



Society of Actuaries in Ireland

Welcome and Update from the Sustainability and Climate
Change Committee

Joe Kennedy (he/him)

16 October 2024

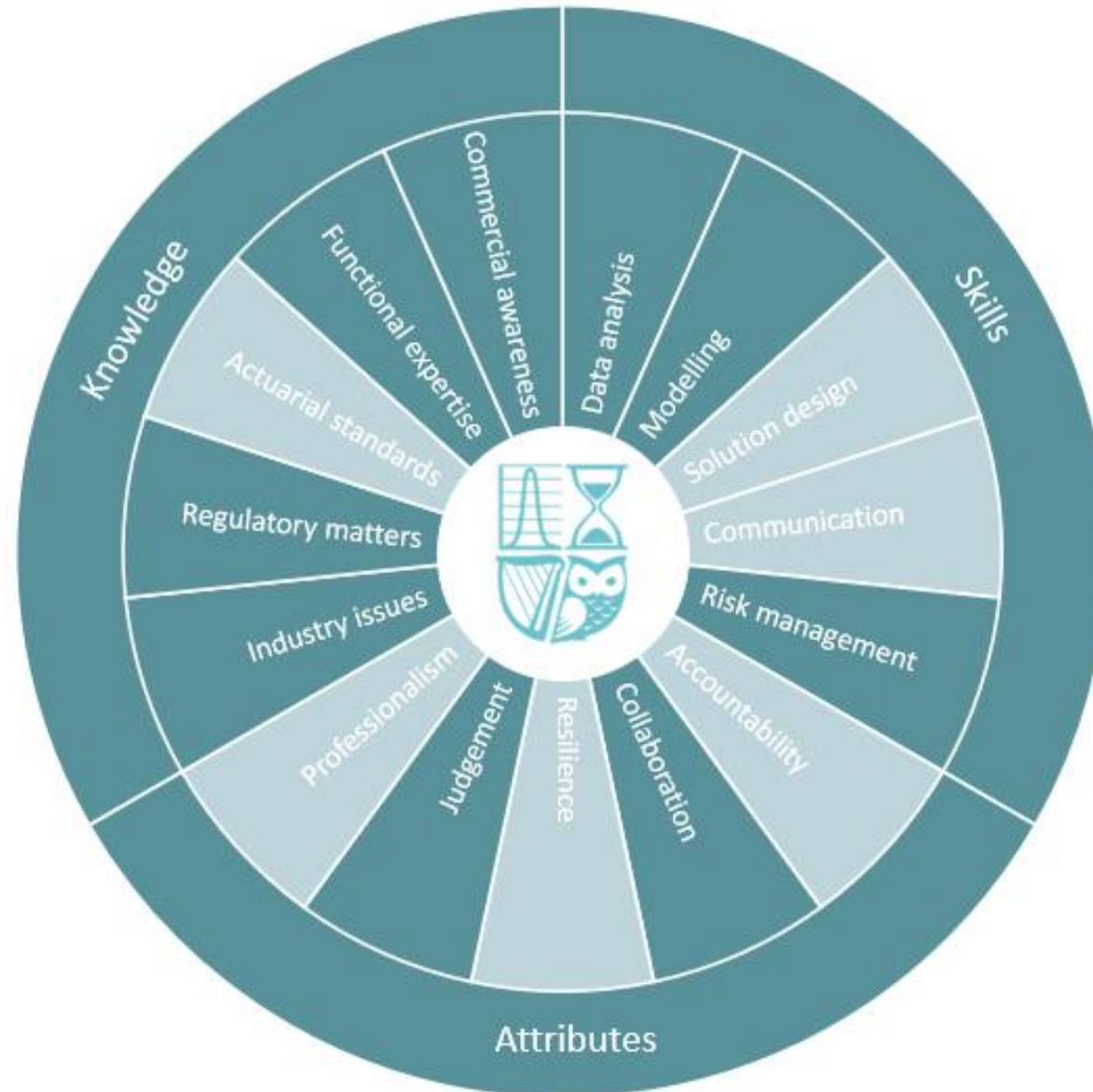


Disclaimer

The views expressed in this presentation are those of the presenter(s) and not necessarily those of their employer(s) (if any) or the Society of Actuaries in Ireland.



Competency Framework Wheel





Agenda

13:30 – 14:00	Registration (Tea & Coffee)
14:00 – 14:15	<p>Welcome and Update from the Sustainability and Climate Change Committee</p> <p><i>Joe Kennedy</i>, Chair of the Sustainability and Climate Change Committee</p>
14:15 – 14:45	<p>Sustainable development transformation and innovation opportunities</p> <p><i>Prof. Patrick Paul Walsh</i>, Vice President of Education and Director, SDG Academy at the UN Sustainable Development Solutions Network</p>
14:45 – 15:15	<p>CSRD – a regulator’s perspective</p> <p><i>Lisa Campbell</i>, Head of Operations, IAASA</p>
15:15 – 15:45	<p>Insights from SAI Sustainability Survey</p> <p><i>Neil O'Reilly</i>, Member of the Sustainability and Climate Change Committee</p> <p><i>Lukas Ehlers</i>, Member of the Sustainability and Climate Change Committee</p>
15:45 – 16:15	<p>Panel Discussion: Hot Topics in Sustainable Development: Sustainable Insurance Solutions, Green Investments, ESG Reporting Trends and more</p> <p>Host: <i>Arpita Das</i>, Member of the Sustainability and Climate Change Committee and Speakers:</p> <p><i>Aisling Kennedy</i>: Independent non-executive director</p> <p><i>Tom Pople</i>: CEO/Founder, Be Impactful</p> <p><i>Lorcán Hall</i>: Senior Advisor, SDG Academy at the UN Sustainable Development Solutions Network</p>
16:15 – 16:45	Tea & Coffee Break
16:45 – 17:15	<p>Materiality Assessments: Findings so far</p> <p><i>Christopher Joyce</i>: Policy Manager, Central Bank of Ireland</p> <p><i>Rebecca Prouse</i>: Senior Actuary, Central Bank of Ireland</p>
17:15 – 17:45	<p>Panel Discussion: Future Opportunities for Actuaries in Sustainability</p> <p>Host: <i>Michael Sharpe</i>, Head of Actuarial Practice, SAI and Speakers:</p> <p><i>James Maher</i>: Insurance Sector Leader, EY Financial Services Ireland</p> <p><i>Sandra Rockett</i>: Vice President, Global Sustainable Investments Great-West Life Co</p> <p><i>Miriam Sweeney</i>: Risk Manager, Sustainable Energy Authority of Ireland</p>



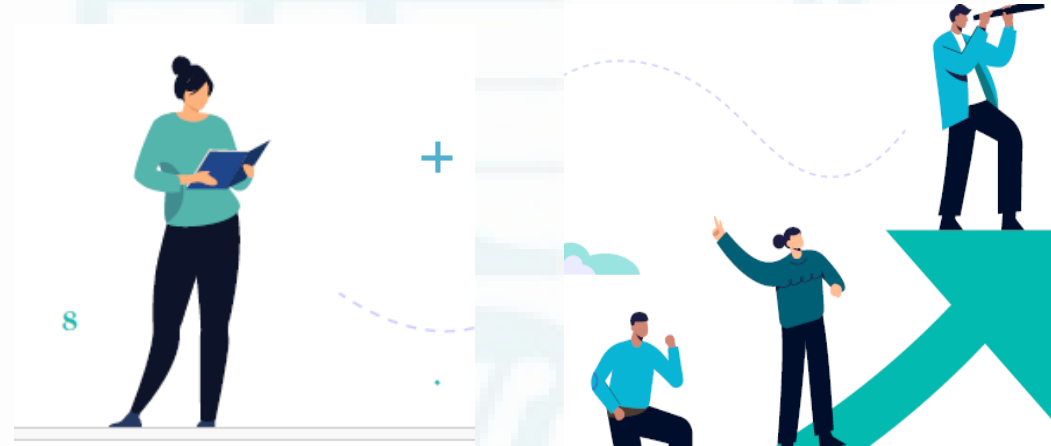
Delivering the Society's strategy

Strategy 2024 – 2026

Learn, Connect, Contribute, Grow.



Connection



Education &
Professional
Development



Profile &
Reputation



Public
Interest



Committee members

Strategy 2024 – 2026

Learn, Connect, Contribute, Grow.

- Aisling Kennedy
- Alison Smith
- Arpita Das
- Ceall O’Dunlaing
- Ciara Browne (Deputy Chair)
- Cillian Forde
- Donnchadh Harrington
- Eamon Comerford
- Frank O’Regan
- Joanne Tan (Secretary)
- Lukas Ehlers
- Majella McDonnell
- Neil O’Reilly
- Orlaith Lehane
- Robert Meaney
- Svetlana Gatova
- Tony Jeffery
- Michael Sharpe (Executive)



