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INDIAN OVERSEAS BANK

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Climate Risk Management Disclosure

1. Governance

- **Board and Senior Management Oversight:** Climate risk management is overseen by the Risk Management Committee (RMC), which sets the tone for sustainability, promotes open discussion, and integrates climate risk considerations into the bank's overall strategy.
- **Committee Responsibilities:** The RMC periodically analyzes the portfolio with special attention to climate risk, recommends policies and practices, and ensures disclosures conform to regulatory expectations.

2. Strategy

- **Commitment to Sustainability:** As a responsible lender, we recognize the role of finance and investment in managing climate change and supporting the transition to a sustainable economy.
- **Policy Objectives:**
 - Mitigate risk and strengthen the economy.
 - Augment green finance to support sustainable growth.
 - Comply with HKMA and Head Office circulars, notices, and guidelines.
 - Contribute to tackling climate change through controlled financing measures.
 - Engage regularly with stakeholders to promote understanding of environmental issues.
- **Way Forward:** We are committed to enhancing climate risk resilience by reducing exposure to non-sustainable, high-risk activities, engaging with stakeholders, and reviewing systems and practices in line with regulatory changes.



3. Risk Management

- **Integration into Lending and Investment Decisions:** Environmental factors such as climate, pollution, biodiversity, water, deforestation, wildlife, and GHG emissions are considered during credit risk assessments. These are documented periodically.
- **Risk Categorization of Industries:**
 - **High Risk:** Oil & gas, large infrastructure, forestry, large-scale mining, major irrigation, foundry operations, hazardous chemicals (large scale).
 - **Medium Risk:** Breweries, dairy, food processing, general manufacturing, small-scale mining, metal plating, pulp & paper, textiles, hotels/tourism.
 - **Low Risk:** Software development, service industries, technical assistance, retail banking.
- **Stakeholder Engagement:** Based on identified risks, we engage with clients to share perspectives on climate-related issues. Where risk management is inadequate, we may reassess relationships, including declining future transactions or exiting.

4. Metrics & Targets

- **Disclosure Practices:** We will publish annual climate-related disclosures in line with regulatory recommendations to enhance transparency.
- **Ongoing Enhancement:** Our Climate Risk Management Policy is continuously updated to incorporate regulatory instructions and evolving best practices.
- **Targets:**
 - Increase allocation to green finance.
 - Reduce exposure to high-risk, non-sustainable activities over time.
 - Strengthen resilience of our portfolio against both physical and transition risks.

