

To: Corporate Reporting - Investments & Sustainable Finance WG
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Reference: ECO-CRISF-25-006
Subject: EBA publishes Guidelines on the management of ESG risks

Summary

On 9 January 2025, the European Banking Authority (EBA) published its final Guidelines on the management of Environmental, Social and Governance (ESG) risks: [here](#).

The [Guidelines](#) set out requirements for institutions for the identification, measurement, management and monitoring of ESG risks, including through plans aimed at ensuring their resilience in the short, medium and long term. The Guidelines specify requirements regarding the internal processes and ESG risk management arrangements that institutions should have in place in accordance with the Capital Requirements Directive (CRD).

Of relevance for insurers, the Guidelines include in its Annex a table with feedback received during a public consultation on the draft Guidelines, conducted in January 2024. The table includes a comment on Para. 31e Risk mitigation (p. 98), emphasising the importance of considering risk mitigation aspects to support transition finance for both transition and physical risks. This feedback has been integrated in Section 4.2.3 of the Guidelines (p. 23), which clarifies that institutions must assess both transition and physical risks, including risk-mitigating factors like private or public insurance coverage, and the counterparty's capacity to ensure resilience to both transition and physical risks through forward-looking transition planning.

The Guidelines address the following aspects mandated by the CRD:

- Minimum standards and reference methodologies for the identification, measurement, management and monitoring of ESG risks.
- The content of plans to be prepared in accordance with Article 76(2) of the CRD, which shall include specific timelines and intermediate quantifiable targets and milestones, to monitor and address the financial risks stemming from ESG factors.
- Qualitative and quantitative criteria for the assessment of the impact of ESG risks on the risk profile and solvency of institutions in the short, medium and long term.

Next Steps

The Guidelines will apply from 11 January 2026, except for small and non-complex institutions, for which the Guidelines will apply at the latest from 11 January 2027.