

23 March 2021

Update on the Coalition for Climate Resilient Investment Q1 2021



Dear members and friends,

As the world continues to work through extraordinarily difficult times, CCRI experienced a busy and positive start to 2021.

In terms of our progress as a *COP26 Flagship Initiative*, first and foremost, we are delighted to see all CCRI working areas fully active and energised by the incredible support from members. Thanks to such commitment, CCRI is not only advancing its technical workplan at a faster pace than projected, but also adding levels of ambition that initially would have been considered unrealistic. The excellent work on credit risk and resilience at the cash flow model level of the ADS working group is just one of many examples.

Thanks to this progress at the technical level - combined with support from the UK government, the COP26 Unit and Mark Carney - membership and positioning are developing in a promising direction. With CCRI membership now at 84 members, representing USD 12tn in assets, our goal is to arrive at COP26 with 100 members and USD 20tn.

Progress to date has been exceptional. However, clear challenges - mainly analytical - remain. So, while we celebrate our early successes, we remain laser-focused on our goal to deliver transformational solutions by COP26, and beyond. In that regard, your continued support in realising CCRI's collective ambition is as important and needed as ever.

Please find enclosed both an executive summary and a detailed report regarding CCRI's progress.

As always, many thanks for your support.



Carlos Sanchez,
Executive Director, CCRI

Key Progress Headlines

1. Working groups exceed expectations

As mentioned above, all working groups are moving ahead as expected. Below is a summary from each:

- **Asset Design & Structuring (ADS)** - Active work on five case studies for each of which two independent and pro-bono climate assessments have been generated. The Engineering module is currently reviewing the data to feed into mitigation plans to be shared with other working group modules in April.
- **Financial Innovation (FI)** - With the workplan nearly complete, we are now focused on identifying target investment characteristics for the technical working phase to start from April. This timing corresponds to the required output from ADS before the start of this working group. More detail below.
- **Systemic Resilience Forum (SRF)** – The Jamaica pilot is in execution and the technical phase launched in early March with a workshop attended by the Minister of Housing, Urban Renewal, Environment and Climate Change and the Director General of the Planning Institute of Jamaica and over 70 leading local experts. Active conversations with six other jurisdictions to scale up systemic resilience solutions.

2. Membership growing rapidly

- **New members** - Asia Investor Group on Climate Change, Asian Development Bank, Dutch Marine Energy Centre, Indian-led Coalition for Disaster Resilient Infrastructure (CDRI), Inter-American Development Bank, Government of Australia, Lion's Head Global Partners, Nephila, Network for Sustainable Financial Markets and Refinitiv.
- **Joining soon** - Active conversations with 12 prospective members.

3. Strong positioning and engagement



- **Early recognition** - CCRI wins InsuranceERM's [Climate Risk Initiative of the Year 2021](#).
- **Communications Strategy** - CCRI launched its [LinkedIn account](#), with endorsement and support by [Mark Carney](#). Please follow and share.
- **Highest level of Validation** - PM Holness of Jamaica acknowledges the value and significance of CCRI's national investment prioritisation pilot project in his Opening of Parliament [speech](#).
- **CDRI** - In advancing and formalising the strategic partnership between CCRI and CDRI, CCRI's Chair has been invited to join CDRI's Governing Council. Additionally, CCRI has organised the private finance session at the International Conference for Disaster Resilient Infrastructure.
- **GCA CAS** - CCRI is grateful for the prominent role it enjoyed at the GCA Climate Action Summit. A full roundup of the summit is available [here](#).
- **G7 Summit (11-13 June)** - CCRI showcased at the G7 Disaster Risk Finance Working Group. Positive feedback received, prospect of a potential G7 endorsement.

- **UN Process** - CCRI presented progress to the Executive Office of the UN Secretary General.
- **California's Climate Risk Framework** - CCRI's Executive Director invited to be part of Governor Newsom's Climate-related Risk Disclosure Advisory Group.
- **CFA's Climate Risk and Investing Certification** - CCRI's Executive Director appointed as vice-chair of the panel developing the syllabus and exam for the first certification on climate risk and investing.
- **UNFCCC Race to Resilience Campaign** - CCRI participated in a workshop organised by COP26 and COP25 Champions.
- **COP26 CCRI Programme** - Expression of Interest submitted to the UK Government detailing our intended COP programme, including at least six technical panels sessions. CCRI is also proposing an art exhibition titled "Resilience in the Art and the Art in Resilience", that will showcase i. works of art linked to climate hazards, based on their provenance, material and theme; and ii. practical examples of resilience.

