

OPINION

Building a resilient business in a changing climate

IN BRIEF:

- Climate-related risks are causing significant disruptions across global markets, supply chains, and regulatory landscapes, forcing businesses to incorporate long-term risk assessments into their operational planning.
- Organizations leveraging climate-informed planning, such as climate risk assessment and scenario analysis, gain an advantage by uncovering new growth avenues.
- To enhance resilience, a Just Transition approach helps businesses recognize climate frameworks that promote consistent risk disclosure and long-term strategic alignment.

The global energy crisis, driven by disruptions in the Middle East, has exposed vulnerable fuel-dependent economies to price spikes and volatility, with the Philippines particularly affected due to its reliance on imported crude oil and petroleum products. This heavy dependence leaves the country with a limited safety net, as sudden global price increases quickly translating into higher domestic energy costs and broader economic pressure.

Simultaneously, recurring heat waves are compounding these risks. The government weather service, known as PAGASA, reported dangerous heat index levels of 42°C to 51°C in 2026, increasing health risks and straining daily life.

The energy crises and extreme heat are examples of a wider global pattern in recent years, where challenges are becoming increasingly complex and interconnected. One need only look at the news for a surge of developments on global tariffs, artificial intelligence, global pandemics, geopolitical conflict, and ongoing supply chain disruptions.

These realities were highlighted in the recent SGV thought leadership forum, “Transforming Risk into Strategic Advantage,” held on May 6, where industry leaders discussed how businesses can convert emerging risks into drivers of long-term value.

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Businesses that leverage climate insights to mitigate these risks and turn them into competitive advantages will be best positioned to thrive in an uncertain future

Climate change serves as one of the — if not the biggest — drivers of volatility, but it is not yet well-integrated into strategic planning. Just as geopolitical and supply chain disruption create uncertainty, climate change introduces volatility that is unsuitable for a predictable and stable investment environment.

By understanding emerging risks, companies can build resilience while creating long-term competitive advantages. Businesses that leverage climate insights to mitigate these risks and turn them into competitive advantages will be best positioned to thrive in an uncertain future.

HOW CLIMATE-RELATED RISKS SHAPE BUSINESS OUTCOMES

Climate-related risks disrupt global markets, supply chains, and regulations. They are most visible in extreme weather events, such as extreme flooding, droughts, and strong typhoons, which heavily affect local industries infrastructure and communities.

The Philippines has ranked among the most climate-vulnerable countries for 16 consecutive years, ranked by the Climate Risk Index as the 7th most affected country by storms, floods, and heatwaves. The projected cumulative damage of these events to Gross Domestic Product (GDP) will increase from 7.6% in 2030 to 13.6% in 2040.

There are also growing climate policy risks. Governments are introducing stricter rules on carbon reporting, emissions, and sustainability. These regulatory shifts increase compliance costs, risk of penalties, and potential misalignment in supply chains, particularly when sourcing from carbon-intensive countries.

The global value chain, which the Philippines relies on heavily for our primary and intermediate goods, is also highly exposed to these hazardous climate risks. These climate-induced challenges compound existing economic and geopolitical pressures, heightening overall operational risks. Current resilience frameworks often lack climate-specific metrics and targets, making it difficult to incorporate long-term risk assessments into short-term operational planning.

Climate change risk impact on the Filipino people cannot be ignored. Extreme exposure to flooding, heat waves, extreme typhoons, and economic vulnerability from changing labor and consumption demand due to the energy transition must be considered for businesses in their strategic decision making.

TURNING CLIMATE INSIGHTS INTO COMPETITIVE ADVANTAGE

While climate-related risks are deemed material to companies, the transition toward a low-carbon, resilient economy opens up valuable opportunities. Companies are recognizing climate transparency not just as a regulatory obligation but as a powerful strategic advantage.

Enhanced visibility across value chains enables organizations to identify operational vulnerabilities, assess risks, and respond quickly to emerging disruptions. By investing in climate data and disclosure, businesses can stay ahead of regulatory changes and meet rising investor expectations.

Demand for climate-aligned reporting is rising, signaling a shift toward using transparency as a measure of long-term resilience. The 2025 EY Global Climate Action Barometer reflects this momentum: nearly 80% of companies now link environmental metrics to executive incentives, and most have or are developing climate action plans.

However, 65% of firms with net-zero targets lack actionable transition plans, and fewer than half have validated targets through the Science Based Targets initiative (SBTi). These actionability

gaps carry financial consequences: climate inaction can cost companies up to 15% of annual revenue, compared to 8% for those taking proactive measures. However, many organizations have yet to fully incorporate this perspective into decision-making. The report shows that climate-related disclosures are still not being fully leveraged to inform strategy and capital allocation.

Capital markets are increasingly pricing these risks. Research by MSCI shows that a company's exposure to, and management of, financially material sustainability-related risks directly affects its overall risk profile and influences access to equity and debt financing. Companies with higher resilience to sustainability-related risks (measured through stronger MSCI ESG Ratings) consistently exhibit lower costs of capital across equity and debt instruments. This negative correlation highlights that transparency, credible planning, and effective risk management are increasingly rewarded by investors and lenders.

As countries advance their low-carbon transitions, regulatory frameworks are encouraging businesses to invest in emissions reduction, renewable energy, and sustainable practices. Companies that align effectively with these frameworks can also gain competitive advantages through enhanced efficiency, lower energy costs, and reduced greenhouse gas emissions.

For instance, mapping the carbon intensity of supply chains helps firms avoid regulatory penalties and comply with emerging international policies such as the European Union (EU) carbon border adjustments mechanisms (CBAMs).

