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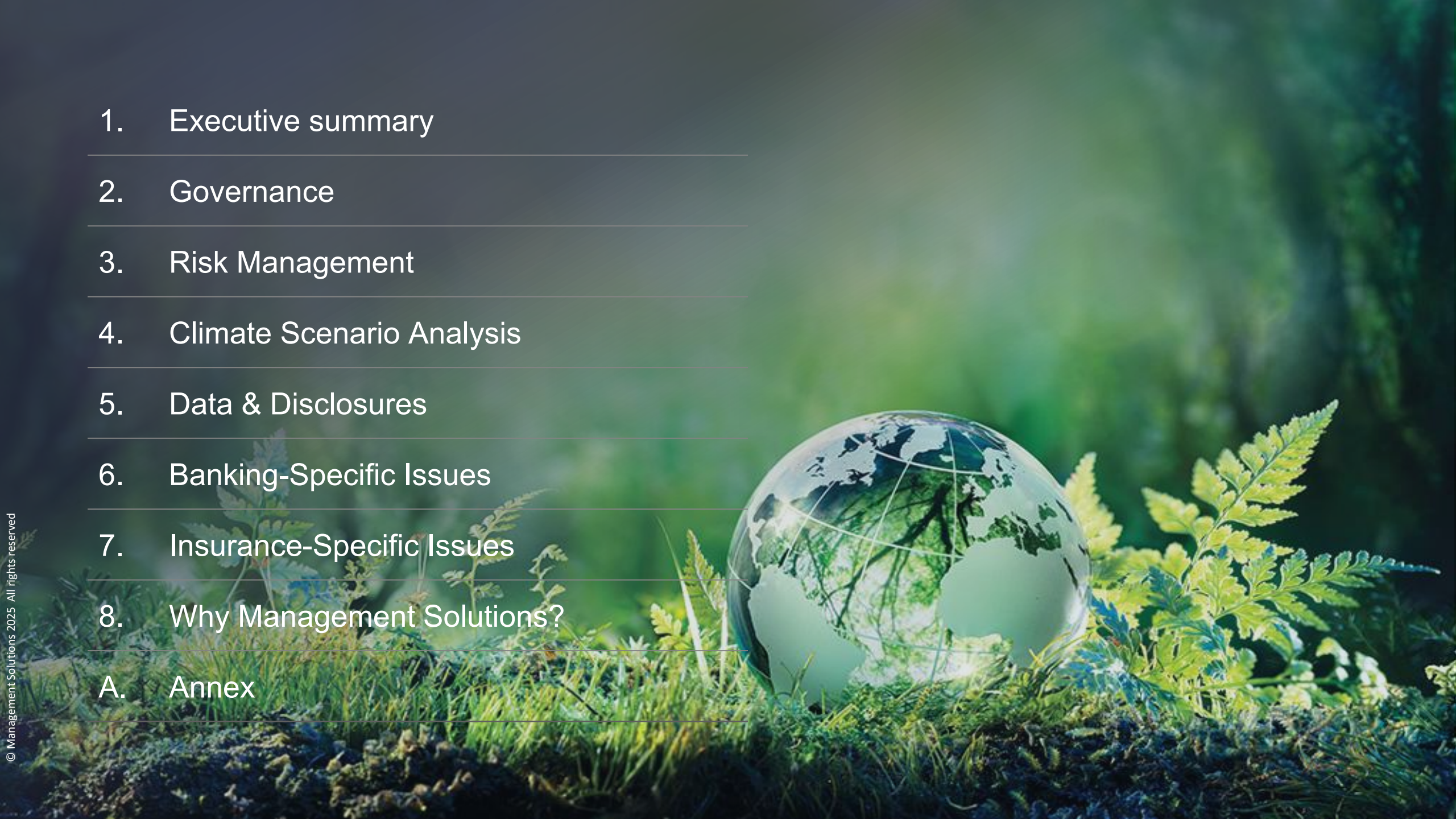
Technical note on

Supervisory statement 5/25 – Enhancing banks' and insurers' approaches to managing climate related risks

PRA´s final document highlights



1 Executive summary
General overview

SS5/25 replaces SS3/19 with clearer, more prescriptive and scalable expectations for the management of climate-related financial risks. It builds on the foundations set in SS3/19 and responds to gaps observed in firms' implementation since 2019

Context

- **SS3/19** established the Prudential Regulation Authority's (PRA) first supervisory expectations for managing climate-related financial risks in April 2019.
- Since then, the PRA has continued to sharpen its approach as firms' capabilities have developed unevenly, moving through a Dear CEO letter in July 2020, an update to the SS3/19 framework in November 2024 (effective from December 2024), the consultation paper **CP10/25** in April 2025, the close of that consultation in July 2025, and ultimately the publication of Policy Statement PS25/25 alongside the new **Supervisory Statement SS5/25** in December 2025, which updates and replaces SS3/19.

