



HONG KONG MONETARY AUTHORITY
香港金融管理局

Common Assessment Framework on Green and Sustainable Banking
For the position as at [/] 2020

Name of Reporting Institution	
Contact Person	
Post Title	
Telephone Number	
Email	

Approved by

Signature : _____
(on hard copy or electronically) (Signature of Chief Executive or Alternate Chief Executive)

Name : _____

Date : _____

(version 19.01)

Completion Instructions

1. The framework assesses an institution’s readiness and preparedness in managing climate (both physical and transition) and environment-related risks. It consists of two parts (Part A and Part B) which collect information surrounding 21 sub-elements grouped under six elements. These elements and sub-elements represent the major areas on which an institution would focus in managing climate and environment-related risks, and are usually found in those standards / initiatives / recommendations of international bodies and regulators of other jurisdictions¹.

Key elements		Sub-elements	
1	Governance	1	Board and senior management oversight
		2	Roles and responsibilities
2	Corporate planning and tools	3	Strategic plan
		4	Business plan
		5	Financial plan
		6	Scenario analysis
		7	Stress testing
3	Risk management process	8	Identification
		9	Measurement
		10	Monitoring
		11	Reporting
		12	Control and mitigation
4	Business policies, products and services	13	Lending
		14	Investment
		15	Products and services
5	Performance and resources	16	Indicators
		17	Targets
		18	Staff capacity
		19	Data collection and processing
6	Disclosure and communication	20	Disclosure
		21	Communication

2. The framework is a self-assessment to be conducted by the institution. Upon request, institutions should be able to provide evidence in support of their responses provided in the assessment. Meanwhile, institutions are encouraged to elaborate their approach in managing climate and environment-related risks to facilitate the HKMA’s understanding in that regard. In completing the

¹ For example, “TCFD recommendations and implementation guidance” issued by the Task Force on Climate-related Financial Disclosures, “Green Credit Guidelines” issued by the China Banking and Insurance Regulatory Commission and Supervisory Statement 3/19 “Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change” issued by the UK Prudential Regulation Authority.

assessment, institutions should not just respond from the perspective of reputational risk only, instead they should focus on the financial risks (e.g. credit risk and market risk) associated with climate and environment-related issues. The completed self-assessment should be approved and signed by the Chief Executive or the Alternate Chief Executive.

3. The key terms used in the framework can be interpreted as follows, in line with the definitions provided by the Central Banks and Supervisors Network for Greening the Financial System (“NGFS”)²:
 - (a) Climate-related risks³: the risks posed by the exposure of financial firms and/or the financial sector to physical or transition risks caused by or related to climate change (such as damage caused by extreme weather events or a decline of asset value in carbon-intensive sectors);
 - (b) Environmental risk: the risks posed by the exposure of financial firms and/or the financial sector to activities that may potentially cause or be affected by environmental degradation (such as air pollution, water pollution and scarcity of fresh water, land contamination, reduced biodiversity and deforestation);
 - (c) Physical risk: it is categorized as acute when it arises from climate and weather-related events, such as droughts, floods, storms and sea-level rise and chronic when it arises from progressive shifts in climate and weather patterns such as increasing temperatures. It comprises impacts directly resulting from such events and shifts, such as damage to property or reduced productivity, and also those that may arise indirectly through subsequent events, such as the disruption of global supply chains; and
 - (d) Transition risk: it is the financial risk which can result from the process of adjustment towards a lower-carbon economy prompted, for example, by changes in climate policy, technology or market sentiment.
4. Institutions should complete the assessment on a Hong Kong office basis. For institutions which are foreign bank branches or locally incorporated subsidiaries of foreign banks, their responses could be based on their head office or group level’s policy/setup/practice, as long as such head office or group level’s policy/setup/practice is also applicable to, and adopted in, the operation of the Hong Kong office⁴.
5. Part A contains one question for each of the 21 sub-elements. Institutions are required to answer all questions in this part and assign a rating for each sub-element. Institutions should provide their responses in accordance with the specific instructions for each question. The examples quoted in the specific instructions are for reference. Institutions should reply in line with the examples where applicable, or provide other examples as appropriate.
6. Apart from answering the questions for each sub-element, institutions are also required to assess its progress with respect to each sub-element and assign a rating (based on a scale from 0 to 4). To better

² Please refer to *First Comprehensive Report - A call for action - Climate change as a source of financial risk* (section 1.1) and *First Progress Report* of the NGFS.

³ In this framework, “climate-related risks” and “climate risks” are used interchangeably.

