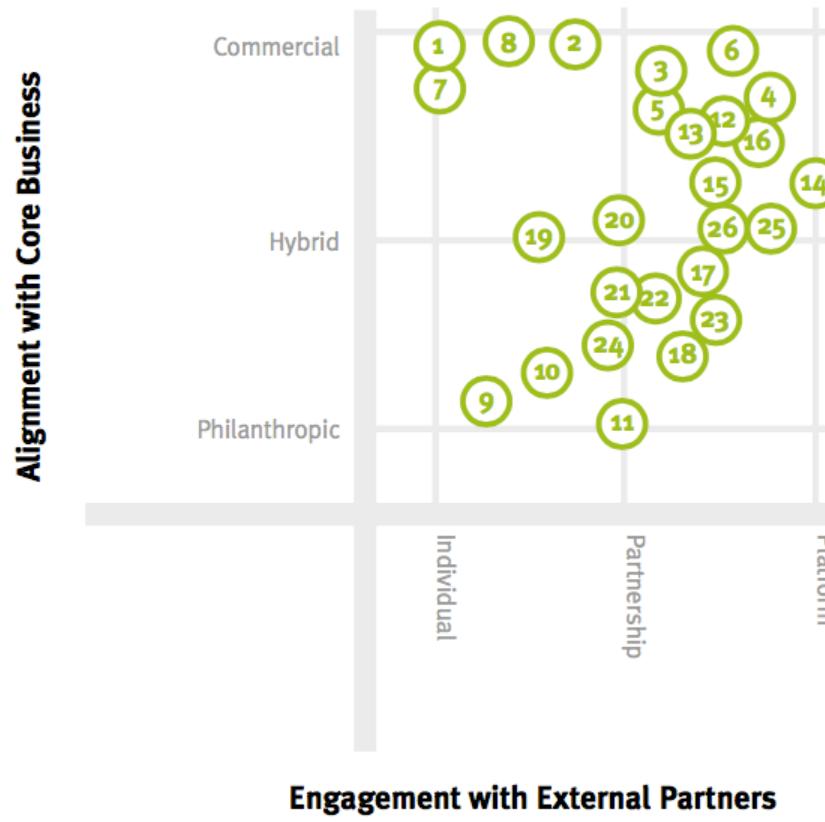
Integration Framework Model for companies regarding Nr .11 UN SDG

Steps companies can take to contribute to the SDGs

Prioritize to identify SDGs that are most strategically aligned with business competencies and priorities

Establish **goals and KPIs** related to priority SDGs

Join partnerships related to the SDGs

Align current initiatives to contribute to priority SDGs

Make **public commitments** to one or more of the SDGs

Launch new initiatives to contribute to priority SDGs

Activate all relevant Stakeholders for the Integration Framework Mode. Implement Materiality Analysis with Stakeholders. Report

- monitor, evaluate and refine engagement
- learn and improve
- follow up on the action plan
- report on engagement

- identify stakeholders
- map stakeholders
- determine engagement methods
- determine disclosure boundaries
- draft engagement plan

Act, review and improve

Plan

Engage

Prepare

- invite stakeholders to engage
- brief stakeholders
- engage
- document engagement and outputs
- develop an action plan
- communicate plans

- mobilise resources
- build capacity
- identify and prepare for risks

Using existing tools for the Integration Framework Model and adapt them to the case

- **PARTICIPATORY CO CREATION MODEL - TOP DOWN - BOTTOM UP & HORIZONTAL APPROACH**

➢ **Assess** the existing sustainability strategy, design a gap analysis, develop a materiality analysis with the involvement of selected stakeholders and identify how the selected SDGs will fit to th priorities across its value chain. Connect to commercial goals, framework, management, KPIs, reporting, investment.

➢ **Define** a scope of goals and KPIs for each selected SDG.

➢ **Design** a process of business integration of sustainable targets across all business units functions globally. Before full implementation run a pilot project at specific units for adaptation and improvement. Follow capacity building process and involve selected stakeholders through a stakeholders mapping and prioritization process.

➢ **Recommend** a communication strategy with the involvement of stakeholders and link to the sustainability reporting strategy. Public commitment, participation in global relevant initiatives and networks. Lead a new global initiative about this specific UN SDG Goal.