Objective

- **Strengthen and clarify** the expectations first set out in SS3/19 for managing climate-related financial risks.
- Ensure **Boards and senior management** integrate climate risks into strategy, risk appetite and capital planning.
- Require firms to **identify, measure and manage** climate risks within established risk frameworks.
- Promote **scenario analysis** as a core forward-looking resilience tool.
- Improve **data quality, management information and transparency** to support effective decision-making.

How climate-related risks affect firms

- Institutions should assess how **physical and transition risks** influence their business models and financial resilience. Institutions should recognize the **long-term and uncertain nature** of these risks and how they affect established **risk categories**.

Next steps

- Firms must complete a **gap analysis** within six months, by 3 June 2026, and prepare a credible remediation plan. Institutions should integrate climate risks into governance and risk management in a proportionate way.
- The PRA may request evidence of progress as part of routine supervision.

Main content

- Governance
- Risk management
- Climate scenario analysis
- Data & Disclosures
- Banking-specific issues
- Insurance-specific issues

- SS5/25 sets out strengthened **governance expectations**, requiring firms to ensure robust **board oversight**, clear **governance structures**, well-defined climate **risk appetite**, and strategic alignment with climate-related risks across the business.
- Climate risks must be **identified**, **assessed**, **measured** and **reported** consistently across all exposures and incorporated into risk registers and metrics.
- Climate **scenario analysis** must be a **strategic**, **governance-driven tool** that enables firms to understand, test and act on their climate vulnerabilities, supported by robust design, calibrated scenarios and strong oversight.
- Firms must address **data gaps**, ensure the reliability of **proxies and external data**, and provide transparent climate-risk **disclosures** aligned with supervisory expectations.
- Banks must embed **climate risks** across **reporting**, **lending** and **prudential planning** using forward-looking, well-governed processes.
- Insurers must integrate climate risks across **ALM**, **ORSA**, **underwriting and reserving**, using granular scenarios and prudent assumptions to manage long-term financial and non-financial impacts.

Access to document

1 Executive summary
SS3/19 Evolution

The PRA set its climate risk expectations in 2019, reinforced them in 2024, and proposed more detailed, sector-specific standards in 2025. Below are the key highlights of each version:

2019 SS3/19

- Defines **four core pillars**: governance, risk management, scenario analysis, and disclosure, setting the foundations for climate risk supervision in the UK.
- Establishes **climate-related financial risk as a supervisory concern** under the PRA's remit.
- **Encourages firms to begin identifying and managing the financial risks from climate change**, focusing on long-term resilience rather than short-term compliance.
- Promotes **a principles-based approach**, granting firms flexibility to tailor their implementation to their business models.

2024 update to SS3/19

- **Strengthens expectations around scenario analysis**, requiring firms to demonstrate methodological progress and explain their assumptions.
- Emphasizes **board engagement, ensuring climate risk is discussed and challenged** at senior levels.
- **Reinforces data quality and disclosure expectations**, pushing firms toward more transparent, evidence-based reporting.
- **Builds on supervisory insights gathered since 2019** and highlights uneven progress across the sector.

2025 CP10/25

- Introduces **two new focus areas**: Data and Sector-Specific Issues (banking and insurance).
- Provides **detailed expectations on Climate Scenario Analysis (CSA)**, including alignment with ICAAP, ILAAP, SCR and Solvency II frameworks
- **Enhances alignment with international standards.**
- Emphasizes the need for **quantitative approaches, measurable outcomes, and traceable data** governance.
- Signals a **shift from principle-based guidance to supervisory accountability**.

2025 SS5/25

- **Governance and accountability are reinforced**, with clearer Board oversight and integration of climate risks into strategy and risk appetite.
- **Climate risks and scenario analysis are embedded into core risk management,** becoming forward-looking, decision-relevant tools rather than exploratory exercises.
- **Higher operational and data standards are introduced**, translating expectations into concrete prudential requirements for banks and insurers.