SCC Committee subgroups

Education
and
Guidance

External
Engagement

Member
Engagement

Research

SAI Green
Goals



Society of Actuaries in Ireland

Sustainable development transformation and innovation opportunities

Prof. Patrick Paul Walsh



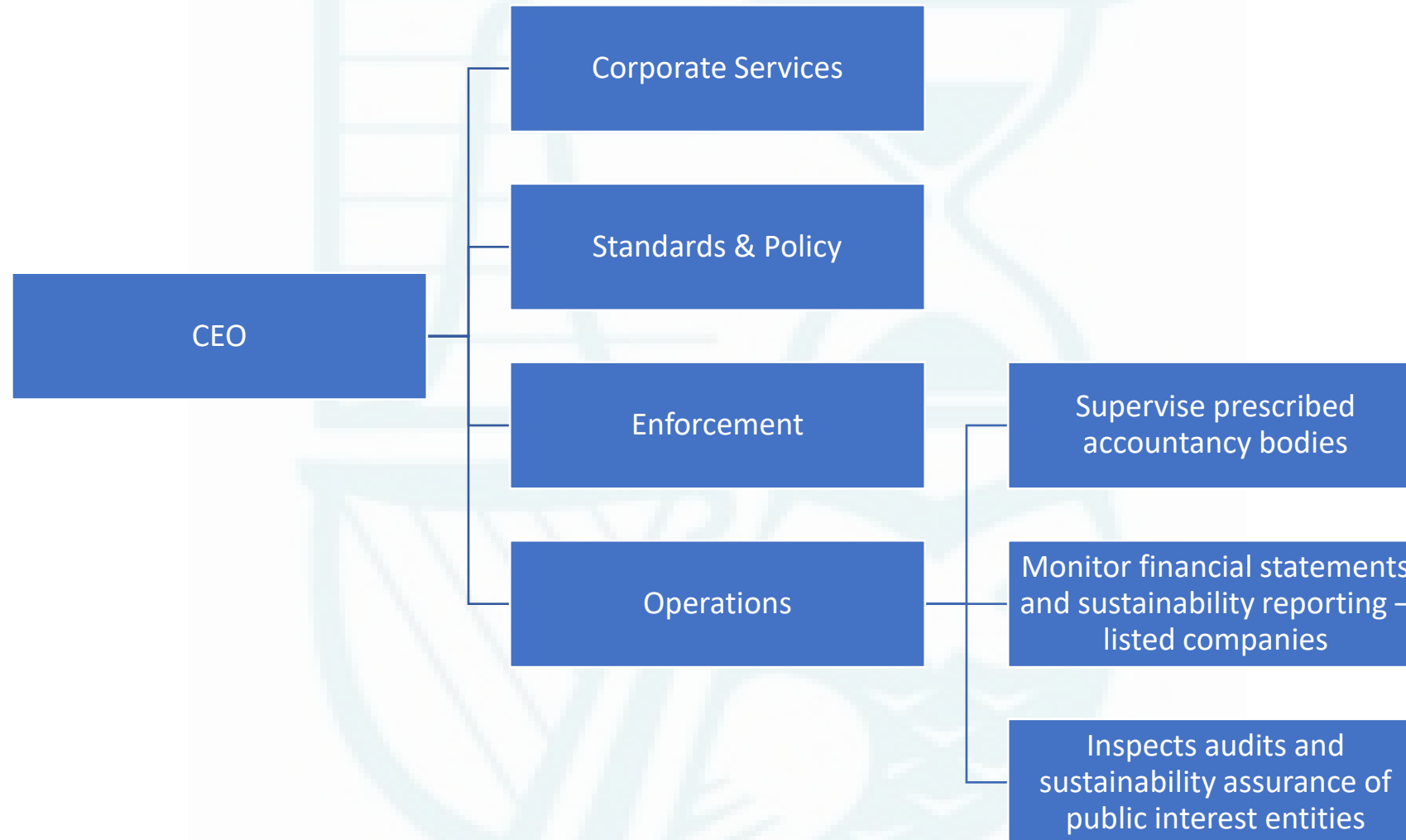
Society of Actuaries in Ireland

CSRD – a regulator's perspective

Lisa Campbell

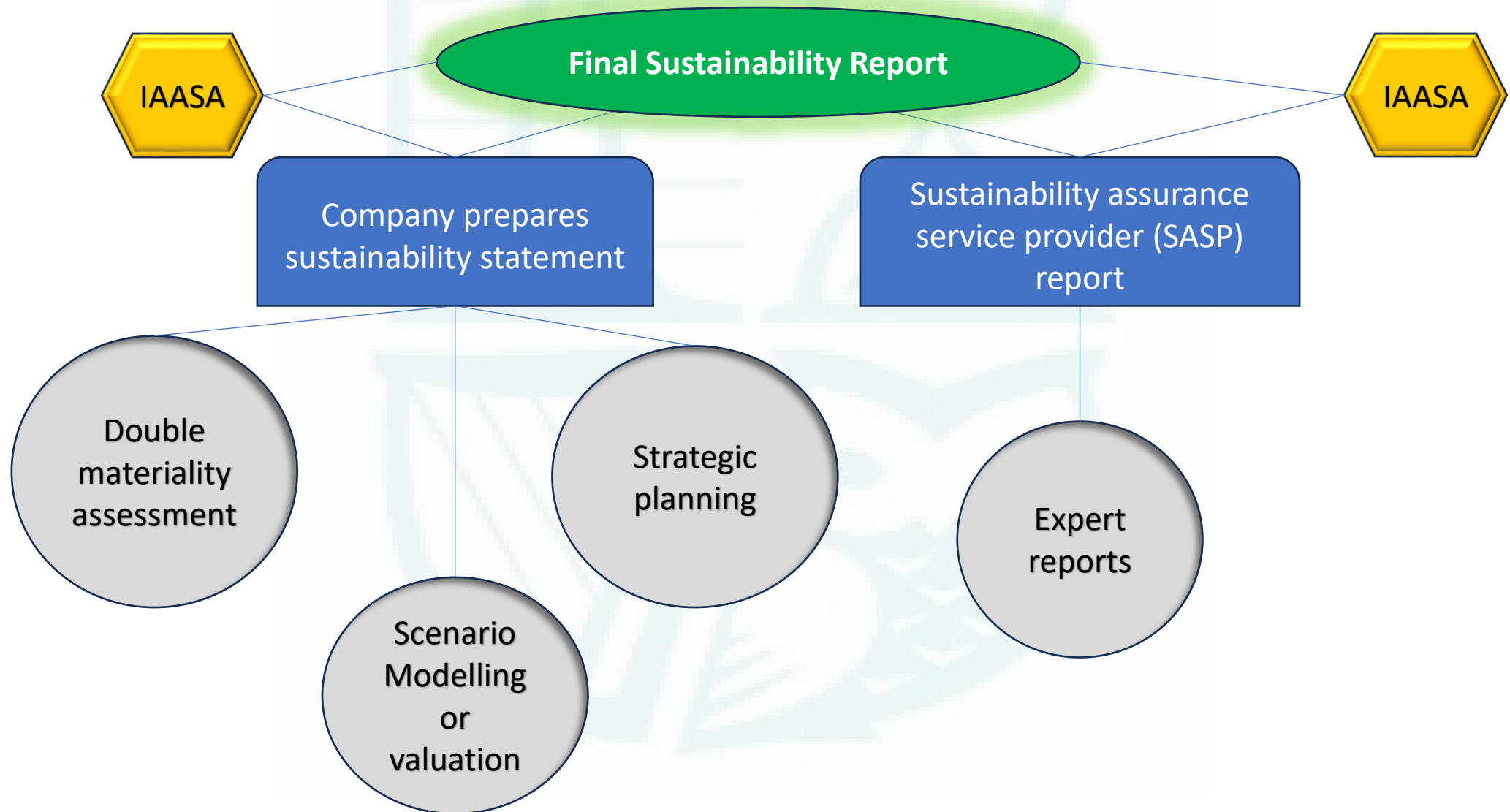


What does IAASA do?





Where might IAASA and actuaries overlap





Assurance

Limited Assurance

- Reduce engagement risk to a level that is acceptable for the facts and circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement
- Negative assurance conclusion

ISAE 3000

- Adopted in Ireland in September 2024
- ISSA 5000 expected to be issued later this year by the IAASB

Practitioner's Expert

- Specific requirements when using the work of external experts, including actuaries



Ideal principles

Clarity

- Clear explanation of methodologies
- Provide all input assumptions used

Document

- Reports to be detailed enough to allow SASP/IAASA to understand
- Be clear on any limitations/caveats

Objectivity

- For assurance, SASP should direct work to be done
- Consider independence of entity



Challenges for reporting entities



Double materiality



Understanding requirements



Data collection



Stakeholder engagement



Consistency



Presentation of information



Experience to date

Many companies have materiality disclosures – varying processes and reporting

Attempting to comply with multiple frameworks

Differing governance structures

Value chain least developed



Double materiality presentation



Material issues (threshold 3+)

- F. Food safety
- AW. Animal welfare
- E1. Climate change
- E4. Biodiversity and nature
- E5. Resource use and circular economy
- S1. Own workforce
- S2. Workers in the value chain
- S4. Consumers and end-users
- G1. Business conduct



Not material issues

- E2. Pollution
- E3. Water and marine resources
- S3. Affected communities

Link to the topics included in the European Sustainability Reporting Standards (ESRS)





Appendix 1 – Examples of double materiality presentation

Material sustainability topics

Theme	Topic	Sub-topic	Materiality	2030 target set
E – ENVIRONMENT				
1. Safeguarding biodiversity and the ecological sustainability of forest use 2. Mitigating climate change and reducing emissions 3. Resource efficiency and sustainable production	E1 Climate change	Climate change mitigation	10	✓
		Climate change adaptation	10	✓
		Energy	9	✓
	E2 Pollution	Pollution of air, water and soil	7	
		Microplastics	6	
	E3 Water and marine resources	Water	6	✓
	E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	10	✓
		Impacts on the state of species and the extent and condition of ecosystems	11	✓
		Impacts and dependencies on ecosystem services	12	✓
		Resources inflows, including resource use	9	✓
E5 Resource use and circular economy	Resource outflows related to products and services	10		
	Waste and side streams	6	✓	



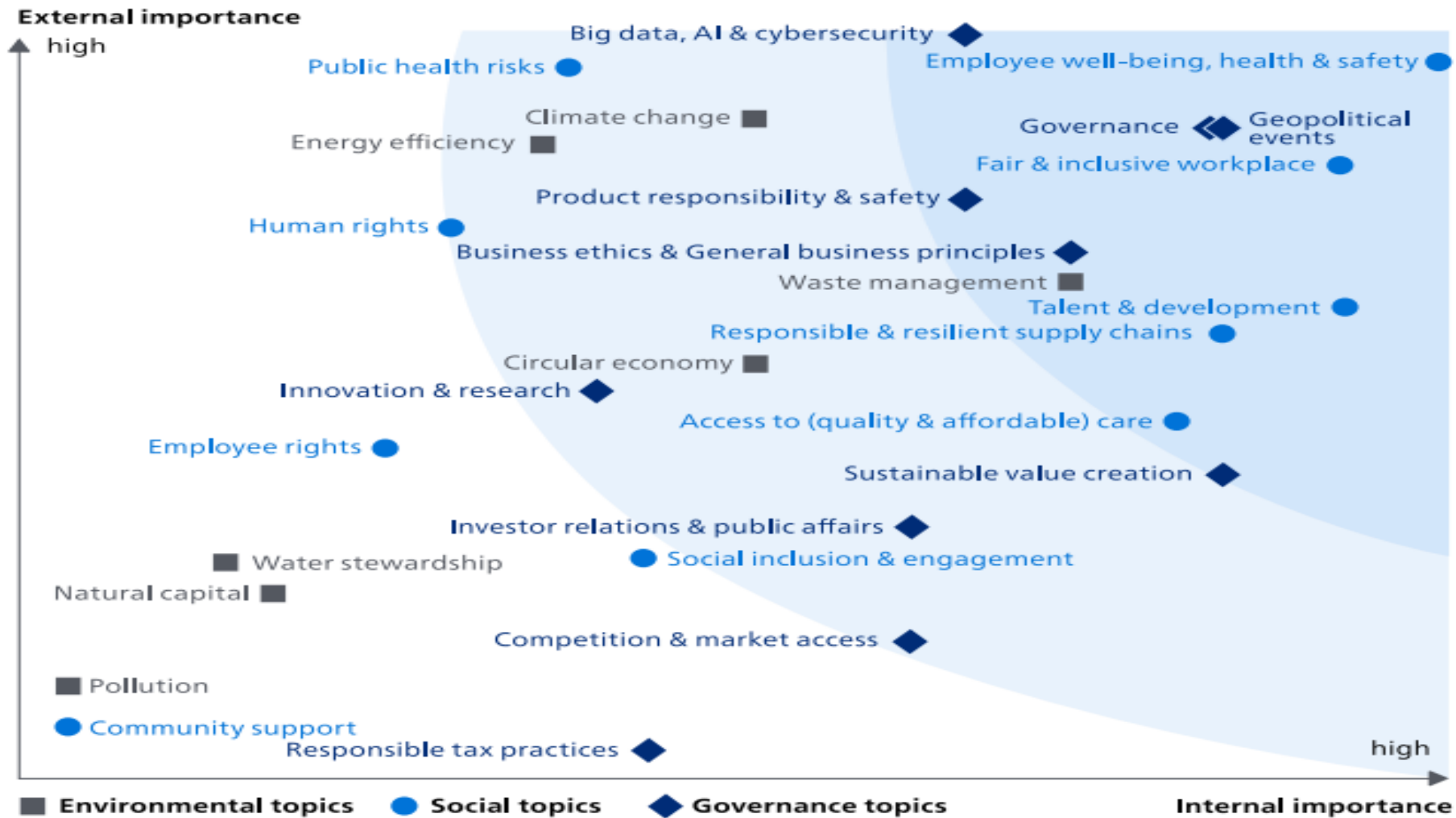
Appendix 1 – Examples of double materiality presentation