⁴ For example, if any group-level climate and environmental risks management policy is implemented in the Hong Kong branch, the institution may complete in this assessment based on such policy, or those parts of the policy which apply to Hong Kong operation as appropriate.

reflect the progress of an institution in terms of climate risks specifically, rating “1” to “3” are specific for these risks and should only be assigned when the institution has factored in or planned to factor in climate risk considerations (**both** physical risk and transition risk) for that sub-element. Rating “4” can be assigned when environmental risk factors are covered in addition to climate risks⁵. To avoid doubt, if an institution has factored in or planned to factor in environmental risk factors but not climate risks for a sub-element, it should assign “0” for that sub-element. The general meaning of each rating is as follows. Institutions should refer to the framework for a detailed specific description for each rating of each sub-element:

General meaning of each rating	
0	Not yet started / plan to start
1	Concrete plan but not yet acted
2	Acting in progress as planned
3	Acting & monitoring
4	Established with ongoing enhancement and additional coverage of environmental risks

7. Part B contains follow-up questions most of which are quantitative. When an institution’s response to certain questions in Part A is affirmative (i.e. it has made certain progress in respect of that sub-element), the institution will be asked to provide relevant breakdown or figures under Part B.
8. When responding to questions in Part B, institutions should provide relevant breakdown or figures on the basis of both climate risks (both physical and transition risks) and environmental risk. Otherwise, please specify in the response (e.g. only physical risks are covered).
9. Please submit the completed template in word format (i.e. docx) by email to gsf@hkma.iclnet.hk. For template signed in hardcopy, please mail to: Banking Policy Division (Attn: Mr Leo Lai), Hong Kong Monetary Authority, 55/F Two International Finance Centre, Central, Hong Kong.

⁵ Except for the sub-element “disclosure”.

Assessment Questions (Part A)		
A1. Governance		<p><i>Response: [if yes (i.e. for a rating of “2” to “4”), please also respond to B1.1 to B1.3]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes (i.e. for a rating of “2” to “4”), please explain the practice. Explanation can be provided in context of the following: <ul style="list-style-type: none"> ✧ the process for the board and senior management to enhance their understanding and to assess the climate and environmental risks faced by the institution ✧ establishment of any dedicated committee / functions at board or senior management level to facilitate such oversight and its composition ✧ the related work in relation to setting strategies or targets? ✧ the process for informing the board and senior management? ➤ If no (i.e. for a rating of “0” or “1”), is there any reason? Is there any plan within the coming 3 years?]
A1.1 Board and senior management oversight		
Question: Do the board and senior management exercise oversight on how the institution manages climate risks⁶ and broader environmental risks?		
Rating		
Rating description		
0	Board and senior management have not yet exercised oversight on climate and environmental risks.	
1	Board and senior management have planned (with concrete timeline) to carry out measures for exercising oversight on climate risks.	
2	Board and senior management are overseeing climate risks in accordance with established framework.	
3	Board and senior management have been overseeing climate risks. In exercising such oversight, the board and senior management have made impact to the institution in various aspects such as the six key elements of this assessment framework.	
4	Board and senior management have been overseeing both climate risks and broader environmental risks. The effectiveness of such oversight has been reviewed, and enhanced as appropriate, having regard to the institution’s achievement and progress in this regard.	

⁶ In answering questions under Part A, institutions should not regard that progress has been made with respect to climate risks if they have not factored in both physical risk and transition risk considerations for that sub-element.

Assessment Questions (Part A)

A1. Governance		<p><i>Response: [if yes, please also respond to B1.1 to B1.3]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain (i) how this is evidenced, e.g. as specified in any relevant mandate / terms of reference / job descriptions or board minutes; and (ii) the relevant roles and responsibilities in detail. For senior management, please specify the seniority of those senior management staff members with such roles and responsibilities. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A1.2 Roles and responsibilities		
Question: Do the roles and responsibilities of the institution’s board and senior management explicitly cover climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	Roles and responsibilities are planned (with concrete timeline) to explicitly cover climate risks.
	2	Roles and responsibilities explicitly cover climate risks. The board and senior management are now performing such roles.
	3	Roles and responsibilities explicitly cover climate risks. The board and senior management have been performing such roles and have considered the conditions warranting a review of them.
	4	Roles and responsibilities explicitly cover both climate risks and broader environmental risks. Experience has been accumulated for assessing the adequacy of such roles and responsibilities for effective oversight on the institution’s management of climate risks and broader environmental risks. Enhancements have been considered.