2024 Update vs SS3/19

- Moves **from awareness to implementation maturity**, requiring tangible evidence of integration.
- Reflects **feedback and shortcomings observed** during PRA thematic reviews and firm assessments.
- Introduces **clearer expectations on monitoring progress and governance oversight**.
- **No structural changes**, but a significant shift in supervisory tone and scrutiny.

CP10/25 vs 2024 Update

- Represents a **step-change** from principle-based guidance to **detailed supervisory** expectations.
- Introduces **sector-specific guidance**.
- Expands **data, metrics, and scenario integration** into prudential and risk frameworks.
- Moves toward **consistent and comparable** practices across the industry.
- Strengthens links between **governance, data, capital, and disclosure**, creating a more holistic approach.

SS5/25 vs CP10/25

- **Board accountability and governance requirements** are strengthened and made more explicit.
- **Scenario analysis is elevated** to a core strategic and risk management tool.
- **Data quality, traceability and transparency** expectations are significantly reinforced.
- **More concrete operational requirements** are set for banks and insurers.

1 Executive summary

Key changes: SS3/19 vs SS5/25

Area	SS3/19	SS5/25
Overall Expectations 	Principles-based guidance encouraging firms to start embedding climate risk.	More prescriptive expectations requiring full integration proportional to materiality.
Governance 	Boards responsible for awareness and initial oversight of climate risks.	Boards must demonstrate active challenge, clear accountability, and decision-use of climate insights.
Risk Management 	Firms expected to identify and incorporate climate risks into existing risk frameworks.	Requires structured processes with documented methodologies, thresholds, and controls across all risk types.
Interaction with Risk Appetite	High-level linkage only; Climate risks broadly referenced but not required to shape limits.	Climate risks must influence risk appetite, limits, and regular risk reporting.
Scenario Analysis 	Encouraged early-stage climate scenario use to explore impacts.	Requires regular, decision-relevant scenarios with clear assumptions, governance, and documented outputs.
Data & Measurement 	Not explicitly addressed.	Requires robust, validated datasets with lineage, quantification methods, and continuous improvement.
Banking-Specific Issues 	Not explicitly addressed.	Requires quantification in credit grading, collateral risk, ICAAP, portfolio metrics, and scenario-linked capital.
Insurance-Specific Issues 	Not explicitly addressed.	Requires structured application in pricing, reserving, cat modelling, Own Risk and Solvency Assessment (ORSA), and ALM over long horizons.
Disclosures 	Encourages transparent disclosure aligned with emerging industry standards.	Requires clear, decision-useful disclosures aligned with regulatory and investor expectations.
Proportionality 	Implicit proportionality based on firm size, complexity, and exposure.	Explicit proportionality but with higher baseline standards for all material exposures.
Supervisory Approach 	Focus on raising awareness and encouraging progress toward integration.	Increased scrutiny, expectation of demonstrable capability, and escalation if gaps persist.

2 Governance
Chapter 1

SS5/25 sets out strengthened governance expectations, requiring firms to ensure robust board oversight, clear governance structures, well-defined climate risk appetite, and strategic alignment with climate-related risks across the business

The board and executive management's role in relation to climate-related risks

- The **board** must understand climate impacts across **time horizons** and **scenarios**. It should also ensure climate risks are managed within **strategy** and **risk appetite**.
- **Executive management** must provide **timely information** on exposures and mitigation. Information must enable the board to **discuss, challenge, and decide** on climate risks.
- Firms must have processes to identify **transition and physical risks** over all time frames.

Corporate governance structures

- Firms must assign **clear responsibilities** for climate risks across the board and committees. Responsibilities may be allocated within **existing governance structures**.
- Climate duties may be assigned to Senior Management Function holders with updates to **Statements of Responsibilities**. Assigned individuals must support **strategy implementation** and provide needed information.
- Climate objectives must be reflected in **performance** and **remuneration**.

Risk appetite

- The board must review and approve **material climate risks** in the risk register. Firms must set **climate-specific risk appetite statements**. Appetite must use **quantitative climate metrics and limits**. Firms must define a **risk appetite hierarchy** (Accept / Manage / Avoid).
- **Scenario analysis** must inform appetite setting and risk limits. Firm-wide and business-line appetite must show **two-way alignment**.