Assessment scale for impacts, risks and opportunities

Likelihood	Very likely	In the next year	5	5	10	15	20	25
	Likely	In the next three years	4	4	8	12	16	20
	Possible	In the next six years	3	3	6	9	12	15
	Unlikely	In the next ten years	2	2	4	6	8	10
	Very unlikely	Unlikely in the next ten years	1	1	2	3	4	5
			1	2	3	4	5	
Financial impact			Very limited	Limited	Moderate	Significant	Very significant	
Reputation			Local mention, quickly forgotten	Local harm to reputation, impact on local operations	Short-term national concern, long-term impact on reputation	Long-term national concern, significant change in market share, significant operations restricted	Long-term international concern, decisive change in market share	
Impact on the wellbeing of society, nature and other stakeholders			Very limited impact on individuals and/or the local environment	Limited impact on a group of people and/or the regional environment	Moderate short-term impact on society and/or the environment	Significant short-term impact on society and/or the environment	Severe long-term impact on society and/or the environment	
			Impact					



Appendix 1 – Examples of double materiality presentation





Useful links

- [IAASA](#) – Irish regulator
- [EFRAG](#) – ESRS guidance and interpretation
- [EC Q&A](#) – CSRD legal interpretation
- [ESMA](#) – guidance for preparers



Q&A





Society of Actuaries in Ireland

Sustainability and Climate Change Survey Results

Lukas Ehlers (he/him), Neil O'Reilly (he/him)



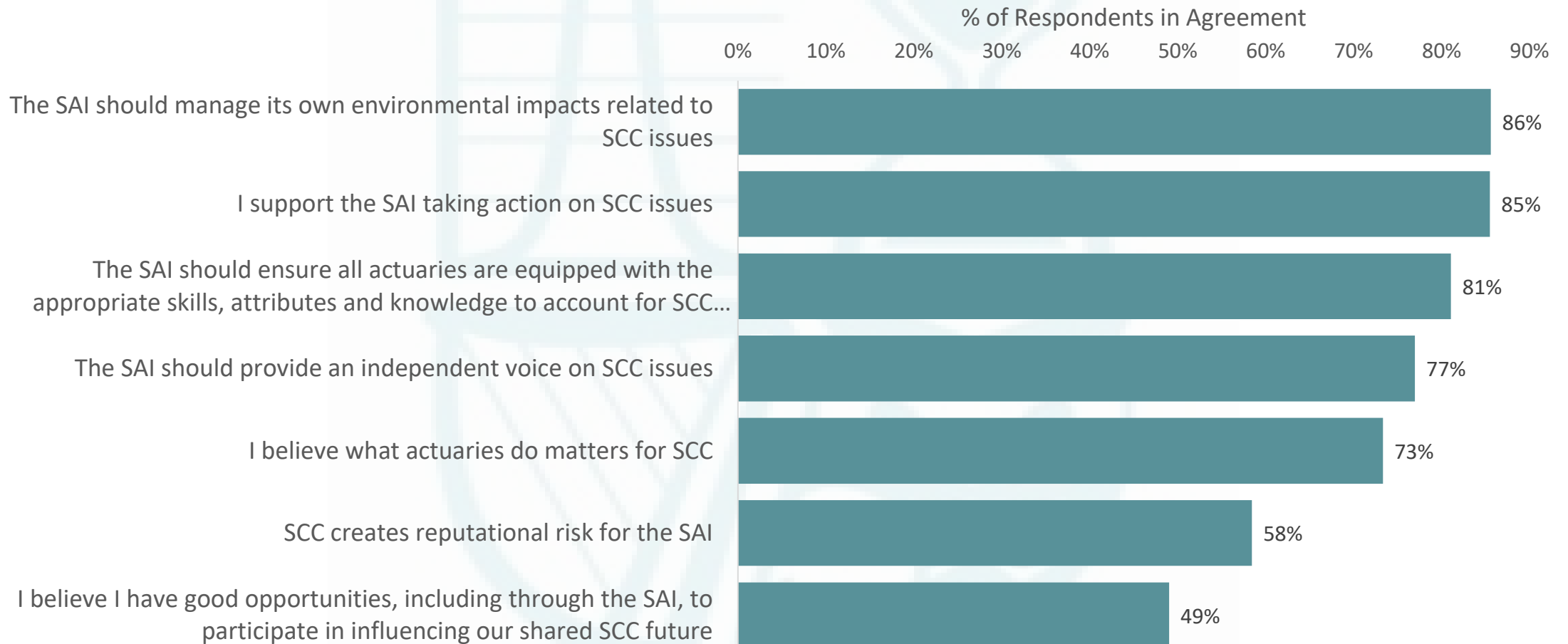
Survey introduction

- The Society’s Sustainability and Climate Change (“SCC”) Committee carried out a survey of Society Members into attitudes on SCC issues in Spring 2024.
- The survey received 278 responses
- Survey objectives:
 - Inform the objectives and work of the Sustainability and Climate Change Committee,
 - Fulfil a pledge of the Professional Bodies Climate Action Charter (PBCAC), and
 - Encourage members to think about what the profession and the Society should be doing in this area.

The SAI's Role



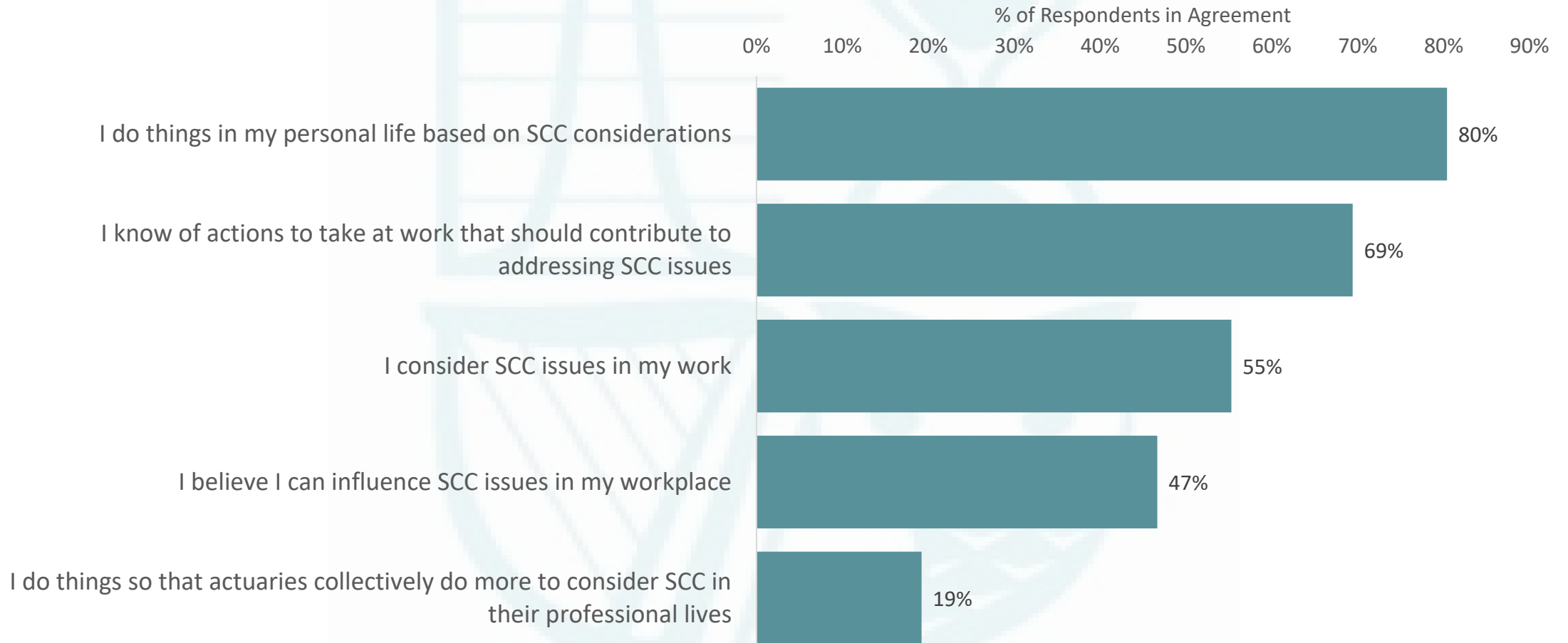
Member views of the role of actuaries & the SAI in SCC



