Module Outline
ECF on Green and Sustainable Finance (GSF)
Module 8 "Sustainability Risk Management"

Benchmarked HKQF Level:	5
No. of Credits:	10
Total Notional Learning Hours:	100
a) Class contact hours:	*9 hours (3-hour per session x 3)*
b) Self-study hours:	*89 hours*
c) Assessment hours:	*2 hours*
Pre-requisite:	NA

Module Objective

The module aims to provide participants with an in-depth understanding of climate risk management within the banking sector, covering essential strategies for assessing and managing climate and environmental risks. Participants will explore the common climate risks affecting the banking industry, gaining insights into their implications. Additionally, the module will delve into methodologies for conducting climate scenario analysis and stress testing, encompassing both qualitative and quantitative approaches, while examining global reference scenarios and their applications. Finally, participants will learn about Environmental, Social, and Governance (ESG) risk assessments and governance strategies, supported by case studies that illustrate effective practices in evaluating ESG risks.

Module Intended Outcomes (MIOs) and Units of Competencies (UoCs)

Upon completion of the Module 8, candidates should be able to:

MIOs	Intended Outcomes / Competence	*Unit of Competencies (UoCs)
MIO-1	Differentiate between different sustainability risks and apply related concepts to optimise the risk management strategies and activities in banks.	109297L5 109305L6 109308L5
MIO-2	Analyse how sustainability impacts all risk-related functions in banks.	

*Note: For the details of the UoCs, please refer to the Specification of Competency Standards (SCS) of Retail Banking and Corporate & Commercial Banking which were developed by HKCAAVQ.

Assessment

Examination duration:	2 hours
Examination format:	Multiple Choice Questions (MCQ) with 60 questions
Pass mark:	60%

Syllabus

Chapter 1: Climate Risk Management	
1.1	**Climate risk assessments in the banking sector and strategies to manage climate and environmental risks**
1.1.1	- Climate risks and their impact on the banking sector
1.1.2	- Common risk management approach
1.2	**Climate risks in Hong Kong banking industry**
1.2.1	- Local-specific climate risks: physical risks and transition risks
Chapter 2: Climate Scenario Analysis and Stress Testing	
2.1	**Methodologies of conducting scenario analysis for assessment purpose**
2.1.1	- Climate-related risk drivers and transmission channels
2.1.2	- Overview of scenario analysis
2.1.3	- Way to conduct qualitative scenario analysis
2.1.4	- Way to conduct quantitative scenario analysis
2.1.5	- Implications of sectoral analysis
2.2	**Overview of global reference scenarios: parameters, outcomes and applications**
2.2.1	- Intergovernmental Panel on Climate Change (IPCC): Sixth Assessment Report (AR6)
2.2.2	- International Energy Agency (IEA): Global Energy and Climate Model (GEC)
2.2.3	- Network for Greening the Financial System (NGFS): Phase V
Chapter 3: Environmental, Social and Governance Risk	
3.1	**Approaches to ESG risk assessments and governance strategies in the banking sector**
3.1.1	- Guidelines to ESG risk assessments and governance strategies
3.1.2	- Integration of ESG risks into enterprise risk management
3.1.3	- Identification of greenwashing risks

Recommended Readings

Essential Readings:

1. HKIB Study Guide of ECF-GSF: Module 8 Sustainability Risk Management. (2025).

Supplementary Readings:

1. Bank for International Settlements (BIS) (2021). Basel Committee on Banking Supervision – Climate-related Risk Drivers and their Transmission Channels. (https://www.bis.org/bcbs/publ/d517.pdf)

2. Bank for International Settlements (BIS) (2021). Basel Committee on Banking Supervision – Climate-related financial risks – measurement methodologies. (https://www.bis.org/bcbs/publ/d518.pdf)

3. IPCC. (2023) Sixth Assessment Report. (https://www.ipcc.ch/assessment-report/ar6/)

4. IEA. Understanding GEC Model scenarios. (https://www.iea.org/reports/global-energy-and-climate-model/understanding-gec-model-scenarios)

5. Task Force on Climate-related Financial Disclosures. (2020). Guidance on Scenario Analysis for Non-Financial Companies. (https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Scenario-Analysis-Guidance.pdf)

6. Task Force on Climate-related Financial Disclosures (2020). Guidance on Risk Management Integration and Disclosure. (https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Risk-Management-Integration-and-Disclosure.pdf)

7. Task Force on Climate-related Financial Disclosures (2017). The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities. (https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Technical-Supplement-062917.pdf)

Further Readings:

1. Network for Greening the Financial System (NGFS). (2024). NGFS long-term climate scenarios – Phase V, High-level overview. (https://www.ngfs.net/system/files/import/ngfs/media/2024/11/05/ngfs_scenarios_high-level_overview.pdf)

2. Net-Zero Banking Alliance (NZBA). (2024). Guidelines for Climate Target Setting for Banks. (https://www.unepfi.org/wordpress/wp-content/uploads/2024/03/Guidelines-for-Climate-Target-Setting-for-Banks-Version-2.pdf)