Example of Project phases, tasks, deliverables of UN SDG Integration into an organization

| PROJECT PHASE	ASSESS Sustainability Strategy	DEFINE Goals & KPIs	DESIGN Integration Process	RECOMMEND Communication Strategy
TASKS	- Review Sustainability Strategy & material issues - Interview of 4-5 staff - Draft an 'As-Is' report	- Review objectives & goals - Review KPIs - Strategic Review Workshop to discuss the outcome of the diagnosis, the 'As-Is' Report and recommended next steps - Establish specific goals & KPIs - Create a high level performance management framework & process	- Review internal and external Stakeholders mapping & engagement - Create a Stakeholder portfolio - Establish key messages and business cases to communicate to each business function - Training to key representatives of each function of relevant SDGs with Function Management Agenda and individual targets	- Identify channels of communication and target audiences - Select reporting framework and standards - Establish a communication process with key responsibilities from data collection to report release
DELIVERABLES	- 'As-Is' Report: Strategy, metrics, performance management framework and process	- Strategy Review Workshop - High level roadmap & Implementation plan - Recommendation for sustainable KPIs - Recommendation for High level performance management framework & process	- Training to key internal Stakeholders - Stakeholder portfolio	- Communication strategy assessment and recommendations
DURATION	-	-	-	-

Roadmap to Compliance – Integrated Reporting Directive

Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

Kick off 1st January 2017

The new EU CSR Directive will impact more than 6000 EU companies

4000
5000
6000 Companies affected
7000
8000
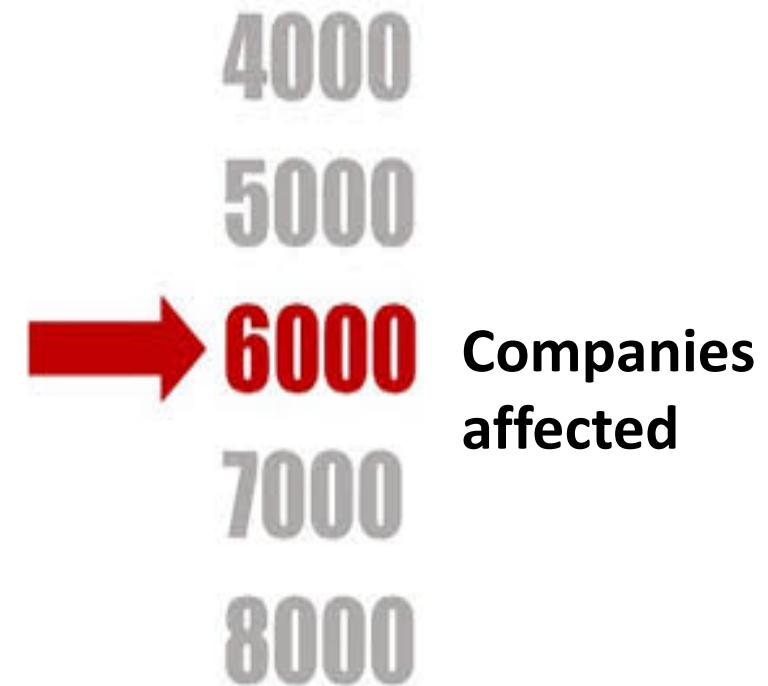
Requirements & companies affected by the new EU CSR Directive

✓ **SIZE MATTERS** – Entities of public interest (public listed firms, banks, insurances) with over 500 employees. In case of a group, subsidiary exempts, if parent company reports. Companies which are in Norway, Iceland, Lichtenstein (European Economic Area) will be affected too. EU Directive will be incorporate into the Annexes of relevant protocols. Companies based outside EU with subsidiary in EU, when a subsidiary is of public interest with over 500 employees. It will be exempted only if the parent's company report, meets the Directive requirements.

✓ Covering 4 PILLARS – Environmental – Social & Employee – Human Rights – Anticorruption & Bribery.

✓ **BRIEFER IS BETTER** – Brief & concrete reporting information on company's development, performance, position & impact.

✓ **The MINIMUM** – Short description of the business model. Principal risks related to above main pillars, including where relevant, business relations, products & services, that are likely to cause adverse impact & how the company manages those risks. Description of policies & outcomes related to above matters.