Membership Interaction with Sustainability & Climate Change



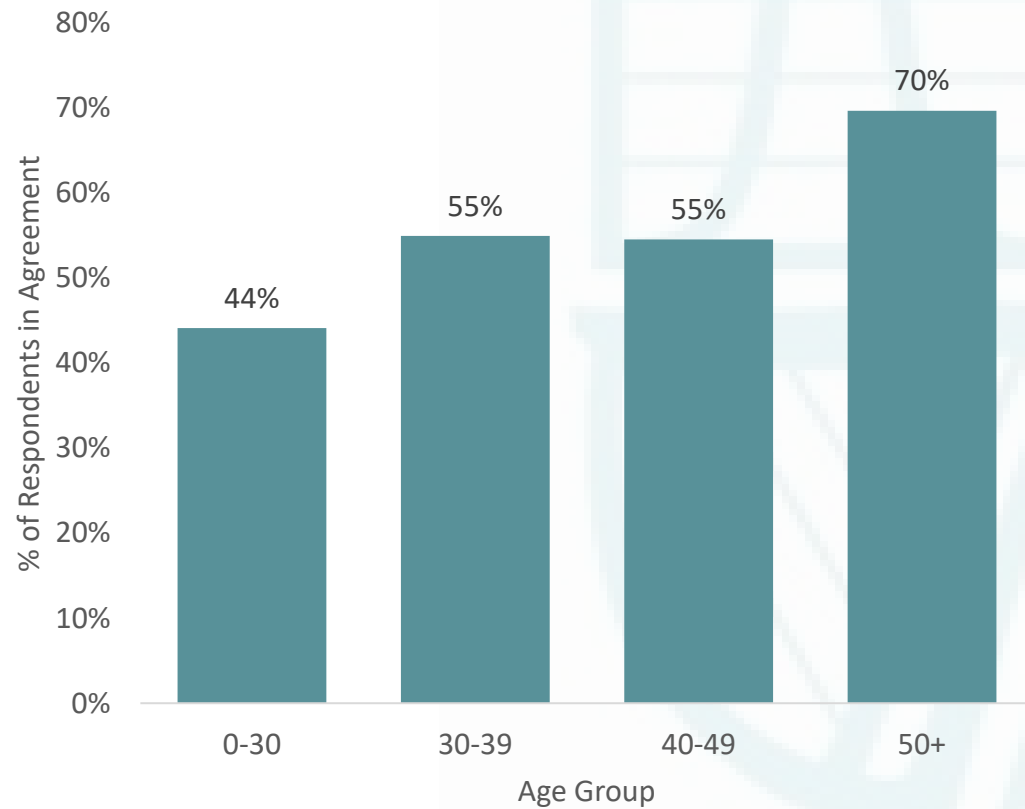
Member views of their own role in SCC issues



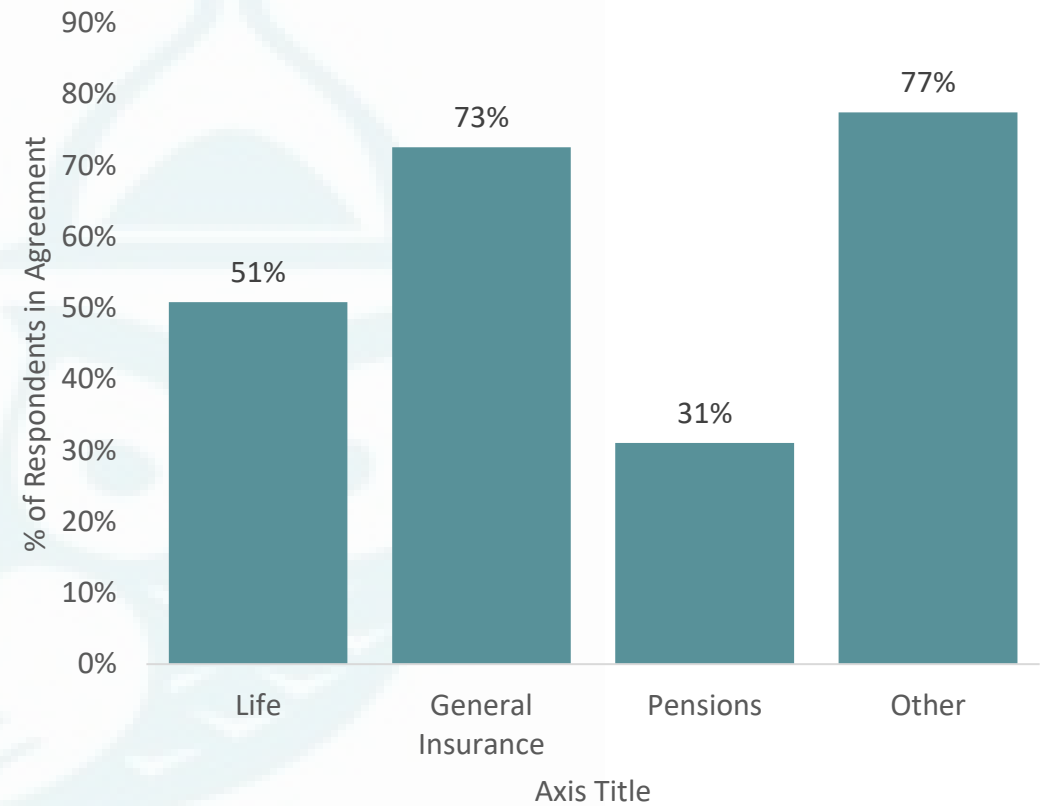


Members considering SCC issues in their work

Age



Practice area

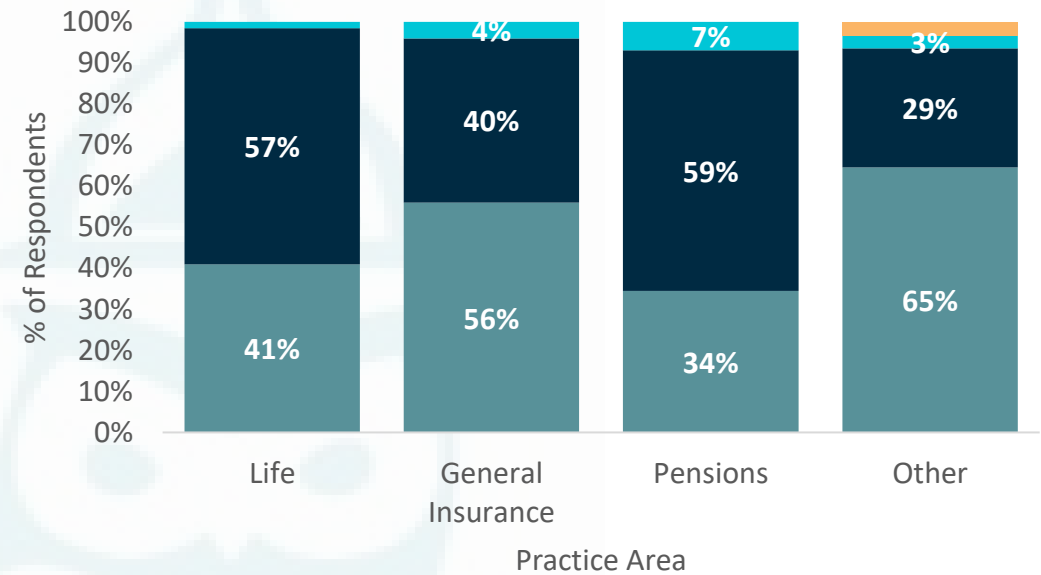
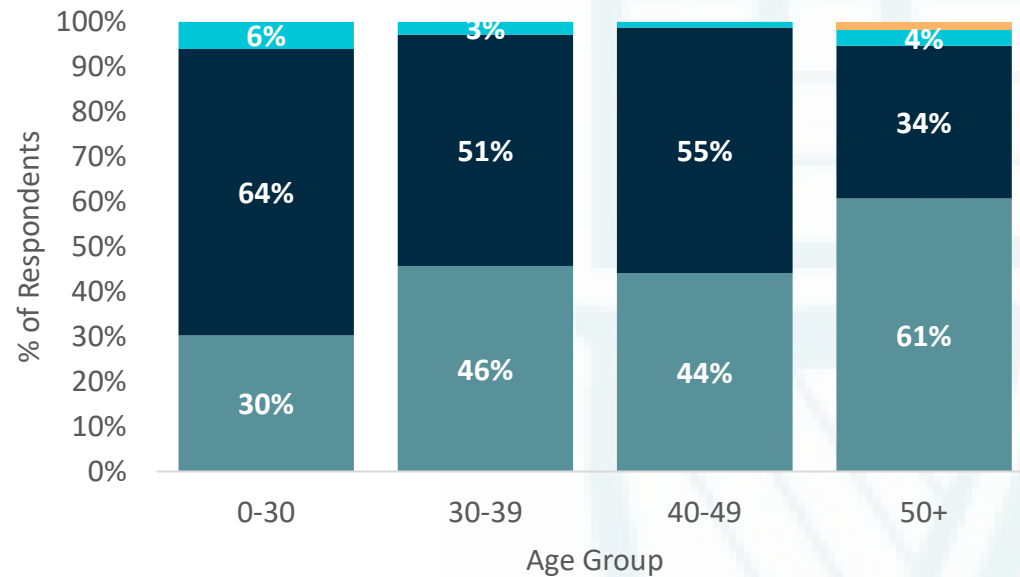




Members' knowledge/experience of SCC issues in the workplace

Age

Practice area



- Not applicable
- No Knowledge
- Basic Awareness, No Exposure at Work
- Good Understanding, Exposure at Work

