Frequently Asked Questions

On BNM Climate Change Principle-based Taxonomy

CCPT Implementation Group
Version 4.0 | January 2024

Preface

Joint-Committee on Climate Change Sub-committee 1 - Risk Management ("JC3 SC1") was established in September 2019 as part of the Bank's collective efforts to further strengthen and upskill the financial industry in climate action.

In April 2021, Bank Negara Malaysia (BNM) and JC3 SC1 has published the Climate Change Principle-based Taxonomy ("CCPT"), a guidance document to facilitate financial institutions in identifying and classifying economic activities that could contribute to the climate change objectives. The CCPT aims to provide an overview of climate change risk and its impact to the financial system as well as promoting financial flows to activities that will support the transition to low carbon and climate resilient economy.

Subsequent to this, as mandated by the JC3 SC1, the CCPT Implementation Group ("CCPT IG") was established. The CCPT IG was initially co-led by Maybank and AIA Insurance Group, followed by Bank Islam and Etiqa, and represented by members of various domestic and foreign FIs, including banks, insurance companies, takaful operators as well as asset management companies. The CCPT IG serves as a collaborative platform for the financial industry players to share knowledge, experiences and common issues on the operationalisation of CCPT within their institution.

This document was developed by the CCPT IG leads comprising of commonly asked queries raised by the CCPT IG members via discussions and deliberations during the CCPT IG meeting. Through this document, the CCPT IG provides its views and recommendations to guide financial industry players on the recommended best practices to effectively implement CCPT reporting requirements with an objective to promote coherent industry-wide adoption. Should there be any further clarification required, please direct your queries to ccptig@bnm.gov.my

In January 2024, this document was further updated to provide greater clarification on areas pertaining to BNM's Dear CEO letter issued 14 November 2023. Changes made are highlighted in green for ease of reference.

No.	FREQUENTLY ASKED QUESTIONS - GENERAL
1.	**Guiding Principles Assessment**
(a)	Question In reference to the BNM CCPT document, FIs would need to assess GP1 and GP2 at the transactional level while GP3, GP4 and GP5 at the overall business level. Could the classification be based on assessment conducted only at the overall business level? For example, financing to a solar panel manufacturer would qualify C1 classification for all its transactions. Answer No, FIs would still be required to conduct transactional (for GP1 & GP2) and overall business (GP3 & GP4) assessments on its client prior to deciding the appropriate CCPT classification. This is further explained below: - i. For GP1 and GP2 assessments, FIs should be assessing whether the purpose of financing/investment or use of proceeds support climate change mitigation and/or adaptation objectives. In situations where FIs cannot ascertain the purpose of financing/ investment due to various reasons, including absence of information in prospectus (e.g., for bonds), FIs can fall back to evaluate the primary economic activity of the company to determine whether the core operations of the company have a notable impact on climate change mitigation and adaptation efforts. For example, a bond issued by/working capital loan provided to a solar panel manufacturer can qualify to meet GP1. Conversely, a bond issued by/working capital loan provided to a mining company will not qualify to meet GP1. ii. For GP3 and GP4 assessments, FIs shall be guided by the CCPT IG's GP3 and GP4 Due Diligence questionnaire. iii. For GP5 assessment, FI should be assessing whether the business activities contravene laws or regulation prescribed by the jurisdiction where the company operates.
(b)	Question What is the threshold that FIs need to use in determining if the client has made substantial contribution in meeting GP1 and/or GP2? Answer FIs are not required to provide specific thresholds and quantitative justifications to substantiate their GP1 and/or GP2 assessments. If the exposures at the transaction level align with the activities outlined in Appendices 3 and 4 of the CCPT GD, then these activities can be considered as meeting GP1 and/or GP2.
(c)	Question Is the scope of coverage for GP3 limited to environmental factors? Answer GP3 covers environmental and climate factors. Under environmental factors, FIs should assess clients' overall business impact on pollution, loss of biodiversity and use of energy, water and other natural resources. Under climate factors, FIs should assess the significant GHG emissions and adverse impact to climate arising from overall business operations.

