Banks' Climate-Related Financial Disclosures Reporting Template

ADOPTED FROM TCFD GUIDANCE

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in partnership with

KENYA BANKERS ASSOCIATION

Sfi economic. social. environment.
Sustainable Finance Initiative

WWF KENYA

Contents

Introduction

In Africa, the impact of extreme weather events continues to pose a significant threat to both lives and livelihoods. Prolonged droughts and devastating floods have resulted in tragic consequences, drawing increased attention from regulators and financial institutions. In response to this pressing concern, the Central Bank of Kenya (CBK) published the Guidance on Climate-Related Risk Management in October 2021. The aim of this guidance is to provide a framework for financial institutions to effectively manage and mitigate climate-related risks by integrating them in their business decisions and operations.'

Recognizing the importance of supporting member banks in complying with the CBK Guidance, the Kenya Bankers Association, through its Sustainable Finance Initiative (SFI) Working Group collaboratively developed a template in line with Task Force on Climate-Related Financial Disclosures (TCFD) guidelines. The template focuses on the four key thematic areas that underpin the operations of banks: governance, strategy, risk management, and metrics and targets. These pillars provide a holistic framework for addressing climate-related risks and opportunities.

The disclosure template is designed to align with the 11 recommended disclosures specified by TCFD within the four thematic areas. By adhering to these disclosures, the banks can enhance transparency and communicate their approach to climate-related risks and opportunities.

The Table 1 below presents the 11 recommended disclosures within the four thematic areas that serve as the foundation for the disclosure template:

PILLAR	RECOMMENDED DISCLOSURES
Governance	
Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities.
Strategy	
Disclose the actual and potential impacts or climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organization has identified over the short , medium, and long term. b. Describe the impact of climate-related risks and opportunities on the organizations businesses, strategy, and financial planning. c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk Management	
Disclose how the organization identifies, assesses, and manages climate-related risks	a. Describe the organization process of identifying and assessing climate-related risks. b. Describe the organization's process for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a. Disclose the metrics and targets used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk. c. Decribe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Table 1: TCFD recommended disclosures.
Source: TCFD and Climate Risk Programme. UNEP FI.

Disclaimer

This template was developed by the Kenya Bankers Association's Sustainable Finance Initiative (SFI) Working Group with funding support from WWF-Kenya.

The working group representatives co-created the template based on the four TCFD pillars to support banks to comply with the Central Bank of Kenya (CBK) Guidance on Climate-Related Risk Management.

It does not replace any reporting requirements set forth by CBK but provides further guidance on how to report on the TCFD framework which is the regulator's recommended reporting standard that banks should benchmark on.

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Governance Pillar

Financial institutions should disclose how they have incorporated climate related risks and opportunities in their governance framework. Below, the SFI Working Group has laid out the following guidance on the Governance Pillar.

Governance

DISCLOSURE I: BOARD GOVERNANCE

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the board's oversight of climate-related risks and opportunities.	Processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues. Whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, budgets, and business plans, as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, investments acquisitions, and divestitures. How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	Does the board oversee effective management of climate-related risks of the institution and exercise effective oversight on implementation of the strategy	Yes/No	
			Does the board together with senior management assess and quantify the institution's exposure to climate-related risks arising from its various lines of business, oversee development of a climate risk strategy and define and formally allocate roles and responsibilities, as appropriate, within the organisational structure for implementation of the institution's climate-related risk management framework and in line with its risk profile.	Yes/No	
			Has the Bank's board integrated climate risk and related opportunities into its reporting? What is the frequency of reporting climate related risks?	Yes/No	

DISCLOSURE I: BOARD GOVERNANCE Continued

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the board's oversight of climate-related risks and opportunities. **Contd.**	Processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues. Whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, budgets, and business plans, as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, investments acquisitions, and divestitures. How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	Are climate-related risks and opportunities considered as part of the organization's overal strategy, business onjectives, risk management framework and does the board monitor and oversee progress against goals and targets set?	Yes/No	
			Does the board ensure that the institution's strategic goals are in line with its vision.,set the institutions' climate-related financial risk appetite and obtain assurance that the risks are effectively managed and controlled by approving the climate strategy recommended by senior management, having regard to relevant local, regional and global developments (including economy-wide, nationalwide and internationally agreed goals)., ensuring that there are appropriate resources, processes, systems and controls to support the implementation of the strategy and cultivating a risk culture from the top that embeds climate-related considerations into the business activities and decision-making process?	Yes/No	
			Are climate-related risks and opportunities integrated into the Boards Terms of reference	Yes/No	