✓ **FREEDOM TO CHOOSE** – EU Directive gives the flexibility to report on above issues, in the way (integrated in one report or separated) and method (recognised one), that companies find most appropriate.

✓ **COMPLY OR EXPLAIN PRINCIPLE** – Enterprises should report and comply with above pillars of reporting and in case non reporting on some, should explain why. The challenge here is not to have many exemptions as explanations.

✓

New EU EU CSR Directive sets the general requirements but what about common reporting frameworks, guidelines, methods, KPIs, metrics?

- ✓ **The general Requirements are there. But … common reporting frameworks, guidelines, methods, KPIs & metrics?**
- ✓ **The competition of the different frameworks.**

Reporting Frameworks

Our integrated Sustainability Report…

Global Sustain
People | Planet | Profit
10 YEARS

Treating customers fairly by providing them reliability and quality through Global Sustain services.

The company should ensure customer satisfaction by offering innovative services and clear information about them.

Providing continuous training to employees, customised on the basis of their needs, role and aim to their personal development.

Creation and participation in valuable alliances, work with foundations, chambers, etc.

Compliance with international and national laws and regulations.

Reporting Frameworks

THE GLOBAL COMPACT

GRI Empowering Sustainable Decisions

G4

Report Assurance (full)

Defining the Risk Appetite.
'RISK cost
Vs.
MITIGATION cost'

"Threats & Mitigation"
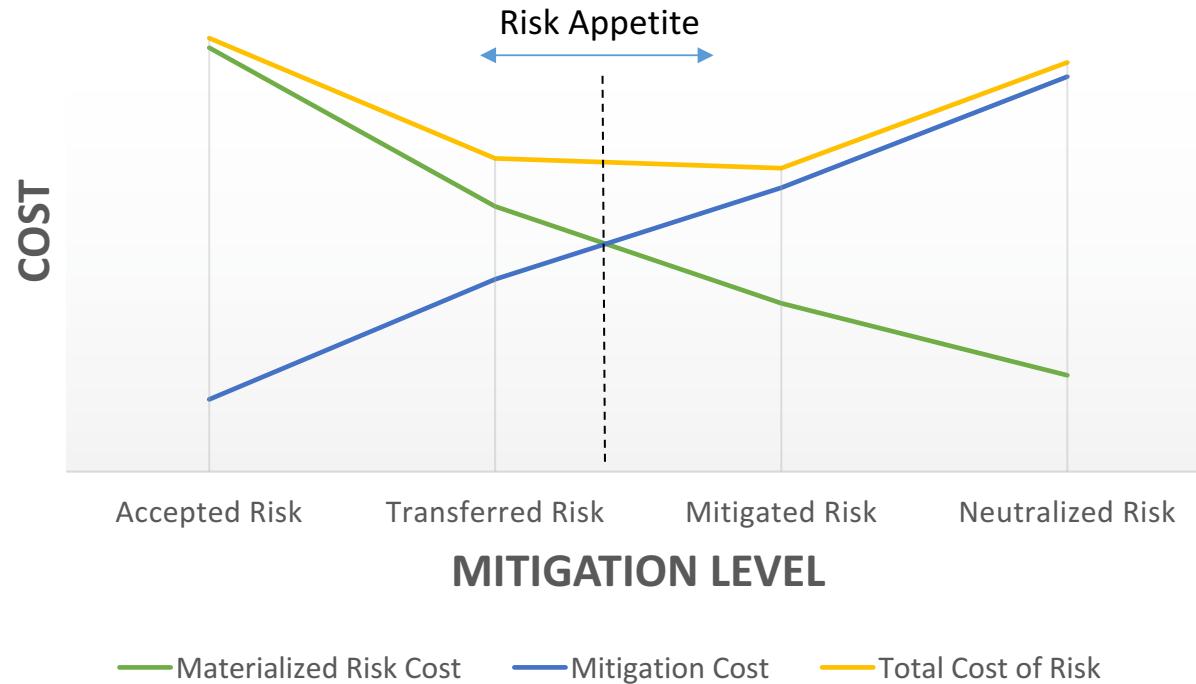
Risk / Crisis management typology:

Internal Vs. External

Foreseen Vs. Unforeseen

Critical Vs. Non Critical Assets

Crisis Management – Chaos Situations	Risk Management - Unforeseen Uncertainty
Variation – Reactive Management	Risk Management – Foreseen Uncertainty

Connecting Resilience, Risk, Sustainability

Risk, Resilience & Sustainability
(Linking to Treasury's Living Standards Framework)

Risk Management

Resilience (Adaptability)

Sustainability (Future generations)

Known Knowns
- Variability can be readily described

Known Unknowns
- Limitations, assumptions

Unknown Unknowns
- Black swan
- Threats where you have adversary
- Complex system risks with dynamic interdependencies

Resilience, Adaptation, Vulnerability, Climate Change

Resilience
- Response capacity
- Adaptive capacity
- Reorganize

Adaptation
- Human
- Ecological
- Local to Global Scales

Climate Change
- Natural Disasters
- Impacts to ecosystem services

Vulnerability
- Economic
- Geographic
- Equity Issues
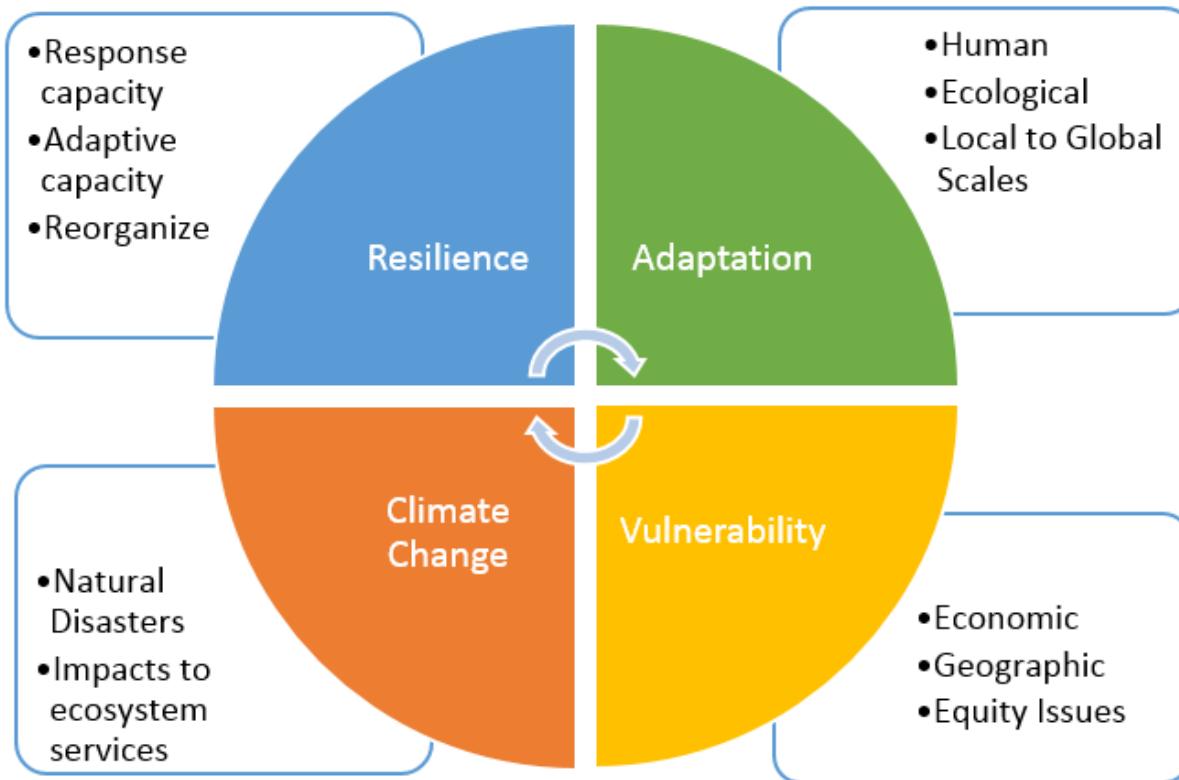
Basic phases of Risk/Resilience Approach. Risk Plan & appropriate Incident Response is better than minimize losses or take repair /recovery actions

