**FOR REFERENCE**

**Survey on Climate Risk Management**

**of Authorized Insurers in Hong Kong**

**(Full Set)**

**Insurance Authority**

**June 2023**

**Introduction**

1. This survey aims to understand the status of implementation, current practices, and gaps and challenges of authorized insurers in climate risk management. It will facilitate the Insurance Authority (“IA”) to assess the readiness of authorized insurers and areas for improvement in this regard, as well as to develop practical and appropriate guidance as appropriate. It will also facilitate authorized insurers to review and formulate strategies and approaches to managing climate risks.
2. This survey aims at collecting information by 5 components (including strategy, governance, risk management, scenario analysis or stress testing, and disclosure) and 16 sub-components, which represent major areas that authorized insurers should focus on when managing climate risks based on the prevailing international practice.

**Instruction**

* + - 1. Authorized insurers shall first rate their stages of development with respect to each sub-component in a scale from 0 to 3, with the meaning of each scale described as below.

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| --- | --- |
| 0 | Not yet started to plan |
| 1 | Having a concrete plan with timeline |
| 2 | Implementing as planned |
| 3 | Monitoring and/or enhancing the implementation |

* + - 1. After rating the stage of development, authorized insurers are required to answer corresponding follow-up questions.
1. In view of the growing attention attached to broader environmental risks such as loss of biodiversity[[1]](#footnote-1), authorized insurers should start considering the implication of such risks for their business, financial, and risk profiles. In order to facilitate the IA to assess the awareness and readiness of the insurance industry in managing environmental risks, authorized insurers are requested to answer the questions in relation to environmental risk management at the last section of this questionnaire.
2. Authorized insurers should complete the questionnaire relevant to their Hong Kong operation. For those which are local branches or locally incorporated subsidiaries of foreign insurers, their responses could be based on their head office / parent / group level’s policies and practices, as long as those policies and practices are applicable to the operation of the Hong Kong office as stipulated in the Guideline on Enterprise Risk Management (“GL21”).
3. Authorized insurers will be contacted by e-mail / phone if further clarification is needed. Upon request, authorized insurers should be able to provide relevant documents in support of their responses provided in this questionnaire.
4. Should you have any enquiries on the above, please email us at climaterisk@ia.org.hk or contact Mr. Frankie Chan at 3899 9510 or Ms. Natalie Lok at 3899 9511.

**Glossary**

* + - 1. The key terms used in this survey can be interpreted as follows:
* Climate risks – The risks posed by the exposure of the financial sector or institutions to physical and/or transition risks caused by or related to climate change.
* Physical risk – The risk of increased damage and losses arising from climate change. It can be classified into acute risk (higher frequency, severity or duration of extreme weather events such as tropical cyclones and floods) and chronic risk (longer-term shifts in climate patterns such as sea-level rise and increasing temperatures).
* Transition risk – The risk resulting from the transition towards a low-carbon and climate-resilient economy prompted by, for example, changes in climate policy and regulation, technology, and market sentiment.
* Environmental risks – The risks posed by the exposure of the financial sector or institutions to activities that may cause or be affected by environmental degradation (such as air and water pollution, land contamination, loss of biodiversity, and deforestation), and actions taken to address these environmental challenges.
* Scope 1 emissions - Direct emissions produced by company-owned or controlled resources.
* Scope 2 emissions - Indirect emissions resulting from the generation of purchased electricity, heating, cooling and stream consumed within the company.
* Scope 3 emissions - All other indirect emissions that occur outside the company, including both upstream and downstream emissions.  The Greenhouse Gas Protocol defines 15 categories of Scope 3 emissions.  For details, please refer to <https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf>

**General Information**

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| --- | --- |
| **Name of reporting insurer** |  |
| **Contact person** |  |
| **Position** |  |
| **E-mail** |  |
| **Phone number** |  |
| **Submission date** |  |

**Survey Questions on Climate Risk Management**

1. **Strategy**

A1. Strategic plan[[2]](#footnote-2)

A1.1 Does your company integrate climate risks into its strategic plan?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer A1.2 and A1.3.* *If “1”, “2”, or “3” is selected, please answer A1.4.*

A1.2 Which of the following(s) will facilitate your company to formulate its climate strategy? Please select all that apply.

1. Making reference to international initiatives on climate change (e.g., Net-Zero Insurance Alliance [[link](https://www.unepfi.org/net-zero-insurance/)], Science Based Targets Initiative (“SBTi”) [[link](https://sciencebasedtargets.org/)], etc.)
2. Signing up the Hong Kong Federation of Insurers’ (proposed) industry climate charter
3. Gathering views from internal and external stakeholders
4. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

A1.3 What are the key climate risk drivers that your company will consider relevant to its strategic planning? Please rank from the most relevant (1) to the least relevant (6).