DISCLOSURE I: BOARD GOVERNANCE Continued

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the board's oversight of climate-related risks and opportunities. **Contd.**	Processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues. Whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, budgets, and business plans, as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, investments acquisitions, and divestitures. How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	Which Board committee deals with climate-related risks and opportunities?	Name the committee	Main Board, Board Audit, Board Credit, Board Risk or Any other Board Committee where applicable
			How often do you train the Board on climate-related risks and opportunities?	Frequency	Quarterly, Semi-annually, Annually, Any other
			Have climate related issues been considered in your budgeting process?	Yes/No	If no, is this incorporated in the Banks budget
			Do have a Board approved climate-related risks and opportunities strategy as part of the overall corporate strategy?	Yes/No	If no, is this incorporated in the strategy
			How often do you report to the Board on Climate-related risks and opportunities?	Frequency	Quarterly, Semi-annually, Annually, Any other
			Do you have a policy guiding the management of Climate-related risks?	Yes/No	Is it Stand alone, Embedded in other policies, Under development
			How often is the Policy reviewed?	Frequency	Biennial, Annual, Half yearly, or any other period
			Is there a Board approved risk appetite statement on climate related risks?	Yes/No	If no, how is it incorporated in the Banks' risk appetite

DISCLOSURE II: MANAGEMENT GOVERNANCE

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
2.	Describe management's role in assessing and managing climate-related risks and opportunities.	Whether the company has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/ or managing climate-related issues: A description of the associated organizational structure(s), Processes by which management is informed about climate-related issues; and how management (through specific positions and/or management committees) monitors climate-related issues.	Is senior management fully involved in the activities of their institution and possess sufficient knowledge of all major business lines to ensure that appropriate policies, processes, controls and risk monitoring systems are in place and that accountability and lines of authority are clearly delineated.	Yes/No	
			Is there a senior member of management assigned with the responsibility of executing climate related risks and opportunities?	Yes/No	Chief Risk Officer, Strategy Manager, Sustainability Manager, Any other Individual
			Is there a process to ensure the Job Descriptions of people responsible for managing and/or championing climate-related tasks and responsibilities are in place and updated?		
			Does the person responsible for managing climate risk report to Senior Management or Board?	Yes/No	Indicate the report line
			Is there a management committee responsible for climate related risks and opportunities?	Yes/No	If yes mention the Committee
			Has the bank established an organization structure for managing climate related risks and opportunities?	Yes/No	Please attach the organisation's Climate-related structure

DISCLOSURE II: MANAGEMENT GOVERNANCE Continued

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
2.	Describe management's role in assessing and managing climate-related risks and opportunities. **Contd.**	Whether the company has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/ or managing climate-related issues: A description of the associated organizational structure(s), Processes by which management is informed about climate-related issues; and how management (through specific positions and/or management committees) monitors climate-related issues.	Are climate related issues reported and monitored in a structured manner in the organization for instance to a committee or a defined reporting channel.	Yes/No	If yes provide the structure or channel
			Senior management to develop and approve climate-related procedures?		
			How often is the management updated on climate - related issues?	Frequency	Quarterly, Monthly, Fortnightly, any other
			Are there climate-related targets reviewed alongside other business targets?		

Strategy Pillar

In the Strategy Pillar, Financial Institutions are called to disclose on the actual and potential impact of climate-related risks and opportunities on the organization's business, strategy and financial planning. Below, the SFI Working Group has laid out the following guidance on the Strategy Pillar.

Strategy

DISCLOSURE I: TIME FRAME

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	A description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms. A description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization. A description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization. Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues.	Has the bank embed climate considerations throughout its strategy formulation process, from strategic assessment to action plan development inlcuding evaluating the institution's strategic position, considering relevant internal and external factors, monitoring the material factors (both internal and external), which will impact the business activities in which they are active, as well as those relating to their individual business lines?	Yes/No	If no, describe how are they considered
			Has your organisation considered climate related risks and opportunities under different time horizons based on the key economic sectors and the business lines in which they are active?	Yes/No	
			Provide detail of the above on how climate risks and opportunities are considered in the different time horizons; short medium, long term		Detail, the short, medium and long-term considerations in your bank

DISCLOSURE I: TIME FRAME Continued

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	A description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms. A description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization. A description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization. Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues.	Does the bank engage its key stakeholders (including regulators, the government, investors, depositors, clients, counterparties, industry associations, standard setting bodies, suppliers, employees and the general public), subject to the specific climate situation facing the institution? Does the Engagement effort aim at enabling the institution to better understand the key concerns and expectations of the stakeholders, and conversely inform them about how the institution is positioning itself in the light of climate-related risks and opportunities?	Yes/No	
			Has the bank ensured that sufficient resources, financial or non-financial, are allocated to climate strategy implementation? Potential enhancements include, for example, capacity building of staff, seeking expert advice, recruiting talents and strengthening relevant data systems and framework.	Yes/No	