No.	FREQUENTLY ASKED QUESTIONS - GENERAL
(d)	Question Should the scope of GP3 and GP4 assessment include client's supply chain? Answer FIs are encouraged to conduct supply chain assessment for GP3 and GP4 where possible, on best effort basis.
(e)	Question How does transactional level assessment apply to fixed income assets and equities? Answer In general, transactional level assessments are to be conducted by looking at the use of proceeds, i.e., whether the proceeds are being channelled to activities that will contribute to GP1 and GP2 objectives. For fixed income securities, assessments shall be based on information specified in the prospectus. Refer to Q1a(i) for more details.
(f)	Question Should the guiding principles assessment be expanded to include assessment for facilities that the client has with other FIs? Answer No, the guiding principles assessment shall be conducted only to FIs' own facility.
(g)	Question How should FIs justify GP3 and GP4 assessment? Answer The justification to support GP3 and GP4 assessment can be both qualitative and quantitative. Quantitative justification may entail providing data (e.g., GHG emissions, land usage, energy consumption metrics, and the volume of water utilised by their clients). For this purpose, FIs should consider sourcing for relevant data from the SC5 data catalogue. In the absence of available data, FIs to consider using proxy (e.g., relative asset size, revenue, energy consumption), where relevant. More importantly, the justification should be properly documented by FIs.
(h)	Question Assuming an FI lends to an IHC which owns companies in a myriad of activities, is there an expectation to assess compliance of GP3 and GP4 at the investee company level? Answer Yes, FI should still assess GP3/GP4 at investee company level, but to focus on investee companies with the highest utilisation of funds provided by the IHC, or investees with the most substantial impact to the IHC's performance. Example of proxy info is investees' utilisation of funds, revenue contribution or investment proportion, to IHC. Essentially, the IHC's significant harm to environment and remedial measures are premised based on its most significant investee companies.

No.	FREQUENTLY ASKED QUESTIONS - GENERAL

2. **CCPT classification table**

(a) Question

How should exposures that do not meet GP1 and/or GP2, but meet GP3 be classified?

Answer

Such exposures will be reported under C5b. Kindly refer to updated CCPT classification table below:

GP1	GP2	GP3	GP4	Classification	
GP1 or GP2 or both		✓		C1	Supporting
GP1 or GP2 or both		✗	✓	C2	Transitioning
✗		✗	✓	C3	
GP1 or GP2 or both		✗	✗	C4	Watchlist
✗		✗	✗	C5a	
✗		✓		C5b	

3. **Classification of exposures in ‘not elsewhere classified’ and ‘excluded’ from reporting**

(a) Question

Under what circumstances that loans/financing and financial investments can be reported under ‘not elsewhere classified’?

Answer

Loans/financing and financial investment should only be reported under ‘not elsewhere classified’ if the exposures are pending reviews. These exposures should be gradually classified by January 2025.

(b) Question

What are the exposures that are excluded from CCPT reporting?

Answer

a. Corporate credit card loans/financing facilities;
b. Current account excess that is reported as overdraft loans/financing; and
c. Financial investment instruments exempted from CCPT reporting (*refer to list provided in reporting template*).

4. **Certification and Global Environmental Standards**

(a) Question

In reference to the CCPT document, FIs **could** rely on certification as one of the criteria in assessing GP3.

i. Shall GP3 be considered as met if only a small subset of a client’s business is certified? For example, the client is an integrated palm oil company but only its refinery business is certified.
ii. Is it sufficient for FIs to rely on certification obtained to decide as to whether the client’s overall business activities are meeting GP3?

No.	FREQUENTLY ASKED QUESTIONS - GENERAL
	Answer i. To be considered as meeting GP3 criteria, assessments are to be conducted on the client's overall business, rather than a small subset of the client's business. ii. While certification is not mandatory, the crucial aspect lies in FIs comprehending the certification's content and ensuring its adequacy in addressing the relevant GP3 criteria. In cases where the certification lacks comprehensive coverage, FIs should conduct additional assessments on client's overall business activities to ascertain whether the client meets GP3 requirements.
(b)	Question How should FIs conduct assessment for areas where local policy requirements/standards differ from global environmental standards? Answer In instances where local requirements are contradictory to global environmental standards, the local requirements shall prevail.
5.	**Validation and Reconciliation of CCPT Classification and Exposures**
(a)	Question Would there be any penalty for wrongful CCPT classification? Answer While currently there will be no penalty imposed for wrongful classification, FIs are strongly encouraged to ensure accuracy of the CCPT classification.
(b)	Question Are there any recommendations for reconciliation of CCPT exposures? Answer The CCPT exposures reported should reconcile with exposures reported in the financial statements for the same period, where relevant. This should also tie in with the numbers reported for statistical submission (total and by sector/segment) to the Bank and the same data governance procedures shall apply.
6.	Question How should FIs classify new loans/financing and financial investments under 'prohibited activities'? Answer It is highly unlikely that FIs will be investing in prohibited activities upfront (during onboarding). However, in the event that customers are subsequently found to be involved in illegal activities (post on-boarding), FIs should then reassess and reclassify these exposures as 'prohibited activities' while determining the next course of action.
7.	Question Do FIs need to review the classification of existing and additional loans/financing and investments, and how frequent should the review be conducted? Answer Yes, FIs need to proactively review existing loans/financing and investments (for event triggered accounts) and reassess additional loans/financing and investments to ensure that the CCPT classification are reflecting the current state of affairs at reporting date. For normal accounts, CCPT classification review should be conducted at least once a year.

