

Elevating **sustainability** impact to new heights

HCLTech creates a greener future with a
leading multinational bank

Our client, a leading multinational bank headquartered in UK, has taken a significant step towards transitioning to a more sustainable future with HCLTech supporting the journey as their technology partner. Client is a pioneer in sustainability and have invested over 9 billion Euro in sustainability assets primarily in emerging and developing economies in 2021 and believe that more than \$8 trillion could be mobilized towards sustainable investments in ten growth markets by 2030.

The Challenge:

Building a comprehensive corporate risk assessment app

Assessing climate risk associated with corporate lending is a tedious process, particularly when a lengthy and comprehensive questionnaire needs to be

completed for each credit application. Our client required an efficient way to streamline this process.

The Objective:

Mitigating climate risk associated with corporate lending

To enable their vision of mitigating climate risk, the client decided to implement a Climate Risk Assessment (CRA) application for corporate lending. The CRA would leverage BlackRock's Baringa Climate

Change Scenario model to automate the climate risk assessment process. This would ensure that all in-scope credit applications are assessed for potential climate-related risks before being approved.



The Solution:

Creating a lasting impact with HCLTech developed application

HCLTech worked with the client to develop an application that went live in July 2022. The application contains approximately 50-75 industry specific multiple-choice questions which determine the climate risk score and act as input for corporate credit/lending teams to quantify associated climate risk. These questions are divided into five categories with individual score/BRAG (Brown, Red, Amber, Green) status for each along with overall score. The key categories are governance and disclosure, gross physical risk, physical risk adaption and gross

transition risk and transition risk mitigation. A black or red BRAG status requires a further assessment from a Climate Risk Approver while amber and green can be approved by the Risk Manager.

HCLTech will now help clients to automate the workflow from corporate lending front-end systems, with improved configurability of the questionnaire. The technology stack used for this solution includes React.js, Java Spring Boot, Postgre SQL DB, Maven and Camunda.

The Impact:

An improved climate risk management through transformation

CRA application is now integrated with the existing bank systems. This is a major step in climate risk management, which is an emerging area for the bank. The bank is now integrating it into the broader enterprise risk management framework. The application has been rolled out globally across all CCIB markets (44+ countries) with **550+ users**. As a next step, CRA applications will help assess the historical credit applications still in the credit value chain. HCLTech also built managerial dashboards with KPIs related to application usage and performance for improved adoptability.