DISCLOSURE I: TIME FRAME Continued

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	A description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms. A description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization. A description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization. Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues.	Institutions should ensure that sufficient resources, financial or non-financial, are allocated to climate strategy implementation. Potential enhancements include, for example, capacity building of staff, seeking expert advice, recruiting talents and strengthening relevant data systems and framework.		Refer to Table 2 on materiality and impact assessments

DISCLOSURE II: iMPACT ON BUSINESS, STRATEGY AND FINANCIAL PLANNING

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
2.	Describe the board's oversight of climate-related risks and opportunities.	Considering the impact on their businesses, strategy, and financial planning in the following areas: 1. Products and services, 2. Supply chain and/or value chain, 3. Adaptation and mitigation activities, 4. Investment in research and development, 5. Operations including types of operations and location of facilities, 6. Acquisitions or divestments and, 7. Access to capital. Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized. Organizations should describe the impact of climate-related issues on their financial performance (e.g. revenues, costs) and financial position (e.g. assets, liabilities). Organizations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition.	Do you provide climate adaptation, mitigation or resilience products or services?	Yes/No	Briefly describe some of the products and services
			How do you consider the impacts of climate risks and opportunities in; supply chain, Research and Development, Operations, Investments, Acquisitions, divestment, access to capital and any other?		Briefly describe how they are considered
			Does the organization incorporate climate risk in its financial planning following different time horizons and prioritization?	Yes/No	
			Do you consider climate-related risks and opportunities in your Internal Capital Adequacy and Assessment Planning (ICAAP)?	Yes/No	If no, explain how they are factored in the capital planning.

DISCLOSURE III: STRATEGY AND RESILIENCE

	TCFD Guideline	Descriptor	Consideration	Response	Notes
3.	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Organizations should consider discussing: Where they believe their strategies may be affected by climate-related risks and opportunities. How their strategies might change to address such potential risks and opportunities, The potential impact of climate-related issues on financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities); and the climate-related scenarios and associated time horizon(s) considered.	Describe the resilience of the organisation's strategy taking into account the NGFS scenarios (Refer to temperature change scenario)		Refer to Table 3 on temperature change scenario
			How do climate related issues affect your financial performance and position?		
			Does the business business strategy and its implementation reflect climate-related risks, for example by setting and monitoring key performance indicators (KPIs) that are cascaded down to operational business areas?		
			Do you have a GHG emission reduction commitment?	Yes/No	
			Describe possible strategic shift based on climate related risks and opportunities considerations.		
			Does the organization have in place plans/ road map of mapping out high carbon intensive sectors of its book? Does the bank have a procedure of assessing and disclosing its scope 3 financed emissions?	Yes/No	

Risk Management Pillar

The financial institution should incorporate climate risk into their risk management framework and implement processes to monitor and report exposures on the same. Below, the SFI Working Group has laid out the following guidance on the risk management pillar.

Risk Management

DISCLOSURE I: IDENTIFICATION AND ASSESSMENT OF CLIMATE RELATED RISKS

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Describe the organization's processes for identifying and assessing climate related risks.	Organizations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the relative significance of climate-related risks in relation to other risks. Organizations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.	Has the organization set in place a process for identifying and assessing climate risks among other principal risk types?	Yes/No	Describe the process
			Does the organization consider existing and developing regulatory requirements related to climate change in its risk assessment?	Yes/No	Explain
			How does the organization define climate related risk in its risk type?		
			How does organization determine the relative significance of climate-related risks in relation to other risks or what is process for prioritizing climate-related? Risks?		
	Describe the organization's processes for managing climate related risks		Does the bank have a process to mitigate, transfer, accept or control on climate related risks and climate materiality assessment as part of climate risk management?	Yes/No	Describe