No.	FREQUENTLY ASKED QUESTIONS - GENERAL
8.	<u>Question</u> In the context of Special Purpose Vehicle ("SPV"), a subsidiary created by a parent company commonly to isolate financial risks, could the parent's environmental or climate initiatives be considered as part of the SPV's remedial measures to transition? <u>Answer</u> For a company's environmental or climate initiatives to be recognized as part of its subsidiary's remedial measures, the following principles should be evaluated: - i. Depth of relationship between the parent and subsidiary i.e. power of control a parent has on its subsidiary to show evidence that the subsidiary is legally bound to adopt and is adopting its parent's remedial measures to transition; and ii. Whether or not the parent's environmental or climate initiatives addresses subsidiary's harm caused to the environment and other climate risk concerns identified from GP3 assessment. Please note that this principle could be applied to all types of parent-subsidiary relationship other than SPV.

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No.	FREQUENTLY ASKED QUESTIONS - LOANS & FINANCING (1) & (2)
9.	<u>Question</u> In reference to Loans & Financing (1), does the classification of ‘others’ refer to the aggregation of industry sectors other than those listed in the reporting template? <u>Answer</u> Yes, all loans & financing are to be reported based on the industry sectors listed in the reporting template while the remaining are to be aggregated under ‘others’.
10.	<u>Question</u> In reference to Loans & Financing (1), tables (a) and (b) refer to the reporting template applicable to Business non-SME and SME loans. If FIs offer loans only to retail customers, would these FIs be required to report their retail mortgages under the real estate sector classification? <u>Answer</u> No, FIs that offer loans to only retail customers are not required to submit reporting for tables (a) and (b). Retail mortgage loans/financing are to be reported under Loans & Financing (2) tables (c) to (f), provided that the loans/financing satisfy FIs’ green/sustainable product criteria.
12.	<u>Question</u> In reference to Loans & Financing (1) and (2), does the reporting of off-balance sheet exposures include undrawn commitments? <u>Answer</u> Yes, the reporting of off-balance sheet exposures for loans/financing does include undrawn commitments.
13.	<u>Question</u> In reference to Loans & Financing (1) and (2), does the classification of outstanding loans/financing include defaulted/impaired accounts? <u>Answer</u> Yes, the reporting for outstanding loans/financing does include defaulted/impaired accounts that has yet to be written-off.
14.	<u>Question</u> Does the scope of CCPT reporting cover exposures from vendor financing program? If yes, how shall the CCPT assessment be conducted? <u>Answer</u> Yes, the scope of CCPT reporting does cover exposures from vendor financing program. Vendor financing program is a form of lending in which FIs grant working capital credit lines to a vendor who then recommends extension of the credit lines (commonly in the form of corporate purchasing cards) to its principal clients. The credit lines shall be utilised to purchase vendor’s products and inventories. In such scenario, CCPT assessment shall be based on the credit lending principles i.e. to whom the FIs has exposure with.
15.	<u>Question</u> How should loans/financing to high net worth clients be classified? Should the transaction be reported under Loans & Financing (1) for non-retail or Loans & Financing (2) for retail product? <u>Answer</u>