# An example of a City Climate Resilience Model (Source: CRF by ISET)
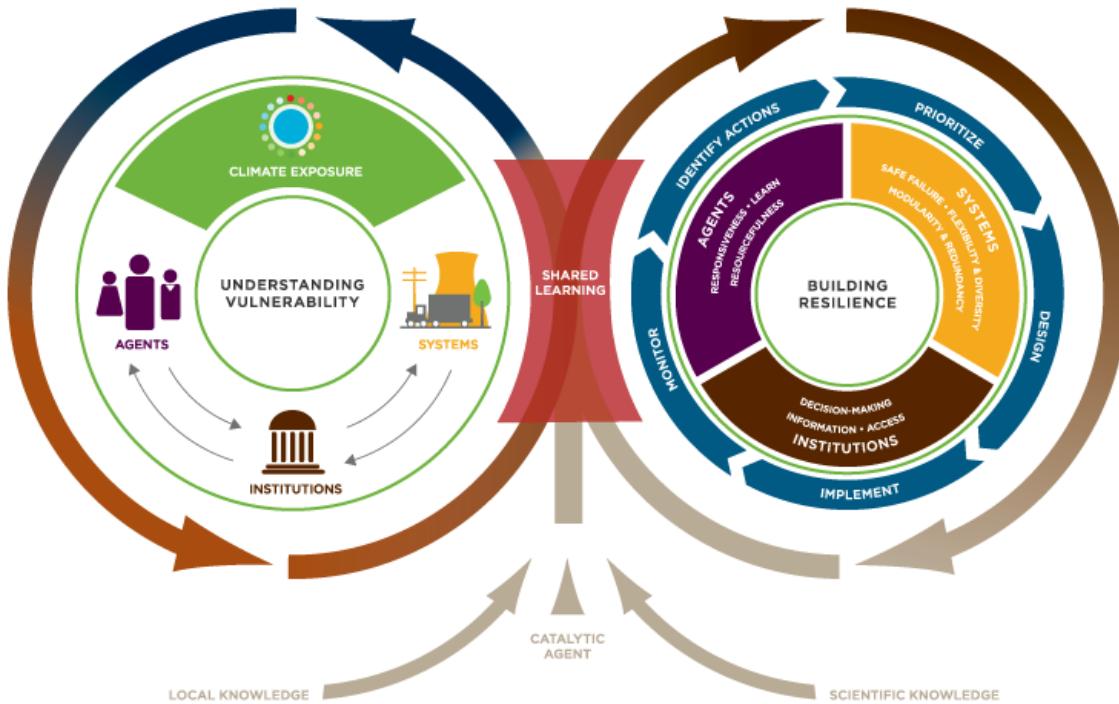
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UNISDR Disaster Resilience Scorecard for Cities (Source: UNISDR)

City Resilience Scorecard

1	Organise for disaster resilience
2	Identify, understand and use current and future risk scenarios
3	Strengthen financial capacity for resilience
4	Pursue resilient urban development and design
5	Safeguard natural buffers to enhance the protective functions offered by natural ecosystems
6	Strengthen institutional capacity for resilience
7	Understand and strengthen societal capacity for resilience
8	Increase infrastructure resilience
9	Ensure effective disaster response
10	Expedite recovery and build back better

Corporate / city governance

Integrated planning

Response planning

CITY PLAN / RESILIENCE STRATEGY / ACTION PLAN

CCG Domains of a Strategic Resilience Planning

✓ Creating a risk mitigation strategy on a national or a corporation level is a complex and demanding task.

✓ Defining ways to remediate expected or foreseen risks is a crucial component in preparing governments and organizations to face an adversity.

✓ Analyzing wider range of potential risks sources, from seemingly "unrelated" spheres, might prove key to comprehensive risk assessment, thus enabling to develop strategies, define policies and create business continuity and disaster recovery plan.

Developing a CCG integrated Risk & Opportunities Strategy & Action Plan to identify Risks & Opportunities, avoid costs & grow

Project Profiling + Gap Analysis: Identification of Compliance Gaps, Risks & Opportunities

Risk Assessment + Business Impact Analysis of Risks & Opportunities

Audit, Monitoring. New Opportunities. implementation New Business Case

Risk Policy Plan

1

2

Risks

Compliance, control and supervision systems.