Business Strategy

- Boards must have mechanisms for **periodic review** of climate strategy and practices. Strategy must be assessed under **multiple climate scenarios**. Scenario analysis must identify **financial impacts** and **strategic trigger points**.
- Where firms adopt climate goals, they must show **plans and assumptions** integrated into strategy.
- Risks from **business transformation** or **missed targets** must be assessed.
- Firms must consider **national climate policies**, including **UK net-zero 2050**.

3 Risk management
Chapter 2

Firms must systematically identify, assess, measure, monitor and report climate-related risks across all relationships, exposures and operations

Risk identification and assessment

- Firms must **regularly identify material climate-related risks** and assess how these affect the resilience of the business model over relevant time horizons and under multiple climate scenarios.
- Identification requires analyzing **transmission channels** across all risk types, with granularity aligned to the firm's business model.
- Material risks must be captured in the **risk register**, linked to existing financial/operational risk types, with clear categorization (accept, manage or avoid), imminence and articulation of channels.
- The assessment must be **forward-looking**, incorporate scenario analysis, be periodically reviewed, and be supported by documented methodologies, assumptions and data.

Assessment of climate risks arising from material client and counterparty relationships

- Firms must identify **material relationships** that materially impact their climate risk profile.
- Assessments must cover exposures by **geography, sector, vulnerability, credibility of transition or adaptation plans**, funding access, reliance on emerging technologies and litigation/reputational risks. Assessments must be **consistent across the firm**, guided by criteria aligned with proportionality.
- Outcomes should inform decision-making (e.g., limits, transaction sizing, relationship exits) and be integrated with the firm's broader risk register. Where data gaps exist, firms must have **plans to assess, address and manage them**, seeking information.

Risk measurement and monitoring

- Firms should develop quantitative metrics and limits reflecting time horizons, granularity needs and model/data uncertainty. Metrics should evolve with industry practice and include **triggers/early warning indicators**.
- Firms must use **scenario analysis results,** including sensitivity and reverse stress tests, to understand the risks considered within appetite. Where data or models are insufficient, firms must apply **appropriate proxies/assumptions** and perform sensitivity analyses.

Internal risk reporting

- Firms must have **internal climate-risk reporting infrastructure** that supports both regular and ad-hoc reporting. Reporting frequency must reflect the **materiality** of climate exposures.
- **Reporting should cover**: i) risk appetite utilization and unexpected changes; ii) updates to the risk register; iii) interaction of climate and non-climate events; iv) scenario-based sensitivity and v) reverse stress testing results.

4 Climate scenario analysis
Chapter 3

Climate scenario analysis must be a strategic, governance-driven tool that enables firms to understand, test and act on their climate vulnerabilities, supported by robust design, calibrated scenarios and strong oversight

Role of scenario analysis

- Climate scenario analysis (CSA) is a **key tool to identify, quantify and manage climate-related risks**, given the limited usefulness of historical data.
- CSA should have **clear objectives**, with the rationale for the chosen scenarios approved by the board and aligned with the firm's risk profile.
- Use of CSA must **be proportionate to the materiality** of climate risks and should complement existing scenario and stress testing toolkits.

Scenario design and calibration

- Firms are expected to **understand the design, application and limitations** of the climate scenarios they use, and regularly review and update models and toolkits.
- Initial materiality assessments may rely on **less sophisticated CSA**, but material risks should be analyzed with **more granular quantitative approaches**.
- Firms should take a **structured approach** to assessing scenario components (narrative, expert judgement, models), including external scenarios (NGFS, IPCC), and be able to justify **calibration choices and severity/likelihood**.
- Physical and transition risks should be assessed at **sufficient geographic and sectoral granularity**, using appropriate tools.

Scenario selection and use cases

- Firms should **match scenarios, time horizons, frequency and balance sheet assumptions to specific use cases**, in line with the defined CSA objectives
- The number and sophistication of CSA exercises must be **proportionate**. Less exposed firms may run one main scenario plus sensitivity analysis, while more exposed firms are expected to run multiple CSA exercises and, where relevant, reverse stress tests.
- Scenario selection must be **relevant to the firm's risk profile and use case**. Intensity must be calibrated for severe but plausible cases, a range of plausible outcomes, and combinations of physical and transition risks, considering national and international climate commitments.