1. Increased frequency and severity of extreme weather events (e.g., typhoon, heavy rainfall, flooding)
2. Progressive shifts in climate patterns (e.g., sea-level rise, temperature increase)
3. Increased climate-related policies and regulations (e.g., introduction of carbon pricing or taxes, tightening environmental regulations)
4. Exposure to climate-driven technological developments (e.g., increased usage of technologies of energy-efficiency and renewable energy)
5. Increased consumer demand for low-carbon products and services
6. Increased stakeholder concerns on the company’s response to climate change

A1.4 Which of the following target(s) that your company includes in its climate strategy? Please select all that apply.

1. A temperature target (e.g., the 1.5°C target under the Paris Agreement)
2. A decarbonization target (e.g., phasing out carbon-intensive sectors in underwriting and investment portfolios)
3. A net zero emission / carbon neutrality target (e.g., achieving carbon neutrality for own operations within a certain period)
4. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

A2. Business plan[[3]](#footnote-3)

A2.1 Does your company integrate climate risks into its *underwriting and/or product development plans*?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer A2.2. If “1”, “2”, or “3” is selected, please answer A2.3.*

A2.2 Which of the following climate-related strategies that your company will consider in its *underwriting and/or product development plans*? Please rank from the most likely (1) to the least likely (3).

1. Developing sustainability-themed or climate-related insurance products (e.g., savings plans for which premiums will be invested in green projects and assets, insurance for green buildings, parametric weather insurance, etc.)
2. Imposing restrictions on underwriting exposures (e.g., limiting exposures to carbon-intensive sectors)
3. Using terms and conditions and/or pricing to shape customers’ responsible behaviour (e.g., reflecting customers’ climate risk exposures in premiums, re-assessing customer relationship by considering the implementation of mitigation and/or adaptation measures[[4]](#footnote-4))

A2.3 Which of the following climate-related strategy(ies) that your company adopts in its *underwriting and/or product development plans*? Please select all that apply.

1. Developing sustainability-themed long-term insurance products (e.g., savings plans for which premiums will be invested in green projects and assets)
2. Developing climate-related general insurance products (e.g., insurance for green buildings, parametric weather insurance, etc.)
3. Imposing restrictions on underwriting exposures (e.g., limiting exposures to carbon-intensive sectors)
4. Using terms and conditions and/or pricing to shape customers’ responsible behaviour (e.g., reflecting customers’ climate risk exposures in premiums, re-assessing customer relationship by considering the implementation of mitigation and/or adaptation measures[[5]](#footnote-5))
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

A2.4 Does your company integrate climate risks into its *investment plan*?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer A2.5. If “1”, “2”, or “3” is selected, please answer A2.6.*

A2.5 Which of the following climate-related strategies that your company will consider in its *investment plan*? Please rank from the most likely (1) to the least likely (3).

1. Positive screening (e.g., including investment in green sectors and assets and companies with higher ESG ratings and scores)
2. Negative screening (e.g., excluding investment in carbon-intensive sectors and assets and companies with lower ESG ratings and scores)
3. Stewardship or active ownership (e.g., promoting sustainable business practices of investee companies through engagement or proxy voting)

A2.6 Which of the following climate-related strategy(ies) that your company adopts in its *investment plan*? Please select all that apply.

1. Positive screening (e.g., including investment in green sectors and assets and companies with higher ESG ratings and scores)
2. Negative screening (e.g., excluding investment in carbon-intensive sectors and assets and companies with lower ESG ratings and scores)
3. Stewardship or active ownership (e.g., promoting sustainable business practices of investee companies through engagement or proxy voting)
4. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

A3. Financial plan

A3.1 Does your company integrate climate risks into its financial plan?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer A3.2. If “1”, “2”, or “3” is selected, please answer A3.3.*

A3.2 Which of the following financial impacts of climate risks that your company will consider as highly possible? Please rank from the most likely (1) to the least likely (4).

1. Increased claims arising from more frequent and intense extreme weather events
2. Increased damage to own properties due to more frequent and intense extreme weather events
3. Increased investment in low-carbon and energy-efficiency technologies
4. Increased expenditures in climate-related research and development

A3.3 Which of the following aspect(s) that your company considers in formulating its climate-related financial plan? Please select all that apply.

1. Operating costs and revenues
2. Capital expenditures and allocation
3. Access to capital
4. Expenditures in research and development
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

A4. Operational plan

A4.1 Does your company integrate climate risks into its operational plan?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer A4.2. If “1”, “2”, or “3” is selected, please answer A4.3.*

A4.2 Which of the following climate-related strategies that your company will consider in its operational plan? Please rank from the most likely (1) to the least likely (4).