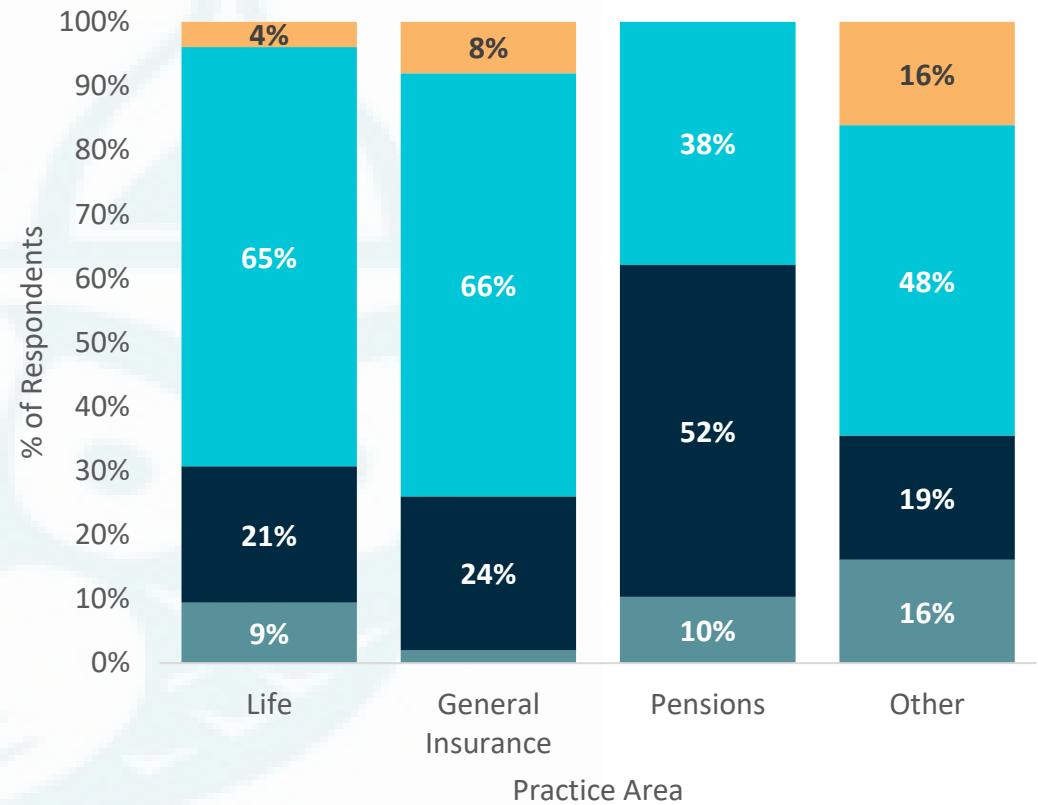
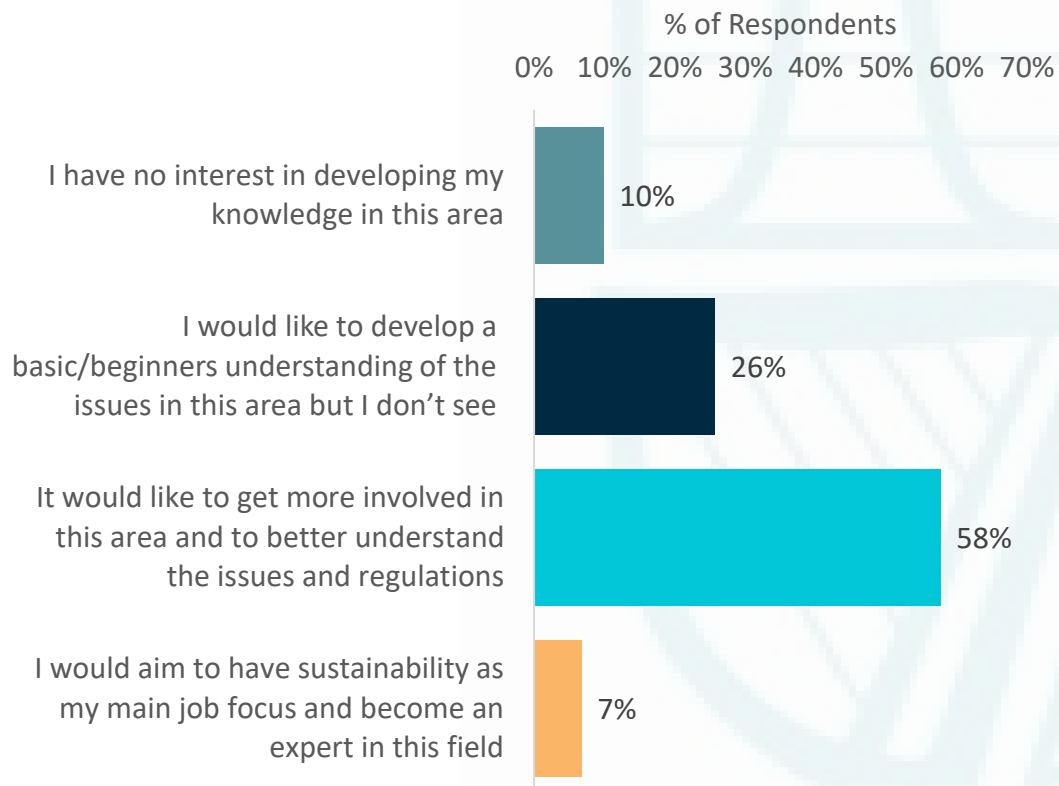
- Not applicable
- No Knowledge
- Basic Awareness, No Exposure at Work
- Good Understanding, Exposure at Work



