

From CCPT Classification to Strategy

So, What Happens *After* Classification?

Classification is just ***Step One.***

The next steps are what transform CCPT from a compliance checklist into a commercial risk tool.

Example:

A client operating a diesel **logistics fleet** is classified as Amber due to their 5-year EV transition roadmap. The bank offers a medium-tenor facility, with step-down pricing once 50% of the fleet converts.

CCPT
Band

Strategic Lending Response

Green (GP1/GP2)

Offer better pricing, longer tenor, and position as ESG-aligned finance.

Amber

Engage borrower to support their transition plan. Structure loans with ESG milestones (e.g. drawdowns linked to solar adoption, EV rollout, etc.).

Red

Apply higher risk premium or shorter tenor. Consider exit strategy or conditional approval if no improvement plan is in place.

Grey

Flag for further due diligence. Work with client to improve disclosure.

CCPT's Role in Pricing & Credit Decisions

One of the most direct commercial applications of CCPT is risk-adjusted pricing:

At some banks, these CCPT categories are already being integrated into internal credit scorecards, impacting lending decisions, capital allocation, and portfolio strategy.

CCPT Band	Pricing & Credit Decisions
Green (GP1/GP2)	A borrower may qualify for preferential rates or ESG-linked loans.
Amber	Exposures may carry conditions precedent or milestone-based disbursement terms.
Red	Activities may face higher interest rates, stricter covenants, or even credit rejection if risks are unmanaged.
Grey	Enhanced customer further due diligence conversation towards improved disclosure.

Embedding **CCPT** into Credit Workflows

Here's how leading banks are
operationalising CCPT
insights:

<u>RM Level:</u>	Ask ESG-relevant questions during borrower engagement. Gather sustainability plans, certifications, and climate-related disclosures.
<u>Screening & Classification:</u>	Use internal ESG tools or work with ESG/risk units to classify exposures based on CCPT Guidelines.
<u>Credit Structuring</u>	Tailor terms based on classification (pricing, tenor, monitoring triggers, etc.).
<u>Monitoring</u>	For Amber borrowers, track progress against transition milestones.

Portfolio Impact and Regulatory Readiness

Beyond single loans, CCPT
data helps banks:

Sectoral Exposure:

Understand their sectoral exposure to transition risks.

Stress Test:

Perform climate stress tests.

Disclosures

Align with international disclosure standards (e.g. TCFD, IFRS S2).

Decision Strategy

Make better strategic decisions on sector appetite and lending limits.

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Final Thought

CCPT is a lens, not a label.

When used well, it enables banks to support the economy's transition — while protecting portfolios from climate-related risks.

For frontliners, it's a chance to move from “checking boxes” to “**changing conversations**” — shifting ESG from the periphery into the heart of credit strategy.

- Understand the borrower's transition position.
- Apply CCPT with commercial logic.
- Make sustainable lending decisions that drive long-term value.

From **CCPT** Classification to Strategy

Let's make CCPT count — not just for compliance, but for commercial resilience.