1. Reducing carbon footprint (e.g., embracing digitalisation, adopting energy-efficiency technologies, moving operations into green buildings)
2. Diversifying critical functions to areas less vulnerable to extreme weather events
3. Diversifying office supplies to mitigate supply chain disruptions arising from natural hazards
4. Formulating business contingency plans in response to the growing risk of natural hazards

A4.3 Which of the following climate-related strategy(ies) that your company considers in its operational plan? Please select all that apply.

1. Reducing carbon footprint (e.g., embracing digitalisation, adopting energy-efficiency technologies, moving operations into green buildings)
2. Diversifying critical functions to areas less vulnerable to extreme weather events
3. Diversifying office supplies to mitigate supply chain disruptions arising from natural hazards
4. Formulating business contingency plans in response to the growing risk of natural hazards
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

A5. Supplementary question

A5.1 Please elaborate the approach and procedure of formulating climate-related strategic, business, financial, and/or operational plan(s).

*Note: If “0” is selected as the stage of development in all sub-components A1 – A4, please fill in “N/A” below.*

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1. **Governance**

B1. Oversight on climate risks

B1.1 Does your company have a governance structure to exercise oversight on climate risks?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B1.2 and B1.3.* *If “1”, “2”, or “3” is selected, please answer B1.4 – B1.10.*

B1.2 Which of the following approaches that your company will consider in establishing a governance structure to exercise oversight on climate risks? Please rank from the most likely (1) to the least likely (5).

1. Having the board of directors (“board”) and/or designated board committee to oversee climate risks
2. Establishing a designated sustainability unit
3. Setting up a working group / committee comprising representatives across different departments
4. Creating a new senior management role (e.g., Chief Sustainability Officer)
5. Appointing an existing senior management member (e.g., Chief Risk Officer) to implement climate risk governance

B1.3 Which of the following approaches that your company will consider in ensuring an effective climate risk governance? Please rank from the most likely (1) to the least likely (4).

1. Ensuring that the relevant board and/or senior management members to possess expertise or experience in climate / ESG risks
2. Making climate risks a standing agenda item at board meetings to ensure regular oversight and discussion
3. Escalating material climate-related issues to the board and/or board committee
4. Disclosing publicly climate risk governance information (e.g., disclosing in annual report and/or sustainability report)

B1.4 Does the board and/or board committee include members with expertise or experience in climate / ESG risks?

1. No, and there is no plan to include
2. No, but there are plans to include
3. Yes

*If “c” is selected, please answer B1.5.*

B1.5 Please specify the number and/or percentage of member(s) with relevant expertise or experience.

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B1.6 Does the board and/or board committee delegate certain functions of climate risk management to senior management?

1. No, and there is no plan to delegate
2. No, but there are plans to delegate
3. Yes, it is delegated to a management committee
4. Yes, it is delegated to senior management member(s)
5. Yes, it is delegated to both a management committee and senior management member(s)

*If “c” is selected, please answer B1.7. If “d” is selected, please answer B1.8. If “e” is selected, please answer B1.9.*

B1.7 Please specify the name and composition of management committee.

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B1.8 Please specify the position of senior management member(s).

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B1.9 Please specify the name and composition of management committee, and the position of senior management member(s).

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B1.10 How often or under what circumstance(s) board members are informed of and discuss climate risks at the board meeting? Please select all that apply.

1. Regularly (e.g., quarterly, semi-annually, annually)
2. Breaches of climate risk appetite
3. Significant changes in climate risk exposures
4. Significant deviations from climate-related strategic, business, financial, and/or operational plans
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B2. Roles and responsibilities

B2.1 Does your company define and/or implement the roles and responsibilities of *the board and/or board committee* for climate risk management?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B2.2.* *If “1”, “2”, or “3” is selected, please answer B2.3.*

B2.2 Which of the following factors that your company will consider when defining and/or implementing the roles and responsibilities of *the board and/or board committee* for climate risk management? Please rank from the most likely (1) to the least likely (6).

1. Regulatory requirements or expectations on climate risk management
2. Stakeholders’ expectations on climate risk management
3. The alignment with the roles and responsibilities under the existing governance framework
4. Nature, scale, and complexity of business operations of the company
5. Availability and capacity of expertise and resources for climate risk management
6. Climate-related strategies of the company

B2.3 What are the roles and responsibilities of *the board and/or board committee* for climate risk management? Please select all that apply.