Members future attitude to SCC issues in the workplace

All members

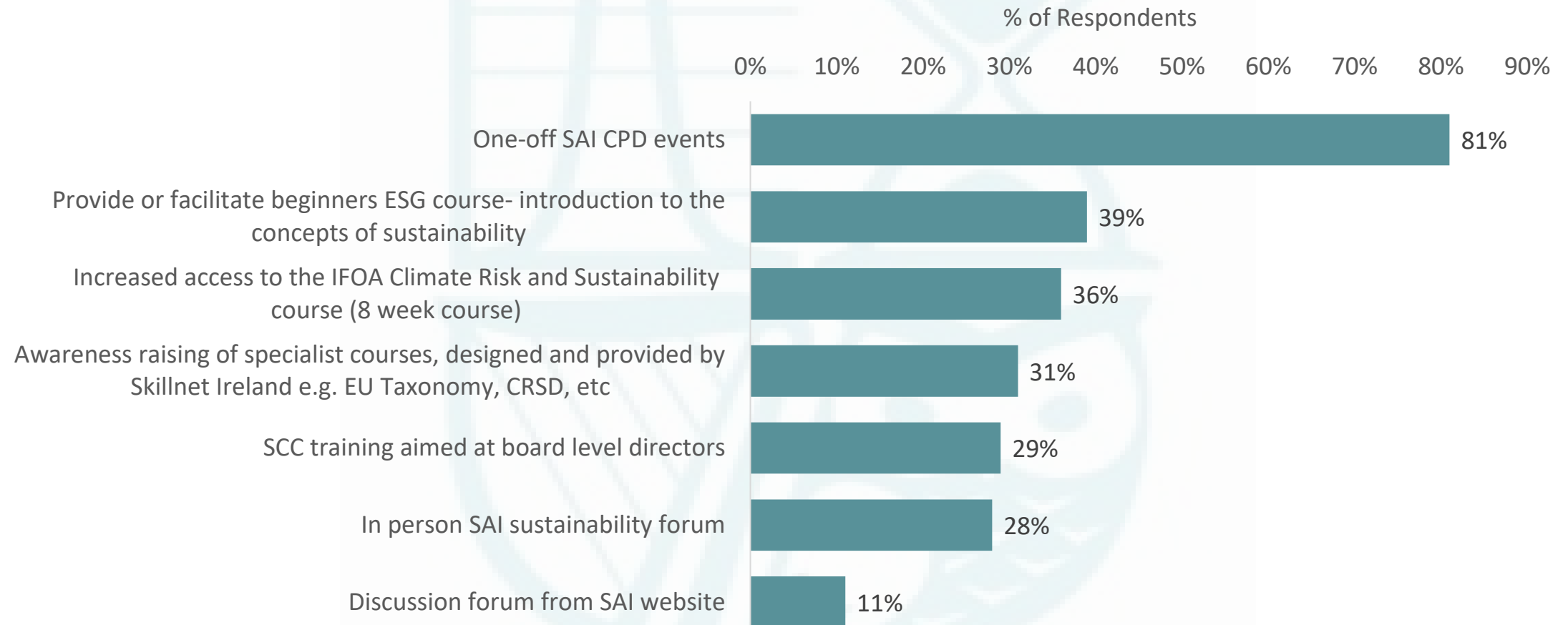
Practice area



Education Needs

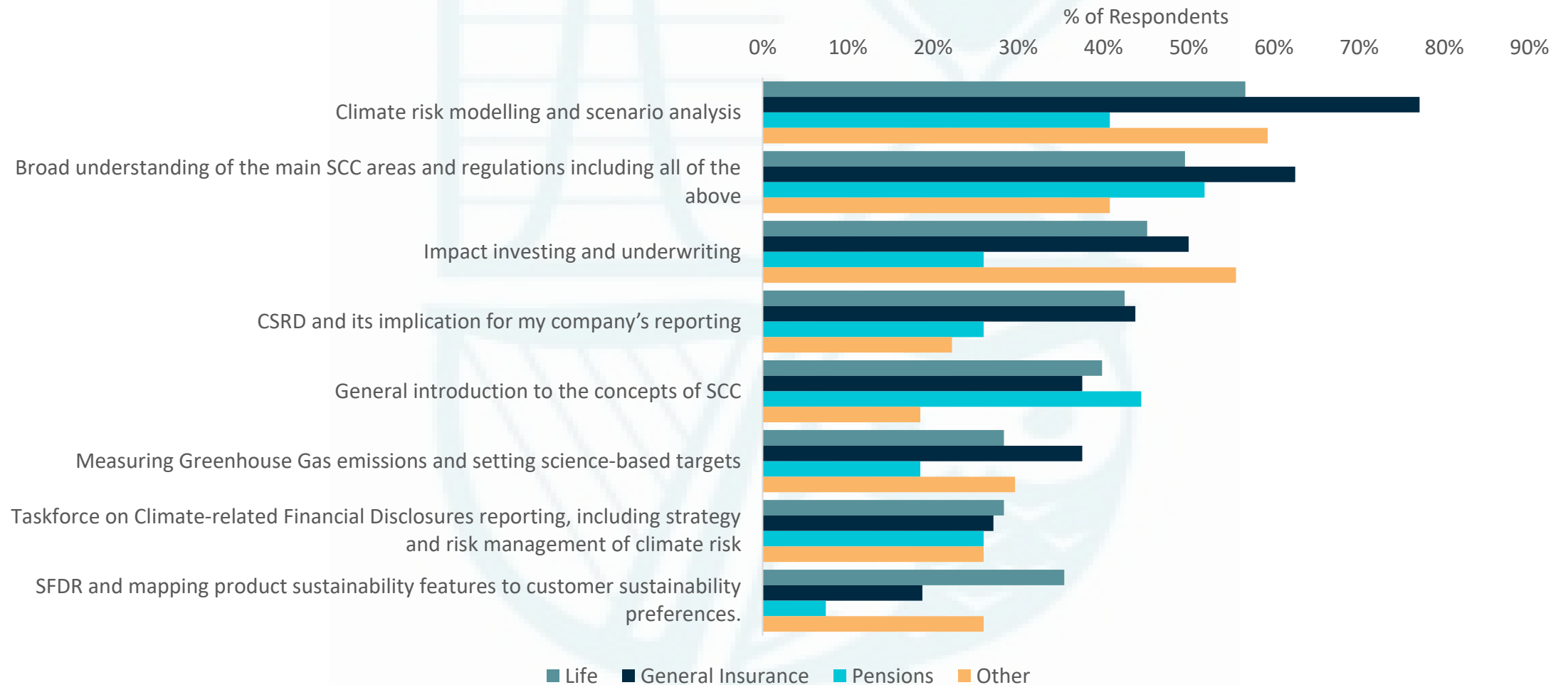


What SCC resources and training members want the Society to provide



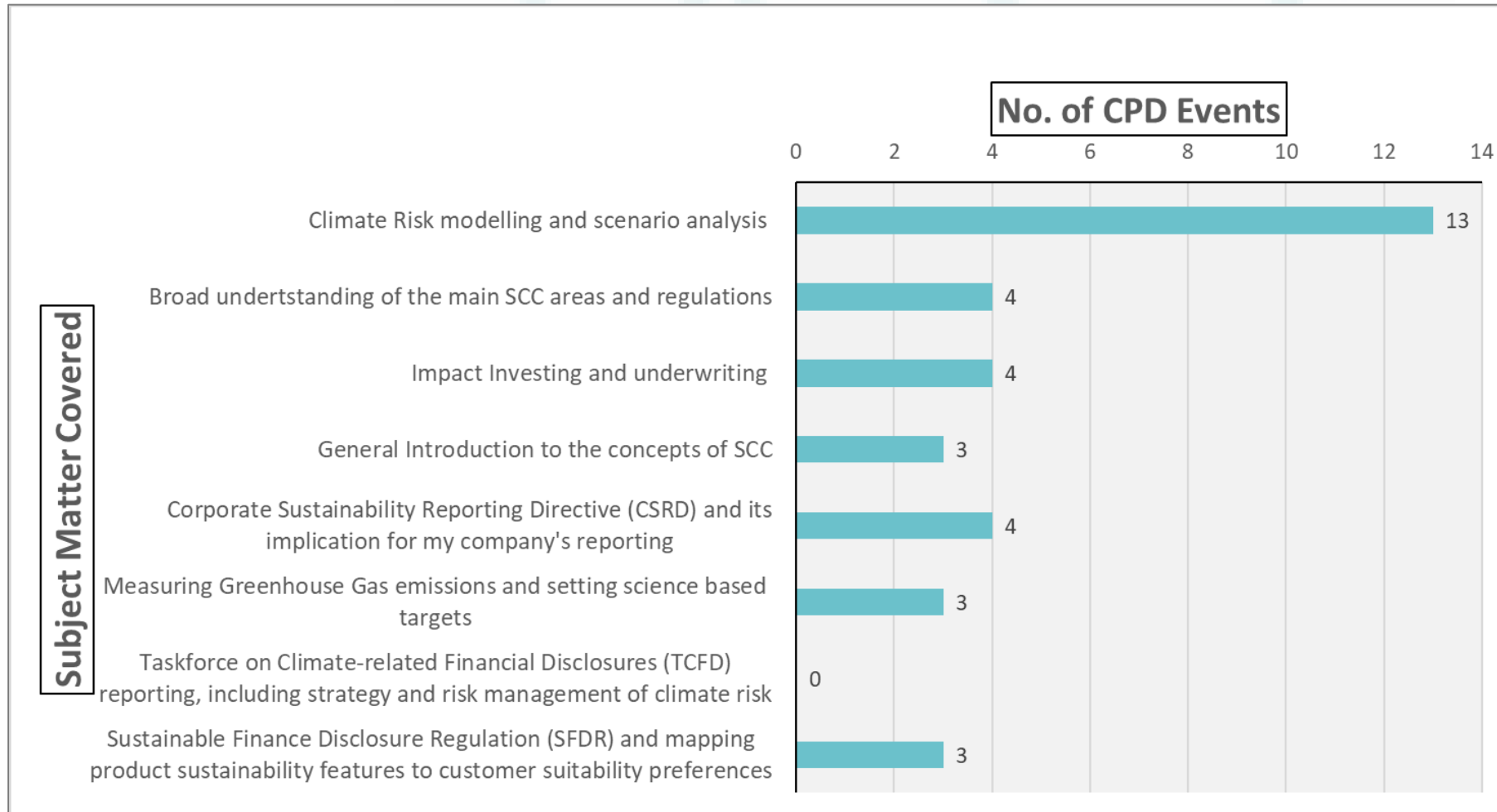


Subjects of interest to members





One-off CPD Events organised to cover subject matters



- Judgement was required at times to classify the subject matter covered for a given CPD event. This exercise was taken on a best endeavours basis, with a mapping provided in further reading.



Funding available for SCC courses

- Sustainable Finance Skillnet is the national talent development agency of Ireland. In partnership with industry and the education and training sector, it provides upskilling programmes to enhance business competitiveness, through our 70 Skillnet Business Networks.
- Sustainable Finance Skillnet' typically provides % discounts of up to 30% in various areas from:
 - Training courses from professional bodies like the IFOA sustainability course (through partnership with SAI)
 - Post Graduate programmes provided by MUI and IOB
 - Short / Open door courses developed by IOB, KPMG and Davy
 - Bespoke training programmes e.g. PTSB & BOI organised bespoke training webinars & in-person events
 - Tailored to your organizational needs e.g. “ESG for Legals” developed by Maples
- Members & employers of members can take advantage:
 - Member can take courses of interest.
 - Employers can organise open door courses and bespoke training programmes.
- A link to the full list of our training courses will be provided as further reading or contact skills@isfcoe.org.

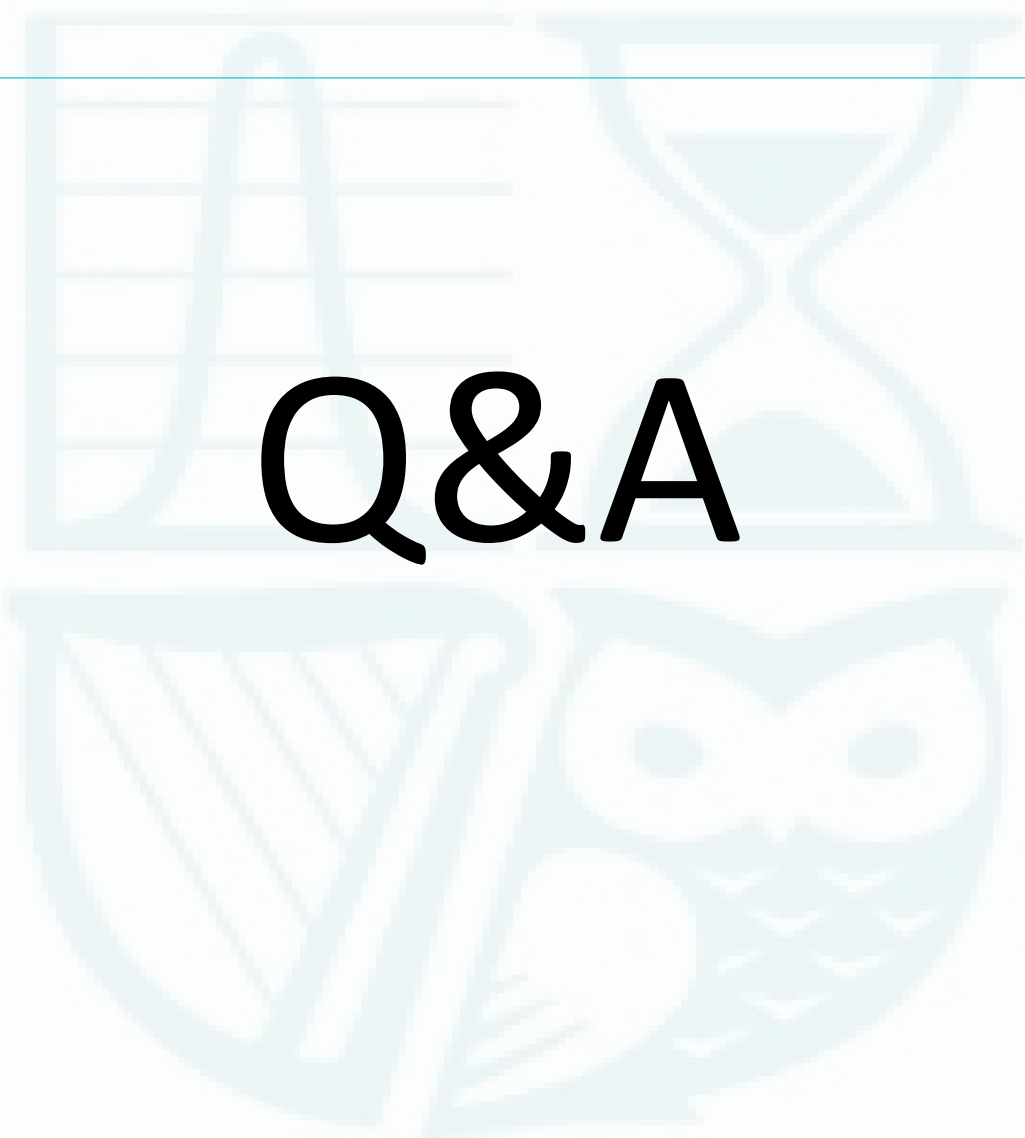


SCC Committee Feedback on Courses taken

- 39% asked us to raise awareness for specialist courses. Collected feedback on courses taken by members of SCCC:

Name of Course (Course provider)	Why course selected?	Pros/Cons	Overall, would you recommend it?
Climate Risk and Sustainability course (IFoA)	It was good value for money (SAI discount applied), plus straightforward application process.	I felt it was well balanced between theory and practical application.	Yes.
Sustainability and Climate Risk (GARP)	It wasn't really a choice as such as I couldn't find anything else available at the time that was suited to actuaries.	Pros: Relevance; self-paced learning; formal certification Cons: no human interaction, content rather turgid and not as focused as I would have expected.	I would have recommended at the time (2021), given its relevance, but I think there are better alternatives available now.
	I had seen several references to it as a solid and well-recognised qualification, and the risk focus appealed to me (since I work in a risk management role).	Very broad scope, covers many aspects of climate and sustainability risk, manageable workload Con: Not much focus on Europe-specific regulation such as CSRD and SFDR, given GARP is based in USA.	Yes.
Cert in ESG Investing (CFA)	It was good value for money (Skillnet discount applied) and had broad recognition in investment industry.	Pros: Practical content for investment actuaries; self-paced learning; formal certification Cons: Less focus on theory and practical application and less broad given it mainly covered ESG Investing.	Yes, for actuaries practicing in investments.
MSc International Development (UCD)	Able to choose climate-related modules and thesis, academic foundation for prior work at GOAL and World Bank.	Huge learning, significant time investment.	Yes, but much more general in nature than what many may want for their day job.