DISCLOSURE I: IDENTIFICATION AND ASSESSMENT OF CLIMATE RELATED RISKS

Risk Class: Transition Risks

No.	Risk Type	Descriptor	Consideration	Response	Notes
1.	Policy and legal	Tracking of regulatory developments Assessment of impact of regulation, including implications across operations, supply chains, and jurisdictions	Has the organization identified local, regional, and global policy and legislative requirements and incentives related to climate risk and developed an approach to manage the same?	Yes/No	
		Cross-functional, multidisciplinary collaboration to identify risks and implications	Has the organization undertaken a scenario analysis for climate risk and incorporated it to risk management and strategy?	Yes/No	
		Scenario analysis focused on policy environment, sequence, timing, and relationships	How is climate risk incorporated across inter-departments for management purposes?	Yes/No	
2.	Technology	Technology assessment and forecasting Maturity and readiness of technology Cost-benefit analysis associated with key technologies Analysis of organizational skills, knowledge, and capabilities associated with key technologies Mapping of dependencies and enabling conditions (e.g. investment, policy)	Has the company undertaken technology shift assessment and its possible impact on products, market, strategy and customers in medium to long term period?		
		Scenario analysis focused on technological development, use, deployment, and impact	Has the company undertaken technology mapping to identify material climate technology risks to its business and operations?	Yes/No	
			Have Complex relationships among market conditions, economics, and policy environment been considered in determining climate risk?		

DISCLOSURE I: IDENTIFICATION AND ASSESSMENT OF CLIMATE RELATED RISKS

Risk Class: Transition Risks

No.	Risk Type	Descriptor	Consideration	Response	Notes
3.	Market	Analysis of trends in supply and demand for products and services Comparison of company's position and strategy to competition Engagement with customers and suppliers Identification of merger and acquisition targets	What are the new dynamics and signals from supply-demand relationships affecting raw materials, products, and services?		
			What are the Nonlinear relationships affecting demand and costs?		
			What are the complex relationships among policy, consumers, and societal context?		
4.	Reputation	Use of social media, customer feedback, and market research to track customer sentiment and changing preferences	What is the magnitude of severity and scope of impact that can rapidly change, often enabled by the internet and social media?		
		Evaluation of employee engagement and satisfaction Identification of relationships between events and news and business and financial impacts	What are the new nature of responses and reactions as societal awareness and understanding shifts?		
			What are the interconnected issues driving impacts and actions?		

DISCLOSURE I: IDENTIFICATION AND ASSESSMENT OF CLIMATE RELATED RISKS

Risk Class: Physical Risks

No.	Risk Type	Descriptor	Consideration	Response	Notes
1.	Acute	Number of locations, facilities,business lines, etc. exposed or affected Duration of event Projected or identified loss or damage to business facility,supply chain, etc.	Has the Bank undertaken climate related physical risk assessment either at project level or portfolio level?		
		Projected or identified cost of business interruption, repairs, etc.	How are the results factored in overall planning of the Bank?		
		Projected or identified impact on sales and consumer behavior Insurance costs	Are results from climate risk assessment used to plan financials, capital allocations, acquisition and markets approach?		
2.	Chronic	Use of expert input from meteorologists, oceanographers, and climate and atmospheric scientists	Has the Bank utilized different scenarios and local available data in its scenario analysis to improve the predictability of the results or has it used secondary data?		
		Scenario analysis focused on potential impacts and implications of chronic physical climate change Hazard mapping and catastrophe modeling	Has the Bank undertaken hazard mapping to manage the impact of climate risk to its assets and operations?		
			What are the different effects based on events and geography		

Risk Identification and Assessment Tools

Tools	Description	Application	Process	Consideration	Response
Scenario Analysis	Identify and assess potential implications of a range of plausible future states under uncertainty	Explore and develop an understanding of how the climate related risks and opportunities might plausibly impact a company over time	• Risk Identification • Risk Assessment • Risk Response	Has the FI conducted a climate scenario analysis?	
Hazard Mapping	Location-level information on the extent or severity of perils using assumptions on the frequency, severity, and location. Parameters of primary events and dependencies with secondary	Present peril event scenarios based on current and potential future states considering the impact from climate change, which will result in different frequency and severity of events affecting certain locations	• Risk Identification • Risk Assessment	Has the FI conducted a hazard mapping?	
Economic Scenario Generator	Models that simulate possible future states of economies and financial markets based on risk factors to identify unexpected but plausible outcomes	Test valuation models under a broad range of possible economic and financial conditions (e.g., considering climate change and socioeconomic factors)	• Risk Identification • Risk Assessment	Does the FI have an economic scenario generator?	
Environmental and Social Due Diligence (ESDD)	This is a risk identification and assessment tool that reviews the potential social and environmental impacts of a project or business. This process aims to minimize adverse environmental and social risks while maximizing sustainability.	ESDD can be used to identify and assess the exposure to climate-related risks at the client level, project level, or within an entire portfolio. This includes understanding vulnerabilities to extreme weather events, transitioning to low-carbon technologies, and compliance with climate-related regulations.	• Risk Identification	Has the FI incorporated climate risks vulnerability assessment in its environmental social management system?	