Assessment Questions (Part A)

A2. Corporate planning and tools		Response:
A2.1 Strategic plan		
Question: Does the institution incorporate climate risks and broader environmental risks into its strategic planning process⁷?		
Rating		
Rating description		
0	The institution does not yet have a plan to incorporate climate and environmental risks into its strategic planning process.	[Instructions: ➤ If yes, please explain how they are integrated and provide examples. The explanation may cover, for instance, in the formulation of strategy, target or risk appetite (e.g. strategic alliances, mergers and acquisitions), whether consideration has been given to climate risks and broader environmental risks, and if so, the issues considered and their impact. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]]
1	The institution has planned (with concrete timeline) to incorporate climate risks into the institution’s strategic planning process.	
2	The institution has incorporated climate risks into its strategic planning process through which the institution is driving behaviour changes across the institution.	
3	The institution has incorporated climate risks into its strategic planning process. The institution is monitoring the impact of such factors in implementing the strategy and has considered the conditions warranting a review of the strategy.	
4	The institution has incorporated climate and environmental risks into its strategic planning process. The institution has been evaluating whether the impact of these factors and issues deviates from its expectation and has considered revising its strategy to address such deviation.	

⁷ In this question, strategic plan refers to the institution’s “corporate strategy”, which, as explained in SPM module SR-1, concerns a bank’s overall purpose and development, and the approach to its strategic intent or vision.

Assessment Questions (Part A)

A2. Corporate planning and tools		<p>Response:</p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain how they are integrated and provide examples. The explanation may cover (i) the areas which are considered to be impacted by climate and environmental risks and (ii) how business plans are formulated to address the relevant risks, in terms of the following <ul style="list-style-type: none"> ✧ Business lines ✧ Sector or activities ✧ Products or services ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A2.2 Business plan		
Question: Does the institution incorporate climate risks and broader environmental risks into its business plans⁸?		
Rating		
Rating description		
0	The institution does not yet have a plan to take into account climate and environmental risks in its business planning process.	
1	The institution has planned (with concrete timeline) to take into account climate risks in its business planning process.	
2	The institution has taken into account climate risks in its business plans. Business units are implementing such plans.	
3	The institution has taken into account climate risks in its business plans. The institution is monitoring the impact of such risks in implementing the plans and has considered the conditions warranting a review of the plans.	
4	The institution has taken into account climate and environmental risks in its business plans. The institution has been evaluating whether the impact of these risks deviates from its expectation and has considered revising its strategy to address such deviation.	

⁸ In this question, business plan refers to the institution’s “business strategy”, which, as explained in SPM module SR-1, is concerned with how a bank can gain competitive business advantage, which products or services the institution should offer to customers, or which markets the institution should operate in. This level of strategy relates more to the affairs of particular business units than to the bank as a whole.

Assessment Questions (Part A)

A2. Corporate planning and tools		<p>Response:</p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain (i) how climate risks and broader environmental risks are considered in the financial planning process; (ii) how they are reflected in the financial plan? For instance, explanation may be provided in respect of the impact on financial planning in the following areas: <ul style="list-style-type: none"> ✧ operating costs and revenues ✧ capital expenditures and capital allocation ✧ acquisitions or divestments ✧ expenditures in research or development ✧ access to capital or funding ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A2.3 Financial plan		
Question: Does the institution incorporate climate risks and broader environmental risks into its financial planning?		
Rating		
Rating description		
0	The institution does not yet have a plan to incorporate climate and environmental risks into its financial planning process.	
1	The institution has planned (with concrete timeline) to incorporate climate risks into its financial planning process.	
2	The institution has incorporated climate risks into its financial planning process and is implementing relevant plans.	
3	The institution has incorporated climate risks into its financial planning process. The institution is monitoring the impact of such risks in implementing the plans and has considered the conditions warranting a review of the plans.	
4	The institution has incorporated both climate risks and broader environmental risks into its financing planning process. The institution has been evaluating whether the impact of these risks deviates from its expectation and has considered revising its financial plans to address such deviation.	

Assessment Questions (Part A)

A2. Corporate planning and tools		<p><i>Response: [if yes, please also respond to B2.1 to B2.5]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain the relevant process and details of the analysis (including the number of scenarios or pathways, basic description of each scenario or pathway, time horizon, scope (e.g. sector, loans portfolio, investment portfolio, business operation, etc.) and the assessed impact) ➤ If no, is there any reason? Is there any plan to incorporate relevant risks into the scenario analysis within the coming 3 years?]
A2.4 Scenario analysis		
Question: Does the institution conduct scenario analysis to assess the impact of climate risks (physical risks and transition risks) and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to conduct scenario analysis in context of climate risks.
	2	The institution has conducted scenario analysis to understand the potential impact of climate risks.
	3	The institution conducts scenario analysis which incorporates climate risk factors. The institution is monitoring whether new and emerging issues have been properly taken into account in the analysis.
	4	The institution conducts scenario analysis which incorporates climate and environmental risk factors. The methodology of the analysis has been reviewed from time to time to ensure the adequacy (e.g. in terms of the adequacy of assumptions, comprehensiveness of scenarios, or whether new and emerging issues have been properly taken into account).