No.	FREQUENTLY ASKED QUESTIONS - LOANS & FINANCING (1) & (2)
	The best way to determine how CCPT should be classified and treated (whether retail or non-retail) is to look at the segmentation of these clients under FIs' regulatory reporting. If the client falls under retail segmentation, the exposure should be aggregated at product level and reported under Loans & Financing (2). On the other hand, if the client falls under non-retail segmentation, the transaction should be classified C1 to C5 and to be reported under Loans & Financing (1) accordingly.
17.	Question In reference to Loans & Financing (2), does the scope of reporting cover personal unsecured loans/financing and credit card facilities? Answer Yes, only if the above mentioned facilities meet the FIs' green/sustainable product criteria.
18. (a) (b) (c) (d) (a-c) (d)	**Loans & Financing (2) – Retail Green/Sustainable Product** Question What is the scope of 'sustainable product' in this context? Does it only include environmental factors? For auto loan portfolio, shall fuel efficient vehicles and alternatively-fueled vehicles be considered as meeting green/sustainable product criteria? Shall other retail consumer products such as ASB and unit trust loans be considered as green/sustainable? What should be reported in Loans & Financing (2) if FIs do not provide green/sustainable retail loans/financing? Answer While the Bank does not specify scope or criteria for sustainable financial products, the BNM CCPT guiding principles may be used as a baseline in developing the features of FIs' green/sustainable financial products. FIs should leave the Loans & Financing (2) blank.

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No.	FREQUENTLY ASKED QUESTIONS - FINANCIAL INVESTMENT
19.	<u>Question</u> What are the figures to be reported for new and outstanding financial investments? Is it based on outstanding amount or approved limit? <u>Answer</u> The reporting figures for new and outstanding financial investments will be based on outstanding amount.
20.	<u>Question</u> Would the reporting of new and outstanding financial investments (FVOCI and amortised cost) be based on exposures that are still in the book at the end of reporting period? <u>Answer</u> *a) <u>New financial investment for the 6 month period</u>:* To reflect the movements in investment assets, the reporting would be based on the change of outstanding amount between two reporting periods (i.e. the difference between outstanding amount for the reporting period and outstanding amount reported for the last reporting period). For example: New financial investments for the 6-month period ended 31 December 2022 = Outstanding financial investments as at 31 December 2022 – Outstanding financial investments as at 30 June 2022 *b) <u>Outstanding financial investments as at reporting period:</u>* Equivalent to the outstanding amount of exposures that are still in the book at the end of reporting period.
21.	<u>Question</u> Would real estate properties purchased by FIs be considered as financial investment asset? <u>Answer</u> No, real estate properties purchased by FIs (regardless of the purpose) would not be considered as financial investment asset. The CCPT reporting template requires FIs to report financial assets as per MFRS 9 financial instruments definition. Real estate properties (physical assets) would not be considered as financial assets as they were not traded on the financial markets and the value was not derived from contractual claims. FIs' investments in Real Estate Investment Trusts (REITs) on the other hand, would be considered as financial investment assets. In addition, the CCPT IG opined that FIs' ownership of real estate properties would have been included in its Scope 1 and 2 GHG emissions computation. Hence, the assets should not be reported as part of the CCPT reporting.
22. (a)	**Scope of Reporting for Financial Investment Assets** <u>Question</u> What are the types of financial investment assets subjected to the CCPT classification and reporting?

No.	FREQUENTLY ASKED QUESTIONS - FINANCIAL INVESTMENT
	Answer All financial investment assets in the banking book as reported in the financial statements except those that are exempted as per 20 (b).
(b)	Question What are the types of financial investment assets exempted from CCPT classification and reporting? Answer The types of financial investment assets exempted from CCPT classification and reporting are as follows:- i. Instruments issued by sovereign entities (including supranational organisations) ii. Instruments issued by Bank Negara Malaysia iii. Collective investment scheme (CIS) iv. Exchange traded funds (ETS) v. Derivatives and structured products vi. Fixed and call deposits/placements with FIs (classified under amortized cost by ITOs) vii. Investment-linked funds (applicable to ITOs only)
(c)	Question Are corporate bonds guaranteed by sovereign entities, government-owned entities and Bank Negara Malaysia subjected to the CCPT classification and reporting? Answer Yes, corporate bonds guaranteed by these entities are required to be classified and reported. While it is noted that the information to conduct CCPT assessment for financial instruments issued by these entities may not be sufficient or available at this juncture, but in the spirit of ensuring that financial flows are channeled towards climate resilient and low carbon economy, the CCPT classification and reporting for these financial instruments should not be exempted.
(d)	Question Does the scope of CCPT reporting include financial instruments issued by local and foreign issuers? Answer Yes, the scope of CCPT reporting include financial instruments issued by both local and foreign issuers.
23.	Question Should the reporting requirement for financial investment assets be based on MFRS 9 or MFRS 139 requirements? Answer Financial investment assets should be reported based on MFRS 9 requirement for classification of FVTPL, FVOCI and financial investments at amortised cost. Please note that the MFRS 139 requirement is only applicable to licensed insurer that has applied for temporary exemption from the MFRS 9 requirement.
24.	Question Are the CCPT reporting requirements for financial investment assets the same for both commercial banks and ITOs?