4. Governance defined

- CCRI Chairs Emma Howard Boyd (Chair of the UK Environment Agency), Samir Assaf (HSBC's Chairman for Global Banking & Markets) and John Haley (Willis Towers Watson's CEO) meeting every three weeks to review and steer work.
- As previously shared, CCRI Chairs will operate as the interim CCRI Steering Committee until COP26, when an independent legal entity will be announced.
- Heads of institution from CCRI members will be summoned to two CCRI Leaders Roundtables in the run-up to COP26, one in May and one in September.
- At CCRI Chairs meeting of 17 March 2021, the CCRI Executive Team was formally appointed:
 - Courtnae Bailey, Programme Coordinator; Alexandre Chavarot, Strategic Advisor for Finance; Margarete Ciuk, Head of Operations; Andrew Collis, Strategic Advisor for Communications; Shazre Quamber-Hill, Programme Manager; Carlos Sanchez, Executive Director.

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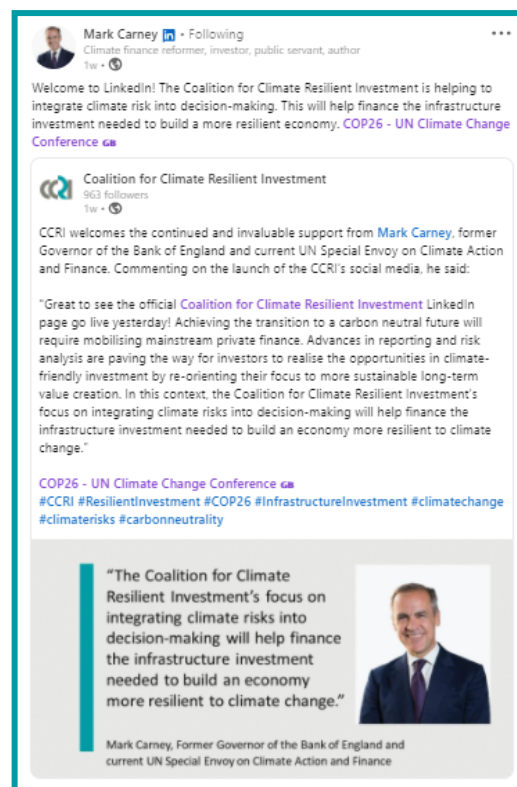
Detailed Technical Progress Report

Systemic Resilience (SR)

Mandate: Advancing solutions for the integration of physical climate risks in national planning processes

The Systemic Resilience work has kept momentum in delivering practical solutions for public decision makers.

- **Jamaica** - With GCF and the UK Government/FCDO support, we have begun the technical development of an investment prioritisation tool in Jamaica. This will allow public decision makers to identify investments that protect the most economic and social value from physical climate risks over the next 20 years.



- **Chile** - With UNDP support, we are at an advanced stage in progressing a tool similar to that being developed for Jamaica. In Chile, however, we are targeting one specific region and infrastructure network.
- **Additional jurisdictions** - We are having active discussions with four additional jurisdictions, including both OECD and non-OECD regions.
- **Systemic Resilience Forum (SRF)** - Effectively, a CCRI working group, it will bring together governments, technical experts and international organisations to advance and implement a scope of work for systemic resilience solutions. These will include i. national prioritisation tool, and ii. a metric for systemic resilience. Please expect the Terms of Reference and an invitation for Expressions of Interest in the coming weeks.

Asset Design & Structuring (ADS)

Mandate: advancing practical solutions for the integration of physical climate risks in cash flow modelling practices

- Four rounds of module-specific workshops involving 25 institutions completed in early 2021.
- Six climate risk data providers supporting the work with pro-bono probabilistic risk assessments.
- HSBC providing crucial supporting with dedicated individuals responsible of cash flow model adjustments.
- The CCRI climate risk data providers produced risk assessments for the first two case studies.
- The assessments have been presented to the engineering module members to start interpreting the data in terms of capex, opex and depreciation.
- We plan to regroup with all module teams in April to discuss mitigation plans produced by the Engineering module and the climate data analysis outcomes.
- We are working in partnership with S&P Global to develop a CCRI-specific analytical tool: Climate Resilience Credit Quality Drivers.
- We are exploring additional high-quality case studies for ADS.
- Progress on the structure and content envisioned for the CCRI Climate Risk Cash Flow Modelling Framework.

Financial Innovation (FI)

Mandate: advancing financial instruments that incentivise and reward an efficient pricing of physical climate risks in investments

- Four introductory calls have resulted in a well-defined set of deliverables, workplan and structure for this working group.
- Working group now focused on identifying target investment characteristics.
- Work supported by California's Treasurer Office.
- The objective is to explore and propose financial instruments and/or structures capable of mobilising capital and, most critically, rewarding efficient pricing of physical climate risks in investment decision making.
- We are incredibly proud of the support and enthusiasm of all participants, which represents a true collaboration between the public and private sectors to develop innovative and practical solutions.

Publications

Our paper on asset management and physical climate risks will outline CCRI's Vision and deliverables, and the complementarity between CCRI and TCFD. We hope to have a foreword by Mark Carney and start drafting in March for presentation at WEF Singapore (scheduled in August). If you wish to learn more, please get in touch.