Assessment Questions (Part A)		
A2 Corporate planning and tools		<p><i>Response: [if yes, please also respond to B2.1 to B2.5]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please provide details, such as how they are incorporated and briefly describe the most recent stress testing results. ➤ If no, is there any reason? Is there any plan to incorporate relevant risks and issues into the stress testing exercise within the coming 3 years?]
A2.5 Stress testing		
Question: Apart from scenario analysis, does the institution incorporate climate risks and broader environmental risks in its stress testing exercise⁹?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to incorporate climate risks factors into its stress testing exercise.
	2	The institution has incorporated climate risks factors into its stress testing exercise.
	3	The institution conducts stress tests which incorporate climate risk factors. The institution is monitoring whether new and emerging issues related to climate risks have been properly taken into account in the stress tests.
	4	The institution conducts stress tests which incorporate climate and environmental risk factors. The stress testing programmes are reviewed from time to time to ensure that the methodologies and assumptions therein are adequate with respect to these risk factors and issues.

⁹ Stress test generally refers to the tool that involves the use of various techniques to assess an institution’s potential vulnerability to “stressed” business conditions. Scenario analysis is one example of the quantitative techniques for stress test which measures the impact on an institution of a simulation of stress scenarios that affect a number of risk factors together. Another example of quantitative techniques for stress test is sensitivity test which estimates the impact on an institution of assumed movements in a single risk factor or a small number of closely related risk factors. For details, please refer to subsection 2.4 of SPM module IC-5 on “Stress-testing”.

Assessment Questions (Part A)

A3. Risk Management Process		<p><i>Response: [if yes, please also respond to B3.1 to B3.6]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain the measures taken for identifying the relevant risks and issues, and describe the process in determining the materiality or significance of them to the institution. If appropriate, the explanation may cover how the institution characterises such risks in the context of traditional risk categories (e.g. credit risk, market risk, etc.) ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A3.1 Risk identification		
Question: Does the institution carry out measures to understand and identify its exposures to climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to carry out measures to understand and identify its exposures to climate risks.
	2	The institution has carried out measures to understand and identify climate risks that may impact the institution.
	3	The institution has carried out measures to understand and identify climate risks that may impact the institution. The institution keeps monitoring new and emerging issues which may affect its exposures to such risks.
	4	The institution has carried out measures to understand and identify climate risks and broader environmental risks that may impact the institution. Such measures have been integrated with the institution's existing risk management framework and reviewed from time to time as regards their effectiveness for identifying new and emerging issues which may affect its exposures to climate risks and broader environmental risks.

Assessment Questions (Part A)

A3. Risk Management Process		<p><i>Response: [if yes, please also respond to B3.1 to B3.6]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain (i) the methods or techniques being used, (ii) the relevant model and / or metrics, (iii) the size of the institution’s exposures to the relevant risks (e.g. amount or percentage of loan exposures prone to such risks) and (iv) the assessed impacts on the institution’s financial position and risk profile. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A3.2 Risk measurement		
Question: Does the institution adopt specific methods¹⁰ or techniques to measure climate and environmental risks?		
Rating		
Rating description		
0	The institution does not yet have a plan to measure climate and environmental risks.	
1	The institution has planned (with concrete timeline) to measure its exposures to climate risks.	
2	The institution has adopted some methods or techniques to measure its exposures to climate risks.	
3	The institution has adopted some methods or techniques to measure its exposures to climate risks. The institution keeps in view the needs for improving such methods or techniques	
4	The institution has adopted some methods or techniques to measure its exposures to climate and environmental risks. Such practices have been integrated with the institution’s existing risk management framework and reviewed from time to time as regards their effectiveness for measuring the actual and potential impacts of climate and environmental risks to the institution.	

¹⁰ The methods can be quantitative and / or qualitative by nature.