No.	FREQUENTLY ASKED QUESTIONS - FINANCIAL INVESTMENT
	<u>Answer</u> No, the CCPT reporting requirements for financial investment assets are different for commercial banks and ITOs. The reporting for FVTPL is only applicable to ITOs while investment-linked funds are exempted.
25.	<u>Question</u> What is the rationale behind reporting of FVTPL (trading book instruments) for ITOs? <u>Answer</u> The rationale is that ITOs could hold FVTPL instruments up to maturity in contrast to the banking institutions.
26.	<u>Question</u> Should soft underwritten exposures be included in the CCPT reporting? <u>Answer</u> No, soft underwritten exposures are to be excluded from the CCPT reporting.
27.	<u>Question</u> Is there any reference provided for FIs to classify financial investment assets and instruments to streamline the CCPT classification across financial industry? <u>Answer</u> No, FIs are required to make own assessment on the CCPT classification for financial investment assets and instruments. While the Bank does not have a specific reference for classifying these assets, the CCPT guiding principles may be used as a baseline for assessment and classification.

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No.	FREQUENTLY ASKED QUESTIONS - INSURANCE / TAKAFUL
28.	<u>Question</u> Would life insurers and family takaful operations be required to classify and report investment assets from its investment-linked policy? <u>Answer</u> No, life insurers and family takaful operators would not be required to classify and report investment assets from their investment-linked policies.
29.	<u>Question</u> Does the Bank plan to extend the classification of assets by industry sector categorisation to insurance books? <u>Answer</u> As communicated in various platforms, the Bank is currently exploring the applicability of CCPT for insurance and takaful underwriting under Phase 2.
30.	<u>Question</u> Does the reporting apply to new products/investments starting from January 2022 onwards? <u>Answer</u> The reporting will be applicable to both new and existing products/investments. Kindly refer to the headings of each table and the Instructions section of the 'Insurance or Takaful Cover' tab.
31.	<u>Question</u> Is the information required for Claim Count, Gross Claims Incurred and Net Claims Incurred generated based on the corresponding policy/certificate count for each cover between the corresponding periods or generated based on all claims that occur between the corresponding periods? <u>Answer</u> As per the CCPT Reporting Template Glossary, the Gross Claim Incurred and Net Claims Incurred refer to the claims paid plus increase/less decrease in provisions for outstanding claims liabilities during the 6 month period, gross and net of reinsurance/retakaful recoveries respectively, regardless of the date of occurrence of the claims.
32.	<u>Question</u> Do the Gross Claims Incurred and Net Claims Incurred inputs refer to the relevant product claims experience (inclusive of non-flood claims) or confined to the claims related to flood events only? <u>Answer</u> For Crops/Plantations, Electric/Hybrid cars, Solar-energy production, Wind-energy production and Hydro-energy production, the ‘Gross Claims Incurred’ and ‘Net Claims Incurred’ inputs refer to the relevant product claims experience (inclusive of non-flood claims). For Flood under Motor class, Flood under Fire class and Flood under Other class, please refer to the response in question no. 31 below.
33.	<u>Question</u> In reference to Insurance or Takaful Cover (1), some FIs are unable to separate the gross earned premium/contribution and net earned premium/contribution for the flood peril and non-flood

No.	FREQUENTLY ASKED QUESTIONS - INSURANCE / TAKAFUL
	perils for the items Flood under Motor class, Flood under Fire class and Flood under Other class. As such, do they include both flood claims and non-flood claims in the Gross Claims Incurred and Net Claims Incurred? <u>Answer</u> For the items Flood under Motor class, Flood under Fire class and Flood under Other class, the Bank's objective is to monitor the policy/certificate and claims exposure on flood only. However, the Bank takes note of the difficulties for some FIs to separate the Gross Earned Premium/Contribution and Net Earned Premium/Contribution for the flood peril and non-flood perils. In this regard, the items 13, 14, 15 and 17 of Glossary in the reporting template are superseded with the following definitions:

Tab	No.	Data Item	Remarks
Insurance or Takaful Cover (1) and (2)	13	Flood under Motor class	Refers to all Motor policies/certificates (including for electric/hybrid cars) that cover flood and the premium/contribution for flood **<u>can be segregated</u>**.
	14	Flood under Fire class	Refers to all Fire policies/certificates that cover flood and the premium/contribution for flood **<u>can be segregated</u>**. These shall exclude covers for crops/plantations as well as solar-energy, wind-energy and hydro-energy production.
	15	Flood under Other class	Refers to all other policies/certificates that cover flood. These shall exclude covers for crops/plantations as well as solar-energy, wind-energy and hydro-energy production. For gross earned premium/contribution and net earned premium/contribution only, these may include all basic covers and add-ons/extensions that cover both flood peril and non-flood perils that cannot be separated from the flood peril. In addition, Motor and Fire policies/certificates that cover both flood peril and non-flood perils that cannot be separated from the flood peril shall be reported here.
	17	Electric/Hybrid cars	Refers to all Motor policies/certificates that cover electric/hybrid cars.

No.	FREQUENTLY ASKED QUESTIONS - INSURANCE / TAKAFUL
	The Gross Claims Incurred and Net Claims Incurred shall exclude non-flood claims. For better clarity, FIs shall report the data items under each class based on the following illustration:

Insurance/Takaful cover for	For the period from 1 Jan 2022 to 30 Jun 2022					
	Number of Policies/ Certificates	Number of Claims	Gross Earned Premium/Contribution (RM)	Net Earned Premium/Contribution (RM)	Gross Claims Incurred (RM)	Net Claims Incurred (RM)
Flood under Motor class	Flood Only	Flood Only	Flood Only	Flood Only	Flood Only	Flood Only
Flood under Fire class	Flood Only	Flood Only	Flood Only	Flood Only	Flood Only	Flood Only
Flood under Other class	Flood Only	Flood Only	All Perils (Flood & Non-Flood)	All Perils (Flood & Non-Flood)	Flood Only	Flood Only

No.	FREQUENTLY ASKED QUESTIONS - INSURANCE / TAKAFUL
	The Bank expects FIs to improve their internal capabilities to separate the Gross Earned Premium/Contribution and Net Earned Premium/Contribution for the flood peril and other non-flood perils over time.
34.	<u>Question</u> Should Contractors' All Risks policy / Erection All Risks policy be included as part of covers for Flood under other class? <u>Answer</u> Yes, if the above mentioned policies include flood cover.
35.	<u>Question</u> Which classes of flood data are required for CCPT reporting? <u>Answer</u> Flood data is only required for 'Flood Cover under Motor/Fire/Other class'. For other classes, please provide the total exposure for both flood and non-flood covers.
36.	<u>Question</u> Would this new CCPT reporting replace the current quarterly flood exposure reporting (i.e. by state)? <u>Answer</u> Yes, the new BNM CCPT reporting (version Sep 2022) replaces the current quarterly flood exposure reporting.
37.	<u>Question</u> Which worksheet should be populated for policy with flood coverage attached to the standalone green product and would it be acceptable to indicate the policies attached with the premium for flood (if bundled with other products)?

No.	FREQUENTLY ASKED QUESTIONS - INSURANCE / TAKAFUL
	<u>Answer</u> For policy with flood coverage attached to the standalone green product, FIs are to populate the data in Insurance or Takaful Cover (2). This includes any other additional insurance/takaful products that aid the management of climate-related risks and are not covered by Insurance or Takaful Cover (1). Please provide 'all basic covers and add-ons/extensions that cover flood peril and other non-flood perils that cannot be separated from the flood peril' as per the instructions provided.
38.	<u>Question</u> What are the products covered under Insurance or Takaful Cover (2)? <u>Answer</u> Insurance or Takaful Cover (2) is applicable to all Insurance/Takaful products that aid the management of climate-related risks, i.e. not just standalone green products.
39.	<u>Question</u> Should environmental liability product be reported under Insurance or Takaful cover (2)? <u>Answer</u> Yes, environmental liability product should be reported under Insurance or Takaful cover (2) if an ITO underwrites this business.
40.	<u>Question</u> What is the rationale behind the use of Gross Earned Premium instead of Gross Written Premium? <u>Answer</u> The rationale of using Gross Earned Premium instead of Gross Written Premium is to be consistent with the basis of computing claims ratio (i.e. Gross Claimed Incurred divided by Gross Earned Premium) to assess the adequacy of premium earned for paying claims incurred. Gross Written Premium includes both earned and unearned premium which is deemed not fit for purpose.
41.	<u>Question</u> Should the Gross Claimed Incurred count correspond to the policy underwritten during the accounting period? <u>Answer</u> Yes, the Gross Claims Incurred count should be based on all claims that occur during the accounting period.
42.	<u>Question</u> Is there any guidance provided on categorizing the data if the required information is unavailable via system? <u>Answer</u>

