

ICICI Bank Singapore Branch  
Environmental Risk Management Report

## **About the Report**

ICICI Bank Limited (the Bank), as a responsible corporate, is committed to building a sustainable future. It is focused on delivering on its Environmental, Social and Governance (ESG) agenda through targeted initiatives.

The ESG philosophy of the Bank aims at adopting sustainable business practices that ensure the long-term success of the organisation and have a positive impact on the environment and society. The Bank endeavours to promote long-term sustainable growth in the economy through business initiatives and responsible corporate citizenship.

At the Bank, an ESG policy has been approved by the Board of Directors and is available on its website. The Bank has published an ESG report annually since FY2019. The Bank has mapped the Global Reporting Initiative (GRI) framework in the ESG report for FY2023 and aims to continue enhancing its ESG-related disclosures.

The Bank is aware of the uncertainties of climate change and its impact on the economy and financial systems. The Bank has acknowledged the need to address the impact of climate change risks and is committed to aligning its efforts with India's commitments to transitioning to a low-carbon economy.

In accordance with the recommendations set out in the Monetary Authority of Singapore (MAS) Guidelines on Environmental Risk Management (ERM) issued in December 2020, the Bank's Singapore Branch (the Branch) has prepared these disclosures as may be applicable and proportionate to the business model, strategy and size of the Branch's operations in Singapore.

## **A. Governance**

At the Bank level, the Risk Committee of the Board has been assigned responsibility to oversee the overall ESG related activities. It monitors and provides guidance on the Bank's action plan for ESG related initiatives, including climate risk management, regulatory compliance, external reporting and stakeholder feedback. At an executive level, the Bank has established an ESG Steering Committee chaired by the Group Chief Financial Officer (CFO).

At ICICI Bank Singapore, the Senior Management Forum (SMF) oversees ESG including environmental risk-related matters of the Branch and is responsible for ensuring that for handling environmental risk, material used in the risk management framework, including the setting of qualitative and quantitative measures, is appropriate. The SMF is the primary decision-making body of the Branch.

An Environmental Risk Working Group (ERWG) has been constituted at ICICI Bank Singapore for monitoring developments with respect to environmental risk, including tracking the latest regulatory guidance/ expectations. The ERWG meets on a periodic basis and is also responsible for an action plan for environmental risk-related strategies, its implementation and management at the Branch.

The risk management team of ICICI Bank Singapore, is responsible for the formulation and review of the Environmental Risk Management Framework (ERMF) for the Branch in consultation with the Environmental Risk Working Group (ERWG). The ERMF is subject to annual review and approval by the SMF.

## **B. Strategy**

ICICI Bank Singapore's strategy from an environmental risk perspective is aligned with the Bank's overall strategy. Currently, ICICI Bank Singapore's strategy for the management of environmental risk largely focuses on environmental risk assessment, sector-specific considerations for sectors with elevated environmental risk, setting of risk appetite for high environmental risk borrowers and making relevant disclosures.

Sector specific guidance has been documented in the ERMF for sectors with elevated environmental risk (for incremental funding of any Greenfield projects in industries with elevated risk from an environmental risk perspective). For example, borrowers/ borrower groups in the thermal coal mining/ power sector are expected to have plans to diversify into green sectors/ plans for the reduction of carbon emissions/ carbon sequestration efforts/ or net-zero plans. Similarly, borrower/ borrower groups in the palm oil sector are expected to meet and obtain RSPO/ ISPO (or equivalent certifications) for a good part of their plantations or/ and have policies on deforestation, peat exploitation (NDPE or equivalent declaration).

ICICI Bank Singapore internally monitors its exposure to sectors that are defined as high Greenhouse Gases (GHG) emissions (hard-to-abate) sectors as defined by Green Finance Industry Taskforce (GFIT) <sup>[1]</sup> taxonomy. Exposure to such sectors is reported to the SMF on a quarterly basis. On Mar 31, 2024, ICICI Bank Singapore's exposure to such sectors was less than <10>% of the loan portfolio.

ICICI Bank Singapore will continue to participate in lending opportunities where funding structures are robust and environmental risks are well assessed, keeping in mind the Bank's fundamental principle of the return of capital. Further, ICICI Bank Singapore is also engaging with clean energy / non-fossil businesses, given the emphasis on sustainable financing.

Recognising common industry challenges associated with environmental risk assessment, such as data availability, the Singapore Branch will continue to work with regulators, industry associations, consultants and climate specialists to progress collectively to a more robust approach as methodologies and tools evolve and mature. The Branch is committed to taking suitable steps to align with the Singapore Government's mission to achieve net-zero.

### **C. Risk Management**

The Bank's strategic commitment to sustainable development is an integral part of its approach to risk management.

Environmental risk is identified, assessed, managed and monitored through the ERMF, which is subject to annual review.

The Branch has incorporated Environmental Risk Assessment (ERA) as part of the credit appraisal process, which is presented to the Branch Credit Forum (BCF) for deliberation. ERA tools are used for the evaluation of borrowers and there is an ongoing engagement with corporate borrowers with sanctioned limits equal to or more than USD <10.0> million. The Branch carries out a risk assessment at the borrower level based on the Environmental Risk Questionnaire (ERQ) <sup>[2]</sup> and other information related to environmental risk. The ERQ comprises questions about risk, governance, metrics and sustainable financing perspectives. The data is collected through customer engagement, sustainability reports, external rating reports and other external sources, where available.

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<sup>[1]</sup> GFIT, convened by the Monetary Authority of Singapore, GFIT is an industry-led initiative comprising representatives from financial institutions, corporates, non-governmental organisations and financial industry associations. Its mandate is to help accelerate the development of green finance through four key initiatives: (i) develop a taxonomy, (ii) enhance environmental risk management practices of financial institutions, (iii) improve disclosures and (iv) foster green finance solutions.

<sup>[2]</sup> The ERQ, published by TCFD, is an industry standard template for banks to engage corporate clients on environmental risk issues, gather data points and identify opportunities to finance the transition to a low carbon economy.

The Singapore Branch has developed an internal approach for assessing the borrowers and classifying them into 'high-risk', 'medium-risk', 'low-risk' and 'safe' categories from an environmental risk perspective. The Branch proposes to increase engagement with borrowers assessed as potential 'high risk' and 'medium risk' and seek their strategy for implementation of mitigating measures to address climate-related risk, targets for carbon emission reduction, action plan for net-zero and disclosures etc. to enable their transition towards sustainable business practices.

With regard to ICICI Bank Singapore's own operations, it has only one Branch in Singapore which has been leased at one of the reputed commercial buildings, Republic Plaza (RP), which is City Developments Limited's flagship Grade A office building.

The Branch has been providing training to employees in relevant teams to create an understanding of the issues of environmental risk and opportunities that evolve as we align our efforts towards transitioning to a low-carbon economy.

The Singapore Bank has a Social and Environmental Management Framework (SEMF) for screening new project finance proposals. The framework stipulates due diligence on environmental and social parameters for projects above specific thresholds. It has an exclusion list of industries not permitted for financing and a list of highly polluting sectors that require additional due diligence while taking financing decisions. The Bank has also developed a framework for sustainable financing, which provides guidance on eligibility criteria for Sustainable (Green, Social) / Sustainability-linked lending, guidance on the assessment of facilities, monitoring and reporting of such facilities.

#### **D. Metrics and Targets**

ICICI Bank Singapore is not engaged in any manufacturing activity and the overall energy consumption is not significant, given the size of the current operations. The average monthly energy consumption for the financial year ended <Mar 31, 2024>, was about <8,958.08> kWh and the associated monthly emission was <3,734> kg of CO<sub>2</sub>.

ICICI Bank Singapore has put in place a tolerance threshold (at <15>% of the Branch's loan portfolio) for borrowers assessed as 'high risk' from an environmental risk perspective. For the financial year ended <Mar 31, 2024>, the 'high-risk' portfolio was within the stipulated threshold.

As environment-related risk increasingly gets integrated into the credit risk evaluation, the quality and availability of data will continue to improve, which will assist in more accurate and insightful assessment outcomes in the future.