

OPEN ENROLLMENT PROGRAM



CLIMATE RISK MANAGEMENT: WHAT BANK DIRECTORS NEED TO KNOW

PROGRAM DETAILS

| FACULTY | DATE/TIME | FEE |
|----------------|--------------------------------|------------------------|
| Khoo Guan Seng | 7 July 2025 9.00AM - 5.00PM | RM3,000 before SST* |

*Fee excludes accommodation at ASB Residential for outstation/ overseas participants but can be arranged at additional cost.

Program Overview

The adverse impact of climate change could pose material financial risks to impact the safety and soundness of financial institutions, including insurers, with broader implications on the stability of the financial system including their clients and hence, could affect the sustainability of domestic economic growth.

In view of the risks that climate change poses for financial stability in the long run, Bank Negara Malaysia (BNM) expects financial institutions including banking institutions to respond urgently, through taking early actions to implement changes towards building climate resilience and strategically, by accounting for how actions today affect future outcomes under a range of scenarios and time horizons over the long term comprehensively, when strengthening their risk management frameworks to address these financial risks from climate change. In particular, financial institutions are to manage these risks by recognizing the distinctive elements of climate-related risks: far-reaching in breadth and magnitude, foreseeable but highly complex due to uncertainty, nonlinearity, irreversibility and dependency on short-term actions; and holistically, through greater collaboration across a wider spectrum of stakeholders when managing the systemic impact of climate-related risks.

To address these eco-systemic and holistic implications, this program hopes to provide directors of banks with a better understanding of the complex and inter-connected issues related to climate change and how implementation and adoption of BNM's Climate Change Principles-based Taxonomy (CCPT), Climate Risk Management and Scenario Analysis (CRMSA) guidelines including stress testing (CRST) could help enhance the resilience of the financial sector against climate-related risks while the knowledge gained will help directors provide better strategic and tactical oversight of the management of climate risks for their organizations.

In summary, the program objectives include:

- Understanding the fundamentals of climate change and its financial implications;
- Grasping the purpose and structure of BNM Climate Change Principle-based Taxonomy (CCPT);
- Learning how to apply the CCPT to classify economic activities based on climate impact;
- Developing a strong foundation in climate-related risk management and scenario analysis based on BNM CRMSA;
- Acquiring skills to assess and manage climate-related financial risks from the BNM CRST exercise;
- Understanding the role of financial institutions in the transition to a low-carbon economy.

Upon completion of the program, participants will be able to:

- Understand the concept of climate-related financial risks and their impact on the financial system including on their clients;
- Be aware of and understand the application of the CCPT in classifying economic activities relative to potential climate-related exposures;
- Be aware of and understand climate-related scenario analysis including stress tests required to assess the financial implications of different climate scenarios as embodied in the CRMSA and CRST requirements and guidance;
- Develop strategies to mitigate and manage climate-related risks;
- Contribute to the development of a sustainable and resilient financial system.

Who Should Attend?

- Boards of Directors of bank companies
- Risk Management Committee Members of bank boards
- Chairmen of bank boards
- Senior Management of banks
- Anyone who might find this program helpful.

Program Outline

Session 1: Transmission of Climate-Related Risks to Financial Risks

This overview session will provide a broad understanding of how climate-related risks including physical, transition and liability risks, translate into financial impacts including on revenue generation, asset impairment, higher default, cashflow reduction, increased insurance premiums, etc. and their consequences on banks, their clients and the economy.

Session 2: The BNM Climate Change Principle-based Taxonomy (CCPT)

This session starts off with a brief description of the BNM CCPT and how it compares with global best practices, like the EU taxonomy in classifying economic activities and their degree of climate-friendliness. Attention is then focused on the BNM CCPT whose primary aim is to guide Malaysian financial institutions (FIs) including insurance companies in assessing and categorizing economic activities based on climate objectives and promoting transition to a low carbon economy by facilitating standardized classification and reporting of climate-related exposures, based on their contribution to climate change mitigation and adaptation, in particular. Local and global case studies are discussed in how taxonomies like the CCPT can help in providing a framework for FIs to assess and manage climate-related risks and opportunities. By using the CCPT, insurers can better understand the climate impact of their investments and risk mitigation solutions, enabling them to make informed decisions and contribute to a sustainable future.

Session 3: BNM Climate Risk Management and Scenario Analysis (CRMSA)

This session encompasses the key elements and outcomes of the CRMSA, such as the risk appetite, governance, identification, assessment, monitoring, reporting, and robust disclosure of climate risk to address greenwashing as well. These topics encompass the proposed requirements and guidance on climate risk management and scenario analysis. The discussion and case studies include how the CRMSA aligns with the CCPT including in areas of business strategy, risk management, scenario analysis and sustainability agenda of a company, to help FIs understand and mitigate the potential financial impacts of climate change especially during the transition, to be augmented by BNM Climate Risk Stress Testing (CRST) methodology in the next session as a specific exercise designed to evaluate the resilience of financial institutions to climate-related extreme shocks.

Session 4: BNM Climate Risk Stress Testing (CRST)

This session will cover the proposed framework and elements for the industry-wide climate risk stress testing (CRST) exercise in 2024. The 2024 Climate Risk Stress Testing (CRST) exercise is primarily intended to facilitate financial institutions' learning and capacity building in addressing risks from climate change and will also include the main challenges and limitations of the CRST methodology and how they will be addressed. The results and implications of some early global exercises on climate risk stress testing will also be discussed.

Faculty



Dr Khoo Guan Seng has over 28 years of experience in the design and implementation of enterprise-wide investment, banking and risk management models, systems and processes, including ESG/responsible investing. He gained deep practical insights from a career with financial institutions in the US, Canada, UK and Singapore, including the Man Group, where he was the Principal Scientist, designing and running an algorithmic AI-based hedge fund; and American Bourses Corporation, which provided robo-based analytical solutions and financial info-utilities to traders and investors.

He has also served at ATOS Origin, RHB Capital, Singapore Exchange, Standard Chartered Bank, Temasek Holdings, Alberta Investment Management Corporation (AIMCo), Changi Airports International, and the Alliance to End Plastic Waste (AEPW). He holds a PhD in Computational Physics (Material Science) from the National University of Singapore, with post-doctorate R&D in AI-based data mining and applications in Japan and the US.

When he was the Head of ERM/GRC at AIMCo, he was also the Head of Proxy Voting and a member of the investment committee involved in approving investments via relationship investing/stakeholder engagement, e.g., in Environmental Resources Management and Glass Lewis. He also helped establish AIMCo's Responsible Investing Unit in 2011.

Over the last few years, he has led initiatives in sustainability-related project and impact financing and education, including at AEPW, and in sustainable investing seminars for the investment management and banking industries, at SMU, Salmon Thrust and London Business School's SWF Academy.

As an academic at Nanyang Technological University, he co-designed the first environmental science module (as a free elective for all NTU undergrads) in 1997, which included teaching on the effects of climate change on human society and biodiversity. He published *A Guide to the Flora and Fauna of Schools in Singapore* in 1991 and also participated in a Malaysian Nature Society scientific expedition to the Endau-Rompin forest reserve in Malaysia in 1989 to investigate and research the changing state of biodiversity due to climate change and human interactions.



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SCAN ME



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