

## Media Release

### **ABS launches industry standard template for banks to engage corporate clients on environmental risk issues**

**Singapore, 21 April 2022** – The Association of Banks in Singapore (ABS) launched today the [ABS Environmental Risk Questionnaire](#) (ERQ), the first industry standard template that sets a consistent baseline for banks in Singapore to engage their corporate clients on environmental risk issues, gather data points and identify opportunities to finance the transition to a low carbon economy.

An industry standard questionnaire is one of the key deliverables of the [Green Finance Industry Taskforce](#) (GFIT) workstream on Risk Management to help the industry in embedding the Monetary Authority of Singapore’s (MAS) Environmental Risk Management (ENRM) Guidelines. A workgroup comprising Citibank, DBS, HSBC, OCBC, Standard Chartered and UOB, who are also GFIT members, developed the ERQ over several months, incorporating feedback from various stakeholders during the process.

The initiative will help establish a best practice for banks in Singapore to engage their clients in assessment and mitigation of their environmental risks. ABS envisages that the standardised format will enable environmental risk information to be obtained and held centrally, shared digitally to the lending banks, and, in the future, benchmarked across the industry.

In its first iteration, the template lays out basic level questions to enable easy adaptation by the industry and corporates. There is also an accompanying comprehensive [guide](#) to provide clarity and facilitate implementation. Subsequent versions are expected to evolve to include more detailed questions including sector-specific addendums for “hard-to-abate” sectors such as energy.

Further on, ABS and GFIT will explore with MAS and other stakeholders how data requested by the questionnaire may be obtained centrally on behalf of the industry in a digital format via a central data repository under [Project GreenPrint](#)<sup>1</sup>, and shared with lending banks after seeking client permission. Such an approach will significantly streamline the process, avoid duplication, and improve data quality.

At the onset, the ERQ will be applicable to the following high-risk sectors, as identified by GFIT:

- a. Agriculture and Forestry/Land Use,
- b. Construction/Real Estate,
- c. Transportation and Fuel,
- d. Energy, including upstream, and
- e. Industrial.

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<sup>1</sup> MAS is partnering the industry to pilot four digital platforms under Project Greenprint to address the financial sector’s sustainability data needs.

Banks are recommended to apply the questionnaire to customers with which they have a credit exposure of USD10 million and above, although banks may adjust this threshold according to their own environmental risk materiality assessment. ABS members are encouraged to adopt the ERQ or incorporate the proposed questions in their existing internal frameworks as soon as practicable.

The ERQ has been designed to cater to both large corporations as well as Small and Medium Enterprises (SMEs). Recognising that environmental risk data availability in the SME segment may be at a nascent stage, in implementing the ERQ, banks may exercise discretion to identify questions as mandatory or optional for their corporate customers, according to their environmental risk materiality assessment and credit risk appetite.

The questions are divided into four sections referencing the MAS ENRM Guidelines:

- a. Risks: These include transition, physical, reputational and biodiversity risks in terms of magnitude and timing of impact, and the steps undertaken to mitigate such risks.
- b. Governance: The internal governance process, strategy and policies to manage risks, as well as the reporting standards adopted, such as by the Task Force on Climate-Related Financial Disclosures, and other external requirements.
- c. Metrics: Whether the customer has developed measures and targets for managing environmental risk, such as transition plans, as well as the quantification and disclosure of greenhouse gas emission data.
- d. Sustainable financing: Identification and assessment of sustainable financing opportunities.

Mrs Ong-Ang Ai Boon, Director, ABS, said, “ABS is pleased to introduce this standardised tool to help our member banks and their corporate customers on their journey of gathering and reporting environmental risk data in a consistent manner. Quality standardised data is crucial for achieving the targets of the Singapore Green Plan 2030, and the nation’s vision to be a leading centre for green finance.”

Mr Gautam Mukharya, Chief Risk Officer, HBSC Singapore and Mr Vincent Loh, Chief Risk Officer, Singapore & ASEAN, Standard Chartered, the co-chairs of the GFIT Risk Management Workstream, jointly said, “We are delighted to see this initiative, which was conceptualised at the time of drafting the ENRM guidelines, finally take shape. This is a leading example of the industry in Singapore defining its baseline expectations and adopting a consistent approach for gathering environmental risk data. The feedback received so far has been very positive, and we look forward to supporting more advanced versions of the ERQ, as well as taking the process digital in the near future.”

Ms Goh Gek Choo, Executive Director, MAS, said, “Banks need reliable and comparable data to assess risks, identify opportunities, and enable the right actions when facilitating their customers’ transition to a sustainable future. The ABS ERQ is an important first step towards achieving this goal. As data needs evolve, continual industry effort will be needed to enhance the ERQ over time.”

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## **About The Association of Banks in Singapore**

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of over 150 local and foreign banks. More information on ABS is available on the website: [www.abs.org.sg](http://www.abs.org.sg).

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