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Q&A



Society of Actuaries in Ireland

Panel Discussion:
Hot Topics in Sustainable Development: Sustainable Insurance
Solutions, Green Investments, ESG Reporting Trends
and more

Host: Arpita Das
Panelists: Aisling Kennedy, Lorcán Hall and Tom Popple



Society of Actuaries in Ireland

Tea/Coffee Break



Society of Actuaries in Ireland

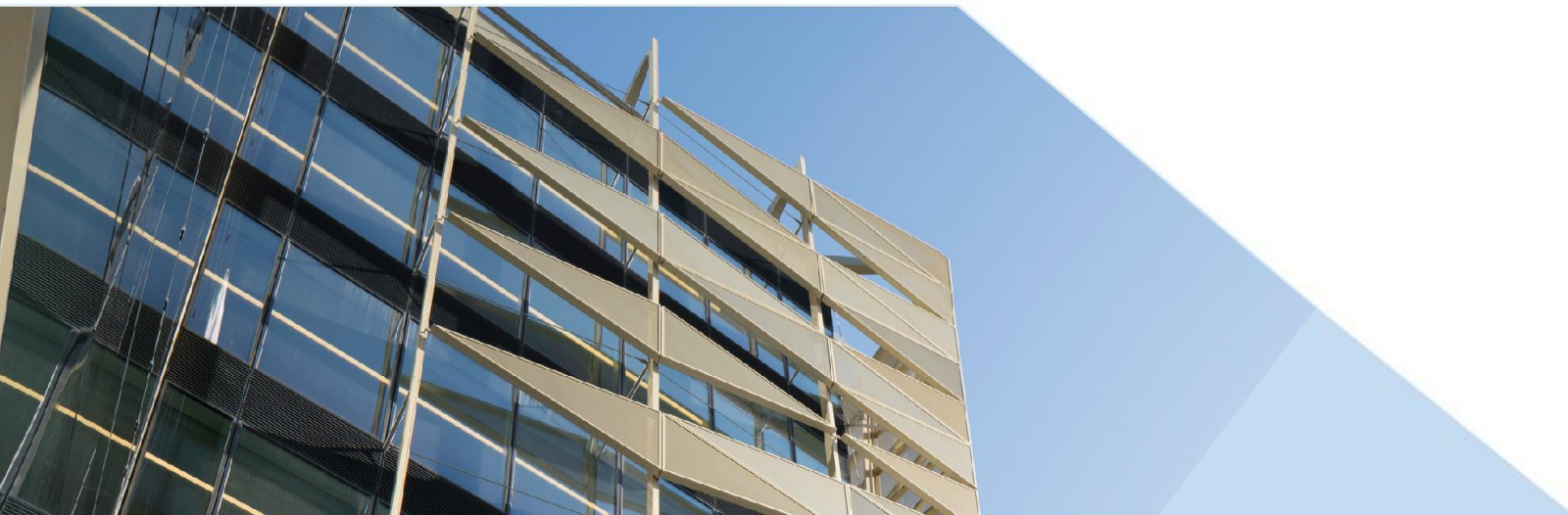
Materiality Assessments: Findings so far

Christopher Joyce and Rebecca Prouse



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



Materiality Assessments: Findings so far

SAI Sustainability and Climate Change Forum
16 October 2024

Agenda

- Background
 - A reminder of the Guidance
- Materiality Assessment Review
 - Overview of the review
 - What made an assessment stronger
 - Stronger and weaker practices of note
 - Key takeaways
- EIOPA work on Sustainability Risk Management plans



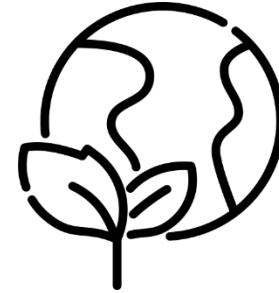
Introduction : Guiding Principles



Iterative
Approach



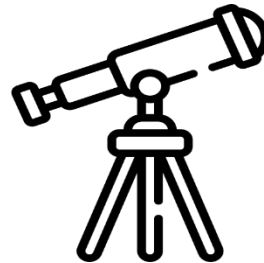
Emerging risk
to key risk



Double
Materiality



ORSA



Time
Horizons



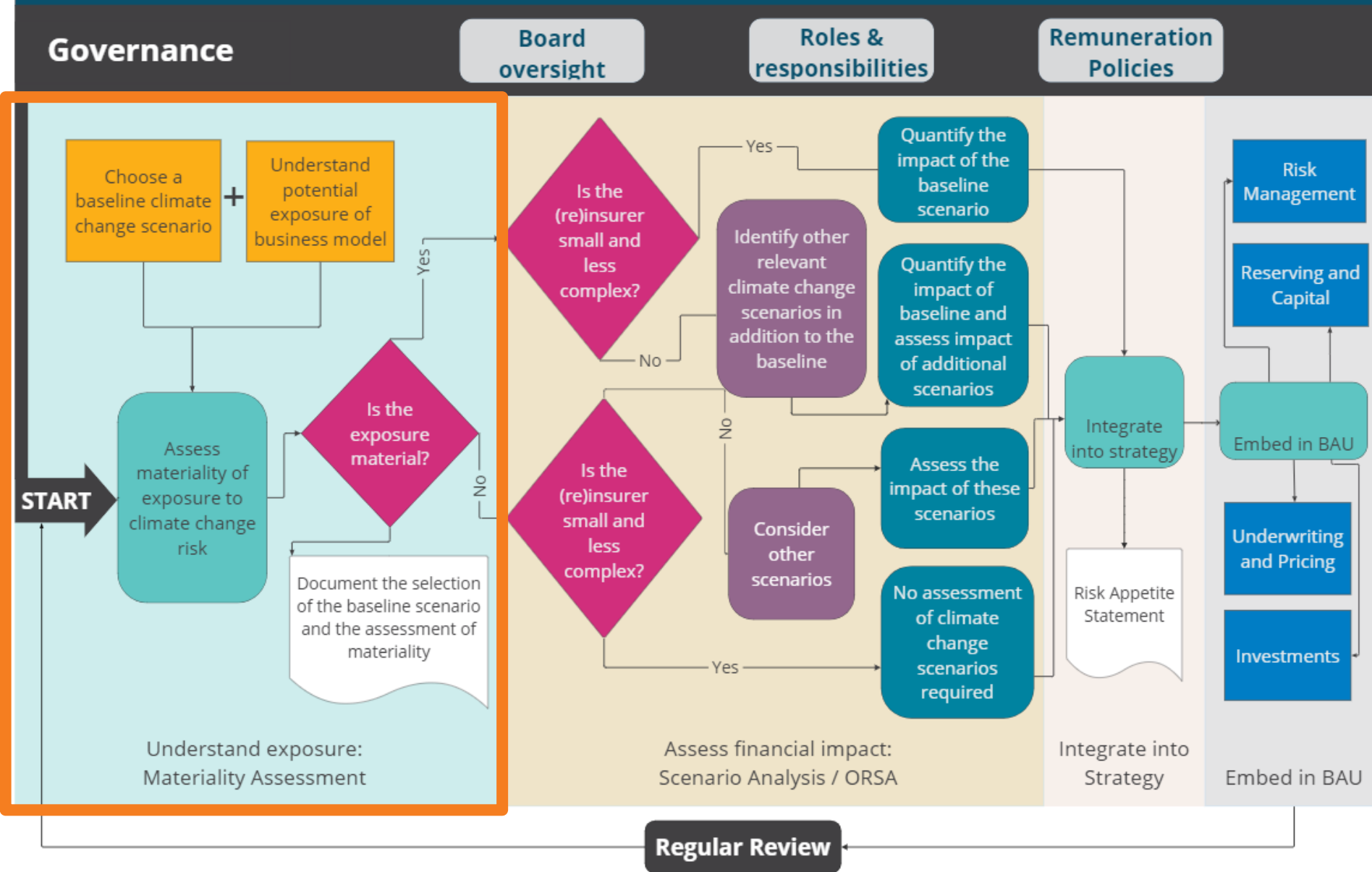
Group
Engagement



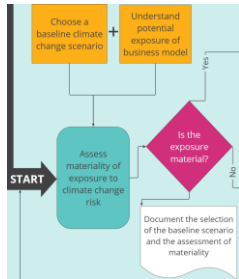
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Climate Change Guidance - Infographic



Guidance and Feedback: Materiality Assessment



The Central Bank expects (re)insurers to undertake a materiality assessment to identify their risk exposure to climate change. The following factors should be considered:

- a. Select an **appropriate baseline climate change scenario**.
- b. Consider the **current strategy and business model to understand potential for exposure** to climate change risk.
- c. Consider how the materiality of the risk exposure **changes/evolves over the short, medium and long term** based on the baseline climate change scenario selected.
- d. Consider the **feasibility of any future management actions** and other mitigating factors assumed in the materiality assessment.
- e. **Document** the materiality assessment in sufficient detail to **justify the conclusion of materiality**, including if the assessment is that there are no material exposures.
- f. (Re)insurers should undertake a materiality assessment on a **regular basis**. (Re)insurers should undertake a materiality assessment if there is a material change to their business model that could change their climate change risk exposure.
- g. (Re)insurers **who do not have a material exposure** to climate change risk in the baseline scenario **may wish to consider alternative climate change scenarios**.