Risk Identification and Assessment Tools **contd.**

Tools	**Description**	**Application**	**Process**	**Consideration**	**Response**
SWOT	This is used to compare the internal strengths and weaknesses and externally used to compare opportunities and threats the FIs is facing	Analyse strengths, threats, opportunities and weaknesses	• Risk Identification	How can the FI apply its existing strengths to the physical and transitional risks? Can the FI create new solutions to address climate change? Do any peers in the industry face similar weaknesses or risks for climate change? What are the climate related challenges creating threats to future business value?	
Stress Testing	This is a risk management tool that helps to identify and assess potential vulnerabilities faced by an FI	An FI can gauge how its portfolio will fair under adverse climate conditions.	• Risk identification • Risk management	Has the FI included climate risk factors in its stress testing methodology?	
Portfolio scanning	Comprehensive assessment of an Fis investments or loans to identify and quantify exposures to different types of risks and provide insights into the portfolio's vulnerability	An FI to conduct an assessment of its investments	• Risk identification	Has the FI conducted a portfolio scan?	
Internal Capital Adequacy Assessment Process	This is a regulatory requirement for banks to demonstrate sufficiency of capital to cover various types of risks including climate risk.	Fis to assess the impact of the risk of their capital adequacy and develop a capital plan to ensure the FI has sufficient capital to with stand potential climate related processes e.g setting aside additional; captial for high risk exposures or reduce expisure to climate risk through divestment or risk mitigation strategies.	• The FI to integrate climate risk into the ICAP model.	Has the FI integrated climate risk management into ICAAP?	

Risk Management Frameworks

Tools	Description	Application	Process	Consideration	Response
COSO (Committee of Sponsoring Organizations of the Treadway Commission)	An enterprise risk management framework with key pillars in definition of mission, vision and core values of the FI	The FI to consider strategy development, business objectives formulation, implementation and performance leading to enhanced value of the FI	Climate Risk management	Does the FI have in place an ERM framework that includes climate Risk?	

b) Describe the organization's processes for managing climate-related risks.

Step	Description	Application	Consideration	Response	Notes
Analyse impacts, risks, and opportunity factors	Understand and assess the potential consequences of climate related risks on the Fi's portfolios	Understand which assets sectors or geographical regions within the Bank's portfolio might be most vulnerable to climate risks Quantify the potential impact on the Fis financial position and performance	Has the FI conducted a climate risk impact. Reference to Table A-11, 2020 TCFD guidance on risk management integration and disclosures		
Risk prioritization	Assessing and ranking risks on factors such as hazards, exposures and vulnerabilities.	Compute the climate risk rating for different assets or sectors within the FIs porforlio. Banks to focus their efforts on the most significant risk to ensure the FIs resilience in the face of climate change and contributing to broder efforts to transition to a low carbon economy.	Has the FI computed the climate risk rating for different sectors or assets? Explain. How has the FI focused its efforts on the most significant risks to ensure their resilience?		
Risk responses and strategies	The FI can accept, avoid, pursue, reduce or share risks.	The FI to periodically and regularly assess climate risk in light of new data, changing circumstances or emerging climate science & updating the bank's risk priorotization accordingly.	How does the FI periodically and regularly assess climate risk in light of new data, changing circumstances or emerging climate science?		

b) Describe the organization's processes for managing climate-related risks.

Step	Description	Application	Consideration	Response	Notes
Risk responses and strategies **contd.**	The FI can accept, avoid, pursue, reduce or share risks.	Track key performance indicators related to climate risk such as changes in the probability of default or banks exposure to high risks. FIs to conduct regular stress testing and scenario analysis to asses the impact of differenct climate scenarios in the bank's porfolio. Regular engagement with stakeholders including customers, regulators, investors etc. to gather their feedback and insight on the FIs climate risks and efforts and identify gaps and areas of improvement.	How does the FI Track key performance indicators related to climate risk? How does the FI conduct regular stress testing and scenario analysis? How does the FI incorporate changes in climate related risk regulations and reporting requirements? How does the FI regularly engage with stakeholders including customers, regulators, investors etc. to gather feedback and insight on the FIs climate risks and efforts and identify gaps and areas of improvement?		

b) Describe the organization's processes for managing climate-related risks.