Scenario governance, controls and review

- CSA toolkits must be subject to **challenge and periodic review**, reflecting latest scientific evidence, modelling advances and evolving industry practice.
- The board should **understand the capabilities and limitations** of CSA models and use sensitivity analysis to assess the impact of model choice and calibration. Firms should explicitly consider model and data uncertainty and document the rationale for key assumptions and proxies.
- Boards must ensure **adequate resources and expertise** for CSA and understand how scenario results are used in decision-making, with clear internal and external communication on scenario selection, calibration, uncertainties and limitations.

5 Data & Disclosures
Chapter 4

Effective climate-risk oversight depends on identifying data gaps, ensuring the integrity of proxies and external data, and providing clear, reliable disclosures

Data gaps and uncertainity

- Institutions should treat **data and model uncertainty** as an integral part of climate-related risks, and **identify and assess data gaps** to understand the level of uncertainty and reflect it in risk appetite and risk-management tools.
- They should **identify significant data gaps on an ongoing basis** and have clear **plans and processes to manage and remedy** these gaps, including investment in data tools, frameworks and capabilities.

Proxies, external data and aggregation

- Where **reliable or comparable climate-related data are not available**, institutions should put in place **contingency solutions using appropriate proxies, approximations and assumptions**, documenting the rationale, demonstrating how they are applied to meet supervisory expectations, and interpreting results in a way that reflects embedded uncertainty.
- Institutions should **continually evolve their climate risk assessment capabilities**, focusing both on **internal modelling and data capabilities** and on **scrutinising data and projections from external providers**, balancing external data with in-house capabilities and having **effective governance over third-party data**.
- They should **engage clients, counterparties, investees and policyholders** to help fill **material climate-related data gaps**, and ensure that **risk-data aggregation capabilities explicitly include climate-related risks**, with systems to collect, aggregate and centralise climate risk data across the firm and controls to ensure that aggregated data are accurate and reliable.

Disclosures

- Banks and insurers remain subject to **existing general disclosure requirements on material risks** under the DIS rules and to **disclose principal risks and uncertainties** in their Strategic Report under the UK Companies Act; material climate-related risks fall within this framework.
- When meeting these requirements, institutions are **expected to make disclosures where needed to enhance transparency** on their approach to managing climate-related risks, **including how these risks are integrated into governance and risk-management processes and how the firm has assessed whether they are material or principal risks**.
- They should **develop and maintain an approach to climate-related disclosure** that reflects the characteristics of these risks, **evolving disclosures over time** to reflect the firm's changing understanding and the increasing likelihood of **mandatory climate-related disclosure regimes in more jurisdictions**.
- Institutions are expected to engage with wider initiatives on climate-related risk disclosures, including **UK Sustainability Reporting Standards**, and to consider the benefits of disclosures that are **comparable across firms**. They would benefit from greater disclosure of climate-related risks across the wider economy and are in a strong position to **encourage it through their ownership of financial assets**.

6 Banking-Specific Issues
Chapter 5

Banks must build financial and operational resilience to climate risks through reliable data, forward-looking modelling and continuous supervisory-aligned monitoring

Financial reporting & governance

- Banks should have **sound practices and well-documented processes** to ensure climate-related risks are **captured on a timely basis in financial reporting**, consistent with applicable accounting standards.
- They should have **clear responsibilities**, including within the finance function, and governance over the **sufficiency and integrity of quantitative analysis and management information** used for climate-related judgements and estimates.
- Banks should maintain **controls over the use of forward-looking data** in balance-sheet valuations, ensuring climate-related risk drivers and data limitations are identified, assessed and appropriately reflected in accounting policies and practices.

Resilience analysis

- Banks should **have sound practices and policies** for assessing and measuring the impact of climate-related risk on lending exposures so that **Expected Credit Losses (ECL)** reflect these risks appropriately and on a timely basis.
- They should have **defined processes** to identify borrowers most exposed to climate-related risks, integrate relevant risk drivers into ECL models, **review data, models and scenarios regularly**, and use credit judgement, including reasonable and supportable forward-looking information and PMAs.
- Banks should **identify and monitor transmission channels** through which physical and transition risks affect credit, market, liquidity, operational and other risks, and integrate these into **credit assessments and market-risk scenarios**.
- They are expected to **manage reputational risks** arising from their position on climate change, recognising that both supporting high-emission activities and **withdrawing support** can lead to adverse customer sentiment and loss of future revenue.