1. Determining climate strategy and prioritisation of key focus areas of climate risk management
2. Overseeing climate risk management within risk appetite and strategies
3. Ensuring the company to maintain an effective climate risk management framework and action plans
4. Providing challenge to senior management on the progress against climate goals and targets set
5. Delegating the responsibilities of climate risk management to senior management, and monitor the exercise of these responsibilities
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B2.4 Does your company define and/or implement the roles and responsibilities of *senior management* for climate risk management?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B2.5.* *If “1”, “2”, or “3” is selected, please answer B2.6.*

B2.5 Which of the following factors that your company will consider when defining and/or implementing the roles and responsibilities of *senior management* for climate risk management? Please rank from the most likely (1) to the least likely (6).

1. Regulatory requirements or expectations on climate risk management
2. Stakeholders’ expectations on climate risk management
3. The alignment with the roles and responsibilities under the existing governance framework
4. Nature, scale, and complexity of business operations of the company
5. Availability and capacity of expertise and resources for climate risk management
6. Climate-related strategies of the company

B2.6 What are the roles and responsibilities of *senior management* for climate risk management? Please select all that apply.

1. Developing and implementing tools and metrics to monitor climate risk exposures and regularly reviewing their effectiveness
2. Updating and advising the board and/or board committee on material climate-related issues
3. Regularly reviewing the progress of implementing climate-related strategies and the effectiveness of relevant policies and procedures
4. Ensuring suitable and sufficient resources and training allocated to climate risk management
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B3. Capacity building

B3.1 Does your company provide resources and/or training to enhance the awareness and capacity of *board members* with respect to climate risks?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B3.2.* *If “1”, “2”, or “3” is selected, please answer B3.3.*

B3.2 Which of the following measures that your company will consider in enhancing *board members’* awareness and capacity of climate risk management? Please rank from the most likely (1) to the least likely (4).

1. Collaborating with external parties (e.g., academics, consultants) to develop training programmes
2. Recruiting sustainability experts to develop in-house capacity
3. Participating in industry initiatives, seminars, and conferences on climate risks
4. Using internal communications such as circulating featured articles

B3.3 What are the resources and/or training provided to *board members*? Please select all that apply.

1. Seminars
2. Learning programmes
3. Training sponsorship
4. Internal communication (e.g., newsletters or articles on climate risks)
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B3.4 Does your company provide resources and/or training to enhance the awareness and capacity of *senior management* with respect to climate risks?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B3.5.* *If “1”, “2”, or “3” is selected, please answer B3.6.*

B3.5 Which of the following measures that your company will consider in enhancing *senior management’s* awareness and capacity of climate risk management? Please rank from the most likely (1) to the least likely (4).

1. Collaborating with external parties (e.g., academics, consultants) to develop training programmes
2. Recruiting sustainability experts to develop in-house capacity
3. Participating in industry initiatives, seminars, and conferences on climate risks
4. Using internal communications such as circulating featured articles

B3.6 What are the resources and/or training provided to *senior management*? Please select all that apply.

1. Seminars
2. Learning programmes
3. Training sponsorship
4. Internal communication (e.g., newsletters or articles on climate risks)
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B3.7 Does your company provide resources and/or training to enhance the awareness and capacity of *other staff* with respect to climate risks?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B3.8.* *If “1”, “2”, or “3” is selected, please answer B3.9 and B3.10.*

B3.8 Which of the following measures that your company will consider in enhancing *other staff’s* awareness and capacity of climate risk management? Please rank from the most likely (1) to the least likely (4).

1. Collaborating with external parties (e.g., academics, consultants) to develop training programmes
2. Recruiting sustainability experts to develop in-house capacity
3. Participating in industry initiatives, seminars, and conferences on climate risks
4. Using internal communications such as circulating featured articles

B3.9 What are the resources and/or training provided to *other staff*? Please select all that apply.

1. Seminars
2. Learning programmes
3. Training sponsorship
4. Internal communication (e.g., newsletters or articles on climate risks)
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B3.10 What is the target group of *other staff* receiving resources and/or training? Please select all that apply.

1. Business lines
2. Risk management
3. Compliance
4. Internal audit
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B4. Remuneration / incentive plan

B4.1 Does your company align staff remuneration and/or incentive plan with climate-related performance?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer B4.2.* *If “1”, “2”, or “3” is selected, please answer B4.3.*

B4.2 Which of the following climate-related performance that your company will consider in aligning with its staff remuneration and/or incentive plan? Please rank from the most likely (1) to the least likely (5).

1. Reduction of carbon footprint (e.g., embracing digitalisation, imposing underwriting restrictions for carbon-intensive sectors)
2. Sustainable investment (e.g., investing in green bonds)
3. Sustainable insurance products (e.g., launching green insurance products, developing parametric weather insurance, etc.)
4. Internal capacity building (e.g., staff’s participation in climate-related training programmes and seminars)
5. ESG metrics (e.g., ESG ratings or scores by rating providers)

B4.3 Which of the following climate-related performance that your company considers in aligning with its staff remuneration and/or incentive plan? Please select all that apply.

1. Reduction of carbon footprint (e.g., embracing digitalisation, imposing underwriting restrictions for carbon-intensive sectors)
2. Sustainable investment (e.g., investing in green bonds)
3. Sustainable insurance products (e.g., launching green insurance products, developing parametric weather insurance, etc.)
4. Internal capacity building (e.g., staff’s participation in climate-related training programmes and seminars)
5. ESG metrics (e.g., ESG ratings or scores by rating providers)
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

B5. Supplementary question

B5.1 Please elaborate the approach and procedure of establishing a climate risk governance framework (in terms of sub-components B1 – B4, if possible).

*Note: If “0” is selected as the stage of development in all sub-components B1 – B4, please fill in “N/A” below.*

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1. **Risk Management**

C1. Formulation of climate risk appetite

C1.1 Does your company formulate its climate risk appetite?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer C1.2.* *If “1”, “2”, or “3” is selected, please answer C1.3 – C1.5.*

C1.2 Which type of climate risk appetite that your company will consider formulating?

1. Qualitative (e.g., limitations on underwriting carbon-intensive sectors)
2. Quantitative (e.g., percentage of revenue generated from fossil fuels in investee companies)
3. Both qualitative and quantitative

C1.3 Does your company formulate qualitative and/or quantitative climate risk appetite?

1. Qualitative (e.g., limitations on underwriting carbon-intensive sectors)
2. Quantitative (e.g., percentage of revenue generated from fossil fuels in investee companies)
3. Both qualitative and quantitative

C1.4 Does your company develop a standalone climate risk appetite and/or incorporate climate risks into its existing risk appetite?

Developing a standalone climate risk appetite

Incorporating climate risks into the existing risk appetite

Both developing a standalone climate risk appetite and incorporating climate risks into the existing risk appetite

C1.5 Please elaborate the approach and procedure of formulating climate risk appetite.

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C2. Risk identification

C2.1 Does your company identify its material climate risk exposures[[6]](#footnote-6)?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer C2.2.* *If “1”, “2”, or “3” is selected, please answer C2.3 and C2.4.*

C2.2 Which of the following area(s) will your company consider in identifying its material climate risk exposures? Please rank from the highest priority (1) to the lowest priority (4).

* 1. At underwriting portfolio level (e.g., identifying the sectors most vulnerable to physical risk and transition risk and mapping against underwriting portfolio)
	2. At investment portfolio level (e.g., identifying the sectors most vulnerable to physical risk and transition risk and mapping against investment portfolio)
	3. At operational level (e.g., identifying own properties and operations most vulnerable to climate risks)
	4. At client or company level (e.g., identifying the impacts of climate risks on companies’ business activities)

C2.3 Which of the following area(s) that your company identifies its material climate risks exposures? Please select all that apply.

1. At underwriting portfolio level (e.g., identifying the sectors most vulnerable to physical and transition risk and mapping against underwriting portfolio)
2. At investment portfolio level (e.g., identifying the sectors most vulnerable to physical risk and transition risk and mapping against investment portfolio)
3. At operational level (e.g., identifying own properties and operations most vulnerable to climate risks)
4. At client or company level (e.g., identifying the impacts of climate risks on companies’ business activities)
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C2.4 How often or under what circumstances that your company reviews the identification of material climate risk exposures? Please select all that apply.

1. Regularly (e.g., semi-annually, annually)
2. Breaches of climate risk appetite
3. Significant changes in climate risk exposures
4. Significant deviations from climate-related strategic, business, financial and/or operational plan(s)
5. Significant changes in business nature or size of the company
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C3. Risk measurement

C3.1 Does your company measure its climate risk exposures?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer C3.2.* *If “1”, “2”, or “3” is selected, please answer C3.3 – C3.7.*

C3.2 Which of the following tool(s) and metric(s) that your company will consider in measuring its climate risk exposures? Please select all that apply.

1. Scenario analysis or stress testing
2. Natural catastrophe risk modelling
3. Carbon intensity[[7]](#footnote-7) of clients or companies
4. ESG ratings and scores (internal or external) of clients or companies
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C3.3 Which of the following tool(s) and metric(s) that your company adopts to measure its climate risk exposures? Please select all that apply.

1. Scenario analysis or stress testing
2. Natural catastrophe risk modelling
3. Carbon intensity[[8]](#footnote-8) of clients or companies
4. ESG ratings and scores (internal or external) of clients or companies
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C3.4 Which of the following data source(s) that your company uses to measure its climate risk exposures? Please select all that apply.

1. Public data providers (e.g., the Hong Kong Observatory, CDP (formerly Carbon Disclosure Project))
2. Private data providers
3. In-house proprietary data
4. Clients’ or companies’ self-reported data (e.g., public disclosures in annual or sustainability reports of investee companies)
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C3.5 Which of the following data that your company collects to enhance its physical risk measurement? Please select all that apply.

1. Damage and insured losses induced by extreme weather events
2. Micro-climate condition data (e.g., storm surge, wind speed, and precipitation at district level)
3. Attributes of physical assets (e.g., location and age of properties, resilience measures taken to withstand extreme weather events)

C3.6 Which of the following data that your company collects to enhance its transition risk measurement? Please select all that apply.

1. Scopes 1 and 2 emissions data
2. Scope 3 emissions data
3. ESG ratings and scores of counterparties by third party

C3.7 Which of the following Scope 3 emission item(s) that your company considers to be of the top priority in data collection for transition risk analysis and management? Please select all that apply.

1. Business travel
2. Employee commuting
3. Investments
4. Purchased goods and services
5. Waste generated in operations
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C4. Risk monitoring

C4.1 Does your company monitor its climate risk exposures?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer C4.2.* *If “1”, “2”, or “3” is selected, please answer C4.3 and C4.4.*

C4.2 Which of the following approach(es) that your company will consider in monitoring its climate risk exposures? Please rank from the highest priority (1) to the lowest priority (3).

Using portfolio-level metrics (e.g., carbon intensity of investment / underwriting portfolio)

Monitoring at operational level (e.g., regularly assessing the resilience of own properties and operations to climate risks)

Using client or company-level metrics (e.g., ESG ratings, greenhouse gas emissions)

C4.3 Which of the following approach(es) that your company adopts to monitor its climate risk exposures? Please select all that apply.

1. Using portfolio-level metrics (e.g., carbon intensity of investment / underwriting portfolio)
2. Monitoring at operational level (e.g., regularly assessing the resilience of own properties and operations to climate risks)
3. Using client or company-level metrics (e.g., ESG ratings, greenhouse gas emissions)
4. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C4.4 How often or under what circumstances that your company monitors climate risk exposures? Please select all that apply.

* 1. Regularly (e.g., semi-annually, annually)
	2. Breaches of climate risk appetite
	3. Significant changes in climate risk exposures
	4. Significant deviations from climate-related strategic, business, financial and/or operational plan(s)
	5. Significant changes in business nature or size of the company
	6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C5. Risk control and mitigation

C5.1 Does your company control and mitigate the impacts of climate risks?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer C5.2.* *If “1”, “2”, or “3” is selected, please answer C5.3 and C5.4.*

C5.2 Which of the following measure(s) that your company will consider in controlling and mitigating its climate risk? Please rank from the highest priority (1) to the lowest priority (5).

1. Setting exposure limits on geographical regions with higher risk of natural hazards for underwriting portfolio
2. Setting exposure limits on carbon-intensive sectors for investment and/or underwriting portfolio
3. Setting a feasible plan to reduce exposure to carbon-intensive sectors for investment and/or underwriting portfolio
4. Diversifying critical operations to areas less vulnerable to natural hazards
5. Engaging with high climate risk customers or investee companies to encourage adoption of climate risk mitigation measures and support their low-carbon transition

C5.3 Which of the following measure(s) that your company adopts in controlling and mitigating its climate risk? Please select all that apply.

1. Setting exposure limits on geographical regions with higher risk of natural hazards for underwriting portfolio
2. Setting exposure limits on carbon-intensive sectors for investment and/or underwriting portfolio
3. Setting a feasible plan to reduce exposure to carbon-intensive sectors for investment and/or underwriting portfolio
4. Diversifying critical operations to areas less vulnerable to natural hazards
5. Engaging with high climate risk customers or investee companies to encourage adoption of climate risk mitigation measures and support their low-carbon transition
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C5.4 How often or under what circumstances that your company reviews risk control and mitigation measures? Please select all that apply.

* 1. Regularly (e.g., semi-annually, annually)
	2. Breaches of climate risk appetite
	3. Significant changes in climate risk exposures
	4. Significant deviations from climate-related strategic, business, financial and/or operational plan(s)
	5. Significant changes in business nature or size of the company
	6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C6. Risk reporting

C6.1 Does your company provide climate risk report to the board and/or senior management?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer C6.2 and C6.10 – C6.11.* *If “1”, “2”, or “3” is selected, please answer C6.3 – C6.11.*

C6.2 Which of the following approaches that your company will consider in reporting climate risk information to the board and/or senior management? Please select all that apply.