Step	Description	Application	Consideration	Response	Notes
Monitoring	Regular assessments of implimented risk responses for effectiveness.	The FI to periodically and regularly assess climate risk in light of new data, changing circumstances or emerging climate science & updating the bank's risk priorotization accordingly. Track key performance indicators related to climate risk such as changes in the probability of default or banks exposure to high risks. FIs to conduct regular stress testing and scenario analysis to asses the impact of differenct climate scenarios in the bank's porfolio. Changes in climate related risk regulations and reporting requirements and ensure the FIs are in compliance. Regular engagement with stakeholders including customers, regulators, investors etc. to gather their feedback and insight on the FIs climate risks and efforts and identify gaps and areas of improvement.	How does the FI periodically and regularly assess climate risk in light of new data, changing circumstances or emerging climate science? How does the FI Track key performance indicators related to climate risk? How does the FI conduct regular stress testing and scenario analysis? How does the FI incorporate changes in climate related risk regulations and reporting requirements? How does the FI regularly engage with stakeholders including customers, regulators, investors etc. to gather feedback and insight on the FIs climate risks and efforts and identify gaps and areas of improvement? How does the FI regularly engage with stakeholders including customers, regulators, investors etc. to gather feedback and insight on the FIs climate risks and efforts and identify gaps and areas of improvement?		

c) Describe how processes for identifying, assessing, and managing climate related risks is integrated into the organization's overall risk management

STEP	**Description**	**Application**	**Consideration**	**Response**	**Notes**
Governance and oversight	The bank's governance structures should support integration of climate risk in the FI by ensuring there is oversight by the board of directors.	Clear responsibilities have been assigned within the organisation, and climate risk considerations are included in strategic planning and decision making.	How has the FI defined its governance structure incorporating climate risk? How has the FI incorporated responsibilities and roles with clear		
Strategy & Risk Appetite	Incorporating consideration of climate risk in the FIs risk appetite and tolerance statement and managing breaches	Guide decision making at all levels of the FI to ensure that the Fis strategic objectives align with managing climate related risks and opportunities.	How does the FI ensure that its strategic objectives align with the managing climate related risks and opportunities?		
Risk Identification & Assessment	At the operational level integrate climate risk into regular risk identification and assessment processes.	Climate related risks included in the risk inventory. Materiality assessment of climate drivers. Integration into policies and procedures including ICAP.	How are climate related risks included in the risk inventory? Has materiality assessment of the key drivers been done? Has climate risk management been integrated into policies and procedures including ITAP?		
Risk Response & Management	Incorporation of risk responses into the bank's overal risk management strategy and practices including, credit risk, operational risk and strategic risk management.	The FI to formulate & implement risk responses such as avoidance, acceptance etc.	How has the FI formulated and implement risk responses such as avoidance, acceptance, etc?		
Risk monitoring and reporting	Any significant changes or issues should be escalated through the Bank's risk reporting channels upto senior management of the board as necessary	Ongoing monitoring should track changes in the Bank's climate response and the effectiveness of risk response. Feedback from this process should ensure the Bank's risk management remains robust and relevant to climate risk management process.	Does the Bank track changes in its climate response and the effectiveness of risk response? Explain.		

c) Describe how processes for identifying, assessing, and managing climate related risks is integrated into the organization's overall risk management

Step	Description	Application	Consideration	Response	Notes
Capacity building	to ensure that the FI has the necessary knowledge, skills and resources to effectively identify assess and manage climate related risks.	Regular training and education of board members and senior management all the way to operational level employees Investing in specialised expertise/consultants and resources (climate related tools) by hiring Collaboration and knowledge sharing by particpating in industry forums, partnering with research institutions, contributing to the development of industry standards and practices to ensure that lessons learnt are disseminated and applicable elsewhere Embedding climate considerations in the FI decisonmaking processes	How regularly does the FI conduct trainings and education of board members and senior management? How has the FI invested in specialised expertise/ consultants and resources? Does the FI collaborate and share knowledge in various platforms? Has the FI embedded climate considerations in its decision making considerations?		

Metric and Target Pillar

Financial Institutions are to disclose metrics and targets used to assess and manage relevant climate risks and opportunities. Below the SFI Working Group provided guidance on how banks can report on the metrics and target pillar.

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process..	Organizations should provide the key metrics used to measure and manage climate related risks and opportunities, as well as metrics consistent wth the cross-industry	Has the bank set climate metrics to measure its climate risk impact? Such as; • Absolute Scope 1, Scope 2, and Scope 3 GHG emissions • Financed emissions by asset class (https://www.tcfdhub.org/wp-content/uploads/2022/04/Table-2.pdf) • Weighted average carbon intensity • GHG emissions per MWh of electricity produced • Gross National GHG emissions covered under emissions-limiting regulations (relative to NDC as a baseline)		
			How has the Bank incorporated the metrics across its reliance on; • water, • energy, • land use, and • waste management Are the metrics covering both internal and external climate risk exposure?		
			Has the Bank set an internal carbon price to drive its climate mitigation and adaptation targets?		
			Does the Bank considered incorporation of renumeration tied to management of climate risk and opportunities as a way of driving ownership?		