SEC Memorandum Circular No. 16, series of 2025, requires publicly-listed companies (PLCs) and large non-listed companies (LNLs) to adopt IFRS S1 and S2 through the Philippine Financial Reporting Standards (PFRS) on Sustainability Disclosures starting in FY2026, with limited extensions of transition reliefs.

This regulation includes the Sustainability Reporting Guidelines and Roadmap that encourage sustainable business

practices and align company disclosures with international standards to attract environmental, social, and governance (ESG)-focused investors in the national capital market.

Organizations that integrate climate insights into strategy, through risk assessments, scenario analysis, and resilient operations, are better positioned to capture growth opportunities and strengthen long-term competitiveness.

In this dynamic environment, climate transparency transcends compliance to become a key driver of transformation and competitive differentiation.

TOWARDS A 'JUST TRANSITION' APPROACH

In building a resilient future, a “just transition” is slowly being integrated as the foundation of companies in their long-term business strategies. As a framework, a just transition prioritizes equity, fairness, and inclusion as businesses navigate the shift to a low-carbon economy. It ensures that this does not adversely impact stakeholders or communities, but instead generates social and economic benefits.

For companies, embracing a just transition means aligning climate readiness with responsible business practices, ensuring resilience efforts contribute to broader objectives.

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FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/23h7tbqm>

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Where the quiet endures: One South Drive in Baguio rethinks luxury living

In many luxury developments today, attention is often drawn to scale, spectacle, and visibility. Yet, to some discerning property buyers, a quieter definition of prestige has steadily become more appealing—one that foregoes excessive grandeur and places more emphasis on restraint, privacy, and permanence.

In the country's summer capital, One South Drive stands among the few that truly embody refined mountain living.

Developed by Dacon Corporation, with DMCI Project Developers, Inc. serving as development manager and handling the property's project management, sales, and marketing efforts, One South Drive introduces a distinctly understated residential concept into one of Baguio's most tightly held corridors—South Drive.

Long regarded as one of the city's most exclusive residential enclaves, the corridor has built a reputation as a quiet yet prestigious address in Baguio City.

Lined with iconic pine trees and shaped by generous open spaces, South Drive reflects an older, more restrained form of luxury, where homes are designed for rest and retreat from the noise of work and the metro. While many parts of Baguio have experienced commercial growth and increasing density, the neighborhood has retained



its calm residential character, preserving the sense of privacy and permanence that has long defined South Drive.

Across premium real estate sectors, there has been a noticeable movement away from highly activated developments over the past few years, with more buyers opting for properties that provide a deeper sense of stillness and permanence. In this sense, luxury is slowly being defined as the quality of everyday living, the ability to experience comfort without intrusion,

and by spaces that allow life to unfold at a slower and more deliberate pace.

Composed of just two mid-rise buildings, West Peak and East Crest, One South Drive embraces a low-density approach that prioritizes privacy and generous proportions over sheer volume. Even the property's limited number of residences is intentional, as it creates a more intimate living environment that is appealing to buyers who value exclusivity, and the quiet comfort of space.

Baguio itself naturally complements this way of living. Unlike many leisure destinations filled with tourism, constant activity, and the usual noise, the city continues to offer a slower rhythm through its colder climate, mountain landscape, and deep tradition.

The city's cool mountain air, pine-covered hillsides, and elevated terrain create an atmosphere that encourages calm in ways impossible to find in metropolitan areas and increasingly difficult to find elsewhere. For generations, families have returned to Baguio for this exact purpose: a reprieve from the intensity of urban life. It remains one of the country's few destinations where leisure feels naturally and deeply restorative.

One South Drive, once more, is designed around this idea of return. The residences are configured for extended stays and multi-generational use, allowing owners to treat their units as a true second home.

Spacious room layouts provide flexibility for both private living and family gatherings, while the overall design emphasizes livability and comfort over unnecessary grandeur. The development's architecture and open spaces are carefully integrated into Baguio's natural terrain, which gives

residents the chance to remain closely connected to the surrounding landscape.

This philosophy extends to the property's amenities as well, which are curated to support quieter and more intentional forms of leisure. A curated mix of lifestyle features—landscaped gardens, outdoor lounges, wellness-oriented facilities, and gathering spaces—surrounds the development, yet it stands apart through a design that encourages stillness, conversation, and ease.

Its location further strengthens the property's appeal. Situated near Baguio Country Club and Camp John Hay, One South Drive occupies an exclusive place in the city that balances accessibility with privacy.

Through its placement, residents remain close to some of the city's most established leisure destinations, tourist spots, and lifestyle institutions while retaining a comfortable distance from Baguio's busier urban areas.

This balance has long sustained South Drive's reputation as one of Baguio's most desirable residential districts, particularly among families who look for convenience and discretion within a single address.

Aside from the way of life, the development also carries long-term investment significance. Within Baguio's premium residential market, opportunities to acquire property in established hillside enclaves remain very limited.

After all, real estate in the city is naturally constrained, development activity is selective, and demand for private highland residences continues to persist across generations. As a result, properties within South Drive have historically derived their value from the enduring desirability of the address itself, along with the natural property value appreciation.

For many buyers, this makes ownership something more meaningful than one's typical property acquisition.

A residence in One South Drive is both a retreat and a legacy asset, intended to be revisited and passed down through generations. In this regard, One South Drive offers lasting value through its rarity, privacy, and enduring appeal.

Discover more at www.onesouthdrive.ph.