Ongoing monitoring and expert judgment

- As part of risk identification, measurement and monitoring, banks should develop **processes to identify, quantify and evaluate the solvency impact** of climate-related risks within their **capital-planning horizons**, using climate scenario analysis as a key tool in the **ICAAP and stress-testing programs**.
- Within ICAAP, banks should at a minimum **explain how material climate-related exposures have been determined**, show that **material risks in the firm risk register are appropriately capitalized**, and provide evidence where they judge climate-related risks to be not material.
- In the ILAAP, banks should **assess how climate-related risks could cause net cash outflows or depletion of liquidity buffers** under severe but plausible scenarios and ensure that **exposures subject to material climate-related risks are appropriately funded** and reflected in the level of liquidity held.

7 Insurance-Specific Issues
Chapter 6

Insurers must embed climate risks across ALM, ORSA, underwriting and reserving, using forward-looking analysis and prudent judgment to manage long-term financial and non-financial impacts

Risk management, ALM & risk appetite

- Insurers are expected to **identify, assess, monitor, mitigate and report material climate-related risks** over **short, medium and long-term horizons**, and to manage associated **non-financial risks**, including reputational and business-model risks.
- They should consider climate-related risks in **asset–liability management**, taking into account risks on both sides of the balance sheet and their interrelationships, including the possibility that long-term assets or sectoral exposures are **impaired over the intended holding period** and that transition risks can crystallise suddenly.
- **Risk-appetite statements** should be consistent with how risks are measured and monitored and should include **views on the impact of climate-related risks**, reflecting results of climate scenario analysis where appropriate; insurers are expected to be **more prudent where risk cannot be reliably assessed**.
- Under the **Prudent Person Principle**, Solvency II insurers should consider whether there is an **excessive accumulation of climate-related risks in the investment portfolio** and identify **mitigants** where such accumulation is found.

ORSA, capital and reputational / greenwashing risk

- The PRA expects insurers to **develop processes in their capital-management plans and ORSA** to consider the impact on capital levels of **reasonably foreseeable adverse scenarios**, including material climate-related risks, and to explain in the ORSA where they **choose to accept material risks**.
- The **stress and scenario-testing component of the ORSA** should include **climate scenario analysis**, unless the impact is immaterial, taking into account **latest climate science and advances in scenario modelling**. ORSA scenarios should be **sufficiently granular** to capture climate-related risks to the business model over relevant time horizons (eg weather perils, longevity, mortality, credit, equity, lapse), combining **narrative-based scenarios, expert judgement and more mathematical approaches**, and should set out **management actions and trigger points** using prudent assumptions on market availability, liquidity and pricing.
- Insurers should consider **climate-related reputational and litigation risks** arising from investment and underwriting strategies, historical underwriting, climate-related public commitments and **sustainability-branded products**, including the risk of **greenwashing** where such commitments or products are unclear or not adequately followed through.

Underwriting, reserving and catastrophe risk

- For **non-life underwriting**, insurers should assess whether the **impact of climate change has been sufficiently factored into quantitative tools** used for natural catastrophe risk (eg tropical cyclones, flooding, droughts, wildfires) and make adjustments where needed, recognising that climate change may lead to **larger claims than suggested by historical data**.
- Non-life insurers should consider the potential for climate change to lead to an **accumulation of claims under liability lines** (eg D&O, product liability, public liability) across contracts and underwriting years. They should also ensure that **non-natural catastrophe models include an allowance for climate-related liability** claims where exposures are large.
- For **life business**, insurers should reflect the potential impact of climate-related risks on **mortality, morbidity, lapse behaviour and expenses** in their assumptions and reserving.
- Across underwriting, reserving, market and credit risk, insurers should **share information internally** so that climate-related risks are **consistently captured in pricing, reserving and asset-risk assessment**.

8 Why Management Solutions?
Key aspects and differential value (1/2)

MS has extensive experience in implementing ESG Sustainability and Risk projects in leading financial institutions worldwide, providing a 360-degree view of our clients' needs in this area

1. **360° service offer in sustainability and climate risk management**
   We offer services in all areas of sustainability and climate risks with a 360º vision (framework, governance, organisation, methodologies, management processes, tools, data and reporting).

2. **Experience in ESG reporting**
   Extensive experience in ESG and sustainability reporting, with expertise in IFRS S1-S2, CSRD/ESRS, European Taxonomy, Pillar 3, Climate Risk Frameworks (TCFD/CDP), ESG metric validation, and the development of strategic tools like green dashboards.