No.	TCFD Guideline	Descriptor	Consideration	Response	Notes
1.	Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Organizations should provide the key metrics used to measure and manage climate related risks and opportunities, as well as metrics consistent wth the cross-industry	Does the Bank incorporate historical metric and target disclosure approach and what methodologies have been used to arrive at the metric.		
			Does your metric disclosure segregated under; • Industry • Geography • Credit quality (e.g., investment grade or non-investment grade, internal rating system) • Average tenor		
2.	Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets		Are the targets set by the financial institution consider; where relevant, and in line with anticipated regulatory requirements or market constraints, efficiency improvement, financial goals, financial loss tolerances, avoided GHG etc.		

Metric Category	**Example of Unit Measure**	**Example of Metric (disclose on metrics relevant to your organization)**	**Current Status**	**Example Climate-Related Target**	**FIs Response Target-Define target if its absolute or intensity based. Indicate the time frame for each taget- whether medium/long-term and disclose the interim targets.**
GHG Emissions Absolute Scope 1, Scope 2, and Scope 3; emissions intensity	MT of CO2e	• Absolute Scope 1, Scope 2, and Scope 3 GHG emissions • Financed emissions by asset class (https://www.tcfdhub.org/wp-content/uploads/2022/04/Table-2.pdf) • Weighted average carbon intensity • GHG emissions per MWh of electricity produced • Gross National GHG emissions covered under emissions-limiting regulations (relative to NDC as a baseline)		• Reduce net Scope 1, Scope 2, and Scope 3 GHG emissions to zero by 2050, with an interim target to cut emissions by 70% relative to a 2015 baseline by 2035	
Transition Risks Amount and extent of assets or business activities vulnerable to transition risks	Amount or percentage	• Value of real estate collaterals highly exposed to transition risk • Concentration of credit exposure to carbon-related assets • Percent of revenue from oil and gas sector • Percent of revenue from coal related activities • Percent of revenue passenger kilometers not covered by Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)		• Reduce percentage of asset value exposed to transition risks by 30% by 2030, relative to a 2019 baseline • Increase financing for green products and services by 20% by 2030, relative to a 2019 baseline • Reduce energy consumption by 25% by 2035, relative to a 2020 baseline • Minimize resource waste (e.g. paper, water) by 20% by 2033, relative to a 2023 baseline	

Metric Category	Example of Unit Measure	Example of Metric (disclose on metrics relevant to your organization)	Current Status	Example Climate-Related Target	FIs Response Target- Define target if its absolute or intensity based. Indicate the time frame for each target- whether medium/ long-term and disclose the interim targets
Physical Risks Amount and extent of assets or business activities vulnerable to physical risks	Amount or percentage	• Number and value of mortgage loans in 100-year flood zones • Wastewater treatment capacity located in 100-year flood zones • Revenue associated with water withdrawn and consumed in regions of high or extremely high baseline water stress • Proportion of property, infrastructure, or other alternative asset portfolios in an area subject to flooding, heat stress, or water stress • Proportion of real assets exposed to 1:100 or 1:200 climate-related hazards		• Reduce percentage of asset value exposed to acute and chronic physical climate-related risks by 50% by 2050 • Ensure at least 60% of flood-exposed assets have risk mitigation in place in line with the 2060 projected 100-year floodplain	
Climate-related Opportunities Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	Amount or percentage	• Net premiums written related to energy efficiency and low-carbon technology • Number of: 1. zero-emissions vehicles (ZEV), 2. hybrid vehicles, and 3. plug-in hybrid vehicles financed • Revenues from products or services that support the transition to a low-carbon economy • Proportion of homes delivered certified to a third-party, multi-attribute green building standard		• Increase financing for e-mobility vehicles by 10% relative to a year to year baseline • Increase financing for certified green buildings by 20% of the portfolio relative to a year to year baseline • Grow revenues from products and services that support transition to a low-carbon economy by 3% annually	