Goals and strategic plans to foster company growth

5

3

Opportunities

4

RISKS – OPPORTUNTIES - INTEGRATION – PROCESSES - POLICIES

CCG main Enterprise Risk Management Phases

1. Gap Analysis
2. Risk Assessment
3. Business Impact Analysis. 3a. Scenario Planning & Risks Treatment
4. IT information & Cyber Security Plan update (in case necessary)

DOCUMENT&MONITOR RESULTS

SCENARIOS PLAN FOR RISKS TREATMENT

ANALYZE & EVALUATE PROBABILITY & IMPACT OF RISKS

EXAMINE&ASSESS RISKS

IDENTIFY, PRIORITIZE RISKS & HAZARDS
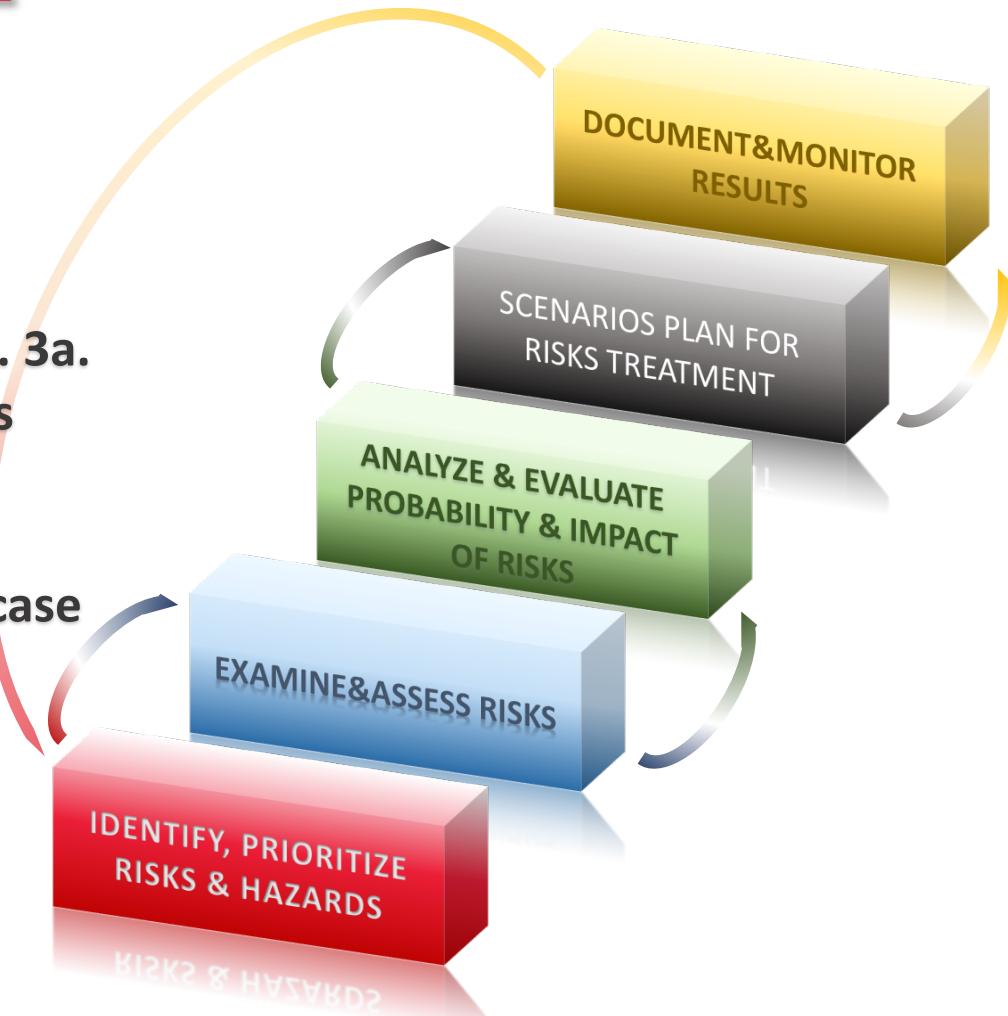
CCG Enterprise Risk Management Matrix. Likehood & Severity

ER	Extreme Risk
VHR	Very High Risk
HR	High Risk
MHR	Medium High Risk
MR	Medium Risk
MLR	Medium Low Risk
LR	Low Risk
VL	Very Low Risk

LIKELIHOOD

	NEGLECTABLE	LOW	MEDIUM	HIGH	EXTREME
HIGH / CERTAINTY	MR	MHR	HR	VHR	ER
LIKELY	MLR	MR	MHR	HR	VHR
MODERATE	LR	MLR	MR	MHR	HR
UNLIKELY	VLR	LR	MLR	MR	MHR
IMPROBABLE / NEGLECTABLE	VLR	LR	MLR	MR	
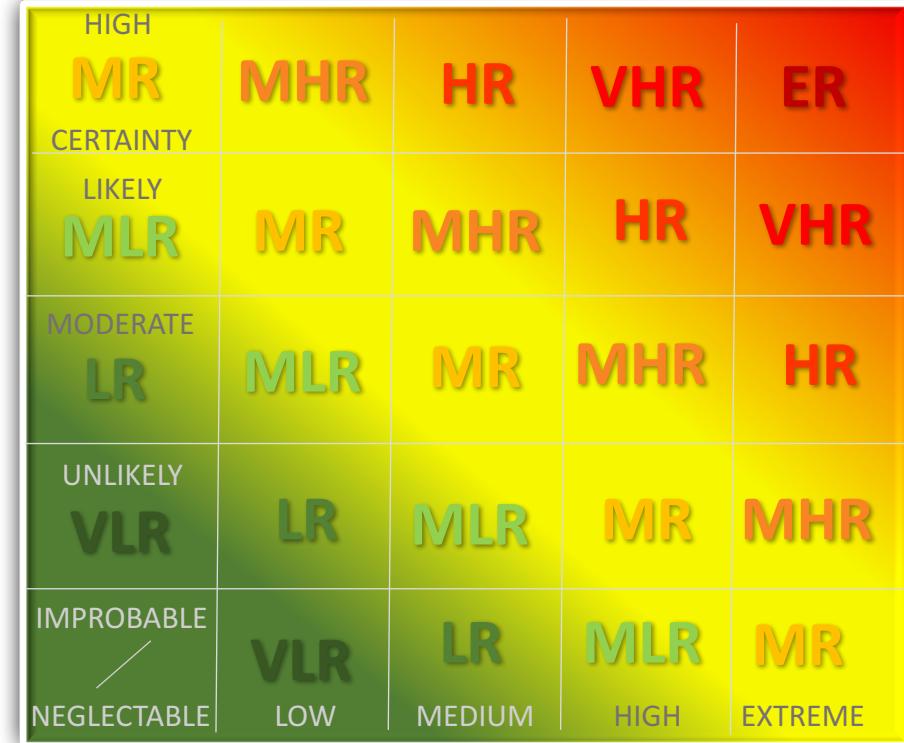
IMPACT SEVERITY

CCG Enterprise RISK MANAGEMENT Phases

Awareness, Audit, Monitoring & Training

- Raising organizational awareness and coping capabilities

Risk Assessment & Business Impact Analysis

- Identifying, analyzing and evaluating the risk as well as its impact on the organization in order to mitigate and minimize organizational exposure

Gap Analysis

- Assessing current organizational readiness level and the extent of exposure to risks, as to its ability to manage the risks

Profiling & Analysis

- Mapping and identifying the critical assets of the organization as preliminary step to ERM planning

Risk Assessment & Business Impact Analysis Graphic Reflection

Objective → **Task** → **Deliverable**

Objective
- Identify potential threats that could cause a disaster resulting in major disruption to its business operations;
- Establish the Key Planning Scenario (KPS), which sets the basis for Business Continuity (BC) planning in subsequent phases.

@Dr Goh Moh Heng

Task
- Identify exposure to internal & external threats which could potentially impact the organisation;
- Assess and rank the identified threats, taking into consideration existing risk treatments and controls;
- Evaluate findings and recommend additional preventive measures to further reduce the risks based on the organisation's risk appetite.