Assessment Questions (Part A)

A3. Risk Management Process		<p><i>Response: [if yes, please also respond to B3.1 to B3.6]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please elaborate the measures taken for such monitoring (e.g. process and party involved, any criteria/threshold used and frequency, etc.). ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A3.3 Risk monitoring		
Question: Does the institution carry out measures to monitor its exposures to climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to set out measures to monitor its exposures to climate risks.
	2	The institution is carrying out measures to monitor its exposures to climate risks, including established processes to ensure that its exposures to such risks are acceptable.
	3	The institution has been monitoring its exposures to climate risks. The institution keeps in view the needs for improving the relevant processes.
	4	The institution has been monitoring its exposures to climate risks and broader environmental risks. Relevant processes have been integrated with the institution's existing risk management framework and reviewed from time to time as regards their effectiveness for ensuring that its exposures to such risks remain acceptable.

Assessment Questions (Part A)

A3. Risk Management Process		<p><i>Response: [if yes, please also respond to B3.1 to B3.6]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please briefly explain what information is covered in the report, for instance:- <ul style="list-style-type: none"> ✧ result from scenarios analysis, or stress testing ✧ risk exposures and mitigating actions, if any ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A3.4 Risk reporting		
Question: Does the institution’s board and senior management regularly receive management information concerning the institution’s exposures to climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to develop management information reports covering climate risks to facilitate oversight of the board and senior management.
	2	The board and senior management regularly receive management information in relation to the institution’s exposures to climate risks.
	3	The board and senior management regularly receive management information in relation to institution’s exposures to climate risks. The institution keeps in view the needs for enhancing its system to capture, aggregate and report such risks.
	4	The board and senior management regularly receive management information in relation to the institution’s exposures to climate risks and broader environmental risks. Relevant system has been integrated with the institution’s existing risk management framework and reviewed from time to time as regards its effectiveness for capturing, aggregating and reporting the institution’s exposures to such risks to facilitate oversight of the board and senior management.

Assessment Questions (Part A)

A3. Risk Management Process		<p><i>Response: [if yes, please also respond to B3.1 to B3.6]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please explain such measures. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A3.5 Risk control and mitigation		
Question: Does the institution carry out measures to control or mitigate the impacts of climate and environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to develop measures to control or mitigate climate risks.
	2	The institution has measures to control or mitigate climate risks.
	3	The institution has been carrying out measures to control or mitigate climate risks. The institution has been monitoring the adequacy and effectiveness of such risk-mitigating measures and considered the conditions warranting a review of them.
	4	The institution has been carrying out measures to control or mitigate climate and environmental risks. Such practices have been integrated with the institution's existing risk management framework and their adequacy and effectiveness have been reviewed from time to time. The institution is also aware of the potential effects of these control and mitigating measures (such as the enforceability), and have in place appropriate measures to manage the risks associated with these measures.

Assessment Questions (Part A)

A4. Business policies, products and services		<p><i>Response: [if yes, please also respond to B4.1 and B4.2]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please describe the relevant policy and process, for instance, in what aspect the policy:- <ul style="list-style-type: none"> ✧ governs the credit assessment process by taking into account climate risks and broader environmental risks ✧ set any limits or restriction in lending to any sectors or activities that are prone to climate and environmental risks ➤ If no, is there any reason (e.g. concerning the materiality of the lending portfolio)? Is there any plan within the coming 3 years?]
A4.1 Lending policy¹¹		
Question: Does the institution’s lending policy have any specific reference to climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to have, in its lending policy, specific reference to climate risks.
	2	The institution has revised its lending policy to specifically address climate risks. Relevant units will act accordingly.
	3	The institution’s lending policy has specific reference to climate risks. The institution is monitoring whether the policy properly addresses those risks in view of their on-going effect and development, and has considered the conditions warranting a review of the policy.
	4	The institution’s lending policy has specific reference to climate risks and broader environmental risks. The institution has been evaluating whether the impact of these risks deviates from its expectation and has considered revising its lending policy to address such deviation.

¹¹ For the avoidance of doubt, this question is not restricted to any standalone “lending policy” of an institution but also covers any policies concerning the institution’s lending businesses.