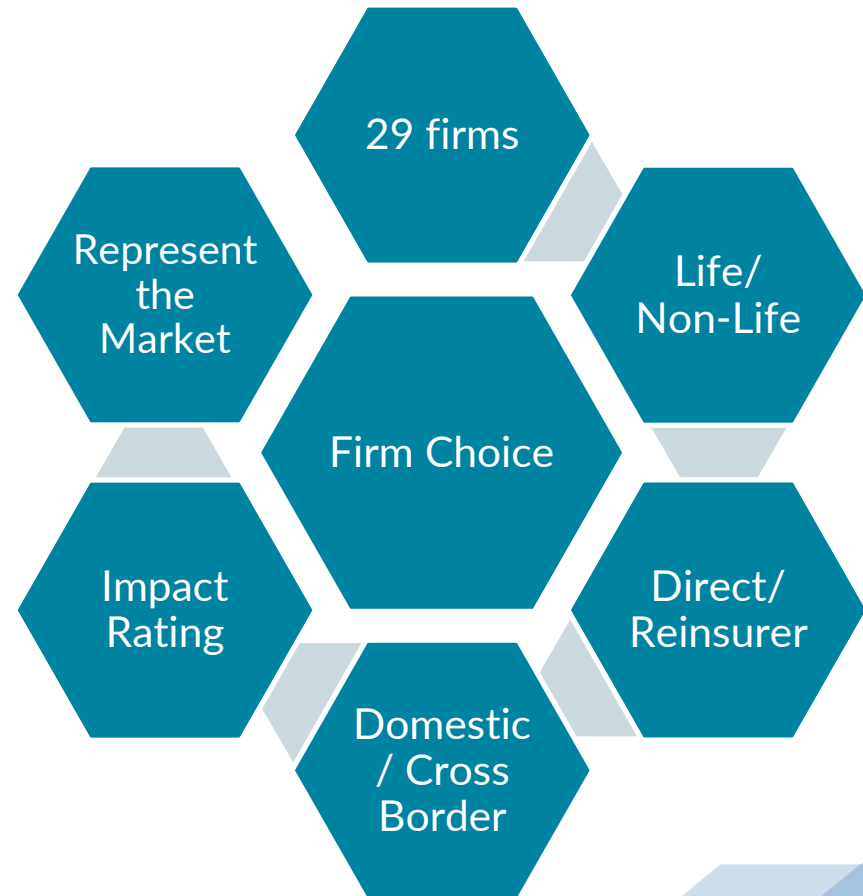
Thematic Review of Materiality Assessments

Aims

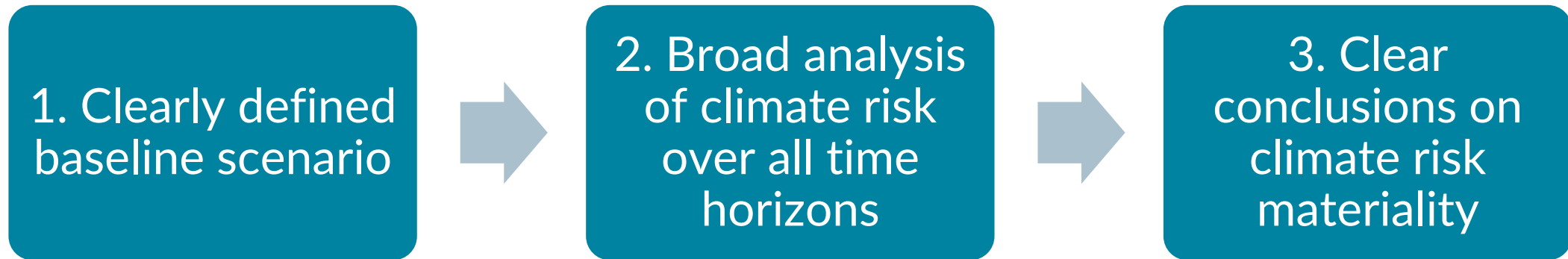
- Assess if materiality assessments expectations outlined in the Guidance are being met
- Support industry by providing feedback on stronger/weaker practices

Industry Feedback

- Included in the September [Insurance Quarterly Newsletter](#)



What made an assessment stronger?



1. Clearly defined baseline scenario

Stronger Practice

Clear scenario chosen, including

- An explanation of the scenario chosen
- A rationale for the selected scenario

Sufficient detail on the chosen pathway, including

- Future assumptions
- What this means for potential risks to business model and strategy

Using the baseline scenario to

- Form the basis of the materiality assessment
- Inform additional quantitative analysis
- Draw expected evolution of risks and exposures



1. Clearly defined baseline scenario

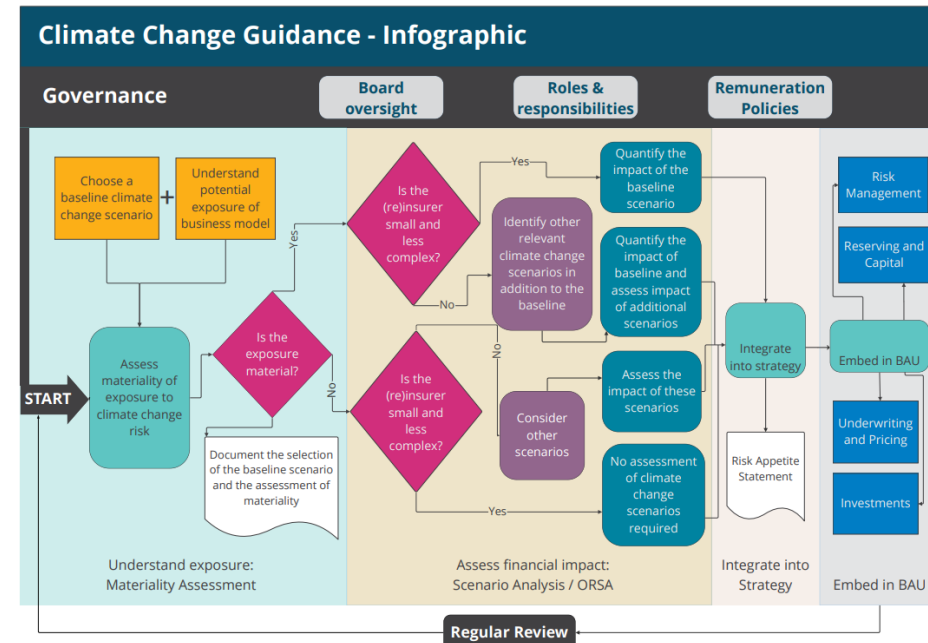
Weaker Practice

Limitations of the chosen baseline

- Known limitations
- Should be understood
- Consider how they limit the assessment

Additional baseline scenarios

- Should be assessed in line with nature, scale, and complexity
- As set out in the Guidance



2. Broad analysis of potential exposures

Stronger Practice

Considered a wide range of risk categories

- Including first and second order impacts
- Reflecting the specifics and drivers of the chosen baseline
- Considered the firm's own exposures

Leveraged Group analysis

- But adapted it for the local entity

Set out a clear climate change risk appetite

- Including associated metrics and how it is monitored

Quantitatively analysed material/potentially material risks

- Scenarios based on specifics of the chosen baseline
- Used to support qualitative analysis



2. Broad analysis of potential exposures

Weaker Practice

Risks with indirect exposure

- Some only considered direct risk drivers
- Consider whether direct risks could lead to indirect exposures

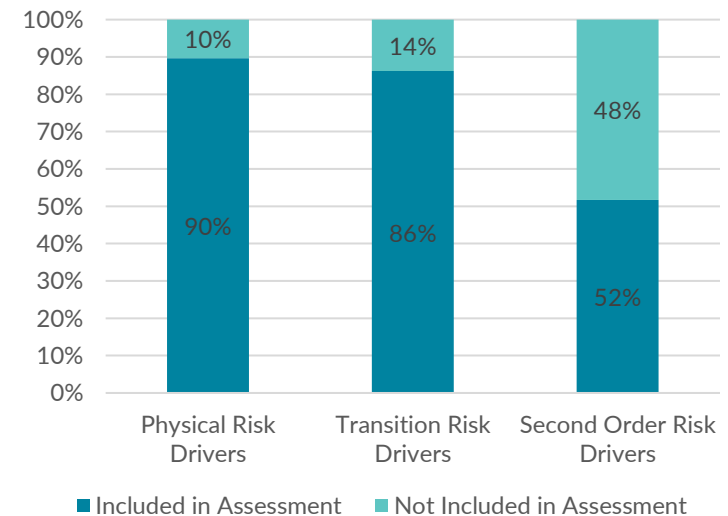
Counterparty risk

- Limited consideration of counterparties' exposure
- Explore this area as it could impact sustainability of business model

Wider macroeconomic impacts

- Limited consideration of non-Climate Policy Relevant Sectors assets and impact to underwriting risk
- Consider what implications the baseline could have on wider macroeconomic risk drivers

Consideration of Risk Drivers



3. Clear conclusions on materiality

Stronger Practice

Clear conclusions on risks

- Included first and second order impacts
- Considered risks at a granular level, over various time horizons and concluded on each
- Provides a clearer understanding of specific risk drivers that mitigating actions can be tailored to

Conclusions make sense

- In light of the baseline scenario
- Based on underlying portfolio and exposures

Sufficient supporting information

- To justify conclusions reached
- For both qualitative and quantitative analysis



3. Clear conclusions on materiality

Weaker Practice

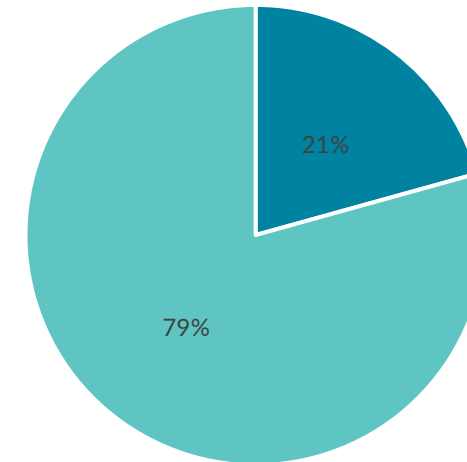
Challenge reasonableness of conclusions

- Consider whether conclusions pass a sense check
- Consider limitations, what potential exposures are considered, etc.

Consider in strategic decision making and integrate into business

- Few have considered implications for strategy and business model, especially over medium to long term
- Results should be used in planning, leading to action where needed
- Expect to see greater evidence of integration of climate change considerations
- Will continue to engage on this point

Changes to business model or strategy



■ Included in Assessment ■ Not Included in Assessment



Key Takeaways from the Review

- Consideration of climate change risks already a feature of regular supervisory engagements; this will continue to be expanded upon over time
- No one size fits all approach
- Continuing to engage with the iterative nature will improve understanding of exposure
- Exposure may change over time, particularly as new information becomes available and risks emerge
- Firms are encouraged to build on analysis to:
 - Enhance understanding of material risk exposures
 - Facilitate considering what implications the results might have for current and planned strategy and business model



Sustainability Risk Management Plans



RTS to cover

- Minimum standards and reference methodologies for identification, measurement, management and monitoring of sustainability risks
- Elements to be covered in plans – including timelines, intermediate targets and milestones
- Supervisory approaches
- Disclosures

Solvency II Directive

*Article 44 para 2b - “Member States shall ensure that insurance and reinsurance undertakings develop and monitor the implementation of **specific plans, quantifiable targets, and processes to monitor and address the financial risks arising in the short, medium, and long term from sustainability factors**, including those arising from the process of adjustment and transition trends towards the relevant Member States and Union regulatory objectives and legal acts in relation to sustainability factors.....”*



Questions?



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Society of Actuaries in Ireland

Panel Discussion:
Future Opportunities for Actuaries in
Sustainability

Host: Michael Sharpe

Panelists:, James Maher, Miriam Sweeney and Sandra Rockett