Deliverable
- Comprehensive threat profile and risk map;
- Organisation's Key Planning Scenario comprising of disaster scenario and planning time horizon;
- Recommendations for additional preventive measures that can be implemented.

Case. Developing a Disaster Resilience Plan
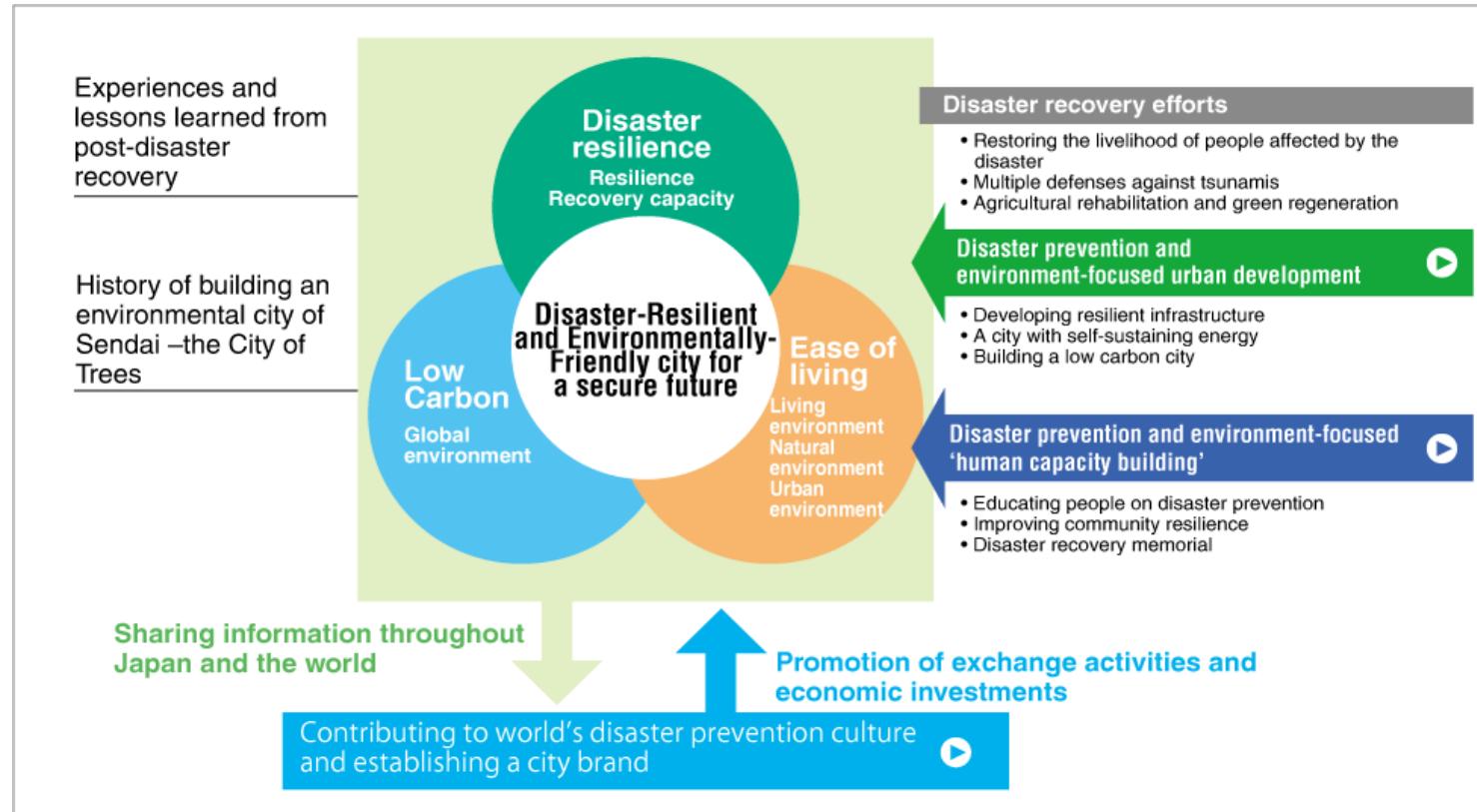
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Selected References: Established Brands & Institutions

Sustainability/ESG Advisory Work Related Experience

A Global Network

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