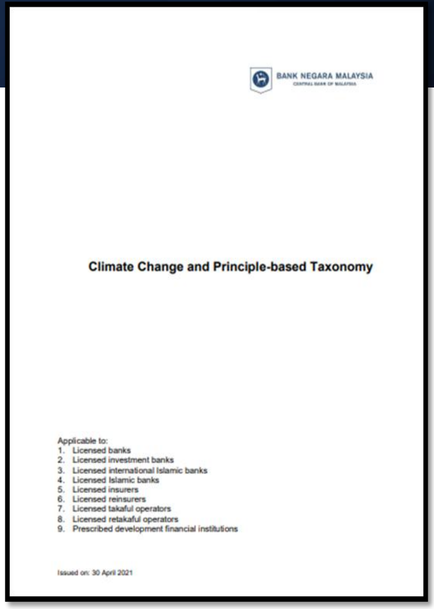
Part 3 :

<u>CCPT and Business Continuity:</u>

Planning for a Climate-Stressed Future

A banker's guide to building resilience into business continuity planning



BANK NEGARA MALAYSIA

Climate Change and Principle-based Taxonomy

Applicable to:
1. Licensed banks
2. Licensed investment banks
3. Licensed international Islamic banks
4. Licensed Islamic banks
5. Licensed insurers
6. Licensed reinsurers
7. Licensed takaful operators
8. Licensed retakaful operators
9. Prescribed development financial institutions

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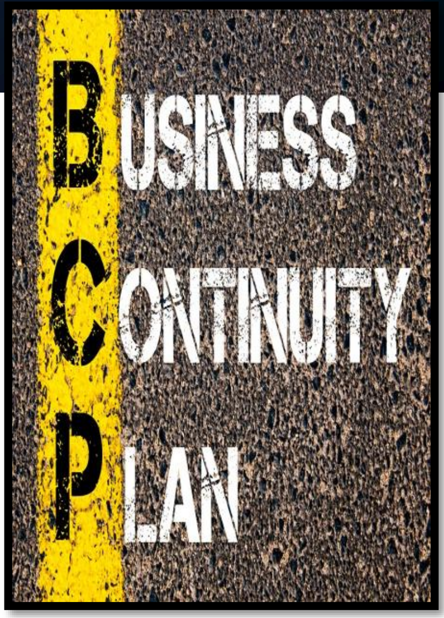


Why CCPT Belongs in BCP??

CCPT classifies activities as:

1. **GP1 / GP2 (Green):** Aligned with climate transition
2. **Amber**: Transitioning
3. **Red**: Misaligned with climate goals

Each classification reflects not just ESG status — but **potential vulnerability or resilience** to climate shocks.

For BCM, this means:

- Prioritizing **Green** and **Amber** borrowers or suppliers in recovery planning
- Assessing physical and transition risks during Business Impact Analysis (BIA)
- Building climate scenarios into continuity testing

HOW?? Read on...

Practical Applications of CCPT in BCM

1. **Update Business Impact Analysis (BIA) with Climate Stressors**

Example: Electronics Manufacturer (Amber)

- **Facility Location:** Klang Valley, flood-prone area
- **CCPT Status: Amber** – in transition, but not yet climate-resilient
- **BCP Actions:**
  - Include flood risks and supply chain outages in the BIA
  - Define alternative suppliers and secondary production sites
  - Classify this operation as **priority recovery** based on value and vulnerability

Outcome: Resilience planning reflects real-world environmental risk — not just financial value.

2. **Use CCPT to Prioritise Critical Suppliers & Borrowers**

Example: **Furniture Exporter (Red)**

- **Issue:** No climate transition plan; raw materials from uncertified forests; outdated logistics
- **BCP Impact:** Disruption risk is high, reputation risk higher
- **BCP Decision:**
  - Flag as **non-priority** supplier
  - Explore transition partner support — but with limited reliance during crises

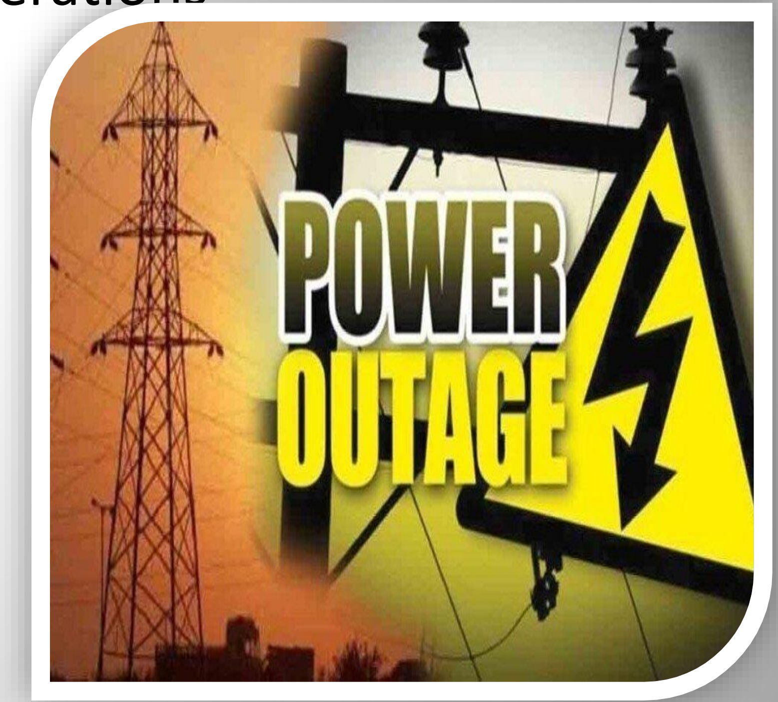
Outcome: Business continuity planning starts to influence sourcing and client segmentation.

3. **Integrate Energy Risk into Recovery Strategy**

Example: Food Manufacturer (Amber)

- **Energy Use:** High refrigeration load, fully grid-reliant
- **Risk:** Susceptible to brownouts, energy rationing during heatwaves
- **BCP Actions:**
  - Assess impact of 12–24 hour outages on food safety and operations
  - Include diesel or solar backup options in BCP review
  - Reclassify as **Amber-critical** during energy stress events

Outcome: Recovery planning becomes energy-aware — a key transition risk.



4. **<u>Build Climate Scenarios into BCP Testing</u>**

Example: Automotive Parts Supplier (GP2)

- **Sustainability Profile:** Green supplier; ESG-certified; solar-powered
- **BCP Actions:**
  - Run table-top exercises simulating logistics delays due to regional haze or flood
  - Test upstream supply chain stress (Tier 2 supplier in high-risk zone)
  - Assign CCPT banding to vendor continuity scorecard

Outcome: Climate risks are not just known — they are rehearsed and mitigated.

CCPT-Informed BCP Questions to Ask:

BCP Element	Climate-Aligned Questions
BIA	Which operations are most vulnerable to floods, droughts, or regulations?
Supplier Continuity	Are our Tier 1 and Tier 2 suppliers GP1, Amber, or Red?
Energy Dependency	What happens if the grid goes down for 48 hours?
Testing & Scenarios	Have we run exercises for climate-related business disruptions?
Crisis Communications	Do we know how to report climate-linked incidents to regulators and clients?

Part 3 : CCPT and Business Continuity

Key Takeaways for BCM and Risk Professionals:

- BCM isn't just disaster recovery — it's a frontline defense against climate instability.
- CCPT can help prioritise which suppliers, clients, and processes are most vital in a climate crisis.
- Use CCPT banding to identify weak links in operational resilience — and make them **part of recovery strategy**.
- Partner with credit and ESG teams to embed climate data into BCM decisions.