No.	FREQUENTLY ASKED QUESTIONS - INSURANCE / TAKAFUL
	In reference to the 'Instructions' section, the data should be provided on a best effort basis and an ITO should ensure that requisite efforts are made to obtain the required data.
43.	<u>Question</u> If there is a Fire or All Risks policy being arranged to insure solar panel installed on roof top for energy savings or in return, the energy be generated is sold back to TNB, where should we classify the risk? <u>Answer</u> This should be reported under "Solar-energy production".
44.	<u>Question</u> Where the Bioenergy risks should be reported? <u>Answer</u> Bioenergy risks should be reported in the Insurance or Takaful Cover (2).
45.	<u>Question</u> In reference to Insurance or Takaful Cover (1), where should ‘Directors and Officers Liability’ cover for hydro-energy production be reported? <u>Answer</u> ‘Directors and Officers Liability’ cover for hydro-energy production should be reported under hydro-energy production cover.
46.	<u>Question</u> For General Insurance, the largest segment is Motor where it is catered for individuals. How would GP1 and GP2 be applied to individuals? <u>Answer</u> Currently this provision is out of scope, the CCPT reporting template does not require it at the moment.
47.	<u>Question</u> Are policy loans required to be classified in the CCPT reporting template? <u>Answer</u> Policy loans are considered individual loans as opposed to retail loans. As such, they are not required to be classified.

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Acronyms

ASB	Amanah Saham Bumiputera
CCPT	Climate Change Principle-based Taxonomy
C1	Category 1 – Climate supporting
C2	Category 2 – Transitioning
C3	Category 3 – Transitioning
C4	Category 4 – Watchlist
C5	Category 5 - Watchlist
FI	Financial Institution
FVOCI	Financial investments at fair value through other comprehensive income
FVTPL	Financial investments at fair value through profit and loss
GP1	Guiding Principle 1 – Climate change mitigation
GP2	Guiding Principle 2 – Climate change adaptation
GP3	Guiding Principle 3 – No significant harm to the environment
GP4	Guiding Principle 4 – Transition and remedial efforts
GP5	Guiding Principle 5 – Prohibited activities
GHG	Greenhouse Gas
ITO	Insurance and Takaful Operators
MFRS	Malaysia Financial Reporting Standards
REIT	Real Estate Investment Trust
SME	Small Medium Enterprise

Acknowledgements

PRIMARY AUTHORS

Commercial Bank

- Maybank

Insurance Company

- AIA Insurance

CONTRIBUTORS

Commercial Bank

- Agrobank
- Bangkok Bank
- Bank Islam
- Bank of America
- CIMB Bank
- Hong Leong Bank
- Mizuho Bank Malaysia
- OCBC Al-Amin Bank
- OCBC Bank Malaysia
- Public Bank
- RHB Bank
- Standard Chartered Malaysia

Asset Management Company

- MNRB Holdings
- UOB Asset Management

Insurance Company

- AIA General
- AIA Public Takaful
- AIG
- Am General Insurance
- Am Met Life
- Etiqa
- Gibraltar BSN Life
- Great Eastern Life Insurance
- Hong Leong Assurance
- Hong Leong MSIG Takaful
- Liberty Insurance
- Lonpac Insurance
- Malaysian Life Reinsurance
- Manulife Insurance
- MCIS Insurance
- MPI General
- Pacific & Orient Insurance Co
- Prudential Assurance Malaysia
- Sun Life Malaysia Assurance
- Swiss Re Malaysia
- Syarikat Takaful Malaysia Keluarga
- Syarikat Takaful Malaysia Am
- Tokio Marine Life Insurance Malaysia
- Tokio Marine Insurance Malaysia
- Tune Malaysia
- Zurich Insurance

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