Metric Category	Example of Unit Measure	Example of Metric (disclose on metrics relevant to your organization)	Current Status	Example Climate-Related Target	FIs Response Target- Define target if its absolute or intensity based. Indicate the time frame for each target- whether medium/ long-term and disclose the interim targets
Capital Deployment Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	Reporting currency	• Percentage of annual revenue invested in R&D of low-carbon products/services • Investment in climate adaptation measures (e.g., soil health, irrigation, technology)		• Invest at least 25% of annual capital expenditure into electric vehicle manufacturing • Lend at least 10% of portfolio to projects focused primarily on physical climate-related risk mitigation	
Internal Carbon Prices Price on each ton of GHG emissions used internally by an organization	Price in reporting currency, per MT of CO2e	• Internal carbon price • Shadow carbon price, by geography		• Increase internal carbon price to $150 by 2030 to reflect potential changes in policy	
Remuneration Proportion of remuneration linked to climate considerations across the entire organization	Percentage, weighting, description, or amount in reporting currency	• Portion of employee's annual discretionary bonus linked to investments in climate-related products • Weighting of climate goals on long-term incentive scorecards for Executive Directors • Weighting of performance against operational emissions' targets for remuneration scorecard		• Increase amount of executive management remuneration impacted by climate considerations to 10% by 2025 • Bonus of 3% from sales linked to green products and services for business team relative to a year to year baseline • 50% (relative to a year to year baseline) of savings from efficient use of resources distributed to staff	

Outlook

Climate financial reporting is still evolving, and this template will be reviewed and updated periodically. It will serve as a guide for banks to comply with the CBK Guidance on Climate-Related Risk Management.

Appendix

Table 2: Climate Risk Materiality Assessment

Climate Risk	Risk Issue	Time Frame	Likelihood	Impact	Strategic Response
Physical Risks	Flooding				
	Hail stones				
	Heatwaves				
	Drought				
	Wildfires				
Transition Risks	Policy				
	Reputation				
	Technology				
	Market				

Table 3: NGFS Climate scenarios

Temperature increase in 2100	Orderly scenario (1.5°C)	Disorderly scenario (>2.5°C)
Risk drivers *(Transition and Physical Risk)*		
Reference scenarios		
Business segment assessed		
Portfolio assessed *(Sector)*		
Portfolio geography		
Time horizon for analysis		
Credit metric assessed *(Probability of Default and Expected Loss)*		

Source: TCFD Recommendations Report

Table 4: Climate Related Risk and Potential Financial Impact

Risks	Type	Climate Related Risks
Transition Risks	Policy & Legal	• Increased pricing of greenhouse-gas emissions • Enhanced emissions-reporting obligations • Mandates on and regulation of existing products and services • Exposure to litigation
	Technology	• Substitution of existing products and services with lower-emission options • Unsuccessful investment in new technologies • Upfront costs to transition to lower emission technology
	Markets	• Changing customer behavior • Uncertainty in market signals • Increased cost of raw materials
	Reputation	• Shifting consumer preferences • Stigmatization of sector • Increased stakeholder concern negative stakeholder feedback
Physical Risks	Acute	• Increasingly severe weather events such as cyclones, floods, hurricanes, and droughts
	Chronic	• Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels

Source: TCFD Recommendations Report

Table 5: Climate Risk Related Opportunities

Type	Climate Related Risks	Potential Financial Impact
Resource Efficiency	• Use of more efficient modes of transport • Use of more efficient production and distribution processes • Collecting & recycling waste • Move to more efficient buildings • Agriculture-reduced water consumption	• Reduced operating costs (e.g., through efficiency gains and cost reductions) • Increased production capacity, resulting in increased revenues • Increased value of fixed assets (e.g., highly rated energy-efficient buildings) • Benefits to workforce management and planning (e.g., improved health and safety, employee satisfaction) resulting in lower costs
Energy Systems	• Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies participation in carbon market • Shift toward decentralized energy generation and new energy storage technologies	• Reduced operational costs (e.g., through use of lowest cost abatement) • Reduced exposure to future fossil fuel price increases • Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon • Returns on investment in low-emission technology • Increased capital availability (e.g., as more investors favor lower-emissions producers) • Reputational benefits resulting in increased demand for goods/services
Products & Services	• Development and/or expansion of low emission goods and services • Development of climate adaptation and insurance risk solutions • Development of new products or services through R&D and innovation • Ability to diversify business activities • Shift in consumer preferences	• Increased revenue through demand for lower emissions products and services • Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services) • Better competitive position to reflect shifting consumer preferences, resulting in increased revenues
Market	• Access to new markets • Use of public-sector incentives • Access to new assets and locations needing insurance coverage	• Increased revenues through access to new and emerging markets (e.g., partnerships with governments, development banks) • Increased diversification of financial assets (e.g., green bonds and infrastructure)

Source: TCFD Recommendations Report