Assessment Questions (Part A)

A4. Business policies, products and services		<p><i>Response: [if yes, please also respond to B4.1 and B4.2]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please describe the relevant policy and process, for instance, in what aspect the policy:- <ul style="list-style-type: none"> ✧ governs the investment selection / decision making process by taking into account climate risks and broader environmental risks ✧ set any limits or restriction in investing in any sectors or activities that are prone to climate risks and broader environmental risks ➤ If no, is there any reason (e.g. concerning the materiality of the investment portfolio)? Is there any plan within the coming 3 years?]
A4.2 Investment policy		
Question: Does the institution’s investment policy have any specific reference to climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to have, in its investment policy, specific reference to climate risks.
	2	The institution has revised its investment policy to specifically address climate risks. Relevant units will act accordingly.
	3	The institution’s investment policy has specific reference to climate risks. The institution is monitoring whether the policy properly addresses those risks in view of their on-going effect and development, and has considered the conditions warranting a review of the policy.
	4	The institution’s investment policy has specific reference to climate risks and broader environmental risks. The institution has been evaluating whether the impact of these risks deviates from its expectation and has considered revising its investment policy to address such deviation.

Assessment Questions (Part A)		
A4. Business policies, products and services		<p>Response:</p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please provide details, e.g. based on the following areas: <ul style="list-style-type: none"> ✧ products and services covered, nature and involved amount ✧ relevant factors in consideration ✧ the process or mechanism in which such risks are evaluated and factored in the products and services (e.g. client on-boarding and due-diligence process for assessing the risk impacts, and mechanism to adjust the pricing of the products and services taking into account customer’s vulnerability to the risks, etc.) ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A4.3 Products and services		
Question: Does the institution’s products and services¹² have any specific reference to climate risks and broader environmental risks?		
Rating		
Rating description		
0	The institution does not yet have a plan to incorporate climate and environmental risks in the life cycle of products and services.	
1	The institution has planned (with concrete timeline) to incorporate climate risks during the life cycle of products and services.	
2	The institution has revised its policy to specifically address climate risks in the life cycle of products and services. Relevant units will act accordingly.	
3	The institution’s products and services have specific reference to climate risks. The institution is monitoring whether the policy properly addresses those risks in view of their on-going effect and development, and has considered the conditions warranting a review of the policy.	
4	The institution’s products and services have specific reference to climate risks and broader environmental risks. The institution has been evaluating whether the impact of these risks deviates from its expectation and has considered revising its policy to address such deviation.	

¹² In this question, institutions should focus on products and services other than those covered in A4.1 and A4.2.

Assessment Questions (Part A)

A5. Performance and resources		<p><i>Response: [if yes, please also respond to B5.1]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please (i) list out all the indicators, (ii) explain how they are determined and (iii) describe the methodology used to calculate or estimate the indicators. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A5.1 Indicators		
Question: Does the institution use any indicators to measure its performance in managing climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to use or develop indicators to measure its performance in managing climate risks.
	2	The institution has adopted or developed indicators to measure its performance in managing climate risks.
	3	The institution has been using indicators to measure its performance in managing climate risks. The institution is monitoring the movement in these indicators over time, and has gathered sufficient data for time series analysis.
	4	The institution has been using indicators to measure its performance in managing climate risks and broader environmental risks. The institution has gathered sufficient data for time series analysis, and has considered enhancing these indicators, e.g. in terms of scope, coverage and methodology.

Assessment Questions (Part A)		
A5. Performance and resources		<p><i>Response: [if yes, please also respond to B5.2]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please list out all the targets. (ii) explain how they are determined and (iii) describe the methodology used to calculate the target. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A5.2 Targets		
Question: Does the institution set any targets in managing climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to set certain targets to manage climate risks.
	2	The institution has developed certain targets to manage climate risks. Achievement remains to be seen.
	3	The institution is using certain targets to manage climate risks and is making progress in achieving the targets.
	4	The institution has been using targets in respect of both climate risks and broader environmental risks. Some previous targets have been achieved. The institution has regularly reviewed the appropriateness and coverage of the targets.

Assessment Questions (Part A)

A5. Performance and resources		<p><i>Response: [if yes, please also respond to B5.3]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, what is the institution's plan or actions taken? ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A5.3 Staff capacity		
Question: Does the institution seek to enhance staff capacity with respect to climate risks and broader environmental risks?		
Rating		
Rating description		
0	The institution does not yet have a plan to enhance staff capacity with respect to climate and environmental risks.	
1	The institution has planned (with concrete timeline) to provide trainings to its staff for capacity building with respect to climate risks.	
2	The institution has arranged capacity building programmes for its staff with respect to climate risks.	
3	The institution has incorporated climate risks into its on-going capacity building programmes. The institution keeps monitoring new and emerging issues related to climate risks for incorporating into its capacity building programmes.	
4	The institution has incorporated climate risks and broader environmental risks into its on-going capacity building programmes. These programmes have been reviewed from time to time as regards its effectiveness as well as adequacy/sufficiency with respect to new and emerging issues related to climate risks and broader environmental risks.	