3. **Experience in embedding of ESG factors in risk management and reporting**
   Proven experience in the integration of ESG factors in risk management and reporting: definition and implementation of the target operating model for ESG risk management, materiality assessment, ESG policies development, risk appetite and portfolio management, due diligence of clients and risk monitoring through dashboards, Pillar 3 ESG and CSRD, among others.

4. **R&D team specialized in climate change risk measurement methodologies**
   Our R&D team specialises in the definition and implementation of climate risk measurement methodologies (physical and transition risk scenario analysis, portfolio alignment and target setting), as well as in the development of sustainability disclosure indicators.

5. **Tools developed to cover the most advanced methodologies**
   MS has developed tools that support state-of-the-art methodologies in physical and transitional climate risk measurement and Paris portfolio alignment (MS2). We have also developed our own methodology and tool (MetriQ) for the governance of sustainability report metrics.

6. **Experts in ESG and climate risk regulation**
   MS has extensive experience in financial sector regulation and has a Regulatory Observatory that provides in-depth knowledge of regulatory requirements on sustainability and climate change risks.

7. **World Bank Reference Consultant**
   MS works with many prestigious international institutions in this field to increase the level of knowledge of the sector, acting as a reference consultant for the World Bank in carrying out consultancy and training activities for financial institutions in sustainable finance and climate risk.

8. **Strong activity in the creation of advanced knowledge, in collaboration with leading institutions**
   MS collaborates closely with the university world in the field of Sustainability, being a founding member of the ICADE Chair of Social Impact and the ICADE Chair of Hydrogen and collaborating with the Spanish Association of Actuaries in the generation of a Climate Index. In addition, MS has published several specialised publications and has participated as a speaker in various international forums.

8 Why Management Solutions?
Key aspects and differential value (2/2)

MS has extensive experience in implementing ESG Sustainability and Risk projects in leading financial institutions worldwide, providing a 360-degree view of our clients' needs in this area

Framework and policies
- ESG policies and governance
- Definition of the sustainable finance framework
- Taxonomy implementation
- Non-financial metrics dictionary
- Double materiality assessment
- NZBA3 and portfolio alignment (SBTi 4.0)
- Greenwashing control model

Data & Reporting
- ISSB IFRS S1 S2 analysis and reporting
- CSRD and annual report metrics: gap analysis, mitigation plans, data collection, and report generation
- ESG informational models
- AI applied to ESG data (e.g., data capture)
- Quality assurance: control tools
- ESG operations tagging (engines and rules)
- Workflow for transaction tagging (e.g., corporates)
- ESG financial statements, and profitability KPIs
- Pillar III: Green Asset Ratio

Strategy & Business
- Sustainable business strategic plans
- Analysis of sustainable product and opportunity pipelines
- Positioning in sustainability indexes
- ESG culture and capacity building
- Client engagement

Social Impact
- Methodologies for measuring social impact
- Social impact disclosure
- Assessment of social and governance risks

Measurement methodologies
- Measurement of exposure to physical climate risks
- Measurement of exposure to transition climate risks
- Nature-based risk and biodiversity assessment (TNFD v0.5)
- Measurement of financed ecological footprint
- Climate stress testing and integration into ICAAP
- Systematization of measurement methodologies
- ESG model validation
- AI use cases in modeling

Integration into risk management
- Risk appetite framework
- Target Operating Model for integrating ESG factors into credit risk (including admission, ESG rating, and monitoring)
- Integration of ESG factors into other risk types (market, operational, reputational)
- ESG risks and value chain (CSDDD)

A Annex
Abbreviations

Abbreviation	Meaning
CSA	Climate Scenario Analysis
CSRD	Corporate Sustainability Reporting Directive
CSDD	Corporate Sustainability Due Diligence Directive
CRA	Climate Resilience Analysis
CRD	Capital Requirements Directive
CST	Climate Stress Test
EBA	European Banking Authority
EC	European Commission
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
GL	Guidelines
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
LSI	Less Significant Institutions
PRA	Prudential Regulation Authority
SCR	Solvency Capital Requirements
SNCI	Small and Non-Complex Institutions

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Marta Hierro
Partner at Management Solutions
marta.hierro@msspain.com

Celia Escudero
Manager at Management Solutions
celia.escudero.gonzalez@msunitedkingdom.com

For more information please visit

www.managementsolutions.com

Or follow us at: