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Navigating the climate crisis: BOCHK and S&P Global release report exploring key sustainability risks and opportunities for Asia-Pacific financial institutions

Bank of China (Hong Kong) (“BOCHK”) and S&P Global Sustainable1 are pleased to announce the release of their co-authored thought leadership paper, “How Climate Risks are Shaping the Landscape for Asia-Pacific Financial Institutions”. The report provides critical insights into climate risk management and sustainable finance, offering guidance to financial institutions in the Asia-Pacific region. The launch is accompanied by a webinar, where industrial experts delve into the findings and their implications for the financial sector.

This comprehensive report delivers a key contribution to the market by addressing the critical role of financial institutions in navigating the complexities of climate change and biodiversity loss. The findings reveal that only 13.4% of financial institutions in the Asia-Pacific region have net-zero targets, lower than 43.5% in Europe, 15.3% in Latin America and 15% in North America. It provides a detailed analysis of how financial institutions can enhance their resilience to climate risks and support the transition to a low-carbon economy. Focusing on integrating climate risk into financial decision-making processes, the report sets a new benchmark for the sector and helps financial institutions align their operations with global sustainability goals.

Through the application of scenario analysis, risk management strategies and stakeholder engagement practices, the report provides actionable insights that enable financial institutions to better manage both physical and transition risks associated with climate change. It also highlights the importance of addressing financed emissions and adapting business models to mitigate biodiversity loss—areas that remain underexplored but crucial for long-term sustainability.

Xu Haifeng, Deputy Chief Executive and Chief Risk Officer of BOCHK, said, “This report not only presents data-driven findings but also offers valuable qualitative insights from BOCHK’s extensive experience and long-term commitment to green finance. We hope this report will serve as a comprehensive guide for financial institutions in the Asia-Pacific region in addressing both the challenges and opportunities climate change presents.”

As the Asia-Pacific region is highly vulnerable to the impacts of climate change, the report provides tailored solutions that financial institutions can adopt to navigate these challenges. With a focus on the region’s unique environmental and economic conditions, it underscores the role of banks in financing the transition to sustainable practices, including renewable energy projects and biodiversity conservation.

Chris Heusler, President of S&P Global Sustainable1, said, “The increasing physical and economic impacts of climate change and biodiversity loss present every company in the world with questions to answer and challenges to address. We are committed to supporting financial institutions in APAC with understanding the unique role that they play in being able to drive forward the transition to a low-carbon economy. This report provides a wealth of data and actionable insights that we hope will inspire more financial institutions to take a leading role in the transition.”

Alongside the launch of the report, the Alliance for Green Commercial Banks—an IFC initiative to accelerate green banking transformation—co-hosted a webinar on Climate Risk and Financial Institutions with BOCHK and S&P Global Sustainable1. The event features industry experts from diverse backgrounds. The webinar discusses how financial institutions can leverage the insights from the thought leadership paper to strengthen their climate resilience, navigate the evolving regulatory landscape, and drive innovation in sustainable finance. The webinar covers critical topics such as climate risk scenario analysis, stakeholder engagement strategies, and financing for environment protection.

Carlos Serrano, Head of the Secretariat of the Alliance for Green Commercial Banks, IFC, emphasized the role of financial institutions in mitigating climate risks, especially in Asia’s emerging markets. “Green finance plays a crucial role in combating climate change and driving sustainable economic growth. This report offers valuable insights on how banks can address both physical and transition climate risks in the region. The Alliance for Green Commercial Banks is committed to supporting commercial banks in incorporating climate risks into their strategies, strengthening resilience against the increasing environmental challenges”.

For more information and to download the full report, please visit:
<https://www.allianceforgreencommercialbanks.org/report/how-climate-risks-are-shaping-landscape-asia-pacific-financial-institutions>.

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