Assessment Questions (Part A)

A5. Performance and resources		<p>Response:</p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, what are the institution’s plan and actions taken? For instance, <ul style="list-style-type: none"> ✧ data collected for measuring climate risks exposures of its portfolio ✧ data collected for climate scenario ✧ measures taken to address any potential data gap ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A5.4 Data collection and processing		
Question: Does the institution seek to enhance its data management framework (including data collection and processing) to support its approach to managing climate risks and broader environmental risks?		
Rating		
Rating description		
0	The institution does not yet have a plan to enhance its data management framework to support its approach to managing climate and environmental risks.	
1	The institution has planned (with concrete timeline) to enhance its data management framework to support its approach to managing climate risks.	
2	The institution has enhanced its data management framework. Relevant units will act accordingly to collect the relevant data pursuant to the institution’s approach to managing climate risks.	
3	The institution has enhanced its data management framework, and keeps monitoring the effectiveness of the framework in collecting the adequate data under the institution’s approach to managing climate risks.	
4	The institution has enhanced its data management framework and is collecting relevant data according to its approach to managing climate risks and broader environmental risks. The framework has been reviewed from time to time to assess if any further enhancement is needed taking into account, e.g. any new and emerging issues related to climate risks and broader environmental risks.	

Assessment Questions (Part A)

A6. Disclosure and communication		<p><i>Response: [regardless of the response, please also respond to B6.1 to B6.2]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please describe what information the institution discloses and provide the link to such disclosure for reference ➤ If no, is there any reason? Is there any plan to make such disclosure in the coming 3 years (e.g. follow other disclosure requirements on sustainability e.g. GRI or HKEx ESG reporting requirements?)]
A6.1 Disclosure		
<p>Question: Does the institution disclose information following recommendations and supplementary guidance published by the FSB Task Force on Climate-related Financial Disclosure (TCFD)?</p>		
Rating		
Rating description		
0	The institution does not yet have a plan to disclose information in accordance with TCFD recommendations.	
1	The institution has planned (with concrete timeline) to become a supporter of TCFD or to disclose information in accordance with TCFD recommendations.	
2	The institution is taking steps to implement certain TCFD recommendations and has made relevant disclosures accordingly.	
3	The institution has implemented certain TCFD recommendations and made for at least two annual disclosures accordingly. The institution keeps in view the need to enhance its disclosures.	
4	The institution has implemented all applicable TCFD recommendations and made relevant disclosures. The institution has regularly reviewed or enhanced its disclosures.	

Assessment Questions (Part A)

A6. Disclosure and communication		<p><i>Response: [if yes, please also respond to B6.3 and B6.4]</i></p> <p>[Instructions:</p> <ul style="list-style-type: none"> ➤ If yes, please specify the channel, frequency, topic of such communication, both internal and external. <ul style="list-style-type: none"> ✧ Internal parties may include employee and investors, etc. ✧ External parties may include customers, borrowers, suppliers, public, academics, non-government organisation, regulator, etc. ➤ If no, is there any reason? Is there any plan within the coming 3 years?]
A6.2 Communication		
Question: Apart from disclosure, does the institution communicate, both internally and externally, its approach to managing climate risks and broader environmental risks?		
Rating		
Rating description	0	
	1	The institution has planned (with concrete timeline) to communicate, both internally and externally, its approach in managing the climate risks.
	2	The institution is taking steps to communicate, both internally and externally, its approach in managing climate risks.
	3	There have been on-going communications, both internal and external, as regards the institution’s approach to managing climate risks. The institution keeps in view the need to enhance such communications.
	4	There have been on-going communications, both internal and external, as regards the institution’s approach to managing climate risks and broader environmental risks. Such communications, including their content, channel and frequency, have been reviewed and enhanced from time to time.

Assessment Questions (Part B)
(please add rows as appropriate)

B1. Governance <i>[B1.1 to B1.3 should be completed only if the answer to A1.1 or A1.2 is affirmative]</i>		
B1.1	Frequency of board meetings in the past 12 months where members discussed and were informed about climate and environmental risks ¹³ <i>[e.g. regularly at least quarterly / semi-annually / annually or as needed]</i>	
B1.2	Number or percentage of board members received training ¹⁴ in climate and environmental risks as in the past 12 months	
B1.3	Number or percentage of senior management received training in climate and environmental risks in the past 12 months	
B2. Corporate planning and tools¹⁵ <i>[B2.1 to 2.5 should be completed only if the answer to A2.4 or A2.5 affirmative]</i>		
B2.1	Time horizon (forecast period) of scenario analyses and stress tests	
	✧ For loan portfolio	
	✧ For investment portfolio	
B2.2	Number of scenarios used in scenario analyses and stress tests	
B2.3	Business lines / portfolios covered in scenario analyses and stress tests	
B2.4	Number of scenario analyses conducted in the past 3 years	

¹³ In this Part, the responses should cover both climate risks (both physical risk and transition risk) and environmental risks. Otherwise, please indicate in the response (e.g. only climate risks are covered).