1. Providing regular update (e.g., quarterly, semi-annually, annually)
2. Reporting when there are breaches of climate risk appetite
3. Reporting when there are significant changes in climate risk exposures
4. Reporting when there are significant deviations from climate-related strategic, business, financial and/or operational plan(s)
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C6.3 Is *the board* the recipient of the climate risk report?

1. Yes
2. No

C6.4 Is *senior management* the recipient of the climate risk report?

1. Yes
2. No

*If “Yes” is selected, please answer C6.5.*

C6.5 Please specify the position(s) of senior management receiving the climate risk report.

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C6.6 Is / are *the board and/or senior management committee(s)* the recipient of the climate risk report?

1. Yes
2. No

*If “Yes” is selected, please answer C6.7.*

C6.7 Please specify the name of committee(s) receiving the climate risk report.

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C6.8 Which of the following information that your company includes in its climate risk report? Please select all that apply.

1. Climate risk exposures (e.g., exposure of investment portfolio to transition risk, exposure of own properties to physical risk, etc.)
2. Climate risk assessment and measurement (e.g., amount and percentage of assets vulnerable to climate risks)
3. Climate risk control and mitigating measures
4. Significant climate risk-related incidents
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

C6.9 How often or under what circumstances that your company reports climate risk information? Please select all that apply.

1. Regularly (e.g., semi-annually, annually)
2. Breaches of climate risk appetite
3. Significant changes in climate risk exposures
4. Significant deviations from climate-related strategic, business, financial and/or operational plan(s)
5. Significant changes in business nature or size of the company
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

*All insurers are required to answer C6.10.*

C6.10 Does your company discuss climate risks in its ORSA report?

1. Yes
2. No
3. Not applicable (climate risks have been assessed to be immaterial and therefore not included in the ORSA report)

*If “b” is selected, please answer C6.11.*

C6.11 What is the reason for not discussing material climate risks in the ORSA report?

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C7. Supplementary question

C7.1 Please elaborate the approach and procedure of managing climate risks (in terms of sub-components C2 – C6, if possible). Also specify the tools, data, metrics, and targets used, if appropriate.

*Note: If “0” is selected as the stage of development in all sub-components C2 – C6, please fill in “N/A” below.*

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1. **Scenario analysis or stress testing**

D1. Scenario analysis / stress testing

D1.1 Does your company conduct climate-related scenario analysis or stress testing?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer D1.2 and D1.3.* *If “1”, “2”, or “3” is selected, please answer D1.4 – D1.7.*

D1.2 Which of the following factors that will most likely drive your company to conduct climate-related scenario analysis or stress testing? Please rank from the most likely (1) to the least likely (5).

1. Complying with regulatory requirements or expectations on climate-related scenario analysis or stress testing
2. Participating in pilot exercises of climate-related scenario analysis or stress testing organized by regulators
3. Identifying climate-related risks and opportunities for setting strategies
4. Fostering improvement in climate risk assessment and management
5. Meeting stakeholders’ expectations on more sophisticated climate risk management

D1.3 How likely will the following areas be in the scope of your company’s climate-related scenario analysis or stress testing? Please rank from the most likely (1) to the least likely (5).

1. Physical risk in assets (e.g., impacts of extreme weather events on own properties or assets in investment portfolios)
2. Physical risk in liabilities (e.g., impacts of extreme weather events on property and casualty insurance claims, impacts of climate change on mortality risk for life insurance)
3. Transition risk in assets (e.g., impacts of decarbonization policies and market sentiments on asset values in investment portfolios)
4. Transition risk in liabilities (e.g., impacts of decarbonization policies on underwriting carbon-intensive sectors)
5. Operational resilience (e.g., risk of business interruption arising from natural hazards)

D1.4 Which of the following area(s) are in the scope of your company’s climate-related scenario analysis or stress testing? Please select all that apply.

1. Physical risk in assets (e.g., impacts of extreme weather events on own properties or assets in investment portfolios)
2. Physical risk in liabilities (e.g., impacts of extreme weather events on property and casualty insurance claims, impacts of climate change on mortality risk for life insurance)
3. Transition risk in assets (e.g., impacts of decarbonization policies and market sentiments on asset values in investment portfolios)
4. Transition risk in liabilities (e.g., impacts of decarbonization policies on underwriting carbon-intensive sectors)
5. Operational resilience (e.g., risk of business interruption arising from natural hazards)

D1.5 Which of the following extreme weather event(s) that your company considers when undertaking climate-related scenario analysis or stress testing? Please select all that apply.

1. Tropical cyclones
2. Flooding
3. Landslides
4. Heavy precipitation
5. Prolonged heatwaves
6. Other (please specify\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

D1.6 Which of the following climate scenario(s) that your company considers when undertaking climate-related scenario analysis or stress testing? Please select all that apply.

1. Below 2°C (i.e., orderly transition or early action)
2. Delayed transition (i.e., disorderly transition or late action)
3. Current policies (i.e., transition limited to implemented policies)
4. Other (please specify\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

D1.7 What is the time horizon of your company’s climate-related scenario analysis or stress testing? Please select all that apply.

1. Until 2030
2. Until 2050
3. Beyond 2050
4. Other (please specify\_\_\_\_\_\_\_\_\_\_\_\_\_\_)
5. **Disclosure**

E1.1 Does your company publicly disclose its approach to managing climate risks and other climate-related information?

0 – Not yet started to plan

1 – Having a concrete plan with timeline

2 – Implemented as planned

3 – Monitoring and/or enhancing the implementation

*If “0” is selected, please answer E1.2. If “1”, “2”, or “3” is selected, please answer E1.3 – E1.5.*

E1.2 Which of the following approaches that your company will consider in making public disclosure on climate-related information? Please rank from the highest priority (1) to the lowest priority (5).

1. Including climate-related information in annual report
2. Publishing a separate sustainability or ESG report
3. Setting up a dedicated microsite to share climate-related information
4. Announcing ad-hoc or salient climate-related information through media releases
5. No plan to make public disclosure

E1.3 Which of the following approach(es) that your company makes public disclosure on climate-related information? Please select all that apply.

1. Including climate-related information in annual report
2. Publishing a separate sustainability or ESG report
3. Setting up a dedicated microsite to share climate-related information
4. Announcing ad-hoc or salient climate-related information through media releases
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

E1.4 Which of the following reporting standard(s) that your company currently adopts to disclose climate-related information in annual and/or sustainability report(s)? Please select all that apply.

1. The recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”)
2. The Global Reporting Initiative (“GRI”) Standards
3. The Sustainability Accounting Standards Board (“SASB”) Standards
4. The Hong Kong Stock Exchange (“HKEX”) ESG Reporting Guide
5. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

E1.5 How often or under what circumstance(s) that your company publicly discloses climate-related information? Please select all that apply.

1. Regularly (e.g., semi-annually, annually)
2. Significant changes in the business nature of the company
3. Significant changes in the climate risk exposures
4. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)
5. **Supplementary information (optional for all authorized insurers)**

F1.1 Please share any supplementary information and comments relevant to this survey or useful to the regulator’s work on climate risk.

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**Survey Questions on Environmental Risk Management**

Q1. Which of the following aspect(s) of environmental risks has your company considered in formulating its business strategy in the next 5 years? Please select all that apply.

1. Air pollution
2. Water pollution
3. Land contamination
4. Biodiversity loss
5. Deforestation
6. Other (please specify \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

Q2. What is your company’s view on how environmental risks may affect its business, financial and risk profiles from now till 2030?

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Q3. Has your company integrated environmental risks into its risk management framework?

1. Yes
2. No

*If “Yes” is selected, please answer Q4 and Q5. If “No” is selected, please answer Q6.*

Q4. Please elaborate details, such as the approach to integrating environmental risks into strategic, business, financial, and/or operational plans, risk appetite statement and risk management procedures, and disclosure.

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Q5. What are the challenges in integrating environmental risks into your company’s risk management framework?

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Q6. Please provide (i) the reasons for not integrating environmental risks into its risk management framework; and (ii) the expected timeline of implementation.

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* **End -**
1. For example, the International Sustainability Standards Board decided in its October 2022 meeting that it would research enhancements which complement its climate-related disclosures to address disclosures related to natural ecosystem. [↑](#footnote-ref-1)
2. Strategic plan refers to a company’s overall development targets and objectives, and the policy and approach to achieving them. [↑](#footnote-ref-2)
3. Business plan refers to a company’s plan on its business model which mainly comprises underwriting and investment activities. It relates more to business units than to the company as a whole. [↑](#footnote-ref-3)
4. Mitigation measures refer to those reducing emissions of greenhouse gases which contribute to climate change. Adaptation measures refer to dedicated risk assessments and corresponding advice on prevention measures in property insurance, alert and warning systems against extreme weather events or static risk prevention measures such as water-resistant walls. [↑](#footnote-ref-4)
5. Ditto. [↑](#footnote-ref-5)
6. Climate risk exposures are considered to be material when knowledge of the risks affects decision making of information users including the board, senior management, relevant committee(s), and other stakeholders. [↑](#footnote-ref-6)
7. Carbon intensity is a measure of greenhouse gas emissions per unit of economic activity, such as per unit of revenue or per unit of electricity generated. [↑](#footnote-ref-7)
8. Ditto. [↑](#footnote-ref-8)