¹⁴ Training is not restricted to instructor-led classroom training, but also includes seminars, workshops, or roundtables organized by internal or external parties (e.g. regulators, consultants, etc).

¹⁵ In the following, scenario analyses and stress tests refer to those that have incorporated climate and environmental risk factors.

Assessment Questions (Part B) <i>(please add rows as appropriate)</i>		
B2.5	Number and scale of stress tests conducted in the past 3 years <i>[e.g. institution-wide, selected portfolio, business lines or asset classes]</i>	
B3. Risk Management Process <i>[B3.1 to B3.6 should be completed only if the answer to any questions of A3.1 to A3.5 is affirmative.]</i>		
B3.1	Risk limits related to climate and environmental risks <i>[please describe with three examples]</i>	
B3.2	Exposures to climate and environmental risks (breakdown in total loans and total investments if available) <i>[e.g. amount of loans to/investments in carbon-intensive industry]</i>	
B3.3	Risk models and methodologies <i>[name of models / methodologies]</i>	
B3.4	Management information reports <i>[please give three examples by providing the name and recipient of the reports]</i>	
B3.5	Loans classified as “green” by the reporting institution <i>[please specify the relevant amount and provide the institution’s classification as appropriate]</i>	
B3.6	Investments held and classified as “green” by the reporting institution <i>[please specify the relevant amount and provide the institution’s classification as appropriate]</i>	
B4. Business policies <i>[B4.1 and B4.2 should be completed only if the answer to any of A4.1 to A4.3 is affirmative respectively.]</i>		
B4.1	✧ Business policies which have specific reference to climate and environmental risks <i>[name of policies]</i>	
B4.2	✧ Policies which set out restrictions in certain businesses owing to concern in climate and environmental risks <i>[name of policies]</i>	

Assessment Questions (Part B)*(please add rows as appropriate)*

B5. Performance and resources <i>[B5.1 and B5.2 should be completed only if the answer to A5.1 or A5.2 is affirmative. B5.3 should be completed only if the answer to A5.3 is affirmative.]</i>		
B5.1	Indicators for measuring the institution's performance in managing climate risks and broader environmental risks <i>[please give an example for each of the following by providing a short description of the indicators and relevant number / amount]</i>	
	✧ With respect to loans	
	✧ With respect to investment (of the reporting institution)	
	✧ General operation <i>(e.g. scope 1/2/3 emission, consumption of energy, water, paper)</i>	
B5.2	Targets set by the institution in managing climate risks and broader environmental risks <i>[please give an example for each of the following by providing a short description of the targets and relevant number / amount]</i>	
	✧ With respect to loans	
	✧ With respect to investment (of the reporting institution)	
	✧ General operation <i>(e.g. scope 1/2/3 emission, consumption of energy, water, paper)</i>	
B5.3	Number and percentage of staff received training ¹⁶ to enhance knowledge in respect of climate and environmental risks in the past 12 months	
B6. Disclosure and communication <i>[B6.1 to B6.2 should be completed if applicable. B6.3 and B6.4 should be completed only if the answer to A6.2 is affirmative.]</i>		
Disclosure		

¹⁶ See Footnote 14.

Assessment Questions (Part B) <i>(please add rows as appropriate)</i>	
B6.1	Adoption of disclosure standards in relation to climate and environmental risks <i>[if applicable, please specify the standards adopted (e.g. TCFD, or any other standards with respect to the disclosure for environmental risks) and the year of first adoption]</i>
B6.2	Additional information planned to be disclosed in relation to climate and environmental risks in the coming three years <i>[if applicable]</i>
Communication	
B6.3	Number of key events held in the past 12 months to raise awareness of climate and environmental risks
B6.4	Event format, audience and scale in respect of the top three as reported in B6.3 above): <i>[format (e.g. seminar / workshops) and audience (e.g. internal staff /clients / regulator / media)]</i>
B7. Others	
B7.1 Any other information that the institution would like to provide for the HKMA’s consideration, e.g. the institution’s efforts and performance in dealing with sustainability issues in general <i>[optional]</i>	